

**MSWG****MINORITY SHAREHOLDER WATCHDOG GROUP****Badan Pengawas Pemegang Saham Minoriti Berhad**

Incorporated in Malaysia * Company No. 524898-M

The Observer

21 April 2017

CAPITAL MARKET AND REGULATORY UPDATE

SC MALAYSIA TO ALLOW REGULATED SHORT SELLING OF CORPORATE BONDS TO BOOST BOND MARKET LIQUIDITY

Securities Commission Malaysia (SC) has brought into effect a new guideline to allow the regulated short selling of corporate bonds in the Malaysian capital market.

With the new Guidelines on Regulated Short Selling of Corporate Bonds (Guidelines), Principal Dealers are now permitted to conduct regulated short selling of corporate bonds, expanding the range of bonds that can be short sold.

The Guidelines aim to provide certainty as to the parties who would be permitted to conduct short selling of corporate bonds as well as the requirements involved. Recognising the importance of ensuring market stability, conditions on how regulated short selling of corporate bonds are to be conducted have also been put in place.

This latest initiative is part of the SC's continuous efforts towards enhancing the liquidity of the secondary bond market while ensuring a comprehensive and facilitative infrastructure and regulatory framework. This is in line with SC's on-going commitment towards sustaining the overall development and growth of Malaysia's bond market.

The Guidelines take effect on 13 April 2017.

The link to access the Guidelines:-

https://www.sc.com.my/wp-content/uploads/eng/html/resources/guidelines/rss/guideline_rss_170413.pdf

[Source: Media release on SC's website on 13 April 2017]

APPOINTMENT OF PROXIES

MSWG'S COMMENTS:

MSWG have raised the issue on the timeline for lodgement of proxy forms or instrument to the companies that required proxy forms or instrument to be deposited not less than 48 hours before the

time set for the meeting granted that the provision in section 334(3) of the Companies Act 2016 which stated that “in the case of a poll, not less than twenty-four hours before the time appointed for the taking of the poll, ...” and the Listing Requirement that required all Resolutions to be voted by poll.

As the provision is rather ambiguous, company secretaries have sought clarification from Suruhanjaya Syarikat Malaysia (SSM) on the issue. SSM had on 18 April 2017 clarified in their website that Section 334(3) of the Companies Act 2016 refers to two different time period:-

- (a) The time for holding the meeting or adjourned meeting which refers to the time set out in the notice of meeting of when the meeting shall be held; and
- (b) The time appointed for taking of the poll which refers to the time fixed by the Chairman of the meeting for the purpose of taking the poll.

The 48-hour rule is valid for the deposit of proxy forms or instruments for attendance of the meeting stated in the notice of meeting and the 24-hour rule is applicable only if the Chairman had decided to hold a poll at a later time/date.

We are glad that written clarification was issued promptly by SSM. Meantime, MSWG will meet up with SSM to discuss further on the interpretation of the issue and discuss other provisions in the Companies Act 2016 applicable to Malaysian public listed companies.

[Source: SSM website - Companies Act 2016 - Frequently Asked Questions]

MSWG'S AGM WEEKLY WATCH 24 - 28 APRIL 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
24.04.17 (Mon) 10.00 am	Box-Pak Malaysia Bhd (AGM)	Box-Pak Malaysia Bhd, Lot 4, Jalan Perusahaan Dua, Batu Caves, Selangor
24.04.17 (Mon) 10.00 am	AFFIN Holdings Bhd (AGM)	The Royal Chulan Kuala Lumpur, 5 Jalan Conlay, KL
24.04.17 (Mon) 11.00 am	Texchem Resources Bhd (AGM)	Jen Hotel, Magazine Road, Penang
25.04.17 (Tue) 10.00 am	Syarikat Takaful Malaysia Bhd (AGM)	Menara Takaful Malaysia, No.4, Jalan Sultan Sulaiman, Kuala Lumpur
25.04.17 (Tue) 10.00 am	Kian Joo Can Factory Bhd (AGM)	Tropicana Golf & Country Resort Club, Jalan Kelab Tropicana, Petaling Jaya
25.04.17 (Tue) 02.00 pm	Westports Holdings Bhd (AGM)	Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, KL
26.04.17 (Wed) 10.00 am	Maxis Bhd (AGM)	Connexion @ Nexus, Bangsar South City, No. 7, Jalan Kerinchi, KL
26.04.17 (Wed) 10.00 am	Telekom Malaysia Bhd (AGM)	TM Convention Centre, Menara TM, Jalan Pantai Baharu, KL
26.04.17 (Wed) 10.00 am	Cahaya Mata Sarawak Bhd (AGM)	Borneo Convention Centre Kuching, The Isthmus, Sejingkat, Kuching, Sarawak

