



The Observer

08.11.2019

CEO'S MESSAGE

Ire-Tex Corporation Berhad ("Ire-Tex" or "Company") (now known as Iqzan Holding Berhad) becomes PN 17 – but why the delay in announcing this

Ire-Tex became a PN 17 company according to a bourse filing on 6 November 2019. This happened after its external auditor Nexia SSY PLT expressed a disclaimer of opinion on the group's financial statements for the financial year ended June 30, 2019 (FY2019), in its annual report issued on 31 October 2019.

However, the external auditor's opinion is dated 26 October 2019 and Bursa's announcement came on 6 November 2019 - a delay of about 10 days. It is the primary responsibility of a PLC to announce that it has triggered the PN 17 status – not Bursa. It is therefore puzzling why Ire-Tex did not announce that it had become a PN 17 company on 26 October 2019 or the following market day. Why the delay of 10 days?

MSWG has always maintained that the dissemination of timely material information is essential to a vibrant transparent capital market. We have also maintained that if such information is not disclosed in a timely manner, there would exist a window of opportunity for insiders to indulge in insider trading due to the unlevel playing field. Such unlevel playing fields are to the detriment of minority shareholders who, more often than not, are the last to learn of the price sensitive material information.

The share price before the announcement on 6 November 2019 closed at 9 sen and it fell to 7 sen (a drop of 22%) during the afternoon session on 7 November 2019 – mostly due to Bursa's announcement of the PN 17 status of Ire-Tex.

The external auditor's basis for the disclaimer of opinion arose from six areas and reading through them indicates serious shortcomings.

The disclaimer of opinion also called into question whether Ire-Tex's independent directors had failed to exercise adequate oversight of the group's financial condition and to raise red flags.

Its five board members are independent non-executive chairman Raja Hizad Raja Kamarulzaman, executive director Norman Zainuddin, non-independent non-executive director Datuk Ong Chek Chai and independent non-executive directors Datuk Seri Wan Ahmad Najmuddin Mohd and Chua Yeong Lin.

The issues are in the regulators court.

Three issues need to be clarified:

- Why did Ire-Tex not make the announcement on the triggering of the PN 17 status on a timely manner?
- Why was it that the bourse had to make the PN 17 announcement and not Ire-Tex?
- Did the company secretaries play their role in advising the Board that Ire-Tex was not in compliance with the Listing Requirements regarding the PN 17 status?

ANALYST'S MESSAGE

IOI Properties Group Berhad (the "Company")- Board withdraws resolution on proposed gratuity payment

Resolution 8 - Proposed Gratuity Payment amounting to RM17.732 million to the late Tan Sri Dato' Lee Shin Cheng, the former Executive Chairman of the Company ("Proposed Gratuity")

MSWG representatives recently attended the Company's Annual General Meeting (AGM) on 6 November 2019. The Chairman, at the start of the meeting announced to the shareholders/proxy holders that Resolution 8 on the Proposed Gratuity has been withdrawn. The Board had received notification from the estate of the late Tan Sri Dato' Lee Shin Cheng (the "Estate") informing that the Estate has declined to receive the gratuity.

Recently, at IOI Corporation Berhad's AGM on 25 October 2019, MSWG as well as a number of minority shareholders had voiced their objection to a similar resolution of a gratuity payment of a much bigger amount of RM27.36 million to the late Tan Sri Dato' Lee Shin Cheng, the former Executive Chairman of IOI Corporation Berhad. The said resolution was, however, passed with 52.6% voting for and 47.4% voting against the resolution.

We commend the estate of the late Tan Sri Dato' Lee Shin Cheng for informing the Board that the Estate has declined to receive the gratuity. This resulted in the Board withdrawing Resolution 8 on the Proposed Gratuity. The withdrawal is in the best interest of the Company which is the collective interest of all shareholders.

By: Lee Chee Meng
 Manager, Corporate Monitoring

MSWG AGM/EGM Weekly Watch 11 November – 15 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
13.11.19 (Wed) 10.00 am	Dialog Group Bhd (AGM)	Sime Darby Convention Centre, 1A Jalan Bukit Kiara 1, KL
14.11.19 (Thur) 10.00 am	Sime Darby Bhd (AGM)	Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, KL

One of the points of interest to be raised:

Company	Points/Issues to Be Raised
Dialog Group Bhd (AGM)	In August 2019, Halliburton Bayan Petroleum Sdn. Bhd. ("HBP") became a 75% owned subsidiary when the Company acquired an additional 25% equity interest from its joint venture partner, Halliburton International, Inc. This was seen as the right opportunity to expand and deepen your upstream investments, in line with your diversified business model strategy. Increased upstream activities was also intended to provide added opportunities to participate in other parts of the value chain in the field redevelopment cycle,

