



MINORITY SHAREHOLDER WATCHDOG GROUP

Badan Pengawas Pemegang Saham Minoriti Berhad

Incorporated in Malaysia \* Company No. 524898-M

# The Observer

24 February 2017

## MARKET AND REGULATORY UPDATE

### ***BURSA MALAYSIA ANNOUNCED CHANGES TO ORGANISATIONAL STRUCTURE***

Bursa Malaysia Berhad (“Bursa Malaysia” or “the Exchange”) announced changes to its organisational structure. Effective 15th February 2017 and in-line with the new organisational structure, the following personnel changes will take effect:

- Ms. Selvarany Rasiah, formerly Director of Regulation will now lead the expanded commercial portfolio as Chief Commercial Officer (“CCO”)
- Datin Azalina Adham, formerly Director of Strategy and Transformation will lead the operational transformation as the Chief Operating Officer (“COO”)
- Ms. Yew Yee Tee, formerly Head of Enforcement will take on the role of Chief Regulatory Officer (“CRO”)

The key changes in the new organisational structure are as follows:

#### 1. Centralising Commercial and Development Function

- To strengthen the market development focus, divisions are created according to functional capability. This centralisation allows for a seamless cross-asset strategic drive which will improve Bursa Malaysia’s capabilities to respond, anticipate and translate market needs into strategic business plans. A newly created position, Chief Commercial Officer, is responsible to deliver strategic growth and development and improved synergies across products within the following functions;
- Derivatives Market: New product development, enhancement of current product; marketing and education;
- Securities Market: Issuer development, current product enhancement, marketing and education;
- Islamic Capital Market: Current product enhancement, stakeholder management and widening of investor base via marketing and education for Bursa Suq Al-Sila’ and Bursa Malaysia-i;

- v. New Development & Market Facilitation: New product development for the Securities and Islamic Capital Markets, and eco-system management;
- vi. Business Analytics & Information Services: Non-trading revenue growth and repository data centre; and
- vii. Policy Development: Policy formulation and support for market development.

## 2. Streamlining Operations, Technology & Information Management and Corporate Legal Functions

By enhancing operational reliability and responsiveness, the consolidation of the Operations, Technology & Information Management and Corporate Legal functions under a Chief Operating Officer aims to create operational excellence.

*[Source: Media release on Bursa Malaysia's website on 15 February 2017]*

### **MSWG'S COMMENTS:**

We view the new organisational structure positively as it reflects the structure needed to accelerate Bursa Malaysia's positioning as ASEAN's multinational market place amidst the challenging business environment.

The expanded commercial portfolio division would be an important catalyst to harness innovation and create greater synergies across the various product offerings to meet new investment needs and strengthen the stock market. The changes are also expected to improve operational resiliency, which is important to maintain investors' confidence. However, we hope Bursa Malaysia will continue to ensure its regulatory/governance role is equally strengthened.

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## **MSWG'S QUICK TAKE ON-ONGOING CORPORATE DEVELOPMENTS**

### **PUNCAK NIAGA HOLDINGS BERHAD ("PNHB") / TRIPLC BERHAD ("TRIPLC")**

The Board of Directors of PNCB announced that the company had on 16 December 2016 entered into a conditional share sale agreement with Pimpinan Ehsan Berhad ("PEB") to purchase the entire issued and paid-up share capital of TRIplc for a cash consideration of RM210 million only ("Proposed Acquisition").

*[Source: PNHB's announcement on Bursa Malaysia's website on 16 December 2016]*

### **MSWG'S COMMENTS:**

While we understand the need to diversify PNHB business to increase its income stream and minimise dependency on the existing business, the cash consideration of RM210 million to be paid represents an offer price of RM3.101 per TRIplc share is a substantial premium to the market price of RM2.03 prior to the announcement made on 16 December 2016 and to the audited net asset per share of RM2.21 as at 31 May 2015. However, we also noted that the price to be paid is within the range of indicative value for the entire equity interest of TRIplc is between RM191.53 million and RM230.31 million as appraised by FHHM Corporate Advisory Sdn Bhd.

In view of the above, PNHB should be transparent in the disclosure of the detailed valuation of TRIplc. We also advise the shareholders of PNHB to exercise their rights to attend, to seek further explanation and to vote accordingly based on their respective risk-return profiles at the EGM.

