



The Observer

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MSWG'S QUICK TAKE ON-ONGOING CORPORATE DEVELOPMENTS

VERSATILE CREATIVE BERHAD (“VCB”)

VCB held its 15th Annual General Meeting (“AGM”) on 30 September 2018.

The voting results for the resolutions of the AGM are shown below:

1. Resolution 5 was withdrawn. Dato’ Wong Kong Choong @ Leong Kong Choong had, on 29 September 2018, indicated his wish for not seeking re-election as a Director of the Company pursuant to Article 73 of the Company.
2. Resolutions 6 and 7 were also withdrawn. En Fathi Ridzuan bin Ahmad Fauzi and To’ Puan Rozana Binti Tan Sri Redzuan have resigned as Directors of the Company with effect from 24 September 2018 and 27 September 2018 respectively.

Resolutions	Votes FOR		Votes AGAINST		Results
	No. of votes	%	No. of votes	%	
To re-elect the following Directors who retire in accordance with Article 73 of the Articles of Association of the Company and being eligible, have offered themselves for re-election:-					
a) Dato’ Chew Weng Ki (Resolution 1)	176,244	0.223	78,894,700	99.777	Not Carried
b) Dato’ Eow Kwan Hoong (Resolution 2)	176,244	0.223	78,894,700	99.777	Not Carried
c) Dato’ Lee Kwee Hiang (Resolution 3)	176,244	0.223	78,894,700	99.777	Not Carried
d) Mr Chan Feoi Chun (Resolution 4)	176,244	0.223	78,894,700	99.777	Not Carried
To approve the payment of Directors’ fees of totaling RM262,000 to the Non-Executive Directors of the Company for the financial year ending 31 March 2019. (Resolution 8)	78,638,995	99.454	432,000	0.546	Carried
To approve the payment of Directors’ benefits of RM478,500 for the period from 30 September 2018 until the next Annual General Meeting of the Company. (Resolution 9)	78,518,995	99.302	552,000	0.698	Carried
To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration. (Resolution 10)	78,639,095	99.454	431,900	0.546	Carried
Proposed retention of Mr Chan Feoi Chun as	176,344	0.223	78,894,600	99.777	Not

Resolutions	Votes FOR		Votes AGAINST		Results
	No. of votes	%	No. of votes	%	
Independent Non-Executive Director (Resolution 11)					Carried
Authority to Issue and Allot Shares (Resolution 12)	78,329,095	99.062	741,900	0.938	Carried

[Source: VCB's announcement on Bursa Malaysia's website on 30 September 2018].

MSWG'S COMMENTS:

Background:

- (i) VCB had failed to submit its Annual Report 2018 that includes the annual audited financial statements together with the auditors' and directors' reports for the FYE 2018 to Bursa Malaysia Securities Berhad ("Bursa") for public release within the stipulated timeframe i.e. 31 July 2018, pursuant to Paragraph 9.23(1) of Bursa's Main Market Listing Requirements ("MMLR").
- (ii) Following the above, VCB also failed to issue its outstanding financial statements in accordance with Paragraph 9.28(5) of the MMLR. As such Bursa had suspended the trading of VCB's shares until the Company issues its outstanding financial statements.
- (iii) Pursuant to Paragraph 9.28(6) of the MMLR, if VCB fails to issue its outstanding Annual Report 2018 within 6 months from the expiry of the relevant timeframe allowable by Bursa, in addition to any enforcement action that Bursa may take, Bursa shall commence de-listing procedures against VCB.
- (iv) On 21 August 2018, VCB's Managing Director and Group Chief Financial Officer were dismissed from their employment with immediate effect, as they had failed to satisfactorily answer the allegations made against them in the show-cause letters that were issued to them on 13 August 2018.
- (v) An extraordinary general meeting was called by VCB's largest shareholder on 30 August 2018 for the appointment of seven new directors, who were successfully appointed. The new Independent Non-Executive Directors ('INED') who were appointed included a Former Commissioner of Police, Datuk Seri Wira Ayub Yaakob and a former Attorney General, Tan Sri Datuk Seri Panglima Abdul Gani Patail.

Current Situation:

- (vi) VCB's external auditors, Messrs Baker Tilly Monteiro Heng, on 7 September 2018 had issued a **qualified opinion** on the Company's audited financial statements for the financial year ended 31 March 2018 ("FYE 2018"). The qualified opinion, as disclosed in Note 9(a) to the financial statements, relates to the Group's prepayments, which included purported professional fees payment of RM1,900,000 for land conversion services. On 3 July 2018, the Board appointed forensic accountants to conduct an investigative review on the payment transactions. The external auditors were unable to obtain sufficient appropriate audit evidence and satisfactory explanations on the aforesaid payments. Consequently, they were unable to determine whether any adjustments to these payments were necessary.

