



# The Observer

06.12.2019

## MESSAGE FROM THE CEO

### Seacera Group Berhad's AGM Fracas

On 29 November 2019, MSWG's team members attended the AGM of Seacera Group Berhad ("Seacera" or the "Company") at the KIP Hotel along Jalan Ipoh.

Even as we entered the AGM registration area, there was a sense of 'all is not well' as we noticed about a dozen bodyguard-like personnel, (the Company called them 'stewards'), in uniform with red lapel pins and some with dark sun glasses, strategically located at the registration foyer, the entrance to the AGM hall and inside the hall. It was as if the Company was expecting trouble at the AGM.

The AGM commenced and went on reasonably well. The Board answered MSWG's question on the progress of the regularisation plan as Seacera was a PN 17 company. The Board also informed that the incoming Board would be in a better position to comment on the regularisation plan...which seemed fair enough given the number of directors who were vying for Board positions (including re-elections) – 32 potential directors – an incredibly large number for even a large company.

There were two boxes being circulated for the ballots to be put into – a transparent plastic box and a make-shift opaque cardboard box. Some shareholders objected to the use of the opaque box and all the ballots in the opaque box were shoved into the already bulging transparent box.

After the shareholders present had balloted, there was a stack of proxy forms lodged with the Chairman, which were handed over by the Company Secretary to the staff who was holding the ballot box.

All hell broke loose. A group of shareholders started questioning loudly the authenticity of the Chairman's proxy forms and asked to inspect the forms. The legal advisor to the Board said the disgruntled shareholders may view one proxy form to satisfy themselves. A shareholder pulled out a proxy form and alleged loudly (waving the proxy form in the air) that the proxy form relates to

a shareholder who was present in person and had voted in person and as such it was a fraudulent proxy form. The shareholder who had voted in person took the mike and stated that he did not give any proxy forms to the Chairman.

To be fair, we had no idea what was contained in the proxy form and if it was indeed the same form that was removed from the stack of proxy forms (or whether there was a sleight of hand and the original form was replaced with a duplicate form – we do not know). Soon the allegedly fraudulent proxy form was handed to another shareholder and a group of shareholders alleged that the form was evidence of foul play and that they will be making a police report.

A 'steward' tried to retrieve the proxy form. This resulted in some pushing and shoving between the shareholders alleging the fraud and the 'steward'. The 'steward' somehow managed to snatch the proxy form from the shareholder who had custody of the proxy form and ran out of the AGM hall.

That was the last that we saw of the snatched form.

The meeting was adjourned for the ballot counting which was done somewhere outside the AGM hall in the presence of scrutineers. We continued to hear loud commotion and raised voices coming from outside the AGM hall as we continued to remain seated inside the AGM hall.

On 2 December 2019, the Company confirmed that it has lodged a police report against the shareholders who had disrupted the AGM.

We are left wondering what happened to the proxy form which was grabbed by the 'steward'.

This is certainly a very unpleasant and undesirable AGM which also raises many questions.

What exactly is brewing that has caused so much disagreement and conflict? What was the reason for such an incredibly large number of potential directors showing interest in becoming directors in a PN 17 company?

Was there really fraud and were there any fake or fraudulent proxy forms?

Who is the 'steward' who snatched the proxy form and why did he snatch the proxy form?

What is the role of the 'stewards'?

The minority shareholders require detailed answers to the above questions – maybe the regulators can help.

