

**MSWG**

**MINORITY SHAREHOLDER WATCHDOG GROUP**

**Badan Pengawas Pemegang Saham Minoriti Berhad**

Incorporated in Malaysia \* Company No. 524898-M

# The Observer

14 June 2013

## MESSAGE FROM THE CEO



Following issues raised in our newsletter two weeks ago on Puncak Niaga's EGM seeking shareholders' approval for issuance of redeemable convertible secured Sukuk Bond, we received a letter clarifying these issues which is attached for readers' information and assessment. [Click here to view](#)

On the corporate governance front, last week, I was at the OECD Asian Roundtable on CG held in Kuala Lumpur. Discussions revolved around the CG landscape of the Asian region and ASEAN in particular as a trading region and hence the need to have standardization of CG standards. The speakers also deliberated on the importance of having transparent Board nomination process and suggestion for minority shareholders to have a stronger voice in the nomination process. Discussions were also carried out on the role and engagement of institutional shareholders and how they can influence corporate behaviour in Asia. The two-day roundtable ended with an Oxford-style debate addressing the motion that corporate governance practices in Asia would be the future global standard. The final verdict was 75 – 56 against the motion. Most felt that there would be convergence of global standards.

Separately, MSWG had initiated Special Dialogue sessions with directors of PLCs to create awareness and to provide an overview on the methodology of the ASEAN CG Scorecard with the objective of raising CG practices of ASEAN PLCs, and to showcase well-governed PLCs internationally making them more visible and investable to global investors, thus improving their liquidity and valuations. Altogether 200 companies have shown interest where some have already attended and the others will be participating over the next week. The Board members who wish to participate are encouraged to do so. The sessions in the past two days saw good participation from the directors showing keen interest to improve their CG practices to be in line with the regional as well as global standards. I hope that after going through the session, the directors will have a better understanding of what is expected of them and will eventually embrace these practices as part of their corporate and business culture.

Touching on IPOs, I would like to commend AirAsia X Berhad for coming up with a higher portion for retail investors. There will be a retail offering of 252,111,700 issue shares, representing approximately 10.6% of the enlarged issued and paid-up share capital, subject to clawback and reallocation provisions. In contrast, the recent listings on Bursa Malaysia had placed a heavier IPO share weightage on cornerstone and institutional investors. Further, to attract more retail investors, we understand that retail investors who purchase at least 10,000 Shares and who continue to hold for a duration of a year will be entitled to a free fare return air ticket

to any destinations flown by AirAsia X originating from Malaysia. (See Watchlist and Prospectus for more details).

Regards,

Rita

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## **MSWG's QUICK TAKE ON ONGOING CORPORATE TRANSACTIONS**

### ***Yinson Holdings Bhd (YHB)***

The company has made a takeover offer for Norway-based Fred Olsen Production ASA for about RM5.20 per share; a deal that would make it the world's sixth-largest floating production, storage and offloading (FPSO) vessel owner and operator. Oslo-listed Fred Olsen has three FPSOs, one of which is 50%-owned with BW Offshore.

If YHB secures 100% of Fred Olsen by way of the general offer, it would have to fork out some RM551.34m for the transaction. YHB already has the support of Fred Olsen's parent, First Olsen Ltd, which owns 61.54% of Fred Olsen, through an irrevocable and unconditional pre-acceptance of the offer.

The proposal is expected to be completed by the 4th quarter of calendar year 2013.

### **MSWG's COMMENTS**

YHB is moving further into O & G from the logistics business. It is important that the company does not over pay for the assets. If the acquisition is successful, it will also catapult another home-grown oil and gas player into the big league globally.

### ***AirAsia X-IPO***

Initial IPO or Offering of up to 790,123,500 ordinary shares of RM0.15 each in AirAsia X Berhad in conjunction with the listing of and quotation for the entire ordinary shares of RM0.15 each in AirAsia X on the Main Market of Bursa Malaysia comprising an offer for sale of up to 197,530,900 existing shares ("OFFER SHARES") and a public issue of 592,592,600 new shares ("ISSUE SHARES") comprising:

- (I) Institutional offering of up to 538,011,800 shares
- (II) Retail offering of 252,111,700 shares comprising:
  - 52,111,700 issue shares made available to the eligible persons;
  - 50,000,000 issue shares made available to the eligible passengers; and
  - 150,000,000 issue shares made available to the Malaysian public.

at the retail price of RM1.45 per share.

