



# The Observer

## **Investor Alert**

*Minority shareholders and investors at large must be mindful of investment scams.*

*Lately, we have come across an organisation, Octa Corporation Sdn Bhd (Octa Corporation) which had forged the Securities Commission (SC) licence certificate and the licence number stated in the forged certificate belongs to the Minority Shareholders Watch Group, which is licensed by SC under Section 58 of Capital Markets and Services Act 2007.*

*Octa Corporation has been included as a potential clone on the SC's Investor Alert List. Please refer to the SC website at <https://www.sc.com.my/resources/media/investor-alert-updates/investor-alert-list-as-at-7112022> for more info.*

*Investors should exercise enhanced due diligence when it comes to 'get rich quick' schemes. We must remember that if something is too good to be true, it probably is.*

**20.01.2023**

## **❖ Conducting a better general meeting**

The Minority Shareholders Watch Group (MSWG) recently received a letter from a shareholder complaining about how an Extraordinary General Meeting (EGM) of a public-listed company (PLC) was conducted. It was a PLC not under the coverage of MSWG, as such we could not verify the veracity of the shareholder's complaints. Nevertheless, we wrote to the PLC requesting their feedback on the allegations by the shareholder. The PLC replied promptly. The reply is summarised below under the heading 'Reply from the PLC'.

It is worthwhile to consider the shareholder's complaints first and consider some opportunities for improvement based on the shareholder's assertions.

### **The Complaints**

The PLC held its EGM on a fully virtual basis via an online meeting platform provided by an RPV (Remote Participation and Voting) Platform Provider.

RPV Platform Providers provide different services with different competencies and capacities – they are not created equal. Platform providers do not need to be registered nor are they regulated. Maybe it is time to have some form of registration or accreditation for Platform Providers.

Currently, the onus is upon the Board to ensure that the selected Platform Provider has the competencies, capabilities, and capacities to fulfil their needs. Some PLCs' general meetings are straight-forward, and they may not require premium services offered by

certain platform providers. Others may involve intricacies, say a hybrid general meeting, and as such may require platform providers which are able to offer a broader spectrum of services.

For the EGM, we were told that there was only one resolution being tabled. The shareholder went on to state that five questions were asked by different shareholders but none of the questions were answered. The replies given to the shareholders were: "We shall send the reply via email to you".

General Meetings are venues for shareholders to raise questions and seek answers so that all who attend the meeting may be apprised of both the questions and the answers.

Better PLCs come to such General Meetings armed with the necessary information and with their team of management, and consultants where relevant, so that all questions can be answered at the General Meeting. In fact, some PLCs are better prepared prior to a forthcoming General Meeting, with a set of potential questions and the answers. They do their homework.

All things being equal, the ability to answer questions at the General Meeting reflects positively on the Board. Sometimes, there may be a question or two for which they do not have answers, and in such instances, it is acceptable to have the answers posted later on the corporate website for the benefit of all shareholders. Answering shareholders' questions privately is not good stakeholder engagement as all attendees would want to know the answers.

The shareholder also complained that the voting time was limited to only five minutes and that the time allotted was insufficient if more than one family member was voting using the same device. It is possible for more than one family member to be a shareholder of a PLC. The allotted five minutes was deemed insufficient for one shareholder to log-out and another shareholder to log-in with a different ID to vote.

We were told that ten minutes would be a more appropriate time for such voting given that some shareholders may not be IT savvy, especially the older generation.

Lastly, the shareholder shared that access to the polling link was unlocked 'at the last minute' by the platform provider. Some PLCs allow shareholders to vote as soon as the meeting begins.

We are unsure whether the timing of the opening of the polling link was a decision by the board or was a constraint in the Platform Provider's system.

Some shareholders may have made up their minds as to how they want to vote and may not prefer to participate in the deliberations during a General Meeting. They should be allowed to vote as soon as they can and not be held as a captive audience till the scheduled polling opens at the prescribed time according to the agenda.

## Reply from the PLC

Within a week of MSWG's letter, the PLC replied in writing.

In the reply, the PLC, with regret, sincerely apologised for the delay in answering the questions from shareholders at their recent EGM due to technical errors faced during the EGM. They stated that the questions did not appear on their screen, but only at their Platform Provider's screen and system.

The PLC pointed out that they had previously conducted AGMs virtually and these were organised smoothly without any glitches. The unfortunate error was truly unforeseen and beyond their control, particularly during the 'live' session. Nonetheless, the PLC has assured that they had taken the necessary measures to ensure such incidents do not occur at future General Meetings.

The PLC also took into consideration the concern with regard to the time allocated for voting as well as the timing of the opening of the polling link and assured that they will endeavour to restructure processes should they decide to hold virtual general meetings in the near future.

They concluded by apologising for their shortcomings and thanked MSWG for its kind notification.

## Devanesan Evanson Chief Executive Officer

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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.*

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