

MINORITY SHAREHOLDER WATCHDOG GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD
(Incorporated in Malaysia – Company No. 524989-M)

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Corporate governance: Still some way to go

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Pic by Shahrin Yahya

(From left) Ambrose, Minority Shareholder Watchdog Group general manager Lya Rahman and Messrs Mah-Kamariyah & Philip Koh director Philip Koh at the SC-Bursa Malaysia Corporate Governance Week 2011

by ANUJA RAVENDRAN

A FUND manager based in Malaysia has noted that the corporate governance here still remains a triumph of form over substance and that capital market players still have some ways to go in order to win shareholders' confidence.

Aberdeen Asset Management's managing director for Malaysia Gerald Ambrose, while speaking at a recent forum on shareholder activism at the Securities Commission (SC)-Bursa Malaysia Corporate Governance Week 2011, said that despite there being rules to curb misconduct, sometimes those who flout them seem to get away.

"Regulators sometimes do lack teeth and the regulatory system is weak in rooting out problems," he said adding that in some cases, individuals are

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able to get away with transgressions.

One recent issue that is still pending an outcome from regulator investigation is the Eastern & Oriental Bhd (E&O) shares transaction review.

The SC had come under pressure to investigate circumstances surrounding E&O chairman Datuk Azizan Abdul Rahman's purchase of 450,000 shares from the open market involving five separate transactions from April to August this year preceding Sime Darby Bhd's 30% stake acquisition in the company.

Ambrose also raised concern on the shortage of good inde-

pendent directors in Malaysia.

Family and government-owned companies tend to dominate the market in terms of big cap stocks, he noted, adding that there also seems to be a trend for government-linked companies trying to take over other companies.

"It is still very difficult in Malaysia to vote against a resolution at an annual general meeting or be heard at one," he said.

"If minority shareholders or institutional shareholders want to vote against the company, it takes quite a lot of bravery to put their hands up and demand a count," he said, however, adding that there are also instances in which Aberdeen has been able to engage with certain companies prior to the AGM to make their views heard.