



The Observer

29.03.2019

MSWG'S QUICK TAKE ON-ONGOING CORPORATE DEVELOPMENTS

MSCM HOLDINGS BERHAD (FORMERLY KNOWN AS PANPAGES BERHAD)
- PROPOSED ACQUISITION OF 100% EQUITY INTEREST IN ACE WORLDWIDE LEASING SDN. BHD. FOR A TOTAL CASH CONSIDERATION OF RM3.0 MILLION

The Board of Directors of MSCM Holdings Berhad ("MSCM") wishes to announce that it has on 26 March 2019 entered into a Shares Sale Agreement with Ace Credit (M) Sdn. Bhd. to acquire 3,000,000 ordinary shares in Ace Worldwide Leasing Sdn. Bhd. ("Ace") representing 100% equity interest in Ace for a purchase consideration of Ringgit Malaysia Three Million (RM3,000,000.00).

Full details of the announcement is set out in the file attached.
This announcement is dated 26 March 2019.

Source:

<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6105577>

<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6107773>

MSWG's comment:

According to MSCM's announcement dated 26 March 2019 and the reply to Bursa Securities's query on 27 March 2019, the proposed acquisition of Ace is to enable it to diversify its business operations and income stream. In addition, the exercise may enable the Company to source and lease vehicles for its cold room business.

However, we find the announcements lack clarity in explaining how the proposed acquisition could complement and create synergy with MSCM's existing businesses given Ace is currently dormant - with intention to carry the business activities to provide capital, credit facility and the business of money lending.

How long has Ace been dormant? Why and, given the circumstances, how positive is MSCM's management in making Ace profitable and making it contribute meaningfully to the Group's top-line and bottom-line?

MSCM provides business data and marketing services to SMEs and corporate clients. It specializes in the development of business platform, print directory and content development. It has also invested in an associate company which is involved in the operation of a supermarket chain.

On the other hand, Ace has obtained the necessary written acknowledgement from Bank Negara Malaysia ("BNM") to carry out leasing business from BNM. This is not tantamount to a license. As at 30 April 2018, its net asset value amounted to RM2.93 million.

Notwithstanding this, if Ace fails to obtain the necessary license to start the credit leasing business, what is the mitigation measure to be taken by MSCM to improve its top-line and bottom-line performance? How ~~could~~ will MSCM realize its investment in Ace?

On the purchase consideration, in its reply letter to Bursa Securities, the Company stated that there was a premium of RM71,283.00 over the audited net assets of Ace as at 30 April 2018 taking into consideration the cost of set up of Ace and cost of maintaining Ace for about 16 years. Such costs of doing business would have all been reflected in the net assets. What is the justification for the premium though the amount may not be that substantial? Moreover, what is the justification for any goodwill given that Ace has been dormant?

MSCM has been making losses since 2016. For the nine months ended 31 December 2018, revenue decreased to RM9.52 million compared to RM23.11 million in the last corresponding period. Net loss narrowed to RM5 million compared to RM6.65 million last year.

Shareholders may want to follow up on these matters in MSCM's upcoming AGM.

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.

Date & Time	Company	Venue
03.04.19 (Wed) 10.30 am	KLCC Property Holdings Bhd (AGM)	Mandarin Oriental Kuala Lumpur , KLCC

Points of interest to be raised:	
Company	Points/Issues to Be Raised
KLCC Property Holdings Bhd (AGM)	<ol style="list-style-type: none"> 1. What are the Key Performance Indicators ("KPI"s) used in determining the payment of KLCC REIT Manager's performance fees? <ol style="list-style-type: none"> (a) What is the market benchmark for REIT Manager's performance fees? (b) Are performance fees solely payable in cash or a combination of cash and KLCCP shares? (c) Please explain the circumstances under which the KLCC REIT Manager is paid by KLCCP shares? 2. The Company has embarked to transform the office spaces at PETRONAS Tower 1, PETRONAS Tower 2 and Menara 3 PETRONAS into a "Workplace for Tomorrow" as disclosed on page 305 of the Annual Report. <ol style="list-style-type: none"> (a) What is the estimated cost of transforming the office space into "Workplace for Tomorrow" for all the buildings mentioned above? (b) When is the transformation of the "Workplace for Tomorrow" expected to be completed?

