

TWO PER CENT: TOO PRECIOUS TO PASS?



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DIVIDEND TAX – A BOON OR BANE?

Among the wide array of measures introduced in Budget 2025, the 2% tax on dividend income exceeding RM100,000, set to take effect next year, came as an unexpected move for local investors.

While some have lauded the measure for expanding the tax base and diversifying government's revenue streams, others view it as an unpopular measure that could potentially drive investors away from our shores.

How it works?

Before the year of assessment 2008 (YA2008), income tax on distributed dividends by companies was based on the full imputation system. Under this system, tax on dividends was imposed at the company and shareholder levels. However, the tax imposed on shareholders would be adjusted to reflect the amount already paid by the company through tax credits.

Since the YA2008, income tax has been imposed at a single level on dividends distributed by companies. Under this single-tier tax system, the tax on company profits is final, and dividends distributed are exempted from tax at the shareholder level.

According to Tax Measures 2025 of Budget 2025¹, the scope of taxation on dividends will include:

- i. dividend income received by individual shareholders for dividends paid, credited or distributed from company profits; and
- ii. individual shareholders consist of resident individuals, non-residents and individuals who hold shares through nominees

Meanwhile, exemption from dividend tax is on:

- i. dividend income received from abroad;
- ii. dividend income distributed from the profits of companies that received pioneer status and reinvestment allowances;
- iii. dividend income paid, credited or distributed from the profits of shipping companies that are exempted from tax;
- iv. dividend income distributed by cooperatives;
- v. dividend income declared by closed-end funds;
- vi. dividend income received by residents from Labuan entities, and
- vii. any exemption given on dividend income at the shareholder level.

In fact, the dividend tax regime has been introduced in developed countries such as the United States, the United Kingdom, France, South Korea and Japan. These countries adopt double taxation on dividend income.

¹ <https://belanjawan.mof.gov.my/pdf/belanjawan2025/ucapan/tax-measure.pdf>

Across the Strait of Johor, Singapore does not impose dividend tax on dividends distributed to shareholders under its one-tier corporate tax system (tax paid on profits before distribution of dividends).

However, dividends received from co-operatives, foreign-sourced dividends received through a partnership in Singapore, and income distribution from Real Estate Investment Trusts (REITs) through a partnership in Singapore, or if related to the carrying on of a trade, business or profession in REITs, are subject to tax.

Meanwhile, in Indonesia, dividends received from an Indonesian limited liability company are subject to final income tax at a rate of 10%. However, it becomes non-taxable if the recipient is a domestic individual taxpayer whose dividends are reinvested in Indonesia within a certain period.

Plugging tax loopholes

Experts featured in recent news have described the dividend tax as a unique and innovative approach to increasing government revenue while addressing existing tax loopholes.

The measure ensures more equitable tax contributions from a wider population, particularly business owners and high net-worth individuals (HNWI) with substantial equity holdings in the local stock market.

Tax experts and economists have highlighted scenarios where small and medium enterprise (SME) owners avoid paying income tax by distributing profits to themselves as dividends. This results in tax revenue losses for the government, as these business owners either pay no or very little personal income tax due to the low or zero salaries they report.

An SME association has called on the government to exempt SMEs from the proposed 2% dividend tax. The association lamented that this tax could *"discourage SMEs from growing their business or turning in higher profits"* while citing cash flow constraints as the primary reason many business owners refrain from drawing salaries.

However, the proposal has sparked differing views. From a macroeconomic perspective, critics warn that the dividend tax may render Bursa Malaysia less appealing compared to other markets. With the ease of mobilising capital across borders, investors may gravitate toward foreign markets that offer favourable conditions for long-term dividend investing. Still, some believe the tax impact will be manageable, as the cost and risks of reshuffling portfolio to less familiar and prospective markets may outweigh the benefits.

