



**MINORITY SHAREHOLDERS WATCH GROUP**  
BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD  
(Incorporated in Malaysia . Registration No. 200001022382 (524989-M))

# The Observer

25.03.2022

*MSWG will hold a retail investors webinar titled "Improving the chances of winning in the stock market" and "The MCG Updates 2021" at 8.00 p.m. on 28 March 2022 (Monday). Please visit <https://bit.ly/3CvqVeR> for registration and more info.*

## ❖ Are two heads better than one?

In the shipping realm, there is a leadership attribute hinting that we can have two skippers on the same ship, but we cannot afford to have two destinations for there is where failure starts.

However, in the kitchen realm, we are often reminded of the age-old adage of too many cooks spoil the broth although large restaurants do welcome more than one chef to ensure its success.

In the same light, it is no longer uncommon in today's corporate world for some companies to pursue the co-CEO or joint chief executive model of leadership.

While having two heads can be better than having one, such co-leadership model demands professionalism and mutual understanding par excellence from both heads lest the ensuing leadership falls apart.

A rarity at best among Bursa Malaysia-listed companies, Berjaya Corporation Berhad (BJCorp) has joined the fray recently with the appointment of company veterans Vivienne Cheng Chi Fan and Syed Ali Shahul Hameed as joint group CEOs, effective 1 April 2022. This follows the departure of Abdul Jalil Abdul Rasheed as group CEO of the company effective 31 March 2022.

This is not the first time Tan Sri Vincent Tan Chee Yioun, BJCorp founder and chairman, has had the co-leadership model within his stable of companies.

Recall that back in October 2020, retail and convenience store operator 7-Eleven Malaysia Holdings Berhad had appointed its then chief financial officer Wong Wai Keong and executive director Tan U-Ming as the co-CEOs for the company, with effect from 1 December 2020.

Beyond our shores, American subscription streaming service and production outfit Netflix Inc seems to be coping well by having two CEOs in co-founder Reed Hastings who oversees the streaming side of the company while Ted Sarandos guides Netflix's content.

Closer to home, Korean conglomerate Samsung Electronics Co. has two CEOs - Han Jong Hee and Kyung Kye Hyun who were appointed to their position in late 2021, overseeing different businesses within the electronic giant. Samsung used to have three co-CEOs in 2013 and 2018 respectively.

### **The good and bad**

It has been said that the co-CEO leadership concept is gaining more recognition of late following the eruption of the COVID-19 pandemic whereby running a business organisation amid the global health crisis has taken its toll on the mental health of C-suite executives with the pressing needs of managing their remote workforces.

Even now as companies are placing intense focus on recovery and growth in the toughest of economic climates, more are beginning to question the status quo. This has led many businesses to adopt a co-CEO model based on the theory that they drive business recovery without the risk of draining one individual.

But the truth remains that the success rate of the co-CEO arrangements varies from one industry to another with much mixed outcome. This can be predominantly attributed to the fact that "although two heads are better than one, no two heads can think alike".

Critics of the co-leadership believe that the key to a successful organisation is to have an effective decision process and have the right influences around the sole decision maker – the CEO.

In 2020, software firm SAP abandoned its co-CEO structure after just six months, stating "a lone CEO model" would "provide a clearer leadership structure" to tackle pandemic-related business challenges. Tire maker Pirelli's co-CEO Angelos Papadimitriou also walked out in January 2021 after only six months on what was said to be a mutual decision.

Interestingly, however, HR Asia – a regional publication on HR issues, believes that "counter-intuitively, joint executive leadership structures can and do work given the right conditions."

Below are some of its perspectives:

**More robust business decisions:** Having a shared governance structure allows two CEOs with different personalities, backgrounds and experience to share perspectives, knowledge and experience on significant business decisions as well as aiding policy-making. Using the other as a sounding board, there is less chance of major decisions being compromised through personal bias as well as granting a greater level of objectivity.

**Better strategic management:** The structure brings together two individuals with job complementarity or educational complementarity (e.g., a CEO with an MBA while the other has a graduate science background). This brings together a broader set of experience and knowledge as well as produce better long-term strategies.

Shareholder interest protected: With co-CEOs, self-regulation comes into play. Each CEO ensures the other works as hard as them to boost results, reducing the need to link pay and performance as much as with single CEO. Moreover, the presence of a co-CEO creates a situation of implicit mutual monitoring, leading to greater accountability in the management and the protection of the interests of investors and other stakeholders.

