



MSWG

MINORITY SHAREHOLDER WATCHDOG GROUP

Badan Pengawas Pemegang Saham Minoriti Berhad

Incorporated in Malaysia * Company No. 524898-M

The Observer

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MESSAGE FROM THE CEO

So far, the fallout from the 215,000 individuals named in the 11.5 million documents taken from the Panamanian law firm of Mossack Fonseca & Co. -- now famously dubbed 'The Panama Papers' -- has been extensive.

Icelandic Prime Minister has resigned and British premier David Cameron has to go public with his personal tax returns. But they are just two high-profile cases of the leak, which directly named twelve national leaders and 143 politicians, connected family members and business associates in the leak.

Some 2,300 Malaysian individuals and entities were named as having accounts with Mossack Fonseca, one of the world's biggest creators of shell companies.

Clearly, while ownership of an offshore company/account does not mean a crime has been committed, it is quite commonplace to have them, hard questions must be asked of corporate leaders, civil servants and politicians who have such accounts. Questions referred to could include on the legitimacy of the sources and whether proper taxes have been paid.

These revelations have coincided with the Public Accounts Committee's findings on 1MDB, and I feel we are now in a period where transparency and disclosure is not just an expectation, it is a necessity.

In a digitalised world, we believe that it is always prudent to be transparent.

In this connection, we would like to urge the Board of Directors of listed companies to seek clarification should any of their members or management team appear on the List. In addition, we believe that the outcome should also be made known to shareholders at general meetings.

Separately, regarding SPAC companies which are having issues on acquiring qualifying assets, we are of the opinion that the legislations embedded are important for shareholders' protection. We also believe that SPAC companies should continue to be an option available for investors.

Regards,

Rita

CAPITAL MARKET UPDATE

SC INTRODUCES REGULATORY FRAMEWORK TO FACILITATE PEER-TO-PEER FINANCING

The Securities Commission Malaysia (SC) had on 13 April 2016 announced the regulatory framework for peer-to-peer financing (P2P), setting out requirements for the registration of a P2P platform as provided in the amended Guidelines on Recognised Markets.

The introduction of the new Chapter 13 in the Guidelines provides for the duty and responsibility of a P2P operator, type of issuer and investor who can participate in P2P.

P2P framework will enable sole proprietorships, partnerships, incorporated limited liability partnerships, private limited and unlisted public companies to access market-based financing to fund their projects or businesses, via an electronic platform.

Parties who are interested to operate a P2P platform may submit their application to the SC starting from 2 May 2016. They must be locally incorporated and have a minimum paid-up capital of RM5 million.

The Guidelines also stipulate that the operator's board of directors must be fit and proper. On-going obligations are imposed on the P2P operator such as ensuring compliance with platform rules, having in place an efficient and transparent risk scoring system for issuer and contingency arrangement to ensure business continuity.

To protect investors, a P2P operator is required to ensure that monies obtained from investors are placed in a trust account until the minimum target amount is met. When an issuer makes repayment to the investor, the P2P operator is also obliged to place the investors' monies in a trust account. In order to enable investors to make an informed investment decision and understand the risks of their investment, the P2P operator must make available all the relevant information to the investor.

There is no investment limit imposed on a sophisticated investor and angel investor while retail investors are strongly advised to limit their investment exposure in P2P to a maximum of RM50,000 at any point of time.

The P2P framework is part of SC's on-going effort to provide greater access to market-based financing through the application of technology solutions. In 2015, Malaysia become the first country in ASEAN to introduce a regulatory framework to facilitate equity crowdfunding, with six registered equity crowdfunding platforms expected to be fully operational in 2016.

The amended Guidelines on Recognised Markets will come into effect on 2 May 2016 and are accessible on the SC's website.

