

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

Incorporated in Malaysia \* Company No. 524898-M

# The Observer

08 December 2017

## VOICE OF MSWG

### ***MSWG-ASEAN CG RECOGNITION 2017***

A big thank you to all our friends who attended our award giving ceremony at the Majestic Hotel recently and all who have contributed one way or another towards the success of the event. Your support is greatly appreciated, and we hope each one of you had a good time. To those who did not receive an award, please do not despair as we have every confidence that you may be a winner next time round.

MSWG's assessment of the top 100 PLCs in Malaysia indicates that our listed companies continue to take corporate governance ever more seriously.

We have found that the average CG Score among the basket of a hundred companies has consistently trended higher, from the 68.20 points measured in 2012 to 85.02 points in 2016.

In this, the latest year, the overall score has further risen to 86.18 points, underlining the greater efforts made by PLCs in improving their CG practices and disclosures, as well as in discharging their duty to shareholders.

Overall, despite 2017 being a tumultuous year, these findings give us a sense of optimism in the future, especially where such ongoing commitments to continuously raising the CG bar will contribute towards increased confidence among investors in our local capital markets. Competition is getting keener and it augurs well for the capital market as companies are increasingly more cognisant of good CG and striving to further improve their CG.

Congratulations to all the winners and we look forward to an even better performance in 2018!

### ***BURSA TIGHTENS AGAIN***

To further align the capital markets with the Companies Act 2016 and Malaysian Code on Corporate Governance (MCCG), Bursa has made some important improvements to the Listing Rules.

From the perspective of further improving Corporate Governance (CG), Bursa now compels listed companies to:

- a. Improve the quality of CG disclosures through the CG Overview Statement and CG Report
- b. Promote transparency over directors' remuneration by requiring disclosure on a named basis
- c. Enhance the Audit Committee's oversight over the internal audit function.

Most notable among these enhancements is (b), which requires all listed issuers to provide detailed disclosures of individual director's remuneration effective Jan 2, 2018. Indeed this is a measure MSWG has always advocated for one simple reason that directors' remuneration MUST always correspond with company performance. Any inconsistency would demand an explanation.

Commendations must go to Bursa for enumerating such necessary and welcomed improvements to its Listing Rules.

### ***THE LONG ARM OF THE LAW***

The conviction and sentencing of Dato' Seri Stanley Thai Kim Sim, CEO of rubber glove maker Supermax Corporation Bhd, indicates once again that the long arm of the law will one day catch up with misdeeds. Dato' Seri Thai's conviction relates to his alleged activities with APL Industries Bhd (APLI) way back in 2007 when he was CEO. The fact that a decade has passed is inconsequential. What matters is that the regulators deemed the weight of evidence sufficient to warrant a move to incarcerate him and to perhaps send a meaningful message to the wider market.

On the back of these developments, in fact, it is MSWG's stand that any director who has been charged of a criminal offence by a court of law even though not convicted yet must from the date of the charge take a leave of absence from his/her duties. The question of integrity is of utmost importance when public funds are involved and shareholder interests should reign supreme.

We feel that it is incumbent upon Supermax's board to introduce a more rigorous and robust governance measures into their Code of Ethics to include disqualifying, suspending or even disbarring directors whose integrity has been compromised.

We also noted Dato' Seri Thai was, nevertheless, relieved of his duty as a director in Supermax on 7 December 2017 in accordance with Paragraph 15.05 of the Main Market Listing Requirements of Bursa Malaysia. This would have served as a sabbatical on directors who are convicted by a court of law, even if the directors reluctantly vacate from their office.

*MSWG TEAM*

*8 December 2017*

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### **MSWG'S AGM WEEKLY WATCH 11 - 15 DECEMBER 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](http://www.mswg.org.my).

Date & Time	Company	Venue
12.12.17 (Tue) 10.00 am	YTL Power International Bhd (AGM)	JW Marriott Hotel Kuala Lumpur
12.12.17 (Tue) 12.45 pm	YTL Corporation Bhd (AGM)	JW Marriott Hotel Kuala Lumpur
12.12.17 (Tue) 03.00 pm	YTL Land & Development Bhd (AGM)	JW Marriott Hotel Kuala Lumpur
13.12.17 (Wed) 10.00 am	MK Land Holdings Bhd (AGM)	Connexion Conference & Event Centre, Bangsar South City

