



The Observer

14.06.2019

PLEASE MARK YOUR CALENDER

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

The findings and results of the level of Corporate Governance of Malaysian public listed companies using the ASEAN Corporate Governance Scorecard methodology will be announced followed by an award presentation ceremony to recognise the companies that have demonstrated high level of corporate governance practices.

We look forward to your participation and support at the event.

CEO'S MESSAGE

Politicians on Boards of PLCs

We have always maintained that it is not good governance for 'active politicians' to sit on Boards of PLCs.

Bank Negara Malaysia (BNM), in its Corporate Governance Guidelines, states clearly that "A director of a financial institution must not be an active politician".

BNM states that an "active politician" refers to an individual who is a member of any national or state legislative body, or who is an office bearer of, or holds any similar office or position in a political party.

There are good politicians and there are bad politicians. Good politicians can become bad over time and bad politicians can become good over time. We do not want to debate as to who is a good politician and who is a bad politician.

There is also the issue of time commitment when active politicians sit on boards of PLCs.

We like to approach this subject from the perspective of risk of conflict of interest. What we are saying is that there is a higher potential for conflict of interest (a risk) when politicians sit on boards of PLCs and it is good governance to avoid this higher potential for conflict of interest.

George Santayana, a philosopher, essayist, poet, and novelist, famously, and very tellingly, said, “Those who do not remember the past are condemned to repeat it”.

And, it is timely to remember what happened to FGV Holdings Berhad and Lembaga Tabung Haji (though not a PLC but a government-linked investment company) – they had politicians in prominent positions on their Boards.

We note three PLCs that have politicians on their boards, Perak Corporation Berhad – a Perak State Economic Development Corporation’s (SEDC) subsidiary, MajuPerak Holdings Berhad, another Perak SEDC’s company, and PBA Holdings Berhad, a Penang state company.

Kumpulan Perangsang Selangor used to have politicians on Board but does not seem to have any now.

States can always safeguard their interest by appointing good nominees to the boards of PLCs to safeguard the state’s interest – it does not necessarily have to be a politician.

Perak Corporation Berhad (PCB)

PCB, which is riddled with numerous problems and financial issues, has two state assemblymen (in the Perak State Legislative Council) on its Board.

MajuPerak Holdings Berhad

There are several politicians on the Board here too.

Politics and business should not mix when it comes to directorships at the board level. The risk is that it can become a concoction with damagingly explosive impact

PBA Holdings Berhad (PBA)

PBA is a Penang State Government-Linked Company ("GLC") and the current board composition is as follows:

Directorship	Total	Directors (The number of Board Meetings attended for FYE 31 Dec 2018 are stated in brackets)
Independent Non-Executive Director (INED)	6	1) Dato' Agatha Foo Tet Sin (6/6) 2) Dato' Syed Mohamad bin Syed Murtaza (6/6) 3) Dato' Seri Nazir Ariff bin Mushir Ariff (6/6) 4) Mary Geraldine Phipps (6/6) 5) Dato' Brian Tan Guan Hooi (5/6) 6) Dato' SR. Kuvenaraju A/L Pachappen (6/6)
Non-Independent Non Executive Director (NINED) Political appointees by major shareholder (State Secretary, Penang 55% and Penang Development Corporation 10%)	7	1) Chow Kon Yeow - Chief Minister of Penang (6/6) 2) Dato' IR. Haji Ahmad Zaki Yuddin bin Abd. Rahman - Deputy Minister I (1/2) 3) Prof. Dr. P. Ramasamy A/L Palanisamy - Deputy Minister II (5/6) 4) Zairil Khir Johari - State Assemblyman for Tanjung Bungah (1/2) 5) Dr. Afif bin Bahardin - State Assemblyman for Seberang Jaya (2/2) 6) Muhammad Faiz bin Fadzil - Member of State Legislative Assembly, Permatang Pasir (1/1) 7) Khaliq Mehtab bin Mohd Ishaq-State Legislative Assemblyman for Bertam (1/1)
Non-Independent Non Executive Director (NINED) Major shareholder appointees (State Secretary, Penang 55% and Penang Development Corporation 10%)	2	1) Dato' Seri Farizan bin Darus – State Secretary of Penang (6/6) 2) Dato' Sarul Bahiyah binti Abu – Penang State Financial Officer (6/6) -
TOTAL	15	

Extracted from PBA's Annual Report 2018

As can be noted, 9 of the 15 directors constructively represent the State's and stakeholder (public) interest. Thus there can be a challenge in balancing the shareholders interest with the stakeholder's public interest. Also, there is a need to assess whether a 15 member Board can function efficiently and effectively.

