

NO RUSH

HUSH
HUSH

Minority shareholders should be mindful of PLCs with a history of delayed disclosures, as this reflects poorly on their corporate governance practices. PLCs and their directors must uphold the principles of full, fair, and timely public disclosure of any material information.

10 days too late: Icon Offshore's disclosure dilemma

Timeliness and transparency are critical in corporate disclosure, especially in today's technology-driven world where no secret can be kept unknown.

Recently, Icon Offshore Berhad has drawn criticism from the public over its handling of a fatal explosion that took place on one of its platform supply vessels (PSV). The Company, which provides offshore support vessel services, finally addressed the tragic incident in a public announcement on 12 August 2024 – 10 days after the incident happened.

In the filing, Icon Offshore said the incident occurred on 2 August 2024 at approximately 10.30 pm in the waters off Bintulu, Sarawak. The explosion took place at PSV Icon Amara, resulting in two fatalities and one serious injury.

Icon Offshore explained that the delay in releasing details about this incident was due to its collaboration with its client and relevant authorities to ensure all information was accurate and adequately handled.

It added an investigation is underway to determine the cause of the incident. Notwithstanding this, Icon Offshore does not expect the incident to impact its overall operations or financial performance significantly, and the vessel is anticipated to return to service once the investigation concludes.

Why was there a delay?

The fact that it took more than a week for Icon Offshore to come out with the announcement may not sit well with some investors. In the digital age, it is questionable that a PLC would need such a prolonged period to gather information and data for a brief, five-paragraph statement with scant details.

The delay is particularly puzzling given the incident occurred in Malaysia – not in a remote or inaccessible location. Additionally, the incident had already been reported by several media outlets before Icon Offshore issued its official statement to Bursa Malaysia.

The delay raised essential questions about the timing and content of corporate disclosures. Certainly, PLCs do not wish to be seen as under-disclosed or over-disclosed.

In all fairness, an explosion on PSV does not fall under the material events requiring an immediate disclosure as outlined in Paragraph 9.19 of Chapter 9 – Continuing Disclosure, Bursa Malaysia Listing Requirements. Determining the materiality of such events can be subjective and heavily depends on the judgment and discretion of the board and management.

However, other companies in the same industry have demonstrated swifter responses. For instance, in October 2020, Dayang Enterprise Holdings Berhad filed with Bursa Malaysia on the same day that one of its vessels was involved in an incident off the coast

of Miri. Though brief, the announcement assured investors that rescue efforts were underway and that the vessel, MV Dayang Topaz, remained seaworthy. This quick disclosure helped quell rumours that the vessel had sustained significant damage or sunk after colliding with an offshore oil platform during adverse weather.

Other sectors have also shown promptness in reporting incidents like fire and power outages. For example, Main Market-listed Tomypak Holdings Berhad immediately notified the stock exchange after a fire broke out at its Senai manufacturing plant on 19 December 2021 - despite the incident occurring on a Sunday, a non-market trading day.

The next day, Tomypak provided further details, including insurance coverage figures of up to RM271 million for property damage and RM80 million for business interruption. The company also committed to offering a more accurate assessment of the damage and losses once it had access to the premises.

These examples highlight the importance of swift disclosure to manage market perceptions and investor confidence, regardless of industry sector.

Breaches of disclosure requirements

Failure to ensure immediate disclosure of any material information that is factual, precise and accurate, is a severe breach of the Bursa Malaysia Listing Requirements.

Material information is any fact, event, or circumstance that is likely to impact the price or value of a company's securities, influence market activity surrounding those securities, or affect investors' decisions about their investment strategies.

On this subject, Zen Tech International Berhad (formerly known as Inix Technologies Holdings Berhad) and eight of its directors were publicly reprimanded on 31 July 2024 by Bursa Malaysia for breaches of ACE Market Listing Requirements (ACE LR), including a COVID-19 disclosure breach. In addition to the public reprimand, the bourse operator imposed a total of RM757,500 fines on the eight directors.

Bursa Malaysia found that Zen Tech issued unclear, inaccurate, and misleading disclosures regarding its venture into the COVID-19 vaccine distribution business. It claimed to have applied for the registration of Sinovac, CanSino and Sinopharm vaccines with the National Pharmaceutical Regulatory Agency (NPRA). Further, it asserted that its subsidiary had been appointed a vaccine distributor.

In reality, Zen Tech had only submitted a product classification application for Sinovac and Sinopharm vaccines, which did not equate to the official registration of vaccines for distribution. Furthermore, it failed to provide evidence of any supply or distribution agreement for these vaccines.

There are instances where companies delay the public disclosure of critical information without valid justification, raising concerns about transparency. Minority shareholders

should be mindful of PLCs with a history of delayed disclosures, as this reflects poorly on their corporate governance practices.

