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MSWG	<p style="color: red; font-weight: bold; margin: 0;">MINORITY SHAREHOLDER WATCHDOG GROUP</p> <p style="font-weight: bold; margin: 0;">Badan Pengawas Pemegang Saham Minoriti Berhad</p> <p style="margin: 0;">Incorporated in Malaysia * Company No. 524898-M</p>
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The Observer

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MESSAGE FROM THE CEO



We welcome news that come Sept 18, Bursa Malaysia and Singapore's Exchange will be the region's first two stock markets to connect through the Asean Trading Link. This share trading system will eventually link 10 stock markets in Southeast Asia: a positive development, not only for the connectivity and linkages they will bring, but hopefully in raising the standards of governance as required by international investors.

A couple of issues warrant mention this week.

1) The case of Glenealy's privatisation is one that caused minority shareholders to be unhappy when the privatisation was made at RM7.50 per share. This is because of the following concerns:

- The land was at book value of RM25,000 per hectare which has not been revalued since 1998, some 14 years ago. Latest transactions of similar land values are double those prices.
- Thus the minorities are asking why this revaluation of land has not been done by the Company and what is the basis for the fair opinion by the IA.
- Regulators ought to come up with some rules regarding revaluation of assets before an offer for privatisation occurs.
- Minority shareholders can reject the deal and vote against if they feel dissatisfied. For privatisation not to go through there need to be more than 10% rejection of the proposal from minority shareholders who are present and voting at the meeting.

2) The case of ACE Market company Ingenuity Solutions takeover offer and announcement by Ninetology Sdn Bhd spurring two UMA's queries by Bursa causing prices to spike up and then down. And this was followed by the announcement of rejection by Chin. It is a surprise that such offers can take place, in the first instance.

3) The developments at MRCB, first the resignation of the CEO and the 71% fall of its Q2 profits due to the Eastern Dispersal Link (EDL) then the downgrading of its bonds ratings, and the negotiations between the

government and MRCB on the settlement of the EDL. What next?

Regards...

Rita Benoy Bushon

CEO in The News

MSWG unhappy about structure of Astro's upcoming listing

<http://biz.thestar.com.my/news/story.asp?file=/2012/9/1/business/11950273&sec=business>

MSWG's Quick Take On Ongoing Corporate Transactions..

Glenealy

On 13 Sept, shareholders are due to vote on the offer to take the company private at RM7.50 per share.

MSWG'S Comments:

At the outset, Glenealy's privatisation is a rare case, as it has chosen the scheme of arrangement method under S176 (which is usually undertaken for rescue schemes of troubled and ailing companies). Unlike other privatisations, a meeting between the company's creditors and their consent for approval for the proposal would be required. The hurdle for the Company, at this juncture, is whether the price for privatisation would be attractive to minorities. Further, this proposal was made with IA expressing their views and recommendations without any of the properties/fixed assets having a revaluation conducted since 1998, 14 years ago.

To avoid any grumblings from shareholders, we urge regulators to compel that a new valuation be carried out in future privatisations, more so when the companies' composition consists of fairly large properties and fixed assets. Its absence would not be fair to minorities who would lose out due to lower valuations. Non Interested shareholders may vote otherwise on the privatisation if they do not agree with the proposal.

It should also be noted that the privatisation would not be carried out if the number of votes cast against the proposed privatisation at the meeting is more than 10% of the votes of non-interested shareholders present and voting either in person or by proxy.

BRDB

BRDB shares saw some grounds, this week with a 5.6% increase over its Monday price of RM2.67. This was on the back of the Company's announcement to Bursa Malaysia that it was no longer pursuing its earlier proposal to dispose its landed properties, after receiving a takeover offer from Ambang Hati.

Last Thursday, Ambang Hati served an unconditional notice of takeover to BRDB to acquire the remaining shares which it does not own in the Company, for RM2.90 each including all outstanding warrants for RM1.80 each. Ambang Hati holds some 18.49% stake in BRDB as well as 19.12% of the total outstanding warrants.

MSWG'S Comments:

The current Offer from BRDB is RM1.83 billion translating to a price of RM2.90 per share. This represents a discount of 22% to the NA of RM3.72 as at 30 June 2012. It also represents a premium of 9% over RM2.66 being the latest practicable date prior to the issuance of the Offer document.

The previous Offer in June of last year, it was for the four (4) selected properties for RM914 million. Adding on Mico's value of RM48.3 million (based on its latest closing price of RM0.405 per share) it works out to be RM962 million. The difference between the new Offer of RM1.83 billion and the old Offer with the Mico's stake is RM870 million. This could be imputed to be the value of the other pockets of land and the New Offer

would seem to be better if the other pockets of land are worth lesser than RM870 million. Minorities thus need to consider the merits of this latest proposal.

Local News and Developments

Glenealy halts trading, faces grouses on privatisation price

<http://www.theedgemaalaysia.com/business-news/219565-glenealy-halts-trading-faces-grouses-on-privatisation-price.html>

SC charges former remisier for market manipulation

<http://www.themalaysianinsider.com/litee/malaysia/article/former-remisier-charged-with-share-manipulation/>

Ingenuity Solutions Substantial Holder Rejects Ninetology Marketing Offer

<http://www.bernama.com.my/bernama/v6/newsbusiness.php?id=692137>

Global News and Developments

Moody's cuts EU outlook to negative

<http://www.firstpost.com/economy/moodys-cuts-eu-long-term-rating-outlook-to-negative-442765.html>

Seoul set to inject US\$2b

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

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