



MINORITY SHAREHOLDER WATCHDOG GROUP

Badan Pengawas Pemegang Saham Minoriti Berhad

Incorporated in Malaysia * Company No. 524898-M

The Observer

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MSWG / CEO IN THE NEWS

CORPORATE GOVERNANCE INTACT DESPITE RISE IN BOARDROOM TUSSLES

<http://www.thesundaily.my/news/1802782>

MSWG'S QUICK TAKE ON ONGOING CORPORATE TRANSACTIONS

KARAMBUNAI CORP BHD ("KCB")

The Board of Directors of KCB ("Board") announced that KCB had on 28 April 2016 received a notice of unconditional voluntary take-over offer ("Notice") from RHB Investment Bank Berhad on behalf of Tan Sri Dr Chen Lip Keong ("Offeror") to acquire all the remaining securities as follows:-

- (i) all the remaining ordinary shares of RM0.10 each in KCB ("KCB Share(s)") not already held by the Offeror;
- (ii) all the remaining outstanding warrants 2013/2023 in KCB ("Warrant(s)") not already held by the Offeror ("Offer Warrant(s)"); and
- (iii) any new KCB Shares that may be issued prior to the closing date of the Offer (as defined below) arising from the exercise of the outstanding Warrants,

(item no. 1 and no. 3 are collectively referred to as the "Offer Share(s)")

at a cash consideration of RM0.05 per Offer Share and RM0.02 per Offer Warrant, respectively ("Offer").

The Offer Shares and the Offer Warrants shall be collectively referred to as the "Offer Securities".

The Board (save for Tan Sri Dr Chen Lip Keong and Chen Yiy Fon) confirmed that it did not intend to seek an alternative person to make a take-over offer for the Offer Securities.

[Source: KCB's announcement on Bursa Malaysia's website on 28 April 2016 and 4 May 2016]

MSWG'S COMMENTS:

We have received request to comment on the unconditional voluntary take-over offer of all KCB shares by the Offeror. From the surface, the take-over offer would deem to be unfair, as the offer price of RM0.05 per share is at a discount to the market price of RM0.06 (the market price prior to the announcement as at 28 April 2016) and to the net asset ("NA") per share of RM0.1453 (unaudited NA as at 31 March 2016). However, taking into consideration that KCB has been suffering losses for the past few financial years and the market price has been declining much lower than the NA per share, the offer may serve as an exit opportunity to shareholders to monetise their investments in KCB.

We will further comment on this offer when the Independent Adviser issues their advice. The offer document is also subject to the approval by the SC.

MSWG'S WATCHLIST

CIMB GROUP HOLDINGS BERHAD ("CIMB")

The Boards of CIMB and CIMB Bank Berhad ("Boards") announced on 18 May 2016 that Dato' Sri Nazir Razak will resume his role and position as Chairman of CIMB Group and Director of CIMB Bank, with effect from 19 May 2016.

Following the AGM of CIMB held on 18 April 2016, the Board had appointed an external audit firm, Messrs. Ernst & Young and also had sought independent legal advice to assist them with the review on the position of Dato' Sri Nazir Razak relating to his personal banking activities. The findings from the review concluded that Dato' Sri Nazir Razak did not misuse his position as the Group Chief Executive at the material time nor was there any inappropriate use of the bank's resources. However, the detailed examinations conducted during the review identified some process shortcomings. The Board had instructed the management to put in place plans for immediate improvements as well as strengthened internal rules and processes to avoid future reoccurrences.

[Source: CIMB's announcement on Bursa Malaysia's website on 18 May 2016]

REGULATOR'S REPRIMAND LIST OF THE WEEK

No	Regulator	Companies	Reasons
1	Bursa Malaysia	Johan Holdings Berhad	Variance of 12.05% in profit after taxation and minority interest between unaudited quarterly results and audited financial statements.

LOCAL NEWS AND DEVELOPMENTS

15% of board directors on Malaysia's top 100 companies are women
<http://www.thestar.com.my/business/business-news/2016/05/14/15pct-of-board-directors-on-malaysia-top-100-companies-are-women/>

Koon not the only one

<http://www.thestar.com.my/business/business-news/2016/05/14/koon-not-the-only-one/>

Malaysia's economy grew at 4.2% in Q1

<http://www.thestar.com.my/business/business-news/2016/05/13/malaysia-economy-grew-at-4pt2pct-in-q1-2016/>

Bank Negara sets up new Financial Markets Committee with industry reps

<http://www.theedgemarkets.com/my/article/bank-negara-sets-new-financial-markets-committee-industry-reps?type=Corporate>

Malaysia's March industrial output growth slows on year

<http://www.theedgemarkets.com/my/article/malaysias-march-industrial-output-growth-slows-year?type=Corporate>

Malaysia Airlines returns to the black after years of losses

<http://www.thestar.com.my/business/business-news/2016/05/13/mas-returns-to-the-black/>

FGV to venture into aerospace and aviation logistics industry

<http://www.thestar.com.my/business/business-news/2016/05/12/fgv-to-venture-into-aerospace-and-aviation-logistics-industry/>

Lysaght appoints Chua Tia Bon as acting CEO, effective June 1

<http://www.theedgemarkets.com/my/article/lysaght-appoints-chua-tia-bon-acting-ceo-effective-june-1?type=Corporate>

Malaysia's top pension fund plans tobacco stake exit, CEO says

<http://www.theedgemarkets.com/my/article/malaysia%E2%80%99s-top-pension-fund-plans-tobacco-stake-exit-ceo-says?type=Corporate>

Best Oracle to 'resist' CLIQ's winding-up petition

<http://www.theedgemarkets.com/my/article/best-oracle-%E2%80%98resist%E2%80%99-cliq%E2%80%99s-winding-petition?type=Corporate>

GLOBAL NEWS AND DEVELOPMENTS

Can Buffett-backed bid unlock Yahoo growth where others failed?

<http://www.cnbc.com/2016/05/15/can-warren-buffett-backed-bid-unlock-yahoo-growth-where-others-failed.html>

China April Slowdown Shows Debt Addiction Will Be Tough to Shake

<http://www.bloomberg.com/news/articles/2016-05-15/china-april-slowdown-shows-debt-addiction-will-be-tough-to-shake>

Global Economy Week Ahead: G-7, Fed Minutes, Japan GDP

<http://www.wsj.com/articles/global-economy-week-ahead-g-7-meeting-fed-minutes-japan-gdp-1463339912>

Saudi Arabia's credit rating downgraded by Moody's

<http://www.ft.com/intl/cms/s/0/604ee1c4-1a94-11e6-a7bc-ee846770ec15.html#axzz48mJTCVde>

U.N. cuts global economic growth forecast for 2016

<http://www.reuters.com/article/us-global-economy-un-idUSKCN0Y32FH>

Fed's George says interest rates are too low

<http://www.reuters.com/article/us-usa-fed-george-idUSKCN0Y32KW>

Euro zone industry output declines, showing fading overall growth

<http://www.reuters.com/article/us-eurozone-economy-production-idUSKCN0Y30YU>

When Capital Generates Social Impact And Financial Returns

<http://www.forbes.com/sites/christopherskroupa/2016/05/03/when-capital-generates-social-impact-financial-returns/#322fadc92120>

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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 Karabunai Corp Bhd.*

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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