## Conclusion

There are undoubtedly pros and cons in both the single CEO and co-CEO leadership models. From the minority shareholders' stand-point, it is hoped that the board of BJCorp has dutifully weighed the suitability of implementing the co-CEO model within the group as this will certainly increase the success rate of its implementation.

Unorthodox as it sounds, it is hoped that such a leadership model can further enhance shareholders' value given the share price of BCorp has been on a downslide from an intraday high of 50.5 sen (more than a six-year high) reached on 1 April 2021 to the current price range of 23 sen (a 54% dip).

In the end, there should be a partnership between the two co-CEOs and there needs to be boundaries to the roles they play in the operational and decision-making process of the business.

Then again, dual CEO situations may very well be an interim measure pending the emergence of a single CEO.

**Devanesan Evanson**  
**Chief Executive Officer**

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## MSWG AGM/EGM Weekly Watch 28 March – 1 April 2022

For this week, the following are the AGMs/EGMs of companies which are 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](http://www.mswg.org.my).

| <b>Date &amp; Time</b>     | <b>Company</b>                   | <b>Quick-take</b>  |
|----------------------------|----------------------------------|--|
| 28.03.22 (Mon)<br>10.00 am | Cypark Resources Berhad<br>(AGM) | Cypark's total borrowings has grown substantially over the past five years to RM1.36 billion in FY2021 from RM567.67 million in FY2017. However, its financial performance did not commensurate with the growth of borrowings. At the same time, it has constantly recorded negative cashflow from operating activities. |
| 28.03.22 (Mon)<br>09.00 am | Ageson Berhad (EGM)              | Ageson will seek shareholders' approval for its proposed   |

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|                            |                                   | <p>consolidation of every 15 existing ordinary shares in Ageson into 1 share.</p> <p>It is also seeking approval for its proposed renounceable rights issue of up to 716.35 million new shares on the basis of 2 rights shares for every 1 consolidated share.</p> <p>The rights Issue exercise is expected to raise up to RM143.3 million.</p>   |
| 29.03.22 (Tue)<br>10.30 am | Yinson Holding Berhad (EGM)       | <p>Yinson will seek shareholders' approval for exercises below:</p> <ul style="list-style-type: none"> <li>- Proposed bonus issue of shares of up to 1.11 billion new shares on the basis of 1 bonus share for every 1 existing share held.</li> <li>- Proposed rights issue of new shares with free warrants to raise up to RM1.22 billion to fund its FPSO project, repay borrowings and to expand its energy and green technology business.</li> </ul> |
| 30.03.22 (Wed)<br>10.00 am | Bursa Malaysia Berhad (AGM)       | <p>Bursa Malaysia recorded a net profit of RM355.3 million for FY2021, represented a y-o-y decrease of 6.0% from 2020 largely due to the softening of trading in the Securities Market which had posted record-high numbers in 2020. The average daily trading value (ADV) for on-market transactions totaling RM3.5 billion, which was 15.9% lower than that recorded in 2020.</p>   |
| 30.03.22 (Wed)<br>10.30 am | Visdynamics Holdings Berhad (AGM) | <p>The Group's revenue y-o-y increased significantly by 82% to RM47.88 million (FY2020: RM26.27 million) attributed by the increased in the sales of machines. In line with the increased in revenue and gross profit margins had also improved from 61% to 65%, the Group posted a higher PBT of RM12.49 million (FY2020: RM2.92 million). FY2021 financial results</p>  |

|                             |                       |   |
|-----------------------------|-----------------------|---|
|                             |                       | have set a new revenue and profit record for the Group.   |
| 31.03.22 (Thur)<br>09.00 am | Key Asic Berhad (EGM) | Key Asic has proposed to establish a five-year ESOS scheme by issuing up to 15% of its total number of issued shares to eligible directors and employees of the company. The Proposed ESOS may be extended or renewed, for a further 5 years. |

