

The logo for MSWG (Minority Shareholder Watchdog Group) features the letters 'MSWG' in white on a dark blue background.

MINORITY SHAREHOLDER WATCHDOG GROUP

Badan Pengawas Pemegang Saham Minoriti Berhad

Incorporated in Malaysia * Company No. 524898-M

The Observer

16.12.2017

MSWG'S QUICK TAKE ON-ONGOING CORPORATE DEVELOPMENTS

K-STAR SPORTS LIMITED (“K-STAR”)

The Board of Directors of K-STAR announced that the Company had on 13 December 2017 received another notice of nomination from K-Star Sports International Limited, a substantial shareholder of the Company, for the proposed appointment of Foo Kon Tan LLP as Auditors of the Company for the financial year ending 31 December 2017 to fill in the vacancy arising due to the retirement of Messrs. Helmi Talib & Co. and to hold office until the conclusion of the next Annual General Meeting of the Company.

In view thereof, the earlier nomination of Messrs. UHY Lee Seng Chan & Co (as announced on 21 September 2017) is now regarded as irrelevant and will not be put forward for shareholders' approval at an EGM of the Company to be convened.

The Proposed Appointment of Auditors is subject to the approval of the shareholders of K-Star at an EGM of the Company to be convened.

A Circular containing the details and information of the Proposed Appointment of Auditors together with the Notice of EGM will be dispatched to the shareholders of the Company in due course.

[Source: K-Star's announcement on Bursa Malaysia's website on 13 December 2017]

MSWG'S COMMENTS:

On 19 June 2017, the Board of Directors of K-Star announced that the existing Auditors, Messrs. Helmi Talib & Co (“Messrs. Helmi”) had on 16 June 2017, issued a notice in writing to the Company, to withdraw their consent for re-appointment as Auditors of the Company for the financial year ending 31 December 2017 as they have decided to withdraw their application to the Audit Oversight Board for recognition as foreign auditors pursuant to Section 310 of the Securities Commission Malaysia Act, 1993.

On 21 September 2017, K-Star announced the proposed appointment of Messrs. UHY Lee Sang Chan & Co (“UHY”) as Auditors of the Company for the financial year ending 31 December 2017 in place of Messrs. Helmi and on 27 September 2017, the Company announced that UHY had given their written consent to act as the Auditors of the Company for the financial year ending 31 December 2017, if so appointed.

We are rather surprised with the announcement on 13 December 2017 on the change of the proposed re-appointment of the new Auditors given that UHY had consented in writing to act as the Auditors of the Company about three months. What were the reasons for the subsequent for the

change of the earlier proposed nomination? The Company should be more transparent and provide clear explanation in the announcement on this issue.

Given that the Company is going to close its book for Financial Year 2017 on 31 December 2017 which is just around the corner, we hope that Board would expedite the appointment of the new Auditors to ensure that the Annual Report for the Financial Year ending 31 December 2017 would be issued by 30 April 2018 in compliance with the Main Market Listing Requirement granted that the new Auditor would require more time to understand the business of the Company to complete the audit in an effective manner. We are sure that the investors' community would not want to see another Company unable to issue its Annual Report on time because of change of new Auditors.

MSWG'S AGM WEEKLY WATCH 12 - 17 JUNE 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 is highlighted here, while the details of the questions to the companies can be obtained via MSWG's website at www.mswg.org.my.

Date & Time	Company	Venue
18.12.17 (Mon) 10.00 am	Tenaga Nasional Bhd (AGM)	Tun Hussein Onn Hall, Level 2, Putra World Trade Centre, 41 Jalan Tun Ismail, KL
18.12.17 (Mon) 10.00 am	Hiap Teck Venture Bhd (AGM)	Setia City Convention Centre, Setia Alam, Seksyen U13, Shah Alam
21.12.17 (Thur) 11.00 am	Greenyfield Bhd (AGM)	Hotel Bangi-Putrajaya, Off Persiaran Bandar, Bandar Baru Bangi