## MSWG AGM/EGM Weekly Watch 6 – 13 December 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
09.12.19 (Mon) 09.30 am	Anzo Holdings Bhd (AGM)	Food Tree Café (under Only World Group), Kawasan Perindustrian Temasya, Shah Alam
09.12.19 (Mon) 10.00 am	IHH Healthcare Bhd (EGM)	Sheraton Petaling Jaya Hotel, Jalan Utara C, PJ
09.12.19 (Mon) 10.30 am	G Neptune Bhd (AGM)	Best Western Hotel, 1, Jalan 13/1, Seksyen 13, Petaling Jaya
12.12.19 (Thur) 10.00 am	YTL Power International Bhd (AGM)	The Majestic Hotel Kuala Lumpur, 5 Jalan Sultan Hishamuddin, KL
12.12.19 (Thur) 10.00 am	Prolexus Bhd (AGM)	Honsin Apparel Sdn Bhd, 531 2 1/2 Miles, Jalan Kluang, Batu Pahat, Johor
12.12.19 (Thur) 12.45 pm	YTL Corporation Bhd (AGM)	The Majestic Hotel Kuala Lumpur, 5 Jalan Sultan Hishamuddin, KL
13.12.19 (Fri) 10.30 am	Jaycorp Bhd (AGM)	Holiday Inn Melaka, Jalan Syed Abdul Aziz, Melaka

### One of the points of interest to be raised:

Company	Points/Issues to Be Raised
Anzo Holdings Bhd (AGM)	The Group has been incurring losses for the past five years. Please share the plan on how to turnaround the Group as the Construction and Timber Divisions have been recording losses for the past few years. (Page 4 of Annual Report)
IHH Healthcare Bhd (EGM)	Proposed acquisition of the entire issued share capital of Prince Court Medical Centre Sdn bhd ("PCMC") by Pantai Holdings Sdn Bhd ("PHSB"), an indirect wholly-owned subsidiary of IHH from Pulau Memutik Ventures Sdn Bhd ("PMV"), a wholly-owned subsidiary of Khazanah Nasional Berhad, for a cash consideration of RM1,020.0 million ("Proposed Acquisition").  What is the targeted return, and how long will it take for IHH to recoup the investment of RM1,020.0 million?

G Neptune Bhd (AGM)	<p>The accumulated impairment loss on amount due from subsidiary amount to approximately RM6.2 million (2018: RM6.1 million) (page 64 of Annual Report 2019 ("AR2019")).</p> <p>(a) Which subsidiary does the said impairment relate to?</p> <p>(b) Is the amount recoverable? What is the amount recovered to-date?</p>
YTL Power International Bhd (AGM)	<p>The Energy Market Authority (EMA) forecasted about 2,800 MW of generation capacity which will be retired or mothballed from system till 2021. In addition to this, EMA also observed that the reserve margin over the next four years (between 2020 and 2023) will dip below 30% (Fourth edition Singapore Electricity Market Outlook, 29 October 2019).</p> <p>Given the view expressed by EMA, does YTL Power plan to retire or mothball some of its generation capacity? How will a combination of these factors affect YTL PowerSeraya's performance for the next two to three years?</p>
Prolexus Bhd (AGM)	<p>In the latest 4Q2019 results announced on 30 September 2019, Profit for the period increased 846.24% year-on-year to RM8.431 million from RM0.891 million in 4Q2018.</p> <p>(a) Please explain in detail the reasons for the increase in profit for 4Q2019.</p> <p>(b) Is the positive result for the latest 4Q2019 a signal of a turnaround?</p>
YTL Corporation Bhd (AGM)	<p>Post-acquisition of stake in Malayan Cement Berhad, to what extent has YTL Corp's 98.03%-owned subsidiary YTL Cement Berhad, achieved the objective of improving operational efficiency, and managing operating and production costs by working with Malayan Cement?</p>

### MSWG'S WATCHLIST

#### KHEE SAN BERHAD

#### NEW ISSUE OF SECURITIES (CHAPTER 6 OF LISTING REQUIREMENTS) : COMBINATION OF NEW ISSUE OF SECURITIES KHEE SAN BERHAD ("KSB" OR THE "COMPANY") (I) PROPOSED SUBSCRIPTION; AND (II) PROPOSED RIGHTS ISSUE (COLLECTIVELY REFERRED TO AS THE "PROPOSALS")

On behalf of the Board of Directors of KSB ("Board"), UOB Kay Hian Securities (M) Sdn Bhd ("UOBKH") wishes to announce that the Company proposes to undertake the following:-

a private placement of 94,000,000 new ordinary shares in KSB ("KSB Share(s)"), representing approximately 45.11% of the total enlarged issued KSB Shares to Mamee-Double Decker (M) Sdn Bhd ("Proposed Subscription"); and a renounceable rights issue of 208,400,000 new KSB Shares ("Rights Share(s)") on the basis of 1 Rights Share for every 1 existing KSB Share held on an entitlement date to be determined and announced later after the completion of the Proposed Subscription ("Proposed Rights Issue").

