



MSWG

MINORITY SHAREHOLDERS WATCH GROUP

ANNUAL REPORT 2017



FACTS AT A GLANCE

252

Companies Monitored



313

Shareholder Meetings Covered in 2017



880

PLCs Assessed Using the ASEAN CG Scorecard in 2017

52

Institutional & Corporate Subscribers

1,044

Retail Subscribers



CONTENTS

CORPORATE

Vision, Mission and Corporate Profile	4
Corporate Objectives	5
Corporate Information	6
Profile of Directors	7
Management Team	14

FROM THE BOARD AND MANAGEMENT

Chairman's Statement	16
Corporate Governance Statement	18
Nomination & Remuneration Committee	21
Dividend	22

MANAGEMENT DISCUSSION & ANALYSIS

CEO's Message and Management Discussion & Analysis	23
Overview	23
Financial Performance Review	24
Activities Review	25
• Corporate Monitoring	25
• Investor Education Programmes & Forums	27
• Subscriber Services	28
• ASEAN Corporate Governance Scorecard 2017	29
• Institutional Investors Council Malaysia	30
• Other Capital Market Activities	31
• Publications & Research	31
• MSWG Website	32
• Human Capital	33
• Moving Forward	34

2017 IN REVIEW

Corporate Gallery	35
Speaking Engagements	43
Articles & Media Clippings	44

FINANCIAL STATEMENTS, NOTICE AND FORMS

Statutory Financial Statements for the Financial Year Ended 31 December 2017	46
Notice of 17th Annual General Meeting	81
Proxy Form	83



VISION

To be a recognised and respected organisation in promoting corporate governance through shareholder activism

MISSION

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

CORPORATE PROFILE

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

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



CORPORATE OBJECTIVES

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

- 1 To become the forum on minority shareholders' experiences;
- 2 To become the Think-Tank and Resource Centre for minority interests and corporate governance matters in Malaysia;
- 3 To develop and disseminate the educational aspects of corporate governance;
- 4 To become the platform to initiate collective shareholder activism on unethical or questionable practices made by management of public listed companies (PLCs);
- 5 To influence the decision-making process in PLCs as the leader for minority shareholders' legislative rights and interests;
- 6 To monitor for breaches and non-compliance in corporate governance practices by PLCs; and
- 7 To initiate, where appropriate, reports to regulatory authorities and transform MSWG into an effective deterrent of such events or activities that can work against the interests of minority shareholders.



CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Dato' Seri Dr Sulaiman Mahbob
Chairman

Devanesan Evanson
Chief Executive Officer & Executive Director

Tan Sri Dato' Seri Lodin Wok Kamaruddin
Director

Dato' Larry Gan
Director

Dato' Wan Kamaruzaman bin Wan Ahmad
Director

Mr Philip Koh Tong Ngee
Director

Encik Nor Hizam Hashim
Director

Datuk Gazali bin Haji Harun
Director

Puan Sharifatu Laila Syed Ali
Director

Datuk Zakaria Sharif
Alternate Director to Tan Sri Dato' Seri Lodin Wok
Kamaruddin

COMPANY SECRETARY

Mr Chew Phye Keat (BC/C/282)
Messrs Raja Darryl & Loh
18th Floor Wisma Sime Darby
Jalan Raja Laut
50350 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 Travers
Kuala Lumpur Sentral
P O Box 10192
50706 Kuala Lumpur
Tel: (603) 2173 1188
Fax: (603) 2173 1288

BANKERS

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

AmBank (M) Berhad
Bangunan AmBank Group
No.55 Jalan Raja Chulan
50200 Kuala Lumpur
Tel: (603) 2078 2100
Fax: (603) 2032 4069

CONTACT PERSON

Pn Lya Rahman
General Manager
E-mail:
lyarahman@mswg.org.my/
mwatch@mswg.org.my

PROFILE OF DIRECTORS

Tan Sri Dato' Seri Dr Sulaiman Mahbob Chairman

Age	:	70
Date of Appointment	:	16 April 2012
Date of Appointment as Chairman	:	11 April 2013
Length of Service	:	6 years 1 month

Academic / Professional Qualification(s)

- Degree (Hons) in Economics, University of Malaya
- Master of Science, University of London
- PhD, Syracuse University, USA

Present Directorship(s)

Directorship in PLC(s):

- Chairman, Telekom Malaysia Berhad

Other Public Companies/Institutions:

- Chairman, Malaysian Institute of Economic Research
- Board of Directors, Bank Negara Malaysia
- Board of Directors, Institute of Strategic and International Studies (ISIS)

Present Appointment(s)

- Adjunct Professor at the University of Malaya and Universiti Tun Abdul Razak



Devanesan Evanson

Chief Executive Officer & Executive Director

Age : 63
Date of Appointment as Chief Executive Officer : 19 December 2017
Date of Appointment as Executive Director : 17 April 2018
Length of Service : 5 months

Academic / Professional Qualification(s)

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

Present Directorship(s)

Directorship in PLC(s):

Nil

Present Appointment(s)

Nil



Tan Sri Dato' Seri Lodin Wok Kamaruddin

Director

Age : 69
Date of Appointment : 5 November 2001
Length of Service : 16 years 6 months



Academic / Professional Qualification(s)

- Bachelor of Business Administration, University of Toledo, Ohio, USA
- Master of Business Administration, University of Toledo, Ohio, USA
- Chartered Banker, AICB

Present Directorship(s)

Directorships in PLC(s):

- Chairman, Boustead Heavy Industries Corporation Berhad
- Chairman, Pharmaniaga Berhad
- Vice Chairman, Boustead Plantations Berhad
- Deputy Chairman / Group Managing Director, Boustead Holdings Berhad

Other Public Companies/Institutions:

- Chairman, Affin Hwang Asset Management Berhad
- Chairman, MHS Aviation Berhad
- Director, Boustead Properties Berhad
- Director, UAC Berhad

Present Appointment(s)

- Chief Executive, Lembaga Tabung Angkatan Tentera

Awards/Achievements

- Received Chevalier De La Légion d'Honneur Award from the French Government – 2003
- Outstanding Entrepreneurship Award of APEA – 2008
- Degree in Doctor of Laws (honoris causa) The University of Nottingham, United Kingdom – 2010
- UiTM Alumnus of the Year 2010 Award – 2011

Dato' Larry Gan

Director

Age : 64
Date of Appointment : 20 July 2005
Length of Service : 12 years 10 months

Academic / Professional Qualification(s)

- Certified Management Consultant
- Chartered Accountant

Present Directorship(s)

Directorship in PLC(s):

- Chairman, Rev Asia Berhad

Present Appointment(s)

Other Public Companies/Institutions:

- Director, Graphene Nanochem Ltd (UK)
- Director, British Malaysian Chamber of Commerce
- Trustee, JC Jacobsen Foundation
- Chairman, Fatfish Internet Group Ltd (Australia)
- Director, 8 Common Ltd (Australia)
- Council Member, Badminton Association of Malaysia
- Director, Flexiroam Ltd (Australia)
- Director, Saujana Resort (M) Berhad



Mr. Philip Koh Tong Ngee

Director

Age : 63
Date of Appointment : 2 June 2005
Length of Service : 12 years 11 months

Academic / Professional Qualification(s)

- Bachelor of Laws Degree (LL.B) (Hons), University of Malaya
- Master of Laws Degree (LL.M), University of London
- Master of Arts (Theology) Degree, Australian Catholic University

Present Directorship(s)

Directorship in PLC(s):

Nil

Present Appointment(s)

- Advocate & Solicitor, High Court of Malaya
- Member of Panel of Arbitrators of Asian International Arbitration Centre
- Senior Partner, Mah-Kamariyah & Philip Koh
- Member, Private Sector Advisory Group, International Finance Corporation/World Bank



Dato' Wan Kamaruzaman bin Wan Ahmad

Director

Age : 59
 Date of Appointment : 1 September 2016
 Length of Service : 1 year 8 months

Academic / Professional Qualification(s)

- Bachelor of Economics, University of Malaya

Present Directorship(s)*Directorship in PLC(s):*

- Non-Executive Director, Malakoff Corporation Berhad
- Non-Executive Director, Prima Ekuiti (UK) Limited

Present Appointment(s)

- CEO, Kumpulan Wang Persaraan (Diperbadankan)
- Chairman, Institutional Investors Council Malaysia
- Non-Independent Non-Executive Director, ValueCAP Sdn Bhd
- Board Member, Bond and Sukuk Information Platform Sdn Bhd
- Member, The Financial Stock Exchange – Environmental, Social and Governance (ESG) Advisory Committee, London
- Member, Institute of Integrity Malaysia
- Member, International Corporate Governance Network (ICGN)
- Member, Asian Corporate Governance Association (ACGA)

**Encik Nor Hizam Hashim**

Director

Age : 70
 Date of Appointment : 2 December 2009
 Length of Service : 8 years 5 months

Academic / Professional Qualification(s)

- Chartered Accountant
- Bachelor of Commerce Degree, University of Western Australia
- Bachelor of Jurisprudence Degree (External) with Honors, University of Malaya

Present Directorship(s)*Directorship in PLC(s):*

- Independent Non-Executive Director, Malayan Banking Berhad
- Non-Executive Director, MCB Bank Limited (Pakistan)

Other Public Companies/Institutions:

- Independent Non-Executive Director, Maybank Islamic Berhad

Present Appointment(s)

Nil



Datuk Gazali bin Haji Harun

Director

Age : 60
Date of Appointment : 26 October 2016
Length of Service : 1 year 7 months

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

Present Directorship(s)

Directorship in PLC(s):

Nil

Present Appointment(s)

Nil



Puan Sharifatu Laila Syed Ali

Director

Age : 56
Date of Appointment : 17 April 2018
Length of Service : 1 month

Academic / Professional Qualification(s)

- Masters of Business Administration, Universiti Malaya
- Bachelor of Science (Hons), Universiti Kebangsaan Malaysia
- Advanced Management Programme, Harvard Business School

Present Directorship(s)

Directorship in PLC(s):

- Nil

Other Public Companies/Institutions:

- Nil

Present Appointment(s)

- Chief Executive Officer, ValueCAP Sdn Bhd
- Non-Independent Non-Executive Director, i-VCAP Management Sdn Bhd
- Non-Independent Non-Executive Director, VCAP Asset Managers Sdn Bhd
- Council Member, Institutional Investors Council Malaysia



Datuk Zakaria Sharif

Alternate Director to Tan Sri Dato' Seri Lodin Wok Kamaruddin

Age : 61
 Date of Appointment : 16 January 2012
 Length of Service : 6 years 4 months



Academic / Professional Qualification(s)

- Graduated in Economics majoring in Accounting from Monash University, Australia
- Fellow of the Australian Society of Certified Public Accountants
- Associate Member, Malaysian Institute of Certified Public Accountants
- Member, Malaysian Institute of Accountants

Present Directorship(s)

Directorship in PLC(s):

- Director, Boustead Plantations Berhad

Other Public Companies/Institutions:

- Director, LTP Wibawa Sdn Berhad
- Director, Yayasan Veteran ATM
- Director, Chery Automobile (Malaysia) Sdn Bhd
- Director, Chery International (Malaysia) Sdn Bhd
- Director, Labuan Reinsurance (L) Ltd
- Director, ATES Sdn Bhd
- Director, Beta Tegap Sdn Bhd

Present Appointment(s)

- Deputy Chief Executive of Lembaga Tabung Angkatan Tentera

MANAGEMENT TEAM



Devanesan Evanson
Chief Executive Officer



Lya Rahman
General Manager



Rebecca Yap
Head, Corporate
Monitoring & Head of
Finance



Quah Ban Aik
Head, Corporate
Monitoring & Investor
Complaints



Norhisam Sidek
 Manager, Corporate
 Monitoring



Wong Kin Wing
 Manager, Corporate
 Monitoring



Linnert Hoo
 Manager, Corporate
 Monitoring



Elaine Choo
 Manager, Corporate
 Monitoring



Abdul Halim Alias
 Manager, Corporate
 Monitoring



Lee Chee Meng
 Manager, Corporate
 Monitoring



Mustaqim Yusof
 Senior Analyst,
 Corporate Services



Padma Devi
 Manager, Information
 Technology



Emily Lim
 Manager,
 Finance



CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, I am pleased to present the Annual Report and Audited Financial Statements of the Minority Shareholders Watch Group (MSWG) for the financial year ended 31 December 2017.

