

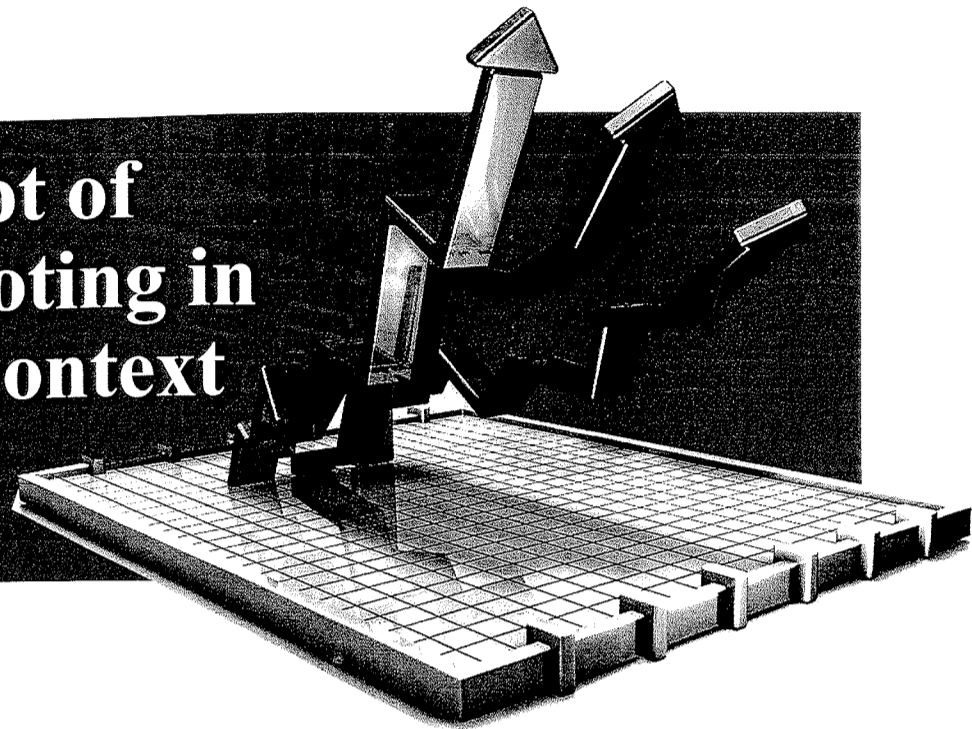
MINORITY SHAREHOLDER WATCHDOG GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD
(Incorporated in Malaysia – Company No. 524989-M)

MONEY COMPASS – Special Report – The Concept Of Majority Voting In The Asian Context - Vol. 8 – Aug-Sep 2013 (A)

Special Report

The concept of majority voting in the Asian context



To continue with my sharing on the ICGN Conference, I wish to add that the concept of “majority voting”, although has its benefits,

have shortcomings too, particularly in the Asian context due to the bulky shareholding structure in many public listed companies in Asia. The bulky shareholders or major shareholders that are family controlled can easily disenfranchise minorities if they wish to do so, and have their nominees elected instead by simple majority voting. Thus, in the Asian region, we may need to have yet another way to deal with this matter, either via minority slate or cumulative voting method. Food for thought!

Separately, on the capital market front, it is interesting to note that despite the uncertainties in recent

weeks that could have been attributed by comments from the Federal Reserve, that it may soon commence tapering of its quantitative easing programme, Malaysia continues to have a healthy IPO market. Recent issues of AirAsia-X and upcoming issues such as Westport Holdings, Sona Petroleum, UMW Oil & Gas, Ranhill Energy and Berjaya Auto allude to an IPO pipeline which remains healthy. AirAsia-X with its huge capital raising exercise was successful in its debut at a price range of its IPO price-levels.

Coming back to the Fed tapering, though it did not occur as was expected, it should not be viewed negatively as these are signs that confidence in the US economy is returning, and in the long term could be positive for the global capital markets. We feel that the slowing China growth, though a concern, is after all making the difficult transition away from dependence on relying on state-owned enterprises to a consumption-led economy.

As hot money departs from our shores and the region too, it leaves a more honest and transparent Malaysia behind, which can only be a good thing in the long-term as it would have to stand strong with foundations of good corporate governance. This is where we believe that long-term capital and smart money should find its way back.

Separately, recent developments in the financial sector warrant mention, since they form part of the broader macro efforts to instil greater monetary discipline. Bank Negara’s tighter guidelines on personal and mortgage lending practices are an extension of its efforts to better oversee the shadow banking system and thus, are welcomed. We had hoped, however, that the shortening of the tenure limit for financing of residential properties for first time buyers was excluded to facilitate first time buyers to own a roof over their heads. (See “Market and Regulatory Update” for more details) **M**