**One of the points of interest to be raised:**

| Company                         | Points/Issues to Be Raised   |           |           |           |           |        |        |                         |         |         |         |         |         |                            |        |        |        |        |        |                              |           |           |           |           |           |                              |         |         |         |         |           |                            |         |         |           |           |           |                                 |     |     |   |   |   |                             |      |      |      |      |      |                             |       |       |       |      |      |
|---------------------------------|--|-----------|-----------|-----------|-----------|--------|--------|-------------------------|---------|---------|---------|---------|---------|----------------------------|--------|--------|--------|--------|--------|------------------------------|-----------|-----------|-----------|-----------|-----------|------------------------------|---------|---------|---------|---------|-----------|----------------------------|---------|---------|-----------|-----------|-----------|---------------------------------|-----|-----|---|---|---|-----------------------------|------|------|------|------|------|-----------------------------|-------|-------|-------|------|------|
| Cypark Resources Berhad (AGM)   | <p>Over the past four years, Cypark has geared up its balance sheet significantly with total assets and total borrowings of RM2.75 billion and RM1.36 billion as of 31 October 2021. However, its financial performance was lagging. Cypark's return on assets (ROA) and return on equity (ROE) were declining over the past four years.</p> <table border="1"> <thead> <tr> <th></th> <th>FY2017</th> <th>FY2018</th> <th>FY2019</th> <th>FY2020</th> <th>FY2021</th> </tr> </thead> <tbody> <tr> <td><b>Revenue (RM'000)</b></td> <td>301,684</td> <td>352,818</td> <td>376,739</td> <td>304,000</td> <td>315,323</td> </tr> <tr> <td><b>Net Profit (RM'000)</b></td> <td>57,603</td> <td>81,753</td> <td>91,282</td> <td>70,651</td> <td>75,254</td> </tr> <tr> <td><b>Total Assets (RM'000)</b></td> <td>1,316,705</td> <td>1,528,466</td> <td>2,175,434</td> <td>2,374,502</td> <td>2,749,806</td> </tr> <tr> <td><b>Total Equity (RM'000)</b></td> <td>507,234</td> <td>658,806</td> <td>757,179</td> <td>950,537</td> <td>1,190,534</td> </tr> <tr> <td><b>Borrowings (RM'000)</b></td> <td>567,671</td> <td>609,088</td> <td>1,173,413</td> <td>1,219,074</td> <td>1,356,458</td> </tr> <tr> <td><b>Dividend per share (sen)</b></td> <td>5.6</td> <td>3.9</td> <td>-</td> <td>-</td> <td>-</td> </tr> <tr> <td><b>Return on assets (%)</b></td> <td>4.37</td> <td>5.35</td> <td>4.20</td> <td>2.98</td> <td>2.74</td> </tr> <tr> <td><b>Return on equity (%)</b></td> <td>11.36</td> <td>12.41</td> <td>12.06</td> <td>7.43</td> <td>6.32</td> </tr> </tbody> </table> <p>Table 1: Cypark's Key Performance Highlights</p> <p>a) How does the Group plan to improve its bottom-line and deliver better shareholders' return in terms of ROA, ROE and dividend?</p> <p>b) Cypark had consistently recorded negative cashflow from operating activities since FY2017 (Source: Cypark's annual reports). This suggests the heavy reliance on investing and financing activities to keep the business running.</p> <p>The negative cash flow from operating activities had also affected Cypark's ability to pay dividends despite being profitable over the last three years (refer to Table 1).</p> |           | FY2017    | FY2018    | FY2019    | FY2020 | FY2021 | <b>Revenue (RM'000)</b> | 301,684 | 352,818 | 376,739 | 304,000 | 315,323 | <b>Net Profit (RM'000)</b> | 57,603 | 81,753 | 91,282 | 70,651 | 75,254 | <b>Total Assets (RM'000)</b> | 1,316,705 | 1,528,466 | 2,175,434 | 2,374,502 | 2,749,806 | <b>Total Equity (RM'000)</b> | 507,234 | 658,806 | 757,179 | 950,537 | 1,190,534 | <b>Borrowings (RM'000)</b> | 567,671 | 609,088 | 1,173,413 | 1,219,074 | 1,356,458 | <b>Dividend per share (sen)</b> | 5.6 | 3.9 | - | - | - | <b>Return on assets (%)</b> | 4.37 | 5.35 | 4.20 | 2.98 | 2.74 | <b>Return on equity (%)</b> | 11.36 | 12.41 | 12.06 | 7.43 | 6.32 |
|                                 | FY2017   | FY2018    | FY2019    | FY2020    | FY2021    |        |        |                         |         |         |         |         |         |                            |        |        |        |        |        |                              |           |           |           |           |           |                              |         |         |         |         |           |                            |         |         |           |           |           |                                 |     |     |   |   |   |                             |      |      |      |      |      |                             |       |       |       |      |      |
| <b>Revenue (RM'000)</b>         | 301,684  | 352,818   | 376,739   | 304,000   | 315,323   |        |        |                         |         |         |         |         |         |                            |        |        |        |        |        |                              |           |           |           |           |           |                              |         |         |         |         |           |                            |         |         |           |           |           |                                 |     |     |   |   |   |                             |      |      |      |      |      |                             |       |       |       |      |      |
| <b>Net Profit (RM'000)</b>      | 57,603   | 81,753    | 91,282    | 70,651    | 75,254    |        |        |                         |         |         |         |         |         |                            |        |        |        |        |        |                              |           |           |           |           |           |                              |         |         |         |         |           |                            |         |         |           |           |           |                                 |     |     |   |   |   |                             |      |      |      |      |      |                             |       |       |       |      |      |
| <b>Total Assets (RM'000)</b>    | 1,316,705  | 1,528,466 | 2,175,434 | 2,374,502 | 2,749,806 |        |        |                         |         |         |         |         |         |                            |        |        |        |        |        |                              |           |           |           |           |           |                              |         |         |         |         |           |                            |         |         |           |           |           |                                 |     |     |   |   |   |                             |      |      |      |      |      |                             |       |       |       |      |      |
| <b>Total Equity (RM'000)</b>    | 507,234  | 658,806   | 757,179   | 950,537   | 1,190,534 |        |        |                         |         |         |         |         |         |                            |        |        |        |        |        |                              |           |           |           |           |           |                              |         |         |         |         |           |                            |         |         |           |           |           |                                 |     |     |   |   |   |                             |      |      |      |      |      |                             |       |       |       |      |      |
| <b>Borrowings (RM'000)</b>      | 567,671  | 609,088   | 1,173,413 | 1,219,074 | 1,356,458 |        |        |                         |         |         |         |         |         |                            |        |        |        |        |        |                              |           |           |           |           |           |                              |         |         |         |         |           |                            |         |         |           |           |           |                                 |     |     |   |   |   |                             |      |      |      |      |      |                             |       |       |       |      |      |
| <b>Dividend per share (sen)</b> | 5.6  | 3.9       | -         | -         | -         |        |        |                         |         |         |         |         |         |                            |        |        |        |        |        |                              |           |           |           |           |           |                              |         |         |         |         |           |                            |         |         |           |           |           |                                 |     |     |   |   |   |                             |      |      |      |      |      |                             |       |       |       |      |      |
| <b>Return on assets (%)</b>     | 4.37   | 5.35      | 4.20      | 2.98      | 2.74      |        |        |                         |         |         |         |         |         |                            |        |        |        |        |        |                              |           |           |           |           |           |                              |         |         |         |         |           |                            |         |         |           |           |           |                                 |     |     |   |   |   |                             |      |      |      |      |      |                             |       |       |       |      |      |
| <b>Return on equity (%)</b>     | 11.36  | 12.41     | 12.06     | 7.43      | 6.32      |        |        |                         |         |         |         |         |         |                            |        |        |        |        |        |                              |           |           |           |           |           |                              |         |         |         |         |           |                            |         |         |           |           |           |                                 |     |     |   |   |   |                             |      |      |      |      |      |                             |       |       |       |      |      |

