

MINORITY SHAREHOLDER WATCHDOG GROUP

BADAN PENGAWAS PEMEGANG SAHAM MINORITI BERHAD
(Incorporated In Malaysia – Company No. 524989-M)

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Don't stinge On AGMs/EGMs

Companies should consider having meetings in accessible venues than embark on excessive cost-cutting exercise



by Mathenny K

SHOULD listed companies trim expenditure incurred in staging annual general meetings (AGMs) or extraordinary general meetings (EGMs) to allay concerns of lower profits amid

the current weak economic climate?

While embarking on a cost-cutting exercise to curb funds wastage, the bottom line is there should be a reasonable balance between the cost incurred and the chosen venue, according to Minority Shareholder Watchdog Group's (MSWG) general manager (corporate services) Lya Rahman.

"A very important aspect that companies should look into when selecting a venue to hold AGM is the interest and comfort of shareholders," she tells **FocusM**. "The rule of thumb is that they should always consider a decent venue instead of over-indulge in lavish spending."

Some key criteria on the choice of AGM/EGM venues in the Asean Corporate Governance Scorecard include location that is easily accessible by public transportation as well as availability of ample parking space. Both criteria are intended to enhance shareholders' participation.

Currently, MSWG monitors about 300 listed companies from diverse sectors such as finance, plantations, insurance, properties, oil & gas and automobile. It has a minimum of 100 shares which it acquired in the open market (in each of the companies) as *locus standi* (entitlement) to attend their AGMs/EGMs.

Preferred AGM/EGM venues

Based on filings with Bursa Malaysia over a three-year period between 2014 and end-September, hotels/resorts and convention centres emerged as the most popular venues to stage AGMs/EGMs as they "hosted" close to 73% of shareholders' gatherings. Company headquarters came in second, having "hosted" about 20% of the meetings staged during the period with restaurants and multi-purpose halls also used as venues.

Four venues were found to be the most sought-after during the period under review. They were the Sime Darby Convention Centre (SDCC), Tropicana Golf & Country Resort (TGCR), Bukit Jalil Golf & Country Resort and Bukit Kiara Equestrian & Country Resort. Despite



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being two of the more pricey venues, both SDCC and TGCR have certainly defied the odds to emerge favourite venues.

A check with SDCC indicates that the rental of venue will be based on headcount of RM120++ per pax (coffee break) or RM165++ per pax (coffee break inclusive of breakfast and lunch). The rates are valid for a minimum of 50 pax while screen and projector are included in the package. Additionally, free parking is available on a first-come, first-served basis.

Meanwhile, TGCR offers seven halls of different sizes with charges ranging from RM4,500 to RM9,000. Food and beverages will be provided at additional charges – RM90 per pax (coffee break) and RM110 per pax (coffee break inclusive of breakfast or lunch). The most preferred package is the RM110 per pax. Parking is free.

The May-June period are the busiest months for AGMs/EGMs with 535 or 45.8% of meetings in 2014, 289 or 33.37% of meetings last year and 216 or 41.2% of meetings till end-September. Additionally, most of the meetings took place from mid-week with Wednesdays and Thursdays the most popular.

AGMs/EGMs at company headquarters

For listed companies which prefer to stage their AGM/EGM at their own premises - be it as a cost-reduction measure or to expose/familiarise shareholders to the nature of their business - Lya reminds them of three criteria to bear in mind: space constraint, location, facilities.

