

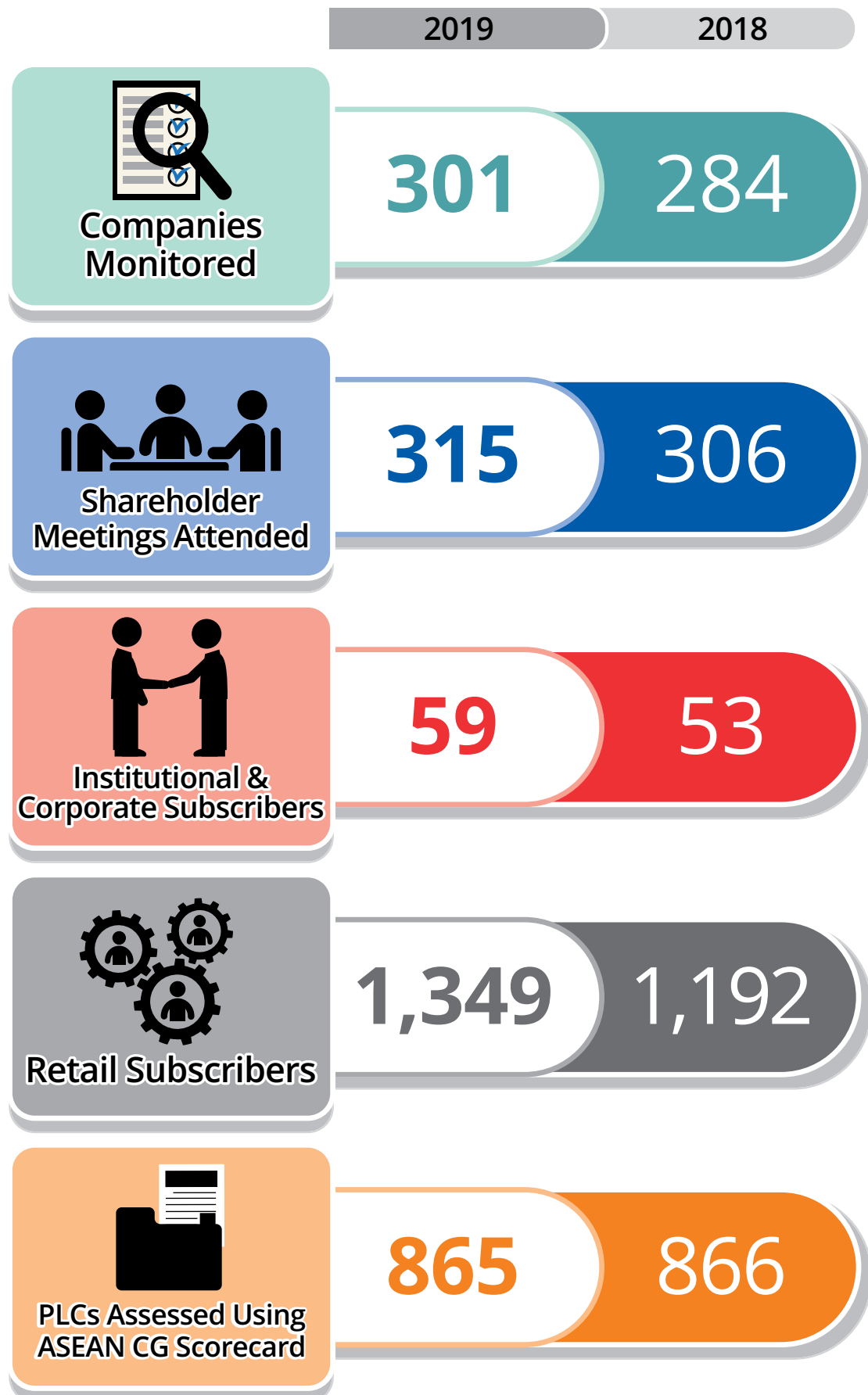
MSWG

MINORITY SHAREHOLDERS WATCH GROUP



**ANNUAL
REPORT
2019**

HIGHLIGHTS



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ABOUT US



MINORITY SHAREHOLDERS WATCH GROUP (MSWG)

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 shareholders interest and corporate governance matters through shareholder activism and engagement with stakeholders.

MSWG is a professional body licensed under the Capital Markets and Services Act 2007. A self-governing and non-profit body, MSWG is funded predominantly by the Capital Market Development Fund (CMDf). It is an important channel of market discipline, encouraging good governance with the objective of creating sustainable value.

Since its incorporation, MSWG has evolved into a respected and independent corporate governance research and monitoring organisation in the capital market. Most notably, it highlights and provides independent views and guidance to investors.



VISION

To be a recognised and respected organisation which promotes corporate governance through shareholder activism.

MISSION

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

CORPORATE OBJECTIVES

- ▶ 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 guidance and best practices on corporate governance.
- ▶ To become the platform to initiate collective shareholder activism on unethical and questionable practices by public listed companies (PLCs).
- ▶ To exert influence on the decision-making process in PLCs as the leader for minority shareholders' legislative rights and interests.
- ▶ To monitor breaches and non-compliance in corporate governance practices by PLCs.
- ▶ To initiate, where appropriate, reports to regulatory authorities and transform MSWG into an effective deterrent of events or activities that are detrimental to the interests of minority shareholders.

CORPORATE INFORMATION

BOARD OF DIRECTORS

- ▶ **Tan Sri Dato' Seri Dr Sulaiman Mahbob**
Chairman
(resigned with effect from 1 January 2020)

- ▶ **Devanesan Evanson**
Chief Executive Officer & Executive Director

- ▶ **Dato' Larry Gan**
Director

- ▶ **Dato' Wan Kamaruzaman Wan Ahmad**
Director

- ▶ **Encik Nor Hizam Hashim**
Director

- ▶ **Datuk Gazali bin Haji Harun**
Director

- ▶ **Puan Sharifatu Laila Syed Ali**
Director

- ▶ **Philip Koh Tong Ngee**
Director
(resigned with effect from 28 June 2019)

- ▶ **Dato' Abdul Alim Abdullah**
Director
(appointed with effect from 20 November 2019)

- ▶ **Puan Nik Amlizan Mohamed**
Director
(appointed with effect from 23 December 2019)

COMPANY SECRETARY

Mr Chew Phye Keat (BC/C/282)
Messrs Raja, Darryl & Loh
Level 26, Menara Hong Leong
No. 6, Jalan Damanlela
Bukit Damansara
50490 Kuala Lumpur

REGISTERED OFFICE

11th Floor Bangunan KWSP
No. 3, Changkat Raja Chulan
Off Jalan Raja Chulan
50200 Kuala Lumpur
▶ Tel: (603) 2070 9090
▶ Fax: (603) 2070 9107
▶ Website: www.mswg.org.my

AUDITORS

PricewaterhouseCoopers Malaysia
Level 10, 1 Sentral
Jalan Rakyat
Kuala Lumpur Sentral
P O Box 10192
50706 Kuala Lumpur
▶ Tel: (603) 2173 1188
▶ Fax: (603) 2173 1288

BANKER

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

CONTACT PERSON

Devanesan Evanson
Chief Executive Officer
devanesan@mswg.org.my

PROFILE OF DIRECTORS



DEVANESAN EVANSON

Chief Executive Officer
& Executive Director
Malaysian, Age 65

Date of Appointment

- ▶ 19 December 2017 (appointed as Chief Executive Officer)
- ▶ 17 April 2018 (appointed as Executive Director)

Academic / Professional Qualification(s)

- ▶ LLB (Hons) University of London
- ▶ CA (M) – Chartered Accountant (Malaysia)
- ▶ FCCA (UK)
- ▶ CFIIA – Chartered Fellow Institute of Internal Auditors Malaysia
- ▶ Capital Market Services Representative's License (CMSRL) holder

Present Directorship(s)

Directorship in PLC(s):

- ▶ Nil

Other Public Companies/Institutions:

- ▶ Director, Agensi Kaunseling dan Pengurusan Kredit (AKPK)
- ▶ Council Member, Institutional Investors Council Malaysia

Present Appointment(s)

- ▶ Adjunct Professor, Universiti Kebangsaan Malaysia



DATO' LARRY GAN

Director
Malaysian, Age 66

Date of Appointment

- ▶ 20 July 2005

Academic / Professional Qualification(s)

- ▶ Certified Management Consultant
- ▶ Chartered Accountant

Present Directorship(s)

Directorship in PLC(s):

- ▶ Chairman, Cloudaron Group Berhad
- ▶ Chairman, Rev Asia Berhad

Other Public Companies/Institutions:

- ▶ Director, British Malaysian Chamber of Commerce
- ▶ Trustee, JC Jacobsen Foundation
- ▶ Chairman, Fatfish Internet Group Ltd (Australia)
- ▶ Chairman, Fatfish Global Ventures
- ▶ Director, 8 Common Ltd (Australia)
- ▶ Director, Abelco Investment Group AB (Sweden)
- ▶ Director, Saujana Resort (M) Berhad
- ▶ Director, Tropicana Golf & Country Club



**DATO' WAN
KAMARUZAMAN
BIN WAN AHMAD**

Director
Malaysian, Age 61

Date of Appointment

- ▶ 1 September 2016

Academic / Professional Qualification(s)

- ▶ Bachelor of Economics, University of Malaya

Present Directorship(s)

Directorship in PLC(s):

- ▶ Nil

Other Public Companies/Institutions:

- ▶ Independent Director, Pacific Trustees Berhad
- ▶ Independent Director, Johor Land Berhad

Present Appointment(s)

- ▶ Nil



**ENCIK NOR HIZAM
HASHIM**

Director
Malaysian, Age 72

Date of Appointment

- ▶ 2 December 2009

Academic / Professional Qualification(s)

- ▶ Bachelor of Jurisprudence (Bj) (External) with Honours, University of Malaya
- ▶ Bachelor of Commerce, University of Western Australia (majoring in Finance Accounting and Economics)
- ▶ Chartered Accountant

Present Directorship(s)

Directorship in PLC(s):

- ▶ Nil

Other Public Companies/Institutions:

- ▶ Director, PADU Corporation (Ministry of Education)

Present Appointment(s)

- ▶ Nil



DATUK GAZALI BIN HAJI HARUN

Director
Malaysian, Age 62

Date of Appointment

- 26 October 2016

Academic / Professional Qualification(s)

- MBA, Governors State University, Illinois, USA (1984)
- Bachelor of Science, Northern Illinois University, USA (1982)
- Diploma in Accountancy, University Teknologi MARA, Malaysia
- Chartered Accountant
- Member, Malaysian Institute of Accountants
- Certified Mediator, Bar Council Malaysian Mediation Centre (March 2019)

Present Directorship(s)

Directorship in PLC(s):

- Nil

Other Public Companies/Institutions:

- Nil

Present Appointment(s)

- Nil



PUAN SHARIFATU LAILA SYED ALI

Director
Malaysian, Age 58

Date of Appointment

- 17 April 2018

Academic / Professional Qualification(s)

- Master of Business Administration, University of Malaya
- Bachelor of Science (Honours), Universiti Kebangsaan Malaysia
- Advanced Management Programme, Harvard Business School

Present Directorship(s)

Directorship in PLC(s):

- Independent Non-Executive Director, RHB Bank Berhad

Other Public Companies/Institutions:

- Independent Non-Executive Director, RHB Investment Bank Berhad
- Independent Non-Executive Director, RHB Islamic International Asset Management Berhad

Present Appointment(s)

- Nil



**DATO' ABDUL
ALIM ABDULLAH**

Director
Malaysian, Age 70

Date of Appointment

- ▶ 20 November 2019

Academic / Professional Qualification(s)

- ▶ Barrister-At-Law, Lincoln's Inn London
- ▶ FCIS (Fellow of The Chartered Institute of Secretaries and Administrators)
- ▶ Advocate and Solicitor High Court Malaya
- ▶ Judge, High Court Malaya
- ▶ Registered Arbitrator, The Kuala Lumpur Regional Centre for Arbitration

Present Directorship(s)

Directorship in PLC(s):

- ▶ Nil

Other Public Companies/Institutions:

- ▶ Nil

Present Appointment(s)

- ▶ President Housing Tribunal, Ministry of Housing and Local Government



**PUAN NIK AMLIZAN
MOHAMED**

Director
Malaysian, Age 52

Date of Appointment

- ▶ 23 December 2019

Academic / Professional Qualification(s)

- ▶ Bachelor's Degree in Economics/Accounting, Claremont McKenna College, US (1991)