We also note that there are 7 politicians on the board and the question arises as to whether is there really a need to have that many politicians on the board? Even without any politicians on the board, both the State Secretary of Penang and Penang State Financial Officer who sit on the board of PBA, would be able to safeguard the interest of the State during Board deliberations and decision-making process.

In addition, PBA has departed from Practice 4.1 of the Malaysian Code of Corporate Governance ("MCCG") 2017 which requires at least half of the board to comprise Independent Directors as currently there are only 6 Independent Directors out of the total 15 Board members.

In the recent AGM held on 30 May 2019, MSWG raised these questions and the Board's response was as below:

Please note that PBA is a Penang State Government-Linked Company ("GLC"). The state government linkage is crucial because our 100% owned subsidiary, Perbadanan Bekalan Air Pulau Pinang Sdn Bhd ("PBAPP") provides water supply services in Penang. Water supply is an essential daily service that affects the lives of 1.77 million people in Penang and all the businesses, big and small, that operate in Penang. As such, the composition of the PBA has to provide the necessary checks and balances.

All the elected politicians, including the Penang Chief Minister and Deputy Chief Ministers I and II, are appointed to the Board by virtue of their State positions. They are here to take on the responsibilities of representing, safeguarding and protecting the interests of the State and people of Penang.

Meanwhile, the Independent Directors with wide boardroom experience and expertise, act as caretakers of the interests of minority shareholders and their views carry significant weight in the Board's decision-making processes.

As mentioned in the Corporate Governance Report 2018, the Board does not have any immediate plan to increase the number of the Independent Directors, in view of the fact that all the 15 Board members are holding Non-Executive positions.

MSWG is of the view that the Board has not addressed the crux of the issue - how does the Board manage the potential conflict of interest that may arise is two aspects:

- i) between shareholders interests and political interests
- ii) between shareholders interests and stakeholders interest

Currently under Bursa's Listing Requirements, there is no restriction on politicians sitting on boards of PLCs unlike the more stringent guidelines under Bank Negara which strictly prohibits active politicians from sitting on boards of financial institutions.

An interesting fact to note is that these 7 politicians are members of Pakatan Rakyat whose manifesto, Buku Harapan – Promise No 22 promises to make the governance of our GLCs world class at par with international standards and which clearly states *that the **Pakatan Harapan government will ensure the appointment of state and national GLC Board members will be made based on merit and professionalism, not based on politics. The Pakatan Harapan Government will adopt international standards, such as OECD Guidelines on Corporate Governance of State-Owned Enterprises to improve the overall governance of our GLCs.***

The current practice as evidenced in the case of PBA clearly contradicts the above, as having 7 politicians onboard goes against the 'not based on politics' promise.

As to time commitment, we note that Dato' IR. Haji Ahmad Zaki Yuddin bin Abd. Rahman - Deputy Minister I was not present at the recent AGM and Dr. Afif bin Bahardin who was present at the start of the AGM left his seat within the first half hour of meeting proceeding and did not return thereafter. When MSWG questioned the absence of these 2 NINED, the Chairman informed that Dato' IR. Haji Ahmad Zaki Yuddin bin Abd. Rahman was unable to attend due to another engagement and Dr. Afif bin Bahardin had to leave to attend another event.

The AGM is an annual event to engage shareholders and most PLCs would have planned the AGM date way ahead to provide sufficient notice to the Directors to block their respective calendar. Therefore it is crucial that all Directors attend and participate in the meeting proceedings.

