

## **MINORITY SHAREHOLDER WATCHDOG GROUP**

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

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# Market positive on Zakaria's reinstatement

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Meanwhile, the Minority Shareholders Watchdog Group (MSWG) says if the investigation was conducted properly and did not find Zakaria to have committed any abuse or governance-related misfeasance, it is not improper to reinstate him in his post.

“More importantly, we are glad that this matter has been concluded and we hope that Datuk Zakaria will now focus his efforts on continuing FGV’s transformation programme,” says its general manager Iya Rahman.

Zakaria’s return to FGV’s top post was well received by the market. As at last Friday, the stock had appreciated more than 7% from its closing price of RM1.71 on Oct 6, before the announcement was made.

It ended trading at RM1.83 on Friday — its highest level since June 19 — giving the company a market capitalisation of RM6.68 billion. It peaked at RM2.38 on Oct 18 last year.

Analysts tracking the stock are also positive on Zakaria’s reinstatement, which they say signifies certainty over the group’s direction.

“His reappointment is positive for the shares because when he was made CEO, his task was to transform FGV. He commanded the confidence of the market at the time but, unfortunately, his term was short,” says a fund manager. “Now that he has returned, investors will need to see the implementation of his plans to turn around FGV. Intentions will remain intentions as long as they are not put into action.”

Investors also do not see Zakaria as a man whose integrity has been compromised. MIA’s Ho says as long as the internal investigation has absolved him of misdemeanour in FGV’s affairs during his tenure, he is innocent of the alleged wrongdoings.

Nevertheless, some investors see a special shareholder interfering with the appointment and dismissal of key officials in a public-listed company as a red flag that will deter them from investing in it. “There’s lack of transparency in the running of such companies, and as an



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### Public-listed companies in which the Minister of Finance Inc holds a golden share

1. Felda Global Ventures Holdings
2. Bintulu Port Holdings
3. Malaysia Airport Holdings
4. MISC
5. Pos Malaysia
6. Telekom Malaysia
7. Tenaga Nasional
8. Westports Holdings

SOURCE: MINISTRY OF FINANCE

investor, you have to assign a premium to the shares. Why not invest in companies that have better transparency?” says a fund manager.

Apart from FGV, other companies listed on Bursa Malaysia that have MoF Inc as a special shareholder are Bintulu Port Holdings Bhd, Malaysia Airports Holdings Bhd, Tenaga Nasional Bhd, MISC Bhd, Pos Malaysia Bhd, Telekom Malaysia Bhd and Westports Holdings Bhd.

However, the authority that the special shareholder exerts on these companies may differ from one to the other. For example, in FGV, MoF Inc has the power to make major decisions that would align its operations with government policies. It can also appoint existing members of the board as govern-

ment-appointed directors and fill the positions of chairman, CEO, managing director and executive director. In Westports, MoF Inc can only nominate one director to the port operator’s board.

While a government’s right of veto might be needed in an emergency, such as war or natural disasters, investors do not see the need for the government to use it to appoint the CEO of a public-listed company or decide the company’s direction.

“In a democracy, it is the majority that holds sway. Similarly, if you are the majority shareholder, you are able to garner enough votes to pass any resolutions put forth at the company’s boardroom meetings or AGM,” says Ho. “In normal practice, chairmen cast the deciding vote in case of a deadlock. The all-important consideration here is that the resolutions must pass the litmus test of adhering to a high standard of corporate governance and transparency.”

The MIA and MSWG are looking forward to Zakaria continuing his efforts to return FGV to profitability, resolving the issues that have been plaguing the group in recent years and improving shareholder value.

“With the closure of this episode, we hope FGV will be able to improve its shareholder value, which has been eroded since its listing,” says MSWG’s Iya.