



The Observer

1.11.2019

MSWG'S ONLINE POLL

We need your votes! Polls will be open for 3 weeks starting from 11 October 2019 to 2 November 2019.

Please click on the link below:

<http://www.mswg.org.my/mswg-online-poll-october-2019>

ANALYST'S MESSAGE

IDIMENSION CONSOLIDATED BHD

RESIGNATION OF INDEPENDENT DIRECTOR – LACK OF TRANSPARENCY

The Company had on 21 October 2019 announced the resignation of its Independent Non-Executive Director, Mr. Collin Gooting a/l O.S. Goonting effective 16 October 2019. Consequently, he also relinquished his position as a member of the company's audit, remuneration and nomination committees.

Mr. Collin Goonting indicated that "there has been a lack of transparency within the members of the Board and he is very concerned that the interest of the shareholders are not considered when certain decisions are made. His only option is either to condone the decisions or to resign and he chose the latter".

On 25 October 2019, the Company announced that "the Board had accepted Mr. Collin's resignation and made full disclosure of the reason for his resignation – this is a clear example of the Board's transparency. The Board would like to state that at all times in exercising its responsibilities, it has always uphold the interests of the shareholders and the Company in all its deliberations. The Board is also of the opinion that it has always given enough opportunities to all its members to air their ideas and opinions before a final decision is made in full transparency. In the rare event that there exist any

differences of opinions, and after a thorough deliberation, the Board always practice a majority vote to arrive at a final decision”.

MSWG’s Comments

An announcement on the resignation of a company director is not unusual – it happens quite often. However, the resignation of an Independent Non-Executive Director (INED) elicits greater interest. What has caught our attention in this case are the reasons given for the resignation - a lack of transparency.

‘Transparency’ which means openness and willingness to provide truthful and accurate information is a key element of good corporate governance. The Malaysian Code on Corporate Governance (MCCG) recognizes transparency as one of the important pillars for the governance of companies and stewardship of investors’ capital to create long-term value.

In a company, the board is the major driving force when it comes to corporate governance. The Board plays a critical role in cultivating good corporate governance practices throughout the Company. In this context, lack of transparency at the board level may lead to the collapse of the corporate governance framework in the whole company.

Another reason cited by Mr Goonting for his resignation is his concern that the “interest of the shareholders are not considered when certain decisions are made”. The fiduciary duties of the board include, amongst others, the duty to take care and protect the interests of the shareholders (and other stakeholders). Failure to take into consideration the interests of the shareholders in its decision-making implies that the board has failed to fulfil its fiduciary duties.

The Board of the Company comprises seven directors, of whom, three are independent directors, including the Chairman. The ‘lack-of-transparency’ issue is not an issue for the other board members, including the other two independent directors (one of whom is the Chairman of the board). Only Mr. Goonting has highlighted that he has been deprived of the necessary information. The Board, (including the other independent directors), has disagreed with Mr Goonting’s assertions and has made an announcement to that effect.

Obviously, there is a difference of opinion as to the transparency issue between the Board and Mr Goonting. The Regulator would typically call the INED and the Board, often separately, to better understand the reasons for the differences in opinion and the Regulator will take the necessary and appropriate action to ensure that the interests of the shareholders are not compromised.

We are glad to see that Mr. Collin Gooting a/l O.S. Goonting was being transparent in disclosing the reasons for his resignation. Regardless of whether Mr Goonting's opinion is justified or otherwise, the candid transparent reasons given by him for his resignation should be commended. Directors who resign should give the actual reasons for their resignations instead of the boiler-plate reasons that currently abound e.g. 'to pursue other interests' or 'for health reasons'.

By: Linnert Hoo
Head, Research & Development

MSWG AGM/EGM Weekly Watch 4 November – 8 November 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
06.11.19 (Wed) 10.00 am	Gadang Holdings Bhd (AGM)	Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, KL
06.11.19 (Wed) 10.00 am	IOI Properties Group Bhd (AGM)	Le Méridien Putrajaya, Lebuhr IRC, IOI Resort City, Putrajaya
06.11.19 (Wed) 10.30 am	Hong Leong Industries Bhd (AGM)	Menara Hong Leong, No. 6, Jalan Damanlela, Bukit Damansara, KL
06.11.19 (Wed) 10.30 am	ACME Holdings Bhd (new) (EGM)	Evergreen Laurel Hotel 53 Persiaran Gurney, Georgetown, Pulau Pinang
08.11.19 (Fri) 03.00 pm	Hap Seng Consolidated Bhd(new) (EGM)	Menara Hap Seng, Jalan P. Ramlee, KL