Chapter 9 of Bursa Malaysia Listing Requirements spells out the continuing disclosure obligations that PLCs must comply with. PLCs and their directors must uphold the principles of full, fair, and timely public disclosure of material information.

Lack of quality in Health & Safety disclosure

The fatal incident involving Icon Offshore Berhad underscores the critical importance of Health and Safety (H&S) disclosures - one of the 11 Common Sustainability Matters under Bursa's Enhanced Sustainability Reporting Framework (ESRF).

On 26 September 2022, Bursa Malaysia Securities Berhad unveiled amendments to enhance the sustainability reporting requirements in the Main Market and ACE Market Listing Requirements. The new requirements are applied to the Sustainability Statements issued by Main Market-listed companies for the financial year ending on or after 31 December 2023. For ACE Market-listed companies, the changes will be reflected in annual reports issued from 31 December 2025 onwards.

Under the ESRF, PLCs are required to disclose key H&S metrics such as work-related fatalities, lost time incident rate, and the number of employees trained on H&S standards. While these companies comply with the reporting requirement, the quality of disclosure tends to be lacking.

Key information, such as the root causes of incidents, how they occurred, and the hazard control measures implemented to prevent similar occurrences, is usually absent.

A positive and vibrant work environment, built on a foundation of safety and health, can motivate employees, foster a sense of purpose, and improve overall productivity and morale. Such an environment enables performance excellence and contributes to a company's long-term success.

As the framework unfolds, we hope to see more comprehensive and meaningful H&S disclosures from PLCs, providing deeper insights into not just the numbers, but the actions and strategies to ensure a safer workplace.

MSWG AGM/EGM Weekly Watch 19 – 23 August 2024

The following are the AGMs/EGMs of companies on the Minority Shareholders Watch Group's (MSWG) watch list for this week.

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
19.08.24 (Mon) 10.30 am	V.S. Industry Berhad (EGM)	The Company proposed a bonus issue of warrants on the basis of 1 Warrant C for every 10 existing shares held. The proposed bonus issue of warrants aims to reward shareholders for their continuous support.
21.08.24 (Wed) 10.00 am	AMMB Holdings Berhad (AGM)	<p>AMMB recorded higher net impairment charge for FY2024 at RN769.7 million (FY2023": RM466.9 million) due to one of charges of RM440.2 million recognised in Q3FY2024, comprising additional credit impairment overlay of RM328.2 million and non-financial assets impairment of RM111.9 million. It also recognised one-off provision of RM80 million in restructuring expenses in Q3FY2024, resulting in total one-off charges of RM520.2 million in FY2024.</p> <p>Nevertheless, it recognised tax benefit of RM538.2 million. Hence resulting in an overall 9.3% increase in net profit to RM1.87 billion (FY2023: RM1.71 billion).</p>
22.08.24 (Thur) 11.00 am	EUPE Corporation Berhad (AGM)	<p>In FY2024, EUPE recorded a 68.4% increase in revenue to RM340.2 million, compared to RM202.0 million in FY2023.</p> <p>The higher revenue translated into higher pre-tax profit of RM57.8 million – a 55.8% increase from RM37.1 million in the previous financial year. In line with the higher pre-tax profit, EPS increased to 27.57 sen from 20.41 sen in FY2023.</p>

Date & Time	Company	Quick-take
23.08.24 (Fri) 10.00 am	SDS Group Berhad (AGM)	<p>SDS recorded a 14.2% growth in revenue to RM324.1 million in FY2024 as both wholesale and retail segments achieved double-digit revenue growth.</p> <p>Meanwhile, pretax profit rose 32% mainly due to the increase in revenue and improvement in gross profit margin, from 31.5% in FY2023 to 34.0% in FY2024. This was further supported by an increase in sales price and stabilisation of raw material prices.</p>
23.08.24 (Fri) 10.00 am	Greatech Technology Berhad	<p>Greatech has proposed a bonus issue of 1.25 billion new shares on the basis of 1:1. The bonus issue is expected to be completed by Q3FY2024.</p>
24.08.24 (Sat) 09.30 am	Tiong Nam Logistics Holdings Berhad (AGM)	<p>The Group's revenue reached a record high of RM758.6 million in FY2024, increasing 4.5% from RM725.7 million in FY2023.</p> <p>The growth was primarily driven by sustained strength in logistics and warehousing services and a notable contribution from property development. Its PBT improved significantly by 72.0% to RM67.9 million in FY2024, primarily attributed to fair value gain on several warehousing assets in the logistics and warehousing services segment, reflecting the growing demand and appreciating value of logistics infrastructure.</p>

Points of interest:

Company	Points/Issues to Be Raised
AMMB Holdings Berhad (AGM)	<p>1. Upon the successful conclusion of the <i>Focus 8 Strategy</i> (FY2021 – FY2024), AMMB embarked on the <i>Winning Together</i> (WT29), a five-year (FY2025 – FY2029) blueprint that comes with one Purpose, two Missions, three Strategy Pillars (SP) and three Financial Goals (page 19 of Integrated Annual Report 2024).</p> <p>a) Digitalisation is the first SP introduced in WT29. What is the role of digitalisation in realising the financial and operational goals of WT29?</p> <p>Please elaborate on the programmes, technologies to be deployed, intended outcomes, short, medium and long-term priorities as well as resources allocated e.g., financial, capabilities and expertise, for the successful execution of this SP.</p> <p>b) The rollout of WT29 requires active involvement of Wholesale Banking, Retail Banking (RB), Business Banking, Investment Banking and Islamic Banking.</p> <p>What are the roles of each banking segment towards the realisation of WT29 by FY2029? Accordingly, what are the short, medium and long-term targets set for each banking segment?</p> <p>c) AMMB sets three Financial Goals under the WT29, namely <i>Improve Dividend Payout, Lower CTI (cost-to-income) to 40%</i> and <i>Improve ROA (return on assets) to 1.1%</i>.</p> <p>i) The current dividend payout ratio stood at 40%. What is the dividend payout ratio the Group aspires to achieve by the end of FY2029?</p> <p>ii) As of FY2024, AMMB’s CTI ratio remains stable at 44.2%, marginally lower than 44.3% as of FY2023 and 44.9% in FY2022.</p> <p>Considering the planned investments into digitalisation initiatives and cost escalation in line with inflation, what are the key levers of achieving the CTI of 40%? What are the projected</p>

	<p>income growth rate and cost reduction rate (in percentage) to achieve this?</p> <p>2. AMMB ended FY2024 with a 9.3% increase in net profit to RM1.87 billion from RM1.7 billion previously, while net income grew marginally to RM4.6 billion compared to RM4.58 billion a year before.</p> <p>a) The net interest income (NII) declined 6.7% y-o-y to RM3.3 billion due to much higher interest expenses, resulting in a 28bps decline in net interest margin (NIM) to 1.79%.</p> <p>The industry outlook pointed to stabilised NIMs with the OPR likely to remain unchanged at 3% throughout 2024. This statement suggests the outlook on deposit competition is easing (page 69 of IAR2024).</p> <p>What is the management guidance and outlook on NIM in FY2025? How has it been so far, and do you foresee any changes to the deposit competition dynamics for the remainder of the year?</p> <p>b) On the other hand, the Group posted overall loan growth of 3% in FY2024, lower than average industry loan growth of 5.3% for 2023, primarily due to muted RB's loan growth of 2.3% y-o-y.</p> <p>RB also chalked in a higher net impairment of RM642.4 million compared to RM301.1 million, resulting in a 69.3% decrease in segmental net profit to RM125.7 million.</p> <p>Included in the impairment was an additional RM261.6 million credit impairment overlay recognised in Q3FY2024, mainly stemming from mortgages and retail SMEs. (Source: pages 44 and 91 of IAR2024)</p> <p>i) How will RB perform in FY2025 in terms of loan growth and profitability? Please indicate the targeted loan growth for the Group in FY2025.</p> <p>ii) Upon the massive impairment made on RB's loan book, what is the current state of RB's asset</p>
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	<p>quality? Please indicate whether a similar quantum of impairments is required in the near term.</p>
<p>EUPE Corporation Berhad (AGM)</p>	<ol style="list-style-type: none"> 1. The Group's expanded pipeline of five major projects will be contributing to the Group's bottom-line next year (Page 6 of AR). <ol style="list-style-type: none"> a) Please name the five major projects that will be contributing to the Group's bottom-line next year in terms of Gross Development Value respectively. b) Please provide the latest take-up rates for each of the five major projects as of July 2024. c) Is the Group expecting higher revenue and profit before tax in FY 2025 as compared to FY 2024? If yes, please provide the reasons. 2. The Group's investment properties posted a pre-tax loss of RM1.1 million in FY2024 compared to the pre-tax profit of RM8.4 million recorded in FY2023. (Page 13 of AR) <ol style="list-style-type: none"> a) Why did the Group's investment properties record a loss in FY 2024 as compared to a profit in FY 2023? b) What measures the Group has taken to mitigate the Group's investment properties from suffering a loss in FY 2025? c) What were the Group's investment properties occupancy rates categorised by investment property type for FYs 2024 and 2023 respectively?
<p>SDS Group Berhad (AGM)</p>	<p>In reply to MSWG's question 2 (a) at last year's AGM, SDS mentioned that it targets to open six outlets in the Central region in FY2024. However, the Group managed to open only two new outlets, which were in Puncak Jalil and Putrajaya.</p> <ol style="list-style-type: none"> a) What are the challenges and issues faced by the Group when opening new stores within the Central region? b) How is the average sales per outlet in the Central Region compared to those in the South? c) How many new outlets does the Group plan to open in FY2025? How many will be in the Central region?

