



# The Observer

02.08.2019

## CEO'S MESSAGE

### MSWG-ASEAN CORPORATE GOVERNANCE AWARDS 2018

The Minority Shareholders Watch Group (MSWG) announced the results and findings of the 2018 corporate governance assessment using the ASEAN CG Scorecard methodology.

#### The Guests

Yang Berbahagia Tan Sri Abu Kassim bin Mohamed, Director General of the National Centre for Governance, Integrity and Anti-Corruption (GIACC) delivered the Keynote Address and presented the recognition awards to the top public listed companies (PLCs) that had demonstrated exemplary high standards of corporate governance practices. The event was also attended by the Deputy CEO of the Securities Commission, YBhg Datuk Zainal Izlan Zainal Abidin and the Chairman of Bursa Malaysia, YBhg Datuk Shireen Ann Zaharah binti Muhiudeen.

#### Location and Attendance

The event was held at The Majestic Hotel, Kuala Lumpur and was well attended by close to 800 representatives (including those from PLCs and institutions).

#### About the Awards

The MSWG-ASEAN Corporate Governance Awards identified the Top 100 Malaysian PLCs based on the assessment on the disclosures of 866 PLCs in 2018 using the ASEAN CG Scorecard. The ASEAN CG Scorecard uses the OECD Principles of Corporate Governance as the main benchmark, covering the five areas of the OECD Principles and adopts two levels of scoring to better capture the actual implementation of the substance of good corporate governance. The OECD Principles of Corporate Governance applied in the assessment are as follows:

- The rights of shareholders and key ownership functions

- The equitable treatment of shareholders
- The role of stakeholders in corporate governance
- Disclosure and transparency
- The responsibilities of the board

An independent adjudication committee further adjudicated on the award processes and the PLCs which were to be recognised.

### **CG Improvement over the Years**

Based on the assessment of the 866 PLCs, the Average CG Score was 67.22 points. This score represents an increase of five points (2017: 62.22 points), which is commendable as PLCs become increasingly familiar with the expectations of the Scorecard, thus adopting and disclosing corporate governance practices accordingly.

Meanwhile, the Average CG Score for the Top 100 PLCs consistently trended upward from 76.82 points in 2014 to 86.18 points in 2017, and further rose to 94.95 points in 2018. This reflects the efforts taken by companies to improve their CG practices, policies and disclosures as well as MSWG's resolute advocacy efforts for companies to embrace the substance of CG.

This also reflects positively on the Board of Directors and senior management of our PLCs in terms of their commitment to continuously raise the CG bar, which will contribute towards increased confidence among investors in our capital market.

### **The Awards**

In conjunction with the results and findings of this year's assessment, MSWG is proud to recognise and showcase the top PLCs with outstanding corporate governance practices. Seven categories of awards were presented as follows:

1. EXCELLENCE AWARD FOR OVERALL CG & PERFORMANCE
2. EXCELLENCE AWARD FOR CG DISCLOSURE
3. EXCELLENCE AWARD FOR LONG TERM VALUE CREATION
4. EXCELLENCE AWARD FOR OVERALL CG & PERFORMANCE - (MARKET CAP BELOW RM1 BILLION)
5. INDUSTRY EXCELLENCE AWARD
6. NEW COMPANY EXCELLENCE AWARD
7. MERIT AWARD FOR MOST IMPROVED CG DISCLOSURE

The highlight of the event was the Top 5 PLCs which had clearly demonstrated high standards of corporate governance while maintaining good performance. The winners of the Excellence Award for Overall CG & Performance ranked in order are:

1. PETRONAS DAGANGAN BHD
2. SUNWAY CONSTRUCTION GROUP BERHAD
3. LPI CAPITAL BERHAD
4. CIMB GROUP HOLDINGS BERHAD
5. TENAGA NASIONAL BERHAD

The full findings of the 2018 assessment are published in our Malaysia-ASEAN Corporate Governance Report 2018 which is available for purchase. This includes the full list of Award Winners, Top 100 Companies for CG Disclosure (by rank) and Top 100 Companies for Overall CG & Performance (by rank).

A big thank you to all who had attended our award giving ceremony at the Majestic Hotel on 31 July 2019 and to those who have contributed one way or another towards the success of the event. Your support is greatly appreciated. To those who did not receive an award, do not despair. Talk to us on how to improve your CG practices and disclosure and we have every confidence that you will be a winner next time round.