One of the points of interest to be raised:

Company	Points/Issues to Be Raised
Gadang Holdings Bhd (AGM)	<p>The profit before tax declined by 47% to RM71.7 million (FYE2018: RM134.1 million). The lower profit was mainly due to higher recognition of variation orders for completed construction projects in the preceding year, lower profit reported for the Capital City project and cost management challenges in the current year (Page 24 of the Annual Report 2019).</p> <p>a) What are the reasons for the higher recognition of variation orders for completed construction project in the preceding year and the lower profit reported for the Capital City project?</p> <p>b) How will the Board address the cost management challenges in the future?</p>
IOI Properties Group Bhd (AGM)	<p>Proposed Resolution 8 is to pay a gratuity payment to late Tan Sri Dato' Lee Shin Cheng of an amount of RM17.732 million in recognition of his 44 years of service and contribution to IOI Group.</p> <p>(a) The Company's CG Statement (Practice 6.1) states that there are no termination, retirement and post-retirement benefits that may be granted to Directors and the top 5 management personnel (who is not the CEO) except for those payment pursuant to statutory requirements.</p> <p>There is no mention of gratuity payment.</p> <p>Why is there an exception to pay the gratuity payment?</p> <p>(b) Is the gratuity payment to the late Tan Sri Dato' Lee Shin Cheng stated in his service contract?</p> <p>(c) The late Tan Sri Dato' Lee's estate has decided to voluntarily waive the bonus entitlement for FY2019. How much was the bonus for FY 2018?</p>
Hong Leong Industries Bhd (AGM)	<p>Operating segments for "Industrial Products" suffered losses for two consecutive years with reducing revenue registered in FY2019. (FY2018 : RM502 million,</p>

	<p>FY2019 : RM418 million) Share of profit in associated companies in the same period had also dropped from RM121.6 million to RM90.8 million. (Note 29, page 112 &113, Annual Report)</p> <p>What are the challenges and how will you address these challenges? What is your expectation for FY2020?</p>
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MSWG'S WATCHLIST

NETX HOLDINGS BERHAD ("NETX" OR 'COMPANY")

EXTENSION OF TIME TO HOLD ANNUAL GENERAL MEETING

Further to the announcement on 25 September 2019 relating to the change of financial year end of NetX Holdings Berhad ("Company"), the Board of Directors of Company announced on 30 October 2019 that the Company has on today received approval from Companies Commission of Malaysia on the Company's application for extension of time to hold its annual general meeting ("AGM") for more than 15 months from its last AGM held on 28 November 2018 pursuant to Section 340 of the Companies Act 2016.

Accordingly, the Company is permitted to hold its AGM by 31 May 2020 for tabling of its audited financial statements for the period ending 30 November 2019 and there will be no AGM to be held in 2019.

(Source:<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6325257>)

ASIA MEDIA GROUP BERHAD ("AMEDIA" OR "COMPANY")

SIGNIFICANT VARIATION ON INTERIM FINANCIAL REPORTS FOR FOURTH QUARTER 2018 AND AUDITED FINANCIAL STATEMENT FOR THE YEAR ENDED 31 DECEMBER 2018

Reference made to the announcement made by AMEDIA on 25 October 2019.

Pursuant to Paragraph 9.19(34) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors of Asia Media Group

Berhad ("AMEDIA", "the Group") announced on 29 October 2019 that the Group's loss after taxation from continuing operations for the financial year ended 31 December 2018 ("FYE2018") of RM26.5555 million has deviated by 734.3% from the unaudited loss after taxation from continuing operations of RM3.183 million as announced on 28 February 2019.

The reconciliation of the differences is set out below:

	RM'000
Loss After Tax from Continuing Operations as per unaudited financial statements for FYE2018	(3,183)
Add/ (less) changes recommended by auditors:	
i) Impairment losses on property, plant and equipment and intangible assets not taken up	(17,860)
ii) Provision for litigation claims	(2,032)
iii) Impairment losses on trade receivables and other receivables not taken up	(3,008)
iv) Depreciation under taken up offset by other items	(472)
Loss After Tax from Continuing Operations as per audited financial statements for FYE2018	(26,555)

(Source:<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6324905>)

DISCLAIMER OF OPINION ON THE AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2018 ("FYE 2018")

Pursuant to Paragraph 9.19(37) of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities")("Listing Requirements"), the Board of Directors of AMEDIA announced on 29 October 2019 that STYL Associates PLT (LLP0019500-LCA & AF 001929), the Company's External Auditors, had expressed an audit disclaimer of opinion in the Company's latest Audited Financial Statements for FYE 2018.

