



**MINORITY SHAREHOLDERS WATCH GROUP**  
Badan Pengawas Pemegang Saham Minoriti Berhad (524989-M)

# The Observer

11.10.2019

## MSWG'S ONLINE POLL

We need your votes! Polls will be open for 3 weeks starting from 11 October 2019 to 2 November 2019.

Please click on the link below:

<http://www.mswg.org.my/mswg-online-poll-october-2019>

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## CEO'S MESSAGE

### **IOI Group - Payment of Gratuity to the Estate of a Deceased Director**

IOI Corporation Berhad's ("IOI Corp") forthcoming AGM on 25 October 2019 has an interesting resolution titled 'Proposed Gratuity Payment To The Former Executive Chairman of the Company'.

The resolution is to seek approval from shareholders for the Company to pay a gratuity amounting to RM27.36 million to the late Tan Sri Dato' Lee Shin Cheng in recognition of his 38 years of service and contributions to IOI Corp Group. The RM27.36 million, which is a one-off payment from IOI Corp., is computed at 1.5 months for every year of service (i.e. 38 years) in the Group, based on his last drawn salary of RM480,000.

A similar resolution also appears at the AGM of IOI Properties Group Berhad ("IOI Prop") scheduled for 6 November 2019. In this instance, the resolution is to seek approval to pay a gratuity of RM17.732 million to the late Tan Sri Dato' Lee Shin Cheng ("Tan Sri Dato' Lee") in recognition of his 44 years of service and contribution to IOI Properties Group.

In relation to both the companies, the notes to the respective resolutions state that the estate of the late Tan Sri Dato' Lee has decided to voluntarily waive the bonus entitlement for FY2019.

On a cumulative basis, that is a total payment of RM45.092 million that is proposed to be paid as gratuity – that is a lot of money.

What is of concern is that the gratuity if approved will go to the estate of Tan Sri Dato' Lee and the amount will accrue to the beneficiaries of his estate – and we do not know who the beneficiaries are. So we have a situation where the direct beneficiaries of the resolution are the beneficiaries of the estate.

Payment of gratuity to a former director in recognition of his/her past service and contribution to the Company is completely understandable and acceptable as the gratuity will be enjoyed by the Director who had contributed to the Company.

Gratuity to the estate of a deceased director is debatable especially for a public listed company because we do not know who the beneficiaries are. The beneficiaries could be persons who have no relevance to the Company or who have never contributed to the Company. Why should persons who have never contributed to Company enjoy the payment made out from the assets of the Company?

If at all there is a need to recognise 'the years of service and contributions', should not the amount be a token amount? Or, could it not have been done in a non-monetary manner? There are many non-monetary ways to recognise a person's contribution to a company.

Another concern is the quantum itself. From a minority shareholder perspective, the RM45.092 million payment as gratuity is, in our opinion, too high a figure. This amount should be retained in the companies for the benefit of all shareholders. It would be better for this amount to be distributed as dividends for the benefit of shareholders and the estate of the late Tan Sri Dato' Lee, which has substantial shareholding in IOI Corp and IOI Prop can similarly enjoy the benefits of such dividends. By paying the gratuity to the estate of the former Executive Chairman of the Company, it creates a situation where company money is being paid to estate beneficiaries who may not be shareholders.

The above instance may set an undesirable trend whereby boards may pay significant amounts of minority shareholders' money to the beneficiaries of the estate of a deceased director by terming such payments as gratuities.

Lastly, though the director's remuneration is not considered as a related party transaction, given the special circumstances, all interested parties should voluntarily abstain from voting on this resolution-and this would include beneficiaries of the estate if they are shareholders.

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### **MSWG AGM/EGM Weekly Watch 14 October – 18 October 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).

