

MSWG**MINORITY SHAREHOLDER WATCHDOG GROUP****Badan Pengawas Pemegang Saham Minoriti Berhad**

Incorporated in Malaysia * Company No. 524898-M

The Observer

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MESSAGE FROM THE CEO



As I write this, Invest Malaysia has just ended, and we view with great optimism the raft of measures announced. In particular, although the Capital Market Masterplan 2 held no surprises, estimates by the Securities Commission that our equity market could double in capitalisation by 2020 is hugely exciting. This is consistent with Bursa Malaysia's objectives of increasing market liquidity and regional linkages. In addition, the Prime Minister recently announced that the government will "slash unnecessary red tape" to speed up approvals in the financial industry.

We also expect that further disintermediation in the capital markets, as well as plans by the government to sell more of its shares in state-linked companies into the stock market will add significant depth and breadth to our system. It is also heartening to note that companies such as MAA and Berjaya Toto have begun adhering to the January revisions to the Takeover Code, which calls for more disclosure whenever a merger or acquisition is on the cards. We are also keeping a watch out for developments at POS Malaysia, and at Perisai Petroleum, which has caused a bit of a stir with regard to its re-purchase of Garuda Energy, an oil rig asset it sold off just last year.

Cheers!

Rita Benoy Bushon

MSWG's Quick Take on Ongoing Corporate Transactions

IOI: Facing a suspension of its ongoing certification process by the Roundtable on Sustainable Palm Oil (RSPO), IOI has responded with a statement that it "accepts this decision and will work closely with RSPO in developing a plan to find an acceptable solution to the issue of compensation (with the natives)."

MSWG Comment: IOI has issued a press release to clarify the suspension of its ongoing certification process by RSPO. This will not bode well for the Company's continuous efforts to

obtain RSPO certification of all its plantation units. However, it should be highlighted that steps have been taken by the IOI Board to address the issue.

Kulim (Malaysia): The Malay Chamber of Commerce (DPMM) has made an offer to buy Johor Corp's (JCorp) 53% stake in the company.

MSWG Comment: Johor Corp is not a listed entity. Any offer to Johor Corp, formal or informal, is hence not for the purview of the public. In addition, Kulim had announced that it is not aware of the abovementioned plan or proposal. Kulim further stated that it is not the source of the statement as appeared in the articles of the local newspapers, according to the announcement made on 14 March 2011.

Tenaga Nasional: Its 1,000MW coal-fired Janamanjung plant extension, to cost 5 billion ringgit, is deemed too expensive by certain analysts but its CEO Datuk Seri Che Khalib Mohamad Noh points out its higher efficiency and usage of cleaner technology as mitigating factors.

MSWG Comment: The project is part of the on-going efforts by Tenaga to cater to future demand growth in electricity. Although on the face of it the cost of 5 billion ringgit may appear to be prohibitive, one must also look at other relevant considerations. One is that the project will potentially increase Tenaga's net assets by approximately 17.28%. As well, the new plant will utilise 'supercritical boiler technology', which is deemed cleaner than conventional boiler technology, and which can help to reduce CO2 emissions.

Integrax: Amin Halim Rasip, the executive director and joint chief executive officer, has been re-designated to non-independent non-executive director. Integrax has said that "he will cease to be the joint chief executive officer of the company with immediate effect".

MSWG Comment: Two EGMs have been called by shareholders of Integrax. The first, called by Perak Corporation Bhd and Perak Equity Sdn Bhd, is to be held on 25 April 2011 to consider a resolution to remove Harun Halim Rasip. The second, called by Golden Initiative Sdn Bhd and Mr. Chang Bar Kuei, is to be held on 6 May 2011 to consider resolutions to appoint new directors and to remove existing directors. We would not want to see disruptions in the company's operations due to changes of Board members, in particular the executive directors.

Under Watch:

Perisai Petroleum: The company has proposed a RM212m acquisition of Garuda Energy (L) Ltd to be paid for in cash and shares from its former major shareholder and co-founder, Nagendran Nadarajah.

UNDER MSWG WATCH: The company is currently conducting a due-diligence review of the proposed acquisition. According to the Managing Director, the Garuda Energy deal has an asset that will essentially come with a "bareboat" charter contract generating USD \$25 million in annual revenue. MSWG will be meeting with management of Perisai Petroleum to seek clarification on the proposed acquisition.

