



The Observer

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Timely financial information critical to informed investment decision-making

Undoubtedly the COVID-19 pandemic has brought many businesses – regardless of their strength and sizes – to their knees given the hardship posed by travel restrictions, social distancing and remote work, among others.

Nevertheless, truth be told, COVID-19 is not an excuse for businesses to slack off.

Visionary companies which subscribe to the notion that ‘opportunities abound from adversities’ – and are vigorously searching for innovative ways to adapt to the new normal – are poised to emerge stronger while laggards who allow their efficiency to be compromised by the health crisis are bound to go underwater sooner rather than later.

However, it is not uncommon, in these trying times for businesses to blame the pandemic for their inability to put their house in order. In fact, the adage “give somebody an inch and they’ll take a yard” holds true for a few PLCs.

Bursa Malaysia has said that “any listed issuer with difficulties complying with the time frame despite the automatic relief granted may still apply to the exchange for an extension of time. The exchange will consider such applications solely on a case-to-case basis, having regard to the individual circumstances of the listed issue”. Some PLCs have taken advantage of this statement and have applied to Bursa for extension of time (EOT).

The common reason given for seeking the EOT is that the COVID-19 outbreak and the imposition of the Movement Control Order by the Government has disrupted operations.

The need for EOT has been widely anticipated by Bursa Malaysia. In a slew of relief measures to alleviate the impact of COVID-19 on capital market players, Bursa Malaysia, had on 26 March announced a one-month extension for the issuance of quarterly and annual reports that are due on 31 March 2020 and 30 April 2020 for the Main and ACE Markets as well as semi-annual and annual audited financial statements for the LEAP Market.

Subsequently, further EOT was announced on 16 April to allow listed issuers on the Main, ACE and LEAP markets with interim and annual reports due by 30 April 2020 and 31 May 2020 to submit their reports by 30 June 2020.

“Notwithstanding the further extension of time, listed issuers are reminded to comply with their continuing disclosure obligations under the Listing Requirements including the obligation to make immediate announcements of any material information to ensure that shareholders and investors continue to receive information in a timely manner,” said Bursa Malaysia in statement dated 16 April.

In addition to this, listed issuers which trigger certain criteria in Practice Note 17 (PN17) and Guidance Note 3 (GN3) of the Listing Requirements from 17 April 2020 to 30 June 2021, will not be classified as a PN17 or GN3 Listed Issuer.

Instead, they will be accorded relief from complying with the obligations under paragraph/Rule 8.04 and PN17/GN3 of the Listing Requirements for a period of 12 months from the date of triggering the specified criteria. However, the listed issuer will be required to make an immediate announcement that it has triggered the specified criteria and the relief provided.

Timeliness factor crucial

From a corporate governance standpoint, the timely release of financial and material information is critical to ensure potential investors receive relevant and timely information to facilitate proper investment decisions. This is essential considering the globalised and complex nature of today's stock trading environment.

Moreover, timely disclosure of financial information can prevent the likelihood of insider trading and even reduce information asymmetry.

It is not too far-fetched to assume that the timely release of financial information entails team-work and proper planning – from its management to the external auditor and board of directors. The senior management must maintain internal controls to ensure that the financial reporting process is accurate and effective.

The independent auditor bears the responsibility for expressing an opinion on the fairness of the financial statements, the company's financial position, operational results and cash flows and helping to ensure that those issues conform to generally-accepted accounting principles.

Finally, the audit committee – whose role is often deemed as the cornerstone for timely release of financial information – should review and deliberate the financial information from the perspective of completeness, accuracy and timeliness. Undoubtedly, having a good understanding of audit reports ensures

that audit committee members can decipher the potential impact of financial statements.

In all fairness, there is surely a correlation between a thriving business and timely reporting: profitable and well-managed companies are more likely to take timely reporting seriously while their loss-making peers will not only struggle to put in place a timely financial report, but are also likely to be hampered by other compliance-related issues.

After all, making timely disclosure with necessary and relevant information is the fiduciary duty of company directors to their shareholders (and stakeholders) and this should not be compromised despite the current disruptive environment.

