

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

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MSWG AGM/EGM WEEKLY WATCH

6 - 10 MAY 2024

MSWG had issued AGM/EGM letter to the following PLCs for their shareholders meeting held from 6 - 10 May 2024.

The extraction of the question raised in the letter is highlighted here. For the details of other questions, please login to MSWG website at www.mswg.org.my.

One of the points of interest to be raised:

Company	Points/Issues to Be Raised
Dufu Technology Corp. Berhad (AGM)	Practice 5.9 of the Malaysian Code of Corporate Governance (MCCG) stipulates that 30% of the Board should comprise women. As of FY2023, there was only one woman director out of the 6 directors on the Board. What steps are being taken to achieve a 30% women representation on the Board as stipulated by the MCCG? What specific plans and strategies does the Board have in place to work towards this goal?
British American Tobacco (Malaysia) Berhad (AGM)	<p>1. 2023 has been extremely challenging for BAT Malaysia on the back of strong economic headwinds and continued inflationary pressures that reduced the disposable income of consumers. This in turn forced consumers to downgrade or choose alternative nicotine products such as vapour. Meanwhile, BAT Malaysia has identified that "accelerated combustibles market reduction & downtrading" as one of the key risks to BAT Malaysia [Page 15 & 35 of AR2023].</p> <p>BAT Malaysia's revenue is mainly derived from the sales of tobacco cigarettes, however, the revenue decreased significantly from RM4.6 billion in FY2015 to RM2.3 billion in FY2023 partly due to the increasing market share of illegal cigarettes in Malaysia. The net return on shareholders' funds has also decreased from 166% in FY2015 to 52% in FY2023 [page 6 of AR2023 and page 3 of AR2015].</p> <p>a) What are the Group's plans and mitigating measures to address the risks of accelerated combustibles market reduction & downtrading, to prevent further decline in the Group's overall market share and shareholders' return?</p> <p>b) Please provide market research data on BAT Malaysia's current market share and number of consumers of combustibles and vapour products in Malaysia. To consider disclosing data on the market share of combustibles and vapour products in the annual report to provide more insight to shareholders.</p> <p>c) Which category of customer groups have switched their preferences from combustibles to vapour products?</p> <p>2. Fostering a circular economy has been a priority for BAT Malaysia and it has focused its attention on increasing recyclability of the product packaging as well as implementing the New Category device Take-Back Scheme. [Page 57 of AR2023]</p> <p>a) What are the current approaches to dispose the New Category device collected from the Take Back Scheme to ensure minimal environment contamination? Can the scrap of the devices be utilised in the production of new devices?</p> <p>b) Would BAT Malaysia consider providing incentives to its customers to encourage participation in the Take-Back Scheme?</p>
MISC Berhad (AGM)	<p>The Marine & Heavy Engineering segment's revenue of RM3,309.2 million was RM1,657.6 million or more than 100% higher than the previous year's revenue of RM1,651.6 million, mainly due to higher revenue from new and ongoing projects for Heavy Engineering sub-segment. The segment recorded operating loss of RM467.7 million compared to operating profit of RM60.8 million in the previous year mainly due to the additional cost provisions resulting from revised schedule on ongoing heavy engineering projects during the year. [page 110 of IAR 2023]</p> <p>How could the additional cost provisions from the revised schedule escalate to such a magnitude that caused the segment to record operating loss? What is the 2024 outlook for the segment?</p>

