



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

Welcoming Address

by

Yang Berbahagia Tan Sri Abdul Halim Ali

Chairman of MSWG

Malaysian Corporate Governance Index 2011

Sime Darby Convention Centre, Kuala Lumpur

on

7 December 2011 (Wednesday)

Yang Berhormat Dato' Jacob Dungau Sagan
Deputy Minister (Industry), Ministry of International Trade & Industry

Yang Amat Berbahagia Tun Mohamed Dzaidin Hj Abdullah
Chairman, Bursa Malaysia

Yang Berbahagia Tan Sri Zarinah Anwar
Chairman, Securities Commission Malaysia

Puan Rita Benoy Bushon
Chief Executive Officer
Minority Shareholder Watchdog Group

Tan Sri –Tan Sri, Dato-Dato,

Distinguished guests,

Members of the media,

Ladies and gentlemen.

Assalamualaikum Warahmatullahi Wabarakatuh and good evening.

1. On behalf of MSWG, I am delighted and honoured to welcome all of you to the third annual **MSWG Malaysian Corporate Governance Index 2011: Survey Findings and Awards Presentation**. Tonight's event recognizes Malaysia's Top 100 PLCs for their corporate governance achievements over the past year. We are pleased to see that more than 40 companies have joined with us tonight to celebrate the announcement of the Top 100 companies, and the presentation of awards recognizing achievements in several areas of corporate governance. We thank you for your presence and support here tonight.

2. We are indeed privileged that Yang Berhormat Dato' Jacob Dungau Sagan, Deputy Minister of International Trade and Industry, Malaysia, is able to make time for this event to deliver the Keynote Address and present several of tonight's Malaysian Corporate Governance Index 2011 awards.

Ladies and Gentlemen,

3. The purpose of MCG Index is threefold:
 - To provide information and guidance on Corporate Governance (CG) principles and best practices in Malaysia for the year;
 - To promote best practices and raise the bar in Corporate Governance (CG) amongst PLCs in Malaysia; and
 - To incentivise better CG standards through recognition

4. MSWG's MCG Index being presented here tonight identifies the Top 100 Malaysian PLCs, out of some 864 examined, based on their final corporate governance score. The final corporate governance rankings have been determined by an Adjudication Committee based on a multi-stage methodology, which scores companies based on six broad aspects, namely:
 - (i) Base Corporate Governance Score for compliance with corporate governance principles and best practices, both local and international;
 - (ii) Bonus & Penalty;
 - (iii) Performance;
 - (iv) Market Capitalisation;
 - (v) Analyst Input; and
 - (vi) Corporate Responsibility.

5. Our CEO, Puan Rita Benoy Bushon, will provide you with additional information on the methodology, findings, and adjudication process of the MCG Index 2011 during her presentation later this evening.

6. Speaking of the adjudication process, I would like to express my thanks and appreciation to the members of MCG Index 2011 Adjudication Committee, which provided guidance and advice on the index methodology, and which helped to adjudicate and determine the final results.

7. Committee members included representatives of the following organizations: the Institute of Internal Auditors of Malaysia (IIAM), Association of Stock Broking Companies of Malaysia (ASCM), Malaysian Institute of Chartered Secretaries & Administrators (MAICSA), Malaysian Association of Asset Managers (MAAM), Asian Strategy & Leadership Institute (ASLI), the ICLIF Leadership & Governance Centre, ACCA Malaysia, as well as professionals in the capital markets and research fields.

We thank these Committee members for generously volunteering their time to this year's Index to help improve corporate governance in Malaysia.