MSWG'S WATCHLIST

BIO OSMO BERHAD ("BIO OSMO" or "The Company")

The Board of Bio Osmo had on 21 February 2019 received the Notice from Kenanga IB, on behalf of the Joint Offerors to acquire all the remaining ordinary shares in Bio Osmo not already held by the Joint Offerors and persons acting in concert with them ("Offer Shares") for a cash consideration of RM0.05 per Offer Share ("Offer Price") ("Offer").

In accordance with Paragraph 3.06 of the Rules on Take-Overs, Mergers and Compulsory Acquisitions, the Board (save for the Interested Directors), had on 21 February 2019 appointed DWA Advisory Sdn Bhd ("DWA Advisory") as the independent adviser ("IA") to advise the Non-Interested Directors and holders of the Offer Shares in relation to the Offer.

DWA Advisory had issued the Independent Advice Circular ("IAC") on 25 March 2019 and is of the opinion that the Offer is NOT FAIR and NOT REASONABLE. Accordingly, DWA Advisory recommends that the shareholders to REJECT the Offer.

Shareholders are advised to read and consider the views and recommendation of DWA Advisory.

Source:

<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6069409>

<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6103677>

SIG GASES BERHAD ("BIO OSMO" or "The Company")

The Board of Directors of SIGGAS wishes to announce that the Board has on even date received an offer letter dated 25 March 2019 from Air Liquide Malaysia Sdn Bhd (ALM) to acquire 23,000,000 ordinary shares in SIGSB, representing 100% equity interest therein (including the 40% minority shareholding owned and held by SIGSB in Iwatani-SIG Industrial Gases Sdn Bhd) from SIGGAS for a purchase consideration of RM226,586,000.

On behalf of the Board of Directors of SIGGAS ("Board"), Kenanga Investment Bank Berhad ("Kenanga IB") wishes to announce that the Board has decided to accept the Offer. Further announcement(s) will be made upon the execution of the sale and purchase agreement pursuant to the Offer, detailing the terms, effects and all relevant disclosures in relation to the Offer as required under the Main Market Listing Requirements of Bursa Malaysia Securities Berhad ("Bursa Securities") ("Listing Requirements").

The Proposed Disposal is a disposal of substantially all of SIGGAS' assets which may result in SIGGAS being no longer suitable for continued listing on the Official List of Bursa Malaysia Securities Berhad ("Bursa Securities") and as such, is deemed to be a major disposal pursuant to paragraph 10.11A of the Main Market Listing Requirements of Bursa Securities ("Listing Requirements"). As such, an independent adviser will be appointed to advise on, among others, the fairness and reasonableness of the Proposed Disposal.

Source:

<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6103661>

<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6108441>

MSWG'S VIGILANCE

PN17 Companies

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

GN3 Companies

1. G NEPTUNE BERHAD
2. IDIMENSION CONSOLIDATED BERHAD
3. WINTONI GROUP BERHAD

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

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

Updates

Stone Master Corporation Berhad ("STONE") has failed to make the Requisite Announcement on or before 28 February 2019 as stipulated in Bursa Malaysia Securities Berhad's ("Bursa Securities") letter dated 9 January 2019 and the Company's application for a further extension of time to make the Requisite Announcement and submit the regularisation plan has been rejected by Bursa Securities.

