



The Observer

07 September 2018

MSWG'S QUICK TAKE ON-ONGOING CORPORATE DEVELOPMENTS

TA ENTERPRISE BERHAD

INDEPENDENT ADVICE CIRCULAR TO THE HOLDERS OF THE OFFER SHARES (HOLDERS IN RELATION TO THE CONDITIONAL MANDATORY TAKE-OVER OFFER BY DATUK TIAH THEE KIAN ("OFFEROR") THROUGH TA SECURITIES HOLDINGS BERHAD TO ACQUIRE ALL THE REMAINING ORDINARY SHARES IN TA ENTERPRISE BERHAD ("TAE") ("TAE SHARES") NOT ALREADY HELD BY THE OFFEROR AND THE PERSONS ACTING IN CONCERT WITH HIM ("PACS") ("OFFER SHARES") AT A CASH OFFER PRICE OF RM0.66 PER OFFER SHARE.

Recommendation by BDO Capital Consultants Sdn Bhd ("BDO CC"):

BDO CC is of the view that the Offer is NOT FAIR and NOT REASONABLE. BDO CC advises and recommends that Holders to REJECT the Offer.

Recommendation by the Directors:

The Non-Interested Directors excluding Jory Leong Kam Weng, being:

- (i) Zainab Binti Ahmad
- (ii) Dato' Sri Mohamed Bin Abid
- (iii) Peter U Chin Wei
- (iv) Christopher Koh Swee Kiat
- (v) Datin Rahmah Binti Mahmood

have CONCURRED with the evaluation and recommendation of BDO CC that the Offer is NOT FAIR and NOT REASONABLE. Accordingly, the Non-Interested Directors recommend the Holders to REJECT the Offer.

[Source: TAE's announcement (Independent Advice Circular to holders of the Offer Shares in relation to the Conditional Mandatory Take-Over Offer) on Bursa Malaysia's website on 30 August 2018]

MSWG Comments:

We are in line with the recommendations of BDO CC and the Non-Interested Directors to HOLDERS to REJECT the offer.

SAPURA ENERGY BERHAD

Permodalan Nasional Bhd (PNB), which has come under scrutiny for supporting a RM4bil cash call by Sapura Energy Bhd, said that it was putting more money into the oil and gas company based on the merits of investments.

Brushing off a view that the fund is backing the massive rights issue of the oil and gas company (O&G) because Malayan Banking Bhd (Maybank) is believed to be one of the creditors of Sapura Energy, PNB said it "only pursues investment opportunities which meet the fund's stringent investment criteria and objectives."

“All investment opportunities presented to PNB are evaluated fully based on their own merits.

“In this instance, we believe that Sapura Energy’s proposed recapitalisation plan presents PNB and all its shareholders with the potential of strong returns, given the attractive entry price and position of the company to benefit from the recovery of the O&G industry,” the fund said via email replies.

[Source: <https://www.thestar.com.my/business/business-news/2018/09/03/pnb-on-its-sapura-investment/>]

MSWG Comments:

We acknowledge PNB’s support for Sapura Energy’s rights issue. However, we hope that PNB will consider seriously the remuneration of the President/Group CEO as this has been the concern of many shareholders including some other institutional investors for the past few years.

MSWG’s view is that there is inadequate alignment between shareholders interest and management interest in relation to the remuneration of the President/Group CEO.

KHEE SAN BERHAD

The Board of Directors of Khee San Berhad wishes to inform that the resignation of KPMG PLT as the Auditors was due to the disagreement in the approach / actions to be taken on matters relating to the re-audits of the Financial Statements of the Company for the years 30 June 2015 and 30 June 2016.

[Source: Khee San Berhad’s announcement on Bursa Malaysia’s website on 3 September 2018]

MSWG Comments:

The Board of Directors of Khee San Berhad should take responsibility, and they need to address the issues surrounding the re-audits of the Financial Statements.

Shareholders will want to know the financial impact, additional audit cost for the re-audit, and how the interest of minority shareholders will be impacted by these events. These are the issues that would need immediate attention from the Board and the Management of the Company.

Many minority shareholders would have made investment/divestment decisions based on the audited financial statements and now it seems that those financial statements lack integrity...and hence the directive to re-audit them. We hope that there are no rude shocks when the financial statements are re-audited.

