



MINORITY SHAREHOLDER WATCHDOG GROUP

Badan Pengawas Pemegang Saham Minoriti Berhad

Incorporated in Malaysia * Company No. 524898-M

The Observer

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MARKET AND REGULATORY UPDATE

ABSTRACTS OF SPEECH BY THE PRIME MINISTER AT INVEST MALAYSIA ON APRIL 23, 2015

Malaysia's capital market has witnessed strong growth and currently stands at 2.82 trillion ringgit, almost three times the size of the Malaysian economy, with the equity market at 1.74 trillion ringgit and the bond market at 1.08 trillion ringgit. The scale of capital market-based financing has also deepened significantly, with an annual average of 111 billion ringgit raised through corporate bonds and IPOs over the last three years. This is more than doubled the corresponding average of 48 billion ringgit a decade ago.

Growth in the fund management industry has been an important driver of capital market deepening, with 630 billion ringgit under management as at the end of 2014. Malaysia also has a well-developed Islamic fund management industry, holding 22 percent of the 73 billion dollars Islamic assets under management globally in 2014.

The Securities Commission is also focused on widening the people's investment choices and promoting greater inclusivity. In line with this, approval turnaround time for funds is being shortened and passporting of ASEAN unit trust funds is being offered. Currently, six funds have been authorized, and the signatory countries include Malaysia, Singapore and Thailand.

The Commission is also working to enhance our country's reputation for best practices, and last year launched, together with the Minority Shareholder Watchdog Group, the Malaysian Code for Institutional Investors. This sets out broad principles of effective stewardship, including monitoring and engagement with investee companies, and managing conflict of interests. To date, there are six signatories to the Code, and it was exciting that Malaysia's largest institutional investors sign on to the Code to commit to transparency.

Companies that have made sustainable and inclusive practices as part of their strategies - thereby upholding their responsibilities to the environment and to society as a whole - have been able to attract and retain investment from a wider range of sources.

This is shown by the remarkable growth in the global sustainable investment market. It rose from 13.3 trillion dollars from 2012 to 21.4 trillion dollars in 2014 - a compound annual growth rate of 27 percent. And it now accounts for more than 30 percent of professionally managed assets.

In regard to the pursuit of the agenda of sustainability and inclusivity, at the end of last year, Bursa Malaysia launched an Environmental, Social and Governance Index, which measures, amongst others, efforts in environmental conservation, the impact of social responsibility initiatives on the community, and responsible and ethical decision-making.

The ESG Index provides investors, institutions and fund managers with a transparent way to rate sustainable investments. To date, 24 companies have qualified to be included in the Index, and more companies are strongly encouraged to enhance their operations so that they can meet the criteria necessary to join as well. Again, this makes financial as well as ethical sense, as it can be seen that globally, institutional investors are focusing more and more on sustainable companies and instruments.

Institutional investors are increasing investing based on sustainability and diversity considerations, including gender. Therefore, public listed companies that show more diversity are likely to attract greater institutional investment over time.

(Source:

<http://www.god.com.my/prime-minister39s-speech-at-invest-malaysia/#sthash.h9nQ6BPI.dpuf>)

MSWG's QUICK TAKE ON ONGOING CORPORATE TRANSACTIONS

MALAYSIAN RESOURCES CORPORATION BERHAD (MRCB)

MRCB announced on 22 April 2015 that it had entered into a Share Sale Agreement with Pelaburan Hartanah Berhad (PHB) to dispose its 51% equity interest in Nu Sentral Sdn Bhd (NSSB) comprising 10,200,000 Ordinary Shares of RM1.00 each and 91,800,000 Redeemable Non-convertible Preference Shares of RM0.01 each to PHB for a consideration of RM119,776,136.

[Source: MRCB's announcement on Bursa Malaysia's website on 22 April 2015]

MSWG'S COMMENTS:

The disposal of the investment in NSSB is not unexpected, given the fact that MRCB have been monetising their non-core assets which they have been carrying out in the past, such as GTC Global Sdn Bhd (disposed on 28 November 2013), 30% equity stake in DUKE Highway (disposed on 29 January 2014), MRCB Technologies Sdn Bhd (disposed on 19 September 2014) and Paradigm Berkat Sdn Bhd (disposed on 31 March 2015) to fund their core development projects including the recent proposed acquisitions of lands from the German and French embassies.

MSWG's WATCHLIST

ICON OFFSHORE BERHAD (IOB)

The Board of IOB announced on 22 April 2015 that Suruhanjaya Pencegah Rasuah Malaysia (SPRM) has remanded its Chief Executive Officer and Chief Operating Officer to facilitate and assist investigations currently being conducted by SPRM. The company has no details of the nature of the investigations or their status.

The Board affirmed its commitment to uphold ICON's corporate values that promote integrity throughout the entire company. Further, ICON has a Code of Conduct that places a high priority on upholding high ethical standards.

