



MINORITY SHAREHOLDER WATCHDOG GROUP

Badan Pengawas Pemegang Saham Minoriti Berhad

Incorporated in Malaysia \* Company No. 524898-M

# The Observer

26 February 2018

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

### **KRETAM HOLDINGS BERHAD ("KHB") / HAP SENG PLANTATIONS HOLDINGS BERHAD ("HSPB")**

The Board of KHB announced that KHB has been informed by its Executive Director/Chief Executive Officer and the controlling shareholder, Datuk Lim Nyuk Sang @ Freddy Lim that he had on 21 February 2018 entered into agreements with HSPB to divest his direct and indirect shareholdings in KHB ("Proposed Disposal").

*[Source: KHB's announcement on Bursa Malaysia's website on 21 February 2018]*

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

The Proposed Disposal looks like a good deal for shareholders of KHB, as the disposal price of RM0.92 per KHB Share represents an attractive price-to-earnings ratio of 76.9 times (based on the unaudited annualised EPS of 1.2 sen as at 30 September 2017) and price-to-book ratio of 2.3 times (based on the unaudited Net Assets per Share of 40.4 sen as at 30 September 2017).

The share price of KHB, on the other hand, has soared from 55 sen on 2 January 2018 to 84 sen on 20 February 2018, a day prior to the suspension of KHB shares for the announcement of the Proposed Disposal. This price increase represents a significant appreciation of 55.6%. We believe the sudden surge of KHB's share price prior to the announcement of the Proposed Disposal does warrant an investigation into unusual trading activity by the regulators for possible insider trading.

### ***KINSTEEL BERHAD ("KINSTEEL")***

Further to the Company's announcements made on 11 May 2016, 13 May 2016, 2 December 2016 and the winding-up petition served on 22 December 2016 by Messrs T.J. Goh & Co., acting for Knusford Marketing Sdn Bhd ("KMSB") and 29 January 2018 on the Notice pursuant to Section 218 of the Companies Act, 1965, the Board of Directors of Kinsteel announced that Kinsteel had on 13 February 2018 been served a notice of appointment of liquidator and situation of office of liquidator.

*[Source: Kinsteel's announcement on Bursa Malaysia's website on 21 February 2018]*

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

The notice of appointment of liquidator should not come as a surprise for shareholders of Kinsteel as they have known that a winding-up petition was previously served by KMSB on 22 December 2016. Shareholders are likely to feel disappointed with the latest development which puts a spanner in the works on the turnaround plan outlined by the Board of Directors of Kinsteel at the last AGM held not long ago.

There are now two urgent questions in the minds of the shareholders. They urgently want to know from the company whether:

- (i) the company would be able to fend off the winding-up petition and whether it would be able to submit its restructuring plan to Bursa Malaysia on time; and
- (ii) the value of total assets would be sufficient to cover total liabilities in the scenario of an eventual winding-up and if there would be any surplus available to the shareholders.

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### **MSWG'S AGM WEEKLY WATCH 26 FEBRUARY 2018 - 2 MARCH 2018**

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
27.02.18 (Tue) 10.00 am	JCY International BHD (AGM/EGM)	Grand Paragon Hotel, 18 Jalan Harimau, Taman Century, JB
28.02.18 (Wed) 10.00 am	Selangor Properties Bhd (AGM)	TPC Kuala Lumpur (Kuala Lumpur Golf & Country Club Berhad), Off Jalan Bukit Kiara, KL

The points of interest to be raised:	
Company	Points/Issues to Be Raised
JCY International BHD (AGM/EGM)	<ol style="list-style-type: none"><li>1) As stated in the Management Discussion &amp; Analysis on page 8 of Annual Report, the Group has adopted two strategies for long term sustainability, i.e. (i) Horizontal Expansion in the digital storage industry by increasing the market share within the supply chain and expanding range of products to more customers within the digital storage industry; and (ii) Diversification into other related and new industries.  What is the current market share and what would be the expected market share for the Group for the next financial year?</li><li>2) We noted that the Company did not publish the Summary of Key Matters discussed at the AGM on the company's website as required under Chapter 9, Paragraph 9.21(2) of the Main Market Listing Requirements of Bursa Malaysia. Please explain.</li></ol>
Selangor Properties Bhd	<ol style="list-style-type: none"><li>1) We noted that the Company has decided to sell the three parcels of freehold land identified as Phase 6 of Bukit Permata.</li></ol>

<b>The points of interest to be raised:</b>	
(AGM)	<ul style="list-style-type: none"> <li>(i) What is the reason for the Company to sell the 3 parcels of land?</li> <li>(ii) Why is the transaction not completed as at end of 2017?</li> <li>(iii) What would be the financial impact to the Group's earnings?</li> </ul> <p>2) What is the latest take-up rate for the AIRA Residence and what is the expected marketing expenses for FY2018?</p> <p>3) Please explain why the investment properties in Malaysia were valued on open market comparison method while the investment properties in Australia were valued on capitalisation method.</p>

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## MSWG'S WATCHLIST

### MALAYSIA PACIFIC CORPORATION BERHAD ("MPC")

The Board of Directors of MPC announced that the company had on 20 February 2018 received a Winding-Up Petition pursuant to Section 465 of the Companies Act 2016 (Act 777) dated 6 February 2018 from Messrs Gibb & Co. and the case management is fixed on 21 February 2018.