This is also a Practice under the MCCG 2017: Practice 12. 2 requires all directors to attend General Meetings. The Chair of the Audit, Nominating, Risk Management and other committees should provide meaningful response to questions addressed to them. General meetings are typically regarded as one of the few available opportunities for shareholders to communicate directly with the board therefore it is paramount for directors to be present during these meetings to attend to shareholders' questions and concerns.

Based on the table summary above, there are 4 Directors including 3 politicians with non-full attendance at Board meetings during the FYE 31 Dec 2018. This does not show commitment and participation by these Directors on the matters of the Company.

PBA's Nomination and Remuneration Committee ("NRC") clearly needs to reassess its board composition to determine if the board is effective and efficient in carrying out its fiduciary duty to care for the best interest of the Company and its shareholders and make the appropriate recommendations to the Board.

The NRC needs to examine the board size, the board composition, the skills and diversity and whether politicians should continue to sit on the Board. And even if politicians could sit on the board, whether it should be 7?

MSWG's view is that active politicians should not sit on the boards of PLCs.

MSWG AGM/EGM Weekly Watch 17 to 21 June 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
17.06.19 (Mon) 09.00 am	D'Nonce Technology Bhd (AGM)	Crown Garden Hotel, PT 302 & 303 Jalan Kebun Sultan, Kota Bharu, Kelantan
18.06.19 (Tue) 10.00 am	Genting Plantations Bhd (AGM)	Wisma Genting, Jalan Sultan Ismail, KL
19.06.19 (Wed) 09.30 am	TH Heavy Engineering Bhd (AGM)	Novotel Kuala Lumpur City Centre
19.06.19 (Wed) 10.00 am	Genting Malaysia Bhd (AGM)	Wisma Genting, Jalan Sultan Ismail, KL
19.06.19 (Wed) 10.00 am	Adventa Bhd (AGM)	21, Jalan Tandang 51/205A, Seksyen 51, Petaling Jaya,
19.06.19 (Wed) 10.00 am	Perak Corporation Berhad (AGM)	Amanjaya Convention Centre, Casuarina @ Meru Hotel Bandar Meru Raya, Ipoh, Perak
19.06.19 (Wed) 11.00 am	MSM Malaysia Holdings Bhd (AGM)	Menara Felda, Platinum Park, No. 11 Persiaran KLCC, KL

19.06.19 (Wed) 11.00 am	Amalgamated Industrial Steel Bhd (AGM)	Menara LGB, No. 1, Jalan Wan Kadir, Taman Tun Dr. Ismail, KL
19.06.19 (Wed) 02.30 pm	Mudajaya Group Bhd (AGM)	Menara Mudajaya, Mutiara Damansara, PJ
19.06.19 (Wed) 03.00 pm	Sunway Construction Group Bhd (AGM)	Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway
20.06.19 (Thur) 09.00 am	Serba Dinamik Holdings Bhd (AGM)	IDCC Shah Alam, Convention Hall, Level 7, Jalan Pahat L15/L, Seksyen 15, Shah Alam
20.06.19 (Thur) 10.00 am	Genting Bhd (AGM)	Wisma Genting, Jalan Sultan Ismail, KL
20.06.19 (Thur) 10.00 am	Sapura Resources Bhd (AGM)	Sapura @ Mines, No. 7, Jalan Tasik, The Mines Resort City, Sri Kembangan
20.06.19 (Thur) 10.00 am	Xidelang Holdings Ltd (AGM)	The Everly Hotel Putrajaya, No. 1, Jalan Alamanda 2, Precint 1, Putrajaya
20.06.19 (Thur) 10.30 am	Aeon Credit Service (M) Bhd (AGM)	InterContinental Hotel, jalan Ampang, KL
20.06.19 (Thur) 11.00 am	KYM Holdings Bhd (AGM)	No. 12 Lorong Medan Tuanku Satu, Kuala Lumpur
20.06.19 (Thur) 03.00 pm	Sunway Bhd (AGM)	Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway

One of the points of interest to be raised:

Company	Points/Issues to Be Raised
D'Nonce Technology Bhd (AGM)	<p>Note 11 to the Financial Statements on page 97 of the Annual Report show an increase of RM1.56 million or 103% in impairment losses charged against the trade receivables.</p> <p>a) As explained in Note 11(g) to the Financial Statements on page 100 of the Annual Report, the impairments relate to individual debtors who have exhibited significant financial difficulties and have defaulted on payment.</p> <p>What is the probability of recovering these debts and how much of these debts have been recovered subsequent to the financial year end?</p>

	<p>b) Is there a need for the Company to review its credit policy to curb increases in impairment losses from trade receivables?</p>
<p>Genting Plantations Bhd (AGM)</p>	<p>As reported in the Chairman's Statement (page 2 of AR2018), the second half of the year experienced several negatives such as elevated palm oil inventory levels, the imposition of high import duties on palm oil products by India, the aversion to palm oil by the European Union, the erosion of the purchasing power of major palm oil importers arising from the weakened currencies against the US Dollar, the protracted US-China trade tension and abundant supply of soybean from a record high US harvest.</p> <p>a) In regard to palm oil inventory levels and supply of soybean, what was the situation in the first half of 2019 and what is expected in the second half of 2019?</p> <p>b) How was the demand for crude palm oil and what was the average crude palm oil price in the first half of 2019? What is the expectation in the second half of 2019?</p>
<p>TH Heavy Engineering Bhd (AGM)</p>	<p>The Group's Scheme of Arrangements (SOA) with its creditors has been progressing. However, the Independent Auditors' Report on page 50 of the Annual Report has stated that the ability of the SOA and the Approved Schemes Companies involving the Company and its subsidiaries namely THHE Fabricators Sdn. Bhd. and O&G Works Sdn. Bhd. is dependent on the successful issuance of the new ICPS-i. The outcome and timing of the completion of the issuance of the new ICPS-i are currently uncertain.</p> <p>What are the latest developments and the outlook of the issuance of the ICPS-i and its impact on the Group's Proposed Regularisation Plan?</p>

Genting Malaysia Bhd (AGM)	<p>As stated in the Chairman's Statement (Page 2), the Group registered a net loss of RM86.3 million, mainly due to the impairment loss on the Group's investment in the promissory notes issued by the Mashpee Wampanoag Tribe. On Page 3, it is reported that the impairment loss can be reversed if and when the Tribe's land rights are secured and the promissory notes are assessed to be recoverable.</p> <p>a) Please explain how the Group could have invested in the promissory notes resulting in the Group having to make such huge impairment loss? Was there no proper due diligence or study done?</p> <p>b) What was the original total expenditure estimated to build the Indian casino and how much has been spent? What is the current development status? Is the Group expected to invest more? What is the expected return on investment (ROI)?</p> <p>c) Was there any loan involved in the development of the casino and what is the status in terms of repayment in view of the uncertainty?</p> <p>d) Does the impairment loss of RM1,834.3 million cover only the value of the promissory notes or also include other additional costs? What is the probability of reversing the impairment loss and when is the outcome expected to be known?</p>
Adventa Bhd (AGM)	<p>Key audit matters highlighted in AR2018 (page 33 and 34) by the auditors are:-</p> <p>a) impairment losses of RM21,674,917 on the development cost and RM193,169 on goodwill arising from the Company's renal dialysis business;</p> <p>b) impairment loss of RM37,400,000 on investment in a subsidiary, Lucenxia (M) Sdn Bhd; and</p> <p>c) impairment loss of RM1,731,091 on trade receivables.</p> <p>(i) Are there further impairments expected in FY2019 in each of these areas and what is the anticipated quantum of impairments, if any?</p>