2017 was a very busy year for MSWG as we continued to advance the corporate governance (CG) agenda in the capital market primarily through our monitoring activities and advocacy programmes, CG events as well as collaborative role with other industry players.

On the economic front, the Malaysian economy growth remained strong at 5.9% for 2017, predominantly driven by private sector spending. It was a buoyant year for our capital market, where securities market capitalisation rose to RM1.9 trillion from RM1.7 trillion in 2016. The FBM KLCI finished at a year high of 1,796.81 on 29 December, up 155.08 points or 9.45% from 1,641.73 at end-2016. Public listed companies (PLCs) generally reported better earnings in line with the country's strong economic performance.

HIGHLIGHTS OF ACTIVITIES

The 2017 AGM season saw important issues highlighted by our analysts and representatives in over 300 general meetings. This year we also highlighted the requirements of the new CG Code, launched by the Securities Commission in April 2017, which encouraged companies to put more thought and consideration when adopting and reporting on their corporate governance practices. The new CG Code sets a higher expectation on the best practices of the FTSE Bursa Malaysia Top 100 Index companies, and those with a market capitalisation of RM2 billion or more. We will closely monitor these companies, in the future reporting seasons.

We continued to conduct engagement sessions with the Board and key senior Management of PLCs outside of the AGM platform. This proactive dialogue approach is a beneficial tool to convey our expectations on CG best practices as well as other issues highlighted by minority shareholders. Our advocacy programmes and engagements with our corporate subscribers on the expectations of the ASEAN CG Scorecard, were also successful, as we saw that many PLCs improved their CG practices as measured by our 2017 CG Scorecard assessment.

MSWG was the Premier Partner of the International Corporate Governance Network (ICGN) Annual Conference 2017 held in Kuala Lumpur from 11-13 July 2017 and hosted by Kumpulan Wang Persaraan (Diperbadankan). The Conference, which was attended by over 400 participants comprising global investors and governance professionals from around the

world as well as local companies and investors, focused on the theme of redefining capitalism for a sustainable global economy and explored governance priorities in major Asian markets. The Conference was a success in promoting meaningful dialogue between companies and investors with a series of engagement sessions, company site visits and plenary debates.

MSWG continued to play an active role in the Institutional Investors Council Malaysia (IIC), being a member and also providing secretariat services to IIC. Our participation in the IIC complemented our own role to further enhance CG in the market through driving institutional stewardship, collaborative company engagements and dialogues with institutional investors under the IIC platform. Among significant milestones achieved in 2017 were the registration of IIC under the Societies Act 1966 and garnering nine new signatories to the Malaysian Code for Institutional Investors, which brought the total to 17 signatories as of end-2017.

The highlight for the year was our annual MSWG-ASEAN CG Recognition held in December 2017 which attracted over 700 attendees from the Corporate Malaysia fraternity as well as other stakeholders. We were honoured by the presence of YB Dato' Wira Othman bin Aziz, Deputy Finance Minister I who delivered the Keynote Address and presented the CG awards to all the award recipients. Adding to the event's significance was the improved performance of the Top 100 PLCs in 2017 compared to 2016 despite the use of a revised ASEAN CG Scorecard in 2017 which was more stringent compared to its predecessors. The validation process to determine the Top 50 ASEAN companies is still in progress and we are hopeful that more Malaysian companies will be among the Top 50 in the ASEAN region when the results are announced in the fourth quarter of 2018.

NEW LEADERSHIP

Following a thorough search of candidates, I am delighted to welcome Mr Devanesan Evanson as MSWG's new CEO. Mr Evanson joined us in late December 2017 and brings with him extensive experience in the key areas of corporate governance, risk management and internal controls.

NAVIGATING THE FUTURE

While being proud of our achievements, we are much aware that we should not rest on our laurels. The complex business climate, political dynamics, economic stability, and a host of other factors pose many challenges which demand us to be more focused and vigilant in our monitoring of companies, to ensure that minority shareholders' rights are not sidestepped in the company's pursuit of growth. With new leadership and backed by our strong foundation and experiences, we are confident that MSWG will be able to navigate the challenges ahead. We will continue to innovate and improve to meet the higher expectations of our key stakeholders.

ACKNOWLEDGEMENT

MSWG has made strides over these years, thanks to the contribution and support of many stakeholders. My gratitude goes to our institutional, corporate and retail subscribers, partners and media for their continued support. My heartfelt gratitude also goes to the Management, staff and Associates, all of whom have been the strong pillars behind MSWG's success and achievements. Additionally, I would like to offer my personal appreciation to my Board of Directors for their commitment and contribution.

We also extend our thanks to the Capital Market Development Fund, Securities Commission, Bursa Malaysia and other relevant regulatory authorities for the support throughout the year.



Tan Sri Dato' Seri Dr Sulaiman Mahbob
Chairman

CORPORATE GOVERNANCE STATEMENT

The Board and Management of MSWG are committed to upholding high standards of corporate governance throughout the Company and remains firm in its stand on uncompromised integrity in pursuing its main objectives of promoting shareholder activism and influencing good 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 the avoidance of conflict of interest that follow.
- (3) The Board Members of MSWG will:
 - Act in the best interests of and fulfil their fiduciary obligations to MSWG;
 - Act honestly, fairly, ethically and with integrity;
 - Conduct itself 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 the Company;
 - 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) license.
- (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 in 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 the 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 of 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 considered present at the said meeting.

Directors' Attendance at Board Meetings held in 2017

Details of attendance of each Director at the Board Meetings for the financial year ended 31 December 2017 are as follows:

No. Director	Board Meetings			% of Attendance
	3/5/17	22/6/17	26/12/17	
1. Tan Sri Dato' Seri Dr Sulaiman Mahbob (Chairman)	✓	✓	✓	100%
2. Tan Sri Dato' Seri Lodin Wok Kamaruddin	✓	✓	✓	100%
3. Dato' Larry Gan	✓	✓	×	66.7%
4. Dato' Wan Kamaruzaman bin Wan Ahmad	✓	✓	×	66.7%
5. Mr Philip Koh Tong Ngee	✓	✓	✓	100%
6. Encik Nor Hizam Hashim	✓	✓	✓	100%
7. Datuk Gazali bin Haji Harun	✓	✓	✓	100%

MSWG WHISTLEBLOWER POLICY

Objective of the Policy

This policy is to provide an avenue for all employees of MSWG and members of the public to disclose any improper conduct and to provide protection for employees who report such allegations.

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 employees of MSWG 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 as to the facts and the 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 commence investigate 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.

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 and Key Management personnel, among others.

Composition

Members of the NRC comprises the following:

- Tan Sri Dato' Seri Dr Sulaiman Mahbob – Chairman
- Dato' Larry Gan – Member
- Encik Nor Hizam Hashim - Member

Terms of Reference

The NRC is governed under the following Terms of Reference.

Nomination Committee

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 Committee

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. Incentive compensation plan as appropriate 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 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 on 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 convened five (5) meetings during the Financial Year 2017. During the year, the NRC performed its functions including undertaking the search of a new CEO following the retirement of the previous CEO on 31 December 2016. After thorough search and evaluation, the NRC recommended the appointment of Mr Devanesan Evanson as CEO of MSWG which was duly accepted by the Board. Mr Devanesan Evanson was duly appointed as the CEO of MSWG effective 19 December 2017.

The details of the NRC members' attendance are as follows:-

NRC Member	NRC Meetings				
	17/2/17	2/5/17	15/6/17	10/10/17	26/12/17
Tan Sri Dato' Seri Dr Sulaiman Mahbob	✓	✓	✓	✓	✓
Dato' Larry Gan	✓	✓	✓	✓	*
Encik Nor Hizam Hashim	✓	✓	✓	✓	✓

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 MESSAGE AND MANAGEMENT DISCUSSION & ANALYSIS

It was a great honour for me to have been appointed as the CEO of MSWG and I am grateful for the trust placed in me by the Board to lead this well established and respected capital market organisation. It is an important responsibility for me to further build on the successes of my predecessors, but nevertheless I am positive that this is achievable with the support of my experienced Management team.

As I only joined the organisation late last year, much of the responsibilities and activities in 2017 were shouldered by the very capable Management team led by our General Manager, Puan Lya Rahman who did a sterling job in meeting our KPIs.

OVERVIEW

Year 2017 was an exciting year for MSWG as we continued to play an integral role in strengthening the governance of public listed companies and be an influencing voice of minority shareholders in the capital market.

Consistent with prior years, our monitoring efforts focused primarily on the performance and governance of 252 PLCs under our monitoring portfolio. Our representatives attended over 300 general meetings, where they also observed and noted the conduct of the meetings. All these observations have been compiled and we will be publishing a report on the conduct of AGM in 2018. This would be very useful for PLCs to further improve their practices and also take note of various issues from the minority shareholders' perspectives which may have been earlier overlooked.

This year was a particularly busy year for us in terms of involvement in two CG events in the second half of the year. First was the ICGN Annual Conference 2017 held from 11-13 July 2017 which was hosted by Kumpulan Wang Persaraan (Diperbadankan) and MSWG as the Premier Partner. We were honoured to be able to play a part in gathering global investors and governance professionals from around the world together with local delegates in Kuala Lumpur to discuss, debate and share insights on latest global and regional governance developments.

The second event which was also the highlight for the year was our annual MSWG-ASEAN CG Recognition 2017 event which saw over 700 attendees, the largest attendance ever for our CG event. This reflected the huge and growing interest to see how corporate Malaysia fared in the 2017 assessment. The huge attendance was also a reflection of the PLCs' commitment and seriousness to continue improving their CG practices. It was also a testament of the capital market's acknowledgement of the ASEAN CG Scorecard as a reliable tool to assess their CG practices which is benchmarked across the six participating ASEAN countries.

