



The Observer

19.07.2019

PLEASE MARK YOUR CALENDAR

**MSWG-ASEAN CORPORATE GOVERNANCE AWARDS 2018
TO BE HELD AT THE MAJESTIC HOTEL, KUALA LUMPUR
ON WEDNESDAY, 31 JULY 2019**

It will be our greatest pleasure to showcase the findings and results of the level of Corporate Governance of Malaysian public listed companies at our CG Event followed by an award presentation ceremony to recognise the companies that have demonstrated high level of corporate governance practices.

Yang Berbahagia Tan Sri Abu Kassim bin Mohamed, Director General of the National Governance, Integrity and Anti-Corruption Centre has agreed to grace the event and deliver the Keynote Address.

With slightly more than one week to go, we wish to inform that seats are now **fully taken up**. We would like to extend our heartfelt appreciation to various organisations and companies for their tremendous support over this event.

MSWG AGM/EGM Weekly Watch 22 to 26 July 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
22.07.19 (Mon) 09.30 am	CAB Cakaran Corporation Berhad (EGM)	CAB Cakaran Corporation Berhad, Seberang Jaya, Perai, Penang
22.07.19 (Mon) 10.00 am	CYL Corporation Berhad (AGM)	Eastin Hotel, 13, Jalan 16/11, Pusat Dagang Seksyen 16, Petaling Jaya, Selangor Darul Ehsan
23.07.19 (Tue) 09.30 am	AYS Ventures Berhad (AGM)	Setia City Convention Centre, No. 1, Jalan Setia Dagang AG U13/AG, Setia Alam, Seksyen U13, Shah Alam, Selangor
25.07.19 (Thur) 10.00 am	EUPE Corporation Berhad (AGM)	Nadia, Cinta Sayang Golf and Country Resort, Persiaran Cinta Sayang, Sungai Petani, Kedah Darul Aman
25.07.19 (Thur) 10.30 am	Mintye Berhad (AGM)	Mintye Corporate Headquarters, Taman Perindustrian Air Keroh, Melaka
25.07.19 (Thur) 11.00 am	Kim Loong Resources Berhad (AGM)	Amari Johor Bahru, No. 82C, Jalan Trus, Johor Bahru, Johor Darul Takzim
25.07.19 (Thur) 11.00 am	Alliance Bank Malaysia Berhad (AGM)	InterContinental Kuala Lumpur, 165 Jalan Ampang, Kuala Lumpur
25.07.19 (Thur) 11.00 am	Pantech Group Holdings Berhad (AGM)	Doubletree By Hilton Johor Bahru, 12, Jalan Ngee Heng, Johor Bahru, Johor
25.07.19 (Thur) 11.30 am	Talam Transform Berhad (AGM)	Pusat Beli Belah Pandan Kapital, Persiaran MPAJ, Pandan Indah, Kuala Lumpur
25.07.19 (Thur) 02.00 pm	Crescendo Corporation Berhad (AGM)	Amari Johor Bahru, No. 82C, Jalan Trus, Johor Bahru, Johor Darul Takzim

One of the points of interest to be raised:

Company	Points/Issues to Be Raised
CYL Corporation Berhad (AGM)	Under Note 14 (page 69) of AR2019, there was significant concentration credit risk arising from amounts owing by 4 major customers which accounted for 80% of total trade receivables. We also note on page 81 of AR2019, RM42.82 million (2018: RM48.57 million) of the Group's revenue of RM53.45 million (2018: RM58.63 million) was attributed to the Group's 4 major customers.

	<p>(a) Is there a concern on the concentration risk in your portfolio of customers?</p> <p>(b) How would you manage this significant concentration risk?</p> <p>(c) Have any of the amount owing by the 4 major customers been impaired?</p>
AYS Ventures Berhad (AGM)	<p>“AYS recorded profit before tax of RM21.127 million in the FYE 2019 which was RM11.527 million lower than FYE 2018 of RM32.654 million despite the higher revenue recorded. This was due to the pressured margins with higher cost of goods sold brought on by the increase in purchase prices of steel products and higher finance costs as additional trade facilities were used for working capital requirements for the purchases of trading stocks” (Page 14 of the Annual Report 2019).</p> <p>How will the Board address the higher cost of goods sold and higher finance costs amid the challenging operating environment?</p>
EUPE Corporation Berhad (AGM)	<p>In the Operating Segments reporting on page 121 and 122 of the Annual Report, the Others segment reported a segment loss of RM0.73 million in FY2019 as compared with the segment profit of RM0.78 million in FY2018.</p> <p>(a) Which division from the Others Segment (which includes rental of properties, management of complex, fruits cultivation and kindergarten operations) contributed to the loss in FY2019 and what is the comparative figure for FY2018?</p> <p>(b) What are the measures taken to turnaround the division that suffered the loss?</p>
Mintye Berhad (AGM)	<p>As stated in the Chairman’s Letter (Page 13), the manufacturing segment reported loss before tax of RM0.7 million due to closing stock written-off of certain products.</p> <p>On Page 86 (Note 17) of the Annual Report, it is disclosed that inventories written off increased significantly from RM43,826 to RM1.78 million.</p>

