



# The Observer

Issue #3-11  
March 2011

## MESSAGE FROM THE CEO



Firstly, I would like to send my congratulations to Tan Sri Zarinah on her re-appointment as SC Chairman. Under her stewardship, the capital market has made significant progress in the quest to become a developed market. Tan Sri's reappointment is also important in signifying the immense capabilities and benefits women bring to the corporate world. Gender diversity and board balance is a subject close to our hearts: see my comments on the issue in my 15 March 2011 column in [The Star newspaper](#).

Malaysia also enjoyed the honour of hosting the [International Corporate Governance Network's \(ICGN\) Kuala Lumpur Spring Conference](#) at the end of last month. It was a blue-riband event, and many of Malaysia's corporate chieftains were there; it was gratifying to see the unified effort in lifting our country's governance levels to a new level. Copies of speeches by MSWG's chairman Tan Sri Abdul Halim Ali, Securities Commission Malaysia's chairman Tan Sri Zarinah Anwar, and EPF CEO Tan Sri Azlan Zainol are available for download from the "Highlights" section of [MSWG's website homepage](#).

*Cheers!*

**Rita Benoy Bushon**  
CEO

---

## Rita Speaks Out...

[Call for more women on companies' boards](#) (The Star, 15 March 2011)

---

## MSWG's Quick Take on Ongoing Corporate Transactions

[Ranhill Holdings Bhd: says it has yet to calculate the potential cost overruns of its](#)

**US\$1.2 billion (RM3.64 billion) Tajura housing project in Libya.** Ranhill was supposed to deliver phase one of the project in Tripoli, comprising 87 apartment blocks with 1,344 units, by July this year. Operations have been suspended until peace is restored in the country. Prior to the crisis, Ranhill had some 2,652 workers of various nationalities and more than 500 Libyans working at the project site. The Libya project contributed less than 10 percent to the group's net profit and revenue last year.

**MSWG COMMENT:** *With regard to the US\$1.2 billion Tajura housing project in Libya, MSWG had raised queries at the last AGM on the Board's mitigation plans particularly with increasing credit concentration in Libya and how this plan would assist to ensure a good operating cash flow in the Group. The Board replied that a Letter of Credit has been issued to cover progress billings in the contract and the Group also received advance payment for mobilization and preliminary works.*

**AMMB: Prime Minister Datuk Seri Najib Razak will consider allowing Australia & New Zealand Banking Group to raise its equity interest in AMMB Holdings to 49 percent, above the 30 percent foreign ownership cap.**

**MSWG COMMENT:** *A potential relaxation of the foreign equity limit would attract greater foreign interest in the Malaysian banking sector, which is good news. Existing foreign investors could raise their stakes, hence increasing their commitment to add value to the banks which would bode well for long term shareholder value. Should ANZ be allowed to increase its stake in AMMB, this will set a precedent for several other Malaysian banks which currently have foreign strategic partners. Nevertheless, ANZ is already actively involved in the AMMB Group, with representatives at the Board and senior management levels. If ANZ raises its stake to 49 percent, this would trigger the 33 percent threshold for a mandatory general offer (MGO), thus the offer price and shareholding structure would be key areas of interest.*

**RHB CAP: Bank Negara Malaysia has not allowed the Employees Provident Fund Board to hold more than 45 percent of the bank's paid-up share capital. Accordingly, EPF's irrevocable undertaking to subscribe under the rights issue shall be for a minimum of 45 percent of the total rights shares. RHB Capital had proposed to acquire 80 percent of PT Bank Mestika Dharman for 1.16 billion ringgit, and also a proposed put and call option for 9 percent of Bank Mestika. RHB Capital also proposed a renounceable rights issue of new shares of 1 ringgit each in RHB Capital to raise about 1.3 billion ringgit. RHB has also proposed to undertake a dividend reinvestment plan (DRIP) to give shareholders the option of reinvesting their cash dividends in more of the group's shares. Expects the plan to be put in place by the second quarter of this year, barring unforeseen circumstances.**

**MSWG COMMENT:** *MSWG views the dividend reinvestment plan (DRIP) positively as it is a good way to conserve capital as banks prepare themselves ahead of the regulation under Basel III. At the same time, DRIP can enhance shareholder value as it allows shareholders to subscribe new shares at a discount and is also free from brokerage fees. The limit imposed on EPF to hold not more than 45% would be good for the stock's liquidity. We are confident that EPF would be able to trim its stake to the required level in a timely manner.*

## Under Watch:

**Transmile Group Bhd: The company has submitted an application to Bursa Malaysia to**

appeal against its decision to delist the company, and to seek an extension of time to submit its regularisation plan. Transmile was supposed to submit the plan to the Securities Commission or Bursa Malaysia for approval by Feb 22. On Feb 23, the company told Bursa that it had until March 2 to submit an appeal to the latter.