The institutional offering and the retail offering are subject to the clawback and reallocation provisions and the over-allotment option.

To attract retail investors, the benefits include:

- i) Retail investors successful in subscribing for 10,000 – 99,000 IPO shares at listing and hold it up to a duration of 1 year – entitled to receive 1 zero fare return air ticket to any destinations flown by AirAsia X originating from Malaysia.
- ii) Retail investors successful in subscribing for 100,000 shares or more at listing and hold it up to a duration of 1 year – entitled to receive 3 zero fare return air tickets to any destinations flown by AirAsia X originating from Malaysia.

(not including airport taxes and surcharges and do not cover black-out periods)

Air Asia X will be the biggest IPO in Malaysia so far this year. (See Prospectus for more details).

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## **MSWG's WATCHLIST**

### **Maxis Berhad (Maxis)**

Maxis has announced its refined organisational structure to strengthen its core businesses for future growth. The new structure, which took effect on June 10, 2013, has been streamlined and expanded into four areas to make Maxis more agile and cohesive in delivering its integrated propositions across its wide range of products and services, as well as support the company's growth strategies

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## **Local News and Developments**

### **Enough O & G to last 200 years**

Petronas president and group CEO Tan Sri Shamsul Azhar Abbas mentioned at the 17<sup>th</sup> Asia Oil and Gas Conference in KL that owing to new discoveries, technological advances, oil resources are estimated to last for the next two centuries at current trends of consumption.

<http://www.theedgemalaysia.com>

### **CIMB to buy San Miguel unit in deal worth nearly RM944.25mil**

<http://biz.thestar.com.my/news/story.asp?file=/2013/6/12/business/13227735&sec=business>

### **BIMB set to fully own Bank Islam**

<http://biz.thestar.com.my/news/story.asp?file=/2013/6/12/business/13228637&sec=business>

### **Britain should hand RBS, Lloyds Bank shares to public**

**Japan economy heats up in 1Q registering annualised growth rate of 4.1% confirms economy on firm recovery track**

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## **MSWG Analysts**

Lya Rahman, General Manager, Corporate Services, [lyarahman@mswg.org.my](mailto:lyarahman@mswg.org.my)

Chong Chee Fern, General Manager, Corporate Monitoring [chongcf@mswg.org.my](mailto:chongcf@mswg.org.my)

Rebecca Yap, Head, Corporate Monitoring [rebecca.yap@mswg.org.my](mailto:rebecca.yap@mswg.org.my)

Quah Ban Aik, Head, Corporate Monitoring [banaik.quah@mswg.org.my](mailto:banaik.quah@mswg.org.my)

Ng Hoon Ho, Senior Manager, Corporate Monitoring [nghh@mswg.org.my](mailto:nghh@mswg.org.my)

Norhisam Sidek, Manager, Corporate Monitoring [norhisam@mswg.org.my](mailto:norhisam@mswg.org.my)

Shahnul Niza Mohd Yusof, Manager, Research [shahnul.niza@mswg.org.my](mailto:shahnul.niza@mswg.org.my)

Lee Cheng Meng, Manager, Corporate Monitoring [cheemeng@mswg.org.my](mailto:cheemeng@mswg.org.my)

Wong Kin Wing, Senior Analyst, Corporate Monitoring, [kinwing@mswg.org.my](mailto:kinwing@mswg.org.my)

Nor Khalidah Khalil, Analyst, Corporate Monitoring [khalidah@mswg.org.my](mailto:khalidah@mswg.org.my)

Muhammad Ammar Maslan, Analyst, Corporate Monitoring [ammar@mswg.org.my](mailto:ammar@mswg.org.my)

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## **Feedback**

We welcome your feedback on our newsletter and our work. Email us at [mswg.ceo@mswg.org.my](mailto:mswg.ceo@mswg.org.my) with your comments and suggestions.

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### **DISCLOSURE OF INTERESTS**

*With regard to the companies mentioned, MSWG holds a minimum number of shares in all these companies covered in this newsletter save for Yinson Holdings Bhd.*

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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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