

Sias urges Shanghai Turbo shareholders to reject proposal to remove board

It says there appears to be no legitimate reason for two new shareholders to remove the current board

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Singapore
MINORITY shareholders of Shanghai Turbo Enterprises have been urged by the Securities Investors Association (Singapore), or Sias, to vote against a proposed resolution to remove the incumbent board of directors at the upcoming extraordinary general meeting (EGM) on July 24. Speaking at a meeting between

Sias and minority shareholders of the company, Sias president David Gerald said there appeared to be no legitimate reason for two new shareholders, Lin Chuanjun and Zhang Wenjun, to remove the current board.

Mr Lin and Mr Zhang together hold a 10.6 per cent stake in Shanghai Turbo.
Former CEO and executive director Liu Ming, voted out by shareholders at an annual general meeting

(AGM) in April 2017, has a 30 per cent interest.

Mr Gerald said: "If the two requisitioners cannot provide sufficient reasons for the proposed removal, then the attempt to remove the current board is irresponsible and disruptive."

He added that the two requisitioners have never communicated with the incumbent board, no working experience as directors or senior management in a Singapore-listed company, and also not undergone formal training to prepare them for the role as director.

Sias said shareholders have two fundamental questions concerning Shanghai Turbo.

The first relates to the ongoing legal actions involving Mr Liu.
"Why is the lawsuit against Mr Liu to be heard in Chinese courts when the company is listed in Singapore and had raised capital in Singapore from Singaporeans and held AGMs in Singapore?"

In addition, Shanghai Turbo is a Cayman Island-registered company and not a China-registered company," Sias said.

Secondly, Sias noted that "to shareholders, it appears that Mr Lin, Mr

Zhang and Mr Liu may be acting in concert. If that is so, they would exceed the 30 per cent threshold. In which case, they ask, should they not be obliged to make a general offer for the company?"

Separately, Allport - which has been a shareholder of Shanghai Turbo since before its 2006 IPO and presently holds a 27 per cent stake - said it shares Sias' concerns over the current attempt to replace the entire board of directors.

Allport said in a statement: "It is indeed very troubling to see two shareholders, whom we believe had only

very recently acquired shares in Shanghai Turbo, joining forces together to call for the EGM and the removal of the existing directors of Shanghai Turbo." It is even more troubling, it continued, as this is the second time there has been an attempt to remove the board.

Allport said it would like to urge all shareholders to attend the upcoming EGM, voice their concerns, and to "exercise their voting rights wisely".

Mr Gerald said if minority shareholders are unable to attend the EGM, they should file their proxy vote by 5pm on July 21.