



The Observer

31.05.2019

ANALYST'S MESSAGE

MAA Group Berhad's Shareholders have their say - AGM/EGM

29th May 2019, (Wednesday) was the day shareholders will decide whether to accept the offer via Selective Capital Reduction and Repayment Exercise (SCR) by Melewar Acquisitions Limited (MAL) and Melewar Equities (BVI) Ltd (MEL), the interested directors namely Tunku Dato' Yaacob Khyra (Executive Chairman) and Tunku Yahaya @ Yahya bin Tunku Tan Sri Abdullah (Executive Director).

The venue Mutiara Complex, Jalan Ipoh, Kuala Lumpur on the 4th Floor is the meeting room and many shareholders have started dropping in since as early as 9 am for the AGM and EGM at 10.30 am and 11.30 am respectively.

At 10 am in front of the meeting room, I can see that many shareholders have gathered near the meeting room where the registration process was going on smoothly. There was also a room for shareholders to sit and tea/coffee was served but no breakfast since the Company has provided meal vouchers.

Many of the shareholders were more interested in the EGM and were seen discussing the merits of accepting the offer. Some were adamant that it is not fair and should not be considered at all. One shareholder in the group's discussion asked a question "Why not propose to the Board to call off the meeting, so that a better offer can be considered by the offeror?"

Another suggested, if the offer was revised from RM1.10 to RM1.30, that would appease shareholders to accept the offer. Without realising, the clock is now 10.25 am, and all shareholders were requested to enter the meeting room, so that the AGM can commence.

The Chair, Tunku Dato' Yaacob called the meeting to order. Since the notice and its formalities were in order, he proceeded to table the Audited Financial Statements for discussion, if any.

He then informed that the Company will address the questions raised by MSWG before allowing questions from the floor. The key focus was mainly on its Restructuring Plan to address its PN 17 position since 2011. The Chairman and some of the Board members shared their views that they have indeed carried out some reviews of certain businesses but were not able to agree on the price, risks and terms of the targeted investments. Some of the proposed investments failed to meet the requirements set by Bursa, thus negating the prospective deals.

Many were unconvinced with the explanations and justifications given by the Board. They were also left perplexed as to the strategic direction or focus of the Group. Given that its core expertise is in the insurance and financial services industry, shareholders were sceptical, when the Chair mentioned "Oil and Gas, Plantation, etc." Is the Board and Company equipped or ready to venture into these areas?

Some of the shareholders were also questioning the decision of the Non-Interested Directors to even consider the SCR at the Board level and to proceed and call for the EGM for the consideration of Non-Interested Shareholders.

To most of them, it was really an "unfair deal" and the technical jargons used by advisers, investment bankers and the independent adviser (IA) on "fair and reasonable or unfair and reasonable" mean nothing to them when the offer price is far below the net asset value! Worse still, on the question posed and answered by the Audit Chairman, the cash per share is worth RM1.31. Given the scenario, some even suggested, and supported by many, - "Why not liquidate the Company and return all the cash to shareholders?" This would be much better than the SCR and fairer to all shareholders.

Sentiments were not in favour of the recommendation by the Non-Interested Directors to vote for the SCR, some even questioned their roles to protect the interest of the minority shareholders. Shareholders, in general, were also not satisfied with the explanations given by the Non-Interested Directors.

One point, to be fair to the Non-Interested Directors, is that they have written to the Non-Entitled Shareholders on 26 March 2019 on the views and feedbacks received from shareholders on the offer price. The Non-Entitled Shareholders remained firm on their decision not to revise the offer price.

At the EGM, the suggestion to call off the meeting or adjourn was getting loud and clear. However, the Chairman of the EGM, Mr Onn Kien Hoe explained that all the Non-Interested Shareholders are given the opportunity to decide on the merits of the SCR and he, as the Chairman, had received proxies appointing him to vote in favour of the SCR. The main adviser and the IA were also present to answer any questions by shareholders on the SCR.

At the AGM, the shareholders' displeasure was clearly demonstrated when they rejected the "Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transaction – Resolution 7.

At the EGM, the SCR was rejected as well.

At the end, shareholders were left with uncertainties, and no comfort, as to whether the Board can resolve the PN 17 position or worse still, whether the PLC will be suspended and delisted.

In the meantime, the Group continues its operations on a 'Business as Usual' basis - till we meet again at the 2020 AGM.

Shareholders were happy that the SCR was unsuccessful. However, they were left pondering whether the present Board will be able to deal with the conundrum.

By Quah Ban Aik

MSWG'S WATCHLIST

DAYANG ENTERPRISE HOLDINGS BERHAD ("DAYANG" or the Company)

On 17 May 2019, Dayang had announcement two corporate exercises that it would be undertaking; a renounceable rights issue and a private placement, and that it would also be subscribing to a right issue by its subsidiary, Perdana Petroleum Berhad.

