

MINORITY SHAREHOLDER WATCHDOG GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

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

The Sun – SunBiz – 1 October, 2012 (C)

Minority shareholders seek more clarity

BY **PREMALATHA JAYARAMAN**
sunbiz@thesundaily.com

PETALING JAYA: Minority shareholders are positive about the Securities Commission's (SC) recent move to expand its guidelines requiring independent advisers to consider 'fair and reasonable' as two discrete terms in making a recommendation on any takeover offer from Nov 1, but said they expect more clarity from the regulator soon.

Minority Shareholder Watchdog Group (MSWG) CEO Rita Benoy Bushon said the enhanced guidelines are a positive move as they serve to further safeguard the interest of minority shareholders.

"We expect more clarity (from the SC) on the need for a company to be privatised to have its assets revalued. It also put the procedures on record although some of the procedures may have been already practised by the independent advisers and by independent experts such as valuers," she said in an email reply to *SunBiz*.

The enhanced guidelines, which were announced by the SC last week, are in addition to Practice Note 15 (PN15) of the Code on Takeovers and Mergers 2010. Under the enhanced Practice Note, the

SC said for an offer to be fair, the offer price must now be at least equal to or greater than the value of the securities that are the subject of the takeover offer.

Additionally, advisers must also now take into consideration all relevant factors in evaluating whether an offer is "reasonable", including the ability of the offeror to pass special resolutions, liquidity of the offeree securities, and other qualitative considerations.

When contacted, Patrick Low, who recently led a group of unhappy minority shareholders to protest against the privatisation price of Glenealy Plantations (M) Bhd, said he hopes the regulator will enforce the enhanced guidelines "well and make sure independent advisers strictly follow it".

Inter-Pacific Research Sdn Bhd head Pong Teng Siew said the enhanced guidelines will be helpful for shareholders to make informed decisions on any future takeover offer.

"Independent advisers now have to put value on assets to a privatization exercise. It (expanded Practice Note) is expected to remove the ambiguity and put more clarity," he added.

A local banker, who declined to

be named, said the requirements issued by the SC are not entirely new, but that the regulator is now asking for clearer and transparent information to be disclosed by independent advisers, with regards to a takeover exercise.

"The expanded Practice Note provides a clearer and proper guideline for independent advisers to follow such as on what sort of circular need to be issued, and more details on valuation like the size or amount," the banker added.

The SC and Bursa Securities have recently come under fire by minority shareholders for failing to protect their interest. Latest cases that drew attention were the privatisation of Glenealy Plantations and the RM1.5 billion takeover offer for Bandar Raya Developments Bhd from its major shareholder Ambang Sehati Sdn Bhd where its independent adviser AmInvestment Bank Bhd had said the deal was "not fair but reasonable" and had advised its shareholders to accept the offer.



**HONDA EYES MORE
4S DEALERSHIPS IN
M'SIA – PAGE 17**