	<p>(a) What were the inventories written-off and why was there such a significant increase?</p> <p>(b) What is the Group's policy in maintaining the level of inventories and what measures have been taken to ensure that such substantial write off would not recur?</p>
Kim Loong Resources Berhad (AGM)	<p>The Company's internal audit function is now performed by the Company with effect from 1.1.2019 instead of by the Group. It is also mentioned that KPMG Management & Risk Consulting Sdn. Bhd (KPMGMRCSB") has been appointed to perform risk-based internal audit where the results are directly reported to the Audit Committee.</p> <p>(a) What is the reason for KPMGMRCSB being appointed to perform risk based internal audit as the Internal Auditors also carried out their internal audit work based on a risk-based auditing methodology as disclosed on page 43 of the MCCG report?</p> <p>(b) What are the fees paid to KPMGMRCSB? Does the internal audit fees of RM224,000 disclosed includes the KPMGMRCSB's fees?</p>
Alliance Bank Malaysia Berhad (AGM)	<p>The Stockbroking and Corporate Advisory Services (SBAS) recorded higher loss before tax by RM32.5 million compared to FYE2018 due to lower brokerage income and goodwill impairment arising from lower projected cash flows from the reassessment of expected future business performance in the light of current trading and economic conditions. (page 109, Annual Report)</p> <p>How would you address the lower business income in the SBAS segment?</p>
Pantech Group Holdings Berhad (AGM)	<p><u>Manufacturing Division</u></p> <p>a) What is the latest capacity utilisation rate for Pantech's factories?</p> <p>b) The Company has stated that "Additional new machines installed in December 2018 have further improved production efficiency while increasing the range of fittings and sizes. The capacity impact of this</p>

	<p>deployment is expected to be experienced in the next financial year” (Page 11 of the Annual Report 2019).</p> <ul style="list-style-type: none"> i. Is there any plan to deploy new machines in FY2020? ii. What will be the capacity impact of the deployment in FY2020? What is the targeted capacity increase and utilisation rate to be achieved in the next few years? <p>c) “Whilst PSI’s legal counsel in the United States is taking all possible legal steps to reverse the preliminary determination, we have prudently reduced the production output at the plant from 90% to 30%” (Page 12 of the Annual Report 2019).</p> <ul style="list-style-type: none"> i. What is the current status on the legal steps taken in the United States? ii. Will the production output at the plant remain at 30% level in the next financial year?
<p>Talam Transform Berhad (AGM)</p>	<p>The Group disposed Cekap Mesra Development Sdn. Bhd. (“CMDSB”) and Maxisegar Construction Sdn Bhd. (“MCSB”) for a cash consideration of RM5 and RM1 respectively. (page 137 of the Annual Report)</p> <ul style="list-style-type: none"> (a) What was the reason for the disposal and why at such low nominal prices? (b) Who are the buyers of these two companies?
<p>Crescendo Corporation Berhad (AGM)</p>	<p>Included in the Group’s revenue is a component of construction contract of an amount of RM0.51 million in FY 2019 as compared with RM4.4 million in FY 2018. (page 126 of the Annual Report).</p> <ul style="list-style-type: none"> (a) What was the reason for the construction contract revenue to drop to RM3.9 million or 88.4% in FY 2019 as compared to FY 2018? (b) What is the average gross profit margin of the construction contracts in FY 2019 and FY 2018?

	<p>(c) What are the measures the Company has taken to address the drop in the construction contracts?</p> <p>(d) What is the outlook of the Group's construction contract revenue in FY 2020?</p>
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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") hereby announces 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") and shareholders by 19 July 2019 ("expected date of issuance").

The Annual Report 2018 is now in the final drafting stage. The Company expects to issue or submit the Outstanding Annual Report 2018 to Bursa Malaysia Securities Berhad and shareholders by 2 August 2019.