Devanesan Evanson
Chief Executive Officer

MSWG AGM/EGM Weekly Watch 13 July - 17 July 2020

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	Quick-take
14.07.20 (Tue) 10.00 am	Malaysian Resources Corporation Bhd (AGM)	MRCB plans to leverage on its existing engineering skillsets to venture into new markets. The Company has identified the renewable energy segment, and waste-to-energy in particular, as future markets.
15.07.20 (Wed) 10.00 am	Amtel Holdings Bhd (AGM)	AHB's recorded revenue growth of 24.9% from RM50.55 million in FYE 2018 to RM63.17 million in FYE 2019, with the ICT segment remained the major contributor in driving the Group to achieve higher sales and improved performance.
15.07.20 (Wed) 02.30 pm	Oriental Holdings Bhd (AGM)	After four consecutive years of growing revenue and pre-tax profit, it recorded a lower revenue of RM5.2 billion and a PBT of RM458.9 million in FY19. Amid the Covid-19 pandemic, the automotive segment remains challenging with stiff competition,

		<p>while the outlook for the oil palm plantation segment remains uncertain.</p> <p>The Group also experiences close to zero occupancy rate for its Hotel & Resort segment.</p> <p>Will its fundamental strengths and diversified businesses enable it to maintain the decent results going forward?</p>
16.07.20 (Thur) 10.00 am	Yinson Holding Bhd (AGM)	The Group is focusing on the renewables by establishing a portfolio of operating assets together with new green field development opportunities in selected regions.

One of the points of interest to be raised:	
Company	Points/Issues to Be Raised
Malaysian Resources Corporation Bhd (AGM)	<p>The Group's inventory of completed and unsold properties is RM435.3 million in FY 2019, an increase of RM341.8 million or 365.6% as compared to RM93.5 million in FY2018.</p> <p>a) Why the inventory of completed and unsold properties has increased substantially in FY 2019 as compared to FY 2018?</p> <p>b) The Group has mentioned that it will continue to aggressively market its completed and unsold properties. Please explain the Group aggressive marketing strategies taken to reduce the inventory of completed and unsold properties? Are these marketing strategies effective? If not, why?</p> <p>c) What is the current value of completed and unsold properties from the RM341.8 million?</p>
SYF Resources Bhd (EGM)	<p>In addition to the Subscription Consideration, the Board anticipates that additional financial commitment will be required from the SYF Group to support the development of the project. SYFD may make further equity investments in Darul Majumas not exceeding a total of RM30 million progressively (page 7 of the Circular).</p> <p>Given that the estimated PBT accruable to the shareholders of SYF upon completion of Alstonia Residence Project ("Alstonia") is approximately RM20 million (RM26.13 million x 75%) and that Darul Majumas has no other projects or assets, how will the investment of up to RM30 million in Darul Majumas create value to the non-interested shareholders?</p>

<p>Amtel Holdings Bhd (AGM)</p>	<p>The success of the ICT products and services is highly dependent on the local Automotive Industry where pricing, quality and the type of products and services offered are vital factors. The Group plans to continue to enhance its competitive strengths through various localisation efforts and at the same time, improve its product range and services while broadening its customer base (Page 15 of AR2019).</p> <p>Please update shareholders on the:</p> <ul style="list-style-type: none"> a) Localization efforts (including addressing foreign currency risk due to exchange rate fluctuation as some component purchases and services are transacted primarily in USD and Renminbi – see Page 16); b) Product range and services; and c) Broadening of its customer base (including addressing the customer concentration risk as stated on Page 137 where 3 major customers contributed substantially to the Group's revenue).
<p>Oriental Holdings Bhd (AGM)</p>	<p>Honda Malaysia has announced that the prices of selected Honda cars sold in Malaysia will increase by about 5% to 9%, depending on models and variants effective from 21 February 2020 which will further impact car sales performance in 2020 (page 27 of Annual Report 2019 ("AR2019")).</p> <ul style="list-style-type: none"> a) Given the above and the Government's recent announcement on sales tax exemption for passenger vehicles, how have these impacted Honda Cars sales to-date? b) How does the Group plan to remain competitive in the automotive industry in this new normal business environment?
<p>Yinson Holding Bhd (AGM)</p>	<p>The Group's Offshore Support Vessels ("OSV") namely Yinson Hermes and PTSC Huong Giang have contracts expiring on January 2020 and 31 January 2020 respectively (page 68 of Annual Report).</p> <ul style="list-style-type: none"> a) Have the two OSVs secured either an extension of contract or new contracts? If yes, what is the contract period of each OSV? b) Are the chartered rates for the two OSVs comparable or better than the previous rates?

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| | <p>c) Are the other OSVs fully deployed? What are the current utilization rates?</p> <p>d) What is the current order book for OSVs?</p> |
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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.

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