

MINORITY SHAREHOLDER WATCHDOG GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

(Incorporated in Malaysia – Company No. 524989-M)

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BRDB asked to disclose stock owner?

Identity of the beneficial owner of a 23.6% block of shares remains a sticky issue

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PETALING JAYA: Bandar Raya Development Bhd (BRDB) has been asked by Bursa Malaysia to clarify to its shareholders issues that have been raised in the media regarding the company's proposal to hive off key assets to its major shareholder, reliable sources said.

One of the most sticky issues related to the deal is the unknown identity behind an influential 23.6% block of shares in BRDB held under a nominee account for Credit Suisse.

The Minority Shareholder Watchdog Group (MSWG) had pointed out that this stake was very likely to be the deciding factor in whether the asset sale would go through. This is on the basis that

the 23.6% block amounts to 30% of total disinterested shareholders of BRDB and in turn might comprise 50% of votes of shareholders who actually turn up to vote on the matter, which requires only a simple majority to go through.

BRDB is proposing to sell The Bangsar Shopping Complex (BSC), Menara BRDB, CapSquare Retail Centre and Permas Jusco Mall to Ambang Sehati Sdn Bhd, which holds 19% in the property developer.

It should be noted that under Section 69(0)(8) of the Companies Act, Bursa and the Securities Commission have the power to direct companies to disclose the identity of the beneficial owners of substantial blocks of shares in the company. Section 69 also empowers the affected issuer itself, in this

case BRDB, to request for details on the beneficial owners from a trustee, in this case Credit Suisse.

On the question of whether Bursa is looking into the issue of the identity of the 23.6% block in BRDB and whether this party is entitled to vote on the asset sale proposal, the stock exchange replied: "In complying with the listing requirements, with respect to related-party transactions, the listed issuer must ensure that interested major shareholders and directors, as well as persons connected to them, do not vote on the resolution approving the transaction.

"Therefore, it is incumbent on the listed issuer, in complying with the listing requirements, to ascertain who are the interested parties that should abstain from voting on the resolution approving the trans-

action."

BRDB has yet to reply to e-mailed questions on whether it is seeking to find out the beneficial owners of the said block.

Meanwhile, BRDB issued a statement to clarify an issue in a *StarBiz* article yesterday titled "BRDB asset sale queried" which had quoted MSWG as saying that the market value for Menara BRDB and BSC as provided by the independent valuer was on the basis of 30% occupancy.

It said: "BRDB wishes to clarify that the independent valuation of BSC was based on an occupancy rate of 95% while the valuation for Menara BRDB is based on current occupancy rate of 70% and projected long-term occupancy rate of 95%. BSC and Menara BRDB are valued by CH Williams Talhar and Wong."

However the MSWG, in response to this, issued this statement:

"MSWG would like to draw attention to the announcement made by BRDB on Sept 19, 2011. In the announcement, details of the properties in Section 4 were referred to in Appendix 1. Under Appendix 1, Item No. 3 referred to BSC and Menara BRDB.

"Here it was indicated that the rental income was based on financial year ended Dec 31, 2010 and the occupancy rates for BSC and Menara BRDB were clearly stated at 85% and 30% respectively and the indicative market value ascribed by the independent valuer was RM700mil. There was no mention or any disclosure in the announcement regarding 95% or 70% occupancy rate for BSC and Menara BRDB."