

**The 14<sup>th</sup> Malaysian Capital Market Summit 2009**  
**“Bouncing Back After the Global Financial Crisis”**  
**3<sup>rd</sup> – 4<sup>th</sup> December 2009 • Renaissance Hotel Kuala Lumpur**

**DAY ONE (3<sup>rd</sup> December 2009)**

**Keynote Address by Deputy Prime Minister of Malaysia,  
YAB Tan Sri Muhyiddin Yassin**

**Title: “Leadership and Governance – Key Challenges for Malaysia”**

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YAB Tan Sri Muhyiddin began by thanking the organisers and went on to address the critical issue of Education and Human Capital Development as it is one of the main area of concerns mentioned by investors. He argues that in order to have a strong capital market, it requires strong human capital with strong competitiveness. To ensure Malaysian market is competitive, production and management of sophisticated products are needed. Therefore education and human capital development is imperative as there is a need for skilled and qualified workers. YAB Tan Sri then further gave assurances that the Government is placing their utmost priority in reforming the education to ensure that competent, qualified, and articulate human capital for the nation, especially in the business and finance community is produced. He revisited the successful Malaysia Incorporated Concept, which fostered close cooperation between the public and private sectors. This is complementary to PEMUDAH which, he argues, has strengthened public-private partnership. The focus on National Key Results Areas (KRAs) and Key Performance Indicators (KPIs) is also to further fortify the intention of ensuring that performance of public sector will meet the growing expectations of the people.

He argues that liberalisation measures have been undertaken by the Government to enhance the national economic competitiveness and to address trade and Foreign Direct Investments (FDI). However, he said, it is also up to the private sector to take advantage of the more liberalised environment and the incentives offered by the Government. This is in line with Government’s commitment in transforming the Malaysian economy towards a new growth model, which would steer the economy out of the global recession and reroute towards the path of sustainable growth. This economic transformation would require equitable growth and incorporate the principles of inclusiveness to overcome societal imbalances.

YAB Tan Sri also shared his views on leadership, ethics, and good governance as it is imperative in ensuring Malaysia to succeed globally. He argues that Malaysia has one of the best frameworks for corporate governance in the world and there is the need to build on this to enforce standards, just and transparent principles, and continue to improve on our best practices. As governance is not solely confined to corporations, the Government must lead by example and maintain highest principles of accountability and transparency at all times. He hopes that this high level of integrity and ethical leadership will trickle down to all levels.

**Keynote Address by Minister of Finance II,  
YB Dato’ Seri Ahmad Husni Mohamad Hanadziah**

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YB Dato’ Seri Ahmad Husni firstly thanked the organisers for the honour to deliver the keynote address and began by alluding that despite the financial and economic crisis faced, the Malaysian capital market has had a relatively good year, raising a total of RM57.45 billion in debt and RM18.22 billion through the equity market. He argues that the vibrancy of capital markets can be construed as a good lead indicator of the level of economic activities contributing to GDP growth and the government is confident that the 5.0% GDP growth target set for the year 2010 will be achieved. This confidence is based on the argument that

the Malaysian regulatory authorities has not only provided an environment that is conducive and facilitative for the expansion of capital markets, but external linkages have also been built to encourage market participation. He argues that these conditions are further strengthened by the stable macroeconomic environment with strong fundamentals.

He sees an emerging new paradigm which will help to shape both macro and microeconomic levels of the nation, which is creativity, knowledge, and access to information. He argues the importance of these emerging paradigms as it would provide strong foundations of a creative and an innovative economy that is not solely reliant on the traditional domains of expertise and supply and demand chains. In order to ensure that this expansion of economy domains materialise, the need of recognising role of intellectual property rights as a bankable source of revenue generation is needed, as well as having the necessary talents in the financial industry to recognise the viability of creative funding proposals.

He cautions against the assumption of creative economy being solely rooted to intangible assets and ambiguous nonphysical products as it also includes the creation and production of new technology in multimedia and telecommunications. This indicates that new forms of expressions and applications of economic activities are being and will continue to be produced. He argues that the traditional maxim of demand creating supply may no longer apply as we are now able to generate demand by creating the said supply; therefore, new paradigm indicates the need of adopting multi-disciplinary policy and decision-making processes to ensure that everyone will have a role to play in the New Economy.