[Source: Partially VCB's announcements on Bursa Malaysia's website on 21 August 2018, 30 August 2018 & 7 September 2018]

- (vii) VCB finally managed to issue its Annual Report 2018 together with the Audited Financial Statements for the FYE 2018 on 14 September 2018. It appears that VCB was left with little choice but to hold their AGM on a Sunday, the 30th of September 2018. The AGM was held just in time, on the very last day of the six-month period for companies with March year-end to conduct their annual general meetings pursuant to Section 340 of the Companies Act 2016.

A few days before the AGM, two of its Directors from the 'old' Board resigned while one chose not to seek re-election on the day before the AGM. Whilst the remaining four Directors of VCB (i.e. the executive chairman, two Non-Independent Non-Executive Directors and one INED) from the 'old' Board who were up for re-election, in accordance with Article 73 of the Articles of Association of the Company, were voted out by the shareholders.

Minority shareholders should take note of the qualified opinion and the basis for the qualified opinion (as indicated in para (vi), above). Minority shareholders should also take note that VCB's current liabilities exceeded its current assets by RM2.3 million for FYE 2018. Minority shareholders would need to monitor this working capital (current assets : current liabilities) position. Due notice should also be taken of the active changes in board members.

PANPAGES BERHAD (“PANPAGES”)

On 13 September 2018, at the Company's 17th AGM, four out of the total six directors of the Company were seeking re-election.

Two directors, including the Chairman were voted out. On the same day, the Company announced the resignation of two of its directors, including the Chief Executive Director, for personal reasons. The Company was then left with two directors - an Executive Director and a Non-Independent Non-Executive Director (“NINED”). The Board had now only two directors.

On 18 September 2018, MMAG acquired a 26.37% stake in Panpages from Innofarm Sdn Bhd and became the single largest shareholder of the Company. Innofarm Sdn Bhd then ceased to be the substantial shareholder of Panpages Bhd.

On 19 September 2018, the two directors who were voted out and the two directors who had resigned on 13 September 2018, were re-appointed to the Board. This re-appointment was done by the two remaining directors on the Board.

On 20 September 2018, the Executive Directors and the NINED who were re-elected at the AGM resigned as the directors of the Company.

On 21 September 2018, two nominee directors of MMAG were appointed to the Board.

[Source: Panpages' announcements on Bursa Malaysia's website on 13 September 2018, 18 September 2018, 19 September 2018, 20 September 2018 & 21 September 2018].

MSWG'S COMMENTS:

The frequent changes of board members in Panpages within a short period of time are puzzling.

Only the two directors appointed to the Board on 21 September 2018 could be due to the change of the substantial shareholder of the Company as these directors were nominee directors of MMAG.

The Board's reappointment (on 19 September 2018) of the two directors who were voted out at the AGM (on 13 September 2018) may be viewed as going against the wishes of the shareholders as expressed at the AGM. If these directors were in fact appointed at the wish of the new shareholders, they would have been deemed as nominee directors.

The Companies Act 2016 allows the Board to appoint directors but when these appointed directors are those who were voted out at the preceding AGM, there may be an issue of 'form over substance'. The enabling provision which has been used to bring these directors back onto the Board seems to be the 'form' which over-rules the 'substance', which is the fact that shareholders exercising their legitimate rights had voted-out the two directors.

Minority shareholders must take note of the fact that directors who were voted out at the AGM were promptly reappointed by the Board within a week and the messages that such actions send.

MSWG'S AGM WEEKLY WATCH 8 October- 12 October 2018

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
10.10.18 (Wed) 10.00 am	Top Glove Corporation Bhd (EGM)	Top Glove Tower of 16, Persiaran Setia Dagang, Setia Alam, Shah Alam
10.10.18 (Wed) 10.30 am	Top Glove Corporation Bhd (EGM)	Top Glove Tower of 16, Persiaran Setia Dagang, Setia Alam, Shah Alam
12.10.18 (Fri) 10.00 am	Berjaya Sports Toto Bhd (AGM)	Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, KL

Some of the points of interest to be raised:	
Company	Points/Issues to Be Raised
Berjaya Sports Toto Bhd (AGM)	<p>1) As noted in the Chairman's Statement on page 7 of the Annual Report, with the cessation of Grand Toto 6/63 in October 2017, Sports Toto launched the Lotto game, Star Toto 6/50 as a replacement.</p> <p>Please brief shareholders on the response to Star Toto 6/50 since its launch and the profitability prospect to the Group, going forward?</p> <p>2) As reported in the Chairman's Statement on page 7 of the Annual Report, there was an impairment in goodwill for the leasing of lottery equipment business in the Philippines.</p> <p>(a) What was the amount of impairment and the specific reasons for the impairment?</p> <p>(b) What is the outlook for the business and would there be a likelihood of further impairment going, forward?</p>

MSWG'S WATCHLIST

CHEETAH HOLDINGS BERHAD ("CHEETAH")

The Board of Directors of Cheetah announced that the Company had on 2 October 2018 received a Notice from Chia Yoon Yuen Holdings Sdn Bhd, a major shareholder of the Company, of their nomination of Messrs BDO for appointment as Auditors of the Company in place of the retiring Auditors, Deloitte PLT at the forthcoming Twenty First ("21st") Annual General Meeting ("AGM"), and to hold office until the conclusion of the next AGM of the Company, at a remuneration to be determined by the Directors ("Proposed Change of Auditors").