Date & Time	Company	Venue
26.04.17 (Wed) 10.30 am	RHB Bank Bhd (AGM)	InterContinental Kuala Lumpur, 165, Jalan Ampang, KL
26.04.17 (Wed) 10.30 am	Petronas Chemicals Group Bhd (AGM)	The Royal Chulan Hotel Kuala Lumpur
27.04.17 (Thur) 10.00 am	Nestle (Malaysia) Bhd (AGM)	Hilton Kuala Lumpur
27.04.17 (Thur) 10.00 am	Can-One Bhd (AGM)	Tropicana Golf & Country Resort, Jalan Kelab Tropicana, PJ
27.04.17 (Thur) 10.00 am	Media Prima Bhd (AGM)	Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, KL
28.04.17 (Fri) 09.00 am	CIMB Group Holdings Bhd (AGM)	Connexion @ Nexus, Bangsar South City, No. 7, Jalan Kerinchi, KL

The points of interest to be raised:	
Company	Points/Issues to Be Raised
AFFIN Holdings Bhd (AGM)	<ol style="list-style-type: none"> The Group has embarked on a three-year Group Strategic Transformation Program known as "AFFINITY". Please elaborate on the progress and results the Group had achieved since the commencement of the strategic program in 2016. What is the total capital expenditure allocation for the program and highlight the key strategic change that the program would transform and differentiate the banking group to compete in the new banking landscape? AFFIN Islamic had its 10th anniversary in 2016 with new milestones achieved despite the challenging and competitive environment. Please share on what would be the Group's vision and targets for its Islamic business in line with its three-year strategic plan and going forward its greater footing and presence in the ASEAN/East Asia region. Since its acquisition and rationalisation of AFFIN Hwang Investment Bank Berhad and AFFIN Hwang Asset Management Berhad for the last two years, could the Group share on the plan to take AFFIN Hwang Capital ("AHC") businesses to the next level in line with its strategic plan. Is there any minimum target the Group has set for the AHC? Please elaborate.
Syarikat Takaful Malaysia Bhd (AGM)	<ol style="list-style-type: none"> As stated in the Management Discussion & Analysis ("MDA"), the company continues to be the leader in family takaful business and second largest General takaful Operator in the country. However its takaful businesses in its Indonesian subsidiaries only contributed less than 1% to its total Profit Before Taxation and Zakat ("PBZT"). Please share on the Company's plan to improve the operations, revenue and profitability of its Indonesian subsidiaries/business in the next 3 years. What is the greatest challenge in this market? One of the potential key areas locally would be the SME market. Please share on the strategy to penetrate this area and the results achieved so far. What would be the ideal portfolio mix and the targets the Company would like to achieve within the next 3 years? Going forward into 2017/2018, how does the Company see the growth of both the personal accident takaful and commercial risk takaful business? What are the internal targets and growth figures the company would like to achieve for

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	these business segments?
Westports Holdings Bhd (AGM)	<p>1. The Group had achieved a commendable performance in FY2016, which saw improvements in its operation and key financial indicators.</p> <p>However, considering the current global economic condition, does the Board foresee that the Group would be able to sustain the good performance, moving forward?</p> <p>2. As reported in the Management Discussion and Analysis (MD&A), the Group intended to accelerate its position to be a preferred hub for distribution and trading operations in South East Asia.</p> <p>Could the Board share on the actions taken to achieve this objective and what is the targeted timeframe to realise it?</p>
Maxis Bhd (AGM)	<p>1. It was reported in the Management Discussion and Analysis (MDA) that prepaid revenue registered a 3.7% year-on-year decline to RM4,018 million against RM4,173 million in FY 2015. In the meantime, Prepaid ARPU has improved to RM40 per month (FY 2015: RM38)</p> <p>(a) With intense competition within the industry, what are the measures taken by the board to improve the performance of the prepaid segment for FY 2017?</p> <p>(b) How does the Board expect the Group's segment to perform for FY 2017?</p>
RHB Banking Bhd (AGM)	<p>1. The Banking Group aspires to be Top 3 in Malaysia and Top 8 in ASEAN by performance. Since the start of IGNITE 2017 in 2014 and heading towards year 2020, how much progress has the group achieved on the targets set over the last 3 years to become a leading multinational financial services group in the region and given that the 2020 completion date is less than four years?</p> <p>Please explain the importance of transforming the group into a multinational financial services and what it means and how does it provide the group with the competitive advantage to its banking peers/competitors and attract the type of market segment, businesses and target customers within its strategy arising from potential opportunities from ASEAN Economic Community integration, going forward.</p> <p>Has the recent global uncertainties and geo-political challenges affected the key progress of IGNITE 2017?</p>
Petronas Chemicals Bhd (AGM)	<p>1. There has been an upward trend in PCG's plant utilisation rate since FY 2013, from 78% increasing to 96% in FY 2016, exceeding world class rate of 85%.</p> <p>(a) What could be considered as an optimal plant utilisation rate leading to economies of scale whilst balancing the forces of demand and supply?</p> <p>(b) With such high level of plant utilisation rate, how has PCG been able to effectively mitigate the risks of plant breakdown or any untoward incidents?</p> <p>(c) What are the planned maintenance activities for FY 2017 and what would</p>