MSWG continued to play an active role in driving stewardship among institutional investors through our membership in the Institutional Investors Council Malaysia (IIC) as well as providing secretariat services to the IIC.

Apart from the core monitoring activities, we also actively deployed our resources to promote corporate governance awareness and research through our weekly newsletter, *The Observer*, company engagements, as well as through forums, speaking engagements and collaborations with other industry players and institutions of higher learning.



Devanesan Evanson
Chief Executive Officer

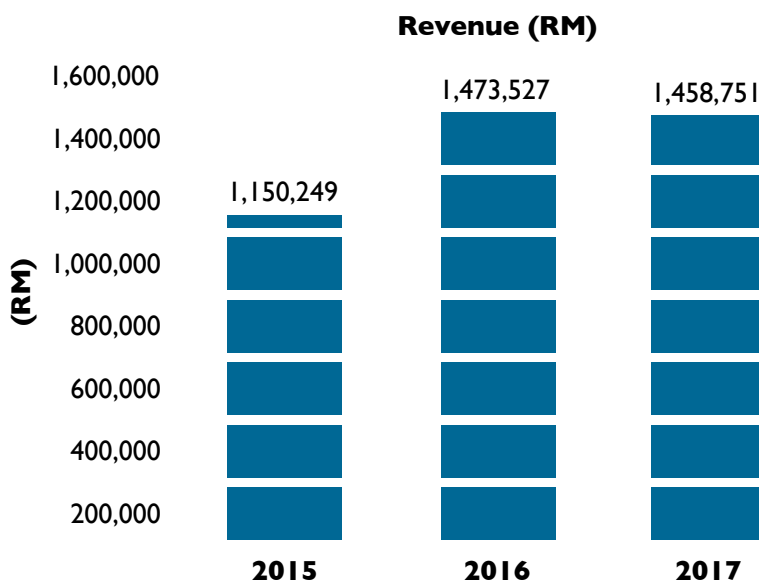
FINANCIAL PERFORMANCE REVIEW

The Capital Market Development Fund (CMDf) provided funding of RM5 million for MSWG’s operations and activities for 2017 as approved under the MSWG Three-Year Business Plan 2015-2017.

For the financial year ended 31 December 2017, MSWG generated total revenue and other income of RM1.46 million compared to RM1.47 million in 2016. This amount did not include the Management Fee of RM60,000 due from the Institutional Investors Council Malaysia (IIC) for providing secretariat services to the IIC. Revenue from forums and events remained the main contributor to the Company’s revenue at RM0.90 million in 2017. Subscriber services generated revenue of RM0.36 million in 2017 while other revenues mainly comprised interest income.

For 2017, the total expenditure incurred was RM4.81 million.

The breakdown of revenue generated by MSWG for 2017 and comparative figures for 2015 and 2016 are illustrated in the charts below:



ACTIVITIES REVIEW

CORPORATE MONITORING

We streamlined our monitoring portfolio and covered 252 companies in our monitoring portfolio, comprising about 28% of the total number of companies listed on Bursa Malaysia, which represented about 82% of Bursa's total market capitalisation.

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

During the year, MSWG analysts covered 313 general meetings, of which 61 were extraordinary general meetings, and 4 were Court Convened Meetings respectively.

Issues highlighted were mainly focused on company's performance, strategies and outlook, as well as corporate governance matters. Corporate proposals tabled to shareholders for approval were reviewed and assessed in detail, especially if there were aspects that could be detrimental to the minority shareholders. We also highlighted these issues in our AGM/EGM Weekly Watch and weekly e-newsletter, *The Observer*, so that shareholders were made aware of them prior to the AGMs and can seek further clarification from the boards at the AGMs.

Our monitoring unit handled around 50 complaints cases in 2017 from the minority investors, often from retail investors. There is a robust complaints management process to ensure that each complaint is looked into and appropriate action taken accordingly. Issues that were deemed not within our purview would be escalated to other relevant regulatory bodies such as SC, Companies Commission of Malaysia (CCM) and/or Bursa Malaysia. During the year, these complaints centred on the following issues:

- Unfair offers on private placement
- Concerns on delisting of companies
- Concerns over lack of disclosures in quarterly result
- Board and shareholders tussle
- Concerns on disposal of company's assets
- Long-tenure of independent directors of more than nine years
- Shareholder's right to raise questions during the meeting

Pre and Post AGM/EGM Reports

The pre-Annual General Meeting Report or pre-AGM Report provides a succinct snapshot of the companies' Annual Report, covering particulars of the directors and their membership of various Committees, ownership structure, company's corporate governance practices as well as key highlights of the financial performance for the year. Most importantly, the pre-AGM Report publishes our voting decisions for all the resolutions to be tabled at the AGM. This report is an important reference document for our corporate representatives at the AGMs. For 2017, 248 pre-AGM reports were prepared by our analysts. The Pre-AGM Reports were also made accessible to our institutional and corporate subscribers.

During the year, letters were sent to companies to seek clarification on issues at the AGMs and EGMs. All companies had responded to the queries and shared with other shareholders either via formal presentations or uploading the answers on the website or distributing the replies to the shareholders that were present. In addition to the questions raised in the letter, our corporate representatives also raised additional points at the meeting, where necessary.

The Post AGM/EGM reports provided an independent overview on the proceedings of the general meetings including the questions raised, responses by the Board of Directors and voting results. These reports were also made available to MSWG's institutional and corporate subscribers. During the year, 248 Post AGM reports and 61 Post EGM Reports were produced respectively.

Conduct of AGMs were also assessed by our corporate representatives who attended the AGMs. 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 includes the quality of presentation by management and the question and answer session.

MSWG also deployed various other ways under the ambit of corporate monitoring to widen our reach to shareholders, stakeholders and the public at large. Among these are regular columns in mainstream newspapers and business weekly, as well as through shareholder forums and speaking engagements.

AGM/EGM Weekly Watch

The MSWG AGM/EGM Weekly Watch provides readers with information on the venue and time of general meetings as well as snippets of questions prior to the meetings. The abridged version of the AGM/EGM Weekly Watch is published in The New Straits Times (Business Times) and Nanyang Siang Pau (Mandarin version) newspapers as well as in the well-circulated business weekly, Focus Malaysia. 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 prompts them to raise follow-up questions at the meetings. The full version of the Weekly Watch list is uploaded on the MSWG website at the end of every working week and accessible to the public.

E-Newsletter

Our weekly e-newsletter, *The Observer*, is now into its sixth year and continues to provide readers with important corporate happenings on the local and international front on a weekly basis. It includes MSWG's views on current corporate exercises including alerting readers, particularly shareholders on key issues that should be looked into before voting. The Observer also includes news briefs on market, economic, regulatory and governance updates. It has now been widely recognised as an important source of information and research on CG issues, and often being picked up by the business media as a source of credible information. It has become an effective tool to raise MSWG's profile, particularly in communicating its stand on corporate and governance matters with distribution to over 2,000 recipients including subscribers, fund managers, institutional investors, brokerage firms, universities, PLCs Board, regulators and the media.

Company Engagements

An extension of our monitoring activities is engagement with companies. Engagements remain important to MSWG as these sessions enable us to highlight performance and governance issues as well as share our insights into significant CG developments, including Environmental, Social and Governance (ESG) matters which helps directors comply with evolving expectations and regulations.

The engagement sessions in 2017 with the following companies were led by our Senior Management Team including the sector analyst:

- AMMB Holdings Berhad
- Axiata Group Berhad
- Panasonic Manufacturing Malaysia Berhad
- Petronas Chemicals Group Berhad
- Petronas Dagangan Berhad
- Petronas Gas Berhad

INVESTOR EDUCATION PROGRAMMES & FORUMS

MSWG believes that it is crucial for investors to be knowledgeable investors, not only to capitalise on the benefits of the capital market, but more importantly to protect themselves. MSWG is thus committed towards enhancing investor education and engagements through the following channels:

Investor Forum



Over the years we have organised a few investor forums, often on request basis from shareholders, both institutional and/or minority shareholders. Two forums were organised in 2017 on issues relating to (i) Land & General Berhad Acquisition Proposal and (ii) Golden Palm Growers Scheme.

Land & General Berhad Acquisition Proposal

A forum for shareholders of Land & General (L&G) was conducted on 14 March 2017 where various key issues were raised and discussed pertaining to L&G's proposal to acquire five property firms from its major shareholder, Malaysia Land Properties Sdn Bhd (Mayland), for RM344 million cash. The forum discussed issues on valuation, financing methodology and recoverability of investment. Shareholders were encouraged to attend the L&G's Extraordinary General Meeting and raise their issues of concern before voting for the resolution on the said proposal.

Golden Palm Growers Scheme

Investors of the Golden Palm Growers Scheme had approached MSWG to assist them in bringing to light their grievances on the scheme given our past experience dealing in a similar case. The forum which was held on 26 September 2017 was well attended by 42 investors. Their primary concern was the inability to recover their capital investment including future benefits due to sudden early termination of the scheme. The forum succeeded to gain more insight on the issues and we subsequently led the engagement with the Companies Commission of Malaysia (CCM), being the regulatory body governing the grower schemes in Malaysia to bring forward the growers' grievances and seek advice on the next course of action. A meeting was also held with the Trustees of the scheme to seek clarification on the rights of the growers.

We will continue to organise investor forums as one of the ways to encourage shareholder activism. Such forum provides a platform for aggrieved shareholders to share their concerns as a group and bring up their issues collectively to the companies. This gives them a greater voice, and ability to approach various issues in a more thought-out and structured manner before making their respective decisions on the issues at hand. We hope more shareholders and investors will participate in our future forums as they will benefit from the discussions and advice provided during the forums.

Speaking Engagements

Speaking engagements are important aspects of our outreach initiatives, and we try to fulfil as many of the requests as possible during the off-peak AGM season. We have been invited to speak at various conferences and events locally and internationally, as well as at institutions of higher learning on a variety of topics, often closely related to shareholder activism and governance.

Some of the speaking engagements participated in 2017 were:

- A New Era of Auditor Reporting: Insights for Investors
- International Finance Corporation (IFC) Workshop on Corporate Governance at Ho Chi Minh Stock Exchange, Vietnam
- CPA Congress 2017 – Panelist for session “Maintaining balance between protecting the organisation with discharging ethical obligations”

- Corporate Integrity System Malaysia (CISM) Lab
- MINDA – ICLIF Breakfast Talk on CG Watch 2016
- 10th Meeting of the OECD–Asia Network on Corporate Governance of State–Owned Enterprises – Speaker for session on “Disclosure and Transparency”
- International Directors Summit 2017
- National Audit Department Seminar 2017 – Speaker for session on “Governance and Accountability in Financial Audit”
- 22nd Malaysian Capital Market Summit – Speaker on the session titled “Enhancing Corporate Governance – The way forward to enhancing Investor Protection”

Bursa Malaysia also had commissioned MSWG to conduct advocacy programmes on the CG assessment for Top 100 PLCs (Market Capitalisation) using the ASEAN CG Scorecard.

