



The Observer

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ANALYST'S MESSAGE

MAGNI-TECH INDUSTRIES BERHAD ("Magni" or "the Company")'s AGM – Suppression of Minority Shareholder's voice, a black day for minority shareholder activism

The Corporate Nominee of MSWG ("Analyst") attended Magni's AGM that was held last Thursday, 26 September 2019 at 7th Floor, Berjaya Penang Hotel at 10.30 am. There were around 50 shareholders/proxies attending the AGM and Tan Sri Dato' Seri Tan Kok Ping ("Tan Sri Tan Kok Ping") was the Chairman of the AGM.

The Chairman while going through the first Agenda item of the AGM on the Company's Audited Financial Statements for the financial year ended 30 April 2019 together with the Reports of the Directors and Auditors thereon, informed that Magni has received a letter from MSWG and the Company has given a reply to the Corporate Nominee of MSWG during registration for the AGM on that morning itself. Tan Sri Tan Kok Ping then announced that he is not going to read out or present MSWG's questions and Magni's answers to the rest of the shareholders at the AGM. The reason given was that the Company was running short of time as there would be an EGM immediately after the conclusion of the AGM.

The Corporate Nominee stood up and informed the Chairman, that as MSWG represented the minority shareholders, it would be good for the Chairman to have MSWG's questions read out or presented along with Magni's responses for the benefit of all minority shareholders present. The Corporate Nominee also commented that as the EGM dealt with the splitting of shares and bonus issue, and as there was no question from MSWG, the EGM could be concluded quickly after the AGM. The Corporate Nominee further informed the Chairman that this is the first company where he has encountered a situation where there

was a refusal to read out or present MSWG's questions and the Company's responses as most public listed companies chairman/management would do so without being asked.

The Corporate Nominee then tried to read out the questions from MSWG's letter but was told by the Company Secretary to stop as the Chairman had informed that he would not respond with the answers. The Corporate Nominee informed that as he was not given the opportunity to read out MSWG's questions for the benefit of the minority shareholders at the AGM, he would report the matter to the relevant authorities. The Chairman responded that the Corporate Nominee may go ahead.

Mr. Tan Poay Seng, the Managing Director ("MD") informed the Corporate Nominee of MSWG that he could ask further questions after the EGM when the Board has a Q & A session with analysts/fund managers. The Corporate Nominee of MSWG declined as he wanted MSWG's questions to be read out or presented before the conclusion of the AGM as that was the proper forum to address shareholders questions.

As there was no question from shareholders/proxies on the 8 proposed Ordinary Resolutions and one Special Resolution, the AGM was adjourned for poll voting within an hour from the start of the meeting. The EGM only lasted for half an hour, starting at 11.30 am and ending at 12 pm with no question from MSWG and other shareholders/proxies on the two proposed resolutions on share split and bonus issue.

Remarks

MSWG is grossly disappointed with Tan Sri Tan Kok Ping's conduct as Chairman of Magni's AGM and the Company Secretary as both their conduct leaves much to be desired. Clearly there is a failure to instil good corporate governance practices when MSWG, which represents the interest of the minority shareholders, was unable to participate and engage with the Board and senior management effectively at Magni's AGM.

Under the Malaysian Code on Corporate Governance, one of the intended outcomes of a General Meeting is to enable shareholders to participate, engage the board and senior management effectively and make informed voting decisions at General Meetings.

Given that the Company's AGM is a once-a-year event where the minority shareholders get the opportunity to meet the Board, time should not be a

limiting factor when it comes to communication with shareholders especially when it comes to entertaining questions and providing meaningful responses to questions addressed to them. Excuses pertaining to inadequate time and an EGM coming up after the AGM are unacceptable as this would, and should, have been taken into consideration when scheduling the meetings.

Furthermore, to request MSWG's Corporate Nominee to ask questions only after the EGM during a Q & A session with analysts/fund managers is also not acceptable as the right forum is the AGM.

The Chairman's refusal to allow the Corporate Nominee of MSWG to read out the MSWG's questions may be due to two corporate governance questions raised that may have been deemed 'sensitive'.

The questions are reproduced below for the benefits of all shareholders:

- 1) As stated in the Corporate Governance Overview Statement on page 27 of the Annual Report, the Remuneration Committee ("RC") is responsible for reviewing the remuneration packages of the Executive Directors and key management personnel and recommending to the Board for approval.

Given that the Executive Director ("ED") himself is one of the RC members and the Chairman of the Board is the father of the ED, how would the Board, in particular the Independent Directors in the RC ensure that the remuneration policy and decisions are made through an independent process?