### **Session 1: "Global, Regional, National Economic Outlook - Will the Green Shoots Last?"**

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**Moderator: Mr Steven Wong, Assistant Director-General, ISIS Malaysia**

**Mr Robert Prior Wandesford, Senior Asian Economist, Hongkong and Shanghai Banking Corporation Ltd., Singapore**

Mr Prior Wandesford highlights the three steps to sustainability for Asia's recovery, the relief bounce (impressive GDP recorded for Asian countries in the Q2), full impact of policy effects (adding to Asian growth, aided by China's strong fixed asset investment,), and "self-sustaining" phase (where export recovery is crucial). He argues that the 'green shoots' are not just confined to Asia as there are improvements in other regions and there are also slight improvement in the US consumer spending. The saving grace for Asia is the experience gained from the 1997 Asian Financial Crisis. With economies bouncing back and inflation rising from Q4 of 2009, he argues that Central Banks are unlikely to provide quick response due partly to persistence of low core inflation & stable Fed Funds. As the rates are kept low and liquidity ample, there remains a possibility leading to bubbles. In the case of Malaysia, he argues that consumption is set to bounce back strongly and high prices of palm oil and rubber being helpful at this stage. However, he puts forward the question as to whether the reforms would make a difference in seeking Foreign Direct Investment (FDI) inflow in Malaysia.

**Mr Steven Wong, Assistant Director-General, ISIS Malaysia**

Mr Wong provides an assessment of the current situation and provides policy implications of the early signs of durable economic recovery, which seem to permeate around the regional stock market and the world (improvements are shown in the US industrial production and bank credit). He highlighted the key risks and challenges for the years ahead and provides solutions to the management of these risks. Current assessment include the macroeconomic sphere walking on a tightrope, trade shifting further from multilateralism, investment being more selective and strategic, battered finance but will remain dominant, pivotal disparity in human resources, continued dominance in science, technology & innovation, and environmental issues being a great leveller for all countries. The policy implications based on the current assessment are as follows:

Macro environment:

- a) Short to medium global economic growth lower and more uncertain than Malaysians would wish
- b) In this environment, possible tensions between creating sufficient number of jobs and high quality jobs
- c) Unstable currency and erratic capital flows as certain governments use them to correct global saving-investment imbalance
- d) Increasing selectivity in economic relations, but 'going offline' is not an option for countries with limited domestic markets
- e) Regional and bilateral economic partnerships are key, however, backsliding and exceptionalism dilutes commitment and hinders progress

Domestic environment

- a) Comprehensive method of measuring and accounting for economic growth
- b) Continued reliance on private consumption to drive economic growth is not an option, therefore must focus squarely on the causes and consequences of under-investment
- c) Avoid equating quality output simply with financial allocations (e.g. Malaysia spends more per tertiary student than advanced OECD countries without better results)
- d) Must place higher premium on science and technology, construct change in the education system, and compensation levels
- e) Only world-class universities and research laboratories matter
- f) Scarcity of skills, experience and competitive rates of compensation mean human resources can no longer be residual or a given
- g) Transition to High Value-Added (HVA) economy will not be without substantial economic and social costs; it will be instigated only when Malaysians lose their 'low wages, low currency, and low interest rates' philosophy
- h) Costs in high-value added economy will rise and some form of social safety net may be called to address the impact on lower income classes
- i) At minimum, creating a HVA economy will entail i) liberalisation and decreasing industry protection, ii) removal of energy subsidies, and iii) reducing dependence on unskilled migrant workers.
- j) Institutional rewards for non-performance, incompetence and corruption must be removed; institutional penalties for performance, competence and integrity must be removed.
- k) New economic model focus must be to build new wealth of nations, namely human capital, intellectual property and institutional capital, while not forgetting natural and produced capital
- l) Organisational hierarchies and decision-making should be flattened, administrative discretion limited and regulatory and development agencies consolidated
- m) Leadership and management must be thoroughly competent and knowledge-based; generalists and mere degrees will no longer be sufficient.
- n) The new economic model must create space for private initiative and innovation
- o) Malaysia must have a more open information and knowledge rich environment which will mean a lot more effort and expenditure on acquiring, analysing, interacting and disseminating.

