

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

Incorporated in Malaysia * Company No. 524898-M

The Observer

18 September 2015

MARKET AND REGULATORY UPDATE

PM: GOVERNMENT INTRODUCES MEASURES TO PROTECT ECONOMY

The government has recently introduced several measures to boost the economy which includes asking both international and local Malaysian companies to repatriate profits and reinvest in Malaysia and to reactivate ValueCap Sdn Bhd with a RM20 billion injection to boost underperforming shares.

Other steps include restructuring and rescheduling the loans of small and medium enterprises and to beef up the working capital guarantee scheme with an additional RM2 billion to other sectors besides the RM5 billion set aside for the services sector.

In announcing specific and proactive economic measures to deal with the country's current economic development and financial situation here on Monday, Prime Minister Datuk Seri Najib Tun Razak also said that import duty exemption would be given to 90 tariff lines covering consumable spare parts and research apparatus used in the manufacturing sector until the global economy recovered.

To further stimulate the domestic and foreign investments, he said that the Domestic Investment Strategic Fund would be continued with an additional allocation of RM1 billion under the 11th Malaysia Plan.

Additional measures on the capital economy would be announced in the 2016 Budget on October 23, the PM also said that since the country recovered from the 1997/1998 Asian financial crisis, private companies and Government-Linked Investment Companies abroad had expanded and increased their investments, which exceeded the amount of direct investments in the country.

MSWG'S COMMENTS:

Investors felt some relief with the measures taken as an attempt to stimulate the economy, vis-à-vis the stock market, resulting in the KLCI index up by almost 5% within a week.

However, we are concerned that the pumping of RM20 billion in the stock market through ValueCap which makes up about 1% of the RM1.6 trillion total market capitalisation may result in short-term solutions. After all, the direction and valuation of the stock market will eventually reflect on the fundamentals of our economy.

MSWG'S QUICK TAKE ON ONGOING CORPORATE TRANSACTIONS

ICAPITAL.BIZ BERHAD ("ICAP")

ICAP will hold its 11th AGM on 19 September 2015 at 9 a.m. at the Kuala Lumpur Convention Centre, Kuala Lumpur. City of London Investment Management Limited ("City of London Investment"), which holds 13.92% of ICAP shares and the single largest substantial shareholder of ICAP, has indicated that they will vote against the re-election of Datuk Ng Peng Hong @ Ng Peng Hay, Dato' Sri Syed Ismail Bin Dato' Haji Syed Azizan and Dato' Seri Md Ajib Bin Anuar.

[Source: ICAP's announcement on Bursa Malaysia's website on 13 August 2015 and City of London Investment's announcement on the London Stock Exchange on 26 August 2015]

MSWG'S COMMENTS:

The vote against three Directors of ICAP as announced by City of London Investment ought to be discussed by shareholders at the ICAP's AGM. We hope the shareholders would make an informed decision considering that the fund had continued to perform for the past few years except for last year when its NAV had declined slightly. In this case, the shareholders must vote appropriately and accordingly.

QL RESOURCES BERHAD ("QL") / LAY HONG BERHAD ("LAY HONG")

The Board of Directors of QL Resources informed that it had on 11 September 2015 disposed of its entire 38.63% shareholding or a total of 19,865,700 ordinary shares of RM1.00 each in Lay Hong at the price of RM3.05 per share via Direct Business Transaction on Bursa Malaysia. The total consideration involved was RM60,590,385 which is 4.04% of QL's audited consolidated net assets as at 31 March 2015.

The total gain on disposal is RM18,873,856. Out of which, RM10,150,000 and RM 8,347,000 were recognised as deemed disposal gain in FY2012 and FY2015 respectively. Current period disposal gain is RM376,856.

As QL does not have any Board representation in Lay Hong and is unable to influence its corporate direction, QL has decided to dispose and realise its investment gain.

The Board of Directors is of the opinion that the said Disposal is in the best interest of the Company.

