



The Observer

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ANALYST'S MESSAGE

Malaysia Airports Holdings Berhad ("MAHB" or "the Company") – The need to exercise due caution when making 'price sensitive' statements about PLCs

Last Thursday, 17 October 2019, Malaysia Airports Holdings Berhad's market capitalisation plunged by approximately RM1.09 billion as MAHB's shares suffered a heavy sell-down which saw a 7.6% fall in its share price - from a closing price of RM8.70 the day before to RM8.04.

The Edge Financial Daily on 22 October 2019, quoted the Transport Minister as having stated on 17 October 2019, "I have never said anything openly [about the aviation sector regulatory bodies and MAHB]. I will only announce anything when we have made a decision. But some one leaked what I said [behind] closed doors, so that is beyond me".

The Transport Minister told a closed-door investors' forum that the Government is mulling a re-structuring of the existing regulatory bodies in the aviation sector. This intended approach could include bringing in new players to share the airport operation pie, which is currently dominated by MAHB. It is quite evident that the market reacted negatively by selling down MAHB's shares as a result of the 'price sensitive' statements made about MAHB.

Ministers and other government officials must be mindful that their 'price-sensitive' statements about PLCs may have a material impact on the share prices of the PLCs. There may also be opportunities for opportune 'insiders' to trade on the inside information (prior to the making of such 'price sensitive' statements). When it comes to speaking with the investing community, or for that matter any other party, there is no such thing as 'a statement made behind closed doors' or that something was 'off-the-record' – nothing is sacred.

Selective dissemination of information (like for fund managers and analysts only) creates an unlevel playing field where the minority shareholders are the last to learn of such information – often to their detriment, as those receiving the selective information would have traded earlier to their advantage. 'Price-sensitive' statements should only be made publicly when there is a final decision by the Government.

As stated earlier, 'price-sensitive' statements made at a closed-door investors' forum may be considered as giving hints or 'heads-up' to a certain group of investors in advance and this may tantamount to providing insider information. (Insider trading is a criminal offence under Section 188 of the Capital Markets Services Act 2007). In this instance, the price sensitive information may have created an opportunity for some parties to 'short-sell' MAHB shares and then re-buy the shares when the share price drops.

Undeniably, such closed-door talk which was leaked to the capital market has impacted MAHB's share price significantly at the expense of the minority shareholders – and there is a possibility that some parties may have profited unfairly from the opportunity.

By: Elaine Choo
Manager, Corporate Monitoring

MSWG AGM/EGM Weekly Watch 28 October – 1 November 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
29.10.19 (Tue) 10.00 am	Vizione Holdings Bhd AGM	TPC Kuala Lumpur, Kuala Lumpur Golf & Country Club Bhd, Off Jalan Bukit Kiara
29.10.19 (Tue) 10.00 am	Hong Leong Bank Bhd AGM	Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, KL
29.10.19 (Tue) 10.00 am	Eurospan Holdings Bhd AGM	Hotel Equatorial, No. 1, Jalan Bukit Jambul, Bayan Lepas, Penang
29.10.19 (Tue) 10.00 am	Fibon Bhd AGM	Seri Malaysia Melaka Hotel, Lebuhraya Ayer Keroh, Melaka Bandaraya Bersejarah
29.10.19 (Tue) 10.00 am	ES Ceramics Technology Bhd AGM	Hotel Armada Petaling Jaya, Lot 6, Lorong Utara C, Section 52, Petaling Jaya
30.10.19 (Wed) 10.00 am	Apollo Food Holdings Bhd AGM	The Puteri Pacific Hotel, Jalan Abdullah Ibrahim, 80730 Johor Bahru
30.10.19 (Wed) 10.00 am	LKL International Bhd AGM	Lily 1, Level 1, Bangi Resort Hotel, Off Persiaran Bandar, Bandar Baru Bangi
30.10.19 (Wed) 10.30 am	Caring Pharmacy Group Berhad AGM	Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, KL
30.10.19 (Wed) 02.30 pm	Pensonic Holdings Bhd AGM	1165, Taman Perindustrian Bukit Minyak, Simpang Ampat, Penang
31.10.19 (Thur) 02.30 pm	Hong Leong Financial Group Bhd AGM	Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, KL
31.10.19 (Thur) 03.00 pm	Velesto Energy Bhd EGM	Menara Kembar Bank Rakyat, No. 33, Jalan Rakyat, KL

One of the points of interest to be raised:

Company	Points/Issues to Be Raised
Vizione Holdings Bhd AGM	<p>Current orderbook and growth in the next few years</p> <p>The Group's revenues and profit after tax grew year-on-year by 44% and 139% respectively. The earnings per share increased by 66% to 11.60 sen per share. Additionally, the current outstanding order book remains robust at RM2.26 billion, providing us visibility on revenues in the coming years (Page 17 of the Annual Report 2019).</p> <p>a) What is the Group's targeted growth in revenue and profit for the next few years?</p> <p>b) How long is the current outstanding order book expected to last?</p>
Hong Leong Bank Bhd AGM	<p>The size of the global Halal economy is expected to reach USD 9.71 trillion by 2025, while the value of Malaysian halal exports is expected to expand to RM45 billion this year from RM40 billion registered last year. What is your target for the next three years in terms of your banking products for this segment? (page 55, Annual Report)</p>
Eurospan Holdings Bhd AGM	<ol style="list-style-type: none">1. Gratuity benefit for directors of the Company has increased by about seven times to RM961,578 in FY2019, compared to RM120,013 in FY2018 (page 75 of AR2019). Why was there a sharp increase in gratuity benefit?2. Despite the widening net loss of the Company in FY2019, the Chairman and Managing Director Mr. Guan Kok Beng received higher other emoluments of RM1.37 million compared to RM542,000 in FY2018 (page 22 of Corporate Governance Report (CGR) FY2019 and page 16 of AR2018). What is the justification for Mr. Guan to receive higher emoluments in FY2019?

<p>Fibon Bhd AGM</p>	<p>Under Note 25 (c), there are 2 major customers who contributed approximately 26% of the Group's total revenue (page 116 of AR2019).</p> <p>How does the Risk Management Committee manage the risk of dependency on major customers?</p>
<p>ES Ceramics Technology Bhd AGM</p>	<p>The Group reported a higher Other Income of RM1.03 million in FY 2019 as compared to RM0.64 million in FY2018. (page 40 of the Annual Report)</p> <p>a) What were the reasons for the higher Other Income?</p> <p>b) Please provide the components of the Other Income for both FYs 2019 and 2018.</p> <p>c) What is the outlook of the Other Income in FY 2020?</p>
<p>Apollo Food Holdings Bhd AGM</p>	<p>The Company has increased the amount invested in quoted shares in Malaysia to RM5.17 million, from RM3.68 million in FY18 (page 106 of AR2019).</p> <p>a) What are the companies that Apollo has invested in?</p> <p>b) What are the parameters or guidelines adopted by the Board in relation to investment in shares?</p> <p>c) What is the expected yield to be achieved from these investments?</p>
<p>LKL International Bhd AGM</p>	<p>The Group registered net loss of RM2.86 million in FYE 2019 compared to net loss of RM1.33 million in the previous financial year (Page 5 of the Annual Report 2019).</p> <p>As the net loss is increasing, how will the Board address the performance of the Group?</p>

<p>Caring Pharmacy Group Berhad AGM</p>	<p>Referring to Practice 7.1 of the MCCG, the Company in its reply letter to MSWG dated 29 October 2018 stated that it has taken note “of the non-disclosure of remuneration on a named basis as required under the Main Market Listing Requirements and shall make the relevant disclosure in the next Annual Report”.</p> <p>However, the Company has not adopted the Practice (page 27 of CGR).</p> <p>This is a breach of paragraph 9.25 (1) and Appendix 9C, Part A (11) of the Main Market Listing Requirements which states that listed issuers must disclose the remuneration of directors for the listed issuer for the financial year on a named basis and the amount in each component of the remuneration for each director.</p> <p>Please take note.</p>
<p>Pensonic Holdings Bhd AGM</p>	<p>“Other Income” in FY2019 was RM2.25 million compared to RM848,550 in FY2018 (page 51 of AR2019). What does the “Other Income” consist of and what are the reasons for the higher “Other Income”?</p>
<p>Hong Leong Financial Group Bhd AGM</p>	<p>HLA Holdings Sdn Bhd (HLAH) is the insurance holding company of the Group. For FY19, HLAH recorded a net profit of RM275 million, lower by 3.3% yoy. Whilst Hong Leong Assurance Berhad (HLA) (70% equity interest) registered a higher 5% yoy net profit, the decrease in HLAH’s results was due to a lower contribution from Hong Leong MSIG Takaful Berhad (HLMT) (65% equity interest) with pretax profit decreasing 36% yoy to RM10.4 million. HLAH’s full share of MSIG Insurance (Malaysia) Bhd’s (MSIG) (30% equity interest) pretax profit also decreased by 10.3% yoy to RM57 million in FY19 mainly due to higher net claims and lower underwriting margins for the year arising from the follow on effects of fire and motor detariffication. (page 25, Annual Report)</p> <p>What measures have you taken to improve the performance of HLMT and MSIG in FY2020?</p>

MSWG'S WATCHLIST

FSBM HOLDINGS BERHAD ("FSBM" OR 'COMPANY')

Decision of Bursa Malaysia Securities Berhad ("Bursa Securities") in respect of the de-listing procedures under Paragraph 9.28(6) of the Main Market Listing Requirements of Bursa Securities

Reference is made to FSBM announcement dated 9 August 2019 in relation to the decision of Bursa Malaysia Securities Berhad ("Bursa Securities") in respect of the de-listing procedures under Paragraph 9.28(6) of the Main Market Listing Requirements.

