Malaysia

CORPORATE GOVERNANCE

Index Report

2011

MSWG

MINORITY SHAREHOLDER WATCHDOG GROUP

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CORPORATE PROFILE

Minority Shareholder Watchdog Group(MSWG), or Badan Pengawas Pemegang Saham Minoriti Berhad, was set up in the year 2000 as a Government initiative to be part of a broader Capital Market framework to bring about awareness and help protect the interests of minority shareholders through shareholder activism. MSWG is a professional body licensed under the Capital Markets and Services Act. It is a self-governing and non-profit body, funded predominantly by the Capital Market Development Fund (CMDF).

It is an important channel of market discipline, encouraging good governance amongst public listed companies (PLCs) with the objective of raising shareholder value over time.,Over the last decade of operations, MSWG has evolved into an independent corporate governance research and monitoring organisation, highlighting issues of concern, thereby providing retail and institutional minority shareholders an independent view on the voting of resolutions at company meetings.

VISION

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

MISSION

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

FOREWORD

This is the third edition of our Malaysian Corporate Governance Report, and I am proud to say that its influence and reach has enjoyed a measurable and significant leap since our first edition appeared in 2009. Public listed companies, corporate officers, regional exchanges, CG practitioners and market observers and shareholders alike now demand the conclusions and detailed analyses of MSWG's stringent five-stage analysis of Malaysia's public-listed companies. In this third and latest edition, in itself a much broader and deeper analysis than in each of the previous two editions, we now provide detailed conclusions of the corporate governance practices of 820 Malaysian PLCs.

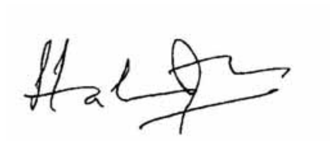
MSWG's Corporate Governance Report has dovetailed nicely with the Securities Commission's launch of the Capital Market Masterplan 2 (CMP2) in 2011. The thrust of the CMP2 is the theme "Growth with Governance", and our efforts essentially complement the strategies put in place by the regulators to transform the competitive dynamics of the capital market between now and 2020. By highlighting the big movers and shakers in CG practices, the challenge of addressing and developing key structural changes, as well as establishing critical linkages to foster a more diverse and innovative intermediation environment, may now be better achieved.

One of the first and most significant deliverables from the CMP2 is the Corporate Governance Blueprint 2011, announced in July 2011. It is premised on the expectation that boards of companies occupy a central role as agents of institutional and retail shareholders. With this paradigm firmly in mind, one can henceforth see the importance that we at MSWG have placed on the board's role and duties within the corporate governance ecosystem. Likewise, a more proactive shareholder influence and the heightened role of gatekeepers and influencers are also essential in promoting self- and market- discipline.

It is our and the regulators' every intention to emphasise that the governance and oversight of our capital markets is a joint, proactive and mutual effort. Henceforth, while public and private enforcement play a crucial role in ensuring transgressors are held accountable through actions by the state, regulators or aggrieved parties, a joint and mutual effort will, over the long term, ensure a much more robust and sustainable marketstewardship.

As a final note, the results and findings in this Malaysian Corporate Governance Report will provide a useful foundation in a new six-country ASEAN Corporate Governance index. The ASEAN CG Index is a pilot project that combines global and regional CG best practices to establish this scorecard as the de-facto CG ranking tool in our region. Initially, only the top 30 PLCs from Thailand, Malaysia, Singapore, Vietnam, Philippines and Indonesia will participate, with the aim of establishing a single and definitive ASEAN CG standard by 2015.

Against the backdrop of these momentous developments, both locally and in ASEAN, it therefore makes it imperative for us to continue to improve our CG practices by staying competitive with our neighbours.



Tan Sri Abdul Halim Ali
Chairman
Minority Shareholder Watchdog Group

PREFACE

"Apply yourself. Get all the education you can, but then, by God, do something. Don't just stand there, make it happen."

Lee Iacocca, former President of Chrysler Corp.

Our decision, in 2009, to create the country's first annual Malaysian Corporate Governance (MCG) Index, was propelled by a vision. We saw such an Index as being capable of creating awareness and encouraging best corporate governance (CG) practices among Malaysian public listed companies where there was previously very little opportunity and platform to do so. Thus we developed this Index with Nottingham University Business School (Malaysia) and the National University of Singapore (Corporate Governance and Financial Reporting Centre). It was envisaged that the Index would be a platform to incentivise better corporate governance standards through recognition and constructive analysis. We also wanted to provide both institutional and retail shareholders a window into the level of CG practices at Malaysian PLCs so that gaps could be addressed and strengths, in turn, could be highlighted. Now, after three years, the Index has provided useful information and trends for the development of necessary policy decisions on CG by relevant Malaysian authorities.

The development of the Index was well-timed. This last decade has seen the maturing of corporate governance in Malaysia, with the fortifying of its ecosystem, and the recent launches of the Capital Market Masterplan 2 and the Corporate Governance Blueprint 2011. We have witnessed, on so many different levels, the shift away from mere regulatory discipline to a more balanced approach involving market- and self-discipline in joint and mutual efforts to truly embed the spirit of corporate governance in the culture of market players. This is particularly so among the Top 100 companies in our MCG Index. We would, however, like this to become the norm, market-wide.should like to point out that corporate Malaysia has made much progress in the mere three years that our Index has existed. For example, we have seen improvement in the overall score of our Top 100 companies in terms of overall best CG practices, and we have noted positive developments in the areas of companies conducting annual director appraisals. Boards of directors, as we frequently point out, are the focal point of a public company's governance efforts and they are the conduit through which corporate behaviour is managed. We increasingly see that the quality of a company's board is an important evaluation factor for institutional investors.

We have also seen significant progress on a number of other counts, including the emergence of policies on whistle-blowing and corporate responsibility - policies that were just buzzwords a mere three years ago. Progress has also been made on the separation of Chairman and CEO: whence in the past, a unified position was common, today it is becoming more of a rarity, and that can only be a good thing. Each has its own unique role to play in the company, with the performance of one feeding the other (and vice-versa), and directly affecting the company's fortunes.

The picture is not all rosy, however. The ratio of women directors on boards is still at a painfully low level, while the numbers of long-serving Independent Non-Executive Directors also requires attention. Diversity and a fresh perspective, after all, are attributes as prized as skills and experience.

Still, with so much progress being made, one cannot help but be quietly confident that Malaysia will one day get to that much-vaunted end-point where self-governance of one's corporate action becomes the norm, rather than the exception. History has shown that, despite the regulator's best intentions, it is simply impossible to legislate good behaviour.

In closing, I would like to offer, on MSWG's behalf, our sincerest thanks to the individuals who served on this year's Adjudication Committee, who gave so generously of their time, effort and experience, and without whom none of this would have been possible:

- Ms Jennifer Lopez, Association of Chartered Certified Accountants (ACCA)
- Mr Jeremie Ting Keng Fui, Malaysian Institute of Chartered Secretaries & Administrators (MAICSA)
- Ms Azura Azman, Association of Stockbroking Companies of Malaysia (ASCM)
- Mr Gerald Ambrose, Malaysian Association of Asset Managers (MAAM)
- Datin Josephine Low, Institute of Internal Auditors of Malaysia (IIAM)
- Dato' Dr Michael Yeoh, Asian Strategic Leadership Institute (ASLI)
- Mr John Zinkin, ICLIF Leadership and Governance Centre (ICLIF)

- Mr Suresh Menon (Capital Market Consultant)
- Professor Mak Yuen Teen, National University of Singapore (NUS)
- En Salleh Hassan

Lastly, I would also like to make special mention of my colleagues and staff at MSWG, as well as our other partners, who were indispensable in putting this annual Index together.

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Rita Benoy Bushon
Chief Executive Officer
Minority Shareholder Watchdog Group

Detailed Report and Findings

CHAPTER 1: OVERVIEW

1.1 Introduction

Malaysia, along with much of Asia, continued to be shielded in 2011 from the lingering effects of the financial crisis that still had North America and Europe in its grip. Full-year growth remained strong at 5.1%, while the annual inflation rate stood at 3.2% at the close of the year.

Once again, Malaysia scored well in the World Bank's "Doing Business 2012" report, which surveyed the ease of doing business in 183 countries. In fact, Malaysia improved from a 23rd place ranking in the 2011 report, to an 18th place ranking in the 2012 report, behind Thailand in 18th place, and Singapore which remained 1st overall.

The report was also good news for Malaysia in terms of our 1st place ranking in terms of the ease of getting credit, and 4th place for the protection of investors. Malaysia retained these positions for the second year in a row.

In spite of this, Malaysia's ranking in Transparency International's Corruption Perceptions Index 2011 fell 4 places from 56th (of 178 countries surveyed in 2010) to 60th (of 183 countries surveyed in 2011).

The slide in ranking indicates that a redoubling of efforts is urgently needed to address the perception of corruption in Malaysia.

1.2 Corporate Happenings and Developments in 2011

The year 2011 was an important one in the evolution of Malaysian corporate governance standards. Malaysia continued to experience a busy capital market, notwithstanding the global economic uncertainty aggravated by the Eurozone debt crisis. Corporate exercises and developments included IPOs, mergers and acquisitions, the introduction/ amendment of capital market rules and the launch of the Corporate Governance Blueprint 2011.

Volatility in the financial markets was seen globally and Malaysia was expectedly not spared either. On the local front, in the beginning of 2011, the FBMKLCI started at the level of 1,518.91 points and ended at 1,530.73 points at the close of the year. During the year, a total of 28 IPOs with an aggregate value of RM6.66 billion were launched, compared to 29 IPOs with a total value of RM19.9 billion in 2010. The significantly higher value in 2010 was mainly attributed to the IPO by PETRONAS Chemicals Group Berhad which raised a total of RM12.8 billion.

During the year 27 Companies totaling RM5.96 billion were listed, while 17 companies totaling RM29.1 billion were privatised. Many privatisations had issues over price. There was a net outflow of RM23 billion from Bursa Malaysia's market capitalisation. The PLUS privatisation alone took some RM22.3 billion from the market.

World Bank Doing Business Survey 2012

Country	2012	2011 *
Singapore	1	1
Thailand	17	16
Malaysia	18	23
Brunei Darussalam	83	86
Vietnam	98	90
Indonesia	129	126
Cambodia	138	138
Laos	165	163
Myanmar	Not surveyed	

Transparency International Corruption Perceptions Index 2012

Country	2011	2010
Singapore	5	1
Brunei Darussalam	44	38
Malaysia	60	56
Thailand	80	78
Indonesia	100	110
Vietnam	112	116
Laos	154	154

In 2011, a significant number of mergers and acquisitions (M&As) were carried out. Only four of these (e.g. Asia Pacific Land, Leader Universal, Leong Hup Holdings, PLUS Expressways) were undertaken through the acquisition of assets and liabilities route, while the majority of more than 20 exercises were carried out by way of the Malaysian Code on Take-Overs and Mergers 2010. Shareholders expressed concern about the increasing number of companies being privatised, particularly where good and fundamentally strong companies were involved and the price offered was not fair and reasonable. The issue is that shareholders and investors would be deprived of good companies to invest in and this may not auger well for the Malaysian capital market.

The year also saw important milestones and events in capital market reform. In January 2011, Bursa Malaysia and SC raised the approval threshold required for takeovers via the assets and liabilities takeover route to 75% from 50% plus one share. In April 2011, SC launched the Capital Market Masterplan 2 (CMP 2) with the theme "Growth with Governance" outlining strategies to transform the competitive dynamics of the capital market for the period 2011–2020. In July 2011, SC also introduced the Corporate Governance Blueprint 2011, which represents one of the first deliverables of CMP 2. The Blueprint sets out strategic directions and specific action plans to be implemented over the five-year period from 2011 to 2016. The Securities Industry Dispute Resolution Centre (SIDREC) was also established, with the objective of resolving disputes and claims between individual investors and capital market intermediaries.

Figure 1 provides a graphical representation of signifcant corporate happenings and developments during this year

1.3 Significant Corporate Governance Developments in 2011

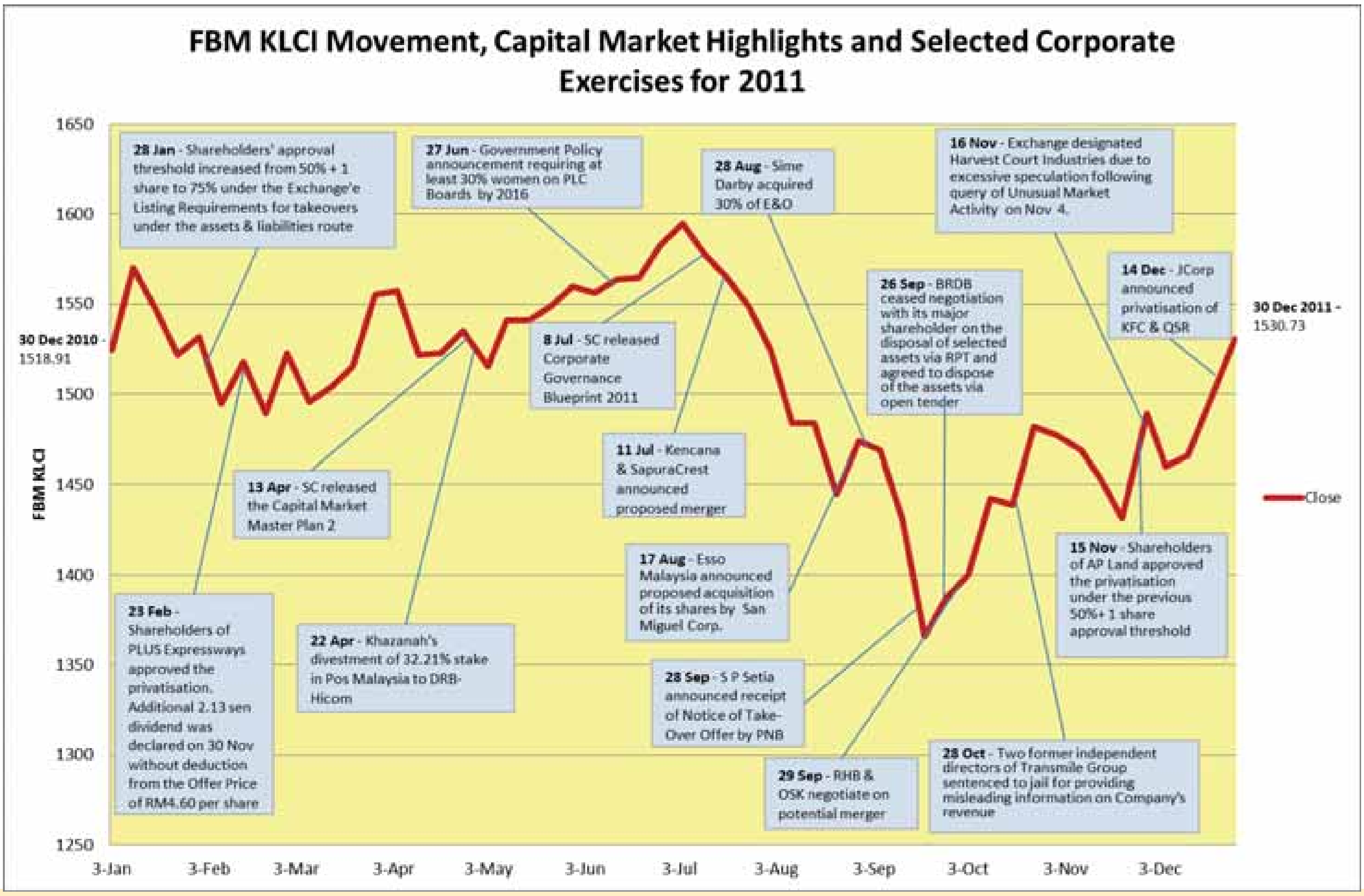
1.3.1 Capital Market Masterplan 2

The Securities Commission Malaysia (SC) launched the Capital Market Masterplan 2 (CMP2) in April 2011, with the theme "Growth with Governance". CMP2 outlines strategies to transform the competitive dynamics of the capital market for the period 2011 – 2020. It outlines growth strategies to address key structural challenges, and critical linkages to foster a more diverse and innovative intermediation environment and to nurture newgrowth opportunities in the capital market.

The key challenges of the CMP2 are to:

- Increase capacity and efficiency of the capital market in financing investment requirements for economic growth.
- Address structural imbalances between private sector savings and investments.
- Deepen secondary market liquidity

Figure 1: Corporate Happenings and Developments in Malaysia (2012)



- Build scale and identify new growth opportunities.
- Build capacity and strengthen the information infrastructure.

In managing risk in a changing landscape, CMP2 will focus on ensuring robust governance arrangements to manage the risks to investor protection and stability by promoting the following:

- Clear points of accountability with effective regulatory oversight and reach.
- Higher standards and capabilities in the operation of intermediaries.
- Extension of regulatory focus to stability risks.
- Higher corporate governance standards.
- Broadening participation in governance.

1.3.2 Corporate Governance Blueprint

The Corporate Governance Blueprint 2011 (CG), released in July 2011, represents one of the first deliverables of CMP2 and sets out the strategic directions and specific action plans to be implemented over five-year period. It is premised on the paradigm that boards of companies occupy a central role as agents of shareholders, both retail and institutional within the corporate governance ecosystem. The CG also emphasised the important role of shareholders' influence on board's action together with gatekeepers and influencers have in promoting self and market discipline. Public and private enforcement plays a crucial role in ensuring transgressors are held accountable through actions by the state, regulators or aggrieved parties. The Blueprint strengthens and enhances the following key areas:

- Shareholders Rights advocates the empowerment of shareholders through fair, efficient and transparent voting process.
- Role of Institutional Investors exhorts institutional investors to take a leadership role in governance by exercising responsible ownership.
- The Board's Role in Governance amplifies the role of board as active and responsible fiduciaries.
- Disclosure and Transparency emphasises the enhancement of disclosure standards and practices to promote informed decision making by shareholders.
- Role of Gatekeepers and Influencers gives recognition to their critical role in fortifying self- and market discipline.
- Public and Private Enforcement r einforces the critical and complementary roles of public and private enforcement in maintaining market confidence.

CMP2's Growth and Governance Strategies include:

Growth	Governance
• Promote capital formation • Expand intermediation efficiency and scope • Deepen liquidity and risk intermediation • Facilitate internationalisation • Build capacity and strengthen information infrastructure	• Enhance product regulation to manage risks • Expand accountabilities as intermediation scope widens • Robust regulatory framework for changing market landscape • Effective oversight of stocks • Strengthen corporate governance • Broaden participation in governance

1.3.3 Bursa Malaysia Listing Requirements

In line with the measures to enhance and strike a balance between business efficacy and investor protection, Bursa Malaysia has amended several key regulations to promote a balanced regulatory framework that is fair and reasonable to all shareholders.

Notable amendments included the requirements in relation to the privatisation of listed corporations via the disposal of assets to obtain the approval in a general meeting of at least 75% in value of shareholders present for such disposal. Bursa has also imposed more stringent criteria and requirements on the appointments, assessments and cessation of directors, chief executives and chief financial officers and the disclosure of any information and any other material corporate developments and contents involving takeovers and mergers.

1.3.4 ASEAN Capital Market Forum –ASEAN Corporate Governance Scorecard Ranking for ASEAN PLCs

ASEAN Securities Regulators' initiatives to devise and establish an ASEAN Corporate Governance Scorecard that will be used to rank top 30 public listed companies in the six participating countries, namely Indonesia, Malaysia, Philippines, Singapore, Thailand and Vietnam targeted for launch in 2012.

CHAPTER 2: MCG INDEX 2011 METHODOLOGY

The MCG Index 2011 is an unsolicited initiative, and all 956 companies ("companies") listed on the Exchange as at 31 December 2010 were initially eligible for assessment. However, a total of 136 companies were excluded from assessment for the following reasons:

- Newly listed in 2010.
- Delisted in 2010/2011
- Subject to PN17/GN3 classification.

Thus, the MCG Index 2011 assessment process was applied to the remaining 820 companies.

The MCG Index 2011 assessment was based on publicly available information for the companies in question up to 30 June 2011. Sources of this information included corporate annual reports, corporate websites, filings and/or announcements to Bursa Malaysia (the "Exchange"), and reports and/or news from the established business-oriented media. The MCG Index 2011 also considered the conduct of the companies in the marketplace up to 30 November 2011.

Stage 1

In Stage 1, all 820 companies were assessed against a set of local and international recommended best practices. After this, the companies were ranked in terms of weighted composite corporate governance base scores.

Scorecards were used to assess each company's compliance with benchmarked recommended corporate governance principles and practices. The CG Base Score (CGBS) comprises 133 items, which are summarised in Table 1. A Local Best Practices (LBP) score was computed based on the measure of compliance with 62 key items that reflect the principles and recommended practices enjoined by the Malaysian Code on Corporate Governance (Revised 2007) ("the Code"), Bursa Malaysia's Listing Requirements ("LR"), and certain criteria from the Malaysian Corporate Governance Blueprint released in July 2011 ("CG Blueprint"). An International Best Practices (IBP) score was derived from the measurement of a company's conformance with 71 key items drawn from other influential international principles, guidelines and codes on corporate disclosure and governance. These other sources include the OECD Principles, ICGN Principles and the UK Corporate Governance Code.

For each item on the scorecard, a score of "1" was given only if the company had complied with the item and had disclosed such compliance accordingly. If an item did not deserve a point, it was marked as "0". Table 1 also illustrates the weights attached to the LBP, IBP and major sections of the scorecard towards the overall weighted composite Corporate Governance Base Score (CGBS). The weightings of the LBP and IDP were 70% and 30%, respectively to ensure consistency with assessments conducted in 2009 and 2010.

Stage 1 constituted 40 per cent of the final MCG Index 2011 score.

Stage 2

The same 820 companies then proceeded to Stage 2. The aim of this stage was to examine the extent to which companies embraced the spirit of the various recommended corporate governance practices. In this respect, companies were awarded varying bonus points when they had undertaken any of the 29 desirable practices, and given varying penalty points when they exhibited any of the 11 undesirable practices. The maximum bonus available was 72 points, whilst the maximum penalty was 49 points.

Table 1: Composition of the Corporate Governance Scorecard

Major Sections of the Malaysian Code on Corporate Governance	Local Best Practices (LBP)		International Best Practices (IBP)		Total	
	Items	Weights	Items	Weights	Items	Weights
Part A: Board of Directors	27		16		43	40%
Part B: Directors' Remuneration	8		12		20	10%
Part C: Shareholders	2		17		19	20%
Part D: Accountability & Audit	25		26		51	30%
Total	62	70%	71	30%	133	100%

Companies that had achieved a net "minus" score during the bonus and penalty stage were eliminated from further consideration.

Stage 2 constituted 20 per cent of the final MCG Index 2011 score.

Stage 3

The MCG Index promotes the idea that, in addition to demonstrating conformance to laws, rules, regulations and recommended policies & practices, companies ought to deliver value to shareholders through their financial performance. Based on this premise, Stage 3 examined the companies 'financial performance based on their Market Capitalisation and their 5-year average Return on Equity (ROE).

The aim of this stage was to recognise companies that had achieved positive financial performance. Appropriate points were awarded to companies based on their reported 5-year average ROE and market capitalisation. This was used as a proxy for stakeholder evaluation of the companies' historical performance and, hence, their expectations of future performance. All companies were evaluated during this stage and companies that did not achieve a five-year average Return on Equity (ROE) of at least four per cent were eliminated from further assessment.

Stage 3 constituted 15 per cent of the final MCG Index 2011 score, and was divided between ROE (10 per cent) and Market Capitalisation (5 per cent). Table 2 and Table 3 show the allocation of points for ROE and Market Capitalisation, respectively. Points allocated for ROE and Market Capitalisation were converted to percentages to derive the score for Stage 3.

After the elimination of companies with less than a five-year average ROE of four per cent, all remaining companies were ranked, and the top 300 companies were then subjected to qualitative analysis in Stage 4 and Stage 5.

Stage 4

During Stage 4, matters pertaining to a company's Corporate Responsibility (CR) policies, practices and achievements were assessed as disclosed on their corporate websites, and in their annual reports and/or stand-alone corporate sustainability reports. Using the Exchange's CR Framework, companies' disclosures on CR deal with four pillars of CR: workplace, marketplace, community and environment. Companies were given a score that ranged from zero to five points.

The CR Score constituted five per cent of the final MCG Index 2011 score.

Stage 5

Finally, at Stage 5, MSWG's analysts evaluated the quality of key company disclosures, namely: the Chairman's Statement, the CEO's Review, the Operational Review, the Internal Control Statement, the Corporate Governance Statement, the Risk Management Statement and, the nature of Related Party Transactions (RPTs) undertaken during the year under review. Analyst input also assessed companies on their overall market conduct, shareholding structure, board structure, and the conduct of AGMs.

Copies of detailed sample scorecards for all five stages of the MCG Index 2011 can be found in Appendix 3.

Table 2: Scoring Guide for 5-year Average ROE

5-year Average ROE	Points Allocated
ROE ≥ 4% < 10%	2
ROE ≥ 10% <15%	4
ROE ≥ 15% <20%	6
ROE ≥ 20% <25%	8
ROE ≥ 25%	10

Table 3: Scoring Guide for Market Capitalisation

Market Capitalisation (RM)	Points Allocated
Market Cap < 100 million	1
Market Cap ≥ 100 million < 500 million	2
Market Cap ≥ 500 million < 1 billion	3
Market Cap ≥ 1 billion < 5 billion	4
Market Cap ≥ 5 billion	5

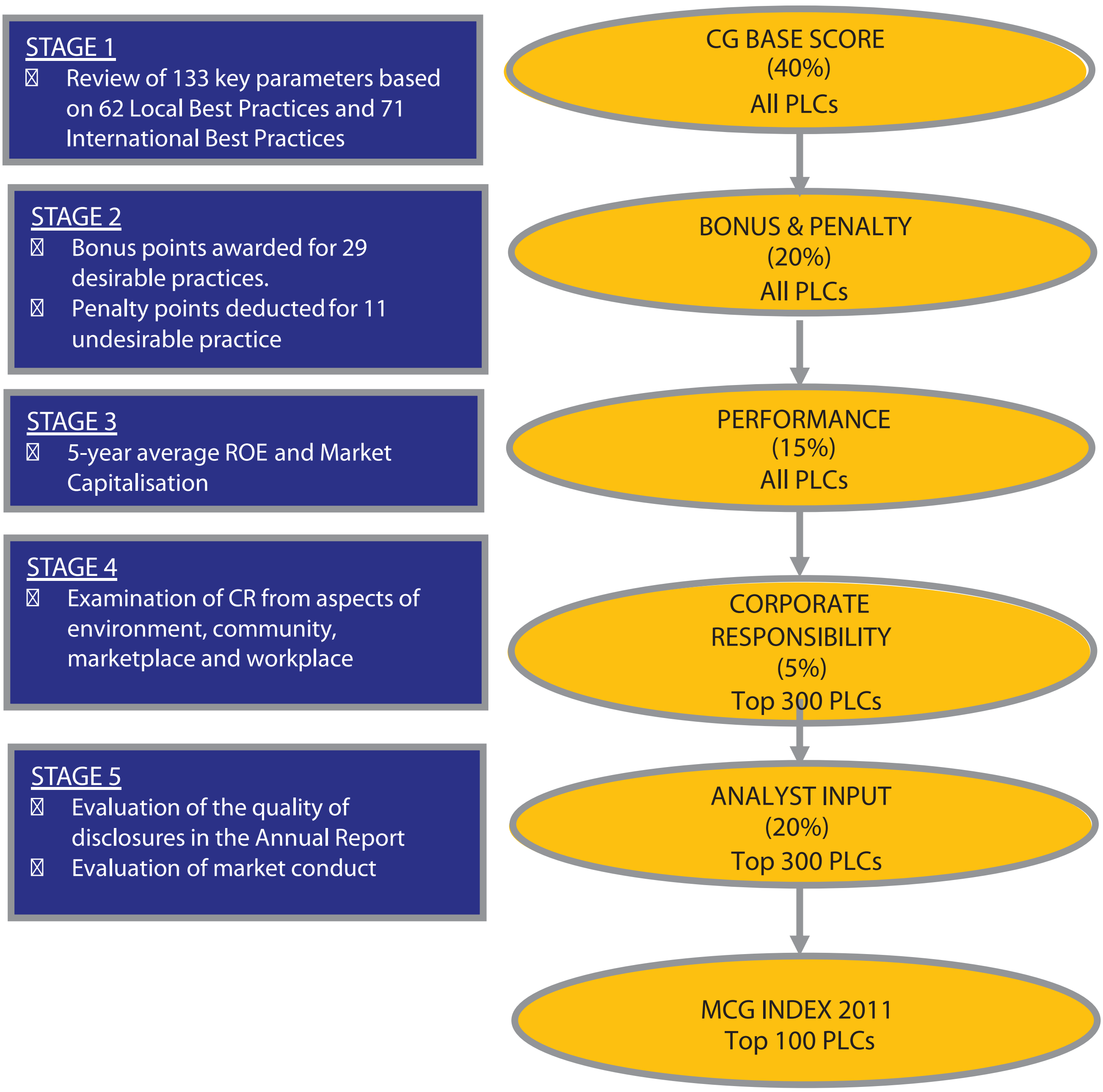
Analyst input constituted 20 per cent of the final MCG Index 2011 score.

