



# The Observer

10 August 2018

## MSWG'S QUICK TAKE ON-ONGOING CORPORATE DEVELOPMENTS

### PERAK CORPORATION BERHAD ("PCB")

PCB announced that Animation Theme Park Sdn Bhd ("ATP"), an indirect 51%-owned subsidiary of the Company, has officially discontinued the License Agreement dated 1 January 2013, as amended, ("License Agreement") entered with DreamWorks Animation L.L.C. ("DreamWorks") for the establishment and operation of DreamWorks' attractions within the Movie Animation Park Studios ("MAPS") effective 1 August 2018.

The reason for the discontinuance being ATP and DreamWorks have not reached an agreement to open the DreamWorks' attractions to public by 1 August 2018. ATP has the option to extend the License Agreement to 30 September 2018 but decided not to exercise the option in order to accelerate the full opening of the MAPS as soon as possible

Based on the audited financial statements of ATP for the financial year ended 31 December 2017, the related intellectual properties rights acquired under the License Agreement which are classified as intangible assets has a carrying value of RM17.461 million. This amount together with the related inventories and estimated DreamWorks' attractions development in progress cost of RM15.735 million will be written off in the current financial year.

The Board of Directors of PCB is of the opinion that the decision was made in the best interest of ATP, to ensure its ability to continue to operate as a going concern, and the Group.

[Source: PCB's announcement on Bursa Malaysia's website on 8 August 2018]

### MSWG'S COMMENTS :

We note that ATP will be working closely and potentially sign a mutual termination agreement with DreamWorks to ensure all outstanding obligations are fully met so that both parties exit the License Agreement amicably. But it makes us wonder who the 'real' party is at fault and whether there will be potential claims for damages by either party.

With the Group registering a net loss of RM11.4 million for the first quarter ended 31 March 2018, the RM15.735 million to be written off in the current financial year will further worsen the Group's financial position. This is a big concern and costly lesson to learn which warrants further fact-finding and investigation to avert such recurrence.

There are many questions that need to be asked here. Is this a case of a poor business decision being made back in 2013? Has a proper feasibility study been done? Should the previous Board of Directors be held responsible, although most have left?

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## MSWG'S AGM WEEKLY WATCH 13 - 17 AUGUST 2018

For this week, 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](http://www.mswg.org.my).

Date & Time	Company	Venue
14.08.18 (Tue) 10.00 am	Media Chinese International Limited	Sin Chew Media Corporation Berhad, Cultural Hall, Jln Semangat, PJ
15.08.18 (Wed) 9.30 am	Kuala Lumpur Kepong Bhd	Wisma Taiko, No. 1, Jalan S.P. Seenivasagam, Ipoh, Perak
15.08.18 (Wed) 11.00 am	Batu Kawan Bhd	Wisma Taiko, No. 1, Jalan S.P. Seenivasagam, Ipoh, Perak

Some of the points of interest to be raised:	
Company	Points/Issues to Be Raised
Media Chinese International Limited	We noted on page 144 of the Annual Report that the goodwill of Sin Chew Media Corporation was impaired by US\$20,709,000. This provision for impairment was made as a result of weak advertising sentiments and more cautious spending by the advertisers. (i) Given the current challenging business condition in the print media industry, is the subsidiary's goodwill likely to be further impaired in FY2019?  (ii) Moving forward could the Board share with the shareholders its plan on how it intends to overcome the challenging business condition in the print media industry?
Kuala Lumpur Kepong Bhd	In the interest of minority shareholders and all other stakeholders of the Company, please provide the details of the changes on the existing Memorandum and Articles of Association of the Company to be adopted in the new Constitution.
Batu Kawan Bhd	In the interest of minority shareholders and all other stakeholders of the Company, please provide the details of the changes on the existing Memorandum and Articles of Association of the Company to be adopted in the new Constitution.