SUBSCRIBER SERVICES

MSWG offers Subscriber Services under the following categories:

- Institutional Subscribers (organisations and institutions)
- Corporate Subscribers (public listed companies)
- Retail Subscribers (individuals)

In 2017, we had 3 active institutional subscribers and 49 corporate subscribers. More concerted efforts will be made to increase the subscriber base, targeting more institutional and corporate subscribers.

Meanwhile, retail subscribers recorded a huge increase to 1,044 subscribers from 797 subscribers in 2016. Retail subscription is on a complimentary basis as our focus is to reach out and create awareness among retail subscribers on issues affecting minority shareholders and capital market issues in general. Retail subscribers have access to our weekly e-newsletter as well as opportunity to participate in forums or training programmes conducted for retail investors.

INSTITUTIONAL SUBSCRIBERS

Bursa Malaysia Berhad

Securities Commission Malaysia

ValueCAP Sdn Bhd

CORPORATE SUBSCRIBERS

Affin Holdings Berhad

AMMB Holdings Berhad

Astro Malaysia Holdings Berhad

Axiata Group Berhad

Bintulu Port Holdings Berhad

Boustead Heavy Industries Corporation Berhad

Boustead Holdings Berhad

British American Tobacco (M) Berhad

Bursa Malaysia Berhad

Cahaya Mata Sarawak Berhad

Chemical Company of Malaysia Berhad

CIMB Group Holdings Berhad

Concrete Engineering Products Berhad

Dayang Enterprise Holdings Berhad

DRB-Hicom Berhad

Eastern & Oriental Berhad

Felda Global Ventures Holdings Berhad

Genting Berhad

Hong Leong Bank Berhad

IOI Corporation Berhad

Jaya Tiasa Holdings Berhad

KKB Engineering Berhad

Malaysia Airports Holdings Berhad

Malaysian Building Society Berhad

Malaysian Resources Corporation Berhad

Malaysia Smelting Corporation Berhad

Master-Pack Group Berhad

Media Prima Berhad

MSM Malaysia Holdings Berhad

Muhibbah Engineering (M) Berhad

Panasonic Manufacturing Malaysia Berhad

Paramount Corporation Berhad

Parkson Holdings Berhad

Petra Energy Berhad

Petronas Dagangan Berhad

Petronas Gas Berhad

Public Bank Berhad

RHB Bank Berhad

S P Setia Berhad

Sime Darby Berhad

Sime Darby Plantation Berhad

Telekom Malaysia Berhad

Tenaga Nasional Berhad

Top Glove Corporation Berhad

TSH Resources Berhad

UMW Holdings Berhad

UMW Oil & Gas Corporation Berhad

Utusan Melayu (Malaysia) Berhad

YTL Corporation Berhad

ASEAN CORPORATE GOVERNANCE SCORECARD 2017

2017 marks the sixth year since MSWG first began assessing the PLCs using the ASEAN CG Scorecard methodology. For the past six years, we have witnessed rising CG standards in our PLCs, as reflected in CG scores.

The CG Index for the Top100 PLCs announced at the MSWG-ASEAN CG Recognition 2017 event on 6 December 2017 showed an increase of 1.4% to 86.18 points from the 2016 index score of 85.02. This was indeed a commendable achievement, given that the 2017 assessment used a revised Scorecard which included new assessment questions, additional weightage for certain questions, particularly those on the Role of Stakeholders, and a streamlining of questions to place greater emphasis on practicing corporate governance. This also reflected positively on the companies' commitment to continue to raise the bar of their CG standards and practices, to be among the best in the ASEAN region. The report on the full findings will be released in the second quarter of 2018.

The MSWG-ASEAN CG Recognition event was well attended by over 700 corporate attendees, our largest ever crowd. We were honoured by the presence of YB Dato' Wira Othman bin Aziz, Deputy Finance Minister I who delivered the Keynote Address and presented the CG awards to all the award recipients. This year, 15 categories of awards were presented to PLCs which demonstrated leadership excellence in delivering long-term success and shareholder value by adhering to the highest standards of corporate governance, as well as to individuals who had contributed towards raising the corporate governance standards in the capital market. We also saw positive developments in Malaysia's CG landscape over the past few years in terms of more active contributions by institutional investors to raise the CG bar especially among their investee companies. Thus, this year, an award to recognise an institutional investor who had made significant contributions in the CG landscape was also introduced.



The top PLCs would also be in the running to be named among the Top 50 ASEAN companies under the 2017 assessment. The validation process for all the top ASEAN companies are underway and we hope that more of our companies will be named in the Top 50 ASEAN list when the results are announced in the fourth quarter of 2018.



INSTITUTIONAL INVESTORS COUNCIL MALAYSIA

MSWG is a member of the Institutional Investors Council (IIC) Malaysia and also provides secretariat services to the IIC. Since its establishment in July 2015, the MSWG and IIC had undertaken various initiatives to enhance investor stewardship in Malaysia, particularly to encourage more institutions to become signatories to the Malaysian Code for Institutional Investors (MCII).

This year, a key milestone was the successful registration of IIC as a legal entity under the Societies Act 1966 on 29 December 2017, after almost a year deliberating and conducting the due processes. This was in line with one of its strategic priorities as outlined in IIC's "Investor Stewardship and Future Key Priorities 2016" report to formalise the structure and funding sustainability of IIC. MSWG as the IIC Secretariat played a fundamental role to ensure the successful registration of IIC.

At the same time, the IIC members continued their efforts to encourage more asset owners and asset managers to become signatories to the MCII. 2017 saw nine new signatories, which included the largest pension fund in Malaysia, the Employees Provident Fund, the national investment arm, Khazanah Nasional Berhad, and the national social security organisation, PERKESO coming on board as signatories to the MCII. These were indeed significant milestones which reflected our local institutional investors' commitment and support of the principles of the MCII.

Signatories to the MCII as at 31 December 2017 were as follows:

1. Hermes Fund Managers
2. Hermes Equity Ownership Services
3. Aberdeen Asset Management Sdn Bhd
4. Legal & General Investment Management
5. BNP Paribas Investment Partners Malaysia Sdn Bhd
6. BNP Paribas Investment Partners Najmah Malaysia Sdn Bhd
7. Kumpulan Wang Persaraan (Diperbadankan)
8. ValueCAP Sdn Bhd
9. Khazanah Nasional Berhad
10. Employees Provident Fund
11. ALLMAN Asset Management Sdn Bhd
12. Affin Hwang Asset Management Berhad
13. Nomura Asset Management Malaysia Sdn Bhd
14. Nomura Islamic Asset Management Sdn Bhd
15. Pertubuhan Keselamatan Sosial
16. Kenanga Investors Berhad
17. Kenanga Islamic Investors Berhad

Moving forward, it is envisaged that we will continue to play an active role in IIC, as our participation complements our own role and would be able to benefit from activities under the IIC platform. For example, the IIC company engagement activities with PLCs enables IIC members and MSWG to engage with PLCs under one umbrella on common issues of concerns and governance issues.

OTHER CAPITAL MARKET ACTIVITIES

MSWG provided feedback and comments on the following Consultation Papers issued by Bursa Malaysia as well as a Research Paper issued by the Malaysian Institute of Accountants (MIA) as follows:

CONSULTATION PAPERS

- Review of Bursa Malaysia Securities Berhad Main Market And Ace Market Listing Requirements Arising From The Implementation Of Companies Act 2016**
(Consultation Paper No. 1/2017 – Bursa Malaysia)
This Consultation Paper is to seek public feedback on the proposed amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirements and ACE Market Listing Requirements arising from the implementation of Companies Act 2016.
- Review of Bursa Malaysia Securities Berhad Main Market And Ace Market Listing Requirements Relating To The Corporate Governance Requirements**
(Consultation Paper No. 3/2017 – Bursa Malaysia)
This Consultation Paper is to seek public feedback on the proposed amendments to Bursa Malaysia Securities Berhad Main Market Listing Requirements and ACE Market Listing Requirements relating to the corporate governance requirements.
- Proposed Revamped Corporate Governance Guide**
(Consultation Paper No. 4/2017 – Bursa Malaysia)
This Consultation Paper seeks to gather public feedback on the proposed Corporate Governance Guide issued by Bursa Malaysia Securities Berhad

RESEARCH PROJECT

- Application of MFRS 13 Fair Value Measurement By Companies In Malaysia On Financial Instruments And Non-Financial Assets**
Malaysia Accountant Research & Education Foundation (MAREF) & Malaysian Institute of Accountants (MIA)

The objective of this research is to analyse the application of MFRS 13 Fair Value Measurement by 500 non-financial public listed companies in Malaysia on financial instruments and non-financial assets for FY 2016.

PUBLICATIONS & RESEARCH

In 2017, we were engaged to conduct comparative studies on CG practices of PLCs in Malaysia with those in other jurisdictions such as Australia, Hong Kong, Singapore and United Kingdom.

The key statistics of the findings for the Top 100 PLCs in 2016 using the ASEAN CG Scorecard methodology were made available on MSWG website with the soft copy of the full findings being made available on our website at www.mswg.org.my. The MSWG-CG ASEAN CG Report 2017 covering the full findings of the 880 PLCs assessed in 2017 will be released in the second quarter of 2018.

We hope to be able to expand our research and analysis capacity given the host of CG data compiled by us over the years. Thus, we welcome collaborative research work with institutions of higher learning or governance institutions to further increase the literature available on CG developments in Malaysia.



MSWG WEBSITE

Our revamped website provides a more user-friendly browsing experience for our subscribers and website visitors. The list of general meetings and highlights of our newsletter are prominently displayed on the landing page which could easily catch the user’s attention. We saw higher volume in the newly introduced live chat application on our website, whereby there is a dedicated staff to attend to users’ enquiries within a relatively short response time. Our website is also mobile friendly, which makes it easily readable and useable for users who access the website from their smartphones.

The online Document Management System for all our files and documents is being implemented in stages as we progress towards a paperless environment and is more efficient and eco-friendly. This is also one of our cost reduction measures in the long run.

HUMAN CAPITAL

Staff Strength

We believe that our employees are our greatest assets in achieving our goals. Therefore, we strive to provide a conducive and stimulating work environment to be able to bring out the best from our employees. As at end December 2017, MSWG had a total of 20 employees, 70% of whom were in the Management and analysts' categories. Our workforce is diverse and well-represented in terms of age, gender and ethnicity. We offer competitive benefit packages and advocate a workplace culture which promotes work-life balance, employs family-friendly policies and free from gender bias.

We engage part-time professionals on flexible working arrangements, referred to as MSWG Associates, to provide additional support especially during the peak AGM season as well as for special projects in governance research, publications and the IIC Secretariat role. This accommodative policy has enabled us to attract professionals of the right calibre, comprising accountants, lawyers and writers, to complement our workforce without putting too much strain on our overheads.