The Top 100 Companies

At the completion of Stage 5, the companies were ranked based on the weighted composite scores from Stages 1 to 5. Only the Top 100 companies were selected to form the component stocks of the MCG Index. The final MCG Index score was then computed and tracked against the scores from prior years.

Figure 2 provides a visual overview of the Metholody used in the MCG Index 2011

Figure 2: MCG Index 2011 Methodology Diagram



2.2 Adjudication Committee and Research and Analyst Teams

The MCG Index 2011 was overseen by an Adjudication Committee,whose roles and responsibilities involved:

- Finalising the ranking of Top 100 companies which had been recommended by the Research Committee.
- Highlighting results or cases which appear to be unusual and which may warrant r e-consideration because of additional industry knowledge.
- Providing advice on the application of bonus or penalty points.

Members of the Committee included representatives of select professional groups and capital market players, including:

- Pn Rita Benoy Bushon, Minority Shareholder Watchdog Group (MSWG)
- Ms Jennifer Lopez, Association of Chartered Certified Accountants (ACCA)
- Mr Jeremie Ting Keng Fui, Malaysian Institute of Chartered Secretaries & Administrators (MAICSA)
- Ms Azura Azman, Association of Stockbroking Companies of Malaysia (ASCM)
- Mr Gerald Ambrose, Malaysian Association of Asset Managers (MAAM)
- Datin Josephine Low, Institute of Internal Auditors of Malaysia (IIAM)
- Dato' Dr Michael Yeoh, Asian Strategic Leadership Institute (ASLI)
- Mr John Zinkin, ICLIF Leadership and Governance Centre (ICLIF)
- Mr Suresh Menon (Capital Market Consultant)
- Professor Mak Yuen Teen
- En. Salleh Hassan

The Committee was chaired by MSWG's CEO, Puan Rita Benoy Bushon.

Photos of Adjudication Committee members, along with their positions, can be found in Appendix 4.

The Adjudication Committee was supported in its work by a Secretariat consisting of:

- Puan Lya Rahman (MSWG)
- Ms Rebecca Yap (MSWG)

and MSWG's Research Committee and Analyst Team composed of the following individuals:

- Puan Lya Rahman (Head of Research Committee)
- Ms Rebecca Yap
- Mr George Bohlender
- Mr Chong Chee Fern (Head of MSWG Analyst Team)
- Mr Quah Ban Aik
- Mr Ng Hoon Ho
- Mr Adrian Tay
- En Norhisham Sidek
- Mr Ooi Beng Hooi
- Puan Suryani Sudirman
- Puan Norkhalidah Mohd Khalil
- Other MSWG Associates / partners

CHAPTER 3: OVERVIEW OF FINDINGS FOR STAGES 1 TO 5

3.1 Stage 1 Overall Findings on the Corporate Governance Base Score (CGBS)

A total of 820 companies were eligible for Stage 1 assessment. In this stage, the companies' level and extent of compliance with selected and benchmarked recommended corporate governance principles and best practices were assessed.

Table 4 summarises the results of Stage 1 assessment. The CGBS is composed of a Local Best Practices Score (LBP) and International Best Practices Score (IBP).

The average CGBS for 2011 was 57.5 per cent, with minimum and maximum scores of 31.3 per cent and 91.4 per cent, respectively.

3.1.1 Average CGBS

As revealed in Figure 3, the average CGBS in 2011 increased from 55.6 per cent in 2010, to 57.5 per cent in 2011. This increase of 1.9 percentage points was marginal compared to the increase from 2009 to 2010, and could be attributed to the additional number of items in the CG Scorecard used in 2011. Hence, it is perhaps rather encouraging that despite the inclusion of new recommended practices, the compliance average continues to improve. It appears that companies have been keeping pace and striving toward continuous improvement.

3.1.2 Average CGBS by Sector

From the perspective of sectoral classification, Figure 4 shows that the companies in the Finance sector reported the highest average CGBS of 66.1 per cent, as compared to other sectors. This is not entirely surprising as the Finance sector tends to have more regulations than other sectors. Five sectors reported an average CGBS lower than the 2011 average CGBS of 57.5 per cent. These are: Consumer Products (56.2 per cent), Industrial Products (57.0 per cent), Property (56.7 per cent), and the Technology sector (56.1 per cent).

Figure 3: Average CGBS scores

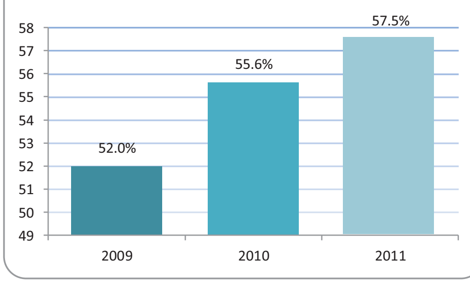


Table 4: Key parameters and components of Corporate Governance Base Score for 2011 (N = 820)

	Mean	Median	Minimum	Maximum
Corporate Governance Base Score (CGBS)	57.5	57.3	31.3	91.4
▪ Part A: Board of Directors	21.6	21.0	9.0	39.0
▪ Part B: Directors' Remuneration	5.9	6.0	0.0	15.0
▪ Part C: Shareholder Matters	6.7	6.0	1.0	17.0
▪ Part D: Accountability and Audit	21.7	21.0	11.0	43.0

	Mean	Median	Minimum	Maximum
Local Best Practices Score (LBP)	39.5	39.0	19.0	58.0
International Best Practices Score (IBP)	16.4	15.0	3.0	50.0

Figure 4: Average CGBS by sector

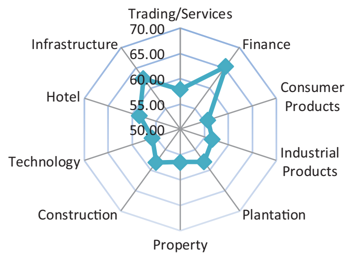
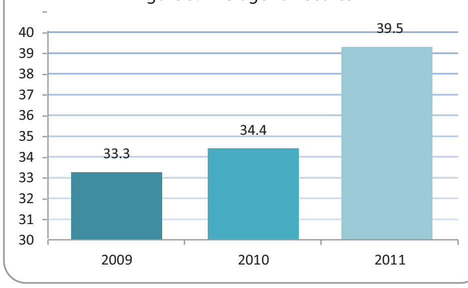


Figure 5: Average LBP scores

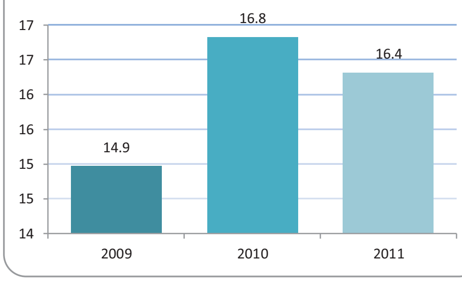


3.1.3 Local Best Practices Score (LBP)

The LBP score is derived from assessing companies' compliance with important corporate governance best practices currently enjoined by local requirements, rules and regulations. Table 5 reports a summary of statistics pertaining to the LBP. The total weighting for LBP was 70 per cent. Thus, the average of 39.5 is equivalent to 56.5 per cent. Whilst the average LBP was 39.5 points, three companies achieved the highest LBP of 58.0 points out of 70, which is equivalent to 82.9 per cent: Axiata Group Berhad, Bursa Malaysia Berhad, and Symphony House Berhad. The level of compliance with key local requirements as measured by the LBP has increased since 2009 when the MCG Index initiative was first introduced. A review of Figure 5 reveals a dramatic increase in the average LBP in 2011.

Despite the inclusion of several new LBP items in the CG scorecard, the average LBP in 2011 increased by nearly 15 per cent compared to the 2010 score. This demonstrates the continuing commitment shown by companies towards embracing recommended corporate governance practices espoused by local requirements. This development also augurs well in thcontext of the CG Blueprint where a number of corporate governance practices have been proposed for adoption. Notwithstanding future performance, "Directors' Remuneration" remained an aspect of corporate governance that requires attention and action with regard to the establishment of transparent policies on directors' remuneration, and the transparent disclosure of their remuneration.

Figure 6: Average IBP scores



3.1.4 International Best Practices Score (IBP)

In terms of the IBP, Table 6 and Figure 6 summarise the performance of all 820 eligible companies. In 2011, the average IBP across the 820 companies

Table 5: Key parameters and components of Local Best Practices Score (LBP) for 2011 (N = 820)

	Mean	Median	Minimum	Maximum
Local Best Practices Score (LBP) (0 to 62)	39.5	39.0	19.0	58.0
• Part A: Board of Directors (0 to 27)	17.6	18.0	7.0	27.0
• Part B: Directors' Remuneration (0 to 8)	3.4	3.0	0.0	8.0
• Part C: Shareholder Matters (0 to 2)	1.5	2.0	0.0	2.0
• Part D: Accountability and Audit (0 to 25)	17.0	17.0	9.0	25.0
Total weight toward CG Base Score = 70%				

Table 6: Key parameters and components of the International Best Practices Score for 2011 (N = 820)

	Mean	Median	Minimum	Maximum
International Best Practices (IBP) (0 to 71)	16.4	15.0	3.0	50.0
• Part A: Board of Directors (0 to 16)	4.0	4.0	0.0	13.0
• Part B: Directors' Remuneration (0 to 12)	2.5	2.0	0.0	9.0
• Part C: Shareholder Matters (0 to 17)	5.2	5.0	0.0	15.0
• Part D: Accountability and Audit (0 to 26)	4.7	4.0	1.0	20.0
Total weight toward CG Base Score = 30%				

was 16.4 points. Given a weighting of 30 per cent, this is equivalent to 54.6 per cent. This is marginally lower than the average IBP in 2010, which was 16.8 points (or 56 per cent). The main reason for the marginal decline in the average IBP could be due to the inclusion of several new IBP items in the CG scorecard for 2011. As noted in the prior-year editions of this report, it has indeed been challenging for companies to adopt recommended corporate governance practices not currently enjoined by local requirements. Nevertheless, companies are well advised to consider embracing these practices as strategic differentiating factors. Whilst only five companies attained an IBP score of more than 40 points in 2010, there was a 100 per cent increase in the number of companies recording the same achievement in 2011. One company, Telekom Malaysia Berhad, achieved the highest IBP of 50 points.

3.2 Stage 2 Bonus & Penalty Scores

3.2.1 Overview of the Bonus and Penalty Score

Compared to the MCG Index 2010, which assessed only 473 companies, the MCG Index 2011 extended the assessment to all 820 eligible companies. In this stage, actual company practices were assessed against a set of 29 desirable and 11 undesirable corporate governance-related practices. Bonus and penalty points were awarded or deducted for the desirable and undesirable practices, respectively.

3.2.2 Overall findings on the Desirable Corporate Governance-Related Practices (Bonus Points)

The number of desirable corporate governance-related practices had been reduced from 44 items in MCG Index 2010 to 29 items in MCG Index 2011. A total of 15 items had been moved from the Stage 2 Bonus and Penalty scorecard to the Stage 1 Corporate Governance Base Score scorecard. Accordingly, the maximum possible bonus points had also decreased from 87 points in the MCG Index 2010 to 72 points in the MCG Index 2011.

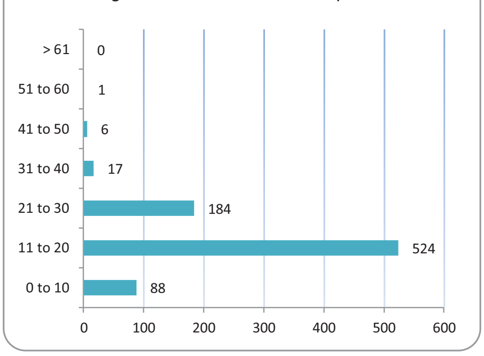
Bonus points were awarded for desirable CG-related practices in the following areas:

- Independent Non-Executive Directors (6 practices)
- Chairman & CEO (2 practices)
- Board Diversity (4 practices)
- Directors' Training (2 practices)
- Directors' Remuneration (2 practices)
- Dividend Policy (3 practices)
- Audit Committee (2 practices)
- Risk Management (2 practices)
- Whistle-blowing Policy (3 practices)
- Transparency - timeliness of annual report (2 practices)
- Public Shareholding Spread (1 practice)

In terms of bonus points, Bursa Malaysia Berhad ranked first with 58 bonus points and followed by Public Bank Berhad and Telekom Malaysia Berhad with 47 bonus points each. Two companies had the lowest bonus points score of three: PCCG Group Berhad and Supportive International Holdings Berhad. A review of Figure 7 indicates that the majority of companies (64.0 per cent) were awarded between 11 and 20 bonus points. The average award of bonus points was 17.8 per company.

3.2.3 Overall findings on the Undesirable Corporate Governance-Related Practices (Penalty Points)

Figure 7: Distribution of bonus points

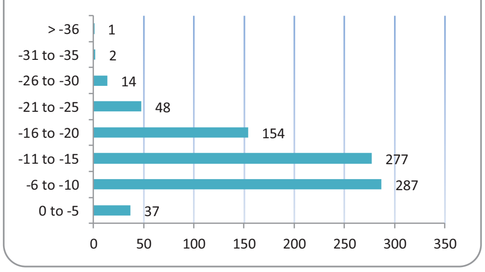


Unlike the bonus point items, there had been no change in the number of penalty point items in the MCG Index 2011. Thus, all 820 companies were assessed against 11 undesirable corporate governance-related practices in the following areas:

- Independent directors (5 practices)
- Independence of External Auditors (1 practice)
- Directors/board credibility (1 practice)
- Stakeholder engagement (1 practice)
- Other matters and practices (3 practices)

A maximum of 49 penalty points could be deducted from a company's score based on the assessment. The average deduction in 2011 was 11.2 points, with 564 companies (68.8 per cent) achieving a deduction of between 6 and 15 points. See Figure 8 for the distribution of penalty points among all 820 companies. In terms of penalty points, only three of

Figure 8: Distribution of penalty points



the 820 companies reviewed appeared to have demonstrated none of the 11 undesirable corporate governance-related practices. These were: Malaysia Building Society Berhad, Salcon Berhad, and Seacera Berhad.

Companies that had achieved a minus net score in the Bonus and Penalty stage were eliminated from further consideration in the MCG Index 2011.

Detailed findings related to Bonus and Penalty items can be found in Chapters 4 through 7.

3.3 Stage 3 Financial Performance Scoring

The MCG Index strongly promotes the idea that companies ought to demonstrate not just conformance with laws, rules, regulations, and recommended policies and practices, but financial performance in terms of delivering returns to shareholders. Stage 3 of the MCG Index 2011 examined the following two indicators among the 820 eligible companies:

- 5-year average Return On Equity (ROE).
- Market Capitalisation.

The top 10 companies in terms of the highest five-year average ROE were:

- British American Tobacco (Malaysia) Berhad: (172.1)
- Berjaya Sports Toto Berhad: (80.4)
- Multi Sports Holdings Limited: (66.2)
- DiGi.Com Berhad: (65.3)
- Boustead Heavy Industries Corporation Berhad: (61.0)
- Nestle (Malaysia) Berhad: (57.0)
- Olympia Industries Berhad: (50.0)
- Xingquan International Sports Holdings Limited: (44.0)
- Theta Edge Berhad: (41.7)
- Hartalega Holdings Berhad: (37.4)

Companies that did not achieve a five-year average ROE of at least 4 per cent were eliminated from further assessment. The remaining companies were ranked and the top 500 companies then underwent Stage 4 assessment.

3.4 Stage 4 Assessment of CR policies and practices

During Stage 4, companies were evaluated in terms of their CR policies and practices as disclosed on their websites, and in their annual reports and/or stand-alone corporate sustainability reports. As per the Exchange's Listing Requirements, companies are expected to disclose information pertaining to their CR policies and activities. Using the Exchange's CR framework, companies' disclosures on CR should deal with the four pillars of CR: workplace, marketplace, community, and environment. Consequently, companies were given a score that ranged from zero to five points.

Based on the review of the top 500 eligible companies, the average score was 1.8 points out of 5, or 36%. This suggests that many companies, even the larger ones, need to improve and strengthen their CR disclosures.

Four companies had each achieved the highest score of 4.5 points (90%): CIMB Group Holdings Berhad, DiGi.Com Berhad, Nestle (Malaysia) Berhad, and Telekom Malaysia Berhad. All four companies had published a stand-alone corporate sustainability report.

3.5 Stage 5: Analyst assessment of quality of disclosures and market conduct

As in the previous two years, MSWG's analysts conducted a qualitative appraisal of several aspects of company disclosures and practices. The assessment was applied to the top 300 companies at the conclusion of Stage 4. Table 7 shows the seven areas of interest, the maximum score achievable, average scores awarded, and the highest score achieved in each area.

The score for this stage was converted to a percentage out of 100, which accounted for 20 per cent of a company's overall MCG score.

The top 10 companies that achieved the highest total scores in the assessment of these items of interest were:

- LPI Capital Berhad
- Tenaga Nasional Berhad
- Public Bank Berhad
- Telekom Malaysia Berhad
- CIMB Group Holdings Berhad
- Axiata Group Berhad
- Shell Refining Company (Federation of Malaya) Berhad
- Bursa Malaysia Berhad
- British American Tobacco (Malaysia) Berhad
- UMW Holdings Berhad

Table 7: Summary of analyst assessment of quality of disclosures and market conduct

No.	Areas of interest	Maximum score	Average score	Highest score
1.	Quality of the chairman's statement and/or CEO's review, and/or operational review	15	8.3	14
2.	Quality of corporate governance statement, internal control statement and risk management statement	20	10.3	18
3.	Shareholding structure	5	3.3	5
4.	Board structure	5	3.9	5
5.	Related party transactions	10	7.9	10
6.	Conduct of the AGM, company's replies to queries and restrictions on proxies	20	14.4	17.5
7.	Overall conduct in the market place	15	8.5	14
Total score		90	56.6	

The score for this stage was converted to a percentage out of 100, which accounted for 20 per cent of a company's score

3.5.1 Quality of the Chairman's Statement, CEO's Review and Operational Review

Generally, across the top 300 companies reviewed in Stage 5 by analysts, the financial performance, operations, industry trends and company prospects were well-disclosed with sufficient details. Most companies provided information on their management teams and the company's five-year financial highlights. However, as noted in other parts of this report, not many companies disclosed information on key performance indicators and dividend policies: out of 300 companies, 118 scored zero points in this category.

The top three highest-scoring companies in this category were LPI Capital Berhad, Tenaga Nasional Berhad, Telekom Malaysia Berhad,

3.5.2 Quality of disclosures in the Corporate Governance Statement, Internal Control Statement, and Risk Management Statement

From Table 7 it is shown that the average score was just slightly above 50 per cent. The top three companies that scored the highest in this category were: CIMB Group Holdings Berhad, Malayan Banking Berhad, and Shell Refining Company (Federation of Malaya) Berhad, were scoring were between 85-90 per cent.

3.5.3 Shareholding and board structure

The following aspects of shareholding and board structure were examined for the Top 100 companies:

- Whether companies had a shareholder or related parties that held a 45 per cent or more share in the company.
- If the preceding was present, whether INEDs constituted at least 50 per cent of board membership.

These dual mechanisms could act as a means to have a balance of power for minority shareholder protection to a certain extent.

Companies with concentrated shareholding were not given any score. Concentrated shareholding was present in 46 per cent of the Top 100 companies.

In view of the concentrated shareholding, there is a need for a strong independent element on the Board. Thus, companies with at least 50 per cent independent directors were awarded points. In this regard, 19 per cent of the Top 100 companies had at least 50 per cent independent directors on their board.

3.5.4 Related party transactions (RPTs)

Two main criteria used in evaluating reported RPTs were that RPTs should have been well executed, and they should not be detrimental to minority shareholders. In terms of scoring, where a company had no RPTs, full points were awarded to the company. Where a company had RPTs or RRPTs, an evaluation was performed to determine, among others, the magnitude of the transactions, whether they were detrimental to minority shareholders, and whether minority shareholders had complained about the transactions. In addition, depending on the nature of the transaction if an RRPT resulted in more than20 per cent of revenue or costs, no points were accorded.

Out of the 300 companies reviewed, 48.8 per cent were assessed as having met the criteria and were awarded the full score of 10 points. At the other end, 30.4 per cent scored zero points in this aspect.

3.5.5 Conduct of Annual General Meetings (AGMs)

During the period under review, MSWG's representatives attended a total of 339 AGMs and EGMs. Of the AGMs attended, 83% were held between four to six months after the company's financial year end. Only one company held its AGM within two months after its financial year end.

MSWG used attendance at AGMs/EGMs to assess the effectiveness of these meetings in benefiting minority shareholders. The following criteria were used in this assessment:

Registration Process and Procedures: The efficiency of the AGMs' registration process and procedures were assessed. Based on the various AGMs attended, it was observed that the registration process was generally well conducted, with adequate and well placed signage and sufficient registration counters. In terms of the latter, companies usually set up separate counters for registration of shareholders, proxies and guests. Also, the counters were set up according to alphabetical order for ease of registration.

Proxies: About eight per cent of companies maintained certain restrictions on proxies, and allowed only certain approved persons to attend the AGM. Whilst this is currently permissible by law, such a practice does not encourage active shareholder participation at AGMs. MSWG would support the removal of such restrictions voluntarily by the companies.

Board Attendance: Out of the 300 companies, about 70 per cent of AGMs had full board attendance. At six per cent of the AGMs, one director seeking re-election was not present. At least one director was not present at three per cent of the AGMs. This does not reflect well on the directors concerned or the company unless the directors have strong reasons to be absent from the meeting. Companies were strongly encouraged to make the detailed minutes of their AGMs public and promptly available, which could induce directors' attendance at meetings.

Conduct of Meeting: In terms of the actual conduct of AGMs, about 74 per cent of companies presented an overview of financial performance. Close to 90 per cent of companies presented MSWG's questions (34 per cent in the form of a multimedia presentation while 56 per cent of companies presented MSWG's questions verbally). By and large, boards generally gave sufficient opportunities for shareholders to raise questions and express their opinions during AGMs. There were 10 per cent of companies that did not present MSWG questions at their meetings. This was not in the best interests of all minority shareholders.

Resolution Seeking Authority to Issue Shares: The Exchange's Listing Requirements state that the purpose for seeking authority to issue shares pursuant to Section 132D of the Companies Act, 1965 must be explained. Almost two-thirds (64 per cent) of companies had a resolution on the authority to issue shares pursuant to Section 132D of the Companies Act, 1965, however only a handful explained the specific purposes for seeking the authority.

Voting Methods: In terms of voting methods used at AGMs, most resolutions tabled at the meetings were voted on by a show of hands. Only two per cent of companies used poll voting, with most of these votes being held on corporate proposals. Table 8 provides some examples of poll votes that were conducted at AGMs/EGMs in 2011.

Table 8: Poll Voting at Selected AGM/EGMs in 2011

AGM	Company / Resolutions
1	Plenitude Berhad – All resolutions at the AGM including declaration of dividends, payment of directors' fees, reelection of directors and reappointment of auditors
2	Media Chinese International Limited - All resolutions at the AGM including declaration of dividends, payment of directors' fees, reelection of directors, reappointment of auditors, renewal of and new shareholders' mandate for recurrent related party transactions ("RRPTs") of a revenue or trading nature, renewal of share buy-back mandate and general mandate to issue new shares. All resolutions were voted on by poll as this was required by the HK Listing Rules of the Stock Exchange of HK Limited
3	Unico-Desa Plantations Berhad - All resolutions at the AGM including declaration of dividends, payment of directors' fees, reelection of directors and reappointment of auditors
4	Eastern & Oriental Berhad - All resolutions at the AGM including declaration of dividends, payment of directors fees, reelection of directors, reappointment of auditors and a general mandate to issue new shares.
EGM	**Company / Resolutions**
1	TIME dotCom Berhad – New shareholders' mandate to enter into RRPTs of a revenue or trading nature
2	Sunway City Berhad & Sunway Holdings Berhad - Proposed merger of Sunway Holdings Berhad and Sunway City Berhad into a single combined listed entity
3	EON Capital Berhad - Proposed final special dividend, directors' payments and proposed reduction in the number of directors
4	MAA Holdings Berhad - Proposed disposal of the entire equity interest in the capital of Malaysian Assurance Alliance Berhad, Multitoto Services Sdn Berhad, Malaysian Alliance Property Services Sdn Berhad and Maagnet Systems Sdn Berhad (MAAGNET) including MAAGNET's wholly-owned subsidiary, to Zurich Insurance Company Ltd
5	Integrax Berhad – Removal of directors
6	Asia Pacific Land Berhad – Proposed privatization of the company


Together, they are determined to improve their quality of life.
In the rustic serenity of Terengganu, these wives and mothers are moving purposefully to improve the lives of their families by learning new skills that will bring in sustainable additional income. Thus, "The Pink House" in Kampung Mangkuk has become a dynamic classroom for these women to learn the basics of entrepreneurship funded through the Nestlé-WWF Setiu Sustainable Development Project. Encouraging each other, perseverance and determination continue to drive their motivation to make a positive difference in their lives.
Nestlé
Good Food, Good Life
Nestlé (Malaysia) Berhad (110925-W)

Overall

Based on the scores achieved by companies with regard to the conduct of AGMs attended by MSWG or its representatives, three companies scored the highest score of 17.5 points out of a possible 20 points. The three companies were DRB-Hicom Berhad, Public Bank Berhad and Telekom Malaysia Berhad.

During their attendance at company meetings, MSWG's analysts documented a number of practices which, though not common, should nonetheless be addressed by PLCs. These included:

- The non-attendance of directors seeking re-election to the board.
- Chairmen who were unable to conduct meetings well.
- Company secretaries that did not know some of the provisions in the company's M&A or that did not provide required and relevant information to the chair during the meeting.
- The bundling of resolutions, particularly those concerning the election of directors.
- Arguments between shareholders and the Board when the Board was not able to provide positive or satisfactory replies to questions.
- Congestion at registration counters resulting in shareholders missing part of the meeting.
- Lengthy delays in getting the results of poll votes.
- AGM chaired by the company secretary even though the chairman was present.
- Board members who were distracted, sleeping, or checking their smartphones during meetings.
- Poorly functioning audio / video equipment resulting in communication problems between the Board and shareholders.
- The selective answering of MSWG's questions during the meeting.
- PowerPoint presentations of MSWG's questions that were difficult to read.
- Companies were not aware that Special Resolutions requiring the approval of 75 per cent of shareholders were required with respect to the re-election of directors older than 70 years of age.

3.5.6 Overall Conduct in the Marketplace

Conduct in the marketplace was judged to be quite good overall, with the exception of the following areas:

- Certain corporate privatisations where minority shareholders felt aggrieved over pricing issues.
- RPTs and RRPTs that warranted more scrutiny.
- Companies that received public reprimands or notices of Unusual Market Activity (UMA).

3.6 The Top 100 Companies in the MCG Index 2011

3.6.1 Classification and Ratings of the Top 100 Companies

Since its inception, the MCG Index has comprised the top 100 companies selected on the basis of their overall MCG scores. At the end of Stage 5, the 300 companies were ranked and the top 100 were selected accordingly. These top 100 companies were rated from A+ to B- based on the criteria shown in Figure 9.

In the previous two years ,the rating classification were A+, A, B, and C. For 2011, the classifications were changed to A+, A, B and B-.

Figure 10 reveals the distribution of the top 100 companies of the MCG Index amongst the rating groups for 2011 and the previous two years. On an overall basis, corporate governance levels have been improving. Specifically, the number of companies with an A+ rating has increased from 11 in 2009 to 16 companies in 2011. It is also interesting to note the presence of stability in the distribution of the the top 100 companies across the four rating groups over the past three years.

Figure 11 shows that the MCG Index has been increasing over the last three years, albeit at a slow pace: from 64.4 in 2009 to 66.0 in 2010, and to 66.9 in 2011

The total market capitalisation of the top 100 component companies of the MCG Index has increased significantly from RM589 billion in 2009 to RM858 billion in 2011, reflecting increased shareholders value. Further, the high level of CG conformance and performance shown by the Top 100 Companies is not restricted to just the larger companies.