### **MSWG AGM/EGM Weekly**

### **MSWG AGM/EGM Weekly Watch 29 July to 2 August 2019**

For this week, the following are the AGMs/EGMs of companies which are in the Minority Shareholders Watch Group's (MSWG) watch list.

The summary of points of interest is highlighted here, while the details of the questions to the companies can be obtained via MSWG's website at [www.mswg.org.my](http://www.mswg.org.my).

<b>Date &amp; Time</b>	<b>Company</b>	<b>Venue</b>
05.08.19 (Mon) 11.00 am	Atlan Holdings Bhd (AGM)	Wisma Atlan, 8 Persiaran Kampung Jawa, Bayan Lepas, Penang
05.08.19 (Mon) 11.00 am	PNE PCB Bhd (EGM)	Le Grandeur Palm Resort Johor, Jalan Persiaran Golf, Off Jalan Jumbo, Senai, Johor
08.08.19 (Thur) 10.00 am	ELK-Desa Resources Bhd (AGM)	Berjaya Times Square Hotel Kuala Lumpur, Bronx VI Ballroom, Jalan Imbi

09.08.19 (Fri) 10.00 am	Eduspec Holdings Bhd (AGM)	Tropicana Golf & Country Resort Club, Jalan Kelab Tropicana, PJ
09.08.19 (Fri) 10.30 am	Eduspec Holdings Bhd (EGM)	Tropicana Golf & Country Resort Club, Jalan Kelab Tropicana, PJ

**One of the points of interest to be raised:**

<b>Company</b>	<b>Points/Issues to Be Raised</b>
Atlan Holdings Bhd (AGM)	In regard to the Company's announcement dated 19 July 2019, what is the rationale of exploring the probability of listing United Industries Holdings Sdn Bhd - a subsidiary of Atlan, on The Exchange of Hong Kong Limited (HKEX) since the operation and business of the Company's are primarily based in Malaysia?
ELK-Desa Resources Bhd (AGM)	The finance costs had increased from RM2.3 million in FY2018 to RM4.3 million in FY2019, an increase of 82%. The Group's gearing ratio as at FY2019 is 0.28 times compared to 0.13 times in FY2018. Your bank borrowings for the same period has also increased by 126% to RM114.30 million. (pages 2 & 7, Annual Report)  What is the Group's optimum gearing position? Will the Group continue to increase its borrowings for FY2019?

**MSWG'S WATCHLIST**

**ASIA MEDIA GROUP BERHAD**

**DELAY IN RELEASE THE ANNUAL REPORT FOR THE YEAR 2018 THAT INCLUDES ANNUAL AUDITED FINANCIAL STATEMENTS TOGETHER WITH THE AUDITORS AND DIRECTORS REPORTS OF THE COMPANY**

The Board of Directors of Asia Media Group Berhad ("Amedia" or "the Company") announced on 1 August 2019 that the Annual Report that includes the annual audited financial statements together with the auditors' and directors' reports of the Company in respect of the financial year ended 31 December 2018 ("Outstanding Financial Statements/Annual Report 2018") are still not ready for issuance and submission to Bursa Malaysia Securities Berhad ("Bursa Securities").

As of today, the Directors still have no access to the office of the Company and currently seeking legal recourse to resolve the issue.

Meanwhile, the Directors have contacted the Auditors of the Company to discuss on the audit progress for the financial year ended 31 December 2018.

The Company expects to issue or submit the Outstanding Annual Report 2018 to Bursa Malaysia Securities Berhad and shareholders by 2 September 2019.

Source: <http://www.bursamalaysia.com/market/listed-companies/company-announcements/6242921>

## **BERJAYA MEDIA BERHAD ("BMEDIA" OR "THE COMPANY")**

### **AUDIT REPORT - MATERIAL UNCERTAINTY RELATED TO GOING CONCERN FOR THE FINANCIAL YEAR ENDED 30 APRIL 2019**

Pursuant to paragraph 9.19(37) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors of BMedia announced on 1 August 2019 that the Company's independent auditors, Messrs Deloitte PLT has included a statement of material uncertainty related to going concern in its independent auditors' report dated 1 August 2019 in respect of the financial statements of the Group and the Company for the financial year ended 30 April 2019.