- 2) As disclosed on page 6 of the Annual Report, the Executive Chairman, Tan Sri Dato' Seri Tan Kok Ping (TKP) is also the Chairman, member of the Audit Committee, Nomination Committee and Remuneration Committee for Berjaya Sports Toto Berhad.

As the Executive Chairman of the Company, TKP is drawing salaries, bonuses and other benefits under the contract of service with the Company. As such, full time commitment is expected from him.

Please explain how the Executive Chairman manages his time commitment to the Company vis-à-vis his other board and various board committees commitments in Berjaya Sports Toto Berhad?

By Lee Chee Meng
Manager, Corporate Monitoring

MSWG AGM/EGM Weekly Watch 7 October – 11 October 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
09.10.19 (Wed) 2.30 pm	Komarkcorp Bhd (AGM)	Philea Mines, Beach Resort, Jalan Dulang, Mines Resort City, Seri Kembangan
10.10.19 (Thur) 09.00 am	APFT Bhd (AGM)	The Pearl Kuala Lumpur, Batu 5 Jalan Klang Lama, KL

One of the points of interest to be raised:

Company	Points/Issues to Be Raised
Komarkcorp Bhd (AGM)	<p>Note 19 to the Financial Statements on borrowings shows a loan from a credit company amounting to RM1.5 million as at 30 April 2019 (Page 91 of the Annual Report). The interest rate for the loan is comparatively high at 18% and the interest cost in respect of the loan was RM105,000 for FY2019 (Page 94 of the Annual Report).</p> <p>What is the reason for the Company to obtain a loan from a credit company at a high rate of 18% p.a. instead of from banks which offer lower interest rates?</p>

MSWG'S WATCHLIST

APEX EQUITY HOLDINGS BERHAD

1. PROPOSED ALTERATION OF THE EXISTING MEMORANDUM AND ARTICLES OF ASSOCIATION (M&A) IN ITS ENTIRETY AND SUBSTITUTING WITH A NEW CONSTITUTION OF APEX EQUITY HOLDINGS BERHAD ("APEX" OR THE "COMPANY") 2. (I) PROPOSED MERGER; AND (II) PROPOSED PRIVATE PLACEMENT (COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

The Company announced on 19 June 2019 pertaining to the outcome of the Extraordinary General Meeting held to seek its shareholders' approval for the proposed alteration of the existing M&A in its entirety and substituting with a new Constitution of the Company ("Proposed Alteration").

In view that the Special Resolution on the Proposed Alteration was not carried and that the existing M&A has to be amended by 31 December 2019, the Board of Directors of Apex ("the Board") wishes to announce that the Company intends to seek its shareholders' approval once again for the Proposed Alteration at a general meeting to be convened at a date to be announced.

Further to the Company's announcement on 19 September 2019 on the outcome of the High Court's decision, the Board wishes to announce that the Company intends to seek its shareholders' approval once again for the Proposed Merger and Proposed Private Placement at a general meeting to be convened at a date to be announced.

The Circular to Shareholders containing information on the Proposed Alteration and the Proposals will be despatched to the shareholders of the Company in due course.

(Source: <http://www.bursamalaysia.com/market/listed-companies/company-announcements/6299193>)

KUMPULAN POWERNET BERHAD

RECEIPT OF NOTICE OF CONDITIONAL MANDATORY TAKE-OVER OFFER FROM RHB INVESTMENT BANK BERHAD ON BEHALF OF DATO' DR. IR. MOHD KARIM BIN ABDULLAH ("OFFEROR") AND PERSONS ACTING IN CONCERT WITH THE OFFEROR ("PACS")

The Board of Directors of KPBB ("Board") announced that the Board has, on 2 October 2019, received a notice of conditional mandatory take-over offer ("Notice") from RHB Investment Bank Berhad on behalf of the Offeror, to acquire all the remaining ordinary shares in KPBB not already owned by the Offeror and the PACs ("Offer Shares") at a cash consideration of RM1.00 per Offer Share. The Board will hold a Board meeting to deliberate the Offer and make an announcement in due course.

(Source:<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6299241>)

SMTRACK BERHAD ("SMTRACK" OR "COMPANY")

SPECIAL NOTICE OF PROPOSED ORDINARY RESOLUTIONS FOR REMOVAL OF DIRECTORS PURSUANT TO SECTIONS 206(3) AND 322 OF THE COMPANIES ACT 2016 ("COMPANIES ACT") AND APPOINTMENT OF OTHER PERSONS AS DIRECTORS IN PLACE OF THE REMOVED DIRECTORS AND REQUISITION UNDER SECTION 311 OF THE COMPANIES ACT

SMTrack on 30 September 2019 announced that the Company had on 25 September 2019 received a Special Notice on the intention to remove and appoint directors from two shareholders of the Company who stated that they jointly hold more than ten per centum of the paid up capital of the Company carrying the right of voting at meetings of members of the Company as at the date of deposit of the said Special Notice.

