



MINORITY SHAREHOLDER WATCHDOG GROUP

Badan Pengawas Pemegang Saham Minoriti Berhad

Incorporated in Malaysia * Company No. 524898-M

The Observer

PLEASE MARK YOUR CALENDAR

**MSWG-ASEAN CORPORATE GOVERNANCE RECOGNITION 2017
AT THE MAJESTIC HOTEL, KUALA LUMPUR
ON WEDNESDAY, 6 DECEMBER 2017**

With two (2) more weeks to go, we are pleased to receive tremendous support from companies and institutions for our event. We hope more companies and institutions will join us at our event where we will showcase the findings and results of the governance level of the public listed companies. As a recognition, awards will be presented by Yang Berhormat, Datuk Seri Johari Abdul Ghani, Finance Minister II to companies that have demonstrated exemplary high standards of corporate governance practices

Join us to celebrate with the winners of excellence corporate governance. It is a once-a-year opportunity for you to gain insights into their best corporate governance practices.

MSWG'S QUICK TAKE ON-ONGOING CORPORATE DEVELOPMENTS

HOVID BERHAD ("HOVID")

The Independent Adviser ("IA"), AmlInvestment Bank had expressed the view that the privatisation offer is **fair** due to the offer price of RM0.38 representing a premium of 35.7% to 58.3% to the ascribed equity value of RM0.24 to RM0.28 per share, and also **reasonable** as it represents a premium ranging from 4.11% to 21.6% over the prices as at various dates and periods. Save for the Offer, Hovid has also not received any other offer for the Offer Securities or its business, assets and liabilities as at the latest practical date.

In the Independent Advice Circular ("IAC"), the IA advised minority shareholders to accept the offer and the non-interested Board members also concurred with the evaluation and recommendation made by the IA that shareholders of Hovid should accept the offer.

[Source: Hovid's announcement on Bursa Malaysia's website on 9 November 2017]

MSWG'S COMMENTS:

Hovid's share price once hit a low of 24 sen when its manufacturing licences were revoked by the regulator on 9 January 2017. The share price had eventually recovered and closed at 32 sen prior to the announcement of the privatisation offer.

From the IA's perspective, the offer is at a good premium to the intrinsic value as well as market price of Hovid and thus it is a fair and reasonable offer. Whilst the IA may have reasonable grounds for their views and recommendations, the decision of the holders on whether to accept the offer or not depends on their entry cost level, whether they are short term investors willing to exit quickly or they could have lost faith in the management due to incidence of licenses being revoked or they are willing to stay for the long haul as they have confidence in the management and prospects of the company.

On a separate secondary note, we are, however, just wondering about the intention or reasons for a particular condition of the offer. As stated in the offer document, the joint offerors reserve the right to review and revise the level of acceptance condition from 90% to not less than 50% of the aggregate shareholding. If the joint offerors were determined to privatise the company and confident that their offer was very attractive with good premium to the intrinsic value, they would have allowed the take-over condition be not less than 90% without the reservation to lower the condition threshold.

