



MINORITY SHAREHOLDER WATCHDOG GROUP
BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD
(INCORPORATED IN MALAYSIA COMPANY NO. 524989-M)



MINORITY SHAREHOLDER WATCHDOG GROUP
ANNUAL REPORT
2013

CONTENTS

| | |
|---|----|
| CORPORATE PROFILE | 6 |
| MISSION | 6 |
| CORPORATE OBJECTIVES | 7 |
| PROFILE OF DIRECTORS | 8 |
| DIRECTORS' MEETINGS | 15 |
| DIVIDEND | 15 |
| CORPORATE INFORMATION | 16 |
| CHAIRMAN'S STATEMENT | 22 |
| CEO'S REVIEW OF 2013 | 28 |
| ◇ <i>IN PERSPECTIVE</i> | 28 |
| ◇ <i>FINANCIAL HIGHLIGHTS</i> | 29 |
| ◇ <i>NON-FINANCIAL ACHIEVEMENTS - AN OVERVIEW</i> | 30 |
| ◇ <i>MSWG CORE ACTIVITIES</i> | 31 |
| ▪ CORPORATE MONITORING | 31 |
| » <i>PRE AGM AND POST AGM/EGM REPORTS</i> | 34 |
| » <i>AGM/EGM WEEKLY WATCH</i> | 36 |
| » <i>INVESTOR COMPLAINTS</i> | 36 |
| » <i>HIGHLIGHTS OF ISSUES RAISED IN 2013</i> | 37 |
| ▪ SUBSCRIBER SERVICES | 40 |
| ▪ E-NEWSLETTERS, ARTICLES AND COMMENTARIES | 43 |
| ▪ FORUMS AND INVESTOR EDUCATION PROGRAMMES | 46 |
| ▪ ASEAN CORPORATE GOVERNANCE SCORECARD | 48 |
| ▪ MALAYSIAN CODE FOR INSTITUTIONAL INVESTORS | 56 |
| ▪ INTERNATIONAL CORPORATE GOVERNANCE NETWORK (ICGN) | 57 |
| ▪ SPEAKING ENGAGEMENTS | 58 |
| ▪ OTHER CAPITAL MARKET ACTIVITIES AND ALLIANCES | 61 |
| ▪ WEBSITE | 64 |
| ▪ PUBLICATION | 65 |
| ◇ <i>STATUS OF DEFAMATION SUIT</i> | 65 |
| MANPOWER | 67 |
| ◇ <i>STAFF STRENGTH</i> | 67 |
| ◇ <i>STAFF DEVELOPMENT AND TALENT MANAGEMENT</i> | 68 |
| CALENDAR OF EVENTS | 70 |
| STATUTORY FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 | 74 |

CORPORATE PROFILE

Minority Shareholder Watchdog Group (MSWG) 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 shareholder interests and corporate governance matters through shareholder activism and engagement with stakeholders. MSWG is a professional body licensed under the Capital Market & Services Act 2007. It is a non-profit body, funded substantially by the Capital Market Development Fund (CMDF). It is self-governing and is an important channel of market discipline, encouraging good governance with the objective of creating sustainable value.

Over the last 12 years of its operations, MSWG has evolved into a respected and independent corporate governance research & monitoring organisation in the capital market. It highlights and provides independent views to investors and guidance.

MSWG's four founding organisations are:

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

MISSION

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

CORPORATE OBJECTIVES

MSWG has a Charter under its Memorandum and Articles of Association (M&A), which spells out its objectives as follows:-

- To become the forum on minority shareholders experiences;
- 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 become the platform to initiate collective shareholder activism on unethical or questionable practices made by management of PLCs;
- 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; and
- 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.

PROFILE OF DIRECTORS



TAN SRI DATUK DR. SULAIMAN MAHBOB

(Appointed on 16 April 2012)

(Appointed as Chairman on 11 April 2013)

Tan Sri Datuk Dr. Sulaiman Mahbob, age 65, was appointed as Director of MSWG on 16 April 2012. He was appointed as Chairman on 11 April 2013. 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 Datuk 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 is 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 Datuk 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 (UNITAR). He often contributes articles to the local media on the topics of economy, development, and public finance.

RITA BENOY BUSHON

(Appointed on 18 May 2009)



Puan Rita Benoy Bushon, age 53, was appointed as the Chief Executive Officer of Minority Shareholder Watchdog Group (MSWG) on 1 January 2009. She was a founder director of MSWG since 2002.

She had served the Employees Provident Fund (EPF) for 23 years since 1984 up to her retirement in October 2007 and held various senior positions in the Investment Department such as Head of Equity Research, Head of External Portfolio Management, Head of Private Equity and Head of Corporate Surveillance before her optional retirement.

She was a Director of two public listed companies, KFC Holdings (Malaysia) Berhad and Land & General Berhad since 2003 to 2007 including a listed company in USA.

She led the Shareholder Responsibilities Committee and Diversity Working Group in 2011 to 2013 of the International Corporate Governance Network (ICGN), an investor-led global organisation responsible for promoting corporate governance.

She is also a member in the Capital Market Task Force (CMTF) headed by the Minister of Finance II.

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

She holds the Investment Advisory Licence under the Capital Market & Services Act 2007.

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, 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 64, was appointed to the Board on 10 July 1984. He is also the Chief Executive of Lembaga Tabung Angkatan Tentera (LTAT).

Tan Sri Lodin graduated from the University of Toledo, Ohio, USA with a Bachelor of Business Administration and Master of Business Administration. He has extensive experience in managing a provident fund and in the establishment, restructuring and management of various business interests ranging from plantation, trading, financial services, and property development to oil and gas, pharmaceuticals and shipbuilding. Tan Sri Lodin is the Chairman of Boustead Heavy Industries Corporation Berhad, Pharmaniaga Berhad and 1Malaysia Development Berhad.

He is also the Deputy Chairman of Affin Holdings Berhad, and sits on the Boards of Boustead Plantations Berhad, Affin Bank Berhad, Affin Islamic Bank Berhad, Affin Investment Bank Berhad, AXA AFFIN Life Insurance Berhad, MHS Aviation Berhad, FIDE Forum and Badan Pengawas Pemegang Saham Minoriti Berhad. Among the many awards Tan Sri Lodin received to-date include the Chevalier De La Légion D'Honneur from the French Government, the Malaysian Outstanding Entrepreneurship Award, the Degree of Doctor of Laws honoris causa from the University of Nottingham, United Kingdom, the UITM Alumnus of the Year 2010 Award and the BrandLaureate Most Eminent Brand Icon Leadership Award 2012.

PROFILE OF DIRECTORS

DATO' LARRY GAN

(Appointed on 20 July 2005)



Dato' Larry Gan, is the CEO and Managing Director of OMESTI (previously known as Formis Resources) Berhad. He joined the Board as an Independent Director in September 2011 and became Executive Director in May 2012. OMESTI operates in the ASIA region with diversified interests in Technology, Communications and Property Development.

Dato' Larry was worldwide partner at ACCENTURE for 16 years and held many global leadership positions including Managing Partner ASIA, Chairman of the International Advisory Council and member of the Global Management Council. Over a career span of 26 years, he consulted on strategic projects for government organisations and multinational corporations, and invested and worked with innovative technologies around the world.

He served on various external industry organisations, national consultative bodies, advisory boards of universities and professional associations. He was Chairman of the Association of Computer Industry Malaysia (PIKOM), Member of the Malaysia US Business Council, Minister of Science & Technology Think Tank, Copyright Tribunal, and Labuan International Financial of MIMOS Berhad (National Technology Research).

Dato' Larry has been a Director at several public companies including Lotus International Group Ltd (Chairman - US/UK/China), iProperty Ltd (Aust), Redtone International Berhad (Chairman), Aminvestment Bank Group Berhad, Hong Leong Assurance Berhad, Diversified Gateway Solutions Berhad (Chairman), Prestariang Berhad, Amcorp Properties Berhad and Tien Wah Press Holdings Berhad. He was President of the Malaysian Fencing Federation and Trustee of the Yayasan Tuanku Nur Zahirah (Queen's Foundation).

He is presently a Board Member of AMMB Holdings Berhad, Cuscapi Berhad (Chairman), Catcha Media Berhad (Chairman), Tropicana Berhad and Graphene Nanochem Ltd (UK). He is Chairman of the British Malaysian Chamber of Commerce, and Trustee of J C Jacobsen Foundation.

Dato' Larry Gan is a Certified Management Consultant and a Chartered Accountant.

PROFILE OF DIRECTORS



PHILIP KOH TONG NGEЕ

(Appointed on 2 June 2005)

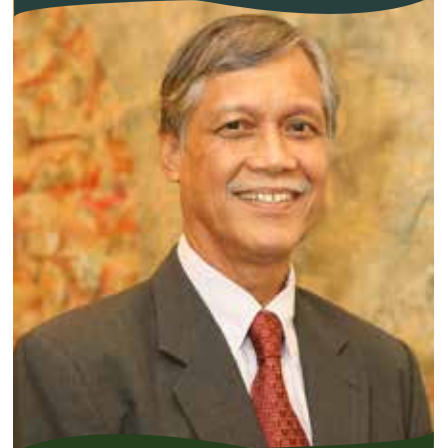
Mr Philip Koh Tong Ngee, age 59, was appointed as Director of MSWG on 2 June 2005. He graduated with a Bachelor of Laws Degree (LL.B) (Hons) from University of Malaya and holds a Master of Laws Degree (LL.M) from the University of London and a Master of Arts (Theology) Degree from the Australian Catholic 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 was member of the Corporation Law Reform Committee (CLRC) appointed by the Ministry of Domestic Trade and Consumer Affairs to reform Malaysian companies.

He is member of WORLD VISION International Board, a humanitarian relief organisation.

NOR HIZAM HASHIM

(Appointed on 2 December 2009)



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.

PROFILE OF DIRECTORS



DATUK ZAKARIA SHARIF

*(Alternate Director to Tan Sri Dato' Seri Lodin Wok Kamaruddin)
(Appointed on 16 January 2013)*

Datuk Zakaria Sharif, age 56, 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).

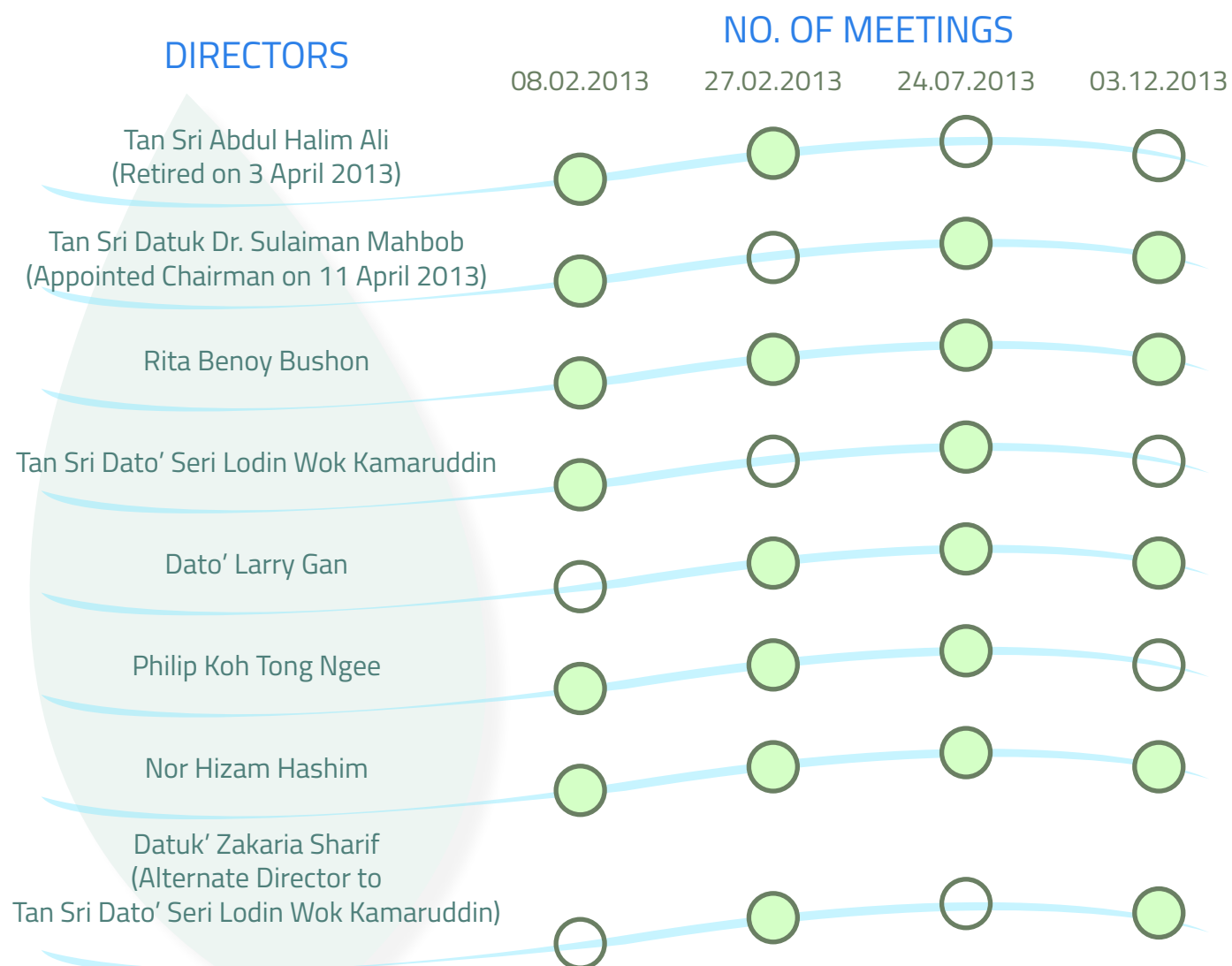
Datuk Zakaria started his career with Messrs. Price Waterhouse & Co. in 1980 in the Audit Division. This was followed by a stint in Arab Malaysian Finance Berhad and subsequently he served as Investment Manager with LTAT from 1988 to 1991.

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, four (4) Board Meetings were held. The Chairman and Chief Executive Officer attended all Board Meetings. Attendance of Directors was as follows:



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.

BOARD OF DIRECTORS



TAN SRI DATUK DR. SULAIMAN MAHBOB
● *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*



DATO' LARRY GAN
● *INDEPENDENT NON-EXECUTIVE DIRECTOR*



MR PHILIP KOH TONG NGEE
● *INDEPENDENT NON-EXECUTIVE DIRECTOR*



ENCIK NOR HIZAM HASHIM
● *INDEPENDENT NON-EXECUTIVE DIRECTOR*



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

*Tan Sri Abdul Halim Ali retired as Chairman on 3 April 2013.

COMPANY SECRETARY

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50200 Kuala Lumpur
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MANAGEMENT TEAM/ASSOCIATES

AS AT FEBRUARY 2014



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ASSOCIATES

- PN NORAIDA MARIA MOHD HATTA
- MR LEE LEOK SOON
- MS RATHIMALAR
- DATIN RUSILA ABD RAZAK
- EN SALLEH HASSAN
- MS JOSEPHINE EDWARDS
- MR KHOO HSU CHUANG
- MR BENARD FRANCIS

COMMENDATIONS

Dear Mr Ng

Thanks for your effort to help raised questions during today OIB AGM. I could see Mr Lee Chee Meng did a good job . All questions raised by him were material and relevant. I was impressed by his

firm and persistent quest for answers

to questions.

Well done and Thanks.

MSWG has been commended by several minority shareholders for good questions raised at AGMs/EGMs and some also were pleased that MSWG has

helped them to ask questions

as either they did not really know how to ask or were too shy to do so.

I support this and will be making my subscription soonest possible...

In my opinion there is nothing wrong with Ms. Rita owing some lots as it only showed that she too believed in the scheme [REDACTED] and supported it. Now to turn around and file a complaint against her is unfounded

JD

20

Dear Rita,

Many participants told me that they are

impressed with your organization's work.

Indeed, both of our countries have more to do for good corporate governance, and I hope we will have closer cooperation in the future.

Hi Ms Lya,

TKs 4 yr regular email updates.

TKs too, to MSWG & Ms Rita for MSWG to organize the Forum. [REDACTED]

[REDACTED] Anyway, plsd to inform that as a token of appreciation, I have online subscribed one year to MSWG.

It is very easy & user friendly.

Attached is copy of my pymt online in separate email. I hope many disgruntled CHGS Investors will also be encouraged to do so, for the good, independent work MSWG is doing

Thanks
CS Low

Director praised MSWG's

questions and contributions

during the AGM.

Some minority shareholders have commented that during the AGMs and EGMs MBSB, AGM/EGM, MAS AGM /EGMs, Suria Capital, Bintulu and that they

look forward to MSWG presence in the meeting

and the issues discussed. Some of Board members of Suria and Bintulu have said they appreciated MSWG's presence in the meeting and would provide the answers and clarification where appropriate for benefit of shareholders.



“

Be the change that you wish to see in the world.

Mahatma Gandhi

”



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 2013.

We had an impactful year in 2013 where MSWG continued to make notable initiatives and impact in the corporate and capital market scene to raise the level of corporate governance and awareness in Malaysia as well as in the region.

It continued to play a pivotal role in providing minority shareholders with a voice in corporate proposals and monitoring general meetings as well as creating awareness on issues surrounding minority interests.

