

Email not displaying correctly? [View it in your browser.](#)

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

Incorporated in Malaysia * Company No. 524898-M

The Observer

Issue #15-11

01 October 2011

MESSAGE FROM THE CEO



Information is power, as they say, and we laud Bursa Malaysia's new Corporate Disclosure guidelines. These new rules can only crystallise what we have always said: that detailed material and relevant information needs to be made available on a timely basis for investors to make informed decisions on any major corporate transactions.

In essence, Bursa wants all listed companies to improve information quality, not just substantively, but also qualitatively, and in areas of related party transactions, poll voting, corporate proposals, boardroom/senior management and external audit announcements. The amendments to the Listing Rules will take effect from 03 January 2012, and all listed companies must comply from this point onwards. Again, we cannot overstate the significance of these amendments, and we hope these new rules (as with the other CG rules) will be properly enforced.

We are also pleased to note that the board and major shareholders of Bandar Raya Developments Berhad (BRDB) have decided to abort the RPT transaction while at the same time allowing for an open bidding process to take place for the proposed sale of four of its properties. Meanwhile, we are awaiting the results of the Securities Commission's review of Sime Darby's purchase of a 30 percent block of shares in Eastern & Oriental Berhad (E&O).

Other developments warrant mention. The decision by the Kuala Lumpur Sessions Court that found two former directors of Multicode Electronics Industries (M) Bhd guilty of committing criminal breach of trust under section 409 of the Penal Code, will provide a valuable precedent for courts of law to follow in similar cases. One of the directors, Gordon Toh Chun Toh, was sentenced to 12 years imprisonment, while Dato' Abul Hassan bin Mohamed Rashid received a jail sentence of six years. These are terms which are sufficiently lengthy to hopefully prevent similar cases from popping up in future.

Cheers!

Rita Benoy Bushon

Rita In The News

[Corporate Malaysia under the microscope](#)

<http://biz.thestar.com.my/news/story.asp?file=/2011/9/24/business/9563297&sec=business>

MSWG's Quick Take on Ongoing Corporate Transactions

HARTELEGA HOLDINGS: Managing director Kuan Kam Hon plans to buy 100 per cent of Budi Tenggara Sdn Bhd, which has a direct 4.99 percent stake in Hartalega and a 13.86 percent stake in Hartalega Industries Sdn Bhd, which in turn has a 50.59 per cent stake in Hartalega. If the deal goes through, Kuan will control 51.47 percent of Hartalega, and he intends to seek a waiver from making a mandatory general offer.

MSWG'S COMMENT: *The fact that Kuan was willing to significantly increase his stake at an undiscounted price conveys his strong confidence in the company. We also appreciate the company's recent decision to implement a dividend policy which will see the company return a minimum 45 percent of its annual net profits to shareholders as dividends, starting from its current financial year ending March 31, 2012.*

MUDAJAYA HOLDINGS: Managing Director Ng Ying Loong has resigned, a move that caught investors by surprise due to its sudden nature. Personal matters were cited as the reason for the departure.

MSWG'S COMMENT: *The company's swift move in naming former Joint Managing Director Anto Joseph as the new Managing Director with effect from 30 September helps keeps the company on an even keel. He possesses a Bachelor of Technology, Civil Engineering (1st Class) degree from the Indian Institute of Technology, and has been an Executive Director since 1996. With over 34 years of professional experience, particularly in infrastructure project management and construction, he is believed to be qualified to hold the reins.*

BANDAR RAYA DEVELOPMENTS BERHAD (BRDB): The Board has decided to scrap its earlier decision to accept the proposed sale of four of its properties to a company partly owned by its Chairman and which also did not involve an open tender. Instead, BRDB will cease all negotiations to sell the assets to Ambang Sehati Sdn Bhd and is now opting instead to dispose of them via an open tender. BRDB will also appoint an independent international property valuation firm to manage the tender exercise.

MSWG'S COMMENT: *After all the controversies from various parties, MSWG is pleased to note that some positive developments have surfaced. Following this new development, the proposed sale of the properties will be open for a longer time frame, providing opportunities for a more attractive bid in the interests of the company and shareholders. The appointment of an independent valuer will allow for more transparency and objectivity, and a higher level of professionalism. These actions bode well for good corporate governance that safeguards the interests of the company. However, on another issue pertaining to the beneficiaries of the substantial 23.6 percent block of shares currently held under a nominee account by Credit Suisse, it would be in the interest of all BRDB shareholders to find out the details of the shareholdings (as some may be related parties), since this block carries substantial voting influence in determining the outcome of the vote.*

Additional, more detailed commentaries on the issues surrounding the can be found on the Research and Commentaries page of MSWG's website at:

<http://www.mswg.org.my/web/page.php?pid=54&menu=sub>

On MSWG's Watchlist...