Staff Development

We place strong emphasis on continuous learning for professional development and all of our analysts are encouraged to obtain the Investment Representative Licence under the Capital Markets & Services Act 2007. Study leave is granted to those undertaking professional examinations and fees reimbursed upon successful completion of the modules as an incentive. This year we are proud to have one of our managers to have passed both Module 12 and Module 19 licensing examinations, hence strengthening our monitoring team capabilities.

As part of succession planning, mentoring systems are in place where junior analysts are mentored by senior members of the team thus providing them with the necessary on-the-job training and knowledge sharing between the team members.

Employees are also encouraged to participate in professionally conducted training courses, seminars and conferences to widen and enhance their work knowledge and competencies. The Management staff attended the following conferences, seminars and training courses in 2017:

- MIA Conference 2017: Expanding Horizons Be Future Relevant
- IIA Malaysia National Conference 2017
- CPA Congress 2017
- SSM National Conference 2017
- Detecting Financial Warning and Financial Shenanigans (MIA)
- Impact of The New Companies Act 2016 On Directors and Shareholders
- Economic Governance Public Sector Governance Seminar
- Cyber Risk-Addressing the Emerging Trends (SIDC)
- Financial Ratio Analysis
- GST Revised Guide

Internship programme

MSWG also offers an internship programme where successful candidates will join MSWG as interns for a period of between one to three months. Last year, we had one intern who completed a three-month internship with MSWG. 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. He/she 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.

Staff activities

The MSWG Sports Club promotes healthy work-life balance while offering avenues for relationship building among employees. During the year, the MSWG Sports Club organised various social activities such as quarterly birthday luncheons to foster closer bonding among employees across all levels and divisions.



MOVING FORWARD

Moving forward our priorities will be to further enhance our role in creating awareness on shareholders' rights and encouraging active participation of minority shareholders at the general meetings. We will continue to advocate corporate governance among the companies in line with the new Malaysian Code on Corporate Governance where companies are expected to disclose their CG practices in a standard CG Report.

As we move into more challenging, yet exciting times, I have every confidence that we will be able to withstand these challenges and further build on our presence as the leading voice for shareholder activism and advocator of high CG standards in the capital market.

CORPORATE GALLERY



1-2

1 JAN – MSWG Staff Appreciation Luncheon

3

5 JAN – Engagement with Petronas Gas Bhd, Petronas Dagangan Bhd & Petronas Chemicals Group Bhd

4-6

8 FEB – MSWG Chinese New Year Luncheon





7



8



9



10

7-8

16 FEB – 7th IIC Working Committee Meeting

9

7 MARCH – Engagement with Axiata Group Berhad

10-12

14 MARCH – Forum on Land & General Acquisition Proposal



11



12



13



14



15



16

13-14 APR – ASEAN CG Expert Meeting – Mandarin Oriental Kuala Lumpur

15 APR – Engagement with Malaysian Anti-Corruption Commission (MACC)

16 APR – 8th IIC Working Committee Meeting



17

26 APR – MSWG booth at a CG event

18

4 MAY – Interview by Astro TV channel

19-20

11 MAY – 9th IIC Meeting

21-22

6 JUNE – Stewardship Asia Roundtable, Singapore





23



24



25



26



27

23-24 16 JUNE – MSWG Majlis Buka Puasa

25 22 JUNE – MSWG 16th Annual General Meeting

26-28 5 JUL – MSWG Raya Open House – Retail Subscribers & Investors



26-28 **5 JUL** – MSWG Raya Open House – Retail Subscribers & Investors

29-31 **6 JUL** – MSWG Raya Open House – Corporate Guests

32 **26 SEPT** – Forum on Golden Palm Growers Scheme





33

33-34 **28 NOV** – MSWG-ASEAN CG Recognition 2017 Adjudication Committee Meeting



34

35-40 **6 DEC** – MSWG-ASEAN CG Recognition 2017



35



36



37



35-40 **6 DEC –**
MSWG-ASEAN
CG Recognition
2017



SPEAKING ENGAGEMENTS



1



2



3



4

1 **31 MARCH** – Panel Discussion – A New Era of Auditor Reporting: Insights for Investors
Bursa Malaysia Exchange Square, Kuala Lumpur

2 **7 MARCH** – MINDA – ICLIF Breakfast Talk on CG Watch 2016
Lanai Kijang, Kuala Lumpur

3 **7 JULY** – MSWG-Bursa Malaysia Advocacy Programme on CG Assessment 2017 for Top 100 PLCs (Market Capitalisation)
Bursa Malaysia Exchange Square, Kuala Lumpur

4 **12 SEPT** – CPA Congress 2017 – Panel discussion on “Maintaining balance between protecting the organisation with discharging ethical obligations”
One World Hotel, First Avenue, First Avenue Bandar Utama, Petaling Jaya

5 **24 OCT** – 22nd Malaysian Capital Market Summit – Speaker on the session titled “Enhancing Corporate Governance – The way forward to enhancing Investor Protection”
Sunway Putra Hotel, Kuala Lumpur



5

SC in overdrive mode

Aggressive drive to combat insider trading activities

Directors must uphold transparency and accountability

What constitutes insider trading

Asian markets mixed

Regulatory settlements with the SC (2015-16 year-to-date)

Year	Case No.	Officer	Charge	Penalty
2015-16	1	Lee Seng Guan	Insider trading	10 years imprisonment and fine
2015-16	2	Lee Seng Guan	Insider trading	10 years imprisonment and fine
2015-16	3	Lee Seng Guan	Insider trading	10 years imprisonment and fine
2015-16	4	Lee Seng Guan	Insider trading	10 years imprisonment and fine
2015-16	5	Lee Seng Guan	Insider trading	10 years imprisonment and fine
2015-16	6	Lee Seng Guan	Insider trading	10 years imprisonment and fine
2015-16	7	Lee Seng Guan	Insider trading	10 years imprisonment and fine
2015-16	8	Lee Seng Guan	Insider trading	10 years imprisonment and fine
2015-16	9	Lee Seng Guan	Insider trading	10 years imprisonment and fine
2015-16	10	Lee Seng Guan	Insider trading	10 years imprisonment and fine

PRACTICE NOTE TO STATUS

CAN PREMIER NALFIN STAY LISTED?

Minority Shareholder Watchdog Group is not optimistic as company has failed to find 'white knight'

ANALYST
KIM LAM
Nalfin Watchdog Group

ANALYST
LIZ BATHMAN
Nalfin Watchdog Group

The business must not only be able to create value in the interests of the company, but also the valuation must be satisfactory. A suitable business cannot be identified, the company will have to resort to cash distribution, be delisted and ultimately carry out voluntary liquidation, MSWG general manager Liz Bathman told NBT business.

She said it may be detrimental to the interests of the minority shareholders if the company dropped this too long.

The company will not have value or creation and may suffer lock-up through expensive buy-backs or other options to keep the company afloat.

At the passage of time, the residual value of the company will gradually diminish," said Liz.

In May, Bursa Malaysia had informed Premier Nalfin of its proposed delisting and asked the company to comply with the announcement of its cash distribution and the actual distribution with the timeline given.

"Bursa might have felt that sufficient time since July 2011 has been given for the company to find a white knight," she said.

"The latest proposed restructuring scheme submitted by the company on January 29 last year was not successful."

MSWG believes cash distribution would be carried out and the company would be delisted as it is still unable to come up with a successful recapitalisation plan.

According to the company's response to the regulator, it had proposed to undertake a proposed capital reduction and re-organise the company, which would involve the distribution of 50 cents for each ordinary share to the shareholders.

Ms Bathman said, "There would be uncertainty in the company's direction after the cash distribution. It is a voluntary liquidation of the company after the cash distribution, so the question of whether the subsequent distribution of surplus, if any, together with the earlier cash distribution would be more than their investment cost, is also a question that they would not know the answer to."

Liz said the minority shareholders should be concerned as they will not be able to easily transfer their shares once the company was delisted.

"There would be uncertainty in the company's direction after the cash distribution. It is a voluntary liquidation of the company after the cash distribution, so the question of whether the subsequent distribution of surplus, if any, together with the earlier cash distribution would be more than their investment cost, is also a question that they would not know the answer to."

Liz said a similar case, the delisting of Axiata Bhd, on March 3, when the company failed to submit its recapitalisation plan to the regulator in time as it was on March 10 last year carried out cash distribution and delisting procedures.

CORPORATE GOVERNANCE

Sosco now a signatory to Malaysian Code for Institutional Investors

KUALA LUMPUR: Social Security Organisation (Soeco) has become a signatory to the Malaysian Code for Institutional Investors as part of its initiative to strive for good corporate governance.

In a statement yesterday, Soeco said the industry-driven code, which consists of six principles, aims to promote effective stewardship by institutional investors.

The key principles of the code include institutional investors should disclose the policies on their stewardship responsibilities, monitor their investee companies, and engage with investee companies as appropriate.

Chief executive officer Datuk Dr Mohamad Azman said since 2014, Soeco had taken measures to fully embrace and adopt all six principles under the code.

"The code provides guidance to Soeco on effective exercise of stewardship responsibilities towards the delivery of sustainable long-term value to our ultimate beneficiaries," he said.

He said Soeco gives strong commitment to strive for good corporate governance in achieving greater excellence. **Farah Adilla**

MSWG wants government to finally end cash injection into Proton

BY TULI AZMAN

KUALA LUMPUR: The Minority Shareholder Watchdog Group (MSWG) is hoping that the government will finally end the financial assistance to ailing national carmaker Proton Holdings Bhd.

MSWG said this follows the change in Proton's ownership, with the carmaker now under full commercial control of its parent entity, FHB Holdings Bhd and its wholly owned Zhongjing Geely Holding Group Co Ltd.

The two firms have appointed two new faces at Proton's manufacturing arm, President Ronald National Saha Bhd, with Geely nominating Dr Li Chuanping as the chief executive officer (CEO) and FHB nominating its veteran CEO executive — to its head.

The government is injecting billions of dollars into Proton, which is a major issue in the eyes of investors in terms of the country's demographic and sustainability (historically speaking) and its new Asian team," MSWG said in its latest The Observer newsletter.

"Recent news has been all about the China carmaker's takeover of Proton, including the integration of Geely's power train into Proton products (hybrid, plug-in hybrid and electric), the launching of at least one new model annually and overall technology and component transfer, including transmission — all without additional investment from Proton — thus explaining its position as No 17" the watchdog group added.

As for FHB, MSWG said its presence will be "highly beneficial" to Proton, thanks to its strong experience in the car market. Saha, who has previously served as chairman and CEO.

"Saha is essentially a maverick and his success will be largely due to his takeover by Mahanagar in 1995, which obviously saw a recovery in build quality, brand equity and ultimately sales," said MSWG.

On June 23, Geely inked a final agreement to acquire a 99.9% stake in Proton for RM1.5 billion, of which RM1.3 billion will be paid in cash and the remaining RM200 million will be settled by transferring its former's sports utility vehicle platform, Boyan.

The deal is unique in a strategic foreign investor was part of the several conditions for Proton, an ailing carmaker, to receive a soft loan of RM1.5 billion from the government.