Present Directorship(s)

Directorship in PLC(s):

- ▶ Board of Director, Boustead Holdings Berhad

Other Public Companies/Institutions:

- ▶ Board member, Perbadanan Perwira Harta Malaysia
- ▶ Board member, Perbadanan Hal Ehwal Bekas Angkatan Tentera
- ▶ Board member, Perbadanan Perwira Niaga Malaysia
- ▶ Member, Institute of Integrity Malaysia
- ▶ Council Member, Institutional Investors Council Malaysia

Present Appointment(s)

- ▶ Chief Executive, Lembaga Tabung Angkatan Tentera (LTAT)

MANAGEMENT TEAM



MR DEVANESAN EVANSON

CHIEF EXECUTIVE OFFICER

devanesan@mswg.org.my

- ▷ LLB (Hons) University of London
- ▷ CA (M)
- ▷ FCCA (UK)
- ▷ CFIIA – Chartered Fellow Institute of Internal Auditors Malaysia
- ▷ Capital Market Services Representative's Licence (CMSRL) holder



LINNERT HOO

HEAD, RESEARCH & DEVELOPMENT

linnert.hoo@mswg.org.my

- ▷ BAcc (Hons), University of Malaya
- ▷ CA (M)
- ▷ Associate Member of the Chartered Tax Institute of Malaysia (CTIM)
- ▷ CFP qualification holder



NORHISAM SIDEK

MANAGER, CORPORATE MONITORING

norhisam@mswg.org.my

- ▷ B. Accounting (Hons.), UITM
- ▷ CA (M)
- ▷ Capital Market Services Representative's Licence (CMSRL) holder



LEE CHEE MENG

MANAGER, CORPORATE MONITORING

chee.meng@mswg.org.my

- ▷ CA (M)



ELAINE CHOO

MANAGER, CORPORATE MONITORING

elaine.choo@mswg.org.my

- ▷ Bachelor of Commerce (Hons) Accounting, Universiti Tunku Abdul Rahman



LIM CIAN YAI

MANAGER, CORPORATE MONITORING

cianyai@mswg.org.my

- ▷ BA (Hons) Mass Communication, Liverpool John Moores University
- ▷ Advanced Diploma in Journalism, Tunku Abdul Rahman University College



NOR KHALIDAH MOHD KHALIL
EXECUTIVE/ANALYST, CORPORATE MONITORING
khalidah@mswg.org.my

- ▷ BBA (Marketing) (Hons), Universiti Utara Malaysia



EMILY LIM
MANAGER, FINANCE
emily@mswg.org.my

- ▷ LCCI Diploma in Accounting



PADMA DEVI SUBRAMANIAM
MANAGER, INFORMATION TECHNOLOGY DIVISION
padmadevi@mswg.org.my

- ▷ Master of Education (Internet Computing), Sultan Idris Education University (UPSI)
- ▷ B.Sc. Computing (Hons), Staffordshire University

CORPORATE GOVERNANCE STATEMENT

The Board recognises the importance of corporate governance and is committed to uphold high standards of corporate governance throughout the Company. The Board remains firm in its stand on uncompromised integrity and professionalism in pursuing the Company's main objectives of promoting shareholder activism and influencing good corporate governance practices amongst the PLCs.

The Board of Directors is guided by the following:

Code of Conduct & Ethics

- (1) The Directors acknowledge and accept the scope and extent of their duties as Directors. The Board has a responsibility to carry out an oversight function in the interests of MSWG within the scope of its authority and consistent with its fiduciary duties.
- (2) The Board is expected to adhere to the standards of loyalty, good faith, and to avoid/disclose conflict of interest situations.
- (3) The Board Members of MSWG will:
 - ▷ act in the best interests of MSWG and fulfil their fiduciary duties to MSWG;
 - ▷ act honestly, fairly, ethically and with integrity;
 - ▷ conduct themselves in a professional, courteous and respectful manner;
 - ▷ comply with all applicable laws, rules and regulations;
 - ▷ act in good faith, responsibly, with due care, competence and diligence, without allowing independent judgment to be subordinated to other interests other than that of MSWG;
 - ▷ maintain high ethical and moral character, both professionally and personally, and act in a manner to enhance and maintain the reputation of MSWG;
 - ▷ disclose any potential conflicts of interest, including those that they may have regarding any matters that may come before the Board, and abstain from discussion and voting on any matters in which they have or may have a conflict of interest;
 - ▷ make available to and share with fellow Directors information as may be appropriate to ensure proper conduct and sound operation of MSWG and its Board of Directors;
 - ▷ respect the confidentiality of information relating to the affairs of the Company acquired in the course of service as Directors, except when authorised or legally required to disclose such information; and
 - ▷ not use confidential information acquired in the course of their service as Directors for their personal advantage.

Board Composition

- (1) The Board of Directors shall comprise directors with the requisite skills, competency, knowledge, experience and diversity of perspectives and who are able to discharge their fiduciary duties and responsibilities without any conflict of interest.
- (2) The maximum number of directors to be appointed to the Board shall be ten (10) as per the Company's Articles of Association.
- (3) In accordance with MSWG's activities, objectives, and the licensing requirements of the Capital Markets and Services Act 2007, at least one Board Member must hold a Capital Markets Services Representative's (CMSR) licence.
- (4) The members of the Board shall be persons of reputable character and standing.
- (5) The Chairman of the Board shall be elected by members of the Board.
- (6) The Securities Commission of Malaysia must be informed on the appointment of a potential member to the Board.

Board Meetings

- (1) The Board shall meet at least four (4) times a year.
- (2) The quorum shall be three including the Chairman.
- (3) Decisions at the Board meeting shall be based on majority of votes and in the event of an equality of votes, the Chairman shall be entitled to a casting vote.
- (4) Notice of Board Meetings should be given at least 14 days before the date of the meeting.
- (5) Board papers are to be distributed at least seven (7) days before the meeting.
- (6) Each Director must be in attendance for at least 50% of the Board Meetings per annum in person.
- (7) Directors are allowed to participate in the Board meetings via telephone conferencing and shall be deemed present at the said meeting.

The Board is satisfied with the commitment given by the Directors towards fulfilling their roles and responsibilities as Directors of the Company. The Board met four (4) times during the financial year ended 31 December 2019 and the details of their attendance are as follows:

DIRECTORS OF THE COMPANY	ATTENDANCE	%
Tan Sri Dato' Seri Dr Sulaiman Mahbob <i>(resigned with effect from 1 January 2020)</i>	4/4	100
Devanesan Evanson	4/4	100
Dato' Larry Gan	3/4	75
Dato' Wan Kamaruzaman Wan Ahmad	4/4	100
Encik Nor Hizam Hashim	4/4	100
Datuk Gazali bin Haji Harun	4/4	100
Puan Sharifatu Laila Syed Ali	4/4	100
Mr Philip Koh Tong Ngee <i>(resigned with effect from 28 June 2019)</i>	2/2	100
Dato' Abdul Alim Abdullah <i>(appointed with effect from 20 November 2019)</i>	1/1	100
Puan Nik Amlizan Mohamed <i>(appointed with effect from 23 December 2019)</i>	NA	NA

MSWG WHISTLEBLOWER POLICY

MSWG has adopted a WhistleBlower Policy and is committed to transparency, integrity and accountability in the conduct of its business and affairs.

Objective of the Policy

- (1) The Directors acknowledge and accept the scope and extent of their duties as Directors. The Board has a responsibility to carry out an oversight function in the interests of MSWG within the scope of its authority and consistent with its fiduciary duties.
- (2) The Board is expected to adhere to the standards of loyalty, good faith, and to avoid/disclose conflict of interest situations.
- (3) The Board Members of MSWG will:

Scope of the Policy

This policy is designed to facilitate employees and members of the public to disclose any improper conduct (misconduct or criminal offence) through an internal channel. Such misconduct or criminal offences include the following:

- i. Fraud
- ii. Bribery
- iii. Abuse of Power
- iv. Conflict of Interest
- v. Theft or embezzlement
- vi. Misuse of Company's Property
- vii. Non-Compliance with Procedure

The above list is not exhaustive and includes any act or omissions, which if proven, will constitute an act of misconduct under MSWG's Code of Conduct or any criminal offence under the law.

Applicability of the Policy

This policy applies to all MSWG employees and to members of the public, where relevant.

Procedure in Making a Disclosure

All disclosures related to MSWG staff are to be channelled to the CEO. All disclosure in relation to the CEO are to be channelled to the Chairman.

Protection to Whistleblower

A whistleblower will be accorded with protection of confidentiality of identity, to the extent reasonably practicable. In addition, an employee who whistleblows internally will also be protected against any adverse and detrimental actions for disclosing any improper conduct committed or about to be committed within MSWG, to the extent reasonably practicable, provided that the disclosure is made in good faith. Such protection is accorded even if the investigation later reveals that the whistleblower is mistaken with regard to the facts, rules and procedures involved.

Anonymous Whistleblower

Any employee or member of the public who wishes to report improper conduct should disclose his identity to the Company so that the Company may accord the necessary protection to the whistleblower and to facilitate further investigations.

Anonymous disclosures are not prohibited. However, the Company reserves its right to initiate investigation into any anonymous disclosure.

Notification

Upon the completion of the whistleblowing process and procedures, the whistleblower will be accorded the privilege to be notified on the outcome of the disclosure.

The WhistleBlower Policy is available on the Company's website at www.mswg.org.my.

NOMINATION & REMUNERATION COMMITTEE

The Nomination & Remuneration Committee (NRC) was established to enhance the efficiency and transparency of MSWG's governance process and to assist the Board in matters regarding nomination, appointment, remuneration and compensation of Directors as well as Key Management personnel, among others.

Composition

Members of the NRC comprises the following:

- ▷ Tan Sri Dato' Seri Dr Sulaiman Mahbob – Chairman
(resigned with effect from 1 January 2020)
- ▷ Dato' Larry Gan – Member
- ▷ Encik Nor Hizam Hashim – Member
- ▷ Dato' Abdul Alim Abdullah – Member
(appointed with effect from 20 November 2019)

Terms of Reference

The NRC is governed under the following Terms of Reference:

Nomination Activities

1. To formulate the nomination, selection and succession policies of the Board, inclusive of the mix of skills, experience and other qualities to enable the Board to function efficiently.
2. To implement a formal approval process for the evaluation and effectiveness of the Board as a whole and the individual contribution of each Board member.
3. To review and evaluate the Board balance in terms of skill set/gender and composition, and recommend new appointment/re-appointment of directors to the Board.
4. To recommend to the Board a policy on Board protocols inclusive of tenure, other directorships and conflict of interest issues.
5. To ensure the existence of an appropriate framework and succession plan for the CEO and key management personnel.
6. To review and recommend to the Board a policy on human resource which will embrace, but not limited to, the need for recruitment and retention of the CEO and key management personnel with the right caliber, experience and quality to ensure effective and efficient management of the Company.
7. To provide adequate Board orientation programme on the Company's activities for newly appointed directors.

Remuneration Activities

To review and recommend the following:

1. The remuneration of directors for approval at the Annual General Meeting of the Company.
2. Performance management framework/model including the setting of the appropriate performance target parameters and benchmark for the CEO at the start of each financial year.
3. Terms of employment of the CEO (including the remuneration and benefits).
4. Policy on remuneration package for the employees of the Company.
5. Appropriate incentive compensation plan for key management personnel.
6. Annual bonus payment for the CEO and employees of the Company.

The NRC, within the scope of its terms of reference, is authorised to seek any relevant information it requires through the Management. In this context, the NRC may engage consultants to obtain independent legal and other professional services as it requires at the expense of the Company.

NRC Meetings

1. The NRC shall meet at least twice a year or as and when required.
2. The quorum for the NRC meeting shall be two.
3. Other members of the Board, the CEO or key management executives may attend the meetings of the NRC at the invitation of the Committee.
4. The Company Secretary shall be the Secretary of the NRC.
5. Notice and the papers for the meeting will be distributed to the committee members at least five (5) days prior to the date of the NRC meeting.

