



The Observer

03.05.2019

MSWG'S QUICK TAKE ON-ONGOING CORPORATE DEVELOPMENT

YFG BERHAD ("YFG" or "the Company")

The Board of Directors announced on 2 May 2019 that the Company's wholly-owned subsidiary, YFG Engineering Sdn Bhd ("YFGE") had on 25 April 2019 terminated the contract works for the proposed construction and completion of 666 units of semi-detached single storey PR1MA homes and 74 units of shop lots including the infrastructures works in Penor, Mukim Penor, Daerah Kuantan, Pahang Darul Makmur ("Project") for RM127 million.

The notice of termination was served to the developer; Seri Ceka Sdn Bhd ("SCSB") as the required contract was not formalised within the stipulated 3-month time period, owing to the project funding issue on the part of SCSB.

This termination is not expected to have any material effect on the earnings, net assets and gearing of the Company and the Group for the financial year ending 30 September 2019 as the Project did not commence.

Source:

<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6149729>

MSWG's Comments

YFG was classified as a PN17 Company per paragraph 2.1.(e) of Practice Note ("PN") 17 on 22 September 2015 after its auditors expressed an emphasis of matter on the Company and its subsidiaries' ability to continue as a going concern and the shareholders' equity of YFG as at 30 June 2014 was less than 50% of the issued and paid-up capital of the Company.

We note that YFG is currently awaiting Bursa Securities' decision on the appeal the Company submitted on 28 March 2019, for Bursa Securities to reconsider the rejection made on 28 February 2019 of its proposed regularisation plan.

Therefore, the announcement of the termination of the PR1MA home contract amounting to RM127million is a big blow to the Company as it continues to struggle to revive its business. The contract was supposed to contribute positively to the group's revenue and earnings for the Financial Year Ending ("FYE") 30 Sept 2019. For FYE 30 Sept 2018, YFG posted a mere revenue of RM3.34 million with net loss after tax of RM 14.11 million and a deficit shareholders' fund of RM94.56 million.

Trading in YFG shares has been suspended since 22 March 2018. The stock was last done at half a sen. Shareholders are cautioned to closely monitor the counter and await for the decision on the appeal of the Company's regularization plan, failing which the counter is expected to be delisted.

MSWG'S AGM WEEKLY WATCH 6 May – 10 May 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

Date & Time	Company	Venue
08.05.19 (Wed) 10.00 am	SYF Resources Bhd (EGM)	Emerald 1 Room, RHR Hotel @ Kajang, Wisma MKH, Jalan Semenyih, Kajang
08.05.19 (Wed) 02.30 pm	Zhulian Corporation Bhd (AGM)	G Hotel, Persiaran Gurney, Georgetown, Penang
09.05.19 (Thur) 10.00 am	Syarikat Takaful Malaysia Keluarga Bhd (AGM)	Menara Takaful Malaysia, No. 4, Jalan Sultan Sulaiman, KL
09.05.19 (Thur) 10.00 am	MMC Corporation Bhd (AGM)	Hotel Istana, 73, Jalan Raja Chulan, KL
10.05.19 (Fri) 10.00 am	Media Prima Bhd (AGM)	Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, KL

Points of interest to be raised:

Company	Points/Issues to Be Raised
SYF Resources Bhd (EGM)	<p>The gearing ratio of the Company is set to increase to 0.38 times from 0.2 times post acquisition (page 17 of the Circular), assuming 70% of the total purchase consideration amounting to RM49.72 million is to be financed by bank borrowings.</p> <p>a) What is the optimal gearing ratio that the Company intends to maintain in the long run?</p> <p>b) With the expected increase in gearing ratio, is there room for the Company to obtain additional financing for future development of the land?</p> <p>c) Will there be a need to raise funds from shareholders?</p>
Zhulian Corporation Bhd (AGM)	<p><u>Major customers (Page 101 the Annual Report 2018)</u></p> <p>The Group has high concentration on a major customer, particularly customer A from Thailand (Contribution: 64.9% to the Group's total revenue).</p>