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	be the impact on the plant utilisation rates?
Media Prima Bhd (AGM)	<p>1. Given that the prospects for traditional media platforms remain challenging in the coming years, could the Board comment on the outlook and financial position of the Company, moving forward, in view that most of the new revenue streams of the Company are still in gestation period?</p> <p>2. Note 3 to the Financial Statements showed that the revenue of Print Media Segment for financial year (FY) 2016 dropped significantly by 25% against the revenue recorded in FY 2015. The Segment recorded a loss of RM124 million in FY2016.</p> <p>(a) Review of Operations on Page 28 of the Annual Report showed that readership for New Straits Times for 2015/2016 had declined by 19% compared with the readership for 2014/2015 despite that the readership for English Dailies in Malaysia for 2016 had increased by 15% compared with the readership for 2015.</p> <p>Has a survey been conducted to ascertain the reason why Malaysian readers prefer other newspapers than New Straits Times? Is there any increase in the readership after the revamp of New Straits Times which was launched on 1 January 2017?</p> <p>(b) During the year, the Group closed two printing plants, in Johor and Terengganu, as part of the Company's strategy to improve bottom line. Is the Segment expected to turn around in FY2017?</p>
Can-One Bhd	<p>1) Under the geographical segment on page 92 of the Annual Report 2016, we noted that the Group's revenue from Asia (excluding Malaysia) declined by 3.3% from RM199 million in FY2015 to RM192.5 million in FY2016.</p> <p>a) What were the reasons for the decline in contribution from Asia's revenue and would the Group be expecting the Asia market to improve in FY2017?</p> <p>b) Please share on the Group's performance vis-à-vis its competitors in Asia. What would be the targets set by the Group, going forward?</p> <p>2) In terms of operation, what are the other improvements that the Group aspired to achieve in 2017?</p>
Kian Joo Can Factory Bhd (AGM)	<p>1) During the year under review, the Cartons Division had recorded an increase in revenue by 10.8% year-on-year. Despite the increase in revenue, the division suffered a significant decline in profit by approximately 95% from RM11.7 million in FY2015 to RM530,000 in FY2016.</p> <p>What are the measures taken by the Board to improve the profitability of the division and address the challenges of the increase in the cost of various types of paper rolls in Malaysia as mentioned in the Management Discussion And</p>

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	<p>Analysis (MD&A)?</p> <p>2) Compared to the previous year, the revenue structure of Tin Cans Division in 2016 had changed drastically with revenue from external customers dropped by more than 30%. However, the revenue from inter-segment saw a sudden increase by more than 100%.</p> <p>What were the reasons for the drastic change in the revenue structure and what would be the targeted revenue mix contribution for Tin Cans Division moving forward?</p>
Box-Pak (Malaysia) Bhd	<p>1. <u>Financial performance for FYE 2016</u></p> <p>The Group earnings decreased from RM9.8 million in FY2015 to a loss of RM0.9 million in FY2016 due to the increase in raw material, labour costs, production overhead and higher borrowings as stated in the Annual Report 2016.</p> <p>a) How would the Board address the above issues to improve the Group earnings? What would be the outlook in FY2017 and would the Board expect the Group to return to profitability in FY2017?</p> <p>b) What were the reasons for the significant decrease in other income by 62.3% from RM10.6 million in FY2015 to RM4.0 million in FY2016?</p> <p>2. As stated in the Management Discussion and Analysis (MD&A) under the strategic analysis, competition in Vietnam and Malaysia was expected to be still with slim profit margin due to the presence of the high numbers of manufactures.</p> <p>In light of the above, what are the key strategic plans to compete with other players and to what extent is the expected margin compression if the market competition intensified?</p>
Cahaya Mata Sarawak Bhd (AGM)	<p>1) During the year under review, we noted that the combined revenue from the Group's three major segments, namely Cement, Construction Materials & Trading, and Construction & Road Maintenance had declined from RM1.8 billion in 2015 to RM1.5 billion in 2016. What measures have been taken to increase the revenue for the three major segments in the next few years?</p> <p>2) As reported in the Management Discussion & Analysis under the Quarry Operations, the Construction Materials & Trading division had been planning to further increase its production capability by installing a second production line at Sibanyis which is expected to be completed by 2018.</p> <p>a) What capacity level does the division aspire to achieve in the next two years to meet the growing market demand in Sarawak? What is the current</p>

