MINORITY SHAREHOLDERS WATCH GROUP
BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD
(Incorporated in Malaysia . Registration No. 200001022382 (524989-M))

The Observer

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❖ Bursa's public reprimand of JAKS and Kenanga for breach of listing rules

On 25 October 2021, Bursa Malaysia Securities Bhd publicly reprimanded JAKS Resources Berhad and its principal adviser Kenanga Investment Bank Bhd (KIBB) for breaches of the Bursa Malaysia Securities Main Market Listing Requirements (MMLR).

They were reprimanded for their failure to ensure that there were at least 10 market days notice from the date of the books closing date (BCD) was announced to the actual BCD, for the adjustment to the exercise price and/or additional number of JAKS' Warrants 2018/2023 (JAKS-WB) arising from the proposed rights issue with warrants announced on 22 May 2020.

The finding of breach and imposition of the public reprimand on JAKS and KIBB were made pursuant to paragraph 16.19 of the MMLR upon completion of due process after taking into consideration all facts and circumstances of the matter including the materiality and impact of the breach.

Bursa Malaysia Securities views the contravention seriously as paragraph 6.56(1)(b) of the MMLR serves to provide sufficient time for securities holders or investors to make a decision of the entitlements to the interests, new securities or other distributions or rights arising from adjustments made due to an issue of securities.

The chronology of events

On 22 May 2020, JAKS announced that it proposed to undertake a renounceable rights issue of new ordinary shares together with free detachable warrants and that the proposed rights issue with warrants may give rise to adjustments to the exercise price and/or additional number of JAKS-WB (Adjustments).

On 13 October 2020, JAKS announced that the entitlement/BCD for the proposed rights issue with warrants was fixed on 27 October 2020 but did not announce the BCD for the Adjustments.

JAKS had only on 26 October 2020 announced that the BCD for the Adjustments was fixed on 27 October 2020 while admitting that the delay in the announcement was due to oversight.

As the announcement of the BCD for the Adjustments was only made on 26 October 2020 after trading hours, there was short notice of less than one day to the BCD and the holders of JAKS-WB were essentially deprived of enough time to make a decision in respect of the Adjustments.

Further, the price of JAKS-WB was not adjusted on 26 October 2020, i.e., the ex-date which had impacted the fair and orderly trading of JAKS-WB.

In this regard, Bursa Malaysia stressed that both JAKS and KIBB, as its appointed principal adviser, are duty-bound to ensure compliance of paragraph 6.56(1)(b) of the MMLR which imposes a clear requirement that the period from the date the listed issuer announces the BCD for the issue of convertible securities arising from adjustments due to an issue of securities to the BCD must not be less than 10 market days.

Ironically, KIBB which also acted as managing underwriter and joint underwriter of JAK's rights issue exercise previously hailed this exercise as Malaysia's largest underwritten rights issue for 2020.

The rights issue entailed around 1.08 billion new shares in JAKS together with around 540 million free detachable warrants in JAKS which were listed on the Main Market of Bursa Malaysia on 26 November 2020.

An honest mistake?

Merely as a post-mortem without any intention of wanting to point a finger at either JAKS or KIBB, it has to be first and foremost established that the oversight should not have occurred at all given the lengthy time frame of almost five months between the announcement of JAKS' rights issue exercise on 22 May 2020 and 13 October 2020 when JAKS announced that the entitlement/BCD for the proposed rights issue with warrants was fixed on 27 October 2020.

Although JAKS did not announce the BCD for the adjustments, there was still a two-week period in between the fixation of the rights issue/BCD date on 27 October 2020 which should be deemed as ample time to ascertain the JAKS-WB price adjustment.
In all fairness, the onus should fall on the shoulder of KIBB in its capacity as the principal adviser of the corporate exercise for failing to ensure an orderly execution of the entire rights issue exercise for its client (JAKS).

As the principal adviser, KIBB obviously was duty-bound to advise JAKS on the rules and regulations pertaining to the rights issue as well as to ensure full compliance.

On hindsight, however, JAKS as the bearer of the corporate exercise, has also been implicated in the breach of the listing rules. Other public listed companies pursuing similar corporate exercises are reminded to ensure that there is no breach of listing rules in their undertaking of corporate exercises.

❖ A physical AGM… at last

Last week, a PLC involved in the pilling and foundation businesses had its physical AGM. Given our preference for physical meetings, I jumped at the chance to attend it.

The registration counters were opened at 8.30am. Shareholders and proxies were advised to register at 8.30 am or as early as possible as seats were limited to 50 seats on a first-come-first-serve basis.

This would mean some shareholders would be turned away should the attendance exceed 50 shareholders. There would be a corporate governance issue if attending shareholders were turned away due to lack of seating. Only about 15 to 20 shareholders attended the AGM and as such no one was turned away.