Source: <http://www.bursamalaysia.com/market/listed-companies/company-announcements/6242885>

## **XOX BHD**

### **RESIGNATION OF EXTERNAL AUDITORS**

The Board of Directors of XOX Bhd ("XOX" or "the Company") announced on 1 August 2019 that the Company had on 31 July 2019 received a notice in writing dated 31 July 2019 ("Notice") from Messrs UHY ("UHY" or "the Auditors") on their resignation as the Auditors of the Company. Pursuant to Section 281(2) of the Companies Act, 2016, the Auditors' term of office will end after 21 days from 31 July 2019.

UHY were re-appointed as the Auditors of the Company at the last annual general meeting ("AGM") of the Company held on 29 November 2018 to hold office until the conclusion of the next AGM of the Company. UHY has resigned on a voluntary basis due to manpower issue as stated in the Notice.

Save for the above, the Board wishes to inform that the Company is not aware of any other matters that need to be brought to the attention of the shareholders of the Company.

XOX is in the midst of identifying the new auditors to be engaged pursuant to Section 271(2)(b) of the Companies Act, 2016.

A further announcement on the engagement of a new auditors will be made by the Company in due course once the appointment of the new auditors is finalised.

Source: <http://www.bursamalaysia.com/market/listed-companies/company-announcements/6242849>

#### **P.A. RESOURCES BERHAD ("PARB" OR THE "COMPANY")**

##### **PROPOSED PRIVATE PLACEMENT OF UP TO 20% OF THE TOTAL NUMBER OF ISSUED SHARES OF PARB ("PROPOSED PRIVATE PLACEMENT")**

On behalf of the Board, UOBKH announced that the Company had on 1 August 2019, entered into subscription agreements with Datuk Seri Lau Kuan Kam, Wang Sze Yao @ Wang Ming Way and Hoe Thiam Soon (collectively referred to as the "**Investors**") to subscribe for an aggregate amount of 88,891,000 Placement Shares at an issue price of RM0.045 per Placement Share to be satisfied in full via cash in accordance with the terms and conditions of the respective subscription agreements of the Investors.

Source: <http://www.bursamalaysia.com/market/listed-companies/company-announcements/6242617>

#### **KINSTEEL BHD (IN LIQUIDATION) ("KINSTEEL" OR "THE COMPANY")**

##### **STATUS OF THE ISSUANCE OF THE OUTSTANDING ANNUAL REPORT THAT INCLUDES ANNUAL AUDITED FINANCIAL STATEMENTS TOGETHER WITH THE AUDITORS AND DIRECTORS' REPORTS IN RESPECT OF THE FINANCIAL YEAR ENDED 30 JUNE 2018 ("ANNUAL REPORT 2018") PURSUANT TO PARAGRAPH 9.28(3A) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ("MMLR")**

Following the announcement made on 10 July 2019, the Company announced on 31 July 2019 that the appointment of external auditors of the Company as to facilitate the auditing and issuance of the audited financial statements of the Company is in process.

The Company shall announce further development on the above matter in due course.

Source: <http://www.bursamalaysia.com/market/listed-companies/company-announcements/6241385>

## **VERSATILE CREATIVE BERHAD ("THE COMPANY")**

### **QUALIFIED OPINION ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 MARCH 2019**

#### **Basis for Qualified Opinion**

As disclosed in Note 20(a) to the financial statements, a professional fee of RM2,300,000 was recognised in profit or loss during the financial year including RM1,900,000 recognised as prepayments as at 31 March 2018. On 3 July 2018, the Board of Directors of the Company had appointed a Forensic Accountant to conduct an investigation on the payment transaction. The External Auditors were unable to obtain sufficient appropriate audit evidence and satisfactory explanation on the aforesaid payment. Their audit opinion on the financial statements for the financial year ended 31 March 2018 was modified accordingly. Consequently, they were unable to determine the possible effects of the matter on the comparability of the current financial year's figures and the corresponding figures.

#### **Steps taken or proposed to be taken**

The Board of Director had appointed Crowe Malaysia as the Forensic Accountants to conduct an investigative audit on the payment transactions. The investigative audit commenced on 3 July 2018 and was completed on 8 August 2018.

