



MINORITY SHAREHOLDER WATCHDOG GROUP

Badan Pengawas Pemegang Saham Minoriti Berhad

Incorporated in Malaysia \* Company No. 524898-M

## The Observer

2 September 2016

### MSWG'S QUICK TAKE ON ONGOING CORPORATE TRANSACTIONS

#### PERFORMANCE OF SELECTED CHINA BASED LISTED COMPANIES

No	Name	market price (RM)	Revenue (RM'mil) *	PAT (RM'mil) *	Net cash per share (RM)*	Remark
1	Maxwell International Holdings Berhad ("Maxwell")	0.030	0.0	(31.7)	0.87	The company was categorised into PN17 status after the auditor qualified its audited account for FYE 2015.
2	Multi Sports Holdings Ltd ("Msports")	0.035	N.A. ^	N.A. ^	N.A. ^	The company was unable to release its audited report for FYE 2015 and 2 <sup>nd</sup> quarterly report as at 30 June 2016. Its share will continue to be suspended for trading.
3	Xingquan International Sports Holdings Limited ("Xingquan")	0.120	82.8	(386.8)	1.81	The company's cash level suffered a significant reduction of RM189.4 million amid the substantial losses in the latest quarter.

Note:

\* Financial period as at 30 June 2016.

^ Not available.

[Source: Quarterly announcements on Bursa Malaysia's website]

#### MSWG'S COMMENTS:

While it is normal for companies to make losses during a challenging economic environment, shareholders should be aware and raise concern regarding the losses, especially when auditors issued disclaimer of opinion in the case of Maxwell. The other company Xingquan had also suffered huge losses because of a rejection of its custom-made products and impairment of receivables. Further comments are shown below:

- (1) Xingquan's substantial financial losses were mainly attributed to a rejection of custom-made shoes by a single customer and impairment provision of receivables. These losses effectively wiped out profits generated over the past three years. Shareholders of Xingquan are certainly shocked by the result. [Reference: Note B.1, page 12 to 13 of 4<sup>th</sup> quarter report as at 30 June 2016]

- (2) Another shocking case was that the auditor of Maxwell in the annual report stated that they could not justify on how the marketing expenditure of RM64.6 million would benefit the company as the company's revenue had dropped significantly. Further two of the six advertising companies that Maxwell had entered into agreements with were discovered to be non-existent, while another was no longer operational. [Reference: page 91 to 94 of the Annual Report for FYE 2015]

We would like our regulators to seriously look into these issues, and to investigate immediately and seek clarifications regarding these issues for the protection of minority shareholders.

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## MSWG'S WATCHLIST

### **DUTALAND BERHAD ("DLB")**

The Board of DLB announced that DLB has triggered paragraph 8.03A(2) of the Listing Requirements as the Group's revenue is 5% or less of its issued and paid-up capital based on the company's latest unaudited financial results for the financial year ended 30 June 2016. The Company will make an application to Bursa Malaysia for a waiver from compliance with the applicable requirements under paragraph 8.03A(3) of the Listing Requirements ("Waiver Application").

*[Source: DLB's announcement on Bursa Malaysia's website on 29 August 2016]*

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## LOCAL NEWS AND DEVELOPMENTS

Diary Malaysia 2016 corporate earnings

<http://www.thestar.com.my/business/business-news/2016/08/29/diary-malaysia-2016-corporate-earnings/>

Auditors find it tough to unmask corporate fraud

<http://www.thestar.com.my/business/business-news/2016/08/27/auditors-find-it-tough-to-unmask-corporate-fraud/>

CPI rose by 1.1 per cent in July

<http://www.nst.com.my/news/2016/08/167877/cpi-rose-11-cent-july>

Reach Energy's qualifying acquisition: Ball in investors' court

<http://www.thesundaily.my/news/1952075>

Bank Negara to set up funding ecosystem to help SMEs

<http://www.thestar.com.my/business/business-news/2016/08/25/bank-negara-to-set-up-funding-ecosystem-to-help-smes/>

Malaysian Economic Indicators: Leading, Coincident & Lagging Indexes June 2016

[https://www.statistics.gov.my/index.php?r=column/cthemByCat&cat=82&bul\\_id=WD11N0swK25hT055Y2NFYjRibzBhUT09&menu\\_id=YmJrMEFKT0p0WUIxbDL1bzZydW9JQT09](https://www.statistics.gov.my/index.php?r=column/cthemByCat&cat=82&bul_id=WD11N0swK25hT055Y2NFYjRibzBhUT09&menu_id=YmJrMEFKT0p0WUIxbDL1bzZydW9JQT09)

YFG shareholder wants to remove entire board of directors

<http://www.theedgemarkets.com/my/article/yfg-shareholder-wants-remove-entire-board-directors?type=Corporate>

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## GLOBAL NEWS AND DEVELOPMENTS

Fed's Yellen says case for interest rate hike has strengthened

<http://www.thestar.com.my/business/business-news/2016/08/26/feds-yellen-says-case-for-interest-rate-hike-has-strengthened/>

US SEC paid US\$3.75mil to BHP Billiton whistleblower in olympics bribery case

[http://www.thestar.com.my/business/business-news/2016/08/29/us-sec-paid-\\$3dot5mil-to-bhp-billiton-whistleblower/](http://www.thestar.com.my/business/business-news/2016/08/29/us-sec-paid-$3dot5mil-to-bhp-billiton-whistleblower/)

Japan July consumer prices post biggest annual fall in 3 yrs

<http://www.theedgemarkets.com/my/article/japan-july-consumer-prices-post-biggest-annual-fall-3-yrs?type=Corporate>

Singapore faces first front-running case, 3 charged for insider trading

<http://www.theedgemarkets.com/my/article/singapore-faces-first-front-running-case-3-charged-insider-trading?type=Corporate>

HK regulator fines, reprimands M. Stanley over internal control failures

<http://www.thestar.com.my/business/business-news/2016/08/25/hk-regulator-fines-reprimands-m-stanley-over-internal-control-failures/>

Rajan welcomes Patel as successor at Indian central bank

<http://www.theedgemarkets.com/my/article/rajan-welcomes-patel-successor-indian-central-bank?type=Corporate>

Germany's economy minister: US-EU free trade talks have failed (VIDEO)

<http://www.themalaymailonline.com/money/article/germanys-economy-minister-us-eu-free-trade-talks-have-failed>

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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 Maxwell International Holdings Berhad.*

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## Feedback

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

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