PLCs would have some idea of past attendances at their physical AGM and this should serve as a guide when arranging seating capacity. PLCs are advised to err on the side of caution and have provisions for additional capacity.

I was at the meeting venue by 8.30 am and duly registered for the meeting. As per the notice of the AGM, on the spot COVID-19 tests were carried out on all attendees using a nasal swab courtesy of the Company. I waited for the AGM to begin at 10.00 am…and it did.

There was no mingling of directors with shareholders and understandably so. To a question on the lack of any form of refreshments, the Chairman informed that there would be no refreshments as that would increase the risk of COVID-19 if people removed their masks for refreshments and this, again, was understandably so.

All directors attended the AGM with two of them attending it virtually. This is commendable as MSWG expects all directors to attend AGMs so that questions may also be addressed to them individually in their capacity as chairman or members of the board and the various board sub committees.

The Chairman also informed that there will be no slide presentation as he wanted to keep the meeting short though in the past years, they had had slide presentations. Nevertheless, I commented that it would be good if there is a presentation on the current challenges, prospects and outlook as the financial statements and annual report are historic and a few months old.

Given that the slide presentation is within the control of the PLC, they can opt for a short presentation, if they so desire. The AGM is a once-in-a-year opportunity for shareholders to learn more about the PLC.

One independent director had served more than 12 years but there was no two-tier voting for his re-election as the Company opined that the said independent director has consistently performed to the best interest of the Group and that he continues to act with unfettered impartiality despite his relatively long tenure.

Going forward, this may be a thing of the past as Bursa Malaysia is expected to amend the Listing Requirements to make two-tier voting mandatory for independent directors beyond nine years along with an absolute prohibition for tenures beyond 12 years.

Overall, it was a well-conducted physical AGM amid the COVID-19 pandemic.

Devanesan Evanson
Chief Executive Officer

MSWG AGM/EGM Weekly Watch 1 – 5 November 2021

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	Quick-take
01.11.21 (Mon) 11.00 am	Oversea Enterprise Bhd (EGM)	The EGM is to seek shareholders' approval for a proposed private placement of up to 30% of Oversea's enlarged total number of issued shares. Besides, it is also seeking shareholders' approval for a proposed rights issue of up to approximately 1.717 billion rights shares with up to 572.55 million free warrants on the basis of 3 rights shares with 1 free warrant for every 3 existing shares held by entitled shareholders. Mr. Tay Ben Seng, Benson (ED of Oversea) has given his undertaking to apply and subscribe in full for his entitlement of Rights Shares and, if required, additional rights shares not taken up by other entitled shareholders, to the extent that the aggregate subscription proceeds amounts to RM10 million. The proceeds raised are to be utilised for expansion of new restaurants, expansion and upgrading of manufacturing facilities, digital transformation and working capital purposes.
03.11.21 (Wed) 10.00 am	TMC Life Sciences (AGM)	TMC should look into areas such as Telehealth and Traditional

		Chinese Medicine (TCM) to enhance its revenue stream. TMC is among the very few large medical establishments in the country which offers TCM services and this line of business promises great potential to the Company. Growing awareness about TCM is another catalyst that would ensure that it will be a lucrative business for the Company.
03.11.21 (Wed) 10.00 am	Gadang Holdings Bhd (AGM)	The unprecedented movement restrictions throughout FYE 2021, triggered by the Covid-19 pandemic, have resulted in continuous work stoppages at all construction and property projects. Consequently, Gadang posted lower revenue of RM574.8 million (FYE 2020: RM673.0 million) and a significantly lower pre-tax profit of RM20.1 million (FYE 2020: RM59.3 million), mainly due to business disruptions resulting from the pandemic.

One of the points of interest to be raised:	
Company	**Points/Issues to Be Raised**
TMC Life Sciences (AGM)	THKD has been in the process of upgrading its Telehealth facilities during FYE 2021 with the addition of Rehab, Dietetics and Health Screening services to the platform. (Page 15 of AR 2021) a) What is the revenue derived from the Company's Telehealth division in FYE 2021? b) What are the Company's plans to grow its Telehealth business?
Gadang Holdings Bhd (AGM)	In FYE 2021, the Group received a Letter of Notification from the Energy Commission (EC) to execute the 5.9MWac Large Scale Solar Photovoltaic Plant, among others, to a new location Tawau, Sabah. The Division is well positioned to finalise the Solar Power Purchase Agreement with Sabah Electric Sdn Bhd and commence work on the project (Page 27 of the Annual Report 2021). a) What is the current progress of the development?

	b) What is the targeted future earnings contribution to the Group's earnings from the project?

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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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