The NRC met three (3) times during the financial year ended 31 December 2019. The details of the members' attendance are as follows:

DIRECTORS	ATTENDANCE
Tan Sri Dato' Seri Dr Sulaiman Mahbob <i>(resigned with effect from 1 January 2020)</i>	3/3
Dato' Larry Gan	2/3
Encik Nor Hizam Hashim	3/3
Dato' Abdul Alim Abdullah <i>(appointed with effect from 20 November 2019)</i>	1/1

During the year under review, the NRC carried out its duties in accordance with its Terms of Reference, which included the following:

- ▷ Reviewed and assessed the effectiveness of the Board as a whole;
- ▷ Reviewed and assessed the mix of skills, experience and competencies of each individual Director;
- ▷ Reviewed and recommended to the Board the appointment of Dato' Abdul Alim Abdullah and Puan Nik Amlizan Mohamed as Directors of the Company;
- ▷ Reviewed and recommended to the Board the re-appointment of the Directors who would be retiring at the forthcoming AGM of the Company; and
- ▷ Considered and recommended for the Board's approval the annual bonus payments for the CEO and employees of the Company.

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.

CEO'S REPORT

MSWG remained resilient despite a challenging financial year ended 31 December 2019 (FY2019). We adopted sound business strategies, in line with the MSWG Strategic Business Plan 2019-2021 and successfully achieved all our headline Key Performance Indicators (KPIs) despite the challenging and weaker economic and operating environment.

FINANCIAL PERFORMANCE

For FY2019, the Company achieved a lower revenue of RM1.25 million as compared to RM1.39 million in FY2018, a 10.1% decrease. The reduction in revenue was mainly due to the decrease in revenue generated from forums and events from RM0.97 million in FY2018 to RM0.80 million in FY2019.

MSWG secured a grant of RM4.0 million from the Capital Market Development Fund (CMDf) in FY2019 which was utilised to fund its operational and capital expenditure. We remained cautious and prudent in our spending which resulted in a lower total expenditure which decreased by 12.9% to RM4.65 million from RM5.34 million in FY2018. Hence, for FY2019 the Company recorded a surplus of RM0.68 million compared to deficit of RM3.6 million in FY2018 (the deficit in FY2018 was mainly due to the absence of CMDf funding).



**MR DEVANESAN
EVANSON**
CHIEF EXECUTIVE OFFICER

ACTIVITIES REVIEW

CORPORATE MONITORING

In 2019, MSWG covered **301** public listed companies (PLCs) in our monitoring portfolio, which represented about 32% of the total number of companies listed on Bursa Securities and included large cap, medium cap and small cap stocks representing about 87% of Bursa's total market capitalisation. Our analysts and corporate representatives attended **315** general meetings, of which **44** were extraordinary general meetings.

MSWG MONITORING PORTFOLIO SELECTION CRITERIA:

- ▷ FBM KLCI companies
- ▷ Malaysia-ASEAN Corporate Governance Top 100 companies
- ▷ Companies that Subscribers wanted monitored under the Subscribers' List
- ▷ Companies that warranted monitoring based on complaints received from shareholders

In line with its role to encourage shareholder activism, MSWG uses the AGM and EGMs as a platform to raise issues of concerns and/or encourage good corporate governance practices to be adopted by PLCs. By and large, all the PLCs not only presented their response to our written letter at the AGM, but many had also included our questions and their responses in their corporate website under the Summary of Key Matters Discussed at AGMs. In cases where the written responses were not clear, our representatives

would seek further clarification at the general meetings. Our representatives also took the opportunity to interact with the retail investors, particularly to enlighten them on good CG practices which they should encourage listed companies to emulate.

Disclosures on corporate governance practices, particularly those disclosed in the prescribed format of the CG Report continued to be examined to ensure that the disclosures made by the companies were unambiguous and relevant. Corporate proposals tabled to shareholders for approval were also assessed in detail, especially if there were aspects that could be detrimental to the minority shareholders. The questions raised for PLCs to address were also posted on MSWG's website and were accessible by corporate and retail subscribers. In addition, we also made commentaries in the media on issues of interest during the AGM season to encourage higher level of awareness and shareholder activism at general meetings.

Our monitoring unit handled **75** complaints cases in 2019, often from retail investors. Each complaint will be documented and addressed expeditiously through the complaints-handling process. Issues that were deemed not within our purview would be escalated to other relevant regulatory bodies for their attention. During the year, these complaints centred on the following issues:

- ▷ Unjustifiable directors' remuneration
- ▷ Acquisition of non-performing assets
- ▷ Unfair offer price in take-over/privatisation proposal
- ▷ Poor share price
- ▷ Public spread
- ▷ Excessive percentage of private placement
- ▷ Unfavourable related party transactions
- ▷ Late delivery of application form for rights issue
- ▷ Remote venue for general meeting

Pre and Post-AGM/EGM Reports

The pre-Annual General Meeting (AGM) Report, which are made accessible to our corporate and institutional subscribers, provides our independent views on voting matters. Similarly, the post-AGM/Extraordinary General Meeting (EGM) reports on the proceedings of the general meetings were also generated for our corporate and institutional subscribers.

Our corporate representatives also assessed the conduct of AGMs using our customised checklist. This assessment, among others, covered the administrative details, AGM proceedings, directors' attendance, voting procedures and participation of the shareholders at the AGM. This assessment also included the quality of presentation by management and the question and answer session.

AGM/EGM Weekly Watch

The MSWG AGM/EGM Weekly Watch highlights key points to be raised at the general meetings and is available on the MSWG website. An abridged version of the AGM/EGM Weekly Watch is published in the *New Straits Times* and *Nanyang Siang Pau* (Mandarin version) newspapers. The Weekly Watch aims to alert shareholders well in advance of issues of concern to enable them to be better prepared for the AGMs/EGMs and also prompting them to raise follow-up questions at the meetings.

E-Newsletter

Our weekly e-newsletter, *The Observer*, is now into its eighth year and provide readers with important corporate happenings on the local and international front on a weekly basis.

The CEO Message contains succinct views on main corporate headlines or commentaries on important corporate governance issues. This year we also introduced the 'Analyst's Message' column whereby MSWG analysts provided their views or comments on specific companies. The issues covered were not just confined to the companies under our monitoring list but also other PLCs in general. Issues to be

raised at upcoming general meetings were also highlighted, alerting shareholders to look into these issues before voting.

The Observer also includes a summary of the Weekly Watch, a watchlist section as well as news briefs on market, economic, regulatory and governance updates. Widely circulated to over 2,000 recipients including subscribers, fund managers, institutional investors, brokerage firms, universities, PLCs Board, regulators and the media, *The Observer* has become one of the effective tools to raise MSWG's profile, particularly in communicating its stand on corporate governance matters.

Company Engagements

Company engagements with PLCs provided us with an avenue to meet face-to-face with the Board and senior management of companies to highlight performance and governance issues as well as share our insights into significant corporate governance developments, including Environmental, Social and Governance (ESG) matters. In 2019 we have introduced a new Corporate Subscriber Package for companies who want to access its own ASEAN CG Scorecard and/or together with a discussion with MSWG on the company's Scorecard.

Towards this end, we conducted **11** engagements related to the Scorecard assessment with British American Tobacco (M) Berhad, CIMB Group Holdings Berhad, DRB-Hicom Berhad, GD Express Berhad, Maybank Berhad, MRCB Berhad, Petronas Chemical Group Berhad, Petronas Dagangan Berhad, RHB Bank Berhad, Telekom Malaysia Berhad and Velesto Berhad.

MSWG also participated in company engagements under the Institutional Investors Council Malaysia (IIC) platform, being a member of the IIC. We participated in three (3) company engagements in 2019 organised by IIC, namely with Telekom Malaysia Berhad, Malaysia Airports Holdings Berhad and Tenaga Nasional Berhad. Issues raised under the IIC platform were often issues of common concerns among institutional investors, covering financial performance, governance and sustainability issues. MSWG also raised issues affecting minority shareholders during these engagements.

INVESTOR EDUCATION, TRAINING PROGRAMMES & SPEAKING ENGAGEMENTS

MSWG remains committed toward enhancing investor education among retail investors through investor education programmes. In 2019, we were involved in a triparty collaboration between MSWG, SC and IIC in the second quarter of 2019 to publish the '**Annual General Meeting Corporate Governance Checklist for Shareholders**' (Checklist). Mainly targeted at retail investors, the Checklist was released by the SC on 5 February 2020. It highlights questions for shareholders to consider in preparation for an Annual General Meeting (AGM) and covers primarily issues related to resolutions commonly tabled at AGMs such as the appointment or reappointment of directors, approval of directors' fees and the appointment of auditor. The Checklist can be accessed on MSWG's website at www.mswg.org.my.

Free investor forums were also organised by MSWG, either on request basis by small groups of minority shareholders or on MSWG's initiative to encourage shareholder activism. Such forum provides a platform for aggrieved shareholders to share their concerns as a group by bringing up their issues collectively to the companies. This gives them a greater voice and ability to approach various issues in a more structured manner before making their respective decisions on the issues at hand. The media were also invited to the forum to create greater awareness and publicity on the issues discussed at the forum.

In 2019, we also ventured into a new segment as a training provider. Our role as a training provider could either be on our own or through collaboration with other professional and training bodies (this serves as an additional revenue source). Our maiden venture was a one-day joint collaboration with Federation of Public Listed Companies (FPLC) on an interactive directors and management training programme held on 15 October 2019. The inaugural joint programme received positive feedback and moving forward,

various training sessions have been planned, covering niche CG areas whereby MSWG serves as the principal trainer offering professional expertise and knowledge.



Speaking Engagements

Speaking engagements are one of our sources of revenue-generating activities given our senior representatives are often invited to conduct trainings and talks based on their expertise and ability to draw attendees to an event. Our CEO is one of the trainers for the Capital Market Director Programme (CMDP) which is an exclusive platform for directors of licensed intermediaries to be equipped with the relevant knowledge, skills and abilities to meet the expected competencies required of a board. In 2019, we had participated as speakers/trainers at **30** conferences and events, covering topics closely related to shareholder activism, directors' responsibilities and corporate governance best practices.

Some of the speaking engagement events which we had participated in 2019 are disclosed in the Speaking Engagements section on page 34 & 35 of this Annual Report.

SUBSCRIBER SERVICES

In 2019, we reviewed and enhanced the value proposition for our Subscriber Services. We added a customised Scorecard package category based on feedback received from listed companies. We now offer Subscriber Services under the following categories:

- Institutional Subscribers
- Corporate Subscribers – Packages A & B
- Retail Subscribers
- Scorecard – Packages A & B

In 2019 we had one institutional subscriber, namely Bursa Malaysia Berhad. The enhanced value proposition for corporates resulted in an increase in the number of subscribers to **58** corporate subscribers (2018: 52 corporate subscribers).

Our retail subscriber base grew by 13.2% to **1,349** subscribers from 1,192 subscribers in 2018. Retail subscription continue to be popular as subscribers have access to our AGM letter to PLCs, the reply from the PLC to our letter and weekly newsletters on a complimentary basis. Subscribers are also informed of opportunities to participate in investor-related forums or training programmes tailored for retail investors.

CORPORATE SUBSCRIBERS

Affin Bank Berhad	KPJ Healthcare Berhad
Alliance Bank Malaysia Berhad	KUB Malaysia Berhad
AMMB Holdings Berhad	LPI Capital Berhad
Astro Malaysia Holdings Berhad	Malaysian Building Society Berhad
Axiata Group Berhad	Malaysian Resources Corporation Berhad
Bintulu Port Holdings Berhad	Master-Pack Group Berhad
Boustead Heavy Industries Corporation Berhad	Maxis Berhad
Boustead Holdings Berhad	Media Prima Berhad
British American Tobacco (M) Berhad	MISC Berhad
Bursa Malaysia Berhad	OSK Holding Berhad
Cahaya Mata Sarawak Berhad	Paramount Corporation Berhad
CIMB Group Holdings Berhad	Parkson Holdings Berhad
Carlsberg Brewery Malaysia Berhad	Petronas Chemicals Group Berhad
Chemical Company of Malaysia Berhad	Petronas Dagangan Berhad
Concrete Engineering Products Berhad	Petronas Gas Berhad
Dayang Enterprise Holdings Berhad	Pharmaniaga Berhad
DRB-Hicom Berhad	Public Bank Berhad
Duopharma Biotech Berhad	QL Resources Berhad
Eastern & Oriental Berhad	RHB Bank Berhad
Eco World International Berhad	Sime Darby Berhad
FGV Holdings Berhad	Sime Darby Property Berhad
Gas Malaysia Berhad	Telekom Malaysia Berhad
GD Express Carrier Berhad	Top Glove Corporation Berhad
Genting Berhad	UEM Edgenta Berhad
Hong Leong Bank Berhad	UMW Holdings Berhad
IOI Corporation Berhad	Utusan Melayu (Malaysia) Berhad*
Jaya Tiasa Holdings Berhad	Velesto Energy berhad
KKB Engineering Berhad	Yinson Holdings Berhad
Kossan Rubber Industries Berhad	YTL Corporation Berhad

*Delisted in August 2019

ASEAN CG SCORECARD ASSESSMENT

MSWG is the Domestic Ranking Body (DRB) appointed by the SC to undertake the CG assessment of all the PLCs using the ASEAN CG Scorecard (Scorecard). Conducted on an annual basis, the assessment is an important exercise to measure our PLCs' level of adherence to CG policies and best practices as benchmarked by the Scorecard. During the year, our assessors had assessed **865** PLCs using the Scorecard (2019 Assessment), the results of which would be released in 2020.