MSWG'S AGM WEEKLY WATCH 20 - 24 NOVEMBER 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
20.11.17 (Mon) 10.00 am	Supermax Corporation Bhd (AGM)	Holiday Villa Hotel & Conference Centre, Subang, Subang Jaya
20.11.17 (Mon) 10.00 am	Sime Darby Bhd (AGM/EGM)	Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, KL
21.11.17 (Tue) 02.00 pm	Lion Forest Industries Bhd (AGM)	Lion Office Tower, No. 1 Jalan Nagasari, KL
21.11.17 (Tue) 03.00 pm	IGB Corporation Bhd (CCM)	Cititel Mid Valley, Mid Valley City, KL
22.11.17 (Wed) 09.00 am	Parkson Holdings Bhd (AGM)	Lion Office Tower, No. 1 Jalan Nagasari, KL
22.11.17 (Wed) 09.00 am	Perak Corporation Berhad (EGM)	Casuarina @ Meru Hotel, No. 1-C Jalan Meru Casuarina, Bandar Meru Raya, Ipoh, Perak
22.11.17 (Wed) 10.00 am	Imaspro Corporation Bhd (AGM)	Kelab Golf Sultan Abdul Aziz Shah, Shah Alam,
22.11.17 (Wed) 02.00 pm	LION Diversified Holdings Bhd (AGM/EGM)	Lion Office Tower, No. 1 Jalan Nagasari, KL
23.11.17 (Thur) 09.00 am	LION Industries Corporation Bhd (AGM)	Lion Office Tower, No. 1 Jalan Nagasari, KL
23.11.17 (Thur) 10.00 am	Dialog Group Bhd (AGM)	Sime Darby Convention Centre, 1A, Jalan Bukit Kiara 1, KL
23.11.17 (Thur) 10.00 am	Ekovest Bhd (AGM)	Grand Seasons Hotel, 72 Jalan Pahang, KL
23.11.17 (Thur) 11.00 am	Insas Bhd (AGM)	Bukit Kiara Equestrian & Country Resort, Jalan Bukit Kiara, Off Jalan Damansara, KL
24.11.17 (Fri) 10.00 am	Malaysia Pacific Corporation Bhd (AGM)	Concorde Hotel Kuala Lumpur

26.11.17 (Sun) 10.30 am	Oriental Interest Berhad (AGM/EGM)	Royal Kedah Club, Pumpong, Alor Setar, Kedah Darul Aman
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The points of interest to be raised:	
Company	Points/Issues to Be Raised
Supermax Corporation Berhad (AGM)	What is the status of the new Plants at #10 and #11? Please enlighten shareholders on the reason for the delay and when are these 2 new plants expected to commence operation?
Sime Darby Bhd (AGM/EGM)	In May 2017, the Motors Division sold its Peugeot, Citroen and D5 distribution businesses in Australia and New Zealand. What was the contribution from these brands in FY2017 and how would the divestment be expected to impact the bottom line of the Motor Division moving forward?
Ekovest Bhd (AGM)	The Chairman's Statement reported the commencement of the construction work for Setiawangsa-Pantai Expressway ("SPE") and the higher sales recognition for its property development, EkoCheras project launched in 2013. (a) Given that EkoCheras development project is expected to be completed in December 2017, what is the status of EkoTitiwangsa development project at KL River City launched in 2015? (b) In addition to SPE or better known as DUKE Phase 3, what are the six (6) property development projects with potential GDV in excess of RM7 billion lined up as reported by the Managing Director? (c) (i) When is the Board able to complete SPE given the extension of time for DUKE Phase 2? (ii) What is the conditions precedent to be fulfilled for SPE? (d) When would the Board achieve its strategy towards achieving a revenue mix of 40% from construction and 30% each from property development and toll operation?
Insas Bhd (AGM)	1) The stock broking business and advisory services remained challenging in the current market environment. What measures would the Group take to improve the business performance in FY 2018? Given these challenges, would the Group consider exiting from this segment? 2) On the regional front, please brief on its future plan for its retail group business segment in Indonesia. What is its current experience in terms of inventory management in that country? How would the Group mitigate the impact of exchange rate risk resulting in a higher cost of imported goods on the Melium Group's overall performance?

MULTI-USAGE HOLDINGS BERHAD (“MUH”)

The Board of Directors of MUH announced that Messrs Baker Tilly Monteiro Heng, the company's External Auditors, had expressed a qualified opinion in their Independent Auditors' Report in the Company's Audited Financial Statements for the financial year ended 30 June 2017. One of the main basis of the qualified opinion is that the Auditors was unable to obtain sufficient appropriate audit evidence to determine the nature and extent of relationship that may exist between the company and the Special Purpose Vehicle SPV by virtue of the transactions pertaining to the debt restructuring exercises.

In addition, the Auditors stated that the company and certain subsidiaries have been involved in litigations as defendants as well as plaintiffs, hence it was also unable to determine the effect on financial statements, if any, had the outcome of the litigations be determined.

