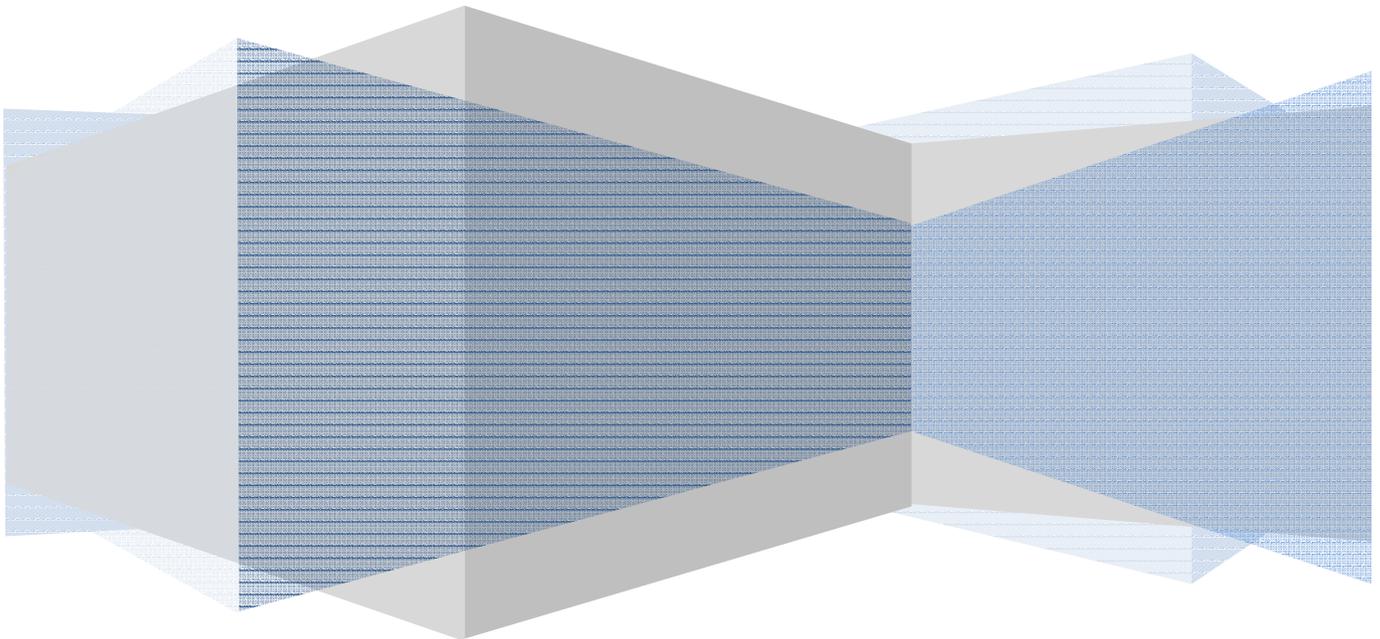


MSWG

Annual Report 2009



CORPORATE PROFILE

Minority Shareholder Watchdog Group (MSWG) or Badan Pengawas Pemegang Saham Minoriti Berhad was set up as a Government initiative to be a part of a broader Capital Market framework to protect the interest of minority shareholders through shareholder activism. It is one avenue of market discipline to encourage good governance amongst public listed companies (PLCs) with the objective of raising shareholder value over time.

It has evolved to be an independent corporate governance research and monitoring organisation which also advises both the retail and institutional minority shareholders on voting at companies meetings.

VISION

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

MISSION

To encourage sustainable shareholder value in companies through engagement with relevant stakeholders with focus on minority shareholders' interests

COMPANY OBJECTIVES

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

- To become the forum on minority shareholders' experiences;
- To become the Think-Tank and Resource Centre for minority interest and corporate governance matters in Malaysia;
- To develop and disseminate the educational aspects of corporate governance;
- To become the platform to initiate collective shareholder activism;
- To influence the decision making process in PLCs as the leader for minority shareholders' interest;
- To monitor for breaches and non-compliance in corporate governance practices by PLCs; and
- To initiate where appropriate, reports to regulatory authorities and transforming MSWG into an effective deterrent of such events or activities that can be against the interest of the minority shareholders.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Tan Sri Abdul Halim Ali
Chairman/Independent Non-Executive Director

