



MINORITY SHAREHOLDER WATCHDOG GROUP

Badan Pengawas Pemegang Saham Minoriti Berhad

Incorporated in Malaysia * Company No. 524898-M

The Observer

03 July 2015

MESSAGE FROM THE CEO

We have noticed some unusual corporate activity that Directors who were voted out at an AGM recently by show of hands were reappointed on the same day by filling casual vacancies.

This was the same company whose external auditor had last month expressed a qualified opinion in its audited financial statements for its financial year ended 31 Dec 2014. It is also a company which was lossmaking in its first quarter ended March 2015.

Bizarrely, its shares have continued to rise despite having already received Bursa Malaysia warnings telling investors to exercise caution in trading the company's stock and warrants.

Based on these developments, we are watching this company closely.

Meanwhile, despite all the fears in the market, we have seen the affirmation of our sovereign ratings by Fitch, who have been convinced by the government's measures to ensure the continued health of our economy.

What's more, it has revised the outlook on our country to "stable" from "negative", while affirming our long-term foreign currency debt rating at 'A-'.

Our fiscal metrics have clearly improved, and there is little doubt that GST's introduction and the ongoing rationalisation of our fuel subsidies will further improve our fiscal situation.

Hopefully these positive developments will lead to a snap back in our ailing ringgit.

Separately, I am also pleased to announce today the establishment of the Institutional Investor Council Malaysia (Council). The 14-member Council is chaired by Wan Kamaruzaman Wan Ahmad, who is also the CEO of Kumpulan Wang Persaraan (Diperbadankan). This marks another significant milestone in the CG landscape of our country, following the launch of the Malaysian Code for Institutional Investors (Code) in June last year.

The objectives of the Council are to represent the interest of institutional investors in Malaysia, to be the platform to influence good corporate governance culture by public listed companies and to advocate the adoption of the Code among institutional investors. I believe the establishment of the Council is timely whereby institutional investors as an influential group can play a bigger and more effective role in governance, stewardship and responsible investment. Thus, I am delighted that the big institutional investors in Malaysia, fund managers as well as industry associations have come on board to support this agenda.

At several AGMs conducted recently, we note that our fellow minority shareholders have actively engaged with their Board of Directors, raised quality queries and even suggested many strategic ideas for the Board to consider. This phenomenon could be gleaned in reports from some of the recent newspapers. We hope to see more effort of granting minority shareholders' to increase their participation and control over corporate decisions amid the improvements on the composition and quality of minority shareholders.

Regards,

Rita

CAPITAL MARKET AND REGULATORY UPDATE

ESTABLISHMENT OF THE INSTITUTIONAL INVESTOR COUNCIL MALAYSIA

The Minority Shareholder Watchdog Group (MSWG) is pleased to announce the establishment of the Institutional Investor Council Malaysia (Council).

The establishment of the Council follows the launch of the Malaysian Code for Institutional Investors (Code) on 27 June 2014. The Code which was jointly launched by the Securities Commission Malaysia (SC) and MSWG comprises a set of principles which will help institutional investors fulfill their stewardship responsibilities through influencing and promoting good corporate governance culture in their investee companies. The Code promotes greater leadership in governance and responsible ownership by institutional investors to ensure delivery of sustainable long-term value to their ultimate beneficiaries through adoption of the principles enshrined in the Code.

The Council will play an important role to represent the common interests of institutional investors in Malaysia. This industry-led initiative will be a platform to shape and influence a wider sphere of corporate governance culture through among others, the effective adoption of the Code. The establishment of the Council is also in line with the recommendations of the Corporate Governance Blueprint 2011 launched by the SC in July 2011.

The objectives of the Council are as follows:-

- i. To represent the interest of institutional investors in Malaysia.
- ii. To be the platform to influence good corporate governance culture by public listed companies.
- iii. To advocate the adoption of the Malaysian Code for Institutional Investors among institutional investors.