During the year under review, MSWG announced the results and findings of the 2018 assessment at the **MSWG-ASEAN Corporate Governance Awards** which was held at The Majestic Hotel Kuala Lumpur on 31 July 2019. Yang Berbahagia Tan Sri Abu Kassim bin Mohamed, Director General of the National Centre for Governance, Integrity and Anti-Corruption (GIACC), delivered the Keynote Address and presented the recognition awards to the top PLCs that had demonstrated exemplary high standards of corporate governance practices. The event was well attended by close to 800 representatives from PLCs and institutions. The MSWG-ASEAN Corporate Governance Awards recognised Top 100 Malaysian PLCs for both CG disclosure (based on ASEAN CG scorecard assessment) and CG disclosure with company's financial performance.

Based on the assessment of the **866** PLCs, the Average CG Score was 67.22 points which represented an increase of 5.02 points (2017: 62.20 points). This is commendable as PLCs become increasingly familiar with the expectations of the Scorecard, thus adopting and disclosing corporate governance practices accordingly. Meanwhile, the Average CG Score for the Top 100 PLCs consistently trended upward from 76.82 points in 2014 to 86.18 points in 2017, and further rose to 94.95 points in 2018. This reflects the efforts taken by companies to improve their CG practices, policies and disclosures as well as MSWG's resolute advocacy efforts for companies to embrace the substance of CG. This also reflects positively on the Board of Directors and senior management of our PLCs in terms of their commitment to continuously raise the CG bar, an effort which will contribute towards increased confidence among investors in our capital market.

Seven categories of awards were presented to recognise the CG achievements of PLCs, the highlight being recognition awards to the Top 5 PLCs which had clearly demonstrated high standards of corporate governance while maintaining good performance. The winners of the Excellence Award for Overall CG & Performance ranked in order were: 1. PETRONAS DAGANGAN BHD 2. SUNWAY CONSTRUCTION GROUP BERHAD 3. LPI CAPITAL BERHAD 4. CIMB GROUP HOLDINGS BERHAD 5. TENAGA NASIONAL BERHAD.



INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

MSWG is a member of the Institutional Investors Council Malaysia (IIC) and also sits on the IIC Council Board. MSWG provides Secretariat services to the IIC, and plays a leading role in co-ordinating the IIC activities and engagements, particularly to encourage more asset owners and asset managers to become signatories to the Malaysian Code for Institutional Investors (MCII). There were two new signatories to the MCII in 2019, which brought the total to 22 signatories as at end of 2019.

MSWG had also participated in the various company engagements organised by IIC in 2019. As the Secretariat, MSWG played a key role to ensure the success of the inaugural IIC-SIDC Governance Convention held on 18 & 19 November 2019, including participating as a panelist in one of the Convention's sessions. Moving forward, it is envisaged that we will continue to play an active role in IIC as our participation in IIC complements our role in shareholder activism, thus enabling us to benefit from activities under the IIC platform.



OTHER ADVOCACY ACTIVITIES

Our other advocacy activities include providing feedback and comments on Consultation Papers issued by regulators as follows:

- ▶ **Bursa Malaysia Consultation Paper No.1/2019 on the Proposed in Amendments to the Rules of Bursa Malaysia Depository Sdn Bhd, The Main Market and ACE Market Listing Requirements to Facilitate Dematerialisation**
- ▶ **Bursa Malaysia Consultation Paper No.2/2019 on the Proposed in Amendments to the Rules of Bursa Malaysia Depository Sdn Bhd in relation to CDS eServices (Release 2) & Other Amendments**
- ▶ **Bursa Malaysia Consultation Paper No.3/2019 on the Proposed Amendments to the Main Market and ACE Market Listing Requirements in relation to New Issue of Securities and Others**
- ▶ **Bursa Malaysia Consultation Paper No.4/2019 on the Proposed Amendments to the MAIN Market and ACE Market Listing Requirements in relation to Anti-Corruption Measures and Corporate Exercises Digitisation**

PUBLICATIONS & RESEARCH

The **Malaysia-ASEAN Corporate Governance Report 2018** which covered the findings of 866 PLCs assessed in year 2018 was released on 31 July 2019.



Barring unforeseen circumstances, we are targeting to release our updated MSWG Key Principles and Voting Guidelines as well as the Malaysia-ASEAN Corporate Governance Report 2019 edition in year 2020. We continue to explore topics of interest and welcome collaborations with institutions of higher learning on joint research publications.

HUMAN CAPITAL

Staff Strength

MSWG believes in creating a workplace that is fair and supports the efforts of a diverse range of employees. As at end December 2019, we have a lean workforce with a total of 16 employees, of which 56% were in the Management and Analyst categories.

We engage part-time professionals on flexible working arrangements – referred to as MSWG Associates – to provide additional support for corporate monitoring activities especially during peak AGM season as well as for special projects in CG publications and the IIC Secretariat role. This accommodative policy has enabled us to attract professionals of the right calibre to complement our workforce and efficiently manage our overheads.

Talent Development

MSWG encourages talent development for its employees by offering knowledge building opportunities either through in-house or external professional training programmes. Our analysts are encouraged to obtain the Investment Representative Licence under the Capital Markets and Services Act 2007 so as to further increase their knowledge and proficiency in various spectrums of the capital market activities. Study leave is granted to those undertaking professional examinations with the fees reimbursed upon successful completion of the modules as an incentive.

The Management staff attended the following conferences, seminars and training courses in 2019:

- ▶ MACS Conference 2019
- ▶ The 9th Annual Malaysia Roundtable – Pensions and Investments: Moving to A Sustainable Future
- ▶ Breakfast Talk – How Blockchain Technology is Transforming the Capital Market
- ▶ MID’s Gems Profiling
- ▶ Governance & Ethics – Understanding the Roles of Board and Senior Management
- ▶ IKIM National Colloquium on Islamic Understanding – Good Governance in Islam
- ▶ Procedures to Mitigate Corporate Liability
- ▶ Corporate Performance Analytics – Analysis of Business Performance
- ▶ MIA Investors Talk on Integrated Reporting
- ▶ The Cooler Earth Sustainable Finance Summit 2019
- ▶ MIA Conference 2019
- ▶ IIC-SIDC Governance Convention 2019
- ▶ 2019 Forum on Corporate Governance in the Capital Market – Building and Sustaining A Robust Malaysian Capital Market

Internship programme

MSWG offers an internship programme where successful candidates will join MSWG as interns for a period of between one to three months. During this period, the intern will be provided with job exposure and experience through on-the-job training with identified mentors within the various MSWG departments. The intern will undertake job rotations to enhance his/her knowledge in various areas. The MSWG internship programme is open to students of institutions of higher learning and local graduates. There were no applications for the internship programme for FY2019.

Staff activities & well-being

Our employees are vital contributors to the success of the Company. In MSWG, we have cultivated a corporate culture that embraces and respects diversity to create a productive workplace. MSWG promotes a good work-life balance and offers a competitive benefits packages to ensure that the employees’ well-being is adequately taken care of. Staff events such as birthday celebrations and simple luncheons are organised at regular intervals to foster closer bonds and sense of camaraderie among employees across all levels and departments.



MOVING FORWARD

The global outbreak of COVID-19, starting with China in late December 2019 has significantly disrupted and impacted economic activities worldwide, the extent of its grave effects still unknown. We are moving into uncharted waters, and need to re-examine how we execute our business strategies to remain sustainable, yet operating in a safe manner.

Despite the uncertain outlook for 2020, MSWG remains committed to stay the course to ensure our aspirations as set out in our Three-Year Strategic Business Plans remain on track. We will need to recalibrate our revenue generating activities model to fit the 'new normal' including remote working, and continue to keep strong controls of our costs. We will be guided by the directions of the Government and regulators, and remain positive that MSWG will be able to weather the challenges in these uncertain times.

APPRECIATION

I would like to extend my sincere appreciation to my fellow Board members, management, employees and associates for the efforts and contributions towards MSWG's achievements to-date.

This year we bid farewell to our Chairman, YBhg Tan Sri Dato' Seri Dr Sulaiman Mahbob, who had resigned from the Board effective 1 January 2020. On behalf of our Board, I would like to extend our deepest appreciation and gratitude to Tan Sri Dato' Seri Dr Sulaiman for his valuable guidance and advice, approachable leadership style and contributions to MSWG since he first joined as Director on 16 April 2012, and later appointed as Chairman on 11 April 2013.

I would like to welcome our newly appointed directors, YBhg Dato' Abdul Alim Abdullah and Puan Nik Amlizan Mohamed who were appointed to the Board of MSWG on 20 November 2019 and 23 December 2019 respectively. Together, they bring a breadth of experience and expertise from their professional fields to the Board.

On behalf of the Board, I would also like to express our appreciation to our subscribers, partners and the media for their continued support. Last but not least, our deep appreciation and thanks go to the CMDF, Securities Commission and Bursa Malaysia for their continued guidance and support throughout the year.

DEVANESAN EVANSON
CHIEF EXECUTIVE OFFICER

CORPORATE GALLERY

1 28 January 2019
Interview by Nikkei Asean Review

2-3 13 February 2019
MSWG Chinese New Year Luncheon

4 28 March 2019
Visit from Nomura Institute Capital Market Research to MSWG's Office (the company was represented by its Managing Director Mr Akiko Nomura and Financial Industry Analyst Mr Kenji Tominaga)

5 5 April 2019
Visit to MSWG's Office by Prof Madya Dr. Mohamat Sabri Hassan, Chair of Centre of Governance Resilience and Accountability (GRACE) and Prof. Dr. Norman Mohd Saleh, Dean, Faculty of Economics and Management, Universiti Kebangsaan Malaysia

6-7 17 June 2019
Adjudication Meeting

8 20 November 2019
Industrial visit from Third year students of Bachelor of Business Administration (Hons) Finance and lecturers from UiTM Selangor, Puncak Alam Campus





MSWG-ASEAN CG AWARDS 2018

31 July 2019





MSWG IN THE NEWS

FOCUS MALAYSIA
Under Billion Companies + Investment
Mayland confident of securing RM1.3 bil sales this year P28
New risk for some Asian currencies P14
New app to help boost tourism industry P19
Managing risks wisely P16-17

Steadying the run

Domestic furniture players have benefited from a relatively good run, weak ringgit and export-friendly outlook. But will they be able to improve in the second half of the year? P8-10

RevealBoard
HUMERITZ

MFRS 16: SHORT-TERM PAIN, LONG-TERM GAIN

BY DR. ANNE SIBER
The introduction of MFRS 16, the new standard on leases, is expected to have a significant impact on the financial statements of companies with lease contracts. The standard requires lessees to recognise a right-of-use asset and a lease liability on their balance sheet at the commencement date of the lease. This will increase both assets and liabilities on the balance sheet, and will also increase the company's debt-to-equity ratio. However, the standard is expected to have a long-term benefit for companies as it will provide more transparency to investors regarding the company's lease obligations.

China-based companies in hot soup?

Many of these listed firms have financial and accounting irregularities and do not perform well. MSWG CEO

Company	Market Cap (RM mil)	Revenue (RM mil)	Profit (RM mil)
1. China Resources	1,200	1,500	100
2. China Resources	1,100	1,400	90
3. China Resources	1,000	1,300	80
4. China Resources	900	1,200	70
5. China Resources	800	1,100	60
6. China Resources	700	1,000	50
7. China Resources	600	900	40
8. China Resources	500	800	30
9. China Resources	400	700	20
10. China Resources	300	600	10

The reasonable independent director

By [Author Name]

The role of an independent director is crucial in ensuring the integrity and transparency of a company's financial statements. Independent directors are expected to provide an objective view on the company's performance and to act in the best interests of the shareholders. However, the effectiveness of independent directors is often questioned, particularly in cases where they are perceived to be influenced by the company's management or other stakeholders.



