

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

Incorporated in Malaysia * Company No. 524898-M

The Observer

18 November 2016

MESSAGE FROM THE CEO

The demerger of Sime Darby has been a market rumour since at least 2014, and is therefore, not new. When first announced in 2007 involving nine listed companies worth a total RM27 billion, a positive picture was painted by the market including by analysts with a large conglomerate on the global stage, representing Malaysia.

They added that streamlining the targeted companies would enable "cost and revenue synergies" resulting in "earnings improvements" to the tune of hundreds of millions of ringgit.

However, our views on Sime Darby, especially after the issue when the internal auditor had highlighted Sime Engineering's heavy losses in 2008 account, was that it is too diversified and needed more focus, thus this is a welcoming news to us in MSWG based on the following reasons:

- (a) Focus on the core businesses in separate entities such as plantation, motor, property so that value of each sector could emerge and conglomerate discount reduced;
- (b) Internal control and risk management could be more focused;
- (c) Not "too big to fail".

Another market rumour centres on the possibility of billionaire Ananda Krishnan' taking Astro private. If true, it would not be the first time it has happened, since similar exercises in his stable of companies have occurred in the past, such as with Bumi Armada and Maxis Communications.

For now, listing and de-listing exercises remain within the ambit of the law, and there is nothing to prevent a major shareholder from exercising his or her prerogative to withdraw the company's public listing.

It may not be a sound business practice, since the promoters and offerors might be privy to certain market-sensitive information which they could have taken advantage of, given their full knowledge of the actual intrinsic value of the company.

However, if the major owner offers minorities a fair price to take the entity private, it would be more palatable. It would also be entirely up to the market participants to decide if they would like to continue to ride on the same bandwagon as the major owner, especially if there was another re-listing in the future.

Regards,

Rita

MSWG'S WATCHLIST

MULTI-USAGE HOLDINGS BERHAD ("MUH")

MUH announced that the date of the Twenty-Fourth Annual General Meeting of the Company ("AGM") is tentatively fixed on Wednesday, 21 December 2016. The notice of the AGM will be issued to the shareholders in accordance with the Companies Act, 1965.

[Source: MUH's announcement on Bursa Malaysia's website on 10 November 2016]

REACH ENERGY BERHAD ("REACH ENERGY")

The Board of Directors of Reach Energy announced that the shareholders of Reach Energy have passed the special resolution in relation to the Proposed Acquisition and the ordinary resolution in relation to the Proposed Placement as set out in the Notice of EGM at the adjourned EGM of the company.

The voting in respect of the special resolution and the ordinary resolution was carried out by way of poll and the results are as follows:

| No. | | Results | No. Shareholders/Proxies | | No. of Shares | |
|-----|--|---------|--------------------------|-----------------|---------------------------|-------------------------|
| | | | For | Against | For | Against |
| 1 | Special Resolution - Proposed Acquisition | Carried | 429 (66.10%) | 220 (33.90%) | 790,948,545 (81.07%) | 184,686,400 (18.93%) |
| No. | | Results | Poll Vote | | Poll Vote | |
| | | | For | Against | For | Against |
| 2 | Ordinary Resolution - Proposed Placement | Carried | N.A. | N.A. | 1,004,789,345 (81.83%) | 223,179,400 (18.17%) |

[Source: Reach Energy's announcement on Bursa Malaysia's website on 16 November 2016]

LOCAL NEWS AND DEVELOPMENTS

Singapore investors vs Malaysia's Perisai

<http://www.thestar.com.my/business/business-news/2016/11/16/singapore-investors-vs-perisai/>

TH Heavy unit receives winding-up petition from Zelican

<http://www.theedgemarkets.com/my/article/th-heavy-unit-receives-winding-petition-zelican?type=Corporate>

Second consultation paper for SME market

<http://www.thestar.com.my/business/business-news/2016/11/10/second-consultation-paper-for-sme-market/>

Prohibiting Facilitation of NDF Related Transactions

http://www.bnm.gov.my/index.php?ch=en_press&pg=en_press&ac=4295&lang=en

Misia's economy grows 4.3% cent, inflation slows to 1.3%, in Q3 of 2016

<http://www.nst.com.my/news/2016/11/187706/msias-economy-grows-43-cent-inflation-slows-13-q3-2016>

MP Evans board spurns KLK's revised 740 pence offer

<http://www.theedgemarkets.com/my/article/mp-evans-board-spurns-klk%E2%80%99s-revised-740-pence-offer?type=Corporate>

Chee Wah proposes internal reorganisation, rights issue

<http://www.thestar.com.my/business/business-news/2016/11/15/chee-wah-proposes-internal-reorganisation-and-rights-issue/>

DutaLand gets affected issuer waiver from Bursa

<http://www.thestar.com.my/business/business-news/2016/11/11/dutaland-gets-affected-issuer-waiver-from-bursa/>

GLOBAL NEWS AND DEVELOPMENTS

Strong US retail sales reinforce December interest rate hike

<http://www.theedgemarkets.com/my/article/us-october-retail-sales-beat-expectations-prior-month-revised?type=Corporate>

Hong Kong's Q3 economic momentum cools on China slowdown

<http://www.thestar.com.my/business/business-news/2016/11/11/hong-kongs-q3-economic-momentum-cools-on-china-slowdown/>

Chinese spend US\$1billion in first 5 minutes of Alibaba's 'Singles Day' (11.11.16)

<http://www.nst.com.my/news/2016/11/187699/chinese-spend-us1billion-first-5-minutes-alibabas-singles-day-111116>

China disappointed EU hasn't completely recognised its market economy status

<http://www.theedgemarkets.com/my/article/china-disappointed-eu-hasnt-completely-recognised-its-market-economy-status?type=Corporate>

How did India's Modi pull off bold rupee shake-up?

<http://www.nst.com.my/news/2016/11/187517/how-did-indias-modi-pull-bold-rupee-shake>

Japan top banks' profits hit by BoJ's negative rate policy

<http://www.thestar.com.my/business/business-news/2016/11/15/japan-top-banks-profits-hit-by-bojs-negative-rate-policy/>

Warren Buffett's Berkshire makes surprise US airline bet

<http://www.themalaymailonline.com/money/article/warren-buffetts-berkshire-makes-surprise-us-airline-bet>

MSWG Analysts

Lya Rahman, General Manager, Corporate Services, lyarahman@mswg.org.my

Rebecca Yap, Head, Corporate Monitoring rebecca.yap@mswg.org.my

Quah Ban Aik, Head, Corporate Monitoring banaik.quah@mswg.org.my

Norhisam Sidek, Manager, Corporate Monitoring norhisam@mswg.org.my

Wong Kin Wing, Manager, Corporate Monitoring, kinwing@mswg.org.my

Hoo Ley Beng, Manager, Corporate Monitoring linnert.hoo@mswg.org.my

Nor Khalidah Khalil, Analyst, Corporate Monitoring khalidah@mswg.org.my

Vinodth Ramasamy, Analyst, Corporate Monitoring vinodth.ram@mswg.org.my

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 Reach Energy Berhad.*
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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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