MSWG’S AGM WEEKLY WATCH 10 September - 14 September 2018

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
12.09.18 (Wed) 10 am	Land & General Bhd	Sri Damansara Club, Lot 23304, Persiaran Perdana, Bandar Sri Damansara
13.09.18 (Wed) 10 am	Enra Group Bhd	Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, KL

13.09.18 (Thurs) 10 am	MNRB Holdings Bhd	Bangunan Malaysian Re, No. 17, Lorong Dungun, Damansara Heights, KL
13.09.18 (Thurs) 12 pm	PLS Plantations Bhd	Sri Damansara Club, Lot 23304, Persiaran Perdana, Bandar Sri Damansara

Some of the points of interest to be raised:	
Company	Points/Issues to Be Raised
Land & General Bhd	<p>The Company has two investment properties namely 8trium located at Bandar Sri Damansara and Menara L&G located at Precinct 3, Putrajaya as mentioned on page 17 of the Annual Report:</p> <p>(a) What are the latest occupancy rates at 8trium and Menara L&G?</p> <p>(b) What are the annual gross rentals from 8trium and Menara L&G?</p> <p>(c) What are the measures taken to increase the occupancy rates of the two investment properties and were the measures successful?</p>
Enra Group Bhd	<p>ENRA SPM Sdn. Bhd. (“ENRA SPM”) was awarded a USD48 million contract by PC Myanmar (Hong Kong) Limited in July 2017 to install and lease a storage tanker and single point mooring system (“SPM”) for one of their gas fields in Myanmar.</p> <p>(a) What is the expected contribution per annum to the Group’s revenue?</p> <p>(b) When is the contract expected to contribute to the Group’s revenue?</p>
MNRB Holdings Bhd	<p>Malaysian Re sustains its dominance in the domestic market with 60% market share. It is also ASEAN’s largest reinsurer by asset size and second largest by gross premiums (page 41 AR).</p> <p>a) What is the Group’s market share in the overseas market?</p> <p>b) Who are the Group’s main competitors in ASEAN and how does the Group compare with the regional peers in terms of the key profitability and claim ratios over the last 3 years?</p> <p>c) What are the Group’s KPIs for its operations in Dubai and the United Arab Emirates?</p> <p>d) We refer to pages 50 - 51 of the AR on the Segmental Analysis in particular the claims ratios and combined ratios for the last five years. Please explain how the Group intends to address the high combined ratios for the respective business segments.</p>
PLS Plantations Bhd	<p>The Group recorded a net loss of RM5.2 million for FY2018 and the Group’s current liabilities exceeded its current assets by RM13 million. This working capital situation casts significant doubt on the ability of the Group to continue as a going concern. The Independent Auditors have raised the going concern consideration as a key audit matter in the Independent Auditors’ Report.</p>

Some of the points of interest to be raised:	
	Given that the revenue of the Group is mainly from the oil palm business which is materially dependent on oil palm prices, how does the Board plan to ensure that the Group will have sufficient resources to meet its financial obligations due in the next 12 months?

MSWG'S WATCHLIST

LION INDUSTRIES CORPORATION BERHAD ("LICB" OR THE "COMPANY")

PROPOSED EXPANSION INTO THE FLAT STEEL BUSINESS THROUGH THE PROPOSED ACQUISITIONS OF FLAT STEEL ASSETS FOR THE PRODUCTION OF HOT ROLLED COILS AND COLD ROLLED COILS ("PROPOSED EXPANSION INTO FLAT STEEL BUSINESS")

Further to the announcement made on 3 July 2018, on behalf of the Board of LICB, TA Securities wishes to announce that an application has been submitted to Bursa Securities on 30 August 2018 to seek an extension of time of up to 30 November 2018 to comply with Paragraph 9.33(1)(a) of the Main Market Listing Requirements of Bursa Securities ("Bursa Securities") for the submission of the draft Circular to Shareholders of LICB in relation to the Proposals ("Application").

The Application is subject to the approval of Bursa Securities and an announcement in relation to the outcome will be announced in due course.

[Source: LICB's announcement on Bursa Malaysia's website on 30 August 2018]

IDIMENSION CONSOLIDATED BERHAD ("THE COMPANY" OR "ICB")

Announcement Pursuant to Rule 8.03A of the ACE Market Listing Requirements ("AMLR") of Bursa Malaysia Securities Berhad ("Bursa Securities")

Refer to the Company's announcements on 30 August 2018 pursuant to Rule 8.03A of the AMLR of Bursa Securities as well as its quarterly report on consolidated results for the financial period ended 30 June ("FPE") 2018, wherein the Company had, amongst others, de-consolidated the financial statements of its wholly-owned subsidiary, namely IDB Interactive Sdn Bhd ("IDB"), from the Company's consolidated financial statements for the FPE 2018 ("Deconsolidation").

Following the Deconsolidation, ICB wishes to inform that the Company has triggered Rule 8.03A(2) of the AMLR of Bursa Securities, as the Company would have technically suspended a major business which contributes or generates 70% or more of the Company's revenue on a consolidated basis based on its latest annual unaudited financial statements for the financial period ended 31 December 2017.

Notwithstanding the Deconsolidation, the core information technology (IT) business of ICB remains on-going. In this regard, the Board of Directors of ICB intends to submit an application to Bursa Securities to seek a waiver from complying with Rule 8.03A(3) of the AMLR of Bursa Securities in due course.