It had contributed substantially in many thought-leadership and debates in the area of corporate governance in the nation and in the region, leading discussions to formulate and implement policy objectives for an accountable, yet attractive and vibrant capital market for investors.

With Malaysia's push towards responsible investment, MSWG is currently spearheading the formulation and development of the Malaysian Code for Institutional Investors (Code) in line with one of the recommendations of the Corporate Governance Blueprint 2011 (CG Blueprint), which outlined strategic initiatives aimed at reinforcing self and market discipline. The Code is intended to give institutional investors guidance on effective exercise of stewardship responsibilities to ensure delivery of sustainable value to their ultimate beneficiaries or clients. I am happy to state that we have received tremendous support from all institutional investors for this project.

Institutional investors are encouraged to be the signatories of the Code which is expected to be launched by the second quarter of 2014.

In yet another development, MSWG has been appointed by the Securities Commission (SC) to be the domestic ranking body in Malaysia to assess Malaysian PLCs using the ASEAN CG Scorecard methodology where the top 50 companies would be mentioned in the ASEAN CG Country Report and ranked under the Malaysia-ASEAN CG Index 2013. This appointment was 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.

The findings of the Malaysia-ASEAN CG Index 2013 showed that the average base score for the top 100 companies in Malaysia had increased to 75.77 points in 2013 from 68.2 points in the previous year reflecting an overall rising in CG awareness among the listed companies.

In line with the Government's agenda of promoting companies with good Environment, Social and Governance (ESG), the Scorecard has included parameters that measures such disclosures which I see as pertinent as it can be used to gauge and determine the ESG levels and gaps that can be addressed. Additionally, MSWG is also promoting the publication of AGM minutes to provide information on the Conduct of AGMs so that the level of transparency and accountability in companies can be stepped-up.

To recognise exemplary companies in line with the theme "Growth with Governance" as outlined in the CG Blueprint, MSWG awarded these companies for their good CG practices as had been done in the previous years. For the first time, in 2013, MSWG awarded exemplary personalities that had influenced and championed corporate governance in their companies which they were heading, bringing their companies to the next level both locally and internationally and at the same time driving the ESG agenda during the year.

In order to promote CG champions in Malaysia among journalists, MSWG also awarded the CG Journalist of the Year based on his/her contributions in highlighting CG developments and issues in the media which created greater awareness among the investing public.

On the international front, MSWG continued to be actively involved with international corporate governance bodies such as the International Corporate Governance Network (ICGN) and the Organisation for Economic Co-operation and Development (OECD) to actively share experiences in raising the corporate governance standards globally. This provides opportunity to forge ties amongst nations as well as learning from one another in the area of corporate governance and minority interests. I am glad to note that our organisation has become a successful model and is being quoted and emulated by other nations.

The rising recognition of MSWG globally and among the listed companies in Malaysia is a testament to the dedication and expertise of our CEO and her management team with the valuable support from my fellow directors.

Although 2014 could be a challenging year in terms of its economic landscape, I believe we will be able to withstand these challenges as we have been preparing for eventualities caused by global economic vagaries through continuous recalibration of the corporate governance processes including risk management. We hope to see greater overall board quality, diversity and effectiveness – all contributing to greater corporate governance which should underpin its growth.

I am confident that MSWG will continue to strive towards achieving its objectives in the year 2014 in terms of providing awareness to the capital market in the area of minority rights and shareholders responsibilities as well as championing corporate governance matters.



ACKNOWLEDGEMENT

On behalf of the board, firstly, I would like to place on record my appreciation to Tan Sri Abdul Halim Ali for his immense contribution to the MSWG for the past 12 years since its formation until his retirement during the year. He was the founding Chairman of MSWG and had seen through its development to become an independent body in the capital market championing the minority interests of PLCs in Malaysia.

I would like to take this opportunity to thank the Capital Market Development Fund for its continued support of MSWG and for funding our activities for the development of the capital market.

I also wish to thank our institutional, corporate and retail subscribers, our founding members and the professional bodies that have continued to support MSWG's programmes and work.

My appreciation also goes to the media as well as capital market partners who have highlighted corporate governance issues to make the capital market more transparent.

I would further like to extend the Board's appreciation to the regulators – Securities Commission (SC) and Bursa Malaysia (BURSA) – for working with us to strengthen the corporate governance landscape to bring about greater investor awareness and participation.

My acknowledgement goes to the CEO of MSWG who together with her Management team had strived to achieve the objectives of the organisation with passion and professionalism to enhance and upgrade the standards of corporate governance and transparency in the Malaysian capital market. Their dedication has indeed resulted in MSWG becoming a much respected and professional organisation.

Last but not least, I also wish to thank my fellow Directors for their contribution throughout the year.

On behalf of the Board

Tan Sri Datuk Dr Sulaiman Mahbob
Chairman

Date: 25 February 2014

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*I am not bound to win, but I am bound to be true.
I am not bound to succeed, but I am bound to live
by the light that I have.*

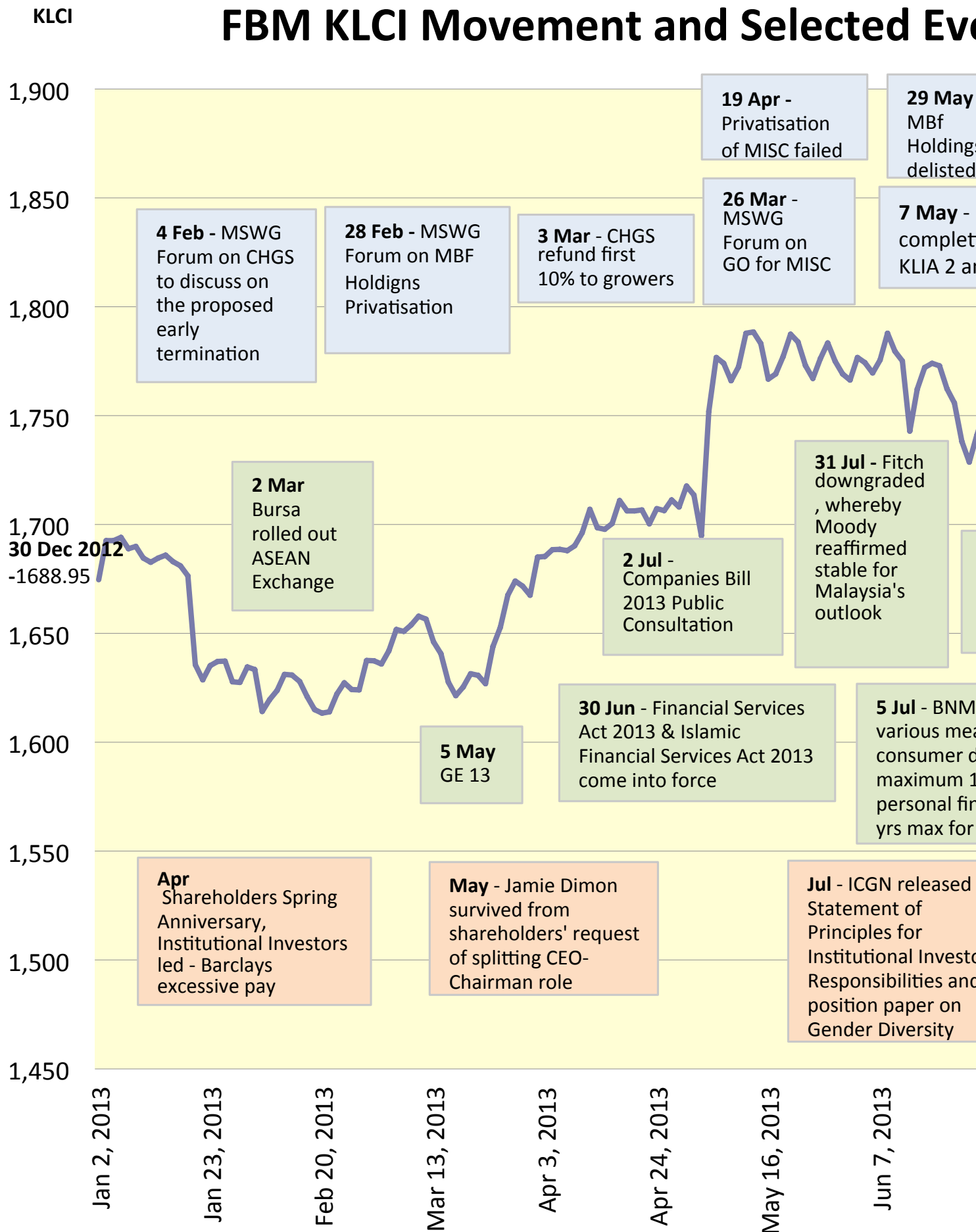


*I am bound to stand with anybody that stands right,
and stand with him while he is right,
and part with him when he goes wrong.*

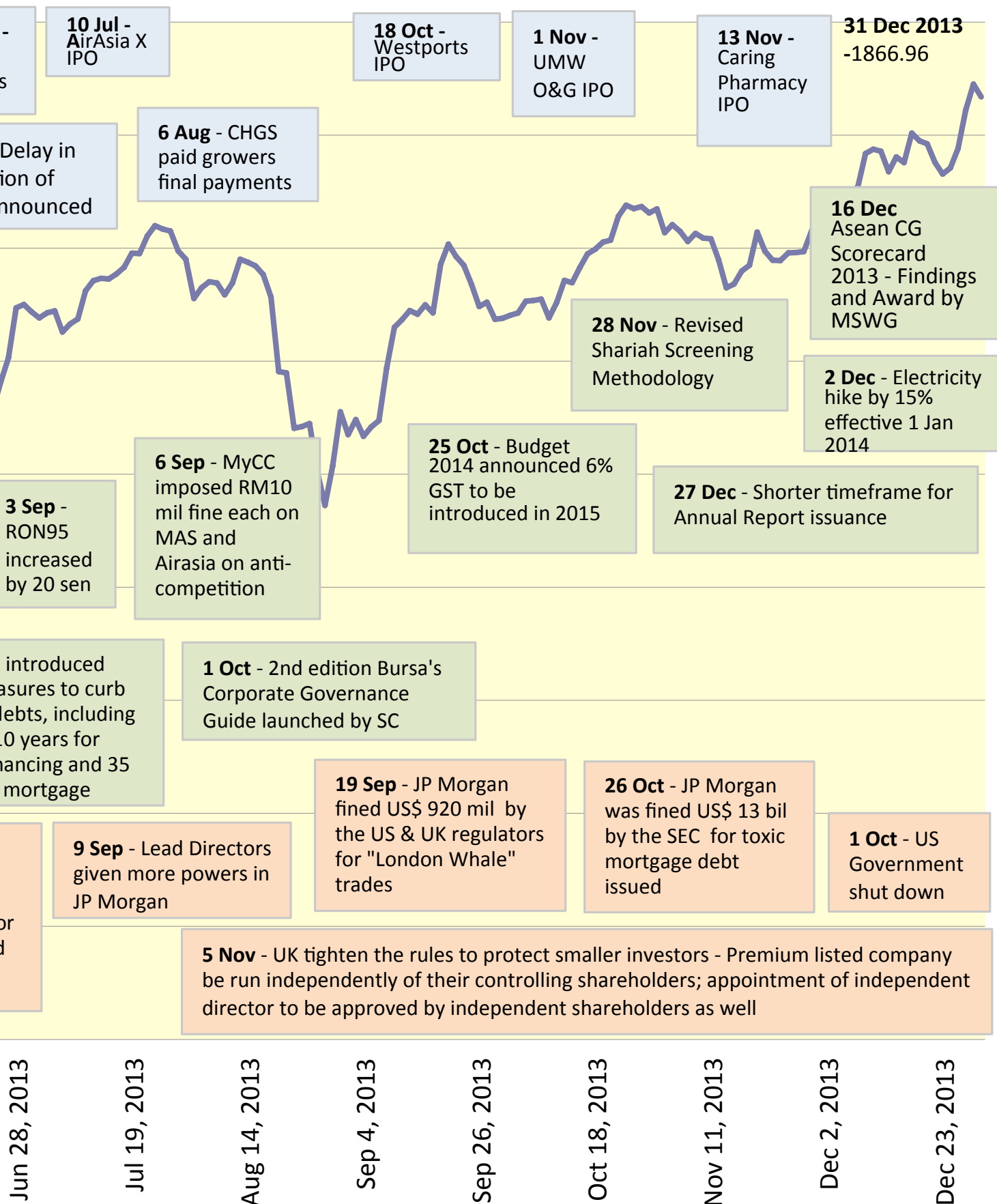
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Abraham Lincoln

EVENTS OF THE YEAR



Events and Corporate Exercises for 2013



CEO'S REVIEW OF 2013



IN PERSPECTIVE

Towards Good Corporate Governance and Creation of Corporate Value - is the theme we have chosen for MSWG's Annual Report 2013.

To bring into perspective, corporate governance, corporate sustainability or ESG by whichever term it is referred to, essentially means that as responsible corporates, we ought to take into consideration the impact our businesses have upon the society at large.

While companies making decisions based on sustainability factors may appear at first to be incurring higher costs, the profit can be reaped over the longer term from better reputation, branding, higher productivity, cost-savings and increased customers due to positive public perception of the company and thus, benefitting from competitive rates as well as having long term investors who will ride through with them during tough times.

In line with our Government's agenda of promoting companies with good ESG, the ASEAN CG Scorecard has parameters that measures disclosures on ESG. I see these parameters as important as they can gauge practices including the impact to the internal stakeholders such as employees as well as external stakeholders such as community and customers. The execution of these activities with separate reporting is highly encouraged as it can then be measured. It is expected that the reporting will eventually bring about substance in our corporates when we give focus to it through the scorecard.

In 2013, we saw the global rise of shareholders' voice dubbed as the "Shareholders Spring" which had put the spotlight on the need for greater stewardship role of institutional investors in monitoring their investee companies for their ultimate beneficiaries.

In this connection, many countries are already stepping up to flex more institutional muscles through developing a code of best practices for institutional investors. Malaysia too, is in the process of formulating such a code. This is also in line with one of the recommendations of the CG Blueprint to bring responsible ownership to the forefront in Malaysia and is expected to further galvanise the CG ecosystem.

It gives me pleasure to now present a review of our performance for the year 2013.

FINANCIAL HIGHLIGHTS

Revenue

For the year 2013, total revenue generated was RM980,734, which showed an increase of 64.1% from the revenue achieved in 2012 of RM597,546. The increase was mainly attributed to the Malaysia-ASEAN CG Index Project using the ASEAN CG methodology, which was successfully undertaken in 2013.

MSWG continued to receive a grant of RM4.5 million from the Capital Market Development Fund during the year.

The breakdown of revenue generated by MSWG from its products and services in 2013, and comparative figures in 2012 is illustrated in the following table.

| 2012 | Source of Revenue | Increase | 2013 |
|------------|-----------------------------------|----------|------------|
| RM 260,107 | Publications/Forums | 122.1% | RM 577,658 |
| RM 244,041 | Subscriber Services | 13.7% | RM 277,366 |
| RM 93,398 | Others | 34.6% | RM 125,710 |
| RM 597,546 | Revenue Generated from Activities | 64.1% | RM 980,734 |

Expenditure

For the year ended 31 December 2013, MSWG's total expenditure was RM 5,131,678 compared to RM4,237,956 in 2012, an increase of 21.1% in line with increase in normal staff cost as well as the cost for doing the ASEAN CG Scorecard project which involved evaluation of all companies listed on Bursa. In addition, we had the CG Awards event, which was held in December 2013 where expenses for the event were incurred whereas there was no event held the previous year, thus, no expenses incurred.

Total Expenditure

2012

RM 4,237,956

2013

RM 5,131,678

Increase 21.1%

Details of MSWG's revenue and expenditure for the financial year ended 31 December 2013 can be found in the Statutory Financial Statements in this Annual Report.

NON-FINANCIAL ACHIEVEMENTS- AN OVERVIEW

MSWG is now recognised as an important capital market body of influence, both locally and globally.

“ *It has become a voice for minority interests groups as well as a think-tank body for corporate governance in the capital market.* ”

We produce our very own weekly e-newsletter, *The Observer*, through which we provide information on our views and stand on minority interests as well as capital market matters on a weekly basis. In 2013, the newsletters were also translated in the Malay language and Mandarin and posted on the website to reach out to a greater audience. The CEO Message was published in our Monday columns in the *Berita Harian* and *Nanyang Siang Pau* respectively.

The e-newsletter and our weekly columns have received recognition from both the local and global institutions as opinion generator, which has raised MSWG's profile and stand on CG issues.

We continued to be involved actively in the ICGN and OECD to share experiences in the global arena in the area of corporate governance.

MSWG has been entrusted by the SC to spearhead the formulation of the Malaysian Code for Institutional Investors and also be the domestic ranking body for Malaysia to assess the level of CG practices of PLCs using the ASEAN CG Scorecard in 2013.

MSWG CORE ACTIVITIES

Corporate Monitoring

In 2013, coverage of companies under MSWG's monitoring portfolio increased by 1.7% to 297 companies. The monitored companies comprised about 30% of the total number of companies listed on Bursa, and included large, 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 monitored under the Subscribers' List; and
- Companies that warranted monitoring based on complaints received from shareholders, as well as those that impacted minority shareholder interests.

During the year, MSWG analysts attended a total of 358 company meetings, comprising 276 AGMs and 82 EGMs.