	<p>particularly in the provision of engineering and specialist technical services (Page 14 of the Annual Report 2019).</p> <p>a) As the Group has deepened its upstream investments, what is the expected contribution from the upstream activities to the Group's earnings for the next few years?</p> <p>b) What are the added opportunities that the Group is aiming to participate in the upstream activities in 2020?</p>
<p>Sime Darby Bhd (AGM)</p>	<p>The Company still has a 11% equity stake in Eastern & Oriental Berhad.</p> <p>Please explain the reasons for the Group to still hold 11% equity stake in Eastern & Oriental Berhad considering that the company has not been performing well and that for FY2019, there was a share of loss (inclusive of impairment) of the Group's investment in Eastern & Oriental Berhad of RM117 million.</p>

MSWG'S WATCHLIST

MESB BERHAD ("MESB" OR "THE COMPANY")

REQUISITION OF MEETING OF MEMBERS PURSUANT TO SECTION 311 OF THE COMPANIES ACT 2016

The Board of Directors of MESB wishes to inform that the Company has on 5 November 2019 received a notice of requisition of meeting of members pursuant to Section 311 of the Companies Act 2016 from Mr Eng Yee Koon, Dr Ihsan Bin Osman and Datuk Seri Lee Sey Liang, who have stated therein that they are the shareholders of MESB collectively holding 9,408,000 ordinary shares representing 11.49% of the paid up capital of the Company in relation to the followings:-

- 1) to increase the number of Directors; and
- 2) to appoint Dr Ihsan Bin Osman, Datuk Seri Lee Sey Liang and Mr Lim Gim Leong as Directors of MESB.

The Board of Directors will deliberate on this matter and verify the details of requisition of meeting of members.

(Source: <http://www.bursamalaysia.com/market/listed-companies/company-announcements/6332565>)

KARAMBUNAI CORP BHD ("KCB" OR "COMPANY")

UNCONDITIONAL VOLUNTARY TAKE-OVER OFFER FROM UOB KAY HIAN SECURITIES (M) SDN BHD ON BEHALF OF TAN SRI DR CHEN LIP KEONG ("OFFEROR")

The Board of Directors of KCB wishes to announce that KCB has today received a press notice from UOB Kay Hian Securities (M) Sdn Bhd, on behalf of the Offeror, informing that the notice to Dissenting Shareholders in accordance with Section 223(2) of the CMSA ("Notice to Dissenting Shareholders") has been despatched to the shareholders of KCB on 6 November 2019.

Further, the Company wishes to inform the Dissenting Shareholders that they may elect to exercise their rights under Section 223 of the CMSA, by serving a notice on the Offeror to require the Offeror to acquire their Offer Shares on the same terms as set out in the Offer Document or such terms as may be agreed between the Offeror and such Dissenting Shareholders or as the High Court, on application made to it by such Dissenting Shareholder or by the Offeror, thinks fit to order under Section 224(3) of the CMSA.

Any Dissenting Shareholder may give notice to the Offeror requiring the Offeror to acquire his/ her KCB Shares no later than 5.00 p.m. (Malaysian time) on Wednesday, 5 February 2020, being a date, which is at least 3 months from the closing of the Offer on 4 November 2019.

(Source: <http://www.bursamalaysia.com/market/listed-companies/company-announcements/6332505>)

KUMPULAN POWERNET BERHAD ("POWERNET")

TAKEOVER OFFER IS FAIR AND REASONABLE, POWERNET SHAREHOLDERS TOLD

Minority shareholders of Kumpulan Powernet Bhd have been advised to accept the takeover offer by Serba Dinamik Holdings Bhd group managing director and chief executive officer Datuk Dr Mohd Abdul Karim Abdullah.

In its independent advice circular to Powernet's shareholders yesterday, Mercury Securities Sdn Bhd said the offer at RM1 per share is "fair" as the price is higher than the estimated value of the shares, the independent adviser said.

Based on the revalued net asset value methodology, Mercury Securities has derived an estimated fair value in the group of RM30.1 million, this translates into 40 sen per

share, and the offer price of RM1 represents a premium of 150% over the estimated fair value.

Mercury Securities said the offer is also “reasonable” as it provides an opportunity for shareholders to realise their investment in Powernet in the immediate term.

