



The Observer

13.09.2019

MESSAGE FROM THE CEO

Axiata's Announcement – More Transparency Needed

On 6 September 2019, Axiata Group Berhad (Axiata) announced that both Axiata and Telenor ASA (Telenor) (the Parties) have mutually agreed to end discussions regarding a non-cash combination of their telecom and infrastructure assets in Asia (the "Proposed Transaction").

Axiata went on to say that over the last four months, both Axiata and Telenor have been working on due diligence and finalising transaction agreements to be completed within the third quarter of 2019. However, due to some complexities involved in the Proposed Transaction, the Parties have mutually agreed to end the discussions.

Both Parties, however, still acknowledged the strong strategic rationale of the Proposed Transaction.

The summary of the announcement concluded by stating that the Parties do not intend to provide further comments.

The concluding statement itself is the starting point of an issue. Should Axiata be obliged to provide an explanation to minority shareholders as to what were the 'some complexities' that derailed the Proposed Transaction? Will PLCs, in future abort proposed transactions merely by citing 'some complexities' as a reason – and to round it up, state brazenly that 'the Parties do not intend to provide further comments'.

Axiata was the top loser on Bursa Malaysia on Tuesday (10 September) with its share price plunging as much as 87 sen or 17.8% to RM4.01 before closing 77 sen or 15.8% lower at RM4.11 wiping off RM7.03 billion in its market capitalisation.

Digi.com Bhd, in which Telenor ASA has a 49% stake, went down as much as 59 sen or 12.1% to RM4.30. It closed the day down 29 sen or 5.9% at RM4.60 losing RM2.26 billion in market capitalisation.

Thus, between the two listed companies, a total market capitalisation of RM9.29 billion was wiped out in a single day.

This is material reduction of shareholder value. The share prices of both the PLCs had run-up due to the announcement of the Proposed Transaction due to the strong strategic rationale of the Proposed Transaction. In fact, Axiata's announcement on 6 September 2019 calling-off the Proposed Transaction alluded to this very fact by stating 'Both Parties, however, still acknowledge the strong strategic rationale of the Proposed Transaction'. It should be noted that at RM4.88, the share price of Axiata was up 9.84% over the past year. In fact, the share price hit a high of RM5.26 after the initial announcement of the Proposed Transaction on May 6.

We may be creating a dangerous precedent if we accept 'some complexities' as a valid reason for aborting a proposed transaction especially when the share prices had run-up due to the announcement of the proposed transaction.

Apparently, the motivation to create value for shareholders (since both parties acknowledged the strong strategic rationale of the Proposed Transaction) was not enough to surmount the 'some complexities'.

Minority shareholders are left wondering, and speculating, as to what these 'some complexities' could be. And what could possibly be so confidential that the complexities cannot be revealed in the interest of transparency? It is said that rumours abound when there is a lack of information and this is especially true for a stock exchange.

Surely, minority shareholders deserve a more meaningful explanation for calling off the Proposed Transaction.

MSWG AGM/EGM Weekly Watch 16 – 20 September 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
18.09.19 (Wed) 10.00 am	POS Malaysia Bhd (AGM)	Holiday Inn Kuala Lumpur Glenmarie, 1, Jalan Usahawan U1/8, Shah Alam,
18.09.19 (Wed) 10.00 am	Land & General Bhd (AGM)	the Sri Damansara Club, Lot 23304, Persiaran Perdana Bandar Sri Damansara

18.09.19 (Wed) 10.00 am	Daya Materials Bhd (EGM)	Kelab Golf Sultan Abdul Aziz Shah, Seksyen 13, Shah Alam
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One of the points of interest to be raised:	
Company	Points/Issues to Be Raised
POS Malaysia Bhd (AGM)	<p>On Page 31 (Annual Report), it is stated that “A tariff rebalancing will not be sufficient to ensure our business sustainability. We have a transformation plan where cost leadership is the main theme”. Postal operators around the world are moving towards a more deregulated pricing model as this allows them increased pricing flexibility (Page 28, Annual Report).</p> <p>(a) How soon is a tariff rebalancing expected for the postal services?</p> <p>(b) Is a deregulated pricing model likely to happen in Malaysia and if so, how would it affect Pos Malaysia?</p> <p>(c) Please elaborate on the ‘cost leadership’ and to what extent can cost optimisation be able to turn around the postal services segment?</p>
Land & General Bhd (AGM)	<p>Mr. Ferdaus Mahmood, a Non-Independent Non-Executive Director (“NINED”) has been paid a fixed advisory fee of RM10,000 per month for his advisory role in relation to operational matters of the Group since 1 January 2016. (page 21 of the CG Report 2019)</p> <p>(a) What are the operational matters that Mr. Ferdaus Mahmood had advised the Group?</p> <p>(b) As stated in the Board Charter, the Managing Director (“MD”) has the overall executive responsibilities for the day-to-day business operations and the implementation of the Board’s decisions. Why does the Board require Mr. Ferdaus Mahmood to advise the Group on the operational matters as this is the role and responsibility of an MD?</p> <p>(c) The annual fee paid to Mr. Ferdaus Mahmood is RM120,000 which is the same amount as the Chairman’s fee. Please justify the high fee paid to Mr. Ferdaus Mahmood.</p>

