



# **BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**

(Incorporated in Malaysia - Company No : 524989-M)

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MINORITY SHAREHOLDER WATCHDOG GROUP  
BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

# ANNUAL REPORT 2012

“TOWARDS A NEW ERA OF INVESTORS’ RESPONSIBILITIES”





**The theme for MSWG's Annual Report 2012 is in line with our aspirations of moving towards a new era of investors' responsibilities.**

**Our cover design depicts a globe, which reflects the multitude aspects of corporate governance for sustainable long term company performance in this dynamic global landscape, and its people as the driving force to reinforce best practices.**

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# CORPORATE PROFILE

Minority Shareholder Watchdog Group (MSWG), or Badan Pengawas Pemegang Saham Minoriti Berhad, was set up in the year 2000 as a Government initiative to be part of a broader capital market framework to bring about awareness primarily on minority shareholders interests and corporate governance matters through shareholder activism and engagement with stakeholders. MSWG is a professional body licensed under the Capital Markets and Services Act 2007. It is a self-governing and non-profit body, funded predominantly by the Capital Market Development Fund (CMDf). It is an important channel of market discipline, encouraging good governance with the objective of creating long term sustainable value.

Over the last twelve years of its operations, MSWG has evolved into a respected, independent corporate governance research and monitoring organisation in the capital market. It highlights and provides independent views to investors and guidance on the voting of resolutions at company meetings.

The current founding members of the company who provided funding for MSWG's start-up and establishment are:

1. Armed Forces Fund Board (Lembaga Tabung Angkatan Tentera)
2. Pilgrimage Board (Lembaga Tabung Haji)
3. National Equity Corporation (Permodalan Nasional Berhad)
4. Social Security Organisation (Pertubuhan Keselamatan Sosial)

## MISSION

To increase sustainable shareholder value in companies through engagement with relevant stakeholders, with a focus on minority shareholder interests.

# COMPANY OBJECTIVES

MSWG has a charter under its Memorandum and Articles of Association, which spells out its objectives as follows:

- To become the forum on minority shareholders experiences in the context of the Malaysian Code on Corporate Governance and the Securities Commission's Disclosure-Based Regime and the Capital Market Masterplan, and thereafter to build a databank on minority interests and corporate governance matters and to conduct continuous on-going research on those subject matters.
- To become the Think-Tank and Resource Centre for minority interests and corporate governance matters in Malaysia.
- To develop and disseminate the educational aspects of corporate governance.
- To influence the decision-making process in PLCs as the leader for minority shareholders legislative rights and interests.
- To monitor for breaches and non-compliance in corporate governance practices by PLCs.
- To become the platform to initiate collective shareholder activism on unethical or questionable practices by management of public listed companies
- To initiate, where appropriate, reports to regulatory authorities and transform MSWG into an effective deterrent of such events or activities that can work against the interests of minority shareholders.

# CORPORATE INFORMATION

## BOARD OF DIRECTORS

TAN SRI ABDUL HALIM ALI  
CHAIRMAN/INDEPENDENT NON-EXECUTIVE DIRECTOR

PUAN RITA BENOY BUSHON  
CHIEF EXECUTIVE OFFICER/EXECUTIVE DIRECTOR

TAN SRI DATO' SERI LODIN WOK KAMARUDDIN  
NON-EXECUTIVE DIRECTOR REPRESENTING LEMBAGA TABUNG ANGKATAN TENTERA

TAN SRI DR. SULAIMAN MAHBOB  
INDEPENDENT NON-EXECUTIVE DIRECTOR

DATO' LARRY GAN  
INDEPENDENT NON-EXECUTIVE DIRECTOR

MR PHILIP KOH TONG NGENE  
INDEPENDENT NON-EXECUTIVE DIRECTOR

EN NOR HIZAM HASHIM  
INDEPENDENT NON-EXECUTIVE DIRECTOR

DATUK ZAKARIA SHARIF  
ALTERNATE DIRECTOR TO TAN SRI DATO' SERI LODIN WOK KAMARUDDIN

## MANAGEMENT TEAM/ASSOCIATES (As at February 2013)

CHIEF EXECUTIVE OFFICER  
PN RITA BENOY BUSHON (rita@mswg.org.my)

GENERAL MANAGER, CORPORATE SERVICES  
PN LYA RAHMAN (lyarahman@mswg.org.my)

GENERAL MANAGER, CORPORATE MONITORING  
MR CHONG CHEE FERN (chongcf@mswg.org.my)

HEAD, CORPORATE MONITORING  
MS REBECCA YAP (rebecca.yap@mswg.org.my)  
MR QUAH BAN AIK (banaik.quah@mswg.org.my)

SENIOR MANAGER, CORPORATE MONITORING  
MR NG HOON HO (nghh@mswg.org.my)

MANAGER, CORPORATE MONITORING  
EN NORHISAM SIDEK (norhisam@mswg.org.my)  
MR LEE CHEE MENG (cheemeng@mswg.org.my)

MANAGER, RESEARCH  
EN SHAHNUL NIZA MOHD YUSOF  
(shahnul.niza@mswg.org.my)

MANAGER, FINANCE  
MS EMILY LIM (emily@mswg.org.my)

ASST. MANAGER, IT  
MS PADMA DEVI SUBRAMANIAM  
(padmadevi@mswg.org.my)

SENIOR ANALYST  
MR WONG KIN WING (kinwing@mswg.org.my)

ANALYST  
PN NOR KHALIDAH KHALIL (khalidah@mswg.org.my)  
EN MUHAMMAD 'AMMAR MASLAN (ammar@mswg.org.my)

ASSOCIATE  
DATIN RUSILA ABD RAZAK  
EN SALLEH HASSAN  
MS JOSEPHINE EDWARDS  
MR KHOO HSU CHUANG  
MS RATHI MALAR  
PN NORAIIDA MARIA MOHD HATTA  
MR LEE LEOK SOON



## COMPANY SECRETARY

Mr Chew Phye Keat (BC/C/282)  
Messrs. Raja Darryl & Loh  
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Fax: (603) 2698 4759

## REGISTERED OFFICE

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Website: [www.mswg.org.my](http://www.mswg.org.my)

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General Manager, Corporate Services  
E-mail: [lyarahman@mswg.org.my](mailto:lyarahman@mswg.org.my)/  
[watchdog@mswg.org.my](mailto:watchdog@mswg.org.my)

## BANKERS

Malayan Banking Berhad  
Jalan Raja Laut Branch  
Wisma PKNS  
Jalan Raja Laut  
50350 Kuala Lumpur  
Tel: (603) 2698 8867  
Fax: (603) 2691 7181

AmBank (M) Berhad  
Bangunan AmBank Group  
No. 55 Jalan Raja Chulan  
50200 Kuala Lumpur  
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Fax: (603) 2032 4069

## AUDITORS

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P O Box 10192  
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Fax: (603) 2173 1288

# REPORT OF THE DIRECTORS

## PROFILE OF THE DIRECTORS



### TAN SRI ABDUL HALIM ALI

(Appointed on 10 April 2001)

Tan Sri Abdul Halim Ali, age 69, was appointed as Chairman of MSWG on 10 April 2001. Upon his graduation from the University of Malaya in 1966, he joined the Ministry of Foreign Affairs and served in several diplomatic missions overseas including ambassadorial appointments to Vietnam and Austria. He was appointed the Chief Secretary to the Government of Malaysia in 1996. Tan Sri Abdul Halim served as Chairman of the Employees Provident Fund from 2001 until 2007.

Currently, Tan Sri Abdul Halim is the Chairman of Malaysia Building Society Bhd, IJM Corporation Berhad, University Technology Malaysia and Multimedia Development Corporation Sdn Bhd. He also sits on the Board of Petron Malaysia Refining & Marketing Bhd.



### RITA BENOY BUSHON

(Appointed on 18 May 2009)

Puan Rita Benoy Bushon, age 52, was appointed as the Chief Executive Officer of MSWG on 1 January 2009 and as its Director on 18 May 2009. She has recently been appointed to the Capital Market Task Force (CMTF) headed by the Minister of Finance II for 2012. She is currently the Co-chair of the International Corporate Governance Network (ICGN) Shareholder Responsibilities Committee and heads the Diversity Working Group for 2012.

In November 2011, Rita was awarded the BrandLaureate Brand ICON Leadership Award for Transformation Leadership by the Asia Pacific Brands Foundation.

She had previously served the Employees Provident Fund (EPF) for 23 years since 1984 in various senior positions including Head of External Portfolio Managers, Head of Corporate Surveillance, Head of Equity Research as well as Head of Private Equity. She has also been a Non-Executive Director on the boards of two public-listed companies in Malaysia (KFC Holdings Malaysia Berhad, and Land & General Berhad), and one in the United States. She was a founding director of MSWG since 2002.

Rita holds an MBA from Henley Management College (1993), and has an Honours Degree in Economics (Statistics) from Universiti Kebangsaan Malaysia (1984).



## TAN SRI DATO' SERI LODIN WOK KAMARUDDIN

PSM, SPMP, SPSK, DSAP, DPMP, KMN, SMP, PMP, ASK,  
AMP, PPT, Chevalier De La Légion D'Honneur,  
Hon. LL.D (University of Nottingham-UK)  
(Appointed on 5 November 2001)

Tan Sri Dato' Seri Lodin Wok Kamaruddin, age 63, was appointed as Director of MSWG on 5 November 2001. He is the Chief Executive of Lembaga Tabung Angkatan Tentera (LTAT) since August 1982 and the Group Managing Director and Deputy Chairman/Managing Director of Boustead Holdings Berhad, one of Malaysia's most diversified and established conglomerates since 1 July 1991 and 3 March 2010 respectively. He is also the Deputy Chairman of Affin Holdings Berhad, a financial supermarket with interests in a retail bank, an Islamic bank, an investment bank and a life and general insurance business.

He has extensive experience in managing a provident fund and in the establishment, restructuring and management of business interests ranging from plantation, trading, banking, property development, oil and gas, pharmaceuticals to shipbuilding. Besides being Chairman or board member of various companies under LTAT and Boustead Holdings, he is also Chairman of the Board of 1Malaysia Development Berhad, a Malaysian government entity established to assist in attracting foreign direct investment into the country and to undertake various strategic mega investment

projects for the Government.

Among the many awards Tan Sri Lodin has received to-date include the Chevalier De La Légion D'Honneur from the French Government in 2006, the Malaysian Outstanding Entrepreneurship Award in 2008, the Degree of Laws honoris causa from the University of Nottingham, United Kingdom in 2010, the UiTM Alumnus of The Year 2010 Award in 2011 and the BrandLaureate Most Eminent Brand ICON Leadership Award 2012 by Asia Pacific Brands Foundation.



## DATO' LARRY GAN

(Appointed on 20 July 2005)

Dato' Larry Gan, age 58, was appointed as Director of MSWG on 20 July 2005. He is a Certified Management Consultant and a Chartered Accountant. Dato' Larry Gan was with Accenture, a global management and technology consulting firm for 26 years until his retirement in December 2004. He was a worldwide partner for 16 years and held many global leadership positions including Managing Partner ASIA and Managing Partner Corporate Development ASIA PACIFIC. He was Chairman of the CEO Advisory Council and member of the Global Management Council from 1997 to 2004.

He served as Chairman of the Association of Computer Industry Malaysia (PIKOM), member of the Ministry of Science and Technology Think Tank, Copyright Tribunal, and the Labuan International Financial Exchange Committee, and President of the Malaysian Fencing Federation.

Dato' Larry Gan presently serves on the boards of several public companies in Malaysia and internationally. He is Chairman of Cuscapi Berhad, Catcha Media Berhad and Diversified Gateway Solutions Berhad, and a director of AmBank (M) Berhad, Tanjong Plc, and Formis Resources Berhad.

He also serves as Chairman of the British Malaysian Chamber of Commerce and Advisor to the Centre of South East Asia Architectural Heritage.



## PHILIP KOH TONG NGEЕ

(Appointed on 2 June 2005)

Mr Philip Koh Tong Ngee, age 57, was appointed as Director of MSWG on 2 June 2005. He graduated with a Bachelor of Laws Degree (LL.B) (Hons) from University of Malaya and holds a Master of Laws Degree (LL.M) from the University of London and a Master of Arts (Theology) Degree from the Australian Catholic University. Mr Philip Koh is a member of the Private Sector Advisory Group, International Finance Corporation/World Bank. He was also a visiting Fulbright Scholar attached to Professor Oliver Hart of Harvard University, Economics Department, in 1999. He served as member of the legal consultative team for United Nations John Ruggie Committee for Corporations and Human Rights. He has co-authored OECD reports on corporate governance and insolvency laws and leading text commentaries and works on corporate and public law. He is a member of the Financial Stability Executive Committee established pursuant to Section 37 of the Central Bank Malaysia Act 2009.

Mr Philip Koh commenced his legal career in 1980 and is currently Senior Partner of Messrs Mah-Kamariyah & Philip Koh. He has served on the Executive Committee of the Federation of Public Listed Companies, is currently Adviser to the Malaysian Institute for Corporate Governance and a member of the Corporate Law Reform Committee. He served as member of the Ethics Committee which looked into the IFAC Code of Ethics for the Malaysian Institute of Accountants, and as a member of the Ethical Advisory Panel of Ethical Fund Maybank.



## NOR HIZAM HASHIM

(Appointed on 2 December 2009)

Mr Philip Koh was also a member of the Kuala Lumpur Stock Exchange Audit Sub Committee from 2002 to 2004. He was member of the CLRC (Corporation Law Reform Committee) appointed by the Ministry of Domestic Trade and Consumer Affairs to reform Malaysian companies.

He is currently Chairman of the Malaysian chapter of the humanitarian relief organisation, World Vision.

En Nor Hizam Hashim, age 64, was appointed as Director of MSWG on 2 December 2009. He graduated from the University of Western Australia with a Bachelor of Commerce Degree and from the University of Malaya with a Bachelor of Jurisprudence Degree (external) with honours. He is a Chartered Accountant by profession.

Between 1975 and 1981, he was employed as an accountant and financial analyst at ESSO Malaysia Berhad. From 1982 to 1985, he served as the Financial Controller in a subsidiary of the Unilever Group, before joining Raleigh Berhad as General Manager (Finance) in 1986. From 1988 to 2003, he held various senior management positions at the Telekom Malaysia Berhad (TM) group of companies. Senior positions held included Chief Financial Officer of Telkom South Africa, Chief Executive Officer of TM International Corporation and board member of several TM subsidiaries.

He was formerly an advisor with the Public Private Partnership Unit in the Prime Minister's Department.



## TAN SRI DR. SULAIMAN MAHBOB

(Appointed on 16 April 2012)

Tan Sri Dr. Sulaiman Mahbob, age 64, was appointed as Director of MSWG on 16 April 2012. He is a former civil servant and has served the Malaysian Government for over 38 years, beginning in 1971. During the course of his civil service career, he served various ministries and departments, including the Ministry of Finance, Ministry of Domestic Trade and Consumer Affairs, and the National Economic Action Council (NEAC), the latter during the East Asian financial crisis of 1997/1998. His last position was Director General of the Economic Planning Unit (2006-2009) of the Prime Minister's Department. Tan Sri Dr. Sulaiman has also served briefly at the Institute of Integrity Malaysia (IIM), as its first founding President. During his tenure at the IIM (2004-2005) he established several work programmes to promote a culture of ethics and integrity within the public sector and also in the private sector in line with the Government's National Integrity Plan.

He now serves as a member of the board of directors of several institutions including Bank Negara Malaysia, Malaysian Institute of Economic Research (MIER) and Institute of Strategic and

International Studies (ISIS), and Jambatan Kedua Sdn Bhd; the latter being a company owned by the Ministry of Finance, which is given the task of implementing the Penang second bridge.

He had also previously served in the board of directors of National Petroleum Corporation (Petronas), Federal Land Development Authority (FELDA) and the Companies Commission of Malaysia (of which he was the first chairman).

Tan Sri Dr. Sulaiman is trained in economics, first at the University of Malaya, and then at University of London. He completed his Ph.D study at the Maxwell School of Citizenship and Public Affairs at Syracuse University in USA in early 1986.

He now teaches economics and public policy as Adjunct Professor at the University of Malaya, and at Universiti Tun Abdul Razak (UNIRAZAK). He often contributes articles to the local media on the topics of economy, development, and public finance.



## DATUK ZAKARIA SHARIF

(Appointed on 16 January 2012)

Datuk Zakaria Sharif, age 55, was appointed as the Alternate Director to Tan Sri Dato' Seri Lodin Wok Kamaruddin on 16 January 2012. Datuk Zakaria is the Deputy Chief Executive of Lembaga Tabung Angkatan Tentera (LTAT). He graduated in Economics majoring in Accounting from Monash University, Australia and is a Fellow of the Australian Society of Certified Public Accountants (FCPA), an Associate of the Malaysian Institute of Certified Public Accountants (MICPA) and a Member of the Malaysian Institute of Accountants (MIA).

Datuk Zakaria started his career with Messrs. Price Waterhouse & Co. in 1980 in the Audit Division. This was followed by a stint in Arab Malaysian Finance Berhad and subsequently he served as Investment Manager with LTAT from 1988 to 1991.

He joined the Boustead Group in 1992 as General Manager of Emastulin Automobile Sdn Bhd, a company involved in the distribution of passenger cars and light and heavy vehicles. Datuk Zakaria was also General Manager of Boustead Trading and subsequently joined PERHEBAT, a wholly-owned subsidiary of LTAT, as General Manager.

He also served as General Manager of Perbadanan Perwira Harta Malaysia from 2003 to 2011.

## DIRECTORS' MEETINGS

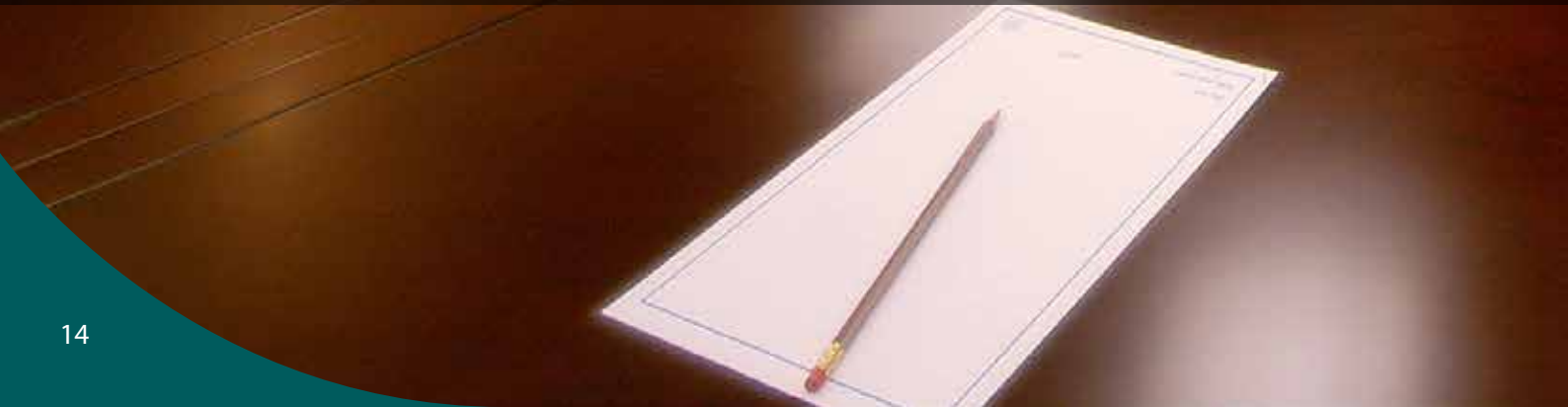
During the year, five (5) Board Meetings were held. The Chairman and Chief Executive Officer attended all Board Meetings. Attendance of Directors was as follows:

NO. OF MEETINGS					
DIRECTORS	14/2/2012	14/5/2012	4/9/2012	25/10/2012	29/11/2012
Tan Sri Abdul Halim Ali	✓	✓	✓	✓	✓
Rita Benoy Bushon	✓	✓	✓	✓	✓
Tan Sri Dato' Seri Lodin Wok Kamaruddin	✓	—	✓	—	—
Dato' Larry Gan	✓	✓	✓	✓	✓
Philip Koh Tong Ngee	✓	✓	✓	✓	✓
Nor Hizam Hashim	✓	✓	✓	✓	✓
Tan Sri Dr. Sulaiman Mahbob	—	—	✓	✓	✓
Datuk Zakaria Sharif	—	✓	—	✓	✓



## DIVIDEND

No dividend was declared or paid to the founding members for the year, as MSWG is a company limited by guarantee and has no share capital.