There were complex corporate exercises that required in-depth analysis and at these meetings, strategic, financial, operational and corporate governance issues were raised for the benefit of all shareholders. The corporate exercises involved related party transactions, acquisitions and disposals of assets, take-overs and privatisations and also matters relating to removal of directors. Key matters in corporate exercises such as privatisations and take-overs were often related to pricing and valuation issues.

At the AGMs/EGMs, MSWG also raised issues on board matters such as time commitment of directors, tenure limit of independent directors, gender diversity, Employees Share Options Scheme (ESOS) criteria and directors' remuneration.



SAMPLE OF MSWG MONITORING LIST OF AGMs/EGMs FOR 2013

| No. | Date(s) | Time | Company | Sector | Meeting | FYE | Venue | Rec. | Blime | Analyst |
|-----|----------------|----------|-------------------------------------|-----------------|---------|----------|--|----------|----------|---------|
| 1 | 03.01.13 (Fri) | 10.00 am | V.S. Industry Bhd | Industrial | AGM | 31.07.12 | Le Grandeur palm Resort Johor, JB | 06.12.12 | 27.12.12 | RY |
| 2 | 08.01.13 (Tue) | 11.30 am | TOP GLOVE CORPORATION BHD +* | Trading/Service | AGM | 31.08.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 28.11.12 | 01.01.13 | NHS |
| 3 | 08.01.13 (Tue) | 11.30 am | OSKAWATI PAINS BHD | Plantation | EGM | na | IMPERIAL HOTEL, JALAN POS, MIRI, SARAWAK. | 31.12.12 | 02.01.13 | NHH |
| 4 | 17.01.13 (Thu) | 09.30 am | Ingeniously Consolidated Bhd | Trading/Service | AGM | na | Bukit Jalil Golf & Country Resort, KL | 08.01.13 | 11.01.13 | RY |
| 5 | 23.01.13 (Thu) | 02.30 pm | Fraser & Neave Holdings Bhd | Consumer | AGM | 30.09.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 02.01.13 | 17.01.13 | KW |
| 6 | 01.02.13 (Thu) | 10.30 am | Orin Teck Plantations Bhd | Plantation | AGM | 31.09.12 | Piazza Sentral, Kuala Lumpur Sentral | 18.01.13 | 26.01.13 | NHH |
| 7 | 15.02.13 (Tue) | 10.00 am | SCOMI GROUP BHD +* | Trading/Service | EGM | na | Tropicana Golf & Country Resort, PJ | 18.01.13 | 26.01.13 | RY |
| 8 | 16.02.13 (Tue) | 10.00 am | MIAT SING GROUP BHD +* | Properties | EGM | na | Wisma Mah Sing, Jin Sg. Besi KL | 23.01.13 | 30.01.13 | NHS |
| 9 | 19.02.13 (Thu) | 02.30 pm | KUMPULAN PERANGSANG SELANGOR | Trading/Service | EGM | na | Quality Hotel Shah Alam | 21.01.13 | 30.01.13 | KW |
| 10 | 19.02.13 (Thu) | 02.30 pm | Ancorp Properties Bhd (ka AMDB Bhd) | Properties | EGM | na | Tropicana Golf & Country Resort, PJ | 12.02.13 | 01.02.13 | NHS |
| 11 | 19.02.13 (Thu) | 02.30 pm | Weida (M) Bhd | Industrial | EGM | na | Sherraton Hotel, Kuching Sarawak | 08.02.13 | 12.02.13 | KW |
| 12 | 20.02.13 (Wed) | 10.00 am | SCOMI GROUP BHD +* | Trading/Service | EGM | na | 1 First Avenue, Bandar Utama, PJ | 07.02.13 | 14.02.13 | RY |
| 13 | 20.02.13 (Wed) | 12.00 pm | KUALA LUMPUR KEPONG BHD @* | Plantation | AGM | 30.09.12 | Wisma Talko, Ipoh, Perak | 18.01.13 | 14.02.13 | NHH |
| 14 | 20.02.13 (Wed) | 02.15 pm | Batu Kawan Bhd | Plantation | AGM | 30.09.12 | Wisma Talko, Ipoh, Perak | 04.01.13 | 14.02.13 | NHH |
| 15 | 21.02.13 (Thu) | 01.00 pm | Bright Packaging Industry Bhd | Industrial | AGM/EGM | 31.08.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 25.01.13 | 18.02.13 | NKK |
| 16 | 25.02.13 (Mon) | 11.00 am | LPI Capital Bhd | Finance | AGM | 31.12.12 | Shangri-La Hotel Kuala Lumpur | 07.02.13 | 18.02.13 | QBA |
| 17 | 26.02.13 (Tue) | 10.00 am | MIAT SING GROUP BHD +* | Properties | EGM | na | Wisma Mah Sing, Jin Sg. Besi KL | 23.01.13 | 30.01.13 | NHS |
| 18 | 06.03.13 (Tue) | 02.30 pm | KUMPULAN PERANGSANG SELANGOR | Trading/Service | EGM | na | Quality Hotel Shah Alam | 21.01.13 | 30.01.13 | KW |
| 19 | 07.03.13 (Tue) | 10.00 am | Ancorp Properties Bhd (ka AMDB Bhd) | Properties | EGM | na | Tropicana Golf & Country Resort, PJ | 12.02.13 | 01.02.13 | NHS |
| 20 | 19.03.13 (Thu) | 02.30 pm | Weida (M) Bhd | Industrial | EGM | na | Sherraton Hotel, Kuching Sarawak | 08.02.13 | 12.02.13 | KW |
| 21 | 20.02.13 (Wed) | 10.00 am | SCOMI GROUP BHD +* | Trading/Service | EGM | na | 1 First Avenue, Bandar Utama, PJ | 07.02.13 | 14.02.13 | RY |
| 22 | 20.02.13 (Wed) | 10.00 am | SCOMI GROUP BHD +* | Trading/Service | EGM | na | 1 First Avenue, Bandar Utama, PJ | 07.02.13 | 14.02.13 | RY |
| 23 | 20.02.13 (Wed) | 12.00 pm | KUALA LUMPUR KEPONG BHD @* | Plantation | AGM | 30.09.12 | Wisma Talko, Ipoh, Perak | 18.01.13 | 14.02.13 | NHH |
| 24 | 20.02.13 (Wed) | 02.15 pm | Batu Kawan Bhd | Plantation | AGM | 30.09.12 | Wisma Talko, Ipoh, Perak | 04.01.13 | 14.02.13 | NHH |
| 25 | 21.02.13 (Thu) | 10.00 am | Coversey Engineering Products Bhd | Industrial | AGM | 31.08.12 | Ground Floor Institute Integrati Malaysia, Jin Dut | 05.02.13 | 18.02.13 | KW |
| 26 | 21.02.13 (Thu) | 01.00 pm | Bright Packaging Industry Bhd | Industrial | AGM/EGM | 31.08.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 25.01.13 | 18.02.13 | NKK |
| 27 | 25.02.13 (Mon) | 11.00 am | LPI Capital Bhd | Finance | AGM | 31.12.12 | Shangri-La Hotel Kuala Lumpur | 07.02.13 | 18.02.13 | QBA |
| 28 | 25.02.13 (Mon) | 02.00 pm | Lion Forest Industries Bhd | Trading/Service | EGM | na | Office Tower, Jin Nagasari, KL | 19.02.13 | 18.02.13 | NHH |
| 29 | 25.02.13 (Mon) | 02.00 pm | CIMB Group Holdings Bhd @* | Finance | EGM | na | Sime Darby Convention Centre, Bukit Kiara, PJ | 13.02.13 | 19.02.13 | QBA |
| 30 | 27.02.13 (Wed) | 11.00 am | Transmedia Group Berhad * | Trading/Service | AGM | na | The Sandjana Hotel, Mutiara Damansara, PJ | 15.02.13 | 21.02.13 | NHS |
| 31 | 27.02.13 (Wed) | 11.00 am | Petra Energy Bhd | Properties | EGM | na | The Royale Bintang Damansara, Mutiara D'sara | 19.02.13 | 02.03.13 | RY |
| 32 | 28.02.13 (Thu) | 11.00 am | SP SETIA BHD #* | Properties | AGM/EGM | 31.08.12 | Setia City Convention Centre, Kuala Lumpur | 21.02.13 | 21.02.13 | NHS |
| 33 | 08.03.13 (Tue) | 10.00 am | MALAYSIAN AIRLINE SYSTEM BHD @** | Trading/Service | EGM | na | South Wing MAS Academy, Kelana Jaya, PJ | 14.03.13 | 27.03.13 | QBA |
| 34 | 15.03.13 (Fri) | 12.00 pm | Dijaya Corporation Bhd +* | Properties | EGM | na | Tropicana Golf & Country Resort, PJ | 05.03.13 | 08.03.13 | LCM |
| 35 | 15.03.13 (Fri) | 11.00 am | PUBLIC BANK BHD -I* | Finance | AGM | 31.12.12 | Shangri-La Hotel, Jalan Sultan Ismail, KL | 14.03.13 | 14.03.13 | QBA |
| 36 | 20.03.13 (Wed) | 09.30 am | Bolton Bhd | Properties | EGM | na | Shangri-La Hotel, Jalan Sultan Ismail, KL | 19.02.13 | 18.02.13 | NHH |
| 37 | 22.03.13 (Fri) | 10.30 am | JCY International Bhd | Technology | AGM | 30.09.12 | Shangri-La Hotel Kuala Lumpur | 13.03.13 | 15.03.13 | RY |
| 38 | 25.03.13 (Thu) | 10.00 am | URUSAH MALAYSIA BHD -I* | Finance | AGM | 31.12.12 | Shangri-La Hotel Kuala Lumpur | 14.03.13 | 14.03.13 | QBA |
| 39 | 25.03.13 (Thu) | 10.00 am | MALAYSIAN AIRLINE SYSTEM BHD @** | Trading/Service | EGM | na | South Wing MAS Academy, Kelana Jaya, PJ | 14.03.13 | 27.03.13 | QBA |
| 40 | 15.03.13 (Fri) | 12.00 pm | Dijaya Corporation Bhd +* | Properties | EGM | na | Tropicana Golf & Country Resort, PJ | 05.03.13 | 08.03.13 | LCM |
| 41 | 15.03.13 (Fri) | 11.00 am | PUBLIC BANK BHD -I* | Finance | AGM | 31.12.12 | Shangri-La Hotel, Jalan Sultan Ismail, KL | 14.03.13 | 14.03.13 | QBA |
| 42 | 20.03.13 (Wed) | 09.30 am | Bolton Bhd | Properties | EGM | na | Shangri-La Hotel, Jalan Sultan Ismail, KL | 19.02.13 | 18.02.13 | NHH |
| 43 | 21.03.13 (Thu) | 02.00 pm | Cahaya Mata Sarawak Bhd +* | Industrial | AGM | na | Kerinci Majestic Hotel, Kuching Sarawak | 08.03.13 | 14.03.13 | SNY |
| 44 | 22.03.13 (Fri) | 11.00 am | JCY International Bhd | Technology | AGM | 30.09.12 | Shangri-La Hotel Kuala Lumpur | 13.03.13 | 15.03.13 | RY |
| 45 | 26.03.13 (Thu) | 10.00 am | BURSA MALAYSIA BHD -I* | Finance | AGM | 31.12.12 | World Trade Centre, KLCC | 06.03.13 | 21.03.13 | QBA |
| 46 | 26.03.13 (Thu) | 10.00 am | MALAVAN BANKING BHD @** | Finance | AGM | 30.09.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 13.03.13 | 21.03.13 | QBA |
| 47 | 28.03.13 (Thu) | 11.00 am | MALAYSIAN AIRPORT HOLDINGS BHD #* | Trading/Service | AGM | 31.07.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 14.03.13 | 21.03.13 | QBA |
| 48 | 03.04.13 (Thu) | 09.30 am | Pharmarina Bhd +* | Trading/Service | AGM | 31.12.12 | Shangri-La Hotel Kuala Lumpur | 14.03.13 | 27.03.13 | NHH |
| 49 | 04.04.13 (Thu) | 10.00 am | Boustead Heavy Industries Corp. Bhd | Industrial | AGM | 31.12.12 | Shangri-La Hotel Kuala Lumpur | 18.03.13 | 28.03.13 | RY |
| 50 | 09.04.13 (Mon) | 09.30 am | BOUSTEAD HOLDINGS BHD -* | Industrial | AGM | 31.12.12 | Shangri-La Hotel Kuala Lumpur | 28.03.13 | 06.04.13 | NHH |
| 51 | 09.04.13 (Mon) | 11.00 am | KLCC PROPERTY HOLDINGS | Industrial | AGM | 31.12.12 | World Trade Centre, KLCC | 19.03.13 | 01.04.13 | LCM |
| 52 | 10.04.13 (Tue) | 09.30 am | OSK HOLDINGS BHD +* | Properties | AGM | 31.12.12 | Shangri-La Hotel Kuala Lumpur | 27.03.13 | 03.04.13 | LCM |
| 53 | 10.04.13 (Tue) | 02.30 pm | OSK HOLDINGS BHD +* | Properties | AGM | 31.12.12 | Piazza Sentral, Kuala Lumpur | 27.03.13 | 03.04.13 | QBA |
| 54 | 17.04.13 (Wed) | 09.30 am | CIMB Group Holdings Bhd | Finance | AGM | 31.12.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 28.03.13 | 16.04.13 | QBA |
| 55 | 17.04.13 (Wed) | 09.30 am | TRANSNASCANT CORPORATION (M) | Industrial | AGM | 31.12.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 27.03.13 | 16.04.13 | NHS |
| 56 | 17.04.13 (Wed) | 11.00 am | EKOVEHICULOS TOROCCO (M) | Industrial | AGM | 31.12.12 | Grand Sarawak Hotel, Jalan Pahang, KL | 02.04.13 | 10.04.13 | SNY |
| 57 | 19.04.13 (Fri) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Meridian Hotel, Jalan Sultan Ismail, KL | 11.04.13 | 25.04.13 | QBA |
| 58 | 19.04.13 (Fri) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Meridian Hotel, Jalan Sultan Ismail, KL | 11.04.13 | 25.04.13 | QBA |
| 59 | 05.05.13 (Fri) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Meridian Hotel, Jalan Sultan Ismail, KL | 17.04.13 | 26.04.13 | QBA |
| 60 | 07.05.13 (Sun) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Meridian Hotel, Jalan Sultan Ismail, KL | 15.04.13 | 30.04.13 | RY |
| 61 | 09.05.13 (Thu) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 11.04.13 | 02.05.13 | RY |
| 62 | 09.05.13 (Thu) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 11.04.13 | 02.05.13 | RY |
| 63 | 09.05.13 (Thu) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 11.04.13 | 02.05.13 | RY |
| 64 | 10.05.13 (Fri) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 25.04.13 | 03.05.13 | QBA |
| 65 | 11.05.13 (Sat) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 25.04.13 | 03.05.13 | QBA |
| 66 | 11.05.13 (Sat) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 25.04.13 | 03.05.13 | QBA |
| 67 | 11.05.13 (Sat) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 25.04.13 | 03.05.13 | QBA |
| 68 | 11.05.13 (Sat) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 25.04.13 | 03.05.13 | QBA |
| 69 | 11.05.13 (Sat) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 25.04.13 | 03.05.13 | QBA |
| 70 | 11.05.13 (Sat) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 25.04.13 | 03.05.13 | QBA |
| 71 | 11.05.13 (Sat) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 25.04.13 | 03.05.13 | QBA |
| 72 | 11.05.13 (Sat) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 25.04.13 | 03.05.13 | QBA |
| 73 | 11.05.13 (Sat) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 25.04.13 | 03.05.13 | QBA |
| 74 | 11.05.13 (Sat) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 25.04.13 | 03.05.13 | QBA |
| 75 | 11.05.13 (Sat) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 25.04.13 | 03.05.13 | QBA |
| 76 | 11.05.13 (Sat) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 25.04.13 | 03.05.13 | QBA |
| 77 | 11.05.13 (Sat) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 25.04.13 | 03.05.13 | QBA |
| 78 | 11.05.13 (Sat) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 25.04.13 | 03.05.13 | QBA |
| 79 | 11.05.13 (Sat) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 25.04.13 | 03.05.13 | QBA |
| 80 | 11.05.13 (Sat) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 25.04.13 | 03.05.13 | QBA |
| 81 | 11.05.13 (Sat) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 25.04.13 | 03.05.13 | QBA |
| 82 | 11.05.13 (Sat) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 25.04.13 | 03.05.13 | QBA |
| 83 | 11.05.13 (Sat) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 25.04.13 | 03.05.13 | QBA |
| 84 | 11.05.13 (Sat) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 25.04.13 | 03.05.13 | QBA |
| 85 | 11.05.13 (Sat) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 25.04.13 | 03.05.13 | QBA |
| 86 | 11.05.13 (Sat) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 25.04.13 | 03.05.13 | QBA |
| 87 | 11.05.13 (Sat) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 25.04.13 | 03.05.13 | QBA |
| 88 | 11.05.13 (Sat) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 25.04.13 | 03.05.13 | QBA |
| 89 | 11.05.13 (Sat) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 25.04.13 | 03.05.13 | QBA |
| 90 | 11.05.13 (Sat) | 10.00 am | Bank BIAK Bhd | Finance | AGM | 31.12.12 | Sime Darby Convention Centre, Bukit Kiara, PJ | 25.04.13 | 03.05.13 | QBA |
| 91 | 11.05.13 (Sat) | 10.00 am | Bank BIAK Bhd | Finance | AGM | | | | | |

“

Governance and leadership are the yin and yang of successful organizations. If you have leadership without governance you risk tyranny, fraud and personal fiefdoms.