The Report found that amongst others, that there were irregularities in payments amounting to RM2,300,000 which were approved by the Company's Managing Director and Chief Financial Officer.

On 13 August 2018, the Board had issued and served the show-cause letters on the Company's former Managing Director and former Group Chief Financial Officer relating to irregularities in payments amounting to RM 2.3 million.

Up to the date of this announcement, the police investigation is still on-going and the Board is still seeking for legal advices to resolve this issue.

#### **Timeline**

Approximately within 1 year from now

This announcement is dated 31 July 2019.

**Source:** <http://www.bursamalaysia.com/market/listed-companies/company-announcements/6240817>

## **MAXWELL INTERNATIONAL HOLDINGS BERHAD ("MAXWELL" OR "THE COMPANY")**

### **STATUS OF THE ISSUANCE OF THE ANNUAL REPORTS IN RESPECT OF THE FINANCIAL YEARS ENDED 31 DECEMBER 2017 AND 31 DECEMBER 2018 PURSUANT TO PARAGRAPH 9.28(4)(B) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ("BURSA SECURITIES")**

The Board of Directors' of Maxwell International Holdings Berhad ("MAXWELL" or "the Company") announced on 31 July 2019 that the Company is still unable to issue or submit to Bursa Malaysia Securities Berhad ("Bursa Securities") and shareholders its Annual Reports that includes the annual audited financial statements together with the auditors' and directors' reports in respect of the financial years ended 31 December 2017 and 31 December 2018 ("Outstanding Financial Statements/Annual Reports 2017 & 2018") as the Company is still experiencing cash flow problems for the completion and finalisation of the audit of the Group for the financial year ended 31 December 2017 and 31 December 2018.

The difficulty faced by the Company in appointing a replacement chief financial officer has further aggravated the situation.

In order to expedite the completion and finalisation of the audit of the Group, the Management has sought potential investors to secure funding for the Company to complete the audit.

In view of the above, MAXWELL is expecting to issue and submit its Annual Reports 2017 & 2018 within 3 months after the completion of the annual audited financial statements of the Group for the financial years ended 31 December 2017 and 31 December 2018.

Pursuant to Paragraph 9.28(5) of the Main Market Listing Requirements of Bursa Securities, if MAXWELL fails to issue its Annual Reports 2017 and 2018 within 5 market days from the expiry of the timeframe, i.e. 30 April 2018 and 30 April 2019, respectively (the last day of this 5 market days shall hereinafter be referred to as "the Suspension Deadline"), in addition to any enforcement action that Bursa Securities may take, Bursa Securities shall suspend trading in the securities of MAXWELL.

The suspension shall be effected on the market day following the expiry of the Suspension Deadline and shall be uplifted on the market day following the announcement/issuance of the Annual Reports 2017 & 2018 unless otherwise determined by Bursa Securities. The Company's securities have been suspended from trading since 10 May 2018.

Pursuant to Paragraph 9.28(6) of the MMLR, if MAXWELL fails to issue the Annual Reports 2017 & 2018 within 6 months from the expiry of the timeframe, i.e. 30



April 2018 and 30 April 2019, respectively, in addition to any enforcement action that Bursa Securities may take, de-listing procedures shall be commenced against MAXWELL.

**Source:** <http://www.bursamalaysia.com/market/listed-companies/company-announcements/6240317>

## **SIME DARBY BERHAD (“SIME DARBY”)**

### **CHINA COURT ORDERS SIME DARBY’S 37%-OWNED UNIT TO PAY RM427M TO LOCAL CONTRACTOR**

Sime Darby Bhd's 36.6%-owned joint venture (JV) company was ordered by China's Maritime Court at Qingdao, Shandong Province to pay 711 million yuan (RM427 million) outstanding sum due to local contractor CCCC Tianjin Dredging Co Ltd.

In a filing with Bursa Malaysia, Sime Darby said the court also ordered the JV company, Weifang Port Services Co Ltd (WPS), to pay cost of 3.6 million yuan (RM2.2 million) and late payment interests.

Sime Darby said WPS intends to appeal against the decision.