Ladies and Gentlemen,

8. I would like to turn my attention for a few moments to describing some of the events that have come onto the corporate governance landscape in 2010/2011.
9. The approval threshold for corporate takeovers via the assets and liabilities route was increased from 50% to 75%. This new threshold aligned these types of takeovers with the provisions contained in Mergers and Acquisitions Code. The change, one that MSWG had long championed, was good for minority shareholder protection.
10. We also note the government's policy announced earlier this year requiring at least 30% of board seats at PLCs to be filled by women by 2016. MSWG had, since the beginning of 2009, advocated for a serious effort to bring more women into the boardroom to address the fact that women occupy a mere 8% of board seats at Malaysia's PLCs. This is not reflective of the marketplace and the advantages that the participation of women could bring to boards. The move toward greater gender diversity on Malaysian boards is sure to reap benefits for companies and shareholders alike, as studies in other countries have shown improved company performance with a greater number of female directors serving on the board.
11. We then saw the release of the Capital Market Masterplan 2 by SC in April 2011. The Masterplan is a ten-year action plan that outlines strategies to grow Malaysia's capital market and expand its role, while providing investors with stability and protection.

12. This was followed by SC's Corporate Governance Blueprint 2011 in July 2011, which MSWG played a significant role in formulating. The Blueprint contains a series of concrete measures to be taken over the next five years (to 2016) in the interest of fortifying:

- Shareholder Rights
- The Role of Institutional Shareholders
- The Board's Role in Governance
- Disclosure and Transparency
- The Roles of Gatekeepers and Influencers
- Public and Private Enforcement

13. At the present time, SC is conducting public consultations with respect to regulatory changes that would require the separation of the positions of CEO and Chairman, that would require the Chairman to be Independent, and that would mandate poll voting for resolutions at AGMs and EGMs. We encourage investors to provide their feedback on these changes to SC by the 15 December 2011 deadline for the receipt of submissions.

14. Lastly, in the case of one Malaysian PLC, two of the company's independent directors were recently fined and received a year each in jail for providing misleading information about company revenue to the Securities Commission. This was the first time that independent directors had been charged in court and imprisoned for failing to discharge their fiduciary responsibilities. In the judgement, the two directors – as well as independent directors in general – were given the message that they should be mindful of their legal duties and not merely be “decorative pieces”.

Ladies and Gentlemen,

15. The events that I have just described underscore the ongoing message that corporate governance is a responsibility shared among all players in Malaysia's capital market. In playing its role, MSWG monitors close to 300 PLCs representing 90% of Bursa's market capitalization. We identify corporate governance and performance issues and raise them with the companies concerned at AGMs and EGMs for the benefit of minority shareholders.

16. We keep an eye on corporate deals, particularly privatisations and related-party transactions, and raise issues of concern that might adversely affect the rights of minority shareholders. We publicize these issues in the press, and hold dialogues with shareholders when necessary.

17. Through these means and others, such as our Investor Education Program seminars, the distribution of our new bi-weekly e-newsletter, and our AGM/EGM Weekly Watch published every Monday in New Straits Times, minority shareholders (especially retail shareholders), are well prepared with information needed to actively participate at company general meetings.

18. MSWG's efforts in these areas have led to success in impacting or influencing good corporate governance, and in raising awareness of the rights and protection of shareholders, and the responsibility of boards toward them.

19. Other successes noted this year include the protection of shareholders from unfair offers in corporate privatisations, and

from the potential harm of suspicious related-party transactions.

Ladies and Gentlemen,

20. In closing, I would like to acknowledge the significant strides that all players have made over the past decade to advance the corporate governance bar. The work has paid off in the growth that our capital market has experienced, and the growth that is predicted to occur over the next decade. Let us all continue to play our parts effectively to ensure that good governance, transparency, and performance continue to make Malaysia a preferred choice for investors, both local and foreign.

21. I wish to thank the CMDF, PLCs, and all the professional and regulatory bodies and individuals that have supported MSWG in its work, and for making this Index, and these annual awards, possible.

22. Finally, I would like to congratulate the MCG Index 2011 Top 100 companies and award winners for their achievements. You have truly earned tonight's recognition and I wish all of you a very pleasant evening ahead.

Thank you.