(Source: <https://www.theedgemarkets.com/article/takeover-offer-fair-and-reasonable-powernet-shareholders-told>)

TEXCHEM RESOURCES BERHAD (“TRB” OR “COMPANY”)

AN EXTENSION OF TIME GRANTED BY THE COMPANIES COMMISSION OF MALAYSIA TO TEXCHEM CORPORATION SDN. BHD. (“TEXCORP”), A 73.94% OWNED SUBSIDIARY OF TEXCHEM RESOURCES BHD., IN ORDER TO COMPLY WITH THE REQUIREMENT OF SECTION 22(5)(b) OF THE COMPANIES ACT 2016

Pursuant to Section 22(5)(b) of the Companies Act 2016 (“Act”), Texcorp is required to dispose of all its shareholding in TRB within twelve (12) months or such longer period as the Companies Commission of Malaysia (“CCM”) may allow. Following thereto, Texcorp has on 11 October 2019 submitted an application to CCM for an extension of time to dispose of the TRB Shares.

The Board of Directors of TRB wishes to announce that Texcorp has on even date received the letter of approval dated 4 November 2019 from the Registrar of CCM for a further extension of time of six (6) months to comply with Section 22(5)(b) of the Act, namely the new deadline for Texcorp to dispose of the TRB Shares is 15 May 2020. Pending the disposal of the TRB Shares, Texcorp shall have no right to vote at meetings of TRB or any class of members of TRB.

(Source: <http://www.bursamalaysia.com/market/listed-companies/company-announcements/6330361>)

SEACERA GROUP BERHAD (“SEACERA” OR “THE COMPANY”)

NOTICE OF INTENTION TO PROPOSE DIRECTOR(S) FOR ELECTION PURSUANT TO PARAGRAPH 7.28 OF THE MAIN MARKET LISTING REQUIREMENTS AND THE ARTICLES OF ASSOCIATION

The Board of Directors of Seacera wishes to announce that the Company had on 7 November 2019, received the following documents from Asiabio Capital Sdn Bhd for the purpose of nominating and/or proposing 5 candidates (“Proposed Director”) for election to the office of director of the Company (details in the attachments) at the 34th Annual General Meeting of Seacera which is scheduled to be held at KIP Hotel, Function Room, Level 5, No. 77 Jalan Seri Utara, Off Jalan Ipoh, 68100 Kuala Lumpur on Friday, 29 November 2019 at 10:00 a.m.:-

(a) The Notice of Resolutions dated 6 November 2019;

(b) Duly signed declaration under Section 201 of the Companies Act 2016 of the Proposed Directors; and

(c) Duly signed Consent to Act of the Proposed Directors.

The Company is seeking legal advice on the matter and any material development will be announced accordingly.

(Source: <http://www.bursamalaysia.com/market/listed-companies/company-announcements/6334741>)

AUDIT REPORT - MODIFIED OPINION / MATERIAL UNCERTAINTY RELATED TO GOING CONCERN MATERIAL UNCERTAINTY RELATED TO GOING CONCERN

(Extracted from Auditors' Report of Seacera)

We draw attention to Note 2(a) in the financial statements, which indicates that the Group and the Company incurred a loss for the period of RM191,783,002 and RM153,399,622 respectively during the financial year period ended 30 June 2019 and, as of that date, the Group's and Company's current liabilities exceeded its current assets by RM101,801,986 and RM37,749,995 respectively.

As disclosed in Note 33 in the financial statement, on 18 April 2019, the Directors of the Company announced that the Company had triggered the prescribed criteria under Paragraph 2.1(f) of Practice Note 17 ("PN17"), as a default in payment of loans or credit facilities of a Company and its major subsidiary companies and the Company is unable to provide a solvency declaration to the Exchange.

These conditions, along with other matters as set forth in Note 2(a), indicate the existence of a material uncertainty that may cast significant doubt on the Group's and the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

(Source: <http://www.bursamalaysia.com/market/listed-companies/company-announcements/6334737>)

NOTICE OF RESOLUTIONS WHICH ARE TO BE MOVED AND INTENDED TO BE MOVED AT THE 34TH ANNUAL GENERAL MEETING OF SEACERA WHICH WILL BE HELD AT KIP HOTEL, FUNCTION ROOM, LEVEL 5, NO. 77 JALAN SERI UTARA, OFF JALAN IPOH, 68100 KUALA LUMPUR ON FRIDAY, 29 NOVEMBER 2019 AT 10 A.M. OR ANY ADJOURNMENT THEREOF

The Board of Directors of Seacera wishes to announce that the Company had, on 31 October 2019, received the following documents from Ng Wai Yuan, Datin Sek Chian Nee, Low Swee Foong and Dato' Tan Wei Lian, who claimed to be the members of the Company holding at least two and a half per centum (2.5%) of the paid up capital of the Company carrying the right of voting excluding any paid up capital held as treasury shares, for the purpose of moving six (6) resolutions (details in the attachments) at the 34th Annual General Meeting of Seacera which is scheduled to be held at KIP

Hotel, Function Room, Level 5, No. 77 Jalan Seri Utara, Off Jalan Ipoh, 68100 Kuala Lumpur on Friday, 29 November 2019 at 10:00 a.m.:-

(a) The Notice of Resolutions dated 31 October 2019; and

(b) Statement to be Circulated comprising: -

(i) Appendix A: Notices of Nomination Pursuant to Article 69 of the Constitution of the Company;

(ii) Appendix B: Declaration pursuant to Section 201 of the Companies Act 2016;

(iii) Appendix C: Profiles of Proposed Candidates.