<http://www.bursamalaysia.com/market/listed-companies/company-announcements/6107381>

REGULATORY NEWS

Malaysia champions sustainability agenda at Sustainable Capitalism Forum Malaysia

<https://www.sc.com.my/news/media-releases-and-announcements/malaysia-champions-sustainability-agenda-at-sustainable-capitalism-forum>

Liberalisation of Foreign Exchange Administration policies

http://www.bnm.gov.my/index.php?ch=en_press&pg=en_press&ac=4820&lang=en

The 2018 Bank Negara Malaysia Annual Report

http://www.bnm.gov.my/index.php?ch=en_press&pg=en_press&ac=4824&lang=en

LOCAL NEWS AND DEVELOPMENTS

Malaysia not entering recession, not suffering deflation

<https://www.thestar.com.my/business/business-news/2019/03/28/no-recession-no-deflation/>

EPF outsources RM117.56bil to external fund managers

<https://www.thestar.com.my/business/business-news/2019/03/28/epf-outsources-rm117-56bil-to-external-fund-managers/>

PNB declares 6 sen income distribution for ASB2, 5.5 sen for ASM
<https://www.thestar.com.my/business/business-news/2019/03/28/pnb-declares-6-sen-income-distribution-for-asb2-5pt5-sen-for-asm/>

Malaysia's economy to grow between 4.7-4.8% - MITI
<https://www.theedgemarkets.com/article/malaysias-economy-grow-between-4748-%E2%80%94-miti>

Cover Story: SC looking to address Bursa's conflicting roles
<https://www.theedgemarkets.com/article/cover-story-sc-looking-address-bursas-conflicting-roles>

Cover Story: Providing easier entry to capital markets
<https://www.theedgemarkets.com/article/cover-story-providing-easier-entry-capital-markets>

Too fast, too soon
<https://www.focusmalaysia.my/Property/too-fast-too-soon>

New Act to monitor political funding in Malaysia
<https://www.focusmalaysia.my/Columns/new-act-to-monitor-political-funding-in-malaysia>

SC enforcement wins a win for corporate governance
<https://www.focusmalaysia.my/Markets/sc-enforcement-wins-a-win-for-corporate-governance>

GLOBAL NEWS AND DEVELOPMENTS

Nissan boss was too powerful report finds
<https://www.bbc.com/news/business-47717838>

Lloyd's of London blames £1bn loss on natural disasters
<https://www.bbc.com/news/business-47717375>

Wow Air failure strands thousands of passengers
<https://www.bbc.com/news/business-47731043>

Exclusive: China makes unprecedented proposals on tech, trade talks progress – U.S. officials
<https://www.reuters.com/article/us-usa-china-trade-exclusive/exclusive-china-makes-unprecedented-proposals-on-tech-trade-talks-progress-u-s-officials-idUSKCN1R905P>

Exclusive: U.S. hired firm audits Russia's Rusal for compliance with sanctions deal

<https://www.reuters.com/article/us-usa-russia-sanctions-rusal-exclusive/exclusive-u-s-hired-firm-audits-russias-rusal-for-compliance-with-sanctions-deal-idUSKCN1R9121>

Asiana Airlines CEO steps down after accounting fiasco

<https://www.reuters.com/article/asiana-airlines-ceo/asiana-airlines-ceo-steps-down-after-accounting-fiasco-idUSS6N1WR029>

SE Asia stocks – Most up on bargain hunting; Malaysia slips on cbank outlook

<https://www.reuters.com/article/southeast-asia-stocks/se-asia-stocks-most-up-on-bargain-hunting-malaysia-slips-on-cbank-outlook-idUSL3N21F0N2>

Swedbank CEO fired after laundering allegations spiralled

<https://www.bloomberg.com/news/articles/2019-03-28/swedbank-ceo-has-been-fired-amid-mounting-laundering-allegations?srnd=premium-asia>

Why are economists so bad at forecasting recessions?

<https://www.bloomberg.com/news/articles/2019-03-28/economists-are-actually-terrible-at-forecasting-recessions?srnd=premium-asia>

The future is female in China's wealth management industry

<https://www.bloomberg.com/news/articles/2019-03-27/the-future-is-female-in-china-s-wealth-management-industry?srnd=premium-asia>

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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 except for MSCM Holdings Berhad, Bio Osmo Berhad and SIG Gases Berhad.*

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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