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Ho Hup EGM halted, Petra's on

Ho Hup meeting blocked by court order, confusion expected to ensue today

**Loong Tse Min
Melody Song**

KUALA LUMPUR: In an 11th hour development, one of the two EGMs scheduled for today, which would decide on boardroom control of two unrelated listed companies, has been scuppered.

Petra Perdana Bhd's (PPB) EGM is likely to go ahead, but mid-cap constructor Ho Hup Construction Co Bhd has been slapped with an injunction that bars it from proceeding with its EGM.

Given the last-minute turn of events, many of Ho Hup's shareholders would be caught unawares by the court order when they turn up for the EGM that was scheduled to be held at the Sime Darby Convention Centre here today.

Confusion is expected to ensue, and it is unclear if the opposing factions will be there to clear up matters for the shareholders.

Ho Hup's former managing director Datuk Low Tuck Choy, who is challenging its existing board, told *The Edge Financial Daily* a court hearing that ended late yesterday evening had granted an injunction

to block today's EGM in favour of Extreme System Sdn Bhd, the opposing faction, which holds 27.95% stake.

Extreme System is believed to be the vehicle of the wife of Datuk Vincent Lye Ek Seang, who is currently leading the board of the company.

Low said the court had granted the injunction based on Extreme

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Low's faction believed to have upper hand over control of voting shares

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System's requests that 29 parties, including Low Chee & Sons Sdn Bhd (LCS) were acting in concert with Low, insufficient notice for the EGM and that if the resolutions were to be passed, it would impede its current investigation of alleged wrongdoings in the company.

Low controls some 25.22% of Ho Hup, through his personal stake of 2.56% and LCS, based on latest fil-

ings this month.

It is believed that together with the 29 parties acting in concert, Low's faction would have the upper hand with control of over 50% of the company's voting shares.

The Low faction, through the requisitionists LCS and Choo Soo Har, seeks to remove Datuk Lye Ek Seang, Lim Ching Choy, Datuk Liew Lee Leong, Lai Moo Chan, Long Md Nor Amran Long Ibrahim, Mohd Shahril Hamzah and Foo Ton Hin as directors, and to appoint Tan Sri Kamaruzaman Shariff, Hew Thin Chay, Yusob Md Tasir, D Felix Dorairaj, Slamet Hamzah and Chow Seck Kai as their replacements.

Low had opposed the board's proposed restructuring scheme for the PN17 company, which had initially included a 95% capital reduction, but had since been revised to a 60% capital reduction. The company entered PN17 status in July 2008 and must put forward a structuring plan to the Securities Commission. In its latest results filing for the third quarter ended Sept 30, 2009, Ho Hup posted a net loss of RM14.7 million on revenue of RM28.5 million and a nine-month net loss of RM23.8 million on a revenue of RM61.1 million.

The current board has defended its proposals, saying that the scheme is the best that it could work out considering the financial constraints the company now faces.

Ho Hup shares closed unchanged at RM1.05 yesterday. It reached a one-year, intra-day high of RM2.08 on Jan 6, 2010. In November and December last year, the shares languished at about 39 sen for most of the two months.

Tussle for the control of PPB to play out at EGM

Meanwhile, how will the tussle for control in PPB play out? Months of a drawn-out and public war of words among its top brass have made it difficult for shareholders unrelated to the feuding parties to decide whose side they are on.

The two factions at loggerheads are PPB founder, executive chairman and CEO Tengku Datuk Ibrahim Petra supported by some of the board of di-

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rectors, and executive director Shamsul Saad and co-founders Datuk Kho

Poh Eng and Koh Pho Wat.

Tengku Ibrahim and his wife Datin Nariza Hajjar Hashim, who collectively hold a 12.94% equity interest in PPB, sit on the boards of both companies. While the Koh brothers have a significant stake of 9.02% in PPB, they are not on the board.