The points of interest to be raised:	
Company	Points/Issues to Be Raised
YTL Power International Bhd (AGM)	As reported on page 15 of the Annual Report, the Paka Power Station is expected to commence operation from 1 September 2017. (a) How are the terms of the new power purchase agreement ("PPA") as compared to the old PPA?  (b) Is the PPA subject to renewal on expiry?  (c) How significant is the contribution of the Power Generation business to the Group revenue?
YTL Corporation Bhd (AGM)	The Group had acquired four (4) hotels in UK namely The Glasshouse Hotel, Edinburgh, Threadneedles, London, The Academy, London and Monkey Island Estate. (a) What were the occupancy rates for each hotel in FY2017 and the expected occupancy rates in FY2018?  (b) How were the acquisitions of these four hotels financed?
YTL Land & Development Bhd (AGM)	The impairment losses on property developments amounted to RM12.9 million in FY2017 as compared to RM5.2 million in FY2016. (a) Which project was the impairment loss related to?  (b) Is there any foreseeable impairment loss in FY2018?
MK Land Holdings Bhd (AGM)	The Management Discussion and Analysis (MD & A) reported that the Board's focus for the financial year was to sell the recently completed products especially the Armanee Terrace Condominium (Block B) and the Rafflesia while planning for new launches. (a) Could the Board enlighten shareholders on the steps and measures taken to sell the completed products?  (b) Could the Board disclose the number of unsold completed units and their values as reported in the Group Chief Executive Officer's review of the Group's operations of property development comprising Damansara Perdana, Damansara Damai, Klebang Putra and Meru Perdana?  (c) Where would be the locations or projects of the future products being planned

**The points of interest to be raised:**

comprising condominiums and apartments to be priced below the RM1 million price tag and what are the likely themes of vibrant townships and the types of homes that could attract potential buyers?

- (d) What steps would the Board take in the event that the future products planned have become unsold completed properties as reported in Note 21 amounting to RM118.33 million as at 30 June 2017 (2016: RM137.91 million) on page 105 of the Annual Report?

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**LOCAL NEWS AND DEVELOPMENTS**

Sime Darby gains but plantation, property extend losses

<https://www.thestar.com.my/business/business-news/2017/12/04/sime-darby-gains-but-plantation-property-extend-losses/>

Improved manufacturing may lead to interest rate hikes in Malaysia and elsewhere

<https://www.thestar.com.my/business/business-news/2017/12/02/improved-manufacturing-may-lead-to-interest-rate-hikes-in-malaysia-and-elsewhere/>

October trade surplus may have widened to RM8.9bil

<https://www.thestar.com.my/business/business-news/2017/12/02/october-trade-surplus-may-have-widened-to-rm89bil/>

SC issues enhanced guidelines on prospectus disclosures

<https://www.nst.com.my/business/2017/11/309295/sc-issues-enhanced-guidelines-prospectus-disclosures>

Iskandar Malaysia records RM244b committed investments

<https://www.thestar.com.my/business/business-news/2017/11/30/iskandar-malaysia-records-rm244b-committed-investments/>

Malaysia, Thailand and Indonesia to restrict rubber exports again

<https://www.thestar.com.my/business/business-news/2017/11/30/malaysia-thailand-and-indonesia-to-restrict-rubber-exports-again/>

EPF investment income rises to RM12.95bil

<https://www.thestar.com.my/business/business-news/2017/11/30/epf-investment-income-rises-to-rm1295bil/>

Khazanah calls report 'misleading', asserts shareholder return is 9.3%

<https://www.thestar.com.my/business/business-news/2017/11/29/khazanah-calls-report-misleading-and-asserts-shareholder-return-is-9pt3pc/>

Nestle and Press Metal to be included in FBM KLCI index; to replace BAT and IJM

<https://www.nst.com.my/business/2017/11/309321/nestle-and-press-metal-be-included-fbm-khci-index-replace-bat-and-ijm>

Malaysian companies find familiarity in HK stock exchange

<http://www.thesundaily.my/news/2017/12/03/malaysian-companies-find-familiarity-hk-stock-exchange>

Malaysia agrees to extend oil output cut to end of 2018

<http://www.thesundaily.my/news/2017/12/03/malaysia-agrees-extend-oil-output-cut-end-2018>

Auditors qualify opinion on SMTrack's accounts

<http://www.thesundaily.my/news/2017/11/30/auditors-qualify-opinion-smtracks-accounts>

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## GLOBAL NEWS AND DEVELOPMENTS

US Senate tax bill accomplishes major Obamacare repeal goal

<http://www.themalaymailonline.com/money/article/us-senate-tax-bill-accomplishes-major-obamacare-repeal-goal#Sls7lgelQcVvk.97>

Trump administration rejects China's bid for market economy status

<http://www.thesundaily.my/news/2017/12/02/trump-administration-rejects-chinas-bid-market-economy-status>

Bitcoin euphoria

<https://www.thestar.com.my/business/business-news/2017/12/02/bitcoin-euphoria/>

Economists: ECB to shut the door on easy money by end-2018

<https://www.thestar.com.my/business/business-news/2017/11/30/economists-say-ecb-to-shut-the-door-on-easy-money-by-end-2018/>

China's 2018 steel output seen rising even after mill closures

<http://www.themalaymailonline.com/money/article/chinas-2018-steel-output-seen-rising-even-after-mill-closures#ITJrjF6dd7jYpG3P.97>

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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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