Puan Rita Benoy Bushon
Chief Executive Officer/Executive Director

Tan Sri Dato' Lodin Wok Kamaruddin
Non-Executive Director representing founder members

Dato' Larry Gan
Independent Non-Executive Director

Datuk Abdul Aziz Ismail
Non -Executive Director
(*Alternate Director to Tan Sri Dato' Lodin Wok Kamaruddin*)

Mr Philip Koh Tong Ngee
Independent Non-Executive Director

En Nor Hizam Hashim
Independent Non-Executive Director

COMPANY SECRETARY

Chew Phye Keat (BC/C/282)
Messrs. Raja Darryl & Loh
18th Floor Wisma Sime Darby
Jalan Raja Laut
50350 Kuala Lumpur
Tel: (603) 2694 9999
Fax: (603) 2698 4759

REGISTERED OFFICE

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

Contact Person: Puan Lya Rahman
General Manager, Corporate Services
E-mail: lyarahman@mswg.org.my

BANKER

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

AUDITORS

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

REPORT OF THE DIRECTORS

PROFILE OF DIRECTORS

TAN SRI ABDUL HALIM ALI *(Appointed on 10 April 2001)*



Tan Sri Abdul Halim Ali, aged 67, was appointed as Chairman of MSWG on 10 April 2001. Upon his graduation from the University of Malaya in 1966, he joined the Ministry of Foreign Affairs and served in several diplomatic missions overseas including ambassadorial appointments in Vietnam and Austria. He was appointed the Chief Secretary to the Government of Malaysia in 1996. Tan Sri Abdul Halim served as Chairman of the Employees Provident Fund from 2001 until 2007.

Currently, Tan Sri Abdul Halim is the Chairman of Malaysia Building Society Bhd, Malakoff Corporation Berhad, University Technology Malaysia and Multimedia Development Corporation Sdn Bhd. He also sits on the Board of ESSO Malaysia Bhd and IJM Bhd.

TAN SRI DATO' LODIN WOK KAMARUDDIN *(Appointed on 5 November 2001)*



Tan Sri Dato' Lodin Wok Kamaruddin, aged 61, was appointed as Director of MSWG on 5 November 2001. Tan Sri Lodin graduated from the College of Business Administration, the University of Toledo, Ohio, USA with a Bachelor of Business Administration and Masters of Business Administration. He is currently the Chief Executive of Lembaga Tabung Angkatan Tentera (LTAT). Prior to joining LTAT in 1982, he was with Perbadanan Kemajuan Bukit Fraser as its General Manager from 1973 to 1982. He has extensive experience in general management and fund management.

Tan Sri Lodin is the Chairman Boustead Heavy Industries Corporation Berhad and 1Malaysia Development Berhad. He also sits on the Boards of Affin Holdings Berhad, Boustead Holdings Berhad, Boustead Plantations Berhad, Boustead Properties Berhad, UAC Berhad, Affin Investment Bank Berhad, AXA-AFFIN Life Insurance Berhad, Johan Ceramics Berhad, the University of Nottingham in Malaysia Sdn Bhd, Boustead Petroleum Marketing Sdn Bhd, Boustead REIT Managers Sdn Bhd, Boustead Naval Shipyard Sdn Bhd, Boustead Petroleum Sdn Bhd, Atlas Hall Sdn Bhd and MSWG.



RITA BENOY BUSHON
(Appointed on 18 May 2009)

Puan Rita Benoy Bushon, aged 50, was appointed as the Chief Executive Officer on 1 January 2009 and as Director on 18 May 2009. She holds an MBA from Henley Management College (1993) and has an Honours Degree in Economics (Statistics) from UKM (1984).

She had served the Employees Provident Fund (EPF) for 23 years since 1984 in various senior executive positions and was the Head of Private Equity and Equity Research until her optional retirement in 2007. She was the founder director of MSWG from 2001 until 2007. She was a non executive director in KFC Berhad from 2003 to end 2007. She was also the non-executive director in Land & General Berhad from 2003 to end 2006 and re-designated to be the executive director from December 2006 to August 2008. She is currently in the Ethics Standard Board of MIA. She is also a member of ICGN Shareholder Responsibilities Committee (SHREC) 2009-2010.