The Board is in the midst of verifying the shareholdings of the requisitionists and will make the necessary announcements in due course.

(Source:<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6297265>)

MSWG'S VIGILANCE

Listing of PN17 and GN3 companies

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. 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

MAXWELL INTERNATIONAL HOLDINGS BERHAD

The Board of Directors of MAXWELL announced that Bursa Malaysia Securities Berhad ("Bursa Securities") has vide its letter dated 2 October 2019 informed that after due consideration of all facts and circumstances of the matter including the oral representations on 18 September 2019 and all written representations, Bursa Securities has decided to :-

- (a) dismiss the Company's appeal for an extension of time of six (6) months from 22 August 2019 for the Company to submit a regularisation plan to the relevant authorities; and
- (b) de-list the securities of the Company from the Official List of Bursa Securities pursuant to paragraph 8.04 of the Main Market Listing Requirements ("Main LR").

In that circumstances, the securities of the Company will be removed from the Official List of Bursa Securities upon the expiry of two (2) market days from 2 October 2019, i.e. on Monday, 7 October 2019.

With respect to the securities of the Company which are currently deposited with Bursa Malaysia Depository Sdn Bhd ("Bursa Depository"), the securities may remain deposited with Bursa Depository notwithstanding the de-listing of the securities from the Official List of Bursa Securities. It is not mandatory for the securities of a company which has been de-listed to be withdrawn from Bursa Depository.

Alternatively, shareholders of the Company who intend to hold their securities in the form of physical certificates, can withdraw these securities from their Central Depository System ("CDS") accounts maintained with Bursa Depository at any time after the securities of the Company have been de-listed from the Official List of Bursa Securities. This can be effected by the shareholders submitting an application form for withdrawal in accordance with the procedures prescribed by Bursa Depository. These shareholders can contact any Participating Organisation of Bursa Securities and/or Bursa Securities' General Line at 03-2034 7000 for further information on the withdrawal procedures.

Upon the de-listing of the Company, the Company will continue to exist but as an unlisted entity. The Company is still able to continue its operations and business and proceed with its corporate restructuring and its shareholders can still be rewarded by the Company's performance. However, the shareholders will be holding shares which are no longer quoted and traded on Bursa Securities.

(Source:<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6300169>)

KINSTEEL BHD

On behalf of the Board of Directors of the Company, M&A Securities Sdn Bhd announced that Bursa Malaysia Securities Berhad ("Bursa Securities") had on 30 September 2019 granted the Company a further extension of time until 31 December 2019 ("Extended Timeframe") as requested to submit the Company's regularisation plan to the relevant authorities for approval.

(Source:<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6296017>)

LOCAL NEWS AND DEVELOPMENTS

Tun Mahathir receives update on Battersea project during London visit
<https://www.thestar.com.my/business/business-news/2019/10/02/tun-mahathir-receives-update-on-battersea-project-during-uk-visit>

US bans WRP's Malaysia-made gloves amid forced labour allegations
<https://www.theedgemarkets.com/article/us-bans-wrps-malaysiamade-gloves-amid-forced-labour-allegations>

Former SSM CEO, son to be charged with corruption on Wednesday (Oct 2)
https://www.thestar.com.my/news/nation/2019/10/01/former-ssm-chief-son-to-be-charged-with-corruption-on-wednesday-oct-2#cxrecs_s

TH Plantations sacks chief financial officer
<https://www.thestar.com.my/business/business-news/2019/10/01/th-plantations-sacks-chief-financial-officer>

GLOBAL NEWS AND DEVELOPMENTS

Morgan Stanley, Goldman Sachs poised to lead Airbnb's listing
<https://www.theedgemarkets.com/article/morgan-stanley-goldman-sachs-poised-lead-airbnbs-listing>

Goldman says billions moved from Hong Kong to Singapore amid unrest
<https://www.theedgemarkets.com/article/goldman-says-billions-moved-hong-kong-singapore-amid-unrest>

Wall St tumbles as factory activity hits 10-year low

<https://www.thestar.com.my/business/business-news/2019/10/02/wall-st-tumbles-as-factory-activity-hits-10-year-low>

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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 Apex Equity Holdings Berhad, Kumpulan Powernet Berhad and Maxwell International Holdings Berhad.*
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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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