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## MSWG'S WATCHLIST

### *Pasdec Corporation Holdings Bhd Takeover Offer by Jasa Imani Sdn Bhd*

Independent adviser Public Investment Bank ("PIVB") has advised Pasdec Holdings Bhd shareholders to reject the 52.5 sen a share takeover offer by Jasa Imani Sdn. Bhd.

In its independent advice circular, PIVB said that the offer is "not fair" and "not reasonable".

Pasdec executive director, Datuk Seri Tew Kim Thin, is the ultimate shareholder of Jasa Imani is offering 52.5 sen per share for the remaining 228.41 million shares representing 57.05% stake that he does not own in Pasdec.

PIVB said the offer is “not fair” as the share offer price is lower than the estimated revalued net asset value (RNAV) per Pasdec share of RM2.11, which represents a substantial discount of RM1.585 or 75.12% to the estimated RNAV per Pasdec share.

In addition, the warrant offer price is at a discount of 9 sen or 90% to the theoretical value of warrant as at July 2, 2018 being the last full trading day.

The offer is deemed “not reasonable” as the offeror intends to maintain the listing status of Pasdec thus the Pasdec shares and the warrants will remain traded on Bursa Malaysia.

In its letter to the shareholders, the board of directors concurred with the evaluation and recommendation of PIVB that the offer is “not fair” and “not reasonable” and recommended that shareholders reject the offer.

The first closing date of the offer is 5 pm on August 14, 2018.

[Source: Pasdec’s announcement on Bursa Malaysia’s website on 3 August 2018]

#### ***MALAKOFF CORPORATION BERHAD (“MALAKOFF”)***

Malakoff announced that Tunas Pancar Sdn Bhd (“TPSB” or “Purchaser”), a wholly-owned subsidiary of the Company, has on 1 August 2018, entered into a conditional share sale agreement with HICOM Holdings Berhad (“HICOM Holdings” or “Vendor”), a wholly-owned subsidiary of DRB-HICOM Berhad (“DRBHICOM”) for the proposed acquisition by TPSB of 97.37% equity interest in Alam Flora (“Proposed Acquisition”) (“SSA”).

Presently, the Malakoff Group is involved in power generation, water desalination and operation and maintenance services of power plants. With the Proposed Acquisition, the Group intends to expand its existing principal activities to include the provision of integrated solid waste collection and management and public cleansing management services business (“Proposed Diversification”).

In view of the interests of certain directors and major shareholders of the Company as disclosed in Section 8 of the Company’s announcement, the Proposed Acquisition is deemed a related party transaction under Paragraph 10.08 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad (“Bursa Securities”) (“Listing Requirements”).

[Source: Malakoff’s announcement on Bursa Malaysia’s website on 1 August 2018]

#### ***VERSATILE CREATIVE BERHAD (“VCB”OR “THE COMPANY”)***

Trading of Versatile Creative Bhd shares will be suspended from 9am on Wednesday, Aug 8, following its failure to submit its annual report on time, for its FY18. The suspension will only be uplifted upon issuance of the annual report, together with the FY18 audited financial statements, unless otherwise determined by Bursa Securities, the company said in a stock exchange filing.

[Source: Versatile Creative’s announcement on Bursa Malaysia’s website on 7 August 2018]

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## MSWG'S VIGILANCE

### Listing of PN17 and GN3 companies

#### PN17 Companies

1. AMTEK HOLDINGS BERHAD
2. APFT BERHAD
3. ASIA KNIGHT BERHAD
4. BERJAYA MEDIA BERHAD
5. BERTAM ALLIANCE BERHAD
6. CHINA AUTOMOBILE PARTS HOLDINGS LIMITED
7. DAYA MATERIALS BERHAD
8. EKA NOODLES BERHAD
9. HB GLOBAL LIMITED
10. KINSTEEL BHD
11. KUANTAN FLOUR MILLS BERHAD
12. MAA GROUP BERHAD
13. MALAYSIA PACIFIC CORPORATION BERHAD
14. MAXWELL INTERNATIONAL HOLDINGS BERHAD
15. MULTI SPORTS HOLDINGS LTD
16. PERISAI PETROLEUM TEKNOLOGI BERHAD
17. PETROL ONE RESOURCES BERHAD
18. STONE MASTER CORPORATION BERHAD
19. SUMATEC RESOURCES BERHAD
20. TH HEAVY ENGINEERING BERHAD
21. YFG BERHAD

#### GN3 Companies

1. G NEPTUNE BERHAD
2. WINTONI GROUP BERHAD

Please refer to the link below for the latest status of the company.