Figure 9: Ratings classifications of companies in the MCG Index 2011

"A+" Rating	"A" Rating	"B" Rating	"B-" Rating
•MCG of 80 pts and above •Analyst score ≥ 15 pts •CR ≥ 2.5 pts	•MCG score between 70 and 79.99 pts •Analyst score ≥ 14 pts •CR ≥ 2.5 pts	•MCG score between 60 and 69.99 pts •Analyst score ≥ 13.5 pts •CR ≥ 2.5 pts	•MCG score between 50 and 59.99pts •Analyst score ≥ 13 pts •CR ≥ 2.0 pts

Figure 10: Ratings distribution of MCG Index 2011 Top 100 Companies

Ratings	MCG Index 2009	MCG Index 2010	MCG Index 2011
A+	11	11	16
A	8	13	10
B	12	37	39
B-	69	39	35
Total	100	100	100

For the purposes of the MCG Index 2011, companies were considered "small cap" if their total market capitalisation was below RM150 million as at 30 June 2011, "mid cap" if their market capitalisation was at least RM150 million but below RM1 billion, and "large cap" if their market capitalisation was RM1 billion and over.

Figure 11: MCG Index Levels (2009-2011)

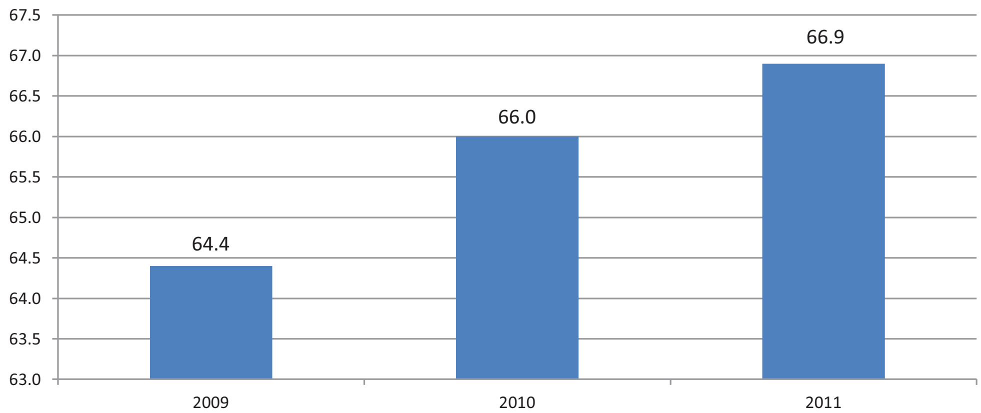


Figure 12: Total Market Capitalisation of MCG Index 2011 Top 100 Companies

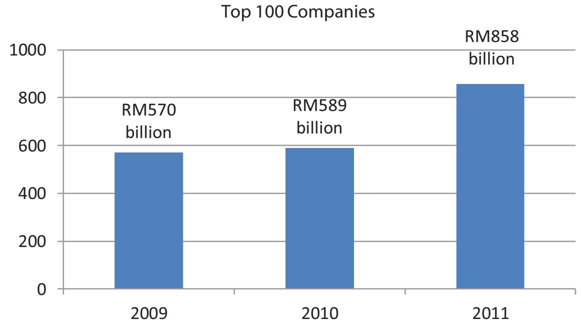


Figure 13 shows the distribution of small, medium and large cap companies among the Top 100 companies in the MCG Index 2011.

Figure 13: Distribution of small, medium, and large cap companies in MCG Index 2011 Top 100 Companies

3.6.2 Comparison of Top 100 Companies to other PLCs

The following charts in Figures 14 and 15 provide some comparisons between the results of the Top 100 companies and those of other PLCs

Figure 14: Tenureship of Independent Non-Executive Directors (All 820 companies)

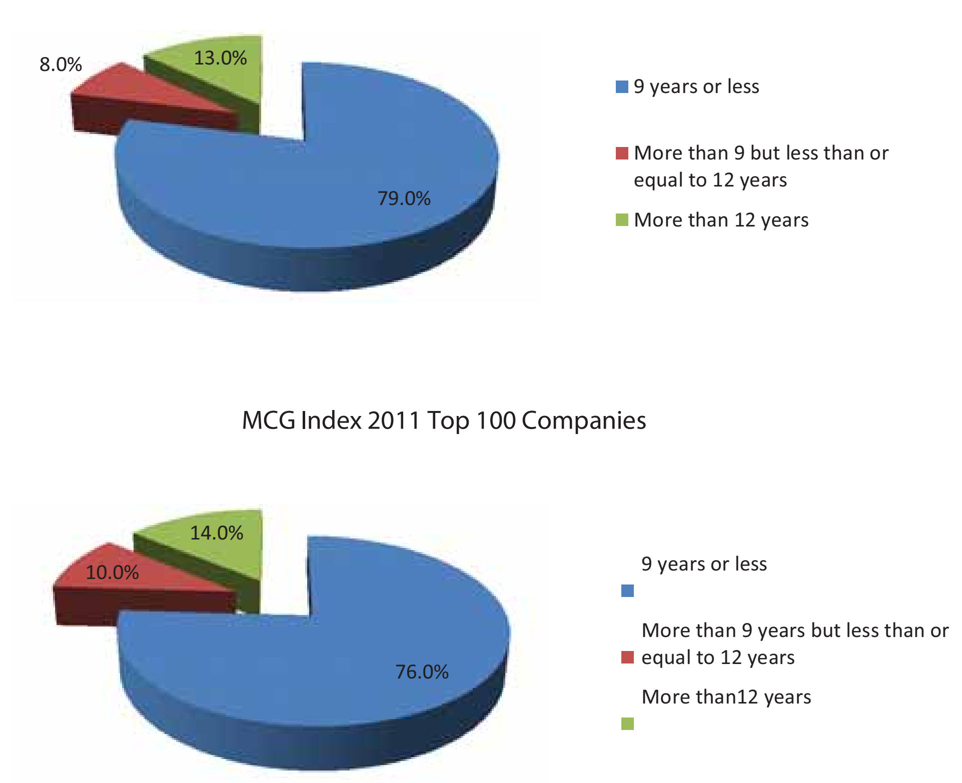
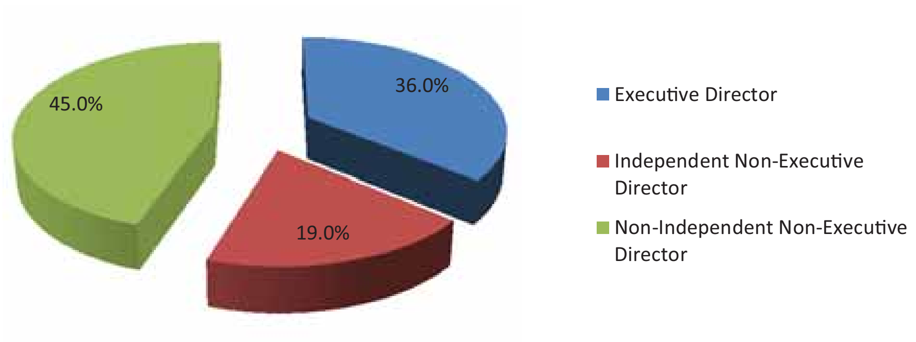


Figure 15: Composition of the Board of Directors

All 820 Companies



Top 100 Companies

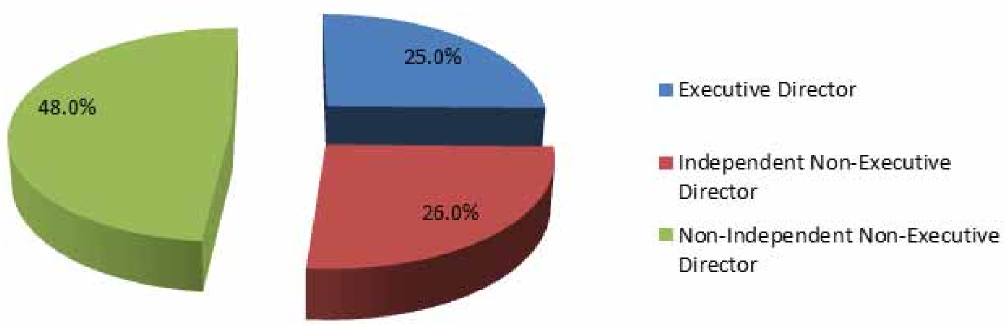


Table 9: MCG Index 2011 Top 100 Companies (by rank)			
1	PUBLIC BANK Berhad	51	JT INTERNATIONAL Berhad
2	TELEKOM MALAYSIA Berhad	52	MALAYSIAN AIRLINE SYSTEM Berhad
3	BURSA MALAYSIA Berhad	53	CAHYA MATA SARAWAK Berhad
4	BRITISH AMERICAN TOBACCO (MALAYSIA) Berhad	54	KENCANA PETROLEUM Berhad
5	NESTLE (MALAYSIA) Berhad	55	SUNWAY Berhad
6	CIMB GROUP HOLDINGS Berhad	56	UEM LAND HOLDINGS Berhad
7	LPI CAPITAL Berhad	57	TOP GLOVE CORPORATION Berhad
8	MALAYAN BANKING Berhad	58	IJM LAND Berhad
9	MEDIA PRIMA Berhad	59	JAYA TIASA HOLDINGS Berhad
10	AXIATA GROUP Berhad	60	DIJAYA CORPORATION Berhad
11	UMW HOLDINGS Berhad	61	TA ANN HOLDINGS Berhad
12	SHELL REFINING COMPANY (FOM) Berhad	62	AMWAY (MALAYSIA) HOLDINGS Berhad
13	MALAYSIA AIRPORTS HOLDINGS Berhad	63	IJM PLANTATIONS Berhad
14	DIGI.COM Berhad	64	WCT Berhad
15	TENAGA NASIONAL Berhad	65	IOI CORPORATION Berhad
16	GUINNESS ANCHOR Berhad	66	SIME DARBY Berhad
17	DRB-HICOM Berhad	67	DAIBOCHI PLASTIC AND PACKAGING INDUSTRY Berhad
18	KULIM (MALAYSIA) Berhad	68	UNITED MALACCA Berhad
19	UCHI TECHNOLOGIES Berhad	69	ALUMINIUM COMPANY OF MALAYSIA Berhad
20	TH PLANTATIONS Berhad	70	NCB HOLDINGS Berhad
21	RHB CAPITAL Berhad	71	COASTAL CONTRACTS Berhad
22	IJM CORPORATION Berhad	72	PBA HOLDINGS Berhad
23	AIRASIA Berhad	73	BOUSTEAD HEAVY INDUSTRIES CORPORATION Berhad
24	KLCC PROPERTY HOLDINGS Berhad	74	WAH SEONG CORPORATION Berhad
25	KPJ HEALTHCARE Berhad	75	KUALA LUMPUR KEPONG Berhad
26	MALAYSIA BUILDING SOCIETY Berhad	76	AFFIN HOLDINGS Berhad
27	DIALOG GROUP Berhad	77	AMMB HOLDINGS Berhad
28	OSK HOLDINGS Berhad	78	MEDIA CHINESE INTERNATIONAL LIMITED
29	TA ENTERPRISE Berhad	79	FRASER & NEAVE HOLDINGS Berhad
30	BOUSTEAD HOLDINGS Berhad	80	MNRB HOLDINGS Berhad
31	CARLSBERG BREWERY MALAYSIA Berhad	81	THREE-A RESOURCES Berhad
32	PETRONAS GAS Berhad	82	PANASONIC MANUFACTURING MALAYSIA Berhad
33	S P SETIA Berhad	83	HAP SENG PLANTATIONS HOLDINGS Berhad
34	KFC HOLDINGS (MALAYSIA) Berhad	84	PARKSON HOLDINGS Berhad
35	MAXIS Berhad	85	MALAYAN FLOUR MILLS Berhad
36	MALAYSIAN RESOURCES CORPORATION Berhad	86	BANDAR RAYA DEVELOPMENTS Berhad
37	UNITED PLANTATIONS Berhad	87	ALLIANCE FINANCIAL GROUP Berhad
38	BERJAYA SPORTS TOTO Berhad	88	RCE CAPITAL Berhad
39	JOBSTREET CORPORATION Berhad	89	LEADER UNIVERSAL HOLDINGS Berhad
40	NAIM HOLDINGS Berhad	90	MULTI-PURPOSE HOLDINGS Berhad
41	MY E.G. SERVICES Berhad	91	MAH SING GROUP Berhad
42	ALLIANZ MALAYSIA Berhad	92	HAP SENG CONSOLIDATED Berhad
43	HAI-O ENTERPRISE Berhad	93	SCOMI ENGINEERING Berhad
44	QSR BRANDS Berhad	94	SCOMI GROUP Berhad
45	PETRONAS DAGANGAN Berhad	95	GAMUDA Berhad
46	PELIKAN INTERNATIONAL CORPORATION Berhad	96	YTL POWER INTERNATIONAL Berhad
47	BINTULU PORT HOLDINGS Berhad	97	STAR PUBLICATIONS (MALAYSIA) Berhad
48	MISC Berhad	98	TRADEWINDS PLANTATION Berhad
49	HONG LEONG BANK Berhad	99	KIM LOONG RESOURCES Berhad
50	PARAMOUNT CORPORATION Berhad	100	SAPURACREST PETROLEUM Berhad

CHAPTER 4: KEY FINDINGS ON THE BOARD OF DIRECTORS

4.1 Overview

The board is the highest governing body in the company and its basic role is to lead and control the company to ensure its success. The composition and effectiveness of the Board is an important element in the long term success of the company.

Every listed company should be headed by an effective Board which should lead and control the company.
(MalaysianCodeonCorporate Governance, revised 2007)

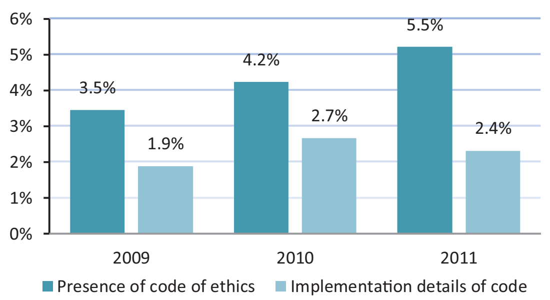
4.2 Principal Responsibilities of the Board

During the year under review, 86.2 per cent of companies (n = 707) acknowledged that the primary role of the board is to lead and control the company. This was a decline from 95.5 per cent in 2010 (n = 858). One explanation for the decline might be that some companies felt that it was unnecessary to repeat the same assertion made in the previous year's annual report.

4.3 Code of Ethics

Figure 16 shows that in 2011 there were relatively more companies, 5.5 per cent, stating that they had a code of ethics for directors, as compared to previous years. Unfortunately, the incidence of companies disclosing details about implementation of a code had decreased marginally, to 2.4 per cent in 2011 from 2.7 per cent in 2010.

Figure 16: Code of ethics for directors



These findings, nevertheless, point to the fact that very few companies had taken the initiative to develop a code of ethics for their directors. Could this be due to a lack of understanding of the benefits that such a code can provide in guiding directors in their duties and responsibilities?

The lack of importance given to this practice, in spite of current recommendations of the Corporate Governance Guide and the Companies Commission of Malaysia, suggests there will likely be a lukewarm response to the CG Blueprint's recommendation to have boards play a more active role in formalising ethical values through the adoption and use of a code of conduct.

4.4 Chairman and CEO

KEY PRINCIPLES AND VOTING GUIDELINE ON SEPARATION OF THE ROLE OF CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Key Principles

The Chair has the crucial role of creating a culture of openness which allows diversity of views to be expressed. Thus, for effective functioning of this role, the Chair should ideally be independent and neither a current nor a former.

The Chairman is expected to provide an oversight role to lead the board and monitor corporate governance and shareholder issues. In order to be effective, the Chairman must be knowledgeable in the company's main area of business and should ideally not accept the Chairmanship of any other PLC, as well as not hold more than two (2) other directorships in other companies. This is so that the Chairman can devote time to the company he is committed to chair.

The CEO manages and runs the day-to-day administration of the company and focuses on its profitability.

The Chairman provides an effective channel of communication for the board to express views on the CEO and management.

The board, on the recommendation of the Nomination Committee, selects the CEO.

The Chairman should ensure the effectiveness of the board in all aspects of its role and agenda.

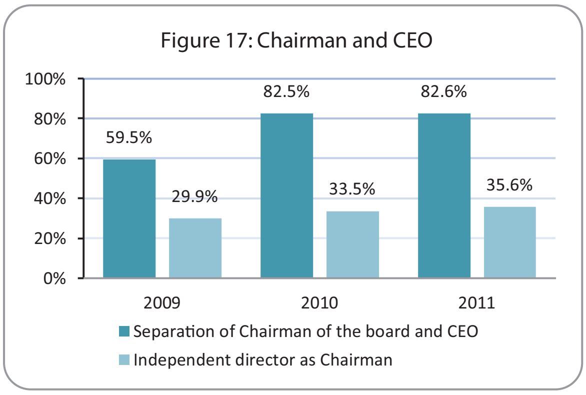
MSWG will seek clarification from the board regarding any departure from best practices in terms of board balance and composition, guided by the over riding principle that no one individual should be allowed to wield undue influence on board decisions.

Voting Guideline

MSWG is in favour of, and supports, the separation of the roles of Chairman and CEO so that there is a clear division of responsibilities at the head of the company for check and balance purposes. MSWG is also in favour of the selection of an independent Chairman.
(Excerpt from MSWG's Policy Statement on Corporate Governance and Shareholder Voting Guidelines, December 2009)

One of the desirable practices in an effective board structure is for the roles of the chairman of the board and the CEO to be held by separate individuals. This provides for a better check and balance as the role played in each position is distinct from the other: the chairman manages the board of directors and governance of the company, whilst the CEO manages the company's operations.

Figure 17 reveals that the percentage of companies with separate individuals in the positions of chairman and chief executive officer (CEO) remained relatively unchanged over the last two years, at about 82.6 per cent. In terms of the percentage of companies that reported having independent directors as chairmen of their boards, this has increased in each of the last three years. Still, only slightly more than one-third of companies in 2011 (35.6 per cent) had an independent director serving as chairman. The slow take-up of this practice suggests that implementation of the recommended practice of having independent chairpersons will pose a challenge for companies for some time to come.



In 2011, only about five per cent of companies maintained that their chairmen were not previously CEOs. With regard to the disclosure of duties and responsibilities of both the Chairman and the CEO, less than one-half of companies were transparent in disclosing these details. This is comparable to the previous two years.

In the MCG Index 2010 report, it was revealed that whilst Tan Chong Motor Holdings Berhad had a director appointed as deputy executive chairman, the company did not have a designated chairman. This practice seemed to continue in 2011. Hence, for at least two financial years, Tan Chong Motor Holdings Berhad had a deputy executive chairman but no chairman (executive or otherwise).

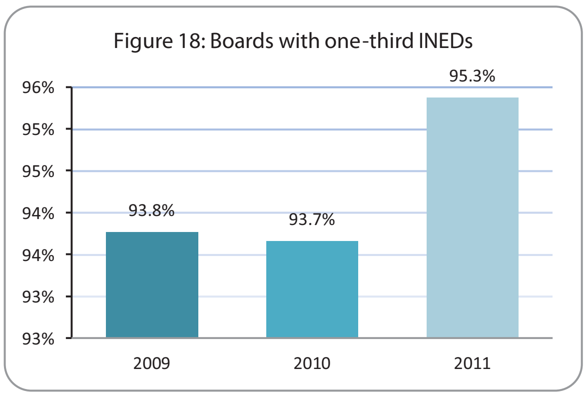
4.5 Independent Directors

A listed issuer must ensure that at least 2 directors or 1/3 of the board of directors of a listed issuer, whichever is the higher, are independent directors *(Clause 15.02 of Main Market Listing Requirements)*

Independent non-executive directors should make up at least one-third of the board membership *(Malaysian Code on Corporate Finance, revised 2007)*

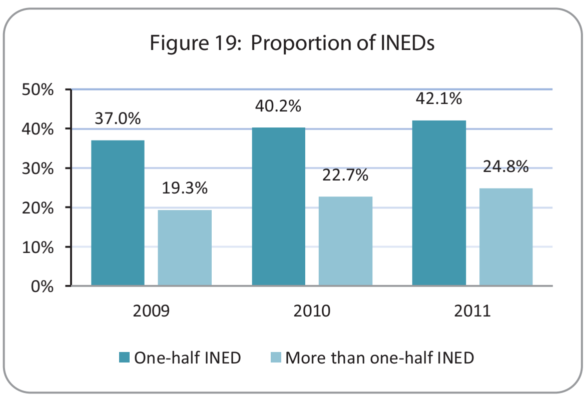
The presence of independent directors provides the Board with an independent voice to ensure objectivity in decision-making. This iis particularly important in areas such as the consideration of RPTs.

During the year under review, 782 companies or 95.3 per cent had boards comprising at least one-third independent directors (INEDs). Figure 18 shows that even more companies were meeting this



expectation of the Code on Corporate Governance as compared to the previous two years. This healthy trend could be due to a greater realisation of the benefits of having individuals with independence of mind serving on boards.

The remaining 38 companies did not necessarily fail to meet the requirement of having INEDs comprising one-third of the boards, as 37 of these companies had two INEDs served on their boards. This is consistent



with the expectation of Bursa Malaysia's Listing Requirements (LR). One company, Baneng Holdings Berhad, had only one INED during the year under review but, as at July 2011, had appointed an additional INED.

The need to have INEDs comprising one-third of the board is a minimum expectation. One recommendation is that INEDs should comprise 50 per cent (or more) of directors on boards. In this respect, Figure 19 reveals that an increasing number of companies in Malaysia are implementing this recommended practice. During the year under review, 75 companies or 9.1 per cent had INEDs comprising at least two-thirds of directors on their boards. It was interesting to note that almost none of these 75 companies elaborated on whether this practice was due to a deliberate company policy.

4.6 Senior Independent Directors (SIDs)

The appointment of a Senior Independent Director (SID) helps to ensure that minority shareholders have an independent director they can communicate with, if necessary, to address any issues or concerns they may have about the company. This is particularly important in companies where the Chairman of the company is a non-independent director.

Figure 20 reveals that an increasing number of companies believed that the interests of minority shareholders were represented through the composition of the board of directors: 31.7 per cent in 2011, as compared to 26.4 per cent in 2009. This is somewhat expected given that a majority of companies met only the minimum requirement of having one-third of the board consisting of INEDs. Figure 20 also shows that the percentage of companies identifying a senior independent director (nearly 50 per cent of companies) had not changed over the last two years. It might well be that directors remained unconvinced of the need and/or benefits of such appointments. This reservation could explain why certain peculiar practices were observed. For example, Jadi Imaging Holdings Berhad continued with its practice of advising shareholders and/or stakeholders to convey their concerns to any or all of its three independent directors, even though none of them had been designated as a senior independent director. In case of Suria Capital Holdings Berhad, the company did not appoint a replacement to the "Senior Reference Director" who had retired at the preceding AGM.

4.7 Nomination Committee

All Boards must establish a Nominating Committee.

The Chair of the Nominating Committee must be an independent director, and where a senior independent director position exists, the senior independent director is encouraged to assume the chair of the Nominating Committee.

The role of the Nominating Committee must be enhanced – specific focus areas include recruitment, assessment, training and diversity.

(Corporate Governance Blueprint 2011)

The primary roles of a Nomination Committee are to recruit board members, assess their quality and performance, and to ensure that their training needs are identified and addressed. In their recruitment of board members, Nomination Committees must consider board diversity, to ensure that a sufficient breadth and width of skills, knowledge and viewpoints is present on the board to support the business.

During the year under review, 92.4 per cent of companies (n = 758) had established a Nomination Committee (NC). This represented an increased level of compliance with recommended practice, as shown in Figure 21. It was encouraging to observe that many companies, both foreign-owned multinationals and local companies, had adopted this practice for the first time. In the case of companies that had yet to establish an NC, the common reason offered was that the functions of the NC were assumed by the board due to size of the company and board. A number of companies persisted with "elegant silence" whilst also maintaining that they had, in all material aspects, complied with the best practices of the Code.

Figure 20: Minority representation & SIDs

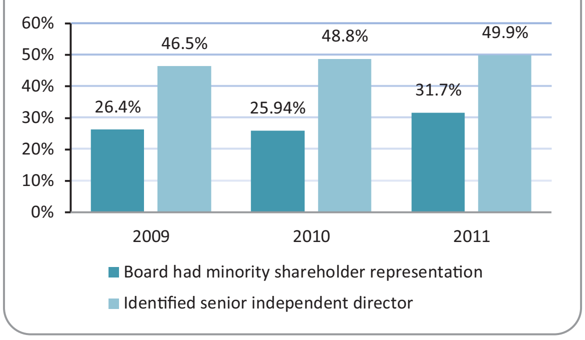


Figure 21: Nomination Committee

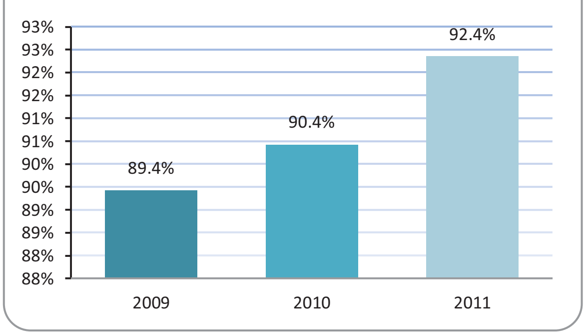
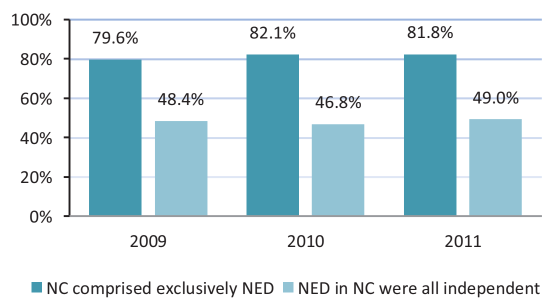


Figure 22 reveals that despite the recommendation of the Code, a good number of companies had executive directors as members of their NC. On the other hand, Figure 22 also shows that an increasing percentage of NCs are made up entirely of INEDs. An NC would lack credibility if companies did not provide details about the committee's structure and processes. In this regard, Figure 23 summarises the disclosure of NC practices.

Figure 22: NC Membership



Whilst almost 80 per cent of companies (n 650) disclosed the duties of the NC, less than ten per cent and about one-third of them disclosed the authority and the constitution of the NC, respectively. Nearly one-half of companies (n = 393, or 48.0 per cent) disclosed the number of NC meetings convened during the year, but only 27.7 per cent (n = 226) of them disclosed the attendance details of committee members.

Figure 24 shows the size of the NC and the frequency of NC meetings convened during the year under review. The average NC had 3 directors whilst the largest had 6 directors. The size of Bina Goodyear Berhad's NC could not be determined because no membership details were provided in the annual report.

With regard to the frequency of NC meetings, the average was 1.2 meetings during the year. The number of NC meetings for 194 companies could not be determined even though these companies maintained they had established an NC. A total of 431 companies had NCs that convened only one meeting during the year. Perhaps the NCs of these companies had a very limited scope in terms of their duties, responsibilities, and authority. Two companies, Malayan Banking Berhad and Chemical Company of Malaysia Berhad, recorded the highest number of NC meetings (11 each) during the year under review.

In addition to establishing an NC, another desirable practice concerning independent directors is the engagement of an external adviser to identify and nominate suitable candidates for appointment as INEDs. In this regard, only five companies disclosed in their annual reports a policy of engaging such an adviser. None of the five companies, however, reported engaging such an adviser, which suggests that they may not have had any INED appointments to fill.

4..8 Board Diversity

KEY PRINCIPLES AND VOTING GUIDELINE ON BOARD BALANCE & DIVERSITY

Key Principles

A board should be balanced to ensure a diversity of expertise and opinion.

Boards are encouraged to have gender diversity with the required relevant experience.

A board should have a sufficient number of independent directors to ensure there is a check and balance in the decision-making process.

