

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

Incorporated in Malaysia \* Company No. 524898-M

# The Observer

**25.05.2018****MSWG'S AGM WEEKLY WATCH 28 MAY 2018 - 1 JUNE 2018**

For this week, the following are the AGMs/EGMs of companies which are in the Minority Shareholder Watch 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](http://www.mswg.org.my).

<b>Date &amp; Time</b>	<b>Company</b>	<b>Venue</b>
28.05.18 (Mon) 09.30 am	Xinghe Holdings Bhd (AGM)	The Royal Commonwealth Society, No. 4, Jalan Birah, Damansara Heights, KL
28.05.18 (Mon) 10.00 am	RGB International Bhd (AGM)	Bayview Hotel Georgetown Penang, 25A Farquhar Street, Penang
28.05.18 (Mon) 10.00 am	Naim Holdings Bhd (AGM)	Damai Beach Resort, Teluk Bandung Santubong, Kuching, Sarawak
28.05.18 (Mon) 10.00 am	IHH Healthcare Bhd (AGM)	Hilton Hotel KL Sentral, 3 Jalan Stesen Sentral, KL
28.05.18 (Mon) 10.00 am	Sino Hua-An International Bhd (AGM)	The Royal Selangor Golf Club, Jalan Kelab Golf, Off Jalan Tun Razak, KL
28.05.18 (Mon) 10.00 am	NPC Resources Bhd (AGM)	The Palace Hotel, No. 1, Jalan Tangki, Karamuning, Kota Kinabalu, Sabah
28.05.18 (Mon) 10.30 am	Hock Heng Stone Industries Bhd (AGM)	Ornaresort Berhad, Batu 16, Jalan Gapam, Ladang Gapam, Bemban, Melaka
28.05.18 (Mon) 02.00 pm	Hap Seng Plantations Bhd (AGM)	Menara Hap Seng, Jalan P. Ramlee, KL
28.05.18 (Mon) 03.00 pm	JcbNext Bhd (AGM)	Prescott Hotel Kuala Lumpur - Medan Tuanku, 23 Lorong Medan Tuanku 1, KL
30.05.18 (Wed) 09.00 am	Magnum Bhd (AGM)	Flamingo hotel by the lake, No. 5 Tasik Ampang, Jalan Hulu Kelang, Jaln Ampang, KL
30.05.18 (Wed) 09.30 am	Puncak Niaga Holdings Bhd (AGM)	Concorde Hotel Shah Alam, No. 3, Jalan Tengku Ampuan Zabedah C9/C
30.05.18 (Wed) 10.00 am	Paramount Corporation Bhd (AGM/EGM)	The Saujana Hotel Kuala Lumpur, Saujana Resort, Jalan LTAAS, Shah Alam
30.05.18 (Wed) 10.00 am	Hap Seng Consolidated Bhd (AGM/EGM)	Menara Hap Seng, Jalan P. Ramlee, KL
30.05.18 (Wed) 10.30 am	Ann Joo Resources Bhd (AGM)	Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway
30.05.18 (Wed)	Far East Holdings Bhd	Zenith Hotel, Jalan Putra Square 6,