[Source: ICB's announcement on Bursa Malaysia's website on 4 September 2018]

MSWG'S VIGILANCE

CHINA AUTOMOBILE PARTS HOLDINGS LIMITED

Bursa Malaysia Securities has publicly reprimanded China Automobile Parts Holdings Limited (“CAP” or “the Company”) and its 3 directors for breaches of the Bursa Malaysia Securities Main Market Listing Requirements (“Main LR”). In addition, the 3 directors of CAP were also imposed total fines of RM1,523,300 as at to-date.

[Source: CAP’s announcement on Bursa Malaysia’s website on 4 September 2018]

Listing of PN17 and GN3 companies

PN17 Companies

1. AMTEK HOLDINGS BERHAD
2. APFT BERHAD
3. ASIA KNIGHT BERHAD
4. BERJAYA MEDIA BERHAD
5. BERTAM ALLIANCE BERHAD
6. CHINA AUTOMOBILE PARTS HOLDINGS LIMITED
7. DAYA MATERIALS BERHAD
8. EKA NOODLES BERHAD
9. HB GLOBAL LIMITED
10. KINSTEEL BHD
11. KUANTAN FLOUR MILLS BERHAD
12. MAA GROUP BERHAD
13. MALAYSIA PACIFIC CORPORATION BERHAD
14. MAXWELL INTERNATIONAL HOLDINGS BERHAD
15. MULTI SPORTS HOLDINGS LTD
16. PERISAI PETROLEUM TEKNOLOGI BERHAD
17. PETROL ONE RESOURCES BERHAD
18. STONE MASTER CORPORATION BERHAD
19. SUMATEC RESOURCES BERHAD
20. TH HEAVY ENGINEERING BERHAD
21. UTUSAN MELAYU (MALAYSIA) BHD
22. YFG BERHAD

GN3 Companies

1. G NEPTUNE BERHAD
2. WINTONI GROUP BERHAD

Please refer to the link below for the latest status of the company.

<http://www.bursamalaysia.com/market/listed-companies/list-of-companies/pn17-and-gn3-companies/>

LOCAL NEWS AND DEVELOPMENTS

Three top executives at FGV leave amid management shake-up

<https://www.msn.com/en-my/money/topstories/three-top-executives-at-fgv-leave-amid-management-shake-up/ar-BBMRjzW?ocid=se>

Ringgit slips as Brent crude prices weigh

<https://www.thestar.com.my/business/business-news/2018/09/04/ringgit-slips-as-brent-crude-prices-weigh/>

Bursa Malaysia to close for two days

<https://www.thestar.com.my/business/business-news/2018/09/04/bursa-malaysia-to-close-for-two-days/>

GLOBAL NEWS AND DEVELOPMENTS

World stocks slip for third day as trade, emerging market worries bite

<https://www.thestar.com.my/business/business-news/2018/09/04/world-stocks-slip-for-third-day-as-trade-emerging-market-worries-bite/>

Asian stocks slide amid persistent Sino-American trade war woes

<https://asia.nikkei.com/Business/Markets/Nikkei-Markets/Asian-stocks-slide-amid-persistent-Sino-American-trade-war-woes>

ASEAN manufacturing PMI picks up growth in August

<https://asia.nikkei.com/Business/Markets/Nikkei-PMI/ASEAN-manufacturing-PMI-picks-up-growth-in-August>

European Stocks Strengthen; Dollar Extends Advance: Markets Wrap

<https://www.bloomberg.com/news/articles/2018-09-03/asia-stocks-set-for-muted-start-dollar-holds-gain-markets-wrap?srd=premium-asia>

Trump Cancels Labor Day Plans as Canada, China Trade Fights Loom

<https://www.bloomberg.com/news/articles/2018-09-03/trump-cancels-labor-day-plans-as-canada-china-trade-fights-loom?srd=premium-asia>

MSWG TEAM

Devanesan Evanson, Chief Executive Officer, devanesan@mswg.org.my

Lya Rahman, General Manager, lyarahman@mswg.org.my

Rebecca Yap, Head, Corporate Monitoring, rebecca.yap@mswg.org.my

Quah Ban Aik, Head, Corporate Monitoring, banaik.quah@mswg.org.my

Norhisam Sidek, Manager, Corporate Monitoring, norhisam@mswg.org.my

Hoo Ley Beng, Manager, Corporate Monitoring, linnert.hoo@mswg.org.my

Elaine Choo, Manager, Corporate Monitoring, elaine.choo@mswg.org.my

Lee Chee Meng, Manager, Corporate Monitoring, cheemeng@mswg.org.my

Abdul Halim Alias, Manager, Corporate Monitoring, halim.alias@mswg.org.my

Mustaqim Yusof, Senior Analyst, Corporate Services, mustaqim.yusof@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, save for Khee San Berhad and iDimension Consolidated 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./