**Mr David Carbon, Managing Director, Economic & Currency Research, DBS Bank Ltd., Singapore**

Mr Carbon began by alluding that the downturn in both Asia and the US has been far less onerous than anyone had anticipated at the start of the year. Asia's "V-Shaped" recovery continues unabated and this is managed on its own power with no help from the US. He argues that double-digit GDP growth would not and cannot continue in the current environment (and a square root shaped recovery will ensue) but argues that 2010 will be Asia's year as the biggest structural change is underway in the global economy today. However, he argues that the "V-Shaped" recovery is not government driven as there are differences in the total versus private sector GDP growth for Asian countries. As mentioned earlier, Mr Carbon calls for a

square root shaped recovery due to three main reasons: a) demand, b) supply, and c) policy. The growth and policy in 2010 indicates higher rates, stronger currencies with growth being nearly back to normal. His assertion of why 2010 will be Asia's year is based on the following trends: a) the domestic demand growth for Asia 10 is higher than that of the US domestic demand growth, b) increase in industrial production from the year 2000/01 in comparison to the US, and high income and demand growth in Asia 10 and Asia 8 compared to the US domestic demand. These trends, he argues, are indicative of what lies ahead in the next 12 months and beyond.

**Luncheon Keynote Address by YBhg Datuk Ranjit Ajit Singh,  
Managing Director, Securities Commission Malaysia  
Title: "Reinvigorating the Capital Market - The Way Forward"**

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YBhg Datuk Ranjit began by thanking the organisers for putting together the annual capital market conference. He then recapped what has transpired in the recent weeks, in light of the worst financial crisis and events surrounding Dubai, eluded that capital markets in Asia have demonstrated greater degree of resilience in comparison to others. He argues that as a developing nation, we are to strike a balance between developing the markets and yet at the same time, avoid building up excesses that we have seen happening at some developed markets. Capital markets play a critical role in financing economic activity, in forming capital and play a key role in facilitating risk transfers, therefore, many strategic initiatives in place are focused on achieving the objective of developing a broad based and deep capital market underpinned by a sound and robust regulatory and market infrastructure. He insists on the need to be careful of assessing capital market; by not viewing it purely from a stock market angle as the traditional tendency among some commentators. The challenges that lie ahead include intensified competitive landscape, the need to further deepen liquidity in some segments of the capital market, developing the buy side (developing the fund management industry is highlighted as being something critical), enhancing the quality of listed companies on the exchange, among others. He highlights the importance of strengthening the domestic market, with strong regulatory framework and proper oversight of the market place, to ensure strong foundations are provided in order to explore new growth opportunities through internationalisation.

**Session 2: "Malaysia's Debt Capital Markets - New Directions in Bonds and Sukuks"**

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**Moderator: Mr Lee Kok Kwan, Deputy CEO, Group Treasury & Investments, CIMB Group**

**Mr Badlisyah Abdul Ghani, Chief Executive Officer, CIMB Islamic Bank Berhad**

Mr Badlisyah gave an overview of Islamic Finance by providing the historical background of adhered Islamic principles of financial products and services. He highlights the industry components of an effective Islamic Financial Market, pinpointing the Debt Capital Market as one of the providers of funds. He alludes on the developments of Islamic Finance and Sukuk Market in Asia, explained the foundations of sukuk activities, its basic concept, and methodologies in structuring sukuk, with emphasis on the right business approach and product structuring. He concludes that Islamic Finance can be summarised as a pure commercial activity to meet various stakeholders expectations, as not a charity nor is done for charity, and as undertaken by pure commercial entities for purpose of making profit and fulfilling social responsibility. While there is no maximum to provability, the chase for profit, he argues, is weighed against social responsibility imposed under Shariah. The Sukuk Market in Malaysia is the deepest and broadest comparatively, with the most comprehensive legislative, regulatory, legal, and shariah framework, and has the most established market infrastructure in the world.

