The odds are not in their favour
Nature of Singapore-listed firms makes it harder for them to protect interests

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SINGAPORE - Shareholders activism leapt to the fore last year as several corporate controversies and unsettled governance issues prompted minority shareholders to collectively stand up for their rights.

Yet corporate governance experts say that, despite their increased prominence, the odds are still stacked against minority shareholders.

This is because the nature of Singapore-listed companies, which are often managed by controlling shareholders, makes it more difficult for minority investors to protect their interests.

Increased activism by minority shareholders and independent directors have taken the spotlight in recent times through high profile corporate scandals like the Sino-Environment Technology saga, the controversial tussle for control at the previously-known MacarthurCook Industrial Reit (MI Reit) and disclosures of corporate governance lapses at Japan Land.

In the Sino-Environment saga, the independent directors are now looking to minority shareholders to support the removal of the executive directors at an upcoming extraordinary general meeting.

"In Japan Land, there were governance lapses and minority shareholders are pretty powerless to do anything - like taking legal action against the board," said Associate Professor Mak Yuen Teen, co-director of the Corporate Governance and Financial Reporting Centre at the National University of Singapore Business School.

Meanwhile, in the case of MI Reit, which is now known as AIMS-AMP Capital Industrial Reit, a vociferous group of minority shareholders who grilled the Reit managers over a highly controversial recapitalisation plan at a shareholders meeting in November eventually made little impact on the final outcome.

"While we are seeing some retail minority investors becoming more active, institutional investors and fund managers are not doing enough," added Prof Mak.

He reckoned that institutional investors and fund managers should take the cue from their counterparts in western capital markets and play a more active role to ensure that companies maintain high standards of corporate governance and maximise shareholder value.

Mr Robson Lee, partner at legal firm Shook Lin and Bok, told MediaCorp that "while shareholders are now more vocal at annual general meetings (AGMs) to query management decisions and corporate results, the Singapore market will be different from other developed markets like the United States or European capital markets".

Mr Lee said this is because many companies listed in Singapore tend to be majority-owned or controlled by the management. In turn, this may influence the outcome of a