11.00 am	(AGM/EGM)			Kuantan, Pahang
30.05.18 11.00 am	(Wed) (AGM)	Tropicana Corporation	Bhd	Tropicana Golf & Country Resort, Jalan Kelab Tropicana, PJ
30.05.18 11.00 am	(Wed) (AGM)	Protasco	Bhd	De Centrum Tower @ De Centrum City, Jalan Ikram-Uniten, Kajang
30.05.18 11.00 am	(Wed) (AGM/EGM)	Malaysia Smelting Corporation	Bhd	Hotel Equatorial Penang,1, Jalan Bukit Jambul, Bayan Lepas, Penang
30.05.18 11.30 am	(Wed) (EGM)	Paramount Corporation	Bhd	The Saujana Hotel Kuala Lumpur, Saujana Resort, Jalan LTSAAS, Shah Alam
30.05.18 02.30 pm	(Wed) (AGM)	Focus Dynamics Group	Bhd	Menara Lien Hoe, No. 8, Persiaran Tropicana, Tropicana Golf & Country Resort, PJ
30.05.18 02.30 pm	(Wed) (AGM)	Bumi Armada	Bhd	Sime Darby Convention Centre, No. 1A, Jalan Bukit Kiara 1
30.05.18 02.30 pm	(Wed) (AGM)	MPHB Capital	Bhd	Flamingo hotel by the lake, No. 5, Taman Tasik Ampang, Jalan Hulu Kelang
30.05.18 03.00 pm	(Wed) (AGM)	BP Plastics Holding	Bhd	The Katerina Hotel, 8 Jalan Zabedah, Batu Pahat, Johor Darul Takzim
31.05.18 10.30 am	(Thur) (AGM)	CCM Duopharma Biotech	Bhd	Setia City Convention Centre, Setia Alam, Seksyen U13, Shah Alam
31.05.18 09.30 am	(Thur) (AGM)	Chin Hin	Group	Chin Hin Culture Centre, No. F-0-1 and F-0-2 Pusat Perdagangan Kuchai, KL
31.05.18 10.00 am	(Thur) (AGM)	UEM Sunrise	Bhd	Menara Korporat Persada PLUS Persimpangan Bertingkat Subang, NKVE
31.05.18 10.00 am	(Thur) (AGM/EGM)	Chemical Company of Malaysia	Bhd	DoubleTree by Hilton Kuala Lumpur, The Intermark, Jalan Tun Razak, KL
31.05.18 02.30 pm	(Thur) (AGM)	ZELAN	BHD	Hotel Istana, 73, Jalan Raja Chulan, Kuala Lumpur
01.06.18 09.30 am	(Fri) (AGM)	Time dotCom	Bhd	The Saujana Hotel Kuala Lumpur, Saujana Resort, Jalan LTSAAS, Shah Alam
01.06.18 10.00 am	(Fri) (AGM)	Tomypak Holdings	Bhd	Palm Resort & Country Club, Jalan Pwersiaran Golf, Off Jalan Jumbo, Senai, Johor
01.06.18 10.00 am	(Fri) (AGM)	Tune Protect Group	Bhd	Connexion @ Nexus, No. 7, Jalan Kerinchi, Bangsar South City

<b>The points of interest to be raised:</b>	
<b>Company</b>	<b>Points/Issues to Be Raised</b>
Xinghe Holdings BHD (AGM)	<p>As stated in the Company's public announcement dated 16 October 2017, most of the proceeds raised from the private placement are expected to be utilised as working capital for the Company and/or to fund its future investments/business projects in Malaysia, but we do not see the cash raised being held in the Company.</p> <p>(i) We note on page 62 of AR2017, the Group has generated strong operating cashflows in FYE 2017. What was the justification to raise additional working capital by placement resulting in EPS dilution? What is the optimal level of working capital for the Group?</p> <p>(ii) Note 14 on page 93 of AR2017 states that the Company's issued ordinary share capital was increased from RM285,258,833 to RM297,158,833 by the following placements:</p> <p>(1) 200,000,000 new ordinary shares at an issue price of 5.2 sen per share on 26 January 2018; and</p> <p>(2) 25,000,000 new ordinary shares at an issue price of 6.0 sen per share on 5 February 2018.</p>

