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MEDIA STATEMENT

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GLC Transformation Programme On Track Under Difficult Economic Environment

The 18th meeting of the Putrajaya Committee on GLC High Performance (“PCG”) which was held here today, reaffirmed the Government-Linked Companies’ (“GLCs”) commitment to keep the GLC Transformation (“GLCT”) Programme on track despite the current difficult economic environment.

The Programme, launched in May 2004, has fundamentally put the GLCs on a stronger footing and they are now better poised to face the challenges ahead. The GLC community are therefore urged by the PCG to press on with their transformation efforts, as the 10-year GLC Transformation Programme is entering its mid-term execution period and it is now critical for GLCs to rise to the challenge and strive for the results needed to take Malaysia’s economy to the next level.

The PCG agreed that GLCs should rise to the challenge, to be at the forefront to spearhead the change needed to take Malaysia’s economy to the next level. The Committee also recognised the difficulties faced by corporations in an uncertain operating environment, particularly with the recent global financial developments. Given these challenges, the GLC community need to display the same commitment, perseverance and pragmatism demonstrated during the Asian financial crisis of 1997-1998, to overcome the challenges and emerge stronger.

The PCG18 meeting was chaired by YAB Prime Minister, Dato’ Seri Abdullah Hj Ahmad Badawi and attended by YAB Deputy Prime Minister and Minister of Finance, Dato’ Sri Mohd Najib Tun Abdul Razak, Second Finance Minister, YB Tan Sri Nor Mohamed Yakcop and Khazanah’s Managing Director, Tan Sri Dato’ Azman Hj Mokhtar who heads the PCG Secretariat. The CEOs and Chairmen of the five Government-Linked Investment Companies (“GLICs”) and the G-20¹ were also present.

The meeting reviewed some key performance indicators (“KPI”) of the GLCs, which demonstrate that the GLC Transformation Programme continues to be on track. As at 12 September 2008, the G-20’s Total Shareholders Return (“TSR”) outperformed the KLCI by 6.2% and some GLCs showed TSR growth in excess of 100% since the launch of the GLCT Programme on 14 May 2004. Market capitalisation of these companies has also increased by 34% or in a quantum of RM50 billion since the GLCT Programme launch. Even when compared to the decline in overall market capitalisation of the Kuala Lumpur Composite Index of 26% since the start of 2008, the G-20’s decline since beginning 2008 is only 15%.

¹ A selection of 20 Government-Linked Companies controlled by the Government-Linked Investment Companies constituents of the Putrajaya Committee for GLC High Performance. As of 22 September 2008 there are 19 GLCs listed as the G-20, following the Sime Darby merger and TM de-merger.

The estimated 2008 earnings for the G-20, in aggregate, is 78% higher than 2004 levels, which is higher than the 69% earnings growth for the overall market for the same period. An analysis of the G-20's headline KPIs reveal that in 2007, 42 out of 55 or 76% of headline KPIs were met. At least half of the G-20 met all their headline KPIs.

A key focus for today's meeting was to enhance Corporate Social Responsibility ("CSR") activities undertaken by GLCs thus ensuring that they not only improve financial performance but also contribute actively to the community. In this respect, the PCG18 meeting also marked the launching of the ***Sejahtera* Programme** by YAB Prime Minister. It is an initiative to be undertaken by the Government-Linked Companies ("GLCs") in collaboration with the GLICs, aimed to help the Malaysian poor cope with the increasing cost of living.

The ***Sejahtera* Programme** will adopt a holistic approach by rehabilitating dilapidated houses and providing basic services such as water and electricity as well as promoting financial independence for the poor via development of social business, skills or employment opportunity and innovative agricultural solutions. Participating GLCs and GLICs will play a **complementary role** to that of the Government ministries, agencies and authorities already working to address issues of poverty, by supporting meaningfully to actively complement the existing support infrastructure.

