



MINORITY SHAREHOLDER WATCHDOG GROUP

Badan Pengawas Pemegang Saham Minoriti Berhad

Incorporated in Malaysia * Company No. 524898-M

The Observer

25 August 2017

MSWG IN THE NEWS

WATCHDOG GROUP RELIEVED AFTER BURSA SAYS NO PLANS TO LIST DUAL-CLASS SHARES

<http://www.theedgemarkets.com/article/watchdog-group-relieved-after-bursa-says-no-plans-list-dualclass-shares>

MSWG'S QUICK TAKE ON ONGOING CORPORATE DEVELOPMENTS

SCOMI GROUP BERHAD ("SGB") / SCOMI ENERGY SERVICES BHD ("SESB") / SCOMI ENGINEERING BHD ("SEB")

The Board of Directors of SGB announced that the company has submitted a formal proposal today to:

- (i) the Board of SESB in respect of the proposed merger of SESB with the company; and
- (ii) the Board of SEB in respect of the proposed merger of SEB with the company,

to be undertaken by way of a members' scheme of arrangement pursuant to Section 366 of the Companies Act, 2016.

The Boards of SESB and SEB are to revert to the company no later than 12.00 noon on 10 October 2017, with their decision whether to put forward the proposed merger to their respective shareholders for consideration.

In conjunction with the above proposed mergers, the company also proposes to undertake the following prior to the implementation of the proposed mergers:

- (i) proposed consolidation of every 2 existing ordinary shares in the capital of the company into 1 ordinary share ("Consolidated Share") on an entitlement date to be determined and announced later; and
- (ii) bonus issue of up to 671,128,549 warrants in the company on the basis of 7 warrants for every 10 Consolidated Shares held on an entitlement date to be determined and announced later.

[Source: SGB's announcement on Bursa Malaysia's website on 21 August 2017]

MSWG'S COMMENTS:

After taking into consideration the poor financial performance of the Scomi group, we concur with the rationale and benefits stated by SGB on the Proposed Merger. We hope that after going through the Proposed Merger, the SGB group could consolidate and streamline its organisation structure so that it would be able to move forward to look for new partners and funding to turn around its business as soon as possible.

MSWG'S AGM WEEKLY WATCH 28 AUGUST 2017 - 1 SEPTEMBER 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
28.08.17 (Mon) 10.00 am	Reliance Pacific Bhd (AGM)	Avillion Port Dickson, 3rd Mile, Jalan Pantai, Port Dickson
28.08.17 (Mon) 02.30 pm	WCE Holdings Bhd (AGM)	Holiday Villa Hotel & Suites Subang, 9 Jalan SS12/1, Subang Jaya
29.08.17 (Tue) 09.00 am	Anzo Holdings Bhd (AGM)	Tree Café (under Only World Group), Kawasan Perindustrian Temasya, Shah Alam
29.08.17 (Tue) 09.00 am	Bright Packaging Industry Bhd (EGM)	Bukit Jalil Golf & Country Resort, Jalan Jalil Perkasa 3, Bukit Jalil, KL
29.08.17 (Tue) 10.00 am	MMAG Holdings Bhd (AGM)	Tropicana Golf & Country Resort, Jalan Kelab Tropicana, PJ
29.08.17 (Tue) 02.00 pm	Lingkaran Trans Kota Holdings Bhd (AGM)	Kota Permai Golf & Country Club, Kota Kemuning, Section 31, Shah Alam
30.08.17 (Wed) 09.00 am	DRB-Hicom Bhd (AGM/EGM)	Holiday Inn Kuala Lumpur Glenmarie, Shah Alam
30.08.17 (Wed) 10.30 am	Amcorp Properties Bhd (AGM)	Tropicana Golf & Country Resort, Jalan Kelab Tropicana, PJ
30.08.17 (Wed) 10.30 am	Panasonic Manufacturing Malaysia Bhd (AGM)	IDEAL Convention Centre Sdn Bhd Corporate Tower, Shah Alam
30.08.17 (Wed) 11.30 am	YLI Holdings Bhd (AGM)	Concorde Hotel, Jalan Sultan Ismail, KL
30.08.17 (Wed) 03.00 pm	Sunway Bhd (EGM)	Sunway Resort Hotel & Spa, Persiaran Lagoon, Bandar Sunway, Subang Jaya

The points of interest to be raised:	
Company	Points/Issues to Be Raised
Reliance Pacific Bhd (AGM)	Could the Board share on the key measures taken by the company to address the declining trend of the company's revenue in the last five financial years?
WCE Holdings Bhd (AGM)	The tender process for the remaining two packages i.e., Package 7 and Package 11 are expected to be completed by September 2017.

