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**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



It's been a great fortnight for corporate governance. The SC notched up another win over corporate miscreants when it announced that it had charged the Group MD of Kosmo Technology for providing false information to Bursa Malaysia. In doing so, it sends another signal that the regulators are watching and that the punishments are getting steeper: a fine not exceeding RM3 million and imprisonment for a term not exceeding 10 years for each charge if found guilty.

That was followed up by Sime Darby's move to sign an integrity pledge. It's the first GLC to do so, and provides a message to the business world that white-collar crime is not at all welcome in Corporate Malaysia. We also saw how AirAsia is making good progress in institutionalising its shareholder role, with its major owner Tune Group responding to calls to release more equity into the market.

And the MACC is not standing still either. The message to the rest of the world is that Malaysia is serious about its Transformation Plan and the eradication of corruption.

*Cheers!*

***Rita Benoy Bushon***

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## Rita In The News

[Privatisation of AP Land, OSK Property](#)

<http://biz.thestar.com.my/news/story.asp?sec=business&file=/2011/6/7/business/8846673>

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## MSWG's Quick Take on Ongoing Corporate Transactions

**RHB CAPITAL:** RHB Capital has obtained central bank approval to begin separate merger negotiations with Maybank and CIMB. Maybank says it will make a formal proposal by the end of June. And Abu Dhabi Commercial Bank (ADCB), which owns 25 percent of RHB Capital, announced it won Bank Negara approval to begin talks with Aabar Investments (Aabar) from Abu

**Dhabi, which is owned by the Abu Dhabi government through International Petroleum Investment Company (IPIC), which owns 71 percent in Aabar.**

**MSWG's Comment:** *Abu Dhabi Commercial Bank's request (and subsequent approval) to begin talks for the sale of its 25 percent stake in RHB Capital to Aabar Investments indicates that the Abu Dhabi government is still keen to have a strategic stake in RHBCap. And while it appears unlikely that a bidding war will now occur for RHB's shares, there seems little risk to RHB's share price except to the upside, since it is still one of the largest banks in Malaysia and will therefore suffer from no shortage of suitors should any of these talks fall through.*

**KRETAM HOLDINGS BHD:** *Has proposed to acquire three companies, one each in oil palm plantations, bio-diesel production, and palm oil product marketing, for a total of RM511.5 million. About RM508 million will be settled by issuing new shares and irredeemable convertible preference shares (ICPS) in Kretam at RM2.30 apiece.*

**MSWG'S COMMENT:** *This appears to be a related party transaction since the vendors include Kretam's CEO and executive director Datuk Lim Nyuk Sang and his associates. Lim is already a controlling shareholder in Kretam with a total stake of 59.6 percent and this will rise even further with the sale. Minorities would be advised to query the board on the valuation at the annual shareholders meeting on 28 June.*

## Local News and Developments

**[Fernandes' Tune Air sells 2% of AirAsia](http://www.theedgemaalaysia.com/component/content/article/187606.html)**

<http://www.theedgemaalaysia.com/component/content/article/187606.html>

**[For Sime, a Double-edged anti-corruption pledge](http://www.freemalaysiatoday.com/2011/06/10/double-edged-anti-corruption-pledge/)**

<http://www.freemalaysiatoday.com/2011/06/10/double-edged-anti-corruption-pledge/>

**[SC Charges Kosmo Technology Group MD](http://www.sc.com.my/main.asp?pageid=379&linkid=2881&yearno=2011&mod=paper)**

<http://www.sc.com.my/main.asp?pageid=379&linkid=2881&yearno=2011&mod=paper>

**[Good Governance Should Come Naturally For Muslim Nations, Says PM](http://www.bernama.com/bernama/v5/newsindex.php?id=592388)**

<http://www.bernama.com/bernama/v5/newsindex.php?id=592388>

**[With APLand and OSK Properties, Minority shareholders should ask for more](http://biz.thestar.com.my/news/story.asp?file=/2011/5/31/business/8789476&sec=business)**

<http://biz.thestar.com.my/news/story.asp?file=/2011/5/31/business/8789476&sec=business>

## Global News and Developments

**[The Share Buyback Delusion](http://www.economist.com/blogs/buttonwood/2011/05/stockmarkets_0&fsrc=nwl)**

[http://www.economist.com/blogs/buttonwood/2011/05/stockmarkets\\_0&fsrc=nwl](http://www.economist.com/blogs/buttonwood/2011/05/stockmarkets_0&fsrc=nwl)

**[At ENRC, Ousted Sir Richard calls for tighter London listing rules](http://www.independent.co.uk/news/business/news/ousted-sir-richard-calls-for-tighter-london-listing-rules-2296343.html)**

<http://www.independent.co.uk/news/business/news/ousted-sir-richard-calls-for-tighter-london-listing-rules-2296343.html>

**[RIM Shareholder Seeks Change to Top of Corporate Org Chart](http://allthingsd.com/20110610/rim-shareholder-seeks-change-to-top-of-corporate-org-chart/?mod=googlenews)**

<http://allthingsd.com/20110610/rim-shareholder-seeks-change-to-top-of-corporate-org-chart/?mod=googlenews>

### [Is Corporate Sustainability For Real?](http://earth911.com/news/2011/06/08/is-corporate-sustainability-for-real/)

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## MSWG Holds Dialogue With Independent Directors Pool Members



MSWG met with members of the Independent Directors Pool on 31 May 2011. The Dialogue provided MSWG with a forum to update IDP members on MSWG's activities and services. It also gave IDP members an opportunity to ask questions about the IDP service, and to share information with one another on challenges and opportunities facing Independent Directors. IDP members were interested to know more about the processes involved in adding Independent Directors to the Pool, and about MSWG's plans for marketing the Pool and its members.



Moving forward, MSWG is assisting IDP members to establish an Advisory Panel to help grow the Pool into a stand-alone organization serving the interests of its members. MSWG will continue to support the IDP by providing secretariat services to assist the Advisory Panel with its work.

Interested in learning more about the IDP and the requirements to join the Pool? [Visit our website](#) (<http://www.mswg.org.my/web/page.php?pid=32&menu=sub>).

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## Save The Date!

### **28 July, 2011 (Kuala Lumpur, Malaysia)**

Mark your calendars for MSWG's one-day seminar "**Promoting the Corporate Governance Agenda: Sharing of Experience**". During this forum for the sharing of local, regional, and international best practices in corporate governance, participants will be provided with a detailed report on the results and findings of the Malaysian Corporate Governance Index 2010. Leaders from some of Malaysia's top PLCs will also be on hand to talk about how they are integrating corporate governance best practices into various corporate endeavours, including CSR activities, the conduct of annual general meetings, and improving board diversity. Finally, a panel of corporate governance experts will share knowledge and experience of regional and international corporate governance best practices. Be sure to visit MSWG's website during the week of 27 June for more information on this event.

### **30-31 July, 2011 (Kuala Lumpur, Malaysia)**

MSWG's Investor Education Programme will be offering the two-day seminar "**Picking Investment Grade Stocks with Value Investing Strategies**". The seminar is designed to provide investors with the knowledge and skills necessary to create long term wealth using value investing strategies. Participants will be taught how to look for and understand corporate and financial information and how to use this information to make sound investment decisions. The seminar is SIDC-CPE Approved and provides 10 CPE points to CMSR License holders that complete the course. For additional information on fees, venue, and instructors, please download the [Seminar Programme/Registration Form](#).

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## Feedback

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

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