DATO' LARRY GAN
(Appointed on 20 July 2005)



Dato' Larry Gan, aged 56, was appointed as the Director of MSWG on 20 July 2005. He is a Fellow of the Association of Chartered Certified Accountants and a member of the British Institute of Management, Malaysian Institute of Accountants and Institute of Management Consultants respectively. He was appointed as an Independent Director of Tanjong plc in May 2005. He retired in

December 2004 from the Global Accenture organisation, a leading management and technology consulting firm. He spent 26 years with the firm, 16 years as partners and had many global leadership roles.

He was the managing partner – Malaysia from 1989 to retirement, managing partner – ASEAN (1993-1996), managing partner – ASIA (1997-1999) and managing partner Corporate Development, Asia Pacific (1999-2002). Between 1997 and 2004, he was a member of the Global Management Council, and sat on the many global management committees governing partner admission, rewards and compensations.

He sits on the Board of Redtone International Berhad, Cuscapri Berhad, Ambank (M) Berhad, Tien Wah Press Holdings Berhad, AMDB Berhad, Amlslamic Bank Berhad and Saujana Resort (M) Berhad. He has also served as Chairman of the Association of Computer Industry Malaysia (PIKOM) and a Member of the Copyright Tribunal and the Labuan International Financial Exchange Committee.

DATUK ABDUL AZIZ ISMAIL
(Appointed on 5 November 2001)



Datuk Haji Abdul Aziz Ismail, aged 58, was appointed as the Alternate Director to Tan Sri Lodin Wok Kamaruddin on 5 November 2001. He is currently the Deputy Chief Executive of LTAT, a post he assumed on 8 January 2001. He graduated from Eastern Illinois University, USA with a Master of Business Administration. He also holds an Advanced Diploma in Information Systems from Canberra University Australia on a Colombo Plan Scholarship. In 1993, he attended the Advanced Management Program at Wharton University of Pennsylvania, USA and participated in the INSEAD Advanced Management Program at Fontainebleau, France in July 2005. During his initial years with LTAT, he was the Assistant Chief Executive of LTAT heading the Administration and Finance Division.

Datuk Haji Abdul Aziz was appointed as the General Manager for Ex-Serviceman Affairs Corporation (PERHEBAT), a subsidiary corporation of LTAT from January 1995 till December 2000. Prior to joining LTAT, he was a Senior Auditor attached to the Auditor General's Office of Malaysia from 1977 to May 1985. He sits on the Boards of Affin Fund Management Berhad, Affin MoneyBrokers Sdn. Bhd., DKSH Holdings (Malaysia) Berhad and Ketengah Jaya Sdn. Bhd.

PHILIP KOH TONG NGENE
(Appointed on 2 June 2005)



Mr Philip Koh Tong Ngee, aged 55, was appointed as Director of MSWG on 2 June 2005. He graduated with a Bachelor of Laws Degree (LL.B) (Hons) from University of Malaya and holds a Masters of Laws Degree (LL.M) from the University of London and Masters of Arts MA. (Theology) from the Australian Catholic University. Mr Philip Koh is also a Member of Private Sector Advisory Group International Finance Corporation/World Bank. He was also a visiting Fulbright Scholar attached to Professor Oliver Hart of Harvard University, Economics Department in 1999.

Mr Philip Koh commenced his legal career in 1980 and is currently senior partner of Messrs Mah – Kamariyah & Philip Koh. He served in the EXCO of the Federation of Public Listed Companies and is currently the Adviser to the Malaysian Institute for Corporate Governance and a member of the Corporate Law Reform Committee. He served as member of Ethics Committee which looked into the IFAC Code of Ethics for the Malaysian Institute of Accountants as well as served as a member of Ethical Advisory Panel of Ethical Fund Mayban. Mr Philip Koh was also a member of the Kuala Lumpur Stock Exchange Audit Sub Committee from 2002 to 2004.



NOR HIZAM HASHIM
(Appointed on 2 December 2009)

En Nor Hizam Hashim, aged 62, was appointed as Director of MSWG on 2 December 2009. He graduated from the University of Western Australia with a Bachelor of Commerce. He is a Chartered Accountant by profession.