The Company is seeking legal advice on the matter and any material development will be announced accordingly.

(Source: <http://www.bursamalaysia.com/market/listed-companies/company-announcements/6329969>)

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. IRE-TEX CORPORATION BERHAD
12. KINSTEEL BHD
13. LOTUS KFM BERHAD (FORMERLY KNOWN AS KUANTAN FLOUR MILLS BERHAD)
14. LONDON BISCUITS BERHAD
15. MAA GROUP BERHAD
16. MALAYSIA PACIFIC CORPORATION 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

IRE-TEX CORPORATION BERHAD (“IRETEX” or the “Company”) (now known as IOZAN HOLDING BERHAD)

NEW ADMISSION INTO PN17

Reference is made to IRETEX’s Annual Report 2019 for the financial year ended 30 June 2019 announced on 31 October 2019 where its external auditors, Nexia SSY PLT has expressed a Disclaimer of Opinion on the financial statements of the Group and of the Company.

In this regard, IRETEX had triggered the following criteria pursuant to PN17 of the Main Market Listing Requirements (“Main Market LR”): -

Paragraph 2.1(d) – the auditors have expressed an adverse or disclaimer opinion in the listed issuer’s latest audited financial statements.

IRETEX had failed to make the First Announcement in accordance with Paragraph 4.1(a) of PN17 of the Main Market LR and comply with Bursa Malaysia Securities Berhad’s (“Bursa Securities”) directive vide its letter dated 5 November 2019 to make the First Announcement immediately in accordance with Paragraph 4.1(a) of PN17 of the Main Market LR for triggering Paragraph 2.1(d) of PN17 of the Main Market LR.

Hence, in the exercise of the powers under Paragraph 1.03 of the Main Market LR, IRETEX is hereby classified as a PN17 Company pursuant to PN17 of the Main Market LR with effect from 6 November 2019 and the Company is required to ensure strict adherence with its obligations under PN17 of the Main Market LR.

Bursa Securities would like to emphasise that Bursa Securities will continue to monitor the progress of IRETEX in respect of its compliance with the Main Market LR.

(Source: <http://www.bursamalaysia.com/market/listed-companies/company-announcements/6332317>)

LOCAL NEWS AND DEVELOPMENTS

Stronger ringgit seen, could touch RM4.05-RM4.10

<https://www.thestar.com.my/business/business-news/2019/11/08/stronger-ringgit-seen-could-touch-rm405-rm410>

Total palm oil output of Indonesia, Malaysia seen flat in 2020 — analyst Mistry

<https://www.theedgemarkets.com/article/total-palm-oil-output-indonesia-malaysia-seen-flat-2020-%E2%80%94-analyst-mistry>

Petronas approached to take part in Saudi Aramco IPO

<https://www.thestar.com.my/business/business-news/2019/11/06/petronas-approached-to-take-part-in-saudi-aramco-ipo>

Any interest rate easing by Bank Negara likely in mid-2020: Economists

<https://www.nst.com.my/business/2019/11/536056/any-interest-rate-easing-bank-negara-likely-mid-2020-economists>

MIER reviewing viability of RM50b bid for PLUS takeover

<https://www.theedgemarkets.com/article/mier-reviewing-viability-rm50b-bid-plus-takeover>

GLOBAL NEWS AND DEVELOPMENTS

Asian shares eases from six-month highs on U.S.-China trade uncertainty

<https://www.theedgemarkets.com/article/asian-shares-eases-sixmonth-highs-uschina-trade-uncertainty>

China says it has agreed with U.S. to cancel tariffs in phases

<https://www.reuters.com/article/us-usa-china-trade/china-says-it-has-agreed-with-u-s-to-cancel-tariffs-in-phases-idUSKBN1XH0TG>

Risk rally hits pause button as markets await trade signals

<https://www.reuters.com/article/us-global-markets/stocks-fall-as-traders-question-next-move-in-trade-war-idUSKBN1XG036?il=0>

China says RCEP trade deal could provide opportunities for India's exports

<https://www.theedgemarkets.com/article/china-says-rcep-trade-deal-could-provide-opportunities-indias-exports>

US considers dropping some tariffs on China

<https://asia.nikkei.com/Economy/Trade-war/US-considers-dropping-some-tariffs-on-China>

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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 MESB Berhad, Ire-Tex Corporation Berhad, and Kumpulan Powernet 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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