MSWG AGM/EGM WEEKLY WATCH

23 - 24 MAY 2019

The following are the AGMs/EGMs of companies which are in the Minority Shareholders Watch Group's (MSWG) watch list. The summary of points of interest is highlighted here, while the details of the questions to the companies can be obtained via MSWG's website at www.mswg.org.my

The AGMs/EGMs for the week:

Date	Company	Location
23.05.19 (Thu) 10:30 am	Vitrox Corporation Bhd (AGM)	Auditorium of Vitrox Campus 2.0, Batu Kawan Industrial Park, Bandar Cassia, Penang
23.05.19 (Thu) 10:30 am	Kossan Rubber Industries Bhd (AGM)	Setia City Convention Centre, Setia Alam, Seksyen U13, Shah Alam
24.05.19 (Fri) 09:30 am	Heineken Malaysia Bhd (AGM)	Conexxion @ Nexus, No. 7, Jalan Kerinchi, Bangsar South City, KL
24.05.19 (Fri) 09:30 am	Sino Hui-An International Bhd (AGM)	The Royal Selangor Golf Club, Jalan Kelab Golf, Off Jalan Tun Razak, KL
24.05.19 (Fri) 10:00 am	Naim Holdings Bhd (AGM)	Naim Sapphire Condominium Homes, Function Hall, Batu Lintang, Kuching, Sarawak
24.05.19 (Fri) 04:30 pm	Master-Pack Group Bhd (AGM)	1574, Jalan Bukit Pancho, Nibong Tegal, S.P.S. Penang

One of the points of interest to be raised:

Vitrox Corporation Bhd (AGM)

- What are the reasons for the Group's huge write-offs on development expenditure of approximately RM4.0 million (2017: Nil) (Note 4, page 111 of AR2018)?
- We note that there were huge inventories written down of approximately RM5.0 million (2017: RM3.4 million) (Note 22, page 123 of AR2018).
 - Why were the inventories written down?
 - Any potential write-offs of other inventories being written down, going forward?

Kossan Rubber Industries Bhd (AGM)

The Low Derma™ Technology gloves in September 2016 and Confidant™ Hael-certified gloves were launched in November 2017. What are their contributions to revenue and operating profit in FY2018 and their projected segmental contribution for the next three years? Also, please update on the progress of commercialisation efforts on the anti-Fentanyl gloves approved by FDA in December 2018 and anticipated revenue growth.

Heineken Malaysia Bhd (AGM)

On page 136 of AR2018, Note 20 to the Financial Statements, although the overall compensation for key management personnel was lower year-on-year, the remuneration for them at the Group and Company level increased by 41.32% year-on-year to RM42.19 million, from RM1.55 million in 2017. What is the reason for the significant increase in remuneration?

Sino Hui-An International Bhd (AGM)

The company relies greatly on two major customers and the Company will try to mitigate these risks by expanding the customer base and exploring other lines of business. (AR 2018, page 94, Note 27 - Segment information and page 96 - Note 28 - Financial Instrumental).

What are the mitigation measures undertaken by the company to date to expand its customer base and new markets?

Naim Holdings Bhd (AGM)

Perdana Petroleum Bhd ("PPB") recorded a higher revenue of RM189.7 million in FY2018 as compared to RM147.8 million in FY2017. Naim's share of total comprehensive income was a higher loss of RM3.75 million in FY2018 as compared to RM1.54 million in FY2017. (Pages 124 & 125 of the Annual Report).

What was the reason for the higher loss in FY2018?

When is PPB expected to turn around?

Master-Pack Group Bhd (AGM)

In the Management Discussion and Analysis ("MDA") on page 7 of Master-Pack 2018 annual report, it was disclosed that the company's performance hinges greatly on several major customers and the company will try to mitigate these risks by expanding the customer base and exploring other lines of business.

We note from note 10 and note 25 of the notes to the financial statement on page 76 and 87 of the annual report 2018, that for FY2018, there was 1 (2017: 1) major group of customers that accounted for 10per cent or more of the company's trade receivables and revenue.

In addition, it was stated on page 16 of the Corporate Governance report that the independent director had reviewed the proposed investment pertaining to diversification from the core business activities and the expansion to new market.

- Who are the major group of customers mentioned and what is the nature of business transacted with these customers?
- Please elaborate on the mitigation actions undertaken by the company to date to expand its customer base and to explore other lines of business, including diversification from core business activities and expansion to new markets.

Can PLCs evade two-tier voting?

By [Author Name]

Public Listed Companies (PLCs) are often criticized for evading two-tier voting systems. Two-tier voting is a system where different classes of shares have different voting rights, typically giving preference shares a higher vote per share. This system is designed to protect the interests of preference shareholders. However, PLCs often use various legal and financial structures to avoid this system, which can be detrimental to the rights of preference shareholders.

Women on the board: The pursuit continues

By [Author Name]

The pursuit of gender diversity on corporate boards continues. While there has been some progress in the number of women on boards, significant challenges remain. Companies are often slow to implement policies that encourage and support women's participation in leadership roles. The lack of mentorship and sponsorship for women is a major barrier to their advancement. Additionally, the "glass ceiling" remains a reality for many women, limiting their opportunities for promotion and growth within the organization.

Women on the board: The pursuit continues

By [Author Name]

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SPEAKING ENGAGEMENTS

1 31 January 2019

Trainer for the Boardroom Coaching Lunch Engagement Session entitled "Pitfalls of Being a Director"
MSWG Office, Bangunan KWSP, Changkat Raja Chulan, Kuala Lumpur

2 27 February 2019

Sustainability Conference – "Measuring the Parameters of Sustainable Business: Sustainability Reporting vs Integrated Reporting"
Sheraton Hotel Petaling Jaya

3 7 March 2019

ACCA International Women's Day (IWD) 2019 Roundtable Discussion on #BalanceforBetter – Let's Build a Gender-Balanced World
Hilton Hotel Kuala Lumpur

4 2 April 2019

8th Annual National Procurement Conference 2019 – "Cleaning Up Procurement: Lessons to Be Learnt"
Eastin Hotel Kuala Lumpur, Petaling Jaya

5 10 April 2019

MIM Crucial Conversation with the theme "Malaysia Fights Corruption" on the topic "Challenges Faced by Corporate in Malaysia in Fighting Corruption"
Hotel Istana Kuala Lumpur

6 29 April 2019

Integrated Reporting Conference – Panel 2: The Investment and Regulatory Context
Sunway University, Petaling Jaya

7 13 June 2019

CFO Conference 2019 with the theme Leading in the Digital Age on the topic "Investor Relations: Why It Is Increasing in Importance to CFOs"
Connexion Conference & Event Centre @ Vertical, Bangsar South City, Kuala Lumpur





8 2-4 July 2019

Facilitator for The Board Journey 2019 on the topics “Role & Responsibilities of A Board Director” and “Insights on Corporate Governance & Enterprise Risk”
TPC KL [formerly known as KL Golf & Country Club, Kuala Lumpur]

9 2 July 2019

MAICSA Annual Conference 2019 with the theme “Next Dimension in Governance” for Session 3 – “Having A Meaningful Impact: Quality CG Reporting”
Connexion Conference & Event Centre @ Nexus, Bangsar South City, Kuala Lumpur

10 6 August 2019

Panel Speaker at GRACE Industrial Dialogue on the topic “Corporate Governance Issues and Challenges in Malaysia”
Faculty of Economics and Management, Universiti Kebangsaan Malaysia

11 8 October 2019

IIA Malaysia National Conference 2019 on the topic “Building Lines of Defense for Corporate Liability: Just How Adequate is Adequate”
Kuala Lumpur Convention Centre, Kuala Lumpur

12 15 October 2019

Interactive Directors & Management Training – The New Section 17A on Corporate Liability in the Malaysian Anti-Corruption Act
The Majestic Hotel, Kuala Lumpur

13 18-19 November 2019

IIC-SIDC Corporate Governance Convention 2019
Royale Chulan Kuala Lumpur

14 4 December 2019

FMM Seminar on Business Ethics and Integrity
Royale Chulan Damansara





8



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12



11

Registration No.

200001022382 (524989-M)

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 2019

Registration No.

200001022382 (524989-M)

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

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Registration No.

200001022382 (524989-M)

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

DIRECTORS' REPORT

The Directors hereby submit their report and the audited financial statements of the Company for the financial year ended 31 December 2019.

DIRECTORS

The Directors in office during the financial year and during the period from the end of the financial year to date of the report are:

Tan Sri Dato' Seri Dr. Sulaiman Bin Mahbob (resigned w.e.f. 01 January 2020)

Dato' Larry Gan

Phillip Koh Tong Ngee (resigned w.e.f. 28 June 2019)

Nor Hizam bin Hashim

Dato' Wan Kamaruzaman bin Wan Ahmad

Datuk Gazali bin Haji Harun

Devanesan J.A. Evanson

Puan Sharifatu Laila Syed Ali

Dato' Abdul Alim Bin Abdullah (appointed w.e.f. 20 November 2019)

Puan Nik Amlizan Binti Mohamed (appointed w.e.f. 23 December 2019)

In accordance with Article 61 of the Company's Constitution, Dato' Larry Gan and Datuk Gazali bin Haji Harun retire at the forthcoming 19th Annual General Meeting. Datuk Gazali bin Haji Harun being eligible has offered himself for re-election. Dato' Larry Gan did not wish to seek re-election, hence he will retire as Director at the conclusion of the 19th Annual General Meeting.

In accordance with Article 67 of the Company's Constitution, Dato' Abdul Alim Bin Abdullah and Puan Nik Amlizan Binti Mohamed retire at the forthcoming 19th Annual General Meeting. Dato' Abdul Alim Bin Abdullah and Puan Nik Amlizan Binti Mohamed being eligible, have offered themselves for re-election at the 19th Annual General Meeting.

PRINCIPAL ACTIVITY

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

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

FINANCIAL RESULTS

	RM
Surplus for the financial year	<u>676,877</u>

RESERVES AND PROVISIONS

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

Registration No.

200001022382 (524989-M)

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

DIRECTORS' REPORT (CONTINUED)

DIRECTORS' BENEFITS

Since the end of the previous financial year, no Director has received or become entitled to receive a benefit (other than the benefits shown under Directors' Remuneration) by reason of a contract made by the Company or by 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.

Neither during nor at the end of the financial year was the Company a party to any arrangements whose object was to enable Directors to acquire benefits by means of the acquisition of shares in, or debentures of, the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

According to the Register of Directors' Shareholdings required to be kept under Section 59 of the Companies Act, 2016, none of the Directors who held office at the end of the financial year held any shares or debentures in the Company. The Company is a company limited by guarantee and there are no shares in which the Directors could have an interest. The Company has not issued any debentures.

DIVIDENDS

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

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS

Before the financial statements of the Company were prepared, 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 including the values of current assets as shown in the accounting records of the Company had been written down to an amount which the current assets might be expected so to realise.

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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:

- (a) there are no charges on the assets of the Company which have arisen since the end of the financial year which secures the liability of any other person; and
- (b) there are no contingent liabilities of the Company which have arisen since the end of the financial year.

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

In the opinion of the Directors,

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

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DIRECTORS' REPORT (CONTINUED)**AUDITORS' REMUNERATION**

Details of auditors' remuneration are set out in Note 7 to the financial statements.


AUDITORS

The auditors, PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), have expressed their willingness to continue in office.