Between 1975 to 1981, he was employed as an accountant and financial analyst in ESSO Malaysia Berhad. From 1982 to 1985, he served as the Financial Controller in a subsidiary of the Unilever Group before joining Raleigh Berhad as General Manager (Finance) in 1986. From 1988 to 2003, he held various senior management positions in Telekom Malaysia Berhad (TM) group of companies. Among senior positions held were as Chief Financial Officer of Telkom South Africa and Chief Executive Officer of TM International Corporation as well as board member of several subsidiaries of TM.

MEETING OF DIRECTORS

During the year, **four** Board Meetings were held. The Chief Executive Officer attended all Board Meetings. Attendances of Directors were as follows :-

Directors	No. of Meetings			
	30/3/09	18/5/09	27/8/09	3/12/09
Tan Sri Abdul Halim Ali	√	√	√	√
Rita Benoy Bushon ⁽¹⁾	√	√	√	√
Tan Sri Lodin Wok Kamaruddin	-	-	√	-
Tan Sri Dr Sulaiman Mahbob ⁽²⁾	-	-	-	-
Dato' Larry Gan	√	-	√	√
Datuk Abdul Aziz Ismail ⁽³⁾	√	√	-	√
Philip Koh Tong Ngee	√	√	√	√
Nor Hizam Hashim ⁽⁴⁾	-	-	-	√
Abdul Wahab Jaafar Sidek ⁽⁵⁾	√	-	-	-

- Note:**
- ⁽¹⁾ Rita Benoy Bushon was appointed as the CEO on 1 Jan 2009 and as Director on 18 May 2009
 - ⁽²⁾ Tan Sri Dr Sulaiman Mahbob ceased to be a Director on 18 May 2009
 - ⁽³⁾ Datuk Abdul Aziz Ismail is the Alternate Director to Tan Sri Lodin Wok Kamaruddin
 - ⁽⁴⁾ Nor Hizam Hashim was appointed as Director on 2 December 2009
 - ⁽⁵⁾ Abdul Wahab Jaafar Sidek ceased to be a Director from 18 May 2009

DIVIDENDS

No dividends were declared and paid to the founder members for the year as MSWG is a company limited by guarantee and has no share capital.

CHAIRMAN'S STATEMENT

On behalf of the Board of Directors, it is my pleasure to present the Annual Report of the Minority Shareholder Watchdog Group (MSWG) for the financial year ended 31 December 2009.

MSWG had been around for nine (9) years and is now widely accepted as a vital part of the Malaysia's corporate governance regime. It had made its presence felt and created impact as a voice for the minority shareholders as it continued to step up its efforts to bring about awareness to stakeholders, in particular minority shareholders, as regards their rights and responsibilities.

The organisation has evolved from being a founder body to one that is independent, both in terms of its board composition and funding. The appointment of the directors with different backgrounds would ensure that MSWG is not only an independent professional body, but also perceived to be independent in spirit and judgement by the investing public. Thus, the bulk of the funding too had been through the Capital Market Development Fund (CMDf) especially for its public mandate activities so that MSWG is able to concentrate on its services to the market without jeopardising its independence and at the same time the MSWG would endeavour to generate revenue through its private mandate so that it can be self-sustainable in the longer term.

In the year 2009, MSWG continued with its agenda to promote good governance amongst PLCs with the aim of raising shareholder value over time. It had created a more vibrant level of shareholder activism and continued to provide a platform for collective voice to both retail and institutional minority shareholders, as well as advised on voting at general meetings of PLCs.

For the year 2009, MSWG had focussed and achieved the following quick wins: -

- **Pre & Post AGM Reports**
- **Enhanced Interactive Website**
- **Regular Columns in the Printed Media**
- **Malaysian Corporate Governance Index**

MSWG had since June 2009, introduced the **AGM/EGM Weekly Watch** published in The Star newspaper every Monday. This initiative had received good feedback from the public as well as other market players. I am also happy to note that MSWG had successfully unveiled the top 100 PLCs in the **Malaysian Corporate Governance (MCG) Index** and subsequently launched the inaugural report on the MCG Index which presented the findings of the level of adherence by companies to the recommended corporate governance principles and best practices including selected international best practices & principles. The findings had received positive comments and views from stakeholders as well as other market players and it is hoped that this initiative could be continued on an annual basis with more in-depth and wider scope on the research.

