

MINORITY SHAREHOLDER WATCHDOG GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

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

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Surprise! Surprise!

The noises made by the minority shareholders of Glenealy Plantations (Malaya) Bhd were loud and clear — they were dead against the offer price of RM7.50 per share.

Even a 52.75-sen dividend announced by the company two days before the extraordinary general meeting failed to appease some of the minorities who made an open appeal to all shareholders to vote against the deal. But surprisingly, the resolution sailed through.

Glenealy is 53.68%-held by Samling Group, which had proposed to take the company private, a resolution that needed 75% approval from the shareholders. In other words, 75% of the shareholders who hold the remaining 46.32% equity interest must agree to the proposal. Also, to compulsorily acquire all the shares, Samling Group needs more than 90% shareholder support.

That is a tall order for any listed company, but Samling Group managed it. How it did that is something not many would be able to explain.

First, the EGM, according to an official with the Minority Shareholder Watchdog Group (MSWG), saw a large turnout — some 85% of shareholders. That rarely happens even in the most controversial of EGMs.

Second, only 4.23% of the disinterested shareholders or those who are not related to Samling Group, voted against the resolution. If a slightly larger group had voted against the proposal, Samling Group would not have been able to mop up the remaining shares.

So, who were the minorities who voted in favour of the resolution? Despite strong resistance and even suggestions by MSWG that proper valuations were not conducted, which group of minorities voted for the privatisation?

The points raised by MSWG for better-quality advice by independent advisers and to compel companies to undertake a revaluation exercise before a privatisation are valid and something that the authorities should look into.

In this case, Glenealy's plantation land had not been revalued since 1998.