<b>Date &amp; Time</b>	<b>Company</b>	<b>Venue</b>
15.10.19 (Tue) 10.00 am	UMW Holdings Bhd (EGM)	UMW Auditorium, No. 3, Jalan Utas 15/7, Batu Tiga Industrial Estate, Shah Alam
16.10.19 (Wed) 10.00 am	Kein Hing International Bhd (AGM)	Factory B, Lot 1863 and 1864 Jalan Kolej Seri Kembangan Selangor
17.10.19 (Thur) 9.30 am	Nylex (Malaysia) Bhd (AGM)	Dorsett Grand Subang, Jalan SS12/1, Subang Jaya
17.10.19 (Thur) 11.30 am	Ancom Logistics Bhd (AGM)	Dorsett Grand Subang, Jalan SS12/1, Subang Jaya
17.10.19 (Thur) 02.30 pm	Ancom Bhd (AGM)	Dorsett Grand Subang, Jalan SS12/1, Subang Jaya

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

<b>Company</b>	<b>Points/Issues to Be Raised</b>
Kein Hing International Bhd (AGM)	<p>As reported on Pages 23-24 of the Annual Report 2019, for the Group operation in Malaysia, the constraint in labour supply and foreign workers related issues remain a critical issue as they directly affect its production and manpower planning. Despite the Group efforts to improve its manufacturing systems for higher productivity, greater efficiency and better inventory management to achieve the target process time and savings in manufacturing costs, such constraints in labour supply and the costs associated with foreign workers issues may still have severe implication on the Group financial results.</p> <p>How will the Board address this critical issue moving forward?</p>
Nylex (Malaysia) Bhd (AGM)	<p>The Group's profit before tax which was arrived at after incorporating the share of results of associates and some corporate expenses, declined from RM30.6 million recorded in the last financial year, to RM4.6 million for FY2019, mainly attributed to lower contribution across the divisions. (page 13, Annual Report)</p> <p>What measures will you take to address the decline and improve the performances of these associates and the specific divisions for FY2020?</p>
Ancom Logistics Bhd (AGM)	<p>We note on Page 3 of the Annual Report that the Group has been incurring net losses attributable to owners of the parent over the last 5 financial years (FY2015 to FY2019) though the losses are on a declining trend.</p> <p>(a) What are the main reasons for the continuing losses and what measures are being taken to address the problems?</p> <p>(b) When is the Group expected to turn around?</p>

Ancom Bhd (AGM)	<p>Despite the higher revenue, the Distribution business suffered losses of RM1.4 million compared with a Profit Before Tax of RM14.0 million in FY2018, mainly due to lower margins on certain products and negative contribution from its foreign subsidiaries in Singapore, Indonesia and Vietnam. The volatility of crude oil prices and weaker demand had affected the product margins. (page 22, Annual Report)</p> <p>What are the higher margin products that you intend to focus on in FY2020 to mitigate the lower profit margins faced by the Group? How do you intend to improve these foreign subsidiaries that are loss making?</p>
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## MSWG'S WATCHLIST

### **FSBM HOLDINGS BERHAD ("FSBM" OR 'COMPANY")**

#### *Resignation of Auditors*

The Board of Directors of FSBM Holdings Berhad announced on 10 October 2019 that the Company had received the notice in writing given pursuant to Section 281 of the Companies Act, 2016 from Messrs Ernst & Young ("EY") on their resignation as Auditors of the Company with effect from 13 September 2019.

EY who had been the Auditors of the Company were re-appointed at the last Annual General Meeting ("AGM") of the Company held on 23 November 2017 to hold office until the conclusion of the next AGM of the Company. The resignation is on a voluntary basis as the Company wishes to appoint another auditors.

Save for the issues relating to the recoverability of certain trade and other receivables which remain unresolved with EY, there are no other matters that need to be brought to the attention of the shareholders of the Company.

The Company is in the midst of finalising the appointment of another audit firm as the new Auditors of the Company. Further announcement will be made by the Company in due course.