MSWG had also published the **Policy Statement on Corporate Governance and Shareholder Voting Guidelines** which MSWG believes would be able to assist the shareholders to identify issues that need to be considered before deciding to vote for or against the resolutions pertaining to these issues. The enhancement of shareholder value and shareholder equality can be effected when both the institutional and retail shareholders exercise their rights at the general meetings of companies.

Another initiative undertaken by MSWG was the setting up of *Independent Directors Pool* to complement the existing pool of professional independent directors for the PLCs to choose from. It was aimed to widen the talent pool of independent directors who can serve companies that required them.

FINANCIAL SCENARIO

The MSWG had cash and cash equivalents of RM1,502,927 as at the end of the financial year 2009. It will aim to increase this cash position so that it can be sustainable. This would be done through the sales of its products and services in addition to the CMDF fund.

MOVING FORWARD

Moving forward in 2010, MSWG would continue to strengthen its strategic alliances with relevant parties in its activities, programmes and application of corporate governance best practices amongst the various stakeholders. It would need to rally the support of the investors, both the retail and institutional to create more impact on the capital market as well as in the global arena.

It would continue to :-

- create more awareness amongst minority shareholders as regards their rights and to step up efforts to influence companies to be responsible corporations;
- take necessary efforts to garner support from the institutional shareholder to act together with retail minority shareholders to influence the Board's decision for the interest of the companies;
- influence the major shareholders of PLCs to protect the interest of the minority shareholders as it is in their interest to do so;

- continuously upgrade its website to enable the minority shareholders, both retail and institutional to use it as a platform to discuss issues and obtain more information in a cost efficient and timely manner;
- actively use the media to voice issues relating to shareholders so that shareholders who are not IT savvy would still be able to gain information on the current issues relating to their interest;
- encourage the institutional and retail shareholders to use MSWG Policy Statement on Corporate Governance and Shareholder Voting Guidelines and vote as recommended by the guidelines; and
- concentrate on its capacity building to ensure that it has the requisite skills in the organisation. It would continue to engage part time consultants as well as outsource its analysis/consulting assignments on an ad-hoc basis for specific projects. In this respect, MSWG's resources including its human capital and other infrastructure would need to be upgraded in order to meet the challenges of the market place.

For the year 2010, MSWG would continue to enhance its products and services and would be focusing on the following activities and services :-

- Monitoring Services and Subscribers Services
- Malaysian Corporate Governance Index
- Regular columns in the printed media on topical issues
- Independent Directors Pool
- Investor Education Programmes

ACKNOWLEDGEMENT

On behalf of MSWG Board, we wish to express our appreciation to our subscribers, both institutional and retail as well as founder members for their support. Our special thanks also go to the Capital Market Development Fund who had provided the funding. On behalf of the Board, I would like to express the Board's appreciation to the Securities Commission and Bursa Malaysia Berhad for their invaluable support and cooperation. To the media and our partners in the capital market, we thank you for the support given to us.

Our congratulations to the CEO of MSWG for her commitment and innovative ideas as well as diligence in ensuring the success of MSWG in creating greater impact in promoting corporate governance amongst PLCs through shareholder activism as well as delivering its services and products effectively. We hope that she would continue to show dedication in bringing MSWG to a higher level.

Finally, our deepest appreciation to the Management and staff of MSWG for their untiring dedication and commitment in contributing to the success of MSWG.

On Behalf of the Board



TAN SRI ABDUL HALIM ALI
Chairman

24 February 2010

REVIEW OF OPERATIONS FOR 2009

FINANCIAL REPORT

Revenue and Grant

In 2009, total revenue received from its services and products was RM590,075 (2008: RM1,174,056). The difference was largely due to the following reasons :-

- (i) From 2009, in line with the objectives of being independent, the revenue was from the sales of publications and services instead from the general contributions from PLCs.
- (ii) The subscriber services were marketed based on fees from both the retail and institutional subscribers.

The revenue was from the following sources:-

Source of Revenue	2009 (RM)
Publications	222,162
Events/Forums	268,155
Proxy Advisory & Proxy Voting	19,000
Subscriber Services	80,758
TOTAL :	590,075

For 2009, 75% funding totalling RM3 million had been approved by the CMDP for MSWG's operational project funding requirement in 2009.

Expenditure

The expenditure for the year ended 31 December 2009 was RM2.85 million as compared to RM2.66 million in 2008.