**Well-Governed Companies  
PERFORM BETTER.**



# CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am happy to present to you the Annual Report of the Minority Shareholder Watchdog Group (MSWG) for the financial year ended 31 December 2012.



## OVERVIEW

Despite the many global challenges and external uncertainties in 2012, and a generally weaker outlook for the global economy, markets in Asia especially in the ASEAN region remained relatively resilient throughout the year. Malaysia's bold economic reforms under the Economic Transformation Programme (ETP) continued to drive the economy, as reflected in the robust economic growth in 2012. The GDP growth for the full year stood at 5.6%, much higher than the 5.1% registered in 2011.

For MSWG, the year 2012 has been another busy year as it continued on its course to furthering the corporate governance agenda in the capital market and upholding minority interests among Malaysian companies. Malaysia has indeed moved up the scale in terms of embracing best practice principles amongst market players with greater acceptance of the fact that good corporate governance within an organisation instills trust and confidence amongst investors and shareholders. We need to ensure that our companies are well - run and become responsible corporate citizens so necessary for sustainable economic growth and Malaysia becomes the destination of choice for long - term capital.



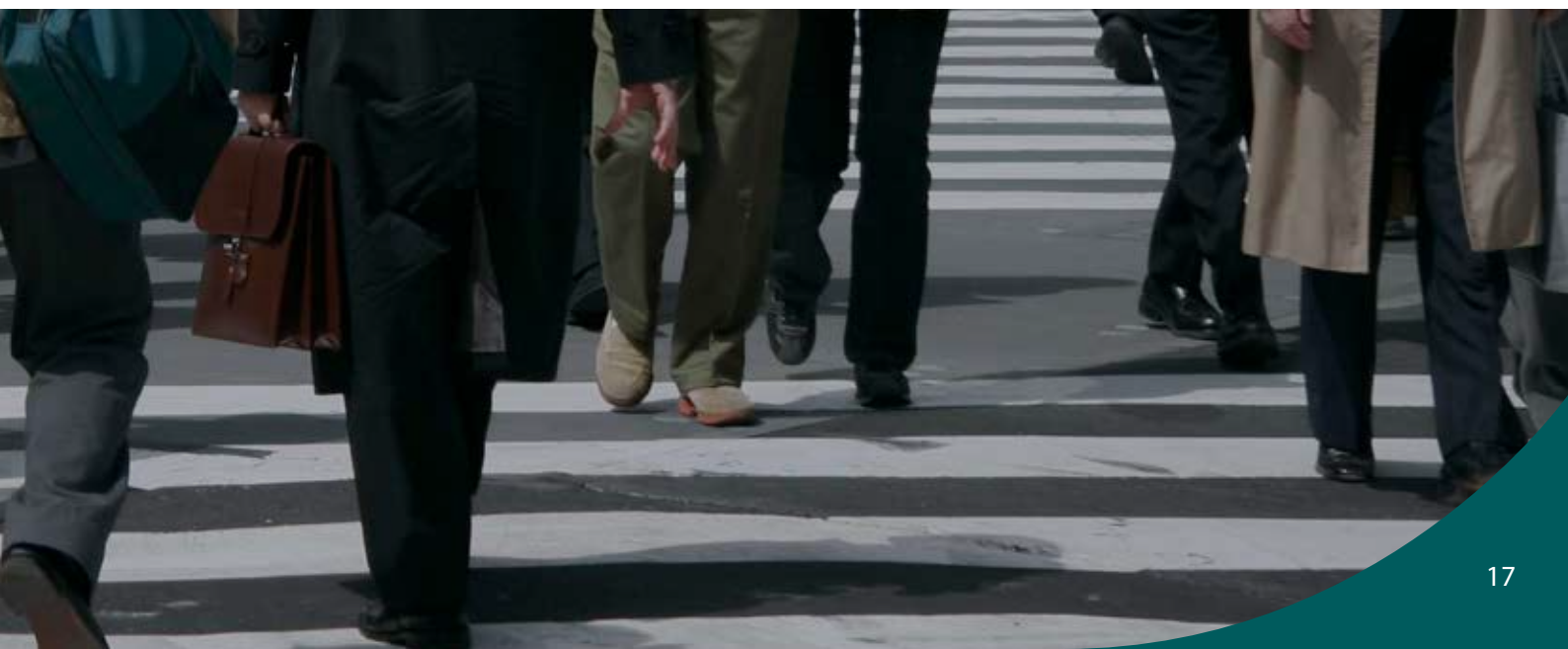
# CORPORATE GOVERNANCE LANDSCAPE

With this in mind, let us take a look at some of the key developments in the corporate governance and capital markets landscape in 2012.

The start of the year saw Telekom Malaysia Berhad signing an integrity pact with the Malaysian Anti-Corruption Commission (MACC), becoming the first Government - linked company to do so, in an effort to enhance corporate integrity. Subsequently, many more companies followed suit during the year which bodes well for the entire market as it sends a clear message that corporates are serious on issues involving corruption.

The Malaysian Code on Corporate Governance (MCCG) 2012 (the Code), the first major deliverable of the Corporate Governance Blueprint 2011 was launched at the end of March 2012. MSWG was actively involved in this initiative together with regulators and other market players. The Code which supersedes the MCCG 2007 adopts a new structure, which provides for greater clarity, more information to companies and allows for simpler reading. The Code seeks to strengthen governance through clarifying the role of the Board, enhance Board effectiveness, ensure timely and quality disclosures and strengthen the relationships between a company and its shareholders. There were altogether 26 recommendations in the Code. Key recommendations include having tenure limits for independent directors to nine years, beyond which appointments need to be justified. Other key areas strengthened include shareholder participation at general meetings and voting on resolutions by way of poll. The Chairman is now expected to inform shareholders of their rights to demand a poll vote at the beginning of a general meeting. With the Code in place, MSWG looks forward to a new era of disclosure and transparency in the Malaysian capital market.

The regulatory framework was also strengthened through amendments to the Listing Requirements – the recent amendments have accorded more protection to minority shareholders in terms of providing more disclosures and mandatory poll voting for Related Party Transactions. Nomination Committees have been made mandatory, and this would draw attention to the nomination of directors as well as evaluation of directors, and is expected to make boards more committed and transparent, with the aim of having quality boards. The limit of 5 directorships will ensure that the Board focuses on companies they are helping in the interest of all the shareholders, including minority shareholders.



Strong enforcement presence is a cornerstone of investor protection and market confidence. This year's significant enforcement actions include a landmark court decision of a 12 - month jail term and RM1.3 million fine imposed on a former director for market manipulation involving Fountain View Development Bhd; a former director of LFE Corporation Bhd sentenced to one year imprisonment and a total fine of RM1.2 million for knowingly permitting the furnishing of false statements in relation to the company's financial statements to Bursa Malaysia Securities Bhd; and a senior corporate lawyer charged with insider trading.

MSWG released its Malaysian Corporate Governance Index 2011 Report in March 2012, which contained detailed findings on the state of corporate governance in Malaysia for 2011. The Index was first developed in 2009, to create awareness and encourage corporate governance (CG) best practices among Malaysian PLCs, in addition to providing statistics and trends to support policy reforms by policy makers. In this regard, we have seen positive changes over the last three years of the Index: increase in number of companies undertaking annual director appraisals, emergence of policies on whistleblowing and corporate responsibility and separation of positions of Chairman and Chief Executive Officer. Our findings also highlighted the need for CG improvements, specifically in relation to board diversity, where long-serving Independent Directors and low percentage of women on PLC boards have been identified as key items that needed to be addressed.

April 2012 saw the introduction of a Private Retirement Scheme (PRS) which is essentially a long-term investment scheme designed to help individuals accumulate savings for retirement. The scheme complements mandatory contributions made to the Employees Provident Fund. The PRS should provide a deeper and wider variety of retirement schemes to cater to different segments of contributors. It will operate as a trust structure, with a strong accompanying regulatory and supervisory framework.

Another exciting development announced in June 2012 was Malaysia's plan to participate in the ASEAN Trading Link, a share trading system, which is expected to establish a USD2 billion marketplace through linking of seven regional stock exchanges. The ultimate result will be a single marketplace with an investor base of 530 million people. Scrutiny will need to be given to companies to be included in the market's Index, and proper due diligence conducted on selected companies that will provide sufficient market credibility to attract global investors. Due diligence will need to consider those companies focused on long-term business sustainability and results in order to ensure that companies within the Index have a good business model, governance structure and solid track record required by savvy international investors. In September 2012, Bursa Malaysia and Singapore's Exchange became the first to connect through the ASEAN Trading Link.

The year also saw Malaysia charting a history of sorts by emerging as one of the world's biggest IPO market and Asia's top destination for IPOs. During the year, Felda Global Ventures Holdings Bhd, IHH Healthcare Bhd and Astro Malaysia Bhd were listed and did remarkably well.

A significant achievement for MSWG in 2012 was in being the prime mover in leading the implementation of the ASEAN Corporate Governance Scorecard. This project was funded by the Asian Development Bank, and had the support of regulators from Singapore, Thailand, Philippines, Indonesia, Vietnam and Malaysia. The objectives of the Scorecard are to raise CG standards and practices of ASEAN PLCs and showcase and enhance visibility as well as investibility of well-governed ASEAN PLCs internationally. MSWG commenced assessment on the top 500 Malaysian PLCs by market capitalisation as at end June 2012, and the final results are expected to be released by second quarter of 2013.



On the international front, MSWG continued to forge ties with international corporate governance bodies such as the International Corporate Governance Network (ICGN) and the Organisation for Economic Co-operation and Development (OECD), and actively contributed towards raising the corporate governance standards globally. During the year, the CEO of MSWG was appointed as the Co-Chair of the ICGN Shareholder Responsibilities Committee. MSWG representatives also participated at the OECD Asia Network on Corporate Governance of State-Owned Enterprises held in Bandung, Indonesia in July 2012 and the 4th International Conference on Corporate Governance held in Hyderabad, India in December 2012.

# LOOKING FORWARD

Looking ahead to 2013, I am positive that our persistent efforts will continue to raise the corporate governance standards of public companies in Malaysia, as well as CG awareness in the market in general, particularly among investors. With new and existing investments under the ETP expected to propel the nation's economic growth in 2013 (albeit at a moderate growth), we look forward to enhanced transparency in CG practices, following the recent amendments in the Listing Requirements in line with recommendations under the Malaysian Code on Corporate Governance 2012.

MSWG's announcement of the results of its ranking of top 500 Malaysian companies using the ASEAN CG Scorecard by second quarter of 2013 will herald a new era of global best practices within companies, which will in turn facilitate cross-border fund raising and investments as well as regional market access in 2013 and beyond.

I am confident that the year 2013 will be another landmark year for our capital market, whereby we hope to see many more quality IPOs, greater overall board quality, diversity and effectiveness – all contributing to greater corporate governance. MSWG will continue to play a pivotal role in monitoring general meetings and guiding investors, particularly minorities, and leading discussions to implement policy objectives to create a vibrant and attractive capital market for all investors locally, regionally and also globally.



# ACKNOWLEDGEMENTS

Let me take this opportunity to thank the Capital Market Development Fund (CMDf) for its whole-hearted support of the MSWG and its work, and for approving a three-year funding plan to fund our operations and activities. This affords some measure of stability of future funding and allows for better, more holistic planning of our longer-term activities.

I also wish to thank our institutional, retail and corporate subscribers, our Founding Members and the professional bodies that have continued to support MSWG's governance programmes and work, and the media as well as capital market partners who have highlighted and profiled our mission of putting in place a sound corporate governance structure for the Malaysian capital market.

I would further like to extend the Board's deepest appreciation to the regulators - Securities Commission (SC) and Bursa Malaysia – for working alongside MSWG to strengthen the corporate governance landscape to bring about greater investor and shareholder awareness and participation. This year also saw a change of leadership at the SC, with Tan Sri Zarinah Anwar retiring as Chairman of the SC, and Datuk Ranjit Ajit Singh taking over as the new Chairman and CMDf Chief. I would like to take this opportunity to thank Tan Sri Zarinah for her tremendous support of the MSWG, and to officially congratulate Datuk Ranjit on his appointment.

My acknowledgement and recognition goes to the CEO of MSWG who together with her Management team, had conducted the affairs of the organisation with professionalism and unwavering commitment to enhance and upgrade the standards of corporate governance and transparency in the Malaysian capital market. Their dedication and commitment to work has resulted in MSWG becoming a much respected and professional organisation.

Last but not least, I also wish to thank my fellow Directors for their valuable inputs and wise counsel throughout the year.

**On Behalf of the Board**



**TAN SRI ABDUL HALIM ALI**  
**Chairman**

**Date : 27 February 2013**





# **Corporate Governance As The Cornerstone Of An Efficient And Orderly Market**

AND ORDERLY MARKET  
CORNERSTONE OF AN EFFICIENT  
CORPORATE GOVERNANCE AS THE

## OVERVIEW OF MALAYSIAN CAPITAL MARKET

In 2012, the Malaysian economy remained resilient, despite external challenges arising from the uncertainties and fragilities of the global economy. GDP growth for the year was at a commendable 5.6%, driven by strong domestic demand and investment activities.

The FBM KLCI ended the year at an all time high of 1,688.95 points, rising 11.59 per cent compared to 1,513.54 points at the beginning of the year. Total equity market capitalisation expanded to RM1.465 trillion surpassing RM1.285 trillion at the beginning of the year.

triple the RM6.7 billion raised from IPOs in 2011. Among notable floatations were the three mega IPOs of Felda Global Ventures Holdings Bhd, IHH Healthcare Bhd and Astro Malaysia Bhd which were all listed in the second half of 2012. This propelled Malaysia to among the top spots for new listings, attracting cornerstone investors such as Blackrock Inc, Capital Investment Inc, Fidelity Investment Management (Hong Kong), Government of Singapore Investment Corp Pte Ltd to name a few, along with our local institutions that included the Employees Provident Fund, Permodalan Nasional Berhad and Lembaga Tabung Haji.



1688.95

The ASEAN Trading Link went 'live' connecting Bursa Malaysia and Singapore exchange in September 2012, and subsequently joined by Thailand stock exchange in October 2012. Jointly these three markets offer accessibility to nearly 3,000 listed companies with a market capitalisation of USD1.4 trillion. The ASEAN Trading Link marks an important milestone towards cross-border trade in ASEAN and creating an ASEAN asset class.

Year 2012 was a bumper year for IPOs. There were altogether 17 new IPOs (of which 14 were via the Main Market) which raised capital of around RM22.1 billion, more than

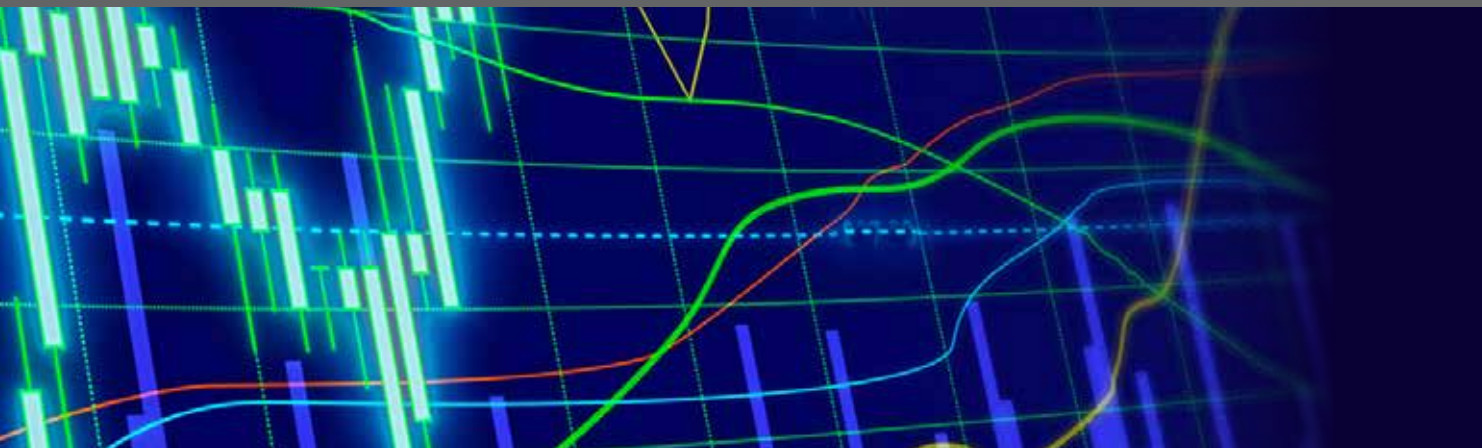
Another significant capital market development was the release of the Malaysian Code on Corporate Governance (MCCG) 2012 in March 2012, being one of the major deliverables of the CG Blueprint 2011. This marks a new era of corporate governance landscape in Malaysia post global crisis where key recommendations on best practices have been made after taking into consideration the changing market dynamics, international developments and the local corporate governance framework. Eight principles and 26 corresponding recommendations have been outlined which focused on laying a strong foundation for the

board and its committees to carry out their roles effectively, promote timely and balanced disclosure, safeguard the integrity of financial reporting, emphasise the importance of risk management and internal controls and encourage shareholder participation in general meetings.

Following this, Bursa Malaysia on 30 Nov 2012 amended the Main Market and ACE Market Listing Requirements to enhance and strengthen CG practices of listed issuers. The salient CG amendments covered the following areas:-

positive changes in CG practices such as in the areas of separation of roles between Chairman and CEO, director appraisals, implementation of whistle-blowing policies and corporate social responsibility. Long tenure of independent directors and lack of female directors on boards were among the key areas which need to be addressed.

Malaysia showed an improvement in terms of its CG ranking in the Asia-Pacific region from 6th position to the 4th spot according to the regional survey undertaken by the Asian Corporate Governance Association (ACGA) in collaboration with CLSA Asia-Pacific Markets CG Watch 2012. Malaysia



- Aligning disclosure of CG standards with the MCCG 2012 in annual reports
- Mandating poll voting for related party transactions which require specific shareholder approval
- Limiting the number of directorships in listed issuers from 10 to 5
- Mandating the establishment of a nominating committee and requiring disclosure of its activities
- Enhancing disclosures in annual reports in relation to directors' training

MSWG released its full report of the Malaysian Corporate Governance Index 2011 in March 2012 which reported

also received strong ratings from the World Bank in its Corporate Governance Report on the Observance of Standards and Codes (ROSC) 2012. Malaysia attained high overall scores compared to its peers in the Asian Region and has been recognised as a regional leader in corporate governance.

Moving forward, MSWG will be assessing listed companies in Malaysia using the ASEAN CG Scorecard criteria, the inaugural result of which will be announced in the second quarter of 2013.





**“CORPORATE GOVERNANCE**

is a *journey* ....

# CEO'S REVIEW OF 2012 OPERATIONS



## IN PERSPECTIVE

**“Towards A New Era of Investors’ Responsibilities”** – that is the theme and tone I have chosen for MSWG’s Annual Report 2012, as we consciously move forward into the next phase of investors’ responsibilities.

Throughout the year, MSWG had been extremely busy as it relentlessly pursued its role in steering and encouraging investor participation and activism within the Malaysian capital market. We continued to share our technical expertise, thoughts and views with regulators and public alike, and are thus delighted to see the launch of the Malaysian Code on Corporate Governance 2012, being one of the major outcomes of the Corporate Governance Blueprint 2011 wherein both documents had direct contributions from MSWG.

This year we stepped up our game to play a leading role in the development of corporate governance policies relating to investors’ responsibilities under the International Corporate Governance Network (ICGN). Globally, the concept of responsible ownership is gaining momentum, and I believe that while it is important for companies to ensure investors and shareholders alike can exercise their rights of ownership, these rights must also be exercised responsibly by them. For starters, I

hope to see the formulation of a stewardship code for institutional investors to lead the way for governance and responsible ownership in Malaysia.

