



The Observer

21.06.2019

PLEASE MARK YOUR CALENDER

**MSWG-ASEAN CORPORATE GOVERNANCE AWARDS 2018
TO BE HELD AT THE MAJESTIC HOTEL, KUALA LUMPUR
ON WEDNESDAY, 31 JULY 2019**

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.

ANALYST'S MESSAGE

CEO of a Malaysian Public Listed Company takes a voluntary salary cut, becomes a reality

I was attending yet another annual general meeting on Wednesday morning on 19 June 2019. I sat huddled inside the meeting room in Wisma Genting, packed sardine-tight with some shareholders standing at the side of the room due to seating constraint.

Last month, the CG Monitor 2019 issued by the SC, had highlighted Tan Sri Lim Kok Thay ("Tan Sri Lim") as the highest paid CEO with a total remuneration of RM168 Million.

While bracing myself for the numerous questions and comments on Tan Sri Lim who is the Executive Chairman and Chief Executive of Genting Malaysia Berhad, on his remuneration, I was pleasantly surprised when Tan Sri Lim announced that he was taking a 20% salary cut before any shareholders could question his substantial remuneration. There was much cheering and clapping from the shareholders present. There was much appreciation by the shareholders present.

Of course, it is debatable whether a 20% salary cut was enough or whether the salary cut should have been more – and if more, how much more. Remuneration is an inexact science.

The fact is, even with a 20% cut, Tan Sri Lim's salary would have still been the highest in the CG Monitor listing.

But the fact is also that no matter what our remuneration, a salary cut is still painful. And to that extent, Tan Sri Lim's volunteered salary-cut is commendable and should serve as an example to other CEOs of Malaysian public listed companies who are drawing exceptionally high salaries – more so if their companies are loss making and there has been no or minimal dividends and/or share price accretion. Tan Sri Lim's actions, I hope, will catalyse a positive tone for better corporate accountability by CEOs in Malaysia.

This is the first time that I had witnessed a CEO volunteering for a salary cut, hopefully, this will not be my last!

By Elaine Choo

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
24.06.19 (Mon) 02.30 pm	G3 Global Bhd (AGM)	Victory Annexe Wing, Eastern & Oriental Hotel, 10 Lebuhr Farquhar, Penang
25.06.19 (Tue) 10.00 am	China Ouhua Winery Holdings Limited (AGM)	Best Western Hotel Petaling Jaya
25.06.19 (Tue) 10.00 am	Sumatec Resources Bhd (AGM)	The Boulevard Hotel, Mid Valley City, Lingkaran Syed Putra, KL
25.06.19 (Tue) 11.00 am	FGV Holdings Bhd (AGM)	TM Convention Centre, Jalan Pantai Baharu, KL
26.06.19 (Wed) 10.00 am	Mah Sing Group Bhd (AGM)	Wisma Mah Sing, No. 163, Jalan Sungai Besi, KL
26.06.19 (Wed) 11.00 am	Utusan Melayu (Malaysia) Bhd (AGM)	Dewan Utusan Melayu (Malaysia) Bhd, NO. 44, Jalan Utusan, Off Jalan Chan Sow Lin
26.06.19 (Wed) 11.00 am	Sapura Industrial Bhd (AGM)	Sapura @ Mines, No. 7, Jalan Tasik, The Mines Resort City, Sri Kembangan
27.06.19 (Thur) 09.00 am	Watta Holding Bhd (AGM)	The Federal Kuala Lumpur, Jalan Bukit Bintang, KL
27.06.19 (Thur) 09.00 am	Teck Guan Perdana Bhd (AGM)	Hotel Emas, Jalan Utara, Tawau, Sabah
27.06.19 (Thur) 09.30 am	Astro Malaysia Holdings Bhd (AGM)	Connexion Conference & Event Centre at Nexus, Bangsar South City, KL
27.06.19 (Thur) 10.00 am	AirAsia Group Bhd (AGM)	CAE Kuala Lumpur Sdn Bhd, Support Zone, KLIA, Sepang

One of the points of interest to be raised:

Company	Points/Issues to Be Raised
G3 Global Bhd (AGM)	The Group's revenue declined to RM29.878 million in FY2018 from RM31.038 million for FY2017. However, the cost of sales increased to RM28.569 million in FY2018 from RM21.253 million for FY2017. (Statements of Comprehensive Income on page 43 of the Annual Report). As such, the gross profit margin for FY2018 was only 4% compared to

	<p>31% for FY2017.</p> <p>(a) What are the cost items that contributed to the increase in the cost of sales?</p> <p>(b) What are the measures taken to control and monitor the cost of sales in order to improve the gross profit margin of the Group?</p>
<p>China Ouhua Winery Holdings Limited (AGM)</p>	<p>1) The Company has paid RMB118.8 million to Huangwu Subdistrict Office, Zhifu District, Yantai City (the Local Government) in December 2013 for the purchase of 40 acres of land, buildings and ancillary facilities located at No. 3 Wolong North Road, Yantai City (page 48 of AR2018). The transaction is still pending completion.</p> <p>It is stated in an announcement dated 17 December 2013 that in the event that the transaction is not completed, the Local Government will refund the deposits of RMB118.8 million.</p> <p>Is there any compensation under the contract for the delay of more than five years in the completion of the transaction? When is the transaction expected to be completed?</p> <p>2) The distribution and administrative expenses of the Company have increased to RM5.08 million (FY2017: RM2.24 million) and to RM14.84 million (FY2017: RM5.49 million).</p> <p>What are the reasons for the substantial increase in these two expenses? What is the breakdown of the administrative expenses?</p>
<p>Sumatec Resources Bhd (AGM)</p>	<p>As disclosed on page 12 of the Management Discussion & Analysis ("MD&A"), the Company announced on 30 April 2018 that it has become an affected listed issuer pursuant to Paragraph 8.04 and Paragraph 2.1 (d) of Practice Note 17 ("PN17") of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa"). Subsequently on 15 April 2019, the Company announced that it has submitted an application for an extension of time to submit</p>

	<p>the Company's regularisation plan.</p> <p>Based on the latest monthly announcement to Bursa dated 3 June 2019, the Company is currently preparing its response to Bursa's queries.</p> <p>What are the interim turnaround measures undertaken by the Board whilst awaiting for the formulation of the Regularisation Plan to be submitted to Bursa Malaysia?</p>
FGV Holdings Bhd (AGM)	<p>The analysis of external revenue by end-customer geographical location on page 213 of the Annual Report shows Nil revenue from India in 2018 compare to RM490 million in 2017. The Analysis also shows significant drop in revenue from Indonesia (66%), China (46%), Pakistan (43%) and others (68%).</p> <p>(a) What is the reason for zero revenue from India in 2018?</p> <p>(b) Are the significant drops in the revenue from these countries due to the change of credit policy mentioned on page 41 of the Annual Report? If not, what are the reasons for the significant drop in the revenue from these countries?</p> <p>(c) What are the measures taken to improve the revenue from these countries?</p>
Mah Sing Group Bhd (AGM)	<p>Certain subsidiary companies of the Company have entered into Sales and Purchase ("S & P") Agreements for the sale of 3 parcels of freehold land to third parties.</p> <p>The terms of the settlement of the purchase consideration of the S & P Agreements are based upon the construction works to be performed and completed over a period of 3 years by a nominee of the third parties (page 185 of Annual Report).</p> <p>(a) Why are the S & P Agreements structured in this manner?</p> <p>(b) Why were the 3 parcels of freehold land disposed?</p> <p>(c) What is the expected financial impact to the Group's results upon the completion of construction on the 3</p>