The Board of Directors of FSBM announced on 22 October 2019 that the Company has submitted a request to Bursa Securities for an extension of time till 31 December 2019 for the issuance of the Company's Annual Report that includes the annual audited financial statements together with the auditors' and directors' reports of the Company for the financial year ended 30 June 2018 (Annual Report 2018).

(Source:<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6318861>)

Reference is made to FSBM announcement dated 10 October 2019 in respect of the resignation of Messrs Ernst & Young as Auditors of the Company.

The Board of Directors ("the Board") of FSBM announced on 22 October 2019 that the Board, having received from Messrs Moore Stephens Associates PLT their letter of consent to act as Auditors of FSBM (dated 21 October 2019) on 22 October 2019, has appointed Messrs Moore Stephens Associates PLT as Auditors of the Company for the financial year ended 30 June 2018.

(Source:<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6318853>)

TDM BERHAD ("TDM" OR "COMPANY")

ADMINISTRATIVE SANCTION (HEREINAFTER REFERRED TO AS THE DECREE) ISSUED BY THE GOVERNOR OF KALIMANTAN BARAT TO PT RAFI KAMAJAYA ABADI DATED 4 OCTOBER 2019

The Board of Directors ("Board") of TDM Berhad ("TDM" or "the Company") announced on 22 October 2019 that its Subsidiary, PT. Rafi Kamajaya Abadi ("PT RKA") had on 21 October 2019 received and accepted the Governor Decision No 1279/2019 regarding Administrative Sanction (hereinafter referred to as "the Decree") by the Governor of Kalimantan Barat to PT Rafi Kamajaya Abadi dated 4 October 2019. The sanction arose as a result of the fire incident.

The main contents of the Decree are as follows:-

1. PT RKA has to stop their activities at the affected areas of approximately 900 hectares burnt area for three (3) years
2. PT RKA has to complete its fire prevention facilities and infrastructure within a period of twelve (12) months from the date of the sanction i.e 4 October 2019.
3. PT RKA must submit a monthly report to the Governor of Kalimantan Barat on the progress and improvement.

The Board also wishes to inform that PT RKA is consulting its Solicitors to file an application to Administrative Court ("Pengadilan Tata Usaha Negara") in Indonesia for a review of the Decree. The Company is also currently assessing the financial and operational impact on PT RKA and the Group arising from the sanction.

(Source: <http://www.bursamalaysia.com/market/listed-companies/company-announcements/6319069>)

MSWG'S VIGILANCE

Listing of PN17 and GN3 companies

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. KINSTEEL BHD
11. KUANTAN FLOUR MILLS BERHAD
12. LONDON BISCUITS BERHAD
13. MAA GROUP BERHAD
14. MALAYSIA PACIFIC CORPORATION BERHAD
15. MAXWELL INTERNATIONAL HOLDINGS BERHAD
16. MULTI SPORTS HOLDINGS LTD
17. PERISAI PETROLEUM TEKNOLOGI BERHAD
18. SEACERA GROUP BERHAD
19. SUMATEC RESOURCES BERHAD
20. TH HEAVY ENGINEERING 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/>

Updates

G NEPTUNE BERHAD (“GNB” OR “COMPANY”)

STATEMENT OF MATERIAL UNCERTAINTY RELATED TO GOING CONCERN OF THE GROUP AND THE COMPANY IN RESPECT OF G NEPTUNE BERHAD STATUTORY FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 30 JUNE 2019

Pursuant to Rule 9.19(38) of the ACE Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors of G Neptune Berhad ("GNB" or the "Company") announced on 22 October 2019 that the Company's external auditors, Messrs. Moore Stephens Associates PLT, has issued a statement of "material uncertainty related to going concern" of GNB and its subsidiary in respect of the Company's financial statements for the financial year ended 30 June 2019.

(Source:<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6318377>)

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

REJECTION OF THE APPLICATION FOR AN EXTENSION OF TIME BY THE COMPANY TO RELEASE ANNUAL REPORT THAT INCLUDES ANNUAL AUDITED FINANCIAL STATEMENTS TOGETHER WITH THE AUDITORS AND DIRECTORS REPORTS IN RESPECT OF THE FINANCIAL YEAR ENDED 30 JUNE 2019 ("ANNUAL REPORT 2019")

The Board of Directors of MSPORTS announced on 22 October 2019 that Bursa Malaysia Securities Berhad ("Bursa Securities") via its letter dated 18 October 2019 informed the Company that Bursa Securities has resolved to reject the Company's Application to delay the issuance of the Annual Report 2019 by 31 October 2019 as required under Paragraph 9.23(1) of the Main Market Listing Requirement ("MMLR") of Bursa Securities ("Relevant Timeframe") to 31 December 2019.