The Proposed Change of Auditors is subject to the shareholders' approval at the forthcoming 21st AGM of the Company to be convened.

[Source: CHEETAH's announcement on Bursa Malaysia's website on 2 October 2018]

MSWG'S VIGILANCE

WINTONI GROUP BERHAD ("WINTONI")

The Company is in liquidation and is currently appeal on its Winding-Up Order. The appeal is now fixed for hearing in the Court of Appeal on 13 November 2018.

[Source: WINTONI's announcement on Bursa Malaysia's website on 2 October 2018]

Listing of PN17 and GN3 companies

PN17 Companies

1. AMTEK HOLDINGS BERHAD
2. APFT BERHAD
3. ASIA KNIGHT BERHAD
4. BERJAYA MEDIA BERHAD
5. BERTAM ALLIANCE BERHAD
6. CHINA AUTOMOBILE PARTS HOLDINGS LIMITED
7. DAYA MATERIALS BERHAD
8. EKA NOODLES BERHAD
9. HB GLOBAL LIMITED
10. KINSTEEL BHD
11. KUANTAN FLOUR MILLS BERHAD
12. MAA GROUP BERHAD
13. MALAYSIA PACIFIC CORPORATION BERHAD
14. MAXWELL INTERNATIONAL HOLDINGS BERHAD
15. MULTI SPORTS HOLDINGS LTD
16. PERISAI PETROLEUM TEKNOLOGI BERHAD
17. PETROL ONE RESOURCES BERHAD
18. STONE MASTER CORPORATION BERHAD
19. SUMATEC RESOURCES BERHAD
20. TH HEAVY ENGINEERING BERHAD
21. UTUSAN MELAYU (MALAYSIA) BHD
22. YFG BERHAD

GN3 Companies

1. G NEPTUNE BERHAD
2. WINTONI GROUP BERHAD

Please refer to the link below for the latest status of the company.

<http://www.bursamalaysia.com/market/listed-companies/list-of-companies/pn17-and-gn3-companies/>

MARKET AND REGULATORY UPDATE

Congratulations to Datuk Syed Zaid Albar on his appointment as the new Securities Commission's executive chairman. He brings with him expertise that goes across various sectors such as corporate law, capital markets, sukuk as well as Islamic and conventional banking, coupled with his more than 38 years in the legal practice, we expect to see the Securities Commission at a greater height.

LOCAL NEWS AND DEVELOPMENTS

Challenging landscape for telcos

<https://www.thestar.com.my/business/business-news/2018/10/05/challenging-landscape-for-telcos/>

Former investment banker jailed, fined for insider trading

<https://www.thestar.com.my/business/business-news/2018/10/03/former-investment-banker-jailed-fined-for-insider-trading/>

Bank Negara issues guidance on value-based banking

<https://www.thestar.com.my/business/business-news/2018/10/03/guidance-on-value-banking/>

ICDM to enhance the professionalism and effectiveness of corporate directors

<https://www.thestar.com.my/business/business-news/2018/10/01/icdm-to-enhance-the-professionalism-and-effectiveness-of-corporate-directors/>

New chairman for Securities Commission and PR1MA Malaysia

<https://www.thestar.com.my/business/business-news/2018/10/01/new-chairman-for-securities-commission-and-pr1ma-malaysia/>

GLOBAL NEWS AND DEVELOPMENTS

US Treasuries sell-off has ripple effect across globe, stocks sink

<https://www.thestar.com.my/business/business-news/2018/10/05/us-treasuries-sell-off-has-ripple-effect-across-globe-stocks-sink/>

Rupiah Slides To Lowest Point Against Dollar Since 1998

<https://www.bloomberg.com/news/articles/2018-10-02/rupiah-weakens-past-15-000-per-dollar-for-first-time-since-1998>

Easing Trade War in 2019 Seen Sparking Emerging-Market Rally

<http://www.theedgemarkets.com/article/easing-trade-war-2019-seen-sparking-emergingmarket-rally>

Trump Clears Deck for China Trade War by Striking New Nafta Deal

<https://www.bloomberg.com/news/articles/2018-10-02/trump-clears-deck-for-china-trade-war-by-striking-new-nafta-deal?srnd=premium-asia>

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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, save for Panpages Berhad, Versatile Creative Berhad, Cheetah Holdings Berhad and Wintoni Group Berhad.*

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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