

MINORITY SHAREHOLDERS WATCH GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD
(Incorporated in Malaysia – Registration No.: 200001022382 (524989-M))

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KUALA LUMPUR (Nov 8): Bursa Malaysia Bhd has maintained that voting for or against a resolution is an inherent right of shareholders, and that it advocates adequate disclosures to promote a transparent and fair market in formulating its regulatory framework.

In a media query reply to *theedgemarkets.com* on Tuesday (Nov 8), the local bourse operator said it always ensures that shareholders are armed with sufficient and relevant information to make an informed investment decision.

“Pursuant to the listing requirements, any new issue of securities must be approved by shareholders whether through a general mandate or specific shareholder approval.

“In a proposed corporate exercise involving new issue of securities, the listing requirements prescribe specific disclosure that are required to be incorporated in the announcements and circulars to shareholders on various types of fundraising proposals,” it said.

Prior to this, Permodalan Nasional Bhd (PNB), one of the country’s largest fund management companies, said it will continue to vote against any resolution pertaining to the allotment and issuance of new shares or other financial instruments by companies it has stakes in.

PNB has recently voted against the share issuances by a few companies, such as Bermaz Auto Bhd, Asia File Corp Bhd and Hong Leong Bank Bhd.

‘It’s shareholders’ right to vote for or against resolutions as PNB opposes share issuance in investees’

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theedgemarkets.com

Subsequently, concerns have been raised about a possible lack of disclosures pertaining to share issuances and if there is a need to tighten listing rules to address this issue.

According to an article in the Oct 24-30 edition of *The Edge Malaysia Weekly*, the fund said it strives to communicate to the public its voting decisions ahead of the respective investee companies’ general meetings in line with its sustainability framework to uphold transparency in voting.

The intention is to allow its investee companies to do prior engagements with the fund on their plans when necessary.

Additionally, Minority Shareholders Watch Group (MSWG) chief executive officer Devanesan Evanson said PNB’s practice of disclosing how it intends to vote in advance of its investee companies’ general meetings is good for shareholder activism, calling on other major institutional investors to follow suit.

Meanwhile, Bursa noted further that a listed issuer must ensure that additional information is disclosed if a general mandate is sought.

This includes whether such a mandate is new or a renewal, and the purpose and utilisation of proceeds from the general mandate sought.

If the mandate is a renewal, the proceeds raised from the previous mandate, if any, as well as the details and status of the utilisation of proceeds, must be disclosed.

Bursa added that other safeguards are also prescribed for the issuance of shares under a general mandate, such as setting a cap on the maximum number of shares issued under the general mandate and a limit on the discount for the pricing of the shares.

In addition, the issuance of shares to interested parties, such as directors or major shareholders, is also not permitted under the general mandate.

“As such, we believe our current framework is balanced and appropriate,” said Bursa.