

The logo for MSWG (Minority Shareholder Watch Group) features the letters 'MSWG' in white, bold, sans-serif font on a dark blue rectangular background.

MINORITY SHAREHOLDER WATCH GROUP

Badan Pengawas Pemegang Saham Minoriti Berhad

Incorporated in Malaysia • Company No. 524898-M

The Observer

13.04.2018

MSWG'S QUICK TAKE ON-ONGOING CORPORATE DEVELOPMENTS

COMFORT GLOVES BERHAD ("CGB")

The Board of Directors of CGB clarified that on 15 March 2018, the group's wholly owned subsidiary, Comfort Rubber Gloves Industries Sdn. Bhd. ("CRGISB") was listed under Import Alert of the U.S Food and Drug Administration (FDA). This has resulted in CRGISB examination glove shipments to the United States ("U.S.") requiring inspections upon arrival in the U.S and released after passing an inspection. The group is working towards removal from the Import Alert list through its U.S agents and is confident of securing the removal from the Import Alert list. The FDA Import Alert listing does not prevent the group from exporting to U.S. Upon removal from the Import Alert list, CRGISB examination glove shipments will no longer require inspection. Therefore, the operations of the group have not been disrupted by this incident and are continuing in normal operation.

[Source: CGB's announcement on Bursa Malaysia's website on 6 April 2018]

MSWG'S COMMENTS:

CGB share price plummeted by 37.5% within 10 days from RM1.12 on 27 March 2018 to as low as 70 sen on 5 April 2018. We believe the detention of CRGISB's glove shipments by the U.S. regulator could be a notable contribution to the sharp drop in CGB's share price.

We are of the opinion that the FDA Import Alert listing against the CGB group's products would have significant impact on the Group's financial performance, as the U.S. and Canada market contributed approximately 42.5% to the Group's revenue. The impact on the financial performance will be from the lag time due to the need for pre-inspection and the risk that some customers may terminate/reduce their orders due to this pre-inspection lag time.

CGB's clarification announcement on the above matter was not released in a timely manner.

The pre-inspection requirement was imposed on 15 March 2018. CGB made the related announcement on Bursa's website on 6 April 2018. This represents a delay of about 22 days.

Delays in disclosing price sensitive information to the public may provide a window of opportunity for insiders to take advantage of the price sensitive information when dealing with their shares.

We noted that the company's directors and substantial shareholders accumulated more than 2 million CGB shares a few days prior to the release of the clarification announcement. The clarification by the board of CGB, that the operations of the Group have not been disrupted by the said incident and is continuing in normal operation, was on 6 April 2018. The next market day (9 April 2018), the company's share price rebounded significantly by 18.7% to 75 sen.

MSWG'S AGM WEEKLY WATCH 16 - 20 APRIL 2018

For this week, the following are the AGMs/EGMs of companies which are in the MSWG's 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
17.04.18 (Tue) 11.00 am	Malaysia Marine And Heavy Engineering Holdings Bhd (AGM)	Sime Darby Convention Centre, No. 1A, Jalan Bukit Kiara 1, KL
19.04.18 (Thur) 10.00 am	Maxis Bhd (AGM)	Connexian @ Nexus, Bangsar South City, KL
19.04.18 (Thur) 10.00 am	Dutaland Bhd (EGM)	Pullman Kuala Lumpur City Centre Hotel & Residences, Jalan Conlay, KL
19.04.18 (Thur) 10.30 am	British American Tobacco (M) Bhd (AGM)	Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, KL
19.04.18 (Thur) 11.00 am	Bina Darulaman Bhd (AGM)	Intercontinental Hotel Kuala Lumpur
20.04.18 (Fri) 11.00 am	V.S. Industry Bhd (EGM)	Hotel Jen Puteri Harbour, Johor, Persiaran Puteri Selatan

The points of interest to be raised:	
Company	Points/Issues to Be Raised
Malaysia Marine And Heavy Engineering Holdings Bhd (AGM)	In the Letter from the Chairman, it was stated that the Group is keen on contracts that provide them a recurring source of revenue and income and to this end, the Group had obtained two "call out contracts", one was for offshore hook-up and commissioning from Carigali-PTTEPI Operating Company Sdn Bhd, and the other for facilities improvement and rejuvenation from Vestigo Petroleum Sdn Bhd. (i) How much of the Group's business is currently generated from recurring source of revenue? (ii) How significant are the contribution from these contracts to the Group's revenue and earnings for FY2018?
Maxis Bhd (AGM)	In its 4th quarter financial report, Maxis stated that: <ul style="list-style-type: none"> the number of its pre-paid subscribers registered an approximately 11.9% year-on-year decline to 6,997,000 as at 31 December 2017, a loss of 949,000 subscribers.

