

## MINORITY SHAREHOLDER WATCHDOG GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD  
(Incorporated in Malaysia – Company No. 200001022382(524989-M))

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# Graft allegations reflect individuals' ethics, not governance standards

*The allegations referring to the cases are not a reflection of the corporate governance standards that we have in place, says MSWG CEO*

by ALIFAH ZAINUDDIN

RECENT allegations of bribery and malpractices involving several Malaysian public listed companies reflect the individual companies' and individuals' ethics rather than the country's corporate governance standards, Minority Shareholder Watch Group (MSWG) CEO Devanesan Evanson said.

Investigations on budget carrier AirAsia Group Bhd and its long-haul arm AirAsia X Bhd have put Malaysia in the graft spotlight, with Britain's Serious Fraud Office claiming Airbus SE paid a bribe of US\$50 million (RM205.7 million) to "two executives" to secure airplane orders from Asia's largest low-cost airline group.

Separately, the chairman of Heng Huat Resources Group Bhd and Atta Global Group Bhd Ooi Chieng

Sim has been charged with trafficking 4,980g of methamphetamine at a warehouse near Atta Global's premises in Penang, raising further concerns on Malaysia's corporate governance standards.

"Our standards are world class. The allegations referring to the cases are not a reflection of the corporate governance standards that we have in place.

"It is a reflection of the moral and ethical fibres of the personnel involved and the level of diligence exercised by the respective boards of directors," Devanesan told *The Malaysian Reserve* in an email reply.

Both anti-graft body Malaysian Anti-Corruption Commission (MACC) and the Securities Commission Malaysia (SC) have since initiated inquiries on the two companies over the allegations.

The SC said it will review all available evidence to determine if any securities laws are breached.

Shares of AirAsia Group plunged 10.5% or 15 sen yesterday to close at RM1.28, the lowest since May 2016, while AirAsia X fell 7.7% or one sen to an all-time low of 12 sen.

Investment research firm TA



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Securities Holdings Bhd had earlier downgraded the AirAsia Group stock to 'Sell' from 'Buy'.

"We choose the 'sell first, ask questions later' approach to avoid the uncertainty in association with the corruption investigation by MACC, where the impact on AirAsia Group could be significant in terms of corporate governance," it wrote in a note.

Devanesan does not expect inflows from foreign investors to be impacted unless corruption becomes pervasive and endemic.

"What foreign funds would like to see is timely impartial action on wrongdoers without fear or favour. They also consider sovereign risk — things like separation of powers between the legislature, executive and judiciary — and a general feel

as to where a country is heading," he said.

Federation of Public Listed Companies Bhd president Tan Sri Megat Najmuddin Megat Khas said the problem does not lie in standards, but in the implementation of corporate pledges.

"It is about the sincerity of the people implementing corporate governance in their organisation whether it is a corporate or government entity," he said.

Megat Najmuddin formerly served as president of the Malaysian Institute of Corporate Governance.

He said the government should play an exemplary role and lead the way in conducting good governance practices as the bulk of corporate scandals in Malaysia involved state-owned entities such as 1Malaysia Development Bhd, the Federal Land Development Agency and Lembaga Tabung Haji.

"If good governance among government-linked companies is poor, it will have a spillover effect on others, including local and state governments," Megat Najmuddin said.