



MINORITY SHAREHOLDER WATCHDOG GROUP

Badan Pengawas Pemegang Saham Minoriti Berhad

Incorporated in Malaysia \* Company No. 524898-M

# The Observer

31 July 2015

## MESSAGE FROM THE CEO

Investor sentiment in Malaysia, as with other emerging market nations, is fragile, given the current state of the global economy.

At this point in time, stability and prudent fiscal governance including transparency and accountability are prized attributes in the public sphere which ought to set the tone.

The delays of the investigation into the 1MDB matter, if at all, could dent, accountability issues, the heart of governance and not inspire exponents of governance and the financial community.

These matters could unnecessarily impact our country's already fragile perception in the global stage.

Regards,

Rita

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## MARKET AND REGULATORY UPDATE

### ***MALAYSIAN ECONOMIC INDICATORS: LEADING, COINCIDENT & LAGGING INDEXES MAY 2015***

The Leading Index (LI) which monitors the economic performance in advance decreased in May 2015. The LI posted a decrease of 1.2% to 117.2 points from 118.6 points in April 2015. Two main components that contributed to the decrease were Real Imports of Other Basic Precious & Other Non-ferrous Metal (-0.7%) and Number of New Companies Registered (-0.6%). The annual change of LI dropped to negative 0.2% as against 0.9% in the previous month.

The Coincident Index (CI) which measures the current economic activity, also declined by 0.4% in the reference month. This was due to the decrease in Real Contributions to EPF (-0.5%), the Volume Index of Retail Trade (-0.3%) and Total Employment in the Manufacturing Sector (-0.1%). The annual change of CI slowed to 2.1% as compared to 2.3% in April 2015.

The annual change of LI and CI in May 2015 showed a slower growth as compared to the previous month. At the same time, the Diffusion Index for LI was below 50.0%, while CI remained above 50.0%. Based on this scenario, it is expected that the Malaysian economy will continue to grow at a slower rate in the following months.

**Jadual 4 : Indeks Komposit dan Indeks Difusi**  
**Table 4 : Composite Index and Diffusion Index**

Tempoh Period	Indeks Komposit Composite Index						Indeks Difusi Diffusion Index	
	Indeks Pelopor (IP) Leading Index (LI)		Indeks Serentak (IS) Coincident Index (CI)		Indeks Susulan (ISL) Lagging Index (LG)		Indeks Pelopor (IP) Leading Index (LI)	Indeks Serentak (IS) Coincident Index (CI)
	Perubahan 2005=100 Tahunan Annual Change (%)		Perubahan 2005=100 Tahunan Annual Change (%)		Perubahan 2005=100 Tahunan Annual Change (%)		Peratus (%) Per cent (%)	Peratus (%) Per cent (%)
2015								
Jan./Jan.	119.6	2.3	122.9	2.7	140.4	2.8	71.4	83.3
Feb./Feb.	117.8	0.9	123.3	2.9	140.1	2.1	42.9	50.0
Mac/Mar.	119.3	2.8	123.9	4.4	141.8	2.9	85.7	83.3
Apr./Apr.	118.6	0.9	122.6	2.3	138.8	-0.8	71.4	66.7
Mei/May	117.2	-0.2	122.1	2.1	140.8	1.7	28.6	66.7

[Source: Media released by Malaysia's Department Of Statistics on 24 July 2015]

## MSWG'S WATCHLIST

### AIRASIA BERHAD ("AAS") / MALAYSIA AIRPORTS HOLDINGS BERHAD ("MAHB")

It was reported by the mass media on 27 July 2015 that AAS's Chief Executive Officer, Tan Sri Tony Fernandes said that he has lost patience with MAHB for failing to resolve sinking problems with cracks appearing in the taxiway and water forming pools that planes must drive through at Kuala Lumpur International Airport 2 ("KLIA2"). He urged MAHB to find a solution over the sinking problems or AAS will be taking legal action against MAHB for damages to planes caused by the sinking problems in KLIA2.