If you have governance without leadership you risk atrophy, bureaucracy and indifference.

”

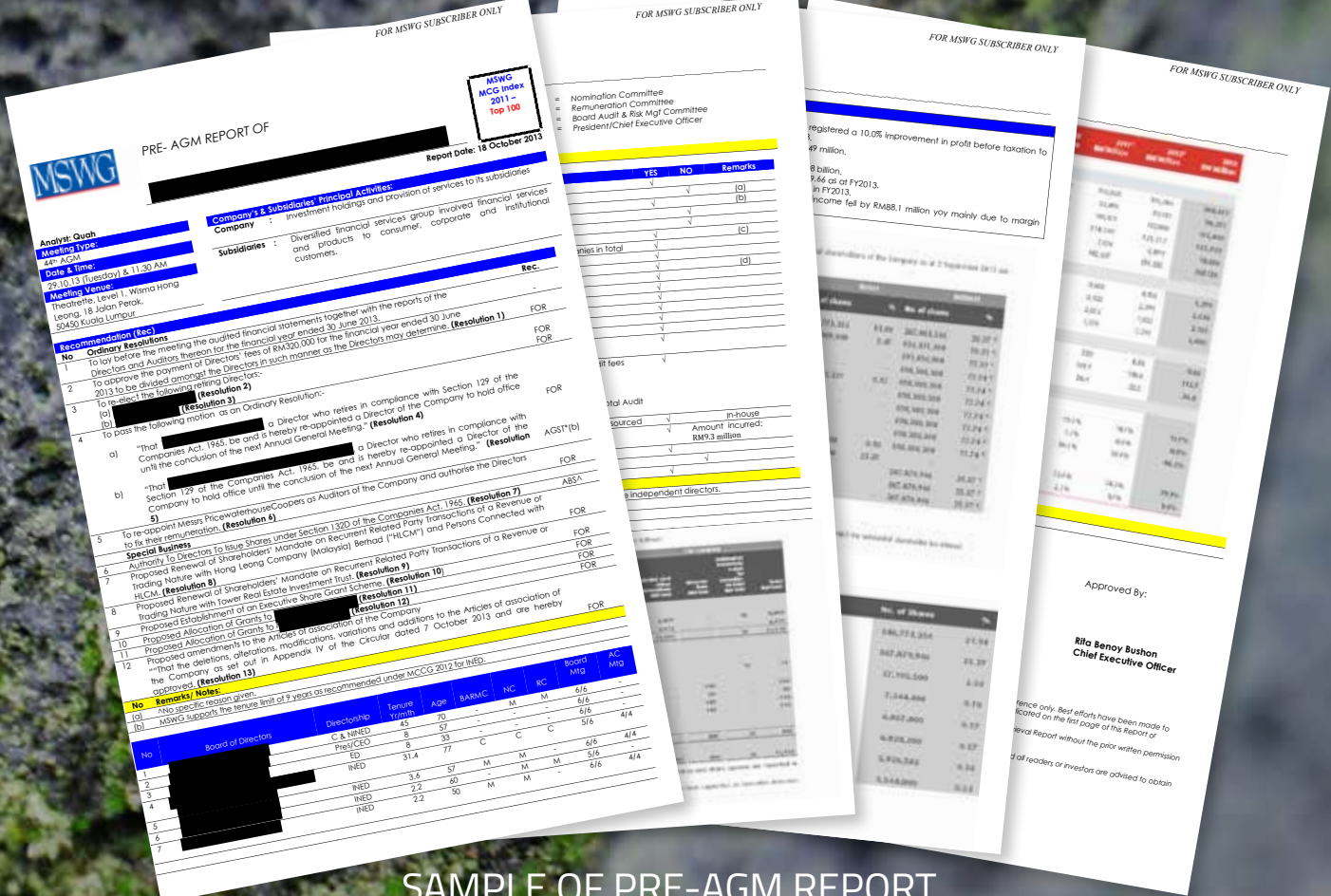
Mark Goyder
Director of Tomorrow's Company



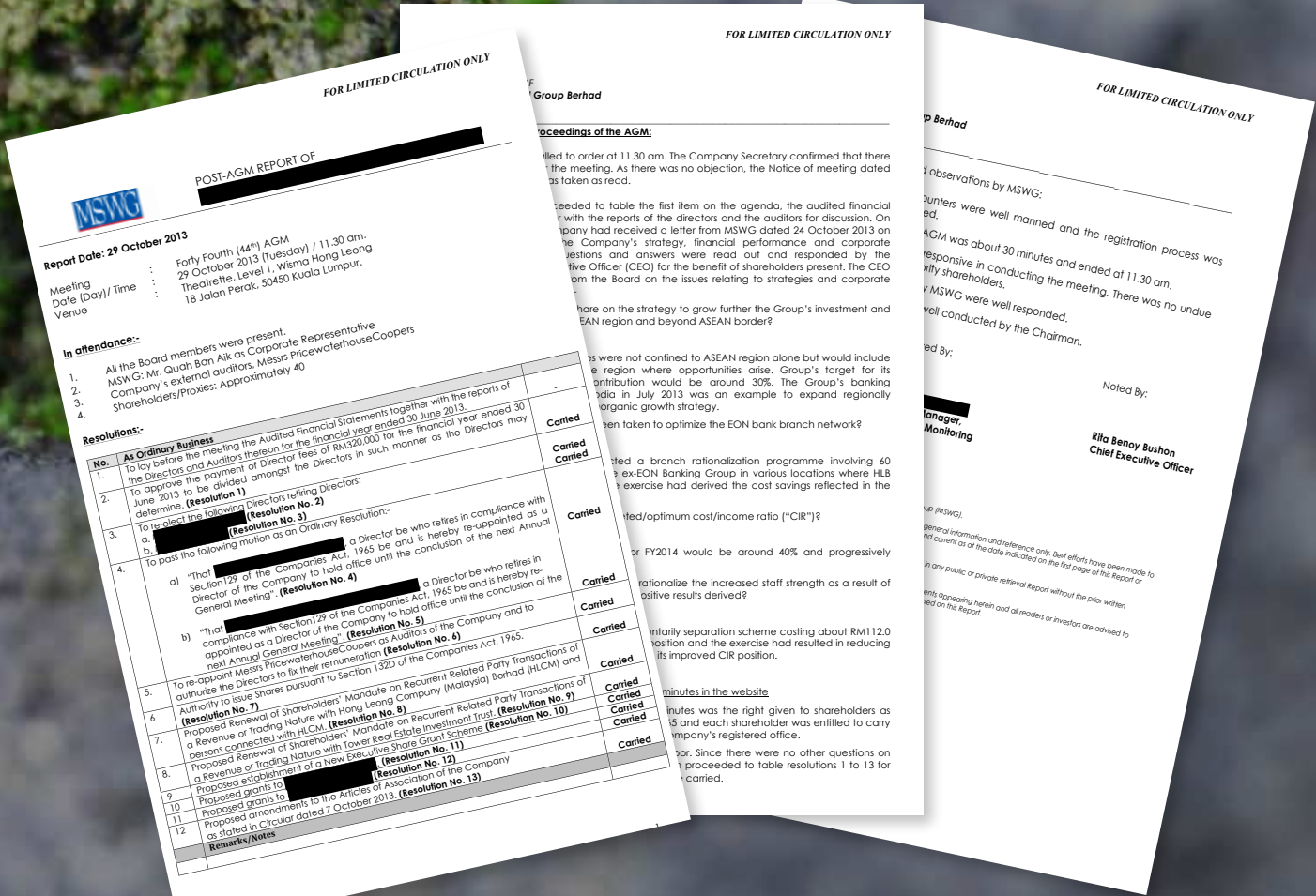
Pre AGM
& Post
AGM /EGM
Reports

During the year, MSWG sent out 358 letters to companies and prepared 276 pre-AGM and 358 post-AGM/EGM reports. These were made available to institutional and corporate subscribers, while retail subscribers were provided with our questions to companies and their replies. The pre-AGM reports contained proposed resolutions, brief particulars of directors and their memberships of various committees, analysis of companies' CG practices as well as highlights of financial performance. The post AGM/EGM reports provided an overview of the proceedings of the general meetings.

MSWG continued to persevere with its watchdog role in highlighting issues of interest and concerns to investors. Apart from at the meetings, information on these issues was provided either in the media through MSWG's articles, commentaries, weekly e-newsletter and website.



SAMPLE OF PRE-AGM REPORT



SAMPLE OF POST-AGM REPORT

AGM/EGM Weekly Watch

MSWG continued with its AGM/EGM Weekly Watch column published in The New Straits Times newspaper every Monday. During the year, the Chinese (Mandarin) version was also published every Monday in the Nanyang Siang Pau newspaper. The column was primarily done to reach out to retail shareholders who either may not be computer literate or may not have access to computers. 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 and to inform shareholders of upcoming meetings during the week including their time and venue. Such information was also posted on our website.

Tinjauan Mingguan AGM/EGM MSWG 28 Oktober – 1 November 2013

Berikut adalah AGM/EGM syarikat-syarikat di dalam senarai pemantauan MSWG bagi minggu ini. Ringkasan perkara-perkara penting disenaraikan di bawah, manakala butir-butir terperinci soalan-soalan yang diajukan kepada syarikat-syarikat boleh didapati di laman web MSWG di www.mswg.org.my.

| Tarikh & Masa | Syarikat |
|-------------------------------|----------------------------------|
| 28 Oktober 2013 10.30 a.m. | Pensonic Holdings Bhd (EGM) |
| 29 Oktober 2013 10.00 a.m. | Hong Leong Capital Bhd (AGM) |
| 29 Oktober 2013 10.00 a.m. | IOI Corporation Bhd (EGM) |
| 29 Oktober 2013 11.30 a.m. | Hong Leong Financial Group (AGM) |
| 29 Oktober 2013 02.00 p.m. | Karyon Industries Bhd |
| 30 Oktober 2013 10.00 a.m. | Berjaya Corporation Bhd |
| 31 Oktober 2013 10.00 a.m. | Olympia Industries Bhd |
| 31 Oktober 2013 10.00 a.m. | Plenitude Bhd (AGM) |
| 31 Oktober 2013 11.30 a.m. | Dutaland Bhd (AGM) |
| 1 November 2013 10.00 a.m. | Genting Bhd (EGM) |
| 1 November 2013 10.30 a.m. | Instacom Group Ltd |
| 1 November 2013 03.00 p.m. | Genting Plantations Ltd |

Isu penting untuk diajukan:

| Syarikat | Isu penting untuk diajukan: |
|----------------------------------|--|
| Hong Leong Capital Bhd (AGM) | Bolehkah ia meningkatkan telah merosot bahagian perolehan? |
| IOI Corporation Bhd (EGM) | Adakah IOI penyertaan membantu Walaubagaimanakah Operasi? |
| Hong Leong Financial Group (AGM) | Adakah IOI penyertaan membantu Walaubagaimanakah Operasi? |



During the year, MSWG received several complaints from investors that wanted MSWG to take up their issues collectively.

The complaints were centred on the following issues:

- Unfair offers when companies were privatised
- Questionable related party transactions
- Minority shareholders' rights being sidelined
- Companies with substantial cash balances not paying dividends or very minimal dividends

Investor Complaints

Highlights of Issues Raised in 2013

The following key issues were raised by MSWG in 2013 as part of its objectives to bring about awareness to the stakeholders.

1

Privatisation/Early Termination Exercises

Many of the complaints were centered on the unfairness of the offer price and valuation of the intrinsic value of the offer shares.

Some of the actions taken had resulted in an upward revision of the offer price for the benefit of the minority shareholders. Not less significant was the fact that minority shareholders were provided a voice through MSWG and contributed to the long term good of the overall capital market.

One significant development, which created publicity was the proposed voluntary termination of an interest investment scheme.

The episode highlighted the need for regulators to re-examine all such schemes and its structure to provide safeguards for investor protection through a proposed standalone new Interest Schemes Bill by the Companies Commission of Malaysia (CCM) during the year.



Forum on MBf Holdings Berhad Privatisation

2

Excessive Remuneration and Employees Share Option Scheme (ESOS)

MSWG brought up issues regarding excessive and substantial directors' remuneration, which did not commensurate with performance and ESOS to non-executive directors.

Corporate Governance

MSWG is promoting standards of corporate governance best practices in PLCs. In this regard, we would like the Board to address the following:-

- 1) MCGG 2012 recommends that the Board must comprise a majority of independent directors where the chairman of the Board is not an independent director.

In this regard, it is proposed that the Board should comprise a majority of independent directors to ensure balance of power and authority on the board.

- 2) As stated in the Statement on Corporate Governance (Page 175 of Annual Report), the role of the Executive Chairman is distinct and separate from that of the Managing Director. The Statement also mentions that presently the Company does not have a Managing Director.

Since the Company does not have a Managing Director and the Chairman is designated as Executive Chairman, please brief shareholders on what exactly is the role of the Executive Chairman and whether he is also involved in overseeing the day-to-day running of the Company.

- 3) We noted that a director was paid remuneration totaling around RM33.4 million in FY2012 compared to about RM8.4 million in the previous year, an increase of around 300%. The compensation was a sharp increase over the previous year and constituted a significant portion of around 14% of the Group net profit of RM232.7 million for FY2012. Could the Board explain to shareholders the justification and rationale for the big hike and the substantial amount of the compensation paid to the said director and share with shareholders who the director concerned is?

3

Tenure Limit of Independent Directors (INEDs)

During the year, one key area on corporate governance, which had been discussed and debated was on the tenure limit of independent directors.

There were several companies with no justification nor have sought shareholders' approval for the retention of independent directors who had cumulative service of more than nine years. There was also no explanation in the Annual Report.

During the year, there were an increasing number of long-serving INEDs who had decided not to seek re-election as directors possibly due to the recommendations in the MCGG 2012.

It was noted that [REDACTED] who is an independent director has served more than the prescribed period of 9 years for the tenure of independent directors under MCGG 2012. Could the Board explain why he was not proposed for re-election as an independent director and the absence of justifications to support his continuation as an INED, as recommended under MCGG 2012?

Excerpt from MSWG's letter to PLCs

4

Board Diversity

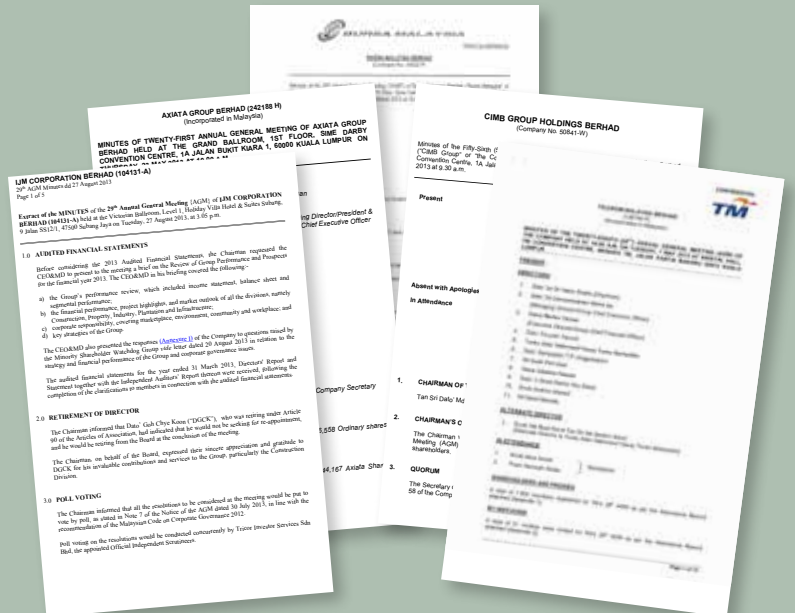
MSWG continued with its agenda to advocate Board diversity, including gender diversity and questions were raised on this issue.

The ICGN position on gender diversity is reflected in Principle 2.2 of the ICGN Global Corporate Governance Principles (2009) which states:

“Boards need to generate effective debate and discussion around current operations, potential risks and proposed developments. Effective debate and discussion requires...that there is a sufficient mix of relevant skills, competence, and diversity of perspectives within the board to generate appropriate challenge and discussion...”

5

Publishing Minutes of AGMs on Company Website



During the year, MSWG had encouraged public listed companies to publish their AGM minutes on their company website in the interest of transparency.

SUBSCRIBER SERVICES

MSWG continued with its efforts to promote the Subscriber Services for the following categories:

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

As at 31 December 2013, there were 13 institutional and 87 corporate subscribers; and 302 retail and student subscribers.

MSWG provided value-added services to its subscribers, which included access to Pre AGM & Post AGM/EGM Reports, complimentary seats at MSWG events, discounted prices for all publications and investor education programmes as well as weekly e-newsletters highlighting corporate developments and CG issues, both locally and internationally.

Moving forward, for 2014, MSWG will be looking at the value proposition offering complimentary retail and student subscriber services to encourage the investing public as well as the students to become our subscribers.

We will also be looking at improving our value proposition for the institutional and corporate subscribers.