[Source: Media release on the SC's website on 13 April 2016]

MSWG'S QUICK TAKE ON ONGOING CORPORATE TRANSACTIONS

WINTONI GROUP BERHAD ("WINTONI")

As announced in the Bursa Malaysia's website by Wintoni on 6 April 2016, the Chief Financial Officer and three independent directors of the company had resigned. Below are the details of the change in Boardroom of Wintoni:

No	Name	Resignation From Position	Reasons
1	Kong Chin Lam	Chief Financial Officer	Personal reason
2	Dato Muzaffirah Yurhaningseh Mazputri Binti Tun Dato' Sri Ahmad Fairuz	Independent Non-Executive Director (INED) Member of Nomination Committee Member of Audit Committee	Personal reason
3	Haflil Feiruz Bin Muhammad Feisol	INED Member of Nomination Committee Member of Audit Committee	Personal reason
4	Suaran Singh A/L Himat Singh	INED Chairman of Nomination Committee Member of Audit Committee	Personal reason

[Source: Wintoni's announcement on Bursa Malaysia's website on 6 April 2016]

MSWG'S COMMENTS:

It is quite frustrating to note yet another group of key executive and independent directors of a listed company resigning without quoting any specific reasons. We hope Bursa Malaysia will engage with the directors to pursue further the reasons of their resignations.

DRB-HICOM BERHAD ("DRB-HICOM")

YB Dato' Sri Mustapa Mohamed, Minister of International Trade & Industry announced that the Government has approved national carmaker Proton's application for a soft loan of RM1.5 billion which would help the national automotive company pay its vendors for components supplied. The government had also agreed to impose several conditions on Proton to revive its business which, among others, included seeking a strategic foreign partner. In addition, the government will establish a special task force, to be led by Performance Management and Delivery Unit Chief Executive Datuk Seri Idris Jala, to overlook Proton's transformation plan and ensure it success.

[Source: Proton's announcement on Proton's website on 8 April 2016]

MSWG'S COMMENTS:

With the establishment of the Task Force and the injection of RM1.5 billion public fund in terms of soft loan, there should be no more excuse for Proton not to be revived.

SONA PETROLEUM BERHAD (“SONA PETROLEUM”)

The Board of Directors (“Board”) of Sona Petroleum announced that the Board has on 13 April 2016 received a revised proposal from the Management Team recommending that the company undertakes a revised capital repayment of 8 sen per share, after the completion of the Proposed Acquisition.

The proposed amount of capital repayment of 8 sen per share is not dependent on the level of Share Repurchase. All Sona Petroleum’s shareholders, excluding the Management Team (who holds their Shares via Platinum Autumn), whose names appear in the Company’s Record of Depositors on an entitlement date to be announced after the completion of the Proposed Acquisition, shall be entitled to receive the cash distribution under the Proposed Revised Capital Repayment. The entitled shareholders for the Proposed Revised Capital Repayment will also include holders of the free detachable warrants in the Company (“Warrants”), who exercise their Warrants prior to the entitlement date and whose names appear in the Company’s Record of Depositors on that date, excluding holders of the Converted Shares.

The Board also informed that the company will hold the adjourned Extraordinary General Meeting (“EGM”) in relation to the Proposed Acquisition at Grand Hyatt Kuala Lumpur on 26 April 2016 at 10.00 a.m. or any further adjournment thereof.

[Source: Sona Petroleum’s announcement on Bursa Malaysia’s website on 13 April 2016]

MSWG’S COMMENTS:

We would like to reiterate that even if the shareholders rejected the Proposed Acquisition, all dissenting shareholders will still be entitled to retrieve with all their investments from the trust fund minus some admin expenses at a prorated basis. In the case of assenting shareholders, they will be entitled to the proposed amount of capital repayment of 8 sen per share, subject to the completion of the Proposed Acquisition. Thus, all shareholders should attend the adjourned EGM and vote on the resolution.

KULIM BERHAD (“KULIM”)

The Independent Adviser (“IA”), AmInvestment Bank had expressed the view that the privatisation offer was not fair but reasonable due to the challenging and uncertain future outlook of oil palm and oil & gas industries and weak share price performance in the past few years. In the Independent Advice Letter, the IA advised entitled shareholders to accept the offer and vote in favour of the Proposed SCR to realise their investment at RM4.10 which is at a premium of at least 22.4% over the 5-day to 1-year volume weighted average market price of Kulim up to the date of notice of the offer on 4 November 2015.