Some investors are expected to be the apparent "casualties" of this new tax measure. HNWI with substantial investments in dividend-paying assets, such as real estate investment trusts (REITs), and blue chips stocks, will be directly impacted as their dividend income will face a 2% cut. These investors, who rely heavily on dividends for returns, are

likely to feel the immediate heat of this tax, making them some of the most affected by this policy shift.

Assuming a dividend yield of 6% per annum, the RM100,000 dividend income threshold implies that only investors with stock holdings value exceeding RM1.7 million will be impacted. As a result, ordinary minority shareholders are unlikely to be affected by the new tax and will largely remain unaffected.

The potential impact is illustrated below:

	<u>Without dividend tax</u>	<u>Upon implementation of dividend tax</u>
Dividend income	RM102,000	RM102,000
Less: 2% tax		(RM2,040)
Net dividend income received	RM102,000	RM99,960

The introduction of the dividend tax could also influence the dividend payout strategies of family-run PLCs, as it directly affects the dividend income of their major shareholders.

In response, PLCs might opt to increase dividend payouts to offset the tax impact on their major shareholders, or conversely, reduce payouts to circumvent the tax altogether. Alternatively, PLCs may opt to use excess cash for share buybacks, potentially driving up their share prices. This approach, when worked with share grants and employee shares option schemes (ESOS), would be particularly advantageous for executive directors – who are often the major shareholders – as capital gains are not subject to taxation.

More clarity needed

The dividend tax effectively lowers the overall income for those impacted, particularly individuals who rely heavily on dividend income from their investments. This tax may lead to a decline in their available funds as they face new tax obligations.

It remains uncertain whether affected investors, e.g., REIT investors, major shareholders of PLCs, or HNWIs, will choose to exit the local stock market or shift their investments to other asset classes to avoid the dividend tax. Ultimately, we believe many may find it easier to simply pay the 2% tax on dividend income rather than go through the hassle of reshuffling substantial holdings.

Although this new tax is unlikely to affect ordinary minority shareholders (exclude HNWIs), it introduces uncertainty into the market. Retail investors who receive modest dividend incomes are concerned that this measure could set a precedent for the government to impose taxes on lower levels of dividend income in the future.

We urge the government to provide timely clarification to mitigate these concerns and reduce overhang risks in the local capital market.

MSWG HIGHLIGHTS

MSWG CEO Moderates Key Session at SC-World Bank Conference 2024

Dr. Ismet Yusoff, CEO of MSWG, took the stage as the moderator for Session 1 of the SC-World Bank Conference 2024, held on 15 October at the Securities Commission Malaysia. Themed *"Empowering MSMEs: Cultivating Compassionate Growth through the Capital Market,"* the conference brought together key stakeholders to explore innovative strategies to support Micro, Small, and Medium Enterprises (MSMEs) through capital market initiatives.



The session, *"Creating an Enabling Environment for MSMEs through the Capital Market,"* addressed the growing role of the capital market in MSME development, emphasising its potential to help MSMEs thrive despite the significant funding gap of RM290 billion. From 2017 to 2023, funds raised in the MSME and Mid-Tier Companies (MTCs) capital markets grew nearly fourfold, highlighting a compound annual growth rate of 25.8%. However, despite this growth, challenges persist, particularly the mismatch between MSMEs' needs and capital availability, which continues to favour larger firms.

Dr. Ismet steered the discussion among prominent panellists, including Datuk Muhamad Umar Swift, CEO of Bursa Malaysia; Hazman Hilmi Salahuddin, Chief Investment Officer of KWAP; Chai Kien Poon, Country Head of Funding Societies Malaysia; and Dr. Tatiana Didier, Senior Economist at the World Bank.

Key topics discussed included revitalising the LEAP Market as a stepping stone to the ACE Market, scaling up products for MSMEs, and leveraging alternative investment platforms such as Equity Crowdfunding (ECF) and Peer-to-Peer (P2P) financing. The session also examined special funding initiatives like Dana Pemacu by KWAP and other strategies to enhance the breadth and depth of capital market offerings for MSMEs.



MSWG AGM/EGM Weekly Watch 28 Oct – 1 Nov 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.