INSTITUTIONAL SUBSCRIBERS

- 01 Association of Chartered Certified Accountants
- 02 Bursa Malaysia Berhad (Regulator)
- 03 Permodalan Nasional Berhad
- 04 Khazanah Nasional Berhad
- 05 Securities Commission Malaysia
- 06 Pertubuhan Keselamatan Sosial
- 07 Lembaga Tabung Angkatan Tentera
- 08 Lembaga Tabung Haji
- 09 Valuecap Sdn. Berhad
- 10 Broadridge Financial Solutions
- 11 Employees Provident Fund
- 12 Monash University
- 13 Aberdeen Asset Management

CORPORATE SUBSCRIBERS

- 01 Hock Seng Stone Industries Berhad
- 02 Tenaga Nasional Berhad
- 03 Turiya Berhad
- 04 RHB Capital Berhad
- 05 Paramount Corporation Berhad
- 06 Bursa Malaysia Berhad
- 07 British American Tobacco (M) Berhad
- 08 Alliance Financial Group Berhad
- 09 Dayang Enterprise Holdings Berhad
- 10 Utusan Melayu (Malaysia) Berhad
- 11 Boustead Holdings Berhad
- 12 Top Glove Corporation Berhad
- 13 Telekom Malaysia Berhad
- 14 Ta Ann Holdings Berhad
- 15 Puncak Niaga Holdings Berhad
- 16 Panasonic Manufacturing Malaysia Berhad
- 17 Malaysia Airports Holdings Berhad
- 18 Jaya Tiasa Holdings Berhad
- 19 DRB-Hicom Berhad
- 20 Boustead Heavy Industries Corporation Berhad
- 21 Bintulu Port Holdings Berhad
- 22 AMMB Holdings Berhad
- 23 Alam Maritim Resources Berhad
- 24 Oriental Holdings Berhad
- 25 Suria Capital Holdings Berhad
- 26 Star Publications (M) Berhad
- 27 Media Prima Berhad
- 28 Cahya Mata Sarawak Berhad
- 29 Axiata Group Berhad
- 30 Affin Holdings Berhad
- 31 SP Setia Berhad
- 32 Maxis Berhad
- 33 Kumpulan FIMA Berhad
- 34 YTL Corporation Berhad
- 35 Malaysia Building Society Berhad

LIST OF SUBSCRIBERS

- 35 Reliance Pacific Berhad
- 36 Integrax Berhad
- 37 Sime Darby Berhad
- 38 Public Bank Berhad
- 39 IOI Corporation Berhad
- 40 IJM Corporation Berhad
- 41 Genting Berhad
- 42 CIMB Group Holdings Berhad
- 43 Far East Holdings Berhad
- 44 Concrete Engineering Products Berhad
- 45 Greenyard Berhad
- 46 MMC Corporation Berhad
- 47 Petronas Dagangan Berhad
- 48 Perdana Petroleum Berhad
- 49 Malaysian Smelting Corporation Berhad
- 50 Tropicana Corporation Berhad
- 51 Lion Diversified Holdings Berhad
- 52 Daibochi Plastic & Packaging Industry Berhad
- 53 UMW Holdings Berhad
- 54 Malayan Banking Berhad
- 55 KKB Engineering Berhad
- 56 Negri Sembilan Oil Palms Berhad
- 57 UEM Sunrise Berhad
- 58 Muhibbah Engineering (M) Berhad
- 59 Kulim (M) Berhad
- 60 Chin Teck Plantations Berhad
- 61 Berjaya Land Berhad
- 62 OSK Investment Bank Berhad
- 63 KFC Holdings (M) Berhad
- 64 Malaysia Pacific Corporation Berhad
- 65 LPI Capital Berhad
- 66 TSH Resources Berhad
- 67 Time Engineering Berhad
- 68 Naim Holdings Berhad
- 69 Ranhill Berhad
- 70 Handal Asia Pacific Berhad
- 71 KPJ Healthcare Berhad
- 72 PPlus Expressways Berhad
- 73 Malaysian Resources Corporation Berhad
- 74 Lafarge Malaysia Berhad
- 75 Carlsberg Brewery Malaysia Berhad
- 76 Bandar Raya Developments Berhad
- 77 Amway (Malaysia) Holding Berhad
- 78 Tanjong Public Limited Company
- 79 KUB Malaysia Berhad
- 80 TA Enterprise Berhad
- 81 AirAsia Berhad
- 82 Gas Malaysia Berhad
- 83 Land-General Berhad
- 84 Petra Energy Berhad
- 85 Tan Chong Motors Berhad
- 86 TDM Berhad



“ *Do your little bit of good where you are; its those little bits of good put together that overwhelm the world.*

Desmond Tutu ”

E-NEWSLETTERS, ARTICLES & COMMENTARIES

In 2013, MSWG published 47 issues of its e-newsletter, *The Observer*. The e-newsletter which has been published on a weekly basis from February 2012, is now distributed to over 2,000 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 and other upcoming MSWG events.

Copies of the newsletters were also available for download in a PDF format from MSWG's website.

The newsletter has been a tool to raise MSWG's profile and its stand on CG issues, and has received recognition globally. Information from the newsletter has been reproduced both in the mainstream news media and third-party websites/blogs dealing with corporate governance and shareholder right issues.



The Observer

MESSAGE FROM THE CEO



This year so far we are seeing two of the largest IPOs in Malaysia ie Westport Holdings and UMW Oil & Gas which have drawn much positive interest from investors judging from the oversubscription rate that we saw. The total initial public issue comes up to about RM2b for Westport and about RM 2.36 billion for UMW Oil and Gas.

These IPOs could boost confidence for other IPOs to tap the market after a lull since last year. Malaysia had one of the world's largest IPOs last year with RM29.2 billion raised. In the pipeline are the listings of Iskandar Waterfront Holdings and 7-Eleven Malaysia

Some genuine concerns have come out from minorities especially retailers again on the same matter ie being "left-out" as they are only offered 2.0% of the enlarged share capital for UMW Oil & Gas as dictated by regulation. This is despite an oversubscription many times over for the retail portion.

As for Westport Holdings, the retail portion is more generous, but this IPO is a 100% offer for sale of the existing shares, which means that all the IPO proceeds will go to the existing shareholders and no moneys in the capital raising exercise will go into the company. Yet the listing fee amounting to millions will be borne by the company.

Nearer home, the decision by the China e-commerce company Alibaba Group Holding Ltd to pursue its IPO in the US (and not Hong Kong) is a sign that the HK regulators are standing firm in their plan to promote corporate governance.

The loss to the arrangers could amount to more than \$15 billion, while the HK Exchange would have counted the world's third-most valuable Internet company after Google and Amazon (and nearly on par with Facebook) on its list, had the negotiations not apparently foundered over governance concerns.

For information of readers, there are reports stating that HK regulators had decided that they would not allow Alibaba's partners to retain control over board nominations. And instead maintained that all shareholders should be treated equally.

The same attention to market oversight can also be seen in Singapore, which plans to introduce circuit breakers by early next year after Blumont Group Ltd., Asiasons Capital Ltd. and LionGold Corp.

Bidaan bersama bekas CEO, Aspire cetus kebimbangan



RITA BENOY BUSHON

Pemegang saham minoriti Kian Joo Can Factory mempunyai sebab untuk berasa bimbang terhadap bidaan bersama bernilai RM1.47 bilion oleh bekas Ketua Pegawai Operasi (CEO) syarikat serta Aspire Insight Sdn Bhd, sebuah syarikat milik Kumpulan Wang Simpanan Pekerja (KWSP) untuk mengambil alih syarikat Kian Joo Can Factory melalui cara aset-liabiliti.

Itu adalah sebab penilaiannya dianggap rendah untuk membayar balik pemegang saham minoritinya dan aspek ini perlu diberi tumpuan.

Perhatian juga perlu diberi terhadap peletakan jawatan Ketua Pegawai Operasi Kian Joo hanya beberapa hari sebelum tawaran itu diterima. Dalam hal ini, penjelasan lanjut perlu diberi mengenai struktur ini.

Selain itu, tindakan Berjaya Sports Toto Bhd membatalkan cadangan penyena- ranaan anak syarikat milik penuhnya, Sports Toto Malaysia Sdn Bhd sebagai sebuah 'Business Trust' di Bursa Saham Singapura (SGX) baru-baru ini, mendapat perhatian pemegang saham minoritinya yang inginkan penjelasan lebih lanjut mengenai sebab-sebab pembatalan penyena-

raian berkenaan. Walaupun sudah menerima semua kelulusan, kenyataan syarikat mengenai sebab pembatalan dilakukan kerana 'keadaan pasaran yang sukar' adalah agak samar. Berikutan pembatalan itu berlaku tidak lama selepas peristiwa penurunan ketara harga Asiasons/Blumont di SGX, ia bakal menimbulkan perbandingan yang tidak se-

lesa mengenai risiko penyena- ranaan kalangan syarikat Malaysia di pasaran saham Singapura. Akhir sekali, beberapa syarikat yang mewakili antara syarikat terbesar di Malaysia seperti SP Setia Bhd, Bumi Armada dan Malaysian Resources Corp didapati tidak memenuhi beberapa peraturan baru sekuriti Syaria- h yang sudah disemak se- mula.

negara makin kukuh

» Peningkatan disokong pengukuhan fiskal, kestabilan makroekonomi

AS\$13 bilion. Ini adalah penyelesaian terbesar yang pernah dicapai di antara mana-mana syarikat dengan pihak kerajaan. Pihak kawal selia amat serius mengenai isu berkenaan dan telah menghantar mesej bahawa tiada mana-mana pihak yang boleh mengatasi undang-undang dan pematuhannya adalah satu keutamaan. Dalam hal berasingan, baru-baru ini Utusan Melayu (Malaysia) Bhd bercadang melaksanakan terbitan hak bagi menajama modal sehingga RM50 juta untuk mengukuhkan kedudukan kewangannya.



RITA BENOY BUSHON

Peningkatan penarafan Moody's daripada stabil kepada positif oleh agensi penarafan Moody's adalah berita yang menggalakan. Peningkatan pondangan berkenaan dibuat berdasarkan pengukuhan fiskal dan langkah pembaharuan yang dilaksanakan serta kestabilan makroekonomi yang berterusan. Pada Rabu lalu, firma penarafan Moody's Investors Service mengumumkan tinjauan penarafan A3 Malaysia ditingkatkan kepada positif daripada stabil. Firma itu berkata, perubahan dalam unjuran itu dibuat berdasarkan kepada langkah pembaharuan yang dilakukan kerajaan dalam mengukuhkan kedudukan fiskal negara.

Laksana MGO Sehingga tarikh pengumuman langkah itu, pemegang saham majoriti memegang 45.8 peratus saham syarikat. Jika terbitan hak berkenaan tidak dibayar sepenuhnya oleh pemegang saham yang lain, ia boleh mengakibatkan pemegang saham utama memiliki lebih kurang 67.2 peratus pegangan di dalam syarikat. Dalam situasi itu, ia perlu melaksanakan tawaran am mandatori (MGO) bagi baki saham yang belum dimiliki. Oleh kerana pemegang saham utama tidak berhasrat untuk melaksanakan MGO, pengecualian perlu dipohon daripada Suruhanjaya Sekuriti (SC) yang mana perundangan perundangan dalam beberapa kes tertentu membenarkan pengawal selia pasaran modal itu memberi pengecualian ber-

Sulaiman takes over as MSWG chairman

PETALING JAYA: Tan Sri Sulaiman Mahbob, a director of the Minority Shareholder Watchdog Group (MSWG), will succeed Tan Sri Abdul Halim Ali as chairman with immediate effect. Halim, a founding member of the watchdog group, had served for 12 years. MSWG said in a statement that Sulaiman was appointed a director on April 16 last year and had served various ministries and government departments including the Finance as well as the Domestic Trade and Consumer Affairs ministries and the National Economic Action Council.

His last position was as Economic

and he was also the Institute of Integrity Malaysia's founding president. Other positions he had held included serving on the boards of Petroleum Nasional Bhd, the Federal Land Development Authority and the Companies Commission of Malaysia. His current positions included serving on the boards of Bank Negara, the Malaysian Institute of Economic Research, the Institute of Strategic and International Studies and Jambatan Kedua Sdn Bhd. Sulaiman is also an adjunct professor at Universiti Malaya and Universiti Tun Abdul Razak, teaching economics and public policy and often contributing articles to the local media on the



ரன்ஹில் எரிசக்தி, மூலவளம் பாங்கு வெளியீட்டுத் திட்டம்

புதிய திட்டம், புதிய வாய்ப்புகள். இது ஒரு புதிய கருவியாக மாற்றப்படும். புதிய திட்டம், புதிய வாய்ப்புகள். இது ஒரு புதிய கருவியாக மாற்றப்படும்.

Who is next MSWG chairman?

Company may be looking at another ex-EPF chief to succeed Halim

MSWG is looking at a number of candidates to succeed Halim as the next chairman of the Minority Shareholder Watchdog Group. The group has been in the spotlight since its formation in 2012. A name that has been mentioned in the past is Tan Sri Abdul Halim Ali, who served as the group's first chairman. However, he has since stepped down. The group is also looking at other candidates, including former EPF chief Tan Sri Abdul Halim Ali. The group is also looking at other candidates, including former EPF chief Tan Sri Abdul Halim Ali.

小股東監督機構：股東大會記錄應放上網

(吉隆坡13日訊) 小股東監督機構 (MSWG) 首

MAS perlu kekal milik kerajaan

» Syarikat penerbangan kebangsaan wajar rangka strategi tingkat



tu hari nanti, harga tawaran yang adil perlu dipertimbangkan kerana ramai pemegang saham minoriti telah setia dengan syarikat itu sejak sekian lama. Namun mengambil kira bahawa saham terbitan hak sudah ditawarkan kepada semua pemegang saham baru-baru ini, adalah



Pesawat MAS di KLIA.

GAMBAR 11

laku; sama ada perubahan secara bertahap bagi pelonggaran kuantitatif akan terjadi seawal suku ini mengambil kira bahawa perubahan itu hampir pasti akan berlaku. Sementara itu pada 11 minggu lalu, Bank Nece-

Director for minority slate?

BY PRESENA NAMBIAR
surbic@thesundaily.com

PETALING JAYA: The Minority Shareholder Watchdog Group (MSWG) is looking at promoting the inclusion of a minority director nominated and voted in by shareholders, into the board composition of listed companies.

The minority director slate was conceptualised in Italy in the 1990s in a move to protect minority shareholders' interests at the board of directors level. Companies in Italy are required to reserve at least one board seat for minority candidates.

"Typically a shareholder holding less than 0.5% and 4.5% depending on the size of the company's market capitalisation, can submit their slate of director and only they can vote on the appointment. Majority shareholders can't vote," CEO Rita Ben Bushon told SunBiz in an interview.

She said while the director would function as another director in the board and prioritise the interests, the move strengthens the corporate governance image of a company and increases investors' confidence.

Bushon said while minority shareholders do say in the appointment of directors now, their more often than not crowded out by majority shareholders.

She said the minority slate has worked very well in Italy, with companies now looking to add more mandatory number of minority directors to their boards.

"We have a very similar kind of corporate governance regime, and (this should be considered) here but quite a number of Asian countries look into it. I am just putting a thought there."

CMB Group CEO and RHB Capital chairman win awards

PETALING JAYA: CIMB Group Holdings Bhd group chief executive Datuk Seri Nazir Razak and RHB Capital Bhd chairman Datuk Mohamed Khadar Merican have been named CEO of the Year and Chairman of the Year respectively by the Minority Shareholders Watchdog Group (MSWG) at its Asian Corporate Governance Index Awards 2013.

CIMB said in a statement that Nazir topped 20 other chief executive officers to win the award.

"Nazir tops the criterion of a CEO that is visionary, dynamic, demonstrates strong entrepreneurship skills and has driven the environment, social and governance agenda well throughout the year for CIMB Group."

The governing body also observed that he had demonstrated direct influence in driving the group globally, based on the company's financial performance as well as his skill and in-depth knowledge in responding to questions by minority shareholders at the company's AGMs.

In the same statement, Nazir said he was proud to receive the award.

"Excelling in areas of corporate governance and community relations has been important to me and I am glad that these have been recognised by MSWG, whose work I respect."

"I hope the award encourages others along



Mohamed Khadar with the award. With him are MSWG chairman Tan Sri Dr Salaman Hashim (left) and chief executive officer Rita Benoy Bushon.



Mrs Rita Benoy Bushon encourages others along this path as it will make for a better more balanced corporate Malaysia.

IGCB hands out RM208m to trustees

RESOLVED: Amount being capital refund and goodwill payment for now defunct CHGS

LIM CIAN YAU
KUALA LUMPUR

based on March 8. "This gives growers a total payout



Grower Scheme founder Tan Sri Lee Kim Yew (left) handing over cheques and documents to CIMB's CIMB Trustee Services head Director of Securities Services Susan Lee Pui Young in Kuala Lumpur by Datuk Hashim Salaman.