Corporate developments around the world in particular had set the stage and raised issues on corporate governance standards and best practices. Back home, MSWG assumed the forerunner and front-liner role in initiating and championing reforms for better corporate governance practices for increased transparency and disclosure for the purpose of increasing company value over time, while pushing for board diversity and effectiveness, in order to raising the corporate governance bar and promoting higher standards of corporate governance among Malaysian PLCs. This was deemed crucial in order to take our companies cross-border, from local to regional, and thereon to the global markets, to compete on a level playing field with world-class companies, for investments and funding.

It gives me great pleasure to now present a review of our performance for the year 2012.



# FINANCIAL HIGHLIGHTS

## → REVENUE

For the year 2012, total revenue generated was RM597,546 which showed a decline of (57%) from the revenue achieved in 2011 of RM1,393,188. The decline was mainly due to the MCG Index Project which was not carried out in 2012. The MCG Index was replaced by the ASEAN CG Scorecard project, which was given to MSWG during the later part of the year for implementation, the results of which are expected to be announced by 2nd quarter of 2013.

The breakdown of revenue in 2012, and comparative figures in 2011 and 2010, are illustrated in the following table and chart.

BREAKDOWN OF 3-YEAR REVENUE GENERATED			
SOURCE OF REVENUE	2012 (RM)	2011 (RM)	2010 (RM)
PUBLICATIONS/FORUMS	260,107	1,022,252	651,204
SUBSCRIBER SERVICES	244,041	301,393	208,654
OTHERS	93,398	69,543	45,353
<b>TOTAL</b>	<b>597,546</b>	<b>1,393,188</b>	<b>905,211</b>

FINANCIAL RESULTS (2010-2012)			
DESCRIPTION	2012 (RM)	2011 (RM)	2010 (RM)
<b>FINANCIALS</b>			
CMDP Funding	4,500,000	4,000,000	3,000,000
Revenue	597,546	1,393,188	905,211
Expenditure	4,236,981	4,377,875	3,585,792
Surplus/(Deficit) After Taxation	319,214	(178,573)	508,946

## PRODUCTS & SERVICES - QUANTITATIVE STATISTICS (2010-2012)

DESCRIPTION	2012 (RM)	2011 (RM)	2010 (RM)
<b><u>CORPORATE MONITORING</u></b>			
• Coverage of companies	292	270	214
• Attendance at AGMs/EGMs	356	363	243
<b><u>PUBLIC AWARENESS PROGRAMMES</u></b>			
• Articles & Commentaries/ Newsletters	138	124	127
• Speaking Engagements	22	15	15
<b><u>FORUMS</u></b>			
• Investor Education Programmes	11	9	17
<b><u>SUBSCRIBER SERVICES</u></b>			
• Retails/Students	192	78	99
• Institutions/Corporates	75	63	59

For 2012, the Capital Market Development Fund (CMDf) provided a grant of RM4.5 million for MSWG's operations, activities and project funding requirements, compared to RM4.0 million granted in the previous year.

## EXPENDITURE

For the year ended 31 December 2012, MSWG's total expenditure was RM4,236,981 compared to RM4,377,875 in 2011, a marginal reduction of 3%.

Details of MSWG's revenue and expenditure for the financial year ended 31 December 2012 can be found in the Statutory Financial Statements appended to this Annual Report.

# NON-FINANCIAL HIGHLIGHTS & ACHIEVEMENTS

A summary of our notable achievements for the year is as follows:

## ◆ **MSWG has been recognised as an important capital market body**

MSWG has received recognition for its efforts as reflected in the CEO's appointment as a member of the Capital Market Task Force (CMTF) headed by the Minister of Finance II, YB Dato' Seri Ahmad Husni Mohamad Hanadzlah. The CMTF is tasked to recommend to the Government on issues pertaining to further enhancement of the Malaysian capital market, as well as address priority issues identified in the Capital Market Masterplan 2.

## ◆ **Direct involvement in the Malaysian Code on Corporate Governance 2012 (MCCG 2012)**

MSWG was directly involved in providing technical input, views and comments on the MCCG 2012, one of the major deliverables of the CG Blueprint 2011.

## ◆ **Raised awareness on issues affecting minority interests at AGMs**

Our Analysts continued to attend AGMs/EGMs and brought up issues on company financials, strategy and corporate governance, such as unfair deals, pricing issues on corporate exercises such as privatisations, take-overs and related party transactions. Corporate governance matters were also raised such as on time commitment of directors, tenure limit of independent directors, board diversity and Employee Share Options Schemes. MSWG also published regular articles on corporate matters as well as corporate governance issues in mainstream media which had generated a good following.

Several positive developments were also observed as a direct result of MSWG's questions, recommendations and comments during the AGM period and deserve mention, as follows:

- ◆ CEOs of companies have provided better quality corporate presentations on performance and outlook of their companies
- ◆ Boards were more prepared in responding to questions from the floor
- ◆ More minority shareholders did their "homework" before attending AGMs and raised pertinent questions of their own at meetings, guided by MSWG's questions to boards of companies
- ◆ More prompt AGM dates were set – more companies held AGMs within a 4-month period after financial year-end, especially within the finance sector
- ◆ Companies set up Helpdesks to address operational issues raised by minority shareholders – this went a long way in helping AGMs run smoothly and efficiently and addressed more strategic, financial and corporate governance issues.
- ◆ Non-executive directors decided not to participate in the Employee Share Options Schemes
- ◆ More companies making an effort to embed a time limit for Independent Directors into their policies
- ◆ Long serving independent directors in some companies decided not to seek re-election
- ◆ Boards addressing gender gap issue in their boards, with appointment of more women directors on boards

◆ **MSWG's weekly e-newsletter, The Observer received good following**

MSWG's commentaries in the newsletter have often been picked up and quoted by the local media and also foreign reporting agencies, thus fulfilling one of our objectives to be a think-tank and resource center for minority interests and corporate governance matters in Malaysia.

◆ **MSWG was able to influence regulatory changes**

The case of Independent Adviser's recommendations on valuation methodologies during privatisations where the Securities Commission amended Practice Note 15 by inserting new paragraphs for better protection of minority shareholders.

◆ **MSWG's involvement in various other bodies to enhance overall corporate governance standards in the market**

MSWG was a member of the Task Force for Internal Control Guidance for Directors and the Task Force for Corporate Integrity System Malaysia. MSWG's views and comments were regularly sought on consultative drafts issued by the regulators and other professional bodies.

◆ **Active participation in the international arena**

MSWG was actively involved in the International Corporate Governance Network (ICGN) and the Organisation for Economic Co-Operation and Development (OECD). MSWG continued to share experiences and provide input on corporate governance reforms globally through the ICGN Shareholder Responsibilities Committee (SHREC) & the ICGN Diversity Working Group, where the CEO is the Co-Chair of both these committees.

◆ **MSWG has been appointed as the body to undertake the ASEAN CG Scorecard for Malaysia**

Six (6) countries within the ASEAN region are involved in this ASEAN CG Scorecard Project, i.e. Thailand, Indonesia, Singapore, Malaysia, Vietnam and Philippines.

◆ **MSWG was quoted in the ACGA-CLSA CG Watch 2012 as being active in providing a voice for minority retail shareholders**

# MSWG'S CORE ACTIVITIES

## → CORPORATE MONITORING

### Core Portfolio

In 2012, coverage of companies under MSWG's monitoring portfolio increased by 8.1% to 292 companies, up from 270 in 2011. As in previous years, monitored companies comprised about 25% of the total number of companies listed on Bursa, and included both large cap and medium as well as small cap stocks representing about 90% of Bursa's total market capitalisation.

The selection of companies for monitoring by MSWG was based on the following criteria:

- ◆ FBM KLCI companies;
- ◆ MCG Index Top 100 companies,
- ◆ Companies that subscribers wanted MSWG to monitor under the Subscribers' List; and
- ◆ Companies that warranted monitoring based on complaints received from shareholders, as well as those that impacted minority interests.

### SAMPLE OF MSWG MONITORING LIST OF ANNUAL GENERAL MEETINGS FOR 2012

No.	Date(Day)	Time	Company	Sector	Meeting	FYE	Venue	Rec	D/line	Analyst
1	03.01.12 (Tue)	10.00 am	V.S. Industry Bhd	Industrial	AGM	31.07.11	Le Grandeur palm Resort Johor, JB		27.12.11	OBH
2	10.01.12 (Tue)	11.30 am	TOP GLOVE CORPORATION BHD +	Industrial	AGM	31.08.11	Sime Darby Convention Centre	21.11.11	03.01.12	SS
3	13.01.12 (Fri)	03.00 pm	Fraser & Neave Holdings Bhd ^	Consumer	AGM	30.09.11	Sime Darby Convention Centre	28.12.11	06.01.12	AT
4	31.01.12 (Tue)	10.30 am	Chin Teck Plantations Bhd -	Oil Palm & Rubber	AGM	31.08.11	Plaza Sentral, KL Sentral	12.01.12	24.01.12	NG
5	16.02.12 (Thur)	10.00 am	Concrete Engineering Products Bhd	Industrial	AGM	31.08.11	Dewan Perdana Felda, Off Jin.Semarak, KL	27.01.12	09.02.12	AT
6	22.02.12 (Wed)	12.00 pm	KUALA LUMPUR KEPONG BHD @	Oil Palm & Rubber	AGM	30.09.11	Wisma Taiko, Ipoh	03.01.12	15.02.12	NG
7	22.02.12 (Wed)	02.15 pm	Batu Kawan Bhd	Oil Palm & Rubber	AGM	30.09.11	Wisma Taiko, Ipoh	04.01.12	15.02.12	NG
8	23.02.12 (Thur)	11.00 am	SP SETIA BHD #^	Properties	AGM	31.10.11	Setia Alam Welcome Centre, Shah Alam	02.02.12	16.02.12	NHS
9	28.02.12 (Tue)	11.00 am	LPI Capital Bhd -^	Insurance	AGM	31.12.11	Shang Ri-La Hotel, KL	02.02.12	21.02.12	QBA
10	19.03.12 (Mon)	11.00 am	PUBLIC BANK BHD -^	Finance	AGM	31.12.11	Shangri-La Hotel, KL	22.02.12	12.03.12	QBA
11	22.03.12 (Thur)	10.30 am	JCY International Bhd	Industrial	AGM	30.09.11	Grand Paragon Hotel, JB	02.03.12	16.03.12	AT
12	28.03.12 (Wed)	11.00 am	SHELL REFINING CO (F.O.M.) BHD ^	Industrial	AGM	31.12.11	Sime Darby Convention Centre, Mont Kiara	12.03.12	21.03.12	RY
13	29.03.12 (Thur)	10.00 am	BURSA MALAYSIA BHD -^	Stockbroking	AGM	31.12.11	Sime Darby Convention Centre, Mont Kiara	13.03.12	22.03.12	QBA
14	29.03.12 (Thur)	10.30 am	ESSO Malaysia Bhd	Oil & Gas	AGM	31.12.11	Prince Hotel & Residence, Jin Conlay, KL	12.03.12	22.03.12	RY
15	29.03.12 (Thur)	10.00 am	MALAYAN BANKING BHD @#^	Finance	AGM	30.06.12	Crowne Plaza Mutiara Kuala Lumpur	12.03.12	22.03.12	QBA
16	29.03.12 (Thur)	11.00 am	MALAYSIA AIRPORT HOLDINGS BHD #^	Airline/Airport/Aviation	AGM	31.12.11	Pan Pacific KLIA	08.03.12	22.03.12	QBA
17	02.04.12 (Mon)	10.30 am	NCB Holdings Bhd +^	Port related	AGM	31.12.11	West Wing, Hilton Petaling Jaya, PJ	12.03.12	26.03.12	QBA
18	03.04.12 (Tue)	11.00 am	Malaysian Resources Corp. Bhd	Construction	AGM	31.12.11	Hotel Istana Kuala Lumpur City Centre	15.03.12	27.03.12	OBH
19	04.04.12 (Wed)	10.00 am	Pharmaliaga Bhd #	Trading/Service	AGM	31.12.11	The Royale Bintang, Mutiara Damansara, KL	15.03.12	28.03.12	NHH
20	05.04.12 (Thur)	10.00 am	Boustead Heavy Industries Corp. Bhd	Industrial	AGM	31.12.11	Menara Boustead, Jin Raja Chulan, KL	15.03.12	29.03.12	RY
21	05.04.12 (Thur)	11.00 am	Malaysia Building Society Bhd -^	Finance	AGM	31.12.11	Sime Darby Convention Centre, Mont Kiara	26.03.12	29.03.12	QBA
22	09.04.12 (Mon)	09.30 am	BOUSTEAD HOLDINGS BHD -^	Plantation	AGM	31.12.11	The Royale Chulan, Jin Conlay, KL	20.03.12	02.04.12	NHH
23	10.04.12 (Tue)	11.00 am	BRITISH AMERICAN TOBACCO (M) Bhd -^	Consumer	AGM	31.12.11	PJ Hilton Hotel, PJ	20.03.12	03.04.12	QBA
24	10.04.12 (Tue)	10.00 am	RHB CAPITAL BHD @^	Finance	AGM	31.12.11	InterContinental Hotel, Jin Ampang, KL	20.03.12	03.04.12	QBA
25	10.04.12 (Tue)	10.00 am	OSK HOLDINGS BHD ^	Stockbroking	AGM	31.12.11	11th Floor, Plaza OSK, Jin Ampang, KL	20.03.12	03.04.12	QBA
26	16.04.12 (Mon)	10.00 am	AFIN HOLDINGS BHD ^	Banking	AGM	31.12.11	13th Floor, Bangunan LTAT, KL	23.03.12	09.04.12	QBA
27	17.04.12 (Tue)	09.30 am	CIMB Group Holdings Bhd @#^	Banking	AGM	31.12.11	Sime Darby Convention Centre, Mont Kiara	27.03.12	10.04.12	QBA
28	18.04.12 (Wed)	11.00 am	Three-A Resources Bhd ^	Industrial	AGM	31.12.11	Tropicana Golf & Country Club, PJ	28.03.12	11.04.12	SS
29	19.04.12 (Thur)	10.00 am	MEDIA PRIMA BHD @!^	Media & Publishing	AGM	31.12.11	One World Hotel, Bdr Utama City Centre, PJ	30.03.12	12.04.12	OBH
30	20.04.12 (Fri)	09.00 am	Cycle & Carriage Bintang Bhd	Industrial	AGM	31.12.11	Concorde Hotel, KL	02.04.12	13.04.12	RY
31	23.04.12 (Mon)	11.00 am	SELANGOR PROPERTIES BHD	Properties	AGM	31.10.11	HELP University College, KL	02.04.12	16.04.12	NHS
32	24.04.12 (Tue)	10.30 am	HELP International Corporation Bhd ^	Trading/Services	AGM	31.10.11	HELP University College, KL	04.04.12	17.04.12	SS
33	25.04.12 (Wed)	10.00 am	TH Plantations Bhd ^	Oil Palm & Rubber	AGM	31.12.11	Seri Pacific Hotel Kuala Lumpur, Jalan Putra	10.04.12	18.04.12	NHH
34	26.04.12 (Thur)	10.00 am	Nestle (Malaysia) Bhd ^	Consumer	AGM	31.12.11	Sime Darby Convention Centre, Mont Kiara	04.04.12	19.04.12	AT
35	26.04.12 (Thur)	10.00 am	JT International Bhd ^	Tobacco	AGM	31.12.11	Sime Darby Convention Centre, Mont Kiara	06.04.12	19.04.12	OBH
36	26.04.12 (Thur)	10.00 am	Octagon Consolidated Bhd	Finance	AGM	31.10.11	Menara Hap Seng, Jin P.Ramlee, KL	06.04.12	19.04.12	RY
37	26.04.12 (Thur)	11.00 am	CARLSBERG BREWERY MALAYSIA BHD -^	Breweries	AGM	31.12.11	Grand Dorsett Subang Hotel, Subang Jaya	06.04.12	19.04.12	AT
38	30.04.12 (Mon)	10.00 am	Tasek Corporation Bhd	Industrial	AGM	31.12.11	Grand Millennium Kuala Lumpur Hotel	10.04.12	23.04.12	OBH
39	30.04.12 (Mon)	10.00 am	Silver Bird Group Bhd	Industrial	AGM	31.10.11	Silver Bird Complex, Shah Alam	12.04.12	23.04.12	OBH
40	02.05.12 (Wed)	10.30 am	TIME Engineering Bhd -	Trad/Services	AGM	31.12.11	Shang Ri-La Hotel Kuala Lumpur	17.04.12	26.04.12	AT
41	03.05.12 (Thur)	10.00 am	Syarikat Takaful Malaysia Bhd	Insurance	AGM	31.12.11	Dataran Kewangan Darul Takaful, KL	12.04.12	26.04.12	QBA
42	08.05.12 (Tue)	10.00 am	DIGI.COM BHD #^	Telecommunication	AGM	31.12.11	Mandarin Oriental Kuala Lumpur, KLCC	17.04.12	01.05.12	AT
43	08.05.12 (Tue)	10.00 am	BIMB Holdings Bhd !	Banking	AGM	31.12.11	Menara Yayasan Tun Razak, KL	18.04.12	01.05.12	QBA/NKK
44	08.05.12 (Tue)	10.00 am	TELEKOM MALAYSIA BHD @#^	Telecommunication	AGM	31.12.11	TM Convention Centre, Menara TM, KL	17.04.12	01.05.12	AT
45	08.05.12 (Tue)	11.00 am	Nestle (Malaysia) Bhd -	Trading/Service	AGM	31.12.11	Sapangar Bay Container Port, KK, Sabah	17.04.12	01.05.12	QBA
46	08.05.12 (Tue)	11.00 am	MMC CORPORATION BHD -^	Trading/Service	AGM	31.12.11	Crowne Plaza Mutiara Kuala Lumpur	17.04.12	01.05.12	NHS
47	09.05.12 (Wed)	10.00 am	Malayan Flour Mills Bhd ^	Consumer	AGM	31.10.11	Wisma MCA, Jin Ampang, KL	19.04.12	02.02.12	SS
48	10.05.12 (Thur)	10.00 am	KKB Engineering Bhd -	Industrial	AGM	31.12.11	Abell Hotel, Kuching, Sarawak	17.04.12	03.05.12	RY
49	11.05.12 (Fri)	10.00 am	Bintulu Port Holdings Bhd @+^	Port related	AGM	31.12.11	Hilton Kuching, Sarawak	19.04.12	04.05.12	QBA
50	12.05.12 (Sat)	10.30 am	United Plantations Bhd ^	Plantation	AGM	31.12.11	Jedarata Estate, Teluk Intan, Perak	20.04.12	05.05.12	NHH
51	15.05.12 (Tue)	02.30 pm	SEG International Bhd	Education	AGM	31.12.11	SEGI University, Kota Damansara, PJ	01.05.12	08.05.12	SS
52	15.05.12 (Tue)	09.30 am	PETRONAS GAS BHD @!^	Oil & Gas	AGM	31.12.11	Intercontinental Hotel, KL	30.04.12	08.05.12	RY
53	16.05.12 (Wed)	10.30 am	WCT BHD !	Construction	AGM	31.12.11	Premiere Hotel, Bdr Bkt Tinggi, Klang	24.04.12	09.05.12	OBH
54	17.05.12 (Thur)	11.00 am	TDM Bhd	Plantation	AGM	31.12.11	Ri-Yaz Heritage Marina Resort, T'Ganu	25.04.12	10.05.12	NHH
55	17.05.12 (Thur)	03.30 pm	Jobstreet Corporation Bhd ^	Trading/Service	AGM	31.12.11	Wisma Jobstreet.com, KL	26.04.12	10.05.12	RY
56	21.05.12 (Mon)	10.00 am	Sino Hua-An International Bhd +	Industrial	AGM	31.12.11	Sime Darby Convention Centre, KL	04.05.12	14.05.12	AT
57	22.05.12 (Tue)	10.00 am	UNISEM (M) BHD +	Technology	AGM	31.12.11	Crowne Plaza Mutiara Kuala Lumpur	30.04.12	15.05.12	AT
58	22.05.12 (Tue)	11.30 am	KFC HOLDINGS (M) BHD +^	Retailing	AGM	31.12.11	Level 3, Wisma KFC, Jin Sultan Ismail, KL	30.04.12	15.05.12	SS
59	22.05.12 (Tue)	03.30 pm	QSR Brands Bhd ^	Retailing	AGM	31.12.11	Level 3, Wisma KFC, Jin Sultan Ismail, KL	30.04.12	15.05.12	SS
60	23.05.12 (Wed)	09.30 am	MULTI-PURPOSE HOLDINGS BHD ^	Trading/Service	AGM	31.12.11	Menara Multi-Purpose, KL	15.05.12	16.05.12	QBA

During the year, MSWG analysts attended a total of 356 company meetings, comprising 276 AGMs and 80 EGMs.

