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MSWG**MINORITY SHAREHOLDER WATCHDOG GROUP****Badan Pengawas Pemegang Saham Minoriti Berhad****Incorporated in Malaysia * Company No. 524898-M**

The Observer

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MESSAGE FROM THE CEO



Ahead of its IPO, more information is emerging about Astro. Our grouses still remains as regards the listing and delisting exercises currently being done by many Malaysian conglomerates. If we assume the re-listing to be undertaken at an indicative price of RM3.60 per share at a 18.7 billion ringgit valuation it is more than 100% and significantly above the 8.3 billion ringgit it was delisted **two years ago in 2010**.

Here, Astro is listing without its foreign operations in India and Indonesia. We understand that Sun Direct TV business in India has about 7 million subscribers as at last year despite only starting in 2008. What's more, around two-thirds of the IPO comprises offer-for-sale shares, which means that the proceeds will go to the major owner, not the company.

Another aspect is regarding its retail portion of the IPO which remains at the minimum of 2%. We hope the advisers and the company would consider allowing the clawback provisions from other portions including cornerstone investors if there is an oversubscription of the retail portion, by say more than 5X. And will the regulator step in to manage the way companies are listed and delisted in Malaysia?

We also have IGB REIT issuing its prospectus recently. It will be the second-largest REIT in Malaysia in terms of market cap and asset size (slightly behind Sunway REIT) but the largest pure retail REIT thus far, ahead of Pavilion REIT and Sunway REIT. This offering will add further depth to Malaysia REIT assets and offer investors a reliable income-generating equity asset that is also right now a proxy to the KL medium- and high-end retail market.

The AGM season is once again here for the period ended March. I would like to draw attention and commend the IJM Group of companies where they have early adopted the Corporate Governance Code especially as regards the 9 year tenure limit and disclosing the best practices guidelines in the Annual Report. We hope to see more companies taking this initiative.

Selamat Hari Merdeka to all on the occasion of Malaysia's 55th Independence day.

Regards...

Rita Benoy Bushon

Capital Market..

Statistics For Housing Loans (2nd Quarter)

On a macro basis, a report from Bank Negara quoted that residential properties loans declined from 50.1% to 46.8% indicating property purchases could have basically softened. We believe that this slowdown could have been the result of the recent BNM measure to curb speculation of properties such as the eligibility criteria for loans based on net income instead of gross income. As a result there has also been lesser transactional activities in the market for both new launches and secondary market as compared to 2011.

MSWG's Quick Take On Ongoing Corporate Transactions..

Bonia Corporation Bhd

Has received a takeover offer from its group executive chairman and CEO Chiang Sang Sem, director Chiang Fong Yee and Freeway Team Sdn Bhd to buy the remaining 49.83% or 100.4 million shares not owned by them for RM204.8 million or RM2.04 per share cash.

In a filing with Bursa Malaysia today, Bonia said it does not intend to seek an alternative offer for the shares as the joint offerors and the persons acting in concert with them hold more than 50% of the group. MGO has been triggered arising from the purchase by the Chiang family of a 17.38% percent from Freeway Team Sdn Bhd at 2.04 below the prevailing market price of RM2.58.

Under the Malaysian Code on Takeovers and Mergers 2010, Bonia will have to appoint an independent adviser to advise the non-interested directors and shareholders of Bonia in relation to the mandatory general offer (MGO)," it added.

MSWG'S Comments:

MSWG is concerned on how the MGO is being undertaken, especially on the additional block that triggered the MGO, which to our knowledge was acquired at RM2.04 when prevailing market price stood at RM2.58. Also the fact that crossing of the block of shares was at a deep discount at 20.9%, which is more than the 15% threshold level as allowed by Bursa without any disclosure requirements.

Based on closing price of RM2.58 on 28 Aug, being the latest practicable date prior to the issuance of the Joint Offer Document, the PE for the Company works out to be 13.3 times its earnings for FYE 2011. Based on the Offer Price, the PE is to 10.5 times.

Minorities must, therefore, decide whether to take up the offer and it would be irrational for them to accept when the prevailing market price is higher. We hope this offer price does not distort or erode the value of Bonia market price further.

Local News and Developments

Bonia gets takeover offer at RM2.04 per share

<http://www.thesundaily.my/news/474517>

Global News and Developments

Law should draw line between independent directors & executive directors: E&Y report

<http://economictimes.indiatimes.com/news/news-by-company/corporate-trends/law-should-draw-line-between-independent-directors--executive-directors-ey-report/articleshow/15823388.cmsc>

Richard Posner on Why Corporate Governance Is Broken

http://www.slate.com/blogs/spitzer/2012/08/23/richard_posner_and_eliot_spitzer_why_corporate_governance_is_broken.html

Legal protection for whistleblowers proposed in Dubai

<http://www.emirates247.com/news/emirates/legal-protection-for-whistleblowers-proposed-in-dubai-2012-08-27-1.472827>

Dubai Draft Code of Corporate Governance released

<http://www.emirates247.com/news/emirates/dubai-sets-code-for-developers-2012-08-26-1.472617>

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