The points of interest to be raised:	
Company	Points/Issues to Be Raised
Tenaga Nasional Bhd (AGM)	<ol style="list-style-type: none"> 1) Please explain how TNB addresses the challenges of energy security, provides access to affordable energy services and maintains environmentally friendly production and use of energy. 2) How significant was the revenue and profit contribution from each of the acquisition of GMR Energy Limited ("GEL") and Vortex Investments S.a.r.l ("Vortex")?
Hiap Teck Venture Bhd (AGM)	<ol style="list-style-type: none"> 1) During the year under review, the Group's 55%-owned JV took a non-cash impairment of RM266.15 million on its assets and as a result, the Group's share of loss of the JV increased to RM215.32 million in FY2017 compared to a loss of RM99.22 million in the previous financial year. <ol style="list-style-type: none"> a) Does the Board foresee that the JV would have to go through another impairment exercise in FY2018? Please explain. b) What is the total cost of investment in the JV to-date? 2) Please update shareholders on the Group's property business, and its outlook in FY2018.
Greenyfield Bhd (AGM)	<ol style="list-style-type: none"> 1) The Group's top and bottom-line results had been declining over the last three financial years.

	<p>How would the Board address the issue on the Group's performance amid the challenging business environment?</p> <p>2) Operating segment</p> <p>a) The Non-Plantation revenue had decreased by 34.1% from RM26.4 million in FY2016 to RM17.4 million in FY2017 primarily due to the lower orders from Europe.</p> <p>How would the Board strategise to recover the number of orders from the Europe markets? Does the Board foresee that the revenue from the external customers would be improved in FY2018?</p> <p>b) The Group has identified several opportunities for its business. What measures have been taken to capture the opportunities such as growing sales of Artstone plant pots, developing new non-plantation products and developing more value-added products in the plantation segment?</p>
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CAPITAL MARKET AND REGULATORY UPDATE

1. **BURSA MALAYSIA LAUNCHES ISLAMIC SECURITIES SELLING AND BUYING NEGOTIATED TRANSACTION FRAMEWORK**

Bursa Malaysia Berhad ("Bursa Malaysia" or "the Exchange") had on 12 December 2017 launched the Islamic Securities Selling and Buying Negotiated Transaction (ISSBNT) framework. ISSBNT is the world's first Shariah-compliant alternative to Securities Borrowing and Lending ("SBL") and was developed to provide a new mechanism for institutional Islamic capital market participants to trade with more flexibility, while still adhering to principles of Islamic finance.

The ISSBNT framework was designed based on the Securities Borrowing and Lending Negotiated Transaction (SBLNT) framework and is expected to:

- facilitate hedging and risk management activities of Islamic fund and wealth managers; and
- advance the development of the Islamic Exchange Traded Funds (iETFs) through the spurring of liquidity.

ISSBNT activities will be facilitated through the Trading Clearing Participants and Non-Trading Clearing Participants of Bursa Malaysia Securities Clearing Sdn. Bhd.

For more information on ISSBNT, visit:-

<http://www.bursamalaysia.com/market/products-services/islamic-securities-selling-buying-negotiated-transaction-issbnt/issbnt-circulars>.

2. **BANK NEGARA RELEASED THE POLICY DOCUMENT ON LEVERAGE RATIO (LR) FRAMEWORK FOR BANKING INSTITUTIONS**

Bank Negara Malaysia had on 8 December 2017 released the Policy Document that sets out the Leverage Ratio (LR) framework for banking institutions.

The LR is a non-risk based capital measure intended to restrict the build-up of excessive leverage by banking institutions. The LR complements the risk-based Capital Adequacy Framework.

Banking institutions are required to comply with a minimum LR of 3% beginning 1 January 2018.

The policy is applicable to all licensed banks, investment banks, and Islamic banks.