This report was approved by the Board of Directors on 26 February 2020. Signed on behalf of the Board of Directors:



DATO' LARRY GAN
DIRECTOR



DEVANESAN J.A. EVANSON
DIRECTOR

Kuala Lumpur
26 February 2020

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BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD
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**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	<u>Note</u>	<u>2019</u> RM	<u>2018</u> RM
Revenue	2	1,245,544	1,388,824
Grant	3	4,000,000	196,157
Other operating income	4	94,645	157,071
Staff costs	5	(2,508,171)	(2,975,687)
Depreciation of property and equipment		(287,389)	(69,354)
Amortisation of intangible assets		(83,565)	(86,159)
Finance cost		(21,051)	-
Other operating expenses	6	(1,747,451)	(2,204,830)
Total expenditure		<u>(4,647,627)</u>	<u>(5,336,030)</u>
Surplus/(Deficit) before taxation	7	692,562	(3,593,978)
Taxation	8	(15,685)	(5,066)
Surplus/(Deficit) for the financial year		<u>676,877</u>	<u>(3,599,044)</u>
Other comprehensive income:			
Items that may be reclassified subsequently to the profit or loss:			
Fair value change on financial investments at fair value through other comprehensive income /available-for-sale financial assets		(1,043)	(11,720)
Gross fair value charge		-	18,362
Deferred tax		72	354
Net realized gain on disposal of equity instruments		72	354
Net fair value change		<u>(971)</u>	<u>6,996</u>
Total comprehensive income/(loss) for the financial year		<u><u>675,906</u></u>	<u><u>(3,592,048)</u></u>

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STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2019

	<u>Note</u>	<u>2019</u> RM	<u>2018</u> RM
NON-CURRENT ASSETS			
Property and equipment	9	104,228	167,565
Intangible assets	10	159,864	264,703
Right-of-use asset	11	313,207	-
Financial investments at fair value through other comprehensive income (FVOCI)	12	174,642	167,860
Deferred tax asset	13	84,769	90,454
		836,710	690,582
CURRENT ASSETS			
Other receivables, deposits and prepayments	14	669,726	290,387
Cash and cash equivalents	15	3,535,920	3,043,669
Tax recoverable		20,000	28,069
		4,225,646	3,362,125
LESS: CURRENT LIABILITIES			
Other payables and accruals		1,273,620	1,233,324
Lease liability	11	204,976	-
		1,478,596	1,233,324
NET CURRENT ASSETS		2,747,050	2,128,801
		3,583,760	2,819,383
REPRESENTED BY:			
General fund		5,801,000	5,801,000
Accumulated (loss)		(2,380,719)	(3,057,668)
FVOCI reserve		75,008	76,051
		3,495,289	2,819,383
NON-CURRENT LIABILITIES			
Lease liability	11	88,471	-
		88,471	-
		3,583,760	2,819,383

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**STATEMENT OF CHANGES IN GENERAL FUND AND RESERVE
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

	General fund RM	Accumulated surplus/ (loss) RM	Available- for-sale reserve RM	FVOCI reserve RM	Total RM
At 1 January 2019	5,801,000	(3,057,668)	-	76,051	2,819,383
Comprehensive income:					
- Surplus for the financial year	-	676,877	-	-	676,877
Other comprehensive income:					
- Financial assets at FVOCI	-	-	-	(971)	(971)
Net realised gain on disposal of equity instruments	-	72	-	(72)	-
At 31 December 2019	<u>5,801,000</u>	<u>(2,380,719)</u>	<u>-</u>	<u>75,008</u>	<u>3,495,289</u>
At 1 January 2018					
As previously reported	5,801,000	541,022	69,409	-	6,411,431
Adjustments arising from adoption of MFRS 9	-	-	(69,409)	69,409	-
At 1 January 2018, as restated	5,801,000	541,022	-	69,409	6,411,431
Comprehensive income:					
- Deficit for the financial year	-	(3,599,044)	-	-	(3,599,044)
Other comprehensive income:					
- Financial assets at FVOCI	-	-	-	6,996	6,996
Net realised gain on disposal of equity instruments	-	354	-	(354)	-
At 31 December 2018	<u>5,801,000</u>	<u>(3,057,668)</u>	<u>-</u>	<u>76,051</u>	<u>2,819,383</u>

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BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD
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STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019

	<u>Note</u>	<u>2019</u> RM	<u>2018</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus/(deficit) before taxation		692,562	(3,593,978)
Adjustments for non-cash items:			
Subscriber services fee		(442,970)	(418,781)
Property and equipment written-off		29,920	-
Right-of-use		221,087	-
Depreciation of property and equipment		66,302	69,354
Amortisation of intangible assets		83,565	86,159
Dividend income		(5,359)	(5,264)
Interest income		(87,448)	(148,936)
Finance cost		21,051	-
		<u>578,710</u>	<u>(4,011,446)</u>
Changes in working capital:			
Receivables		(379,339)	115,763
Payables		92,765	(275,659)
		<u>292,136</u>	<u>(4,171,342)</u>
Cash generated/(used in) from operating activities		292,136	(4,171,342)
Subscriber services fee received		390,500	435,000
Dividend income received		5,359	5,264
Purchase of property and equipment		(11,611)	(29,680)
Grant		(4,000,000)	(196,157)
Tax paid		(30,000)	(258,721)
		<u>(3,353,616)</u>	<u>(4,215,636)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income received		87,448	148,936
Purchase of financial assets available-for-sale		(8,663)	(15,591)
Proceeds from disposal of financial assets available-for-sale		911	744
Payment of lease liabilities		(261,898)	-
		<u>(182,202)</u>	<u>134,089</u>
Net cash (used in)/generated from investing activities		(182,202)	134,089
CASH FLOWS FROM FINANCING ACTIVITIES			
Grant received		4,000,000	-
Tax Refund		28,069	-
		<u>4,028,069</u>	<u>-</u>
Net cash generated from financing activities		4,028,069	-
Increase/(Decrease) in cash and cash equivalents during the financial year		492,251	(4,081,547)
Cash and cash equivalents at beginning of the financial year		3,043,669	7,125,216
Cash and cash equivalents at end of the financial year	15	<u>3,535,920</u>	<u>3,043,669</u>

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

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, 2016 in Malaysia.

The financial statements have been prepared under the historical cost convention, unless otherwise indicated in this summary of significant accounting policies.

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. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note M.

(a) Standards, amendments to published standards and interpretations that are effective

The Company has applied the following amendments for the first time for the financial year beginning on 1 January 2019:

- MFRS 16 'Leases'
- Amendments to MFRS 9 'Prepayment Features with Negative Compensation'
- IC Interpretation 23 'Uncertainty over Income Tax Treatments'
- Annual Improvements to MFRSs 2015 – 2017 Cycle

The Company has adopted MFRS 16 for the first time in the 2019 financial statements with the date of initial application of 1 January 2019 by applying the simplified retrospective transition method.

Other than that, the adoption of other amendments listed above did not have any impact on the current period or any prior period and is not likely to affect future periods.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

A BASIS OF PREPARATION (CONTINUED)

(a) Standards, amendments to published standards and interpretations that are effective

(i) Change in accounting policies – Adoption of MFRS 16 “Leases”

On adoption of MFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of MFRS 117 *Leases*. This liability were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The lessee’s incremental borrowing rate applied to the lease liability on 1 January 2019 was 5% per annum.

The associated right-of use asset were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use asset at the date of initial application.

The recognised right-of-use asset as follows:

	31 December 2019	1 January 2019
	RM	RM
Properties	313,207	534,294

In applying MFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

A BASIS OF PREPARATION (CONTINUED)

(a) Standards, amendments to published standards and interpretations that are effective

(i) Change in accounting policies – Adoption of MFRS 16 “Leases”

On adoption of MFRS 16, the Company recognised lease liabilities in relation to leases which had previously been classified as ‘operating leases’ under the principles of MFRS 117 *Leases*. This liability were measured at the present value of the remaining lease payments, discounted using the lessee’s incremental borrowing rate as of 1 January 2019. The lessee’s incremental borrowing rate applied to the lease liability on 1 January 2019 was 5% per annum.

The associated right-of use asset were measured at the amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments relating to that lease recognised in the balance sheet as at 31 December 2018. There were no onerous lease contracts that would have required an adjustment to the right-of-use asset at the date of initial application.

The recognised right-of-use asset as follows:

	31 December 2019	1 January 2019
	RM	RM
Properties	313,207	534,294

In applying MFRS 16 for the first time, the Company has used the following practical expedients permitted by the standard:

- reliance on previous assessments on whether leases are onerous
- the accounting for operating leases with a remaining lease term of less than 12 months as at 1 January 2019 as short-term leases
- the exclusion of initial direct costs for the measurement of the right-of-use asset at the date of initial application, and

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019**

A BASIS OF PREPARATION (CONTINUED)

(a) Standards, amendments to published standards and interpretations that are effective

(i) Change in accounting policies – Adoption of MFRS 16 “Leases” (continued)

The Company has also elected not to reassess whether a contract is or contains a lease at the date of initial application. Instead, for contracts entered into before the transition date the Company relied on its assessment made applying MFRS 117 *Leases* and IC Int. 4 *Determining whether an Arrangement contains a Lease*.

The reconciliation between the operating lease commitments disclosed applying MFRS 117 at 31 December 2018 to the lease liabilities recognised at 1 January 2019 is as follows:

	2019
	RM
Operating lease commitments disclosed as at 31 December 2018	655,591
Discounted using the lessee’s incremental borrowing rate of at the date of initial application	(32,177)
Less: adjustments as a result of a different treatment of extension and termination options	(89,120)
Lease liability recognised as at 1 January 2019	<u>534,294</u>
Of which are:	
Current lease liabilities	255,130
Non-current lease liabilities	<u>279,164</u>
	<u>534,294</u>

(b) Standards and amendments that have been issued but not yet effective

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 January 2019 set out below:

- The Conceptual Framework for Financial Reporting (Revised 2018) (Note 1)
- Amendments to MFRS 101 and MFRS 108 “Definition of Material”

The Company will apply these standards when effective. The adoption of these standards and amendments will not have significant impact on the results of the Company.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

B PROPERTY AND EQUIPMENT

Property and equipment are stated at historical 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%
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.

C INCOME TAXES

Tax expense for the period comprises current and deferred income tax. The income tax expense or credit for the period is the tax payable on the current period's taxable income based on the applicable income tax rate for each jurisdiction adjusted by changes in deferred tax assets and liabilities attributable to temporary differences and to unused tax losses. Tax is recognised in profit or loss, except to the extent that it relates to item recognised in other comprehensive income or directly in equity. In this case the tax is also recognised in other comprehensive income or directly in equity, respectively.

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the end of the reporting period in the countries where the Company operates and generates taxable income.

Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities. This liability is measured using the single best estimate of the most likely outcome.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

C INCOME TAXES (CONTINUED)

Deferred tax is provided in full, using the liability method, on temporary differences arising between the amounts attributed to assets and liabilities for tax purposes and their carrying amounts in the financial statements. However, deferred tax liabilities are not recognised if they arise from the initial recognition of goodwill. Deferred tax is also 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 is determined using tax rates (and tax laws) that have been enacted or substantively enacted by the end of reporting period and are expected to apply when the related deferred tax asset is realised or the deferred tax liability is settled.

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

Deferred tax liability is recognised for all taxable temporary differences, except where the timing of the reversal of the temporary difference is controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred and income tax assets and liabilities are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when the deferred income tax assets and liabilities relate to taxes levied by the same taxation authority on rather the taxable entity of different taxable entities where there is an intention to settle the balances on a net basis.

D CASH AND CASH EQUIVALENTS

For the purpose of the statement of cash flows, cash equivalents are held for the purpose of meeting short-term cash commitments rather than for investment or other purposes. Cash and cash equivalents comprise cash on hand and deposits held with licensed financial institutions that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

E REVENUE RECOGNITION

Revenue is measured at the fair value of the consideration received or receivable for the rendering of services in the ordinary course of the Company's activities.

The Company recognises revenue when the amount of revenue and related cost can be reliably measured, it is probable that the collectability of the related receivables is reasonably assured and when the specific criteria for each of the Company's activities are met as follows.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

E REVENUE RECOGNITION (CONTINUED)

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 forums and events is recognised upon performance of services.
- (iv) Income from subscriber services is recognised on an accrual basis.
- (v) Interest income is recognised on an accrual basis.
- (vi) Dividend income from investments in quoted shares is recognised on the ex-dividend date.

F GRANT

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

G EMPLOYEE BENEFITS

Short term benefits

Wages, salaries, paid annual leave and sick leave, bonuses, and non-monetary benefits that are expected to be settled wholly within 12 months after the end of the period in which the employees render the related service are recognised in respect of employees' services up to the end of the reporting period and are measured at the amounts expected to be paid when the liabilities are settled. The liabilities are presented as other payables and accruals in the statement of financial position.

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

(a) Classification

The Company classifies its financial assets in the following measurement categories:

- those to be measured subsequently at fair value (either through other comprehensive income ('OCI') or through profit or loss), and
- those to be measured at amortised cost

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

H FINANCIAL ASSETS (CONTINUED)

(b) Recognition and derecognition

Regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Company commits to purchase or sell the asset. Financial assets are derecognised when the rights to receive cash flows from the financial assets have expired or have been transferred and the Company has transferred substantially all the risks and rewards of ownership.

(c) Measurement

At initial recognition, the Company measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss ('FVTPL'), transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in profit or loss.

Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest ('SPPI').

Debt Instruments

Subsequent measurement of the Company's debt instruments depends on the Company's business model for managing the asset and the cash flow characteristics of the asset. The Company reclassifies its financial assets when and only when its business model for managing those assets changes.

