



MINORITY SHAREHOLDERS WATCH GROUP
Shareholder Activism and Protection of Minority Interest

MEDIA RELEASE

BEWARE OF THE NEW GAME IN TOWN

29 January 2021, Kuala Lumpur - There is a new game in town whereby some retail investors have decided to take on institutional investors who short certain shares.

In "bursabets" - a new subreddit on social news aggregator site Reddit, Malaysian retail investors have been discussing buying up stocks of glove makers. Their issue is that the share prices of glove companies having dropped in recent months despite the increasing profits reported by these firms.

The retail investors are looking to buy shares of medical glove makers in an attempt to drive up their prices and counter the short sellers who tend to drive the prices down. In short, they are inspired by the recent David vs Goliath battle in U.S. firm GameStop Corp.

Shares of GameStop have surged 1,700% in just two weeks as the Main Street piled in and forced hedge funds like Melvin Capital Management to lose billions on their short positions. These small investors discussed stocks on the "wallstreetbets" forum on Reddit anonymously and have fuelled the GameStop rally.

Locally, share of glovemakers such as Top Glove Corporation Berhad jumped 14.33% to intraday high of RM7.10 at the morning of 29 January, as compared to the closing price of RM6.21 on 27 January 2020. At the same time, share price Hartalega Holdings Bhd rose 10% to intraday high of RM13.42 as compared to the closing price of RM12.20 on 27 January 2020.

The Minority Shareholders Watch Group would like to advise minority shareholders to exercise diligence and be aware of the risks involved in such initiatives.

Generally, institutional investors tend to have deeper pockets. This is not to underestimate the retailers purchasing power. At the end of the day, it may become an issue of who has deeper pockets and the stamina to sustain their initiatives.

Secondly, there may be some unscrupulous retailers including "stockmarket gurus" who may unload their shares after having encouraged other retailers to drive up the share prices. The Securities Commission of Malaysia has constantly warned members of the public against dealing with unlicensed investment advisers as they could be defrauded or used as part of a market manipulation scheme.

Eventually, such action by both parties in trying to counter each other will create volatility in the share prices and this may be a risk to the short-term investors.



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As always, minority shareholders should consider this new game in town and make informed decisions according to their risk appetites.

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For further information, please visit www.mswg.org.my or contact Devanesan Evanson, CEO of MSWG at +603 2070 9090, or e-mail at devanesan@mswg.org.my

About Minority Shareholders Watch Group

The Minority Shareholders Watch Group (MSWG) was established as a government initiative in the year 2000 as part of a broader capital market framework to protect the interests of minority shareholders through shareholder activism. It is one avenue of market discipline to encourage good governance amongst public listed companies with the objective of raising shareholder value over time.

Over the years MSWG has evolved into an independent research organization on corporate governance matters. MSWG provides a platform and a collective voice to both retail and institutional minority shareholders, and it advises on voting at general meetings of public listed companies.