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The Observer

Issue #25-12
26 July 2012

MESSAGE FROM THE CEO



We saw this week a great deal of retail interest in the Malaysian subsidiary of Fraser & Neave Holdings Bhd. -- not surprising, since the major owners of its Singapore parent are fielding a host of queries, both hostile and otherwise, for their stakes in F&N and Asia-Pacific Breweries, the makers of Tiger beer.

However the deal pans out, this really does extend the spotlight on the Asia-Pacific region as a hive of corporate activity this year, and minority shareholders might interestingly prove to be the kingmakers, should a bidding war ensue. This deal has only just begun, and we are watching with interest.

Over to the new listings on Bursa for this month, Malaysian investors witnessed the debut of IHH Healthcare Bhd on Bursa Malaysia the third largest IPO globally for the current year, after Facebook and FGVH. The debut premium of IHH this week was hardly a surprise, given the 22 cornerstone investors it has on board and the oversubscription of the institutional portion by 60%. The stock increased 10.4% to close at RM3.09.

One corollary benefit stands out: a first major IPO from Malaysia that begins life with a dually listed status both here as well as in Singapore. The most to gain, from this strategy, would be the global investors who would be spoilt for choice, as they could, in addition to the local Malaysian shares, also have access to the Singapore side of IHH listing. IHH listing reinforces the strength of our local market to withstand economic headwinds which could be set to come. The point is that Malaysia must continue to abide by its solid infrastructure including the legal framework and on CG matters that give investor confidence for the longer term if it wants to be the destination of choice for investors.

The listing will have important ramifications in the months and years to come. Bursa Malaysia's good work in establishing such linkages is really starting to take shape, and we should expect to see more deals interlinking our two countries in future, especially in the financial sector. Earlier Khazanah had taken the company private, via Parkway Holdings Limited at RM8 billion which had come under fire from many parties.

Khazanah deserves praises, for carving out this IPO.

On to the corporate governance front, the SC has charged Dato E Sreesanthan for insider trading after the last one 16 years ago. This serves as a wake-up call to market participants that such actions are being monitored and it does not pay to deal on material information not available to the public for gains, as this could tarnish the sanctity of our capital market.

With regard to the issue of retail investors being “systematically discriminated by companies undergoing IPOs”, which I have alluded in my 19th July newsletter which has been quoted in The Edge Weekly, we are pleased to note that Dato Tajuddin Atan of Bursa has stated today in the Edge that Bursa will look into the matter. We hope that this will be done promptly to take into account retail investors as we believe that they are an important component in any capital market.

Regards...

Rita Benoy Bushon

CEO in the News

Major shareholders must provide fair exit to minorities

<http://biz.thestar.com.my/news/story.asp?file=/2012/7/19/business/11689882&sec=business>

Bursa mulling bigger IPO tranche

<http://www.theedgemaalaysia.com/highlights/217555-bursa-mulling-bigger-ipo-retail-tranche.html>

MSWG's Quick Take on Ongoing Corporate Transactions

TH Plantations

TH Plantations announced this week that it has entered into an agreement which will see the company boosting further its landbanks by 102% to 90,671ha from existing 44,933 ha, as well as planted area from 38,154 ha to 54,707 ha. The deal will involve the acquisition of 100% stake in TH Ladang (Sabah & Sarawak) for RM518m and 70% stake in TH Bakti Sdn Bhd for R17.64 million. According to the company, the deal would be in line with TH Plantation's efforts to beef up its landbank portofolio to further improve the company's performance.

MSWG'S Comments:

As early in 2010, the Chairman of TH Plantations Berhad (THPLANT), Tan Sri Dr Yusof Basiran had in his statement to shareholders in the Annual Report 2009 informed that the target for THPLANT to expand the land bank to 50,000 ha by 2012 at strategic location to complement the growth strategy and catapult the company to be one of the big league players. The latest purchase above basically is the further realisation of their growth target. As the transaction is an RPT, approval from non-interested shareholders is required. More information pertaining to the age profile of the said plantation would be made known in the forthcoming circular to shareholders.

On MSWG's Watchlist...