[Source: Media news released on 27 July 2015]

MAHB had clarified that the terminal had received all the necessary required safety certifications and KLIA2 had undergone independent safety evaluation confirming the terminal and the related infrastructures safe for operations. MAHB had also stated that the suggestion to move back AAB's operations to the former LCCT was not a feasible option as it would not be able to cater to the existing volume of passenger traffic.

[Source: [http://www.malaysiaairports.com.my/index.php?m=media\\_centre&c=news&id=496](http://www.malaysiaairports.com.my/index.php?m=media_centre&c=news&id=496) ]

### FELDA GLOBAL VENTURES HOLDINGS BERHAD ("FGV")

The Wall Street Journal ("WSJ") on 26 July 2015 reported that there are illegal migrants from Bangladesh and stateless Rohingya employed in plantations who were denied wages and suffered other forms of abuse. The U.S. Department of Labor in December also cited Malaysian palm oil as an industry

where forced labor occurs. FGV was also cited as one of the employers of forced labour in the WSJ article.

In view of the above, FGV released its response to the WSJ article on 27 July 2015 to emphasise that the company states unequivocally its commitment to ethical and transparent operations to ensure equitable long-term value for all stakeholders: including employees, smallholders and plantation workers, without whom they would not be able to operate daily. FGV also questioned why WSJ is targeting FGV in its report when most plantation companies employ foreign workers. For more details on FGV's answers to the allegations made by WSJ, please refer to the weblink as stated below.

<http://www.feldaglobal.com/media-statement-wsj.html>

*[Source: Press released on WSJ's website on 26 July 2015]*

#### **DAYANG ENTERPRISE HOLDINGS BERHAD ("DEHB")**

DEHB announced that the company together and its parties acting in concert have on 24 July 2015 held in aggregate, together with such Perdana Petroleum Berhad's ("PPB") shares that are already held or entitled to be acquired or held by the company, more than 50% of the voting shares of PPB. The total number of PPB shares held by or for which acceptances of the offer have been received by the Offerors as at 24 July 2015 was amounting to 383,314,800 shares or 51.21% of the total paid-up share capital of PPB.

Accordingly, the acceptance condition has been fulfilled and the offer has become wholly unconditional on 24 July 2015.

*[Source: DEHB's announcement on Bursa Malaysia's website on 27 July 2015]*

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#### **LOCAL NEWS AND DEVELOPMENTS**

Leading Index down 1.2% in May

<http://www.thestar.com.my/Business/Business-News/2015/07/25/Leading-Index-down-12-in-May/?style=biz>

Palm-Oil Migrant Workers Tell of Abuses on Malaysian Plantations

<http://www.wsj.com/articles/palm-oil-migrant-workers-tell-of-abuses-on-malaysian-plantations-1437933321>

KLIA2: 'I'm really frustrated, MAHB should start taking responsibility' - Tony Fernandes

<http://english.astroawani.com/malaysia-news/klia2-im-really-frustrated-mahb-should-start-taking-responsibility-tony-fernandes-67439>

Scan Associates founder calls for EGM to remove four directors

<http://www.thesundaily.my/news/1500806>

Bursa Malaysia Securities Berhad has issued an Unusual Market Activity query to Y.S.P. SOUTHEAST ASIA HOLDINGS BERHAD

<http://www.bursamalaysia.com/corporate/media-centre/media-releases/3473>

Bursa Malaysia Securities Berhad has issued an Unusual Market Activity query to DATASONIC GROUP BERHAD

<http://www.bursamalaysia.com/corporate/media-centre/media-releases/3461>

Malaysian palm oil price slips for second day, tracks losses overseas

<http://www.thestar.com.my/Business/Business-News/2015/07/24/Malaysian-palm-oil-price-slips-for-second-day-tracks-losses-overseas/?style=biz>

