

The logo for MSWG (Minority Shareholder Watchdog Group) features the letters 'MSWG' in white on a dark blue background.

MINORITY SHAREHOLDER WATCHDOG GROUP

Badan Pengawas Pemegang Saham Minoriti Berhad

Incorporated in Malaysia \* Company No. 524898-M

# The Observer

## MESSAGE FROM THE CEO



We note that minority shareholders have succeeded in foiling a bid to take BERNAS private, on the basis that the offer of RM3.70 did not adequately value the company.

This is an important development, since the recent spate of privatisations have not, in our opinion, offered adequate value to minorities, nor have they properly reflected the future prospects of the company.

As we have said, a privatisation denies minority shareholders from participating in the company's future growth. Hence, any offer to take a company private should adequately compensate for the loss of this future upside.

In BERNAS' case, where the privatisation was via a voluntary delisting, the requirements are:

- it must be approved by a majority in number representing 75% in value of shareholders present and voting either in person or by proxy at the meeting; and
- provided not more than 10% of the value of the shareholders objected to it.

We noted that in value terms, 99.95% voted for the resolution for proposed delisting. However, 155 shareholders voted against the resolution, representing 70.45% of the total number of shareholders ignoring the advice of the independent adviser Kenanga Investment Bank Bhd, which said the proposed delisting-cum-exit offer was 'fair and reasonable'.

The offer price seems not attractive enough for the minority shareholders to accept.

Just for information, we held a Forum on Privatisation where our analysts presented good insights on various methods of privatisation and issues relating to ongoing privatisations such as Triumphal Associates Berhad, Perak Corporation Berhad, Kian Joo Can Factory Berhad and BERNAS. The forum was conducted arising from complaints from some minority shareholders and media reports. There was active engagement between MSWG and the participants, and we certainly value the good feedback and sharing of knowledge. In the meantime, all are welcome to provide us with feedback/input or suggestions which can contribute to the good of the capital market, in particular issues relating to minority shareholders.

On a festive note and a shorter week, I would like to take this opportunity to wish all my Chinese friends a Happy New Year.

Kong Hee Fatt Choy!

All the best

Rita

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## MSWG IN THE NEWS

### CEO IN THE NEWS

MSWG calls for a closer look at some of the latest privatisation deals

<http://www.thestar.com.my/Business/Business-News/2014/01/25/More-scrutiny-needed-MSWG-calls-for-a-closer-look-at-some-of-the-latest-privatisation-deals/>

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### LOCAL NEWS AND DEVELOPMENTS

Bursa likely to experience consolidation as foreign funds exit

[http://www.btimes.com.my/Current\\_News/BTIMES/articles/rose/Article/](http://www.btimes.com.my/Current_News/BTIMES/articles/rose/Article/)

Maica may copy Eco World boon

[http://www.btimes.com.my/Current\\_News/BTIMES/articles/20140126232417/Article/index.html](http://www.btimes.com.my/Current_News/BTIMES/articles/20140126232417/Article/index.html)

ARC abolishes categorising of investment, non-investment grade debt

<http://www.thestar.com.my/Business/Business-News/2014/01/27/ARC-does-away-with-categorising-of-investment-and-noninvestment-grade-debt/>

P1 closer to M&A deal, Digi and TM seen as contenders

<http://www.thestar.com.my/Business/Business-News/2014/01/28/P1-closer-to-MA-deal-TM-is-also-strong-contender-for-controlling-stake-in-the-company/>

MAS axes flights to Los Angeles from April 30

<http://www.thestar.com.my/Business/Business-News/2014/01/28/MAS-axes-flights-to-Los-Angeles-from-April-30/>

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### GLOBAL NEWS AND DEVELOPMENTS

Exclusive: Bank of America's trading practices have been probed, filing shows

<http://www.reuters.com/article/2014/01/25/us-bankofamerica-probe-idUSBREA000DC20140125>

Emerging markets rout a reality check for Davos elite

<http://www.cnbc.com/id/101364321>

Drawn-out Thai crisis unsettles investors, may deter new money

<http://www.cnbc.com/id/101364460>

'Hard to see long-term solution' to debt ceiling: Mayer

<http://www.cnbc.com/id/101363798>

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## DISCLOSURE OF INTERESTS

- *With regard to the companies mentioned, MSWG holds a minimum number of shares in all these companies covered in this newsletter.*
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## Feedback

We welcome your feedback on our newsletter and our work. Email us at [mswg.ceo@mswg.org.my](mailto:mswg.ceo@mswg.org.my) with your comments and suggestions.

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