The points of interest to be raised:	
	<ul style="list-style-type: none"> its prepaid revenue declined by 3.7% year-on-year to RM3,849 million, mainly due to a lower subscription base which was the result of intense competition, pre-paid to post-paid migration and SIM consolidation in the market but buttressed by the higher average ARPU of RM42 per month (vs RM40 per month in 2016) driven by higher mobile internet revenue. <p>Maxis has suffered sequential reduction in the number of pre-paid subscribers for 10 straight quarters since the 2nd Quarter of FY2015. In addition, the 11.9% decline in the number of subscribers in FY2017 was worse than the 6.7% reduction in the number of subscribers in FY2016.</p> <p>(i) Could the Board share on its strategy on how to counter this declining trend in its pre-paid business and how to mitigate its effect on the overall earnings?</p> <p>(ii) Is it the strategy of Maxis to maintain its high ARPU by retaining quality subscribers only at the expense of the number of subscribers?</p>
Dutaland Bhd (EGM)	<p>Until the Company acquires new business from the proceeds, the future performance of the DutaLand Group after the Proposed Disposal will be solely dependent on the existing property development activities.</p> <p>Given that the property market is expected to remain sluggish in the near future, how would the Board ensure that the Company would not trigger Paragraph 8.03A of the Main Market Listing Requirements of Bursa Malaysia Securities due to inadequate level of operations?</p>
British American Tobacco (M) Bhd (AGM)	<p>In Note 4: Profit from Operations on page 167 of the Annual Report and Financial Statements, it was noted that a provision for impairment of prepaid excise duties amounting to RM20.525 million was made that is pending refund from the Royal Malaysian Customs (“RMC”).</p> <p>(i) What is the uncertainty or reasons to make the provision?</p> <p>(ii) Does the Board anticipate the refund of these excise duties and if so, when?</p> <p>(ii) How did the unutilized tax stamps and tax stamp wastages happen during the manufacturing process?</p>
Bina Darulaman Bhd (AGM)	<p>The Group’s Revenue decreased substantially from RM356.6 million in FY 2016 to RM251.7 million in FY 2017, a reduction of RM104.9 million or 29.4%. The Distribution Expenses, however recorded a marginal higher amount of RM18.4 million in FY 2017 as compared to RM18.2 million in FY 2016.</p> <p>(i) What were the nature of these Distribution Expenses?</p> <p>(ii) What was the reason for the increase in the Distribution Expenses while the Revenue has decreased?</p>

The points of interest to be raised:	

MSWG'S WATCHLIST

MULTI SPORTS HOLDINGS LTD ("MSPORTS")

The Board of Directors of MSPORTS ("the Board") announced that Bursa Malaysia had, via its letter dated 4 April 2018, informed the company that after due consideration, the Appeals Committee decided to:

- (a) allow the further appeal by the company to announce/issue all the outstanding financial statements due as at 28 February 2018 ("Outstanding Financial Statements") on or before 11 April 2018 ("the Extended Timeframe"); and
- (b) to de-list the securities of the company from the Official List of Bursa Malaysia pursuant to paragraphs 9.28 and 16.11(1)(b) of the Main Market Listing Requirements of Bursa Malaysia in the event the company fails to announce/issue all the Outstanding Financial Statements within the Extended Timeframe. In this respect, the securities of the company shall be removed from the Official List of Bursa Malaysia upon the expiry of two (2) market days from the date the company is notified by Bursa Malaysia or on such other date as may be specified by Bursa Malaysia.

[Source: MSPORTS' announcement on Bursa Malaysia's website on 4 April 2018]

SURIA CAPITAL HOLDINGS BERHAD ("SURIA CAPITAL")

Suria Capital announced that it is no longer pursuing the proposed acquisition of Sabah Ports Sdn Bhd (SPSB), a wholly-owned subsidiary of Suria, by MMC Ports Holding Sdn Bhd, a wholly-owned subsidiary of MMC Corporation Berhad (MMC) and that SPSB remains as a wholly-owned subsidiary of Suria.

[Source: Suria Capital' announcement on Bursa Malaysia's website on 6 April 2018]

LOCAL NEWS AND DEVELOPMENTS

February exports, imports way below forecast

<https://www.thestar.com.my/business/business-news/2018/04/05/february-exports-imports-way-below-forecast/>

Gamuda's SPLASH files suit against Syabas, seeks RM4.21b

<https://www.thestar.com.my/business/business-news/2018/04/09/gamuda-splash-files-suit-against-syabas-seeks-rm4pt21b/#3RuRU6vpHxPLZMOO.99>

Digital economy expected to show significant growth

<https://www.thestar.com.my/business/business-news/2018/04/10/digital-economy-expected-to-show-significant-growth/#hDPd1D86UX2gBkXY.99>

Clock is ticking for Red Sena

<https://www.thestar.com.my/business/business-news/2018/04/09/clock-is-ticking-for-red-sena/>