**Mr Mohammed Rashdan Mohd Yusof, Chief Executive Officer, Maybank Investment Bank Berhad**

Mr Rashdan presented the development and outlook of the Malaysian Bond Market, with emphasis on the Malaysian Sukuk Market in light of the global financial crisis and Malaysia's response to the shocks. He

argues that the current low interest rate environment appeals to issuers to tap the market, that risk adversity still persists and the market remains liquid, that investors have myriad of opportunities and can therefore afford to be selective, and that issuers in evergreen sectors with prudent financial management will find investor following while issuers in cyclical sectors will have to offer more enticing risk return equation. He reiterates that the bond market is to remain an investors' market until perception towards credit changes and investors acclimatise themselves with the prevailing credit conditions. In conclusion, he shares the view of the need to develop the buy side of the bond market instead of focusing on the supply side with emphasis on investing on human capital (attract and retain skilled professionals, enhance knowledge base, incentivise Malaysians abroad to return, enhance compensation structure), in strengthening institutional market (attract foreign fund managers to operate from Malaysia, create more institutional funds to mobilise more funding in bonds, tap on creation of private pension funds in 2010, more active secondary market across the broad spectrum of the credit curve), and in building retail market (widen investor base, increase investment options for retail investors, added depth to the bond market, portfolio diversification for investors).

**Mr Chong Kwee Siong, Deputy CEO, RAM Rating Services Berhad**

Mr Chong looked into the current market size, issuers (financial institutions and infrastructure and utilities sector), instrument type, credit ratings, and yields. He alludes on the key strengths of the Malaysian bond market such as having a single regulatory body for the nation's securities industry, centralised, national level shariah advisory council to facilitate shared understanding and uniformity on Shariah interpretation, single documentation framework, highly developed legal framework, robust supervisory and regulatory structure derived from established governance and disclosure standards for investor protection, and comprehensive and congruous Islamic Financial System made up of the banking, takaful, money and equity markets. He argues that challenges lie in both primary market (growth and investment uncertainties, risk aversion and flight to quality) and secondary market (declining secondary market trading, illiquid market/issues). In terms of credit trends, he argues that credit profile of issuers are expected to remain strong and credit quality is expected to improve over the next 2-3 years, in line with economic recovery.

**Session 3: "Making Malaysia More Attractive for Foreign Investments"**

**Moderator: Dato' Mohamed Iqbal Rawther, Vice President, ASEAN Business Forum/ Executive Director, Farlim Group**

**Mr Gerald Ambrose, Managing Director, Aberdeen Asset Management Sdn. Bhd.**

Mr Ambrose begins by highlighting Malaysia's declining weighting (4%) in MSCI Asia (excluding Japan) in 2009 with comparison to its performance in 1996 (19%). He argues that ASEAN's loss has been capitalised by China and Malaysia's loss is greater compared to other ASEAN countries. Its weighting has plunged below the previous cycle average with no uptrend showing just yet. This result in a lag compared to its neighbours Indonesia and Thailand in terms of values and volumes. Although as mentioned earlier China has significantly raised its profile despite the global financial crisis and in light of ASEAN's loss, he reiterates that ASEAN as an economic unit is a market which cannot and should not be ignored.

**Mr Stephen Hagger, Managing Director, Credit Suisse Securities (M) Sdn. Bhd.**

Mr Hagger suggests that Malaysia is now a small stock market in comparison to other markets (with just US\$272bn compared to Tokyo's Stock Exchange, US\$3335bn, or Taiwan's US\$576bn). Foreign funds sold Asian markets post credit crunch, and they all are de-rated, except for Malaysia, due to buying by Government funds. In March 2009, foreigners were looking for liquid, bombed out stocks with high beta and foreigners' by-passed Malaysia as illiquid, relatively expensive and low beta. Mr Hagger suggest that

in order to improve the stock of listed companies, pension funds should be reformed, share ownership with regulators should be replaced, GLICs should sell down and increase free floats, Sime Darby should be split up, Tenaga should be given back its tariff formula, and any forms of government conflict of interests should be entirely removed. There are a number of long term concerns as Malaysia shifts away from a low cost economy such as law and order, education, and corruption. In resolving Malaysia's image internationally, a government Investor Relation Office should be parked under the office of Prime Minister and there should be a common platform for communicating key economic information and messages from relevant government agencies.

