

Focus Malaysia – February 10th – February 16th, 2018 (A)

MSWG

**MSWG AGM Weekly
Watch (Feb 12-16, 2017)**

FOR this week, the following are the AGMs/EGMs of companies which are in the Minority Shareholder Watchdog Group's (MSWG) watch list:

The summary of points of interest are highlighted here while the details of the questions to the companies can be obtained via MSWG's website at www.mswg.org.my.

**Puncak Niaga Holdings Bhd (EGM)
Feb 13, 2018 (9.30am)
Concorde Hotel Shah Alam**

WE noted that on page 11 of the company's circular, the range of value could potentially be reduced by up to RM25.32 mil if the deferred tax assets are not realisable. What steps are being taken by the Puncak Niaga Group to realise the deferred tax assets?

**Kuala Lumpur Kepong Bhd (AGM)
Feb 13, 2018 (11am)
Wisma Taiko
1 Jalan SP Seenivasagam
Ipoh, Perak.**

1. As stated in the Financial Review on Page 26 of the company's annual report, the business operating profit of its Oleochemicals Division in FYE17 showed a 61% decline to RM115.5 mil in FY17 from RM299.4 mil in FY16. The decline was due to a major stock writedown and

asset impairment which was caused by hedging of raw material purchases as reported in the Chairman's Statement on Page 18 of the annual report.

Could the board share the group's hedging policy for the purchase of raw materials? Would there be any change in the policy to ensure that the same writedown would not happen in future?

2. The group has planted about 8,000ha of oil palm in Liberia, of which 40% are matured with ages ranging from four to nine years. As reported in the management discussion and analysis on Page 29 of the annual report, the progress in Liberia is slow pending the resolution of several land issues; the execution of the recommended high carbon stock approach methodology and the social impact exercise with the local communities.

- What were the revenue and net profit contributed by Liberia operations in FY17?
- What would be the hectareage of oil palm coming to maturity in FY18 and what would be the profit contribution expected from Liberia operations in FY18?
- Could the board update the progress on the land issues; the execution of the recommended high carbon stock approach methodology and the social impact exercise with the local communities?

**Batu Kawan Bhd (AGM)
Feb 13, 2018 (2.30pm)
Wisma Taiko
1 Jalan SP Seenivasagam
Ipoh, Perak.**

1. As reported in the company's Chairman's Statement on Page 22 of the Annual Report 2017, the profit contribution from Menara KLK building for FY17 was RM2.66 mil which was 38% lower than the profit

contribution for FY2016. The decline was due to vacancies after some tenants exited upon completion of their tenancies.

a) What were the occupancy rates of Menara KLK as of Sept 30, 2017 and Sept 30, 2016? To-date, what is the occupancy rate?

b) What is the percentage of tenancies due for renewal in FY2018 and what is the expected renewal rate?

c) Given that the oversupply of office space, especially in the Klang Valley is expected to continue in 2018, what are the measures and strategies adopted to retain the existing tenants and to attract new tenants to the building?

2. Note 21 to the financial statements indicates that the joint ventures registered a loss of RM75.82 mil in FYE 2017 compared to a profit of RM25.8 mil in FYE 2016.

- Which joint venture/s (JV) had contributed to the loss in FYE2017?
- To what extent does the company control the business operations of the JV? Are there any board representatives in the JV companies?
- Is the JV concerned expected to turn-around in FYE2018?

**TH Heavy Engineering Bhd (EGM)
Feb 15, 2018 (10.30am)
Bukit Kiara Equestrian & Country Resort
Kuala Lumpur.**

AS disclosed on page 10 of the company's circular, the proposed JX Nippon Contract Novation can only be implemented subject to the outcome of the appeal by Globalmariner- Offshore Services Sdn Bhd (GMOS) and any further appeals that may be filed either by GMOS or the company.

What are the board's plans if the JX Nippon Contract Novation cannot be implemented?