

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

Incorporated in Malaysia * Company No. 524898-M

The Observer

31 March 2017

VOICE OF MSWG

SUITABILITY OF VENUE FOR AGM

In view of the mandatory poll voting, we hope companies will look into suitable venue to cater for large crowd of shareholders, especially if the companies wish to distribute door gift after the vote is casted. Perhaps this arrangement is made to encourage the shareholders to exercise their rights to vote at the AGM.

AGE AND TENURE

A 70-year-old director is no longer legally required to seek shareholders' approval to continue in office at every AGM. Rightly so, as MSWG is of the view that age should not be the measure of a person's physical and intellectual capability. As long as a 70-year-old director is able to contribute to the company's well-being, he or she should be treated the same as any other director. Therefore, he or she should be subjected to re-election in every 3 years, just like any other director, nothing more nothing less.

INVESTORS PROGRAMME

We are glad to inform that MSWG in collaboration with MIA and supported by Bursa Malaysia had, on 31 March 2017, successfully conducted an investors programme on "A New Era of Auditor Reporting: Insights For Investors", in particular on "Key Audit Matters". The scope of discussions came from various perspectives, namely auditors, audit committee members, and retail and institutional investors. The session was actively participated by retail investors who asked insightful and relevant questions. We look forward to organising more similar investor programmes in the future.

MACROECONOMIC ISSUE

On the economic front, everyone is watching Bank Negara's next move, with inflation hitting an eight-year high in February 2017. In assessing its next move on rates, the Central Bank has to also take heed of a multitude of factors, including the spectre of slower growth at home and developments overseas. While we are confident that BNM will make the right decision, economic stability remains of paramount importance.

THE MSWG TEAM

31 March 2017

MSWG'S AGM WEEKLY WATCH 3 - 7 APRIL 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
05.04.17 (Wed) 02.30 pm	Boustead Heavy Industries Corp. Bhd (AGM)	The Royale Chulan Damansara Hotel, Mutiara Ballroom
06.04.17 (Thur) 09.00am	Pharmaniaga Bhd (AGM)	The Royale Chulan Damansara Hotel, Mutiara Ballroom
06.04.17 (Thur) 10.00am	Malayan Banking Bhd (AGM/EGM)	Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1
06.04.17 (Thur) 10.30am	KLCC Property Holdings Bhd (AGM)	Mandarin Oriental Kuala Lumpur, Kuala Lumpur City Centre
06.04.17 (Thur) 02.00 pm	Boustead Holdings Bhd (AGM)	The Royale Chulan Damansara Hotel, Mutiara Ballroom

The points of interest to be raised:	
Company	Points/Issues to Be Raised
Boustead Heavy Industries Corp. Bhd (AGM)	<p>1) The Group's revenue generating activities are now grouped into three distinct divisions, namely the Defence and Security Division, Energy Division and Commercial Division.</p> <p>a) Could the Board enlighten shareholders on the total outstanding values of contracts/projects and the average remaining duration under each of the divisions?</p> <p>b) Under the Defence and Security Division, has the Group been able to make much headway or progress in exploring regional business opportunities? What are the targets set, if any, achievements and the timeline?</p>
Pharmaniaga Bhd (AGM)	<p>1) We noted that the Group's current ratio is below 1 time. What is the Group's targeted optimal current ratio? What steps have been taken to bring it to a higher level?</p> <p>We also noted that the total short-term loan and borrowings of RM616.7 million would mature in FY 2017. When will the next loan/bond repayment be due? Would the Group be able to meet the repayment schedule and what would be the amount of repayment?</p> <p>2) We noted in page 194 of the Annual Report, there was an advance of RM17.2 million granted to a corporate shareholder of a subsidiary.</p> <p>a) What is the rationale of granting such an advance to the corporate shareholder?</p> <p>b) Is the corporate shareholder a related party?</p>

The points of interest to be raised:	
Company	Points/Issues to Be Raised
Malayan Banking Bhd (AGM/EGM)	<p>1) The Maybank Group operates in multiple international markets as one entity across ASEAN and other regions overseas. Given the rising competition, higher operational costs and challenging environment across these regions:</p> <p>a) What pertinent strategies should the Board put in place to ensure the Maybank Group's sustainability, profitability, cost efficiency and growth, moving forward?</p> <p>b) How sustainable is the current model of branch operations of the Maybank Group in meeting customer expectations and sophisticated needs in its global network stated on pages 10 to 11 of the Annual Report?</p> <p>c) Given that there have been changes in the banking industry, e.g. Fintech companies, stricter capital requirements among others:</p> <p>I. How would the Board see the Maybank Group navigate amid these developments?</p> <p>II. Would the Maybank Group's model change to adapt technology innovation and changes including the impact from Fintech companies?</p>
KLCC Property Holdings Bhd (AGM)	<p>1) A new lease was secured with ExxonMobil Exploration & Production Malaysia Inc. ("ExxonMobil") which commenced on 1 February 2017 for a 9-year term expiring on 31 January 2026 with an option to renew for further 3 successive terms of 3 years each. ExxonMobil occupies 60% of the building.</p> <p>Could the Board provide an update on the status of potential new tenants to take up the remaining 40% of the building?</p>
Boustead Holdings Bhd (AGM)	<p>1) As noted in the Chairman's Statement, key contributors to the Group profit after tax for FY2016 were the Property and Plantation Divisions, with almost all Divisions turning in solid performances. However, we noted that the significantly better results for Property and Plantation Divisions were mainly due to gains from disposal of investment and land. The Heavy Industries Division continued to perform poorly though recording lower losses in FY2016 compared to the previous financial year.</p> <p>a) For FY2017 and going forward, does the Board foresee the much better financial performance to be sustainable and which division/s are expected to excel?</p>