**MSWG COMMENT:** *The company has announced the following to the stock exchange:*

*"Following from the deadline of 22 February 2011 to submit a Regularisation Plan, Transmile has not submitted a Regularisation Plan as of to-date. The trading of the securities of the Company has been suspended with effect from 3 March 2011. However, as stated in the Company's announcement dated 2 March 2011, the removal of the securities of the Company from the Official List of Bursa Securities shall be deferred pending the decision on the Company's application to Bursa Securities to appeal against Bursa Securities' decision to remove the securities of the Company from the Official List of Bursa Securities and to seek an extension of time to submit a Regularisation Plan to Bursa Securities.*

*The Company will nevertheless continue to engage with the lenders to, if possible, finalise a debt restructuring proposal, and to focus on the completion of the proposed disposal of its four (4) MD-11F aircraft, as announced by the Company on 10 January 2011, which is expected to significantly pare down the outstanding debt obligations. As stated in the Company's announcement dated 4 March 2011, Transmile and Transmile Air Services Sdn Bhd ("TAS"), a wholly-owned subsidiary of Transmile had on 4 March 2011 dispatched an explanatory statement to its creditors in relation to a proposed scheme of arrangement under Section 176 of the Companies Act, 1965 between (a) Transmile and the scheme creditors of Transmile, and (b) TAS and the scheme creditors of TAS."*

**OSK Holdings:** Its wholly owned subsidiary, OSK Investment Bank, has completed a due diligence review of BFIT Securities Pcl in relation to OSK's prospective acquisition of the Thai brokerage. The local investment bank had in January said that it was "seeking opportunities to expand into Thailand". BFIT Securities, a subsidiary of Bangkok First Investment & Trust Pcl, is one of the oldest and smallest brokerages in Thailand.

**MSWG COMMENT:** *Minorities should keep a close eye on the results of the due diligence, which is ongoing.*

---

## Local News and Developments

SC Chairman Tan Sri Zarinah Anwar's contract with SC extended one year:

<http://biz.thestar.com.my/news/story.asp?file=/2010/3/27/business/5946070&sec=business>

Doing more to assure investors:

<http://biz.thestar.com.my/news/story.asp?file=/2011/3/2/business/8166924&sec=business>

Malaysia's Second Capital Market Masterplan to be Launched in the Second Half of 2011:

<http://www.bernama.com/bernama/v5/newsbusiness.php?id=567563>

[http://www.btimes.com.my/Current\\_News/BTIMES/articles/zarisc/Article/](http://www.btimes.com.my/Current_News/BTIMES/articles/zarisc/Article/)

IPO market this year likely to match 2010:

[http://www.btimes.com.my/Current\\_News/BTIMES/articles/syzy/Article/#ixzz1GwQfuJkx](http://www.btimes.com.my/Current_News/BTIMES/articles/syzy/Article/#ixzz1GwQfuJkx)

Chief Secretary to the Government Supports the Establishment of the Code of Public Governance

<http://www.pmo.gov.my/ksn/?frontpage/news/detail/10967>

<http://www.perdana.org.my/emagazine/2011/02/chief-secretary-to-the-government-supports-the-establishment-of-the-code-of-public-governance/>

Malaysia's capital market crosses 2 trillion ringgit mark:

<http://biz.thestar.com.my/news/story.asp?file=/2011/3/18/business/8291539&sec=business>

Corporate governance should be integrated into the investment decision-making process:

<http://biz.thestar.com.my/news/story.asp?file=/2011/3/2/business/8166924&sec=business>

---

## Global News and Developments

Ireland: Old boys' club slow to get women on boards

<http://www.independent.ie/business/irish/old-boys-club-slow-to-get-women-on-boards-2577508.html>

Asia: Asia's Corporate Governance Challenge

<http://www.businessinsider.com/asias-corporate-governance-challenge-2011-3>

USA: When Shareholders Show True Grit

<http://www.fool.com/investing/general/2011/03/11/when-shareholders-show-true-grit.aspx>

USA: Compensation for corporate directors rises sharply

[http://www.usatoday.com/money/companies/management/2011-03-04-1Adirectorpay04\\_ST\\_N.htm](http://www.usatoday.com/money/companies/management/2011-03-04-1Adirectorpay04_ST_N.htm)

Nigeria: Who protects the whistleblower?

<http://234next.com/csp/cms/sites/Next/Money/Business/5680134-147/story.csp>

---

## Feedback

We welcome your feedback on our newsletter and our work. [Email us](#) with your comments and suggestions.

You are receiving this newsletter because you are a subscriber to MSWG services, a member of the Independent Directors Pool, have shown an interest in MSWG's work, or have received and responded to an invitation from MSWG indicating that you wish to receive this newsletter.

[Unsubscribe](#) <<Email Address>> from this list | [Forward to a friend](#)

**Our mailing address is:**

Minority Shareholder Watchdog Group  
Tingkat 11, Bangunan KWSP,  
No. 3, Changkat Raja Chulan, Off Jalan Raja Chulan  
Kuala Lumpur, Wilayah Persekutuan 50200

[Add us to your address book](#)

Copyright (C) 2011 Minority Shareholder Watchdog Group All rights reserved.

