



The Observer

29.06.2018

MSWG'S QUICK TAKE ON ON-GOING CORPORATE DEVELOPMENTS

PERAK CORPORATION BERHAD ("PCB")

PCB held its 27th Annual General Meeting ("AGM") on 27 June 2018.

The AGM of PCB was attended by the representatives of MSWG. As PCB's current liabilities exceeded its current assets by RM158.5 million, the Auditors had raised doubt on PCB's ability to continue as a going concern.

Before the commencement of the AGM on that day, an Addendum Notice dated 27 June 2018 was circulated to shareholders seeking their approval on the revised amount of Directors' Fees under Resolution 1 and introduction of Special Resolution to rescind the approval given on the gratuity payment policy approved at the AGM held in 2017. In its AGM Notice dated 30 April 2018, the Company had under Resolution 1 proposed 10% increase in Directors' fees for the financial year ended 31 December 2017 despite the Company making losses during the financial year.

The amended Resolution and the new Special Resolution were subsequently withdrawn as insufficient notice was given to the shareholders.

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

1. Ordinary Resolution 1 on the increase in Directors' fees in respect of the financial year ended 31 December 2017 and the payment of Directors' fees of RM441,650 thereon was not approved by the shareholders of the Company.
2. Ordinary Resolution 2 on the payment of Directors' benefits up to an amount of RM150,000 in respect of the financial year ended 31 December 2017 and for the period until the next AGM of the Company was also not approved.
3. Ordinary Resolutions 3 and 4 were withdrawn. Dato' Dr Vasan a/I Sinnadurai and Datuk Dr Wan Norashikin binti Wan Noordin retired at the AGM and did not seek re-election.
4. Ordinary Resolution 6 was also withdrawn. Tuan Haji Ab Rahman bin Mohammed tendered his resignation as Director of PCB effective from the conclusion of the AGM.

Resolutions	Votes FOR		Votes AGAINST		Results
	No. of votes	%	No. of votes	%	
Resolution 1 To approve the increase in Directors' fees in respect of the financial year ended 31 December 2017 and the payment of Directors' fees of RM441,650 thereon.□	6,178,274	10.4310%	53,051,805	89.5690%	Not Carried
Resolution 2 To approve the payment of Directors' benefits up to an amount of RM150,000 in respect of the financial year ended 31 December 2017 and for the period until the next AGM of the Company□	6,180,874	10.4356%	53,047,955	89.5644%	Not Carried
Resolution 5 To re-appoint Messrs Ernst & Young as Auditors of the Company for the financial year ending 31 December 2018 and to authorise the Directors to fix their remuneration.□	59,093,527	99.7716%	135,302	0.2284%	Carried
Resolution 7 Proposed Renewal of Shareholders' Mandate for Recurrent Related Party Transactions of a Revenue or Trading Nature.	6,195,124	97.8627%	135,302	2.1373%	Carried
Resolution 8 Proposed Adoption of a New Constitution of the Company.	59,093,527	99.7716%	135,302	0.2284%	Carried

[Source : Partially from PCB's announcement on Bursa Malaysia's website on 27 June 2018].

MSWG'S COMMENTS :

Shareholders are nowadays increasingly paying heed to directors' remuneration, particularly if it is substantial and does not commensurate with the company's financial performance. It is becoming more common for such issue to be raised by shareholders at AGMs.

In PCB's case, the Group has not been performing well particularly in the last two financial years, incurring losses attributable to equity holders of RM15.6 million and RM174.9 million for FY2016 and FY2017 respectively. For the first quarter ended 31 March 2018, the Group continued to register a net loss of RM11.4 million. Obviously another serious area of concern is that the Auditors had raised doubt on PCB's ability to continue as a going concern.

Thus, the shareholders had sent a clear message and voted strongly against (89.6%) the proposed Resolutions 1 and 2 relating to the directors' fees and benefits. In the case of Resolution 2, the rejection was not only in respect of the directors' benefits for financial year ended 31 December 2017, but also encompassed benefits for the current financial year 2018 till the next AGM.

The other lesson to learn is that any amended resolution or new resolution to be introduced at the AGMs must be served to shareholders with sufficient notice. The Board must be aware of it or accordingly well advised.

FELDA GLOBAL VENTURE HOLDINGS BERHAD ("FGV")

FGV held its 10th Annual General Meeting ("AGM") on 28 June 2018. The AGM of FGV was attended by the representatives of MSWG.

