



MINORITY SHAREHOLDER WATCHDOG GROUP

Badan Pengawas Pemegang Saham Minoriti Berhad

Incorporated in Malaysia * Company No. 524898-M

The Observer

15 May 2015

MESSAGE FROM THE CEO

We urge all public institutions managing funds on behalf of the public to become signatories to the Malaysian Institutional Investors Code (MII Code). It is imperative that the MII Code be observed diligently by these public institutions. As stewards of public funds, they are expected to submit to the highest standards, practices and principles of investing as enshrined by the Code. There should not be any more excuses for the institutions to delay becoming signatories to the Code and to show their commitment to adhering to these best practices, as the launch of the Code was in June 2014.

The key principles that the MII Code emphasised are as follows:

- *Policies on Stewardship Responsibilities*
- *Monitoring of Investee Companies*
- *Engaging with Investee Companies*
- *Incorporating Sustainability Considerations*
- *Publishing of Voting Policies*

And most importantly is the principle of proper management of conflicts of interest.

In the light of recent happenings, it is not unexpected for the public to become very concerned on the management of their funds.

The SC, in appreciating this, together with MSWG have proactively supported the Code and the formation of a Council for Institutional Investors. The main role of the Council, among others, is to advocate commitment to the Code and to ensure adherence to this Code by other institutional investors including their asset managers.

Regards,

Rita

MSWG IN THE NEWS

MSWG: POLITICIANS SHOULD NOT SIT ON BOARD OF PUBLIC LISTED FIRMS

<http://www.theedgemarkets.com/my/article/politicians-should-not-sit-board-public-listed-firms-says-mswg>

MSWG'S WATCHLIST

SCAN ASSOCIATES BERHAD (SCAN)

SCAN announced that Bursa Malaysia had on 8 May 2015 issued a directive for the company to announce that the company had triggered rules 2.1(b) and (c) of GN 3 of ACE Market Listing Requirements based on the company's Q4 2014 results.

The company disagrees with the directive and has appointed solicitors, Messrs Lim, Chong, Phang & Amy to file a legal action against Bursa Malaysia. The suit was filed on 10 May 2015 against Bursa Malaysia to, inter alia, nullify the directive and to seek damages from Bursa Malaysia.

The High Court had on 11 May 2015 heard the company's application and granted an ad interim injunction to restrain Bursa Malaysia to implement the reclassification of the company. The ad interim injunction will be enforceable and binding until the High Court makes a decision at 4pm on 18 May 2015.

[Source: SCAN's announcement on Bursa Malaysia's website on 11 May 2015]

YFG BERHAD (YFG)

The company and the Board of Directors had received the letters dated 13 May 2015 from the Securities Commission (SC) informing that SC has imposed sanctions against the company and the Board of Directors as at 5 November 2014 for breach of the Capital Markets and Services Act 2007 (CMSA) for knowingly authorising the furnishing of false or misleading statements in the Amended Audited Financial Statements (Amended AFS) of the company to Bursa Malaysia on 5 November 2014.

The action imposed against the Board of Directors of the company at the material time is as follows:-

- (a) A penalty of RM200,000 pursuant to Section 354(3)(b) of the CMSA; and
- (b) A reprimand pursuant to Section 354(3)(c) of the CMSA.

The company will review its Amended AFS again and reply to SC within the stipulated time.

[Source: YFG's announcements on Bursa Malaysia's website on 14 May 2015]

BERJAYA CORPORATION (BJCORP) / REDTONE INTERNATIONAL BERHAD (RIB)

The Board of Directors of RIB announced that the Offeror has received valid acceptances in respect of the Offer resulting in the Offeror and its Persons Acting in Concert holding in aggregate more than 50% voting shares of RIB as at 5.00 p.m. on 8 May 2015 as set out in the press notice.

As such, the acceptance condition of Offer has been fulfilled and the Offer has become unconditional on 8 May 2015.

[Source: RIB's announcement on Bursa Malaysia's website on 8 March 2015]

C.I. HOLDINGS BERHAD (CIHB)

Bursa Malaysia alerted investors in relation to the recent sharp rise in the price of CIHB shares and issued a Unusual Market Activity query on 11 May 2015. The company had replied on 12 May 2015 that it just concluded its negotiation with parties regarding a possible investment and the company expects to make an announcement to the Bursa Malaysia in a few days.

Subsequently, the Board of Directors of CIHB announced that Continental Resources Sdn Bhd, a wholly-owned subsidiary of CIHB has on 12 May 2015 entered into an agreement with Palmtop Vegeoil Products Sdn Bhd (Company No. 266956-P) (PALMTOP) via a Letter of Offer to Subscribe dated 8th May 2015, for the subscription of 8,250,000 new ordinary shares of RM1.00 each representing 60% of the enlarged paid up share capital of PALMTOP for a total purchase consideration of RM8.25 million.

[Source: CIHB's announcements on Bursa Malaysia's website on 11 May 2015 and 12 May 2015]

LION DIVERSIFIED HOLDINGS BERHAD (LDHB)

The Board of Directors of LDHB announced that the company proposes to distribute up to 200,000,000 ordinary shares of RM1.00 each in Lion Corporation Berhad (LCB Shares) by way of dividend-in-specie to the shareholders of LDHB, on the basis of 1 LCB Share for every 7 ordinary shares of RM0.50 each held in the company; fractions of LCB Shares to be disregarded.

