

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

Incorporated in Malaysia * Company No. 524898-M

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MESSAGE FROM THE CEO



This past fortnight has seen another major development on the local Corporate Governance front: the launch by the Securities Commission of the Corporate Governance Blueprint 2011, applicable for the next five years and intended to help take Malaysia to the next level of shareholder protection. The Blueprint represents months of painstaking research and study, adapting global practices, and covers many key areas. The ultimate aim is to move away from being too reliant on the regulators to one of self-governance.

We also welcome the Government's Strategic Reform Initiative, and its 24 companies as ready for divestment. Most heartening is the undertaking of Minister in the Prime Minister's Department, Datuk Seri Idris Jala, that there is no "moving goal post" as regards this decision, which will avoid crowding out the private sector, boost liquidity in the capital markets and improve the government's fiscal position.

*Cheers!**Rita Benoy Bushon*

Rita In the News

[Quarterly or half-yearly?](http://www.btimes.com.my/Current_News/BTIMES/articles/wsmg/wsmg.pdf)

http://www.btimes.com.my/Current_News/BTIMES/articles/wsmg/wsmg.pdf

[3 or 6-month reporting by companies?](http://biz.thestar.com.my/news/story.asp?file=/2011/7/12/business/9078836&sec=business)

<http://biz.thestar.com.my/news/story.asp?file=/2011/7/12/business/9078836&sec=business>

[SC: Quarterly reporting stays for listed firms](http://biz.thestar.com.my/news/story.asp?file=/2011/7/15/business/9105514&sec=business)

<http://biz.thestar.com.my/news/story.asp?file=/2011/7/15/business/9105514&sec=business>

MSWG's Quick Take on Ongoing Corporate Transactions

SAPURA CREST PETROLEUM / KENCHANA PETROLEUM: Both local oil and gas service providers have received offer letters from Integral Key SB to buy up

the assets and liabilities of both companies, to be paid for in cash and new shares in a proposed RM11.85 billion merger.

MSWG's Comment: *Generally positive since Petronas has been encouraging local oil and gas players to get bigger to participate in marginal oilfield developments and better compete with foreign players and there is only minor duplication in the lesser businesses. Shareholders should also expect the merged entity to enjoy good growth due to their combined skillsets and larger market capitalisation in a capital-intensive business. Possible concerns could include the issue of management control, while CIMB points out that the premiums on offer (Kencana at 6.6 percent premium to 20-day average closing price of RM2.815 and SapuraCrest at 5.9 percent premium over 20-day average closing price of RM4.241) lag the 38.5 percent premium in 77 emerging Asia acquisitions of oilfield services companies in the past 5 years.*

GENTING MALAYSIA / GENTING BHD: Reports emerging that it may be close to buying Tanjong Plc's Pan Malaysia Pools Sdn Bhd (PMP) subsidiary at an estimated cost of RM2.5 billion.

MSWG'S COMMENT: *Analysts have said that assuming the cost is taken to be RM2.5 billion (and a 50:50 Debt : Equity financing structure), the acquisition will only enhance FY11 earnings by a mere 1 percent. Instead, the cash would generate much stronger returns and growth potential if invested in high-growth regional or global casino market opportunities. Notwithstanding, the acquisition of PMP, a Number Forecast Operator (NFO) remains an attractive proposition to the Group given the steady cash flow. Though its Racing Totalisator Operations (RTO) have not performed well, the acquisition may still contribute positively to the group despite the hefty price for a business with single digit growth.*

Local News and Developments

[Reposition Internal Auditors From Backroom to Boardroom](http://www.bernama.com/bernama/v5/newsbusiness.php?id=600485)

<http://www.bernama.com/bernama/v5/newsbusiness.php?id=600485>

[SC 5-year blueprint spells out priorities](http://biz.thestar.com.my/news/story.asp?file=/2011/7/9/business/9066923&sec=business)