	<p>parcels of freehold land?</p> <p>(d) Who is the buyer of the 3 parcels of land?</p>
Utusan Melayu (Malaysia) Bhd (AGM)	<p>As stated in the Chairman's Statement on page 20 of the AR2018, the Company recorded a loss before taxation of RM179.6 million (2017: loss of RM10.2 million).</p> <p>Do you expect further losses in 2019</p>
Watta Holding Bhd (AGM)	<p>The handphone service and repair business incurred a loss in the year 2018 as a result of stiffer competition in the business, lower sales of new handphones in the market and more handphone users repairing their out of warranty handphones.</p> <p>How will the Group address these challenges since the servicing and repair of telecommunication products is now the core business after the disposal of the battery business?</p>
Teck Guan Perdana Bhd (AGM)	<p>The Group's inventories written down was RM62,916 (2018: Nil) (Note 8, page 89 of AR2019).</p> <p>(a) What is nature of these inventories written down?</p> <p>(b) What is the likelihood of further write-downs of such inventories, going forward?</p>
AirAsia Group Bhd (AGM)	<p>We refer to Page 316 (Note 18), where the allowance for impairment on Group trade receivables increased significantly from RM47.8 million in FY2017 to RM118.1 million in FY2018. On Page 317, trade receivables ageing over 365 days also increased significantly from RM58.8 million in FY2017 to RM146.4 million in FY2018.</p> <p>Please explain the substantial increases in the allowance and the trade receivables ageing over 365 days and the probability of recovering the amounts.</p>

MSWG'S WATCHLIST

ASIA MEDIA GROUP BERHAD

DELAY IN RELEASE OF THE ANNUAL REPORT FOR THE YEAR 2018 THAT INCLUDES ANNUAL AUDITED FINANCIAL STATEMENTS TOGETHER WITH THE AUDITORS AND DIRECTORS REPORTS OF THE COMPANY

The Board of Directors of Asia Media Group Berhad ("Amedia" or "the Company") wishes to announce that the Annual Report that includes the annual audited financial statements together with the auditors' and directors' reports of the Company in respect of the financial year ended 31 December 2018 ("Outstanding Financial Statements/Annual Report 2018") are still not ready for issuance and submission to Bursa Malaysia Securities Berhad ("Bursa Securities") and shareholders as the lack of manpower issue has not been resolved to-date.

The Board of Directors regrets to inform that the Company is unable to complete the Outstanding Financial Statements by 20 June 2019 ("expected date of issuance").

However, Management is still actively undertaking measures to resolve the above issue to expedite the issuance of the Annual Report 2018. The Annual Report 2018 is now in the finalisation stage. The Company expects to issue or submit the Outstanding Annual Report 2018 to Bursa Malaysia Securities Berhad and shareholders by 28 June 2019.

This announcement is dated 19 June 2019.

Source: <http://www.bursamalaysia.com/market/listed-companies/company-announcements/6196261>

SEACERA GROUP BERHAD

DEFAULT IN PAYMENT PURSUANT TO PARAGRAPH 9.19A OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (BURSA SECURITIES) (LISTING REQUIREMENTS) (DEFAULT IN PAYMENT)

Reference is made to the announcement on 26 April 2019 and 21 May 2019 made by the Company.

The Board of Directors of the Company wishes to announce that the Company as a Guarantor for the facilities taken by Seacera Ceramics Sdn Bhd, has received a Letter of Demand dated 19 June 2019 from AmBank Islamic Berhad, demanding a payment of RM18,306,705.17 (including the future profit) in respect of total amount outstanding and due payable under the Murabahah Tawarruq Term Financing-I and Cashline-I.

The Company is required to settle full settlement within seven (7) days from 19 June 2019, failing which AmBank Islamic Berhad shall proceed with necessary action as deemed fit and all costs to be incurred by the Company.

The Company is seeking legal advice on the matter.

This announcement is dated 20 June 2019

Source: <http://www.bursamalaysia.com/market/listed-companies/company-announcements/6196677>

MILUX CORPORATION BERHAD ('MILUX' OR 'THE COMPANY')

PUBLIC SHAREHOLDING SPREAD REQUIREMENTS PURSUANT TO PARAGRAPH 8.02(1) OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ('BURSA SECURITIES')

We refer to the previous announcements in relation to the unconditional mandatory take-over offer by AmInvestment Bank Berhad ("AmInvestment Bank") on behalf of the Joint Offerors, to acquire all the remaining ordinary shares in Milux Corporation Berhad ("Milux") ("Milux Shares") not already owned by Datuk Wira Ling Kah Chok and Asia Capital Fund Limited (collectively, the "Ultimate Offerors"), the Joint Offerors and persons acting in concert with them ("PACs") ("Offer Shares") at a cash consideration of RM0.80 per Offer Share ("Offer") which dated 3 May 2019, 6 May 2019, 21 May 2019, 24 May 2019 and 14 June 2019 ("Earlier Announcements"). Unless otherwise defined, the definitions set out in the Earlier Announcements shall apply herein.