There were complex corporate exercises that required in-depth analysis and at these meetings, financial, strategic and corporate governance issues were raised by MSWG and addressed for the benefit of all shareholders.

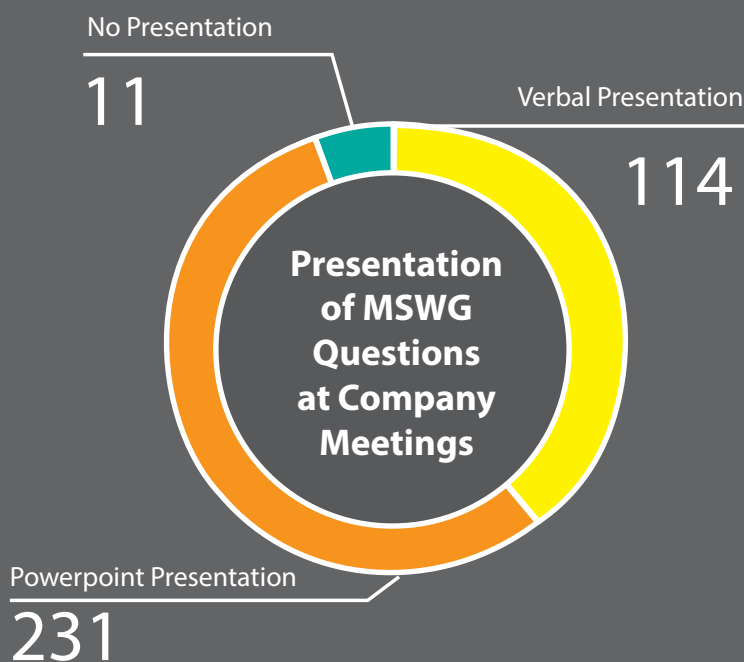
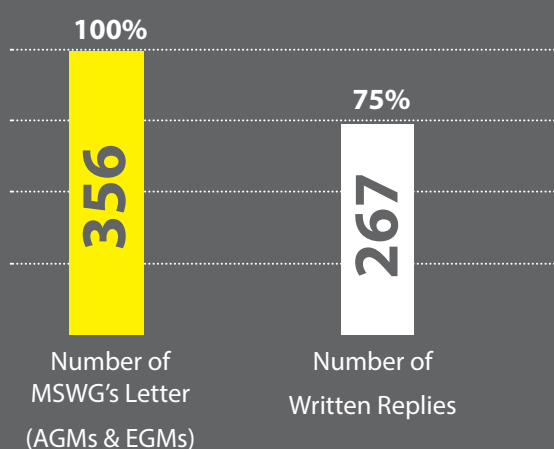
Key matters included pricing issues in corporate exercises such as take-overs and privatisations, independent advice on such deals, as well as the assumptions on valuations. We also raised issues on board matters at AGMs, such as time commitment of directors, tenure limit of independent directors, board diversity policy and Employee Share Options Schemes (ESOS).

Companies presented the issues raised by MSWG, along with their responses, at their respective meetings for the benefit of all shareholders. In this way, awareness was raised amongst shareholders when making decisions on voting. As in 2011, almost 100% of these companies responded either in writing or by raising the issues at their general meetings. Almost 75% of these companies provided written replies to enable MSWG to post them on its website for the information of its subscribers, while 65% of the companies presented MSWG questions together with their responses in a PowerPoint presentation during the company meetings. This demonstrated the readiness of companies to adhere to best practice principles on a voluntary basis.

Copies of letters sent by MSWG, along with replies received from the PLCs were also posted on MSWG's website for the information of all subscribers.

We hope to encourage listed companies to upload their minutes of general meetings which include the voting results of the resolutions and other pertinent issues raised by shareholders at their company website in the interest of transparency.

### Response to MSWG Letters



## Pre and Post AGM/EGM Reports

During the year, MSWG sent out 356 letters to companies and prepared 276 pre-AGM and 356 post-AGM/EGM reports. These were made available to institutional and corporate subscribers, whereas retail subscribers were provided with our questions to companies and their replies. The pre-AGM reports contained analysis of companies' CG practices as well as financial performance so that relevant questions could be raised at company meetings, while the post AGM/EGM reports provided an overview of the proceedings of the company meetings.

MSWG continued to persevere with its watchdog role in highlighting matters of interests to stakeholders. Information on these matters was provided either in the media through MSWG articles & commentaries, MSWG's weekly newsletter, The Observer, at our website, or at company meetings in order to bring about awareness and participation of shareholders, particularly minority shareholders.

## AGM/EGM Weekly Watch

MSWG continued with its AGM/EGM Weekly Watch column published in The New Straits Times newspapers every Monday. This is primarily done to reach out to retail shareholders who may either not be computer literate or may not have access to computers, and are not subscribers. The AGM/EGM Weekly Watch provided shareholders with a list of concerns identified by MSWG prior to each company's AGM/EGM to encourage preparation for meetings, as well as serves to inform shareholders of upcoming meetings during the week including their time and venue.

### SAMPLE OF MSWG AGMs/EGMs WEEKLY WATCH

**MSWG AGM/EGMs Weekly Watch: October 8 – 12, 2012**

For this week, the following is the AGMs/EGMs of company which is in the Minority Shareholder Watchdog Group's (MSWG) watchlist. The summary of points of interest are highlighted here, while the details of the questions to the companies can be obtained via MSWG's website at [www.mswg.org.my](http://www.mswg.org.my).

**The AGMs/EGMs for the week:**

Date & Time	Company	Venue
Oct 10 2012 10:00 am	GuocoLand (Malaysia) Bhd (AGM)	Wisma Hong Leong, Jalan Perak, KL

**The points of interest to be raised:**

Company	Points/Issues to be raised
<b>GuocoLand (Malaysia) Bhd</b>	<p>The Group reported a lower revenue of RM116.3 million in FY2012 compared to revenue of RM141.5 million in FY2011 although it registered a higher profit before tax of RM29.0 million (FY2011: RM27.7 million) in FY2012. Hotel operations performed well during FY2012 with increase in corporate and leisure travel market segments and higher occupancy rates at Thistle Johor Bahru and Thistle Port Dickson Resort.</p> <p>i) What were the reasons for the decrease in revenue in FY2012 and what measures have been taken to increase the revenue?</p> <p>ii) What are the occupancy rates of Thistle Johor Bahru and Thistle Port Dickson Resort? What measures have been taken to further increase the occupancy rates and revenue?</p>

## Highlights of Issues Raised in 2012

### Regulatory/Market :

The following regulatory/market issues were raised by MSWG in 2012 as part of its objectives to ensure that the interest of the investing public is protected:

#### ◆ **New Rules on Privatisation Exercises**

MSWG's call for revaluation of assets in privatisation exercises had resulted in the issuance of an enhanced Practice Note 15 by the SC on privatisation exercises, specifically that independent advisers are now required to put a value on the target company's assets.

#### ◆ **Malaysian Code on Take-overs & Mergers 2010**

MSWG sought several clarifications from the SC on many aspects of the rules and regulations for the interest of bringing about awareness among the investing public. One case in point was the requirement of the Malaysian Code on Take-overs & Mergers, when takeover is by way of scheme of arrangement, compromise, amalgamation or selective capital reduction. It was subsequently clarified by SC that the threshold of 10% of the votes is in respect of value to the votes attached to all disinterested shares of the total voting shares of the offeree.

#### ◆ **Initial Public Offerings (IPOs) – Discrimination to Retail Investors**

High over-subscription rates resulting from share allocation for public retail portion (eg IPOs of IHH Healthcare Bhd, Felda Global Ventures Holdings Bhd) have dissatisfied retail investors who felt they are being discriminated against in the IPO share allocation process. MSWG has called for regulators to consider putting in place a mechanism that would help put more IPO shares in the hands of retail investors in the event of overwhelming demand.

### Company :

MSWG highlighted several issues at general meetings during the year, and actions had been taken by the respective boards, as follows:

#### ◆ **ESOS to Non-Executive Directors**

Non-executive directors of several companies decided not to participate in the ESOS and thus, the relevant resolutions were removed from voting by the shareholders at their general meetings.

#### ◆ **Tenure limit of Independent Directors**

More companies were taking efforts to embed a time limit for Independent Directors into their policies, which was very encouraging.

In addition, long-serving Independent Directors in some companies decided not to seek re-election, which was in line with the Code.

#### ◆ **Board Diversity**

MSWG has been advocating Board diversity, including gender diversity as empirical evidence has shown that generally and on an average, companies perform better with gender balanced boards.

Companies have now taken steps to appoint women on their boards as evidenced in the statistics gathered by MSWG which showed that women comprised almost 9% participation on PLC boards as at end 2012 as compared to 8.4% in 2011.

#### ◆ **Time Commitment of Directors**

MSWG has been concerned with the ability of directors to devote time especially if they serve on multiple boards. Bursa has since mandated the restriction to 5 directorships in public listed companies effective from June 2013.



## Investor Complaints :

Besides attending to call-in complaints, MSWG also received a total of 66 written investor complaints in 2012 which were handled and dealt with expeditiously.

Some worthy complaint cases were brought to the attention of the media/newspaper via MSWG's weekly newsletters. These have reached a wide audience of stakeholders who have benefitted from MSWG's commentaries for making better informed decisions.

Generally, complaints were centred on the following issues:

- Unfair offers when companies are privatised
- Minority rights were being sidelined
- Share buy-backs
- Issues of valuations which were not carried out
- Irregularities in financial reporting
- Insider trading

"Regulations should consider putting in place a mechanism that would help put more IPO shares in the hands of retail investors when demand proves overwhelming."

*Ms Rita Benoy Bushon, CEO MSWG*

## ➔ INVESTOR EDUCATION

Investor education is a priority and in this regard MSWG continued to implement its investor education activities and strengthen the investor outreach through various channels as follows:

### Seminars/Forums/ Awareness Programmes

MSWG is a certified trainer under the Human Resource Development Fund (HRDF) and most of its programmes had been accorded SIDC-CPE points, which drew increased interest from participants.

Altogether, MSWG organised 11 investor education seminars/forums in 2012, and these were all rated "above average" by participants. MSWG's focus was on specific areas, in particular shareholders rights and responsibilities as well as directors' duties. The topics covered during the year were as follows:

- ◆ Corporate Governance
- ◆ Finance for Non-Finance Directors
- ◆ Business Sustainability – Governance, Responsibility, Profits
- ◆ Forensic Accounting & Digital Forensics
- ◆ ASEAN CG Scorecard – The Way Forward

In addition, MSWG also directly conducted or was involved in other awareness programmes and educational initiatives such as:

- ◆ Retail investor forums
- ◆ Collaboration with third parties such as Permodalan Nasional Berhad (PNB) via the annual Minggu Saham Amanah Malaysia, Equities Tracker and Institutes of Higher Learning to give briefings on corporate governance and shareholders matters
- ◆ MSWG booths at events



## Speaking Engagements

During the year, MSWG participated as Panelist, Speaker, Moderator or Chairperson in 22 forums in order to raise awareness on the importance of good corporate governance practices.

## Articles/Commentaries

MSWG also continued with its pursuit of greater transparency and raising corporate governance levels within the capital market as well as bringing about greater awareness of CG issues to shareholders, by writing articles, commentaries and sectorial reports.

A total of 93 articles and commentaries were written by MSWG in 2012, to provide information to the minority shareholders in particular, as well as other capital market players.

These activities continued to generate a good following and positive feedback from readers,

and MSWG will intensify its efforts to raise awareness using these methods in 2013.

The articles and commentaries covered among others, the economic and sectorial updates and briefs, capital market and regulatory updates, which included Introduction of Business trust, BNM vital statistics, monetary and financial developments and key amendments to Listing Requirements as well as Budget 2013 commentaries, valuations and board diversity issues.

## Publications

### MSWG produced the following publications in 2012:



#### MCG Index 2011

The Malaysian Corporate Governance Index Report 2011 was released in March 2012. This report highlights the findings of the level of CG amongst PLCs in Malaysia and the ranking of Malaysia's top 100 PLCs in terms of conformance with CG best practices and financial performance.



#### CEO Survey 2012

A survey conducted by MSWG in collaboration with Monash University to obtain CEOs' opinions on Malaysia's economic and business climate as well as topical issues expected to surface in the coming 12 months.

## **SUBSCRIBER SERVICES**

MSWG first introduced its subscriber services in 2009. Over the years, its subscriber services have been further improved and now provide, among others, monitoring reports which comprised pre and post AGM and EGM reports, along with copies of letters to PLCs outlining MSWG's issues/matters of concern, and PLCs replies to MSWG's letters.

There are currently 4 subscriber categories:

- ◆ Retail Subscribers (individual shareholders)
- ◆ Institutional Subscribers (organisations and institutions)
- ◆ Corporate Subscribers (public-listed companies)
- ◆ Student Subscribers

As at end of Dec 2012, there were 192 retail & student subscribers, 63 corporate and 12 institutional subscribers. Student subscribers were introduced during the year to equip students at university level with greater knowledge of the capital market and inculcate a sense of investor interest and awareness of companies promoting good corporate governance practices. With this initiative, MSWG hopes that basic investment skills can be honed from a relatively young age. Student subscribers will have access to our dedicated corporate governance library for reference materials on CG matters. As for institutional subscribers we seek their support, in line with the broader market framework of being responsible investors. We are proud to already have with us some of the biggest local investment institutions as well as regulators who have shown continued commitment to our cause as our institutional subscribers. We also encourage corporations to become our corporate subscribers to show their support of MSWG's work and objectives. Our value added services to our subscribers include access to pre and post AGM/EGM reports, discounted prices for our publications and training, MSWG's weekly newsletters on corporate developments and CG matters as well as complimentary seats for MSWG events.

For 2013, MSWG will take further steps in its marketing efforts to grow its subscriber base and hopes to see more investors, in particular, institutional and retail investors, supporting and using MSWG's reports as they provide an independent view on company resolutions thereby promoting healthy participation and outcomes at general meetings.

## **WEEKLY E-NEWSLETTERS**

During 2012, MSWG published 45 issues of its electronic newsletter "The Observer". The Observer started out in November 2010 as a monthly print newsletter sent to MSWG's contacts and was subsequently converted to electronic format. From February 2012, the e-newsletter was published on a weekly basis, and is now distributed to about 2000 recipients including subscribers, ministries, local and global institutional investors, brokerage firms, universities, PLC Chairs & CEOs, as well as Company Secretaries. Each newsletter includes a message from MSWG's CEO, links to websites containing MSWG's articles and commentaries, MSWG's quick takes on current corporate transactions, PLCs and issues under watch list, links to articles on CG issues in national and international media, sectorial reviews and information on Investor Education Programmes. Copies of the newsletters are also available for download in a PDF format from MSWG's website.

The newsletter has been a great tool to raise MSWG's profile and its stance on CG issues, and has received recognition from local as well as global institutions. Information from the newsletter has been reproduced both in the mainstream news media and third-party websites/blogs dealing with corporate governance and shareholder rights issues. MSWG has received positive feedback from the investing public including minority shareholders on its efforts in producing the weekly newsletter.

## → ASEAN CORPORATE GOVERNANCE SCORECARD – MALAYSIAN INDEX

The ASEAN Corporate Governance Scorecard and the ranking of corporate governance of ASEAN PLCs are part of the ASEAN CG initiative under the ASEAN Capital Markets Forum (ACMF) Implementation Fund, which was endorsed by the ASEAN Finance Ministers in 2009 to achieve convergence in ASEAN countries as an economic community by 2015.

The ultimate aim is to build on economies of scale to achieve a single asset class, translating to wider access into capital markets for each member, and thereby facilitate cross-border fund raising and investments, and market access.

The standardisation of the ASEAN CG Scorecard is expected to:

- ◆ Raise corporate governance standards and practices of ASEAN PLCs, as it is benchmarked against global best practice principles of the OECD, ICGN and World Bank;
- ◆ Showcase and enhance the visibility as well as investment profile of quality and well-governed ASEAN PLCs internationally for business sustainability, and
- ◆ Complement other ACMF initiatives and promote ASEAN as an asset class.

The ACMF enlisted a panel of CG experts representing member countries, namely Vietnam, Indonesia, Thailand, Philippines, Singapore and Malaysia, to develop the Scorecard. A CG ranking methodology was established by leveraging on methodologies already implemented in ASEAN countries.

In recognition of MSWG's track record in carrying out the assessment of CG practices among PLCs in Malaysia through the MCG Index since 2009, MSWG has, in 2012, been tasked to use the ASEAN CG Scorecard to assess Malaysian PLCs with the support of the CMDF.

The scoring and ranking of top 500 PLCs based on market capitalisation as at end of June 2012 will be announced in second quarter of 2013.

As part of the awareness programme for the ASEAN CG Scorecard to the PLCs, a one-day seminar was held for PLCs on 21 November 2012 at the Ritz-Carlton Hotel, Kuala Lumpur which attracted 70 participants, with speakers who represented CG experts from Thailand, Indonesia and Singapore.

## → CAPITAL MARKET ACTIVITIES AND STRATEGIC ALLIANCES

In its mission to bring about best corporate governance practices within the Malaysian market, MSWG continued to play an active role in providing input and feedback to the industry and regulators on matters relating to corporate governance at both the local and global levels.

### Capital Market Activities

#### ❖ Capital Market Task Force

MSWG's CEO was appointed as a member of the Capital Market Task Force (CMTF) chaired by the Finance Minister II. The CMTF has 16 members comprising leaders from various institutions such as regulatory agencies, commercial banks, market players, government investment arm and professional bodies. The CMTF's focus is on market competitiveness and aims to eliminate friction to ensure that issuers, intermediaries and investors have access to an efficient, effective and facilitative market place through among others streamlining of regulatory processes and market management process.

Five working groups were established to make recommendations to the CMTF, each group facilitated by experts in their respective fields as follows:

- Group 1: Making Malaysia the Preferred Destination for Capital Raising
- Group 2: Innovating Capital Market Products for Investors
- Group 3: Enhancing Liquidity
- Group 4: Growing the Islamic Capital Market
- Group 5: Streamlining Market Structure & Processes

MSWG is a member of the Streamlining Market Structure & Processes Working Group and has submitted recommendations to the CMTF in this area.

## ❖ Internal Control Guidance for Directors Task Force

MSWG was appointed as a member of the Task Force for Internal Control Guidance for Directors, whereby the objective is to review the Statement on Internal Control Guidance for Directors of PLCs which was issued in December 2000. The guidelines relate to disclosures on risk management and internal control in their Annual Reports.

## ❖ Corporate Integrity System Malaysia Task Force

MSWG was appointed as a member of the Task Force for Corporate Integrity System Malaysia (CISM), which was formed to study and streamline the Corporate Integrity Pledge as well as to finalise the Malaysian Anti-Corruption Commission checklist and CISM Corporate Integrity Toolkit Malaysia.

## ❖ Response to Consultative Documents

During the year, MSWG had responded to various consultative papers either directly or through a committee of which MSWG representative is a member. In this way, MSWG's views were clearly communicated. The following are the list of consultative papers for which MSWG had submitted its response:

### ◆ Bursa Malaysia

Proposals aimed at enhancing corporate governance standards by making changes to the Listing Requirements pursuant to the CG Blueprint and MCCG 2012.

### ◆ Companies Commission of Malaysia

Invitation to review and propose a new definition for corporate governance for Malaysia.

### ◆ Malaysian Institute of Accountants

Invitation by the Auditing and Assurance Board of the MIA to comment on 'Improving the Auditors' Report'.

"Through a collective commitment - by shareholders who actively exercise their rights and voice their expectations, directors who embrace the right mindset and lead by example, and industry associations which foster self-discipline - companies can achieve growth and lift confidence of shareholders and investors."