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

Resolution 6 for re-election of Dato' Sri Abu Bakar bin Harun who retired in accordance with Article 94 of the Company's Articles of Association was proposed by the Chairman at the meeting and was subsequently withdrawn by the FGV Board due to the absence of a seconder for the motion. As this

reflected the shareholders' sentiments, the Chairman declared the withdrawal of Resolution 6 and there was no objection from the shareholders present at the meeting. Therefore, Dato' Sri Abu Bakar bin Harun retired as Non-Independent Non-Executive Director of FGV at the AGM.

Resolutions	Votes FOR		Votes AGAINST		Results
	No. of votes	%	No. of votes	%	
To approve the payment of Directors' fees amounting to RM2,462,499.16 in respect of the financial year ended 31 December 2017. (Resolution 1)	1,767,576,016	99.9942%	101,950	0.0058%	Carried
To approve the payment of a portion of Directors' fees payable to the Non-Executive Directors up to an amount of RM1,118,400.00 from 29 June 2018 until the next Annual General Meeting of the Company to be held in 2019. (Resolution 2)	1,767,575,016	99.9942%	102,950	0.0058%	Carried
To approve the payment of benefits payable to the Non-Executive Directors based on the remuneration structure as disclosed in Explanatory Note 4 for the period from 29 June 2018 until the next Annual General Meeting of the Company to be held in 2019. (Resolution 3)	1,767,553,226	99.9925%	133,040	0.0075%	Carried
To re-elect Dato' Zakaria Arshad who retires by rotation in accordance with Article 88 of the Company's Articles of Association and who, being eligible, offer himself for re-election. (Resolution 4)	1,658,907,204	93.863%	108,462,662	6.1370%	Carried
To re-elect the following Directors who retire by rotation in accordance with Article 94 of the Company's Articles of Association and who, being eligible, offer themselves for re-election:					
(i) Dato' Ab Ghani Mohd Ali (Resolution 5)	1,487,028,388	84.1506%	280,076,078	15.8494%	Carried
(iii) Datuk Wira Azhar Abdul Hamid (Resolution 7)	1,611,688,438	91.2407%	154,725,588	8.7593%	Carried
(iv) Datuk Dr. Salmiah Ahmad (Resolution 8)	1,621,947,578	91.7423%	145,990,188	8.2577%	Carried
(v) Dr. Mohamed Nazeeb P. Alithambi (Resolution 9)	1,621,904,978	91.7403%	146,025,788	8.2597%	Carried
(vi) Datuk Mohd Anwar Yahya (Resolution 10)	1,621,943,278	91.7421%	145,994,488	8.2579%	Carried
(vii) Dr. Nesadurai Kalanithi (Resolution 11)	1,621,946,578	91.7423%	145,991,188	8.2577%	Carried
To re-appoint Messrs. PricewaterhouseCoopers PLT as Auditors of the Company for the financial year ending 31 December 2018 and to authorise the Board of Directors to determine their remuneration. (Resolution 12)	1,620,695,678	91.6715%	147,241,788	8.3285%	Carried
Proposed adoption of a new Constitution of the Company. (Resolution 13)	1,622,019,678	91.7469%	145,909,788	8.2531%	Carried
Proposed renewal of shareholders' mandate for the existing recurrent related party transactions of a revenue or trading nature for FGV and its group of Companies ("FGV Group") and proposed shareholders' mandate for the new Recurrent related party transactions of a revenue or trading nature for The FGV Group. (Resolution 14)	980,461,878	87.0406%	145,979,788	12.9594%	Carried
Authority for Directors to allot and issue shares pursuant to Section 75 of the Companies Act, 2016. (Resolution 15)	1,337,555,278	90.1600%	145,979,888	9.8400%	Carried

[Source : FGV's announcement on Bursa Malaysia's website on 28 June 2018].

MSWG'S COMMENTS :

This represents quite a "classic" and interesting case as during the AGM, there were proposers and seconders for all resolutions save for Resolution 6, where there was a proposer but no one seconded the resolution.

The reason that no shareholder had seconded Resolution 6 may be attributed to the fact that earlier during the AGM, the corporate representative from MSWG had questioned the poor attendance of the Non-Independent Non-Executive Director, Dato' Sri Abu Bakar bin Harun, who was seeking re-election

under Resolution 6, at Board meetings (attended 6 out of 11 meetings) and his absence from all 3 Nomination and Remuneration Committee meetings. The situation was aggravated further by his absence at the AGM and especially more so when he was seeking re-election as a director at the AGM. This clearly raises doubt on his time commitment as a director.

Shareholders could have taken the cue from the concerns raised and thus, not surprisingly, no one seconded the said Resolution. Consequently, the Resolution was withdrawn.

The lesson learnt here is that directors must dedicate their time commitment to fulfil their fiduciary duty as a director and if they fail or unable to do so, they should reconsider whether they should continue to assume the position as it is not fair to the whole Board and the company as well as all stakeholders.