Fugure 24: NC practices

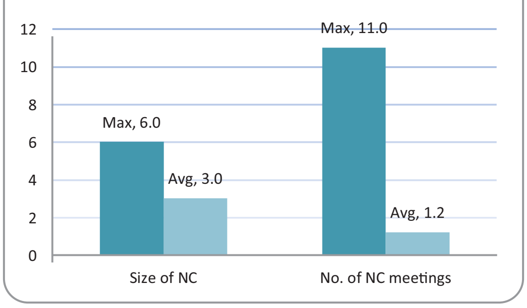
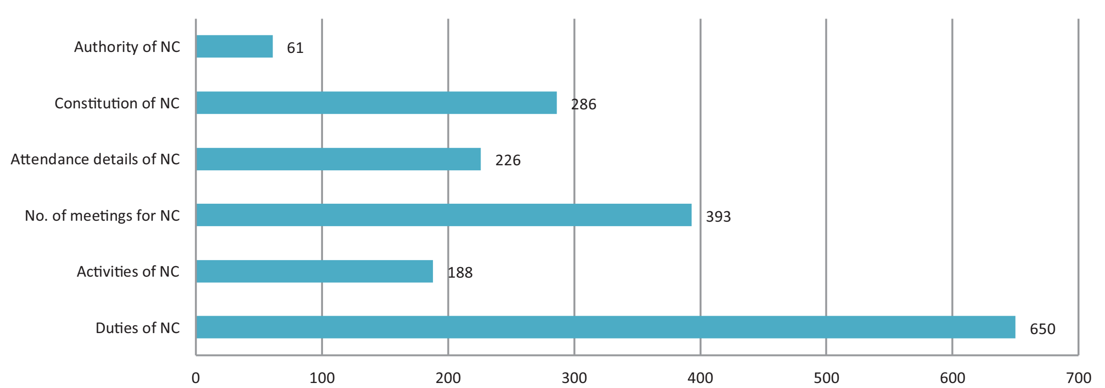


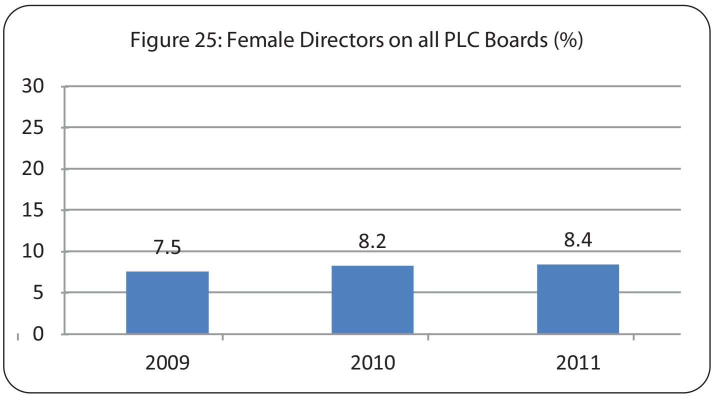
Figure 23: Disclosure of NC practices



Voting Guideline

MSWG will support a board that has a sufficient number of independent directors with the requisite skill sets and gender diversity. MSWG will not support the election of any director if the balance of independent directors is jeopardised.
(Excerpt from MSWG's Policy Statement on Corporate Governance and Shareholder Voting Guidelines, December 2009)

In terms of the percentage of female directors on the boards of all 820 companies under review, Figure 25 illustrates that 8.4 per cent of all directors were women in 2011, compared to 8.2 per cent in 2010, and 7.5 per cent in 2009. Although two companies (Malaysia Airports Holdings Berhad, and TA Enterprise Berhad) were able to achieve the government's target of having women occupy at least 30 per cent of board seats, the overall marginal increase from 2010 to 2011 is disappointing. It suggests that the government's policy of requiring women to occupy at least 30 per cent of board seats by 2016 will be needed to encourage more substantial progress in this area.

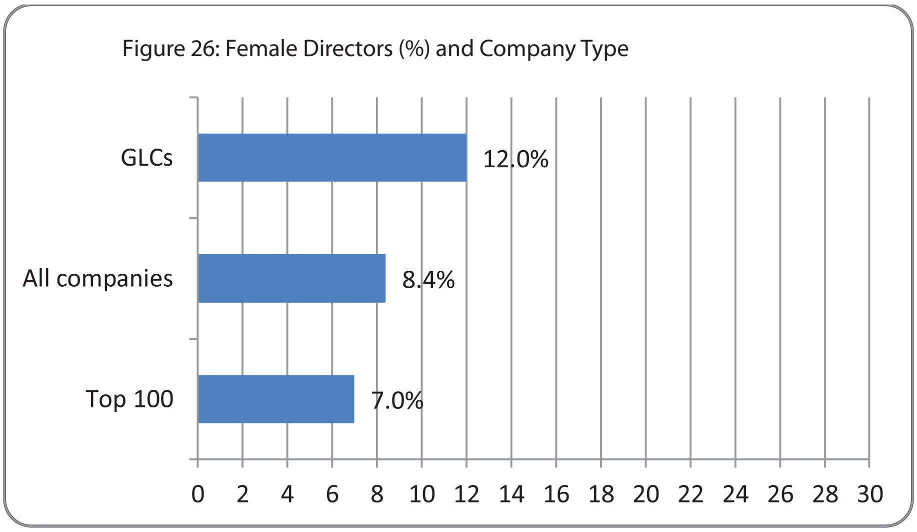


One of CG Blueprint recommendations is the requirement for boards to develop and disclose a policy with respect to gender diversity.

In the year under review, 371 companies (45.2 per cent) disclosed that they had at least one female director on their board, regardless of her designation. Four companies had the highest number of four female directors on their boards. Two companies had the highest proportion of female directors on their board, at 50 per cent. With respect to female representation among INEDs, only 149 companies (18.2 per cent) had at least one female INED on their board. Three companies had the highest number of three female INEDs on their boards.

Figure 26 offers a comparison of the percentages of female directors at all 820 companies under review, at GLCs, and at the Top 100 companies in the MCG Index 2011.

Gender diversity statistics for other countries in the Asia-Pacific region show that Malaysia's percentage of female directors at PLCs is comparable to those of other countries.



With respect to other types of diversity, 561 companies (68.4 per cent) had a multi-ethnic board. Approximately one-quarter of companies had at least one foreign national on their board. Table 10 provides a comparison of various other aspects of board diversity between the Top 100 PLCs from the MCG Index 2011 and Malaysia's Top 10 GLCs. Table 11 provides the skill sets of Top 50 companies in the MCG Index.

Board appraisal is a key aspect of leadership and management. The CG Blueprint recommends that boards establish criteria for the assessment of all directors, considering the values, principles and skills that the company needs. The Blueprint also recommends that the criteria be reviewed regularly to ensure that they remain relevant, and that the criteria be included in an overarching board charter. One of the Blueprint

Table 10: Board Diversity – Top 100 PLCs vs. Top 10 GLCs

COMPANY		NATIONALITY		ETHNICITY		
Company Type	Average Age	Foreign Nationality	Malay	Chinese	Indian	Other
MCG Index Top 100	58	9	49	38	5	8
GLCs	58	8	74	9	9	8

The following Table 11 illustrates the types of skill sets possessed by the directors of the Top 50 MCG Index 2011 companies:

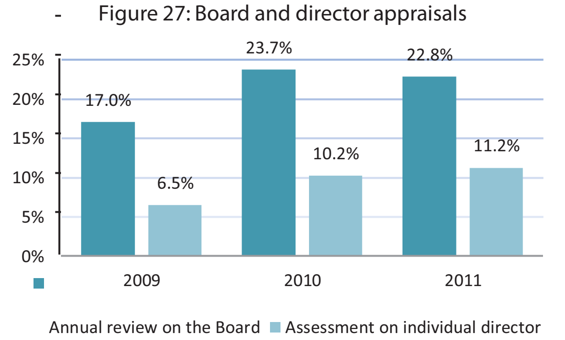
Table 11: Director Skillsets at the Top 50 MCG Index 2011 Companies

Finance/Economic	Engineering	Law	Sciences	Arts/General/Others
	9%	6%	3%	35%

4.9 Board Assessment

> The performance of the directors should be evaluated based on the key attributes of:
>
> Conflict resolution
> Availability and time commitment
> Valuable skills and insights
> Effective leadership
> Strategic planning
> *(Audit Committee Institute Malaysia)*

Figure 27: Board and director appraisals



recommendations is that Boards should be required to assess director independence annually, when directors are re-elected, and when any new interest or relationship develops. As part of a company's transparency efforts, boards are recommended to disclose they had undertaken t such an assessment in the company's proxy form and annual report.

Figure 27 reveals that the proportion of companies that had conducted an annual review of the board had remained stable, at nearly one-quarter of all companies. However, the proportion of companies that had assessed individual directors has increased marginally over the years. Given these lacklustre results, companies and directors appear to be indifferent on these two matters.

With regard to the companies that had conducted performance appraisals of their boards and individual directors, additional details on the outcome of the appraisals would certainly be welcome. In the previous year, both OSK Holdings Berhad and OSK Property Holdings Berhad shared the outcome of the assessment of individual directors in their annual reports. Guocoland (Malaysia) Berhad was another company that provided the overall outcome of its board effectiveness evaluation during 2010.

Out of 820 companies reviewed, only 13 companies (nine more companies than in the preceding year) disclosed the criteria used in appraising the performance of their board, individual directors, and/or the CEO. Only five of them appeared to have engaged external advice in the conduct of their appraisals. These were: Bursa Malaysia Berhad, Fraser & Neave Holdings Berhad, Nestle (M) Berhad, Pos Malaysia Berhad and Telekom Malaysia Berhad. The external advice was mainly regarding the board effectiveness evaluation.

4.10 Succession Planning

It was interesting to observe that the board of DKSH Holdings (Malaysia) Berhad felt that no action was needed for succession planning since the company "is majority-owned by the international DKSH-group, which practices a world-wide management development program covering succession planning" (DKSH, 2010 p. 10).

4.11 Size of the Board

Every board should examine its size, with a view to determining the impact of the number upon its effectiveness *(Malaysian Code on Corporate Governance, revised 2007)*

There is no prescriptive rule for a board's optimum size. Whilst the CA specifies a minimum number of directors, it does not set a maximum number of directors although companies normally specify a maximum in their Articles of Association *(Corporate Governance Guide)*

Due to the dynamic nature of the business environment, companies are encouraged to periodically examine the size of the board. In this respect, Figure 28 shows that more companies had undertaken such an examination and considered the size of their board to be appropriate. Despite this, a great majority of companies continued to either not review board size, or chose not to report the results. This inertia could explain why average board size has not changed over the years, as shown in Figure 29. The positive aspect of this finding is that board size has shown a remarkable stability in Malaysia over the past 3 years.

Figure 28: Review of board size

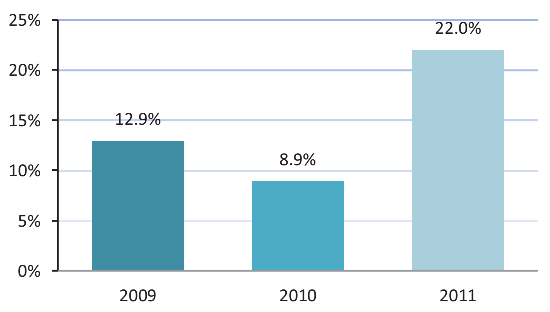


Figure 30 depicts average board size according to business sector. It is apparent that the finance sector had the largest boards, with an average size of 8.1 directors. Whilst five other sectors (Trading/Services, Infrastructure Project Companies, Construction, Property, and Plantation) had a higher than average board size, the remaining four sectors (Consumer Products, Industrial Products, Hotel, and Technology) had a lower-than -average board size. Thus, board size appears to be influenced by the company's business sector.

During the year under review, there were 12 companies with 13 or more directors on their boards. Wang-Zheng Berhad had the largest board, with 17 directors. Out of the 12 companies, three of them were companies in the YTL group. In the case of YTL Cement Berhad, the size of its board had decreased from 17 directors in 2010 to 15 directors in 2011. However, the company offered no explanation for this change in its annual report. The number of companies with no Executive Directors (EDs) on their boards has decreased slightly, from 30 companies in 2010 to 23 companies in 2011. Unfortunately, none of these companies offered any explanation for this practice. At the other end, four companies had at least eight EDs serving on their boards. Three of these four companies were companies in the YTL group.

Figure 29: Average board size

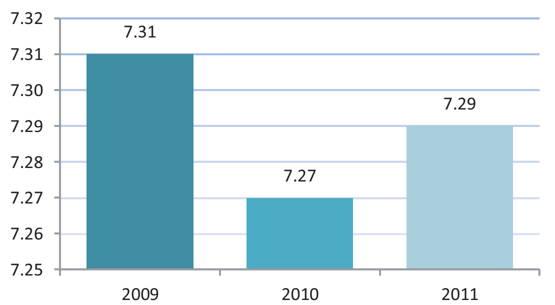
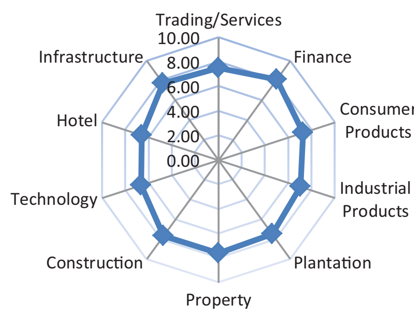


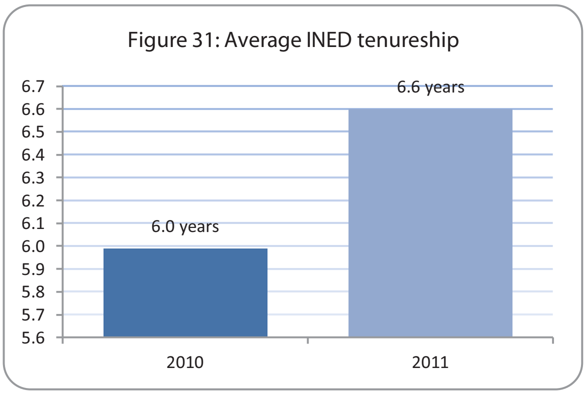
Figure 30: Average board size by sector



4.12 Tenureship and Directorships of Independent Directors

There is no limit imposed by law or recommended as best practice on a director's term of appointment. Given the potential adverse effects of tenure on independence and the practice of a majority of companies which already recognise this, as well as trends in other jurisdictions, we are of the view that a cumulative term of up to nine years should be imposed on independent directors *(Corporate Governance Blueprint 2011).*

One issue related to board composition is INED tenureship. Although tenureship is a state of mind and is currently neither legislated nor a recommendation in the Code, Independent Directors play a check and balance role to ensure that the board and mangement act in the best interests of the company. Periodic turnover of long-serving board members helps to bring new blood and fresh points of view to the board, reducing the likelihood that the independence of directors will be compromised, and introducing the healthy effects of diversity.



In terms of the disclosure of policies on term limits for INEDs, 4 companies (Bursa Malaysia Berhad, Telekom Malaysia Berhad, Malayan Banking Berhad, and RHB Capital Berhad) had disclosed this information. Bursa and Malayan Banking Berhad had established a term limit of twelve years, while Telekom and RHB"s term limit for their INEDs was nine years.

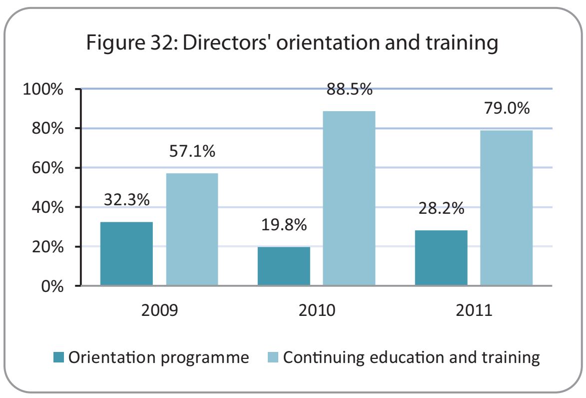
Figure 31 shows that the average tenureship for INEDs had increased from 6 years to 6.6 years. Based on this figure, long-serving INEDs do not seem to be prevalent and this is not a concern for the most part. The review also reveals that there were 174 companies with INEDs whose average length of appointment was more than nine years; amongst these, 73 companies had average INED tenureship of more than 12 years.

Based on these findings, most companies could easily adopt the CG Blueprint recommendation regarding INED tenureship now, as their INEDs are within the nine-year tenureship limit. Despite this rather positive outlook, the review uncovered a handful of companies that might need to urgently address the issue of board renewal. There were 20 companies that had three or four INEDs that had served for more than 12 years. It will be interesting to see if and how these companies address this issue in the coming year.

One other practice that could potentially impact independence is the number of concurrent board appointments held by a director. In this regard, 157 companies had INEDs that acted as chairman of the board but also held directorships in two or more listed companies. Further, 98 companies had at least one INED that was serving as a director on the boards of more than five companies. This contrasts to last year when the totals were 98 and 46, respectively, and may suggest a problem with a shortage of directors.

4.13 Directors' Orientation, Continuing Education and Training

The percentage of companies offering an orientation programme for new directors and/or continuing education and training for directors has varied from year to year. Figure 32 shows that, for the year under review, less than one in three companies offered an orientation programme for directors. Could this suggest that new directors in the majority of companies are left to fend for themselves in learning and adapting to their new appointments? For the other related aspect of continuing education and training for directors, Figure 32 reveals that the incidence of companies having such a policy and/or programme had decreased by almost ten percentage points from the previous year (from 88.5 per cent to 79.0 per cent). It should be noted, however that 326 companies (39.8 per cent) had indicated that all of their directors had attended at least one training/continuing education programme in the year under review. A total of 248 companies (30.2 per cent) actually disclosed the titles of continuing education and/or training sessions attended by their directors.



4.14 Board Structure and Processes

As in the preceding year, all companies reviewed had disclosed the number of board meetings held during the year, and the attendance of each director at each meeting.

Figure 33 shows that the percentage of companies that had disclosed (i) the types of transactions that required the board's approval, and (ii) that they had recorded issues discussed and the conclusions reached by the board, had improved over the years.

With regard to transactions, it is necessary to point out that there is no standard list among companies that identifies the types of transactions that require board approval.

Figure 33: Board structure and processes

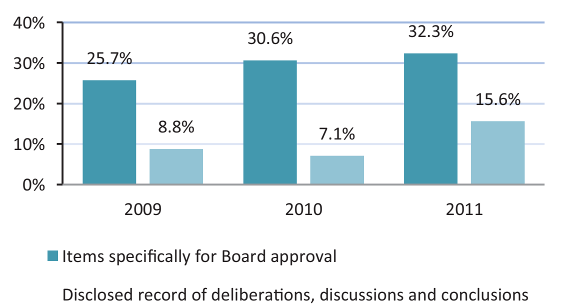


Figure 34: Average number of board meetings

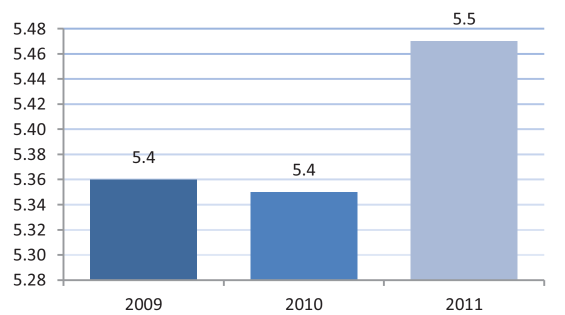
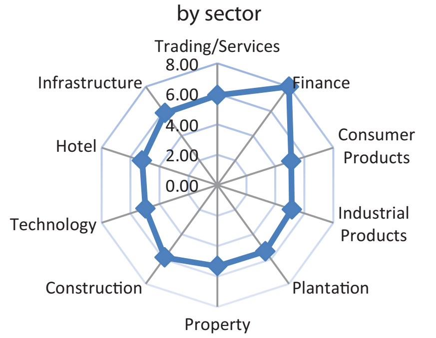


Figure 35: Average number of board meetings by sector



During the year under review, all of the 820 companies reviewed convened at least one board meeting. The average number of board meetings, as reported in Figure 34, was 5.5 meetings, compared to 5.4 meetings in the preceding year. The fewest number of meetings held by a board was two, whilst the most number of meetings held by a board was 22.

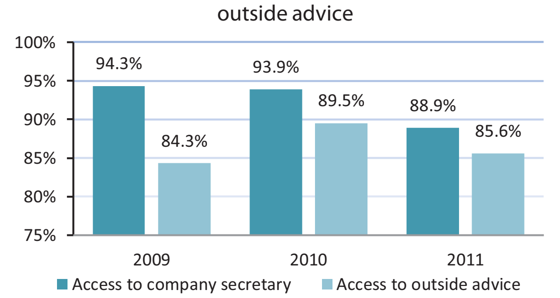
As in the immediate preceding year, the same two companies, Malayan Banking Berhad and Southern Acids (M) Berhad, recorded the highest number of board meetings, at 22. Of the two, Southern Acids provided an explanation for the high number of board meetings convened.

The boards of 22 companies convened less than 4 meetings during the year. It would be interesting to know in this case how these companies managed to provide the quarterly reporting required by the LR. Figure 35 reveals that, apart from the Finance and Technology sectors, the number of board meetings held by companies in other sectors tended to be in line with the average of 5.5 board meetings. However, one question that has always been asked by stakeholders is whether boards met regularly enough in order to discharge their duties and responsibilities effectively.

4.15 Board's Relationship with Management – Access to the Company Secretary and Outside Advice

Being non-executive officers of the company, NEDs – particularly INEDs – should have unfettered access to the company secretary as well as outside advice at the company's expense to help them in discharging their duties and responsibilities. In this regard, Figure 36 reports the proportion of companies disclosing this type of access in their annual reports. The variation in the proportions from year to year does not appear to be very significant. As noted in the preceding year's review, none of the companies had actually reported the manner in which these services could be accessed, or the extent to which access to the company secretary and outside advice had helped NEDs to be more efficient and effective.

Figure 36: Access to company secretary and outside advice



CHAPTER 5: KEY FINDINGS ON DIRECTORS' REMUNERATION

5.1 Overview

Boards should appoint remuneration committees, consisting wholly or mainly of non-executive directors *(Malaysian Code on Corporate Governance, revised 2007)*

When the Remuneration Committee consists of both the executive and non-executive directors, there is a genuine fear that the non-executive directors may encounter difficulties in confronting the executive directors regarding his/ her remuneration and hence, may not be able to act in the best interest of the shareholders *(Audit Committee Institute Malaysia)*

The Remuneration Committee (RC) plays an important role in assisting the Board to maintain a formal and transparent procedure for setting policy on directors' remuneration, and to determine appropriate remuneration packages for all directors.

While companies must be competitive in their remuneration schemes and levels in order to attract, retain, and motivate the talent necessary to drive shareholder value, questions arise as to:

- How much remuneration is enough and what are the criteria for rewarding both executive and non-executive directors?
- Should Executive Directors serve on the RC that is responsible for recommending directors' remuneration?
- Should directors' remuneration be based on the company's short-term performance or its long-term sustainability?
- Is the rewarding of independent non-executive directors through share options schemes likely to compromise their independence?
- Should remuneration of the company's senior executives (e.g. the CEO, COO, CFO, etc.) be disclosed as well?

The transparent disclosure of remuneration policies and packages is crucial to informed decision-making on the part of shareholders, whose job it is to approve directors' recommended remuneration after assessing whether it is fair and aligned with the company's business strategies and objectives. The disclosure of such information also provides shareholders with insight as to management's commitment to the company and its attitude and appetite for risk.

The remuneration package includes the fee for non-executive directors and the total package (pay, incentives, perquisites, etc.) for executive directors.

5.2 Overall Findings on Directors' Remuneration

5.2.1 Determination of Directors' Remuneration

Figure 37 reveals that the percentage of companies that had established a Remuneration Committee (RC) continued to increase over the years, from 90.8 per cent in 2009 to 93.4 per cent in the current year under review. Several companies that had not established an RC in previous years (by reason that directors' remuneration was dealt with by the RC at the foreign HQ or at the holding company), formed RCs during the period under review. These companies included Nestle (M) Berhad, Shell Refining Company (Federation of Malaya) Berhad and KPJ Healthcare Berhad.

With regard to the structure of the RC, the incidence of RCs comprised wholly of NEDs has remained quite unchanged over the years: from 47.7 per cent in 2009 to 46.3 per cent in 2010 and then to 51.1 per cent in 2011 (Figure 37). It should be noted, though, that nearly one-half of companies continued to have an ED on their RC. This practice might suggest that these EDs were either controlling shareholders, or representatives of controlling shareholders.

Disclosure by companies of further details about the structure and procedures of their RCs would help to strengthen the credibility of these committees. In this regard, Figure 38 summarises the findings of disclosures made by companies about their RCs. Whilst close to 82 per cent of companies (n = 833) disclosed the duties of the RC, only 68 companies disclosed details of the authority vested in the RC. Only 16.2 per cent of companies disclosed the activities of the RC. While slightly more than one-half of companies (n = 394) disclosed the total number of RC meetings, only 226 revealed details about the attendance of individual directors at these meetings.

Figure 37: Remuneration Committee

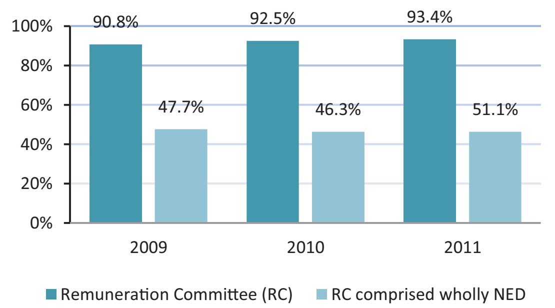
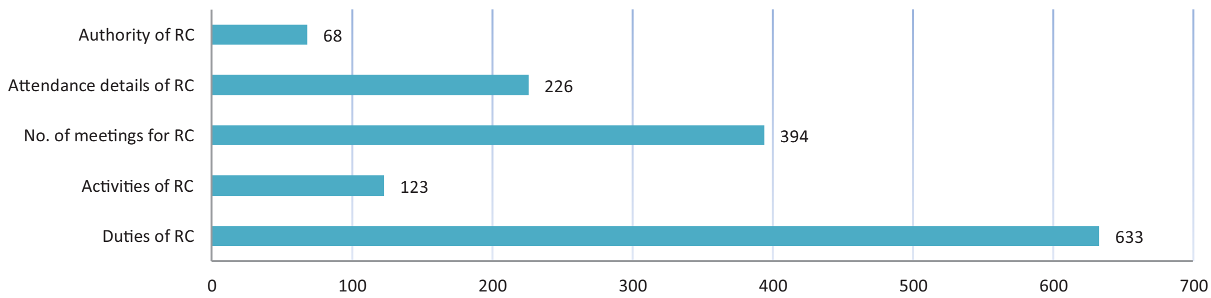


Figure 38: Disclosure of RC practices



The quantity and quality of RC disclosures may require more attention than can be adequately given to them in a company's annual report. If this is the case, companies may want to disclose this information on their corporate websites, but providing links and information in the annual report as to what information related to RC disclosures is available on the website and where it can be found.

Fugure 39: RC practices

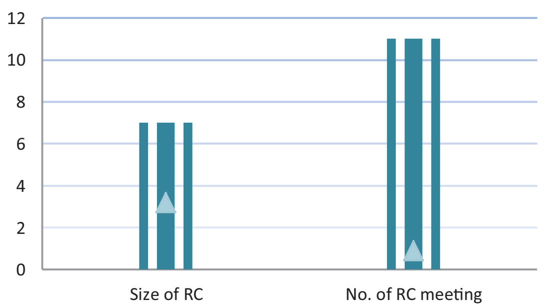
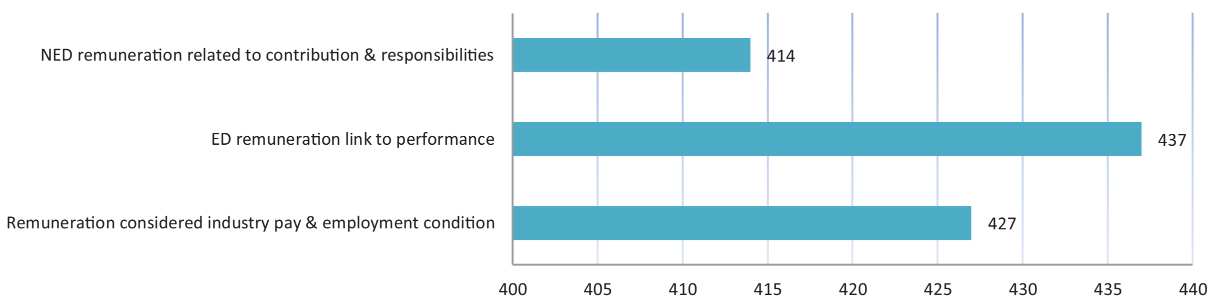


Figure 39 reports on the size of the RC and the frequency of RC meetings convened during the year under review. The average RC had 3.2 directors. The size of Bina Goodyear Berhad's RC could not be determined because no membership details were provided in the annual report. Whilst the smallest RC consisted of only two directors, the largest RCs had seven directors. The latter were Ajinomoto (Malaysia) Berhad and Krisassets Holdings Berhad. With regard to the frequency of RC meetings, the average was 0.9 meetings during the year. The number of RC meetings for 374 companies could not be determined even though these companies maintained that they had established an RC. Consequently, it was assumed that these RCs did not convene any meetings during the year, and this accounts for the unusual average of less than one RC meeting convened during the year. At the other end, Malayan Banking Berhad and Chemical Company of Malaysia Berhad recorded the highest number of combined RC/NC meetings (11 each) during the year under review.