*Datuk Ranjit Ajit Singh, Chairman, Securities Commission Malaysia*



## International

### ❖ ICGN Shareholder Responsibilities Committee (SHREC)/ICGN Diversity Working Group

The ICGN is a global membership organisation of around 600 leaders in corporate governance based in 50 countries with a mission to raise standards of corporate governance worldwide. Its members are largely institutional investors who collectively represent funds under management of around US \$18 trillion.

MSWG's CEO was appointed the Co-Chair of the ICGN SHREC Committee since December 2011 and the Chair of the ICGN Diversity Working Group. The objective of the ICGN Diversity Working Group is to articulate the ICGN position on the importance of diversity from an investor perspective and is responsible for focusing on issues relating to board diversity policy as an important area of shareholder responsibilities.

As Co-chair of SHREC, MSWG's CEO is responsible to co-ordinate and chair committee meetings which were held on a monthly basis via conference calls among its members. Twelve conference call meetings and two face-to-face meetings were held in 2012. The committee has also been actively responding to consultations and submitted comment letters in 2012 as follows:

- ◆ Securities and Exchange Commission (SEC) Lender-Directed Voting
- ◆ Principles for the Supervision of Financial Conglomerates
- ◆ Financial Reporting Council (FRC) Consultation on Revisions to the Stewardship Code
- ◆ Response to Financial Services Council regarding draft proposed Standard on Superannuation Governance and revisions to Standard 13 (Proxy Voting)
- ◆ Proposal for a Directive of the European Parliament and of the Council on Improving the Gender Balance among non-executive directors of companies listed on stock exchanges
- ◆ Consultation paper on Board Diversity – Hong Kong Exchanges and Clearing



Corporate Communications Department  
 Hong Kong Exchanges and Clearing Limited  
 12<sup>th</sup> Floor, One International Finance Centre  
 1 Harbour View Street  
 Central  
 Hong Kong

By Email: [response@hkex.com.hk](mailto:response@hkex.com.hk)

9th November 2012

Dear Sirs,

**Re: Consultation Paper on Board Diversity – HKEx.**

We are writing on behalf of the International Corporate Governance Network (ICGN), a global membership organisation of over 600 institutional and private investors, corporations and advisors from 50 countries. Our investor members are responsible for global assets of US\$18 trillion.

We welcome the Hong Kong Exchange to amend the Corporate Governance Code to enhance the effectiveness of the board and corporate governance which includes the following proposals:

- i) Introduction to Code Provision (i.e. subject to "comply or explain") stating that the nomination committee (or the board) should have a policy concerning diversity in the boardroom and to disclose a summary of the policy in the corporate governance report.
- ii) Any measurable objectives that it has set for implementing the policy, and progress on achieving the objectives.
- iii) Diversity being defined broadly, including but not limited to gender, age, cultural/background or professional experience.
- iv) Each company should take into account factors based on its business model and needs, form its own policy, and disclose the rationale for the factor used.

In a concentrated ownership environment, it would be important to facilitate the engagement of all shareholders in the board nomination and election process. This includes policies that ensure the shareholder meeting is a legitimate platform for all shareholders to select and election directors. Also, remove barriers to facilitate shareholders' communication such that they can discuss and evaluate candidates before the shareholders meeting. Encourage institutional investors to be more active in the process as well as more transparent in disclosing their voting policies. Companies can be encouraged to allow sufficient time for shareholders to present nominees to the board/nomination committee.

We are pleased to respond to your consultation questions regarding Board Diversity which we have appended. The ICGN recently canvassed its membership to contribute to a survey on board diversity, the key findings of which are summarized in the attached Annex 1. Around 15% of the ICGN membership responded to the

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survey, from 21 different countries. We provide ICGN's position on this matter as follows:-

- i) ICGN supports board diversity policies including gender diversity in the Codes of Corporate Governance.
- ii) ICGN supports a principle-based approach to diversity including gender diversity on a "comply or explain" approach according to the requirement for each company. A total of 93% of respondents to the ICGN survey asserted that it is the Board's role to oversee a human capital management strategy that sets out clearly how diversity (and inclusivity) are promoted within the company and embedded within the corporate culture. Furthermore, 76% of respondents felt that the Board should explain its approach to incorporating diversity within the company on a "comply or explain" basis.
- iii) ICGN encourages transparency around company selection procedures for board nomination and election.
- iv) ICGN encourages clarification around the role and influence of recruitment consultants in putting forward board candidates for consideration of companies. It was notable that 72% of the ICGN survey respondents advocated the need for improved standards of transparency.

If you have questions or comments on our submissions, please feel free to contact Kerrie Waring, the ICGN's Head of Secretariat, by email at [Kerrie.waring@icgn.org](mailto:Kerrie.waring@icgn.org) or by telephone on +44 (0) 207 612 7098.

Yours faithfully,

**Paul Lee**  
 Co-Chair, ICGN Shareholder  
 Responsibilities Committee

**Rita Benoy Bushon**  
 Co-Chair, ICGN Shareholder  
 Responsibilities Committee

**Michelle Edkins**  
 Chairman of the ICGN Board of Governors

Cc: ICGN Board Members  
 ICGN Shareholder Responsibilities Committee

## ❖ Organisation for Economic Co-Operation and Development (OECD)

**MSWG is an active participant of the State-owned enterprise (SOE) Frameworks and Government Reforms in areas covered by the Policy Brief on corporate governance of SOEs in Asia.**

*"Gender equality is indeed an imperative, not an option. Closing the gender gap not only makes sense in economic terms, but it should also be a critical ingredient of any strategy for more inclusive growth."*

*Angel Gurría, Secretary General, OECD*

## Strategic Alliances

### ❖ CEO Opinion Survey Project

MSWG has collaborated with Monash University Sunway Campus and Butler University of Indiana, USA on the CEO Opinion Survey Project since 2010. The objectives of the survey were to obtain the CEO's opinion on Malaysia's economic and business climate as well as other top issues expected to surface in the coming 12 months..

### ❖ Board Fees Survey

MSWG in collaboration with Towers Watson is undertaking a research on remuneration to Directors as recommended in the CG Blueprint 2011. In line with this, a Survey had been distributed to all Company CEOs to gauge the responses of the company. This project is supported by the Securities Commission.

## → WEBSITE

MSWG further enhanced its website in 2012 by putting in additional features and content, with the aim to establish its website as the premier site for research and information on corporate governance in Malaysia.

## → INDEPENDENT DIRECTORS POOL (IDP)

MSWG had decided to terminate its IDP registry as other directors' registries have sprouted since MSWG's call to have independent registries back in June 2009.

# HUMAN CAPITAL

## → STAFF STRENGTH



MSWG has a total of 20 full time staff. MSWG also has 7 Associates who are professionals and who work part-time providing their services on a wide range of activities where MSWG is involved, especially in the area of corporate monitoring and legal advisory. For 2013, we intend to increase our core team in the area of research and development to enable MSWG to be more responsive and undertake its duties and responsibilities effectively, efficiently and in a timely manner, which we deem necessary to support a new era of corporate governance and investors responsibilities in an increasingly dynamic and vibrant Malaysian capital market. This would also be in line with the objective of the Capital Market Masterplan which advocates an equal importance to market discipline and self discipline with that of regulatory discipline in the disclosure-based regime environment.

In this regard, MSWG needs to be able to attract qualified analysts who have deep knowledge of the Malaysian market and the various economic sectors therein, and who are skilled in research, and able to multi-task. We further need to retain this group of trained professionals. Going forward, we expect much more research to be undertaken in the areas of corporate governance and minority investors' matters.

## → STAFF DEVELOPMENT

MSWG Analysts were given continuing opportunities to develop their skills not only on capital market issues, but also soft skills like communication and presentation skills, in order to build and strengthen the MSWG brand. Included were media and presentation skills, covering the following areas:

- ◆ Clarity of presentations
- ◆ Confidence and personality
- ◆ Communicating

On-the-job training was continued whereby junior analysts attended company meetings with their seniors to gain first-hand experience in the area of monitoring. The Senior Management team was required to speak at public forums both locally and abroad to enhance their skills in relevant areas. This exposure and team building has created a stronger and more formidable MSWG brand.

MSWG believes in allowing professionals who are willing to provide their services to MSWG to come in as Associates on a part-time basis, due to their inability to work full-time for various reasons. We have thus crafted a work schedule for them which is suitable for both parties. In this way we have been able to minimise costs yet harness their professional skills to benefit MSWG.

We have also implemented flexi-hours in MSWG which has brought in staff, especially women, to work at hours that are mutually suitable. In this way we were able to negotiate with people that we needed and are able to employ and retain good talent.



Promoting work-life balance of staff through various sporting and social activities was also encouraged. In this regard, the MSWG Sports Club was set up in 2012 with the aim of fostering greater camaraderie among its employees. An Inaugural Bowling Tournament was held in August 2012 which saw the participation of employees, both at executive and non-executive levels. A prize-giving ceremony was held in conjunction with the Staff Annual Dinner which was held in December 2012. A CEO Challenge Trophy was presented to the Best Bowler 2012.

During the year, the Company also organised its Annual Chinese New Year Luncheon and Hari Raya Open House events, which were attended by the Directors and employees of MSWG. We have also invited friends of MSWG who have given their support and contributions, as one of the ways to show our appreciation to them.



# STATUS OF DEFAMATION SUIT

The defamation suit which was filed against MSWG in 2009 is still on-going. A series of case management sessions as well as a mediation session were held during the year.

## MOVING FORWARD 2013

Moving forward into 2013, MSWG will continue to:

- ◆ Provide input and feedback to various bodies, both locally and globally, on improvements to corporate governance best practices and legislations in order to influence policies and practices within the Malaysian capital market;
- ◆ Continuously research and adopt international best practices in corporate governance to bring our companies to regional and global levels to compete in an international marketplace for a wider investor pool;
- ◆ Upgrade its website, products and services in response to increasing and more sophisticated shareholder and investor requirements;
- ◆ Provide and distribute commentaries on issues relating to shareholders in order to create and promote awareness and even greater participation at company meetings; and
- ◆ Build its internal capacity to ensure that it has the requisite staff strength with the right qualifications and skill sets to meet the challenges of the marketplace.

In this regard, MSWG will upgrade its products and services to serve both its public and private mandates, with a special focus on the following activities and services:

- ◆ Extend the coverage and deepen its monitoring to 300 companies.
- ◆ Expand its Subscriber Services to a larger universe of domestic and international capital market participants.
- ◆ Assess corporate governance levels and practices among top Malaysian PLCs using the ASEAN CG Scorecard.
- ◆ Continue publication of the Weekly Watch list columns in The New Straits Times, and extend the same to other media.
- ◆ Hold more investor education programmes to keep shareholders and investors, particularly minority shareholders, abreast of new corporate governance practices and developments.
- ◆ Maintain a more informative and interactive website.
- ◆ Publish and disseminate our weekly electronic newsletters with the intention of becoming a reference centre for corporate governance and minority interest issues with focus on minority shareholder matters in PLCs.
- ◆ Collaborate with organisations of similar interest to form smart partnerships to enhance the integrity of the capital market.



I am confident that 2013 will be an even greater year for Corporate Malaysia in charting new levels of corporate governance best practices, and will look forward to a new landscape of greater transparency and disclosure that will inevitably result therefrom. In this new era of rising investors' responsibilities, MSWG will continue to push ahead with its agenda of raising the level of corporate governance among Malaysian PLCs, championing minority shareholder interests as well as positioning itself as a think-tank and valuable reference and resource centre for its opinions, commentaries, articles, publications and services on corporate governance and minority interest in public companies in the context of the Malaysian capital market. We are committed to delivering another set of challenging KPIs, including the results of the inaugural ASEAN CG Scorecard assessment of Malaysian PLCs this year.



**RITA BENOY BUSHON**

**Chief Executive Officer**

**Date : 27 February 2013**

*"Long-term sustainability is about ESG factors - environment, social and governance values. You want the triple bottom line."*

*Ms Rita Benoy Bushon, CEO MSWG.*

## DIVERSITY ON BOARDS IS ABOUT CORPORATE GOVERNANCE

We have often said that having a diverse boardroom is one of the best ways a company can overcome the challenges of operating in a globalised and volatile world.

Times are changing so fast that we often find it difficult to keep pace. In the last few years, seismic changes have occurred, changing the way we do business. The advent of cloud computing and social networks and the rise of people and consumer power not to mention the importance of emotion in brand development, have all changed the landscape of decision-making in business.

The pace of change is relentless, and if the corporate world is keen to keep pace with the pace of change, then it too must change with the times especially when the merits have been proven and sometimes obvious. The merits of diversity on boards including gender diversity have been linked so intricately with corporate governance which makes business sense. Thus, companies without such representation in the highest echelons of decision making are just not in tune to the needs of the current times.

How can we effectively compete in a global world in the present times when board members are confined mainly to just one gender or one approximate age or one social background or one skill-set or one type of qualification or even from the same university or college?

Thankfully Malaysia is rapidly waking up to the benefits of widening the selection process to both genders and a wider range of ethnic, cultural, religious backgrounds and experiences. Thankfully, we have begun to realise the merits of a diversified pool of people with encompassing viewpoints and depths of experience in disparate markets over the more traditional and narrower board of directors.

Preliminary results from our ASEAN Corporate Governance scorecard have demonstrated that

this initiative is beginning to bear fruit. Of the top 500 companies in our survey, there has been a meaningful increase. From a mere 7.5 per cent female board representation in 2009, we saw a small increase to about 8.4 per cent in 2011. But by mid-2012 there has been a 0.6 percentage-point rise to almost 9 per cent.

We can only attribute this to the catalyst of a government-led push for more female representation in the corporate sector. In June 2011, the Cabinet approved a policy stipulating that there must be at least 30 per cent of women holding decision-making posts in the corporate sector -- an extension of a similar government policy introduced in 2004 for the public sector, which saw an increase in women participation from 18.8 per cent that year to 32.3 per cent last year.

With much work to do before the 30 per cent target is met, I should also like to point out and laud the latest changes to Bursa's listing rules, which places the onus of meeting diversity targets squarely on the board of directors.

Citing Chapter 15 Part B(A) of the latest changes in the Listing Rules, Bursa says a listed company must provide, in its annual report, information describing its policy on board composition as regards the mix of skills, independence and diversity (including gender diversity), how it nominated and elected the directors and the criteria used in its selection process.

Bursa's emphasis on the qualitative elements of the nominating process demonstrates the importance placed on candidate quality. We wholeheartedly agree that merit MUST be the dominant criteria behind a candidate's election, not his or her gender. Granted, female directors may right now be vastly under-represented in corporate boardrooms, but I am confident there are more than enough suitable candidates to fill the void between now and 2016, a mere four years away.

Shareholders especially institutional investors must play their role and ask for explanations if their investee companies are not able to source for qualified female independent directors on the boards.

In meeting this target, however, we must avoid the pitfalls of 'rubber-stamp nominations', where the quota is met by related parties and unqualified candidates.

Quotas have nevertheless, succeeded in some countries (Norway introduced a 40 per cent minimum for either gender into law in 2008, and today boasts a 36.3 per cent aggregate ratio of women now on boards), but one would argue that timing and discipline are all-important factors to their success.

Notwithstanding Norway's example, I should also like at this point highlight the enormous progress made in Europe on the issue of gender diversity.

In November 2012, Viviane Reding, the Vice-President of the European Union and Commissioner for Justice, Citizenship and Fundamental Rights, managed a coup of sorts for diversity champions, when she announced that the European Commission had agreed a proposed new law that will aim for 40 per cent female non-executive directors of larger European publicly listed companies by 2020. It will be tabled in the European Parliament soon.

Reding's proposed law, while a slight deviation from its original proposal (which specified a quota with sanctions for any failure to comply), nonetheless envisages that this EU-wide consensus will not be a mandatory quota but rather a non-binding target to achieve a 40 per cent representation of the under-represented gender by 2020.

However, with the imminent passing of this law in Europe -- just as it has in Malaysia -- the issue of board diversity is now under the close scrutiny of the powers that be.

On a wider basis, these local and international developments signals that the issue of gender diversity on boards will be high up on the agenda for company boards now and for the next few years at least.

And while these developments are currently aimed at larger and publicly traded companies, there is every possibility that there will be a ripple effect, impacting smaller public companies and even private companies, whether through a shift in attitudes or through voluntary compliance with corporate governance codes.

Sometimes, a journey of a thousand miles really does begin with a single step.

# The Power Of Shareholder



# Participation And Engagement.



## ➔ CALENDAR OF EVENTS 2012

### 1. 8 Feb 2012 - MSWG Chinese New Year (Luncheon)

MSWG held a Chinese New Year Luncheon exclusively for its retail subscribers. The Luncheon was held at MSWG's Head Office



### 2. 7 Mar 2012 - 11th AGM of MSWG

MSWG held its 11th AGM on 7 March 2012 at 11th Floor, Bangunan KWSP, No.3 Changkat Raja Chulan, Off Jalan Raja Chulan, Kuala Lumpur.

### 3. 31 Mar 2012 - Publication of MSWG's MCG Index Report 2011

This is the 3rd report since the MCG Index Report was first published in year 2010.



### 4. 16 Apr 2012 - Corporate Governance – The Competitive Advantage

The event organised by MSWG was held at Sime Darby Convention Centre, Kuala Lumpur to present the findings of the MCG Index Report 2011.



### 5. 20-28 Apr 2012 - Minggu Saham Amanah Malaysia (MSAM) 2012

MSWG continues to participate in this annual event organised by Permodalan Nasional Berhad. MSAM 2012 was held in Kota Kinabalu, Sabah.



### 6. 24 May 2012 - Malaysian Forum on Business Sustainability

The event was organised by MSWG and Perception Management held at Sime Darby Convention Centre, Kuala Lumpur.

**7. 25 – 27 Jun 2012 - ICGN Annual Conference & General Meeting 2012**

CEO of MSWG was involved throughout and Chaired the SHREC Committee Meeting at the ICGN Annual Conference & General Meeting 2012 held at Rio de Janeiro, Brazil.

**8. 3-4 Jul 2012 - OECD Asia Network on CG of State-Owned Enterprises**

Pn. Lya Rahman, General Manager, Corporate Services represented MSWG at the 7th OECD Asia Network on CG of State-Owned Enterprises held at Bandung, Indonesia.

**9. 19 Jul 2012 - MSWG Staff Bowling Tournament**

The Sports Club held the inaugural bowling tournament to foster greater team spirit among the employees at Ampang Superbowl, Berjaya Times Square.

**10. 29 Aug 2012 - MSWG Hari Raya Open House**

MSWG organised Hari Raya Open House for its subscribers, guests and associates.

**11. 21 Nov 2012 - Asean CG Scorecard – The Way Forward**

MSWG organised a 1-day seminar to create awareness on the Asean CG Scorecard which will be used to assess the listed companies on Bursa Malaysia.

**12. 26 Nov 2012 - MSWG Annual Dinner**

MSWG organised its inaugural Annual Dinner to foster relationship among its employees and directors.

**13. 10-11 Dec 2012 - 4th International Conference on Corporate Governance**

Mr Quah Ban Aik, Head, Monitoring Services participated at the 2-day conference held in Hyderabad, India which discussed on CG issues in the emerging economies.





## MSWG ACTIVITIES





# ARTICLES/COMMENTARIES



## Samling sweetens offer

Glenealy shareholders will get special dividend of 52.75 sen

By WONG WEI-SHEN  
weishen.wong@thestar.com.my

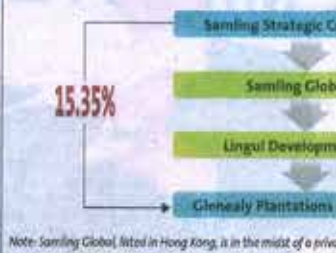
**PETALING JAYA:** Shareholders of Glenealy Plantations (M) Bhd will receive a special dividend of 52.75 sen per share as a sweetener to Samling Global Ltd's offer to privatise the company.

The shares were suspended from 5pm yesterday, pending the announcement of the proposed dividend.

The dividend would amount to RM60.18mil that the company would need to fork out from the RM95mil odd it had in its cash reserves as at June 30, 2012.

In a filing with Bursa Malaysia, it

### How Samling Group controls Glenealy



The land at book value of about

### MSWG AGM/EGM Weekly Watch 9 – 13 April 2012

For this week, the following are the AGMs/EGMs of companies which are in the Minority Shareholder Watchdog Group's (MSWG) watchlist. The summary of points of interest are highlighted here, while the details of the questions to the companies can be obtained via MSWG's website at [www.mswg.org.my](http://www.mswg.org.my).

