



MINORITY SHAREHOLDER WATCHDOG GROUP

Badan Pengawas Pemegang Saham Minoriti Berhad

Incorporated in Malaysia * Company No. 524898-M

The Observer

27 January 2017

VOICE OF MSWG

Gong Xi Fa Cai to all our Chinese readers in the coming Year of the Rooster!

As always, with the commencement of any new year, uncertainty reigns, what more with a new American president in the White House, but as always, hope springs eternal for the coming year ahead.

At this early juncture of the year, some optimism can be read into what appears to be a rising awareness and culpability of white-collar crimes with various investigations into alleged misdemeanours and remand of officers involved by Malaysian Anti-Corruption Commission (MACC).

It is hoped that these highly publicised investigations will send a strong message to corporate officials that the MACC is gaining traction and experience in monitoring transgressions at corporate entities, and Malaysia makes further progress in strengthening corporate governance and good business practices. Certainly, all these actions bode well for improving business confidence. Hopefully, this momentum will be maintained.

On the local institutional stewardship front, we are delighted that the largest pension fund in the country, the Employees Provident Fund and the Government's strategic investment fund, Khazanah Nasional Berhad have both become signatories to the Malaysian Code for Institutional Investors ("Code"). This reflects the progressive changes on the local institutional landscape and bodes well for the corporate governance ecosystem as more and more institutional investors have given their commitment to be effective stewards in their investee companies through the adoption of the Code. We look forward to see more asset owners and asset managers becoming signatories to the Code this year.

Also, the long awaited new Companies Act 2016 (Act 777) which was gazetted on 15 September 2016 will come into force in stages starting 31 January 2017. We hope the new Act which inter alia aims to strengthen corporate governance and enhances accountability of directors would help to uphold integrity, ethical and responsible leadership in the corporate world, especially the PLCs. Consequentially, a new set of Companies Regulations 2017 will follow suit.

Due to Chinese New Year break, we will not be publishing our newsletter next week. The publication will resume in the week of 13 February 2017.

In closing, once again, we, at MSWG, wish everyone Gong Xi Fa Cai and a wonderful Year of Rooster! Safe journey to your destination.

The MSWG Team.

MARKET AND REGULATORY UPDATE

SC INTRODUCES NEW FRAMEWORK FOR LISTING OF MINERAL, OIL AND GAS CORPORATIONS

Securities Commission Malaysia (SC) introduced a new framework for listing of Mineral, Oil and Gas (MOG) corporations that will expand opportunities for such businesses to enter the equity market.

The framework will take effect on 20 March 2017 through the amendments to the Equity Guidelines, Prospectus Guidelines and Asset Valuation Guidelines.

The amended guidelines aim to provide clarity on the types of MOG businesses considered suitable and eligible for listing on Main Market of Bursa Malaysia, particularly for those engaged in early stage exploration and extraction of MOG resources. These include additional requirements for MOG corporations to be eligible for listing on the local bourse, such as demonstrating adequate MOG assets under their portfolio.

The new framework covers listings of MOG corporations either directly through initial public offering, indirectly through acquisition by listed companies, or qualifying acquisition by Special Purpose Acquisition Companies.

These new regulatory measures would enable investors to make better informed decisions on the merits and risks of investing in MOG businesses, which is in line with SC's mandate of ensuring a fair and orderly capital market. The new guidelines would also provide additional fundraising avenues for MOG corporations and in turn broaden investment options for investors.

[Source: SC's media release on SC's website on 19 January 2017]

MSWG'S WATCHLIST

THE STORE CORPORATION BERHAD ("TSCB")

TSCB announced that the offeror had received valid acceptances in respect of the offer shares resulting in the offeror holding not less than nine-tenths (9/10) in the nominal value of the issued and paid-up share capital of TSCB on 20 January 2017.

As more than 90% of the listed shares of the company are already held by the offeror, and in view that the offeror does not intend to maintain the listing status of TSCB on the Main Market of Bursa Malaysia, pursuant to Paragraph 16.02(3) of the Main Market Listing Requirements of Bursa Securities, Bursa Malaysia shall suspend trading of TSCB shares upon the expiry of 5 market days from 31 January 2017, being the closing date of the Offer. Accordingly, the offeror will procure the company to take the necessary procedures to withdraw its listing status from the Official List of Bursa Malaysia in accordance with Paragraphs 16.07(a) and 16.08 of the Main Market Listing Requirements of Bursa Malaysia.

