

MSWG**MINORITY SHAREHOLDER WATCHDOG GROUP****Badan Pengawas Pemegang Saham Minoriti Berhad**

Incorporated in Malaysia * Company No. 524898-M

The Observer

13 December 2013

MESSAGE FROM THE CEO



Of late, we have noticed some companies seeking shareholders' approval for new ESOS schemes and allocations to their Non-Executive Directors (NEDs) in upcoming AGMs/EGMs.

While such ESOS schemes are largely aimed at promoting a reward structure to general staff and to promote a heightened sense of ownership among the employees, Non-Executive Directors provide oversight on these allocations to their employees and thus have a check and balance role. Their fees in the form of fixed directors' fees can be quite generous. Thus, our stance is to reject such allocations to the NEDs.

On a nationwide front, it appears that our state and federal governments seem to be taking a tight stance on runaway prices. For instance, Penang's state government has made it tougher for owners of affordable and low-cost homes to sell their properties, with the introduction of strict rules to curb property speculation.

In turn, the federal government will use the Price Control and Anti-Profiteering Act 2011 to ensure businesses do not hike prices of goods indiscriminately once the Goods and Services Tax (GST) is implemented in April 2015.

We also note the concerns raised by The Remisier's Association of Malaysia (Persama) in relation to the unresolved orderly brokerage framework and the surge in the number of Practice Note (PN 17) counters. Persama said they were also concerned about a possible abuse of the new personal data protection rules, concerns which it said could undermine the survival of over 6,000 remisiers and paid dealers.

It is important to note however that the stockbroking industry has been among the most affected by the disintermediation and disruptions caused by the Internet, which have been a major cause of dwindling commissions in recent years.

Ultimately, the stockbroking industry is among those which are highly exposed to free competition, which means the decision over the optimal brokerage rate is decided by the market. As such, its participants should instead focus on adding value, instead of trying to stop developments beyond its control.

Such efforts could involve greater effort among remisers and dealers in improving and upgrading their professional conduct, knowledge and services in order to keep their competitiveness and relevance in the stockbroking industry.

With regard to Personal Data Notice practices, there seems little cause for concern as long as Bursa Malaysia ensures the data is used purely for investigation and safeguarding public interest rather than for commercial purposes.

Lastly, a reminder that our Malaysia-ASEAN CG Index 2013 and Awards Ceremony will be held at the Sime Darby Convention Centre in Bukit Kiara this coming Monday, 16 December.

We will be presenting awards to top companies in terms of their good overall CG practices for the Malaysian Chapter, and for the first time awarding Choiced Chairman and CEO of the year to recognise leadership that had taken the extra mile to push their companies beyond Malaysian borders but also had brought the message of CG across. The CG Journalist of the Year award too will recognise professional journalist that had pushed the CG bar.

Regards,

Rita

CAPITAL MARKET UPDATE

PERSONAL DATA PRIVACY

The Personal Data Protection Act 2010 (“PDPA”) has come into force on 15 November 2013 to regulate the processing of personal data in commercial transactions. The PDPA requires users of data to inform respective data owners of their personal data that is being collected and or processed by the users and the purpose for which their personal data is to be collected and processed. The Act also requires users of data to obtain consent from data owners for the processing of their personal data.

MSWG’s COMMENTS:

The PDPA was introduced to prevent the abuse and misuse of people’s personal data for any other purposes or disclosed to third parties without the prior consent of the data owner. Many data users from various range of sectors such as communications, banking and financial institutions, direct selling, services, real estate and etc. would be affected and required to register with the Personal Data Protection Commissioner before 15 February 2014. It is a legal responsibility for the companies that are involved in data processing to comply with the PDPA to ensure information security, network reliability and integrity of data protection for personal data usage in the country.

MSWG's WATCHLIST

IOI CORPORATION BERHAD ("IOI CORP")

IOI Corp had on 6 December 2013 announced that Bursa Malaysia Securities Berhad ("Bursa Malaysia") had approved the admission to the Official List and the listing of and quotation for the entire issued and paid-up shares of IOI Properties Group Berhad ("IOI Properties") comprising 3,239,014,726 ordinary shares of RM1.00 each ("IOI Properties Share") on Main Market of Bursa Malaysia. The Company had also on even date, obtained a waiver from the Securities Commission Malaysia ("SC") allowing Tan Sri Dato' Lee Shin Cheng to hold Executive Chairman position in both IOI Corp and IOI Properties.