Pursuant to Paragraph 9.28(3) of the MMLR of Bursa Securities, the Board of Directors of MSPORTS wishes to announce the following:

- (a) The reason for failing to issue the Annual Report 2019 within the Relevant Timeframe to Bursa Securities was due to resignation of the former auditors of the Company, Messrs RT LLP vide their notice of resignation dated 28 November 2018 which was received by the Company on 31 December 2018, and subsequent difficulties in finding and appointing a new auditor to take over. Messrs. RT LLP was disqualified by Securities Commission of Malaysia's Audit Oversight Board from undertaking any audit work for listed companies in Malaysia.

- (b) In the event the Company fails to submit the Annual Report 2019 within 5 market days after the expiry of the Relevant Timeframe, i.e. by 7 November 2019, the suspension of trading on the Company's ordinary shares will be effected by Bursa Securities on the next market day i.e. at 9.00 a.m. on 8 November 2019 ("Suspension Deadline") after the expiry of 5 market days from the Relevant Timeframe, in addition to any enforcement action that Bursa Securities may take.
- (c) 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 issuance of the Annual Report 2019 unless otherwise determined by Bursa Securities.
- (d) Pursuant to Paragraph 9.28(6) of the MMLR, if MSPORTS fails to issue the Annual Report 2019 within 6 months from the Relevant Timeframe, in addition to any enforcement action that Bursa Securities may take, de-listing procedures shall be commenced against MSPORTS. However, the de-listing procedures also are subject to submission of a regularization plan by 13 November 2019, as announced by the Company on 1 October 2019.
- (e) The Company has identified a new auditor willing to take on the role but the appointment still has to be finalised. The Company hopes to be in a position to issue the Annual Report 2019 to Bursa Securities and the shareholders by 31 January 2020.

(Source: <http://www.bursamalaysia.com/market/listed-companies/company-announcements/6318385>)

IDIMENSION CONSOLIDATED BERHAD (“IDIMENSION” OR “COMPANY”)

Idimension announced the resignation of its Independent Director, Mr. Collin Goonting A/L O.S.GOONTING who is a member of Audit Committee, Nomination Committee and Remuneration Committee on 22 October 2019.

Mr. Collin Goonting indicated that there has been a lack of transparency within the members of the Board and he is very concerned that the interest of the shareholders are not considered when certain decisions are made. His only option is either to condone the decisions or to resign and he chose the latter.

(Source:https://preview.bursamalaysia.com/market_information/announcements/company_announcement/announcement_details?ann_id=2996196)

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LOCAL NEWS AND DEVELOPMENTS

SC gives Luno nod to operate cryptocurrency business

<https://www.thestar.com.my/business/2019/10/22/sc-gives-luno-nod-to-operate-cryptocurrency-business>

iDimension director quits, cites lack of transparency in board

<https://www.theedgemarkets.com/article/idimension-director-quits-cites-lack-transparency-board-0>

Trade war rejuvenates 'Silicon Valley' firms in Malaysia

<https://www.thestar.com.my/business/smebiz/2019/10/21/trade-war-rejuvenates-silicon-valley-firms-in-malaysia>

GLOBAL NEWS AND DEVELOPMENTS

Caterpillar's 'earnings recession' points to more bad news for world economy

<https://www.thestar.com.my/business/business-news/2019/10/23/caterpillars-earnings-recession-points-to-more-bad-news-for-world-economy>

China will keep door open to foreign investment, global industry despite trade war

<https://www.theedgemarkets.com/article/china-will-keep-door-open-foreign-investment-global-industry-despite-trade-war>

Thai central bank head warns of financial system risk from ultra-low rates

<https://www.thestar.com.my/business/business-news/2019/10/21/thai-central-bank-head-warns-of-financial-system-risk-from-ultra-low-rates>

MSWG TEAM

Devanesan Evanson, Chief Executive Officer, devanesan@mswg.org.my

Quah Ban Aik, Head, Corporate Monitoring, banaik.quah@mswg.org.my

Hoo Ley Beng, Head, Research & Development, linnert.hoo@mswg.org.my

Norhisam Sidek, Manager, Corporate Monitoring, norhisam@mswg.org.my

Lee Chee Meng, Manager, Corporate Monitoring, chee.meng@mswg.org.my

Elaine Choo Yi Ling, Manager, Corporate Monitoring, elaine.choo@mswg.org.my

Lim Cian Yai, Manager, Corporate Monitoring, cianyai@mswg.org.my

Nor Khalidah Mohd Khalil, Analyst, Corporate Monitoring, khalidah@mswg.org.my

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 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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