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## MSWG'S WATCHLIST

### **AFFIN HOLDINGS BERHAD ("AHB")**

The Board of Directors of AHB announced that the company and AFFIN Bank Berhad ("ABB") intend to undertake the following proposals:

- (i) Proposed transfer by AHB's subsidiary companies to ABB (the "Proposed Reorganisation");
- (ii) Proposed distribution of the entire shareholdings in ABB held by AHB to the entitled shareholders of AHB after the completion of the Proposed Reorganisation by way of a distribution-in-specie via a reduction of the following:
  - the entire consolidated capital of AHB (which includes the entire issued and paid-up share capital of AHB and the entire share premium account of AHB); and
  - the retained profits of AHB,(the "Proposed Distribution");
- (iii) Proposed subscription by ABB of 2 new ordinary shares in AHB which will be undertaken simultaneously with the Proposed Distribution;
- (iv) Proposed amendments of the Memorandum and Articles of Association of AHB and ABB to facilitate the Proposed Transfer of Listing Status;
- (v) Proposed transfer of the listing status from AHB to ABB on the Main Market of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Proposed Transfer of Listing Status"); and
- (vi) Proposed members' voluntary winding-up of AHB in accordance with the Companies Act, 2016.

*[Source: AHB's announcement on Bursa Malaysia's website on 16 February 2017]*

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## LOCAL NEWS AND DEVELOPMENTS

EPF recognises net impairment of RM8.17b in 2016, targets real estate for growth  
<http://www.thestar.com.my/business/business-news/2017/02/18/epf-recognises-net-impairment-of-rm8pt17b-in-2016-targets-real-estate-for-growth/>

EPF declares 5.7% dividend for 2016, total payout RM37.08bil  
<http://www.thestar.com.my/news/nation/2017/02/18/epf-declares-5dot7-per-cent-dividend-for-2016/>

Economy grew by 4.5pct in Q4 and 4.2pct in 2016, says BNM  
<http://www.nst.com.my/news/2017/02/212820/economy-grew-45pct-q4-and-42pct-2016-says-bnm>

Property transactions to continue to slowdown albeit at a slower pace

<http://www.thesundaily.my/news/2164577>

Perwaja reboot - a case of three strikes and you're out?

<http://www.thesundaily.my/news/2167736>

Bursa queries Complete Logistic over price surge

<http://www.thestar.com.my/business/business-news/2017/02/17/bursa-queries-complete-logistic-over-price-surge/>

SC Revokes Licences of Four Individuals

[http://www.sc.com.my/post\\_archive/sc-revokes-licences-of-four-individuals/](http://www.sc.com.my/post_archive/sc-revokes-licences-of-four-individuals/)

Special Taskforce on Bank Negara Malaysia Forex Losses in 1990s

[http://www.bnm.gov.my/index.php?ch=en\\_press&pg=en\\_press&ac=4371&lang=en](http://www.bnm.gov.my/index.php?ch=en_press&pg=en_press&ac=4371&lang=en)

Malaysians' trust in four key institutions falls: Survey

<http://www.thesundaily.my/news/2163857>

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## GLOBAL NEWS AND DEVELOPMENTS

March Fed hike in play for bond traders

<http://www.thestar.com.my/business/business-news/2017/02/17/march-fed-hike-in-play-for-bond-traders/>

China reserves below US\$3 trillion won't threaten rating, S&P says

[http://www.thestar.com.my/business/business-news/2017/02/16/china-reserves-below-us\\$3-trillion-wont-threaten-rating-sp-says/](http://www.thestar.com.my/business/business-news/2017/02/16/china-reserves-below-us$3-trillion-wont-threaten-rating-sp-says/)

S&P downgrade warning sends Toshiba shares falling

<http://www.thestar.com.my/business/business-news/2017/02/17/sp-downgrade-warning-sends-toshiba-shares-falling/>

Samsung chief Lee arrested Friday in corruption investigation

<http://www.thestar.com.my/business/business-news/2017/02/17/samsung-chief-lee-arrested-in-corruption-investigation/>

Singapore, Hong Kong restart dual-class push as rivals snag IPOs

<http://www.themalaymailonline.com/money/article/singapore-hong-kong-restart-dual-class-push-as-rivals-snap-ipos>

Singapore's economy surges 12.3pc, beating earlier estimate

<http://www.themalaymailonline.com/money/article/singapores-economy-surges-12.3pc-beating-earlier-estimate>

S.Korea court declares Hanjin Shipping bankrupt

<http://www.theedgemarkets.com/my/article/skorea-court-declares-hanjin-shipping-bankrupt?type=Corporate>

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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 save for TRIpIc Berhad.*

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## Feedback

We welcome your feedback on our newsletter and our work. Email us at [mswg.ceo@mswg.org.my](mailto:mswg.ceo@mswg.org.my) with your comments and suggestions.

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