Bank Negara has enough 'ammunition' to stop ringgit and sovereign rating decline

<http://www.thestar.com.my/Business/Business-News/2015/07/24/Bank-Negara-has-enough-ammunition/?style=biz>

Dayang's takeover offer for Perdana turns unconditional

<http://www.theedgemarkets.com/my/article/dayangs-takeover-offer-perdana-turns-unconditional?type=Markets>

Credit Suisse ceases to be China Automobile Parts substantial shareholder

<http://www.theedgemarkets.com/my/article/credit-suisse-ceases-be-china-automobile-parts-substantial-shareholder?type=Markets>

Malaysia reserves drop to five-year low on sign of intervention

<http://www.theedgemarkets.com/my/article/malaysia-reserves-drop-five-year-low-sign-intervention?type=Markets>

Monthly Principal Statistics Of Labour Force, Malaysia, May 2015

[https://www.statistics.gov.my/index.php?r=column/cthemByCat&cat=124&bul\\_id=OE1Hczl5NjKxR0xWUWUwOGg4OTlnZz09&menu\\_id=U3VPMldoYUxzVzFaYmNkWXZteGduZz09](https://www.statistics.gov.my/index.php?r=column/cthemByCat&cat=124&bul_id=OE1Hczl5NjKxR0xWUWUwOGg4OTlnZz09&menu_id=U3VPMldoYUxzVzFaYmNkWXZteGduZz09)

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## GLOBAL NEWS AND DEVELOPMENTS

Singapore's Economy Stumbles as Manufacturing Weakens

<http://www.wsj.com/articles/singapores-economy-stumbles-as-manufacturing-weakens-1436852482>

Indonesia raises import duties on consumer goods, denies protectionist

<http://www.reuters.com/article/2015/07/23/indonesia-taxation-idUSL3N1031MT20150723>

U.S. dollar rise, interest rate gap pose spillover risks: IMF

<http://www.reuters.com/article/2015/07/23/us-imf-spillovers-idUSKCN0PX26J20150723>

Former Toshiba auditor to step down from government panel: source

<http://www.reuters.com/article/2015/07/23/us-toshiba-auditor-fsa-idUSKCN0PX0PI20150723>

FT provides 'fast ticket' for Nikkei's global expansion

<http://www.ft.com/intl/cms/s/0/a640a336-31fe-11e5-91ac-a5e17d9b4cff.html>

US weekly jobless claims total 255,000 vs 285,000 est, lowest level since 1973

<http://www.cnn.com/2015/07/23/us-weekly-jobless-claims-for-july-18-2015.html>

U.S. new home sales at seven-month low; manufacturing stabilizes

<http://www.reuters.com/article/2015/07/25/us-usa-economy-idUSKCN0PY10H20150725>

Pearson to sell Economist Group stake

<http://www.bbc.com/news/business-33667629>

House price moves around the world

<http://money.cnn.com/interactive/real-estate/housing-prices-around-the-world/?iid=hp-stack-intl>

China's economy is getting sick. Will it infect America?

[http://money.cnn.com/2015/07/26/investing/china-slowdown-impact-us-stocks/index.html?iid=SF\\_LN](http://money.cnn.com/2015/07/26/investing/china-slowdown-impact-us-stocks/index.html?iid=SF_LN)

Fight over investor protection rule gets ugly

<http://www.bankrate.com/financing/investing/fight-over-investor-protection-rule-gets-ugly/>

Environment an Increasingly Important Factor in Consumers' Purchasing Decisions

[http://www.csrwire.com/press\\_releases/38130-Environment-an-Increasingly-Important-Factor-in-Consumers-Purchasing-Decisions](http://www.csrwire.com/press_releases/38130-Environment-an-Increasingly-Important-Factor-in-Consumers-Purchasing-Decisions)

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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.*

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### Feedback

We welcome your feedback on our newsletter and our work. Email us at [mswg.ceo@mswg.org.my](mailto:mswg.ceo@mswg.org.my) with your comments and suggestions.

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