	<p>a) How does the Board manage and mitigate the Group's risk of customer concentration?</p>
<p>Syarikat Takaful Malaysia Keluarga Bhd (AGM)</p>	<p>The Group faces several challenges as stated in the Management Discussion & Analysis, ("MD&A"), (page 12, Annual Report 2018) as follows:</p> <p>a) Temporary suspension of mortgage takaful protection distribution through agency force and other intermediaries by Lembaga Pembiayaan Perumahan Sector Awam</p> <p>b) Escalating medical inflation and price war of employee benefits segment within the industry; and</p> <p>c)Recruitment and retention of non-motor corporate agency force.</p> <p>What are the measures that you have taken to address these challenges and what are the results?</p>
<p>MMC Corporation Bhd (AGM)</p>	<p>We note from Page 240 that the Group has trade receivables amounting to RM189.2 million which was overdue by more than 6 months. Of this, an amount of RM82.7 million was provided as loss allowance.</p> <p>a) What is the likelihood of recoverability of the loss allowance amount?</p> <p>b)Were further loss allowance have to be made in 2019?</p> <p>c)What portion of the past due (more than 6 months) is more than even 1 year? Please explain.</p>
<p>Media Prima Bhd (AGM)</p>	<p>We refer to Note 8 (page 226) of the AR2018 that the amount paid for other services provided by the auditors (non-audit fees) amounted to RM808,000 (2017: RM4,000) was approximately 53.6% of the audit fees of RM1,507,000 in FY2018.</p> <p>(a) Please provide the nature of the said other services provided by the auditors.</p> <p>(b) Does the Board have a policy in relation to amounts paid to external auditors for non-audit services?</p>

MSWG'S WATCHLIST

PASDEC HOLDINGS BERHAD ("PASDEC" or "the Company")

PASDEC has failed to submit its Annual Report that includes the annual audited financial statements together with the auditors' and directors' reports in respect of the financial year ended 31 December 2018 ("AR 2018") to Bursa Malaysia Securities Berhad ("Bursa Securities") for public release within the stipulated timeframe i.e. 30 April 2019, pursuant to paragraph 9.23(1) of Bursa Securities' Main Market Listing Requirements ("LR").

Pursuant to Paragraph 9.28(5) of the LR, if a listed issuer fails to issue the outstanding financial statements within 5 market days after the expiry of the relevant timeframes stated in Paragraph 9.23(1) of the LR ("Relevant Timeframes") (the last day of the 5 market days is referred to as "Suspension Deadline"), in addition to any enforcement action that Bursa Securities may take, Bursa Securities shall suspend the trading in the securities of such listed issuer. The suspension shall be effected on the next market day after the Suspension Deadline.

In view of the above and in the event that PASDEC is unable to submit the outstanding AR 2018 on or before 8 May 2019, the trading in the above Company's securities will be suspended with effect from **9.00 am, Thursday, 9 May 2019** until further notice.

Pursuant to Paragraph 9.28(6) of the LR, if a listed issuer fails to issue the outstanding financial statements within 6 months from the expiry of the relevant timeframes, in addition to any enforcement action that Bursa Securities may take, de-listing procedures shall be commenced against such listed issuer.

Source:

<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6149473>

FSBM HOLDINGS BERHAD ("FSBM" or "the Company")

The Board of Directors of FSBM announced that Bursa Securities had via its letter dated 2 May 2019 informed that:

(i) FSBM has failed to issue the Company's 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 30 June 2018 ("Outstanding Financial Statements/Annual Report 2018") which was due on 31 October 2018 in accordance with Paragraph 9.23(1) of Bursa Securities Main Market Listing Requirements ("MMLR").

(ii) Pursuant to Paragraph 9.28(6) of the MMLR, if FSBM fails to issue the Outstanding Financial Statements/Annual Report 2018 within six (6) months from the expiry of the timeframe, i.e., 31 October 2018 as mentioned above, in addition to any enforcement action that Bursa Securities may take, Bursa Securities shall commence de-listing procedures against FSBM.

(iii) In light of the above, Bursa Securities has given a notice to FSBM that the Company has been accorded five (5) market days by Bursa Securities to make written representations to Bursa Securities as to why FSBM's securities should not be removed from the Official List of Bursa Securities.

Further, the Board of Directors hereby announces that the Company will make written representations to Bursa Securities within the five (5) market days as accorded by Bursa Securities.

In the event Bursa Securities having considered all the relevant facts and circumstances of the case including all representations made by FSBM, makes a determination to proceed with the de-listing, the securities of FSBM shall be removed from the Official List of Bursa Securities upon the expiry of seven (7) market days from the date of notification of the decision to de-list the Company or upon such other date as may be specified by Bursa Securities unless an appeal is made within the prescribed timeframe.