普騰新管理层扭转颓势

星洲河金丰又私配

上展股份股价暴落

马交商修正监管指南

星洲河金丰又私配

上展股份股价暴落

马交商修正监管指南



'Bursa is the best in corporate governance'

Axiata's Azman Mokhtar named 'Chairman of the Year'

BY ANITA MEEHAN WELLY

KUALA LUMPUR: Bursa Malaysia had ranked five of the top 100 corporate governance and performance for demonstrating high standards of corporate governance while maintaining a good financial performance, according to the Minority Shareholder Watchdog Group (MSWG) at the MSWG-ASEAN Corporate Governance Recognition 2017 awards yesterday.

Premier Dugan Singh came in second, followed by LFP Capital Bhd, Telekom Malaysia Bhd and Malayan Banking Bhd, all of which made the top five companies recognized at the event.

Axiata Group Chairman Tan Sri Azman Mokhtar was named "Chairman of the Year," while Bursa Malaysia's Frank See Rajadurai Aza took home the "CEO of the Year" award.

The event, organized by MSWG, identified the Top 100 Malaysian public listed companies (PLCs) based on disclosure from their annual reports on disclosure from 2016 to 2017.

"Good corporate governance reflects the quality of our capital market, particularly in the eyes of the international community," said MSWG chairman Tan Sri Dr Sulaiman Mohd in his welcome address at the event.

"While the institutional investors focus on the disclosure, we are pleased to note that the institutional investors themselves, too, are now more engaged in the best practices, such as transparency and accountability, and also in the disclosure of their own practices not only in the investor companies but also through the investment chain," Sulaiman added.

Also present at the event was Deputy Finance Minister Datuk Chikriya Aji.

"He highlighted that the country has been experiencing good economic growth, following the 'recovery' had earlier seen in growth of 6.2% last year, which was better than the 5.6% recorded in the previous year. This year, after the 5.6% recorded in the first quarter, Malaysia has always exceeded global business and it is a strong belief that in order to offer a viable and sustainable growth, our companies must be well-governed and efficient," Chikriya said in his keynote address.

Muktamadkan segera status Zakaria - MSWG



KUALA LUMPUR: Badan Pengawas Pemegang Saham Minoriti (MSWG) mengesahkan Felda Global Ventures Holdings Bhd (FGV) membolehkan status Datuk Zakaria Azlan, sama ada beliau masih Presiden dan Ketua Pegawai Eksekutif (CEO) teruskan atau tidak.

Dalam buletin, The Observer, MSWG memaparkan tindakan FGV yang masih belum membuat sebarang pengumuman berhubung keputusan ini akan datang yang dikatakan berhadapan empat perkara kanyanya.

"Status Ketua Pegawai Kumpulan sudah jelas sekarang dan kami berharap supaya kedudukan presiden CEO diumumkan secepat mungkin kerana pengumuman hal tersebut dapat meningkatkan keyakinan bersejarah," katanya.

Konsep MSWG itu adalah berkaitan kemula Ahmad Tahir NHD, Taha sebagai Ketua Pegawai Kumpulan Kemajuan Bersejarah.

Plantation investment scheme withering?

Management to meet investors on Oct 2

BY HARLAN RASID DANAR

PTB&G's Golden Palm Company has been struggling to attract investors to its plantation investment scheme, which is now in a state of "withering".

The company's management is expected to meet investors on October 2 to discuss the company's financial performance and the status of the investment scheme.

The company's management is expected to meet investors on October 2 to discuss the company's financial performance and the status of the investment scheme.

Company No.

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 2017

Company No.

524989	M
--------	---

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

CONTENTS

	Pages
Directors' Report	48
Statement of Comprehensive Income	52
Statement of Financial Position	53
Statement of Changes in General Fund and Reserve	54
Statement of Cash Flows	55
Summary of Significant Accounting Policies	56
Notes to the Financial Statements	64
Statement by Directors	76
Statutory Declaration	76
Independent Auditors' Report	77

Company No.

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 2017.

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
 Tan Sri Dato' Seri Che Lodin bin Wok Kamaruddin
 Datuk Zakaria bin Sharif
 (Alternate Director to Tan Sri Dato' Lodin bin Wok Kamaruddin)
 Dato' Larry Gan
 Phillip Koh Tong Ngee
 Nor Hizam bin Hashim
 Dato' Wan Kamaruzaman bin Wan Ahmad
 Datuk Gazali bin Haji Harun

In accordance with Article 61 of the Company's Article of Association, Tan Sri Dato' Seri Dr. Sulaiman bin Mahbob, Dato' Larry Gan and Nor Hizam bin Hashim retire at the forthcoming Annual General Meeting and being eligible, offer themselves for re-election.

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	967,448

RESERVES AND PROVISIONS

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

Company No.

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.

Company No.

524989	M
--------	---

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

DIRECTORS' REPORT (CONTINUED)

STATUTORY INFORMATION ON THE FINANCIAL STATEMENTS (CONTINUED)

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

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

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

At the date of this report:

- (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.

Company No.

524989	M
--------	---

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

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.

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) was registered on 2 January 2018 and with effect from that date, PricewaterhouseCoopers (AF 1146) a conventional partnership was converted to a limited liability partnership.

This report was approved by the Board of Directors on 15 March 2018. Signed on behalf of the Board of Directors:



TAN SRI DATO' SERI DR. SULAIMAN BIN MAHBOB
DIRECTOR



DATO' LARRY GAN
DIRECTOR

Kuala Lumpur

Company No.

524989	M
--------	---

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

**STATEMENT OF COMPREHENSIVE INCOME
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	<u>Note</u>	<u>2017</u> RM	<u>2016</u> RM
Revenue	2	1,261,768	1,329,088
Grant	3	4,771,843	5,000,000
Other operating income	4	196,983	144,439
Staff costs	5	(2,237,828)	(2,986,774)
Depreciation of property and equipment		(110,336)	(114,779)
Amortisation of intangible assets		(79,932)	-
Other operating expenses	6	(2,382,130)	(2,376,252)
Total expenditure		<u>(4,810,226)</u>	<u>(5,477,805)</u>
Surplus before taxation	7	1,420,368	995,722
Taxation	8	(452,920)	(224,805)
Surplus for the financial year		<u>967,448</u>	<u>770,917</u>
Other comprehensive income:			
Items that may be reclassified subsequently to the profit or loss:			
Fair value change on available-for-sale financial assets			
Gross fair value charge		22,668	(4,971)
Deferred tax		(7,095)	958
Net transfer to profit or loss on impairment of financial assets available for sale		4,851	-
Net fair value change		<u>20,424</u>	<u>(4,013)</u>
Total comprehensive income for the financial year		<u><u>987,872</u></u>	<u><u>766,904</u></u>

Company No.

524989	M
--------	---

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

STATEMENT OF FINANCIAL POSITION AS AT 31 DECEMBER 2017

	<u>Note</u>	<u>2017</u> RM	<u>2016</u> RM
NON-CURRENT ASSETS			
Property and equipment	9	207,239	316,196
Intangible assets	10	350,862	399,662
Financial assets available-for-sale	11	164,380	142,286
Deferred tax asset	12	104,311	56,729
		<u>826,792</u>	<u>914,873</u>
CURRENT ASSETS			
Other receivables, deposits and prepayments	13	406,150	234,619
Cash and cash equivalents	14	7,125,216	5,213,562
Tax recoverable		-	221,721
		<u>7,531,366</u>	<u>5,669,902</u>
LESS: CURRENT LIABILITIES			
Deferred grant	3	196,157	-
Other payables and accruals		1,492,764	1,161,216
Provision for taxation		257,806	-
		<u>1,946,727</u>	<u>1,161,216</u>
NET CURRENT ASSETS		<u>5,584,639</u>	<u>4,508,686</u>
		<u>6,411,431</u>	<u>5,423,559</u>
REPRESENTED BY:			
General fund		5,801,000	5,801,000
Accumulated surplus / (loss)		541,022	(426,426)
Available-for-sale reserve		69,409	48,985
		<u>6,411,431</u>	<u>5,423,559</u>

Company No.

524989	M
--------	---

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

**STATEMENT OF CHANGES IN GENERAL FUND AND RESERVE
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017**

	General fund RM	Accumulated surplus / (loss) RM	Available- for-sale reserve RM	Total RM
At 1 January 2017	5,801,000	(426,426)	48,985	5,423,559
Comprehensive income:				
- Surplus for the financial year	-	967,448	-	967,448
Other comprehensive income:				
- Financial assets available-for-sale, net of deferred tax	-	-	20,424	20,424
At 31 December 2017	<u>5,801,000</u>	<u>541,022</u>	<u>69,409</u>	<u>6,411,431</u>
At 1 January 2016	5,801,000	(1,197,343)	52,998	4,656,655
Comprehensive income:				
- Surplus for the financial year	-	770,917	-	770,917
Other comprehensive income:				
- Financial assets available-for-sale, net of deferred tax	-	-	(4,013)	(4,013)
At 31 December 2016	<u>5,801,000</u>	<u>(426,426)</u>	<u>48,985</u>	<u>5,423,559</u>

Company No.

524989	M
--------	---

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

STATEMENT OF CASH FLOWS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

	<u>Note</u>	<u>2017</u> RM	<u>2016</u> RM
CASH FLOWS FROM OPERATING ACTIVITIES			
Surplus before taxation		1,420,368	995,722
Adjustments for non-cash items:			
Subscriber services fee		(360,973)	(371,315)
Gain on disposal of financial assets available-for-sale		(1,279)	(1,027)
Property and equipment written-off		19,830	9,463
Depreciation of property and equipment		110,336	114,779
Amortisation of intangible assets		79,932	-
Impairment of financial assets available-for-sale		6,383	-
Dividend income		(5,112)	(4,873)
Interest income		(131,065)	(134,498)
		<u>1,138,420</u>	<u>608,251</u>
Changes in working capital:			
Receivables		(171,531)	142,496
Payables		295,522	(177,234)
		<u>1,262,411</u>	<u>573,513</u>
Cash generated from operating activities		1,262,411	573,513
Subscriber services fee received		365,000	410,000
Dividend income received		5,112	4,873
Purchase of property and equipment		(21,209)	(79,396)
Purchase of Intangible Assets		(31,132)	(399,662)
Grant		(4,771,843)	(5,000,000)
Tax paid		(28,070)	9,510
		<u>(3,219,731)</u>	<u>(4,481,162)</u>
Net cash used in operating activities		(3,219,731)	(4,481,162)
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest income received		131,065	134,498
Purchase of financial assets available-for-sale		(134)	(373)
Proceeds from disposal of financial assets available-for-sale		454	1,955
		<u>131,385</u>	<u>136,080</u>
Net cash generated from investing activities		131,385	136,080
CASH FLOWS FROM FINANCING ACTIVITIES			
Grant received		5,000,000	5,000,000
		<u>5,000,000</u>	<u>5,000,000</u>
Net cash generated from financing activities		5,000,000	5,000,000
Increase in cash and cash equivalents during the financial year		1,911,654	654,918
Cash and cash equivalents at beginning of the financial year		5,213,562	4,558,644
Cash and cash equivalents at end of the financial year	14	<u>7,125,216</u>	<u>5,213,562</u>

Company No.