[Source: QL's announcement on Bursa Malaysia's website on 11 September 2015]

MSWG'S COMMENTS:

Following the disposal of Lay Hong shares by QL, Lay Hong could possibly be in compliance to the 25% public shareholding spread requirement and hence the proposed private placement may not be necessary anymore.

OSK HOLDINGS BERHAD (“OSK HOLDINGS”) / OSK PROPERTY HOLDINGS BERHAD (“OSK PROPERTY”)

OSK Property announced that the closing date for the unconditional take-over offer to acquire all the remaining shares of OPHB (“Offer”) made by OSK Holdings (“Offeror”) and the time for acceptance of the Offer has been extended again from 15 September 2015 to 9 October 2015.

The total number of OSK Property’s shares held by and for which acceptances under the Offer received by the Offeror were 315,200,942 shares, represents 96.18% of the total paid-up shares of OSK Property.

[Source: OSK Property’s announcement on Bursa Malaysia’s website on 14 September 2015]

MSWG’S COMMENTS:

With the 2nd extension of the offer period, we believe that the Offeror would like to accumulate up to 97.24% of the total paid-up shares of OSK Property in order to invoke the provision to compulsory acquire all the remaining OSK Property shares.

LOCAL NEWS AND DEVELOPMENTS

PM says govt to reactivate ValueCap with RM20b fund

<http://www.thestar.com.my/Business/Business-News/2015/09/14/PM-says-govt-to-reactivate-ValueCap-with-RM20b-fund/?style=biz>

Khazanah pumps RM6.77b into domestic investments

<http://www.theedgemarkets.com/my/article/khazanah-pumps-rm677b-domestic-investments?type=Corporate>

Bank Negara keeps OPR at 3.25%, maintains GDP forecast at 4.5% - 5.5%

<http://www.theedgemarkets.com/my/article/bank-negara-keeps-opr-325-maintains-gdp-forecast-45-55?type=Corporate>

Former Managing Director of Pancaran Ikrab Berhad (PIB) jailed six years, fined RM1 million

http://www.sc.com.my/post_archive/former-managing-director-of-pancaran-ikrab-berhad-pib-jailed-six-years-fined-rm1-million/

Wintoni’s entire board replaced

<http://www.thestar.com.my/Business/Business-News/2015/09/11/Wintonis-entire-board-replaced/?style=biz>

BNM limits RHB-Cap’s issuance to Aabar

<http://www.nst.com.my/news/2015/09/bnm-limits-rhb-cap%E2%80%99s-issuance-aabar>

Index Of Industrial Production, Malaysia July 2015

https://www.statistics.gov.my/index.php?r=column/cthemebByCat&cat=91&bul_id=TitJQVYzbnFuQWpnY0wxMEp6dGdsQT09&menu_id=SjgwNXdiM0JlT3Q2TDBlWXdkdUVldz09

Nexgram’s consultant fee raises eyebrows

<http://www.theedgemarkets.com/my/article/nexgram%E2%80%99s-consultant-fee-raises-eyebrows?type=Corporate>

GLOBAL NEWS AND DEVELOPMENTS

China January-August property investment growth slows to 3.5 percent year-on-year

<http://www.reuters.com/article/2015/09/13/us-china-economy-property-idUSKCNORD04720150913>

Listings for Japan Post and units seek to raise US\$11.5bil

<http://www.thestar.com.my/Business/Business-News/2015/09/11/Listings-for-Japan-Post-and-units-look-to-raise-US115bil/?style=biz>

U.S. budget deficit narrows to \$64 billion in August

<http://www.reuters.com/article/2015/09/11/us-usa-budget-idUSKCNORB23N20150911>

India's inflation rate falls again

<http://www.bbc.com/news/business-34246049>

Brazil cut to 'junk' credit rating by Standard & Poor's

<http://www.bbc.com/news/business-34205558>

A Call For 'Forceful Stewardship' By Investors On Climate Change

<http://www.forbes.com/sites/dinamedland/2015/09/14/a-call-for-forceful-stewardship-by-investors-on-climate-change/>

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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.*

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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