(Source:<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6324901>)

Change in Financial Year End

Old financial year end	31 Dec 2019
New financial year end	30 Sep 2019

The current BOD wishes to highlight that no important documents needed for the finalization of Annual Report for FYE2018 and any ongoing financial reporting were found and handed over by the previous Management. The current BOD wishes to start afresh on all financial reporting from a date where full control is established on the ongoing financial affairs of the Group, ie. starting from 1 October 2019, hence the proposed change in financial year end to close on 30 September of subsequent years.

(Source:<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6324817>)

ANZO HOLDINGS BERHAD ("ANZO" OR "COMPANY")

ANNOUNCEMENT PURSUANT TO PARAGRAPH 8.03A OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

We refer to the Company's announcement on 11 October 2019.

The Board of Directors of Anzo announced on 25 October 2019 that the Waiver Application has been rejected by Bursa Malaysia Securities Berhad after due consideration of all facts and circumstances of the Waiver Application.

Therefore, the Company is classified as a Paragraph 8.03A Company.

(Source:<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6323209>)

MINTYE BERHAD ("MINTYE" OR "COMPANY")

PROPOSED SELECTIVE CAPITAL REDUCTION AND REPAYMENT EXERCISE OF MINTYE BERHAD ("MINTYE") PURSUANT TO SECTION 116 OF THE COMPANIES ACT 2016 ("PROPOSED SCR")

On 19 August 2019, the Company announced that our Board had, on the same day, received the SCR Offer Letter from Yatee informing the Company of its intention to privatise Mintye by way of a selective capital reduction and

repayment exercise pursuant to Section 116 of the Act and requesting the Company to undertake the Proposed SCR.

On 24 September 2019, HLIB, on behalf of the Board, announced that the Board had on the same day received the Revised SCR Offer Letter from Yatee, notifying the Board that the offer price under the Proposed SCR has been revised from RM1.30 to RM1.36 for each existing Mintye Share.

The SCR Offer Price is lower than the range of the Mintye Appraised Value per Share of RM1.805 to RM1.810, of which approximately RM0.86 is attributable to the cash and bank balances of the Group per Share and MIB Investment Securities per Share, which represents a discount of RM0.445 to RM0.450 or 24.65% to 24.86% to the Mintye Appraised Value per Share.

Assessment of the Reasonableness of the Proposed SCR were based on historical share price performance of the Shares, historical trading liquidity analysis of the Shares, consideration on any alternative proposals and the level of influence of voting.

Based on the Independent Adviser, KAF Investment Bank Berhad's evaluation as a whole, they are of the opinion that the Proposed SCR is NOT FAIR BUT REASONABLE.

(Source:<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6323657>)

MSWG'S VIGILANCE

Listing of PN17 and GN3 companies

PN17 Companies

1. APFT BERHAD
2. ASIA MEDIA GROUP BERHAD
3. BARAKAH OFFSHORE PETROLEUM BERHAD
4. BERJAYA MEDIA BERHAD
5. BERTAM ALLIANCE BERHAD
6. BRAHIM'S HOLDINGS BERHAD
7. CHINA AUTOMOBILE PARTS HOLDINGS LIMITED
8. COMINTEL CORPORATION BHD
9. DAYA MATERIALS BERHAD
10. EKA NOODLES BERHAD
11. KINSTEEL BHD
12. KUANTAN FLOUR MILLS BERHAD
13. LONDON BISCUITS BERHAD
14. MAA GROUP BERHAD
15. MALAYSIA PACIFIC CORPORATION BERHAD
16. MAXWELL INTERNATIONAL HOLDINGS BERHAD
17. MULTI SPORTS HOLDINGS LTD
18. PERISAI PETROLEUM TEKNOLOGI BERHAD
19. SEACERA GROUP BERHAD
20. SUMATEC RESOURCES BERHAD
21. TH HEAVY ENGINEERING 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/>

Updates

ASIA MEDIA GROUP BERHAD (“AMEDIA” OR “COMPANY”)

Reference to the announcement made on 25 October 2019 in relation to the First Announcement of Practice Note 17, the Board of Directors of AMEDIA wished to clarify on 29 October 2019 that the Company has triggered the Prescribed Criteria pursuant to Paragraph 8.04 and Paragraph 2.1(a), (d) and

(e) of Practice Note 17 ("PN17") under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities"). Hence, AMEDIA is considered as a PN17 Company.