MSWG'S WATCHLIST

MULTI-USAGE HOLDINGS BERHAD ("MUH")

The Board of Directors of MUH announced that the Board, had on 26 June 2018, approved the appointment of Messrs UHY ("UHY") as the new Auditor of the company. UHY had consented to act as the Auditor of the Company vide its consent letter dated 26 June 2018.

[Source: MUH's announcement on Bursa Malaysia's website on 27 June 2018]

SONA PETROLEUM BERHAD ("SPB")

Further to the announcement made by SPB on 20 April 2018, the liquidator announced that Bursa Malaysia has, vide its letter dated 25 June 2018 informed that the entire issued share capital of SPB will be removed from the Official List of Bursa Malaysia with effect from 9:00 a.m., Thursday, 28 June 2018 pursuant to Paragraph 16.11(1)(d) of the Main Market Listing Requirements.

[Source: SPB's announcement on Bursa Malaysia's website on 26 June 2018]

LOCAL NEWS AND DEVELOPMENTS

Malaysia CDS, 1MDB suggest credit downgrade can't be avoided

<https://www.thestar.com.my/business/business-news/2018/06/26/malaysia-cds-1mdb-suggest-credit-downgrade-cant-be-avoided/#YxU8akqOtkuS6lJu.99>

TRX City to lodge police report on TRX development funds taken by 1MDB

<http://www.theedgemarkets.com/article/trx-city-lodge-police-report-trx-development-funds-taken-1mdb>

August-October economic growth to remain favourable

<http://www.thesundaily.my/news/2018/06/25/august-october-economic-growth-remain-favourable>

Malaysia's May inflation rate at 1.8pc, meets forecast

<https://www.malaymail.com/s/1643646/malysias-may-inflation-rate-at-1.8pc-meets-forecast>

Perak MB directs PKNP to reject Majuperak Holdings' proposals

<http://www.theedgemarkets.com/article/perak-mb-directs-pknp-reject-majuperak-holdings-proposals>

Overpaid CEOs and social duties of GLCs set for review

<https://www.thestar.com.my/business/business-news/2018/06/23/shakeup-at-glcs/#dY1HqytPjUmT0Im0.99>

Congratulating Datuk Nor Shamsiah Mohd Yunus as the Bank Negara Malaysia Governor From 1 July 2018 to 30 Jun 2023

http://www.bnm.gov.my/index.php?ch=en_press&pg=en_press&ac=4700&lang=en

Badlisham Ghazali steps down as MAHB managing director after contract ends

<http://www.thesundaily.my/news/2018/06/22/badlisham-ghazali-steps-down-mahb-managing-director-after-contract-ends>

Wahid may quit as PNB chairman in July

<https://www.thestar.com.my/business/business-news/2018/06/21/wahid-may-quit-as-pnb-chairman-in-july/#LKObhBqRHfB3ssF3.99>

Mohd Imran replaces dad as MRCB group MD

<https://www.malaymail.com/s/1643743/mohd-imran-replaces-dad-as-mrcb-group-md>

HRDF chief executive resigns amid fund misappropriation allegations

<http://www.thesundaily.my/news/2018/06/22/hrdf-chief-executive-resigns-amid-fund-misappropriation-allegations>

Vehicle sales fall 15% in May

<https://www.thestar.com.my/business/business-news/2018/06/21/vehicle-sales-fall-15-in-may/>

Property consultants want govt to address office space oversupply

<https://www.thestar.com.my/business/business-news/2018/06/25/government-move-on-trx-welcomed/#sbOAvHmW5SaBGIK5.99>

Green Packet plans right issue to raise RM52.6mil

<https://www.thestar.com.my/business/business-news/2018/06/23/green-packet-plans-right-issue-to-raise-rm526mil/#HCdXZiHIRT7gkcFC.99>

Federal Court's decision does not impair Petronas' ability to pursue legal actions

<http://www.theedgemarkets.com/article/federal-courts-decision-does-not-impair-petronas-ability-pursue-legal-actions>

Telekom to announce details of cheaper broadband in next quarter

<https://www.thestar.com.my/business/business-news/2018/06/22/telekom-to-announce-details-of-cheaper-broadband-in-next-quarter/#GhDqxKhtbD7Azl8l.99>

Felda needs external forensic audit, says Azmin

<https://www.thestar.com.my/business/business-news/2018/06/22/felda-needs-external-forensic-audit-says-azmin/#2H2wkH1RvPZAvurb.99>

East Coast Rail Line - a necessary evil?