Pos Malaysia: Khazanah has found a buyer for its stake in the company but will the

[purchase price provide value for shareholders?](#)

UNDER MSWG WATCH: On the disposal of Khazanah's 32.2% equity stake in Pos Malaysia, which is just a whisker below the 33% MGO threshold, the issue is on the concern of shareholders not being given the opportunity to exit at an attractive offer price. In this regard, MSWG will be providing a future commentary on this issue.

Local News and Developments

[Securites Commission may do away with the renewal of licences of intermediaries operating in the capital market](#)

<http://www.theedgemaalaysia.com/component/content/article/185002.html>

[CMP2 outlines key strategy to transform capital market](#)

<http://www.thestar.com.my/news/story.asp?file=/2011/4/13/business/8471564&sec=business>

[Khazanah continues 'shaking up' GLCs](#)

http://www.btimes.com.my/Current_News/BTIMES/articles/20110413144832/Article/index_html

[CMP2 to further unlock value](#)

<http://biz.thestar.com.my/news/story.asp?file=/2011/4/13/business/8468391&sec=business>

Global News and Developments

UK: [UK Watchdog set for radical revamp after coalition calls for reform](#)

<http://www.independent.co.uk/news/business/news/watchdog-set-for-radical-revamp-after-coalition-calls-for-reform-2265641.html>

Europe: [Say-On-Pay Fever Spreads To Europe](#)

<http://www.businessinsider.com/say-on-pay-fever-spreads-to-europe-2011-4>

US: [Corporate Governance At Berkshire Hathaway: Maybe It's Not All That](#)

<http://blogs.forbes.com/francinemckenna/2011/04/11/corporate-governance-at-berkshire-hathaway-maybe-its-not-all-that/>

UK: [Good corporate governance is vital](#)

<http://www.investmentweek.co.uk/investment-week/feature/2041698/corporate-governance-vital>

Europe: [Corporate governance framework for European companies: what needs to be improved?](#)

http://www.grant-thornton.co.uk/thinking/the_boardroom/index.php/governanceregulations_templates/article/corporate_governance_framework_for_european_companies_what_needs_to_be_impr/

US: [The Drought Is Over \(at Least for C.E.O.'s\)](#)

http://www.nytimes.com/2011/04/10/business/10comp.html?_r=1&src=twrhp

UK: [BP chief Bob Dudley faces a grilling at this week's shareholder meeting](#)

<http://www.telegraph.co.uk/finance/newsbysector/energy/8440116/BP-chief-Bob-Dudley-faces-a-grilling-at-this-weeks-shareholder-meeting.html>

Ireland: [Regulating boardrooms](#)

<http://www.irishtimes.com/newspaper/opinion/2011/0411/1224294394327.html>

US: [Milton Friedman's Legacy: The Suppression of Individual Freedom by Corporate Governance](#)

<http://www.favstocks.com/milton-friedmans-legacy-the-suppression-of-individual-freedom-by-corporate-governance/1043520/>

India: [Economic reforms and scams are co-related](#)

http://articles.timesofindia.indiatimes.com/2011-04-10/nagpur/29403131_1_lic-scam-harshad-mehta-economic-reforms

MSWG Training Centre Available for Rental

MSWG's Training Centre is now available for rental. The Centre is located on the 11th floor of Bangunan KWSP at No. 3, Changkat Raja Chulan, in Kuala Lumpur. The space is air-conditioned and can comfortably accommodate up to 50 people in a variety of table and seating configurations. Rental includes the use of tables and chairs, a laptop computer and projector, projection screen, whiteboard, speaker podium, and flip chart stands.

To arrange a visit to view our facility, or to discuss rates, please contact Ms. Sharon Goh from our Corporate Services unit by phone at 603 2070 9090, or by email at sharongoh@mswg.org.my.

MSWG Newsletter Goes Biweekly

Beginning with the April 2011 issue, MSWG's e-newsletter will be sent out on a biweekly basis at the middle and end of every month as a means of keeping you up to speed on the latest corporate governance developments both within and outside Malaysia.

Feedback

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

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