|  |   |
|--|---|
|  | <p>With the expected commissioning of two solar PV and the SMART waste-to-energy (WTE) projects in 2022, will Cypark incur better cash flow from operating activities in FY2022?</p> <p>When will Cypark be able to generate positive cashflow from business activities and reward shareholders with dividends?</p> <p>c) What is the upside provided by the Net Energy Metering 3.0 programme especially with the additional 300MW quota announced by the government? How many projects (and total capacity) will Cypark tender for under the program?</p> <p>d) What is the orderbook size of engineering, procurement, construction and commissioning (EPCC) works to be delivered?</p>  |
| <p>Bursa Malaysia Berhad (AGM)</p>       | <p>In February 2020, the Securities Commission (SC) and Bursa Malaysia Berhad jointly announced the establishment of a regulatory subsidiary (RegSub) to assume the regulatory functions currently undertaken by Bursa Malaysia.</p> <p>This effort was to address any potential or perceived conflict of interest (COI) between the regulatory function and the commercial objectives of Bursa Malaysia.</p> <p>Previously, the RegSub was expected to be operational by end of 2020. However, as of now, the entity has not started its operation.</p> <p>a) What are the issues holding up the kick-off of of RegSub?</p> <p>b) When will these issues be ironed out thus lead to the eventual operationalisation of RegSub?</p> |
| <p>Visdynamics Holdings Berhad (AGM)</p> | <p>Despite the supply constraints from the global semiconductor chip shortage, industry players remain optimistic because consumer demand is surging as demand for chips proliferate across all industries. (page 7 of AR2021).</p> <p>Will the on-going Russia-Ukraine war further worsen global semiconductor chip shortage? How and to what extent will the on-going Russia-Ukraine war impact the Group?</p>  |

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## DISCLOSURE OF INTERESTS

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

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