<http://www.bursamalaysia.com/market/listed-companies/list-of-companies/pn17-and-gn3-companies/>

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## LOCAL NEWS AND DEVELOPMENTS

UEM Sunrise maintains RM1.2b sales target this year

<https://www.thesundaily.my/news/2018/08/05/uem-sunrise-maintains-rm12b-sales-target-year>

Gamuda, Kumpulan Perangsang Selangor decline on RM2.55b offer for Splash Selangor govt gives Gamuda until Friday to accept offer for Splash

<https://www.thesundaily.my/news/2018/08/05/selangor-govt-gives-gamuda-until-friday-accept-offer-splash>

IJM Plantations a target, cash-rich IOI leading suitor

<https://www.thestar.com.my/business/business-news/2018/08/07/ijm-plantations-a-target/>

Malaysia approves a Singapore Rail Link, for now

<https://www.thestar.com.my/business/business-news/2018/08/06/malaysia-approves-a-singapore-rail-link-for-now/>

Malaysian palm oil price up for 2nd straight day on related edible oils strength

<https://www.thestar.com.my/business/business-news/2018/08/07/palm-gains-for-second-straight-day-on-related-edible-oils-strength/>

Hartalega earnings soar on strong demand

<https://www.thestar.com.my/business/business-news/2018/08/08/hartalega-earnings-soar-on-strong-demand/>

**Media Prima to maintain double-digit growth in digital segment**

<https://www.thestar.com.my/business/business-news/2018/08/07/media-prima-to-maintain-double-digit-growth-in-digital-segment/>

MRCB and GKent shares rise on confirmation as PDP for LRT3

<https://www.thestar.com.my/business/business-news/2018/08/08/mrcb-and-gkent-shares-rise-on-confirmation-as-pdp-for-lrt3/>

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## GLOBAL NEWS AND DEVELOPMENTS

**China Meets Trump's Tariff Hardball With Pledge to Endure**

<https://www.bloomberg.com/news/articles/2018-08-06/china-prepared-for-long-trade-war-with-u-s-state-media-says>

**Jamie Dimon Warns of 5% Treasury Yields**

<https://www.bloomberg.com/news/articles/2018-08-06/dimon-doubles-down-on-higher-u-s-yields-call-with-5-warning>

**Warren Buffett Doesn't Know How to Revive Newspapers**

<https://www.bloomberg.com/news/articles/2018-08-03/warren-buffett-doesn-t-know-how-to-revive-newspapers>

**Gold May Hit \$1,300 by End of Year, ICBC Says**

<https://www.bloomberg.com/news/articles/2018-08-06/gold-s-tumble-is-almost-over-as-icbc-sees-1-300-by-end-of-year>

**China Stocks Are About to Get Cheaper, Analysts Say**

<https://www.bloomberg.com/news/articles/2018-08-06/china-stocks-about-to-get-cheaper-as-money-ball-rolls-into-bonds>

**Trump Restores Iran Sanctions as Rouhani Feels Economic Pressure**

<https://www.bloomberg.com/news/articles/2018-08-06/u-s-considers-oil-sanction-waivers-as-new-iran-penalties-start>

**Funds Turn Bullish on Indonesian Bonds Even as Rupiah Declines**

<https://www.bloomberg.com/news/articles/2018-08-07/funds-turn-bullish-on-indonesian-bonds-even-as-rupiah-declines>

## MSWG TEAM

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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 Pasdec Corporation Holdings Bhd, & Versatile Creative Bhd.*
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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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