We also refer to the press notice dated 14 June 2019 from AmInvestment Bank, on behalf of the Joint Offerors, informing that the Offer had closed at 5.00 p.m. on 14 June 2019 ("Closing Date") and the Joint Offerors hold approximately 72.99% of the total issued shares of Milux.

Based on the Register of Substantial Shareholders and the Register of Directors' Shareholdings of Milux as at 17 June 2019, the public shareholding spread of the Company is 17.34% which is lower than 25% of the total voting shares of Milux. Accordingly, the Board of Directors of Milux, pursuant to Paragraph 8.02(3) of the Main Market Listing Requirements of Bursa Securities ("Listing Requirements"), wishes to announce that Milux does not comply with the Public Spread Requirement set out in Paragraph 8.02(1) of the Listing Requirements.

As set out in Section 4.1 of the Offer Document, the Joint Offerors intend to maintain the listing status of Milux on the Main Market of Bursa Securities. The Joint Offerors (subject always that the Joint Offerors collectively retain an equity interest of more than 50% in Milux) will work together with Milux to

explore various options or proposals within 3 months from the Closing Date to help facilitate Milux to comply with the Public Spread Requirement.

The Company will make the requisite announcements in due course in relation to the status of its efforts to comply with the Public Spread Requirement in compliance with the Listing Requirements.

This announcement is dated 18 June 2019.

Source: <http://www.bursamalaysia.com/market/listed-companies/company-announcements/6194001>

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. SUMATEC RESOURCES BERHAD
20. TH HEAVY ENGINEERING BERHAD
21. UTUSAN MELAYU (MALAYSIA) 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/>

REGULATORY NEWS

Appointment of New Assistant Governor of Bank Negara Malaysia

Source: http://www.bnm.gov.my/index.php?ch=en_press&pg=en_press&ac=4865&lang=en

FTSE4GOOD BURSA MALAYSIA JUNE 2019 SEMI-ANNUAL REVIEW

16 new inclusions and 1 deletion from the FTSE4Good Bursa Malaysia Index

Source: <http://www.bursamalaysia.com/corporate/media-centre/media-releases/6157>

LOCAL NEWS AND DEVELOPMENTS

BNM to set up financial threat intelligence platform

<https://www.theedgemarkets.com/article/bnm-set-financial-threat-intelligence-platform>

Call for strategy rethink amid deindustrialisation

<https://www.theedgemarkets.com/article/call-strategy-rethink-amid-deindustrialisation>

Malaysian Banks Lead Southeast Asian Peers for Board Diversity

<https://www.theedgemarkets.com/article/malaysian-banks-lead-southeast-asian-peers-board-diversity>

Malaysia keeps July crude palm oil export duty at 0%

<https://www.thestar.com.my/business/business-news/2019/06/21/malaysia-keeps-july-crude-palm-oil-export-duty-at-0-pct/>

GLOBAL NEWS AND DEVELOPMENTS

China Home Price Growth Quickens as Buyer Demand Still Robust

<https://www.bloomberg.com/news/articles/2019-06-18/home-price-growth-in-china-quickens-on-still-robust-buyer-demand?srnd=markets-vp>

Huawei says U.S. ban will cost it \$30 billion in sales

https://www.washingtonpost.com/business/2019/06/17/huawei-says-us-ban-will-cost-it-billion-sales/?noredirect=on&utm_term=.75d18264db08

Indonesia c.bank keeps key rate unchanged at 6.00%, as expected

<https://www.reuters.com/article/indonesia-economy-rates/indonesia-cbank-keeps-key-rate-unchanged-at-600-as-expected-idUSJ9N1UD02M>

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 Asia Media Group Berhad.*

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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