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

Incorporated in Malaysia * Company No. 524898-M

The Observer

Issue #15-12**4 May 2012**

MESSAGE FROM THE CEO



This past week has been notable for several corporate developments, but the unravelling of the share swap agreement between MAS and AirAsia grabbed our attention the most.

Notwithstanding the role of the trade unions and their reported displeasure with the deal, what is clear from this development going forward is that any possible breaches of competition law that might have arisen from this partnership have now dissipated.

What remains, via the new special-purpose vehicle that has been formed, are the potential benefits in procurement, aircraft component maintenance support and repair services.

On an individual basis, the airlines now revert back to their original roles as rivals, which is good for consumers. AirAsia is in a superior position, now that it has the routes it desired. And MAS? It needs a clear strategy and positioning.

Unlisted Astro has on ongoing dispute with the Lippo Group in Indonesia. Clearly, things have taken a turn for the worse, and its relisting could be affected.

Another Ananda Krishnan company, the listed entity Bumi Armada (Malaysia's biggest provider of ships and floating platforms for the oil and gas industry), also got our attention. As good governance practice always suggests, we get a little cagey when controlling owners want to sell. As it turned out, this did not happen.

As for Tenaga Nasional, we welcome the news that it has named a CEO, Datuk Azman Mohd, 54, who is currently TNB's Executive Director and Chief Operating Officer. He needs to resolve gas supply issues, especially with no pass-through formula yet. This issue will swiftly become more urgent with Tenaga spending nearly RM10 billion in the next five years to increase electricity generating capacity in the country.

On another note, we see that foreign funds have bought a net RM3.4 billion in Malaysian shares in March for the sixth straight month, making it the longest series of net purchases since January 2011.

Finally, MSWG will be holding the **Malaysian Forum on Business Sustainability: Governance, Responsibility, Profits** on 24 May 2012 at the Sime Darby Convention Centre, Kuala Lumpur. Eminent

international as well as local speakers will be sharing their knowledge, insights, and experience on how effective and long-term business sustainability strategies can increase profitability, enhance stakeholder value, and generate wealth for shareholders. Additional information on the Forum can be found at the end of this newsletter. Don't miss this opportunity to attend!

Regards...

Rita

On MSWG's Watchlist...

AirAsia Berhad (AIRASIA) / Malaysian Airline System Berhad (MAS): The Companies had received a letter from the major shareholders of AIRASIA and MAS, Tune Air and Khazanah, that they had agreed to terminate and unwind the earlier share swap. As a result, the proposed warrant exchange had been terminated as well.

Subsequently, the Companies have entered into supplementary agreements and MOUs to explore the setting up of a joint-venture company by AirAsia, MAS and AAX to provide aircraft component maintenance support and repair services, and the establishment of a special purpose vehicle to synergise the procurement processes.

Following this, both Tan Sri Tony Fernandes and Datuk Kamarudin Meranun had resigned from the MAS board.

Pasdec Holdings Berhad (PASDEC): In its announcement dated 1 May 2012, the Company said that it was unable to submit the Group's audited financial statements and the reports of the Directors and Auditors for the financial year ended 31 December 2011 within the period stipulated under Chapter 9.23 (2) of the Bursa Malaysia Listing Requirements, since PASDEC's external auditors are still in the midst of carrying out their audit work and finalizing the audit exercise.

If the Company fails to submit the audited financial statements within five (5) market days from the stipulated deadline of 30 April 2012, trading of PASDEC shares will be suspended from 9:00am, 9 May 2012.

NCB Holdings Berhad (NCB): Shares surged on talk that the ports and logistics company could be the target of a takeover. AmanahRaya is the biggest shareholder with a 44 per cent stake, followed by MISC with 16 per cent.

OSK Holdings Berhad (OSK) / RHB Capital Berhad (RHBCAP): The Ministry of Finance has granted the relevant approvals in relation to the possible merger. RHBCAP hopes to conclude its takeover of OSK Investment Bank in the third quarter.