[Source: TSCB's announcement on Bursa Malaysia's website on 20 January 2017]

SHELL REFINING COMPANY (FEDERATION OF MALAYA) BERHAD ("SRC")

The Independent Adviser ("IA"), AmlInvestment Bank, in their Circular to the Holders dated 19 January 2017, expressed their views that the privatisation offer of RM1.92 per offer share was not fair and not reasonable. Thus, the IA in their Independent Advice Letter had advised the entitled

shareholders to reject the offer. The Board of Directors of SRC, save for the interested Directors, concurred with the views and had recommended that shareholders reject the offer.

[Source: SRC's announcement on Bursa Malaysia's website on 19 January 2017]

LOCAL NEWS AND DEVELOPMENTS

Iris appoints Choong Choo Hock as acting CEO following remand of deputy MD

<http://www.theedgemarkets.com/my/article/iris-appoints-choong-choo-hock-acting-ceo-following-remand-deputy-md?type=Corporate>

Reforming Malaysian company law

<http://www.thestar.com.my/business/business-news/2017/01/21/reforming-malaysian-company-law/>

Bank Negara reserves down 0.3% to US\$94.3b as at Jan 13

<http://www.theedgemarkets.com/my/article/bank-negara-reserves-down-03-us943b-jan-13?type=Corporate>

M'sian automotive sales slump to lowest level in six years

<http://www.nst.com.my/news/2017/01/205480/msian-automotive-sales-slump-lowest-level-six-years>

MUH exec chairman lodges police report against director

<http://www.thesundaily.my/news/2136947>

Malaysia registers inflation of 2.1% for 2016

<http://www.theedgemarkets.com/my/article/malaysia-registers-inflation-21-2016?type=Corporate>

Complaint lodged against MWE land deal

<http://www.theedgemarkets.com/my/article/complaint-lodged-against-mwe-land-deal?type=Corporate>

GLOBAL NEWS AND DEVELOPMENTS

US housing starts surge in December; jobless claims near 43-year low

<http://www.theedgemarkets.com/my/article/us-housing-starts-surge-december-jobless-claims-near-43-year-low?type=Corporate>

China 4Q GDP grows 6.8%, slightly better than expected, but debt risks loom

<http://www.theedgemarkets.com/my/article/china-4q-gdp-grows-68-slightly-better-expected-debt-risks-loom?type=Corporate>

US industrial output rises 0.8% as utilities surge

<http://www.theedgemarkets.com/my/article/us-industrial-output-rises-08-utilities-surge?type=Corporate>

Japan December core CPI seen falling at slower pace

<http://www.thestar.com.my/business/business-news/2017/01/20/japan-december-core-cpi-seen-falling-at-slower-pace/>

Fed's Yellen says 'makes sense' to gradually raise interest rates

<http://www.thestar.com.my/business/business-news/2017/01/19/fed-yellen-says-makes-sense-to-gradually-raise-interest-rates/>

HK regulator sues StanChart, UBS over 2009 timber IPO

<http://www.thestar.com.my/business/business-news/2017/01/19/hk-regulator-sues-stanchart-ubs-over-2009-timber-ipo/>

MSWG Analysts

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

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

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

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

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

Hoo Ley Beng, Manager, Corporate Monitoring linnert.hoo@mswg.org.my

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

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

Muhammad Faris bin Mohamed Yusof, Analyst, Corporate Monitoring farisyusof@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 save for The Store Corporation 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.

DISCLAIMER

This newsletter and the contents thereof and all rights relating thereto including all copyright is owned by the Badan Pengawas Pemegang Saham Minoriti Berhad, also known as the Minority Shareholder Watchdog Group (MSWG).

The contents and the opinions expressed in this newsletter are based on information in the public domain and are intended to provide the user with general information and for reference only. Best efforts have been made to ensure that the information contained in this newsletter is accurate and current as at the date of publication. However, MSWG makes no express or implied warranty as to the accuracy or completeness of any such information and opinions contained in this newsletter. No information in this newsletter is intended to be or should be construed as a recommendation to buy or sell or an invitation to subscribe for any, of the subject securities, related investments or other financial instruments thereof.

MSWG must be acknowledged for any part of this newsletter which is reproduced.

MSWG bears no responsibility or liability for any reliance on any information or comments appearing herein or for reproduction of the same by third parties. All readers or investors are advised to obtain legal or other professional advice before taking any action based on this newsletter.

ENDS./