"While staging AGMs/EGMs at their own buildings can be a good idea,



Tropicana Golf & Country Resort and Sime Darby Convention Centre are two of the four most sought-after venues to hold meetings

Hotels/resorts most popular

- Hotels, resorts and convention centres are the preferred locations for AGMs/EGMs, especially for established companies.
- Companies under the same group tend to stage their AGM/EGM in the same month and in most cases, on same day and at the same venue. For example, OSK Property Holdings Bhd, OSK Property Holdings Bhd and OSK Ventures International Bhd have been holding their AGMs on the same day and at the same venue. The same goes for the YTL Group comprising YTL Corporation Bhd, YTL E-Solutions Bhd, YTL Hospitality REIT, YTL Land & Development Bhd and YTL Power International Bhd.
- Companies with a shareholding in a particular hotel or resort will hold their AGMs/EGMs there. For example, IOI Properties Bhd and IOI Corp Bhd hold their meetings at the Putrajaya Marriott Hotel in IOI Resort City while Sunway Bhd would stage its AGM/EGM at the Sunway Resort Hotel & Spa. Companies under the Petronas stable would likely hold their AGM/EGM at Mandarin Oriental Kuala Lumpur (ie Petronas Dagangan Bhd, Petronas Gas Bhd, MISC Bhd and KLCC Properties Bhd). Likewise, Shangri-La Hotels Malaysia Bhd would hold its AGM/EGM at Shangri-La Hotel in Kuala Lumpur.
- Examples of companies that stage their AGM/EGM at their headquarters include Genting Bhd, Genting Malaysia Bhd and Genting Plantations Bhd (Wisma Genting, Kuala Lumpur); Kuala Lumpur Kepong Bhd (Wisma Talko, Ipoh); Panasonic Manufacturing Malaysia Bhd (at its headquarters-cum-plant in Section 15, Shah Alam) and United Plantations Bhd (Jendaratra Estate in Teluk Intan, Perak).

the setback is often overcrowding and insufficient seats for all shareholders," she points out. "Hence, the companies must ensure they have seats for every shareholder, more so those who are elderly."

As for companies which hold their meetings at venues which are deemed as "out of the way" for the majority of shareholders, providing transportation - ie pick-up from various landmark locations - is deemed as a good idea.

Quality of AGMs improving

Both AirAsia Bhd and AirAsia X Bhd provide free shuttle services for shareholders to attend their meetings at the Asian Aviation Centre of Excellence in the vicinity of the KL International Airport (KLIA). Likewise, Malaysia Airports Holdings Bhd also provides transportation for shareholders to its preferred AGM/EGM venue at the Sama-Sama Hotel in KLIA.

Commenting on the current AGM/EGM scene, Lya observes that it has improved over the years. "Nowadays, we see more company chairmen allowing shareholders to pose questions which is actually a healthy trend," she explains. "Moving forward, we would like them to better control the Q&A session by filtering irrelevant questions [ie those outside the realm of the company's financials or meeting agenda]."

Year	Hotels/Resorts	Convention centres	Restaurants	Headquarters	Others
2014	786 67.41%	79 6.78%	4 0.34%	258 22.13%	39 3.34%
2015	587 67.78%	52 6.00%	4 0.46%	176 20.32%	47 5.43%
Jan-Sept. 2016	348 66.41%	38 7.25%	5 0.95%	91 17.37%	42 8.02%

Breakdown of AGMs/EGMs according to venue types between 2014 and end-September

Research conducted by Surैया Mohd Saleh

Source: Bursa Malaysia

One "irritant" that Lya has come across time and again is the tendency of some shareholders to be more interested in trivial matters such as freebies/door gifts, food or parking charges than to exercise their rights in knowing about the well-being of the company that they have invested in.

"I have come across instances where minority shareholders 'blackmail' companies by not agreeing to pass resolutions raised during AGMs when the latter started to cut back on the quantum of their cash vouchers or lavish freebies," recalls Lya. "Such unethical behaviour should not be condoned at all cost."

On the other extreme, Lya also lashes out at company directors (with a few board positions) for absenteeism given they have the luxury of time to discuss with the company secretary or fellow board members should they encounter a clash in their AGM schedules.

"On the same note, AGMs must start on the specified time with both board members as well as shareholders arriving early," she stresses. "Ideally, registration counters should close half an hour after the commencement of meetings. In this regard, shareholders must make up their mind as to which AGM they wish to attend rather than hopping from one AGM to another merely to collect freebies or free food." [FocusM](#)