Dato' Seri Abdullah also officially launched the **PINTAR Foundation**, to oversee the implementation of the school adoption programme, **PINTAR**, as well as a book of **best practices in regulatory management** for GLCs, the **White Book**.

After the lively and interactive dialogue session and launches at PCG18, Dato' Seri Abdullah drew affairs to a close by inviting attendees to break their fast at the Prime Minister's official residence, Sri Perdana and leading the evening prayers.

***Sejahtera* Programme**

Sejahtera is a programme to be established by GLCs in collaboration with their Government-Linked Investment Companies (GLICs), with the aim of helping Malaysians living below the poverty line. *Sejahtera* will adopt a holistic approach by focusing on:

- rehabilitation of dilapidated houses
- provision of basic services such as water and sanitation
- support for food needs through innovative agricultural solutions
- supporting the poor in gaining financial independence through developing social business, skills or employment opportunities.

Participating GLCs and GLICs' roles will be complementary to that of the Ministries, agencies and authorities already addressing the issues of poverty.

PINTAR Foundation

The PINTAR Foundation is established pursuant to the PINTAR Programme, under which GLCs adopt schools throughout Malaysia and participate in providing educational support, leadership, motivational and teambuilding assistance as well as encouraging parental and community involvement with the development of schoolchildren. As of today, 153 schools have been adopted by a total of 23 GLCs, affecting an estimated total

of 60,000 students. This effort has been given a boost under the 2009 Budget, which has allocated a grant of RM20 million to the Foundation to ensure that the implementation of the Programme is coordinated. PINTAR aims to have 480 schools adopted by 2011, with priority given to schools in Sabah and Sarawak, and participation will expand non-GLC members of the corporate world. The PINTAR Foundation, lead by a Board of Trustees, members, and a Management Team, will oversee the Programme.

The White Book

Under the GLC Transformation Programme, ten strategic initiatives were identified and designed to be adopted and implemented by GLCs, to provide a framework for their transformation. The Initiative on “Improving the Regulatory Environment” was launched in 2005 and has since taken shape through, among other things, the organisation of workshops for GLCs in 2006 and 2007 on economic regulation and regulatory management. Based on input from the workshops as well as shared experiences through interviews and discussions with stakeholders including the GLCs, private sector companies, Ministries and regulators, the PCG has now produced a set of global best practices in regulatory management for GLCs and this was issued to the GLCs today in the form of *“The White Book: Creating Value Through Regulatory Management”*.

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About The Putrajaya Committee on GLC High Performance (“PCG”)

The PCG was formed in January 2005 to follow-through and catalyse the GLC Transformation Programme. PCG is chaired by the Second Finance Minister, with participation from the heads of the Government-Linked Investment Companies namely Khazanah Nasional Berhad, Permodalan Nasional Berhad, the Employees Provident Fund, Lembaga Tabung Angkatan Tentera, Lembaga Urusan Tabung Haji and representatives from the Ministry of Finance Incorporated and the Prime Minister’s Office to work together to monitor developments and recommend further measures of improvements.

A Transformation Management Office (“TMO”) has been established at Khazanah, the Secretariat to the PCG. TMO is responsible for managing the roll-out and implementation of the 10 Initiatives proposed in the GLCT Program.

GLC Roundtable Members (“G-20”)

1. Affin Holdings Berhad
2. BIMB Holdings Berhad
3. Boustead Holdings Berhad
4. Bumiputra-Commerce Holdings Berhad
5. Chemical Company of Malaysia Berhad
6. Malayan Banking Berhad
7. Malaysian Airline System Berhad
8. Malaysia Airports Holdings Berhad
9. Malaysian Building Society Berhad
10. Malaysian Resources Corporation Berhad
11. Pos Malaysia & Services Holdings Berhad
12. Proton Holdings Berhad
13. Sime Darby Berhad
14. Telekom Malaysia Berhad
15. TM International Berhad
16. Tenaga Nasional Berhad
17. TH Plantations Berhad
18. UEM World Berhad
19. UMW Holdings Berhad