

The logo for MSWG (Minority Shareholder Watchdog Group) features the letters 'MSWG' in white on a dark blue background.

MINORITY SHAREHOLDER WATCHDOG GROUP

Badan Pengawas Pemegang Saham Minoriti Berhad

Incorporated in Malaysia * Company No. 524898-M

The Observer

25 September 2015

MESSAGE FROM THE CEO

The RM20 billion capital infusion to support the stock market using funds from Khazanah, KWAP and PNB via ValueCap needs to be far more transparent.

Until now, we have received scant information on how the funds will be deployed, what the performance indicators are and how the success of this injection will be measured.

The announcement no doubt had a temporary reprieve from the volatility of the stock market. We saw gains over the subsequent days after the announcement but ValueCap needs to prove it will be taking prudent and sensible investing decisions, while informing the public of its progress over time.

For instance quarterly updates about its stock performance need to be disclosed.

We also remain concerned that the funds being essentially public funds might be wiped out in a short space of time considering that its size is small compared to the total market-cap which surpassed RM1.5 trillion.

Let's hope that ValueCap will be transparent about how it spends this money, as the funds belong to the people and not the fund managers or investee companies. Thus, more so that they must necessarily be adhering and be signatory to the principles of the Malaysian Code for Institutional Investors which subscribes to best practises including transparency and accountability.

ICapital's Shareholders....

Meanwhile, the closed-end fund, icapital.biz Bhd (ICAP)'s biggest institutional investor, City of London Investments ("CLIM") was concerned about the fund price which is trading at a discount to its NAV, currently standing at 25%.

In a letter dated 28 Aug 2015 to ICAP, CLIM raised issues including its market price discount to NAV, its high levels of cash holdings and its expense ratio. At the AGM, ICAP rebutted these issues.

While the substantial minorities supported ICAP's view and approved the appointment of three directors that were opposed by CLIM at its latest AGM, ICAP should, nevertheless, address concerns raised by share-owners.

Those Runways Look Fine to Me....

At Malaysia Airports (MAHB), we are waiting for developments on the unpaid Passenger Service Charges (PSC).

Last month, MAHB said it would step up efforts to obtain its payments by exercising its legal rights on defaulting airlines.

We at MSWG are watching this matter and the legal suits initiated by AirAsia and how and when the issues will be resolved. However, MSWG prefers to see the parties resolving via enhanced communication or alternative dispute resolution mechanisms.

Additionally, we have taken note of MAHB's initiatives at klia2 raised by stakeholders including ponding issues, which it says it is taking very seriously. According to its website, MAHB has implemented soil settlement and runway maintenance procedures and klia2 has also undergone independent safety evaluation to confirm that the terminal and the related infrastructure is safe for operations.

From our site visit it appeared that MAHB had taken steps to keep the airport in good condition. We noted many landings and take-offs during the visit. Well enough at least, to manage the 500 flight movements daily at the airport with 3 independent runway systems and 11 airlines operating and the assurance that safety will not be comprised.

Nevertheless, stakeholders' concerns must be addressed accordingly by MAHB. Quality engagements with the stakeholders must be undertaken continuously to get to the crux of the issues plaguing them.

Regards,

Rita

CAPITAL MARKET AND REGULATORY UPDATE

AMENDMENTS TO SECURITIES LAWS COME INTO FORCE

The SC today announced the coming into force of the Capital Markets and Services (Amendment) Act 2015 (CMSA) and Securities Commission (Amendment) Act 2015 (SCMA) on 15 September 2015.

The amendments to the securities laws were made to facilitate innovative fundraising structures, enhance investor protection, clarify responsibilities of issuers and advisers, and to expand the scope of SC's supervisory powers.

[Source: The SC's press release on SC's website on 22 September 2015]

MSWG'S COMMENTS:

The amendments of the CMSA and SCMA, among others things, include the following:

- (i) introduced a new recognised market framework to facilitate the establishment of alternative trading platforms, including equity crowdfunding (ECF) platforms;
 - (ii) Clarification on the roles and responsibilities of persons in charge of preparing disclosure documents and the issuance and subscription of corporate bonds;
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- (iii) Empowerment of the SC to appoint an Independent Adviser where the offeree fails to do so;
 - (iv) Extension of the Audit Oversight Board's regulatory reach to capital market institutions, scheduled funds, and reporting accountants;
 - (v) Invalidation of any disclaimer from the accuracy and reliability of information in that document; and
 - (vi) Provision of clear criteria for the appointment and removal of the board members of the SC and the provision of certainty of tenure of the commission members.
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MSWG'S QUICK TAKE ON ONGOING CORPORATE TRANSACTIONS

MALAYSIA AIRPORTS ("MAHB")

MAHB in its press release assured that safety is its utmost priority and MAHB adheres to a very stringent regulatory regime by the Department of Civil Aviation (DCA), in accordance to the International Civil Aviation Organisation (ICAO) standards and recommended practices.

MAHB had received the Certificate of Completion and Compliance (CCC) and Aerodrome Certificate on 17 April 2014 and 23 April 2014 respectively. KLIA2 had also undergone independent safety evaluation, such as Evaluation on Safety Issue of klia2 by IKRAM Premier Consulting and also the CAO Project Report on Compliance of the Apron, Runway and Taxiway, to confirm that the terminal and the related infrastructure is safe for operations.

As at July 2015, MAHB's passenger traffic has grown as much as 7.0% since opening in May 2014. The transfer or fly-through passengers have also doubled with 500 flight movements daily, a 20% increase from the daily flight average in April 2014.

