



# The Observer

06.09.2019

## MSWG AGM/EGM Weekly Watch 9 – 13 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](http://www.mswg.org.my).

Date & Time	Company	Venue
10.09.19 (Tue) 09.30 am	HARTALEGA HOLDINGS BHD (AGM)	Sime Darby Convention Centre, No. 1A, Jalan Bukit Kiara 1, KL
12.09.19 (Thur) 10.00 am	DRB-HICOM BHD (AGM)	Holiday Inn Kuala Lumpur Glenmarie, 1, Jalan Usahawan U1/8, Shah Alam,
12.09.19 (Thur) 10.30 am	COMPUTER FORMS (MALAYSIA) BHD (AGM)	Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara
13.09.19 (Fri) 10.30 am	AT SYSTEMIZATION BHD (AGM)	Menara Lien Hoe, No. 8 Persiaran Tropicana, Tropicana Golf
13.09.19 (Fri) 02.30 pm	OMESTI BHD (AGM)	The Royal Selangor Golf Club, Jalan Kelab Golf Off Jalan Tun Razak
13.09.19 (Fri) 11.00 am	PARAMOUNT CORPORATION BERHAD (EGM)	Level 1, 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
HARTALEGA HOLDINGS BHD (AGM)	In mid-July 2019, the price hike of natural gas is estimated by Malaysian Rubber Glove Manufacturers Association to lead to an increase in the production cost of US\$0.30 to US\$0.80 per 1,000 pieces of nitrile glove and about US\$0.35 to

	<p>US\$0.85 for latex glove. Please advise on the impact for Hartalega and if this increase can be passed on to customers and the lead time required to effect the price increase. What is the anticipated effect on profit margin in FY2020?</p>
<p>DRB-HICOM BHD (AGM)</p>	<p>As stated on Page 112 (Operational Review), the carmaker has invested in a new RM1.2 billion plant within the existing Tanjung Malim facility. PROTON also made headway in plans to build its international sales. In August 2018, a deal was signed with Geely for the export of PROTON to China, while another agreement was penned with ALHAJ Automotive, appointing it to establish a PROTON assembly plant in Karachi, Pakistan to tap the currently underserved Pakistani car market.</p> <p>(a) What is the capacity and utilization rate of the Tanjung Malim facility?</p> <p>(b) What is the capacity of the assembly plant in Karachi and the prospect in the Pakistani car market?</p> <p>(c) What is the current and targeted international sales as a percentage of the Group's total auto sales?</p> <p>(d) Please elaborate on the export of PROTON to China in terms of actual sales volume and target?</p>
<p>COMPUTER FORMS (MALAYSIA) BHD (AGM)</p>	<p>As stated on page 26 of AR2019, only two Board meetings were held with full attendance of all Directors during the financial year ended 31 March 2019.</p> <p>(a) What is the reason for such a low number of Board meetings being held during the year?</p> <p>(b) Does this mean that some of the four quarterly results were not tabled at Board meetings for approval?</p>
<p>AT SYSTEMIZATION BHD (AGM)</p>	<p>Other than Rieter, what are the near-term prospects to grow the customer base for ATS' fabrication business as the number of major customers has reduced from 3 in FY2018 to 2 in FY2019 (AR2019 Note 28 (c) page 144)? The past few years have seen repeated share issuances to fund its aspiration to establish a one-stop centre for sheet metal</p>

	fabrication amid past four years of financial losses. When does the Company anticipate a financial turnaround?
OMESTI BHD (AGM)	The impairment losses on amounts owing by subsidiaries increased to approximately RM76.56 million (2018: RM52.71 million) as disclosed in Note 18 (page 77) of FS2019.  (a) To which subsidiary does the said impairment relate to?  (b) Is the amount recoverable?
PARAMOUNT CORPORATION BERHAD (EGM)	Does the Company foresee any problems in getting the approval from the Ministry of Education to dispose the 69.7% equity interest in Paramount Education Sdn Bhd ("PESB"), the 80% equity interest in Paramount Education (Klang) Sdn Bhd, ("PEKSB") and the 80% equity interest in Sri KDU?