馬聯保險

申請展提交重組

週四股東大會 小股東機構促解答6疑問

(吉隆坡17日訊)馬聯保險(MAL, 1108, 主權金融)就債權人及股東於PN17公司條例下申請展提交重組案，向董事會提出關於重組計劃、即是否將業務出售或遷往新加坡等六項大疑問，小股東機構促解答。

馬聯保險將於本週四(20日)舉行股東大會，小股東機構將藉此機會向董事會提出關於重組計劃、即是否將業務出售或遷往新加坡等六項大疑問，小股東機構促解答。

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The concept of majority voting in the Asian context

Investors cry foul over 'independent' advice

MSWG sees increasing complaints from minority shareholders, calls for relook into methodology

PETALING JAYA: The Minority Shareholders Watchdog Group (MSWG) has come out to say that there may be a need to re-look at the methodology in which independent advisers issue their advice to minority shareholders, as more and more investors cry foul over the increasing number of "not fair but reasonable" recommendations.

CEO Rita Benoy Bushon told SunBiz in an interview that the watchdog has been receiving an increasing number of complaints on independent advisers' call to accept takeover offers that are "not fair but reasonable".

Listing requirements stipulate that listed companies that are targets of a takeover of all or substantially all of its assets that may affect its going concern, appoint an independent adviser to objectively assess the merits of the deal for

the benefit of minority shareholders. The "not fair" situation is normally attached to the pricing of the offer when compared to quantitative considerations such as the company's net asset value, whereas the reasonableness of it is based on qualitative considerations such as market conditions and liquidity of the market.

Bushon sees merit in investors' frustration, saying that as an investor who is ultimately faced with the decision to call a listed entity, a major consideration would be getting a fair exit value of their investment.

"The fair pricing is very important and it depends on various factors including the nature of the company and the potential of the business in terms of earnings," Bushon said.

"From MSWG's observation, on the aspect of reasonableness, too much emphasis is placed on this subjective element which may lead to recommendations to accept the offer in situations where there is a clear intention to delist the company even though the offer price is grossly unfair with a huge discount to the intrinsic value. This is what the minority shareholders are complaining about," she added.

Bushon also noted that past experiences have seen examples of companies that have not revealed their land for 14 years.

"So (in instances like this) how can you (an independent adviser) ever come up with advice based on a valuation done 14 years ago. That is difficult to comprehend," she added.

Bushon suggested that perhaps there is a need to re-look the yardsticks and criteria that independent advisers (IAs) use to work on, considering investors are reluctant to heed the advice given, as observed by MSWG.

The recent failed attempt by Hong Leong Financial Group (HLFG) to take Sunbiz Group (SNG) to the Capital Markets Board (CMB) is an example of one such issue which still does not convince minority

investors, even as independent adviser Allia Investment Bank (AIB) had opined that the offer was "fair and reasonable". HLFG only managed to acquire a 24% stake during its offer period.

President National Trust (PNT) office for MSWG Bhd also saw resistance from minority shareholders despite the independent adviser's call to delist, Anwar Rahman Bank, taking minority shareholders to accept it after calling it "unfair but reasonable".

This resistance eventually made PNT, which had been intimated that RM650 a share was the "right price", to revise its bid to RM500 per share at the over-the-top bid.

The rules governing IAs have undergone a few changes over the years, kicked off by a consultation paper published in March 2001, seeking feedback on proposed updates to guidelines on offer documentation of the Malaysian Code on Take-over and Mergers.

What started out as a call for comment and advice by independent advisers on the reasonableness of an offer, evolved to one which set standards that needed to be adhered to when analysing the fitness and reasonableness of a takeover offer.

Then in September last year, it was decided that the two considerations, fitness and reasonableness, be independent of each other. This allowed for independent advisers to recommend that investors accept an offer even if one of the considerations was not up to standard.

Three months later in December last year, the Securities Commission (SC) released another document called the "Best Practice Guide for Issuers' Round of Public Comment".

The SC said the guide is to clarify the SC's view on Malaysia's view on the role of independent advisers and to provide guidance on the standards of disclosure in IAs and ensure both regulators' continuous efforts in raising the standards of corporate governance through the promotion of high quality disclosures.

"Perhaps another suggestion is to have an over-the-counter platform for those minorities who wish to still remain in the delisted entity and subject a compulsory acquisition is triggered," said Bushon.

"This would motivate majority shareholders to offer a better price at the outset and the minority would be more fairly dealt with. (But) this suggestion needs to be studied more in detail with the implications."

FORUMS AND INVESTOR EDUCATION PROGRAMMES



Dialogue & Presentation on Asean CG Scorecard



Special Session on the ASEAN CG Scorecard



Forensic Accounting Seminar for Non-Executive Directors

For 2013, MSWG successfully organised 20 investor education programmes mainly on forensic auditing and minority shareholders' rights and responsibilities. Upon request, repeat programmes on Forensic Accounting were also conducted.

Creating awareness on the parameters of corporate governance for the ASEAN CG Scorecard was also a focus area during the year.

A series of awareness programmes were held for the Directors of PLCs to provide an overview of the parameters directly to them.

Also in the same area, programmes were held for company secretaries and management of PLCs to ensure that they understood the expectations in terms of good CG practices and disclosures.

MSWG was the strategic partner for the Malaysian Investment Stock Exchange Expo (MISEE) held at Persada Johor Convention Centre, Johor Bahru. The event organised by the Malay Strategic Investment Association of Malaysia was aimed to provide information on the role of MSWG and the rights of shareholders to the public. The event was well attended by retail investors.



MSWG continued to have specific forums for the retail and institutional investors whenever requested by the minority shareholders. During the year three such forums were held on the following issues :

1

Voluntary Termination of Country Heights Grower Scheme



2

Privatisation of MBf Holdings Berhad



3

Privatisation of MISC Berhad

ASEAN CORPORATE GOVERNANCE SCORECARD



Dialogue & Presentation on ASEAN CG Scorecard

The ASEAN CG Scorecard was an initiative by the ASEAN Capital Markets Forum, funded by the Asian Development Bank and supported by country regulators where the domestic ranking bodies were appointed by country regulators. Six ASEAN countries were involved in this project, namely Malaysia, Thailand, Indonesia, Singapore, Philippines and Vietnam.


The objectives of this initiative were to :

1. raise CG standards and practices of ASEAN PLCs;
2. have standardised parameters to ensure uniformity and understanding ;
3. showcase and enhance visibility of well governed ASEAN PLCs; and
4. promote ASEAN companies as an asset class

The parameters in the CG Scorecard were reflective of global CG principles and practices as well as domestic CG codes. Adoption of higher standards and not the lowest common denominator were the criteria looked at as the scorecard was an aspirational standard. There was robust quality control processes through peer reviews.

The scorecard covers five areas :

- Rights of Shareholders;
- Equitable Treatment of Shareholders;
- Role of Stakeholders;
- Disclosure & Transparency; and
- Responsibilities of the Board.



The scorecard comprises two parts referred to as Level 1 and Level 2. Each area in Level 1 carried different weights based on the relative importance of the area. The bonus and penalty sections under Level 2 were designed to enhance the robustness of the scorecard in assessing the extent to which companies apply the spirit of good corporate governance.

Under the Rights of Shareholders, one main component, which was deemed to be important, was the requirement to publish the AGM minutes on corporate websites. This area was regarded as very important as it will provide insights on the processes and conduct of AGMs as well as the detailed results of each resolution that were passed – and whether shareholders were given adequate opportunity to raise questions. Attendance of directors at the AGM would also be reflected.

On Equitable Treatment of Shareholders, areas assessed included voting rights and timely information for effective decision-making by shareholders. In this section, poll voting as opposed to voting by show of hands was encouraged aligned with the principle of 'one share one vote'.

The company's role in safeguarding the interests of the broader stakeholders, including customers, employees, and the society at large were also regarded as pertinent. All these could be gathered from the company's disclosure in its Corporate Responsibility Statement in the Annual Report or company's website.

The aspect of Responsibilities of the Board in the scorecard forms the bulk of the parameters of the scorecard. Board leadership with the right mix, skill-sets and experience was seen as important to create a highly effective and dynamic board that can fulfill its oversight roles in today's competitive business environment.

The findings of 2013 showed that the average base score for the top 100 PLCs had increased to 75.77 points from 68.2 points last year. The increase could reflect rising CG awareness among the listed companies.

2013 MALAYSIA-ASEAN CG AWARDS ACCORDED BY MSWG



MINORITY SHAREHOLDER WATCHDOG GROUP
BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD
(Incorporated in Malaysia # Company No. 534999-M)

MALAYSIA - ASEAN
CORPORATE GOVERNANCE INDEX
2013

TOP 5 OVERALL
CORPORATE GOVERNANCE
AWARD 2013



axiata
AXIATA GROUP BERHAD



CHAIRMAN OF THE YEAR AWARD

————— DATO' MOHAMED KHADAR MERICAN

- *RHB CAPITAL BERHAD*

CEO OF THE YEAR AWARD

————— DATO' SERI MOHD NAZIR BIN TUN ABDUL RAZAK

- *CIMB GROUP HOLDINGS BERHAD*

CG JOURNALIST OF THE YEAR AWARD

————— ERROL OH

- *STARBIZ*

TOP 5 OVERALL CG AWARD WINNERS (IN ALPHABETICAL ORDER)

————— AXIATA GROUP BERHAD

————— BURSA MALAYSIA BERHAD

————— CIMB GROUP HOLDINGS BERHAD

————— PUBLIC BANK BERHAD

————— TELEKOM MALAYSIA BERHAD

TOP 3 CG TRANSPARENCY AWARD WINNERS (IN ALPHABETICAL ORDER)

————— AXIATA GROUP BERHAD

————— BURSA MALAYSIA BERHAD

————— CIMB GROUP HOLDINGS BERHAD

AWARDS ACCORDED BY MSWG

CG INDUSTRY EXCELLENCE AWARD WINNERS

FINANCIALS

- *PUBLIC BANK BERHAD*

TELECOMMUNICATIONS

- *AXIATA GROUP BERHAD*

INDUSTRIES

- *IJM CORPORATION BERHAD*

CONSUMER GOODS

- *UMW HOLDINGS BERHAD*

CONSUMER SERVICES

- *MEDIA PRIMA BERHAD*

HEALTHCARE

- *KPJ HEALTHCARE BERHAD*

UTILITIES

- *TENAGA NASIONAL BERHAD*

PROPERTY

- *UEM SUNRISE BERHAD*

PLANTATIONS

- *SIME DARBY BERHAD*

TOP OVERALL CG AWARD

MID CAP (MARKET CAP RM500 MILLION < RM 1 BILLION)

- *ALLIANZ MALAYSIA BERHAD*

TOP OVERALL CG AWARD

MID CAP (MARKET CAP RM100 MILLION < RM 500 MILLION)

- *DAIBOCHI PLASTIC & PACKAGING INDUSTRY BERHAD*

TOP OVERALL CG AWARD

SMALL CAP (MARKET CAP BELOW RM100 MILLION)

- *PRIVASIA TECHNOLOGY BERHAD*

TOP OVERALL CG AWARD

MICRO CAP (MARKET CAP BELOW RM50 MILLION)

- *MASTER-PACK GROUP BERHAD*

MOST PROMPT AGM AWARD

LPI CAPITAL BERHAD

BEST CONDUCT OF AGM AWARD WINNERS (IN ALPHABETICAL ORDER):

AXIATA GROUP BERHAD

BURSA MALAYSIA BERHAD

TELEKOM MALAYSIA BERHAD

BEST ESG AWARD WINNERS (IN ALPHABETICAL ORDER):

CIMB GROUP HOLDINGS BERHAD

NESTLE (M) BERHAD

SIME DARBY BERHAD

TELEKOM MALAYSIA BERHAD

ASEAN CORPORATE GOVERNANCE SCORECARD



Chairman of the Year



CEO of the Year



Journalist of the Year



CG Industry Excellence Award Winners





Top 3 CG Transparency Award Winners



Top 5 Overall CG Award Winners



Top Overall CG Award Winner for Mid, Small and Micro Caps



Best ESG Award Winners



Best Conduct of AGM Awards Winners

MALAYSIAN CODE FOR INSTITUTIONAL INVESTORS (CODE)



Steering Committee Meeting

In July 2011, the Securities Commission Malaysia (SC) issued the Corporate Governance Blueprint 2011 (CG Blueprint) which outlined strategic initiatives aimed at reinforcing self and market discipline. One of the recommendations of the CG Blueprint was the formulation of a new industry-driven code for institutional investors.

A Steering Committee for the Development of an Institutional Investors Code for Malaysia was formed in July 2013 to undertake the formulation of the Code spearheaded by MSWG. The Steering Committee was headed by the Chairman of the MSWG while the Working Group was headed by the CEO of MSWG.



Working Committee Meeting

The members of the Steering Committee comprised CEOs and key representatives from the institutional investor fraternity in Malaysia namely the Employees Provident Fund, Permodalan Nasional Berhad, Kumpulan Wang Persaraan (Diperbadankan), Lembaga Tabung Angkatan Tentera, Lembaga Tabung Haji, Social Security Organisation, Malaysian Association of Asset Managers, Malaysian Takaful Association, Private Pension Administrator and MSWG. An Expert Group was formed comprising representatives from both global and local organisations active in the governance scene namely the International Corporate Governance Network (ICGN), Financial Reporting Council, United Kingdom (FRC) and Pricewaterhouse Coopers (PwC) Malaysia to provide expert input on the Code. The OECD, SC and Bursa Malaysia participated as observers in the development of the Code.

The Code is expected to be launched in the second quarter of 2014.

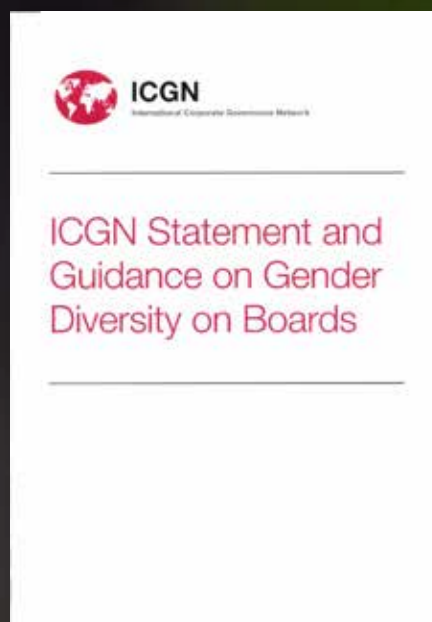
INTERNATIONAL CORPORATE GOVERNANCE NETWORK (ICGN)

The CEO participated as the Co-Chair of the Shareholder Responsibilities Committee (SHREC).

There were two position papers for the ICGN, which the CEO spearheaded ie:

1. Position Paper on Gender Diversity on Boards
2. Principles for Institutional Investor Responsibilities

As Co-Chair of SHREC, MSWG's CEO was responsible to co-ordinate and chair committee meetings, which were held frequently via conference calls among its members.



SPEAKING ENGAGEMENTS

1

Training programme organised by Financial Sector Talent Enhancement Programme (FSTEP) on 16 April 2013

Head, Corporate Monitoring participated as Speaker on Minority Interest – Relevance to Financial Services Industry.

3

5th Annual Corporate Governance Summit with the theme “Embedding the culture of voluntary governance in organisation” organised by Asian World Summit Sdn Bhd held at Double Tree by Hilton Hotel Kuala Lumpur on 19 March 2013

CEO participated as a Panelist for the session on “Advocating constructive shareholder engagement for long-term value maximisation”.

4



Radio Interview with Bernama Radio the Bernama Radio Station on 29 March 2013

GM, Corporate Services and the organiser of MISEE, En Norizam Tukiman, President of Persatuan Pelabur Strategik Melayu Malaysia (PPSMM) were interviewed by Bernama Radio to talk on the MISEE 2013 as well as the role of MSWG in protecting the minority shareholder interests.

5

2



ICGN Annual Conference and General Meeting 2013 held at Borsa Italiana, Palazzo Mezzanotte and Milan, Italy from 4 - 5 March 2013

CEO was the Co-Chair of the Shareholder Responsibilities Committee, Member of the Accounting & Audit Practices Committee and Risk Management Committee.



MISEE 2013 at Persada Johor Convention Centre, Johor Bahru from 17 to 19 May 2013

GM, Corporate Services participated as a speaker on “The Role of MSWG and Rights of Minority Shareholders”.

6



OECD Asian Roundtable On Corporate Governance (ARCG) hosted by SC held at the Securities Commission Building from 5 - 6 June 2013

CEO participated as Panelist for the OECD Asian Roundtable on Corporate Governance on "Recent Corporate Governance Developments in Malaysia".

7

ICGN 2013 Annual Conference and General Meeting held at Grand Hyatt New York, USA from 26 - 28 June 2013

CEO was the Co-Chair of the Shareholder Responsibilities Committee and attended the Shareholder Rights Committee and Accounting & Auditing Practices Committee as a member.

Presentation on Responsible and Sustainable Growth through Corporate Governance organised by MIRA at Hotel Istana on 3 July 2013

GM, Corporate Services participated as a speaker on "Responsible and Sustainable Growth through Corporate Governance".

10

8

9

Guest speaker at Monash University Malaysia at the Sunway Campus on 11 July 2013

GM, Corporate Services spoke on "MSWG's Role in Promoting Policies to Improve Corporate Governance in the Capital Market" for Finance and Accounting Students from Monash Australia at Monash University Malaysia.



Industry Talk organised by Curtin University Sarawak Malaysia held at the University Campus, Miri, Sarawak on 13 September 2013

GM, Corporate Monitoring presented the talk on "Corporate Governance Update – Challenges/Issues".