Source:

<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6150573>

LAFARGE MALAYSIA BERHAD ("LAFMSIA" or "the Company")

The Board of Directors of Lafarge ("**Board**") wishes to announce that the Board had on 2 May 2019 received a notice of unconditional mandatory take-over offer ("**Notice**") from Maybank Investment Bank Berhad on behalf of YTL CEMENT BERHAD ("YTL CEMENT" or OFFERER) to acquire all the remaining ordinary shares in Lafarge not already owned by the Offeror ("**Offer Shares**") at a cash offer price of RM3.75 per Offer Share.

Source:

<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6149085>

MSWG'S VIGILANCE

PN17 Companies

1. APFT BERHAD
2. BERJAYA MEDIA BERHAD
3. BERTAM ALLIANCE BERHAD
4. BRAHIM'S HOLDINGS BERHAD
5. CHINA AUTOMOBILE PARTS HOLDINGS LIMITED
6. COMINTEL CORPORATION BERHAD*
7. DAYA MATERIALS BERHAD
8. EKA NOODLES BERHAD
9. HB GLOBAL LIMITED
10. KINSTEEL BHD
11. KUANTAN FLOUR MILLS BERHAD
12. MAA GROUP BERHAD
13. MALAYSIA PACIFIC CORPORATION BERHAD
14. MAXWELL INTERNATIONAL HOLDINGS BERHAD
15. MULTI SPORTS HOLDINGS LTD
16. PERISAI PETROLEUM TEKNOLOGI BERHAD
17. SEACERA GROUP BERHAD
18. STONE MASTER CORPORATION BERHAD
19. SUMATEC RESOURCES BERHAD
20. TH HEAVY ENGINEERING BERHAD
21. UTUSAN MELAYU (MALAYSIA) BERHAD
22. YFG 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/>

REGULATORY NEWS

Former KOSMO Directors and Accounts Manager jailed and fined for false disclosures

<https://www.sc.com.my/news/media-releases-and-announcements/former-kosmo-directors-and-accounts-manager-jailed-and-fined-for-false-disclosures>

Appointment of two external members to Bank Negara Malaysia's Monetary Policy Committee

http://www.bnm.gov.my/index.php?ch=en_press&pg=en_press&ac=4842&lang=en

LOCAL NEWS AND DEVELOPMENTS

PR1MA public housing may be dissolved

<https://www.thestar.com.my/business/business-news/2019/05/02/pr1ma-public-housing-may-be-dissolved/>

AmCham : Credit rating downgrade won't affect investor confidence in Malaysia

<https://www.thestar.com.my/business/business-news/2019/05/02/amcham-credit-rating-downgrade-wont-affect-investor-confidence-in-malaysia/>

Getting tough on pricing

<https://www.focusmalaysia.my/Mainstream/getting-tough-on-pricing>

Tax dodgers can run but can't hide

<https://www.focusmalaysia.my/Mainstream/tax-dodgers-can-run-but-can-t-hide>

Valuers' comparison approach not cause escalating property prices: RISM

<https://www.theedgemarkets.com/article/valuers-comparison-approach-not-cause-escalating-property-prices-rism>

GLOBAL NEWS AND DEVELOPMENTS

Singapore arrests restaurant chain CEO for suspected trading breach

<https://www.thestar.com.my/business/business-news/2019/05/02/singapore-arrests-restaurant-chain-ceo-for-suspected-trading-breach/>

Futures eke out gains as investors look past fed decision

<https://www.reuters.com/article/us-usa-stocks/futures-eke-out-gains-as-investors-look-past-fed-decision-idUSKCN1S80ZP>

India calls for Pakistan's blacklisting by terror finance watchdog

<https://www.reuters.com/article/us-india-kashmir-pakistan/india-calls-for-pakistans-blacklisting-by-terror-finance-watchdog-idUSKCN1S80I5>

Climate change: UK 'can cut emissions to nearly zero' by 2050

<https://www.bbc.com/news/science-environment-48122911>

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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 for Pasdec Holdings Berhad and FSBM Holdings Berhad.*
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Feedback

We welcome your feedback on our newsletter and our work. Email us at corporateservices@mswg.org.my with your comments and suggestions.

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