524989	M
--------	---

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

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, as modified by the financial assets available-for-sale.

The preparation of financial statements in conformity with MFRS requires the use of certain critical accounting estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of income and expenses during the reported period. It also requires Directors to exercise their judgment in the process of applying the Company's accounting policies. Although these estimates and judgment are based on the Directors' best knowledge of current events and actions, actual results may differ. 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 2017:

- Amendments to MFRS 107 'Statement of Cash Flows – Disclosure Initiative'
- Amendments to MFRS 112 'Income Taxes – Recognition of Deferred Tax Assets for Unrealised Losses'

The adoption of these amendments did not have any impact on the current period or any prior period and is not likely to affect future periods.

(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 2017. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below:

- MFRS 9 'Financial Instruments' (effective from 1 January 2018) will replace MFRS 139 "Financial Instruments: Recognition and Measurement". MFRS 9 retains but simplifies the mixed measurement model in MFRS 139 and establishes three primary measurement categories for financial assets: amortised cost, fair value through profit or loss and fair value through other comprehensive income ("OCI"). The basis of classification depends on the entity's business model and the cash flow characteristics of the financial asset. Investments in equity instruments are always measured at fair value through profit or loss with an irrevocable option at inception to present changes in fair value in OCI (provided the instrument is not held for trading). A debt instrument is measured at amortised cost only if the entity is holding it to collect contractual cash flows and the cash flows represent principal and interest.

Company No.

524989	M
--------	---

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

A BASIS OF PREPARATION (CONTINUED)

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

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 January 2017. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below (continued):

For liabilities, the standard retains most of the MFRS 139 requirements. These include amortised cost accounting for most financial liabilities, with bifurcation of embedded derivatives. The main changes are:

- For financial liabilities classified as FVTPL, the fair value changes due to own credit risk should be recognised directly to OCI. There is no subsequent recycling to profit or loss.
- When a financial liability measured at amortised cost is modified without this resulting in derecognition, a gain or loss, being the difference between the original contractual cash flows and the modified cash flows discounted at the original effective interest rate, should be recognised immediately in profit or loss.

MFRS 9 introduces an expected credit loss model on impairment that replaces the incurred loss impairment model used in MFRS 139. The expected credit loss model is forward-looking and eliminates the need for a trigger event to have occurred before credit losses are recognised.

- MFRS 15 'Revenue from contracts with customers' (effective from 1 January 2018) replaces MFRS 118 'Revenue' and MFRS 111 'Construction contracts' and related interpretations. The core principle in MFRS 15 is that an entity recognises revenue to depict the transfer of promised goods or services to the customer in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services.

Revenue is recognised when a customer obtains control of goods or services, i.e. when the customer has the ability to direct the use of and obtain the benefits from the goods or services.

A new five-step process is applied before revenue can be recognised:

- Identify contracts with customers
- Identify the separate performance obligations
- Determine the transaction price of the contract;
- Allocate the transaction price to each of the separate performance obligations; and
- Recognise the revenue as each performance obligation is satisfied.

Company No.

524989	M
--------	---

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

A BASIS OF PREPARATION (CONTINUED)

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

A number of new standards and amendments to standards and interpretations are effective for financial year beginning after 1 January 2017. None of these is expected to have a significant effect on the financial statements of the Company, except the following set out below (continued):

- IC Interpretation 23 'Uncertainty over Income Tax Treatments' (effective 1 January 2019) provides guidance on how to recognise and measure deferred and current income tax assets and liabilities where there is uncertainty over a tax treatment.

If an entity concludes that it is not probable that the tax treatment will be accepted by the tax authority, the effect of the tax uncertainty should be included in the period when such determination is made. An entity shall measure the effect of uncertainty using the method which best predicts the resolution of the uncertainty.

IC Interpretation 23 will be applied retrospectively.

- Amendments to MFRS 9 'Prepayment features with negative compensation' (effective 1 January 2019) allow companies to measure some prepayable financial assets with negative compensation at amortised cost. Negative compensation arises where the contractual terms permit the borrower to prepay the instrument before its contractual maturity, but the prepayment amount could be less than the unpaid amounts of principal and interest. To qualify for amortised cost measurement, the negative compensation must be reasonable compensation for early termination of the contract, and the asset must be held within a 'held to collect' business model.

The amendments will be applied retrospectively.

- Annual Improvements to MFRSs 2015 - 2017 Cycle:
 - Amendments to MFRS 112 'Income Taxes' (effective from 1 January 2019) clarify that where income tax consequences of dividends on financial instruments classified as equity is recognised (either in profit or loss, other comprehensive income or equity) depends on where the past transactions that generated distributable profits were recognised. Accordingly, the tax consequences are recognised in profit or loss when an entity determines payments on such instruments are distribution of profits (that is, dividends). Tax on dividend should not be recognised in equity merely on the basis that it is related to a distribution to owners.

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.

Company No.

524989	M
--------	---

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (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%
Motor vehicles	20%
Renovations	20%

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

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

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.

Company No.

524989	M
--------	---

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (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 sale of goods and services in the ordinary course of the Company's activities. Revenue is shown net of goods and services tax, returns, rebates and discounts and amounts collected on behalf of third parties and after eliminating sales within the Company.

The Company recognises revenue when the amount of revenue can be reliably measured, it is probable that the future economic benefits will flow to the entity and specific criteria have been met for each of the Company's activities as described below. The Company bases its estimates on historical results, taking into consideration the type of customer, the type of transaction and the specifics of each arrangement.

Company No.

524989	M
--------	---

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (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 on an accrual basis.
- (iv) Income from subscriber services is recognised on an accrual basis.
- (v) Interest income is recognised on an accrual basis.
- (vi) Dividend income from investments in quoted shares is recognised on the ex-dividend date.

F GRANT

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

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 AVAILABLE-FOR-SALE

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

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

Company No.

524989	M
--------	---

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

H FINANCIAL ASSETS AVAILABLE-FOR-SALE (CONTINUED)

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

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

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

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

I OPERATING LEASES

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.

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.

Company No.

524989	M
--------	---

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

SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

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.

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.

Company No.

524989	M
--------	---

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017

1 GENERAL INFORMATION

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

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

The number of employees as at the end of the financial year is 22 (2016: 20).

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>2017</u> RM	<u>2016</u> RM
Contribution received from publications/reports published	-	37,736
Forums and events	900,795	920,037
Subscriber services fee	360,973	371,315
	<u>1,261,768</u>	<u>1,329,088</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>2017</u> RM	<u>2016</u> RM
Balance as at 1 January	-	-
Grant received during the financial year	5,000,000	5,000,000
Grant utilised during the financial year	(4,803,843)	(5,000,000)
Balance as at 31 December	<u>196,157</u>	<u>-</u>

Grant utilised during the financial year are excluding refund made to Institutional Investors Council project amounted to RM32,000 (2016: nil).

Company No.

524989	M
--------	---

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

4	OTHER OPERATING INCOME	<u>2017</u> RM	<u>2016</u> RM
	Dividend income	5,112	4,873
	Interest income	131,065	134,498
	Gain on disposal of financial assets available-for-sale	1,279	1,027
	Commission income	42,406	-
	Other income	17,121	4,041
		<u>196,983</u>	<u>144,439</u>
5	STAFF COSTS		
	Salaries and bonus	1,767,061	2,380,007
	Defined contribution plan ('EPF')	255,164	347,867
	Staff gratuity	106,281	144,791
	Other employee benefits	109,322	114,109
		<u>2,237,828</u>	<u>2,986,774</u>
	The Chief Executive Officer joined the Company on 19 th December 2017 and has received salary of RM14,681 (2016 :RM nil) while contribution to EPF amounted to RM2,205 (2016 :RM nil).		
6	OTHER OPERATING EXPENSES	<u>2017</u> RM	<u>2016</u> RM
	Directors' fees	85,100	72,000
	Outsourcing expenses	400,402	325,780
	Project funding expenses		
	- Asean Corporate Governance Scorecard Assessment	377,250	292,125
	- Institutional Investors' Council	-	62,879
	- Research projects and reports	126,200	114,616
	Rental expenses	283,580	287,958
	Travelling, accommodation and promotion expenses	92,598	182,529
	Forum and event expenses	547,872	471,933
	Telecommunication expenses	199,034	173,998
	Insurance	103,082	118,569
	Professional fees	39,773	95,051
	Office expenses	99,276	132,007
	Others	27,963	46,807
		<u>2,382,130</u>	<u>2,376,252</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 RM25,100.

Company No.

524989	M
--------	---

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

7	SURPLUS BEFORE TAXATION	<u>2017</u> RM	<u>2016</u> RM
	Surplus before taxation is arrived at after (charging)/crediting:		
	Auditors' remuneration		
	- Statutory Audit	(15,000)	(15,000)
	- Non-audit services		
	- Tax Compliance	(4,890)	(5,880)
	- GST Advisory	-	(10,800)
	Directors' meeting attendance allowance	(27,500)	(33,000)
	Interest income	131,065	134,498
	Dividend income	5,112	4,873
	Gain on disposal of financial assets available-for-sale	1,279	1,027
		<u> </u>	<u> </u>
8	TAXATION		
	Current year tax	499,712	20,185
	Under / (Over) provision of prior years' tax	7,885	(1,415)
	Deferred tax (Note 12)	(54,677)	206,035
		<u> </u>	<u> </u>
		452,920	224,805
		<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>2017</u> RM	<u>2016</u> RM
Surplus before taxation	1,420,368	995,722
	<u> </u>	<u> </u>
Tax calculated at the Malaysian tax rate of 24% (2016: 24%)	340,889	238,973
Tax effects of:		
- expenses not deductible for tax purposes	115,189	50,478
- income not subject to tax	(1,527)	(1,410)
- utilisation of previously unrecognised tax losses	(9,516)	(64,638)
- over provision of prior years' tax	7,885	(1,415)
- change in different tax rate	-	2,817
	<u> </u>	<u> </u>
Taxation	452,920	224,805
	<u> </u>	<u> </u>

Company No.

524989	M
--------	---

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

9 PROPERTY AND EQUIPMENT

	Computer and electronic equipment	Furniture and fittings	Office equipment	Renovations	Renovation WIP	Total
	RM	RM	RM	RM	RM	RM
<u>2017</u>						
<u>Cost</u>						
At 1 January 2017	305,388	168,225	164,999	230,899	18,850	888,361
Additions	10,090	640	10,479	-	-	21,209
Write-off	(93,491)	(52,931)	(36,816)	-	(18,850)	(202,088)
At 31 December 2017	<u>221,987</u>	<u>115,934</u>	<u>138,662</u>	<u>230,899</u>	<u>-</u>	<u>707,482</u>
<u>Accumulated depreciation</u>						
At 1 January 2017	216,030	89,163	120,389	146,583	-	572,165
Charge for the financial Year	26,254	19,432	18,789	45,861	-	110,336
Write-off	(92,531)	(52,922)	(36,805)	-	-	(182,258)
At 31 December 2017	<u>149,753</u>	<u>55,673</u>	<u>102,373</u>	<u>192,444</u>	<u>-</u>	<u>500,243</u>
<u>Net book value</u>						
At 31 December 2017	<u>72,234</u>	<u>60,261</u>	<u>36,289</u>	<u>38,455</u>	<u>-</u>	<u>207,239</u>

Company No.