	<p>(d) Did the Remuneration Committee approve and fix Mr. Ferdaus Mahmood's advisory fee?</p> <p>(e) How long is Mr. Ferdaus Mahmood's contract of service?</p> <p>(f) Is not Mr. Ferdaus Mahmood, in substance, an executive director instead of an NINED?</p>
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MSWG'S WATCHLIST

BERJAYA LAND BERHAD

PUBLIC SHAREHOLDING SPREAD REQUIREMENT PURSUANT TO PARAGRAPH 8.02 OF THE MAIN MARKET LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

Further to our announcements dated 2 August 2019 and 5 August 2019, the Board of Directors ("Board") of Berjaya Land Berhad ("BLand" or "Company") wishes to announce that Bursa Malaysia Securities Berhad ("Bursa Securities") has, vide its letter dated 6 September 2019, resolved not to approve BLand's application for an extension of time to comply with its approved minimum public shareholding spread requirement of 15% ("Public Spread").

As provided in the Main Market Listing Requirements of Bursa Securities ("Listing Requirements"), Bursa Securities may:-

(a) impose any type of action or penalty pursuant to Paragraph 16.19 of the Listing Requirements; and

(b) suspend trading in the securities of BLand pursuant to Paragraph 16.02 of the Listing Requirements.

Currently, the public shareholding spread of BLand stood at 14.65%, a shortfall of about 0.35%.

In view of the current poor market condition and as the Company has not formulated any rectification plan to address the shortfall in the Public Spread but will explore all possible options to meet the Public Spread, the Board of BLand may contemplate an appeal on Bursa Securities' decision on the extension of time to comply with the Public Spread.

This Announcement is dated 10 September 2019.

Source:

<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6279985>

TPC Plus Berhad

CHARGES UNDER SECTION 14(1) OF THE PRICE CONTROL AND ANTI-PROFITEERING ACT 2011

The Board of Directors of TPC Plus Berhad ("the Company") wishes to announce that the Company's wholly-owned subsidiary, Teck Ping Chan Agriculture Sdn Bhd (Company No.41913-X) ("TPCA") has today received 2 summons, MA-63AP-4-08/2019 and MA-63AP-5- 08/2019, both dated 28 August 2019 to appear in the Melaka Magistrate Court on 1 October 2019 in relation to the following charges:

1. MA-63AP-4-08/2019

That TPCA had increased the markup of a Grade A egg by 29.33% from 26.92% to 56.25% allegedly infringing Regulation 3(a), Price Control and Anti-Profiteering (Mechanism to Determine Unreasonably High Profit for Goods) Regulations 2018 and as a result has committed an offence under Section 14(1) Price Control and AntiProfiteering Act 2011; and

2. MA-63AP-5-08/2019

That TPCA had increased the margin of a Grade A egg by 14.63% from 21.37% to 36.00% allegedly infringing Regulation 3(b), Price Control and Anti-Profiteering (Mechanism to Determine Unreasonably High Profit for Goods) Regulations 2018 and as a result has committed an offence under Section 14(1) Price Control and AntiProfiteering Act 2011.

TPCA will appoint a solicitor firm to act on its behalf in this matter.

The potential liability, financial and operational impact cannot be determined with certainty at the moment. Each of the above offences, if found guilty, is punishable up to RM500,000 for first-time offender and up to RM1,000,000 for a second or subsequent offence.

The Company will make further announcement on this matter in due course. This announcement is dated 10 September 2019

Source:

<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6279797>

YGL CONVERGENCE BERHAD RESIGNATION OF AUDITORS

The Board of Directors ("Board") of the Company wishes to announce that the Company has on 12 September 2019 received a notice in writing pursuant to Section 281(1) of the Companies Act 2016 from CHENGCO PLT on their resignation as Auditors of the Company and their term of office shall come to an end after twenty-one (21) days from the notice date, 10 September 2019.