[Source: Kulim’s announcement on Bursa Malaysia’s website on 11 April 2016]

MSWG’S COMMENTS:

The capital repayment amount of RM4.10 is not a fair amount in view that it is lower than the adjusted NA per share, taking into consideration the revaluation surplus from valuation of Malaysian estates, Malaysian Oil & Gas company and Investment Properties.

The PER of 50.55 which was arrived based on the earnings for FYE 2015 is not a good indicator for stock valuation for this scenario as in FYE 2015, the company had disposed a major earnings contributor asset, and headwinds in plantation and oil & gas sectors due to weak palm oil & crude oil prices which had pulled down the earnings of the Company.

In view of the above, the decision of the shareholders on the proposed SCR would be more in accordance to the individual's view on the prospect of the Company which is very much dependent on the movement of the palm oil prices and the outlook of the oil & gas and plantation sectors. The outstanding proposed acquisitions of four Indonesian plantations companies and an oil & gas company involved in the exploration and development of oil and gas field in Indonesia should also be considered in assessing the prospect of the Company.

The shareholders are advised to read the Circular carefully and exercise their voting rights to the best of their interest at the EGM on 3 May 2016.

MSWG'S WATCHLIST

FELDA GLOBAL VENTURES HOLDINGS BERHAD ("FGV")

The Board of Directors of FGV announced that as the conditions precedent ("CP") set out in SPA 1 and SPA 2 could not be fulfilled within the CP completion date, FGV has issued termination notices, both dated 8 April 2016 to the Vendors and Zhong Hai to terminate both SPA 1 and SPA 2 in accordance with the relevant provisions of SPA 1 and SPA 2.

FGV will not be pursuing or taking any legal action on the above-mentioned termination.

The termination of SPA 1 and SPA 2 would not have any financial impact on FGV.

[Source: FGV's announcement on Bursa Malaysia's website on 8 April 2016]

MULTI-USAGE HOLDINGS BERHAD ("MUH")

The Board of Directors of MUH informed that an injunction order restraining the First to the seventh Defendants by themselves and/or through their employees, servants, officers, agents, assistants and/or anyone in any manner whatsoever from holding and proceeding with the 2016 Extraordinary General Meeting ("EGM") Notice dated 2.3.2016 including attending, voting at the 2016 EGM on 7.4.2016 or any adjournment thereof and passing any resolution pursuant to the 2016 EGM Notice which include the removal of any directors of MUH and/or appointment of any new directors of MUH in any way whatsoever until final disposal of the Originating Summons filed herein and/or until further Orders deem fit by Honourable Court has been duly obtained on 11 April 2016.

[Source: MUH's announcement on Bursa Malaysia's website on 11 April 2016]

GOLDEN PLUS HOLDINGS BERHAD (“GOLDEN PLUS”)

Golden Plus was publicly reprimanded by Bursa Malaysia for numerous financial reporting breaches and other breaches of the Main Market Listing Requirements (“Main LR”) as follows:-

No	Breach
1	Financial reporting breaches & non-compliance with Bursa Malaysia’s directive
2	Inaccurate disclosure in Golden Plus’ annual audited account for FYE 2008 & 2009
3	Failed to make an immediate disclosure of material information
4	Failed to comply with the recurrent related party transactions requirements
5	Failure to establish internal audit function

10 directors of Golden Plus were also publicly reprimanded for breaches of paragraph 16.13(b) of the Main LR relating to failure to issue financial statements and/or non-compliance with Bursa Malaysia’s directive. The fines imposed on them were as follows:-