### **MSWG'S WATCHLIST**

#### **AXIATA GROUP BERHAD**

#### **AXIATA AND TELENOR HAVE MUTUALLY AGREED TO END DISCUSSIONS ON PROPOSED TRANSACTION**

Axiata Group Berhad ("Axiata" or "the Group") and Telenor ASA ("Telenor") (together "Parties") have mutually agreed to end discussions regarding a non-cash combination of their telecom and infrastructure assets in Asia (the "Proposed Transaction").

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

Both Parties still acknowledge the strong strategic rationale of the Proposed Transaction.

The Parties do not rule out that a future transaction could be possible.

The Parties do not intend to provide further comments.

This announcement is dated 6 September 2019.

Source: <http://www.bursamalaysia.com/market/listed-companies/company-announcements/6277405>

**DIGI.COM BERHAD****TELENOR ASA AND AXIATA GROUP BERHAD HAVE AGREED TO END DISCUSSION ON THE NON-CASH COMBINATION OF THEIR TELECOM AND INFRASTRUCTURE ASSETS IN ASIA (PROPOSED TRANSACTION)**

The Board of Directors of Digi (Board) was informed on 6 September 2019 by Telenor ASA (Telenor), the parent company of Digi's largest shareholder, Telenor Asia Pte Ltd, that Telenor and Axiata Group Berhad (Axiata) have agreed to end discussions on the Proposed Transaction.

In a statement to the Oslo Stock Exchange, Telenor has also announced that they have mutually agreed to end discussions on the Proposed Transaction with Axiata. Please refer to Telenor's statement to the Oslo Stock Exchange and their press release dated 6 September 2019 for further information regarding the Proposed Transaction.

The Board has been informed that over the last four months, both parties have been working on due diligence and finalising transaction agreements to be completed within the third quarter of 2019. Due to some complexities involved in the Proposed Transaction, the parties have mutually agreed to end the discussions. Both parties still acknowledge the strong strategic rationale of the Proposed Transaction.

The parties do not rule out that a future transaction could be possible.

This announcement is dated 6 September 2019.

Source: <http://www.bursamalaysia.com/market/listed-companies/company-announcements/6277409>

**SEACERA GROUP BERHAD****NOTICE OF DEMAND WITH RESPECT TO A BANKERS ACCEPTANCE FACILITY ISSUED BY MALAYAN BANKING BERHAD**

The Board of Directors of Seacera Group Berhad ("the Company"), wishes to announce that the Company, a Corporate Guarantor for facilities granted to Seacera Ceramics Sdn Bhd ("SCSB"), a wholly owned subsidiary of the Company, received a Notice of Demand with respect to a Bankers Acceptance Facility dated 27 August 2019 by Malayan Banking Berhad ("Maybank") through their solicitors for an amount owing by the Company in relation to the dispute over the amount of RM1,508,953.41 arising from the facilities granted to SCSB.

Further details pertaining to the Notice are as follow:-

1) The particulars of the Notice dated 27 August 2019, including the amount claimed and the interest rate.

As at 16 August 2019, the amount due is RM1,508,953.41 together with interest thereon at the rate of 3.5% per annum above Maybank base lending rate which presently at 6.65% per annum, on daily rests and capitalized monthly, from 17 August 2019 until full settlement.

2) Whether Seacera Ceramics Sdn Bhd is a major subsidiary.  
SCSB is not a major subsidiary.

3) The total cost of investment in Seacera Ceramics Sdn Bhd.  
The total cost of investment (excluding any intercompany advances within the Group) in SCSB is RM15,000,000.00.

4) The financial and operational impact of the Notice on the Group.  
No operational and financial impacts are expected from this notice except that the facilities granted cannot be utilized further for working capital purposes and will limit the company to leverage the facilities for business purposes.