The terms of reference of the Council are as follows:-

- i. To represent the interests of institutional investors on matters affecting them and to act as a conduit between policy makers, regulators and institutional investors in relation to broader corporate governance issues.

- ii. To provide vision and strategic direction in relation to the development of the Institutional Investor Council and future enhancement to the Malaysian Code for Institutional Investors (Code).
- iii. To advocate, provide guidance and monitor the effective adoption of the Code among institutional investors and encouraging institutional investors to become signatories of the Code.
- iv. To determine and develop a sustainable model for the umbrella body.

Encik Wan Kamaruzaman bin Wan Ahmad has been elected as the first Chairman of the Council. The full list of the Council members is as disclosed below.

The MSWG is the Secretariat to the Council.

	Institutional Investor Council Malaysia (Members)
1.	Encik Wan Kamaruzaman bin Wan Ahmad Chief Executive Officer Kumpulan Wang Persaraan (Diperbadankan) <i>Chairman</i>
2.	Madam Rita Benoy Bushon Chief Executive Officer Minority Shareholder Watchdog Group Head of Secretariat/Council Member
3.	Encik Mohamad Nasir Ab. Latif Deputy Chief Executive Officer (Investment) Employees Provident Fund Council Member
4.	YBhg Datin Paduka Kartini bt Haji Abdul Manaf Chief Strategy Officer Permodalan Nasional Berhad Council Member
5.	YBhg Dato' Johan Abdullah Deputy Group Managing Director and Chief Executive Director Lembaga Tabung Haji Council Member
6.	YBhg Datuk Zakaria Sharif Deputy Chief Executive Lembaga Tabung Angkatan Tentera Council Member
7.	YBhg Dato' Dr. Mohammed Azman bin Dato' Aziz Mohammed Chief Executive Social Security Organisation Council Member
8.	Mr Jiv Sammanthan Executive Director, Managing Director's Office Khazanah Nasional Berhad Council Member

	Institutional Investor Council Malaysia (Members)
9.	Mr Gerald Ambrose Chief Executive Officer Aberdeen Islamic Asset Management Sdn Bhd Council Member
10.	Dr Hans-Christoph Hirt Director Hermes Investment Management/ Hermes Equity Ownership Services Council Member
11.	Encik Muhammad Fikri Mohamad Rawi Deputy Chairman Malaysian Takaful Association Council Member
12.	Mr Toi See Jong President Life Insurance Association of Malaysia Council Member
13.	Encik Nazaruddin Othman Chief Executive Officer Federation of Investment Managers Malaysia Council Member
14.	Dato' Steve Ong Chief Executive Officer Private Pension Administrator Council Member

MSWG's QUICK TAKE ON ONGOING CORPORATE TRANSACTIONS

SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD ("SHELL REFINING")

Shell Refining had held its 56th AGM on Tuesday, 30 June 2015. The shareholders of Shell Refining had approved all the resolutions of the said AGM.

[Source: Shell Refining's announcement on Bursa Malaysia's website on 30 June 2015]

MSWG'S COMMENTS:

Shareholders raised concerns on the future of the Company at the AGM of Shell Refining. The Chairman gave a comprehensive presentation on their plans moving forward and responded well to queries raised by shareholders. Shell Refining had been incurring losses for the past 4 financial years mainly due to poor refining margins and one of its term loan of RM450 million would be due for repayment on 31 December 2015. The Company's plans moving forward were either converting the refinery to a terminal or sale of shares by the major shareholder, Shell Overseas Holdings Limited. For the first quarter ended 31 March 2015, Shell Refining made a net profit of RM84.2 million.

GENTING MALAYSIA BERHAD (“GENTING MALAYSIA”)

On 11 May 2015, Genting Malaysia proposed to obtain a mandate from shareholders for the disposal by Resorts World Limited, an indirect wholly-owned subsidiary of Genting Malaysia, of the entire 1,431,059,180 Genting Hong Kong Limited’s (“GENHK”) shares, representing 17.81% of the total issued and paid-up share capital of GENHK (“Proposed Disposal”). The company held an EGM in relation to the Proposed Disposal on 2 July 2015.