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	<p>market share of this division in Sarawak?</p> <p>b) CMS Wires Sdn Bhd (CMS Wires) has been operating in increasingly competitive environment with approximately 20% market share.</p> <p>What measures have been taken to ensure that CMS Wires is able to maintain its market share? Would there be any plan to increase its market share in the near future?</p>

MSWG'S WATCHLIST

S P SETIA BERHAD ("SP SETIA")

The Board of Directors of SP Setia announced that KL East Sdn Bhd, a wholly-owned subsidiary of S P Setia, had on 14 April 2017 entered into the following agreements with Seriemas Development Sdn Berhad ("Seriemas"):

1. a conditional sale and purchase agreement to acquire a piece of freehold land measuring approximately 342.50 acres (or 14,919,300 square feet) located in Bangi, Selangor Darul Ehsan ("Land") for a cash consideration of RM447,579,000.00 or RM30.00 per square foot ("psf") of the Land; and
2. a conditional profit sharing agreement in relation to the profit sharing of 20% of the audited profit before taxation from the development on the Land consisting of sale of units and/or land parcels, subject to a maximum RM44,757,900.00 calculated at the rate of RM3.00 psf of the Land, with Seriemas.

[Source: SP Setia's announcement on Bursa Malaysia's website on 14 April 2017]

LOCAL NEWS AND DEVELOPMENTS

World Bank expects Malaysia to post GDP growth of 4.3 pct this year

<http://www.nst.com.my/business/2017/04/230109/world-bank-expects-malaysia-post-gdp-growth-43-pct-year>

Manufacturing sector's strength seen supporting GDP growth

<http://www.thesundaily.my/news/2017/04/13/manufacturing-sector%E2%80%99s-strength-seen-supporting-gdp-growth>

Malaysia's Feb sales value of wholesale, retail trade up 8.3% y-o-y to RM90.1b

<http://www.theedgemarkets.com/article/malysias-feb-sales-value-wholesale-retail-trade-83-y-o-y-rm901b>

Higher unemployment rate likely to be the norm

<http://www.thestar.com.my/business/business-news/2017/04/15/higher-unemployment-rate-likely-to-be-the-norm/>

MUH executive chairman, other directors acquitted

<http://www.thestar.com.my/business/business-news/2017/04/14/muh-executive-chairman-and-other-directors-acquitted/>

BNM further liberalises forex risk exposure, hedging

<http://www.thestar.com.my/business/business-news/2017/04/13/further-initiatives-to-develop-onshore-market/>

Positive stance on construction sector stays

<http://www.thestar.com.my/business/business-news/2017/04/13/positive-stance-on-construction-sector-stays/>

Majority of PLCs not spending enough for an effective internal audit function, IIAM

<http://www.thesundaily.my/news/2017/04/14/majority-plcs-not-spending-enough-effective-internal-audit-function-iiam>

Foreign sell-down of Malaysian govt bonds hit record high in March

<http://www.thesundaily.my/news/2017/04/12/foreign-sell-down-malaysian-govt-bonds-hit-record-high-march>

New imported steel taxes to protect local players, says Johari

<http://www.themalaymailonline.com/money/article/new-imported-steel-taxes-to-protect-local-players-says-johari>

GLOBAL NEWS AND DEVELOPMENTS

China's Q1 growth stabilised at 6.8%: AFP poll

<http://www.thestar.com.my/business/business-news/2017/04/15/china-q1-growth-stabilised-at-6pt8pct-afp-poll/>

China March factory output rises 7.6% y/y, fastest since Dec 2014

<http://www.theedgemarkets.com/article/china-march-factory-output-rises-76-yy-fastest-dec-2014>

Asian economies escape 'manipulator' tag, but expect more pressure on trade

<http://www.themalaymailonline.com/money/article/asian-economies-escape-manipulator-tag-but-expect-more-pressure-on-trade>

US retail sales, consumer prices slump in March

<http://www.themalaymailonline.com/money/article/us-retail-sales-consumer-prices-slump-in-march>

Toshiba releases results, warns of 'going concern' risk

<http://www.thesundaily.my/news/2017/04/12/toshiba-releases-results-warns-going-concern-risk>

BOJ to offer brighter view of economy, exports – sources

<http://www.theedgemarkets.com/article/boj-offer-brighter-view-economy-exports-%E2%80%94-sources>

Fund managers oppose dual-class shares plan in Singapore

<http://www.theedgemarkets.com/article/fund-managers-oppose-dual-class-shares-plan-singapore-0>

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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.*
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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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