5) The expected losses, if any, arising from the Notice.  
Except for additional late payment interest and costs arising from the Notice which are not being able to be determined, no further losses are expected as the facilities amounts were accounted for in the financial statements.

The Company is seeking legal advice on the matter.

This announcement is dated 3 September 2019.

Source: <http://www.bursamalaysia.com/market/listed-companies/company-announcements/6273701>

**DAYA MATERIALS BERHAD  
DEFAULT IN PAYMENT PURSUANT TO PARAGRAPH 9.19A OF THE MAIN MARKET  
LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD – DEFAULT IN  
PAYMENT TO HONG LEONG BANK BERHAD (“HLBB”)**

**1. INTRODUCTION**

The Board of Directors of Daya Materials Berhad (“Company”) (“Board”) wishes to announce that Ultrafest Sdn Bhd (“UFSB”), a 51%-owned indirect subsidiary of the Company, has not paid two (2) term loan facilities of which the total instalment payable amounting RM98,046,375 (“Outstanding Amount”) was due and payable on 1 September 2019 pursuant to the term loan facilities granted by Hong Leong Bank Berhad (“HLBB”) to UFSB.

**2. DEFAULT IN PAYMENT**

(a) Date and Reasons for the Default in Payment

1 September 2019, being the due date for payment. Failure to pay was due to cash flow constraints of UFSB that resulted in it not being able to meet its

payment obligations to HLBB in a timely manner.

(b) Measures by the Company to address the default in payment UFSB and the Company will discuss with HLBB to regularise the outstanding payment of the Outstanding Amount.

This announcement is dated 3 September 2019.

Source: <http://www.bursamalaysia.com/market/listed-companies/company-announcements/6274857>

## **LONDON BISCUITS BERHAD QUALIFICATION IN EXTERNAL AUDITORS' REPORT FOR THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 SEPTEMBER 2018**

Further to the announcements of the Company made on 22 February 2019, 27 March 2019, 16 August 2019 and 30 August 2019, the Board of Directors ("Board") wishes to inform that Messrs PKF has submitted their findings to the Company.

### **EVENT THAT LED TO THE CONDUCT OF INDEPENDENT REVIEW**

The Board had on 22 February 2019 announced that Messrs Nexia SSY, the Company's External Auditors, have expressed a qualified opinion in their Audited Report for the financial year ended 30 September 2018. The Board therefore appointed Messrs PKF to conduct an independent assessment of the key audit matters raised by the External Auditors on the financial statements of the Company for the financial year ended 30 September 2018 ("AFS 2018").

### **FINDINGS**

PKF has completed their review, mainly covered the period from 1 October 2017 to 30 September 2018 and has submitted their report to the Company, which indicates that there are four findings as below :-

#### **i) Inventories**

PKF reported that it was not uncommon for the auditor to qualify the AFS 2018 as it could not observe the financial year end count as there were appointed two (2) months after the financial year end.

#### **ii) Trade Receivables**

PKF reported that the qualification of Nexia on the inability to ascertain the correctness of the ageing data of trade receivables and the related information utilized to calculate and measure ECL, was valid.

#### **iii) Property, Plant & Equipment**

It was also reported that there was a discrepancy on the figures.

iv) Transactions with Secret Ingredients Sdn Bhd ("SISB")

PKF is of the view that SISB is not a related party due to the lack of legal nexus, and in the absence of any evidence signifying otherwise. However, it was noted that the transaction between LBB and SISB was not in the commercial interest to LBB.

### **MEASURES OR STEPS TAKEN/TO BE TAKEN BY THE BOARD**

The Board will be in discussion and review in relation to the report.

The Company will make further announcement on any development arising from the above matter as and when necessary.

This announcement is dated 4 September 2019.