<b>The points of interest to be raised:</b>	
	<p>What is the justification to raise additional working capital through the abovementioned placements especially since the Group has generated strong operating cashflows in FYE 2017 (page 62 of AR2017)?</p> <p>Placements generally result in dilution of earnings per share and net assets per share and this is not favourable to minority shareholders.</p> <p>(iii) What will be the selection criteria and credentials required for potential placees?</p> <p>(iv) What will be the expected contributions in terms of value-add or strategic inputs from the placees?</p>
Naim Holdings Bhd (AGM)	<p>The Group's loss in FY 2017 was mainly contributed by the loss of about RM121 million in the 6 MRT stations project.</p> <p>(i) What is the likelihood of recovery of certain claimable prolongation/acceleration costs from the client and how material is the amount?</p> <p>(ii) Did the Company bid for any infrastructural projects like the MRT 2 and LRT 3 as the Company has the expertise gained from the earlier MRT project?</p>
IHH Healthcare Bhd (AGM)	<p>The following questions refer to Note 30 (b) on page 255 of the Annual Report.</p> <p>(i) Net Exchange loss amounted to RM66.45 million in FY2017.</p> <p>Could the Board provide the breakdown between realised and unrealised losses?</p> <p>(ii) Write-off of Trade and other receivable amounted to RM28.07 million in FY2017.</p> <p>What is the nature of this write-off?</p>
Sino International (AGM)	<p>Hua-An Bhd</p> <p>The prices of coke has rebounded substantially to RMB2,293 per tonne in September 2017 as a result of the capacity curb by the China Government.</p> <p>What is the current prevailing price and what is the expected price over the next 6 to 12 months?</p>
Hock Heng Industries (AGM)	<p>Stone Bhd</p> <p>On page 6 of the Annual Report 2017, it is stated that the Group will closely monitor the selection of its customers and focus on those good pay-master customers who offer better profit margins in financial year 2018.</p> <p>(i) What is the revenue growth target for sales of good segment for FY2018?</p> <p>(ii) By focusing on good pay-master customers, what is the expected profit margin that the Group intends to achieve? What is the profit margin for FY2017?</p>
Hap Seng Plantations Bhd (AGM)	<p>The Group has successfully commissioned its first biogas plant located in its Jeroco Oil Palm Mill 1 in March 2017 as part of the Group's commitment to reduce carbon emissions (Page 7 of the Annual Report 2017).</p>

The points of interest to be raised:		
		<p>(i) Please brief on the Group's first biogas plant in terms of features, expected maintenance cost annually, etc.</p> <p>(ii) In reducing the carbon emissions, are they any targeted percentage and timeframe to achieve it?</p>
Puncak Holdings (AGM)	Niaga Bhd	<p>Chairman's Letter to shareholders [Page 16 of the Annual Report 2017 (AR2017)]</p> <p>The Group's Loss After Tax (LAT) from its continuing operations for the year stood at RM197.97 million, lower by RM21.13 million compared to FY2016 LAT of RM219.10 million. The lower loss is mainly due to profit generated from the water and wastewater segment as well as lower loss from the construction segment.</p> <p>(i) How will the Board address the unfavourable bottom line result and when does the Board expect to turnaround the performance?</p> <p>(ii) Within the discontinued operations, the Group recorded a LAT of RM4.58 million, as a result of the disposal of the subsidiaries of Luwei (Pingdingshan) Water Co Ltd (Luwei Co Ltd) and Xinnuo Water (Binzhou) Co Ltd (Xinnuo Co Ltd) in China.</p> <p>Why did the Group have to sell the subsidiaries in China at a loss?</p>
Paramount Corporation (AGM/EGM)	Bhd	<p>The Group's subsidiaries, KDU University College Sdn Bhd ("KDUUC") and KDU College (PJ) Sdn Bhd ("KDUPJ") were making losses as highlighted on page 113 of the Annual Report 2017.</p> <p>(i) What was the amount of loss recorded by KDUUC and KDUPJ respectively in FY2017?</p> <p>(ii) When will these two colleges return to profitability?</p>
Hap Consolidated (AGM/EGM)	Seng Bhd	<p>1) For the Indonesian market, the division intends to establish strategic partnerships with major fertilizers producers. In addition, the division also plans to expand its business scope by enlarging its product range (Page 39 of the Annual Report 2017).</p> <p>Is the Group in any serious discussion on a partnership deal? What are the types of new products which will be introduced in the near future?</p> <p>2) How does the Board plan to address the decline in the division's market share in Malaysia from 26% in 2016 to 20% in 2017?</p>
Protasco (AGM)	Bhd	<p>The maintenance segment will continue to bid on road maintenance contracts including state, municipal and other rural roads.</p> <p>The maintenance tender book presently stands at over RM1 billion, and the Group is confident of winning some bids (Page 13 of the Annual Report 2017).</p> <p>(i) How much contract value is expected to be awarded to the Group under the tender book amount of RM1 billion?</p> <p>(ii) Please share with shareholders on the segment's specific requirements when deciding to bid for contracts under this segment.</p>