Comfort Gloves says exports to US not affected despite under US FDA import alert

<http://www.thesundaily.my/news/2018/04/06/comfort-gloves-says-exports-us-not-affected-despite-under-us-fda-import-alert>

MRCB, Gamuda, YTL JVs get High Speed Rail projects

<https://www.thestar.com.my/business/business-news/2018/04/06/two-consortia-secure-civil-works-portion-of-hsr-project/#KuhwTrkchtCQ7ip5.99>

SC Appoints New Deputy Chief Executive

https://www.sc.com.my/post_archive/sc-appoints-new-deputy-chief-executive-2/

'BNM rules will raise operational costs'

<http://www.theedgemarkets.com/article/bnm-rules-will-raise-operational-costs>

External auditor issues qualified opinion on G Neptune's FY17 financials

<http://www.theedgemarkets.com/article/external-auditor-issues-qualified-opinion-g-neptunes-fy17-financials>

Response to Sinar Harian Article entitled "Cepat laksana gaji cukup hidup"

http://www.bnm.gov.my/index.php?ch=en_press&pg=en_press&ac=4657&lang=en

Bursa Malaysia Securities publicly reprimands Maxwell International Holdings Berhad and its executive director and fines its executive director

<http://www.bursamalaysia.com/corporate/media-centre/media-releases/5617>

Bursa Malaysia Securities publicly reprimands Seacera Group Berhad for breach of the Main Market Listing Requirements

<http://www.bursamalaysia.com/corporate/media-centre/media-releases/5609>

New admission into Practice Note 17 - Bertam Alliance Berhad

<http://www.bursamalaysia.com/corporate/media-centre/media-releases/5621>

Malaysian, US officials to negotiate solar panel tariff this month, says Mustapa

<http://www.theedgemarkets.com/article/malaysian-us-officials-negotiate-solar-panel-tariff-month-says-mustapa>

GLOBAL NEWS AND DEVELOPMENTS

China fires back, announcing tariffs on US planes, cars and soybeans

<http://www.thesundaily.my/news/2018/04/04/china-fires-back-announcing-tariffs-us-planes-cars-and-soybeans>

US job growth seen slowing in March, jobless rate likely fell

<http://www.theedgemarkets.com/article/us-job-growth-seen-slowing-march-jobless-rate-likely-fell>

Japan February machinery orders seen lower, focus on yen movements

<http://www.theedgemarkets.com/article/japan-february-machinery-orders-seen-lower-focus-yen-movements>

Japan households' mood slumps, inflation expectations stall: BOJ survey

<http://www.theedgemarkets.com/article/japan-households-mood-slumps-inflation-expectations-stall-boj-survey>

German exports post biggest drop since 2015

<http://www.themalaymailonline.com/money/article/german-exports-post-biggest-drop-since-2015>

US watchdog seeks record fine against Wells Fargo for abuses

<https://www.thestar.com.my/business/business-news/2018/04/10/us-watchdog-seeks-record-fine-against-wells-fargo-for-abuses/#MywyHVrPHKVdVWKM.99>

Foreigners raise China bond holdings in March to record high

<https://www.thestar.com.my/business/business-news/2018/04/09/foreigners-raise-china-bond-holdings-in-march-to-record-high/#c1q4jY6aqY2d6OFL.99>

US trade gap widens for sixth month ahead of Trump tariffs

<http://www.theedgemarkets.com/article/us-trade-gap-widens-sixth-month-ahead-trump-tariffs>

Evans: Fed should keep raising rates if inflation nears 2%

<https://www.thestar.com.my/business/business-news/2018/04/09/evans-fed-should-keep-raising-rates-if-inflation-nears-2/#DVOytr1kklLgmXjs.99>

China forex reserves up on dollar weakness

<https://www.thestar.com.my/business/business-news/2018/04/09/china-forex-reserves-up-on-dollar-weakness/>

Institutional Shareholder Services asks GE to dump auditor KPMG

<https://www.thestar.com.my/business/business-news/2018/04/06/institutional-shareholder-services-asks-ge-to-dump-auditor-kpmg/#qvlo7oCkCes2Fsp9.99>

India central bank to keep rates on hold

<https://www.thestar.com.my/business/business-news/2018/04/05/india-central-bank-to-keep-rates-on-hold/>

US deficit to balloon beyond US\$1t by 2020, CBO says

<http://www.themalaymailonline.com/money/article/us-deficit-to-balloon-beyond-us1t-by-2020-cbo-says>

Why Singapore companies continue to list in Hong Kong

<http://www.theedgemarkets.com/article/why-singapore-companies-continue-list-hong-kong>

Global debt jumps to record US\$237t last year

<http://www.themalaymailonline.com/money/article/global-debt-jumps-to-record-us237t-last-year>

ECB says don't worry as euro area hits economic soft patch

<http://www.themalaymailonline.com/money/article/ecb-says-dont-worry-as-euro-area-hits-economic-soft-patch>

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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 save for Comfort Gloves 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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