<http://biz.thestar.com.my/news/story.asp?file=/2011/7/9/business/9066923&sec=business>

[SC Mulls Aid for Investors to Pursue Civil Remedies](http://www.bernama.com.my/bernama/v5/newsindex.php?id=600087)

<http://www.bernama.com.my/bernama/v5/newsindex.php?id=600087>

[Companies must continue to comply with quarterly reporting requirements](http://www.sc.com.my/main.asp?pageid=379&linkid=2899&yearno=2011&mod=paper)

<http://www.sc.com.my/main.asp?pageid=379&linkid=2899&yearno=2011&mod=paper>

[Govt to sell, list or pare down its stakes in 24 GLCs by 2012](http://www.themalaysianinsider.com/mobile/malaysia/article/putrajaya-to-selllist-or-cut-stakes-in-25-glcs/)

<http://www.themalaysianinsider.com/mobile/malaysia/article/putrajaya-to-selllist-or-cut-stakes-in-25-glcs/>

Global News and Developments

[News Corp's independent directors under pressure to begin corporate governance review](http://www.telegraph.co.uk/news/uknews/phone-hacking/8633291/Phone-hacking-News-Corps-independent-directors-under-pressure-to-begin-corporate-governance-review.html)

<http://www.telegraph.co.uk/news/uknews/phone-hacking/8633291/Phone-hacking-News-Corps-independent-directors-under-pressure-to-begin-corporate-governance-review.html>

[In Singapore, Compliance to best practices in corporate governance not getting better](http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1140280/1/.html)

<http://www.channelnewsasia.com/stories/singaporebusinessnews/view/1140280/1/.html>

[Australia, Malaysia Charge 8 In Securency Scandal](http://blogs.wsj.com/corruption-currents/2011/07/01/australia-malaysia-charge-8-in-secrency-scandal/)

<http://blogs.wsj.com/corruption-currents/2011/07/01/australia-malaysia-charge-8-in-secrency-scandal/>

[Modern Etiquette: Mind your corporate governance manners](http://www.reuters.com/article/2011/07/11/us-etiquette-governance-idUSTRE76A1SZ20110711)

<http://www.reuters.com/article/2011/07/11/us-etiquette-governance-idUSTRE76A1SZ20110711>

[After News Corp, Corporate governance practices in spotlight](http://www.smh.com.au/business/corporate-governance-practices-in-spotlight-20110708-1h6wb.html)

<http://www.smh.com.au/business/corporate-governance-practices-in-spotlight-20110708-1h6wb.html>

Save the Date!

28 July, 2011 (Kuala Lumpur, Malaysia)

Mark your calendars for MSWG's one-day seminar "**Driving the Corporate Governance Agenda**". During this forum for the sharing of local, regional, and international best practices in corporate governance, participants will be provided with a detailed report on the overall results and findings of the Malaysian Corporate Governance Index 2010. Leaders from some of Malaysia's top PLCs will also be on hand to talk about how they are integrating corporate governance best practices into various corporate endeavours, including CSR activities, the conduct of annual general meetings, and improving board diversity. Finally, a panel of corporate governance experts will share knowledge and experience of regional and international corporate governance best practices. A copy of the seminar programme is available on [MSWG's website](http://www.mswg.org.my/web/iep.php) at www.mswg.org.my/web/iep.php.

30-31 July, 2011 (Kuala Lumpur, Malaysia)

MSWG's Investor Education Programme will be offering the two-day seminar "**Picking Investment Grade Stocks with Value Investing Strategies**". The seminar is designed to provide investors with the knowledge and skills necessary to create long term wealth using value investing strategies. Participants will be taught how to look for and understand corporate and financial information and how to use this information to make sound investment decisions. The seminar is SIDC-CPE Approved and provides 10 CPE points to CMSR License holders that complete the course. A copy of the seminar programme is available on [MSWG's website](http://www.mswg.org.my/web/iep.php) at www.mswg.org.my/web/iep.php.

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