

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

Incorporated in Malaysia * Company No. 524898-M

The Observer

24 September 2017

VOICE OF MSWG

Investors in the troubled Golden Palm Growers Scheme (GPGS) have every right to feel aggrieved at the possible loss of their money now that the future of the scheme has been thrown into doubt.

The management company of GPGS has called for a meeting of the investors on 2 October 2017 to determine the scheme's future and is seeking approval from the growers to (i) a grace period of 12 months to find an "optimal realisation" for the plantation; and (ii) an immediate sale of the plantation which "may result in a distressed and lower price sale".

Notwithstanding the bar for governance had been set reasonably high (being governed by the Companies Commission of Malaysia under the 'Sharefarming Scheme' category), losses are now looming for the investors.

While it might have appeared fundamentally sound and backed by real plots of land at the time, investors need to realise that annual income yields of between 8% and 9% are difficult to achieve on a consistent basis, especially in a sector as cyclical and susceptible to other asset classes as Crude Palm Oil, so the appropriate caution should have been exercised.

We believe the scheme's promoter might have failed to take into consideration, among others, the rising operation cost of managing oil palm plantations, which could then have adversely affected its financial position and caused the scheme to default on the payment of the income yield.

MSWG has been making the efforts to engage with the regulator, management company and investors to get an insight and explanation on the issues concerning the scheme.

In the meantime, we would like to inform investors that MSWG will be holding a forum to facilitate the discussion on the issues on the Scheme and wish to invite all affected growers to attend this forum, which will be held on next Tuesday, 26 September 2017.

Touching on a different subject matter, MSWG is also keenly awaiting developments in relation to several items which have appeared recently in the press, which among others, whether Maju Holdings will succeed in its bid for PLUS Expressways and the mystery sale of some 23 million shares in Willowglen at a huge 42% discount to its share price.

We are also watching the developments at the national carmaker Proton and the endlessly fascinating theme of cryptocurrencies.

PLUS -- OR MINUS?

While PLUS may be a private company today, there are huge merits to all Malaysians of having the government as its owners, especially in terms of the massive capital needed for its upkeep.

If PLUS was to eventually fall into private hands, Peninsula Malaysia's main artery, the North-South Highway, might risk falling into disrepair -- an outcome which must not occur, for obvious reasons.

WILLOWGLEN MYSTERY

As for Willowglen: what could possibly have compelled the vendors to have parted with their stock in a company which is both cash-rich and growing steadily? Moreover, the disposal was at a rather big discount to the market price which, all the more, makes it more puzzling and unfathomable. This certainly invites a lot of questions. Now that a mandatory general offer has been triggered, perhaps the reason for the mysterious sale might emerge. Or not.

PROTON-ONLY THE BEST, PLEASE

More developments are unfolding at the Proton-Geely joint venture, including the sideways move by outgoing Proton CEO Ahmad Fuaad Mohd Kenali to another Tan Sri Syed Mokhtar Albukhary company, Malakoff Corp Bhd.

While DRB Hicom Berhad remains the controlling 51% shareholder of Proton, perhaps it's worth reminding all the stakeholders that this JV likely represents Proton's final chance at commercial viability.

Which makes the JV's decision on its management team highly important. The new CEO and his team must, going forward, make the best decisions for the company, and not fall prey to the many pressures that used to besiege the past decision-making which has brought it to this current position.

MANAGED GROWTH

One final note, and it relates to the controversial and volatile world of cryptocurrencies and Bitcoin.

While China has chosen to decree the platform as illegal, Bank Negara has -- we think wisely -- chosen a more moderate and accommodative policy of conceptualising a framework to manage its introduction here via cryptocurrency regulation, which will be made available by the end of this year.

This is in line with other central banks who are increasing their scrutiny on digital currencies such as Japan, Canada, Singapore and Australia -- all much more moderated approaches than China's, in our opinion.

If the currency is indeed here to stay and if the advantages are as viable as they are said to be, we feel it is better to manage its spread, especially if their covert nature allows illegal activities such as money laundering and terrorist financing.

MSWG TEAM

21 September 2017

MSWG FORUM ON GOLDEN PALM GROWERS SCHEME (GPGS)

As announced in our newsletter last week, we invite the growers of GPGS to attend the forum which will be held as follows:

Date : 26 September 2017 (Tuesday)
Time : 10.30 am
Venue : MSWG Training Centre
Minority Shareholder Watchdog Group
11th Floor, Bangunan KWSP
No. 3, Changkat Raja Chulan
Off Jalan Raja Chulan
50200 Kuala Lumpur
Contact : 03-2070 9090

Please register at the link : <http://www.mswg.org.my/event/mswg-forum-on-golden-palm-growers-scheme> or call our office at tel: 03-2070 9090 or email at watchdog@mswg.org.my

MSWG'S AGM WEEKLY WATCH 25 - 29 SEPTEMBER 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
25.09.17 (Mon) 11.30 am	Hai-O Enterprise Bhd (AGM)	The Federal Hotel Kuala Lumpur, No. 35, Jalan Bukit Bintang, KL
27.09.17 (Wed) 10.30 am	PLS Plantations Berhad (AGM)	Sri Damansara Club, Lot 23304, Persiaran Perdana, Bandar Sri Damansara