The points of interest to be raised:	
Company	Points/Issues to Be Raised
	<p>b) For FY2017, are the Property and Plantation Divisions expected to register much higher profits without any one-off disposals of land/assets and, if so, please explain.</p> <p>c) When would the Heavy Industries Division be expected to turn around and what would be the key factors?</p>

MSWG'S WATCHLIST

UTUSAN MELAYU (MALAYSIA) BERHAD ("UTUSAN")

The Board of Directors of Utusan had on 23 March 2017 announced that the Company has entered into a Memorandum of Understanding with Krishna Industrial Corporation Limited and Coimbatore Institute of Technology and Primainfo Technologies Sdn Bhd with the objective of venturing into the business of information and technology in Malaysia.

[Source: Utusan's announcement on Bursa Malaysia's website on 23 March 2017]

LOCAL NEWS AND DEVELOPMENTS

Economy to grow 4.3% to 4.8% this year: Bank Negara
<http://www.thesundaily.my/news/2204760>

Consumer Price Index up 4.5pct in Feb, compared to last year
<http://www.nst.com.my/news/2017/03/224031/consumer-price-index-45pct-feb-compared-last-year>

Iris hit with RM169.5mil suit linked to Guinea e-passport contract
<http://www.thestar.com.my/business/business-news/2017/03/24/iris-hit-by-rm169pt5mil-suit-linked-to-guinea-e-passport-contract/>

Peugeot, Proton in talks on possible partnership: Najib
<http://www.thestar.com.my/business/business-news/2017/03/28/peugeot-proton-in-talks-on-possible-partnership-najib/>

Aeon Credit makes a cash call to raise RM432mil
<http://www.thestar.com.my/business/business-news/2017/03/23/aeon-credit-makes-a-cash-call-to-raise-rm432mil/>

MAS mulls deals for 42 jets in wide-body expansion
<http://www.nst.com.my/news/2017/03/223693/mas-mulls-deals-42-jets-wide-body-expansion>

FGV seeks overseas partners for downstream expansion
<http://www.thesundaily.my/news/2203412>

More clarity with 'Key Audit Matters'

<http://www.theedgemarkets.com/my/article/more-clarity-%E2%80%98key-audit-matters%E2%80%99?type=Corporate>

EIS to be implemented next year, says Najib

<http://www.theedgemarkets.com/my/article/eis-be-implemented-next-year-says-najib?type=Corporate>

GLOBAL NEWS AND DEVELOPMENTS

US new home sales hit 7-month high; jobless claims rise

<http://www.theedgemarkets.com/my/article/us-new-home-sales-hit-7-month-high-jobless-claims-rise?type=Corporate>

China-led AIIB approves 13 new members, Canada joins

<http://www.theedgemarkets.com/my/article/china-led-aiib-approves-13-new-members-canada-joins?type=Corporate>

Huishan Dairy shares sink 85% in Hong Kong

<http://www.thestar.com.my/business/business-news/2017/03/25/huishan-dairy-shares-sink-85-in-hong-kong/>

OPEC, non-OPEC to look at extending oil-output cut by six months

<http://www.nst.com.my/news/2017/03/224555/opec-non-opec-look-extending-oil-output-cut-six-months>

MSCI seeks feedback on potential China stocks inclusion

<http://www.thestar.com.my/business/business-news/2017/03/24/msci-seeks-feedback-on-potential-china-stocks-inclusion/>

Ex-DBS trader gets jail in Singapore's first spoofing case

<http://www.thestar.com.my/business/business-news/2017/03/23/exdbs-trader-gets-jail-in-singapores-first-spoofing-case/>

Toshiba plans Westinghouse Chapter 11 filing, expects US\$9b in charges, sources say

<http://www.themalaymailonline.com/money/article/toshiba-plans-westinghouse-chapter-11-filing-expects-us9b-in-charges-source>

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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.*

Feedback

We welcome your feedback on our newsletter and our work. Email us at mswg.ceo@mswg.org.my with your comments and suggestions.

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