The main reason for the marginal increase in cost was because of the increase in staff strength from **four** analysts in 2008 to **six** analysts and **two** part time analysts in 2009.

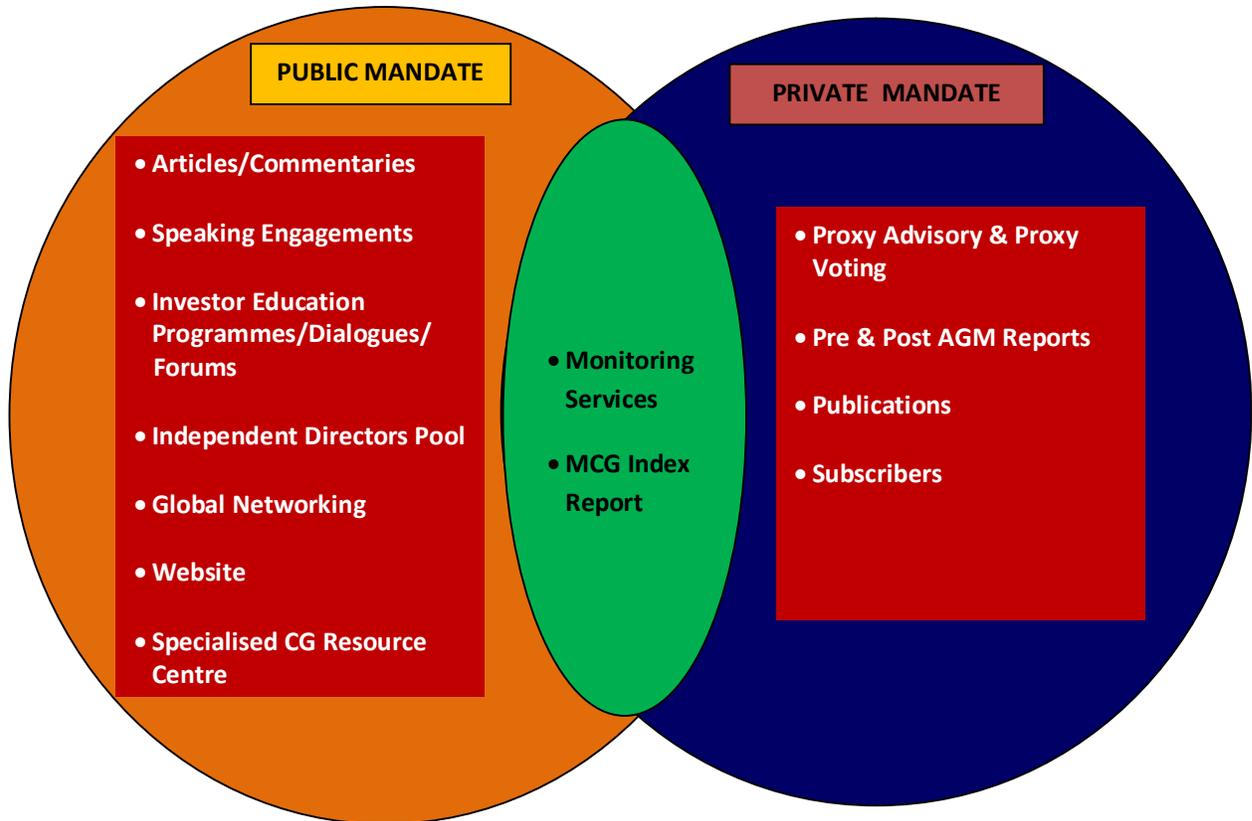
Details of the revenue and expenditure for the financial year ended 31 December 2009 had been illustrated in the Statutory Financial Statements appended to this Annual Report.

Staff Strength

In 2009, the total number of Research and Monitoring Analysts was **eight**, **with six being full time and two on a part time basis**. The number of full time and part time analyst is expected to increase in 2010 to ensure that MSWG is able to discharge its obligations effectively. It is envisaged that there would need to be **10** analysts on a full time basis to undertake wider coverage of listed companies.

Activities Undertaken in 2009

In 2009, MSWG continued with its two-pronged activities, i.e. public mandate providing services to the general investing public and private mandate for sustainability.



