

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

Incorporated in Malaysia \* Company No. 524898-M

# The Observer

26.01.2018

## VOICE OF MSWG

Both Hong Kong and Singapore Stock Exchange are gearing up to allow Dual-Class Shares Listing as it would provide greater flexibility for companies to raise capital and meet different investor preferences. Such listings allow an exchange to be competitive and attractive to successful companies with founder-managers. Should Malaysia enjoy the benefits of allowing such listing?

Dual-Class Shares run contrary to the equality of one-share-one-vote. It would mean that the management team are given "full" control of the running of the Company, including appointments to the Board of Directors. A board appointed by management will be beholden to the management instead of the interest of ALL shareholders. This has been cited as one of the reasons for disallowing such listings.

On the pragmatic approach, in corporate governance, sometimes one size does not fit all. Dual-class structures clearly have benefits besides the drawbacks.

Before the shareholders are allowed to enjoy the benefits of dual-class structure, some checks and balances and the bells and whistles must be in-place to mitigate the risk. Limiting the management shares to only the founder-managers, setting a time-frame or a pre-determined event to revert to one-share-one-vote regime, stringent composition of Nominating Committee, etc. are some of the check and balance measures that could be implemented.

**An important prerequisite to allow dual-class listings is investor education.**

Malaysia has embarked on the disclosure-based regime. Gradually, regulators are shedding their paternalistic approach to one of informed decision making by investors.

Let us educate our potential investors on the challenges posed by dual-class share listings and let the investors, duly informed and educated, invest according to their risk appetites.

### ***GOOD NEWS ON THE DIVERSITY FRONT***

Now for some good news.

Recent news reports (based on Women on Board Summary (Bursa Malaysia, December 2017)) state that there are seven companies within the Bursa Top 100 with no woman in their board of directors. At the end of 2016, there were 20 companies with no woman in their board of directors- so some progress has been made.

The seven remaining companies, with no woman on board, comprise Affin Holdings, Alliance Bank, Batu Kawan, Fraser & Neave Holdings, Genting Plantations, Genting Malaysia and UOA Development Bhd.

Fraser and Neave, at their AGM on 24 February 2018, elected two women directors to their board. We are now down to six companies.

We are confident that the remaining six companies will soon appoint/elect women directors to their boards.

Gender diversity enables the women views and perspectives to be considered at board deliberations. Better deliberations result in better decisions which enhance long-term shareholder value and takes care of stakeholders' interests.

Good governance is about boardroom diversity in general - gender diversity being a subset. It is up to the nominating committees and the boards to decide what diversity attributes are needed for their boards.

The MCCG 2017 prescribes the Practice of appointing board and senior management based on objective criteria, merit and with due regard for diversity in skills, experience, age, cultural background and gender.

*MSWG TEAM*

*26 January 2018*

### MSWG'S AGM WEEKLY WATCH 29 JANUARY 2018 - 2 FEBRUARY 2018

For this week, the following are the AGMs of companies which are in the Minority Shareholder Watchdog Group's (MSWG) watch list.

The summary of points of interest is highlighted below, while the details of the questions to the company can be obtained via MSWG's website at [www.mswg.org.my](http://www.mswg.org.my).

Date & Time	Company	Venue
30.01.18 (Tue) 10.30 am	Chin Teck Plantations Bhd (AGM)	Suite 2B-3A-3, Block 2B, Level 3A, Plaza Sentral, Jalan Stesen Sentral 5, KL Sentral, KL

The points of interest to be raised:	
Company	Points/Issues to Be Raised
Chin Teck Plantations Bhd (AGM)	<p>(1) As reported in the "Management Discussion And Analysis" on Page 12 of the Annual Report 2017, 80% of the total revenue of the Group were from sales to eight major customers.</p> <p>(a) We noted that no customer concentration risk was disclosed in Note 31 to the Financial Statements. Could the Board comment on the customer concentration risk of the Company in this regard?</p> <p>(b) Are there any plans to expand the customer base of the Company?</p> <p>(c) What is the approximate percentage contribution from these eight customers?</p>

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

- (2) We noted that the unrest in the villages in the vicinity of the plantations in Indonesia has yet to be resolved. The total access area as at FY2017 remained at 39%, same as the last financial year. The Company has made an additional impairment loss provision of RM3.9 million in FY2017 in respect of the investment in this joint venture.
- (a) When is the Company expected to regain full access to the planted area?
  - (b) What was the cost incurred in FY2017 to maintain the existing staff and for upkeep of the estates pending resumption of the operations in these estates?
  - (c) Would there be substantial CAPEX to be incurred on these plantations upon resumption of the operations of the estates?
  - (d) From Note 17 to the Financial Statements on Page 77 of the Annual Report 2017, we noted that the Group's share of total liabilities of the joint venture as at 31 August 2017 was 530% higher than the amount as at 31 August 2016. What were the major liabilities of the joint venture as at 31 August 2017?

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**MSWG'S WATCHLIST**

**CHINA AUTOMOBILE PARTS HOLDINGS LIMITED ("CAP")**

The Board of Directors of CAP announced that Bursa Malaysia had vide its letter dated 17 January 2018 informed the company that Bursa Malaysia has decided to defer the commencement of de-listing procedures against the Company after due consideration of all the facts and circumstances including the fact that the company had re-issued its Audited Financial Statement for the financial year ended 31 December 2015 on 11 January 2018.