#### The AGMs/EGMs for the week:

Date & Time	Company	Venue
9 April 2012 9:30 am	Boustead Holdings Berhad (AGM)	The Royale Chulan, Jalan Conlay, Kuala Lumpur
10 April 2012 10:00 am	OSK Holdings Berhad (AGM)	11th Floor, Plaza OSK, Jalan Ampang, Kuala Lumpur InterContinental Hotel, Kuala Lumpur Hilton Hotel, Petaling Jaya

## Diversity on boards is about corporate governance



**Shareholder Activism**  
RITA BENOY BUSHON

WE have often said that having a diverse boardroom is one of the

not in tune with the needs of the current times. How can we effectively compete globally in the present times when board members are confined mainly to just one gender or one approximate age or one social background or one skill-set or one type of qualification or even from the same university or college?

ing that there must be at least 30% of women holding decision-making posts in the corporate sector... between now and 2016, a mere four years away. Shareholders, especially insti- the European Parlia Reding's propose slight deviation fro

### MSWG AGM/EGM Weekly Watch October 29 – November 2 2012

For this week, the following are the AGMs/EGMs of companies which are in the Minority Shareholder Watchdog Group's (MSWG) watchlist. The summary of points of interest are highlighted here, while the details of the questions to [www.mswg.org.my](http://www.mswg.org.my).

#### Venue

Putrajaya Marriot Hotel, IOI Resort Putrajaya  
Bukit Jalil Golf & Country Resort, KL

## Shareholders told to exercise rights wisely



**Comment**  
RITA BENOY BUSHON

THE end of March saw the completion of ExxonMobil International Holdings Inc's disposal of its 65% stake in Esso Malaysia Bhd to

### Mixed views on YHSM privatisation proposal

By DALJIT DHESI  
daljit@thestar.com.my

**PETALING JAYA:** Market observers have mixed views as to whether the proposed privatisation of Yeo Hiap Seng (M) Bhd (YHSM) by its parent, Yeo Hiap Seng Pte Ltd (YHSPL), at RM3.60 per share is a fair deal.

Analysts generally feel that although the price of RM3.60 is slightly below the fair value mark, nonetheless it is deemed fair. On the other hand, the Minority Shareholder Watchdog Group (MSWG) thinks it is on the lower side.

AmResearch analyst Low Soo Fang said the offer price for the privatisation was 7.6% below the brokerage's fair value of RM3.90 per share, adding that although it was a small discount to its fair value, the proposed

## Revaluation mandate?

Independent advisors may be required to assess value of assets in firms facing buyouts

By WONG WEI-SHEN  
weishen.wong@thestar.com.my

**PETALING JAYA:** The authorities may mandate independent advisors to conduct a revaluation of assets in companies facing buyouts, bankers familiar with the situation told StarBiz.

The bankers said the authorities have been for some time looking closely at reducing the quality of independent advice and the latter may be to mandate a revaluation of assets in instances of buyouts.

"Back in 2010, the Securities Commission (SC) had issued a consultation paper on enhancing the quality of independent advice. As a result of this, some changes to the quality of independent advice have already been implemented."

Mandating the (independent) advisors to have a valuation of the assets has certainly been discussed in the past. So I wouldn't rule out such a rule being implemented in the near future," said an investment banker.

The issue of having an independent re-valuation of assets has been discussed in the past.

Glenealy Plantations (Malaysia) Bhd, in January, Samling Global bid and parties acting in concert had proposed to acquire the 48.2% in Glenealy that they did not already own for RM7.50 per Glenealy share. Minority shareholders had voted out to the board, the

As Sa... S. Ang... there is plenty of room to move up the value Hence, hardly

... in the short term, there might be some operational risks.

— ANALYST

via a selective capital reduction, non-interested minority shareholders would have to vote on the buyout and that 75% of their votes would be needed for the deal to go through.

At the offer price of RM3.60 per share, AmResearch said this valued the group at an FY12 forecast PE of 20 times based on its forecast, and an implied price to book (P/B) of 2 times based on its net tangible asset (NTA) of RM1.80 per share as at the first quarter of FY12.

An analyst with an investment bank told StarBiz that he felt the offer the latter, which though had high margins but was volatile.

Meanwhile, MSWG CEO Rita Benoy Bushon cited several factors to support the view that the offer price was on the lower side.

She said Permaisuri was sold to Asahi for RM820mil which is equivalent to a Permaisuri PER of 25.73 times and price to book ratio (PBR) of 8.54 times. The valuation of YHSM was RM549.72mil (total paid-up minus treasury share), which was RM270mil lower than Asahi's offer.

YHSM's valuation was equivalent to a PER of 22.5 times and PBR of 2.08 times, she said, adding that the industry averages for PER and PBR were 11.22 times and 1.68 times respectively around the time of Permaisuri sale in October 2011.

She said the premium paid for

## Kulim board to discuss MCCM's counterbid

By DANIEL KHOO  
danielkhoo@thestar.com.my

**KUALA LUMPUR:** The directors of Kulim (M) Bhd will meet before the Chinese New Year holidays to discuss a counterbid from the Malay Chamber of Commerce Malaysia (MCCM) to buy Kulim's 54% stake in QSR Brands Bhd. Sources say it is likely that the board will reject MCCM's offer.



# COMMENDATION RECEIVED

Your effort to improve the local corporate governance awareness are widely acknowledged and appreciated so far. By cracking one or more cases like this would, I reckon, further enhance your corporate image. Please let me hear your opinion and/or comments, if any.

Thank you.

Dear officers,

Thank you so much in facilitating support to Growers very professionally. Thus it helped in the favourable offer and succeeding in VT to Growers benefit in the meeting.

Thanks again.

Kudos to MSWG for doing a good job over the years.

You prove you are more than a watchdog and that you have the bite.

I wonder whether you also act as proxy at general meetings for shareholders who would like you to act as such.

Mr. Ng, Like to thank you for your quick response and your explanations of the facts to me.

On behalf of all the minority shareholders of MBF Holdings Berhad, I wish to put on record our sincere thanks to all staff of MSWG for holding the forum on 28 Feb 2013. Special thanks to Puan Rita for showing 'I do it my way'.

Many, many thanks for yr latest newsletter for Nov, 2012. Yr message covering, inter alia, the recent Sime Darby AGM of 2012 held on 8th Nov.2012 and yr review on the current development facing the I CapClosed End Fund have been particularly useful to me. May I take this opportunity to express my appreciation for yr invaluable briefing at the Sime Darby AGM. Since I was present personally at the AGM, I was able to hear and listen to the question and answer session. It was a result of a remarkable home work done by your panelists and analysts. Keep up yr good work.

Your effort to improve the local corporate governance awareness are widely acknowledged and appreciated so far.

Finally I would like commend the MSWG and, in particular, its Chief Executive officer, Rita Benoy Bushon for her overall contributions in MSWG.

Thanks very much for your useful information, appreciate your help on this matter.

Like to thank you for your quick response and your explanations of the below facts to me.

In this MO and looking at the current scenario, I personally feel the majority shareholders are acting or in fact working in concert so that finally all the goodies at the end of the day like TTB acquiring Danga Bay S/B may come true only after majority of the minority shareholders have sold out their shares or have no choice since PAC will own more than 90% of TTB shares. Hope my assumptions will not come true. And that long term loyal minority shareholders of TTB will not be marginalized and be given their just reward too.

Like to comment MSWG for at least having written and raising concerns of the MO to the board of TTB.

Thank U for ur write-up & informative article.

you have turned around the MSWG into a body whose functions and contributions are more meaningful and beneficial to minority shareholders like us.

Firstly, I must congratulate MSWG for coming out with the publication which certainly gives another viewpoint to corporate developments. After reading a few of your publications, I feel that they did provide some fairly objective analysis and more so, a quick summary of significant corporate developments. However, if manpower and resources permit, would suggest; more in-depth analysis on significant events, a slightly wider coverage and maybe a more frequent publication, say forth nightly.

I am personally full of praise for MSWG to bring out in the open how companies unfairly allocate the IPO shares though all these processes are given approval by the relevant authorities.

Thanks for doing a good job & hope dat U & ur team will keep on d good job= of fighting for d minorities

I am full of praise for the excellent job you are doing in MSWG. Keep up your good work in highlighting on issues that arise in the local share market from time to time.

All in all, your contribution is utmost to our local capital market and indirectly to our society and country. On behalf of all market participants and hence beneficiary, I thank you for your generous effort and time consumed on improving our market's standard.

At least we shareholders can count on someone to take up our grievance (if we had any) against the big boys... Keep up your good work.

# SPEAKING ENGAGEMENTS BY MSWG STAFF

## MARCH

5

**PROGRAMME** 4th Annual Corporate Governance Summit Kuala Lumpur 2012 with the theme "Bringing Asia Onto the Board" organised by Asian World Summit Sdn Bhd.  
**VENUE** The Royale Chulan Hotel, Kuala Lumpur.

**PROGRAMME** Accountants in Business Symposiums 2012 organised by the Malaysian Institute of Accountants on "Embedding Corporate Governance Culture Throughout the Organisation – Role of CEO/CFO".  
**VENUE** The Royal Chulan Hotel, Kuala Lumpur.

21

14

**PROGRAMME** CSR Wednesday Bi-Monthly briefing organised by CSR ASIA, hosted by Bursa Malaysia and supported by ACCA Malaysia on "The Case for Diversity in the Boardroom".  
**VENUE** ACCA Training Room, Kuala Lumpur.

**PROGRAMME** ACCA-Grant Thornton Forum on "Putting Investors at the Heart of the Financial System: Malaysian Perspective".  
**VENUE** Sheraton Imperial Hotel KL .

27

20

**PROGRAMME** Talk on Role of MSWG and Shareholders Rights for Students of Monash University.  
**VENUE** Monash University, Subang Jaya.

## APRIL

16

**PROGRAMME** MSWG Seminar on Corporate Governance – The Competitive Advantage, topic entitled "MSWG's MCG Index 2011: Presentation of Findings".  
**VENUE** Sime Darby Convention Centre, Kuala Lumpur

## MAY

10

**PROGRAMME** Talk on Findings on MCG Index 2011 Report to Sabah-based companies organized by Suria Capital.  
**VENUE** Suria Capital, Kota Kinabalu, Sabah.

**PROGRAMME** Training Programme organised by Financial Sector Talent Enhancement Programme (FSTEP).  
**VENUE** FSTEP.

29

24

**PROGRAMME** Malaysian Forum on "Business Sustainability – Governance, Responsibility, Profits" jointly organised by MSWG and Perception Management International Group.  
**VENUE** Sime Darby Convention Centre, Kuala Lumpur

## JUNE

25  
-27

**PROGRAMME** International Corporate Governance Network (ICGN) Annual Conference and General Meeting 2012 with the theme "New Horizons: The Emergence of a New Corporate Governance Era" organised by ICGN.  
**VENUE** Sofitel Hotel, Rio de Janeiro, Brazil .

**PROGRAMME** Seminar on "Corporate Governance 2012 – The Impact of Crisis & Globalisation" organised by EMP  
**VENUE** Renaissance Hotel, Kuala Lumpur.

25

## JULY

3-4

**PROGRAMME** 7th meeting of the Asia Network on Corporate Governance of State-Owned Enterprises on "Professionalisation of State-Owned

**VENUE** Hotel Novotel, Bandung, Indonesia.

**PROGRAMME** National Accounting Educators Symposium 2012 organised by Malaysian Institute of Accountants (MIA).

**VENUE** Sunway Putra Hotel, Kuala Lumpur.

17

## AUGUST

22

**PROGRAMME** Financial Sector Talent Enrichment Programme (FSTEP) on "Minority Interest".

**VENUE** FSTEP.

## OCTOBER

22  
-23

**PROGRAMME** 2012 National Conference on "Internal Auditing – Rising Potential".

**VENUE** Kuala Lumpur Convention Centre .

**PROGRAMME** Malaysian Capital Market Summit on "Malaysia The Rising Star – Geared for Growth" organised by Asian Strategy & Leadership Institute (ASLI) .

**VENUE** The Royale Chulan Hotel, Kuala Lumpur.

29

## NOVEMBER

1

**PROGRAMME** Women Directors Onboarding Training Programme (WDOTP) on the topic "Putting It All Together: Practical Application of all the Modules Through Panel Discussion" organised by Malaysian Directors

**VENUE** Securities Commission Malaysia, Bukit Kiara, Kuala Lumpur

**PROGRAMME** Talk on Current Corporate Governance Issues to students from UiTM Sarawak.

**VENUE** MSWG Training Centre.

5

2

**PROGRAMME** Talk on Current Corporate Governance Issues to students of Nottingham University, Malaysia.

**VENUE** University of Nottingham Campus, Malaysia.

**PROGRAMME** MSWG Seminar on ASEAN Corporate Governance Scorecard – The Way Forward on the topic "Enhancing Visibility of PLCs Through High Corporate Governance Standards and Practices".

**VENUE** The Ritz-Carlton Kuala Lumpur .

21

## DECEMBER

5

**PROGRAMME** Panelist at CSR Asia Disclosure Forum 2012 on the topic "ESG and investors' Expectations" organised by

**VENUE** Kuala Lumpur Golf and Country Club, Bukit Kiara, Kuala Lumpur

**PROGRAMME** 4th Conference on Corporate Governance in Asia "Corporate Governance in Emerging Economies: Innovation, Sustainability, Issues and Challenges" – organised by Universiti Teknologi MARA, Malaysia & Institute of Public Enterprise, Hyderabad, India.

**VENUE** Institute Of Public Enterprise, Hyderabad, India.

10  
-12

# LIST OF SUBSCRIBERS



PERMODALAN NASIONAL BERHAD

SECURITIES COMMISSION MALAYSIA

LEMBAGA TABUNG ANGKATAN TENTERA

PERTUBUHAN KESELAMATAN SOSIAL

BROADRIDGE FINANCIAL SOLUTIONS

BURSA MALAYSIA (REGULATOR)

ABERDEEN ASSET MANAGEMENT

KUMPULAN WANG SIMPANAN PEKERJA

KHAZANAH NASIONAL BERHAD

MONASH UNIVERSITY

ACCA MALAYSIA

VALUE CAP SDN BHD

LEMBAGA TABUNG HAJI



IJM CORPORATION BHD  
TURIYA BHD  
MALAYSIA BUILDING SOCIETY BHD

UMW HOLDINGS BHD  
ALLIANCE FINANCIAL GROUP BHD

UTUSAN MELAYU (M) BHD  
DIJAYA CORPORATION BHD

TA ANN HOLDINGS BHD  
HANDAL ASIA PACIFIC BHD  
CAHAYA MATA SARAWAK BHD

PUBLIC BANK BHD  
BINTULU PORT HOLDINGS BHD

TELEKOM MALAYSIA BHD  
NAIM HOLDINGS BHD

DAIBOCHI PLASTICS & PACKAGING BHD  
MUHIBBAH ENGINEERING BHD

AMMB HOLDINGS BHD  
KULIM (M) BHD  
BOUSTEAD HOLDINGS BHD  
INTEGREX BHD

UEM LAND HOLDINGS BHD  
TA ENTERPRISE BHD  
GENTING BHD  
TANJONG PUBLIC LIMITED COMPANY  
KPJ HEALTHCARE BHD  
BOUSTEAD HEAVY IND. CORP. BHD  
KKB ENGINEERING BHD  
NEGERI SEMBILAN OIL PALMS BHD  
ORIENTAL HOLDINGS BHD  
LPI CAPITAL BHD

TIME ENGINEERING BHD  
BERJAYA LAND BHD  
TOP GLOVE CORPORATION BHD  
DRB-HICOM BHD  
AFFIN HOLDINGS BHD  
LION DIVERSIFIED HOLDINGS BHD  
CHIN TECK PLANTATIONS BHD

BRITISH AMERICAN TOBACCO (M) BHD  
YTL CORPORATION BHD  
MMC CORPORATION BHD  
GREENYIELD BHD  
PERDANA PETROLEUM BHD  
AXIATA GROUP BHD

RHB CAPITAL BHD  
MALAYAN BANKING BHD  
SIME DARBY BHD  
BURSA MALAYSIA BHD  
AMMB HOLDINGS BHD  
CARLSBERG BREWERY (M) BHD

PANASONIC MANUFACTURING (M) BHD  
TDM BHD  
LAFARGE MALAYAN CEMENT BHD

MEDIA PRIMA BHD  
PUNCAK NIAGA HOLDINGS BHD  
KFC HOLDINGS (M) BHD  
CIMB GROUP HOLDINGS BHD  
PETRA ENERGY BHD

RELIANCE PACIFIC BHD  
PARAMOUNT CORPORATION BHD  
RANHILL BHD  
MALAYSIAN RESOURCES CORP. BHD  
SURIA CAPITAL HOLDINGS BHD

PLUS EXPRESSWAYS BHD  
BANDAR RAYA DEVELOPMENTS BHD  
ALAM MARITIM RESOURCES BHD  
TSH RESOURCES BHD

OSK INVESTMENT BANK BHD  
AMWAY (M) HOLDINGS BHD  
TENAGA NASIONAL BHD  
LAND AND GENERAL BHD  
JAYA TIASA HOLDINGS BHD





# TRANSPARENT AND CREDIBLE REPORTING



Company No.

524989	M
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**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**  
(Incorporated in Malaysia as a company limited by guarantee)

**STATUTORY FINANCIAL STATEMENTS**

**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

Company No.

524989

M

**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**  
(Incorporated in Malaysia as a company limited by guarantee)

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Company No.

524989	M
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**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**  
(Incorporated in Malaysia as a company limited by guarantee)

**DIRECTORS' REPORT**

The Directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31 December 2012.

**PRINCIPAL ACTIVITY**

The principal activity is to promote corporate governance in companies through shareholder activism acting in the interest of the minority shareholders as an integral part to the development of the capital market.

There were no significant changes in the nature of these activities during the financial year.

**FINANCIAL RESULTS**

	RM
Surplus for the financial year	<u>319,214</u>

**DIVIDENDS**

In accordance with the Company's Memorandum of Association, no dividends are payable to the members of the Company.

**MOVEMENTS ON RESERVES AND PROVISIONS**

All material transfers to or from reserves and provisions during the financial year are shown in the financial statements.

**DIRECTORS**

The Directors who have held office during the period since the date of the last report are as follows:

Tan Sri Abdul Halim bin Ali  
Tan Sri Dato' Lodin bin Wok Kamaruddin  
YBhg Datuk Zakaria bin Sharif  
(Alternate Director to Tan Sri Dato' Lodin bin Wok Kamaruddin)  
(Appointed w.e.f. 16 January 2012)  
Dato' Larry Gan  
Phillip Koh Tong Ngee  
Rita A/P Benoy Bushon  
Nor Hizam bin Hashim  
Tan Sri Datuk Dr. Sulaiman Bin Mahbob  
(Appointed w.e.f. 16 April 2012)

Company No.

524989	M
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## BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

(Incorporated in Malaysia as a company limited by guarantee)

### DIRECTORS' REPORT (CONTINUED)

#### DIRECTORS (CONTINUED)

In accordance with Article 61 of the Company's Article of Association, Tan Sri Abdul Halim bin Ali retires at the forthcoming Annual General Meeting and being eligible, offer himself for re-election.

In accordance with Article 61 of the Company's Article of Association, Encik Nor Hizam bin Hashim retires at the forthcoming Annual General Meeting and being eligible, offer himself for re-election.

In accordance with Article 67 of the Company's Article of Association, Tan Sri Datuk Dr. Sulaiman bin Mahbob retires at the forthcoming Annual General Meeting and being eligible, offer himself for re-election.

#### DIRECTORS' INTERESTS

The Company is a company limited by guarantee and thus no shares in which the Directors could have an interest. The Company has not issued any debentures.

#### DIRECTORS' BENEFITS

During and at the end of the financial year, no arrangements subsisted to which the Company is a party, being arrangements with the object or objects of enabling Directors of the Company to acquire benefits by means of the acquisition of shares in or debentures of, the Company or any other body corporate.

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than Directors' remuneration disclosed in Note 4 and Note 6) by reason of a contract made by the Company or a related corporation with the Director or with a firm of which the Director is a member, or with a company in which the Director has a substantial financial interest.

#### STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the statement of comprehensive income and statement of financial position were made out, the Directors took reasonable steps:

- (a) to ascertain that proper action had been taken in relation to the writing off of bad debts and the making of allowance for doubtful debts and satisfied themselves that all known bad debts had been written off and that adequate allowance had been made for doubtful debts; and
- (b) to ensure that any current assets, other than debts, which were unlikely to realise in the ordinary course of business their values as shown in the accounting records of the Company had been written down to an amount which they might be expected so to realise.

Company No.

524989

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## BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

(Incorporated in Malaysia as a company limited by guarantee)

### DIRECTORS' REPORT (CONTINUED)

#### STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

At the date of this report, the Directors are not aware of any circumstances:

- (a) which would render the amounts written off for bad debts or the amount of the allowance for doubtful debts in the financial statements of the Company inadequate to any substantial extent; or
- (b) which would render the values attributed to current assets in the financial statements of the Company misleading; or
- (c) which have arisen which render adherence to the existing method of valuation of assets or liabilities of the Company misleading or inappropriate.

No contingent or other liability has become enforceable or is likely to become enforceable within the period of twelve months after the end of the financial year which, in the opinion of the Directors, will or may substantially affect the ability of the Company to meet its obligations when they fall due.

At the date of this report, there does not exist:

- (a) any charge on the assets of the Company which has arisen since the end of the financial year which secures the liability of any other person; or
- (b) any contingent liability of the Company which has arisen since the end of the financial year.

At the date of this report, the Directors are not aware of any circumstances not otherwise dealt with in this report or the financial statements which would render any amount stated in the financial statements misleading.

In the opinion of the Directors,

- (a) the results of the Company's operations during the financial year were not substantially affected by any item, transaction or event of a material and unusual nature; and
- (b) there has not arisen in the interval between the end of the financial year and the date of this report any item, transaction or event of a material and unusual nature likely to affect substantially the results of the operations of the Company for the financial year in which this report is made.



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**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**  
(Incorporated in Malaysia as a company limited by guarantee)

**DIRECTORS' REPORT (CONTINUED)**

**SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

Significant event during the financial year is disclosed in Note 17 to the financial statements.

**AUDITORS**

The auditors, PricewaterhouseCoopers, have expressed their willingness to continue in office.

Signed on behalf of the Board of Directors in accordance with their resolution.



TAN SRI ABDUL HALIM BIN ALI  
DIRECTOR



RITA BENOY BUSHON  
DIRECTOR

Kuala Lumpur  
27 February 2013

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**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**  
(Incorporated in Malaysia as a company limited by guarantee)

**STATEMENT OF COMPREHENSIVE INCOME  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

	<u>Note</u>	<u>31.12.2012</u> RM	<u>31.12.2011</u> RM
Revenue	2	504,148	1,323,645
Grant	3	4,237,956	3,056,380
Other operating income		93,398	69,543
Staff costs	4	(3,069,593)	(2,856,619)
Depreciation of property and equipment		(55,028)	(47,427)
Other operating expenses	5	(1,112,360)	(1,473,829)
Total expenditure		<u>(4,236,981)</u>	<u>(4,377,875)</u>
Surplus from operations	6	598,521	71,693
Finance cost	7	(975)	(2,150)
Surplus before taxation		597,546	69,543
Taxation	8	(278,332)	(248,116)
Surplus / (Deficit) for the financial year		<u>319,214</u>	<u>(178,573)</u>
Other comprehensive income:			
Financial assets available-for-sale		5,692	7,320
Income tax relating to component of other comprehensive income		(1,423)	(1,830)
Total comprehensive income/(loss) for the financial year		<u><u>323,483</u></u>	<u><u>(173,083)</u></u>

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## BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

(Incorporated in Malaysia as a company limited by guarantee)

### STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2012

	<u>Note</u>	<u>31.12.2012</u> RM	<u>Restated</u> <u>31.12.2011</u> RM	<u>Restated</u> <u>1.1.2011</u> RM
<b>NON-CURRENT ASSETS</b>				
Property and equipment	9	307,294	173,950	134,274
Financial assets available-for-sale	10	130,016	121,608	108,028
Deferred tax asset	11	135,425	405,105	652,773
		<u>572,735</u>	<u>700,663</u>	<u>895,075</u>
<b>CURRENT ASSETS</b>				
Other receivables, deposits and prepayments	12	159,681	381,286	298,036
Cash and cash equivalents	13	5,027,782	3,618,545	2,527,528
		<u>5,187,463</u>	<u>3,999,831</u>	<u>2,825,564</u>
<b>LESS: CURRENT LIABILITIES</b>				
Deferred grant	3	3,291,493	3,029,449	2,085,829
Other payables and accruals		1,067,594	597,035	388,643
Provision for taxation		5,240	1,622	696
		<u>4,364,327</u>	<u>3,628,106</u>	<u>2,475,168</u>
<b>NET CURRENT ASSETS</b>		<u>823,136</u>	<u>371,725</u>	<u>350,396</u>
		<u>1,395,871</u>	<u>1,072,388</u>	<u>1,245,471</u>
<b>REPRESENTED BY:</b>				
General fund		5,801,000	5,801,000	5,801,000
Accumulated losses		(4,442,051)	(4,761,265)	(4,582,692)
Available-for-sale reserve		36,922	32,653	27,163
		<u>1,395,871</u>	<u>1,072,388</u>	<u>1,245,471</u>

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**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**  
(Incorporated in Malaysia as a company limited by guarantee)

**STATEMENT OF CHANGES IN GENERAL FUND AND RESERVE  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

	<u>General fund</u> RM	<u>Accumulated losses</u> RM	<u>Available- for-sale reserve</u> RM	<u>Total equity</u> RM
At 1 January 2012	5,801,000	(4,761,265)	32,653	1,072,388
Comprehensive income:				
- Net surplus for the financial year	-	319,214	-	319,214
Other comprehensive income:				
- Financial assets available-for-sale, net of tax	-	-	4,269	4,269
At 31 December 2012	<u>5,801,000</u>	<u>(4,442,051)</u>	<u>36,922</u>	<u>1,395,871</u>
At 1 January 2011	5,801,000	(4,582,692)	27,163	1,245,471
Comprehensive income:				
- Net deficit for the financial year	-	(178,573)	-	(178,573)
Other comprehensive income:				
- Financial assets available-for-sale, net of tax	-	-	5,490	5,490
At 31 December 2011	<u>5,801,000</u>	<u>(4,761,265)</u>	<u>32,653</u>	<u>1,072,388</u>

**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**  
(Incorporated in Malaysia as a company limited by guarantee)

**STATEMENT OF CASH FLOWS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

	<u>Note</u>	<u>31.12.2012</u> RM	<u>Restated</u> <u>31.12.2011</u> RM
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>			
Surplus before taxation		597,546	69,543
Adjustments for:			
Grant		(4,237,956)	(3,056,380)
Subscriber services fee		(244,041)	(297,393)
(Gain)/loss on redemption of financial assets available-for-sale		(1,446)	3,159
Write-back/(allowance) for impairment of financial assets available-for-sale		833	(208)
Depreciation of property and equipment		55,028	47,427
Gain on disposal of property and equipment		-	(8,000)
Property and equipment written-off		-	1,309
Dividend income		(5,561)	(6,708)
Interest income		(75,580)	(50,272)
		<u>(3,911,177)</u>	<u>(3,297,523)</u>
Changes in working capital:			
Receivables		221,605	(83,250)
Payables		410,006	224,797
Cash used in operating activities		<u>(3,279,566)</u>	<u>(3,155,976)</u>
Subscriber services fee received		304,594	280,988
Dividend income received		5,156	6,192
Interest income received		75,580	50,272
Tax paid		(6,052)	(836)
Net cash used in operating activities		<u>(2,900,288)</u>	<u>(2,819,360)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>			
Purchase of property and equipment		(188,372)	(88,412)
Purchase of financial assets available-for-sale		(5,316)	(9,211)
Proceeds from redemption of financial assets available-for-sale		3,213	-
Net cash used in investing activities		<u>(190,475)</u>	<u>(97,623)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>			
Grant received		4,500,000	4,000,000
Proceeds from disposal of property and equipment		-	8,000
Net cash generated from financing activities		<u>4,500,000</u>	<u>4,008,000</u>
Increase in cash and cash equivalents during the financial year		1,409,237	1,091,017
Cash and cash equivalents at beginning of the financial year		<u>3,618,545</u>	<u>2,527,528</u>
Cash and cash equivalents at end of the financial year		<u><u>5,027,782</u></u>	<u><u>3,618,545</u></u>

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**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**  
(Incorporated in Malaysia as a company limited by guarantee)

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES  
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

**A BASIS OF PREPARATION**

The financial statements of the Company have been prepared in accordance with the provisions of the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of the Companies Act, 1965 in Malaysia.

The financial statements of the Company for the year ended 31 December 2012 are the first set of financial statements prepared in accordance with the MFRS, including MFRS 1 'First-time adoption of MFRS'. The Company has consistently applied the same accounting policies in its opening MFRS statement of financial position at 1 January 2011 (transition date) and throughout all years presented, as if these policies had always been in effect. There is no significant impact on the adoption of MFRS that requires restatement to the comparative figures in the financial statements.

The financial statements have been prepared under the historical cost convention, as modified by the financial assets available-for-sale.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ.

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**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**  
(Incorporated in Malaysia as a company limited by guarantee)

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)**

**B PROPERTY AND EQUIPMENT**

Property and equipment are stated at cost less accumulated depreciation and impairment losses. The cost of an item of property and equipment initially recognised includes its purchase price and any cost that is directly attributable to bringing the asset to the location and condition necessary for it to be capable of operating in the manner intended by management.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will flow to the Company and the cost of the item can be measured reliably. The carrying amount of the replaced part is derecognised. All other repairs and maintenance are recognised as expenses in profit or loss during the financial period in which they are incurred.

When an asset's carrying amount is increased as a result of a revaluation, the increase is recognised in other comprehensive income as a revaluation surplus reserve. When the asset's carrying amount is decreased as a result of a revaluation, the decrease is recognised in profit or loss. However, the decrease is recognised in other comprehensive income to the extent of any credit balance existing in the revaluation surplus reserve of that asset.

Gains and losses on disposals are determined by comparing proceeds with carrying amount and are included in gain or loss on disposal of property and equipment in profit or loss.

All property and equipment are depreciated on the straight line method to allocate the cost or the revalued amounts, to their residual values over their estimated useful lives, summarised as follows:

Computer and electronic equipment	20%
Furniture and fittings	20%
Office equipment	20%
Motor vehicles	20%
Renovations	20%

Residual values and useful lives of assets are reviewed, and adjusted if appropriate, at the end of the reporting period.

At the end of the reporting period, the Company assesses whether there is any indication of impairment. If such indications exist, an analysis is performed to assess whether the carrying amount of the asset is fully recoverable. A write down is made if the carrying amount exceeds the recoverable amount. See accounting policy Note L on impairment of non-financial assets.

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**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**  
(Incorporated in Malaysia as a company limited by guarantee)

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)**

**C INCOME TAXES**

Current tax expense is determined according to the tax laws of local jurisdiction in which the Company operates and includes all taxes upon the taxable profits.

Deferred tax is recognised in full, using the liability method, on temporary differences arising between the amounts in the financial statements. However, deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transactions affects neither accounting nor taxable profit or loss.

Deferred tax assets are recognised to the extent that it is probable that taxable profit will be available against which the deductible temporary differences or unused tax losses can be utilised.

Deferred income tax is determined using tax rates (and tax laws) that have been enacted or substantially enacted by the balance sheet date and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

**D CASH AND CASH EQUIVALENTS**

For the purpose of statement of cash flows, cash and cash equivalents comprise cash on hand and deposits held at call with banks that are readily convertible into known amounts of cash and which are subject to an insignificant risk of changes in value.

**E REVENUE RECOGNITION**

Revenue is recognised on the following basis:

- (i) Income from proxy services are recognised upon performance of services.
- (ii) Contribution for publications and reports are recognised upon delivery of publications and reports.
- (iii) Income from domestic seminars is recognised on an accrual basis.
- (iv) Income from subscriber services is recognised on an accrual basis.
- (v) Interest income is recognised on an accrual basis.
- (vi) Dividend income from investments in quoted shares is recognised on the ex-dividend date.

**F GRANT**

Grant relating to costs are deferred and recognised in the statement of comprehensive income over the period necessary to match them with the costs they are intended to compensate.



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## BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD

(Incorporated in Malaysia as a company limited by guarantee)

### SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)

#### G EMPLOYEE BENEFITS

##### Short term benefits

Wages, salaries, paid annual leave and sick leave, bonuses and non-monetary benefits are accrued in the financial year in which the associated services are rendered by employees of the Company.

##### Post employment benefit

The Company contributes to the national defined contribution plan for the employees of the Company. Contribution to this plan is charged to the income statement in the financial year to which they relate. Once the contribution has been paid, the Company has no further payment obligations.

#### H FINANCIAL ASSETS AVAILABLE-FOR-SALE

Financial assets available-for-sale are non-derivatives that are either designated in this category or not classified as held-for-trading or held-to-maturity investments. They are included in non-current assets unless the investment matures or management intends to dispose of it within twelve months of the end of the reporting period. All investments in equity instruments are classified as financial assets available-for-sale.

Financial assets available-for-sale are initially recognised at fair value plus transaction costs and subsequently carried at fair value. Changes in the fair value of financial assets available-for-sale are recognised directly in other comprehensive income except for impairment losses and foreign exchange gains and losses on monetary assets. The exchange differences on monetary assets are recognised in profit or loss, whereas exchange differences on non-monetary assets are recognised in other comprehensive income as part of fair value change.

Interest and dividend income on financial assets available-for-sale are recognised separately in profit or loss. Dividends income on available-for-sale equity instruments are recognised in profit or loss when the Company's right to receive payments is established.

The Company assesses at the end of the reporting period whether there is objective evidence that a financial asset or a group of financial assets is impaired.

In the case of equity securities classified as available-for-sale, a significant or prolonged decline in the fair value of the security below its cost is also considered as an indicator that the assets are impaired. If any such evidence exists for financial assets available-for-sale, the cumulative loss that had been recognised directly in equity is removed from equity and recognised in profit or loss. The amount of cumulative loss that is reclassified to profit or loss is the difference between the acquisition cost and the current fair value, less any impairment loss on that financial asset previously recognised in profit or loss. Impairment losses recognised in profit or loss on equity instruments classified as available-for-sale are not reversed through profit or loss.

When financial assets available-for-sale are sold, the accumulated fair value adjustments recognised in other comprehensive income are reclassified to profit or loss.

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**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**  
(Incorporated in Malaysia as a company limited by guarantee)

**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)**

**I OPERATING LEASES**

Leases of assets where a significant portion of the risks and benefits of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases are charged to the income statement on a straight line basis over the period of the lease.

**J PROVISIONS**

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events, when it is probable that an outflow of resources will be required to settle the obligation, and when a realisable estimate of the amount can be made.

**K CONTINGENT LIABILITIES AND CONTINGENT ASSETS**

The Company does not recognise a contingent liability but discloses its existence in the financial statements. A contingent liability is a possible obligation that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company or a present obligation that is not recognised because it is not probable that an outflow of resources will be required to settle the obligation. A contingent liability also arises in the extremely rare circumstance where there is a liability that cannot be recognised because it cannot be measured reliably.

A contingent asset is a possible asset that arises from past events whose existence will be confirmed by the occurrence or non-occurrence of one or more uncertain future events beyond the control of the Company. The Company does not recognise contingent assets but discloses its existence where inflows of economic benefits are probable, but not virtually certain.

**L IMPAIRMENT OF NON-FINANCIAL ASSETS**

Assets that have an indefinite useful life, for example goodwill, are not subject to amortisation and are tested annually for impairment. Assets that are subject to amortisation are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognised for the amount by which the carrying amount of the asset exceeds its recoverable amount. The recoverable amount is the higher of an asset's fair value less costs to sell and value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there is separately identifiable cash flows (cash-generating units). Non-financial assets other than goodwill that suffered an impairment are reviewed for possible reversal of the impairment at the end of the reporting period.

The impairment loss is charged to profit or loss unless it reverses a previous revaluation in which case it is charged to the revaluation surplus. Impairment losses on goodwill are not reversed. In respect of other assets, any subsequent increase in recoverable amount is recognised in profit or loss unless it reverses an impairment loss on a revalued asset in which case it is taken to revaluation surplus reserve.

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**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012**

**1 GENERAL INFORMATION**

The principal activity is to promote corporate governance in companies through shareholder activism acting in the interest of the minority shareholders as an integral part to the development of the capital market.

The Company is limited by guarantee, incorporated and domiciled in Malaysia.

The number of employees as at the end of the financial year is 21 (2011: 22).

The address of the registered office and principal place of business of the Company is:

11<sup>th</sup> Floor, Bangunan KWSP,  
No. 3, Changkat Raja Chulan,  
Off Jalan Raja Chulan,  
50200 Kuala Lumpur.

**2 REVENUE**

	<u>31.12.2012</u> RM	<u>31.12.2011</u> RM
Contribution received from publications/reports published	86,085	167,282
Proxy services fee	-	4,000
Forum and events	174,022	854,970
Subscriber services fee	244,041	297,393
	<u>504,148</u>	<u>1,323,645</u>

**3 GRANT**

Grant received is recognised as a reimbursement from the Capital Market Development Fund ('CMDF') to finance the Company's operational and capital expenditure.

	<u>31.12.2012</u> RM	<u>Restated</u> <u>31.12.2011</u> RM	<u>Restated</u> <u>1.1.2011</u> RM
Balance as at 1 January	3,029,449	2,085,829	1,814,566
Grant received during the year	4,500,000	4,000,000	3,000,000
Grant utilised during the year	(4,237,956)	(3,056,380)	(2,728,737)
Balance as at 31 December	<u>3,291,493</u>	<u>3,029,449</u>	<u>2,085,829</u>

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**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)**

4	STAFF COSTS	<u>31.12.2012</u> RM	<u>31.12.2011</u> RM
	Salaries and bonus	2,329,782	2,228,455
	Defined contribution plan ('EPF')	347,374	306,098
	Staff gratuity	145,135	111,461
	Other employee benefits	247,302	210,605
		<u>3,069,593</u>	<u>2,856,619</u>

The amount of salaries and bonus and contribution to EPF received by the CEO/Directors of the Company during the financial year were RM588,285 (2011: RM538,700) and RM120,691 (2011: RM109,431) respectively.

5	OTHER OPERATING EXPENSES	<u>31.12.2012</u> RM	<u>31.12.2011</u> RM
	Printing expenses	11,050	40,000
	Outsourcing expenses	226,656	453,960
	Rental expenses	195,057	170,815
	Travelling, accommodation and entertainment expenses	173,155	121,699
	Forum and event expenses	105,424	367,575
	Telecommunication expenses	115,690	63,290
	Repair and maintenance expenses	56,667	47,304
	Insurance	116,497	98,152
	Office supplies	43,939	53,506
	Professional fees	57,035	48,088
	Taxes and licenses fees	6,500	5,263
	Property and equipment written-off	-	1,309
	Others	4,690	2,868
		<u>1,112,360</u>	<u>1,473,829</u>

6	SURPLUS FROM OPERATIONS	<u>31.12.2012</u> RM	<u>31.12.2011</u> RM
	Surplus from operations is arrived at after charging:		
	Auditors' remuneration	(15,000)	(12,000)
	Director's meetings attendance allowance	(26,500)	(18,000)
	Interest income	75,580	50,272
	Dividend income	5,561	6,708
		<u>                    </u>	<u>                    </u>

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**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)**

7	FINANCE COST	<u>31.12.2012</u>	<u>31.12.2011</u>
		RM	RM
	Other finance charges	975	2,150
		<u>975</u>	<u>2,150</u>
8	TAXATION	<u>31.12.2012</u>	<u>31.12.2011</u>
		RM	RM
	Current year tax	8,898	2,594
	Under/ (Over) provision of prior years' tax	1,177	(316)
	Deferred tax (Note 11)	268,257	245,838
		<u>278,332</u>	<u>248,116</u>

The numerical reconciliation between surplus before taxation multiplied by the Malaysian statutory tax rate and tax expense of the Company is as follows:

	<u>31.12.2012</u>	<u>31.12.2011</u>
	RM	RM
Surplus before taxation	<u>597,546</u>	<u>69,543</u>
Tax calculated at the Malaysian tax rate of 25% (2011: 25%)	149,387	17,386
Tax effects of:		
- expenses not deductible for tax purposes	118,624	251,437
- income not taxable	(1,138)	(790)
- utilisation of previously unrecognised tax losses	232,518	235,704
- under /(over)provision of prior years' tax	1,177	(316)
- effect of lower tax rate	(222,236)	(255,305)
Taxation	<u>278,332</u>	<u>248,116</u>

During the current financial year, the Company has utilised unabsorbed tax losses carried forward from prior year against its current year tax amounting to RM941,480 (2011: RM946,072). Accordingly, there was a transfer of deferred tax asset amounting to RM232,518 (2011: RM235,704) to the taxation line. The remaining unabsorbed tax losses carried forward amounted to RM862,781 (2011: RM1,792,852).

