

## **MINORITY SHAREHOLDERS WATCH GROUP**

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD  
(Incorporated in Malaysia – Registration No.: 200001022382 (524989-M)  
Free Malaysia Today – April 22, 2022 **(A) Part 1**

# Scant info on freezing of lingerie maker's accounts 'worrying', says economist



*Caely Holdings Bhd says it learnt about the freeze on its accounts from one of the banks. (caelyholdings.com pic)*

PETALING JAYA: The freezing of the operational bank accounts of lingerie maker Caely Holdings Bhd and its subsidiaries does not bode well for investments in the country, said an economist

Citing reports on the issue, Carmelo Ferlito of the Center for Market Education said the "mystery" surrounding the Malaysian Anti-Corruption Commission's (MACC) action against Caely was bound to create doubts in the minds of foreign and local investors.

Eyebrows were raised on Wednesday when Caely confirmed that MACC had issued a freeze order on all of its operational bank accounts, though no such order was served on the company.

The company said it only found out after it received a notice from one of its banks. It also said it did not have any knowledge about the duration of the freeze.

According to a report in The Edge, Caely said it was unaware of any wrongdoing, though MACC's actions came in the wake of the company's announcement that it had appointed a forensic auditor to carry out an independent audit on allegations of suspicious and irregular transactions at the company.

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Ferlito said it was worrying that the public listed company itself was not informed by the authorities.

“There appears to be a lack of transparency from the authorities. Even if there is suspicion of dubious activities, there should be some transparency and formality.

“If the accounts were frozen based on suspicion alone, then it is worrying. It’s like we’re seeing the financial world equivalent of the Internal Security Act.”

He said all this “further escalates the climate of uncertainty in the country”, and that this could keep investors at bay as it sent a signal that their money could be frozen arbitrarily.

Minority Shareholder Watchdog Group (MSWG) said it was concerned over the lack of clarity on how long Caely and its subsidiaries’ accounts would be frozen.

“This means that the company will not be able to make payments to its suppliers, or pay staff salaries, or pay banks or other parties,” MSWG chief executive Devanesan Evanson told FMT.

“Such non-payments may result in lawsuits and claims for breach of contracts because the group is unable to honour its contractual obligations. Also, the daily operations, the business continuity and the sustainability of the business are impacted.”

Devanesan said another area of concern was the ongoing independent forensic audit on allegations of suspicious and irregular transactions at Caely.

He said he believed the authorities would make relevant announcements when they were in a position to do so.

Meanwhile, a source with knowledge about the company, told FMT that Caely was still in the dark about what it was being investigated for.

“They (Caely management) are hoping that MACC can give them some leeway so they can breathe financially. The accounts have been frozen for more than a week, they cannot even receive payment from their clients, let alone pay salaries and honour contracts.

“What are Bursa Malaysia and the Securities Commission doing to protect investors? If the authorities can freeze a public listed company’s accounts without explanation, they can freeze anyone else’s accounts.”

The source said if any specific individuals were being probed by MACC, then the individuals rather than the company should be penalised.