The points of interest to be raised:		
MPHB Capital Bhd (AGM)		<p>We note on page 43 of the Annual Report of the Management Discussion &amp; Analysis (“MD&amp;A”), MPI Generali Insurans Berhad (“MPI Generali”) has contributed 86.6% and 43.3% to the Group’s revenue and Profit Before Tax (“PBT”) respectively in FY 2017.</p> <p>On 21 April 2017, Multi-Purpose Capital Holdings Berhad (“MPCHB”), a wholly owned subsidiary of the Company and General Asia N.V. submitted an application to Bank Negara Malaysia to seek approval for the disposal of 21,000,000 (or 21%) issued and paid up share capital of MPI Generali by MPCHB to Generali Asia.</p> <p>What were the reasons for the proposed disposal of the 21% of its stake in MPI Generali to Generali Asia?</p>
BP Plastics Holding Bhd (AGM)		<p>On page 18 of the Annual Report, the Group’s EBITDA margin (EBITDA/Revenue) has declined consecutively for the last 3 financial years from 12.5% in FYE 2015 to 7.7% in FYE 2017.</p> <p>(i) What measures are being taken to deal with the intense competition, pricing pressure in the main export markets and to address the increase in labour cost?  (ii) When is the Group expected to resume its double digit EBITDA margin?  (iii) Please explain if automating the Group’s manufacturing activities will mitigate the increasing labour cost?</p>
Chin Hin Group (AGM)		<p>The distribution of building material and provision of logistics services sector (Page 32 of the Annual Report 2017) recorded a total revenue of RM625.07 million in FY2017, a decline of 11.77% as compared to RM708.45 million recorded in the previous year and contributed 61.56% of the Group’s consolidated revenue.</p> <p>How will the Board address the decline in the revenue from this core segment?</p>
ZELAN (AGM)	BHD	<p>The Group recorded revenue of RM69.8 million from the Engineering and Construction business segment in the FYE 31 December 2017, as compared to RM221.7 million recorded in the preceding year. This business segment contributed a higher Loss Before Zakat and Taxation (“LBZT”) of RM65.7 million, compared with a LBZT of RM60.7 million in the FYE 2016( Page 11 of the of the Annual Report 2017).</p> <p>This was mainly due to diminution in carrying value of long term receivables of RM54.1 million, finance costs of RM26.0 million and lower share of results of associates of RM1.1 million mitigated by finance income of RM36.4 million.</p> <p>How will the Company address the impact of the long term receivables, finance costs and lower share of results of associates?</p>
Tomypak Bhd (AGM)	Holdings	<p>The export sales had declined for the past 2 consecutive years from RM117.1 million in FYE 2015 to RM100.76 million in FYE 2017.</p> <p>(i) As highlighted on page 18 of the Annual Report 2017 (“AR2017”), the decline in sales was a result of a reduction in sales to an international customer whose margins were higher than the average margins achieved by the Tomypak Group as a whole.</p> <p>In view of the above, what measures have been taken by the management to increase the sales to the said international customer and to boost the Group’s</p>

The points of interest to be raised:	
	<p>export sales?</p> <p>(ii) There are concerns that the increasing capacity in flexible packaging in 2018 could exceed demand substantially. Please share your views whether this will negatively impact the performance of the Group, especially the export sales?</p> <p>(iii) When is the Group expected to resume its growth in export sales?</p>
Tune Protect Group Bhd (AGM)	<p>One of the key focus is transforming the Group's businesses through the digital platform and becoming a leading digital insurer (page 25, Annual Report).</p> <p>(i) What is the total budget allocated for the digital exercise?</p> <p>(ii) What would be your target for online insurance business given that the online platform distribution for affordable insurance protection only accounted for 0.1% of business volume as compared to internet banking subscribers at 22.8 million or 70% of the population? (page 28, Annual Report).</p> <p>(iii) As stated on page 23 of the Annual Report, the digital travel business faced varying difficulties in the operating environment especially in the Malaysian market resulting in lower Gross Written Premiums ("GWP") and Profit After Tax ("PAT") at RM105.2 million and RM43.2 million respectively. How will you address these business issues in the Malaysian market?</p>