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Public Bank Berhad (AGM)	<p>Operational & Financial Matters</p> <p>SME lending, a key loan growth driver for Public Bank, grew marginally by 1% y-o-y in FY2023 to RM67.87 billion, which accounted for 18.2% of the Group's domestic loans portfolio. As a comparison, Public Bank reported overall loan growth of 5.9% in FY2023.</p> <p>a) On top of this, the largest bank in Malaysia by market capitalisation report SME loan growth of 9% y-o-y in FY2023. Its SME loan book amounted to RM36.3 billion as of FY2023.</p> <p>Was the low single-digit SME lending growth recorded by Public Bank due to a high-base effect? Why did the Bank's SME lending segment record a tepid growth compared to its peers and overall loan growth in FY2023?</p> <p>b) On the other hand, Public Bank posted a lower market share of 17.9% in SME lending compared to 18.6% and 21.6% in the previous years. What does the declining market share suggest? Does it mean the Bank's SME products gradually lose their appeal among SME customers? What is the targeted loan growth for this segment in FY2024?</p> <p>Corporate Governance Matters</p> <p>Upon the recommendation of the Nomination and Remuneration Committee, the Board has engaged an independent external consultant to conduct the assessment of the Board, Board Committees and individual Directors for FY2023 [page 40 of Corporate Governance Report 2023, CGR2023].</p> <p>a) What key areas did the independent expert assess in conducting the Board Effectiveness Evaluation (BEE) exercise? On average, how did the Board score in each respective area?</p> <p>b) Based on the outcome of the BEE exercise, Public Bank mentioned that "there is an opportunity for enhancing the Boardroom configuration, particularly by reinforcing digital expertise and upskilling on the ESG front at the Board level" [page 285 of IAR2023].</p> <p>How did the Board perform in terms of digital expertise and ESG matters? What should the Board do to improve the relevant skillsets among board members? What are the plans and steps to be taken to upskill board members with respect to these areas?</p> <p>c) We note that Public Bank has incorporated sustainability-related matters in assessing board members and senior management [page 21 of CGR2023].</p> <p>i) Please provide the list of quantitative ESG KPIs included in the evaluation of C-Suites in FY2023. How did the senior management perform in relation to these KPIs?</p> <p>ii) What was the weightage of the ESG KPIs (by percentage) vis-à-vis operational and financial metrics in the overall performance evaluation of the Board and senior management?</p> <p>iii) Moving forward, what are the sustainability matters that are closely related to the Bank's operations that warrant more focus and attention from the Board and senior management?</p>
RHB Bank Berhad (AGM)	<p>As of the end of FY2023, the Group's loan loss coverage (LLC) ratio, excluding regulatory reserve, dropped to 71.7% from 112.8% in the previous year. The ratio, an indicator of a bank's ability to absorb potential losses from non-performing loans, was also below the pre-pandemic level of circa 85%.</p> <p>Generally, Malaysian banks record an LLC ratio of around 100% (excl. regulatory reserve) or above 150% for certain banks.</p> <p>The concern of the low LLC is whether the Group has adequately provided for any potential loan loss in the future and the ability to absorb any short-term increase in the gross impaired loans (GIL) ratio.</p> <p>a) RHB's allowance for credit losses on financial assets was lower at RM301.53 million compared to RM421.18 million [page 9, Financial Report 2023]. Banks may shore up their LLCs by providing higher provisions for impaired loans, advances and financing (LAF).</p> <p>Why did RHB not provide a higher allowance for LAF in FY2023 to ensure LLC is on par with industry level? Please guide shareholders on RHB's asset quality in FY2024.</p> <p>b) The Edge Malaysia Weekly reported that RHB's management expects LLC to improve to around 100% after it restructures a specific corporate loan. [Source: RHB Bank's low LLC ratio a point of discomfort for some analysts, The Edge Malaysia Weekly on December 4, 2023 - December 10, 2023]</p> <p>i) What is the size of the corporate loan, the client's business activities, the operating country and the industry involved?</p> <p>ii) What led to the impairment of this loan? What steps were taken to recover the loan before the Group impaired it?</p> <p>iii) How does RHB Bank restructure the account, and the progress of restructuring? Ultimately, what is the optimal LLC that the Bank is looking at?</p> <p>c) What will be the impact of this on RHB's credit cost? Please provide management guidance on net credit cost for FY2024.</p>

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