[Source:

http://disclosure.bursamalaysia.com/FileAccess/apbursaweb/download?id=170450&name=EA_DS_ATTACHMENTS

http://disclosure.bursamalaysia.com/FileAccess/apbursaweb/download?id=170449&name=EA_DS_ATTACHMENTS

Genting Malaysia’s announcement on Bursa Malaysia’s website on 25 June 2015]

MSWG’S COMMENTS:

Shareholders at the meeting on 2 July 2015 had voted on poll for the resolution (75.8%) and against (24.2%). Several shareholders had raised concerns that the minimum price of US\$0.33 for disposal was below the NTA and the average cost of purchase price of US\$0.42 for the investment.

One key concern which was raised by MSWG in the proposed mandate and supported by other shareholders was that Tan Sri Lim Kok Thay and persons connected to him were involved in both investments. The issue then would be how the Board of independent directors would ensure that the bidding process and the decision to award to the ultimate buyer would be in the best interest of Genting Malaysia taking into consideration transparency and addressing conflict of interest.

MSWG’s WATCHLIST

MALAYSIA STEEL WORKS (KL) BHD (“MASTEEL”)

The Special Auditors, UHY had on 15 June 2015 completed the independent and comprehensive Special Audit Report for the financial year ended 31 December 2014 (“AFS 2014”) on the various issues raised by Messrs Nexia SSY (“Nexia”), the External Auditors. Subsequently The Company’s external auditors, Nexia, had had expressed a qualified opinion in the Company’s AFS 2014. Nexia also had tendered the resignation notice informing that they do not wish to seek reappointment as Auditors of the Company at the forthcoming Annual General Meeting. The cessation of office of Nexia will only take effect upon the appointment of another firm of Auditors pursuant to Section 172(3) of the Companies Act, 1965.

[Source: Masteel’s announcement on Bursa Malaysia’s website on 15 June 2015, 17 June 2015, 19 June 2015 and 25 June 2015]

MULTI-USAGE HOLDINGS BERHAD (“MUH”)

The Board of Directors of MUH hereby announce that at the 23rd AGM of the Company held on 29 June 2015, the shareholders of MUH did not approve all the resolutions, except for the Resolution 5 in relation to the re-appointment of Messrs Deloitte as Auditors of the Company and to authorise the Directors to determine their remuneration.

Subsequent to the AGM, MUH had on 1 July 2015, received the Originating Summon No: 24NCVC-574-06/2015 which was filed in the Penang High Court on 26 June 2015 by a group of shareholders.

The Originating Summon (as translated from Bahasa Malaysia) filed by the Plaintiffs in the High Court of Malaya, Penang on 26 June 2015 is in respect of the following claims under (but not limited to) Section 181(1) of the Companies Act, 1965:

1. The AGM of MUH which was fixed on 29 June 2015 is not valid or be cancelled immediately;
2. A Court Order that all resolutions approved in the AGM of MUH be cancelled or set aside immediately;
3. An Order for the Court to carry out the powers to direct the convening of a fresh AGM of MUH and issue directives for the defendants to hold the AGM within 30 days from the date of Court Order;
4. An Order that all resolutions as proposed by the plaintiffs in the written requisition dated 27 April 2015 be tabled in the fresh AGM;
5. An Order for compensation be assessed and be paid by the current Directors of MUH and the defendants to the plaintiffs;
6. Costs of the proceedings be paid by the current Directors of MUH and the defendants to the plaintiffs; and
7. Other reliefs deemed fit and proper by the Court.

The Court has fixed 28 July 2015 to hear the application of the Plaintiffs.

[Source: MUH’s announcement on Bursa Malaysia’s website on 29 June 2015 and 2 July 2015]

LOCAL NEWS AND DEVELOPMENTS

Tanjung Offshore exploring brownfield opportunities

<http://www.thestar.com.my/Business/Business-News/2015/06/29/Tanjung-Offshore-exploring-brownfield-opportunities/?style=biz>

Ready for capital market’s new rules?

