



The Observer

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MESSAGE FROM THE CEO



The IPO of Ranhill Energy and Resources Bhd had been withdrawn. This has put the uncertainty of the IPO to rest. There, however, remain many questions unanswered such as what exactly happened and why had this suddenly emerged at the eleventh hour?

That being said, the SC's instruction to Ranhill to defer the exercise, we believe is appropriate: it sends a clear message that quality and material disclosures -- both good and bad -- is a tenet of our capital market. From the standpoint of minority shareholder protection, Ranhill Energy's example will set a strict but welcome precedent for the future.

The Companies Commission of Malaysia is extending the deadline for another 10 days up to 10 August 2013 for submission of public comments and feedback on the Companies and Interest Schemes Bills. This will give the relevant stakeholders more time to evaluate their areas more thoroughly. We hope all parties concerned would work hard even through the festive holidays to scrutinise the documents in particular those areas most pertinent to the respective interests groups and come up with good views.

Just for information, one aspect, I believe that many directors would welcome is the doing away with the age limit of 70 years where a director of age 70 years and above would otherwise need to mandatorily seek shareholders' approval annually at AGMs for re-appointment. This is because during our engagements with companies, we heard many grouses on the provision of the age limit. Therefore, if the Bill is approved, all directors of age 70 years and above will be subjected to the same rigours of re-election like all the other directors.

I would like to take this opportunity to wish all our Muslim readers Selamat Hari Raya Aidil Fitri which is expected to fall on 8 August 2013.

Note: There will be no newsletter during the Hari Raya week.

Regards,

Rita

CEO in the News

Need to extend review period of Bills

<http://www.thestar.com.my/Business/Business-News/2013/07/20/Need-to-extend-review-period-of-Bills.aspx>

MARKET AND REGULATORY UPDATES

COMPANIES BILL & INTEREST SCHEMES BILL

Companies Commission of Malaysia ("CCM") has extended the deadline for public comments and feedback for the Companies and Interest Schemes Bills to 10 August from 1 August previously.

MSWG's COMMENTS:

Companies Bill

In addition to doing away with the requirement on the annual shareholders' approval for re-appointment of directors of age 70 years and above, we also note that there are some provisions under the Companies Bill 2013 that warrant attention of minority shareholders:

- right of substantial shareholders, who hold more than 5% shareholding, to inspect and request copy of contracts, including service contracts with directors;
- onus on directors of listed companies to ensure a proper system of internal control for the assets of the companies and authorisation of all transactions, as they would be liable to imprisonment and fine.

Interest Schemes Bill

After our preliminary assessment on the Interest Schemes Bill, we hope that an enabling provision could be introduced in the Bill for interest scheme holders to change interest scheme' manager, if necessary.

MSWG QUICK TAKE ON ONGOING CORPORATE TRANSACTIONS

ASAS DUNIA BERHAD ("ASAS")

Its substantial shareholders have proposed a voluntary general offer worth RM190.9 million or RM1.70 per share for the property developer.

The proposed offer was undertaken by ASAS' executive chairman Datuk Tony Chan Leong Foon and other shareholders Tony Chan Holdings Sdn Bhd, Tony Chan Capital Sdn Bhd, Sprintex Ltd and Best Conditions Ltd who collectively owned about 41.13% of the company.

The offer was for the remaining 58.87% stake or 112.31 million shares in ASAS that the offerors did not own. The takeover offer price of RM1.70 was seven sen above the last closing price of 1-day before the announcement was made. The joint offerors did not have intention to maintain the listing of ASAS.

MSWG's COMMENTS:

ASAS owns a large tract of land in Batu Kawan where the Second Bridge of Penang is connected to. The current net assets ("NA") of ASAS is RM2.12 per share. There has been no revaluation performed on most of the land bank owned by the Group dated as far back as 1995/96.

The Managing Director of ASAS, Datuk Jerry Chan, also one of the offerors, mentioned in the news report dated June 2010 that the asking price for land in the area where the Group's 600 acres land bank was situated near Penang Second Crossing had tripled from what it was two years ago. In addition, ASAS is one of the few with the concept of "partial build, then sell" where only projects that have reached at least 50%

construction stage will be open for sale. This practice speaks volume about the strong financial position of the Group and with a strong net cash position (with zero borrowings).

In view of the above, among the issues that warrant consideration from parties concerned is the revaluation of properties which have not been revalued for a long time.

MSWG's WATCHLIST

KPJ HEALTHCARE BERHAD ("KPJ")

Kumpulan Perubatan Johor Sdn Bhd ("KPJSB") has been ordered to pay RM70.5 million in damages to Hospital Penawar Sdn Bhd after it breached a joint venture agreement between the two.

The summons was filed by Hospital Penawar chairman Dr Mohd Adnan Sulaiman and managing director Azizan Sulaiman following KPJ's decision to set up a hospital in Pasir Gudang - less than a kilometre from Hospital Penawar.

In the agreement, KPJ, which owns about 30 per cent of shares in Hospital Penawar, should be responsible for mobilising resources and expertise for the mutual benefits of both hospitals.

High Court Justice Datuk Abdul Rahman Sebli said KPJ had breached several terms and conditions in the agreement.

NAKAMICHI CORPORATION BERHAD ("Nakamichi")

Shareholders of the timber-based company had removed its chief executive officer Lo Man Heng at an EGM.