[Source: MUH's announcement on Bursa Malaysia's website on 13 November 2017]

LOCAL NEWS AND DEVELOPMENTS

Budget 2018 - reality check for middle-class Malaysians

<https://www.thestar.com.my/business/business-news/2017/11/11/budget-2018-reality-check-for-middleclass-malaysians/>

Malaysia's largest power plant to begin ops in 2021

<https://www.thestar.com.my/business/business-news/2017/11/13/malaysias-largest-power-plant-to-begin-ops-in-2021/>

Corporate bond issuance at five-year high in October

<https://www.thestar.com.my/business/business-news/2017/11/13/corporate-bond-issuance-at-fiveyear-high-in-october/>

CIMB to triple annual CSR spend from 2018 to 2020

<http://www.thesundaily.my/news/2017/11/12/cimb-triple-annual-csr-spend-2018-2020>

Court decides in Bland's favour on Selangor Turf Club issue

<https://www.thestar.com.my/business/business-news/2017/11/11/court-decides-in-blands-favour-on-selangor-turf-club-issue/>

Hartalega's new germ-killing gloves set to be a game changer

<https://www.nst.com.my/business/2017/11/301803/hartalegas-new-germ-killing-gloves-set-be-game-changer>

Brace for interest rate hike

<https://www.thestar.com.my/business/business-news/2017/11/10/brace-for-rate-hike/>

Malaysia Sept factory output up 4.7% y/y, misses forecast

<http://www.theedgemarkets.com/article/malaysia-sept-factory-output-47-yy-misses-forecast>

Not the right time for PNB to invest abroad, value of RM weak

<https://www.thestar.com.my/business/business-news/2017/11/10/time-not-right-for-pnb-to-invest-abroad-says-chairman-wahid-not-the-right-time-for-pnb-to-invest-abr/>

Lembaga Tabung Haji denies money laundering allegation

<http://www.thesundaily.my/news/2017/11/10/lembaga-tabung-haji-denies-money-laundering-allegation>

KNM plans to raise RM53.32m via placement to repay loans

<http://www.theedgemarkets.com/article/knm-plans-raise-rm5332m-placement-repay-loans>

Malaysia's end-Oct palm stocks rise as output crosses 2-million-tonne mark

<http://www.theedgemarkets.com/article/malysias-endoct-palm-stocks-rise-output-crosses-2milliontonne-mark>

Perisai Petroleum has until Feb 11 to submit restructuring plan

<http://www.thesundaily.my/news/2017/11/10/perisai-petroleum-has-until-feb-11-submit-restructuring-plan>

Proton will not retrench employees, MITI assures

<http://www.theedgemarkets.com/article/proton-will-not-retrench-employees-miti-assures>

Property retail sales improved 11.5pc in Q2, real estate firm says

<http://www.themalaymailonline.com/money/article/property-retail-sales-improved-11.5pc-in-q2-real-estate-firm-says#8gPLgvFTSeGsy7z8.97>

GLOBAL NEWS AND DEVELOPMENTS

Trans-Pacific Partnership resurrected, 11 member countries agree on text of pact

<http://www.thesundaily.my/news/2017/11/12/trans-pacific-partnership-resurrected-11-member-countries-agree-text-pact>

US wholesale inventories rise 0.3% in September

<http://www.theedgemarkets.com/article/us-wholesale-inventories-rise-03-september>

US jobless claims rise more than expected as hurricane backlog clears

<http://www.theedgemarkets.com/article/us-jobless-claims-rise-more-expected-hurricane-backlog-clears>

Saudi Arabia to cut crude exports by 120,000 bpd in December

<http://www.theedgemarkets.com/article/saudi-arabia-cut-crude-exports-120000-bpd-december>

Japan's economy set to show seven straight growth quarters

<http://www.theedgemarkets.com/article/japans-economy-set-show-seven-straight-growth-quarters>

Bitcoin slides by over US\$1,000 in less than 48 hours

<http://www.themalaymailonline.com/money/article/bitcoin-slides-by-over-us1000-in-less-than-48-hours#B0TMfZdgEQ2wBbCI.97>

World Bank urges reboot of Indonesia's local content rules

<http://www.themalaymailonline.com/money/article/world-bank-urges-reboot-of-indonesias-local-content-rules#pXV6ldlpAKu8C2UT.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 Hovid Berhad.*
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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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