As part of the plans, Dayang is proposing a RM682.5 million sukuk issuance. Of that, RM365 million is to be advanced to Perdana to settle the subsidiary's existing borrowings. With this advance, the debt owed by Perdana to Dayang will be increase to RM645.66 million.

This is made more worse when on 22 May 2019, the Group posted a RM4.13 million net loss for the first quarter ended March 31.

Source:

<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6165221>

<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6167053>

YEE LEE CORPORATION BERHAD (“YEE LEE” or the Company)

The Independent Adviser Affin Hwang Investment Bank had stated that the unconditional voluntary takeover offer by Yee Lee Corp Bhd's major shareholders to acquire the remaining shares to take the company private is **not fair but reasonable**.

The major shareholders of Yee Lee, which own a combined 58.41% stake, have launched a voluntary take over to acquire the remaining shares at RM2.33 per share.

The board has not received any competing offer for the offer shares or any other offer to acquire the assets and liabilities of Yee Lee.

Source:

<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6170821>

<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6163669>

<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6150433>

CONSORTIUM TRANSNATIONAL BERHAD (“TRANSNATIONAL” or the Company)

Pursuant to paragraph 9.19(37) of Bursa Malaysia Securities Berhad's Main Listing Requirements, the Board of Directors of Konsortium Transnasional Berhad ("the Company") wishes to announce that the Company's independent auditors, Messrs, Al Jafree Salihin Kuzaimi PLT ("Independent Auditors") has included an **emphasis of a matter** to draw attention to the material uncertainty related to going concern in its independent auditors' report dated 3rd April 2019 ("Independent Auditors' Report") for the financial statements of the Group for the financial year ended 31 December 2018 ("Financial Statements").

The group and company's current liabilities, shown in the financial statements for the year ended Dec 31, 2018 (FY18), exceeded the current assets by RM63.07 million and RM14.1 million respectively.

The ability of the Group and the Company to continue as going concern are dependent upon the Group obtaining the support from the Group's penultimate holding company, obtaining support the Land Public Transport Agency ("APAD") to be disbursed to the private stage bus operators including the Group, the ability of the Group and the Company to generate adequate positive cash flows and future profits from its ongoing reorganisation of its operations and obtaining the continuing support of creditors and lenders.

Source:

<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6172921>

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/>

LOCAL NEWS AND DEVELOPMENTS

Hong Leong offers to take cement maker Tasek private

<https://www.thestar.com.my/business/business-news/2019/05/28/hong-leong-offers-to-take-tasek-private/>

FGV registers fourth straight quarterly loss

<https://www.thesundaily.my/business/fgv-registers-fourth-straight-quarterly-loss-LH922940>

TH Plantations posts third straight quarterly loss on weak palm prices

<https://www.theedgemarkets.com/article/th-plantations-posts-third-straight-quarterly-loss-weak-palm-prices>

Murphy Sarawak Oil gets arbitration notice from THHE

<https://www.thesundaily.my/business/murphy-sarawak-oil-gets-arbitration-notice-from-thhe-MJ920493>

IHH Healthcare to reduce forex risk in Turkey

<https://www.thesundaily.my/business/ihh-healthcare-to-reduce-forex-risk-in-turkey-YX918881>

Apex Equity takes shareholders to court for alleged capital market breaches

<https://www.theedgemarkets.com/article/apex-equity-takes-shareholders-court-alleged-capital-market-breaches-0>

U Mobile becomes first telco in Malaysia to offer unit trust

<https://www.thesundaily.my/spotlight/u-mobile-becomes-first-telco-in-malaysia-to-offer-unit-trust-YC895010>

7-Eleven warns against cryptocurrency scam

<https://www.thesundaily.my/local/7-eleven-warns-against-cryptocurrency-scam-YY919067>

Malaysia at the forefront for 5G development in Southeast Asia

<https://www.theedgemarkets.com/article/malaysia-forefront-5g-development-southeast-asia>

GLOBAL NEWS AND DEVELOPMENTS

Alibaba mulls second listing in Hong Kong to raise US\$20b

<https://www.straitstimes.com/business/companies-markets/alibaba-mulls-second-listing-in-hong-kong-to-raise-us20b>

Britain's Hunt says pursuing no-deal Brexit "Political Suicide"

<https://www.theedgemarkets.com/article/britains-hunt-says-pursuing-nodeal-brexite-political-suicide>

China warns traders of 'huge loss' if they short the yuan

<https://www.thestar.com.my/business/business-news/2019/05/28/china-warns-traders-of-huge-loss-if-they-short-the-yuan/>

Fiat Chrysler puts merger offer to Renault board

<https://www.theedgemarkets.com/article/fiat-chrysler-puts-merger-offer-renault-board>

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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.*
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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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