MINORITY SHAREHOLDERS WATCH GROUP
BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD
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The Observer

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❖ The many benefits of women directors on boards

According to the Securities Commission's (SC) Corporate Governance (CG) Monitor 2022 report, the participation of women on boards across all Malaysian public listed companies ("PLCs") increased by 8.5% from 2016 to 2022. Approximately 34% of individuals appointed to boards of PLCs in 2022 were women, of which 80% of the women directors appointed were for the position of independent directors. This indicates that more women were appointed as independent directors of PLCs in 2022.

Of late, women independent directors have become much sought-after to fill board positions. It is high time that the boards of PLCs, which are majority dominated by males, acknowledge that women have an important role to play on PLC's boards, as appointing women directors comes with various benefits.

Complying with the Listing Requirements

1 June 2023 came and went by, and Bursa Malaysia's Listing Requirements requiring all PLCs to have at least one woman director on its board became enforceable. The requirement was introduced in January 2022 and came into effect on 1 September 2022 for PLCs with a market capitalisation of RM2 billion and above as of 31 December 2021, and for the remaining PLCs on 1 June 2023. As such, appointing women as directors will automatically enable PLCs to comply with the Listing Requirement.

Gender diversity

Women independent directors' representation on the boards of PLCs promotes diversity. With the right board composition, diverse boards make better decisions as the mixed representation of male and female directors will bring different perspectives, thought-processes and approaches to stewardship and risk-reward orientation to the table. This averts male-dominated 'groupthink' in the decision-making process. Board decisions can be made more objectively in the best interests of the PLC, taking into account the different perspectives and insights that gender diversity offers. Also, the corporation will be effectively applying Practice 5.5 of the Malaysian Code on Corporate Governance 2021 (MCCG 2021).

Furthermore, Bursa Malaysia has always been promoting diversity across all PLCs, and this is reflected in Bursa Malaysia's enhanced Sustainability Reporting Framework.

Starting from the financial year ending 31 December 2023, Main Market-listed PLCs are required to effectively manage diversity within their respective organisations - by implementing relevant policies, processes and initiatives to promote diversity – and making corresponding disclosures within their Sustainability Statement or Report. Meanwhile, ACE Market-listed PLCs will be subject to these requirements from the financial year ending 31 December 2025. To enhance transparency and accountability, Bursa Malaysia is mandating all PLCs to report on the percentage of directors by gender and age group, percentage of employees by gender and age group for each employee category.

30% women on Board

Adding one more woman independent director to the board could narrow the gap of applying Practice 5.9 of the MCCG 2021, which states that a PLC's board comprise at least 30% women directors. This brings PLCs closer to achieving the 30% women on boards.

SC CG Monitor 2022 pointed out that, as of 1 October 2022, 224 (Dec 2021: 177 PLCs) out of the total 959 PLCs listed on Bursa Malaysia have at least 30% women on board.

Looks like there is much to be done on the journey towards achieving the aspirational target of 30% women on boards.

A solution to the replacement of long-serving IDs

Finally, the amendment of Bursa Malaysia's Listing Requirements which impose a 12-year tenure limit for independent directors took effect on 1 June 2023. The MCCG 2021 recommends that boards set a tenure limit of nine years for independent directors.

If those long-serving directors are male, replacing them with women directors would resolve the two issues - the long-serving director issue and the gender diversity issue, simultaneously.

Conclusion

In short, appointing a woman director, preferably an independent director, ticks many conformance boxes for a PLC. A diversified boardroom by gender and skillsets also demonstrates the efforts toward better governance.

However, the ever-changing regulatory environment and the increasingly stringent regulations with scrutiny on independent directors may deter qualified women from taking up the role, more so if fees do not commensurate with the responsibilities and duties imposed.

Women independent directors should be fairly remunerated based on their contribution to the board and at a level on par with their male counterparts. Quality individuals and services come at a price; you will get what you paid for!

Elaine Choo
Manager, Corporate Monitoring

MSWG AGM/EGM Weekly Watch 17 – 21 July 2023

For this week, the following are the AGMs/EGMs of companies in the Minority Shareholders Watch Group's (MSWG) watch list.

The summary of points of interest is highlighted here, while the details of the questions to the companies can be obtained via MSWG's website at www.mswg.org.my.

Date & Time	Company	Quick-take
18.07.23 (Tue) 09.30 am	AYS Ventures Berhad (AGM)	AYS recorded its second consecutive year of revenue growth of 17.67% to RM1.314 billion in FYE2023 (FYE2022: RM1.1 billion), with the growth contributed by the Trading & Services and Manufacturing segments. However, its operating profit was lower at RM73.1 million (FYE2022: RM155.0 million), mainly due to a lower gross profit margin and higher selling and distribution expenses.
18.07.23 (Tue) 10.00 am	Sapura Resources Berhad (AGM)	Sapura Resources' revenue stood at RM53.3 million for FY2023, reflecting an increase of 18% as compared to RM45.2 million in the preceding year. Meanwhile, it was back to black with a pre-tax profit of RM79.7 million in FY2023, compared to the previous financial year, where losses amounted to RM268.8 million. The improved bottomline was mainly due to the reversal of impairment of Permata Sapura MLA asset amounting to RM122.9 million and one-off gain upon recognition of finance lease receivables in accordance with MFRS 16 amounting to RM35.2 million.
21.07.23 (Fri) 10.30 am	Green Ocean Corporation Berhad (EGM)	The EGM is to seek shareholders' approval for the proposed diversification of the existing businesses of Green Ocean and its subsidiaries to include the distribution and trading of food and beverage as well as foodservice. Also, shareholders' approval is sought for the proposed new shareholders' mandate for recurrent related party transactions of a revenue or trading nature.

One of the points of interest to be raised:	
Company	**Points/Issues to Be Raised**
AYS Ventures Berhad (AGM)	Despite recording a higher revenue of RM1,313.765 million in FYE2023 (FYE2022: RM1,116.486 million), AYS's profit after tax (PAT) in FYE2023 decreased to RM42.033 million compared to RM116.524 million in FYE2022, representing a significant decrease in the PAT of RM74.491 million or 63.93%, due to challenging operating environment and global steel prices endured long-term declines throughout 2022 (Page 34 of the Annual Report 2023/AR2023). How does the Board plan to address the decrease in the bottom-line result, including the challenges the Group faces?
Sapura Resources Berhad (AGM)	The Group managed to secure sub-tenancies for 16% of the office space under this Master Lease Agreement, ("MLA"). (Page 15 of AR) a) What were the challenges faced by the Group in leasing out Lot 91 KLCC (Permata- Sapura)? b) What measures have the Group taken to attract more tenants to Permata Sapura? Are the measures taken successful in terms of tenants' take-up rate? Please elaborate. c) What is the rental income from Permata Sapura in FY 2023? d) What is the current take up rate of Permata Sapura as of June 2023?

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DISCLOSURE OF INTERESTS

• *With regard to the companies mentioned, MSWG holds a minimum number of shares in all* the companies covered in this newsletter.