



MINORITY SHAREHOLDER WATCHDOG GROUP

Badan Pengawas Pemegang Saham Minoriti Berhad

Incorporated in Malaysia \* Company No. 524898-M

# The Observer

27 August 2015

## MESSAGE FROM THE CEO

It is clear by now that our Ringgit has been suffering considerably more than many of our peers. On the back of the China markets plunging, our currency is facing a perfect storm with the lower energy and commodity prices, together with higher levels of government and household indebtedness.

Added to that is the political issues 'clouding' over.

As such, it is of little surprise that the Ringgit is under siege on so many fronts. While the jury remains in terms of how long this uncertainty will last, the repercussions on our economy are already being felt.

As expected, corporate earnings had been severely impacted, with companies in sectors like oil and gas services, property, banking, plantations, retail, aviation and leisure/gaming reporting year-on-year declines. Some are already issuing profit warnings and due to the sinking confidence, cash is being hoarded if not already transferred to perceived 'safer' currencies, further impacting the local currency and the broader economy.

Companies with unhedged foreign debts are struggling with repayments.

As our ringgit falls, many individuals are also feeling the pinch, especially for those who had business planned, or children studying abroad in those countries. Few gainers though, including the export-based companies such as the glove and furniture making companies on the back of lower ringgit.

Our 2016 Budget wish-list is to ensure that the Government addresses not only the macro economic issues affecting the economy but also considers the common man's worries of the escalating cost of living, affordable housing woes and education to name a few. In times like this, public expenditure must be selective, productive, and affordable and benefit the general masses taking into consideration the Government's reserve position.

Prompt measures should be taken to address these underlying problems facing the country, given the challenging global environment. Failure to do so will leave our country further behind in the race for regional competitiveness.

Lastly, I would like to wonder aloud how the banking software company Silverlake has become the subject of such serious allegations of fiscal impropriety. Minority shareholders of this Singapore-based and SGX-listed (though Malaysian-controlled) company have lost millions, but the company has yet to reply comprehensively to the contentions raised against it. The fact that Silverlake was once seen as a regional technology success story and highly regarded among institutional investors, further adds to the concern.

This coming Monday is our 58th Independence Day and so I wish our readers “Selamat Menyambut Hari Merdeka” with the motto “Sehati Sejiwa” (One Heart, One Soul) the chosen theme this year to symbolise the spirit of solidarity by all her citizens.

Regards,

Rita

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## MSWG'S WATCHLIST

**Syarikat Takaful Malaysia (STM).** has entered into an exclusive bancatakaful service arrangement agreement with RHB Islamic Bank. STM shall pay RHB Islamic a total service fee of RM110m for RHB Islamic Bank to commit to a 10-year bancatakaful relationship with STM to distribute family and general takaful products developed by STM. The Bancatakaful Service Agreement is not expected to have any material effect on the earnings and earnings per share of STMB group for the financial year ending 31 December 2015 but is expected to contribute positively to the future earnings of the STMB group.

*Source: STM's announcement on Bursa Malaysia's website on 26 August 2015*

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## LOCAL NEWS AND DEVELOPMENTS

Housing market “severely unaffordable”, Khazanah Research says  
<http://www.thestar.com.my/Business/Business-News/2015/08/24/Housing-market-severely-unaffordable-Khazanah-Research-says/?style=biz>

Sulaiman resigns as CIMB Bank CEO  
[\[http://www.freemalaysiatoday.com/category/business/2013/06/25/m%E2%80%99sia-\]](http://www.freemalaysiatoday.com/category/business/2013/06/25/m%E2%80%99sia-)

EkuiNAS disposes of Burger King franchise  
<http://www.thestar.com.my/Business/Business-News/2015/08/22/Ekuinas-disposes-of-Burger-King-franchise/?style=biz>

Bank Negara international reserves at RM356.4b as at August 14  
<http://www.themalaymailonline.com/money/article/bank-negara-international-reserves-at-rm356.4b-as-at-august-14>

MISC ends JV with Vitol, sells back stake in VTTI for US\$830m  
<http://www.theedgemarkets.com/en/article/misc-ends-jv-vitol-sells-back-stake-vtti-us830m?type=Markets>

Malaysian Economic Indicators: Leading, Coincident & Lagging Indexes June 2015  
[https://www.statistics.gov.my/index.php?r=column/cthemByCat&cat=82&bul\\_id=ek5xVncrZnd0NGpFOHFWN2h2SmhsZz09&menu\\_id=YmJrMEFKT0p0WUlxbl1bzZydW9JQT09](https://www.statistics.gov.my/index.php?r=column/cthemByCat&cat=82&bul_id=ek5xVncrZnd0NGpFOHFWN2h2SmhsZz09&menu_id=YmJrMEFKT0p0WUlxbl1bzZydW9JQT09)

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## GLOBAL NEWS AND DEVELOPMENTS

Global Stocks Fall Sharply Amid Concerns About the Chinese Economy

<http://www.wsj.com/articles/global-stocks-set-for-heavy-losses-1440399044>

China cuts rates, relaxes RRR

<http://www.reuters.com/article/2015/08/25/us-china-economy-interest-rate-instantvi-idUSKCN0QU18S20150825>

Housing, Consumer Confidence Are Bright Spots in U.S. Economy

<http://www.theedgemarkets.com/en/article/us-home-sales-near-8-12-year-high-brighten-outlook?type=Markets>

Oil recovers but still ends near six-and-a-half-year lows

<http://www.reuters.com/article/2015/08/25/us-markets-oil-idUSKCN0QU03U20150825>

Parliament dissolved; Singaporeans to vote in General Election on Sep 11  
<http://www.channelnewsasia.com/news/singapore/parliament-dissolved/2071898.html>

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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 [ ].*
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