[Source: LDHB's announcements on Bursa Malaysia's website on 8 May 2015]

PERDANA PETROLEUM BERHAD (PPB) / DAYANG ENTERPRISE HOLDINGS BERHAD (DAYANG)

The Board of Directors of PPB wishes to announce that the company has today received a notice from Maybank Investment Bank Berhad (Maybank IB) on behalf of Dayang in relation to the Proposals in accordance with Section 11(1) and Paragraph 1.1(a)(iii) of the Malaysian Code on Take-Overs and Mergers, 2010 (Code) as stated below:

- (i) Proposed acquisition by Dayang of 42,965,100 ordinary shares of PPB (PPB Shares), representing approximately 5.74% equity interest in PPB from Affin Hwang Asset Management Berhad for a total cash consideration of RM66,595,905 or RM1.55 per PPB share (Proposed Acquisition); and

- (ii) Proposed mandatory general offer (MGO) for all the remaining PPB Shares not already owned by Dayang after the proposed acquisition and such number of new PPB Shares that may be issued pursuant to the exercise of any outstanding warrants 2010/2015 issued by PPB (PPB Warrants) prior to the close of the Proposed MGO for a cash consideration of RM1.55 per PPB Share and all the remaining PPB Warrants not already owned by Dayang for a cash consideration of RM0.84 per PPB Warrant (Proposed MGO)

[Source: PPB's announcements on Bursa Malaysia's website on 14 May 2015]

LOCAL NEWS AND DEVELOPMENTS

Time Needed To Develop More Women Decision-makers, Says MSWG

<http://www.bernama.com.my/bernama/v8/bu/newsbusiness.php?id=1133461>

Malaysia ranked top among developing countries for corporate governance

<http://www.thestar.com.my/Business/Business-News/2015/05/12/Malaysia-gets-top-ranking/?style=biz>

Women on boards of public companies way behind 30% target, says Najib

<http://www.theedgemarkets.com/my/article/women-boards-public-companies-way-behind-30-target-says-najib?type=Markets>

Scanwolf served injunction on EGM to remove directors

<http://www.thesundaily.my/news/1412225>

Perwaja set to revive Kemaman plant

<http://www.thestar.com.my/Business/Business-News/2015/05/09/Perwaja-set-to-revive-Kemaman-plant/?style=biz>

China Ouhua quietly sets a new course

<http://www.thestar.com.my/Business/Business-News/2015/05/09/China-Ouhua-quietly-sets-a-new-course/?style=biz>

Lion Corp sees 200m shares traded off-market

<http://www.thestar.com.my/Business/Business-News/2015/05/08/Lion-Corp-sees-200m-shares-traded-off-market/?style=biz>

Bank Negara's reserves at RM392.4b

<http://www.thesundaily.my/news/1415022>

16 M'sian firms in Forbes' most powerful and valuable firms list

<http://www.thestar.com.my/Business/Business-News/2015/05/08/16-Msian-firms-in-Forbes-list/?style=biz>

Internal auditors should be regulated: KPMG

<http://www.thesundaily.my/news/1415023>

Industrial Production Index up 6.9% in March

<http://www.thesundaily.my/news/1415029>

Malaysia External Trade Indices March 2015

https://www.statistics.gov.my/index.php?r=column/cthemByCat&cat=140&bul_id=cmpZTCtJQTFhV29EemdCb3ZMMS9HZz09&menu_id=azJjRWpYL0VBYU90TVhpclByWjdMQT09

SIDC: Governance and strategy key areas for adaptation

<http://www.theedgemarkets.com/my/article/sidc-governance-and-strategy-key-areas-adaptation?type=Markets>

MBSB's impairment plan raises earnings uncertainties

<http://www.theedgemarkets.com/my/article/mbsb%E2%80%99s-impairment-plan-raises-earnings-uncertainties?type=Markets>

Petronas to scale down exploration

<http://www.theedgemarkets.com/my/article/petronas-scale-down-exploration?type=Markets>

MBSB's impairment plan raises earnings uncertainties

<http://www.theedgemarkets.com/my/article/mbsb%E2%80%99s-impairment-plan-raises-earnings-uncertainties?type=Markets>

GLOBAL NEWS AND DEVELOPMENTS

Canada Aboriginals Reject \$960 Million Petronas Gas Deal

<http://www.bloomberg.com/news/articles/2015-05-13/canada-aboriginals-vote-to-reject-960-million-petronas-gas-deal>

Ex-Satyam chief gets relief in 'India's Enron' case

<http://www.myfinancereporter.com/ex-satyam-chief-gets-relief-in-indias-enron-case.html>

Indonesia to Cut Taxes to Near Singapore Level in Profits Battle

<http://www.bloomberg.com/news/articles/2015-05-11/indonesia-plans-to-gradually-cut-corporate-tax-rate-to-below-18--i9j9n2ga>

China cuts interest rates for third time in six months as economy sputters

<http://www.reuters.com/article/2015/05/10/us-china-economy-rates-idUSKBN0NV0A320150510>

Australia central bank cuts growth forecasts

<http://www.cnbc.com/id/102660911>

US private sector adds 169,000 jobs in April: ADP

<http://www.cnbc.com/id/102653003>

Toshiba shares skid 17 pct on accounting probe; \$2.5 billion wiped off market value

<http://www.reuters.com/article/2015/05/11/us-toshiba-stocks-idUSKBN0NW0QU20150511>

Financial sector in advanced economies is too big, says IMF

<http://www.ft.com/intl/cms/s/0/4b70ee3a-f88c-11e4-8e16-00144feab7de.html#axzz3Zyl0Uxam>

Goldman Sachs expected to settle forex suit for almost \$130 million: WSJ

<http://www.reuters.com/article/2015/05/09/us-goldman-forex-idUSKBN0NU00Z20150509>

UK market leads European equity rally after Conservatives' election win

<http://www.reuters.com/article/2015/05/08/us-markets-stocks-europe-idUSKBN0NT0LN20150508>

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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 Scan Associates Berhad, YFG Berhad and Redtone International 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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