	<p>(ii) In the MD&A (AR2018 page 4), it is stated that the write-down in the home dialysis business in (a) is to exercise prudence over the delayed launches in the markets. How does the Board view the direction and potential of this business going forward given the significant impairments in relation to this business?</p>
<p>Perak Corporation Berhad (AGM)</p>	<p>1) We refer to the announcement on Bursa Malaysia's website on 30 April 2019 where the Company's independent auditors has included a statement of Material Uncertainty related to Going Concern in their report on the Company's financial statements for the financial year ended 31 December 2018. Among the issues are:</p> <p>(i) The Group incurred a net loss of RM170.9 million during the year ended 31 December 2018 and, as of that date, the Group's current liabilities exceeded its current assets by RM316.5 million. The Group also has negative cash flow position of RM68,902 as at 31 December 2018.</p> <p>(ii) Impairment of property, plant and equipment (PPE) The impairment review gave rise to an impairment loss on PPE amounting to RM18.2 million for the year ended 31 December 2018.</p> <p>(iii) Impairment of investments in subsidiaries The continued losses in a subsidiary and deficit in the shareholders' funds and negative operating cash flows reported by a subsidiary indicated that the carrying amount of the investments in subsidiaries may be impaired.</p> <p>a) When is the Group expected to reverse its loss position to turn it profitable?</p> <p>b) Please explain how the Group is able to remedy its position of current liabilities exceeding current assets by RM316.5 million and the negative cash flow position of RM68,902 as at 31 December 2018.</p>

	<p>c) What were the main factors contributing to the impairment loss on PPE and would there be a likelihood of further impairment loss in FY2019?</p> <p>d) What is the likelihood of impairment of investments in subsidiaries in FY2019?</p> <p>2. Please explain the rationale for the appointment of the following directors especially from the viewpoint of time commitment given that the Company is in pressing circumstances:</p> <p>a) Tuan Mohd Ariff Bin Yeop Ishak Besides being the Chairman of PerakCorp, which is already facing several problems, he is also the Chief Executive Officer (CEO) of PNKP Group as well as Managing Director cum CEO of Majuperak Holdings Berhad, another public listed company.</p> <p>b) Mohamed Shafeii Bin Abdul Gaffoor Apart from being Group CEO of PerakCorp, he is also the Chairman of Majuperak Holdings Berhad and Kossan Rubber Industries Berhad, both public listed companies.</p> <p>c) YB Chong Zhemin State Assemblyman for Keranji in the Perak State Legislative Council and Managing Partner of Chong Zhemin & Co.</p> <p>d) YB Ng Shy Ching State Assembly Member for Teja in the Perak State Legislative Council.</p>
MSM Malaysia Holdings Bhd (AGM)	<p>As reported in the Executive Director's Review on page 29 of the Annual Report, export volume of the refined sugar declined by 21% compared to FY2017. In FY2018, MSM exported 136,497 tonnes of refined sugar to 13 countries around the world (page 38 of the Annual Report).</p> <p>a) What are the reasons for the decline in export volume?</p>

	<p>b) As stated in the Chairman's Statement on page 5 of the Annual Report, the Company is targeting new regional and international markets to grow its business and to reduce dependence on the domestic market.</p> <p>Which are the countries that the Company targets to expand its market to?</p>
Amalgamated Industrial Steel Bhd (AGM)	<p>Moving forward, the Group is poised to take advantage of the strengthening market with the launch of its residential development in the first half of 2019. The Group is looking forward to seeing the maiden contribution from its property development division.</p> <p>What is the targeted profit contribution of the development to the Group in the next two years (Page 16 of the Annual Report 2018)?</p>
Mudajaya Group Bhd (AGM)	<p>1. The Group's gearing ratio has increased from 116.6% in FY2017 to 365.2% in FY2018 (Page 16 of the Annual Report 2018).</p> <p>What actions have been taken to improve the gearing level? What is the optimal gearing ratio that Mudajaya aspires to achieve in the long run?</p> <p>2. <u>Construction contracts</u></p> <p>a) The segment has recorded a loss of RM23,907,000 in FY2018 (FY2017: A profit of RM21,919,000) (Page 182 of the Annual Report 2018).</p> <p>How will the Board address the segment's dismal performance? Is the segment expected to return to profitability in FY2019?</p> <p>b) Todate, how many potential contracts is the Group been anticipating? Please brief on the probability of being awarded new contracts in FY2019.</p> <p>c) What is the Group's targeted order book for the next three years?</p>
Sunway Construction Group Bhd (AGM)	<p>The Group's trading credit period to its customers is generally for a period of 30 days to 90 days.</p>