PUBLIC MANDATE

Monitoring Services

MSWG introduced the AGM/EGM Weekly Watch published in The Star every Monday since May 2009 which had received good feedback from the public as well as other market players. The AGM/EGM Weekly Watch contained the list of pertinent issues raised by MSWG before the AGM/EGM. The objective of this initiative was to enable the shareholders to look at the various issues before the AGMs/EGMs to encourage shareholder participation in these meetings.

MSWG monitored **185** general meetings of PLCs in 2009. The basis of selection of companies was according to the following criteria :-

- All FBM100 companies;
- Companies that the subscribers wanted to be monitored under the Subscribers' List; and
- Companies where complaints were received from shareholders that warrant monitoring.

The monitoring services were focussed on corporate governance issues and analysis of the PLCs' financial performance as well as topical issues such as related party transactions, acquisitions & disposals, privatisations and directors' remuneration.

MSWG would write to the companies prior to the AGMs/EGMs to enable the companies to provide feedback. Companies were also encouraged to present the issues raised by MSWG at the AGMs/EGMs for the benefit of all shareholders.

The issues raised and the responses received from the companies as well the pre and post reports were posted on the website for subscribers. However, only institutional subscribers would have the access to the pre and post AGM reports of the companies.

Malaysian Corporate Governance Index 2009

The Malaysian Corporate Governance (MCG) Index was aimed to promote best practices in corporate governance amongst PLCs in Malaysia and to provide information as well as guidance on corporate governance standards which ideally, would promote self governance in companies.

In the MCG Index, companies were scored on conformance, performance, practices and corporate social responsibility aspects. A total of 899 companies were rated and ranked in the base score using the local and selected international best practices. Companies were then filtered out based on 5-year average Return of Equity (ROE) of less than 4%. 367 companies or 40.8% made to the Bonus and Penalty stage. Under the Bonus and Penalty system, companies that implement the spirit of corporate governance were given bonus points whilst penalty points were given to companies that had been publicly reprimanded by authorities and had issues that irked the minority shareholders.

Top 200 companies of the bonus and penalty universe underwent a qualitative aspect of scoring through the Analyst Input. Shareholding and Board structure was also taken into consideration. ROE performance criteria of up to 5% and market capitalisation of up to 5% were also considered important measure of value of companies.

The unveiling of the top 100 companies in the MCG Index 2009 and the Award Ceremony was successfully held on 10 December 2009 at the Nikko Hotel Kuala Lumpur and officiated by YB Dato' Mukhriz Tun Mahathir.

The event received good response and support from the PLCs and other market players with good coverage from the media.

Awards were given to companies that had achieved excellence in corporate governance matters as recognition.

The findings of the MCG Index had been published in the MCG Report 2009 which revealed that some gaps needed to be addressed in terms of corporate governance practices and the Index level of 64.4 showed that there were will scope for further improvements.

The detailed methodology can be obtained at the MSWG website. The findings as well as gaps to be addressed had been documented in the MCG Report 2009 which can be purchased.

Investor Education Programmes, Dialogues and Forums for Retail & Institutional Shareholders

MSWG organised **18** investor education programmes for both the retail and institutional shareholders. Special forums were also held on the topical issues so that minority shareholders were provided with the relevant information to make decisions at company meetings.

MSWG participated in the Minggu Saham Amanah Malaysia organised by Permodalan Nasional Berhad held in Johor Bahru as part of its awareness and education programmes for the retail shareholders.

Articles and Commentaries

MSWG had written about **100** articles and provided commentaries on topical issues relating to good corporate governance on topics of shareholders' interest. Interviews were also given on various occasions by both the printed and electronic media. The details of the articles can be obtained from the MSWG website.

Speaking Engagement

In total, **20** speaking engagements to bring about awareness regarding corporate governance matters were undertaken on various topics of corporate governance for the year, both locally and internationally. The details of the speaking engagements can be obtained from the MSWG website.

Global Networking

MSWG continued to play an active role in roundtable discussions relating to corporate governance issues. Among the important roundtable discussions participated by MSWG in 2009 included the OECD Asia & Global Network on Privatisation & Corporate Governance of State-Owned Enterprises (SOEs) and OCED Asian Roundtable on Corporate Governance. The MSWG had also become a member of the International Corporate Governance Network (ICGN). It is also a member of the ICGN Shareholder Responsibilities Committee whose objective is to influence the development of national and international corporate governance policies and proposals relating to shareholder responsibilities.

