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The Observer

Issue #29-12
24 August 2012

MESSAGE FROM THE CEO



The Wall Street Journal recently named Petronas, Genting, Felda Global Ventures, Sime Darby, SP Setia and Maybank as stamping their mark in the international scene. And on the local front, we read of news that Westports Malaysia Sdn Bhd, the concessionaire of the Westports terminal in Port Klang, is believed to be planning an initial public offering (IPO) exercise to raise as much as \$1 billion by early next year.

If true, Westports joins Gas Malaysia, Malakoff and Astro in choosing to list in Malaysia, which really underlines our market's strength relative to other global markets. We look forward to these developments as they not only put Malaysia back on the map in a positive way, but also add depth and breadth to our capital markets. We believe that with greater transparency and best practices our markets can live up to the global standards.

On a different note, despite the recent spate of complaints about minority shareholders being sidelined whenever a good IPO comes to the market, it appears that these complaints have gone unheeded.

Astro is offering about 260 million shares – about 5 per cent of the enlarged issued and paid-up share capital of the company -- to be distributed as a retail portion. But 3 per cent will go to its directors, employees and related business partners (such as installers, contractors, sales agents and talents). Just 2 per cent has been allocated to the public retail portion.

We believe that Astro is a highly cash-generative company in a cossetting domestic market with competition as its biggest risk factor and shielded somewhat to risk of the outside world: exactly the kind of mature business that is keenly sought out in a volatile global environment.

Again I lament: why do retail investors continue to be systematically discriminated against? Quite the opposite happens with mediocre issues: a too-generous retail portion. I hope to see some claw-back to the retail portion in the event of any huge over-subscription. I also must say that I am pleased to see that loyal

customers of Astro have been included in the 3% portion this time.

Farther afield, I am not surprised by the consternation caused by news of the venture capitalist and Paypal co-founder Peter Thiel selling more of his shares in Facebook (following the expiry of his moratorium).

It is entirely within his rights to choose to cash in his chips: after all, he was the first outside investor in the company, buying his stake in 2004. Our interest is pinned to the governance issue of whether he should resign from the board, since the reason for his seat now no longer applies.

This is relevant from Malaysia's perspective too, since the lockup periods for investors in Felda and IHH will within a couple of months expire. If the cornerstone investors choose to cash in as well, their directorships (whether direct or by proxy) should also be re examined.

Regards...

Rita Benoy Bushon

MSWG's Quick Take On Ongoing Corporate Transactions..

Guan Chong

Has withdrawn plans for a secondary listing on Singapore.

The company said, "after much consideration, we wish to reassess our strategic direction with regards to capital requirements for expansion. The group remains committed to expanding our global reach and broadening our profile as one of the leading cocoa processors in the world, going forward. Ultimately, we remain focused on implementing growth strategies to bring sustainable benefit to Guan Chong."

MSWG'S Comments:

Could - and should the company have offered a better explanation? Especially since the plan was pulled off at such a late stage and after spending so much time and resources carrying out roadshows and engaging with the investment bankers. And not forgetting that the company said the group remains committed to expanding its global reach and broadening its profile as one of the leading cocoa processors in the world, going forward.

BRDB

It is coming close to a month since the announcement (30 July 2012) by the Board of BRDB that it had been informed by its substantial shareholder, Ambang Sehati Sdn Bhd ("Ambang Sehati") that Ambang Sehati was in the midst of finalising the financing, including procuring the necessary approvals for the funding for a potential takeover offer of voting shares and warrants in BRDB not already owned by it.

While Ambang Sehati is still finalizing the financing, BRDB had on 23 August 2012 announced the notice of expiry of BRDB's warrants. It was announced that the last date for trading of warrant would be 7 September 2012 and it would expire on 26 September 2012.

MSWG's Comments:

What is holding up? The funding?

As the last trading day for warrant is barely two weeks from now, shareholders would be wondering if the announcement of a take-over would take effect as there would not be sufficient time for warrant holders to accept the offer. What would be other implications? Announcements on the progress/status should be

expected soon.

Local News and Developments

Media Prima gets non-executive director

http://www.btimes.com.my/Current_News/BTIMES/articles/20120817153923/Article/index_html

Silver Bird case raises several audit-related issues

<http://biz.thestar.com.my/news/story.asp?file=/2012/8/22/business/11891403&sec=business>

Global News and Developments

Calpers Launches IPO Boycott Plan

<http://www.foxbusiness.com/news/2012/08/20/calpers-launches-ipo-boycott-plan/>

New investor body doomed without sovereign fund support

<http://in.reuters.com/article/2012/08/20/investors-forum-idINL6E8JK7UT20120820>

Corporate governance - the future of financial regulation

http://www.chinadaily.com.cn/hkedition/2012-08/21/content_15691075.htm

MSWG Analysts

Chong Chee Fern, General Manager, Corporate Monitoring chongcf@mswg.org.my

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

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

Ng Hoon Ho, Senior Manager, Corporate Monitoring nghh@mswg.org.my

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

Shahnul Niza Mohd Yusof, Manager, Research shahnul.mohdyusof@mswg.org.my

Suryani Sudirman, Analyst, Corporate Monitoring suryani.sudirman@mswg.org.my

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

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

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