



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

FILE NOTE ON THE INAUGURAL RETAIL SHAREHOLDERS' DIALOGUE (INSTITUTIONAL SHAREHOLDERS/PROFESSIONAL BODIES)

1. **Date**

8 August 2007 (Wednesday)

2. **Venue**

Banyan/Casuarina Room
Sime Darby Convention Centre
Kuala Lumpur

3. **Time**

10:00 a.m. to 2:00 p.m.

4. **No. of Participants**

26

(Representatives from Fund Managers, Insurance, Merchant Bankers, Professional Bodies and CMDF/SC)

5. **Objective of the Dialogue**

- To obtain feedbacks and views from the institutional shareholders and professional bodies on MSWG' products & services to enable MSWG to design and develop its products & services which will be more relevant and beneficial to the retail shareholders.
- These products & services are mainly aimed at informing, educating and broadening the perspective of not only the institutional shareholders, but also the knowledge of investing in PLCs by retail shareholders to become better investors.
- The findings will also enable MSWG to enhance its basic role to improve the credibility of the capital market for all stakeholders.

6. Issues Discussed at the Dialogue

(i) **Issues raised by MSWG at the AGMs/EGMs**

- MSWG to post the issues raised for the AGMs/EGMs on its website so that the shareholders are aware of the issues.
- MSWG should encourage the PLCs to post the questions from MSWG and their answers on their respective websites.

Action Taken/To Be Taken by MSWG :

- MSWG is making arrangement to post the issues raised and answers received from the PLCs concerned (with their consent) on its website.
- MSWG will also look at possible measures to encourage PLCs to post questions received from MSWG and their answers on their website.

(ii) **Independent Directors**

- MSWG should play a more active role in the following areas of independent directors (IDs) as IDs play a vital role in the Corporate Governance framework :
 - Training for the IDs.
 - Direct engagement with the IDs to determine whether the IDs are playing their role effectively. The IDs should play a role of “check and balance”.

Action Taken/To Be Taken by MSWG :

- MSWG commented that its role is mainly focused on shareholders and that the training for IDs should be undertaken by other more appropriate bodies such as Malaysian Institute of Directors or Malaysian Institute of Corporate Governance.
- MSWG has, to a certain extent, addressed the importance of the role and effectiveness of IDs in the points raised to companies as well as in MSWG articles/commentaries. MSWG will try to do more in this area, within the limited constraints of its resources.

(iii) **Corporate Governance (CG) Statement and Statement of Internal Control**

- MSWG to look at the CG Statement and Statement of Internal Control in the Annual Report to ensure that it has more substance than form. There are concerns that CG Statement and Statement of Internal Control for a sizeable number of companies appear to be prepared in a standard template, with no real substance.
- MSWG should consider conducting interview session(s) with the Audit Committee to look at the actual practice vis-a-vis the reported disclosure in the Annual Report.
- Audit Committee members of some PLCs may not be well-versed with internal control systems of the company. MSWG to consider playing a role to ensure that the PLCs have a proper internal control system.

Action Taken/To Be Taken by MSWG :

- MSWG would welcome participation from the professional bodies for their knowledge and expertise to assist in this area as MSWG has limited resources.

(iv) **MSWG KPIs / Products & Services**

- MSWG's KPIs should be looked at from the "outcome" aspect rather than "output", i.e. effectiveness rather than quantity.
- MSWG should consider expanding its operations if given the opportunity.
- MSWG to collaborate with other institutions/fund managers/regulators for road shows to educate the investors.

Action Taken/To Be Taken by MSWG :

- It will be rather difficult to put the outcome of every work done by MSWG as the list can be too long. As far as MSWG is concerned, it has received positive response and encouraging remarks on its activities.

- MSWG has been looking at possibilities to collaborate with other institutions for road shows to educate the investors such as SIDC, Bursa Malaysia, professional bodies and other research houses.
- MSWG is currently looking at reviewing its website content to incorporate FAQ so that its website can be more interactive.
- While funding is not an issue as CMDF has agreed to continue with its funding, MSWG faces greater challenge in getting personnel who can add value to its products & services.
- MSWG is continuously seeking active involvements/engagements by stakeholders so that it can tap on their expertise.

(v) Issue of Funding/Value proposition

- MSWG should stick to its core purpose of existence and not to divert its attention in looking for income for sustainability.
- The Government/Regulators should provide grant to MSWG so that it can maintain its independence.
- It will be administratively tedious and expensive to maintain the data base of retail shareholders/subscribers and may be a threat or deviation to MSWG's core services.
- Institutional shareholders may be in a better position to pay for MSWG's products & services. Currently, it appears that retail shareholders are not prepared to pay for such Products & Services.
- Independent Directors should be made to register with MSWG and pay certain fee to MSWG.
- Companies should be made to pay a certain fee to MSWG as MSWG plays an oversight role in the context of the companies' corporate governance similar to the oversight role played by external auditors.

(vi) **Frequency of the Dialogue**

It was agreed that the dialogue has been fruitful and should be held on a quarterly basis.

Prepared by

Reviewed by

A handwritten signature in black ink, appearing to read 'Abdul Wahab Jaafar Sidek', is written over a light blue rectangular background. Below the signature is a long, thin horizontal line.

LYA RAHMAN
Head, Corporate Services

ABDUL WAHAB JAAFAR SIDEK
Chief Executive Officer

Dated : 14 August 2007