(Source: <http://www.bursamalaysia.com/market/listed-companies/company-announcements/6307725>)

### **PLASTRADE TECHNOLOGY BERHAD (“PLASTRADE” OR “COMPANY”)**

*REQUISITIONS PURSUANT TO SECTION 311 OF THE COMPANIES ACT 2016 ("THE ACT") TO CONVENE AN EXTRAORDINARY GENERAL MEETING ("EGM") IN RELATION TO THE PROPOSED ORDINARY RESOLUTION BY SPECIAL NOTICE FOR REMOVAL OF DIRECTOR PURSUANT TO SECTIONS 206, 311 AND 322 OF THE ACT*

The resolution on removal of Tee Yen Chong as Director was duly passed by way of poll at the Extraordinary General Meeting of Plastrade Technology Berhad held on 10 October 2019 subsequent to the receipt by the Company of notices under Section 311(3)(a) of the Companies Act 2016, from the shareholders of the Company with a shareholding of more than ten per centum (10%) of the paid-up capital of the Company carrying the right of voting at meetings of members of the Company.

(Source:<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6306713>)

### **SMTRACK BERHAD (“SMTRACK” OR “COMPANY”)**

*SPECIAL NOTICE OF PROPOSED ORDINARY RESOLUTIONS FOR REMOVAL OF DIRECTORS PURSUANT TO SECTIONS 206(3) AND 322 OF THE COMPANIES ACT 2016 ("COMPANIES ACT") AND APPOINTMENT OF OTHER PERSONS AS DIRECTORS IN PLACE OF THE REMOVED DIRECTORS AND REQUISITION UNDER SECTION 311 OF THE COMPANIES ACT*

Further to the Company's announcement dated 30 September 2019, the Board announced on 9 October 2019 that after due verification on the shareholdings of the requisitionists, namely Chung Kah Haur and Queck Han Tiong, the aggregate shareholdings of the said requisitionists did not reach the prescribed minimum percentage of 10% on or after the serving of Special Notice, the Special Notice is deemed null and void.

The Company had engaged Messrs. Fairuz to take necessary action(s) against the requisitionists. The Company will make further announcements on the development thereof accordingly.

(Source:<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6306013>)

On 10 October 2019, the Board announced that the Company had filed an originating summons against Mr. Chung Kah Haur and Mr. Queck Han Tiong, who had served the Requisition Notice to the Company dated 25.9.2019 for the convening of an EGM.

(Source: <http://www.bursamalaysia.com/market/listed-companies/company-announcements/6307829>)

### **YTL LAND & DEVELOPMENT BERHAD (“YTL LAND” OR “COMPANY”)**

*UNCONDITIONAL SHARE EXCHANGE OFFER (“OFFER”) FROM MAYBANK INVESTMENT BANK BERHAD ON BEHALF OF YTL CORPORATION BERHAD (“OFFEROR”)*

The Company has received the attached press notice from Maybank IB, on behalf of the Offeror, announcing that as at 5:00 p.m. (Malaysian time) on 7 October 2019 (“Final Closing Date”), YTL Corp has received Valid Acceptances resulting in YTL Corp holding 749,946,775 YTL Land Shares and 902,906,290 YTL Land ICULS, representing approximately 90.45% of the total YTL Land Shares in issue (excluding treasury shares) and 91.04% of the total outstanding YTL Land ICULS, respectively.

In accordance with Paragraph 16.02(3) of the Listing Requirements, Bursa Securities will suspend the trading of the securities of YTL Land commencing 15 October 2019, being the expiry of 5 Market Days from the Final Closing Date. As set out in Section 4.1 of the Offer Document, YTL Corp does not intend to maintain the listing status of YTL Land on the Main Market of Bursa Securities and, accordingly, YTL Corp will procure YTL Land to take the requisite steps to withdraw its listing status from the Official List of Bursa Securities in accordance with Paragraph 16.07 of the Listing Requirements.

Upon the delisting of YTL Land from the Official List of Bursa Securities, the YTL Land Shares and YTL Land ICULS will no longer be traded on the Main Market of Bursa Securities. The Holders who have not accepted the Offer will hold unlisted YTL Land Shares and/or YTL Land ICULS and, therefore, will not be able to trade them on Bursa Securities.