28.09.17 (Thur) 11.30 am	Lay Hong Bhd (AGM)	Premiere Hotel, Bandar Bukit Tinggi 1/KS6, Jalan Langat, Klang
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The points of interest to be raised:	
Company	Points/Issues to Be Raised
Hai-O Enterprise Bhd (AGM)	<p>1) The Group has expanded its MLM business by venturing into fashion and beauty care under the brand “Infincence”. Kindly brief shareholders on the status of the new MLM brand and its expected contribution to the Group’s business.</p> <p>2) Please enlighten shareholders on the manufacturing activities under the others segment:</p> <p>(i) How much CAPEX has been utilised for the development of the manufacturing plants?</p> <p>(ii) What was the utilisation rate of the Group’s manufacturing plants?</p> <p>(iii) What is the current update, outlook and future development for the manufacturing activities that support the Group’s MLM and Retail segment?</p>
PLS Plantations Berhad (AGM)	<p>1) For FY2017, the profit before tax of the Group was largely contributed by the Construction Segment which recorded a profit before tax of RM15.5 million.</p> <p>Granted that currently there is no new project undertaken by the Group, could the Board share the view on the outlook of the Construction Segment in FY2018?</p> <p>2) The going concern issue has been raised as a key audit matter in the Independent Auditors’ Report. As stated in the said Report, the assessment on the Group’s ability to continue as a going concern requires the exercise of significant judgement by the directors on the assumptions supporting the cash flow forecast, including the revenue and profit margin.</p> <p>Could the Board share the assumptions on the revenue, profit margin, commodity prices, etc in the next 12 months in assessing the going concern of the Group?</p>
Lay Hong Bhd (AGM)	<p>1) During the financial year ended 31 March 2017, the segment produced 4.10 million kilograms of pasteurised liquid egg compared to 3.68 million kilograms in the previous year. What measures have the Group taken to sustain and increase this business?</p> <p>2) Could the Board share the total capital expenditure incurred to open new stores, the breakeven point and the total cost for operations & closure?</p>

LOCAL NEWS AND DEVELOPMENTS

Unemployment to range up to 3.4% by end 2017

<http://www.thestar.com.my/business/business-news/2017/09/19/unemployment-to-range-up-to-3pt4pct-by-end-2017/>

Malaysia’s July distributive trade volume up 9.4%

<http://www.theedgemarkets.com/article/malysias-july-distributive-trade-volume-94>

Corporate bond issuance to hit five-year high

<http://www.thestar.com.my/business/business-news/2017/09/18/corporate-bond-issuance-to-hit-fiveyear-high/>

Proton CEO to resign Sept 30, Geely to nominate CEO for main unit

<http://www.thestar.com.my/business/business-news/2017/09/15/proton-ceo-to-resign-sept-30-and-geely-to-nominate-ceo-for-main-unit/>

PLUS should remain in hands of govt

<http://www.thestar.com.my/business/business-news/2017/09/16/plus-should-remain-in-hands-of-govt/>

EPF: United States a key market within our investment universe

<https://www.nst.com.my/business/2017/09/280073/epf-united-states-key-market-within-our-investment-universe>

Malaysian steel stocks climb, pushed by China output cut

<http://www.thestar.com.my/business/business-news/2017/09/15/steel-on-the-uptrend/>

Malaysia palm oil prices may fall 17% by December

<http://www.thestar.com.my/business/business-news/2017/09/15/malaysia-palm-oil-prices-may-fall-17-by-december/>

SC Establishes Fintech Cooperation Agreements with Major Financial Centres

https://www.sc.com.my/post_archive/sc-establishes-fintech-cooperation-agreements-with-major-financial-centres/

Malaysia Airlines still keen on Airbus A330neo after Boeing order

<http://www.theedgemarkets.com/article/malaysia-airlines-still-keen-airbus-a330neo-after-boeing-order>

GLOBAL NEWS AND DEVELOPMENTS

Toys 'R' Us files for bankruptcy protection in US

<http://www.bbc.com/news/business-41316205>

ECB highlights bond reinvestments option

<http://www.thestar.com.my/business/business-news/2017/09/18/ecb-highlights-bond-reinvestments-option/>

US industrial output, sapped by Harvey, falls for first time since January

<http://www.theedgemarkets.com/article/us-industrial-output-sapped-harvey-falls-first-time-january>

China Aug factory output up 6%, investment up 7.8%, both miss forecasts

<http://www.thestar.com.my/business/business-news/2017/09/14/china-aug-factory-and-output-both-miss-forecasts/>

Bitcoin sinks as China said to order exchange halt this month

<http://www.thestar.com.my/business/business-news/2017/09/16/bitcoin-sinks-as-china-said-to-order-exchange-halt-this-month/>

Japan exports seen rising for a ninth straight month in August

<http://www.thestar.com.my/business/business-news/2017/09/15/japan-exports-seen-rising-for-a-ninth-straight-month-in-august/>

India June qtr current a/c widens to 4-year high as imports surge

<http://www.theedgemarkets.com/article/india-june-qtr-current-ac-widens-4year-high-imports-surge>

London house prices record biggest fall since 2008: RICS

<http://www.theedgemarkets.com/article/london-house-prices-record-biggest-fall-2008-rics>

'US shale production to keep long-term oil price at US\$60'

<http://www.theedgemarkets.com/article/us-shale-production-keep-longterm-oil-price-us60>

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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 Golden Palm Growers Scheme.*

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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