

MSWG AGM WEEKLY WATCH 29 - 30 OCTOBER

The following are the AGMs/EGMs of companies which are in the Minority Shareholders Watch 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.

The AGMs/EGMs for the week:

Date & Time	Company	Venue
29.10.18 (Mon) 10.30 am	Hong Leong Bank Bhd (AGM)	Menara Hong Leong, No. 6, Jalan Damankela, Bukit Damansara, KL
29.10.18 (Mon) 10.00 am	ES Ceramics Technology Bhd (AGM)	Armada Hotel, Lot 6 Lorong Utara C, Section 52, PJ
30.10.18 (Tue) 09.30 am	Hong Leong Capital Bhd (AGM)	Menara Hong Leong, No. 6, Jalan Damankela, Bukit Damansara, KL
30.10.18 (Tue) 11.00 am	Hong Leong Financial Group Bhd (AGM)	Menara Hong Leong, No. 6, Jalan Damankela, Bukit Damansara, KL
30.10.18 (Tue) 11.00 am	Caring Pharmacy Group Bhd (AGM)	Bukit Jalil Golf and Country Resort, Jalan Jalil Perisa 3, Bukit Jalil, KL

Hong Leong Bank Bhd (AGM)

As digitalisation strategy is one of the key focus of the Bank to spur growth and differentiate itself, please share on the next three-year plan and estimated capital budget for the transformation. (page 25 of the Annual Report)

- Please provide the results achieved so far on digitalisation. How have the digitalization changes resulted in cost savings?
- Please share the cyber security measures taken to ensure the customers and other banking information are not compromised.

ES Ceramics Technology Bhd (AGM)

We note on page 69 of the Annual Report, that for FY2018, there was impairment loss on receivables of RM714,736 and inventories written off totalling RM1,061,893. There were no such items in FY2017.

- What is the probability of recovering the impaired receivables? What is the current status of the receivables?
- Please brief on the inventory policy and how such a significant amount of inventories could have been written off.

Hong Leong Capital Bhd (AGM)

Under the Group Performance Review in the Management Discussion & Analysis ("MD&A") on page 14 of the Annual Report ("AR"), the increase in the allowances for impairment losses on loans and advances and other losses under the Investment Banking ("IB") of RM803,000 in FY2018 was significant compared to RM467,000 in FY2017. Its segmental review on page 16 for IB further showed that both its fee income and other income were substantially lower compared to FY2017 respectively.

- What are the reasons for the higher allowances for impaired losses on loan and advances and other losses for IB in FY2018? Is there any single customer concentration and what is the recovery prospect in FY2019?
- What measures are taken to improve the fee income and other income for FY2019?

Hong Leong Financial Group Bhd (AGM)

We refer to page 127, Note 11(i), (j) on the "Investment in Subsidiary Companies / information about principal subsidiaries" of the Annual Report.

Hong Leong Capital Bhd ("HLCB") has announced on 28 August 2018 that the company does not comply with the required public shareholding spread pursuant to paragraph 8.02(1) of the Main Market Listing Requirements which states that a listed issuer must ensure that at least 25% of its total listed shares (excluding treasury shares) are in the hands of the public shareholders.

As stated in the announcement of HLCB to Bursa as at 29 June 2018, the public shareholding spread was 18.67%. HLCB has not identified a satisfactory plan to address the non-compliance with the 25% public shareholding spread requirement and will continue to discuss with its majority shareholder, HLFQ, options to comply with the requirement.

What is the status of the discussion? What are the actions to be taken by HLFQ to address this issue?

Caring Pharmacy Group Berhad (AGM)

As reported on page 55 of the Annual Report, all internal audit activities in FY2018 were outsourced to an independent assurance provider, NGL Tricor Governance Sdn Bhd ("NGL Tricor") and the total costs incurred amounted to RM32,000.

Considering that Caring is not really a small company with group revenue exceeding the half a billion ringgit mark and with 115 outlets nationwide, the relatively low internal audit cost may result in a very limited scope of internal audit work being carried out which in turn may compromise the auditing of high risk areas.

The Board especially the Audit and Risk Management Committee should review the adequacy of the scope of the internal audit, particularly in the light of increasing revenue and size of operations with the expanding network of outlets.