There are three measurement categories into which the Company classifies its debt instruments: -

(i) Amortised cost

Assets that are held for collection of contractual cash flows where those cash flows represent SPPI are measured at amortised cost. Interest income from these financial assets is included in interest income using the effective interest rate method. Any gain or loss arising on derecognition is recognised directly in profit or loss and presented in other gains/(losses) together with foreign exchange gains and losses. Impairment losses are presented as separate line item in the statement of comprehensive income.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

H FINANCIAL ASSETS (CONTINUED)

(c) Measurement (continued)

(ii) Fair value through other comprehensive income ('FVOCI')

Assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent SPPI, are measured at FVOCI. Movements in the carrying amount are taken through OCI, except for the recognition of impairment gains or losses, interest income and foreign exchange gains and losses which are recognised in profit or loss. When the financial asset is derecognised, the cumulative gain or loss previously recognised in OCI is reclassified from equity to profit or loss and recognised in other gains/(losses). Interest income from these financial assets is included in other income using the effective interest rate method. Foreign exchange gains and losses are presented in other gains/(losses) and impairment expenses are presented as separate line item in the statement of comprehensive income.

(iii) Fair value through profit or loss ('FVTPL')

Assets that do not meet the criteria for amortised cost or FVOCI are measured at FVTPL. The Company may also irrevocably designate financial assets at FVTPL if doing so significantly reduces or eliminates a mismatch created by assets and liabilities being measured on different bases. Fair value changes is recognised in profit or loss and presented net within other gains/(losses) in the period which it arises.

Equity Instruments

Equity instruments are measured at fair value. Where the Company's management has elected to present fair value gains and losses on equity investments in OCI, there is no subsequent reclassification of fair value gains and losses to profit or loss following the derecognition of the investment. Dividends from such investments continue to be recognised in profit or loss as other income when the Company's right to receive payments is established.

Changes in the fair value of financial assets at FVTPL are recognised in other gains/(losses) in the statement of comprehensive income.

(d) Subsequent measurement – Impairment

The Company assesses on a forward looking basis the expected credit loss ('ECL') associated with its financial assets carried at amortised cost and at FVOCI. The impairment methodology applied depends on whether there has been a significant increase in credit risk.

The Company applies the MFRS 9 simplified approach to measure ECL which uses a lifetime ECL for all trade receivables and other financial assets.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

I LEASESAccounting policies applied from 1 January 2019

From 1 January 2019, leases are recognised as right-of-use ('ROU') asset and a corresponding liability at the date on which the leased asset is available for use by the Company (i.e. the commencement date).

Contracts may contain both lease and non-lease components. The Company has elected the practical expedient provided in MFRS 16 not to separate lease and non-lease components. Both components are accounted for as a single lease component and payments for both components are included in the measurement of lease liability.

(a) Lease term

In determining the lease term, the Company considers all facts and circumstances that create an economic incentive to exercise an extension option, or not to exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not to be terminated).

The Company reassess the lease term upon the occurrence of a significant event or change in circumstances that is within the control of the Company and affects whether the Company is reasonably certain to exercise an option not previously included in the determination of lease term, or not to exercise an option previously included in the determination of lease term. A revision in lease term results in remeasurement of the lease liabilities. See accounting policy below on reassessment of lease liabilities.

(b) Right-of-use ('ROU')

ROU assets are initially measured at cost comprising the following:

- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentive received;
- Any initial direct costs; and
- Decommissioning or restoration costs.

ROU assets that are not investment properties are subsequently measured at cost, less accumulated depreciation and impairment loss (if any). The ROU assets are generally depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. If the Company is reasonably certain to exercise a purchase option, the ROU asset is depreciated over the underlying asset's useful life. In addition, the ROU assets are adjusted for certain remeasurement of the lease liabilities.

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**SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)**

I LEASES (CONTINUED)

Accounting policies applied from 1 January 2019 (continued)

(c) Lease liabilities

Lease liabilities are initially measured at the present value of the lease payments that are not paid at that date. The lease payments include the following:

- Fixed payments (including in-substance fixed payments), less any lease incentive receivable;
- Amounts expected to be payable by the Company under residual value guarantees;
- The exercise price of a purchase and extension options if the Company is reasonably certain to exercise that option; and
- Payments of penalties for terminating the lease, if the lease term reflects the Company exercising that option.

Lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the Company, the lessee's incremental borrowing is used. This is the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the ROU in a similar economic environment with similar term, security and conditions.

Lease payments are allocated between principal and finance cost. The finance cost is charged to profit or loss over the lease period so as to produce a constant periodic rate of interest on the remaining balance of the liability for each period.

Variable lease payments that depend on sales are recognised in profit or loss in the period in which the condition that triggers those payments occurs.

The Company presents the lease liabilities as a separate line item in the statement of financial position. Interest expense on the lease liability is presented within the finance cost in profit or loss in the statement of comprehensive income.

(d) Short term leases and leases of low value assets

Short-term leases are leases with a lease term of 12 months or less. Low-value assets comprise of office equipment. Payments associated with short-term leases vehicles and all leases of low-value assets are recognised on a straight-line bases as an expense in profit or loss.

Accounting policies applied until 31 December 2018

Leases of assets where a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments made under operating leases (net of any incentives received from the lessor) are charged to profit or loss on the straight line basis over the lease period.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

J PROVISIONS

Provisions are recognised when the Company has a present legal or constructive obligation as a result of past events. It is probable that an outflow of resources will be required to settle the obligation and a reliable 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. However, contingent liabilities do not include financial guarantee contracts. 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 or intangible assets not ready to use, 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.

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SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

M CRITICAL ACCOUNTING ESTIMATES

The Company makes estimates and assumptions concerning the future. The resulting accounting estimates will, by definition, seldom equal the related actual results. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are addressed below.

Income taxes

Significant judgement is required in determining the deferred tax amount in terms of the timing of reversal of the temporary difference. The Company makes its best estimate based on information available as at balance sheet date. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred income tax assets and liabilities in the period in which such determination is made. Deferred tax is estimated based on tax rates enacted as of balance sheet date.

N INTANGIBLE ASSETS

DMS and website integration

Intangible assets acquired separately are measured on initial recognition at cost. Following initial recognition, intangible assets are carried at cost less accumulated amortisation and any accumulated impairment losses. Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation year and the amortisation method for an intangible asset with a finite useful life are reviewed at least at the date of each statement of financial position. The amortisation expense on intangible assets with finite lives is recognised in profit or loss

The costs of acquired computer software licenses are capitalised on the basis of the costs incurred to acquire and bring to use the specific software. These costs are amortised over their estimated useful life, generally not exceeding a year of 5 years.

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**NOTES TO THE FINANCIAL STATEMENTS
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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 15 (2018: 17).

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>2019</u> RM	<u>2018</u> RM
Forums and events	802,574	970,043
Subscriber services fee	442,970	418,781
	<u>1,245,544</u>	<u>1,388,824</u>

3 GRANT

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

	<u>2019</u> RM	<u>2018</u> RM
Balance as at 1 January	-	196,157
Grant received during the financial year	4,000,000	-
Grant utilised during the financial year	(4,000,000)	(196,157)
	<u>-</u>	<u>-</u>
Balance as at 31 December	<u>-</u>	<u>-</u>

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4	OTHER OPERATING INCOME	<u>2019</u> RM	<u>2018</u> RM
	Dividend income	5,359	5,264
	Interest income	87,448	148,936
	Other income	2,214	3,871
	Loss in foreign exchange	(376)	(1,000)
		<u>94,645</u>	<u>157,071</u>
5	STAFF COSTS		
	Salaries and bonus	2,017,043	2,389,593
	Defined contribution plan ('EPF')	302,498	347,060
	Staff gratuity	108,414	96,000
	Other employee benefits	80,216	143,034
		<u>2,508,171</u>	<u>2,975,687</u>
	The Chief Executive Officer has received salary and bonus of RM562,258 (2018: RM486,000) while contribution to EPF amounted to RM78,939 (2018: RM67,500).		
6	OTHER OPERATING EXPENSES	<u>2019</u> RM	<u>2018</u> RM
	Directors' fees	90,600	100,300
	Associate Consultants	214,275	175,000
	Malaysia-ASEAN Corporate Governance		
	- ASEAN Corporate Governance Scorecard Assessment	485,125	399,500
	- ASEAN Corporate Governance Award Ceremony	303,447	431,393
	Research projects and reports	72,870	71,180
	MSWG's Annual Report	17,500	38,450
	Rental expenses	24,977	295,222
	Travelling, accommodation and promotion expenses	82,584	184,562
	Forum expenses	-	4,502
	Telecommunication expenses	96,286	147,390
	Insurance	148,515	120,808
	Professional fees	66,700	112,619
	Office expenses	83,187	114,811
	Others	61,385	9,093
		<u>1,747,451</u>	<u>2,204,830</u>

During the financial year, Directors of the Company are covered under the Directors' & Officers' Liability Insurance in respect of liabilities arising from acts committed in their capacity as, inter alia, Directors of the Company subject to the terms of the policy. The total amount of premium paid for the Directors' & Officers' Liability Insurance by the Company was RM23,000 (2018: RM21,980).

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7	SURPLUS/(DEFICIT) BEFORE TAXATION	<u>2019</u> RM	<u>2018</u> RM
	Surplus/(deficit) before taxation is arrived at after (charging)/crediting:		
	Auditors' remuneration		
	- Statutory Audit	(15,000)	(15,000)
	- Tax Compliance	(2,300)	(6,000)
	Directors' meeting attendance allowance	(39,000)	(35,500)
	Interest income	87,448	148,936
	Dividend income	5,359	5,264
		<u> </u>	<u> </u>
8	TAXATION		
	Current year tax	10,000	-
	Over provision of prior years' tax	-	(27,154)
	Deferred tax (Note 13)	5,685	32,220
		<u> </u>	<u> </u>
		15,685	5,066
		<u> </u>	<u> </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>2019</u> RM	<u>2018</u> RM
	Surplus/(Deficit) before taxation	<u>692,562</u>	<u>(3,593,978)</u>
	Tax calculated at the Malaysian tax rate of 24% (2018: 24%)	166,215	(862,555)
	Tax effects of:		
	- expenses not deductible for tax purposes	67,205	77,076
	- income not subject to tax	(1,280)	(1,258)
	- utilisation of previously unrecognised tax losses	(216,455)	-
	- unrecognised deferred tax asset arising from unabsorbed tax losses	-	818,957
	- Over provision of prior years' tax	-	(27,154)
		<u> </u>	<u> </u>
	Taxation	<u>15,685</u>	<u>5,066</u>

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9 PROPERTY AND EQUIPMENT

	Computer and electronic equipment RM	Furniture and fittings RM	Office equipment RM	Renovations RM	Total RM
<u>2019</u>					
<u>Cost</u>					
At 1 January 2019	247,267	115,934	143,062	230,899	737,162
Additions	11,611	-	-	-	11,611
Written-off	(50,650)	-	(40,071)	-	(90,721)
At 31 December 2019	<u>208,228</u>	<u>115,934</u>	<u>102,991</u>	<u>230,899</u>	<u>658,052</u>
<u>Accumulated depreciation</u>					
At 1 January 2019	173,975	74,843	115,605	205,174	569,597
Charge for the financial year	27,059	18,931	8,990	11,322	66,302
Written-off	(46,966)	-	(35,109)	-	(82,075)
At 31 December 2019	<u>154,068</u>	<u>93,774</u>	<u>89,486</u>	<u>216,496</u>	<u>553,824</u>
<u>Net book value</u>					
At 31 December 2019	<u>54,160</u>	<u>22,160</u>	<u>13,505</u>	<u>14,403</u>	<u>104,228</u>

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

9 PROPERTY AND EQUIPMENT (CONTINUED)

	Computer and electronic equipment RM	Furniture and fittings RM	Office equipment RM	Renovations RM	Total RM
<u>2018</u>					
<u>Cost</u>					
At 1 January 2018	221,987	115,934	138,662	230,899	707,482
Additions	25,280	-	4,400	-	29,680
At 31 December 2018	<u>247,267</u>	<u>115,934</u>	<u>143,062</u>	<u>230,899</u>	<u>737,162</u>
<u>Accumulated depreciation</u>					
At 1 January 2018	149,753	55,673	102,373	192,444	500,243
Charge for the financial year	24,222	19,170	13,232	12,730	69,354
At 31 December 2018	<u>173,975</u>	<u>74,843</u>	<u>115,605</u>	<u>205,174</u>	<u>569,597</u>
<u>Net book value</u>					
At 31 December 2018	<u>73,292</u>	<u>41,091</u>	<u>27,457</u>	<u>25,725</u>	<u>167,565</u>