## LOCAL NEWS AND DEVELOPMENTS

Bond money never reached TRX City

<https://www.thestar.com.my/business/business-news/2018/05/21/bond-money-never-reached-trx-city/>

Automotive to benefit from zero-rated GST

<http://www.theedgemarkets.com/article/automotive-benefit-zerorated-gst>

Malaysian economy grew 5.4% in the first quarter of the year

<http://www.thesundaily.my/news/2018/05/17/malaysian-economy-grew-54-first-quarter-year>

Toll dilemma

<https://www.thestar.com.my/business/business-news/2018/05/18/toll-dilemma/>

Bank Negara has exhausted all investigations related to 1MDB, review only if there is new evidence

<http://www.thesundaily.my/news/2018/05/17/bank-negara-has-exhausted-all-investigations-related-1mdb-review-only-if-there-new-e>

Dr M warns many figures on Malaysia's financial position are false

<http://www.theedgemarkets.com/article/dr-mahathir-warns-many-figures-malaysias-financial-position-are-false>

Five foreign insurers at 'significant stage' of discussion to secure Malaysian participation

<http://www.theedgemarkets.com/article/five-foreign-insurers-significant-stage-discussion-secure-malaysian-participation>

Stock market performance reflects strong fundamentals

<http://www.bursamalaysia.com/corporate/media-centre/media-releases/5669>

Statement by Financial Markets Committee - Strengthening Financial Market Infrastructure

[http://www.bnm.gov.my/index.php?ch=en\\_press&pg=en\\_press&ac=4681&lang=en](http://www.bnm.gov.my/index.php?ch=en_press&pg=en_press&ac=4681&lang=en)

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## GLOBAL NEWS AND DEVELOPMENTS

US, China putting trade war on hold, Treasury's Mnuchin says

<https://www.malaymail.com/s/1633037/us-china-putting-trade-war-on-hold-treasurys-mnuchin-says>

China's Q2 GDP growth seen easing to 6.7%

<https://www.thestar.com.my/business/business-news/2018/05/21/chinas-q2-gdp-growth-seen-easing-to-67/#jXBivfSRw501HqVP.99>

US weekly jobless claims rise; mid-Atlantic factory activity picks up

<http://www.theedgemarkets.com/article/us-weekly-jobless-claims-rise-midatlantic-factory-activity-picks>

Japan's first-quarter GDP shrinks more than expected in setback for 'Abenomics'

<https://www.malaymail.com/s/1631402/japans-first-quarter-gdp-shrinks-more-than-expected-in-setback-for-abenomic>

Will India follow Indonesia in raising interest rates?

<https://www.thestar.com.my/business/business-news/2018/05/19/will-india-follow-indonesia-in-raising-interest-rates/#5hjHoCoRhbesFBis.99>

Indonesian hike may slow, not stop, foreign funds exit

<https://www.malaymail.com/s/1632389/indonesian-hike-may-slow-not-stop-foreign-funds-exit>

US 10 year bond yield highest in 7 yrs, oil tops US\$80

[https://www.thestar.com.my/business/business-news/2018/05/18/us-10-year-bond-yield-highest-in-7-yrs-oil-tops-us\\$80/#DckYAZ8J0joFcfCk.99](https://www.thestar.com.my/business/business-news/2018/05/18/us-10-year-bond-yield-highest-in-7-yrs-oil-tops-us$80/#DckYAZ8J0joFcfCk.99)

Crude oil hits US\$80, Asia's bill to top US\$1t a year

<https://www.malaymail.com/s/1632211/crude-oil-hits-us80-asias-bill-to-top-us1t-a-year>

Asia's export dependence continues while China's role in regional trade grows, says Moody's

<http://www.theedgemarkets.com/article/asias-export-dependence-continues-while-chinas-role-regional-trade-grows-says-moodys>

UK hiring problems are widening as EU workers stay away

<https://www.malaymail.com/s/1631721/uk-hiring-problems-are-widening-as-eu-workers-stay-away>

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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 [corporateservices@mswg.org.my](mailto:corporateservices@mswg.org.my) with your comments and suggestions.

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**ENDS./**