The points of interest to be raised:	
	<p>a) Given such a short time frame for Package 7 and 9 to be started in September 2017, would there be a concern of not being able to meet the 5-year timeline to complete the entire Project in the fourth quarter of 2019?</p> <p>b) What would be the penalty if the Group is unable to complete the Project in the fourth quarter of 2019?</p>
Anzo Holdings Bhd (AGM)	<p>In the Chairman's Statement, it was stated that in May 2017, the Company announced its return to the black after 16 consecutive loss-making quarters.</p> <p>a) Would the Company be able to sustain its performance for FY2018?</p> <p>b) What is the outlook for the Timber division?</p>
MMAG Holdings Bhd (AGM)	<p>The Group recorded loss before tax for the last three (3) consecutive financial years. As stated in the Management Discussion & Analysis, the higher loss before tax for FY 2017 was mainly attributed to the higher depreciation and amortisation charges, allowance for impairment loss on bad and doubtful debts and allowance for impairment on slow moving inventories recognised during the financial year.</p> <p>a) What are the key measures taken by the Board to improve the performance of the Group?</p> <p>b) When is the Board expecting the Group to turn around?</p>
Lingkar Trans Kota Holdings Bhd (AGM)	<p>Given the completion of the Kelana Jaya and Ampang Light Rail Transit (LRT) Extension Lines in June 2016 and the MRT opening of the Sungai Buloh-Kajang line under Phase 1 between Sungai Buloh and Semantan in December 2016, how would the Board see the impact and assess the impact on traffic volume over the medium to longer term?</p>
DRB-Hicom Bhd (AGM/EGM)	<p>The Group managed to reduce its pre-tax loss from RM822.1 million in FY2016 to RM222.2 million in FY2017.</p> <p>What would be the expected timeframe for DRB-Hicom to turn around and return to profit?</p>
Amcorp Properties Bhd (AGM)	<p>The Group continued with its partnership with Grosvenor to tap into two global cities, Madrid in Spain and Hong Kong.</p> <p>Could the Board share on the Group's prospects in these two cities?</p>
Panasonic Manufacturing Malaysia Bhd (AGM)	<p>Page 7 of the Annual Report stated that the Company's Home Appliances Business segment achieved marginally higher revenue, but recorded a lower profit before tax of RM59.1 million for FY2017, mainly due to lower sales volume of certain products with higher profit margin.</p> <p>What are the measures taken by the Company to ensure there is sustainability for the sale of products with higher profit margin?</p>
YLI Holdings Bhd (AGM)	<p><u>Key Audit Matters - Property Plant and Equipment ("PPE") (Note 11(d))</u> In the previous financial year, the Group undertook a review of the recoverable amount of the capital work in progress which led to the recognition of an impairment loss of RM585K on the plant and machinery in progress with cost of</p>

The points of interest to be raised:	
	<p>approximately RM8.9 million.</p> <p>In FY2017, the Group estimated the recoverable amount of the capital work in progress at RM8.2 million.</p> <p>Does the Board foresee another impairment exercise to be taken in FY2018 and please explain the reliability of the estimated recoverable amount?</p>
Sunway Bhd (EGM)	<p>Considering the sustainable performances, profitability, earnings and dividend per share expectations that could result in the appreciation of the market price of Sunway Shares higher than its proforma NA of RM1.55 per Sunway Share, would the Board consider any premium for the actual exercise price of the Warrants to make it attractive to minority shareholders for conversion into Sunway shares over the medium to longer term?</p>

MSWG'S WATCHLIST

RHB BANK BERHAD ("RHB") / AMMB HOLDINGS BERHAD ("AMMB")

RHB and AMMB announced that after much deliberation and negotiations, both RHB and AMMB had not been able to reach an agreement on mutually acceptable terms and conditions for the proposed merger of the businesses and undertakings of RHB and AMMB ("Proposed Merger").

Following thereto, both parties have mutually agreed to end the negotiations and not proceed with the Proposed Merger. In this respect, the exclusivity period pursuant to the exclusivity agreement between both parties dated 1 June 2017 would lapse with immediate effect.

[Source: RHB and AMMB's announcement on Bursa Malaysia's website on 22 August 2017]

MALAYSIA BUILDING SOCIETY BERHAD ("MBSB")

The Board of Directors of MBSB announced that the company had on 18 August 2017 received notification from Bank Negara Malaysia ("BNM") vide its letter dated 18 August 2017, that the Minister of Finance has granted approval for the proposed acquisition by MBSB of 100% interest in the shares of Asian Finance Bank Berhad pursuant to the Islamic Financial Services Act 2013.

