

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

Incorporated in Malaysia * Company No. 524898-M

The Observer

13 January 2018

VOICE OF MSWG

Happy New Year everyone!

Unlike in previous years, 2018 has begun very well for share markets generally, with the upcoming general elections and strong Ringgit viewed as additional favourable catalysts for Bursa Malaysia.

During this market exuberance, it is good to remind ourselves on the importance of responsible corporate behaviour.

Judging from the developments at MUI Properties (management changes for good CG, succession planning), AirAsia (CEO and deputy CEO relinquishing directorships to enhance CG) and Berjaya Food Bhd (executive chairman resigning from post to comply with best practices under the CG code), it is clear that there is some momentum among listed companies to better comply with the freshly revised Malaysian Code on Corporate Governance (MCCG) 2017.

For the sixth-straight year, we have shown CG improvements in the results of our MSWG-ASEAN Corporate Governance Recognition 2017, despite the more stringent assessments under the revised scorecard.

Obviously, there have been greater efforts made by PLCs in improving their CG practices and disclosures, as well as in discharging their duty to shareholders.

This is exactly the spirit behind the MCCG 2017, which has shifted from the 'comply or explain' approach in the 2012 Code to the much more proactive 'apply or explain an alternative' approach, or CARE ('Comprehend, Apply and REport').

This greater flexibility in applying CG best-practices should see improvements in future.

But we do not think it will end there, as the MCCG also now expressly encourages non-listed entities like state-owned enterprises, SMEs and licensed intermediaries to embrace the MCCG to enhance accountability, transparency and sustainability.

In short, improving corporate behaviour is here to stay and this will be music to the ears of minority shareholders.

CONGRATULATIONS, KENANGA

In the same vein, we would like to congratulate Kenanga Investors Bhd and its subsidiary, Kenanga Islamic Investors Bhd for officially becoming a signatory to the Malaysian Code for Institutional Investors.

As more asset managers become signatories to our local stewardship code, we foresee a reduction in incidences of conflicts of interest and irresponsible corporate behaviour.

We also fully expect market-friendly activities like increased investor engagement, clear policies on AGM voting and better consideration of ESG (environmental, social and governance) to increase.

SC'S CRYPTO TREPIDATION

We are not surprised in the least by the Securities Commission's hesitation to validate cryptocurrencies and their chief mode of capital-raising, Initial Coin Offerings, the latest example being its cease-and-desist order to CopyCash Foundation.

Our sense is that the SC is doing all it can to structure a secure Use Case-based framework for this new form of digital currency so that investors may participate in its potential benefits in a safe manner.

In the meantime, however, we would echo the SC's sentiment in saying that Bitcoin and all its associated variants, at this point in time, remain extremely risky and volatile due to its unregulated nature.

MSWG TEAM

12 January 2018

MSWG'S QUICK TAKE ON-ONGOING CORPORATE DEVELOPMENTS

MULTI-USAGE HOLDINGS BERHAD ("MUH")

MUH held its 25th Annual General Meeting ("AGM") on 29 December 2017.

The voting results for resolutions of the AGM are shown below:

Resolutions	Votes FOR		Votes AGAINST		Results
	No. of votes	%	No. of votes	%	
Ordinary Resolution 5 - To approve the payment of Directors' fees and other benefits payable amounting to RM94,000/- for the financial year ended 30 June 2017.	5,036,502	21.30	18,614,252	78.70	Not Carried
Ordinary Resolution 6 - To approve the payment of Directors' fees and other benefits payable for amount not exceeding RM350,000/- for the financial year ending 30 June 2018.	5,036,502	21.30	18,614,252	78.70	Not Carried
Ordinary Resolution 7 - To re-appoint Messrs Baker Tilly Monteiro Heng as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.	23,364,354	98.79	286,400	1.21	Carried

Resolutions	Votes FOR		Votes AGAINST		Results
	No. of votes	%	No. of votes	%	
Ordinary Resolution 8 - Authority to allot and issue shares in general pursuant to Sections 75 and 76 of the Companies Act, 2016.	5,036,502	21.30	18,614,052	78.70	Not Carried

[Source: MUH's announcement on Bursa Malaysia's website on 29 December 2017]

MSWG'S COMMENTS:

MSWG's representatives attended the meeting as proxies and reported that the meeting was conducted smoothly. Certain controversial resolutions pertaining to the re-election and appointment of Directors were removed from the agenda by court order and postponed to an adjourned AGM to be determined by the Court.

We noted that the 'Other Expenses' amounting to RM2.4 million was material compared to the loss for the year of RM3.8 million. There was no breakdown for the 'Other expenses'. MSWG's representatives requested the Board to provide a breakdown of 'Other expenses'. We noted that RM1.6 million of the 'Other expenses' was related to legal costs. The remaining were for insurance, travelling expenses, fees to company secretary and auditors, etc. We believe the company should enhance transparency on the Group's expenses by voluntarily providing breakdown of all material figures in their financial statements.

In addition, we hope that the Board would resolve the litigations and thus avoid litigation costs and enable the company to concentrate on their business.