The company previously on 14 June 2016 received a notice of statutory demand pursuant to Section 218 of the Companies Act 1965 (Act 125) dated 8 June 2016 from Messrs Gibb & Co.

On 21 February 2018, the Court fixed the next case management on 27 March 2018.

*[Source: MPC's announcement on Bursa Malaysia's website on 21 February 2018]*

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## LOCAL NEWS AND DEVELOPMENTS

Final version of Trans-Pacific trade deal released, includes Malaysia

<https://www.thestar.com.my/business/business-news/2018/02/22/final-version-of-trans-pacific-trade-deal-released/>

Toyo Ink surges to multi-year high, prompts Bursa query

<https://www.thestar.com.my/business/business-news/2018/02/22/toyo-ink-surges-to-multi-year-high-prompts-bursa-query/>

Toyo Ink surges to multi-year high, prompts Bursa query

<https://www.thestar.com.my/business/business-news/2018/02/22/toyo-ink-surges-to-multi-year-high-prompts-bursa-query/>

Malaysia's 2017 labour productivity up 3.6pct to RM81,039

<https://www.nst.com.my/business/2018/02/337958/malaysias-2017-labour-productivity-36pct-rm81039>

Malaysian economy grew 5.9% last year, slower pace seen this year

<https://www.thestar.com.my/business/business-news/2018/02/15/steady-growth/>

Malaysia's balance of payments falls into RM13.1b deficit in 4Q17

<http://www.theedgemarkets.com/article/malaysias-balance-payments-falls-rm131b-deficit-4q17>

Inland Revenue Board slaps winding-up petition on Eden

<http://www.thesundaily.my/news/2018/02/21/inland-revenue-board-slaps-winding-petition-eden>

Maxis Communications' Aircel to file for bankruptcy in India

<https://www.nst.com.my/business/2018/02/337208/maxis-communications-aircel-file-bankruptcy-india>

Pressure piling on new Proton CEO

<https://www.thestar.com.my/news/nation/2018/02/18/pressure-piling-on-new-proton-ceo-ceo-dr-li-is-instituting-changes-to-proton-to-reduce-cost-and-impr/>

Malaysia capable of achieving GDP of RM2 trillion by 2022

<https://www.thestar.com.my/business/business-news/2018/02/16/malaysia-capable-of-achieving-gdp-of-rm2-trillion-by-2022/>

Bank Negara to introduce new policies as new external risks emerge

<https://www.thestar.com.my/business/business-news/2018/02/14/bank-negara-to-introduce-new-policies-as-new-external-risks-emerge/>

SC charges duo for insider trading involving Johor Land shares in 2009

<http://www.theedgemarkets.com/article/sc-charges-duo-insider-trading-involving-johor-land-shares-2009>

Four Genneva directors sentenced to jail, fined RM1m each

<http://www.theedgemarkets.com/article/four-genneva-directors-sentenced-jail-fined-rm1m-each-0>

Offer for Oldtown at RM3.18 a piece open till March 13

<http://www.thesundaily.my/news/2018/02/20/offer-oldtown-rm318-piece-open-till-march-13>

Ex-director sues Brite-Tech for alleged breach of confidence

<http://www.theedgemarkets.com/article/exdirector-sues-britetech-alleged-breach-confidence>

TRIplc shareholders give nod for restructuring and disposal exercise

<http://www.theedgemarkets.com/article/triplc-shareholders-give-nod-restructuring-and-disposal-exercise-0>

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## GLOBAL NEWS AND DEVELOPMENTS

US yields rise in auctions as stocks sink; US\$ recovers

<https://www.thestar.com.my/business/business-news/2018/02/21/us-yields-rise-in-auctions-as-stocks-sink-dollar-recovers/>

China Warns It May Retaliate If U.S. Imposes Metal Tariffs

<http://www.theedgemarkets.com/article/china-warns-it-may-retaliate-if-us-imposes-metal-tariffs>

Three held in Punjab National Bank scandal, hit to lenders may exceed US\$3b

<http://www.thesundaily.my/news/2018/02/18/three-held-punjab-national-bank-scandal-hit-lenders-may-exceed-us3b>

BoJ may keep retreating from stimulus under Kuroda

<https://www.thestar.com.my/business/business-news/2018/02/21/boj-may-keep-retreating-from-stimulus-under-kuroda/>

US regulator warns of cryptocurrency 'pump-and-dump' schemes

<https://www.thestar.com.my/business/business-news/2018/02/16/us-regulator-warns-of-cryptocurrency-pump-and-dump-schemes/>

SEC halts Chicago Stock Exchange sale to group led by China-based investors

<https://www.thestar.com.my/business/business-news/2018/02/16/sec-halts-chicago-stock-exchange-sale-to-group-led-by-china-based-investors/>

In free trade U-turn, Modi raises India's import duties

<https://www.thestar.com.my/business/business-news/2018/02/16/in-free-trade-uturn-modi-raises-indias-import-duties/>

European car sales went up 6.8% in January

<https://www.thestar.com.my/business/business-news/2018/02/16/european-car-sales-went-up-68-in-january/>

China remains Germany's biggest trading partner in 2017

<http://www.theedgemarkets.com/article/china-remains-germanys-biggest-trading-partner-2017>

Toyo Ink surges to multi-year high, prompts Bursa query

<https://www.thestar.com.my/business/business-news/2018/02/22/toyo-ink-surges-to-multi-year-high-prompts-bursa-query/>

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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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