**Mr Piers Willis, Managing Director/CEO, Rothschild Malaysia Sdn. Bhd.**

Mr Willis highlights the negatives that have shrouded Malaysia in comparison to other countries and how the decline in the corruption perception index. Foreign investors consider corruption as an added 'tax' that is cumbersome and as an unknown burden. He highlights the need for Malaysia to be well versed in the international business language as it was in the mid 90s and highlights the decline of English language proficiency, with China and Vietnam youth closing in on mastering the language to catch up with the business world. He recommends educational reform as part of the institutional changes that would subsequently enhance FDI inflows as this will raise local skills and talents. There is also the need to change the low skill, low pay mindset and surge towards the high skill and high pay recommended by the World Bank. He also sees the importance in ensuring the judiciary system's integrity is restored as this plays on the minds of foreign investors when thinking of investing. Malaysia's current crime and safety situation is also another disincentive for foreign investors and there is a need to address that.

**Session 4: "Equity Market Outlook – What To Expect and Look Out for in 2010?"**

**Moderator: Mr Gerald Ambrose, Managing Director, Aberdeen Asset Management Sdn. Bhd.**

**Mr Choong Khuat Hock, Partner/Head of Stock Research, Kumpulan Sentiasa Cemerlang Sdn. Bhd.**

Mr Choong began by highlighting the policy responses by some countries such as Japan and the United States. The measures taken include fiscal stimulus plans, low interest rates, printing money (for instance, cash assets at commercial banks grew from US\$1 trillion to US\$2.2 trillion). Private sector deleveraging process, he argues, could last for decades as debt levels remain at record high and is still rising. Private sector debt remains high, lending is seen to be shrinking even as money supply rises, the US' consumer wealth has been decimated and decline in retail sales are worse ever since the Great Depression, and the private sector which account for 70% of the US economy remains stagnant. As for the scenario for the future, he predicts a Japan-style stagnation of "L" shape stagnation. He argues that this is the balance sheet recession where the only way to return to growth is via consumer spending is for debts to decline (debt forgiveness, repayment), or asset price inflation (printing money, currency devaluation). Lower interest rates, fiscal stimulus, capitalising banks will not spur consumer spending if they are highly geared, suffering from asset price decline and job losses.

The impact on Malaysia is that it will lose its competitive edge because countries that are dependent on trade would be most badly affected by a shrinking world trade. Malaysia is highly dependent on trade but that would mainly impact the electronics sector. He predicts that the interest rates are to remain low for some time and refers to Malaysia's lagging productivity as being overly dependent on cheap foreign labour, brain drain, inadequate education system, unrewarded meritocracy and unsupportive bureaucracy. In regards to the Equity Market Outlook, he argues that the market is likely to consolidate in 2010 after a strong rally in 2009. The market is not cheap but is likely to be supported by global and domestic liquidity and will be more of a stock picking market.

