



The Observer

08.04.2022

Together with Universiti Kebangsaan Malaysia, MSWG has published the "Report on 2020 Annual General Meeting of Public Listed Companies" on our website. The study focuses on analysing the AGM conduct of selected PLCs against the best practices and proposes ways of improving its effectiveness. Please visit <https://www.mswg.org.my/publications> for more info.

❖ **MSWG-UKM research: Room for improvement beckons for AGM conduct by PLCs**

An effective two-way communication between public listed companies (PLCs) and their shareholders is essential to create a transparent environment for businesses to thrive.

In fact, the board of PLCs should ensure effective, transparent, and regular communication with its stakeholders. Such communication or interaction channel allows stakeholders to communicate their views, feedback or complaints appropriately.

Principle C of the Malaysian Code on Corporate Governance (MCCG) 2021 highlights that a company should have an ongoing engagement and communication with stakeholders to facilitate mutual understanding of objectives and expectations. Such engagement allows stakeholders to be aware of the company's business, its policies on governance, the environment, and its social responsibility.

For minority shareholders, the annual general meeting (AGM) is one of the best platforms for them to raise their concerns or to channel the grouses that they have in relation to PLCs that they have invested in.

Concerned stakeholders should therefore prepare themselves by getting to know issues related to the company's appointment or re-appointment of directors and remuneration policy. In addition, they should also peruse the annual report, the adoption of corporate governance best practices and sustainability/ESG best practices, the external audit report, risk management and internal audit issues, and anti-corruption policies and practices.

Moreover, stakeholders, especially minority shareholders, can play their role to query the board during AGMs if they are dissatisfied with the company's governance and performance, or rather, the non-performance.

On their part, board members of PLCs and the respective board sub-committees cannot simply ignore issues raised by shareholders, especially minority shareholders.

MCCG 2021 further highlights that the board must ensure that shareholders are able to participate in all sessions and engage with them throughout the meeting.

Companies may provide better facilities such as new technology for virtual communication, multimedia presentation, and better cyber-hygiene at general meetings.

The actual practice, however, is far from perfect as evident from the findings of our recent study entitled **Report on 2020 Annual General Meeting of Public Listed Companies**. This research was jointly undertaken by MSWG and the Universiti Kebangsaan Malaysia's Centre for Governance Resilience and Accountability Studies.

Some concerns on the current AGM practices relating to three areas were highlighted in this report, namely:

a) Questions and Answers (Q&A)

The MSWG-UKM study highlighted the importance of allowing both the (i) calling for questions from shareholders prior to the AGM; and (ii) allowing of sufficient time to take questions during the AGM.

In this regard, it is inevitable that the presentation made by the management and questions posed by shareholders, and the answers provided during the meeting, could trigger additional questions from shareholders.

Secondly, companies can consider using virtual platforms available in the market such as Zoom, Webex or Microsoft Teams with a chat function as an engagement platform.

Companies should respond to the Q&A – either posted by the shareholders or MSWG before or during the AGMs. Better PLCs can choose to adopt the practice of uploading Q&A transcripts of all submitted questions and their responses onto their respective corporate websites following the conclusion of their AGMs (not later than 30 days after the AGM).

This initiative to respond indicates that the board values shareholders' questions and comments on the company's performance.

In fact, companies should provide enough time for shareholders to submit questions to ensure active participation by shareholders.

It is acknowledged that some companies group the questions received from shareholders if they are alike in nature. However, the grouping method may lead to the overlooking of some questions. Therefore, if a company is considering the grouping approach, it should be made clear in advance with reasons for this approach – which normally is to save time and avoid repetitive questions.

b) Board Attendance

Principle A of the MCCG 2021 indicates that the board is collectively responsible for the long-term success of a company and the delivery of sustainable value to its stakeholders.

It boils down to the Chairman of the board who is responsible for instilling good corporate governance practices, leadership and effectiveness in meeting the company's goals and objectives.

Given that the board's engagement with the shareholders is important, the Chairman must ensure that all board members are present at the AGM so that all questions raised by the shareholders can be answered during the AGM itself as some of the other directors may be in a better position to address the shareholders queries.

c) Role of Chairman at AGM

The Chairman should play an exemplary role on all occasions during the AGM. Thus, it is important for the Chairman to chair the AGM as required by the Companies Act 2016 and take responsibility for all strategic matters presented and discussed in the meeting. The Chairman should also be seen as a person of high integrity. Therefore, he/she should not be allowed to propose his/her own re-election or re-appointment or even propose any resolutions in which he/she has an interest in.

Of Physical, virtual, hybrid AGMs

Following the advent of the COVID-19 pandemic outbreak in 2020, the MSWG-UKM findings reveals that out of 280 PLCs assessed, 67.5% (n=189) had fully virtual meetings whereas 32.5% (n=91) had physical meetings. These physical meetings were held in Penang, Klang Valley, Johor, Perak, Melaka, Negeri Sembilan and Sarawak.

Fully virtual meetings are general meetings that are conducted online without a physical venue. The only venue involved in the conduct of a fully virtual general meeting is the broadcast venue where only the essential individuals are physically present.