[Source: MAHB's press release on MAHB's website on 23 September 2015]

MSWG'S COMMENTS:

On the safety issue of klia2 relating to the issue on water clogging, we recently made a site visit to KLIA2 to see for ourselves. We noted that the water clogging was concentrated near the hangers and did not see water clogging at the runway. We were briefed by MAHB on the issues and they have assured us as well as they have mentioned at the website that they have complied with all safety standards in accordance with the International Civil Aviation Organisation (ICAO).

ICAPITAL.BIZ BERHAD ("ICAP")

City of London Investment ("COLI") had on 26/8/2015 raised the following issues:

- i) Performance of the fund;
- li) Cash Management strategy;
- iii) High expense ratio;

iv) NAV Discount

Mr. Tan Teng Boo discussed and explained the issues raised by COLI for the benefit of the shareholders.

Voted by a show of hands

Resolutions	Results
Resolution 1 – Payment of Directors’ Fees	Carried
Resolution 5 – Re-appointment of Crowe Horwath as Auditors	Carried

Voted by poll

Resolutions	Votes in favour		Votes against		Results
	No. of votes	%	No. of votes	%	
Resolution 2 Re-election of Datuk Ng Peng Hong @ Ng Peng Hay as Director	60,319,313	75.038	20,065,200	24.962	Carried
Resolution 3 Re-election of Dato’ Seri Syed Ismail Bin Dato’ Haji Syed Azizan as Director	60,198,263	74.799	20,281,250	25.201	Carried
Resolution 4 Re-election of Dato’ Seri Md Ajib Bin Anuar as Director	60,273,113	74.892	20,206,400	25.108	Carried

The minority shareholders had voted to retain all the three directors.

MSWG’S WATCHLIST

PATIMAS COMPUTERS BERHAD (“PATIMAS”)

Bursa Malaysia has publicly reprimanded Patimas and its 4 executive directors at the material time for breaching the Bursa Malaysia Securities Main Market Listing Requirements (Main LR). In addition, the 4 executive directors of PATIMAS were fined a total of RM1,986,200.

Notwithstanding that Patimas had been de-listed. The breaches of the Main LR were committed while the Company was listed on the Official List of Bursa Malaysia.

In addition, the following enforcement actions were taken against 4 executive directors of Patimas at the material time in respect of the breach of paragraph 16.13(b) of the Main LR for permitting knowingly, or where they had reasonable means of obtaining such knowledge, Patimas to commit breaches under paragraphs 9.16(1) (a), 9.22(1) and 9.23 of the Main LR:-

No.	Director	Penalty
1	Dato’ Yap Wee Hin Deputy Executive Chairman (Appointed on 15 July 1992 and retired on 5 December 2012)	Public Reprimand and total fine of RM816,500

No.	Director	Penalty
2	Law Siew Ngoh Managing Director (Appointed on 10 March 1997 and resigned on 1 April 2013)	Public Reprimand and total fine of RM816,500
3	Dato' Ng Back Heang Executive Director (Appointed on 10 March 1997 and resigned on 1 April 2013)	Public Reprimand and total fine of RM176,600
4	Robert Daniel Tan Kim Leng Executive Director (Appointed on 14 October 1994 and resigned on 1 April 2013)	Public Reprimand and total fine of RM176,600

Bursa Malaysia Securities views the contraventions seriously as timely and accurate submission of financial statements are fundamental obligations of companies listed on the Official List of Bursa Securities and are of paramount importance in ensuring a fair and orderly market for securities that are traded on Bursa Securities and crucial to aid informed investment decisions.

[Source: Bursa Malaysia's press release on Bursa Malaysia's website on 15 September 2015]

LOCAL NEWS AND DEVELOPMENTS

Former Ingenuity Consolidated MD buys 7.4% stake in Lay Hong

<http://www.theedgemarkets.com/my/article/former-ingenuity-consolidated-md-buys-74-stake-lay-hong?type=Corporate>

Malaysia's international reserves up by RM2.6bil

<http://www.thestar.com.my/Business/Business-News/2015/09/23/Reserves-up-by-RM26bil/?style=biz>

Scan Associates ED sues founder, six others

<http://www.thesunday.my/news/1556758>

High Court Affirms Conviction on misleading disclosures by Transmile directors

http://www.sc.com.my/post_archive/high-court-affirms-conviction-on-misleading-disclosures/

India increases duty on cooking oils to stem cheap palm imports

<http://www.theedgemarkets.com/my/article/india-increases-duty-cooking-oils-stem-cheap-palm-imports?type=Corporate>

Taliworks eyes Kajang Silk Highway

<http://www.theedgemarkets.com/my/article/taliworks-eyes-kajang-silk-highway?type=Corporate>

GLOBAL NEWS AND DEVELOPMENTS

Fed holds fire on historic rate rise

<http://www.ft.com/intl/cms/s/0/92766b44-5d62-11e5-a28b-50226830d644.html>

Tsipras Wins Big Again in Greece as Voters Ignore Euro Showdown

<http://www.bloomberg.com/news/articles/2015-09-20/syriza-is-headed-for-victory-in-greek-election-exit-poll-shows>

Volkswagen CEO sorry for 'broken trust'

<http://money.cnn.com/2015/09/20/autos/volkswagen-ceo-apology/index.html?iid=hp-stack-dom>

US consumer prices drop for the first time in seven months

<http://www.bbc.com/news/business-34270602>

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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.*

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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