The split between the board and management began in September 2009 when PPB sold off some of its shares in its former subsidiary, offshore marine services provider Petra Energy Bhd (PEB). The Kohs and Shamsul were unhappy with the way the board handled the sale of its interest in PEB, with Shamsul claiming conditions of the sale were violated.

Deepening the rift was the sale of three of PPB's new vessels to PEB in November 2009, surprising shareholders who questioned why the company had sold the assets instead

of leasing them to its subsidiary.

While some industry observers said the sale was necessary to reduce PPB's gearing, those who opposed the sale felt that leasing the vessels would have been more beneficial.

However, these events proved to be just the tip of the iceberg for PPB, who soon found itself in the spotlight as the tiff between the two parties became uglier. More shares in PEB were sold in December 2009. Shamsul then obtained an injunction preventing the sale of any more PEB shares.

Last month, 11 requisitionists, including Shamsul, submitted a notice to PPB's board demanding the removal of Tengku Ibrahim, Nariza and two other independent non-executive board members, namely Wong Fook Heng and Tiong Young Kong.

This led to Tengku Ibrahim exercising his executive powers to suspend the 11 until today's EGM.

Amidst the turmoil, institution-

al shareholders of PPB, namely Lembaga Tabung Haji (which has a 10.16% stake), Amanah Saham Wawasan (7.55%) and Permodalan Nasional Bhd (5.85%) have opted to sit on the sidelines. It would be of great interest to see how they would vote, in addition to minority shareholders, whose interests are also at stake.

The EGM today will hopefully straighten out some of these issues.

Since the news of the boardroom tussle broke, PPB share prices have been on a downward spiral. Analysts are also highly cautious on the stock, with eight sell recommendations and three hold calls since November 2009.

Yesterday, PPB added one sen to close at RM1.43, with 321,400 shares traded. PEB lost four sen to close at RM1.50, with a volume of 51,500 shares.

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Ho Hup timeline

When	What
2007	
Sept 13	Datuk Vincent Lye Ek Seang, who was previously active in entertainment and film production businesses, emerges as a substantial shareholder in Ho Hup, after accumulating a 5.71% stake on the open market. While Lye sold down his stake a month later, his wife's company, Extreme System Sdn Bhd (ESSB), started to accumulate Ho Hup shares until it owned 17.2% as of July 21, 2008.
2008	
July 31	Ho Hup put under PN17 status after its auditors expressed a disclaimer opinion in its accounts for FY07.
Aug 6	Lye appointed a non-executive director.
Aug 28	Ho Hup directors resolve to suspend managing director Datuk Low Tuck Choy (TC Low) from his duties and responsibilities. A week earlier, TC Low had obtained offers for two pieces of land from Hang Foong Property Sdn Bhd and Bukit Pekeliling Sari Sdn Bhd at RM41 per sq ft, that later would be proposed for sale to other parties in a deal related to Magna Prima Bhd's acquisition of the Sekolah Rendah Jenis Kebangsaan (Cina) Lai Meng site in Jalan Ampang. An executive committee chaired by Lye takes over the management of Ho Hup. It is not known whether Teik Kien, an executive director of Ho Hup and Low's younger brother, voted for the suspension.
Oct 23	Low seeks reappointment as director of Ho Hup at the company's AGM, but could not garner enough support.
Dec 2	Low is removed from his MD's post in Ho Hup's 70% subsidiary, Bukit Jalil Development Sdn Bhd (BJD), a dismissal he contested in court. BJD was at the time the owner of the two key parcels of land in Bukit Jalil.
2009	
June 30	Kuala Lumpur High Court rules the removal of TC Low and fellow director Donatian Delix Dorairaj from BJD was "null and void and of no effect".
July 8	EGM for shareholders to approve two proposed land sales of 5.5 acres for RM9.83 million to Santari Sdn Bhd and of 10.9 acres for RM19.41 million to Magna Prima, both parcels in Bukit Jalil that Low had secured deals for before he was ousted. The proposal for the 10.9 acres was withdrawn at the last minute after it was known 48 hours earlier that TC Low had garnered the support of Low Chee & Sons Sdn Bhd to oppose the deal.
July 10	Ho Hup appoints five new directors to BJD via a shareholders' resolution. It is understood that the appointments are to ensure Lye remains in control of BJD despite the court's reinstatement of TC Low as director.
Sept to Dec	In separate filings over the period, Ho Hup proposes the disposal of several parcels of land but none of the 10.9 acre size.
2010	
Jan 5	Ho Hup receives a special notice to call for an EGM on Feb 4, 2010 to remove seven directors including Lye and appoint six new directors. The notice is signed by TC Low as director of Low Chee & Sons Sdn Bhd and one Choo Soo Har.
Jan 6	Ho Hup shares hit a 52-week high of RM2.08. It had received an unusual market activity query from the stock exchange on Jan 5. In reply, it says at a meeting held on Jan 4, its board had discussed a possible fund-raising exercise for immediate operational requirements pending the implementation of its proposed regularisation plan.
Jan 19	Ho Hup authorises its audit committee to lodge reports to the authorities alleging wrongdoings and breaches of duty during the managing directorship of TC Low from FY01 to FY08. Losses purportedly run to some RM236 million.
Feb 3	A day before the Feb 4 EGM, the court grants an injunction in favour of Extreme System Sdn Bhd, a vehicle of Lye's wife that holds 27.95% stake, to call off the meeting.