Source: <http://www.bursamalaysia.com/market/listed-companies/company-announcements/6275905>

### **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/>

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## REGULATORY NEWS

### **FORMER EXECUTIVE DIRECTOR SENTENCED AND FINED FOR FURNISHING FALSE STATEMENT TO BURSA**

The Kuala Lumpur Sessions Court on Thursday (29 August 2019) convicted a former Executive Director of Linear Corporation Berhad (Linear) after he pleaded guilty to a charge of knowingly authorising the furnishing of a false statement to Bursa Malaysia Securities Berhad (Bursa) in 2009.

Alan Rajendram A/L Jeya Rajendram, former Executive Director of Linear, was sentenced to seven months jail and a fine of RM100,000 after he pleaded guilty to the offence under section 369(b)(B) of the Capital Markets and Services Act 2007.

The false statement was in relation to an announcement made by Linear on 29 December 2009 which stated that Linear's wholly owned subsidiary, LCI Global Sdn Bhd, had accepted a RM1.6 billion construction project awarded by Global Investment Group, a Seychelles incorporated company, to design and construct a district cooling plant of 350,000 RT (refrigeration tonnes) in Manjung, Perak, for what was termed as the 'King Dome Project'.

Evidence showed that Alan knew that the said statement was not true, when he authorised the furnishing of the said information to Bursa.

Alan was previously acquitted by the Sessions Court in 2017 at the end of the prosecution's case but on 31 July 2019, the High Court had overturned the acquittal and ordered Alan to enter his defence to the said charge. Following the High Court's decision, Alan pleaded guilty to the charge at the Sessions Court yesterday.

Source: <https://www.sc.com.my/resources/media-releases-and-announcements/former-executive-director-sentenced-and-fined-for-furnishing-false-statement-to-bursa>

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## LOCAL NEWS AND DEVELOPMENTS



**Bursa boss expects four more LEAP Market listings for 2019**

<https://www.thestar.com.my/business/business-news/2019/09/06/bursa-boss-expects-four-more-leap-market-listings-for-2019>

**Uganda wants Perak investors**

<https://www.thestar.com.my/business/business-news/2019/09/05/uganda-wants-perak-investors>

**Office rental rates in KL city centre fall on oversupply**

<https://www.thestar.com.my/business/business-news/2019/09/05/office-rental-rates-in-kl-city-centre-fall-on-oversupply>

**US investments into Malaysia rising**

<https://www.thestar.com.my/business/business-news/2019/09/06/us-investments-into-malaysia-rising>

**Australia's Lynas signs MoU with Kalgoorlie for initial processing site**

<https://uk.reuters.com/article/lynas-corp-kalgoorlie/australias-lynas-signs-mou-with-kalgoorlie-for-initial-processing-site-idUKL3N25X0AH>

**GLOBAL NEWS AND DEVELOPMENT**

**Billionaire Uniqlo Founder Wants a Woman to Succeed Him as CEO**

<https://www.bloomberg.com/news/articles/2019-09-03/billionaire-uniqlo-founder-wants-a-woman-to-succeed-him-as-ceo>

**China, U.S. to Hold Trade Talks in October as Mistrust Remains**

<https://www.bloomberg.com/news/articles/2019-09-05/china-u-s-to-hold-trade-talks-in-washington-in-early-october?srnd=premium-asia>

**Hong Kong's Lam Resists Protesters' Demands for More Action**

<https://www.bloomberg.com/news/articles/2019-09-05/hong-kong-s-lam-says-scrapping-bill-first-step-to-ease-unrest?srnd=premium-asia>

**UK government gives up trying to stop Brexit delay bill in parliament**

<https://www.reuters.com/article/us-britain-eu-lords/uk-government-gives-up-trying-to-stop-brexit-delay-bill-in-parliament-idUSKCN1VQ0KT>

**HKEX websites were attacked on Thursday, CEO says**

<https://www.bloomberg.com/news/articles/2019-09-06/hkex-ceo-says-websites-attacked-not-linked-to-derivatives-halt>

## **MSWG TEAM**

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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](mailto:corporateservices@mswg.org.my) with your comments and suggestions.

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**ENDS. /**