This announcement is dated 19 July 2019

Source:

<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6228009>

MALAYSIA AIRPORTS HOLDINGS BERHAD

MATERIAL LITIGATION

UPDATES ON (1) KUALA LUMPUR HIGH COURT CIVIL SUIT BETWEEN MALAYSIA AIRPORTS (SEPANG) SDN BHD AND AIRASIA BERHAD (2) KUALA LUMPUR HIGH COURT CIVIL SUIT BETWEEN MALAYSIA AIRPORTS (SEPANG) SDN BHD AND AIRASIA X BERHAD

The Board of Directors of Malaysia Airports Holdings Berhad ("the Company") wishes to announce that on 18 July 2019 the Kuala Lumpur High Court granted summary judgment in favour of Malaysia Airports (Sepang) Sdn Bhd ("MA

Sepang"), a wholly owned subsidiary of the Company, in all three civil suits filed by MA Sepang against AirAsia Berhad and AirAsia X Berhad (collectively, "AirAsia").

The summary judgment order was for a combined amount of RM40,728,327.50 in unpaid Passenger Service Charges ("PSC") and a combined amount of RM792,381.74 in unpaid Late Payment Charges ("LPC"). The summary judgment order further included a declaration for AirAsia to pay MA Sepang the PSC rates that have been gazetted in law.

The Kuala Lumpur High Court also dismissed the applications filed by AirAsia to strike out or stay the three civil suits filed by MA Sepang.

This announcement is dated 18 July 2019.

Source:

<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6227497>

HIBISCUS PETROLEUM BERHAD ("HIBISCUS PETROLEUM")

HIBISCUS PETROLEUM BUYS MORE OIL AND GAS RIGHTS AT NORTH SEA

Hibiscus Petroleum Bhd's indirect wholly-owned unit Anasuria Hibiscus UK Ltd (AHUK), has entered into a conditional non-binding term sheet to acquire License P2366, from United Oil & Gas plc (UOG) and Swift Exploration Ltd (SEL) for US\$5 million.

The Blocks are located offshore with British waters, 250km northeast of Aberdeen.

Source:

<https://www.nst.com.my/business/2019/07/505155/hibiscus-petroleum-buys-more-oil-and-gas-rights-north-sea>

MULTI SPORTS HOLDINGS LTD ("MSPORTS" OR "THE COMPANY")

MEMORANDUM OF UNDERSTANDING BETWEEN MULTI SPORTS HOLDINGS LTD AND SOUTHERN SCORE SDN BHD

Reference is made to the Company's announcement dated 26 June 2019.

The Board of Directors of Multi Sports Holdings Limited wishes to inform that the MOU signed with Southern Score Sdn. Bhd. has lapsed on 5 July, 2019 and no further extension has been sought. The Company will continue with its efforts

to work on a regularisation of its operational and financial condition (“a regularisation plan”) and an announcement on any development will be made in due course.

This announcement is dated 15 July 2019.

Source:

<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6223929>

BERJAYA LAND BERHAD

PROPOSED ACQUISITION OF 75% STAKE IN ICELANDAIR HOTELS EHF, HLJOMALINDARREITUR EHF AS WELL AS CERTAIN HOTELS AND REAL ESTATE ASSETS

The Board of Directors of Berjaya Land Berhad (“B-Land”) wishes to announce that its wholly-owned Irish incorporated subsidiary, Berjaya Property Ireland Limited (“BPIL” or “Purchaser”) has on 13 July 2019 in Reykjavik, Iceland entered into a Share Purchase Agreement (“SPA”) with Icelandair Group hf. (“Icelandair Group” or the “Seller”) for the proposed acquisition of 75% stake in Icelandair Hotels ehf (“Icelandair Hotels”), which will acquire 100% of Hljomalindarreitur ehf (“Hljomalindarreitur”) and certain hotels and real estate assets in Iceland pursuant to the Proposed Pre-Closing Restructuring (as defined below), (collectively referred to as the “New Icelandair Hotels Group”), for a total cash consideration of approximately USD53.63 million (about RM222.03 million*) (“Purchase Consideration”) (“Proposed Acquisition”).

This announcement is dated 15 July 2019.

Source:

<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6223609>

CHIN HIN GROUP BERHAD (“CHIN HIN”)

PROPOSED LISTING OF ATLANTIC BLUE SDN BHD, A 45% OWNED ASSOCIATED COMPANY OF CHIN HIN ON THE ACE MARKET OF BURSA MALAYSIA SECURITIES BERHAD

The Board of Directors of Chin Hin wishes to announce that Atlantic Blue Sdn Bhd (“ABSB”), a 45% owned associated company of Chin Hin is proposing to list on Ace Market of Bursa Malaysia Securities Berhad (“Bursa Securities”), via a special purpose vehicle, Solarvest Holdings Berhad (“SHB”).