Petra Perdana timeline

When	What
2009	
Sept 10	Petra Perdana Bhd (PPB) sells 10.5 million shares, or a 5.38% stake in Petra Energy Bhd (PEB) at RM1.53 apiece to TA First Credit Sdn Bhd for RM16.06 million. The sale is completed at a loss of RM500,000.
Nov 9	PPB sells three vessels to PEB after shareholders approve of the transaction, receiving RM213.4 million in gross proceeds and RM58.2 million in net proceeds.
Nov 17	PPB denies any party has been identified to acquire PEB from it.
Dec 11	25.03% of PEB (48.8 million shares) is transacted in an off-market deal at RM1.91 for a total of RM93.208 million. PPB announces the disposal of the stake by way of a direct business deal. Says it will continue to seek a buyer for remaining 57.7 million shares or another 29.59% of PEB.
Dec 15	PPB confirms Shorefield Resources Sdn Bhd as buyer of the 48.8 million shares. Prior to the acquisition, Shorefield was believed to have been a minority shareholder of PEB, with less than a 5% stake.
Dec 22	PPB board, excluding executive director Shamsul Saad, approves sale of 4.56% of PEB and unanimously approves to dispose of the balance of 25.03%, upon obtaining the approval of shareholders at an EGM.
Dec 23	Shamsul obtains injunction to stop the sale of the remaining 29.59% of PEB.
2010	
Jan 6	11 requisitionists, comprising Datuk Kho Poh Eng, Koh Pho Wat, Abu Samah Ahmad, Abd Razak Abd Aziz, Edwin Lim Kuok Sim, Teo Swee Hong, David Kwek Peng Loon, Christopher Then Ted Loong, Wong Mun Nyen, Soon Fook Kian and Shamsul Saad, submit notice to PPB board, demanding removal of directors and appointment of new members. They call for the removal of executive chairman and CEO Tengku Datuk Ibrahim Petra, executive director Datin Nariza Hajjar Hashim, and two independent directors – Wong Fook Heng and Tiong Young Kong.
Jan 8	Tengku Ibrahim exercises power as executive chairman and CEO to temporarily suspend 11 senior management and key personnel who had requisitioned for the EGM for their "act of insubordination".
Jan 11	The High Court extends an injunction to March 3 preventing PPB from divesting its remaining shares in PEB.
Jan 26	Tengku Ibrahim, Nariza, Wong and Tiong issue a written representation in reference to the upcoming EGM.
Jan 29	The Commercial Court fixes Feb 18 for a decision on whether to lift the injunction on further sales of PEB shares by PPB.