No	Director	Penalty Imposed
1	Dato’ Setia Abdul Halim Bin Dato’ Haji Abdul Rauf	Public Reprimand and Fine of RM132,400
2	Goh Sin Tien	Public Reprimand and Fine of RM784,000
3	Dato’ Yahaya Bin Udin	Public Reprimand and Fine of RM65,000
4	Dato’ Jeyaraj A/L V. Ratnaswamy	Public Reprimand and Fine of RM239,200
5	Yeoh Hor San	Public Reprimand and Fine of RM298,400
6	Tan Say Han	Public Reprimand and Fine of RM643,800
7	Mohd Salleh bin Lamsin	Public Reprimand and Fine of RM514,000
8	Adey bin Liun	Public Reprimand and Fine of RM235,600
9	Lee Chan Yun @ Lee Kon Yun	Public Reprimand and Fine of RM199,400
10	Lim Jit Hui @ Albert Lim	Public Reprimand and Fine of RM136,600

Following the above, Bursa Malaysia has decided that the securities of Golden Plus be de-listed from the Official List of Bursa Malaysia.

The decision was made after consideration of all facts and circumstances and evidences procured including arising from the enforcement proceedings against Golden Plus and its directors for failure to ensure timely announcement/issuance of the outstanding financial statements and in view that there was no certainty as to when and whether Golden Plus would announce/issue these outstanding financial statements. The securities of Golden Plus will thus be removed from the Official List of Bursa Malaysia on Tuesday, 19 April 2016.

[Source: Golden Plus’s announcement on Bursa Malaysia’s website on 14 April 2016]

LOCAL NEWS AND DEVELOPMENTS

CLIQ Energy’s largest shareholder seeks judicial review of SC’s decision
<http://www.thesundaily.my/news/1758242>

Malaysia February factory output up 3.9pc y/y, slightly below forecast

<http://www.themalaymailonline.com/money/article/malaysia-february-factory-output-up-3.9pc-y-y-slightly-below-forecast>

'Unprecedented' hike in DCA fees

<http://www.theedgemarkets.com/my/article/%E2%80%98unprecedented%E2%80%99-hike-dca-fees?type=Corporate>

Exports rebounded by 6.7 per cent in February

<http://www.nst.com.my/news/2016/04/137653/exports-rebounded-67-cent-february>

Proton gets RM1.5b loan from govt, with conditions for restructuring attached

<http://www.theedgemarkets.com/my/article/proton-gets-rm15b-loan-govt-conditions-restructuring-attached?type=Corporate>

Maxis apologizes to customers for tailored plans, offers free data upgrades

<http://www.theedgemarkets.com/my/article/maxis-apologizes-customers-tailored-plans-offers-free-data-upgrades?type=Corporate>

SC Appoints Two Executive Directors

http://www.sc.com.my/post_archive/sc-appoints-two-executive-directors/

Petronas takes bribery allegations in Unaoil 'very seriously'

<http://www.theedgemarkets.com/my/article/petronas-takes-bribery-allegations-unaoil-very-seriously?type=Corporate>

Genting Malaysia seeks renewal of mandate to dispose of Genting Hong Kong's stake

<http://www.theedgemarkets.com/my/article/genting-malaysia-seeks-renewal-mandate-dispose-genting-hong-kongs-stake?type=Corporate>

GLOBAL NEWS AND DEVELOPMENTS

China Consumer Inflation Unchanged in March

<http://www.wsj.com/articles/china-consumer-inflation-unchanged-in-march-1460341617>

Britain urges China to speed up on cutting steel capacity

<http://www.reuters.com/article/us-tata-britain-steel-china-idUSKCN0X60DJ>

China Investment in U.S. Economy Set for Record, But Political Concerns Grow

<http://www.wsj.com/articles/china-investment-in-u-s-economy-set-for-record-but-political-concerns-grow-1460422802>

Indonesia Targets Corporate Tax Cut to 'Competitive' 20 Percent

<http://www.bloomberg.com/news/articles/2016-04-11/indonesia-targets-corporate-tax-cut-to-competitive-20-percent>

British banks' misconduct bill has reached nearly \$75 billion: study

<http://www.reuters.com/article/us-britain-banks-fines-idUSKCN0X70ZA>

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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 Golden Plus Holdings Berhad.*
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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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