(Source:<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6323789>)

BERJAYA MEDIA BERHAD ("BMEDIA" OR "COMPANY")

EXTENSION OF TIME TO SUBMIT A REGULARISATION PLAN UNDER PRACTICE NOTE 17 OF BURSA MALAYSIA SECURITIES BERHAD'S MAIN MARKET LISTING REQUIREMENTS

Further to the announcement dated 9 October 2019, the Board of Directors of BMedia announced on 29 October 2019 that Bursa Malaysia Securities Berhad ("Bursa Securities") had, vide its letter dated 25 October 2019, rejected BMedia's application for further extension of time to submit a regularization plan to the regulatory authorities. In view of the above and pursuant to Paragraph 8.04(5) of the Main Market Listing requirements of Bursa Securities, Bursa Securities had vide its letter dated 25 October 2019 notified BMedia on the suspension and de-listing of the securities of BMedia due to its failure to enter into a definitive agreement with a white knight by 20 October 2019 as follows:

- (a) the trading in the securities of BMedia will be suspended with effect from 5 November 2019;
 - (b) the securities of the Company will be de-listed on 7 November 2019 unless an appeal against the de-listing is submitted to Bursa Securities on or before 4 November 2019 ("Appeal Timeframe"). Any appeal submitted after the Appeal Timeframe will not be considered by Bursa Securities;
 - (c) in the event the Company submits an appeal to Bursa Securities within the Appeal Timeframe, the removal of the securities of the Company from the Official List of Bursa Securities on 7 November 2019 shall be deferred pending the decision on the Company's appeal; and
 - (d) further, in the event the Company submits an appeal to Bursa Securities, the Company is required to make an announcement of the appeal and that the removal of the securities of the Company on 7 November 2019 will be deferred pending the decision on the Company's appeal by Bursa Securities.
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BMedia wishes to inform that it has already identified the white knight which is Singer (Malaysia) Sdn Bhd ("Singer"), a private company owned by BMedia's major shareholder, Tan Sri Dato' Seri Vincent Tan Chee Yioun to be injected into BMedia pursuant to its regularization plan (the "Plan" or "BMedia's Plan"). Currently, Singer is in the midst of resolving a technical issue with Suruhanjaya Syarikat Malaysia ("SSM") on its audited financial statements and hence, required additional time to finalise the Plan and sign the definitive agreements. In view that BMedia failed to obtain the extension of time from Bursa Securities, BMedia will submit an appeal to Bursa Securities to seek for the extension of time to enable the Company to finalise the Plan. The major shareholder and BMedia intend to continue its listing following the completion of BMedia's Plan.

The Singer Group is involved in the business of selling and marketing of consumer durable products and motorcycles on instalment option schemes via its nationwide distribution network of about 485 shops with 3,000 sales associates. The Singer Group recorded an average annual proforma profit after tax of RM37.6 million for the past three financial years ended 31 December 2018 and net assets/shareholder's fund of RM525.7 million as at 31 December 2018.

BMedia expects to resolve the technical issue with SSM as well as completion of the required justification or due diligence review and valuations of the Singer business by the various professionals namely the principal adviser, independent adviser and independent valuer no later than 31 March 2020 to enable BMedia to thereafter enter into the definitive agreement.

(Source:<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6323781>)

LOCAL NEWS AND DEVELOPMENTS

GLCs' underperformance raises question about Govt's participation in business

<https://www.theedgemarkets.com/article/glcs-underperformance-raises-question-about-govts-participation-business>

No mood to sell PLUS, says Khazanah MD

<https://www.thestar.com.my/business/business-news/2019/10/30/no-mood-to-sell-plus-says-khazanah-md#4dlPU16r1BVkpl3r.99>

GLOBAL NEWS AND DEVELOPMENTS

Last-minute India demands jeopardise Asian trade pact

<https://www.thestar.com.my/business/business-news/2019/10/31/last-minute-india-demands-jeopardise-asian-trade-pact#8AY7op7lo5RBuvav.99>

Fidelity Contrafund cuts value of WeWork stake by 35%

<https://www.theedgemarkets.com/article/fidelity-contrafund-cuts-value-wework-stake-35>

Trump-Xi trade deal hits another hurdle after Chile cancels APEC

<https://www.theedgemarkets.com/article/trumpxi-trade-deal-hits-another-hurdle-after-chile-cancels-apec>

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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 except Netx Holdings Berhad, Asia Media Group Berhad and Mintye 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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