11

Presentation on Malaysia-ASEAN Corporate Governance organised by SIDC for Bursa Malaysia on CG Statement Reporting Workshop on 29-30 October 2013

GM, Corporate Services presented a talk for two days on the ASEAN CG Scorecard at the CG Statement Workshop organised by SIDC at Bursa Malaysia.

12



The 18th Malaysian Capital Market Summit – ‘The Corporate Governance Debate – Do We need More Rules?’ held at The Royale Chulan on 19 November 2013

GM, Corporate Services participated as a moderator on the session which discussed on the role of Independent Directors and how they can exercise greater oversight over PLCs as well as whether the current CG framework is sufficient or over-regulated.



Taipei Corporate Governance Forum (TAICGOF) “Tapping into market mechanisms, strengthening corporate governance” held at Howard Civil Service International House, Taipei, Taiwan on 28 - 29 November 2013

CEO participated as a panelist at the 9th Taipei Corporate Governance Forum (TAICGOF) hosted by the Financial Supervisory Commission, Taiwan.

13

OTHER CAPITAL MARKET ACTIVITIES AND ALLIANCES

In its pursuit to bring about best corporate governance policies and practices within the Malaysian capital 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.

Response to Consultative Documents

- During the year, MSWG provided feedback for various consultative papers either directly or through a committee which MSWG's representative was a member. The consultative papers were as follows:

1

Bursa Malaysia

Proposal arising from the review of timeframe for issuance of periodic financial statements and annual reports.

Bursa issued a Consultation Paper in May 2013, seeking comments from the public regarding the following proposals:

1. to maintain the current timeline for issuance of quarterly reports of not later than two months after the end of each quarter of a financial year;
2. to shorten the current time allowed for the issuance of annual reports from six months to four months; and
3. consequently to dispense with the separate requirement for issuance of annual audited financial statements within four months from the close of the financial year.

2

Malaysian Institute of Accountants

International Auditing and Assurance Standards Board's (IAASB) Exposure Draft - Reporting on Audited Financial Statements: Proposed New and Revised International Standards on Auditing (ISAs)

MSWG was invited by the Malaysian Institute of Accountants (MIA) to be part of the Working Group to comment on the above exposure draft. The exposure draft on the proposed ISAs was aimed to improve the auditor's report on audited financial statements. The ISAs represented the culmination of IAASB deliberations on the topic of auditor reporting based on the international research, public consultations, and stakeholder outreach undertaken by IAASB.

3

Companies Commission of Malaysia

Proposed Companies Bill and Interest Schemes Bill

The Companies Bill sets out the new legal framework to replace the existing Companies Act 1965 and was intended to facilitate the development of a conducive and dynamic business and regulatory environment for the country which is in line with international standards. The Interest Schemes Bill, which was introduced as separate standalone legislation for interest scheme match the needs of both the business and the investing public to ensure that fundraising is properly regulated.

4

International Corporate Governance Network (ICGN)

The Shareholder Responsibilities Committee of the ICGN where the CEO was the Co-Chair responded to global consultations and submitted the following comment letters in 2013 :

1. January 2013

The Committee responded to a consultation call from the Securities & Exchange Board of India on the review of Corporate Governance Norms in India. ICGN supported the proposal to introduce a Stewardship Code in India and provided input in the areas of strengthening the voice of minority shareholders, board diversity, board leadership, board committees, director remuneration, risk management & audit and shareholder relations.

2. May 2013

The Committee responded to a consultation released by the OECD on helping policy-makers to facilitate institutional investors in taking a long-term view of their investment approach.



3. September 2013

The Committee responded to a consultation from the Ontario Securities Commission (OSC) on Disclosure Requirements Regarding Women on Boards and in Senior Management.

4. November 2013

The Committee responded to a consultation from the Australian Securities Exchange (ASX) to review the ASX Corporate Governance Council Principles & Recommendations.



WEBSITE

MSWG's website served as an important communication portal. During the year, features of the portal had been enhanced to be more user-friendly with the latest news on our activities and products as well as corporate governance issues. New features to facilitate on-line registration and payment for our events and services had been added.

MSWG MINORITY SHAREHOLDER WATCHDOG GROUP
 BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD
(Incorporated in Malaysia • Company No.524989-M)

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 1 2 3
 5 6 7 8 9 10
 12 13 14 15 16 17
 19 20 21 22 23 24
 26 27 28 29 30 31

Welcome to Minority Shareholder Watchdog Group

Message From the CEO
 16 January 2014
 In this holiday shortened week, we saw IOI Properties Bhd returned to Bursa Malaysia, gaining as much as 42% over its reference price of RM2.51. Its price performance indicates the value of the company and offers proof that we were right to pressure the company to offer minority shareholders more time to subscribe for the restricted offer shares (ROS).
 Although IOI said it had gone by the book and fulfilled the regulation imposed of five working days, the ROS was nevertheless during the festive Christmas and New Year period, when postal services were delayed and many workers were on leave. The company did finally allow further four working days for shareholders to file their applications, allowing them to benefit from this positive share price performance.
[Click here to read full CEO message](#)

| Upcoming AGMs / EGMs | | Highlights | |
|----------------------|----------------------------------|-------------|-------------------------|
| 21 Jan 2014 | Chemical Company of Malaysia Bhd | 16 Jan 2014 | Newsletter Jan 16, 2014 |
| 23 Jan 2014 | Fraser & Neave Holdings Bhd | 10 Jan 2014 | Newsletter Jan 10, 2014 |
| 24 Jan 2014 | Chin Teck Plantations Bhd | 02 Jan 2014 | Newsletter Jan 02, 2014 |
| 24 Jan 2014 | QL RESOURCES BERHAD | 20 Dec 2013 | Newsletter Dec 20, 2013 |
| 27 Jan 2014 | PADIBERAS NASIONAL BHD | 13 Dec 2013 | Newsletter Dec 13, 2013 |
| | » Meetings | 06 Dec 2013 | Newsletter Dec 06, 2013 |
| | | 29 Nov 2013 | Newsletter Nov 29, 2013 |

Latest
Media Release : SC & MS' issue joint Public Consultat Paper on the Malaysian Code Institutional Invest (15.01.2014)
Joint Public Consultat Paper No.1/2014 on Malaysian Code for Institutio Investors 2014
Executive Summary Malaysia-ASEAN CG Rep 2012 (04.10.2013)
Key CG Statistics (03.10.201
 Full report of Malaysia-ASE

PUBLICATION

MSWG published the Malaysia-ASEAN Corporate Governance Report 2012 based on the inaugural CG ranking where the assessment had been shifted to the ASEAN CG Scorecard methodology.

The Report presented the results and findings of the assessment on the state of CG practices of top 500 listed companies.



STATUS OF DEFAMATION SUIT

The defamation suit filed against MSWG by Dato' Ramesh Rajaratnam in 2009 had been withdrawn.

“ *Courage is what it takes to stand up and speak.*

Courage is also what it takes to sit down and listen.

Winston Churchill

”



STAFF STRENGTH



As at end 2013, MSWG had a total of 23 full time staff of which 70 per cent were at the management level. MSWG also had 8 Associates who were professionals and worked part-time providing their services to MSWG, especially in the area of corporate monitoring, financial and legal. These Associates come from different backgrounds, which include qualified accountants, lawyers, ex-regulator, academician and journalist. These Associates are offered either a retainer fee or consultation fee to undertake certain tasks, which require specific skills or expertise of the Associates.

This policy on hiring Associates has been very beneficial to MSWG as we were able to tap the brains of these professionals and increase our productivity and at the same time keep our overheads low as these Associates were not full-time employees. We were able to save on major office expansion works as these Associates often work from home and thus lessen the need for multiple workstations to be provided in office.

MSWG required professionals with specific skills and expertise to evaluate complex corporate scenarios, analyse financial reports and highlight corporate governance issues.

Having a diverse team, both in-house professionals and external associates enabled a more robust discussion and views from different perspectives.

MSWG has gender-neutral policies, nevertheless, many of these policies are 'family-friendly' and thus attractive to women professionals on career hiatus who are contemplating to rejoin the workforce. We provide flexible working arrangements and support facilities, which are normally preferred by women with families. Also we have staggered working hours for employees to accommodate the work hours best suited to their needs.

For 2014, we hope to strengthen our core team in the area of research, which we deem necessary to support a new era of corporate governance and shareholder responsibilities in an increasingly vibrant capital market.

STAFF DEVELOPMENT AND TALENT MANAGEMENT

MSWG employs a mix of on-the-job training as well as identify the necessary training programmes needed to improve the skills of its employees.

During the year, analysts at executive level were given training to improve their technical knowledge and also confidence during public speaking. The ultimate aim is to groom the analysts to handle industry-specific matters and also to be well versed in corporate governance matters.



Offsite Brainstorming Session at Avillion, Port Dickson



Hari Raya and Chinese New Year Events

Employees were also given exposure through training workshops and on-the job trainings. Junior analysts underwent a mentoring programme whereby they were taken under the wings of the respective Heads of Department to develop their skills and speed up the learning process.

Promoting work-life balance of staff through various sporting and social activities was encouraged. In this regard, the MSWG Sports Club, which was set up in 2012, continued in its activities to foster camaraderie among its employees. A Bowling Tournament was held in 2013, which saw the participation from all levels of employees.



During the year, the Company also organised its Annual Chinese New Year Luncheon, Hari Raya Open House and Deepavali Luncheon, which were attended by our subscribers and regulators to foster relationship in an informal atmosphere. Participation by the various stakeholders was encouraged.



Staff exchanging gifts at Carcosa Seri Negara

CALENDAR OF EVENTS



23.01.2013

MSWG Seminar on Forensic Accounting for Non-Executive Directors



04.02.2013

MSWG Forum on Proposed Voluntary Termination of Country Heights Grower Scheme



19.02.2013

MSWG Chinese New Year Open House



28.02.2013

MSWG Forum on MBf Holdings Berhad Privatisation



03.04.2013 Farewell for Tan Sri Abdul Halim on his last day as MSWG Chairman

08-09.05.2013 MSWG Two-Day Programme on Forensic Accounting



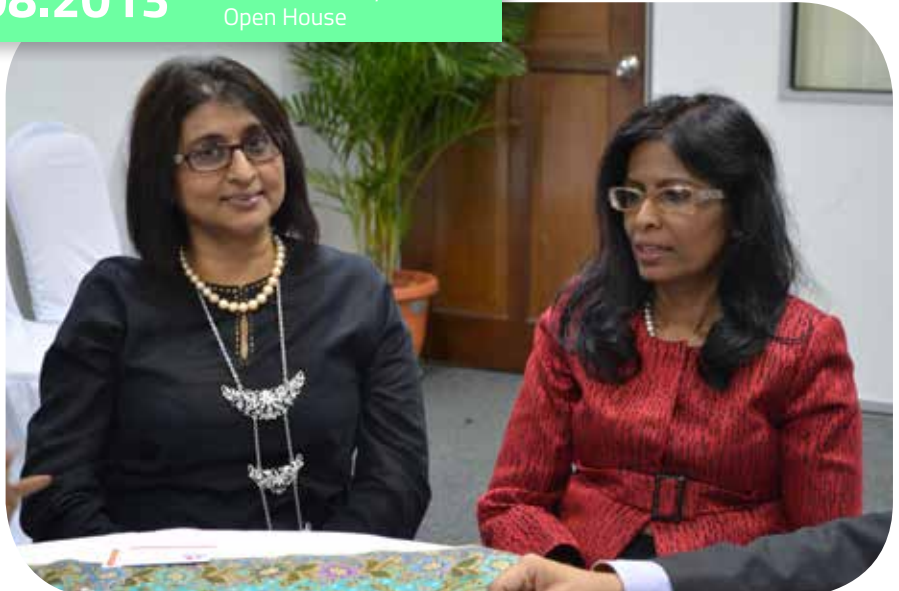
12-20.06.2013 MSWG Special Dialogue & Presentation on ASEAN CG Scorecard 2013



26.08.2013 MSWG Special Session on the ASEAN CG Scorecard 2013



28.08.2013 MSWG Hari Raya Open House





08-09.10.2013

MSWG Offsite Brainstorming session at Avillion, Port Dickson

12.11.2013

MSWG Deepavali Luncheon at Hotel Istana, KL



16.12.2013

MSWG Malaysia-ASEAN CG Awards Ceremony at Sime Darby Convention Centre

**STATUTORY FINANCIAL STATEMENTS FOR
THE FINANCIAL YEAR ENDED
31 DECEMBER 2013**

**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 2013**

CONTENTS

| | Pages |
|--|----------|
| Directors' Report | 76 - 79 |
| Statement of Comprehensive Income | 80 |
| Statement of Financial Position | 81 |
| Statement of Changes in General Fund and Reserve | 82 |
| Statement of Cash Flows | 83 |
| Summary of Significant Accounting Policies | 84 - 87 |
| Notes to the Financial Statements | 88 – 97 |
| Statement by Directors | 98 |
| Statutory Declaration | 98 |
| Independent Auditors' Report | 99 - 100 |

DIRECTORS' REPORT

The Directors hereby submit their report together with the audited financial statements of the Company for the financial year ended 31 December 2013.

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 | 1,428,017 |

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 Dato' Seri Lodin bin Wok Kamaruddin
Datuk Zakaria bin Sharif
(Alternate Director to Tan Sri Dato' Seri Lodin bin Wok Kamaruddin)
Dato' Larry Gan
Philip Koh Tong Ngee
Rita Benoy Bushon
Nor Hizam bin Hashim
Tan Sri Datuk Dr. Sulaiman Bin Mahbob
Tan Sri Abdul Halim bin Ali (resigned with effect from 3 April 2013)

DIRECTORS' REPORT (CONTINUED)

DIRECTORS (CONTINUED)

In accordance with Article 61 of the Company's Article of Association, Tan Sri Dato' Seri Lodin bin Wok Kamaruddin and Philip Koh Tong Ngee retire at the forthcoming Annual General Meeting and being eligible, offer themselves 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.

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.

DIRECTORS' REPORT (CONTINUED)

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 DATUK DR SULAIMAN BIN MAHBOB
DIRECTOR



RITA BENOY BUSHON
DIRECTOR

Kuala Lumpur
25 February 2014

STATEMENT OF COMPREHENSIVE INCOME FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

| | <u>Note</u> | <u>2013</u> RM | <u>2012</u> RM |
|--|-------------|-------------------------|-----------------------|
| Revenue | 2 | 855,024 | 504,148 |
| Grant | 3 | 5,131,678 | 4,237,956 |
| Other operating income | 4 | 125,710 | 93,398 |
| Staff costs | 5 | (3,174,702) | (3,007,093) |
| Depreciation of property and equipment | | (95,662) | (55,028) |
| Other operating expenses | 6 | (1,860,033) | (1,174,860) |
| Total expenditure | | <u>(5,130,397)</u> | <u>(4,236,981)</u> |
| Surplus from operations | 7 | 982,015 | 598,521 |
| Finance cost | 8 | (1,281) | (975) |
| Surplus before taxation | | 980,734 | 597,546 |
| Taxation | 9 | 447,283 | (278,332) |
| Surplus for the financial year | | <u>1,428,017</u> | <u>319,214</u> |
| Other comprehensive income: | | | |
| Items that may be reclassified subsequently to the profit or loss: | | | |
| Fair value change on available-for-sale financial assets | | | |
| Gross fair value charge | | 13,317 | 5,692 |
| Deferred tax | | (3,329) | (1,423) |
| Net fair value change | | 9,988 | 4,269 |
| Total comprehensive income for the financial year | | <u><u>1,438,005</u></u> | <u><u>323,483</u></u> |

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2013

| | <u>Note</u> | <u>2013</u> RM | <u>2012</u> RM |
|--|-------------|-------------------|-------------------|
| NON-CURRENT ASSETS | | | |
| Property and equipment | 10 | 298,258 | 307,294 |
| Financial assets available-for-sale | 11 | 143,922 | 130,016 |
| Deferred tax asset | 12 | 618,331 | 135,425 |
| | | <u>1,060,511</u> | <u>572,735</u> |
| CURRENT ASSETS | | | |
| Other receivables, deposits and prepayments | 13 | 269,485 | 159,681 |
| Cash and cash equivalents | 14 | 5,414,029 | 5,027,782 |
| | | <u>5,683,514</u> | <u>5,187,463</u> |
| LESS: CURRENT LIABILITIES | | | |
| Deferred grant | 3 | 2,659,815 | 3,291,493 |
| Other payables and accruals | | 1,227,924 | 1,067,594 |
| Current tax liability | | 22,410 | 5,240 |
| | | <u>3,910,149</u> | <u>4,364,327</u> |
| NET CURRENT ASSETS | | <u>1,773,365</u> | <u>823,136</u> |
| | | <u>2,833,876</u> | <u>1,395,871</u> |
| REPRESENTED BY: | | | |
| General fund | | 5,801,000 | 5,801,000 |
| Accumulated losses | | (3,014,034) | (4,442,051) |
| Available-for-sale reserve | | 46,910 | 36,922 |
| | | <u>2,833,876</u> | <u>1,395,871</u> |