Further details of the Proposals are set out in the announcement dated 2 December 2019.

Source: [https://www.bursamalaysia.com/market\\_information/announcement/company\\_announcement/announcement\\_details?ann\\_id=3006914](https://www.bursamalaysia.com/market_information/announcement/company_announcement/announcement_details?ann_id=3006914)

## **E.A. TECHNIQUE (M) BERHAD**

### **ADJUDICATION DECISION DATED 4 DECEMBER 2019 IN RESPECT OF ADJUDICATION REFERENCE NO.: ADJ-2638-2019 BETWEEN MALAYSIA MARINE HEAVY ENGINEERING SDN BHD AND E. A. TECHNIQUE (M) BERHAD**

#### **1. INTRODUCTION**

E.A. Technique (M) Berhad ("Company") refers to the announcement dated 11 June 2019 made by the Company in respect of the receipt of a Payment Claim by Malaysia Marine Heavy Engineering Sdn Bhd ("MMHE") pursuant to Section 5 of the Construction Industry Payment and Adjudication Act 2012 ("CIPAA").

The Board of Directors of the Company wishes to announce that on 4 December 2019, Mr Kamraj Nayagam ("Adjudicator"), had delivered its Adjudication Decision dated 4 December 2019 ("Adjudication Decision") in the Adjudication Reference No.: ADJ-2638-2019 between MMHE and the Company.

On 4 December 2019, the Adjudicator delivered its Adjudication Decision. In the Adjudication Decision, the Adjudicator ordered the following:-

a) the Company shall pay the sum of US\$6,066,995.71 including 6% of GST to MMHE ("Adjudication Sum");

b) The Adjudication Sum shall be paid by the Company on or before 3 January 2020;

c) the Company shall pay interest at the rate of 5% per annum on the Adjudication Sum from the date of Adjudication Decision (4 December 2019) until the full and final settlement of the Adjudication Sum;

d) the Company shall bear the costs of adjudication which includes the following:-

- i. RM150,000.00 being the cost to be paid to MMHE;
- ii. RM54,555.69 being the reimbursement of sums paid to the AIAC by MMHE.

## **2. THE BUSINESS, FINANCIAL AND OPERATION IMPACTS OF THE CIPAA PAYMENT CLAIM AND THE STEPS TAKEN**

The CIPAA Payment Claim is not expected to have any potential business or operational impact on the Company. At this juncture, the Company has not made any provision in the accounts as the Company is seeking advice and consultation from its solicitor to contest the matter. However, the CIPAA Payment Claim is expected to have a financial impact of approximately RM25.50 million (excluding interest) to the Company by reducing its future profit and cashflow position.

The Company is in the midst of reviewing the Adjudication Decision and may proceed to file an application to set aside and/or to stay the Adjudication Decision.

Further announcement will be made in respect of any material development thereof.

This announcement is dated 5 December 2019. Please visit the link below for further details.

Source:

[https://www.bursamalaysia.com/market\\_information/announcements/company\\_announcement/announcement\\_details?ann\\_id=3007612](https://www.bursamalaysia.com/market_information/announcements/company_announcement/announcement_details?ann_id=3007612)

### **DRB-HICOM BERHAD**

**PROPOSED DISPOSAL BY HICOM HOLDINGS BERHAD (“HICOM HOLDINGS”), A WHOLLY-OWNED SUBSIDIARY OF DRB-HICOM, OF 74,000,000 ORDINARY SHARES IN ALAM FLORA SDN BHD (“AFSB”), REPRESENTING 97.37% EQUITY INTEREST IN AFSB, TO TUNAS PANCAR SDN BHD (“TUNAS PANCAR”), A WHOLLY-OWNED SUBSIDIARY OF MALAKOFF CORPORATION BERHAD, FOR A CASH CONSIDERATION OF RM944,610,000, SUBJECT TO ADJUSTMENT (“PROPOSED DISPOSAL OF AFSB”)**

We refer to the Company's announcements made on 1 August 2018, 2 August 2018, 25 September 2018, 15 October 2018, 31 January 2019 and 29 July 2019 in relation to the Proposed Disposal of AFSB.