<http://www.thestar.com.my/Business/Business-News/2015/06/27/Ready-for-capital-markets-new-rules/?style=biz>

Malaysia’s jobless rate seen rising to 3.1% in 2015

<http://www.thestar.com.my/Business/Business-News/2015/06/27/Malaysias-jobless-rate-seen-rising-to-31-in-2015/?style=biz>

All eyes on Lysaght AGM

<http://www.thestar.com.my/Business/Business-News/2015/06/27/All-eyes-on-Lysaght-AGM/?style=biz>

Directors voted out are immediately reappointed at Wintoni

<http://www.thestar.com.my/Business/Business-News/2015/06/26/Directors-voted-out-are-immediately-reappointed-at-Wintoni/?style=biz>

Bursa Malaysia Securities reprimands, fines and suspends Yap Yeng Chong and Chang Meei Yee for engaging in manipulative dealing activities

<http://www.bursamalaysia.com/corporate/media-centre/media-releases/3389>

CCM Duopharma: Facility agreement with RHB Islamic Bank Berhad for Commodity Murabahah Term Financing-i Facility up to the aggregate principal limit of RM245,123,000.00 only

<http://www.bursamalaysia.com/market/listed-companies/company-announcements/4784665>

Masteel auditor decides not to seek reappointment

<http://www.thestar.com.my/Business/Business-News/2015/06/26/Masteel-auditor-decides-not-to-seek-reappointment/?style=biz>

BAT ups cigarette prices by 30 sen

<http://www.theedgemarkets.com/my/article/bat-ups-cigarette-prices-30-sen?type=Corporate>

‘Malaysia is the winner’: Indonesia ban drives miners abroad

<http://www.theedgemarkets.com/my/article/%E2%80%98malaysia-winner%E2%80%99-indonesia-ban-drives-miners-abroad?type=Corporate>

FGV: No talks yet of Rajawali upping its stake in FGV

<http://www.theedgemarkets.com/my/article/fgv-no-talks-yet-rajawali-upping-its-stake-fgv?type=Corporate>

11 M’sian companies in Forbes Asia’s ‘Best Under A Billion’ 2015

<http://www.theedgemarkets.com/my/article/11-m%E2%80%99sian-companies-forbes-asia%E2%80%99s-%E2%80%98best-under-billion%E2%80%99-2015?type=Corporate>

GLOBAL NEWS AND DEVELOPMENTS

Greek Capital Controls Could Buy Time But Will Not Change Mood Nor Vote

<http://www.forbes.com/sites/marcelmichelson/2015/06/28/greek-capital-controls-could-buy-time-but-will-not-change-mood-nor-vote/>

U.S. consumer sentiment rises in June

<http://www.reuters.com/article/2015/06/26/us-usa-economy-idUSKBN0P61T120150626>

China's May industrial profits edge up 0.6 percent on year

<http://www.reuters.com/article/2015/06/28/us-china-economy-profits-idUSKBN0P801Q20150628>

China’s central bank cuts lending, deposit and reserve ratios

<http://www.cnn.com/id/102793289>

Chinese shares tumble more than 7% amid Asian losses

<http://www.bbc.com/news/business-33281146>

McDonald's plans to sell Taiwan stores to franchise operator

<http://www.reuters.com/article/2015/06/25/us-mcdonald-s-corp-taiwan-idUSKBN0P507Y20150625>

Vietnam Eases Foreign Ownership Caps as MSCI Upgrade Sought

<http://www.bloomberg.com/news/articles/2015-06-28/vietnam-eases-foreign-ownership-limits-as-msci-upgrade-sought>

Rising interest rates pose new risk for banks: BIS

<http://www.reuters.com/article/2015/06/28/us-global-economy-bis-banks-idUSKCN0P80C320150628>

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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 Multi-Usage Holdings Berhad.*

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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