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**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)**

9 **PROPERTY AND EQUIPMENT**

	<u>Computer and electronic equipment</u> RM	<u>Furniture and fittings</u> RM	<u>Office equipment</u> RM	<u>Motor vehicle</u> RM	<u>Renovations</u> RM	<u>Total</u> RM
<u>31.12.2012</u>						
<u>Cost</u>						
At 1 January 2012	163,996	70,911	68,162	-	-	303,069
Additions	25,123	899	34,484	-	127,866	188,372
At 31 December 2012	<u>189,119</u>	<u>71,810</u>	<u>102,646</u>	<u>-</u>	<u>127,866</u>	<u>491,441</u>
<u>Accumulated depreciation</u>						
At 1 January 2012	78,680	23,861	26,578	-	-	129,119
Charge of the year	(27,116)	(13,641)	(12,140)	-	(2,131)	(55,028)
At 31 December 2012	<u>105,796</u>	<u>37,502</u>	<u>38,718</u>	<u>-</u>	<u>2,131</u>	<u>184,147</u>
<u>Net book value</u>						
At 31 December 2012	<u>83,323</u>	<u>34,308</u>	<u>63,928</u>	<u>-</u>	<u>125,735</u>	<u>307,294</u>
<u>31.12.2011 (restated)</u>						
Cost	163,996	70,911	68,162	-	-	303,069
Accumulated depreciation	(78,680)	(23,861)	(26,578)	-	-	(129,119)
Net book value	<u>85,316</u>	<u>47,050</u>	<u>41,584</u>	<u>-</u>	<u>-</u>	<u>173,950</u>
<u>1.1.2011 (restated)</u>						
Cost	233,632	213,255	75,905	172,261	-	695,053
Accumulated depreciation	(172,216)	(172,385)	(43,917)	(172,261)	-	(560,779)
Net book value	<u>61,416</u>	<u>40,870</u>	<u>31,988</u>	<u>-</u>	<u>-</u>	<u>134,274</u>

Company No.

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**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**  
(Incorporated in Malaysia as a company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)**

**10 FINANCIAL ASSETS AVAILABLE-FOR-SALE**

	<u>31.12.2012</u> RM	<u>Restated</u> <u>31.12.2011</u> RM	<u>Restated</u> <u>1.1.2011</u> RM
At fair value:			
Quoted shares in Malaysia	138,798	131,223	117,435
Allowance for impairment	(8,782)	(9,615)	(9,407)
	<u>130,016</u>	<u>121,608</u>	<u>108,028</u>
At fair value:			
Quoted shares in Malaysia	<u>130,016</u>	<u>121,608</u>	<u>108,028</u>

These shares are held for long-term with the purpose of giving locus standi to participate in the affairs in the investee corporations.

These shares are measured at fair value based on quoted prices in active market and is classified as Level 1 fair value measurement hierarchy in accordance with MFRS 7 "Financial Instruments – Disclosures".

**11 DEFERRED TAX ASSET**

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred taxes relate to the same tax authority. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	<u>31.12.2012</u> RM	<u>Restated</u> <u>31.12.2011</u> RM	<u>Restated</u> <u>1.1.2011</u> RM
Subject to income tax:			
Deferred tax asset (after offsetting)	<u>135,425</u>	<u>405,105</u>	<u>652,773</u>

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**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**  
(Incorporated in Malaysia as a company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)**

11 DEFERRED TAX ASSET (CONTINUED)

The movement in net deferred tax asset during the financial year are as follows:

	<u>31.12.2012</u> RM	<u>Restated</u> <u>31.12.2011</u> RM	<u>Restated</u> <u>1.1.2011</u> RM
At 1 January			
- As previously reported	405,105	652,773	197,369
- Effect of adoption of MFRS 139	-	-	(6,320)
	<hr/>	<hr/>	<hr/>
At 1 January, as restated	405,105	652,773	191,049
(Charged)/credited to income statement (Note 8)	(268,257)	(245,838)	464,458
	<hr/>	<hr/>	<hr/>
- Property and equipment	(35,739)	(10,134)	(11,112)
- Unutilised tax losses	(232,518)	(235,704)	475,570
	<hr/>	<hr/>	<hr/>
(Charged)/credited to comprehensive income	(1,423)	(1,830)	(2,734)
	<hr/>	<hr/>	<hr/>
At 31 December	<u>135,425</u>	<u>405,105</u>	<u>652,773</u>

The components of deferred tax asset/(liability) before/after appropriate offsetting are as follows:

	<u>31.12.2012</u> RM	<u>Restated</u> <u>31.12.2011</u> RM	<u>Restated</u> <u>1.1.2011</u> RM
Deferred tax asset (before offsetting)			
- Unutilised tax losses	215,693	448,211	683,915
Offsetting	(80,268)	(43,106)	(31,142)
	<hr/>	<hr/>	<hr/>
Deferred tax asset (after offsetting)	<u>135,425</u>	<u>405,105</u>	<u>652,773</u>
	<hr/>	<hr/>	<hr/>
Deferred tax liability (before offsetting)			
- Property and equipment	(67,961)	(32,222)	(22,088)
- Available-for-sale reserve	(12,307)	(10,884)	(9,054)
Offsetting	80,268	43,106	31,142
	<hr/>	<hr/>	<hr/>
Deferred tax liability (after offsetting)	<u>-</u>	<u>-</u>	<u>-</u>



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**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)**

**12 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS**

	<u>31.12.2012</u>	<u>Restated</u> <u>31.12.2011</u>	<u>Restated</u> <u>1.1.2011</u>
	RM	RM	RM
Other receivables	58,641	281,483	202,204
Deposits and prepayments	101,040	99,803	95,832
	<u>159,681</u>	<u>381,286</u>	<u>298,036</u>

**13 CASH AND CASH EQUIVALENTS**

	<u>31.12.2012</u>	<u>Restated</u> <u>31.12.2011</u>	<u>Restated</u> <u>1.1.2011</u>
	RM	RM	RM
Cash and bank balances	2,196,220	2,118,545	1,227,528
Deposits with a financial institution	2,831,562	1,500,000	1,300,000
	<u>5,027,782</u>	<u>3,618,545</u>	<u>2,527,528</u>

The weighted average interest rates of that were effective as at financial year end were as follows:

	<u>31.12.2012</u>	<u>Restated</u> <u>31.12.2011</u>	<u>Restated</u> <u>1.1.2011</u>
	%	%	%
Deposits with a financial institution	<u>3.3</u>	<u>3.0</u>	<u>2.5</u>

Deposits with a financial institution have an average maturity of 150 days (2011: 120 days).

**14 OPERATING LEASE COMMITMENT**

At the balance sheet date, the commitment in respect of an operating lease pertaining to rental payable for office occupied by the Company under a lease agreement expiring on 31 May 2015 (2011: 31 May 2012), are payable as follows:

	<u>31.12.2012</u>	<u>31.12.2011</u>
	RM	RM
Within 1 year	144,972	151,764
Within 2 to 5 years	339,099	63,235
	<u>484,071</u>	<u>214,999</u>

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**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**  
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**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)**

15 **FINANCIAL RISK MANAGEMENT**

(a) **Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Company's market risks mainly arise from open positions in interest-bearing assets, to the extent that these are exposed to general and specific market movements. Management sets limits on the exposure to interest rate risk that may be accepted, which are monitored on a monthly basis.

As the Company's interest-bearing assets do not generate significant amounts of interest, changes in market interest rates do not have any significant direct effect on the Company's income.

(b) **Credit risk**

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Company has no significant concentrations of credit risk. Credit risk arises from grant receivable, other receivables, deposits and prepayments and cash and bank balances. The Company structures the levels of credit risk it accepts by placing limits on its exposure to a single counterparty or any financial institution.

The Company's maximum exposure to credit risk by class of financial asset is as follows:

	<u>31.12.2012</u> RM	Restated <u>31.12.2011</u> RM	Restated <u>1.1.2011</u> RM
Other receivables, deposits and prepayments	159,681	381,286	298,036
Cash and cash equivalents	<u>5,027,782</u>	<u>3,618,545</u>	<u>2,527,528</u>

The credit risk concentrations of the Company by industry as at the balance sheet date are set out in the following tables:

	<u>Financial institutions</u> RM	<u>Others</u> RM
<u>As at 31 December 2012</u>		
Other receivables, deposits and prepayments	-	159,681
Cash and cash equivalents	<u>5,027,782</u>	<u>-</u>

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**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**  
(Incorporated in Malaysia as a company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)**

15 **FINANCIAL RISK MANAGEMENT (CONTINUED)**

(b) **Credit risk (continued)**

The credit risk concentrations of the Company by industry as at the balance sheet date are set out in the following tables:

	<u>Financial institutions</u> RM	<u>Others</u> RM
<u>As at 31 December 2011 (restated)</u>		
Other receivables, deposits and prepayments	-	381,286
Cash and cash equivalents	3,618,545	-
	<u>                    </u>	<u>                    </u>
<u>As at 1 December 2011 (restated)</u>		
Other receivables, deposits and prepayments	-	298,036
Cash and cash equivalents	2,527,528	-
	<u>                    </u>	<u>                    </u>

(c) **Liquidity risk**

Liquidity risk is defined as the current and prospective risk to earnings, shareholders fund or the reputation arising from the Company's inability to efficiently meet its present and future (both anticipated and unanticipated) funding needs or regulatory obligations when they come due, which may adversely affect its daily operations and incur unacceptable losses. Liquidity risk arises from mismatches in the timing of cash flows.

The financial liabilities of the Company have no specific maturity.

(d) **Fair value of financial instruments**

Financial instruments comprise financial assets, financial liabilities and off-balance sheet financial instruments. Fair value is the amount at which a financial asset could be exchanged or a financial liability settled, between knowledgeable and willing parties in an arm's length transaction.

Fair value information is not provided for non-financial instruments and financial instruments that are excluded from the scope of MFRS 7 "Financial Instruments: Disclosure". This includes property and equipment, tax recoverable and deferred taxation.

The carrying amounts of the Company's financial assets and financial liabilities as at 31 December 2012 and 31 December 2011 approximates its fair value due to the limited term to maturity of these instruments or limited sensitivity to interest rates.

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**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**  
(Incorporated in Malaysia as a company limited by guarantee)

**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2012 (CONTINUED)**

**15 FINANCIAL RISK MANAGEMENT (CONTINUED)**

(e) Capital risk management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, or issue new shares.

The Company is not subject to any externally imposed capital requirements.

**16 SIGNIFICANT EVENT DURING THE FINANCIAL YEAR**

During the current financial year, the Company has entered into a new funding agreement with CMDF, where it will provide a grant amounting to RM13.5 million for the purpose of reimbursing the Company's expenditures.

**17 APPROVAL OF FINANCIAL STATEMENTS**

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 27 February 2013.

Company No.

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**BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD**  
(Incorporated in Malaysia as a company limited by guarantee)

**STATEMENT BY DIRECTORS**  
**PURSUANT TO SECTION 169(15) OF THE COMPANIES ACT, 1965**

We, Tan Sri Abdul Halim bin Ali and Rita Benoy Bushon, two of the Directors of Badan Pengawas Pemegang Saham Minoriti Berhad, state that, in the opinion of the Directors, the financial statements set out on pages 5 to 23 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2012 and of its financial performance and cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of Companies Act, 1965.

Signed on behalf of the Board of Directors in accordance with their resolution.



TAN SRI ABDUL HALIM BIN ALI  
DIRECTOR



RITA BENOY BUSHON  
DIRECTOR

Kuala Lumpur  
27 February 2013

**STATUTORY DECLARATION**  
**PURSUANT TO SECTION 169(16) OF THE COMPANIES ACT, 1965**

I, Yap Sook Yeen, the Officer primarily responsible for the financial management of Badan Pengawas Pemegang Saham Minoriti Berhad, do solemnly and sincerely declare that the financial statements set out on pages 5 to 23 are, in my opinion, correct and I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.



YAP SOOK YEEN

Subscribed and solemnly declared by the above named Yap Sook Yeen at Kuala Lumpur on 27 February 2013.

Before me:



COMMISSIONER FOR OATH

Lot 1.08, Tingkat 1,  
Bangunan KWSP, Jln Raja Laut,  
50350 Kuala Lumpur.  
Tel: 019-6680745

**INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF BADAN PENGAWAS PEMEGANG  
SAHAM MINORITI BERHAD**

(Incorporated in Malaysia as a company limited by guarantee)  
(Company No. 524989 M)

**REPORT ON THE FINANCIAL STATEMENTS**

We have audited the financial statements of Badan Pengawas Pemegang Saham Minoriti Berhad on pages 5 to 23 which comprise the statements of financial position as at 31 December 2012 of the Company, and the statements of comprehensive income, changes in general fund and reserve and cash flows of the Company for the year then ended, and a summary of significant accounting policies and other explanatory notes, as set out on Notes 1 to 16.

Directors' Responsibility for the Financial Statements

The Directors of the Company are responsible for the preparation of financial statements that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965, and for such internal control as the Directors determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with approved standards on auditing in Malaysia. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation of financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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*PricewaterhouseCoopers (AF 1146), Chartered Accountants,  
Level 10, 1 Sentral, Jalan Travers, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia  
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, [www.pwc.com/my](http://www.pwc.com/my)*



INDEPENDENT AUDITORS' REPORT  
TO THE MEMBERS OF BADAN PENGAWAS PEMEGANG  
SAHAM MINORITI BERHAD (CONTINUED)  
(Incorporated in Malaysia as a company limited by guarantee)  
(Company No: 524989 M)

REPORT ON THE FINANCIAL STATEMENTS (CONTINUED)

Opinion

In our opinion, the financial statements have been properly drawn up in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the Companies Act, 1965 so as to give a true and fair view of the financial position of the Company as of 31 December 2012 and of its financial performance and cash flows for the year then ended.


REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In accordance with the requirements of the Companies Act, 1965 in Malaysia, we also report that, in our opinion, the accounting and other records and the registers required by the Act to be kept by the Company have been properly kept in accordance with the provisions of the Act.

OTHER MATTERS

1. As stated in Note A to the financial statements, Badan Pengawas Pemegang Saham Minoriti Berhad adopted Malaysian Financial Reporting Standards on 1 January 2012 with a transition date of 1 January 2011. These standards were applied retrospectively by Directors to the comparative information in these financial statements, including the statements of financial position as at 31 December 2011 and 1 January 2011, and the statement of comprehensive income, statement of changes in general fund and reserve and statement of cash flows for the year ended 31 December 2011 and related disclosures. We were not engaged to report on the restated comparative information and it is unaudited. Our responsibilities as part of our audit of the financial statements of the Company for the year ended 31 December 2012 have, in these circumstances, included obtaining sufficient appropriate audit evidence that the opening balances as at 1 January 2012 do not contain misstatements that materially affect the financial position as of 31 December 2012 and financial performance and cash flows for the year then ended.
2. This report is made solely to the members of the Company, as a body, in accordance with Section 174 of the Companies Act, 1965 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

  
PRICEWATERHOUSECOOPERS  
(No. AF: 1146)  
Chartered Accountants

  
SOO HOO KHOON YEAN  
(No. 2682/10/13 (J))  
Chartered Accountant

Kuala Lumpur  
27 February 2013

# Responsible Ownership







# Through **Voting**

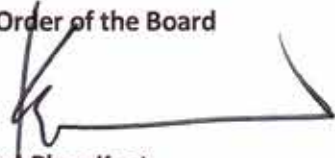
## NOTICE OF ANNUAL GENERAL MEETING

**NOTICE IS HEREBY GIVEN** that the Twelfth Annual General Meeting of the Company will be held at 11<sup>th</sup> Floor, Bangunan KWSP, No. 3, Changkat Raja Chulan, Off Jalan Raja Chulan, 50200 Kuala Lumpur on Wednesday, **3 April 2013** at **2:30 p.m.**

### AGENDA

1. To receive and adopt the Company's Audited Financial Statements for the financial year ended 31 December 2012, together with the Directors' and Auditors' Reports thereon.
2. To approve the payment of Directors' Fees of RM40,500 for the financial year ended 31 December 2012.
3. To re-elect Tan Sri Abdul Halim Ali, who retires in accordance with Article 61 of the Articles of Association of the Company, as a Director of the Company.  
*(The Company has received a letter dated 19 February 2013 from Tan Sri Abdul Halim informing the Company of his intention not to seek re-election, a copy of which is attached to this notice.)*
4. To re-elect En Nor Hizam Hashim who retires in accordance with Article 61 of the Articles of Association of the Company, as a Director of the Company.
5. To re-elect Tan Sri Sulaiman Mahbob who retires in accordance with Article 67 of the Articles of Association of the Company, as a Director of the Company.
6. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.

By Order of the Board

  
Chew Phye Keat  
Secretary

Dated: 27 February 2013

**NOTE:** A member of the Company entitled to attend and vote at this meeting may appoint a proxy to vote in his stead. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Registered Office not less than 48 hours before the time appointed for holding the Meeting.

## PROXY FORM

We, ..... of .....  
..... being a member of the above  
named Company, hereby appoint .....  
..... of ..... or failing him/her .....  
..... of  
.....

as our proxy to attend and vote for us and on our behalf at the Twelfth Annual General Meeting of the said Company to be held on Wednesday, 3 April 2013 at 2:30 p.m. and at any adjournment thereof.

Dated:

Director

Director/Secretary

NOTE: A member of the Company entitled to attend and vote at this meeting may appoint a proxy to vote in his stead. A proxy need not be a member of the Company. The instrument appointing a proxy must be deposited at the Registered Office not less than 48 hours before the time appointed for holding the Meeting.

# CAPITAL MARKET SERVICES LICENCE



**Suruhanjaya Sekuriti**  
Securities Commission  
Malaysia

## **AKTA PASARAN MODAL DAN PERKHIDMATAN 2007** (Seksyen 58)

### **LESEN PERKHIDMATAN PASARAN MODAL**

<b>No Lesen:</b>	<b>CMSL/A0112/2007</b>
<b>Nama</b>	<b>Badan Pengawas Pemegang Saham Minoriti Berhad</b>
<b>Alamat Berdaftar:</b>	<b>Tingkat 11, Bangunan KWSP No. 3, Changkat Raja Chulan Off Jalan Raja Chulan 50200 Kuala Lumpur</b>

Penama yang disebut di atas adalah berlesen di bawah Akta Pasaran Modal Dan Perkhidmatan 2007 untuk menjalankan aktiviti-aktiviti terkawal berikut:

- Nasihat pelaburan

Lesen ini diberi tertakluk kepada syarat-syarat dan sekatan-sekatan yang terkandung di dalam Bab 7 Buku Panduan Pelesenan ("Licensing Handbook") dan yang berikut:

TIADA

Melainkan jika dibatalkan atau digantung terlebih dahulu, lesen ini hendaklah berkuatkuasa sehingga 3 Mac 2009 dan tertakluk kepada Suruhanjaya Sekuriti memperbaharui lesen ini, akan terus berkuatkuasa sehingga tarikh yang sama pada tahun-tahun berikutnya. Untuk tujuan ini, semua pemberitahuan oleh Suruhanjaya Sekuriti berkaitan dengan pembaharuan lesen ini hendaklah disifatkan sebagai sebahagian daripada lesen ini.

Diberi di bawah tandatangan dan meterai Suruhanjaya Sekuriti di Kuala Lumpur pada 25 Februari 2008

  
b.p. Pengerusi  
Suruhanjaya Sekuriti



# NOTES