	<p>In the ageing analysis of the Group's trade receivables, the Group impaired RM1.98 million and RM0.57 million of Trade Receivables within the credit period of 1 to 30 days past due and 31 to 60 days past due respectively in FY2018. (Page 258 of Annual Report).</p> <p>a) What was the reason for the impairment losses?</p> <p>b) Which business segments contributed to the impairment loss?</p> <p>c) What are the possibilities of these amounts being written off in the future?</p>
Genting Bhd (AGM)	<p>As stated on Page 51, Genting Power Holdings Limited ("Genting Power") spearheads the power businesses of the Group. The division's total gross installed capacity was 5,135MW as of 31 December 2018. On Page 31, it is reported that the division's revenue for 2018 arose mainly from sale of electricity by the Indonesian Banten power plant whilst that for 2017 arose from construction of the Banten power plant before the start of commercial operations on 28 March 2017 and sale of electricity thereafter.</p> <p>a) What are the plans for expanding its capacity in power business including renewable energy via M&A.</p> <p>b) Would the division's revenue be expected to be higher in 2019 and going forward and what is the contract period of the sale of electricity?</p>
Xidelang Holdings Ltd (AGM)	<p>Note 11 (a) of the Financial Statements on page 103 of the Annual Report states that the cash in bank of the Group of RMB805.9 million is subject to weighted average interest rate of 0.3%.</p> <p>Why is the cash not placed in time deposit accounts to yield a return higher than 0.3%?</p>
Aeon Credit Service (M) Bhd (AGM)	<p>On your credit cards business, you have achieved close to 280,000 principal credit cards in circulation for the financial year. (page 25, Annual Report 2018)</p> <p>a) What is the target for credit cards in circulation in the next 3 years?</p>

	<p>b) What is your break-even numbers for total card in circulation to be profitable in this business?</p> <p>c) What is the progress and take-up for your newly launched AEON Platinum Card in 2018?</p> <p>d) What is the current non-performing ratio for this business?</p>
KYM Holdings Bhd (AGM)	<p>Note 5 to the Financial Statement on Page 72 & 73 of the Annual Report shows that 64% or RM48.306 million of the investment in subsidiaries was impaired.</p> <p>a) Which are the subsidiaries that have the impairment losses?</p> <p>b) What is the outlook of these subsidiaries and what are the plans for non-performing subsidiaries?</p> <p>c) We note that twelve subsidiaries remain dormant. What is the plan for these dormant subsidiaries?</p>
Sunway Bhd (AGM)	<p>The Group's Profit Before Tax in FY2017 was impacted by the impairment loss for the Bus Rapid Transit ("BRT") Park N' Ride facilities. (page 44 of the Annual Report).</p> <p>a) Is there any impairment loss for the BRT Park N' Ride facilities in FY2018?</p> <p>b) What was the amount of impairment loss for the BRT Park N' Ride facilities in FY2017?</p> <p>c) Is the BRT Park N' Ride facilities contributing to the Group's PBT? If not, when is it expected to turnaround?</p>

MSWG'S WATCHLIST

SEACERA GROUP BERHAD ("SEACERA" OR "THE COMPANY")

NO SUSPENSION OF TRADING

Further to Listing Circular No. ILC-03062019-00022, kindly be advised that the above Company has on 11 June 2019 submitted its unaudited quarterly report on consolidated results for financial period ended 31 March 2019 to Bursa Malaysia Securities Berhad for public release pursuant to Paragraph 9.22(1) of the Main Market Listing Requirements. In view of the above, kindly be advised that there will be no suspension of trading in the above Company's securities on 12 June 2019.

Source:<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6188665>

ADDITIONAL TAX LIABILITIES AND PENALTIES IMPOSED BY THE INLAND REVENUE BOARD

The Board of Directors of Seacera announced that Seacera has received on 12 June 2019, a letter from Lembaga Hasil Dalam Negeri ("LHDN") dated 31 May 2019 stating that LHDN has accepted the voluntary declaration made by Duta Skyline Sdn Bhd, a wholly owned subsidiary of Seacera, to settle an overdue tax for the years of assessment of 2009 and 2012 totalling RM22,184,245.33 ("the Voluntary Declaration Letter") to be paid before 1 July 2019.