5.2.2 Level and Composition of Remuneration

Overall matters pertaining to directors' remuneration are presented in Figure 40. Close to one-half of companies maintained that: (i) industry pay and employment conditions had been taken into consideration in directors' remuneration, (ii) remuneration of EDs was linked to both individual and corporate performance, and (iii) remuneration to NEDs was related to their contributions and responsibilities. Whilst these companies had publicised and hence could be held accountable for these policies and practices, what could stakeholders do about the remaining companies that provided no information on their remuneration practices?

Figure 40: General policy on directors' remuneration



5.2.3 Industry Average Annual Remuneration for EDs

The issue of directors' remuneration is one matter that the CG Blueprint attempts to address. Without doubt, an important aspect of directors' remuneration pertains to the amount and fairness of remuneration paid. In this regard, it might be useful to develop certain benchmarks – including average remuneration by sector. Based on the 820 companies reviewed, the average annual remuneration per ED in the year under review was RM829K (RM706K for the previous year)

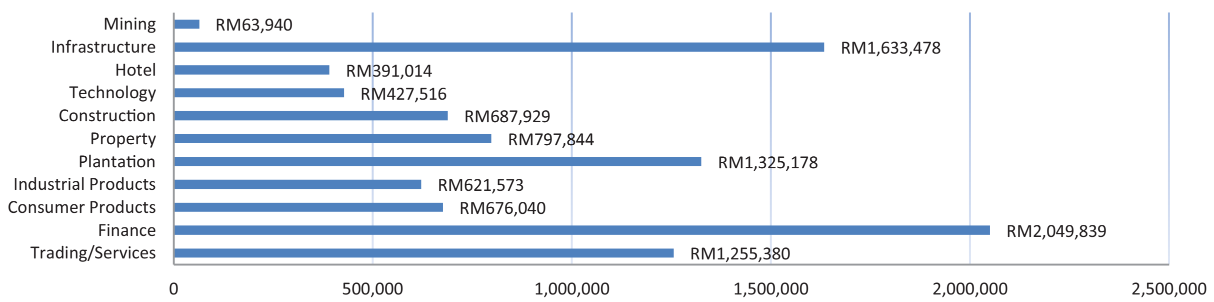


Figure 41: Average annual remuneration per ED by sector

A review of Figure 41 shows three sectors providing higher-than-average remuneration per ED. These were the Finance, Infrastructure Project Companies, Property, and Trading/Services sectors. The highest paid EDs were those in the Finance sector, with average annual ED remuneration of just over RM2 million. In this regard, four companies reported average annual remuneration in excess of RM10 million per ED in the year under review. Genting Berhad had the highest-paid ED, who received RM37 million in the year under review.

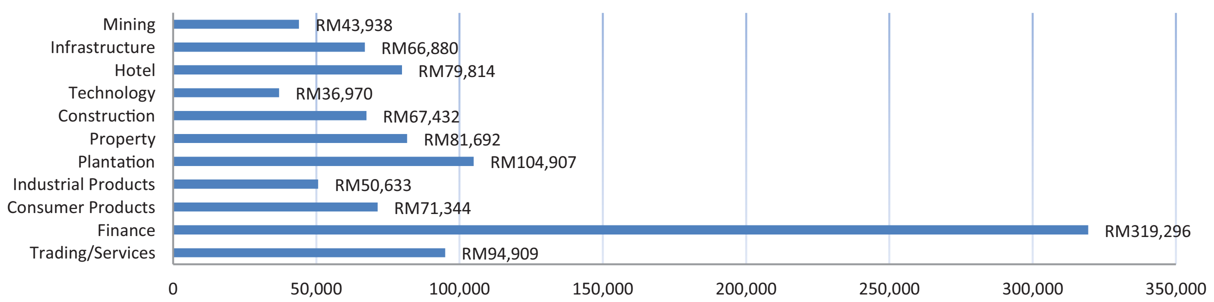


Figure 42: Average annual fee per NED by sector

5.2.4 Industry Average Annual Directors Fees for NEDs

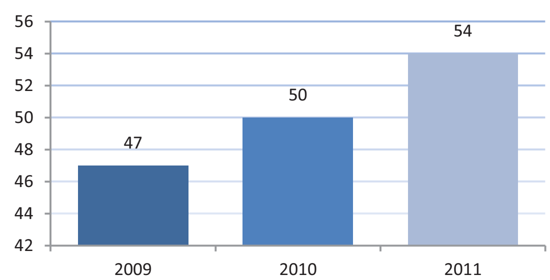
Based on the 820 companies reviewed, the average annual fee per NED in the year under review was RM85K (RM73K for the previous year). An examination of Figure 42 reveals that only three sectors had-higher-than-average remuneration per NED, namely: Finance, Plantation, and Trading/Services. The highest paid NEDs were those in the Finance sector, with average annual NED fees of RM319K. In this regard, three companies reported average fees in excess of RM1 million per NED for the year under review. These were Public Bank Berhad at RM1.6 million, Naim Holdings Berhad at RM1.1 million, and OSK Holdings Berhad at RM1 million.

5.2.5 Disclosure of Remuneration

The practice of opaque disclosure by most companies makes it difficult to evaluate the amount and fairness of directors' remuneration, and to make comparisons. In the year under review, only 54 companies reported the remuneration of each director. Figure 43 shows that the number of companies adopting this recommended practice has increased, albeit marginally, over the last three years.

Out of the 54 companies, 46 of them were the same companies that adopted the transparent disclosure of directors' remuneration in the previous year. Thus, eight new companies adopted this recommended practice for the first time in the year under review. Interestingly, one company that had disclosed the remuneration of each director in the preceding year abandoned this practice in 2011. The company, Time DotCom Berhad reverted to the aggregate band-disclosure method.

Figure 43: Disclosure of individual director remuneration



Amongst the 54 companies that disclosed remuneration by individual director, 43 of them went further by also disclosing the components of remuneration paid to each directon.

A list of companies that reported individual director remuneration is shown in Table 12

In addition to the disclosure of directors' remuneration solely by individual director, four companies disclosed directors' remuneration using both detailed individual-disclosure and band-disclosure methods.

These companies were: Johan Holdings Berhad, Mahajaya Berhad, Media Prima Berhad, and Malaysian Resources Corporation Berhad (MRCB). In the case of MRCB, the company was judged to have adopted a clear disclosure of directors' remuneration.

During the review of Directors' Remuneration, the following uncommon remuneration practices were noted:

- First, one group of companies appeared to have not remunerated their NEDs. The relevant companies were Ark Resources Berhad, Cybertowers Berhad, JPK Holdings Berhad, Naim Indah Corporation Berhad, Metech Group Berhad and Tiger Synergy Berhad. For two of the companies, Cybertowers Berhad and Naim Indah Corporation Berhad, this was the second consecutive year that their NEDs had not been remunerated.

- Second, two companies reported no ED on their board of directors but, in fact, appeared to have remunerated an ED. The two companies were Nationwide Courier Express Services Berhad and PJBumi Berhad.

- Third, another group of companies seemed to have not remunerated their EDs. One of these companies, Mulpha Land Berhad, had not remunerated its ED for the past two years.

- Fourth, a handful of companies reported that their EDs had been paid their remuneration by the ultimate holding companies. These companies included SPK Sentosa Berhad and companies controlled by Petronas (MISC Berhad, KLCC Property Holdings Berhad, Petronas Dagangan Berhad and Petronas Gas Berhad).

- Finally, Inix Technologies Holdings Berhad disclosed that they did not remunerate either their NEDs or EDs due to adverse financial results of the Group.

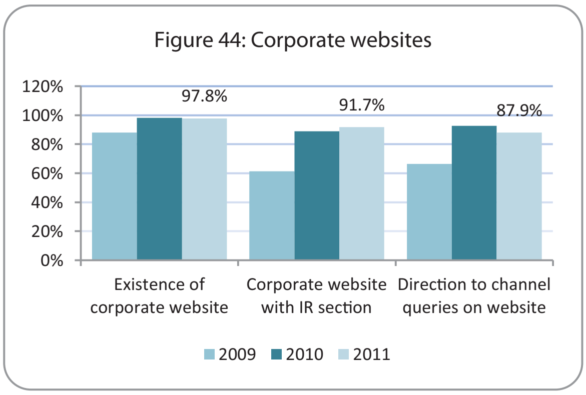
Table 12: Companies disclosing individual director remuneration

1.	Alliance Financial Group Berhad	28.	MISC Berhad
2.	Bintulu Port Holdings Berhad	29.	MK Land Holdings Berhad
3.	British American Tobacco (Malaysia) Berhad	30.	Paramount Corporation Berhad
4.	Bursa Malaysia Berhad	31.	Pelikan International Corporation Berhad
5.	C.I. Holdings Berhad	32.	Perduren (M) Berhad
6.	CIMB Group Holdings Berhad	33.	Petronas Dagangan Berhad
7.	Damansara Realty Berhad	34.	Petronas Gas Berhad
8.	Formis Resources Berhad	35.	PJI Holdings Berhad
9.	George Kent (Malaysia) Berhad	36.	Public Bank Berhad
10.	GHL Systems Berhad	37.	QSR Brands Berhad
11.	IJM Corporation Berhad	38.	RHB Capital Berhad
12.	IJM Land Berhad	39.	Riverview Rubber Estates Berhad
13.	IJM Plantations Berhad	40.	S P Setia Berhad
14.	Inch Kenneth Kajang Rubber Public Limited Company	41.	SBC Corporation Berhad
15.	Integrax Berhad	42.	SEG International Berhad
16.	Johan Holdings Berhad	43.	Shell Refining Company (Federation of Malaya) Berhad
17.	KFC Holdings (Malaysia) Berhad	44.	SMR Technologies Berhad
18.	KLCC Property Holdings Berhad	45.	Symphony House Berhad
19.	KPJ Healthcare Berhad	46.	TA Holdings Berhad
20.	Kulim (Malaysia) Berhad	47.	Telekom Malaysia Berhad
21.	LPI Capital Berhad	48.	Tenaga Nasional Berhad
22.	Mahajaya Berhad	49.	TH Plantations Berhad
23.	Majuperak Holdings Berhad	50.	The Nomad Group Berhad
24.	Malayan Banking Berhad	51.	Tradewinds Corporation Berhad
25.	Malaysia Airports Holdings Berhad	52.	UEM Land Holdings Berhad
26.	Malaysian Resources Corporation Berhad	53	UMW Holdings Berhad
27.	Media Prima Berhad	54.	Y&G Corporation Berhad

CHAPTER 6: KEY FINDINGS ON SHAREHOLDER MATTERS

6.1 Corporate Websites

Companies have been encouraged to make use of internet technology – corporate websites in particular – as a platform to disseminate information to shareholders. Figure 44 reports that while nearly all companies reviewed had corporate websites in 2011, not all of the websites had a dedicated IR section (91.7 per cent), or provided visitors with sufficient directions for making queries (87.9 per cent). Additional analysis should be done in future years to assess the user friendliness and/or accessibility ofIR-related information on corporate websites.

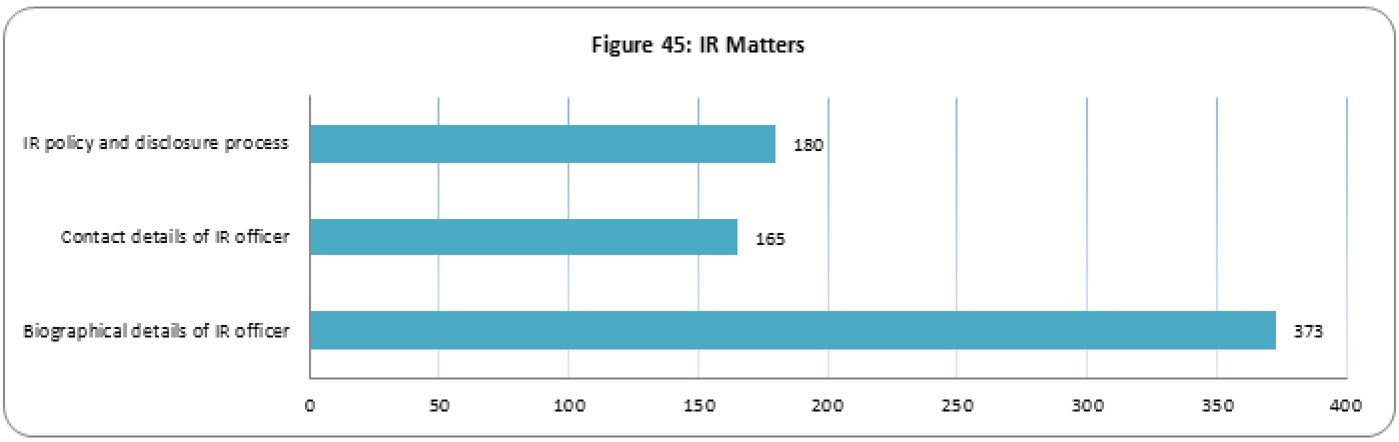


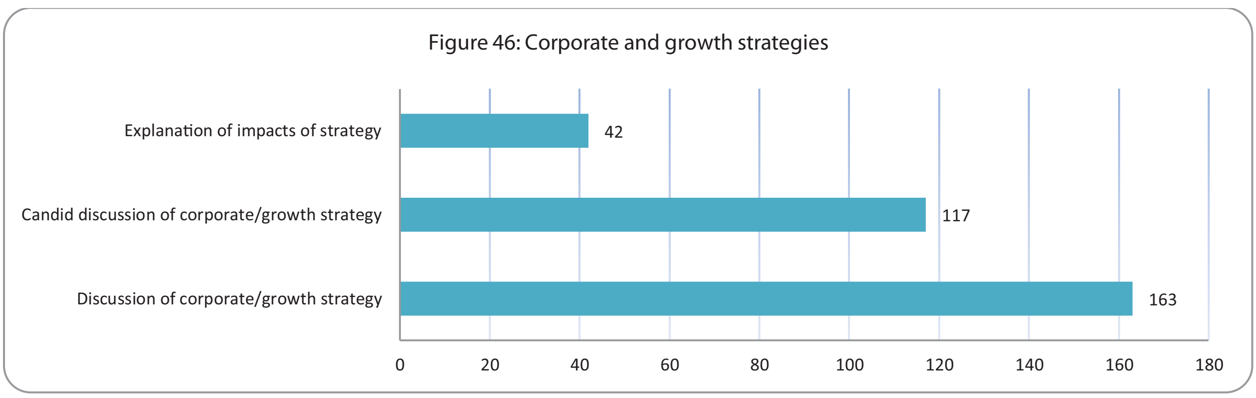
6.2 Investor Relations Matters

Figure 45 reveals the findings on IR-relatedmatters of the 820 reviewed companies. In the year under review, only 180 companies (22.0 per cent) disclosed an IRpolicy and disclosure process. Evidently, a significant number of companies did not believe it worthwhile to explain their IR policy and disclosure to stakeholders, either in the conventional annual report or on their corporate websites. In addition, whilst 373 companies revealed the name, title and a profile of the officer responsible for managing investor relations, less than one-half of companies (n = 165) provided the officer's contact details, making it difficult for nvestors to reach them.

6.3 Corporate Strategy

In terms of sharing the company's corporate/ growth strategy, only 163 companies (19.9 per cent) disclosed such information in 2011 (Figure 46). Not all of these companies, however, provided a candid discussion of their strategies. Specifically, only 117 companies did so. Figure 46 also reveals that a mere 42 companies attempted to explain the possible implications and effects of the corporate /growth strategy. Without a doubt, more needs to be done to encourage companies to not just disclose their corporate strategy, but to explain the strategy and its impacts in a clear and understandable manner.





6.4 Key Performance Indicators (KPIs)

Figure 47 shows that less than five per cent of companies reviewed in 2011 disclosed all four items pertaining to Key Performance Indicators (KPIs) and performance targets. Disclosure of a comparison of company KPIs/performance targets to industry benchmarks was made by 19 companies. Fewer companies (n = 12) explained the variance between reported KPIs/performance targets and industry benchmarks. In terms of performance targets, while 29 companies disclosed such information only 17 cautioned investors/shareholders that those targets were management aspirations which may or may not be realised.

Finally, the four KPI/performance target items showed a marginal improvement in 2011 compared to 2010. Clearly, awareness and action on the part of companies to make these recommended disclosures has been growing.

6.5 Dividend Policy

The number of companies adopting the recommended practice of disclosing a dividend policy declined to 48 in the year under review, from 51 companies in the previous year. A list of the companies that disclosed a divided policy is provided in Table 13. It was interesting to note that out of the 51 companies that disclosed a dividend policy in 2010, 14 changed their practice and did not disclose the policy this year. Unfortunately, a review of the annual reports of these 14 companies did not reveal any explanation for this change of practice. It seems likely that companies thought it would suffice to disclose the policy only once, and not necessarily in each year's annual report. Amongst the 48 companies that disclosed a dividend policy for the first time.

6.6 Company Meetings

Annual General Meeting (AGM): Mandatory yearly meeting of a company for the purposes of receiving the directors' report and statement of accounts for the year, declaring a dividend, electing directors and auditors and determining the auditors' remuneration.

Extraordinary General Meeting (EGM): A meeting other than the annual general meeting between a company's shareholders,executives and any other members. An EGM is usually called on short notice and deals with an urgent matter. *(KLSE website)*

An announcement of any general meeting (other than a meeting convened to pass a special resolution or an annual general meeting), must be provided at least 14 days before such meeting is held, and in the case of a meeting convened to pass a special resolution or to hold an annual general meeting, at least 21 days before such meeting is held. The announcement must include the date of the Record of Depositors which the listed issuer requires pursuant to paragraph 7.16(2) for purposes of determining whether a depositor shall be regarded as a member entitled to attend, speak and vote at the general meeting.
(Main Market Listing Requirements)

During the period under review, 742 companies provided full explanations of special business items in the Notice of AGM sent to

Figure 47: KPIs and performance targets

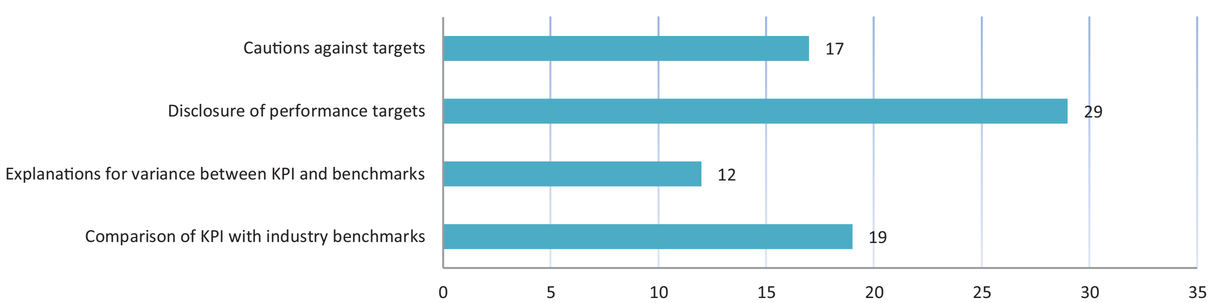


Table 13: Companies disclosing a dividend policy

1.	Axiata Group Berhad *	25.	Oriental Food Industries Holdings Berhad *
2.	Berjaya Sports Toto Berhad	26.	Pos Malaysia Berhad
3.	Boustead Holdings Berhad *	27.	Public Bank Berhad
4.	BP Plastics Holdings Berhad *	28.	QL Resources Berhad *
5.	British American Tobacco (Malaysia) Berhad	29.	RCE Capital Berhad
6.	Bursa Malaysia Berhad	30.	RHB Capital Berhad
7.	Cahya Mata Sarawak Berhad	31.	S P Setia Berhad
8.	Century Logistics Holdings Berhad	32.	SEG International Berhad *
9.	Cheetah Holdings Berhad	33.	Shell Refining Company (Federation of Malaya) Berhad
10.	Daibochi Plastic and Packaging Industry Berhad	34.	TA Enterprise Berhad
11.	Dialog Group Berhad	35.	TA Global Berhad
12.	DiGi.Com Berhad	36.	TDM Berhad
13.	Esthetics International Group Berhad	37.	Telekom Malaysia Berhad
14.	Hap Seng Consolidated Berhad *	38.	Tenaga Nasional Berhad
15.	Hap Seng Plantations Holdings Berhad *	39.	TH Plantations Berhad
16.	Ireka Corporation Berhad *	40.	Top Glove Corporation Berhad *
17.	Jobstreet Corporation Berhad *	41.	TSH Resources Berhad
18.	Malayan Banking Berhad	42.	Uchi Technologies Berhad
19.	Malaysia Airports Holdings Berhad	43.	UMW Holdings Berhad
20.	Malaysian Resources Corporation Berhad	44.	YNH Property Berhad *
21.	Mamee-Double Decker (M) Berhad *	45.	YTL Cement Berhad
22.	Metrod (Malaysia) Berhad	46.	YTL Corporation Berhad
23.	Multi Sports Holdings Limited	47.	YTL Power International Berhad
24.	My E.G. Services Berhad	48.	Zhulian Corporation Berhad *

Note: asterisk denotes companies that disclosed a dividend policy for the first time.

shareholders. Some 509 companies provided descriptions of varying length about directors standing for re-election at the AGM. It should be noted that companies that did not provide this information did not necessarily fail to comply with these recommended practices. It could be that they merely did not have any special business and/or directors standing for re-election at the AGMs. In addition, 38 per cent of companies (the same as last year), failed to specifically state the purpose and planned utilisation of proceeds to be raised from a mandate sought under s.132D of the Companies Act.

In the current MCG Index 2011, the average AGM notice period had increased slightly to 23.47 days from 22.59 days last year. For the period under review, no company had given shareholders less than 21 days' notice of the meeting. In fact, 54 companies provided an AGM notice period of 28 days or more, which is consistent with the expectation of foreign institutional funds. Three companies provided a notice period of 60 days or more: KESM Industries Berhad (75 days), and Batu Kawan Berhad and Metrod (Malaysia) Berhad, which both gave 62 days' notice.

In terms of the AGM itself, 90 per cent of companies in the year under review as compared to 83 per cent in the previous year held their AGM four months or more after their FYE. Contrary to this practice, Public Bank Berhad and LPI Capital Berhad both held their AGMs soon after their FYE.

6.7 Summary of Major Corporate Exercises in 2011

A number of major corporate exercises involving mergers, privatisations, and disposals were undertaken in 2011. The good deals involved the creation of synergistic relationships between complementary corporate entities, the unlocking of additional value for shareholders, and the creation of new business opportunities for the merged entities. The less favourable deals – for minority shareholders at any rate, included:

- Privatisation deals involving pricing that was determined to be "unfair but reasonable", the loss of good, dividend paying companies, and acceptance of offers at discounted prices without the consideration of alternative offers.
- The acquisition shares in a company by paying premiums to majority but not minority shareholders.
- The disposal of income-generating assets to a major shareholder at a discount without an independent evaluation within a limited time period without considering alternative offers.
- Acquisition of blocks of stock totalling 30% from several major shareholders at preferential pricing and terms with questions arising as to why an MGO was not called. A large volume of RPTs and RRPTs that may have shareholders questioning why they were not called upon to approve them.

A list of selected corporate exercises and their details can be found in Appendix 5.

KEY PRINCIPLES AND VOTING GUIDELINES ON ADOPTION OF DIRECTORS' REPORT, FINANCIAL STATEMENTS & AUDITORS' REPORT

Key Principles

It is the board's responsibility to be transparent, and to present a balanced and understandable assessment of the company's position and prospects. This responsibility extends to interim reports and the annual financial statements filed with regulators, as well as to the information required to be disclosed by statutory requirements presented in the form of Annual Reports.

The directors should explain in the Annual Report their responsibility for preparing the financial statements.

The auditors should report their opinion as to whether the financial statements have been prepared in accordance with applicable financial reporting standards in Malaysia, and the provisions of the Companies Act 1965, so as to give a true and fair view of the state of the financial affairs of the company or group.

An abridged version of the Annual Report highlighting material items in the accounts should be made available. It is recommended that shareholders request for one.

The non-statutory disclosures such as the Chairman's Statement, a review of the company's operational performance, 5-year financial highlights, corporate governance and corporate social responsibility statements, should also be included in the Annual Report.

The disclosure should include what has been done during the year and practices that have been internalised to give the stakeholder a complete picture of the company every year.The board is encouraged to present an audio-visual presentation of the operations for the financial year under review, and on the company's future outlook and prospects.

The Chairman is expected to allow shareholders reasonable time to ask questions, provide comment, and to seek clarification.
Voting Guidelines

MSWG will support he adoption of the Audited Financial Statements for the financial year, together with the Directors' and Auditors' reports, unless there are grounds to suspect accounting irregularities, and/or answers given to shareholder queries are not satisfactory.

(*Excerpt from MSWG's Policy Statement on Corporate Governance and Shareholder Voting Guidelines, December 2009)*

The firefly is symbolic of TNB's commitment to our customers and the country. TNB supports the conservation of the *Lampyridae* firefly colony found along riverbanks of Kampung Kuantan, Kuala Selangor. The area turns magical as the sun sets and the sky is enveloped in darkness. The fireflies will then flash their lights in unison, creating a spectacular light show only nature could provide.

A community project by

TENAGA NASIONAL

CHAPTER 7: KEY FINDINGS ON ACCOUNTABILITY AND AUDIT

7.1 Overview

The primary oversight of accountability and audit within a PLC lies with the Audit Committee. The Listing Requirements mandate that PLCs must establish an Audit Committee comprised of at least three directors. All members of the Committee must be non-executive directors, and a majority (including the Chairman) must be Independent Directors. At least one member of the Committee must be a member of the Malaysian Institute of Accountants or, if not, must satisfy other conditions stated in the Listing Requirements.

The Audit Committee plays a key role in assisting the board with its financial monitoring and reporting responsibilities, and ensuring the independence of the company's auditor. As such, it is required under the LR to have written terms of reference outlining its ds and functions. These include, but are not limited to:

- Reviewing audit plans, reports, and the system of controls with the external auditor.
- Reviewing the adequacy, scope, functions, competency and resources of the internal function and ensuring it has the authority to carry out its work.
- Reviewing quarterly and year-end financial statements prior to their approval by the board, to identify any accounting changes, unusual events, and compliance with accounting standards and regulations.
- Reviewing related party transactions and conflict of interest situations that may impact on management integrity.
- Nominating external auditors and monitoring their performance and suitability.

The company's internal audit function is required to report directly to the Committee. A company's board of directors is required to provide an Audit Committee report, as part of the company's Annual Report, at the end of each financial year. The Audit Committee report must disclose details on the composition of the Committee, its terms of reference, the number of Committee meetings held during the year and details on the attendance of each Committee member, activities with respect to its duties, and activities of the internal audit function.

7.2 Audit Committee (AC)

Key responsibilities of audit committee
Assessing the risks and control environment Overseeing financial reporting Evaluating the internal and external audit process Reviewing conflict of interest situations and related party transactions (Corporate Governance Guide)

Out of the 820 companies reviewed, two failed to comply with the requirement of having an AC comprising at least three directors. One company had only one director when the two directors resigned during the period under review. The company maintained that this situation would be resolved as it had been undergoing corporate restructuring. The other company did not explain why its AC had only two directors as of the date of its annual report.

In 2011, the AC comprised an average of 3.2 directors, unchanged from the previous year. The smallest AC had only one director (JPK Holdings Berhad) while the largest AC had six directors. Four companies had ACs with six directors: Ajinomoto (Malaysia) Berhad, Guinness Anchor Berhad, Public Bank Berhad, and RCE Capital Berhad. As a point of achievement, all 820 companies had ACs comprised primarily of INEDs

Figure 48 shows that slightly more than one-half of ACs (56.6 per cent) had a Chairman with qualifications and/or experience in accounting/ finance.

All ACs had an INED serving as their Chairman as this is a mandatory requirement in the LR. In addition, 505 companies had ACs comprised entirely of INEDs compared to 551 companies in 2010.