	<p>d) SDS has a membership programme for its F&B outlets. How many members does the Group currently have? What measures are you taking to increase the number of members?</p>
<p>Tiong Nam Logistics Holdings Berhad (AGM)</p>	<p>1. As businesses continue to prioritize efficient logistics, the demand for integrated logistics solutions is escalating. The growing complexity of supply chains necessitates advanced warehousing and distribution networks, a trend that Tiong Nam is well-positioned to leverage. (Page 6 of AR 2024)</p> <p>a) How can Tiong Nam position leverage, and what competitive advantages does it have over its peers?</p> <p>b) To what extent has the Group embraced technology and automation to increase its operations' efficiency and effectiveness?</p> <p>2. Over the last five financial years, the Company only declared dividends once in FY2022 despite recording profits every year. (Page 3 of AR 2024) Why did the Company not declare dividends to reward shareholders more frequently, particularly in the latest two financial years where the Group registered substantial profits and also had reasonably good operating cash flows?</p>

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揭秘ESG和气候相关的汇报与披露格式

为大马交易所永续发展报告框架, 和即将落实的IFRS S1和IFRS S2 新准则做好准备

适用于所有类型的公司

Introduction
揭秘新 ESG 和气候披露框架: 大马联交所(Bursa Malaysia), 气候相关财务信息披露工作组(TCFD), 国际财务报告准则第1号(IFRS S1)和国际财务报告准则第2号(IFRS S2)带来的影响和新规定。

Note: 网络研讨会以中文进行, 材料为中英文双语。

Part 1 | 9:00 am - 10:30 am

- 1) 什么是环境、社会及管治 (“ESG”) 汇报
- 2) 国际可持续发展报告格局发展趋势
- 3) 大马联交所 ESG 汇报新规定
 - 共同的可持续发展事项和指标
 - ESG重要性评估

Part 2a | 10:45 am - 1:00 pm

- 4) 国际财务报告准则第1号和第2号简介
 - 大马分阶段采用国际可持续发展准则理事会 ISSB 汇报框架的建议
- 5) 揭秘国际财务报告准则第1号: 可持续相关财务信息披露一般要求
 - SASB 汇报框架
- 6) 了解国际财务报告准则第1号和国际财务报告准则第2号的核心内容:
 - 管治
 - 策略
 - 风险管理
 - 指标及目标

Part 2b | 10:45 am - 1:00 pm

- 7) 揭秘国际财务报告准则第2号气候相关披露, 气候相关财务信息披露工作组 TCFD
 - 什么是 IFRS S2
 - 为什么必须做气候相关披露?
- 8) 揭秘国际财务报告准则第2号跨行业指标类别
 - 温室气体排放
 - 与气候相关的物理风险
 - 气候相关转型风险
 - 资本部署
 - 内部碳价
 - 薪酬
- 9) 揭秘与气候相关的风险和机遇
 - 与气候相关的物理风险
 - 与气候相关的转型风险
 - 与气候相关的机遇
- 10) 揭秘气候相关情景分析
 - 什么是气候相关情景分析
 - 气候情景的类型
- 11) 生效日期和宽免

Trainer's Profile

Pam Lee
Founder - Polar Advisory Group Sdn Bhd

Pam Lee's previous ESG leadership roles include serving as leader of the corporate sustainability & climate change practice at sustainability consultancy ERM in Malaysia, ESG lead at financial institution MIDF Group, and ESG services at professional services firm BDO in Malaysia. Before pursuing her passion for sustainability, she served as Executive Director and license holder advising on corporate finance in the financial advisory practice at BDO. A Global Reporting Initiative (GRI) Certified Sustainability Professional, she is well versed in sustainability reporting, greenhouse gas, climate risks, and opportunities. Pam is a Fellow of the Institute of Chartered Accountants of England and Wales (ICAEW), a member of the Malaysian Institute of Accountants (MIA), a member of the Malaysian Institute of Certified Public Accountants (MICPA), and a graduate of the London School of Economics and Political Science.



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UNDERSTANDING MPHB PRIVATISATION

MPHB Capital Berhad (MPHB) has recently announced a proposed selective capital reduction and repayment exercise (Proposed SCR), offering RM1.70 per share for the privatisation of the company by its major shareholder.

In response to numerous concerns and requests from minority shareholders, the Minority Shareholders Watch Group (MSWG) will organise a forum to provide a comprehensive overview and clarification of the Proposed SCR and the upcoming independent advice letter.

The date and venue of the forum will be announced soon.

Please stay tuned for our updates.



DISCLOSURE OF INTERESTS

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

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