



Speeding up the voting process



by Lim Gan Yai

LISTED companies have adopted changes in how they conduct general meetings after Bursa Malaysia mandated poll voting last July, instead of a show of hands to decide on any resolution.

Among the changes is implementation of electronic voting or e-polling.

Previously, poll voting was required for only certain resolutions, such as approval for related party transactions, while most other resolutions were passed via a show of hands.

Large companies have thousands of shareholders who turn up at general meetings each year. Hence, these companies need to conduct them more efficiently.

There are 904 companies listed on Bursa Malaysia (excluding exchange-traded funds and real estate investment trusts) of which 87% are on the main market.

Over 80-90% of them carry out manual polling and this presents a huge opportunity for companies to offer an electronic voting system.

Boardroom Corporate Services (KL) Sdn Bhd (BCS) managing director Samantha Tai says a key consideration on whether to use e-polling is the number of shareholders that will be present.

The company is part of Boardroom Ltd, which is listed on the Singapore stock exchange.

“As e-polling is quite costly due to the required resources, companies with more than 1,000 shareholders are more likely to implement it.

“But we see the trend of more companies with shareholder turnout of about 200-400 people approaching us for a quick turnaround solution,” she says.

Larger companies that have adopted its device-based electronic voting solution include Panasonic Manufacturing Malaysia Bhd, Hong Leong group and IOI Corp Bhd.

If companies prefer to opt for manual polling, BCS has a bar code polling system whereby shareholders can manually complete their voting slips and drop it into ballot boxes for collating. The bar coded slips will then be scanned and the results

The handheld device used by BCS in electronic voting



PLCs implement Bursa Malaysia mandated changes such as e-polling for greater efficiency

announced.

“In our e-polling system, the results of every resolution will be shown at the end of a 15-second voting window. This will expedite the polling process without the need for shareholders to wait for results,” she says.

Generally, voting via a show of hands is quite straightforward and faster compared to poll voting.

Tricor Investor & Issuing House Services Sdn Bhd (Tricor) head of investor services Saw Wai Chuan says it usually takes an additional 20 minutes to an hour to conduct poll voting, excluding time taken by the scrutineer.

“The extra time required depends on the types of meeting and resolutions that are tabled, the number of attendees, proxy appointments and scrutineers’ functions,” she tells **FocusM**.

Tricor provides electronic voting using tablets. It will introduce e-voting on other devices in the near future.

In manual polling, shareholders are given a voting slip upon registration. The chairman will then explain the resolutions after which shareholders will cast their votes.

The votes will be collected and counted manually by polling agents. After scrutineers verify the result, it is passed on to the chairman to make the announcement.

Other polling methods include using pin numbers, barcodes or a QR code system where shareholders are required to key in their given pin or scan the barcode or QR code on a shared device to start voting, says William Capital Pti chief investment officer William Ng.

He has attended numerous general meetings of listed and private companies. “The speedier the polling system, the more expensive it costs. Most of the meetings I have attended adopted the shared device voting system. “I’d say companies are still experimenting with different

Tai says a key consideration to use e-polling is the number of shareholders that will be present



Poll voting is the way forward, says Lya

voting models for the right fit,” Ng says, adding that it will be interesting to see which polling system Public Bank Bhd will use in its upcoming AGM.

The country’s second-largest bank by market capitalisation saw over 6,000 shareholders attending its annual general meeting (AGM) last year. There are about 76,000 shareholders in its register.

Meanwhile, the Minority Shareholder Watchdog Group (MSWG) says except for the non-compliance of poll voting requirements by Concrete Engineering Products Bhd, it is not aware of other issues since Bursa Malaysia’s measures came into force.

The new requirement will incur additional cost to public-listed companies, but MSWG believes it will not be prohibitive, especially when the technology is relatively affordable.

BCS’ Tai says the cost of conducting manual e-voting depends on the resources and system required.

“For some, the cost is not the sole concern as their objective is to expedite the meeting while ensuring the result is accurate.”

Depriving minority shareholders

While implementing poll voting for all resolutions is a step towards enhancing corporate governance and shareholder engagement, there are concerns minorities will be sidelined.

Ng says there are pros and cons of both voting systems, depending on the public listed company’s (PLC) shareholder structure.

“If a company is controlled by common shareholders who hold collectively more than 51%, polling is slightly unfair but reasonable.

“On the flipside, voting by a show of hands might overturn supposedly good resolutions as the influence of controlling shareholders is reduced to only one vote regardless of shareholdings,” she says.

While MSWG shares the same concern that poll voting will disenfranchise

minority shareholders, they (shareholders) need to be aware of the growing expectation to better exercise voting rights at general meetings.

“This is a fundamental right of shareholders, and over the years there have been increasing calls for greater transparency of the voting process in PLCs.

“Thus, poll voting would be the way moving forward,” says MSWG’s general manager Lya Rahman.

“Not all shareholders can attend the AGM, hence a poll will reflect the wishes of shareholders present at the meeting and those who have lodged proxies,” Lya says.

The automated vote counting process is likely to be more accurate compared to manually counting the votes via a show of hands.

She stresses that the listing requirement does not necessarily allow majority votes to go through for all decisions as certain deals require additional conditions to pass through.

“For instance, delisting exercises require approval from 75% of shareholders, with not more than 10% of those present opposing.”

In related party transactions, the interested party and associates are not allowed to vote, which is an exception to the one-share-one-vote rule.

While there is adequate protection for minorities, Lya says there is a need to introduce more safeguards to strengthen investor protection, given that a substantial number of PLCs are controlled by a single shareholder.

“Regulators should look into providing an avenue for minority voices to be heard.

“For companies with a major shareholder holding, for instance, more than 45% of voting rights, perhaps the votes of minority shareholders should be counted separately [two-tier voting].

“For a resolution to be passed, major and minority shareholders must agree,” she says.

While Tai agrees that voting by a show of hands is less time consuming, she says poll voting will produce more accurate results that also better reflect the votes of shareholders or proxies.

“The show of hands system has some drawbacks. For instance, votes indicated by foreign shareholders in proxy forms submitted less than 48 hours before the meeting are not taken into consideration.

“There could be multiple shareholders appointing the chairman to vote on their behalf, but it is considered as one vote cast.

“By making polling mandatory, it enables foreign investors to clearly pass their message to board members and management. Eventually, it will also encourage more investors in the Malaysian market,” Tai says. [FocusM](#)