In addition, the Board of IOI Corp had resolved that the offer price for the purpose of the Proposed Restricted Offer for Sale be fixed at RM1.76 per IOI Property Share (being approximately 30% discount to the final listing reference price of RM2.51 per IOI Property Share).

UCHI TECHNOLOGIES BERHAD ("UCHITECH")

The Board of Directors of Uchitech had on 9 December 2013 announced that MIDA granted Uchi Optoelectronic (M) Sdn Bhd (a wholly-owned subsidiary of Uchitech) pioneer status for the activities of "Design, development and manufacture of touch screen advance display, high precision light measurement (optoelectronic) equipment and mixed signal control system for centrifuge/laboratory equipment" for a period of 5 years from the production date which will be fixed by the authorities at a later date.

LOCAL NEWS AND DEVELOPMENTS

Remisiers: 3 issues can undermine 6,000 M'sian retail market intermediaries

<http://www.thestar.com.my/Business/Business-News/2013/12/10/Authorities-urged-to-improve-enforcement-measures.aspx>

Penang's new housing rules to prevent property bubble, CM says

<http://www.themalaymailonline.com/malaysia/article/penangs-new-housing-rules-to-prevent-property-bubble-cm-says>

Bank Negara to push for more e-payment adoption

<http://www.btimes.com.my/articles/BNM/Article/>

Highlight: Puncak to go for arbitration

<http://www.theedgemaalaysia.com/highlights/266771-highlight-puncak-to-go-for-arbitration.html>

Changes to SapuraKencana leadership

http://www.btimes.com.my/Current_News/BTIMES/articles/cana/Article/

GLOBAL NEWS AND DEVELOPMENTS

European Banks' Legal Costs Climb as Regulators Crack Down

<http://www.businessweek.com/articles/2013-12-05/european-banks-legal-costs-climb-as-regulators-crack-down>

Deal or No Deal on the Trans-Pacific Partnership Agreement Congress Weighs in

http://www.huffingtonpost.com/ilana-solomon/deal-or-no-deal-on-the-tr_b_4405256.html

Japan's Growth Slows More Than Forecast to 1.1% on Investment

<http://www.bloomberg.com/news/2013-12-09/japan-s-economy-slows-more-than-estimated-in-third-quarter.html>

Obituary: Nelson Mandela

<http://www.bbc.co.uk/news/world-africa-22892784>

Whistleblower Describes How Private Equity Firms Flagrantly Violate SEC Broker-Dealer Requirements

<http://www.nakedcapitalism.com/2013/12/whistleblower-reports-rampant-violation-of-broker-dealer-laws-by-private-equity-firms.html>

Qantas Plunges to Record Low With \$390 Million Loss Forecast

<http://www.bloomberg.com/news/2013-12-10/qantas-plunges-to-record-low-with-a-428-million-loss-forecast.html>

Carney sees hopeful signs in UK economy

<http://www.reuters.com/article/2013/12/09/uk-britain-economy-carney-idUKBRE9B80T220131209>

Alibaba invests \$361 million in Haier's 'big goods' logistics

<http://www.reuters.com/article/2013/12/09/us-haier-alibaba-idUSBRE9B801120131209>

Thailand Rancor Swells as Protesters Push for Eradication of Shinawatra Family From Politics

<http://online.wsj.com/news/articles/SB10001424052702304744304579248082960865314>

MSWG Analysts

Lya Rahman, General Manager, Corporate Services, lyarahman@mswg.org.my

Chong Chee Fern, General Manager, Corporate Monitoring chongcf@mswg.org.my

Rebecca Yap, Head, Corporate Monitoring rebecca.yap@mswg.org.my

Quah Ban Aik, Head, Corporate Monitoring banaik.quah@mswg.org.my

Ng Hoon Ho, Senior Manager, Corporate Monitoring nghh@mswg.org.my

Norhisam Sidek, Manager, Corporate Monitoring norhisam@mswg.org.my

Shahnul Niza Mohd Yusof, Manager, Research shahnul.niza@mswg.org.my

Lee Chee Meng, Manager, Corporate Monitoring cheemeng@mswg.org.my

Wong Kin Wing, Senior Analyst, Corporate Monitoring, kinwing@mswg.org.my

Nor Khalidah Khalil, Analyst, Corporate Monitoring khalidah@mswg.org.my

Vinodth Ramasamy, Analyst, Corporate Monitoring vinodth.ram@mswg.org.my

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 with your comments and suggestions.

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