*[Source: CAP's announcement on Bursa Malaysia's website on 17 January 2018]*

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**LOCAL NEWS AND DEVELOPMENTS**

Auditors raise red flag on NWP over receivables, a yacht and a RM100,000 donation  
<https://www.thestar.com.my/business/business-news/2018/01/19/auditors-raise-red-flags-on-nwp-holdings/>

Positive Progress Made on Gender Diversity  
[https://www.sc.com.my/post\\_archive/positive-progress-made-on-gender-diversity/](https://www.sc.com.my/post_archive/positive-progress-made-on-gender-diversity/)

SC and Bank Negara caution over unauthorised ICO activities  
<https://www.thestar.com.my/business/business-news/2018/01/20/sc-and-bank-negara-caution-over-unauthorised-ico-activities/>

Genting Group tops list of cash-rich companies  
<https://www.thestar.com.my/business/business-news/2018/01/20/genting-group-tops-list-of-cashrich-companies/>

Palm prices to trade at RM2,500-RM2,700 a tonne from March: Top analyst

<https://www.nst.com.my/business/2018/01/327494/malaysian-palm-prices-rise-rm2500-rm2700t-range---analyst-mistry>

IGB halted on scheme for Goldis stake buy

<https://www.thestar.com.my/business/business-news/2018/01/19/igb-halted-on-scheme-for-goldis-stake-buy/>

Malaysia Dec inflation rate seen edging up to 3.5% y-o-y

<http://www.theedgemarkets.com/article/malaysia-dec-inflation-rate-seen-edging-35-yoy>

Malaysian Economic Indicators: Leading, Coincident & Lagging Indexes November 2017

[https://www.dosm.gov.my/v1/index.php?r=column/cthemeByCat&cat=82&bul\\_id=Q3V5L01qSTBTbk9aYndrR1puMkd1dz09&menu\\_id=YmJrMEFKT0p0WUlxBDI1bzZydW9JQT09](https://www.dosm.gov.my/v1/index.php?r=column/cthemeByCat&cat=82&bul_id=Q3V5L01qSTBTbk9aYndrR1puMkd1dz09&menu_id=YmJrMEFKT0p0WUlxBDI1bzZydW9JQT09)

Malaysian Economic Indicators: Leading, Coincident & Lagging Indexes November 2017

[https://www.dosm.gov.my/v1/index.php?r=column/cthemeByCat&cat=82&bul\\_id=Q3V5L01qSTBTbk9aYndrR1puMkd1dz09&menu\\_id=YmJrMEFKT0p0WUlxBDI1bzZydW9JQT09](https://www.dosm.gov.my/v1/index.php?r=column/cthemeByCat&cat=82&bul_id=Q3V5L01qSTBTbk9aYndrR1puMkd1dz09&menu_id=YmJrMEFKT0p0WUlxBDI1bzZydW9JQT09)

Proton clarifies Hokkien Federation discount not a special case

<http://www.theedgemarkets.com/article/proton-clarifies-hokkien-federation-discount-not-special-case>

SC Charges Individual in Scheme to Defraud Proton Cooperative

[https://www.sc.com.my/post\\_archive/sc-charges-individual-in-scheme-to-defraud-proton-cooperative/](https://www.sc.com.my/post_archive/sc-charges-individual-in-scheme-to-defraud-proton-cooperative/)

Bursa Malaysia approves the transfer of TR1plc's listing status

<http://www.thesundaily.my/news/2018/01/17/bursa-malaysia-approves-transfer-triplcs-listing-status>

Mah: EU's move unjustified, discriminatory

<http://www.theedgemarkets.com/article/mah-eus-move-unjustified-discriminatory>

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## GLOBAL NEWS AND DEVELOPMENTS

U.S. government workers awake to shutdown, Senate vote looms

<http://www.theedgemarkets.com/article/us-government-workers-awake-shutdown-senate-vote-looms>

US workforce shortages bolster case for Fed rate hikes

<http://www.theedgemarkets.com/article/us-workforce-shortages-bolster-case-fed-rate-hikes>

U.S. SEC questions prospects of bitcoin ETFs

<http://www.theedgemarkets.com/article/us-sec-questions-prospects-bitcoin-etfs>

Bitcoin slides below US\$10,000 amid clampdown fears

<http://www.thesundaily.my/news/2018/01/17/bitcoin-slides-below-us10000-amid-clampdown-fears>

China's Q4 GDP rises 6.8%, beats forecast

<https://www.thestar.com.my/business/business-news/2018/01/18/china-q4-gdp-rises-6pt8pct-beats-forecast/>

Japan manufacturers' mood jumps to 11-year high: Reuters Tankan

<http://www.theedgemarkets.com/article/japan-manufacturers-mood-jumps-11year-high-reuters-tankan>

Singapore Exchange to implement dual class share structure

<http://www.theedgemarkets.com/article/singapore-exchange-implement-dual-class-share-structure>

'Relentless' growth could see the US topple Russia, Saudi Arabia as world's largest oil producer, IEA says

<http://www.theedgemarkets.com/article/relentless-growth-could-see-us-topple-russia-saudi-arabia-worlds-largest-oil-producer-iea>

India Cuts GST Levies, Simplifies Rules Ahead of Federal Budget

<http://www.theedgemarkets.com/article/india-cuts-gst-levies-simplifies-rules-ahead-federal-budget>

German industrial worker strikes continue, Opel affected

<http://www.theedgemarkets.com/article/german-industrial-worker-strikes-continue-opel-affected>

China draws up new 'special' emission curbs on industries

<http://www.themalaymailonline.com/money/article/china-draws-up-new-special-emission-curbs-on-industries#YyAJLbCYoX6hPFuO.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 save for China Automobile Parts Holdings Limited.*

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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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