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The Observer

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MESSAGE FROM THE CEO



Retail investors of late are being systematically discriminated by companies undergoing IPOs as these companies favour institutions through book-building and obtaining cornerstone investors. One reason could be because retail investors will give in at the first sign of weakness whereas institutional investors are more research-based and look at the company's fundamentals for the longer haul.

However, the retail investors are important as together with traders they create the market place which is a significant element in the capital market especially for price discovery.

On another note concerning the stock market, the spate of privatisations on Bursa Malaysia has not gone unnoticed. The euphoria of privatisation has also contributed to stirring the interest of investors in our capital market, especially those that are looking to ride the wave in appreciating prices. Since the beginning of 2012 up to July, 27 companies have taken this path compared to 28 privatisations for the whole of last year. We are expecting at least a dozen more to be announced during the year. It appears this trend is increasing in Malaysia.

The proof of the pudding is whether those at the receiving end of such offers, to be precise minorities at large would come out winners. MSWG is fine with privatisation if it brings about benefits to minority shareholders. Companies that are not able to stand scrutiny of the market, by all means they should privatise, however due attention must be given to those companies whose shares continue to perform. Wouldn't it be better to leave good performing companies to the fate of the market forces and the major shareholder too can ride on its trend? Major shareholders of such companies should ponder upon this fact.

Regards...

Rita Benoy Bushon

MSWG IN THE NEWS

Major shareholders must provide fair exit to minorities

<http://www.mswg.org.my/web/news.php>

MSWG's Quick Take on Ongoing Corporate Transactions

Media Chinese International

Has proposed to undertake a distribution via a proposed special dividend to shareholders of approximately US\$219.78 million or 41 sen per share.

The company will undertake a capital reduction of about US\$219.78 million to facilitate the proposed dividend.

“The credit arising from the proposed capital reduction and thereafter the credit standing in the contributed surplus account of Media Chinese will be applied towards the proposed dividend,” it said, adding that the proposed dividend would be part financed by internal funds amounting to approximately US\$62.8mil and new bank borrowings of approximately US\$157mil.

“By part financing the proposed dividend via new bank borrowings, the company would be able to enhance its capital structure and mix without unduly burdening the group in terms of its cash flow and earnings capability,” Media Chinese explained.

MSWG'S Comments:

Shareholders stand to benefit from the exercise which will put cash into shareholders hands. The exercise is a manifestation of the Management's commitment to reward shareholders for their persistence and patience with the company. It is also a good gesture towards enhancing shareholders value. The Proposed Dividend is to be funded via a mix of internal funds amounting to USD62.795 million and external borrowings of USD 156.985 million. In spite of the new borrowings, no major implications are to be expected as to the company's gearing position.

On MSWG's Watchlist...

Ingress Corp Bhd

The car parts supplier has received offers from several parties to take the company private, but so far nothing has been decided, according to the chairman and chief executive officer Datuk Rameli Musa.

SapuraKencana

SapuraKencana announced to Bursa that it had entered into an agreement to acquire 74% of the paid up capital of Quippo Prakesh Private Limited (“QP”) for USD22.6 million via its wholly-owned subsidiary Geomark Sdn Bhd. The purchase, to be satisfied wholly in cash, is said to benefit SapuraKencana as it will result in the company having access to QP's vessels and a full control over the latter's operational schedules and costs. The shares are to be acquired in proportion to the existing shareholders interests. Currently QP is owned by three (3) parties namely Quippo Prakash Marine Holdings Pte Ltd, MDL Energy Pvt Ltd and Quippo Oil and Gas Infrastructure Ltd.

Local News and Developments

Getting retail investors into the market

<http://biz.thestar.com.my/news/story.asp?file=/2012/7/14/business/11660623&sec=business>

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