MSWG'S AGM WEEKLY WATCH 15 - 19 JANUARY 2018

For this week, the following AGM is in the Minority Shareholder Watchdog Group's (MSWG) watch list.

The summary of points of interest are highlighted here, while the details of the questions raised with the company can be obtained at MSWG's website at www.mswg.org.my.

Date & Time	Company	Venue
15.01.18 (Mon) 09.00 am	Kinsteel Bhd (AGM)	The Everly Hotel, No. 1, Jalan Alamanda Precinct 1, Putrajaya

The points of interest to be raised:	
Company	Points/Issues to Be Raised
Kinsteel Bhd (AGM)	<p>The Company has been classified a PN17 company since 27 October 2016 and was required to submit its Proposed Regularisation Plan by 26 October 2017. As the Company failed to submit its regularisation plan within the stipulated timeframe, it was announced on 28 December 2017 that (a) the trading in the securities of the Company will be suspended with effect from 5 January 2018; and (b) the securities of the Company will be de-listed on 9 January 2018 unless an appeal against the de-listing is submitted to Bursa Securities on or before 4 January 2018. On 9 January 2018, the Company announced that it had submitted an appeal against the suspension and de-listing to Bursa Securities. The removal of the securities of Kinsteel from Bursa Securities on 9 January 2018 shall be deferred pending the decision on the Appeal.</p> <ol style="list-style-type: none"> In light of the above development, how confident is the Board that the appeal would be successful? What is the current status of the Proposed Regularisation Plan and what is the

The points of interest to be raised:	
	expected timeline for submission?

MSWG'S WATCHLIST

KINSTEEL BHD ("KINSTEEL")

The Board of Directors of Kinsteel announced that it had on 4 January 2018 submitted an appeal against the suspension and de-listing to Bursa Malaysia ("Appeal"). The removal of the securities of Kinsteel from Bursa Malaysia on 9 January 2018 shall be deferred pending the decision on the Appeal.

[Source: Kinsteel's announcement on Bursa Malaysia's website on 9 January 2018]

LOCAL NEWS AND DEVELOPMENTS

SC Issues Cease and Desist Order to CopyCash Foundation

https://www.sc.com.my/post_archive/sc-issues-cease-and-desist-order-to-copycash-foundation/

Malaysia to allow duty-free exports of CPO for 3 months starting next Monday

<https://www.nst.com.my/business/2018/01/321970/malaysia-allow-duty-free-exports-cpo-3-months-starting-next-Monday>

November exports up 14.4% to RM83.5b, trade surplus at RM9.9b

<http://www.thesundaily.my/news/2018/01/05/november-exports-144-rm835b-trade-surplus-rm99b>

Malaysia GDP seen moderating to 5% this year

<https://www.thestar.com.my/business/business-news/2018/01/04/malaysia-gdp-seen-moderating-to-5-this-year/>

MP Corp in talks to redevelop Wisma MPL

<https://www.thestar.com.my/business/business-news/2018/01/04/mp-corp-in-talks-to-redevelop-wisma-mpl/>

Caely says exploring avenues to enhance shareholders' value in reply to UMA

<https://www.theedgemarkets.com/article/caely-says-exploring-avenues-enhance-shareholders-value-reply-uma>

Purchase of Land for the Development of a Financial Education Hub

http://www.bnm.gov.my/index.php?ch=en_press&pg=en_press&ac=4593&lang=en

Extra IRB tax bill for Idimension

<https://www.theedgemarkets.com/article/extra-irb-tax-bill-idimension>

Tey Por Yee's defamation suit resolved with apology

<https://www.theedgemarkets.com/article/tey-por-yees-defamation-suit-resolved-apology>

Trading of NWP shares suspended as firm misses annual report deadline

<https://www.theedgemarkets.com/article/trading-nwp-shares-suspended-firm-misses-annual-report-deadline>

Scomi units up on three-way-turned-two merger

<https://www.theedgemarkets.com/article/scomi-units-threewayturnedtwo-merger>

GLOBAL NEWS AND DEVELOPMENTS

China to stick with 'around 6.5%' growth goal in 2018 – sources

<https://www.theedgemarkets.com/article/china-stick-around-65-growth-goal-2018---sources>

China's services sector growth at more than three year-high in December: Caixin PMI

<https://www.theedgemarkets.com/article/chinas-services-sector-growth-more-three-yearhigh-december-caixin-pmi>

India sees slowest growth since 2014 as new tax roils economy

<https://www.thestar.com.my/business/business-news/2018/01/06/india-sees-slowest-growth-since-2014-as-new-tax-roils-economy/>

Oil prices hit highest since 2014, but analysts warn of overheated mkt

<https://www.theedgemarkets.com/article/oil-prices-hit-highest-2014-analysts-warn-overheated-mkt>

Wall St higher despite weak December hiring data

<https://www.theedgemarkets.com/article/wall-st-higher-despite-weak-december-hiring-data>

Japan December final manufacturing PMI highest since Feb 2014

<https://www.theedgemarkets.com/article/japan-december-final-manufacturing-pmi-highest-feb-2014>

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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 with your comments and suggestions.

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