The Board wishes to announce that the Proposed Disposal of AFSB has been completed today. Pursuant to Clause 6.1.5 of the AFSB SSA, HICOM Holdings

and Tunas Pancar had mutually agreed to revise the Disposal Consideration to RM869.00 million representing a discount of 8% from RM944.61 million after taking into consideration the revised independent discounted cashflow valuation range in the Revised Independent Valuation Letter from DCAS dated 21 October 2019, as allowed for in the AFSB SSA, of RM796.00 million to RM893.00 million (on a 100% basis) after incorporating the assumptions for delay in tariff rates revision and commencement of the business operations in Kelantan and Terengganu. The revision to the Disposal Consideration does not exceed the adjustment limit of RM92.40 million as provided in the AFSB SSA.

Accordingly, AFSB has ceased to be an indirect 97.37% owned subsidiary company of DRBHICOM.

This announcement is dated 5 December 2019. Please visit the link below for further details.

Source:

[https://www.bursamalaysia.com/market\\_information/announcements/company\\_announcement/announcement\\_details?ann\\_id=3007591](https://www.bursamalaysia.com/market_information/announcements/company_announcement/announcement_details?ann_id=3007591)

## **WESTPORTS HOLDINGS BERHAD**

### **Vessel Incident - Update**

Further to the announcement made by the Company on 11th November 2019, the Board of Directors of the Company ("Board") would like to provide an update on the latest developments following ongoing engagements and consultations with various external parties, including the equipment manufacturer, insurance companies and external auditor.

Westports will undertake a prudent impairment or provision in the coming financial quarter, which coincidentally is also the financial year-end of Westports, even though the actual cost and damages have yet to be finalised. The detailed procedures and processes involving external and internal parties in determining the actual total cost, damages, recovery or reversal of provision would unlikely be completed by 31 December 2019.

As all the affected assets have insurance coverage, and WMSB has also obtained an undertaking from the client's insurer for the damaged assets, the Company expects significant recovery from or reversal of provision made for this incident in the future years, thereby nullifying the initial impairment or provision to an immaterial threshold level later.

The initial length of the berth closure, which was in place earlier as a precautionary safety measure, has been reduced based on the latest assessed conditions of the two cranes. The Company would also ascertain the



repairs needed for the affected berth. This incident is not expected to have an overall, or material adverse impact on the container operations as terminal handling of containers at all the other berths continue as usual.

The Board will make further announcements whenever there is notable development on this incident.

This announcement is dated 5 December 2019. Please visit the link below for further details.

Source:

[https://www.bursamalaysia.com/market\\_information/announcements/company\\_announcement/announcement\\_details?ann\\_id=3007583](https://www.bursamalaysia.com/market_information/announcements/company_announcement/announcement_details?ann_id=3007583)

## **NEXGRAM HOLDINGS BERHAD**

### **AUDIT REPORT OF NEXGRAM'S AUDITED FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 JULY 2019 - MATERIAL UNCERTAINTY RELATED TO GOING CONCERN**

Pursuant to paragraph 9.19(38) of the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors of Nexgram hereby announces that the Company's independent auditors, Messrs STYL Associates had issued a statement of material uncertainty related to going concern in its independent auditors' report in respect of Nexgram's Audited Financial Statements for the financial year ended 31 July 2019.