Source: <https://www.theedgemarkets.com/article/china-court-orders-sime-darbys-37owned-unit-pay-rm427m-local-contractor>

## **PN17 Companies**

1. APFT BERHAD
2. BARAKAH OFFSHORE PETROLEUM BERHAD
3. BERJAYA MEDIA BERHAD
4. BERTAM ALLIANCE BERHAD
5. BRAHIM'S HOLDINGS BERHAD
6. CHINA AUTOMOBILE PARTS HOLDINGS LIMITED
7. COMINTEL CORPORATION BHD
8. DAYA MATERIALS BERHAD
9. EKA NOODLES BERHAD
10. HB GLOBAL LIMITED
11. KINSTEEL BHD
12. KUANTAN FLOUR MILLS BERHAD
13. LONDON BISCUITS BERHAD
14. MAA GROUP BERHAD
15. MALAYSIA PACIFIC CORPORATION BERHAD
16. MAXWELL INTERNATIONAL HOLDINGS BERHAD
17. MULTI SPORTS HOLDINGS LTD
18. PERISAI PETROLEUM TEKNOLOGI BERHAD
19. SEACERA GROUP BERHAD

- 20. SUMATEC RESOURCES BERHAD
- 21. TH HEAVY ENGINEERING BERHAD
- 22. UTUSAN MELAYU (MALAYSIA) BERHAD

### **GN3 Companies**

- 1. G NEPTUNE BERHAD
- 2. IDIMENSION CONSOLIDATED BERHAD
- 3. WINTONI GROUP BERHAD

Please refer to the link below for the latest status of the companies.

<http://www.bursamalaysia.com/market/listed-companies/list-of-companies/pn17-and-gn3-companies/>

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### **REGULATORY NEWS**

None

### **LOCAL NEWS AND DEVELOPMENTS**

Mida urges manufacturers to utilise capital allowance

<https://www.thestar.com.my/business/business-news/2019/08/02/mida-urges-manufacturers-to-utilise-capital-allowance#xJWOzuUt3TsgvdYD.99>

A need to bridge gap between industry and academia

<https://www.thestar.com.my/business/business-news/2019/08/02/a-need-to-bridge-gap-between-industry-and-academia>

PM: Labour reforms needed to develop talent, address job mismatch

<https://www.thestar.com.my/news/nation/2019/08/01/pm-labour-reforms-needed-to-develop-talent-address-job-mismatch#BgAxzlvCY7U3BbdX.99>

No pause or review of government's highway takeover bid

<https://www.theedgemarkets.com/article/no-pause-or-review-governments-highway-takeover-bid>

Malaysia working to tighten laws on forest protection, says minister

<https://www.theedgemarkets.com/article/malaysia-working-tighten-laws-forest-protection-says-minister>

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### **GLOBAL NEWS AND DEVELOPMENTS**

U.S. retailers blast new China tariffs, say move will raise prices further, hurt jobs

<https://www.reuters.com/article/us-trade-china-retailers/u-s-retailers-blast-new-china-tariffs-say-move-will-raise-prices-further-hurt-jobs-idUSKCN1UR5KE>

Gold recycling in India seen at seven-year high on record prices  
<https://www.thestar.com.my/business/business-news/2019/08/01/gold-recycling-in-india-seen-at-seven-year-high-on-record-prices>

Fed cuts interest rates, signals it may not need to do more  
<https://www.reuters.com/article/us-usa-fed/fed-cuts-interest-rates-signals-it-may-not-need-to-do-more-idUSKCN1UQ0DS>

China to buy more U.S. farm products, talks to resume in September: White House  
<https://www.reuters.com/article/us-usa-trade-china-talks/china-to-buy-more-u-s-farm-products-talks-to-resume-in-september-white-house-idUSKCN1UQ1VG>

Increasingly cautious global funds build cash buffer; cut equities: Reuters poll  
<https://www.reuters.com/article/us-funds-poll-global/increasingly-cautious-global-funds-build-cash-buffer-cut-equities-reuters-poll-idUSKCN1UQ12O>

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## DISCLOSURE OF INTERESTS

- *With regard to the companies mentioned, MSWG holds a minimum number of shares in all these companies covered in this newsletter, except Asia Media Group Berhad, XOX Bhd, P.A. Resources Berhad, Maxwell International Holdings Berhad, and Versatile Creative Berhad.*
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## Feedback

We welcome your feedback on our newsletter and our work. Email us at [corporateservices@mswg.org.my](mailto:corporateservices@mswg.org.my) with your comments and suggestions.

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