In addition, as YTL Corp has received Valid Acceptances from the shareholders of YTL Land resulting in the Offeror and persons acting in concert with it holding not less than nine-tenths in the value of all the YTL Land Shares, YTL Corp will issue a notice in the form or manner specified by the SC under Subsection 223(2) of the CMSA (“Notice”), informing the shareholders of YTL Land who have not accepted the Offer (“Dissenting Shareholders”) that they may

exercise their rights under Section 223 of the CMSA by serving a notice on the Offeror to require the Offeror to acquire their YTL Land Shares on the same terms as set out in the Offer Document or such other terms as may be agreed between the Offeror and the Dissenting Shareholders or as the High Court, on application made to it by any Dissenting Shareholder or by the Offeror, thinks fit to order under Subsection 224(3) of the CMSA. The Notice will be sent to the Dissenting Shareholders within 1 month from 7 October 2019, being the date of receipt of the Valid Acceptances by YTL Corp resulting in YTL Corp and persons acting in concert with it holding not less than nine-tenths in the value of all the YTL Land Shares.

Please refer to YTL Land's press notice for further details.

(Source:<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6304113>)

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## **MSWG'S VIGILANCE**

### **Listing of PN17 and GN3 companies**

#### **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/>

## **Updates**

### **WINTONI GROUP BERHAD (“WINTONI” OR “COMPANY”)**

Further to the Company's announcement dated 27th September 2019 on the above, the Board of Directors of Wintoni announced on 8 October 2019 that the Liquidators has ceased to hold office effectively from 1st October 2019 based on the court order dated 17th September 2019.

All the former directors are reinstated with the termination of the Liquidators. Upon receipt of the return of Company's books by the Liquidators, the company will proceed to provide the update of all statutory reporting requirements, amongst others, the quarterly reports, annual reports and submission of the regularisation plan accordingly.

Furthermore, the Company had submitted a letter to Bursa on 4th October 2019 to appeal against delisting and an extension of time for 6 months to submit its regularisation plan.

(Source:<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6305341>)

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## **LOCAL NEWS AND DEVELOPMENTS**

Construction, tech counters rally ahead of Budget 2020

<https://www.thestar.com.my/business/business-news/2019/10/11/construction-tech-counters-lifted-ahead-of-budget-2020>

Widad offers to buy PLUS Expressways concessionaires for RM3bil

<https://www.thestar.com.my/business/business-news/2019/10/10/widad-offers-to-buy-plus-expressways-concessionaires-for-rm3bil>

Mega project boost for budget

[https://www.thestar.com.my/business/business-news/2019/10/10/mega-project-boost-for-budget#cxrecs\\_s](https://www.thestar.com.my/business/business-news/2019/10/10/mega-project-boost-for-budget#cxrecs_s)

'Utusan will live on,' says executive chairman

<https://www.theedgemarkets.com/article/utusan-will-live-says-executive-chairman>

Ann Joo, Southern Steel in JV for long product steel manufacturing

<https://www.theedgemarkets.com/article/ann-joo-southern-steel-jv-long-product-steel-manufacturing>

Khazanah says not selling PLUS

[https://www.thestar.com.my/business/business-news/2019/10/06/khazanah-says-not-selling-plus#cxrecs\\_s](https://www.thestar.com.my/business/business-news/2019/10/06/khazanah-says-not-selling-plus#cxrecs_s)

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## GLOBAL NEWS AND DEVELOPMENTS

Japan's Machine Orders Slide Raises Recession Worries

<https://www.theedgemarkets.com/article/japans-machine-orders-slide-raises-recession-worries>

Fiscal crisis seen as top business risk

<https://www.thestar.com.my/business/business-news/2019/10/07/fiscal-crisis-seen-as-top-business-risk>

Singapore's Keppel settles with embattled Brazilian firm over long-running rig deal

<https://www.thestar.com.my/business/business-news/2019/10/07/singapore039s-keppel-settles-with-embattled-brazilian-firm-over-long-running-rig-deal>

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## 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 except FSBM Holdings Berhad and Plastrade Technology Berhad.*

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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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