[Source: MBSB's announcement on Bursa Malaysia's website on 18 August 2017]

LOCAL NEWS AND DEVELOPMENTS

Malaysia's economy grew at faster pace of 5.8% in Q2
<http://www.thestar.com.my/business/business-news/2017/08/18/malaysia-economy-grew-at-faster-pace-of-5pt8pct-in-q2/>

New vehicles sales in July ease 3.4 per cent
<https://www.nst.com.my/business/2017/08/269003/new-vehicles-sales-july-ease-34-cent>

Malaysia's external debt lower in Q2 at RM877b

<http://www.thestar.com.my/business/business-news/2017/08/18/malaysia-external-debt-lower-in-q2-at-rm877b/>

BNM objection to SGX launch of ringgit futures meant for Malaysians

<http://www.thestar.com.my/business/business-news/2017/08/18/bnm-objection-to-sgx-launch-of-ringgit-futures-meant-for-malaysians/>

IRB drops winding-up petition against Country Heights unit after tax liability settled

<http://www.thesundaily.my/news/2017/08/16/irb-drops-winding-petition-against-country-heights-unit-after-tax-liability-settled>

SSE offers leeway to select private companies for audit exemption

<http://www.theedgemarkets.com/article/sse-offers-leeway-select-private-companies-audit-exemption>

Nakamichi Corp director resigns in protest of public reprimand

<http://www.theedgemarkets.com/article/nakamichi-corp-director-resigns-protest-public-reprimand>

GLOBAL NEWS AND DEVELOPMENTS

Japan manufacturers most optimistic in decade as economy grows

<http://www.themalaymailonline.com/money/article/japan-manufacturers-most-optimistic-in-decade-as-economy-grows#J6vcLVRA3ix3fhc9.97>

India's central bank governor says state banks need more capital

<http://www.themalaymailonline.com/money/article/indias-central-bank-governor-says-state-banks-need-more-capital#JmZpULMEHxb4u7lc.97>

China to curb "irrational" overseas Belt and Road investment

<http://www.thestar.com.my/business/business-news/2017/08/18/china-to-curb-irrational-overseas-belt-and-road-investment/>

Fed policymakers grow more worried about weak inflation

<http://www.thestar.com.my/business/business-news/2017/08/17/fed-policymakers-grow-more-worried-about-weak-inflation/>

PwC fined £5.1 mil in largest-ever penalty from watchdog

<http://www.theedgemarkets.com/article/pwc-fined-%C2%A351-mil-largestever-penalty-watchdog>

US jobless claims drop to near six-month low

<http://www.theedgemarkets.com/article/us-jobless-claims-drop-near-sixmonth-low>

Global economy looks set for a year of faster, firmer growth

<http://www.theedgemarkets.com/article/global-economy-looks-set-year-faster-firmer-growth>

MSWG Analysts

Lya Rahman, General Manager, lyarahman@mswg.org.my
Rebecca Yap, Head, Corporate Monitoring rebecca.yap@mswg.org.my
Quah Ban Aik, Head, Corporate Monitoring banaik.quah@mswg.org.my
Norhisam Sidek, Manager, Corporate Monitoring norhisam@mswg.org.my
Wong Kin Wing, Manager, Corporate Monitoring, kinwing@mswg.org.my
Hoo Ley Beng, Manager, Corporate Monitoring linnert.hoo@mswg.org.my
Elaine Choo, Manager, Corporate Monitoring elaine.choo@mswg.org.my
Muhammad Faris bin Mohamed Yusof, Analyst, Corporate Monitoring farisyusof@mswg.org.my

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.

DISCLAIMER

This newsletter and the contents thereof and all rights relating thereto including all copyright is owned by the Badan Pengawas Pemegang Saham Minoriti Berhad, also known as the Minority Shareholder Watchdog Group (MSWG).

The contents and the opinions expressed in this newsletter are based on information in the public domain and are intended to provide the user with general information and for reference only. Best efforts have been made to ensure that the information contained in this newsletter is accurate and current as at the date of publication. However, MSWG makes no express or implied warranty as to the accuracy or completeness of any such information and opinions contained in this newsletter. No information in this newsletter is intended to be or should be construed as a recommendation to buy or sell or an invitation to subscribe for any, of the subject securities, related investments or other financial instruments thereof.

MSWG must be acknowledged for any part of this newsletter which is reproduced.

MSWG bears no responsibility or liability for any reliance on any information or comments appearing herein or for reproduction of the same by third parties. All readers or investors are advised to obtain legal or other professional advice before taking any action based on this newsletter.

ENDS./