The Board takes serious exception to any breaches in policies and integrity and will not hesitate to take appropriate actions if necessary. The Board will continue to monitor the situation and any material development shall be announced in accordance with the Listing Requirements.

[Source: IOB's announcement on Bursa Malaysia's website on 22 April 2015]

TALIWORKS CORPORATION BERHAD (TCB)

TCB announced on 17 April 2015 that the company received from the China International Economic and Trade Arbitration Commission (CIETAC), Shanghai the following arbitral award dated 12 April 2015:

1. Ningxia Eco shall pay the penalty amount of RMB4,374,541 (as opposed to Hua Sheng's claim of RMB11,298,896);
2. Ningxia Eco is required to bear Hua Sheng's legal cost of RMB200,000 and property preservation fee of RMB5,000;
3. All other claims by Hua Sheng are dismissed;
4. All counter claims by Ningxia Eco are dismissed;
5. Ningxia Eco is required to pay 50% of the arbitration cost or RMB78,495 to Hua Sheng;
6. The payments involved in award items (1), (2) and (5) shall be paid within 30 days from the date of the arbitral award; and
7. The decision of CIETAC is final and shall take effect from the date of the arbitral award.

Arising from the arbitral award, the Group will make a provision of RMB4,658,036 (equivalent to RM2,792,958) which will reduce the profit of the Group accordingly by the same amount for the financial year ending 31 December 2015. There will be no material impact to the net assets per share of the Group.

For the purposes of the announcement, the exchange rate used is RM0.5996/RMB1.

[Source: TCB's announcement on Bursa Malaysia's website on 17 April 2015]

LOCAL NEWS AND DEVELOPMENTS

Corporate governance disclosures still lack in quality

<http://www.theantdaily.com/Main/Corporate-governance-disclosures-still-lack-in-quality>

Mulpha Land takeover offer lapses

<http://www.thestar.com.my/Business/Business-News/2015/04/18/Mulpha-Land-takeover-offer-lapses/?style=biz>

Renewal of Bilateral Currency Swap Arrangement Agreement between Bank Negara Malaysia and the People's Bank of China

http://www.bnm.gov.my/index.php?ch=en_press&pg=en_press_all&ac=3188&lang=en

Proton, Lotus and Goldstar ink deal for Lotus venture into China auto market

<http://www.themalaymailonline.com/money/article/proton-lotus-and-goldstar-ink-deal-for-lotus-venture-into-china-auto-market>

Taliworks' subsidiary gets lower penalty in China arbitration ruling

<http://www.thestar.com.my/Business/Business-News/2015/04/17/Taliworks-subsidiary-gets-lower-penalty-in-China-arbitration/?style=biz>

Malakoff set for big comeback after RM3.15b IPO

<http://www.thesundaily.my/news/1389057>

Malaysia's RHB Capital denies report of insurance business sale

<http://www.theedgemarkets.com/my/article/malaysias-rhb-capital-denies-report-insurance-business-sale?type=Markets>

Oversubscription of Malaysia's global sukuk a good sign for ringgit

<http://www.themalaymailonline.com/money/article/oversubscription-of-malaysias-global-sukuk-a-good-sign-for-ringgit>

Zeti: US rate hike must happen soon to reduce market volatility

<http://www.nst.com.my/node/81101>

GLOBAL NEWS AND DEVELOPMENTS

IMF, World Bank 2015 spring meetings in Washington on Saturday

<http://www.reuters.com/article/2015/04/18/us-imf-g20-highlights-saturday-idUSKBN0N900M20150418>

IMF warns clear fiscal reform plan key to success of BOJ's stimulus

<http://www.reuters.com/article/2015/04/18/us-imf-g20-japan-fiscal-idUSKBN0N900D20150418>

Global financial risks have risen, says IMF

<http://www.bbc.com/news/business-32318762>

China Steps Up Economy Help With Reduced Bank Reserve Ratios

<http://www.bloomberg.com/news/articles/2015-04-19/china-follows-on-stimulus-pledge-with-bank-reserve-ratio-cut>

US: Consumer Prices Tick Up, in Latest Sign of Emerging Inflation

<http://www.wsj.com/articles/u-s-consumer-prices-up-0-2-in-march-1429273931>

U.S. warns export giants not to rely too much on U.S. consumers

<http://www.reuters.com/article/2015/04/17/us-imf-g20-usa-idUSKBN0N82EM20150417>

Exclusive: ECB examines possibility of Greek IOU currency in case of default

<http://www.reuters.com/article/2015/04/17/us-eurozone-greece-ecb-exclusive-idUSKBN0N824Y20150417>

World Bank should join China-led bank in syndicated loans: Japan

<http://www.reuters.com/article/2015/04/17/us-imf-g20-japan-idUSKBN0N803820150417>

Japan now holds more U.S. debt than China

http://money.cnn.com/2015/04/15/news/economy/japan-china-us-debt-treasury/index.html?iid=SF_E_River

Saudi Arabia to open stock market to foreigners on June 15

<http://www.cnn.com/id/102593158>

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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 Icon Offshore 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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