**Mr Scott Lim, Chief Executive Officer, MIDF Amanah Asset Management Berhad**  
(audio not clear)

**Mr Alexander Chia, Director, Equity Research, Standard & Poor's Equity Research Services, Singapore.**  
Mr Chia predicts that the equities should see positive returns in 2010 in the absence of any events that may cause the financial system to freeze or oil prices jumping. However, returns should normalise and inflation is to remain benign in absence of a stronger demand recovery which allows monetary policy to be neutral. Standard & Poor's Base Case Scenario of the Slow US Recovery is that it will begin in 3Q with oil prices to remain >50% below year-ago level, financial markets returning to normal, and continuing the trend. Recovery is expected to be sluggish with the inability to borrow money impacting on investment to be pushed down further than expected. Consumers will then suffer from both of the loss of wealth and increased worries of unemployment. Stimulus package will boost economy late in the year but private-sector demand will remain soft. Closer to home, it is argued that Malaysia's GDP will mirror regional recovery. The parallels between the US today and Japan at the beginning of the 1990s are too clear for comfort. In both cases, the banking system was constrained by heavy capital losses from property loans. Therefore the question lies in whether the US could replicate the Japan's experience. Mr Chia argues that American consumption is unlikely to fall as drastically and its financial markets are more open and should permit a quicker resolution of the problem (although political populism could still prevent the required fix). The approach of the baby boomers to retirement will cut growth in the labour force but it is unlikely to be as sharp as what happened in Japan. Despite it all, US' reliance on foreign capital exposes the financial markets to greater risk than Japan in 1990s.

## **DAY TWO (4<sup>th</sup> December 2009)**

### **Session 5: "Wealth Management and Unit Trusts - Growing Asset Management Industry in Malaysia"**

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**Moderator: Tengku Zafrul Aziz, Group Director, K&N Kenanga Holdings Berhad**

#### **Mr Danny Wong, Chief Executive Officer/Executive Director, Areca Capital Sdn Bhd**

Mr Danny shared the statistics and the opportunity and challenges that lie within the industry. He also highlights the product trends and the market's reaction towards the product in light of the global financial crisis. He sees the banking sector as main contributors to the fund size and reiterates that Unit Trust is a fast growing industry.

#### **Dato' Steve Ong, Chief Executive Officer, ING Funds Berhad**

Dato' Ong highlights the importance of historical events to make predictions of future trends in the growing asset management industry in Malaysia. He sees financial planning as imperative to wealth management. In order for the investment community to mitigate sovereign risks is the need for market diversification. Regional and global market allows for mitigations and diversification among funds manager also aid to this as it is a means of allocating investments.

#### **Ms Nancy Chow Yuen Yuen, Director of Marketing & Product Development, AmInvestment Management Sdn Bhd**

Ms Chow sees opportunities in present condition as Malaysia is a very young nation and its demographic is very conducive to harness the existing conditions such as high savings rate (one of the highest in the world, standing at 40%), and the rise to the lowering of tolerance to credit risks. Ms Chow sees that this would enable further expansion of the product. She also highlights the market as affecting growth. The market may not be as robust as it was in the last six years, therefore growth rate will be tempered. She also pointed out that regulations in Malaysia play a big role in developing growth of unit trust industry and hints at private pension could be a very big scope of growth in the coming years.

## **Session 6: “The Governance of Growth - Revisiting Corporate Governance and Shareholder Activism”**

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**Moderator: Dato’ Mohamed Iqbal Rawther, Vice President, ASEAN Business Forum/ Executive Director, Farlim Group**

### **Mr Ahmad Shahab Din, Chief Operating Officer, Malaysian Institute of Corporate Governance**

Mr Ahmad Shahab dissects the meaning of Corporate Governance and how the multi-faceted subject is embodied by a number of important themes of accountability, transparency and economic efficiency as it is governed by a set of processes such as laws, policies, customs, just processes and institutions and how a corporation is directed, administered and/or controlled. He highlights integrity as being of utmost importance and puts forward the question as to whether the state of Corporate Governance to date is satisfactory or otherwise. He also reiterates the need to change mindset and attitudes in the regulations and management systems in order to see the good effects of governments.

### **Mr Lee Leok Soon, General Manager, Minority Shareholder Watchdog Group**

Mr Lee argues that Corporate Governance centres on how direction is provided in a given corporation as management is more concerned with operations and efficiency. Culture and Values of the ethical way of doing things are one of the many important factors surrounding this subject. He argues that although there is value in the notion of majority in democracy, he highlights the importance of fairness and justice in shareholders’ decision-making and governance, and how minority shareholders should also be given an even footing as the decisions made by the majority would have a collective effect.