As an integral part of the Proposed Listing, SHB proposes to acquire the entire share capital of ABSB for a purchase consideration of RM26,261,600 ("Proposed Acquisition").

This announcement is dated 15 July 2019.

Source:

<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6223773>

MSWG'S VIGILANCE

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/>

REGULATORY NEWS

SGX REGCO REQUIRES EXIT OFFERS TO BE FAIR AND REASONABLE, SHAREHOLDER VOTE TO EXCLUDE OFFEROR AND CONCERT PARTIES

Source:

<https://www2.sgx.com/media-centre/20190711-sgx-regco-requires-exit-offers-be-fair-and-reasonable-shareholder-vote>

THE COMPANIES (AMENDMENT) BILL 2019 ('THE BILL') WAS PASSED IN THE DEWAN RAKYAT ON 10 JULY 2019.

THE BILL HAS YET TO BE TABLED IN DEWAN NEGARA.

Source:

<http://www.ssm.com.my/Lists/Announcement/AnnouncementDetails.aspx?ID=127>

MONETARY POLICY STATEMENT

Source:

http://www.bnm.gov.my/index.php?ch=en_press&pg=en_press&ac=4878&lang=en

LOCAL NEWS AND DEVELOPMENTS

MATRADE TEAMS UP WITH ITFC TO BOOST OIC COOPERATION

<https://www.thestar.com.my/business/business-news/2019/07/19/matrade-teams-up-with-itfc-to-boost-oic-cooperation/>

FITCH AFFIRMS MALAYSIA RATING AT A MINUS WITH STABLE OUTLOOK

<https://www.thestar.com.my/business/business-news/2019/07/18/fitch-affirms-malaysia-rating-at-a-minus-with-stable-outlook/>

MALAYSIA CAN EXCEED RM1 TRILLION TOTAL EXPORTS TARGET

<https://www.thestar.com.my/business/business-news/2019/07/17/malaysia-can-exceed-rm1-trillion-total-exports-target/>

MALAYSIA KEEPS AUGUST CRUDE PALM OIL EXPORT DUTY AT 0%

<https://www.theedgemarkets.com/article/malaysia-keeps-august-crude-palm-oil-export-duty-0>

MINISTER: MAJU HOLDINGS OFFERS TO TAKE OVER PLUS

<https://www.thestar.com.my/business/business-news/2019/07/16/minister-maju-holdings-offers-to-take-over-plus/>

KHAZANAH MADE HEALTHY PROFIT FROM SALE OF STAKE IN MALAYSIAN SHOAIBA

<https://www.thestar.com.my/business/business-news/2019/07/15/khazanah-made-healthy-profit-from-sale-of-stake-in-malaysian-shoiba/#WowVFWBylCbT2iJc.99>

GLOBAL NEWS AND DEVELOPMENTS

U.S.-CHINA OFFICIALS DISCUSS TRADE; MNUCHIN EYES POSSIBLE IN-PERSON TALKS

<https://www.reuters.com/article/us-usa-trade-china/u-s-china-officials-discuss-trade-mnuchin-eyes-possible-in-person-talks-idUSKCN1UD1LU>

INDONESIA CENTRAL BANK MAKES FIRST RATE CUT IN ALMOST 2 YEARS

<https://www.thestar.com.my/business/business-news/2019/07/18/indonesia-central-bank-makes-first-rate-cut-in-almost-2-years/>

CHINA'S DEBT TOPS 300% OF GDP, NOW 15% OF GLOBAL TOTAL

<https://www.thestar.com.my/business/business-news/2019/07/18/chinas-debt-tops-300pct-of-gdp-now-15pct-of-global-total/>

SINGAPORE 2019 ECONOMIC GROWTH OUTLOOK LOWERED TO 2% BY IMF

<https://www.thestar.com.my/business/business-news/2019/07/16/singapore-2019-economic-growth-outlook-lowered-to-2pct-by-imf/>

TRUMP SEES SLOWING CHINESE GROWTH PRESSURING BEIJING ON TRADE

<https://www.reuters.com/article/us-usa-trade-china/trump-sees-slowing-chinese-growth-pressuring-beijing-on-trade-idUSKCN1UA135>

MOST BIG COMPANIES FAIL TO REPORT ROLE IN DEFORESTATION, CHARITY SAYS

<https://www.reuters.com/article/us-climate-change-companies-deforestation/most-big-companies-fail-to-report-role-in-deforestation-charity-says-idUSKCN1UA2IW>

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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 Hibiscus Petroleum Berhad and Asia Media Group Berhad*

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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