Figure 48: Composition of the AC

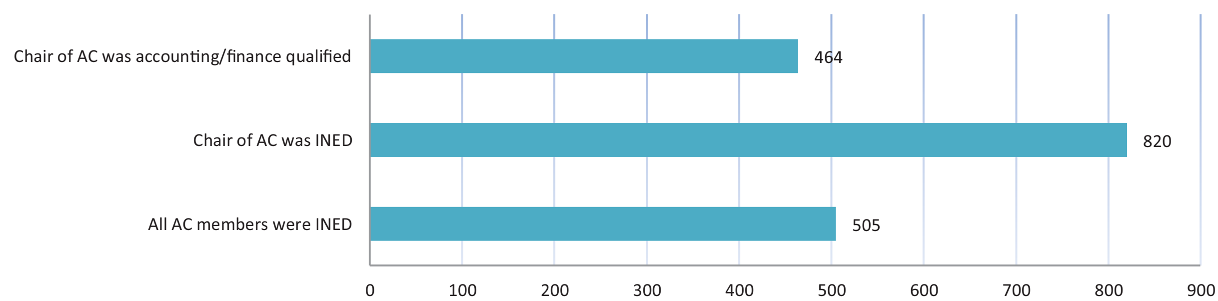
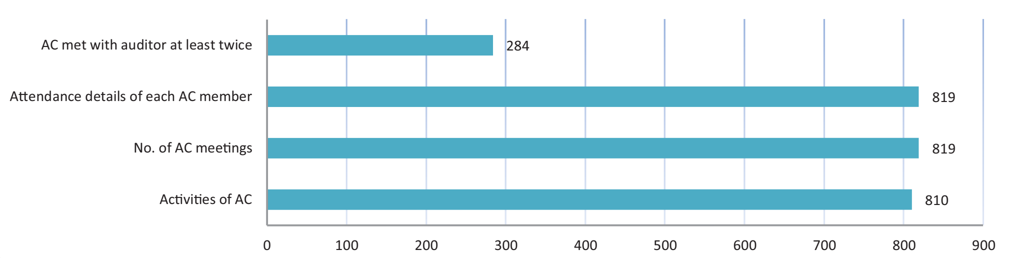


Figure 49 reports on AC practices. Out of the 820 companies reviewed, only 10 failed to disclose AC activities during the year. Just one company (GHL Systems Berhad) did not report the number of AC meetings convened during the year, as well as the attendance records of committee members. No explanation was given as to why the information was not provided. Even though the LR clearly states that ACs should meet with external auditors at least twice a year without executive board members present, only 284 companies claimed that their ACs had complied with this requirement.

The findings regarding additional AC practices are presented in Figure 50. Almost all companies (n = 795; 97.0 per cent) claimed that one AC task is to review the competency of the internal audit function. However, fewer companies (n = 588; 71.7 per cent) asserted that the AC had the explicit right to meet external auditors, internal auditors or both, without other directors and employees present. More companies in 2011 (n = 122) reported the details of the relevant training attended by AC members as compared to 2010 (n = 70). More companies (n = 105) also claimed that their AC members were financially literate than in the previous year (n = 34). Finally, more companies (n = 349) made the assertion that at least one AC member was either an accountant or someone approved by Bursa, as compared to 2010 (n = 216)

Figure 49: AC practices



7.3 Internal Control and Risk Management

Figure 51 presents the findings on matters of internal control and risk management. In the year under review, only 93 companies (11.3 per cent) had established either a risk management committee at the board level or otherwise, led by an INED. Nearly 90 per cent (n = 734) of the 820 companies reviewed, provided details of varying depth regarding their internal control processes. Fewer companies (n = 617) disclosed risk management statements, mostly in the form of a risk management framework. In terms of substantive disclosures on internal control and risk management, very few companies (n = 43) provided informative, candid and updated explanations of risk factors (beyond just financial risk) during the year under review. Even fewer companies prominently disclosed the names, titles and biographical details of the officers responsible for internal control, and for legal and regulatory compliance.

7.4 Internal Audit Function

> The Annual Report must include "...a statement relating to the internal audit function of the listed issuer, i.e. whether the internal audit function is performed in-house or is outsourced and the costs incurred for the internal audit function in respect of the financial year."
> *(Main Market Listing Requirements)*

Figure 50: Additional AC practices

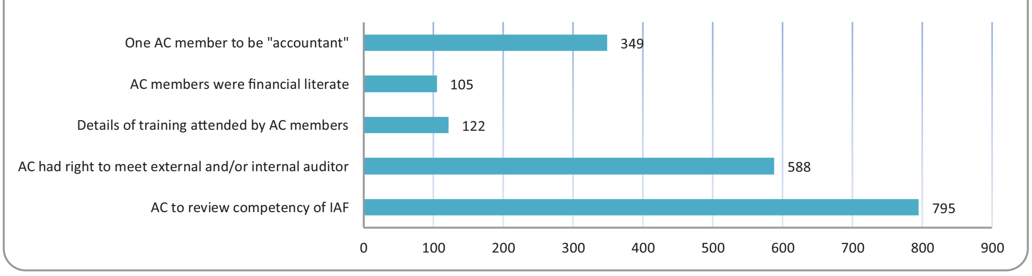


Figure 51: Internal control and risk management

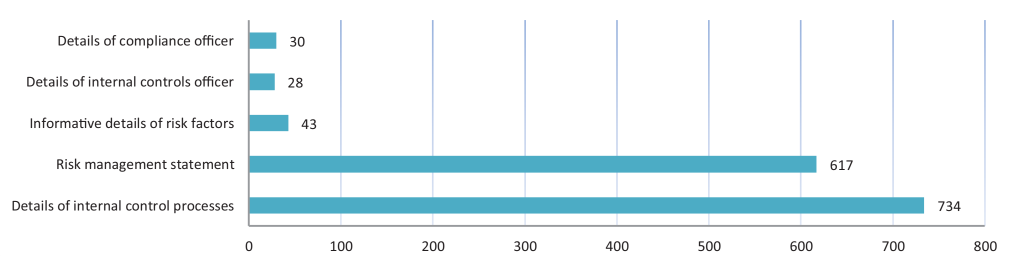
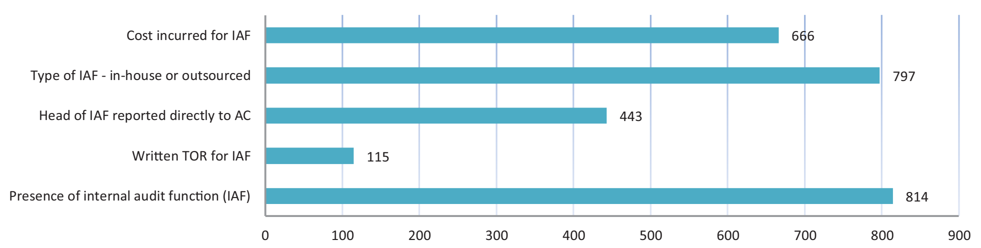


Figure 52 deals with the Internal Audit Function (IAF). Out of the 820 companies reviewed, only six companies did not have an IAF. This compares to 15 in 2010. Amongst the six companies that did not have an IAF, two companies offered no explanation for their non-compliance: Ark Resources Berhad and JPK Holdings Berhad. The following four companies offered plausible reasons for not establishing an IAF: Baneng Holdings Berhad, OCI Berhad, Inix Technologies Holdings Berhad and Pansar Berhad (formerly known as PWE Industries Berhad).

Figure 53 illustrates the types of IAF arrangements reported by the 814 companies that had an IAF. Whilst 40 per cent of companies performed the IAF in-house, 50 per cent of the remaining I AFs were outsourced mainly to professional accounting firms. Interestingly, 17 companies claimed to have an IAF but the type of the remaining IAFs were outsourced – mainly to professional accounting firms. Interestingly, 17 companies claimed to have an IAF but the type of set-up could not be determined due to a lack of substantive disclosure by the companies.

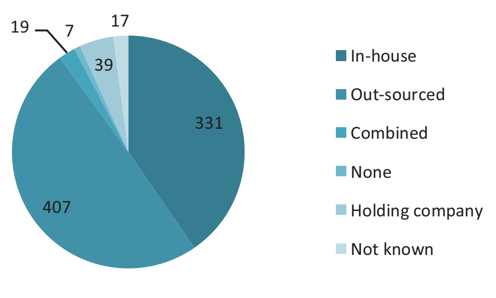
Figure 52: Internal audit function



Out of the 814 companies with an IAF in place, 17 did not report how the IAF was carried out despite this being part of Bursa's LR. So it was impossible to tell whether the IAF was performed in-house, outsourced, or part of some other arrangement. Figure 52 also shows that only 115 companies disclosed their IAF's terms of reference. Slightly more than one-half of companies with an IAF reported that the head of their IAF reported directly to the AC. As for the remaining companies, it could well be that head of the IAF reported functionally and administratively to the CEO or MD only.

With respect to the LR provision requiring companies to disclose IAF costs incurred for the financial year, 666 companies complied with this requirement whilst the remaining 154 did not. The average and median costs incurred by the IAF in the year under review were RM502K and RM65K, respectively. These sums are higher than those reported in the previous year (RM339K and RM42K, respectively). Five companies reported IAF costs in excess of RM10 million, with Malayan Banking Berhad reporting the highest cost of RM30 million. The lowest IAF cost incurred in the year under review, reported by five companies, was RM5,000. All of thesecompanies had outsourced their IAF during the year.

Figure 53: Type of IAF arrangement

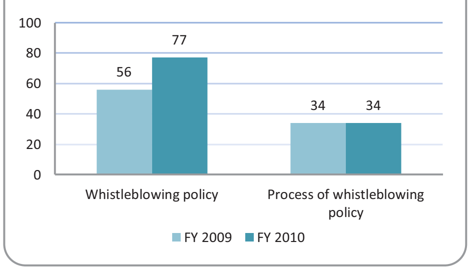


The remaining companies had their IAF undertaken by the parent/holding companies (n = 39), or performed through a combination of in-house and outsourced services (n = 19).

7.5 Whistle-blowing Policy

Figure 54 shows that the number of companies reporting a whistle blowing policy had increased from 56 in 2010 to 77 in 2011. Despite that increase, the number of companies providing details about the whistle-blowing process (and, in particular, the mechanism to protect employees

Figure 54: Whistle-blowing policy



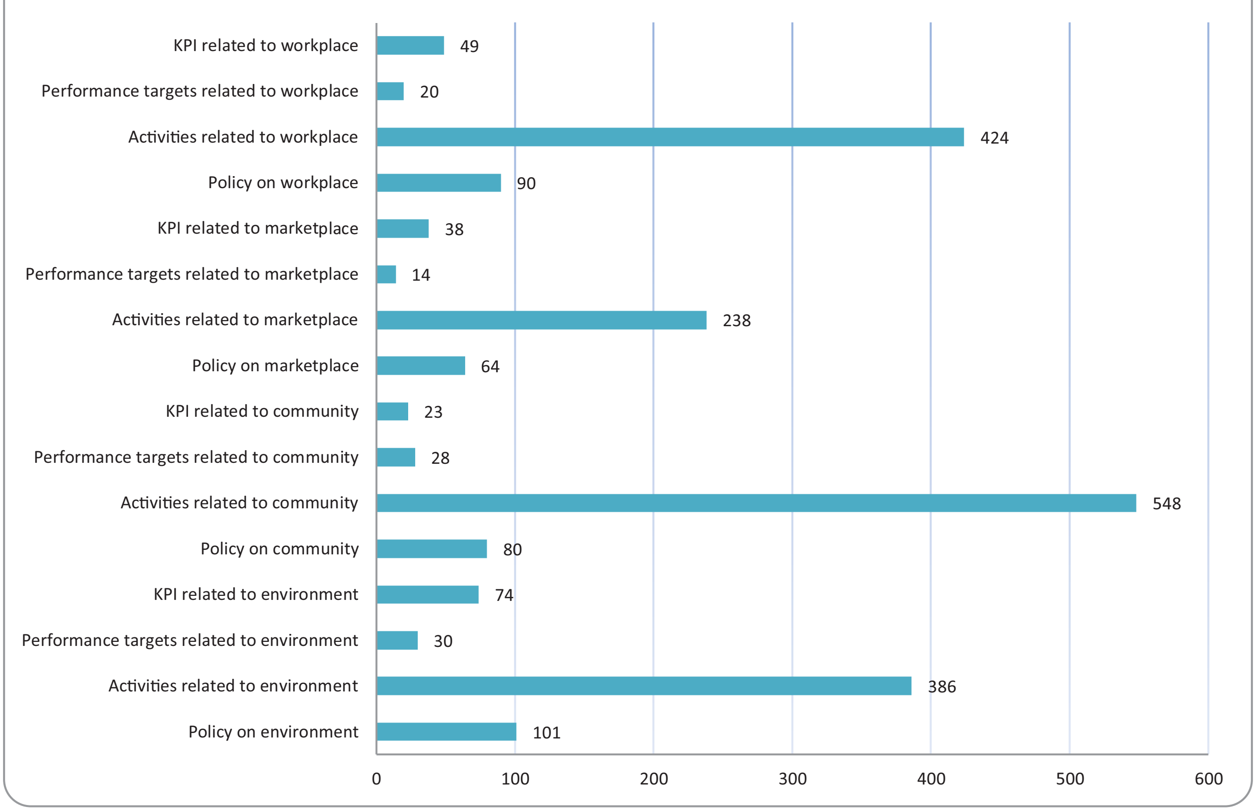
that are contemplating "blowing the whistle") has remained unchanged over the previous two years. Whilst companies might not wish to provide lengthy details of the process of handling cases of whistleblowing in their annual report, they might make this information available on their corporate website and make reference to it in their annual report.

7.6 Corporate Responsibility

There were 16 new items introduced in the MCG Index 2011 scorecard dealing with matters of corporate responsibility (CR). These items were grouped according to the four pillars/dimensions of CR, as suggested by Bursa's CR Framework: workplace, marketplace, community, and environment. Based on the findings summarised in Figure 55, it is clear that despite the presence of a requirement, a sizeable number of companies did not report on the four CR pillars. These companies may not have had anything to report on, may have been indifferent, or both. Figure 55 also clearly shows that most of the disclosures were related to CR activities; considerably fewer companies reported the policies related to the different dimensions of CR.

Furthermore, Figure 55 reveals that a very small number of companies disclosed KPIs and performance targets in relation to the CR initiatives in the various dimensions. Based on this, it may be reasonable to conclude that some (if not most) companies undertook CR activities without the benefit of clearly articulated policies and performance management systems. If so, this suggests that CR activities might not be well planned and, consequently, may be unsustainable.

Figure 55: Disclosures on CR policies and practices



7.7 Timely Reporting

A listed issuer must announce to the Exchange, an interim financial report that is prepared on a quarterly basis ("quarterly report"), as soon as the figures have been approved by the board of directors of the listed issuer, and in any event not later than 2 months after the end of each quarter of a financial year.

A listed issuer must issue its annual reports that include annual audited financial statements together with the auditors' and directors' reports of the listed issuer, and forward them to the Exchange and shareholders within 6 months from the close of the financial year of the listed issuer.

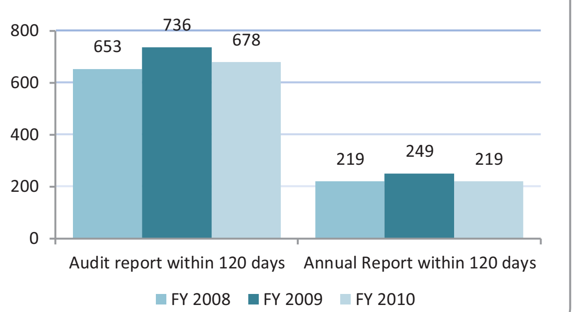
A listed issuer must announce to the Exchange its annual audited financial statements together with the auditors' and directors' reports within a period not more than 4 months from the close of the financial year of the listed issuer unless the annual report is issued within a period of 4 months from the close of the financial year of the listed issuer. *(Chapter 9 of Main Market Listing Requirments)*

The LR oblige a company to issue its annual report (AR) and to file it with Bursa Malaysia within six months from the FYE. It must also provide Bursa with its annual audited accounts (AAA) within four months from the FYE.

The latter is not necessary, however, if the company issued its AR within four months from the financial year end (FYE). In either case, the auditor's report would have accompanied the AR and AAA. However, for the purpose of the MCG Index, the time period is expressed as "within 120 days", aligning it with the requirement of other major equity markets.

In this regard, Figure 56 reveals that for the year under review, 678 companies filed the auditor's report (which accompanied either the AAA or AR, whichever was filed earlier) with Bursa Malaysia within 120 days of the FYE. Figure 56 also indicates that only 219 companies issued their AR within 120 days of the FYE.

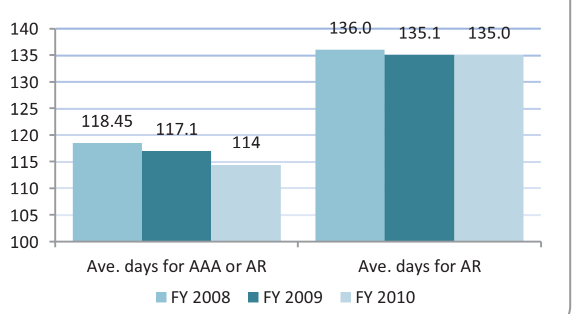
Figure 56: Incidence of timely reporting



The average time taken by companies to file their audited financial statements with Bursa (in the form of either the AAA or the AR) was 114.44 days for the year under review. As shown in Figure 57 the average time taken has decreased each year, which is a positive development.

The average time taken by companies to issue their annual reports, however, has remained virtually unchanged. For the year under review, three companies managed to issue their AR within 60 days from the FYE: LPI Capital Berhad (27 days), Public Bank Berhad (49 days), and Time Engineering Berhad (56 days). Whilst the first two companies had submitted their AR within the time indicated, the latter company filed its AAA within 60 days.

Figure 57: Timeliness of reporting



7.8 Related Party Transactions (RPT), External Auditors, and Approval of the CG Statement

KEY PRINCIPLES AND VOTING GUIDELINES ON SHAREHOLDERS' MANDATE FOR RECURRENT RELATED PARTY TRANSACTIONS OF REVENUE OR TRADING NATURE

Key Principles

Companies should have a transparent process for identifying and managing conflicts of interest.

Is it the responsibility of the board to ensure that recurrent related party transactions (RRPTs) are conducted on sound commercial terms and undertaken only in the interest of the company.

As required by the Listing Requirements, which spell out the details, MSWG will scrutinise such transactions. The board must make a statement in the circular to shareholders on whether or not the transactions are at arm's length and are conducted in the best interests of the company.

The identity of the related party and the value in monetary terms of the transaction should be disclosed.

The total amount with the same related party for the year, the proportion of revenue and any deviations to be disclosed.

The board should disclose details of any dissension to these RRPTs.

Voting Guideline

MSWG will vote against this resolution unless shareholders are provided with information disclosing all material RRPTs and a statement confirming that these RRPTs were conducted at arm's length and in the best interest of the company.
(Excerpt from MSWG's Policy Statement on Corporate Governance and Shareholder Voting Guidelines, December 2009)

No material issues were apparent in relation to related party transactions and the overall conduct of companies in the market place. In the area of engagement of external auditors, there were instances where shareholders had questioned the Boards of PLCs at the AGMs as regards their engagement of the services of the external auditors for many years – longer than 10 years in some instances. Shareholders were dissatisfied and sceptical of the independence of the auditors, especially if there was no rotation of the partners. Arising from the queries, some PLCs viewed the matter seriously and some contemplated changing their auditors. There were good disclosures in the Corporate Governance Statement and Internal Control Statement. With few exceptions, the Corporate

Governance Statements were approved by the Boards. However, improvements could be made as regards disclosures on risk management, individual directors' remuneration and assessment on the performance of directors. Generally, the Chairman's Statement and/or CEO's Review and/or Operational Review addressed well the company financial performance, operations, and the industry and company outlook. Most companies would also have included the five year financial highlights. However, additional value would be added if companies were to include data comparing the company to industry benchmarks, where applicable. One other area for improvement is that more companies should disclose pertinent details about their senior management staff.

Resolutions approving related-party transactions must be passed or obtained by poll vote *(Corporate Governance Blueprint 2011)*

In order to enhance disclosure and transparency, it has been suggested that the disclosure of related-party transactions (RPTs) should be placed in or alongside the Corporate Governance Statement. In this respect, 239 companies had complied with this expectation for the year under review. The remaining 581 companies either did not conduct any RPTs during the year or they might have placed such a disclosure in other parts of the AR. One of the key indicators used to assess the independence of an external auditor is whether the same external auditor (or its affiliates) had been hired by the company to provide non-audit services during the year.

Of the 820 companies reviewed, 205 were considered to have had independent external auditors, as the auditors provided only statutory audit services (Figure 58). As a comparison, 264 companies in the previous year were judged to have had independent external auditors. What could have caused the incidence of independent external auditors to decline over the past year?

Figure 59 provides a breakdown of external auditing firms used by Malaysian PLCs.

The amount of non-audit fees incurred for services rendered to the listed issuer or its subsidiaries for the financial year by the listed issuer's auditors, or a firm or corporation affiliated to the auditors' firm (*Chapter 9 of Main Market Listing Requirements)*

The average non-audit service fees paid/payable to the same external audit firm or its affiliates were RM119K (RM98K in the previous year). Amongst the 615 companies that had external auditors providing non-audit services, 125 of them (135 companies in the previous year) reported non-audit fees that were more than one-half (50 per cent) of the statutory audit fees. In terms of statutory audit fees, the average was

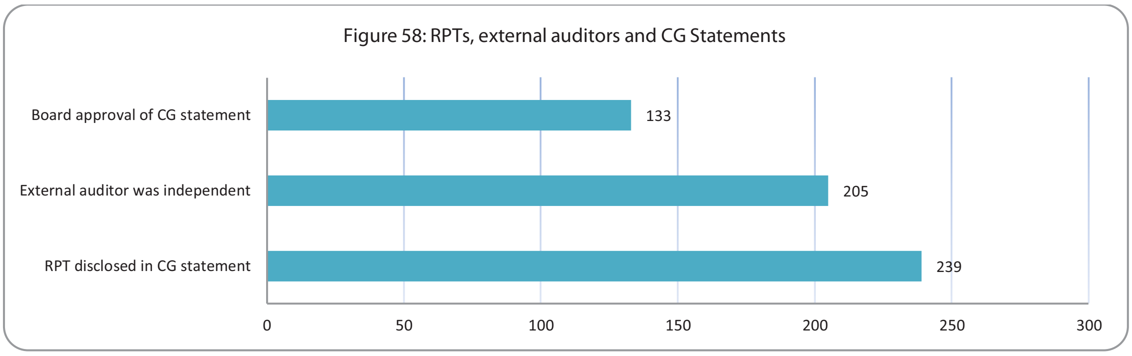
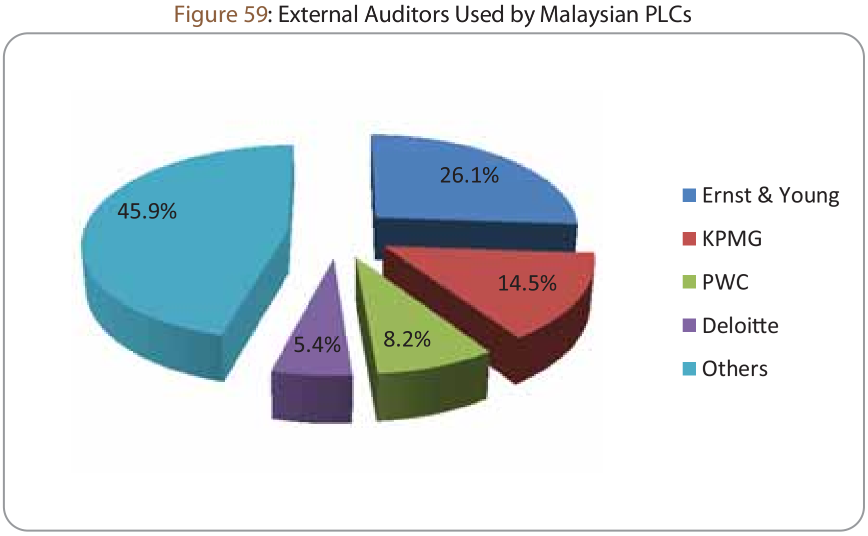


Figure 59 provides a breakdown external auditing firms used by Malaysian PLCs.

Figure 59: External Auditors Used by Malaysian PLCs



RM319K in the year under review (RM264K in the previous year). Clearly, companies that had engaged the same external audit firms or their affiliates should explain why they had done so and provide a positive affirmation that they believed in the independence of the audit firm. In this regard, KLCC Property Holdings Berhad could be an example of a company that provided a brief but sufficient explanation of the company's decision to engage the same external audit firm to provide non-audit services.

A statement that has the board's stamp of approval is always more credible than one that has none. A review of the annual reports and, more specifically, the Corporate Governance Statement of the 820 companies reviewed found that 133 of them had been explicitly approved by the boards or members of the boards (Figure 58). This number of "approved" Statements was 33 more than the previous year. Evidently, more companies appeared to believe it was important to signal the credibility of the Statement of Corporate Governance in their annual report.

7.9 Corporate Reprimands

In the current year under review, 26 companies or their directors had received public reprimands from the Exchange, as compared to only 4 in the previous year. A further 25 companies had received one or more queries from the Exchange with regard to unusual market activity (UMA) during the year.

Reasons for reprimands typically included:

- The late submission of audited financial statements.
- Material discrepancies between unaudited and audited financial statements.
- Failure to announce material issues affecting the company (e.g. loss of contracts, missed debt payments, etc.).
- Issuing announcements that were inaccurate, unclear, factually incorrect or that did not include sufficient information to allow nvestors to make informed investment decisions.
- Knowingly permitting of breaches of the LR.

A full list of the Exchange's public reprimands issued in 2011 can be found in Appendix 6.

CHAPTER 8: CONCLUSION

In the World Bank's Doing Business Survey 2012, MSWG would like to reiterate that Malaysia was ranked 18th out of 183 countries for the ease of doing business. This is an improvement from 23rd place in 2011. We were also ranked 1st for ease in getting credit and 4th for investor protection. Another positive development is evident in The World Economic Forum's 2012 Global Competitiveness Report where Malaysia has been ranked 21st among 142 countries in terms of competitiveness. The ranking has gone up five places from 26th place in 2011. In the same report, Malaysia was ranked 3rd in terms of financial market development – just behind Hong Kong and Singapore.

The current report on the MCG Index 2011 also reveals many improvements and positive developments. However, companies and other stakeholders are well advised to remain vigilant. Two important developments are confronting companies in the near future with regard to CG.

First, the Corporate Governance Blueprint 2011, released in July 2011, contains recommendations and proposals to strengthen CG in Malaysia. Many of these recommendations and proposals will find their way into the CG Code, the LR, or other legislation and regulations in the coming years after public consultation and comment.

The CG Blueprint 2011 has identified a range of substantive issues that resonate with the concerns that MSWG has raised and reported in the current and prior years' MCG Index reports. One of the issues that had gone the process of public consultation pertains to "Independent Chairman and Voting by Poll". Specifically, the CG Blueprint is mulling the idea to mandate the separation of the positions of chairman and CEO, and to require the chairman to be an independent director.

Second, it was announced in December 2011 by the Securities Commission of Malaysia that the development of the ASEAN CG Scorecard is already well underway. This project is an initiative of the ASEAN Capital Market Forum (ACMF) funded by the Asian Development Bank (ADB) and spearheaded by the SC Malaysia. The aim of this initiative is to evaluate companies across the ASEAN region using a standard CG assessment tool. Malaysian companies should keep themselves informed about the development and implementation of the scorecard in order to stay ahead of the pack and remain CG leaders in the region.

Moving forward, the MCG Index 2011 has identified a number of CG gaps and challenges that remain to be addressed by Malaysian PLCs. These are also concerns shared by the CG Blueprint 2011 and the ASEAN CG Scorecard. Collectively, these gaps and challenges include:

- Enhancing the role of INEDs, especially in the context of being critical of related party transactions (RPTs).
- Enhancing the role of the Nomination Committee (NC) to:
  - Ensure a transparent nomination process for INEDs.
  - Encourage the sourcing of INED candidates from independent and/or credible pools or sources of qualified individuals.
  - Conduct a periodic (annual) evaluation of board and individual director performance.
  - Pursue the agenda of increasing board diversity andcorporate sustainability.
- Enhancing disclosure and transparency, including:
  - Increasing the timeliness of financial information.
  - Disclosing the r emuneration of individual directors.
  - Improving accessibility and the quality of informtion related to AGMs, by providing detailed AGM notices and minutes.
- Voting at AGMs/EGMs
  - Results of poll votes must be made available almost immediately through the use of electronic voting methods.
  - The minutes of company meetings must be made available within 7 (seven) days on the company's website so shareholders and interested parties could review the proceedings of the meetingand determine the attendance of board members that they had elected.