SP SETIA: Permodalan Nasional Bhd has offered RM3.90 per SP Setia Bhd share under a proposed takeover exercise, 40 sen above the last traded price of RM3.50. Advisers Maybank Investment Bank Bhd have said the offer is a premium of 21.50 percent, or 69 sen, above the five-day volume weighted average price (VWAP) of RM3.21 ringgit. PNB also offered 91 sen for each SP Setia warrant, a premium of 45 sen, or 97.8 percent, to the last closing price of 46 sen.

SP Setia's board of directors has rejected the offer, saying it fundamentally undervalues the company. The offer is a significant discount to RNAV estimates of RM4.58. It was also unattractive from a target price standpoint, with estimates ranging between RM4.12 and RM5.41 - all of which are higher than PNB's offer price. The board is therefore seeking competitive bids, as well as a higher offer from PNB. MSWG is waiting for details of the board's next moves, including rival offers, a price timetable, or PNB's decision to SP Setia on whether it will raise its offer price.

Local News and Developments

[Two former directors sentenced to jail and fined for CBT:](http://www.sc.com.my/main.asp?pageid=379&linkid=2923&yearno=2011&mod=paper)

<http://www.sc.com.my/main.asp?pageid=379&linkid=2923&yearno=2011&mod=paper>

[More power for Bursa; it can direct change of unsuitable board members, CEOs, CFOs:](http://biz.thestar.com.my/news/story.asp?file=/2011/9/23/business/9554565&sec=business)

<http://biz.thestar.com.my/news/story.asp?file=/2011/9/23/business/9554565&sec=business>

[List More FELDA Subsidiaries On Bursa Malaysia, Government Told:](http://www.bernama.com/bernama/v5/newsbusiness.php?id=615635)

<http://www.bernama.com/bernama/v5/newsbusiness.php?id=615635>

[Integrity Pledge is no Barrier to Profitability - Idris Jala:](http://www.bernama.com/bernama/v5/newsbusiness.php?id=616043)

<http://www.bernama.com/bernama/v5/newsbusiness.php?id=616043>

[Everyone Can Benefit If Malaysia Becomes High-Income Nation - Najib:](http://www.bernama.com.my/bernama/v5/newsindex.php?id=615317)

<http://www.bernama.com.my/bernama/v5/newsindex.php?id=615317>

[Bursa amends listing rules](http://www.thesundaily.my/news/154100)

<http://www.thesundaily.my/news/154100>

[Why you should read Bursa's CD Guide](http://biz.thestar.com.my/news/story.asp?file=/2011/9/24/business/9561820&sec=business)

<http://biz.thestar.com.my/news/story.asp?file=/2011/9/24/business/9561820&sec=business>

Bursa's CD guide can be found at:

http://www.bursamalaysia.com/website/bm/regulation/corporate_governance/cg_guide.html

For the full list of the LR amendments and details of the CD Guide, click on:

http://www.bursamalaysia.com/website/bm/regulation/rules/listing_requirements/

Global News and Developments

[S'pore moves to better corporate governance](http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1155654/1.html)

<http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1155654/1.html>

[China Companies Under Governance Spotlight](http://online.wsj.com/article/SB10001424052970204422404576594543226005476.html)

<http://online.wsj.com/article/SB10001424052970204422404576594543226005476.html>

[Investing as a force for change gathers pace](http://www.iol.co.za/business/personal-finance/investing-as-a-force-for-change-gathers-pace-1.1143839)

<http://www.iol.co.za/business/personal-finance/investing-as-a-force-for-change-gathers-pace-1.1143839>

[Ten ways hedge funds can improve corporate governance](http://www.efinancialnews.com/story/2011-09-22/carne-hedge-fund-corporate-governance-survey)

<http://www.efinancialnews.com/story/2011-09-22/carne-hedge-fund-corporate-governance-survey>

[Good Corporate Governance Benefits Shareholders](http://www.morningstar.co.uk/uk/13/articles/101046/Good-Corporate-Governance-Benefits-Shareholders.aspx)

<http://www.morningstar.co.uk/uk/13/articles/101046/Good-Corporate-Governance-Benefits-Shareholders.aspx>

[Cable Looks for Ways to Curb 'Dysfunctional' Top Pay in U.K.](http://www.bloomberg.com/news/2011-09-18/cable-looks-for-ways-to-curb-dysfunctional-top-pay-in-britain.html)

<http://www.bloomberg.com/news/2011-09-18/cable-looks-for-ways-to-curb-dysfunctional-top-pay-in-britain.html>

Feedback

We welcome your feedback on our newsletter and our work. Email us at watchdog@mswg.org.my with your comments and suggestions.

You are receiving this email because you opted-in at our website.

[Unsubscribe](#) << Test Email Address >> from this list | [Forward to a friend](#)

Our mailing address is:

Minority Shareholder Watchdog Group
Tingkat 11, Bangunan KWSP,
No. 3, Changkat Raja Chulan, Off Jalan Raja Chulan
Kuala Lumpur, Wilayah Persekutuan 50200

[Add us to your address book](#)

Copyright (C) 2011 Minority Shareholder Watchdog Group All rights reserved.