STATEMENT OF CHANGES IN GENERAL FUND AND RESERVE FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

| | General fund RM | Accumulated losses RM | Available- for-sale reserve RM | <u>Total</u> RM |
|---|-----------------------|-----------------------------|---|--------------------|
| At 1 January 2013 | 5,801,000 | (4,442,051) | 36,922 | 1,395,871 |
| Comprehensive income: | | | | |
| - Surplus for the financial year | - | 1,428,017 | - | 1,428,017 |
| Other comprehensive income: | | | | |
| - Financial assets available-for-sale, net of deferred tax | - | - | 9,988 | 9,988 |
| At 31 December 2013 | <u>5,801,000</u> | <u>(3,014,034)</u> | <u>46,910</u> | <u>2,833,876</u> |
| At 1 January 2012 | 5,801,000 | (4,761,265) | 32,653 | 1,072,388 |
| Comprehensive income: | | | | |
| - Surplus for the financial year | - | 319,214 | - | 319,214 |
| Other comprehensive income: | | | | |
| - Financial assets available-for-sale, net of deferred 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> |

STATEMENT OF CASH FLOWS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

| | <u>Note</u> | <u>2013</u> RM | <u>2012</u> RM |
|--|-------------|--------------------|--------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | |
| Surplus before taxation | | 980,734 | 597,546 |
| Adjustments for non-cash items: | | | |
| Grant | | (5,131,678) | (4,237,956) |
| Subscriber services fee | | (277,366) | (244,041) |
| Gain on disposal of financial assets available-for-sale | | (3,015) | (1,446) |
| Allowance for impairment of financial assets available-for-sale | | - | 833 |
| Depreciation of property and equipment | | 95,662 | 55,028 |
| Property and equipment written-off | | 1,966 | - |
| Dividend income | | (5,339) | (5,561) |
| Interest income | | (113,010) | (75,580) |
| | | <u>(4,452,046)</u> | <u>(3,911,177)</u> |
| Changes in working capital: | | | |
| Receivables | | (124,173) | 221,605 |
| Payables | | 224,305 | 410,006 |
| | | <u>(4,351,914)</u> | <u>(3,279,566)</u> |
| Cash used in operating activities | | (4,351,914) | (3,279,566) |
| Subscriber services fee received | | 213,391 | 304,594 |
| Dividend income received | | 4,998 | 5,156 |
| Interest income received | | 127,379 | 75,580 |
| Tax paid | | (21,440) | (6,052) |
| | | <u>(4,027,586)</u> | <u>(2,900,288)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | |
| Purchase of property and equipment | | (88,593) | (188,372) |
| Purchase of financial assets available-for-sale | | (2,593) | (5,316) |
| Proceeds from disposal of financial assets available-for-sale | | 5,019 | 3,213 |
| | | <u>(86,167)</u> | <u>(190,475)</u> |
| Net cash used in investing activities | | (86,167) | (190,475) |
| CASH FLOWS FROM FINANCING ACTIVITIES | | | |
| Grant received | | 4,500,000 | 4,500,000 |
| | | <u>4,500,000</u> | <u>4,500,000</u> |
| Net cash generated from financing activities | | 4,500,000 | 4,500,000 |
| Increase in cash and cash equivalents during the financial year | | 386,247 | 1,409,237 |
| Cash and cash equivalents at beginning of the financial year | | 5,027,782 | 3,618,545 |
| | | <u>5,414,029</u> | <u>5,027,782</u> |
| Cash and cash equivalents at end of the financial year | 14 | <u>5,414,029</u> | <u>5,027,782</u> |

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

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 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.

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.

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 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (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 forum and events 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 profit or loss over the period necessary to match them with the costs they are intended to compensate.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (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 profit or loss 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.

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (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 profit or loss 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 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013

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 22 (2012: 21).

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

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

2 REVENUE

| | <u>2013</u> RM | <u>2012</u> RM |
|---|-------------------|-------------------|
| Contribution received from publications/reports published | 5,035 | 86,085 |
| Forum and events | 572,623 | 174,022 |
| Subscriber services fee | 277,366 | 244,041 |
| | <u>855,024</u> | <u>504,148</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>2013</u> RM | <u>2012</u> RM |
|--|-------------------|-------------------|
| Balance as at 1 January | 3,291,493 | 3,029,449 |
| Grant received during the financial year | 4,500,000 | 4,500,000 |
| Grant utilised during the financial year | (5,131,678) | (4,237,956) |
| Balance as at 31 December | <u>2,659,815</u> | <u>3,291,493</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

4 OTHER OPERATING INCOME

| | <u>2013</u> RM | <u>2012</u> RM |
|---|-------------------|-------------------|
| Dividend income | 5,339 | 5,561 |
| Interest income | 113,010 | 75,580 |
| Gain on disposal of financial assets available-for-sale | 3,015 | 1,446 |
| Allowance for impairment of financial assets available-for-sale | - | (833) |
| Other income | 4,346 | 11,644 |
| | <u>125,710</u> | <u>93,398</u> |

5 STAFF COSTS

| | | |
|-----------------------------------|------------------|------------------|
| Salaries and bonus | 2,337,063 | 2,329,782 |
| Defined contribution plan ('EPF') | 418,550 | 347,374 |
| Staff gratuity | 223,316 | 145,135 |
| Other employee benefits | 195,773 | 184,802 |
| | <u>3,174,702</u> | <u>3,007,093</u> |

The amount of salaries, bonus and contribution to EPF received by the Chief Executive Officer and Director of the Company during the financial year were RM624,335 (2012: RM588,285) and RM126,096 (2012: RM120,691) respectively.

6 OTHER OPERATING EXPENSES

| | <u>2013</u> RM | <u>2012</u> RM |
|--|-------------------|-------------------|
| Directors' fees | 66,000 | 62,500 |
| Outsourcing expenses | 571,758 | 226,656 |
| Rental expenses | 291,591 | 195,057 |
| Travelling, accommodation and entertainment expenses | 156,196 | 173,155 |
| Forum and event expenses | 283,918 | 105,424 |
| Telecommunication expenses | 158,390 | 115,690 |
| Repair and maintenance expenses | 48,931 | 56,667 |
| Insurance | 112,344 | 116,497 |
| Printing expenses | 57,300 | 11,050 |
| Office supplies | 49,180 | 43,939 |
| Professional fees | 53,761 | 57,035 |
| Taxes and licence fees | 5,315 | 6,500 |
| Property and equipment written-off | 1,967 | - |
| Others | 3,382 | 4,690 |
| | <u>1,860,033</u> | <u>1,174,860</u> |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

7 SURPLUS FROM OPERATIONS

| | <u>2013</u> RM | <u>2012</u> RM |
|--|-----------------------------|-----------------------------|
| Surplus from operations is arrived at after (charging)/crediting: | | |
| Auditors' remuneration | (15,000) | (15,000) |
| Directors' meeting attendance allowance | (25,500) | (26,500) |
| Interest income | 113,010 | 75,580 |
| Dividend income | 5,340 | 5,561 |
| Gain on disposal of financial assets available-for-sale | 3,015 | 1,446 |
| | <u> </u> | <u> </u> |

8 FINANCE COST

| | | |
|-----------------------|--------------|------------|
| Other finance charges | <u>1,281</u> | <u>975</u> |
|-----------------------|--------------|------------|

9 TAXATION

| | | |
|--|------------------|----------------|
| Current year tax | 38,997 | 8,898 |
| (Over)/Under provision of prior years' tax | (45) | 1,177 |
| Deferred tax (Note 12) | (486,235) | 268,257 |
| | <u>(447,283)</u> | <u>278,332</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>2013</u> RM | <u>2012</u> RM |
|---|-------------------|-------------------|
| Surplus before taxation | <u>980,734</u> | <u>597,546</u> |
| Tax calculated at the Malaysian tax rate of 25% (2012: 25%) | 245,184 | 149,387 |
| Tax effects of: | | |
| - expenses not deductible for tax purposes | 172,061 | 118,624 |
| - income not subject to tax | (170,539) | (1,138) |
| - utilisation of previously unrecognised tax losses | - | 232,518 |
| - recognition of deferred tax asset not previously recognised | (664,954) | |
| - (over)/under provision of prior years' tax | (45) | 1,177 |
| - effect of lower tax rate | (28,990) | (222,236) |
| Taxation | <u>(447,283)</u> | <u>278,332</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

9 TAXATION (CONTINUED)

During the current financial year, the Company has utilised unabsorbed tax losses carried forward from prior year against its current year tax amounting to RM439,826 (2012: RM941,480). Accordingly, there was a transfer of deferred tax asset amounting to RM215,693 (2012: RM232,518) to the taxation line. The remaining unabsorbed tax losses carried forward amounted to RMNil (2012: RM439,826).

The recognition of deferred tax asset that has not been previously recognised is in respect of the deferred grant which arose from the full utilisation of the unabsorbed tax losses carried forward from prior year in the current financial year.

10 PROPERTY AND EQUIPMENT

| | Computer and electronic equipment RM | Furniture and fittings RM | Office equipment RM | Renovations RM | Total RM |
|---------------------------------|---|---------------------------------|---------------------------|-----------------------|-----------------------|
| <u>2013</u> | | | | | |
| <u>Cost</u> | | | | | |
| At 1 January 2013 | 189,119 | 71,810 | 102,646 | 127,866 | 491,441 |
| Additions | 17,680 | 2,400 | 22,088 | 46,425 | 88,593 |
| Write-off | (5,864) | - | (6,997) | - | (12,861) |
| At 31 December 2013 | <u>200,935</u> | <u>74,210</u> | <u>117,737</u> | <u>174,291</u> | <u>567,173</u> |
| <u>Accumulated depreciation</u> | | | | | |
| At 1 January 2013 | 105,796 | 37,502 | 38,718 | 2,131 | 184,147 |
| Charge for the financial year | 30,563 | 13,585 | 19,886 | 31,628 | 95,662 |
| Write-off | (5,677) | - | (5,217) | - | (10,894) |
| At 31 December 2013 | <u>130,682</u> | <u>51,087</u> | <u>53,387</u> | <u>33,759</u> | <u>268,915</u> |
| <u>Net book value</u> | | | | | |
| At 31 December 2013 | <u><u>70,253</u></u> | <u><u>23,123</u></u> | <u><u>64,350</u></u> | <u><u>140,532</u></u> | <u><u>298,258</u></u> |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

10 PROPERTY AND EQUIPMENT (CONTINUED)

| | Computer and electronic equipment RM | Furniture and fittings RM | Office equipment RM | Renovations RM | Total RM |
|---------------------------------|---|---------------------------------|---------------------------|-------------------|-------------|
| <u>2012</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 | 189,119 | 71,810 | 102,646 | 127,866 | 491,441 |
| <u>Accumulated depreciation</u> | | | | | |
| At 1 January 2012 | 78,680 | 23,861 | 26,578 | - | 129,119 |
| Charge for the financial year | (27,116) | (13,641) | (12,140) | (2,131) | (55,028) |
| At 31 December 2012 | 105,796 | 37,502 | 38,718 | 2,131 | 184,147 |
| <u>Net book value</u> | | | | | |
| At 31 December 2012 | 83,323 | 34,308 | 63,928 | 125,735 | 307,294 |

11 FINANCIAL ASSETS AVAILABLE-FOR-SALE

| | 2013 RM | 2012 RM |
|---------------------------|------------|------------|
| At fair value: | | |
| Quoted shares in Malaysia | 152,239 | 138,798 |
| Allowance for impairment | (8,317) | (8,782) |
| | 143,922 | 130,016 |
| At fair value: | | |
| Quoted shares in Malaysia | 143,922 | 130,016 |

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".

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

12 DEFERRED TAX ASSET/ DEFERRED TAX LIABILITY

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:

| | 2013 RM | 2012 RM |
|---------------------------------------|------------|------------|
| <u>Subject to income tax:</u> | | |
| Deferred tax asset (after offsetting) | 618,331 | 135,425 |

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

| | 2013 RM | 2012 RM |
|--|------------|------------|
| At 1 January | 135,425 | 405,105 |
| Credited(charged) to profit or loss (Note 9) | 486,235 | (268,257) |
| - Property and equipment | 36,974 | (35,739) |
| - Unutilised tax losses | (215,693) | (232,518) |
| - Deferred grant | 664,954 | - |
| Charged to comprehensive income | (3,329) | (1,423) |
| At 31 December | 618,331 | 135,425 |

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

| | 2013 RM | 2012 RM |
|--|------------|------------|
| Deferred tax asset (before offsetting) | | |
| - Unutilised tax losses | - | 215,693 |
| - Deferred grant | 664,954 | - |
| | 664,954 | 215,693 |
| Offsetting | (46,623) | (80,268) |
| Deferred tax asset (after offsetting) | 618,331 | 135,425 |

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

12 DEFERRED TAX ASSET/ DEFERRED TAX LIABILITY (CONTINUED)

| | <u>2013</u> RM | <u>2012</u> RM |
|--|-------------------|-------------------|
| Deferred tax liability (before offsetting) | | |
| - Property and equipment | (30,987) | (67,961) |
| - Available-for-sale reserve | (15,636) | (12,307) |
| | <u>(46,623)</u> | <u>(80,268)</u> |
| Offsetting | 46,623 | 80,268 |
| Deferred tax liability (after offsetting) | <u><u>-</u></u> | <u><u>-</u></u> |

13 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

| | | |
|--------------------------|----------------|----------------|
| Other receivables | 138,549 | 58,641 |
| Deposits and prepayments | 130,936 | 101,040 |
| | <u>269,485</u> | <u>159,681</u> |

14 CASH AND CASH EQUIVALENTS

| | | |
|---------------------------------------|------------------|------------------|
| Cash and bank balances | 2,509,965 | 2,196,220 |
| Deposits with a financial institution | 2,904,064 | 2,831,562 |
| | <u>5,414,029</u> | <u>5,027,782</u> |

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

| | <u>2013</u> % | <u>2012</u> % |
|---------------------------------------|------------------|------------------|
| Deposits with a financial institution | <u>3.3</u> | <u>3.3</u> |

Deposits with a financial institution have an average maturity of 34 days (2012: 150 days).

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

15 OPERATING LEASE COMMITMENT

As at the date of the statement of financial position, 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 (2012: 31 May 2015), are payable as follows:

| | <u>2013</u> RM | <u>2012</u> RM |
|---------------------|-------------------|-------------------|
| Within 1 year | 239,364 | 144,972 |
| Within 2 to 5 years | 99,735 | 339,099 |
| | <u>339,099</u> | <u>484,071</u> |

16 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.

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>2013</u> RM | <u>2012</u> RM |
|---|-------------------|-------------------|
| Other receivables, deposits and prepayments | 138,549 | 159,681 |
| Cash and cash equivalents | <u>5,414,029</u> | <u>5,027,782</u> |

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

16 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

The credit risk concentration of the Company by industry as at the date of the statement of financial position are set out below:

| <u>2013</u> | <u>Financial institutions</u> RM | <u>Others</u> RM |
|---|-------------------------------------|---------------------|
| Other receivables, deposits and prepayments | - | 138,549 |
| Cash and cash equivalents | <u>5,414,029</u> | <u>-</u> |
| <u>2012</u> | | |
| Other receivables, deposits and prepayments | - | 159,681 |
| Cash and cash equivalents | <u>5,027,782</u> | <u>-</u> |

(c) Liquidity risk

Liquidity risk is defined as the current and prospective risk to earnings, accumulated 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 become 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 2013 and 31 December 2012 approximates its fair value due to the limited term to maturity of these instruments or limited sensitivity to interest rates.

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2013 (CONTINUED)

16 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 benefits for its stakeholders and to maintain an optimal capital structure to reduce the cost of capital.

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

17 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 25 February 2014.

Company No.

| | |
|--------|---|
| 524989 | M |
|--------|---|

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 Datuk Dr Sulaiman Bin Mahbob 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 76 - 97 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2013 and of its financial performance and cash flows for the financial year then ended in accordance with the 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 DATUK DR SULAIMAN BIN MAHBOB
DIRECTOR



RITA BENOY BUSHON
DIRECTOR

Kuala Lumpur
25 February 2014

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 76 - 97 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 25 February 2014.

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 76 - 97 which comprise the statement of financial position as at 31 December 2013 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 17.

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 the 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.

*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*



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 the 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 2013 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

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 YEAP
(No. 2682/10/15 (J))
Chartered Accountant

Kuala Lumpur
25 February 2014

MINORITY SHAREHOLDER WATCHDOG GROUP
Shareholder Activism and Protection of Minority Interest
BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD
(Incorporated in Malaysia • Company No : 524989-M)

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the 13th Annual General Meeting of the Company will be held at 11th Floor, Bangunan KWSP, No. 3, Changkat Raja Chulan, Off Jalan Raja Chulan, 50200 Kuala Lumpur on Thursday, **20 March 2014** at **10:30 a.m.**

A G E N D A

1. To receive and adopt the Company's Audited Financial Statements for the financial year ended 31 December 2013, together with the Directors' and Auditors' Reports thereon.
2. To approve the payment of Directors' Fees of RM38,000 for the financial year ended 31 December 2013.
3. To re-elect Tan Sri Dato' Seri Lodin Wok Kamaruddin who retires in accordance with Article 61 of the Articles of Association of the Company, as a Director of the Company.
4. To re-elect Mr Philip Koh Tong Ngee who retires in accordance with Article 61 of the Articles of Association of the Company, as a Director of the Company.
5. 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: 25 February 2014

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.

MINORITY SHAREHOLDER WATCHDOG GROUP
Shareholder Activism and Protection of Minority Interest
BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD
(Incorporated in Malaysia • Company No : 524989-M)

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 13th Annual General Meeting of the said Company to be held on Thursday, **20 March 2014** at **10:30 a.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.