<http://www.thesundaily.my/news/2018/06/26/east-coast-rail-line---necessary-evil>

BNM international reserves slid to US\$107.9b as at June 14

<http://www.theedgemarkets.com/article/bnm-international-reserves-slid-us1079b-june-14>

GLOBAL NEWS AND DEVELOPMENTS

China's growth likely to be hit by Trump's tariffs

<https://www.thestar.com.my/business/business-news/2018/06/21/chinas-growth-likely-to-be-hit-by-trumps-tariffs/#q7rHECveOk3qzLO1.99>

US homes prices least affordable in almost a decade

<http://www.theedgemarkets.com/article/us-homes-prices-least-affordable-almost-decade>

US jobless claims fall for fourth straight week

<https://www.malaymail.com/s/1644273/us-jobless-claims-fall-for-fourth-straight-week>

China to unleash 700b yuan in reserves cut for some banks

<https://www.malaymail.com/s/1645104/china-to-unleash-700b-yuan-in-reserves-cut-for-some-banks>

Indonesia posts US\$1.52 bil trade deficit in May on higher oil prices

<http://www.theedgemarkets.com/article/indonesia-posts-us152-bil-trade-deficit-may-higher-oil-prices>

BOJ policymakers say bank should continue monetary easing

<https://www.thestar.com.my/business/business-news/2018/06/25/boj-policymakers-say-bank-should-continue-monetary-easing/#wVoVCfZOuq5IfU1s.99>

US plans curbs on Chinese investment, citing security risks

<https://www.malaymail.com/s/1645180/us-plans-curbs-on-chinese-investment-citing-security-risks>

UK businesses 'deeply concerned' at slow pace of Brexit talks

<https://www.malaymail.com/s/1645128/uk-businesses-deeply-concerned-at-slow-pace-of-brexit-talks>

Japan watchdog orders improvements at cryptocurrency exchanges

<http://www.theedgemarkets.com/article/japan-watchdog-orders-improvements-cryptocurrency-exchanges>

Trump threatens 20% tariff on European Union cars

<http://www.theedgemarkets.com/article/trump-threatens-20-tariff-european-union-cars>

Thai central bank raises GDP growth forecast to 4.4%

<https://www.thestar.com.my/business/business-news/2018/06/21/thai-central-bank-raises-gdp-growth-forecast-to-44/#OilCCsmUwPeFUu4F.99>

China Just Handed the World a 111-Million-Ton Trash Problem

<http://www.theedgemarkets.com/article/china-just-handed-world-111millionton-trash-problem>

MSWG Analysts

Lya Rahman, General Manager, lyarahman@mswg.org.my

Rebecca Yap, Head, Corporate Monitoring, rebecca.yap@mswg.org.my

Quah Ban Aik, Head, Corporate Monitoring, banaik.quah@mswg.org.my

Norhisam Sidek, Manager, Corporate Monitoring, norhisam@mswg.org.my

Wong Kin Wing, Manager, Corporate Monitoring, kinwing@mswg.org.my
Hoo Ley Beng, Manager, Corporate Monitoring, linnert.hoo@mswg.org.my
Elaine Choo, Manager, Corporate Monitoring, elaine.choo@mswg.org.my
Lee Chee Meng, Manager, Corporate Monitoring, cheemeng@mswg.org.my
Abdul Halim Alias, Manager, Corporate Monitoring, halim.alias@mswg.org.my
Mustaqim Yusof, Senior Analyst, Corporate Services, mustaqim.yusof@mswg.org.my

DISCLOSURE OF INTERESTS

- *With regard to the companies mentioned, MSWG holds a minimum number of shares in all these companies covered in this newsletter.*
-

Feedback

We welcome your feedback on our newsletter and our work. Email us at corporateservices@mswg.org.my with your comments and suggestions.

DISCLAIMER

This newsletter and the contents thereof and all rights relating thereto including all copyright is owned by the Badan Pengawas Pemegang Saham Minoriti Berhad, also known as the Minority Shareholders Watch Group (MSWG).

The contents and the opinions expressed in this newsletter are based on information in the public domain and are intended to provide the user with general information and for reference only. Best efforts have been made to ensure that the information contained in this newsletter is accurate and current as at the date of publication. However, MSWG makes no express or implied warranty as to the accuracy or completeness of any such information and opinions contained in this newsletter. No information in this newsletter is intended to be or should be construed as a recommendation to buy or sell or an invitation to subscribe for any, of the subject securities, related investments or other financial instruments thereof.

MSWG must be acknowledged for any part of this newsletter which is reproduced.

MSWG bears no responsibility or liability for any reliance on any information or comments appearing herein or for reproduction of the same by third parties. All readers or investors are advised to obtain legal or other professional advice before taking any action based on this newsletter.

ENDS./