### **Tengku Zafrul Aziz, Group Director, K&N Kenanga Holdings Berhad**

Mr Tengku Zafrul agreed that there are structures in place to follow some form of Corporate Governance but he argued that structures alone is inadequate as there is a dearth need of talent required to ensure the workability and success of Corporate Governance. He sees that the level of transparency has somewhat increased, with the media and the public being well versed with issues pertaining governance.

## **Session 7: “Conversation with Industry Leaders - Expectations & Perceptions of 2010 Outlook”**

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**Moderator: Encik Suhaimi Sulaiman, Executive Editor, Astro Awani**

### **Dato’ Mokhzani Mahathir, Group Chief Executive Officer, Kencana Petroleum Berhad**

Dato’ Mokhzani spoke on how there is a need for consolidation of these industry. In regards to the new economic model (NEM), as we’re gearing towards high income economy, concerns also lie with productivity and the need to address this by importing people and talents abroad for support as there is a dearth of talent pool at the moment. However there is also the need to cultivate and harness local talents along with ensuring that the talent retention rate would not spiral downwards.

### **Datuk Eddy Chen, Patron, REHDA/Managing Director, Metro Kajang Group**

Datuk Eddy Chen highlights that the property industry remains flat going forward. He argues for the need to find areas that continue to do well, such as buyers who are owner occupier, and expand on that. The predicament the industry is in, he suggests, is that properties are usually built with foreign investors in mind. However in practice, we have not reached the density of expatriate for the properties built and this leads to further problems.

### **Datuk Nicholas S. Zefferys, President, American Malaysian Chamber of Commerce (AmCham) / Member, National Economic Advisory Council**

Datuk Zeffereys reiterates that management is about efficiency and effectiveness and another important dimension is the question of governance. He argues that the central problem lies in the lack of skills

production and the inability to retain talents produced. He sees the need to check on the quality of education, with possible institutional reform. Another factor that is hampering Malaysia's progress, in his view, is the lack of openness and inclusiveness coming from a top-down approach. This can be curbed with decentralisation as Malaysia would need to change its ways to keep pace with the pack and preventing from being left behind. He also reiterates the need for equal opportunity and equitable ownership of the country.

**Dr Amin Khan, Senior General Manager, Malaysia Airlines**

Dr Amin highlights a number of measures undertaken to fight the two pronged attack on the airline industry, which is the global financial crisis and the Influenza A(H1N1) pandemic. He also alludes to the structural changes in the network with the rise of Middle East carriers that are competing with the usual players of the airline industry.

**Mr Azwan Khan Osman Khan, Group Chief Strategy Officer, Axiata Group Berhad**

Mr Azwan is cautiously optimistic on the outlook when looking at the region as a whole. He sees Axiata Group Berhad as being in a far better position in growth compared to other competitors and telecommunication sector in the region. Although optimistic, due to the mixed signs, he realises that there are no certainties and there are no definite indicator as to when recovery will finalise. The reason why the telecommunication industry has not been as seriously affected as other industries is that it is now no longer a luxury, instead it is now commonly perceived as a commodity.

**Closing Keynote Address**

**"Political Stability and Leadership in Malaysia in a Changing Environment"**

**YB Dato' Sri Hishamuddin Tun Hussein, Minister of Home Affairs, Malaysia.**

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YB Dato' Sri Hishamuddin began his address by rehashing the events of the past 21 months in the political landscape and how he argues that bouncing back is not a concept entirely alien to Malaysians. This is due to the built in resilience in picking up the pieces from the dreaded social collapse of racial riots to a series of global recessions and the Asian Financial Crisis. He argued that Malaysians have shown vigour in recovery and increase in performance post-crisis and this will be further strengthened with reforms and leadership by the government. He understands the concerns of business community on political stability and social dynamics in light of the recent political environment post March 8. However, he reiterated that the government is on the right track in its commitment to ensure political stability and leadership in a changing Malaysian environment, with recent articulation on the notions of nation building, performance assessments and proposed measures to improve safety and security, and eliminate crime and unsafe environment.