#### **Introduction**

Pursuant to Paragraph 9.19(38) of the Ace Market Listing Requirements of Bursa Malaysia Securities Berhad, the Board of Directors of Nexgram hereby announces that the Company's External Auditors, Messrs. STYL Associates had issued a statement of "Material Uncertainty Related to Going Concern" in respect of Nexgram's Audited Financial Statements for the financial year ended 31 July 2019 ("Financial Statements"). A copy of the Independent Auditors' Report is annexed herewith.

#### **Material Uncertainty**

The material uncertainty in relation to going concern that has been disclosed in the Independent Auditors' Report is as follows:-

"We draw attention to Note 2.1 in the financial statements, which indicates that the Group incurred a net loss of RM20,893,351/- during the financial year ended 31 July 2019 and as of that date, the Group has not complied with the repayment terms of its bank borrowings. As disclosed in Note 2.1 to the financial statements, these events or conditions, along with other matters as set forth in Note 2.1 to the financial statements, indicate that a material uncertainty exists



that may cast significant doubt on the Group's ability to continue as a going concern. Our opinion is not modified in respect of this matter."

Please refer to the attachment for details. This announcement is dated 5 December 2019.

Source:[https://www.bursamalaysia.com/market\\_information/announcements/company\\_announcement/announcement\\_details?ann\\_id=3007846](https://www.bursamalaysia.com/market_information/announcements/company_announcement/announcement_details?ann_id=3007846)

### **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.

[https://www.bursamalaysia.com/trade/trading\\_resources/listing\\_directory/pn\\_17\\_and\\_gn13\\_companies](https://www.bursamalaysia.com/trade/trading_resources/listing_directory/pn_17_and_gn13_companies)

## REGULATORY NEWS

### SC RELEASES UPDATED LIST OF SHARIAH-COMPLIANT SECURITIES

The Securities Commission Malaysia (SC) today released an updated list of Shariah-compliant securities approved by its Shariah Advisory Council (SAC). The updated list, which takes effect on 29 November 2019, features a total of 696 Shariah-compliant securities. These securities constitute 77 per cent of the total 900 listed securities on Bursa Malaysia.

The list includes 38 newly-classified Shariah-compliant securities and excludes 29 from the previous list issued in May 2019.

The full list, updated twice a year based on the companies' latest annual audited financial statements, is now available on the SC website here. The next updated list will be made available in May 2020, based on the review of the audited financial statements released up to 31 March 2020.

Source: <https://www.sc.com.my/resources/media-releases-and-announcements/sc-releases-updated-list-of-shariah-compliant-securities>

## LOCAL NEWS AND DEVELOPMENTS

Sixty-two MPs yet to declare assets

<https://www.theedgemarkets.com/article/sixtytwo-mps-yet-declare-assets>

Lower household spending, higher inflation will slow Malaysia's growth next year — ICAEW

<https://www.theedgemarkets.com/article/lower-household-spending-higher-inflation-will-slow-malaysias-growth-next-year-%E2%80%94-icaew>

Malaysia records highest monthly trade surplus in October

<https://www.theedgemarkets.com/article/malaysia-records-highest-monthly-trade-surplus-october>

## GLOBAL NEWS AND DEVELOPMENT

Big four auditors face investor calls for tougher climate scrutiny

<https://www.reuters.com/article/us-climate-change-accounts-exclusive/exclusive-big-four-auditors-face-investor-calls-for-tougher-climate-scrutiny-idUSKBN1Y21XK>

India's central bank surprises by keeping rates unchanged, slashes growth forecast

<https://www.reuters.com/article/us-india-economy-rates-instantview/indias-central-bank-surprises-by-keeping-rates-unchanged-slashes-growth-forecast-idUSKBN1Y90KE>

Japan unveils US\$120 billion stimulus package

<https://www.channelnewsasia.com/news/asia/japan-unveils-us-120-billion-stimulus-package-12155480>

Beijing envoy warns of 'destructive forces' trying to undermine US-China ties

<https://www.channelnewsasia.com/news/asia/us-china-ties-beijing-cui-tiankai-12154814>

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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. /**