524989	M
--------	---

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

9 **PROPERTY AND EQUIPMENT (CONTINUED)**

	Computer and electronic equipment	Furniture and fittings	Office equipment	Renovations	Renovation WIP	Total
	RM	RM	RM	RM	RM	RM
<u>2016</u>						
<u>Cost</u>						
At 1 January 2016	281,405	107,104	183,845	174,291	75,316	821,961
Additions	23,983	28,841	12,450	13,572	18,850	97,696
Write-off	-	-	(12,996)	-	-	(12,996)
Reclassification	-	32,280	(18,300)	43,036	(75,316)	(18,300)
At 31 December 2016	<u>305,388</u>	<u>168,225</u>	<u>164,999</u>	<u>230,899</u>	<u>18,850</u>	<u>888,361</u>
<u>Accumulated depreciation</u>						
At 1 January 2016	186,485	71,828	99,131	103,475	-	460,919
Charge for the financial year	29,545	17,335	24,791	43,108	-	114,779
Write-off	-	-	(3,533)	-	-	(3,533)
Reclassification	-	-	-	-	-	-
At 31 December 2016	<u>216,030</u>	<u>89,163</u>	<u>120,389</u>	<u>146,583</u>	<u>-</u>	<u>572,165</u>
<u>Net book value</u>						
At 31 December 2016	<u>89,358</u>	<u>79,062</u>	<u>44,610</u>	<u>84,316</u>	<u>18,850</u>	<u>316,196</u>

Company No.

524989	M
--------	---

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

10	INTANGIBLE ASSETS		
		<u>DMS and website integration</u>	
		<u>2017</u>	<u>2016</u>
		RM	RM
	<u>Net book value</u>		
	At 1 December 2017	399,662	-
	Additions	31,132	399,662
	Amortisation	(79,932)	-
		<u>350,862</u>	<u>399,662</u>
	<u>As at 31 December</u>		
	Cost	430,794	399,662
	Accumulated amortisation	(79,932)	-
	Net book value	<u>350,862</u>	<u>399,662</u>
11	FINANCIAL ASSETS AVAILABLE-FOR-SALE		
		<u>2017</u>	<u>2016</u>
		RM	RM
	At fair value:		
	Quoted shares in Malaysia	172,063	150,256
	Allowance for impairment	(7,683)	(7,970)
		<u>164,380</u>	<u>142,286</u>
	At fair value:		
	Quoted shares in Malaysia	<u>164,380</u>	<u>142,286</u>

Company No.

524989	M
--------	---

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

11 FINANCIAL ASSETS AVAILABLE-FOR-SALE (CONTINUED)

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".

12 DEFERRED TAX ASSET/ DEFERRED TAX LIABILITY

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

	<u>2017</u> RM	<u>2016</u> RM
<u>Subject to income tax:</u>		
Deferred tax asset (after offsetting)	104,311	56,729

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

	<u>2017</u> RM	<u>2016</u> RM
At 1 January	56,729	261,806
Charged / (credited) to profit or loss (Note 8)	54,677	(206,035)
- Unutilised tax losses	-	(203,126)
- Property and equipment	8,017	3,125
- Subscriber fees	(8,109)	24,268
- Deferred grant	47,078	-
- Provisions	7,691	(30,302)
Charged to comprehensive income	(7,095)	958
At 31 December	104,311	56,729

Company No.

524989	M
--------	---

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

12 DEFERRED TAX ASSET/ DEFERRED TAX LIABILITY (CONTINUED)

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

	<u>2017</u> RM	<u>2016</u> RM
Deferred tax asset (before offsetting)		
- Deferred grant	47,077	-
- Provisions	94,652	86,960
	<u>141,729</u>	<u>86,960</u>
Offsetting	(37,418)	(30,231)
Deferred tax asset (after offsetting)	<u>104,311</u>	<u>56,729</u>
Deferred tax liability (before offsetting)		
- Property and equipment	(20,023)	(28,040)
- Available-for-sale reserve	(18,362)	(11,267)
- Subscriber fees	967	9,076
	<u>(37,418)</u>	<u>(30,231)</u>
Offsetting	37,418	30,231
Deferred tax liability (after offsetting)	<u>-</u>	<u>-</u>
13 OTHER RECEIVABLES, DEPOSITS AND PREPAYMENTS		
Other receivables	284,736	118,172
Deposits and prepayments	121,414	116,447
	<u>406,150</u>	<u>234,619</u>

Company No.

524989	M
--------	---

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

14 CASH AND CASH EQUIVALENTS

	<u>2017</u> RM	<u>2016</u> RM
Cash and bank balances	615,761	357,026
Deposits with a financial institution	6,509,455	4,856,536
	<u>7,125,216</u>	<u>5,213,562</u>

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

	<u>2017</u> %	<u>2016</u> %
Deposits with a financial institution	<u>3.28</u>	<u>3.20</u>

Deposits with a financial institution have an average maturity of 17 days (2016: 18 days).

15 OPERATING LEASE COMMITMENT

As at the date of the statement of financial position, the commitment in respect of an operating lease pertaining to rental payable for office occupied by the Company under a lease agreement expiring on 31 May 2018 (2014: 31 May 2016), are payable as follows:

	<u>2017</u> RM	<u>2016</u> RM
Within 1 year	106,384	255,322
Within 2 to 5 years	-	106,384
	<u>106,384</u>	<u>361,706</u>

Company No.

524989	M
--------	---

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

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>2017</u> RM	<u>2016</u> RM
Other receivables, deposits and prepayments	406,150	234,619
Cash and cash equivalents	<u>7,125,216</u>	<u>5,213,562</u>

Company No.

524989	M
--------	---

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

16 FINANCIAL RISK MANAGEMENT (CONTINUED)

(b) Credit risk (continued)

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

	<u>Financial institutions</u> RM	<u>Others</u> RM
<u>2017</u>		
Other receivables, deposits and prepayments	-	406,150
Cash and cash equivalents	7,125,216	-
	<u> </u>	<u> </u>
<u>2016</u>		
Other receivables, deposits and prepayments	-	234,619
Cash and cash equivalents	5,213,562	-
	<u> </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 2017 and 31 December 2016 approximates its fair value due to the limited term to maturity of these instruments or limited sensitivity to interest rates.

Company No.

524989	M
--------	---

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

NOTES TO THE FINANCIAL STATEMENTS
FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2017 (CONTINUED)

16 FINANCIAL RISK MANAGEMENT (CONTINUED)

(e) Capital risk management

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

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

17 APPROVAL OF FINANCIAL STATEMENTS

The financial statements have been approved for issue in accordance with a resolution of the Board of Directors on 15 March 2018.

Company No.

524989	M
--------	---

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

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

We, Tan Sri Dato' Seri Dr. Sulaiman bin Mahbob and Dato' Larry Gan, 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 28 are drawn up so as to give a true and fair view of the financial position of the Company as at 31 December 2017 and financial performance of the Company for the financial year ended 31 December 2017 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 15 March 2018.



TAN SRI DATO' SERI DR. SULAIMAN BIN MAHBOB
DIRECTOR

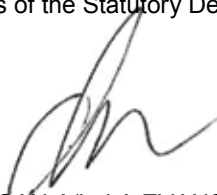


DATO' LARRY GAN
DIRECTOR

Kuala Lumpur

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

I, Devanesan A/L 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 28 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 A/L J A EVANSON

Subscribed and solemnly declared by the abovesigned at Wilayah Persekutuan Kuala Lumpur on 15 March 2018.

Before me:



COMMISSIONER FOR OATH

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



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

REPORT ON THE 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 2017, and of its financial performance and its cash flows for the 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 2017, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies, as set out on pages 5 to 28.

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
T: +60 (3) 2173 1188, F: +60 (3) 2173 1288, www.pwc.com/my*

PricewaterhouseCoopers PLT (LLP0014401-LCA & AF 1146) was registered on 02.01.2018 and with effect from that date, PricewaterhouseCoopers (AF 1146), a conventional partnership was converted to a limited liability partnership.



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

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

REPORT ON THE 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 Directors' 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.



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

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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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.

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 represent the underlying transactions and events in a manner that achieves fair presentation.



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

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONTINUED)

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

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.

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.

A handwritten signature in black ink, appearing to read 'PricewaterhouseCoopers'.

PRICEWATERHOUSECOOPERS PLT
LLP0014401-LCA & AF 1146
Chartered Accountants

A handwritten signature in black ink, appearing to read 'Ong Ching Chuan'.

ONG CHING CHUAN
02907/11/2019 J
Chartered Accountant

Kuala Lumpur
15 March 2018



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 **17th Annual General Meeting** of the Company will be held at the 11th Floor, Bangunan KWSP, No. 3, Changkat Raja Chulan, Off Jalan Raja Chulan, 50200 Kuala Lumpur on **Friday, 22 June 2018** at **3.00 p.m.**

AGENDA

1. To receive and adopt the Company's Audited Financial Statements for the financial year ended 31 December 2017, together with the Directors' and Auditors' Reports thereon.
2. To approve payment of Directors' Fee of RM57,600 for the financial year ended 31 December 2017.
3. To approve payment of Directors' Remuneration of RM48,375 for the financial year ending 31 December 2018 until the conclusion of the next Annual General Meeting.
4. To re-elect the following Directors who retire in accordance with Article 61 of the Constitution of the Company, as Directors of the Company:

 (a) Tan Sri Dato' Seri Dr Sulaiman bin Mahbob
 (b) Dato' Larry Gan
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) Mr Devanesan A/L J. A Evanson
 (b) Puan Sharifatu Laila Syed Ali
6. To re-appoint Messrs PricewaterhouseCoopers as Auditors of the Company for the ensuing year and to authorise the Directors to fix their remuneration.

By Order of the Board

Chew Phye Keat
Secretary

Dated: 30 May 2018

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

[THIS PAGE IS INTENTIONALLY LEFT BLANK]



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 **17th Annual General Meeting** of
the said Company to be held on **Friday, 22 June 2018** at **3.00 p.m.** and at any adjournment
thereof.

Dated:

Director

Director/Secretary

[THIS PAGE IS INTENTIONALLY LEFT BLANK]

MINORITY SHAREHOLDERS WATCH GROUP

11th Floor Bangunan KWSP

No. 3, Changkat Raja Chulan

Off Jalan Raja Chulan

50200 Kuala Lumpur

Tel: (603) 2070 9090 Fax: (603) 2070 9107

www.mswg.org.my