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The Observer

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MESSAGE FROM THE CEO



The FBMKLCI is near its historical high of 1,597 points. Retail participation now accounts for about one-third of the overall market. As ever, we would urge minority investors to do their research before spending any of their hard-earned money.

Che Khalib will be leaving Tenaga Nasional Berhad and we hope to see his replacement looking thoroughly at the new PPA agreements, as well as helping to establish a viable and sustainable long-term energy generation mix for the country.

Meanwhile, it was reported that Indonesia would withdraw its proposal to impose a shareholding cap on its domestic banks, which could limit foreign ownership to less than 50%. Details have yet to be officially released by the central bank but this would be welcomed by Maybank

and particularly CIMB, whose Indonesian operations have made a significant contribution to Group earnings.

On a separate matter, the government has opted for an out-of-court settlement with Tan Sri Tajuddin Ramli over the dispute of millions of ringgit that Tan Sri Tajuddin Ramli owed to Pengurusan Danaharta Berhad. It was unclear why the government resorted to an out-of-court settlement as it won the case in High Court in 2009.

Cheers!

Rita Benoy Bushon

MSWG's Quick Take on Ongoing Corporate Transactions

[YTL Corporation Berhad \(YTL\)/YTL Cement Berhad \(YTL CMT\):](#)
[YTL Industries Berhad's offer of share exchange from YTL CMT to YTL has been extended to 24](#)

February 2012. To date, the offeror is holding about 80% of the total issued and paid-up share capital of YTL CMT. As a result, YTL CMT does not comply with the 25% free float requirement and the offeror has no intent of maintaining YTL CMT's listing status.

MSWG's COMMENT: A listed issuer which fails to maintain the required public spread of 25% may apply to the Exchange to request for an extension of time to rectify the situation. Where the extension of time is not granted, the Exchange may suspend the trading of the securities and/or delist the securities of the listed issuer. A general meeting may be called to withdraw the listing from the Exchange. In order to proceed with the withdrawal, the resolution shall be approved by members present and voting with at least a three-fourths majority of value of total share capital. Members who object to the withdrawal must not comprise more than 10% of the value of total share capital. In the event that 90% or more of the total shares are held by the offeror, the Exchange will suspend the trading of the securities. In a take-over offer, upon 90% or more of its listed shares being held by the offeror, the listed issuer may withdraw its listing from the Exchange. If the offeror manages to secure at least nine-tenths of the remaining shares not held by the offeror, the offeror will invoke Section 222 of Capital Market and Services Act, 2007 to compulsorily acquire all the remaining shares.

Mahajaya Berhad (MAHJAYA): MAHJAYA has received a conditional take-over offer from joint offerors, Waiban Corporation, Rancangan Impian Sdn Bhd, Tan Ming Wai and Tan Ming Ban (who are also the major shareholders of the company), to acquire all the shares not owned by the offerors at RM0.85 for each MAHJAYA share. The take-over offer is conditional upon the joint offerors collectively holding not less than 90% of total voting shares of MAHJAYA, as the offerors do not intend to maintain the company's listing status.

MSWG's COMMENT: The offer price of RM0.85 represents a 31% discount to its net assets per share of RM1.24. On top of this, MAHJAYA has several sizeable landbanks which have not been revalued since as early as 1984. As the valuations for some of the plots of land held by the company were carried out more than two decades ago and land prices have appreciated significantly over the years, it is difficult for the non-interested board members, independent adviser and shareholders to evaluate the offer meaningfully. For the benefit of the minority shareholders, we hope that the regulators would compel the company to perform a revaluation of these assets in the event the board of directors of the company does not take the initiative to carry it out, so that the take-over offer could be assessed properly and meaningfully.

Local News and Developments

[Should the SC have both CEO and non-executive chairman?](http://biz.thestar.com.my/news/story.asp?file=/2012/2/11/business/10714932&sec=business)

<http://biz.thestar.com.my/news/story.asp?file=/2012/2/11/business/10714932&sec=business>

[Three ex-Transmile directors fail in bid for judicial review](http://www.theedgemaalaysia.com/business-news/200856-three-ex-transmile-directors-fail-in-bid-for-judicial-review.html)

<http://www.theedgemaalaysia.com/business-news/200856-three-ex-transmile-directors-fail-in-bid-for-judicial-review.html>

[Bursa website target of Denial-of-Service attack](http://biz.thestar.com.my/news/story.asp?file=/2012/2/14/business/20120214091735&sec=business)

<http://biz.thestar.com.my/news/story.asp?file=/2012/2/14/business/20120214091735&sec=business>

[Felda Global to list at RM21b market cap](http://biz.thestar.com.my/news/story.asp?file=/2012/2/14/business/10730439&sec=business)

<http://biz.thestar.com.my/news/story.asp?file=/2012/2/14/business/10730439&sec=business>

Global News and Developments

[Good corporate governance pays off for Indonesia](http://www.thejakartapost.com/news/2012/02/13/good-corporate-governance-pays-indonesia.html)

<http://www.thejakartapost.com/news/2012/02/13/good-corporate-governance-pays-indonesia.html>

[Where CSR Fits On The Board's Agenda](http://www.forbes.com/sites/csr/2012/02/10/where-csr-fits-on-the-boards-agenda/)

<http://www.forbes.com/sites/csr/2012/02/10/where-csr-fits-on-the-boards-agenda/>

[Why boards need to go beyond the analysts, consultants, government officials](http://articles.economictimes.indiatimes.com/2012-02-10/news/31046374_1_directors-boards-value)

http://articles.economictimes.indiatimes.com/2012-02-10/news/31046374_1_directors-boards-value

[Facebook Governance Resembles Dictatorship, Gamco's Haverty Says](http://www.bloomberg.com/news/2012-02-08/zuckerberg-s-59-6-defies-shareholder-democracy-at-facebook-gamco-says.html)

<http://www.bloomberg.com/news/2012-02-08/zuckerberg-s-59-6-defies-shareholder-democracy-at-facebook-gamco-says.html>

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