The Voluntary Declaration Letter dated 13 May 2019 was signed by Datuk Ismail Bin Othman (one of the Vendors and Directors of Duta Nilai Holdings Sdn Bhd and Duta Skyline Sdn Bhd) without written approvals from the Board of Directors of Duta Skyline Sdn Bhd and Seacera. The additional tax due amount of RM22,184,245.33 ("the Additional Tax") was for years of assessments of 2009 and 2012 which occurred prior to the Seacera's acquisition of Duta Nilai Holdings Sdn Bhd on 16 November 2016 which in turn wholly owned Duta Skyline Sdn Bhd. Accordingly, the Board of Directors of Seacera is in the opinion the Additional Tax amount is personally payable in full by the Vendors of Duta Nilai Holdings Sdn Bhd as the Additional Tax constitutes a clear breach of the Vendors Warranties under Clause 9.2 and paragraph 6.1 and paragraph 6.2 of Schedule 7 of the Sale and Purchase Agreement dated 16 November 2016. The Board of Directors is seeking legal advice on the next course actions to be taken and further announcement will be made accordingly.

This announcement dated 12 June 2019.

Source:<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6188861>

XIN HWA HOLDINGS BERHAD

APPOINTMENT OF KPMG MANAGEMENT & RISK CONSULTING SDN. BHD. TO CONDUCT AN INDEPENDENT INVESTIGATIVE REVIEW

The Board of Directors of Xin Hwa Holdings Berhad ("Board") wishes to announce that KPMG Management & Risk Consulting Sdn. Bhd. has completed the independent investigative review and submitted their findings to the Audit & Risk Management Committee and the Board.

FINDINGS

KPMG has completed their review, mainly covered the period from January 2017 to December 2018, and has submitted their report to the ARMC and the Board, which indicates that out of the 8 allegations, 3 allegations had some basis or substantiated. The 3 allegations are:

1. Dividend payment of a subsidiary of XHH was paid to a third party instead of the registered shareholder, but the arrangement was meant to settle a personal debt and with instruction from the registered shareholder;
2. The subsidiary's company funds had been used to pay personal expenses of the executive directors. These payments were partially made out of directors' fees and the remaining payments were recognised as debts owed by the directors to the company which have since been repaid; and
3. There were payments made on behalf of a substantial shareholder. However, the amount paid had since been fully repaid by the substantial shareholder.

In the course of their review, KPMG also noted:

- a. There were provisions of financial assistance by a subsidiary of XHH to several companies in the form of interest-free advances and payments mainly relate to those companies' operating expenses. Some of these advances and payments had since been repaid;
- b. The revision of the executive directors' remuneration was not tabled to the Remuneration Committee ("RC") and the Board as required under the Company's Directors' Remuneration Policy and Procedure. The matter had since been addressed by the RC and the Board; and
- c. There was a variance between the bonus approved and paid in a year to a director of a subsidiary.

MEASURES OR STEPS TAKEN/TO BE TAKEN BY THE BOARD

The Board is in the process of appointing solicitors to review the report of KPMG and to advise the Board on any non-compliance with any law and/or Listing Requirements.

Further announcement would be made after the Company obtaining the relevant advice from the solicitors.

This announcement is dated 11 June 2019.

Source: <http://www.bursamalaysia.com/market/listed-companies/company-announcements/6188681>

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. 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. STONE MASTER CORPORATION BERHAD
20. SUMATEC RESOURCES BERHAD
21. TH HEAVY ENGINEERING BERHAD
22. UTUSAN MELAYU (MALAYSIA) BERHAD
23. YFG BERHAD

GN3 Companies

1. G NEPTUNE BERHAD
2. IDIMENSION CONSOLIDATED BERHAR
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

Bursa Malaysia Securities publicly reprimands China Stationery Limited and its Directors and fines 2 Directors