The essential individuals would include the chairperson of the general meeting, board members, the CEO, the chief financial officer, the company secretary, the auditor, the scrutineer, and those providing audio and visual support for the meeting.

All shareholders in a fully virtual general meeting participate in the meeting remotely.

It is also worthwhile noting that the advocated best practice in the MCCG is a hybrid general meeting. This is conducted at a physical meeting venue with shareholders physically present while at the same time is also broadcast virtually for the benefit of shareholders who prefer to attend and vote at the meeting remotely.

Click [here](#) for more findings (especially statistics) from the **Report on 2020 Annual General Meeting of Public Listed Companies**.

To re-cap, this publication is a follow up to our 2015 study entitled *Report of AGM Practices by Malaysian Companies*. These publications are intended to facilitate the conduct of better AGMs by Bursa Malaysia-listed companies.

Devanesan Evanson
Chief Executive Officer

MSWG AGM/EGM Weekly Watch 11 – 15 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.

Date & Time	Company	Quick-take
12.04.22 (Tue) 10.30 am	KLCC Property Holdings Berhad (AGM)	KLCCP Stapled Group achieved a pre-tax profit (excluding fair value adjustments) of RM712.5 million in FY2021, represented a 3.2% increase from previous year driven by lower impairment recorded on the investment property under construction (IPUC) for Phase 3 Redevelopment of Kompleks Dayabumi. The Group distributed a total of 33.60 sen per stapled security for the year.
14.04.22 (Thur) 10.00 am	Malayan Banking Berhad (AGM)	After two consecutive years of providing hefty provisions due to challenges brought by the COVID-19 pandemic, local banks like Maybank may see room for potential write-backs of provisions. However, banks may have to grapple with higher non-performing loans (NPLs) ratio in the near term after moratorium programmes expire by mid-2022.
14.04.22 (Thur) 10.00 am	Carlsberg Brewery Malaysia Berhad (AGM)	Carlsberg group reported a net profit of RM201 million for FY2021, an increase of 23.9% compared to previous year, on the back of flat revenue of RM1.8 billion year-on-year. The profit growth was mainly driven by cost optimization measures, product innovation and better premium mix. Meanwhile, its revenue was impacted by lower sales due to the suspension of brewery operations and several restrictions during the lockdowns in both Malaysia and Singapore.

		In 2022, the Group is mindful of potential commodity headwinds and expects to deliver a modest growth, barring any disruptions or lockdowns.
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One of the points of interest to be raised:	
Company	Points/Issues to Be Raised
KLCC Property Holdings Berhad (AGM)	<p>The Group's allowance for impairment on trade receivables increased to RM9.1 million in FY 2021 from RM3.4 million in FY 2020, an increase of RM5.7 million or 176.6%. (Page 228 of IR)</p> <p>(a) Please provide the allowance for impairment of RM9.1 million from the property investment segments of office and retail, hotel, and management services segments for both FYs 2021 and 2020.</p> <p>(b) How much of the allowance for impairment of RM9.1 million has been collected as of end of February 2022 from each of the four business segments mentioned above.</p>
Malayan Banking Berhad (AGM)	<p>The allowance for impairment losses on LAF declined to RM2.66 billion as compared to RM4.6 billion in FY2020. Meanwhile, the net charge-off rate was lower at 51 bps, as compared to 88 bps in the year before.</p> <p>How will Maybank's asset quality look like in FY2022? What is Maybank's credit cost guidance for FY2022? What are the assumptions behind this guidance?</p>
Carlsberg Brewery Malaysia Berhad (AGM)	<p>In 2021, many of the Group's raw materials, including, but not limited to, barley and malt and various packaging materials, saw significant price increases. Alumina prices are expected to rise in 2022 compared to 2021 due to limited supply and high cost of production (page 70 & 81 of IAL 2021).</p> <p>(a) What is the impact of rising commodity costs on the operating margins for the Group going forward?</p> <p>(b) What is the ability of the Group to pass on these rising input costs to customers? Given the intense competition and price wars among the F&B players, how does the Group balance between preserving margins and passing on cost increases to its customers and/or consumers given the increasing commodity prices of aluminium (increased 30%-40%) and barley (increased 60%)?</p>

MSWG TEAM

Devanesan Evanson, Chief Executive Officer, (devanesan@mswg.org.my)

Rita Foo, Head, Corporate Monitoring, (rita.foo@mswg.org.my)

Norhisam Sidek, Manager, Corporate Monitoring, (norhisam@mswg.org.my)

Lee Chee Meng, Manager, Corporate Monitoring, (chee.meng@mswg.org.my)

Elaine Choo Yi Ling, Manager, Corporate Monitoring, (elaine.choo@mswg.org.my)

Lim Cian Yai, Manager, Corporate Monitoring, (cianyai@mswg.org.my)

Ranjit Singh, Manager, Corporate Monitoring, (ranjit.singh@mswg.org.my)

Ooi Beng Hooi, Manager, Corporate Monitoring, (ooi.benghooi@mswg.org.my)

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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