

CORPORATE DEVELOPMENTS

During and subsequent to the financial year under review, the Group had undertaken the following significant corporate events:

- (i) The High Court of Malaya had on 5 May 2016 granted Megasteel Sdn Bhd (“Megasteel”), a 79%-owned subsidiary of the Company the following:
 - (a) an order (“Order”) pursuant to Section 176(1) of the Companies Act, 1965 (“Act”) that separate meetings (“Scheme Meetings”) of the creditors of Megasteel or any class of them (“Scheme Creditors”) be summoned within a period of ninety (90) days effective from 5 May 2016 for the purposes of considering and, if thought fit, approving with or without modification, the schemes of arrangement and compromise proposed between Megasteel and the Scheme Creditors (collectively “Schemes of Arrangement”); and
 - (b) a Restraining Order (“RO”) pursuant to Section 176(10) of the Act whereby all proceedings and/or further proceedings in any action or proceeding against Megasteel and/or the Company and/or their assets (wherever located, and whether held by Megasteel or any trustee in whole or in part, directly or indirectly, as principal or as agent, beneficially or otherwise), be and is hereby forthwith restrained and stayed except by leave of the High Court, for a period of ninety (90) days effective from 5 May 2016.

(collectively referred to as the “5 May 2016 Court Order”).

On 2 August 2016, the High Court has granted Megasteel an ad-interim extension of the 5 May 2016 Court Order pending the decision of the High Court on:

- (a) Megasteel’s application for the 5 May 2016 Court Order to be extended for a period of 180 days from the date of the court order for extension;
- (b) Tenaga Nasional Berhad’s application dated 28 June 2016 to intervene in these proceedings and to set-aside the 5 May 2016 Court Order; and
- (c) Woodgrove Investments Pte Ltd’s application dated 14 July 2016 to intervene in these proceedings and to set-aside the 5 May 2016 Court Order.

(hereinafter referred to as “Pending Court Applications”).

The Court has fixed 15 and 16 November 2016 for the hearing of the above Pending Court Applications.

An extension of the 5 May 2016 Court Order was applied for in order to allow Megasteel to have sufficient time to formalise the Schemes of Arrangement for the approval of its Scheme Creditors.

- (ii) The Company had on 18 May 2016 announced that Bright Steel Service Centre Sdn Bhd (“BSSC”), a wholly-owned subsidiary of Bright Steel Sdn Bhd, which is in turn a wholly-owned subsidiary of the Company, had entered into a conditional sale and purchase agreement and business assets acquisition agreement with Axis Development Sdn Bhd, for the disposal of BSSC’s property, plant and equipment for a total cash consideration of RM64 million.

The said disposal was completed on 30 September 2016.

- (iii) On 30 September 2016, the Board of Directors of the Company announced that Bursa Malaysia Securities Berhad (“Bursa Securities”) has vide its letter dated 29 September 2016 (“Letter”) decided to reject the Company’s application for a further extension of time up to 30 November 2016 for the Company to submit the Regularisation Plan (“Decision”) as there is no material development towards the finalisation and submission of the Regularisation Plan to the regulatory authorities.

Bursa Securities had in the Letter also informed that the securities of the Company will be de-listed on 12 October 2016 unless an appeal against the de-listing is submitted to Bursa Securities on or before 7 October 2016 (“Appeal”).

The Board of Directors of the Company had on 4 October 2016 announced that the Company had resolved that the Company would not be submitting the Appeal in view that all material developments in relation to the Regularisation Plan had been disclosed to Bursa Securities for their deliberation in arriving at the Decision.

Pursuant to paragraph 8.04(5) of the Bursa Securities Main Market Listing Requirements, the trading in the securities of the Company had been suspended with effect from 10 October 2016 and the securities of the Company were de-listed from the Main Board of Bursa Securities on 12 October 2016.