Whilst the achievements at the nation and company levels ought to be lauded, companies and stakeholders need to examine the challenges and to address the identified gaps. Being a small and open economy, we are more easily affected by the vagaries of world financial markets. To remain resilient, relevant, and competitive in the global economy, there is more work that needs to be done – as the details in these surveys and reports point out. We must further strengthen the foundation that we have laid to cultivate a CG culture that will permeate corporate Malaysia. The challenge thereafter will be for companies to grow and to demonstrate this culture within their organisations.

For its part, MSWG aspires to continue to promote good corporate governance and minority interests. In this regard, we are privileged to adopt the ASEAN CG Scorecard as an element of future MCG Index initiatives, as evidenced in the keynote speech of the Honourable Deputy Minister of International Trade and Industry delivered at the recent MCG Index 2011 Award Dinner event:

"…. In Malaysia, we already have MSWG which has been far- sighted in preparing the corporates through its annual Malaysian CG Index for three years, thus only befitting to carry out this initiative with the support of the Capital Market Development Fund..."

SPECIAL FEATURE

MCG INDEX 2011 AWARDS DINNER & CEREMONY

Held 07 December 2011 at Sime Darby Convention Centre

The third annual MCG Index 2011 Dinner and Awards Ceremony was held on 07 December 2011 at the Sime Darby Convention Centre. Over 500 corporate leaders, regulators, and members of the media took part in the recognition of Malaysian Corporate Governance achievements.

Master of Ceremonies, Raymond Goh, kicked off the event with the announcement of the arrival of our Guest of Honour, Yang Berhomat Dato' Jacob Dungau Sagan, Deputy Minister, International Trade and Industry.

MSWG's Chairman, Tan Sri Abdul Halim Ali, opened the event with a Welcoming Address. The Welcoming Address was followed by dinner and musical entertainment provided by the Jason Geh Jazz Group. YB Dato' Jacob then delivered the evening's Keynote Address.

MSWG's CEO, Puan Rita Benoy Bushon, presented the main MCG Index 2011 main findings. This was followed by an announcement of the Top 100 Companies in the MCG Index 2011, and the presentation of MCG Index 2011 awards by YB Dato' Yacob, Tan Sri Halim, and Puan Rita.

Top Overall Award – Public Bank Berhad

Above: Yang Berhomat Dato' Jacob DungauSagan, Deputy Minister of the Ministry of International Trade & Industry, accompanied byTan Sri Halim Ali (MSWG Chairman) , presents the Top Overall Award to Public Bank

Distinction Award (for A+ ranking)

- Axiata Group Berhad
- British American Tobacco (Malaysia) Berhad
- Bursa Malaysia Berhad
- CIMB Group Holdings Berhad
- DiGi.Com Berhad
- Guinness Anchor Berhad
- LPI Capital Berhad
- Malayan Banking Berhad
- Malaysia Airports Holdings Berhad
- Media Prima Berhad
- Nestle (Malaysia) Berhad
- Public Bank Berhad
- Shell Refining Company (FOM) Berhad
- Telekom Malaysia Berhad
- Tenaga Nasional Berhad
- UMW Holdings Berhad

Industry Excellence Award

Industry Excellence - Finance	☒ Public Bank Berhad
Industry Excellence - Telecommunications/Media	☒ Telekom Malaysia Berhad
Industry Excellence - Consumer Products	☒ British American Tobacco (Malaysia) Berhad
Industry Excellence - Construction	☒ IJM Corporation Berhad
Industry Excellence - Plantation	☒ Kulim (Malaysia) Berhad

Top Mid-Cap Company Award

☒ Jobstreet Corporation Berhad

Special Transparency Award

☒ Bursa Malaysia Berhad

Most Prompt AGM Award

☒ LPI Capital Berhad

Best Conduct of AGM Award

☒ Axiata Group Berhad
☒ DRB-Hicom Berhad
☒ Public Bank Berhad

Best Corporate Responsibility Award*

☒ CIMB Group Holdings Berhad
☒ Nestle (Malaysia) Berhad
☒ Telekom Malaysia Berhad

*formerly Corporate Social Responsibility Award

Special Mention – Companies Rated "A"

- AirAsia Berhad
- DRB-Hicom Berhad
- IJM Corporation Berhad
- KLCC Property Holdings Berhad
- KPJ Healthcare Berhad
- Kulim (Malaysia) Berhad
- Malaysia Building Society Berhad
- RHB Capital Berhad
- TH Plantations Berhad
- UCHI Technologies Berhad

Special Mention – Most Diverse Board

- Malayan Banking Berhad

Special Mention – Board that Fulfils the Policy of Having at Least 30% Women

- Malaysia Airports Holdings Berhad
- TA Enterprise Berhad

Special Mention – Most Diverse Board

- Malayan Banking Berhad

Appendices

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AFFIN HOLDINGS BHD
AXIATA GROUP BHD
BIMB HOLDINGS BHD
BOUSTEAD HOLDINGS BHD
CIMB GROUP HOLDINGS BHD
CCM DUOPHARMA BIOTECH BHD
CHEMICAL COMPANY OF MALAYSIA BHD
FABER GROUP BHD
LITYAN HOLDINGS BHD
MALAYAN BANKING BHD
MALAYSIA AIRPORT HOLDINGS BHD
MALAYSIA BUILDING SOCIETY BHD
MISC BHD
MALAYSIAN AIRLINE SYSTEM BHD
MALAYSIAN RESOURCES CORPORATION BHD
MNRB HOLDINGS BHD
NCB HOLDINGS BHD
PETRONAS DAGANGAN BHD
PETRONAS GAS BHD
PHARMANIAGA BHD
PLUS EXPRESSWAYS BHD
POS MALAYSIA BHD
PROTON HOLDINGS BHD
SIME DARBY BHD
SYARIKAT TAKAFUL MALAYSIA BHD
TELEKOM MALAYSIA BHD
TENAGA NASIONAL BHD
TH PLANTATIONS BHD
TIME DOTCOM BHD
TIME ENGINEERING BHD
UAC BHD
UEM LAND HOLDINGS BHD
UMW HOLDINGS BHD
MALAYSIA MARINE AND HEAVY ENG BHD
PETRONAS CHEMICALS GROUP BHD

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APPENDIX 3: MCG INDEX SCORECARD SAMPLES

Stage 1: Corporate Governance Base Scorecard

Stock Code	
Reviewer	

Name of Company:

Revenue (Turnover) (RM):
Net profit after tax (RM):
Total assets (RM):
Total liabilities (RM):
Total equity (shareholders fund) (RM):
Total Directors remuneration (RM):
Total remuneration for ED (RM):
Total remuneration for NED (RM):

No.	Local Best Practices + International Best Practices	Yes	No
A	The Board of directors		
1	Principal responsibilities of the board		
1.1	Disclosed a positive statement that the board leads and controls the company.		
1.2	Disclosed the existence of a Code of Conduct / Ethics for directors.		
1.3	Disclosed details about the implementation of Code of Conduct / Ethics for directors.		
2	Chairman & CEO		
2.1	The Chairman of the board and the CEO were two different individuals.		
2.2	The Chairman of the board was an independent director.		
2.3	Disclosed statement stating current Chairman was not a previous CEO.		
2.4	Disclosed the key duties and responsibilities of the Chairman of the board.		
2.5	Disclosed the key duties and responsibilities of the CEO.		

3	Board balance		
3.1	1/3 of the board members were independent non-executive directors.		
3.2	1/2 of the board members were independent non-executive directors.		
3.3	More than 1/2 of the board members were independent non-executive directors.		
3.4	All independent directors had served 9 years and less.		
3.5	All independent directors had served 12 years and less.		
3.6	All directors had served as directors in not more than five (5) boards of listed companies in total.		
3.7	Disclosed non-executive director's caliber, credibility, skill and experience.		
4	Significant shareholder		
4.1	Board had minority shareholder representation.		
4.2	Identified a senior independent director to whom concerns may be conveyed.		

5	Appointment to the board (Ensuring board's continuous effectiveness)	Yes	No
5.1	Had nominating committee (NC)		
5.2.1	Disclosed details of the duties and responsibilities of NC.		
5.2.2	Disclosed details of the activities of NC during the year.		
5.2.3	Disclosed details of the number of NC meetings held during the year.		
5.2.4	Disclosed details of attendance of each individual director in respect of NC meetings.		
5.2.5	Disclosed the constitution (membership) of NC.		
5.2.6	Disclosed the authority of NC.		
5.3	NC comprised exclusively (100%) non-executive directors		
5.4	Non-executive directors were all independent		
5.5	NC proposed new nominees for the board consideration and approval		
5.6	Disclosed the annual review on the board in respect of the skills and experience and other mix (i.e., board appraisal had been conducted).		
5.7	Disclosed assessment on individual director, including the CEO (i.e., Individual director appraisal had been conducted)		
5.8	Disclosed the criteria used in appraising the performance of the board, individual director and/or the CEO.		

5.9	Outside advisor (e.g., human resource consultant) was used during the year.		
6	Size of board		
6.1	Disclosed that the company had reviewed the size of the board and felt that it was appropriate.		
7	Directors' training		
7.1	Disclosed that the company had orientation and education programme for new recruits to the board (or a policy for such, if relevant).		
7.2	Disclosed identifiable continuing education and training for directors.		
8	Board structures and procedures		
8.1	Disclosed the number of board meeting held during the year.		
8.2	Disclosed detail of attendance of each individual director in respect of meetings held.		
8.3	Disclosed the types of transactions that required board's approval (i.e., there was a formal schedule of matters specifically reserved for the board).		
8.4	Disclosed that the board records its deliberations, in terms of the issues discussed, and the conclusions in discharging its duties and responsibilities.		
9	Relationship of the board to management		
9.1	The board defined the limits of management's responsibilities.		

10	Quality of Information		
10.1	Management was obliged to supply to the board with all necessary information including customer satisfaction and services quality, market share, market reaction and so on.		

11	Access to information	Yes	No
11.1	Directors had separate & independent access to company secretary services.		
12	Access to advise		
12.1	Had agreed procedure for directors to take independent professional advice.		
13	Use of board ommittee(s)		

13.1	Had defined authority (either to act on behalf of the board or to examine a particular issue) of any committee formed.		
B 14	Directors' remuneration Remuneration committee (Determination of directors' remuneration)		
14.1	Had a remuneration committee (RC).		
14.2.1	Disclosed details of the duties and responsibilities of RC.		
14.2.2	Disclosed details of the activities of RC during the year.		
14.2.3	Disclosed details of the number of RC meetings held during the year.		
14.2.4	Disclosed details of attendance of each individual director in respect of RC meetings.		
14.2.5	Disclosed the constitution (membership) of RC.		
14.2.6	Disclosed the authority of RC.		
14.3	RC comprised exclusively (100%) nonexecutive directors.		
14.4	RC recommended to the board the remuneration of the executive directors in all its form.		
14.5	Disclosed details of membership of the RC in the directors' report.		
14.6	Outside advisor (e.g., compensation consultant) was used during the year.		
15	The level and make-up of remuneration		
15.1	Directors' remuneration had taken into account of pay & employment conditions within the industry.		
15.2	The company maintained that executive directors' remuneration package was linked to corporate & individual performance.		
15.3	Disclosed details of its remuneration policy regarding HOW senior executives and director pay was determined. (Company must disclosed key performance benchmarks in the process determining individual pay.)		
15.4	Non-Executive Directors' remuneration was related to contribution & responsibilities.		
15.5	More than 50% (i.e., significant) of remuneration of executive directors was performance based.		
15.6	Long-term incentives (i.e., share options schem) were used for rewarding executive directors.		
16	Disclosure of directors' remuneration		
16.1	Disclosed details of the remuneration of each director.		

16.2	Disclosed details of the remuneration of each director received from company & from subsidiaries.		
16.3	Disclosed separate fees for additional contributions (e.g., attendance fees) by non-executive directors.		

C 17	Shareholders Dialogue between companies and Investors (Maintain regular, effective & fair communication with shareholders.)	Yes	No
17.1	The company had a website.		
17.1.1	The company had a reconigsablewebsite address (reflected the company's name and/or brand).		
17.1.2	The website had been updated regularly and/or recently (within 3 mths).		
17.2	The company's website had a section on Investor Relations.		
17.3	The company's website provides information as to how investors can direct queries to the company.		
17.4	Disclosed name, title and biographical details (e.g. age, qualifications, relevant experience) of the officer responsible for managing investors' relations for the company.		
17.4.1	Disclosed his/her registered address, telephone number and email of the officer responsible for managing investors relations.		
17.5	Disclosed details of the investors' relations policy and disclosure process towards investors (e.g. does the company had regular investors' relation meetings, were they using electronic communication and the media to carry their message to shwereholders, etc)		
17.6	The Company identified and discussed corporate and/or growth strategies that it used.		
17.6.1	The discussion on corporate and/or growth strategies is straightforward and easy to understand.		
17.6.2	The Company explainedthe possible implications and effects of those strategies.		
17.7	Disclosed comparison of company's key performance indicators (KPI) to industry benchmarks.		
17.7.1	The Company explained the reasons for the differences between its KPI and industry benchmarks.		

17.8	Disclosed identified specific and measurable performance targets for the next year(s).		
17.8.1	The Company cautioned investors/shareholders that those targets were management aspirations which may or may not be realised.		
17.9	Disclosed the company's dividend policy.		
17.9.1	The Company's dividend policy specified clearly the percentage from profit to be paid as dividend.		
18	AGM		
18.1	Special business items includedin the AGM notice were accompanied by a full explanation of the effects of a proposed resolution.	Yes/N.A	No
18.2	Notice of meetings stated which directors were standing for election with a brief description of them.		

D 19	Accountability and audit The audit committee (AC)	Yes	No
19.1	AC comprised at least three directors		
19.2	More than 50% of directors in AC were independent directors.		
19.3	All directors (i.e., 100% of them) in AC were independent directors.		
19.4.1	Disclosed the authority of AC		
19.4.2	Disclosed the duties and responsibilities of AC		
19.5	The Chairman of AC:		
19.5.1	The chairman of AC is an independentnon-executive director		
19.5.2	The Chairman of AC is qualified and/or experienced in accounting/finance.		
19.6	Disclosed details of the activities of audit committee		
19.7	Disclosed details of the number of AC meetings held in a year		
19.8	Disclosed details of attendance of each individual directors in respect of meetings.		
19.9	AC met with the external auditors without executive board members present at least twice a year.		
19.10	The functions of the AC include the review ofthe adequacy of the competency of the internal audit function.		
19.11	The AC had the explicit right to convene meetings with external auditors, internal auditors or both, excluding the attendance of		

	other directors and employees.		
19.12	Disclosed details of relevant training attended by each director member of AC.		
19.13	Disclosed whether all members of the AC were financially literate.		
19.14	Disclosed whether at least one member of the AC was a member of an accounting association body OR someone who was approved by the Exchange.		
19.15	Outside advisor (other than external auditor) was used during the year.		
20	Internal controls & Internal audit		
20.1	Disclosed detail of the internal control process (e.g. what financial and non-financial measures were in place, when were they tested, when were reports on IC done and who were the reports submitted to?)		
20.2	Disclosed risk management statement		
20.3	Disclosed informative, straight-forward and updated explanation of risk factors related to the different products		
20.4	Disclosed name, title and biographical details (e.g. age, qualifications, relevant experience) of the officer responsible for managing internal controls at the company.		
20.5	Disclosed name, title and biographical details (e.g. age, qualifications, relevant experience) of the officer responsible for legal and regulatory compliance at the company.		
20.6	Had an internal audit function (IAF)		
20.7	Disclosed the terms of reference of IAF (including activities, responsibilities, reporting frequency, meeting frequency, individual attendance where applicable)		
20.8	The Head of IAF reported directly to the Audit Committee.		
20.9	Disclosed whether the IAF is performed in-house or outsourced- *Go To Item 29.11 & marked accordingly IAF set -up !		
20.10	Disclosed the costs incurred for the IAF in respect of the financial year.		
		Yes	No
20.11	Had a whistleblowing policy.		
20.12	Disclosed details of the processes of the whistleblowing policy.		

21	Related third party transactions		
21.1	Disclosed related third party transactions in Corporate Governance statement		

22	Corporate social responsibility		
22.1.1	Disclosed policy on environment		
22.1.2	Disclosed activities related to environment dimension		
22.1.3	Disclosed perfomance targets related to environment dimension		
22.1.4	Disclosed KPI related to environment dimension		
22.2.1	Disclosed policy on community		
22.2.2	Disclosed activities related to community dimension		
22.2.3	Disclosed perfomance targets related to community dimension		
22.2.4	Disclosed KPI related to community dimension		
22.3.1	Disclosed policy on marketplace		
22.3.2	Disclosed activities related to marketplace dimension		
22.3.3	Disclosed perfomance targets related to marketplace dimension		
22.3.4	Disclosed KPI related to marketplace dimension		
22.4.1	Disclosed policy on worlplace		
22.4.2	Disclosed activities related to workplace dimension		
22.4.3	Disclosed perfomance targets related to workplace dimension		
22.4.4	Disclosed KPI related to workplace dimension		
23	Auditors		
23.1	The External Auditor was independent (yes, if it provided only statutory audit services).		

24	Timely reporting		
24.1	The audit report (which accompanies the AAA or AR) was released to the public within 120 days (4 months) of the balance sheet date (Bursa Malaysia's LR - accounts had to be filed 4 months after the company's balance sheet date).		
24.2	The Company announced the audited accounts within 60 days after the FYE.		
24.3	The Company announced the complete set of the Annual Report instead of Audited Annual Accounts within 120 days after the FYE.		
25	Board approval		
25.1	Disclosed a positive statement that the board had explicitly approved the Corporate Governance statement.		

26	Other data Board of directors	
26.1	Number of directors on the board	
26.2	Number of independent non-executive directors (INED) on the board	
26.3	Proportion of INED on the board	
26.4.1	INED 1	
26.4.2	INED 2	
26.4.3	INED 3	
26.4.4	INED 4	
26.4.5	INED 5	
26.4.6	INED 6	
26.4.7	INED 7	
26.4.8	INED 8	
26.5	Number of board meetings convened during the year	
26.6	Number of female directors on the board	
26.7	Proportion of female directors on the board	
26.8	Number of female INED on the board	
26.9	Number of female NED on the board	
26.10	Number of female ED on the board	
26.11	Number of NED on the board	
26.12	Number of ED on the board	
26.13	Whether the board is multi -ethnic?	
26.14	Number of Non-Malaysian directors on the board	
27	Nominating Committee (NC)	
27.1	Number of directors on the Nomination Committee (NC)	
27.2	Number of INED on the NC	
27.3	Proportion of INED on the NC	
27.4	Number of NED on the NC	
27.5	Proportion of NED on the NC	
27.6	Number of NC meetings convened during the year	

28	Remuneration Committee (RC)	
28.1	Number of directors on the Remuneration Committee (RC)	
28.2	Number of INED on the RC	
28.3	Proportion of INED on the RC	
28.4	Number of NED on the RC	
28.5	Proportion of NED on the RC	
28.6	Number of RC meetings convened during the year	
29	Audit Committee (AC) & Internal Audit Function (IAF)	
29.1	Number of directors on the Audit Committee (AC)	
29.2	Number of the AC meetings convened during the year	
29.3	Number of INED on AC	
29.4	Proportion of INED on AC	
29.5	Number of NED on AC	
29.6	Proportion of NED on AC	
29.7	Number of female NED on AC	
29.8	Proportion of female NED on AC	
29.9	Number of non-accountant directors on the AC	
29.10	Proportion of non-accountant directors on the AC	

29.11	IAF set-up: In-House / Out-sourced / Combined / None / Penultimate / Not Known	
29.12	Number of meetings between AC and officers of the Internal Audit during the year	
29.13	Amount of costs incurred for the IAF (RM).	

30	Timely reporting	
30.1	Number of days from the Balance Sheet date to the date of Auditor's Report: days	
30.2	Number of days taken to release to Bursa: days *Now Go To Item 24.1 & marked accordingly !	
30.3	Type of document first released to Bursa: AAA / AR	
30.4	Number of days taken to release AR to Bursa: days	
30.5	Number of days from the Notice of AGM to the date of AGM: days	
31	External Auditor	
31.1	External Audit Firm: EY / KPMG / PWC / Deloitte / Others *If others, please state the firm's name in the box on the right !	
31.2	Amount of Statutory Audit Fees (RM).	
31.3	Amount of fees for services other than statutory audit provided by same External Audit firm (RM).	
31.4	Percentage Non Audit Fees over Statutory Audit Fees	

APPENDIX 3: MCG INDEX SCORECARD SAMPLES

Stage 2: Bonus & Penalty

Name of Company:

No. Items and description

B1	Independent director	Yes	No
B1.1	Disclosed policy of engaging external adviser/source to identify and nominate suitable candidates for appointment as independent directors.	3	0
B1.2	External adviser/source was used in indentifying suitable candidates for appointment as independent directors during the year.	2	0
B1.3	Disclosed policy of term limit for independent directors.	3	0
B1.4	Term limit for independent directors is not more than 9 years.	2	0
B1.5	Term limit for independent directors is not more than 12 years.	1	0
B1.6	Independent directors comprised at least 50% of the board.	3	0

B2	Directors' remuneration		
B2.1	Disclosed aggregate remuneration for each director.	3	0
B2.2	Disclosed aggregate and components of remuneration for each director.	2	0

B3	Directors' training		
B3.1	Disclosed titles of training / continuing education sessions attended by each director.	3	0
B3.2	All directors attended at least one training / continuing education session during the year.	2	0

B4	Board diversity		
B4.1	At least one woman director regardless of designation (both executive and non-executive).	3	0
B4.2	At least one woman independent director.	2	0
B4.3	Board had multi-ethnic outlook in terms of composition.	2	0
B4.4	At least one foreign national in the board.	2	0

B5	Whistleblowing policy		
B5.1	Disclosed policy on whistleblowing.	3	0
B5.2	Disclosed mechanism to protect employees who contemplate to "blow the whistle".	2	0

B5.3	Disclosed contact details (telephone and email) of the senior independent director.	1	0

B6	Chairman and CEO		
B6.1	The Chairman of the board and the CEO were two different individuals.	3	0
B6.2	The Chairman of the board was an independent director.	2	0

B7	Risk management		
B7.1	Had a separate (i) board-level risk management committee led by independent director or (ii) other risk management committee but led by an independent director.	3	0
B7.2	Disclosed key risk factors as identified by the risk management committee.	2	0

B8	Public shareholding spread		
B8.1	Public shareholding spread at FYE was more than 35%.	3	0

B9	Audit Committee (AC)		
B9.1	Chairman of AC was a member of an accounting association/body.	3	0
B9.2	All members of AC were independent directors.	2	0

B10	Dividend policy		
B10.1	Disclosed clear and specific dividend policy, that is, including the target dividend payout ratio.	3	0
B10.2	Had declared/paid dividend more than or equal to the target dividend payout ratio during FYE.	2	0
B10.3	Had declared/paid dividend at least in four of the last five years.	2	0

B11	Transparency (timeliness of annual report)		
B11.1	Submitted annual report to Bursa Malaysia within 60 days from FYE.	5	0
B11.2	Submitted annual report to Bursa Malaysia within 90 days from FYE.	3	0

P1	Independent director	Yes	No
P1.1	At least one independent director had served more than 9 years.	-3	0
P1.2	More than one independent directors had served more than 9 years.	-2	0
P1.3	Any one of independent director whose remuneration other than director fees was more than RM240,000 of his/her total director remuneration.	-5	0
P1.4	An independent director acted as Chairman; but held concurrent appointment as directors in two (2) or more other listed companies.	-5	0

P1.5	Any one of independent director had served as directors in more than five (5) boards of other listed companies.	-5	0

P2	Independence of external auditor		
P2.1	Non-audit fees paid to appointed external audit firm (or its affiliates) were more than 50% of financial statement audit fees.	-5	0

P3	Directors / Board credibility		
P3.1	Individual director and/or company received public reprimand(s) from the regulator(s).	-10	0

P4	Stakeholder engagement		
P4.1	Had received query or queries from Bursa Malaysia pertaining to unusual market activity (UMA) during FY.	-3	0

P5	Other matters		
P5.1	Failed to state specifically the purpose and planned utilisation of the proceeds to be raised from mandate sought pursuant to S.132D of Companies Act	-5	0
P5.2	Notice of AGM was sent in less than 28 days.	-3	0
P5.3	AGM was held more than four (4) months after FYE.	-3	0

APPENDIX 3: MCG INDEX SCORECARD SAMPLES

Stage 3: Financial Performance Scorecard

A formal scorecard was not used for the assessment of five-year average ROE and Market Capitalisation in Stage 3.

APPENDIX 3: MCG INDEX SCORECARD SAMPLES

Stage 4: Corporate Responsibility Scorecard

MALAYSIAN CORPORATE GOVERNANCE INDEX 2011				
CORPORATE RESPONSIBILITY (CR) SCORE				
Name of Company:				
CRITERIA	MARKS	MARKS	SOURCE OF	COMMENTS
	ALLOCATED	AWARDED	INFORMATION	
Quality of CR Reporting (Should have quality disclosure on initiatives on areas of workplace, environment and community for example :- (i) Workplace - health & safety issues, human capital development (ie training), work-life balance (ie sports activities, flexible working arrangements), employee welfare (ii) Environment - details on how the company addresses its environmental impact; disclosure on its initiatives during the year (iii) Community - disclosure on company's initiatives - education, disability, youth development, local heritage, etc))	10		2010 AR/Website	
(i) Workplace - health & safety issues, human capital development (ie training), work-life balance (ie sports activities, flexible working arrangements), employee welfare (ii) Environment - details on how the company addresses its environmental impact; quality disclosure on its initiatives during the year (iii) Community - quality disclosure on company's initiatives - education, disability, youth development, local heritage, etc)) (iv) Marketplace - quality disclosure on company's initiatives)				

APPENDIX 3: MCG INDEX SCORECARD SAMPLES

Stage 5: Analyst Input Scorecard

MALAYSIAN CORPORATE GOVERNANCE INDEX 2011					
ANALYST INPUT SCORE					
Name of Company:					
NO.	CRITERIA	MARKS	MARKS	SOURCE OF	COMMENTS
		ALLOCATED	AWARDED	INFORMATION	
1	(i) Quality of Chairman Statement and/or CEO's Review and/or Operational Review (15 marks) - should have but not limited to disclosure on industry trend, group performance, review of operations by division/sector and future prospect of the group and (ii) Quality disclosure of financial statements and other information (5 marks) such as 5-year financial highlights, profile on senior management, analysis on shareholding by type, etc	20		2010 AR	
2	Quality of Corporate Governance - (10 marks), Internal Control Statement and Risk Management Statements - (5 marks) (statement should be descriptive in nature and the statements should not merely be reproduced word for word from other sources such as the Malaysian Code of Corporate Governance, etc)	15		2010 AR	
3	Shareholding Structure - No shareholder or related parties should have 45% or more shareholding in the company (family owned or institutional shareholders as well as subsidiary companies)	5		2010 AR	
	Note : Award either 0 or 5 marks for this criteria				
4	Board Structure - If the shareholding structure > 45% under one entity, at least 50% are Independent Directors	5		2010 AR	
	Note : Award either 0 or 5 marks for this criteria				

5	Related Party Transactions - well executed and not detrimental to minority shareholders	10		2010 AR		
	Note : If no RRPT or RPT, award 10 marks					
6	Conduct of AGM (5 marks) /PLC's Reply (5 marks) /Restriction on Proxy (10 marks)	20		2010 AR		
	Note : For Conduct of AGM and PLC's Reply, 2.5 marks should be awarded if MSWG did not attend the AGM or did not cover the company.					
7	Overall Conduct in Market Place	15		MSWG		
	TOTAL SCORE :	90	0			
	FULL OVERALL SCORE :	20	0.0			

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For us, it is not just a belief in operating and leading responsibly but also about walking the talk as we continue on our Corporate Responsibility journey.