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NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

10 INTANGIBLE ASSETS

	<u>DMS and website integration</u>	
	<u>2019</u>	<u>2018</u>
	RM	RM
<u>Cost</u>		
At 1 January	430,794	430,794
Written-off	(31,132)	-
At 31 December	<u>399,662</u>	<u>430,794</u>
<u>Accumulated Amortisation</u>		
At 1 January	166,091	79,932
Charge for the financial year	83,565	86,159
Written-off	(9,858)	-
At 31 December	<u>239,798</u>	<u>166,091</u>
<u>Net book value</u>		
At 31 December	<u>159,864</u>	<u>264,703</u>

11 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES

The statement of financial position shows the following amounts relating to leases:

	31.12.2019	1.1.2019
	RM'000	RM'000
Right-of-use assets:		
Property	<u>313,207</u>	<u>534,294</u>
Lease liabilities	<u>293,447</u>	<u>534,294</u>

The statement of profit or loss as at 31 December 2019 shows the following amounts relating to leases:

	RM'000
Depreciation charge on right-of-use assets:	
Finance cost	21,051
Expenses relating to short-term leases	<u>221,087</u>

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11 RIGHT-OF-USE ASSETS AND LEASE LIABILITIES (CONTINUED)

Future minimum lease payments at 31 December 2019 are as follows:

	Minimum lease payment due		Total RM'000
	Within 1 year RM'000	1 – 3 years RM'000	
31 December 2019			
Lease payment	214,993	89,580	304,573
Finance cost	10,017	1,109	11,126
Net present value	204,976	88,471	293,447
1 January 2019			
Lease payment	261,898	304,573	566,471
Finance cost	21,051	11,126	32,177
Net present value	240,847	293,447	534,294

12 FINANCIAL INVESTMENTS AT FAIR VALUE THROUGH OTHER COMPREHENSIVE INCOME

	<u>2019</u> RM	<u>2018</u> RM
At fair value:		
Quoted shares in Malaysia	174,642	167,860

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".

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13 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:

	<u>2019</u> RM	<u>2018</u> RM
<u>Subject to income tax:</u>		
Deferred tax asset (after offsetting)	84,769	90,454

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

	<u>2019</u> RM	<u>2018</u> RM
At 1 January	90,454	104,311
Charged to profit or loss (Note 8)	(5,685)	(32,220)
- Property and equipment	9,637	5,749
- Right-of-use	(5,533)	-
- Unutilised tax losses	-	-
- Subscriber fees	(17,833)	3,574
- Deferred grant	-	(47,078)
- Provisions	8,044	5,535
Charge to comprehensive income	-	18,363
At 31 December	84,769	90,454

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13 DEFERRED TAX ASSET/DEFERRED TAX LIABILITY (CONTINUED)

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

	<u>2019</u> RM	<u>2018</u> RM
Deferred tax asset (before offsetting)		
- Provisions	108,231	100,187
	<u>108,231</u>	<u>100,187</u>
Offsetting	(23,462)	(9,733)
Deferred tax asset (after offsetting)	<u>84,769</u>	<u>90,454</u>
Deferred tax liability (before offsetting)		
- Right-of-use	(5,533)	-
- Property and equipment	(4,637)	(14,274)
- Subscriber fees	(13,292)	4,541
	<u>(23,462)</u>	<u>(9,733)</u>
Offsetting	23,462	9,733
Deferred tax liability (after offsetting)	<u>-</u>	<u>-</u>

The unabsorbed tax losses of the Company is RM2,653,645 (2018: RM3,308,396) and no deferred tax assets are recognised as it is not probable that sufficient taxable profits will be available in the future.

14 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS

	<u>2019</u> RM	<u>2018</u> RM
Other receivables	515,000	122,650
Deposits and prepayments	154,726	167,737
	<u>669,726</u>	<u>290,387</u>

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FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2019 (CONTINUED)

15 CASH AND CASH EQUIVALENTS

	<u>2019</u> RM	<u>2018</u> RM
Cash and bank balances	337,132	282,358
Deposits with a financial institution	3,198,788	2,761,311
	<u>3,535,920</u>	<u>3,043,669</u>

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

	<u>2019</u> %	<u>2018</u> %
Deposits with a financial institution	<u>3.20</u>	<u>3.35</u>

Deposits with a financial institution have an average maturity of 14.3 days (2018: 25 days).

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>2019</u> RM	<u>2018</u> RM
Other receivables, deposits and prepayments	669,726	290,387
Cash and cash equivalents	<u>3,535,920</u>	<u>3,043,669</u>

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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>Financial institutions</u> RM	<u>Others</u> RM
<u>2019</u>		
Other receivables, deposits and prepayments	-	669,726
Cash and cash equivalents	<u>3,535,920</u>	<u>-</u>
<u>2018</u>		
Other receivables, deposits and prepayments	-	290,387
Cash and cash equivalents	<u>3,043,669</u>	<u>-</u>

(c) Liquidity risk

Liquidity risk is defined as the current and prospective risk to earnings, accumulated funds or 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 2019 and 31 December 2018 approximates its fair value due to the limited term to maturity of these instruments or limited sensitivity to interest rates.

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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 26 February 2020.

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200001022382 (524989-M)


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

STATEMENT BY DIRECTORS
PURSUANT TO SECTION 251(2) OF THE COMPANIES ACT, 2016

We, Dato' Larry Gan and Devanesan J.A. Evanson, two of the Directors of Badan Pengawas Pemegang Saham Minoriti Berhad, do hereby state that, in the opinion of the Directors, the accompanying financial statements set out on pages 5 to 32 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2019 and financial performance of the Company for the financial year ended 31 December 2019 in accordance with the Malaysian Financial Reporting Standards ("MFRS"), International Financial Reporting Standards and the requirements of Companies Act, 2016 in Malaysia.

Signed on behalf of the Board of Directors in accordance with a resolution of the Directors dated 26 February 2020.


DATO' LARRY GAN
DIRECTOR


DEVANESAN J.A. EVANSON
DIRECTOR

Kuala Lumpur

STATUTORY DECLARATION
PURSUANT TO SECTION 251(1) OF THE COMPANIES ACT, 2016

I, Devanesan J.A. Evanson, the officer primarily responsible for the financial management of Badan Pengawas Pemegang Saham Minoriti Berhad, do solemnly and sincerely declare that, the financial statements set out on pages 5 to 32 are, to the best of my knowledge, 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.


DEVANESAN J.A. EVANSON

Subscribed and solemnly declared by the abovenamed at Wilayah Persekutuan Kuala Lumpur on 26 February 2020.

Before me:



COMMISSIONER FOR OATH





INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BADAN PENGAWAS PEMEGANG SAHAM MINORITI
BERHAD
(Incorporated in Malaysia)
(Registration No. 200001022382 (524989-M))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Our opinion

In our opinion, the financial statements of Badan Pengawas Pemegang Saham Minoriti Berhad (“the Company”) give a true and fair view of the financial position of the Company as at 31 December 2019, and of its financial performance and its cash flows for the financial year then ended in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia.

What we have audited

We have audited the financial statements of the Company, which comprise the statement of financial position as at 31 December 2019, and the statement of comprehensive income, statement of changes in general fund and reserve and statement of cash flows for the financial year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 32.

Basis for opinion

We conducted our audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing. Our responsibilities under those standards are further described in the “Auditors’ responsibilities for the audit of the financial statements” section of our report.

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

Independence and other ethical responsibilities

We are independent of the Company in accordance with the By-Laws (on Professional Ethics, Conduct and Practice) of the Malaysian Institute of Accountants (“By-Laws”) and the International Ethics Standards Board for Accountants’ Code of Ethics for Professional Accountants (“IESBA Code”), and we have fulfilled our other ethical responsibilities in accordance with the By-Laws and the IESBA Code.

*PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146), Chartered Accountants, Level 10, 1 Sentral, Jalan Rakyat, Kuala Lumpur Sentral, P.O. Box 10192, 50706 Kuala Lumpur, Malaysia
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**INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BADAN PENGAWAS PEMEGANG SAHAM MINORITI
BERHAD**
(Incorporated in Malaysia)
(Registration No. 200001022382 (524989-M))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Information other than the financial statements and auditors' report thereon

The Directors of the Company are responsible for the other information. The other information comprises the Annual Report, but does not include the financial statements of the Company and our auditors' report thereon.

Our opinion on the financial statements of the Company does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements of the Company, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements of the Company or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of the Directors for the financial statements

The Directors of the Company are responsible for the preparation of the financial statements of the Company that give a true and fair view in accordance with Malaysian Financial Reporting Standards, International Financial Reporting Standards and the requirements of the Companies Act 2016 in Malaysia. The Directors are also responsible for such internal control as the Directors determine is necessary to enable the preparation of financial statements of the Company that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements of the Company, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditors' responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements of the Company as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with approved standards on auditing in Malaysia and International Standards on Auditing will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BADAN PENGAWAS PEMEGANG SAHAM MINORITI
BERHAD
(Incorporated in Malaysia)
(Registration No. 200001022382 (524989-M))

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

Auditors' responsibilities for the audit of the financial statements (continued)

As part of an audit in accordance with approved standards on auditing in Malaysia and International Standards on Auditing, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- (a) Identify and assess the risks of material misstatement of the financial statements of the Company, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- (b) Obtain an understanding of internal control relevant to the audit 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 Company's internal control.
- (c) Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the Directors.
- (d) Conclude on the appropriateness of the Directors' use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements of the Company or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- (e) Evaluate the overall presentation, structure and content of the financial statements of the Company, including the disclosures, and whether the financial statements of the Company represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with the Directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



INDEPENDENT AUDITORS' REPORT
TO THE MEMBERS OF BADAN PENGAWAS PEMEGANG SAHAM MINORITI
BERHAD (CONTINUED)
(Incorporated in Malaysia)
(Registration No. 200001022382 (524989-M))

OTHER MATTERS

This report is made solely to the members of the Company, as a body, in accordance with Section 266 of the Companies Act 2016 in Malaysia and for no other purpose. We do not assume responsibility to any other person for the content of this report.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

ONG CHING CHUAN
02907/11/2021 J
Chartered Accountant

Kuala Lumpur
26 February 2020

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MINORITY SHAREHOLDERS WATCH 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 **19th Annual General Meeting** of the Company will be held at the Meeting Room, 11th Floor, Bangunan KWSP, No. 3, Changkat Raja Chulan, Off Jalan Raja Chulan, 50200 Kuala Lumpur on **Monday, 27 July 2020** at **10.00 a.m.** and virtually via Webex platform.

AGENDA

1. To receive and adopt the Company's Audited Financial Statements for the financial year ended 31 December 2019, together with the Directors' and Auditors' Reports thereon.
2. To approve payment of Directors' Fee of RM55,200 for the financial year ended 31 December 2019.
3. To approve payment of Directors' Remuneration of RM42,000 for the financial year ending 31 December 2020.
4. To re-elect the following Director who retire in accordance with Article 61 of the Constitution of the Company, as Director of the Company:

(a) Datuk Gazali Bin Haji Harun
5. To re-elect the following Directors who retire in accordance with Article 67 of the Constitution of the Company, as Directors of the Company:

(a) Dato' Abdul Alim Bin Abdullah
(b) Nik Amlizan Binti Mohamed
6. To re-appoint Messrs PricewaterhouseCoopers PLT 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: 3 July 2020

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 shall be in writing under the hand of the appointor or his attorney duly authorised in writing, or if the appointor is a body corporate, either under seal or under hand of the officer or attorney duly authorised. The instrument appointing a proxy must be deposited at the Registered Office, 11th Floor, Bangunan KWSP, No. 3 Changkat Jalan Chulan, 50200 Kuala Lumpur not less than 48 hours before the time appointed for holding the Meeting.

Dato' Larry Gan Nyap Liou who will retire as Director did not wish to seek for re-election. Hence he will retire as Director of the Company at the conclusion of the 19th Annual General Meeting.

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MINORITY SHAREHOLDERS WATCH 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 **19th Annual General Meeting** of
the said Company to be held on **Monday, 27 July 2020** at **10.00 a.m.** and at any adjournment
thereof.

Dated:

Director

Director/Secretary

www.mswg.org.my

MINORITY SHAREHOLDERS WATCH GROUP

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