MSWG In The News

[Petron's plan to acquire Esso Malaysia will only go through if minorities allow it](http://thestar.com.my/news/story.asp?file=/2012/4/30/business/11201025&sec=)

<http://thestar.com.my/news/story.asp?file=/2012/4/30/business/11201025&sec=>

Local News and Developments

[SC Scorecard Q1 2012: Malaysian companies continue to tap private debt market](http://www.sc.com.my/main.asp?pageid=379&linkid=3073&yearno=2012&mod=paper)

<http://www.sc.com.my/main.asp?pageid=379&linkid=3073&yearno=2012&mod=paper>

Global News and Developments

[Corporate governance 'of parliamentary concern'](http://www.professionalpensions.com/professional-pensions/news/2171639/corporate-governance-of-parliamentary-concern)

<http://www.professionalpensions.com/professional-pensions/news/2171639/corporate-governance-of-parliamentary-concern>

[MPs launch inquiry into governance and remuneration](http://www.ftadviser.com/2012/05/01/regulation/regulators/mps-launch-inquiry-into-governance-and-remuneration-U5MN7iEbZCTLPJAcZFk2MM/article.html)

<http://www.ftadviser.com/2012/05/01/regulation/regulators/mps-launch-inquiry-into-governance-and-remuneration-U5MN7iEbZCTLPJAcZFk2MM/article.html>

[Rupert Murdoch 'not a fit person' to run News Corporation](http://www.independent.co.uk/news/uk/politics/rupert-murdoch-not-a-fit-person-to-run-news-corporation-7703623.html)

<http://www.independent.co.uk/news/uk/politics/rupert-murdoch-not-a-fit-person-to-run-news-corporation-7703623.html>

[Swiss ready for say-on-pay vote](http://www.marketwatch.com/story/swiss-ready-for-say-on-pay-vote-2012-05-01)

<http://www.marketwatch.com/story/swiss-ready-for-say-on-pay-vote-2012-05-01>

[Govt should adopt FSC governance policy: John Brogden](http://www.moneymanagement.com.au/news/retirement-and-superannuation/2012/govt-should-adopt-fsc-governance-policy-john-brogd)

<http://www.moneymanagement.com.au/news/retirement-and-superannuation/2012/govt-should-adopt-fsc-governance-policy-john-brogd>

[UK lawmakers to probe how big banks are run](http://www.reuters.com/article/2012/04/27/britain-banks-treasury-idUSL6E8FR92120120427)

<http://www.reuters.com/article/2012/04/27/britain-banks-treasury-idUSL6E8FR92120120427>

[James Ashton: British approach to corporate governance is catching on overseas](http://www.independent.co.uk/news/business/comment/james-ashton-british-approach-to-corporate-governance-is-catching-on-overseas-7685188.html)

<http://www.independent.co.uk/news/business/comment/james-ashton-british-approach-to-corporate-governance-is-catching-on-overseas-7685188.html>

UPCOMING EVENT:

Malaysian Forum on Business Sustainability 24 May 2012 | Sime Darby Convention Centre, KL

MSWG will be holding the **MALAYSIAN FORUM ON BUSINESS SUSTAINABILITY** on 24 May 2012 at the Sime Darby Convention Centre, Kuala Lumpur. Join eminent international and local speakers in a stimulating programme that will explore how the strategic application of good governance and corporate responsibility principles can achieve sustainability and profitability, as well as enhance stakeholder value and shareholder wealth, in today's increasingly competitive and globalized world. Confirmed speakers and moderators to date include:

- Rikke Netterstrom (Executive Director, CSR Asia)
- David Crowther (Chair, Social Responsibility Research Network)
- Paul Lee (Director, Hermes Investment Management Ltd.)

- Peter Vogt (Managing Director, Nestle Malaysia Berhad)
- Boey Tak Kong (Independent Non-Executive Director, IJM Land Berhad)
- Pushpa Rajadurai (Managing Director, Corporate & Institutional Banking, AmlInvestment Bank Group)
- Osman Tarique Morad (CEO, Standard Chartered Saadiq)
- Dr. Millicent Danker (CEO, Perception Management International)
- Rita Benoy Bushon (CEO, MSWG)
- Tan Sri Abdul Halim Ali (Chairman, MSWG)

Session topics will cover:

- Governing Performance and Profits: Stakeholder vs. Shareholder Perspectives
- Driving Corporate Values - Key Determinants for Wealth Creation
- Two Sides of the Same Coin: Corporate Governance and Corporate Responsibility - The View From the Board
- Corporate Sustainability: Aspirations vs. Pragmatism

Registration fees are RM960, with discounts available for MSWG's subscribers and group registrations. Full information will be available on MSWG's website at www.mswg.org.my by 7 May 2012.

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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