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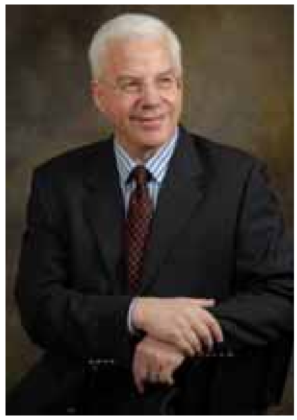
APPENDIX 4: ADJUDICATION COMMITTEE MEMBERS

Rita Benoy Bushon (Chairperson) Chief Executive Officer Minority Shareholder Watchdog Group (MSWG)	
Azura Azman Chairperson Association of Stockbroking Companies of Malaysia (ASCM)	
Datin Josephine Low President Institute of Internal Auditors (IIA) Malaysia	

Dato' Dr. Michael Yeoh Chief Executive/Director Asian Strategy & Leadership Institute (ASLI)	
Jennifer Lopez Country Head, Malaysia Association of Chartered Certified Accountants (ACCA)	
Jeremie Ting Keng Fui Council Member Malaysian Institute of Chartered Secretaries and Administrators (MAICSA)	
Gerald Ambrose Vice Chairperson Malaysian Association of Asset Managers (MAAM)	

John Zinkin Managing Director, Corporate Governance ICLIF Governance & Leadership Centre	
Mak Yuen Teen Associate Professor National University of Singapore (NUS)	
Suresh Menon Capital Market Consultant	
En Salleh Hassan	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APPENDIX 5: LIST OF SELECTED CORPORATE EXERCISES2011

No.	Company	Transaction / Proposal / Deal	Remarks / Comments/ Observations
1	Asia Pacific Land Berhad	The major shareholder, Low Yat Holdings (M) Berhad proposed to privatise the Company by acquiring the entire assets, liabilities and all undertakings of the Company at RM0.45 per share. Approved at an EGM on 15 November 2011 after a previous EGM on 25 October 2011 was adjourned due to a discrepancy with information in the Circular.	Non-interested Directors, the Audit Committee and the Independent Adviser said the offer was unfair from a financial standpoint but reasonable after considering historical prices, trading volumes and multiples, comparable PB ratios and premiums offered in similar transactions. MSWG also urged shareholders to consider the development potential from its land in Rawang and from its Indonesian oil palm plantations.
2	Air Asia Berhad/ Malaysian Airlines System Berhad	Collaboration agreement between AirAsia Berhad and MAS.	Shareholders raised a lot of questions as to whether the agreement would be beneficial to them. A tie-up could offer substantial synergies, including cost rationalisation and reduced wastage. However, concerns were centred on: - Potential brand dilution for AirAsia - Competition concerns / monopolistic - Different cultures/DNAs As it was an inter-shareholder deal via a share price swap, there would not be an MGO. The inter-issue of free warrants might help to take care of minority interests in some ways.
3	Hong Leong Bank Berhad/ EON Capital Berhad	Proposed Acquisition of the entire assets and liabilities of EON Capital Berhad.	A drawn-out tussle between two groups of shareholders led to several legal suits. The merger was effected after about a year.
4	PLUS Expressways Berhad	Offer to acquire the business and undertakings, including all assets and liabilities of the company, by UEM Group Berhad and EPF.	Minority shareholders were dissatisfied with the offer price given PLUS' maturity and strong cash flow. Shareholders would lose a mature, dividend paying company upon privatisation.
5	Pan Malaysia Industries Berhad (PMI)	An Unconditional Offer for the remaining 558.0 million shares (44.17%) in PMI not already owned, at a cash offer price of 4.5 sen, was received by PMI's Board of Directors from Soo Lay Holdings Sdn Berhad, Norcross Ltd and Cherubim Investment (HK) Ltd.	MSWG's view was that the offer inadequately valued PMI, and bidding should be opened to non-interested parties. The 4.5 sen per-share offer was attractive for the controlling shareholders to indirectly consolidate their interest in Malayan United Industries Berhad. PMI's stock price had been hovering between 4.5 sen and 5 sen since the announcement. In 2011 the counter rose to as high as 7 sen and, at the point of the 26 August offer, was trading at 4.5 sen. In contrast, previous exercises had seen an average premium of up to 30 percent.
6	DRB-Hicom Berhad/ Pos Malaysia Berhad	Proposed acquisition of Khazanah's 32.21% equity interest in Pos Malaysia Berhad by DRB-Hicom.	The acquisition was thought to bring synergies to DRB-Hicom's banking and insurance businesses which could tap on Pos Malaysia's extensive branch network. The deal did not trigger an MGO as it was deemed a full disposal by Khazanah to DRB-Hicom and below the 33% threshold.
7	UEM Land Holdings Berhad/ Sunrise Berhad	Proposed conditional take-over offer by UEM to acquire the entire equity interest in Sunrise Berhad.	The offer price of RM2.80 per Sunrise share via a share swap of 1.33 UEM Land shares per Sunrise share or redeemable convertible preference shares was considered attractive. The deal was aimed at creating synergies, since it combined a micro-township developer and a specialised property player to become an enlarged developer with significant size, complementary expertise,

			operations, and asset base.
8	Bandaraya Development Berhad	Proposal from a major shareholder to acquire selected assets of the Company. The Board decided to scrap its earlier decision to accept the proposed sale of four of its properties to a company partly owned by its Chairman and which also did not involve an open tender. Instead, BRDB ceased all negotiations to sell the assets to Ambang Sehati Sdn Berhad and agreed to dispose of them via an open tender. BRDB also agreed to appoint an independent international property valuation firm to manage the tender exercise.	MSWG urged an open tender to be considered and suggested that shareholders ask for a second opinion from another independent valuer. Some positive developments surfaced: the proposed sale will be open for a longer time frame, allowing for a more attractive bid. An independent valuer will bring more transparency, objectivity and a higher level of professionalism to the deal. However, there is a substantial 23.6 percent block of shares held under a nominee account in Credit Suisse's name. Are these related parties? This block carries substantial voting influence in determining any vote outcome.
9	SP Setia Berhad	Proposed take-over by PNB at a conditional offer price of RM3.90 per share, which was subsequently revised to RM3.95 per share.	The offer price was deemed to be too low for minority shareholders to accept. However, PNB stated that it would maintain SP Setia's listing status and work together with existing management. SP Setia's board said the offer was 15% below estimated RNAV as well as consensus estimates, and sought a competitive bid or a higher offer from PNB. Initial concern centred on whether CEO Tan Sri Liew Kee Sin (TSLKS) would stay and help chart its future direction. Subsequently, on 20 January 2012, it was announced that TSLKS would be one of the joint offerors providing a revised offer price of RM3.95 and RM0.95 for each SP Setia share and warrant, respectively. TSLKS was also given a put option with respect to the sale of his own shares.
			MSWG was of the view that the revised offer was not attractive from the perspectives of free cash flow valuation and the expectation of an increase in the company's value over time based on the land banks it has.
10	Time Dotcom Berhad	Proposed Acquisitions (Related Party Transactions), Proposed Capital Repayment, Proposed Capital Reduction, Proposed Share Consolidation, Proposed Exemptions, and Proposed Amendment.	The Proposed Capital Repayment was to reward shareholders since dividends had not been paid for several years. The Proposed Capital Reduction rationalised the balance sheet by writing off part of the share capital that was unrepresented by available assets.
11	Kencana Petroleum Berhad/ Sapuracrest Petroleum Berhad	Proposed merger between Kencana Petroleum Group and Sapuracrest Petroleum Berhad Group through an offer to acquire the entire business and undertakings, including all assets and liabilities of Kencana Petroleum. Shareholders of both companies approved the merger in mid-December 2011.	Generally positive. Petronas had been encouraging local oil and gas players to get bigger to participate in marginal oilfield developments and better compete with foreign players. Plus, there would be only a minor duplication in the lesser businesses. Combined skillsets and larger market capitalisation in a capital-intensive business would bode well for the merged entity. Concerns centred on a potential tussle for management control and lower comparable merger premiums. Kencana (at 6.6 percent premium to 20-day average closing price of RM2.815) and SapuraCrest (5.9 percent premium over 20-day average closing price of RM4.241) lagged the 38.5 percent premium in 77 emerging Asia acquisitions of oilfield services companies in the past 5 years.
12	Sime Darby Berhad/ Eastern & Oriental Berhad	(I) Proposed Acquisition by Sime Darby Berhad ("SIME DARBY") through Sime Darby Nominee Sdn	MSWG believes that the SC has to investigate whether the conditions for an MGO have been

13	Ranhill Berhad	On 9 August 2011, Maybank Investment Bank Berhad acting on behalf of joint offerors Cheval Infrastructure Fund L.P. , Tan Sri Hamdan Mohamad, Ranhill Corporation Sdn Berhad, Lambang Optima Sdn Berhad, and Pacific Energy Overseas Ltd., announced an offer to acquire all the remaining ordinary shares in Ranhill Berhad not already owned by the joint offerors for a cash offer price of RM0.90 per share. The offer was not conditional upon any minimum level of acceptance of the offer shares, but the joint offerors said that they intended to take Ranhill private should they end up with at least 75% of the shares. In addition, they would make a mandatory offer for all remaining shares within 4 months of their takeover offer, if they received acceptances that left them with 90% or more of the company's shares. The joint offerors collectively held 51.86% of Ranhill's issued and paid-up share capital.	The offer price was a 28 percent discount to Ranhill's net assets per share as at 31 March 2011, but a 21.6 percent premium over the stock's 5-day volume weighted average market price up to 8 August 2011, and a 20 percent premium over the stock's volume weighted average market price for the previous 6 months up to 8 August 2011. For the quarter ended 31 March 2011, profit had dropped by 27 percent to RM10 million from the previous year. As at 30 June 2011, profit had further deteriorated by 65 percent to RM5 million from the previous year. MSWG urged the Board to seek an alternative party to make a take-over offer, or otherwise explain the merits of the offer as the price was not satisfactory from a net asset perspective. Shareholders were asked to evaluate the risk versus reward before making a decision on the offer before them. As at 28 October 2011, the joint offerors had acquired more than 90% of the offer shares and invoked the provisions of subsection 222(1) of the Capital Markets & Services Act 2007 to compulsorily acquire the outstanding offer shares. Ranhill was delisted on 14 November 2011.
		Berhad (SD), a wholly-owned subsidiary of Sime Darby Berhad, of 273 million Ordinary Shares of RM1.00 each in Eastern & Oriental Berhad ("E&O") and 60 million Irredeemable Convertible Secured Loan Stocks of RM0.65 each in E&O, representing approximately a 30.2% fully diluted equity interest in E&O for a total consideration of RM766 million; and (II) Collaboration Agreement between Sime Darby and E&O. The interest was to be acquired from three major shareholders, namely, Datuk Terry Tham, Tan Sri Wan Azmi Wan Hamzah, and GK Goh Holdings Ltd. The rationale for the collaboration agreement between SD and E&O was to provide numerous synergistic benefits that would create value for stakeholders of the companies. Should a mandatory general offer (MGO) have applied to the acquirer since SD's holding would not have exceeded the quantitative thirty-three per centum of the voting shares or voting rights of the company?	fulfilled for the following reasons: 1) Due to fragmented shareholding, SD would emerge as the single largest shareholder in E&O, with a 30% stake, with the second largest shareholder being Datuk Terry Tham and the third largest shareholder being ECM Libra. Usually, a 30% stake would be sufficient for control if there is fragmented shareholding. 2) After selling a 30% stake in E&O, the three vendors, namely Datuk Terry Tham, Tan Sri Wan Azmi Wan Hamzah, and GK Goh Holdings Ltd., would still hold 5.1%, 2.9% and 3.5% respectively. 3) A 60% premium was being paid for the shares. 4) A Collaboration Agreement was made between SD and E&O. In addition to one of the vendors being the Managing Director of E&O, the Managing Director still holds 5.1% stake in E&O and will continue to helm E&O after the deal. Equality and fair treatment of all shareholders underpins the Code, hence once control of a public company has effectively changed, the remaining shareholders should be given an opportunity to exit at the same price. The SC made a decision on 11 October 2011 that an MGO was not triggered. An aggrieved shareholder of E&O is seeking a judicial review of this decision.

14	Esso Malaysia Berhad	San Miguel agreed to buy Exxon Mobil Corp's three Malaysian subsidiaries for a total of USD $610 million. Exxon's entire 65 per cent stake in Esso Malaysia Berhad would be sold for about USD $206.02 million (RM614.25 million), or RM3.50 per share.	Although priced 25 percent higher than net assets of RM2.80 per share, the offer was nonetheless a significant discount to the volume-weighted average prices (VWAP) of the key periods of 1 month, 6 months and 12 months. The offer price was also a 29 percent discount to the closing price of RM4.95 and priced the shares at just 1.06 times book value, versus up to 5 times book value for the two private entities also being bought over: ExxonMobil Malaysia Sdn Berhad and Exxon Mobil Borneo Sdn Berhad. Approvals from the Ministry of International Trade and Industry and the Ministry of Domestic Trade, Cooperatives, and Consumerism were obtained in November 2011. The unusual trading activity was another anomaly. Since the SC was among the approving authorities, a closer examination of the trading activities might be warranted.
15	PacificMas Berhad	OCBC Capital (Malaysia) Sdn Berhad offered to acquire all of PacificMas' stakes in five companies for RM450 million, valuing PacificMas at RM2.63 per share which is a 2.33 percent premium to its NAV of RM2.57 as at 30 June. The offer price, however, is a 14.33 percent discount to its share price of RM3.07 prior to the suspension of trading. The payment would be satisfied by RM164 million in cash, with the remaining RM285 million to comprise debts owing to PacificMas. Following that, OCBC Capital proposed that PacificMas distribute its remaining cash in a special dividend or a capital repayment exercise.	PacificMas' sale of its subsidiaries to OCBC Capital would place it under PN17 status. The offer of RM450 million by OCBC Capital did not include the remaining assets of RM138.7 million as at 30 September 2011. Together with the remaining assets of PacificMas and the offer price, its total value of RM588.7 million or RM3.44 per share was much higher than the quoted price of RM3.07 prior to the suspension of trading. The deal is subject to approval from PacificMas' shareholders and creditors as well as the regulatory authorities of Malaysia and Singapore.
16	Leader Universal Holdings Berhad	The company received an offer from HNG Capital Sdn Bhd, on behalf of substantial shareholder the H'ng family, to acquire the entire business and undertakings, including all assets and liabilities, for RM480.1 million, or RM1.10 per share. HNG would satisfy 85.6 percent of the total purchase consideration via RM410.94 million in cash with the remaining 14.4 percent in the form of a RM 69.16 million debt due to Leader.	The offer was considered as a major disposal and a related party transaction, therefore an independent adviser was appointed to advise the non-interested Directors and shareholders as to whether the offer was fair and reasonable. Compared with market pricing, HNG's offer was about a 31 percent premium to its pre-announcement closing price of 84 sen and also 10 percent higher than its three-year peak of RM1.01 on 25 March 2010. The offer was, however, below Leader's NAV of RM1.36 per share as at 30 June and valued the group's businesses at 8.6 times annualised earnings of RM55.83 million for FY11 ending 31 December.

17	Genting Malaysia Berhad	Genting Malaysia is buying the entire stakes in E-Genting Holdings Sdn Berhad and Ascend International Holdings Ltd for RM48 million and RM2 million respectively. E-Genting will be sold by Genting Singapore subsidiaries Sedby Ltd and Geremi Ltd, while Ascend will be sold solely by Sedby. Genting Singapore acquired E-Genting in 2005 for RM87.4 million and Ascend for HK$2 in 2007. Genting Malaysia said that as the largest customer and user of the acquiree group's services, it would enjoy cost savings as a result of the proposed acquisitions, plus also be provided with related services. The services provided by E-Genting and Ascend comprise IT, implementation, support and maintenance services as well as Malaysian WorldCard loyalty programme management services.	The related-party transaction (RPT) ratio is 1.3 percent based on Genting Malaysia's audited consolidated financial statements for FYE 31 December 2010. Total RPTs and RRPTs transacted between GENM and Genting Singapore PLC (GENS) group of companies during the 12 months preceding the announcement of the acquisition totalled approximately RM70.4 million, of which RM65.2 million had received shareholder approval. The transaction did not require shareholder approval or an independent adviser. While the Audit Committee considered the transaction to be fair and reasonable, nonetheless, under Chapter 15 of Bursa's Listing Requirement, the AC had the right to obtain independent advice to assist in its evaluation of any RPT in the Group. This was the fourth RPT announced by Genting Malaysia in four years. MSWG urged the board to be aware of the frequency of the RPTs and to scrutinize them to ensure they are in the interest of the company.
18	RHB Capital Berhad/ OSK Holdings Berhad	Bank Negara approval has been sought to commence merger talks, however no further details have emerged.	A merger between OSK Investment Bank (OSKIB) and RHB Cap was viewed as complementary and to the advantage of both parties. To RHB Cap, an acquisition of OSKIB would be part of its strategy to expand regionally after its plan to acquire Bank Mestika Dharma was placed on hold due to the capping of single shareholder limits by Indonesia's bank regulator. OSKIB would also benefit, since it is involved in the mid-to-small cap segment, and provides an opportunity for OSK major owner Ong Leong Huat, and his team, to spearhead and grow the investment banking portfolio and to institutionalise the shareholding of OSKIB.
19	Sunway Holdings Berhad/ Sunway City Berhad	Proposed Merger - Offer by Sunway Berhad to acquire the assets and liabilities of Sunway Holdings (SunH) and Sunway City (SunC) for: (a) 80% in Sunway Shares (new shares issued at RM2.80 per share); (b) 20% in cash; (c) Free warrants (1 warrant : 5 Sunway shares). Securities Commission (SC) approval was obtained on 16 May 2011. Approval of SunH and SunC shareholders was obtained in EGMs held on 15 June 2011. Sunway Berhad shares were listed on 23 August 2011.	The combined and enlarged entity will become a leading property and construction group with a market capitalisation exceeding RM3.5 billion. This is expected to strengthen competitiveness by forging deeper property & construction collaboration to become a leading regional player.

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APPENDIX 6: LIST OF PUBLIC REPRIMANDS ISSUED BY THE EXCHANGE IN 2011

DATE	COMPANY	NATURE OF OFFENSE
21 December	Hytex Integrated Berhad	Failing to immediately announce defaults in payment of credit facilities.
14 December	KBB Resources Berhad, and 3 directors	Failing to make an immediate, clear and accurate announcement on the defaults in payment of various credit facilities. Three directors also received public reprimands and were also fined a total of RM150,000.
23 November	Faber Group Berhad	Failing to immediately announce the non-renewal of contracts awarded to the company's subsidiary, Faber Limited Liability Company, by the Department of Municipal Affairs, Western Region Municipality, Emirate of Abu Dhabi ("WRM") as set out in the company's announcement on 12 January 2011.
23 November	Lebtech Berhad	Failing to take into account the adjustments stated in the Company's announcement dated 29 April 2011 when it announced its fourth quarterly report for the financial period ended 31 December 2010 ("QR4/2010") on 25 February 2011.
6 October	KNM Group Berhad, and 8 directors	Breach of paragraphs 9.16(1)(a) and (c)(i) of the Main LR in respect of KNM's announcement, dated 4 February 2010, of an offer to buy the business and undertakings of the Company. The announcement was not factual, was unclear, was inaccurate and lacked sufficient information and material facts to enable investors to make informed investment decisions. Eight directors also received public reprimands and were fined a total of RM200,000.
4 October	Haisan Resources Berhad	Breach of paragraph 9.16(1)(a) of the Main LR for failing to ensure that its unaudited fourth quarter to 31 December 2009 financial results ("QR 4/2009"), announced on 25 February 2010, took into account adjustments made in its audited accounts

		announced on 30 April 2010. The adjustments resulted in a 68% difference between the company's audited and unaudited results. Seven directors also received public reprimands and were fined a total of RM225,000.
18 August	Fitters Diversified Berhad	Failing to submit its annual audited accounts for the financial year ended 31 December 2010 ("AAA 2010") on or before 30 April 2011. FITTERS only submitted the AAA 2010 on 6 May 2011, after a delay of 4 market days.
3 August	Mangotone Group Berhad, and 6 directors	Failing to make an immediate announcement of defaults in payments of credit facilities by MTONE and its subsidiaries. Six directors were also reprimanded, and four of them received fines totalling RM300,000.
3 August	Rhythm Consolidated Berhad, and 3 directors	Numerous breaches of the LR. Three directors were also reprimanded, and one of them received a fine of RM350,000.
15 July	Goodway Integrated Industries Berhad	Failing to submit its annual audited accounts for the financial year ended 31 December 2010 ("AAA 2010") on or before 30 April 2011. GOODWAY only submitted the AAA 2010 on 4 May 2011, after a delay of 2 market days.
30 June	Satang Holdings Berhad, and 6 directors	Pursuant to paragraph 15.09(1) of the Main LR, a listed issuer must appoint and maintain an audit committee at all material times. SATANG had breached paragraph 15.09(1) of the Main LR arising from the dissolution of its audit committee on 1 November 2010. Six directors, who had approved the dissolution, were also reprimanded and received fines totalling RM180,000.
29 June	Uzma Berhad	Several breaches of the LR, including failure to ensure that its announcements regarding unaudited vs. audited accounts were factual, clear, unambiguous, accurate, succinct and contained sufficient information to enable investors to make informed investment decisions.
22 June	Golden Plus Holdings Berhad, and 7	Failing to comply with directives issued by

	directors	Bursa Securities regarding the appointment and duties of a Special Auditor, as well as withdrawing/retracting statements/resolutions regarding certain items from the Notice of General Meeting, and failing to disclose to and update shareholders on compliance with directives issued by Bursa Malaysia. Seven directors were also reprimanded and received fines totalling RM1.4 million.
17 June	Talam Corporation Berhad	Failed to ensure that its announcements regarding unaudited vs. audited accounts were factual, clear, unambiguous, accurate, succinct and contained sufficient information to enable investors to make informed investment decisions.
24 May	Malaysian AE Models Holdings Berhad	Failure to ensure that material facts were not omitted from public announcements, and failure to immediately announce to Bursa Securities any proposed issue or offer of securities by the listed issuer.
07 April	Sanichi Technology Berhad, and 2 directors	Failed to ensure that its announcements regarding unaudited vs. audited accounts were factual, clear, unambiguous, accurate, succinct and contained sufficient information to enable investors to make informed investment decisions. Two directors were also reprimanded and one of then received a fine of RM25,000.
03 March	Tanjung Offshore Berhad	Failed to ensure that its announcements regarding unaudited vs. audited accounts were factual, clear, unambiguous, accurate, succinct and contained sufficient information to enable investors to make informed investment decisions.
03 March	Kenmark Industrial Co. (M) Berhad, and 8 directors	Several breaches of the LR. Eight directors were also reprimanded and three of these received fines totalling RM2.5 million.
19 January	Nepline Berhad, and 6 directors	Failure to make an immediate announcement of default in payments of either interest or principal sums or both in respect of a credit facility, where the credit facility is 5% or more of the net assets of the listed issuer, also: failure to ensure that its announcement is factual, clear,

		unambiguous, accurate, succinct and contains sufficient information to enable investors to make informed investment decisions, and: permitting (either knowingly or where he had reasonable means of obtaining such knowledge) the commission of a breach of the LR. Six directors were also reprimanded and four of them received fines totalling RM425,000.
19 January	Maxbiz Corporation Berhad, and 5 directors	Failed to ensure that its announcements regarding unaudited vs. audited accounts were factual, clear, unambiguous, accurate, succinct and contained sufficient information to enable investors to make informed investment decisions, and permitting (either knowingly or where he had reasonable means of obtaining such knowledge) the commission of a breach of the LR. Five directors were also reprimanded and two of them received fines totalling RM75,000.
19 January	Prime Utilities Berhad, and 2 directors	Failed to ensure that its announcements regarding unaudited vs. audited accounts were factual, clear, unambiguous, accurate, succinct and contained sufficient information to enable investors to make informed investment decisions, and permitting (either knowingly or where he had reasonable means of obtaining such knowledge) the commission of a breach of the LR. Two directors were also reprimanded and received fines totalling RM25,000.
19 January	Petrol One Resources Berhad (formerly known as Changhuat Corporation Berhad)	Failing to submit the Company's annual audited accounts for the financial year ended 30 June 2010 ("AAA 2010") on or before 31 October 2010. The Company only submitted the AAA 2010 on 8 November 2010 after a delay of 5 market days.

References

GAB
GUINNESS
ANCHOR
BERHAD

Guinness Anchor Berhad is the market leader of the Malaysian beer and stout industry. It operates across Peninsular Malaysia, as well as Sabah and Sarawak, with a workforce of more than 560 employees. GAB produces, sells and markets leading brands : Tiger, Guinness, Heineken, Anchor Smooth, Anchor Strong, Kilkenny, Anglia Shandy and Malta. It also markets imported brands Paulaner, Strongbow and Sol.

GAB has delivered 10 consecutive years of expanding revenue, profit and market share. GAB possesses strong brand equity, with a portfolio of brands that drives market growth and caters to various consumer preferences. The Group has a broad distribution network and strong relationships with its business and trade partners. It has close to 30,000 sales and distribution points throughout Malaysia, covering modern on-trade as well as traditional on trade and off - trade channels.

GAB was incorporated on 24 January 1964 and has been listed on the Main Market of Bursa Malaysia since 1965. GAB operates the Sungei Way Brewery which started operations in 1965. Located in Selangor, the brewery occupies a land area of 23.72 acres. It is the first brewery in Malaysia to receive the Hazard Analysis Critical Control Point certification from the Ministry of Health and the ISO 9001:2008 certification, having fulfilled the additional requirements of the ISO 9001:2000.

GAB has received a number of awards in the last few years for its workplace best practices and its investment in the community. Some of these awards include the StarBiz – ICR Malaysia Corporate Responsibility Awards 2009 for Workplace and 2010 for Community Investment; the Enterprise Asia's Asia Responsible Entrepreneurship Awards 2011 for Investment in People; Malaysia HR Awards (Silver recognition in the Employer of Choice category) and most recently, the Malaysian Dutch Business Council Malaysian Sustainability Awards 2011 for Workplace Best Practices and Community Investment.

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GLOSSARY

AAA	Annual Audited Accounts
AC	Audit Committee
AGM	Annual General Meeting
AR	Annual Report
ASEAN	Association of South East Asian Nations
Average	See "Mean"
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CG	Corporate Governance
CG Blueprint	Corporate Governance Blueprint released by Securities Commission Malaysia in July 2011
CGBS	Corporate Governance Base Score. Composed of the weighted average of the Local Best Practices Score (LBP) and the International Best Practices Score (IBP)
CMMP	Capital Market Masterplan 2 released by Securities Commission Malaysia in March 2011
Code	Malaysian Code on Corporate Governance first released by Securities Commission Malaysia in 2000 and subsequently revised in 2007
Code of Conduct/Ethics for Directors	Company Directors' Code of Ethics released by Companies Commission Malaysia
Company	A company listed on the Exchange. Also called a public listed company or PLC.
COO	Chief Operating Officer
CR	Corporate Responsibility
CSR	Corporate Social Responsibility
EGM	Extraordinary General Meeting
EPS	Earnings Per Share (net profit after tax divided by the number of issued shares)
Exchange	Bursa Malaysia Securities Berhad
FMNC	Foreign-Linked Multinational Company
FY	Financial Year
FYE	Financial Year End
GLC	Government Linked Company
GLIC	Government Linked Investment Company
GN3 Companies	Companies that triggered any of the criteria pursuant to Guidance Note 3 of the MESDAO Market Listing Requirements of Bursa Malaysia Securities Berhad which came into effect on 8 May 2006. MESDAQ refers to the current ACE Market.
IAF	Internal Audit Function
IBP	International Best Practice
ICGN	International Corporate Governance Network
INED	Independent Non-Executive Director
IPO	Initial Public Offering
IR	Investor Relations

GLOSSARY

KPI	Key Performance Indicator
LBP	Local Best Practice
LR	Listing Requirements issued by Bursa Malaysia Securities Berhad
M&A	Mergers and Acquisitions
Market Capitalisation	The market/quoted share price multiplied by the number of issued shares
MCG	Malaysian Corporate Governance
MD	Managing Director
Mean	The most common method of finding a typical value for a list of numbers. Found by adding up all the values then dividing by the number of items. Also called the "Average"
Median	The middle value, with half of the data items larger, and half smaller
MNC	Multinational Company
MSWG	Minority Shareholder Watchdog Group
NC	Nomination Committee
NED	Non-Executive Director
OECD	Organization for Economic Cooperation and Development
PLC	Public Listed Company
PN17 Companies	Companies that triggered any of the criteria pursuant to Practice Note 17/2005 of the Listing Requirements of Bursa Malaysia Securities Berhad which came into effect on 3 January 2005, as well as companies that triggered any of the criteria pursuant to Amended Practice Note 17/2005 of the Listing Requirements of Bursa Malaysia Securities Berhad which came into effect on 5 May 2006, and companies that triggered any of the criteria pursuant to Practice Note 17 of the Main Market Listing Requirements of Bursa Malaysia Securities Berhad which came into effect on 3 August 2009.
RC	Remuneration Committee
ROE	Return on Equity. Net income after tax divided by average common equity or shareholders' funds
RPT	Related Party Transaction
RRPT	Recurrent Related Party Transaction
SC	Securities Commission Malaysia
SID	Senior Independent Director
STATELC	State Linked Company
UMA	Unusual Market Activity
Whistle-blowing	The act of raising a concern about a dangerous or illegal activity

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