Details can be found in:-

http://www.bnm.gov.my/index.php?ch=en_announcement&pg=en_announcement&ac=595

MSWG'S WATCHLIST

OLD TOWN BERHAD ("OLDTOWN")

The Board of Directors of Company ("Board") had on 11 December 2017 announced that the Board has on 11 December 2017, received a notice in relation to an announcement of a pre-conditional voluntary conditional general offer ("Offeror Announcement") from CIMB Investment Bank Berhad ("CIMB"), on behalf of Jacobs Douwe Egberts Holdings Asia NL. B.V. ("Offeror"), an indirect wholly-owned subsidiary of Jacobs Douwe Egberts B.V., informing the Board of the intention of the Offeror that upon satisfaction of all the pre-conditions stipulated in Section 2 of the Offeror Announcement ("Pre-Conditions"), to acquire all the issued and paid-up share capital in the Company, not already held by the Offeror ("Offer Shares"), in accordance with the Rules on Take-Overs, Mergers and Compulsory Acquisitions 2016 ("Rules") ("Offer").

It was highlighted that the Offer will not be made unless and until all the Pre-Conditions have been satisfied by the Offeror on or before 11 August 2018 (or such other date as the Offeror and the Company may determine in consultation with the Securities Commission Malaysia ("SC") (the "Long-Stop Date")).

Shareholders should note that there is no certainty that the Pre-Conditions will be satisfied and that the Offer will be made by the Offeror. Shareholders are advised to exercise caution when dealing in the shares of the Company.

[Source: OLDTOWN's announcement on Bursa Malaysia's website on 11 December 2017]

LOCAL NEWS AND DEVELOPMENTS

CPO prices seen to remain weak near-term

<http://www.theedgemarkets.com/article/cpo-prices-seen-remain-weak-nearterm>

KLK expected to expand downstream presence

<http://www.theedgemarkets.com/article/klk-expected-expand-downstream-presence>

World Bank sees Malaysia's economy growing 5.2% in 2018

<https://www.thestar.com.my/business/business-news/2017/12/14/world-bank-sees-malaysia-economy-growing-5pt2pct-in-2018/>

AirAsia names Riad Asmat CEO

<https://www.thestar.com.my/business/business-news/2017/12/13/airasia-names-riad-asmat-ceo/>

IRB slaps Aeon Credit with RM97mil additional tax bill

<https://www.thestar.com.my/business/business-news/2017/12/13/aeon-credit-gets-additional-tax-bill/>

Malaysia's reserves insufficient to meet maturing external long-term debt repayments

<http://www.theedgemarkets.com/article/malaysias-reserves-insufficient-meet-maturing-external-longterm-debt-repayments-says-moodys>

GLOBAL NEWS AND DEVELOPMENTS

China Nov investment growth slows, factory output and retail sales steady

<http://www.theedgemarkets.com/article/china-nov-investment-growth-slows-industrial-output-beats-expectations>

China's central bank raises market borrowing costs in surprise move after Fed

<http://www.theedgemarkets.com/article/chinas-central-bank-raises-market-borrowing-costs-surprise-move-after-fed>

UK housing market stagnates as London price drop continues

<http://www.theedgemarkets.com/article/uk-housing-market-stagnates-london-price-drop-continues>

Nissan recalls 320,000 vehicles in Japan, 8 fires reported

<http://www.theedgemarkets.com/article/nissan-recalls-320000-vehicles-japan-8-fires-reported>

S.Korea prosecutors seek four-year jail term for Lotte group chief

<http://www.theedgemarkets.com/article/skorea-prosecutors-seek-fouryear-jail-term-lotte-group-chief>

Asian currencies firm as US dollar weakens after Fed meeting

<http://www.theedgemarkets.com/article/asian-currencies-firm-us-dollar-weakens-after-fed-meeting>

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DISCLOSURE OF INTERESTS

- *With regard to the companies mentioned, MSWG holds a minimum number of shares in all these companies covered in this newsletter.*

Feedback

We welcome your feedback on our newsletter and our work. Email us at mswg.ceo@mswg.org.my with your comments and suggestions.

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