This was the second attempt by its shareholders to remove Lo, after failing to adopt the resolution at an AGM in June this year due to the High Court's decision to allow Lo's claim against two Nakamichi shareholders, Goh Kheng Peow and wife See, and Nakamichi for an ad-interim injunction.

This had earlier restrained the company from moving the resolution to remove Lo as a director. Goh and See collectively owns close to 33% of Nakamichi.

Among the outstanding issues that Nakamichi is grappling with at this point in time are missing share certificates of its subsidiary, Tamabina Sdn Bhd, a court case against Lo and a winding-up petition served upon the company by Tamabina.

MSWG's SPECIAL SESSION on ASEAN CG SCORECARD 2013

Based on the request, that we received from Plcs, we are pleased to announce that MSWG will be organising a Special Session on the ASEAN CG SCORECARD 2013 to be held at Mahkota 3 Ballroom, Hotel Istana KL.

The ASEAN CG Scorecard is one of the CG initiatives under the ASEAN Capital Markets Forum aimed at raising CG standards and practices of ASEAN PLCs and enhancing the visibility and investment profile of ASEAN public listed companies (PLCs) internationally. The OECD Principles of Corporate Governance (OECD Principles) were used as the main benchmark for developing the Scorecard, given its global acceptance by policymakers, investors and other stakeholders.

The overall objective of the session is to furnish participants with an in-depth understanding of the ASEAN CG Scorecard to enable them to use it to enhance corporate governance disclosure policies with the aim to

improve CG practices in their companies. We hope this session will initiate improvement in CG practices of the listed companies.

At the end of the session, participants are expected to be able to:

- comprehend the structure of the items contained in the ASEAN CG scorecard
- employ the ASEAN CG scorecard to self-assess the companies they work
- suggest improvements in term of corporate governance disclosure policies and practices of the companies
- encourage their boards and senior management to strive forward to becoming CG champions not just in local but also regional level

Seminar Details

Date : **26 August 2013 (MONDAY)**

Registration Fee : **RM 750 PER PARTICIPANT**

Special offer : Mswg Subscribers - **30% Discount**, Group Registration - **10% Discount**

Venue : Mahkota 3 Ballroom, Hotel Istana KL

**No complimentary seats for subscribers*

[Click here for detailed programme and Registration Form.](#)

Register NOW for this exciting and informative event!

Local News and Developments

Nakamichi CEO ousted at EGM

<http://www.thestar.com.my/Business/Business-News/2013/07/30/Nakamichi-CEO-ousted-at-EGM.aspx>

KPJ Healthcare sees RM404.6m erased from market capitalisation

<http://www.thestar.com.my/Business/Business-News/2013/07/29/KPJ-Healthcare-erased-from-market-capitalisation.aspx>

Real estate investment trust receives corporate governance award

<http://www.thestar.com.my/Business/SME/2013/07/30/Real-estate-investment-trust-receives-corporate-governance-award.aspx>

Global News and Developments

Ad groups plot to compete with new Publicis-Omnicom

<http://www.reuters.com/article/2013/07/29/us-wpp-havas-shares-idUSBRE96S07N20130729>

Changing Banking for Good or for Better?

<http://blogs.law.harvard.edu/corpgov/2013/07/28/changing-banking-for-good-or-for-better/>

Corporate governance: The curse of zombies in the boardroom

<http://www.theglobeandmail.com/globe-investor/investment-ideas/lets-get-rid-of-zombie-directors/article13399769/>

The Importance Of Corporate Governance For Successful Investing

MSWG Analysts

Lya Rahman, General Manager, Corporate Services, lyarahman@mswg.org.my
Chong Chee Fern, General Manager, Corporate Monitoring chongcf@mswg.org.my
Rebecca Yap, Head, Corporate Monitoring rebecca.yap@mswg.org.my
Quah Ban Aik, Head, Corporate Monitoring banaik.quah@mswg.org.my
Ng Hoon Ho, Senior Manager, Corporate Monitoring nghh@mswg.org.my
Norhisam Sidek, Manager, Corporate Monitoring norhisam@mswg.org.my
Shahnul Niza Mohd Yusof, Manager, Research shahnul.niza@mswg.org.my
Lee Chee Meng, Manager, Corporate Monitoring cheemeng@mswg.org.my
Wong Kin Wing, Senior Analyst, Corporate Monitoring, kinwing@mswg.org.my
Nor Khalidah Khalil, Analyst, Corporate Monitoring khalidah@mswg.org.my
Muhammad 'Ammar Maslan, Analyst, Corporate Monitoring ammar@mswg.org.my
Vinodth Ram Ramasamy, Analyst, Corporate Monitoring vinodth.ram@mswg.org.my

Feedback

We welcome your feedback on our newsletter and our work. Email us at mswg.ceo@mswg.org.my with your comments and suggestions.

DISCLOSURE OF INTERESTS

- *With regard to the companies mentioned, MSWG holds a minimum number of shares in all these companies covered in this newsletter save for Nakamichi.*
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Minority Shareholder Watchdog Group
Tingkat 11, Bangunan KWSP,
No. 3, Changkat Raja Chulan, Off Jalan Raja Chulan
Kuala Lumpur, Wilayah Persekutuan 50200
Malaysia

[Add us to your address book](#)

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