<http://www.bursamalaysia.com/corporate/media-centre/media-releases/6145>

Bursa Malaysia launches Bursa Anywhere, ASEAN's first mobile depository eServices app

<http://www.bursamalaysia.com/corporate/media-centre/media-releases/6153>

International Reserves of Bank Negara Malaysia as at 31 May 2019

http://www.bnm.gov.my/index.php?ch=en_press&pg=en_press&ac=4863&lang=en

LOCAL NEWS AND DEVELOPMENTS

Insurance premiums unchanged for investment-linked product policies

<https://www.thestar.com.my/business/business-news/2019/06/11/nsurance-premiums-unchanged-for-investment-linked-product-policies/>

Foreign selling of ringgit bonds slows down in May

<https://www.thestar.com.my/business/business-news/2019/06/12/foreign-selling-of-ringgit-bonds-slows-down-in-may/>

Fitch: Household leverage to moderate

<https://www.thestar.com.my/business/business-news/2019/06/12/fitch-household-leverage-to-moderate/>

April industrial output expands at faster pace

<https://www.thestar.com.my/business/business-news/2019/06/12/april-industrial-output-expands-at-faster-pace/>

Bursa to increase retail investor participation

<https://www.thestar.com.my/business/business-news/2019/06/12/bursa-to-increase-retailinvestor-participation/>

GLOBAL NEWS AND DEVELOPMENTS

Company Directors Will Have to Sit for Exams in India After Scandals

<https://www.bloomberg.com/news/articles/2019-06-11/exams-for-company-directors-planned-in-modi-corruption-crackdown?srnd=premium-asia>

Hong Kong protests: China extradition bill debate postponed
<https://edition.cnn.com/2019/06/12/asia/hk-protests-extradition-intl-hnk/index.html>

Central Europe particularly vulnerable to global trade war: Draghi
<https://www.reuters.com/article/us-cee-economy-draghi/central-europe-particularly-vulnerable-to-global-trade-war-draghi-idUSKCN1TD0VU?il=0>

Nomura Shareholders Are Urged to Reject CEO After Leak
<https://www.bloomberg.com/news/articles/2019-06-12/nomura-shareholders-urged-to-vote-out-ceo-after-information-leak?srd=premium-asia>

MSWG TEAM

Devanesan Evanson, Chief Executive Officer, devanesan@mswg.org.my
Siva Yamini, Head, Corporate Services, yamini@mswg.org.my
Quah Ban Aik, Head, Corporate Monitoring, banaik.quah@mswg.org.my
Hoo Ley Beng, Acting Head, Research & Development, linnert.hoo@mswg.org.my
Norhisam Sidek, Manager, Corporate Monitoring, norhisam@mswg.org.my
Lee Chee Meng, Manager, Corporate Monitoring, cheemeng@mswg.org.my
Elaine Choo Yi Ling, Manager, Corporate Monitoring, elaine.choo@mswg.org.my
Lim Cian Yai, Senior Analyst, 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 Maju Perak Holdings Berhad and Xin Hwa Holdings Berhad*
-

Feedback

We welcome your feedback on our newsletter and our work. Email us at corporateservices@mswg.org.my with your comments and suggestions.

DISCLAIMER

This newsletter and the contents thereof and all rights relating thereto including all copyright is owned by the Badan Pengawas Pemegang Saham Minoriti Berhad, also known as the Minority Shareholders Watch Group (MSWG).

The contents and the opinions expressed in this newsletter are based on information in the public domain and are intended to provide the user with general information and for reference only.

Best efforts have been made to ensure that the information contained in this newsletter is accurate and current as at the date of publication. However, MSWG makes no express or implied warranty as to the accuracy or completeness of any such information and opinions contained in this newsletter. No information in this newsletter is intended to be or should be construed as a recommendation to buy or sell or an invitation to subscribe for any, of the subject securities, related investments or other financial instruments thereof.

MSWG must be acknowledged for any part of this newsletter which is reproduced.

MSWG bears no responsibility or liability for any reliance on any information or comments appearing herein or for reproduction of the same by third parties. All readers or investors are advised to obtain legal or other professional advice before taking any action based on this newsletter.

ENDS./