CHENGCO PLT who has been the Auditors of the Company were re-appointed as the Auditors of the Company at the Fifteenth Annual General Meeting ("AGM") held on 27 May 2019 to hold office until the conclusion of the next AGM.

The resignation of CHENGCO PLT is due to Audit Oversight Board prohibits them from auditing the financial statements of a public interest entity for 12 months with effect from 6 August 2019.

Save for the above, the Board is not aware of any matter that need to be brought to the attention of the shareholders of the Company.

Further announcement will be made by the Company on the appointment of new auditors in due course.

This announcement is dated 12 September 2019.

Source:

<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6282525>

SARAWAK CABLE BERHAD

ARTICLE APPEARED IN THE EDGE MALAYSIA DATED 9 SEPTEMBER 2019 ENTITLED "SARAWAK CABLE SEEKS CDRC ASSISTANCE" ("THE ARTICLE")

In response to the Article, Sarawak Cable Berhad ("the Company") wishes to announce that the Company had received a letter dated 7 August 2019 ("the Letter") issued by the Corporate Debt Restructuring Committee ("CDRC") under the purview of Bank Negara, approving the Company's application for assistance to mediate between the Company and certain of its subsidiaries (collectively, the "Affected Companies") with its respective financiers ("the Lenders").

This is part of the Company's proactive effort in managing its debt exposure to safeguard the Affected Companies, whose core businesses are still viable. The Company had received the approval from the CDRC on 7 August 2019.

The Standstill Letter was issued by CDRC to the Lenders on 7 August 2019.

Notwithstanding the above, the operations of the Affected Companies shall remain as usual.

Further announcements will be made in due course as and when appropriate.

The announcement is dated 11 September 2019.

Source:

<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6281053>

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/>

REGULATORY NEWS

Monetary Policy Statement

http://www.bnm.gov.my/index.php?ch=en_press&pg=en_press&ac=4914&lang=en

Former Deputy Executive Chairman Sentenced to Five Years Jail and RM9 Million Fine for Insider Trading

<https://www.sc.com.my/resources/media-releases-and-announcements/former-deputy-executive-chairman-sentenced-to-five-years-jail-and-rm9-million-fine-for-insider-trading>

LOCAL NEWS AND DEVELOPMENTS

AirAsia, AirAsia X, MAHB slapped with fines for non-compliance

<https://www.theedgemarkets.com/article/airasia-airasia-x-mahb-slapped-fines-noncompliance>

Guan Eng: Make insurance policies more affordable

<https://www.thestar.com.my/business/business-news/2019/09/11/guan-eng-make-insurance-policies-more-affordable>

Six UK AI companies to start operations in Malaysia

<https://www.thestar.com.my/business/business-news/2019/09/11/six-uk-ai-companies-to-start-operations-in-malaysia>

Malaysia end-August palm oil stocks slip to 13-month low

<https://www.thestar.com.my/business/business-news/2019/09/11/malaysia-end-august-palm-oil-stocks-slip-to-13-month-low>

Nungsari: Mavcom's work benefits the aviation industry, not one player

<https://www.thestar.com.my/business/business-news/2019/09/12/nungsari-mavcom039s-work-benefits-the-aviation-industry-not-one-player>

World Bank: Malaysia needs fiscal buffer to face any contingency

<https://www.thestar.com.my/business/business-news/2019/09/13/world-bank-malaysia-needs-fiscal-buffer-to-face-any-contingency>

GLOBAL NEWS AND DEVELOPMENT

China lifts investment quota limit for QFII, RQFII amid financial opening-up

http://www.xinhuanet.com/english/2019-09/11/c_138382088.htm

SoffBank Pushes WeWork to Postpone Its Contentious IPO

<https://www.bloomberg.com/news/articles/2019-09-09/softbank-is-said-to-push-wework-to-postpone-its-contentious-ipo>

Aramco CEO: Domestic IPO is primary one, also prepared for int'l listing

<https://www.reuters.com/article/energy-wec-saudi-aramco/corrected-aramco-ceo-domestic-ipo-is-primary-one-also-prepared-for-intl-listing-idUSD5N24U003>

Huawei chief offers to share 5G know-how for a fee

<https://www.bbc.com/news/technology-49673144>

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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.

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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