Independent Directors Pool

The Company had set up the Independent Directors' Pool as a service to the PLCs in Malaysia in response to the request for a pool of professional independent directors from some PLCs.

This initiative was also in line with MSWG's role to increase and complement the present pool of independent directors so that PLCs can have a wider choice of candidates from various industries and skills/expertise.

As at 31 December 2009, there were **55** candidates registered with the Independent Directors Pool.

Website

The website would continue to be used as one of the vital tools to publicise current developments in the Capital Market relating to corporate governance issues. It would provide up-to-date information on MSWG services, activities & products as well as public discussion forum to discuss issues of interest to minority shareholders to encourage shareholder activism.

The public had been encouraged to utilise the website as a communication portal to voice their views and concerns pertaining to their rights as minority shareholders.

Specialised Corporate Governance Resource Centre

MSWG started embarking on having a specialised resource centre to complement its operations during the year. It would be equipped with reference materials from various research houses, information on regulatory requirements and reference materials on best corporate governance practices.

PRIVATE MANDATE

Publications

The following publications were undertaken in 2009 :-

Policy Statement on Corporate Governance and Shareholder Voting Guidelines

The Policy Statement on Corporate Governance and Shareholder Voting Guidelines were based on best practices in corporate governance globally which were adapted to suit the Malaysian environment. It provided a framework which MSWG, as a shareholder, would adhere to, while stimulating shareholder engagement and participation.

Malaysian Corporate Governance Report 2009 – Index & Findings

The Malaysian Corporate Governance Report 2009 presented the findings on the level of adherence by the companies to the recommended corporate governance principles and best practices which include selected international best practices & principles. The report revealed gaps that needed to be addressed in terms of corporate governance practices and identified the pertinent areas that could be further improved such as role of independent non-executive director, separation of powers between the Chairman and CEO, timely reporting, directors' remuneration, performance appraisal for board and individual directors, risk management & whistle blowing, poll vote & proxy voting and transparency in corporate exercises. Other areas that were included in the report were board diversity in terms of gender diversity, directors' training, role of independent directors and corporate social responsibility.

Both publications could be obtained from MSWG at reasonable prices.

Subscriber Services

There were few categories of Subscribers for companies, organizations and retail. The subscriber services had been introduced in 2009 whereby product and services of MSWG were sold to shareholders that required additional monitoring services. This included the MSWG Tracker Services that provided information on all listed companies in Malaysia. Information such as 10- year financials on companies, corporate exercises and relevant directors' information would be available in the MSWG's website. In addition, detailed questions to companies were posted in the MSWG Tracker. The Institutional Investors would be given additional Pre and Post AGM Reports of companies they subscribe to.

For 2009, there were **58** retail subscribers and **7** institutional subscribers which included institutions such as Khazanah Nasional Berhad, Pertubuhan Keselamatan Sosial, Lembaga Tabung Haji and institutions of higher learning as well as other corporations.

OTHER ACTIVITIES AND STRATEGIC ALLIANCES

MSWG had participated in other capital market activities such as consultative efforts with regulators and professional bodies during the year. It was also involved in the :

- *Malaysian Business – CIMA Enterprise Governance Awards 2009*
- *National Annual Corporate Report Awards (NACRA) 2009*
- *CEO Award 2009*
- *Alternative Dispute Resolution (ADR) Body for Malaysian Capital Market*

The Implementation Steering Committee of the ADR had been set up where the CEO is a member of this Steering Committee.

- *Ethics Standards Board (ESB) of Malaysian Institute of Accountants*

The CEO had been appointed as a member of the Board of ESB. ESB was formed to strengthen the standard setting functions relating to the code of ethics. It was established to provide guidance to the increasingly complex ethical requirements that are imposed on to members to understand the essence of the provisions of the MIA's By-Laws on Professional Ethics, Conduct and Practice.

- *Other Strategic Alliances*

MSWG had also formed strategic alliances with universities, professional bodies and various other market players to lend support to the strengthening of the capital market.

A handwritten signature in black ink, appearing to read 'Rita Benoy Bushon', with a long horizontal stroke extending to the left.

Rita Benoy Bushon
Chief Executive Officer

24 February 2010