DRBHicom

DRB Hicom ended speculation that it intends to sell off its ailing automotive manufacturer, Lotus Group by opening a multi-million flagship store in London's West End.

The commitment is DRB's second biggest in Lotus after a recent cash injection of £100 million in January. DRB's further statement that it will invest a further £100 million to support Lotus operations through 2013 serves to clear the air.

Reports, however, continue to swirl about a possible fresh bout of interest from the VW Group in Proton.

Axiata

Axiata, through its wholly owned subsidiary Axiata SPV2 Bhd, launched a multi-currency sukuk programme of up to US\$1.5 billion in value. The exercise was its first multi-currency sukuk in the Asia Pacific region. Based on the Wakalah principle, the sukuk would be a future warchest for Axiata to consider potential acquisitions.

Local News and Developments

SC charges senior corporate lawyer Dato' E. Sreesanthan for insider trading

<http://www.sc.com.my/main.asp?pageid=379&linkid=3131&yearno=2012&mod=paper>

Mah Sing wins 2 awards in Hong Kong

<http://www.thesundaily.my/news/437571>

OCBC's ex-Group CEO wins Best CEO title

<http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1214073/1/.html>

IHH listing

http://www.btimes.com.my/Current_News/BTIMES/.../index_html

Global and Developments

Singapore's Corporate Governance Shows Signs of Improvement Read more at

<http://www.virtual-strategy.com/2012/07/23/singapore%E2%80%99s-corporate-governance-shows-signs-improvement#VCr6dy3tpo8xvsL3.99>

Ten Events That Have Changed Corporate Governance

<http://www.business2community.com/finance/ten-events-that-have-changed-corporate-governance-0224002>

Zombie Directors Should Exit U.S. Boardrooms

<http://www.bloomberg.com/news/2012-07-18/zombie-directors-should-exit-u-s-boardrooms-nell-minow.html>

Corporate Governance and the Problem of Executive Compensation: The International Response to the

Compensation Problem (Pay Ratios)

<http://www.theracetothetbottom.org/home/corporate-governance-and-the-problem-of-executive-compensati-34641.html>

Corporate Governance and the Problem of Executive Compensation: A Final Word

<http://www.theracetothetbottom.org/home/corporate-governance-and-the-problem-of-executive-compensati-23875.html>

Charges against Hong Kong billionaires keep corporate governance issues in focus

<http://blogs.marketwatch.com/thetell/2012/07/16/charges-against-hong-kong-billionaires-keep-corporate-governance-issues-in-focus/>

Back to Popular Demand

Upcoming Seminar: Finance For Non-Financial Managers
(15 August 2012/MSWG TraininG Centre,KL)

Mark your calendars for MSWG'S 15 August 2012 seminar, "Finance for Non-Financial Managers"

Delivered by Richard Jacob, founder and Principal Consultant of RCJ Consulting Sdn Bhd, this seminar is designed for investors who want to enhance their "business acumen" and their roles as effective minority shareholders. Additionally, it enables participants to improve their knowledge of finance and financial analysis to be able to see the financial impact and outcome of the strategies and operations. They will thus be able to better monitor and control the performance of companies they have invested in. The seminar is highly interactive, with a balance of lectures, exercises, and case studies. All concepts will be linked to the company annual reports.

Expected Learning Outcomes

- Become wiser, better, and more effective investor through an increased understanding of key financial statements, and business and finance terminology.
- Protect your investment by understanding how numbers are generated and how they can be manipulated.
- Improve compliance with IFRS and MASB directives.

Who Should Attend?

- Investors
- Directors, CEOs, CFOs, COOs, and Senior Management
- Accountants, Company Secretaries and Auditors
- Licensed Dealers, Remisiers and Capital Market Representative License Holders
- Investment and Financial Advisers and Financial Planners
- MSWG subscribers and members of MSWG's Independent Directors Pool

Seminar

Date: 15 August 2012

Fee: RM590

Venue: MSWG Training Centre

Further information on the seminar can be viewed on MSWG's website at <http://www.mswg.org.my/web/iep.php>

NOTE: Seating is limited to 50 participants, so REGISTER NOW!

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