QUICK-TAKE

Date & Time	Company	Quick-take
28.10.24 (Mon) 10.00 am	Hong Leong Bank Berhad (AGM)	<p>Hong Leong Bank delivered another year of outperformed financial performance with a 10% increase in net profit to RM4.2 billion in FY2024. The performance was driven by robust lending activities across residential mortgages, transport vehicles and SME banking segments.</p> <p>On top of this, its 19.8%-associate in China, the Bank of ChengDu contributed RM1.6 billion to its bottom line in FY2024.</p> <p>Its ROE for FY2024 remained commendable at 11.8%.</p>
28.10.24 (Mon) 11.00 am	EcoFirst Consolidated Bhd (AGM)	<p>EcoFirst's revenue increased significantly to RM162.68 million in FY2024, up from RM31.42 million in the previous financial year. Despite the substantial revenue growth, its net profit merely grew by 11% y-o-y to RM11.87 million.</p> <p>The improved profitability in FYE 2024 was primarily driven by higher sales recognised from the KL48 development project, although this was partially offset by increased operating expenses.</p>
29.10.24 (Tue) 10.00 am	Fibon Berhad (AGM)	<p>In FY2024, the Company posted a lower revenue of RM18.29 million, compared to RM19.46 million in the year before, due to slower economic growth and lower export sales from softer external demand.</p>

Date & Time	Company	Quick-take
		<p>In line with the lower revenue, the Company posted a reduced net profit of RM4.42 million for FY2024, down from RM4.88 million in FY2023.</p>
<p>29.10.24 (Tue) 10.30 am</p>	<p>MNC Wireless Berhad (AGM)</p>	<p>The Group's topline increased to RM14.1 million in FYE2024 from RM12.4 million in FYE2023, driven by higher demand for wireless and multimedia services.</p> <p>However, it posted higher pre-tax losses during the year at RM8.6 million compared to losses of RM6.7 million in FYE2023, attributed to margin compression and higher operating expenses.</p>
<p>29.10.24 (Tue) 11.00 am</p>	<p>Ancom Logistics Berhad (AGM)</p>	<p>The Group posted marginally higher revenue of RM31.4 million in FY2024 compared to RM30.6 million in FY2023.</p> <p>Notwithstanding this, it turned loss-making with a pre-tax loss of RM1.9 million, against a profit of RM1.2 million in FY2023.</p> <p>The loss before taxation in FY2024 was primarily caused by the impairment for doubtful debts for other receivables of RM1.9 million.</p>
<p>29.10.24 (Tue) 02.30 pm</p>	<p>Hong Leong Financial Group Berhad (AGM)</p>	<p>HLFG, which derived about 90% of its earnings from Hong Leong Bank Berhad, posted encouraging results in FY2024.</p> <p>It delivered an 11% y-o-y growth in net profit to RM3.2 billion, translating to a higher ROE of 11.2% during the year.</p> <p>The Group increased its dividend by 10.2% to 54 sen per share in FY2024.</p>
<p>29.10.24 (Tue) 03.00 pm</p>	<p>Ancom Nylex Berhad (AGM)</p>	<p>The Group's revenue remained largely unchanged at RM2.00 billion in FY2024, compared to RM2.04 billion in the previous year.</p>

Date & Time	Company	Quick-take
		<p>This was primarily due to lower revenue contributions from the Agrichemicals and Industrial Chemicals divisions. Despite the headwinds, the Group achieved a net profit of RM81.5 million, an 8.5% increase from RM75.1 million in FY2023, driven by higher sales of higher-margin agrichemical products.</p>
<p>30.10.24 (Wed) 10.00 am</p>	<p>Cypark Resources Berhad (AGM)</p>	<p>Cypark’s loss-making performance as shown in its latest quarterly financial result for reporting period ended 31 July 2024 suggests that it is not out of the woods.</p> <p>The RE player reported a net loss of RM18.07 million in Q1FY2025, against a net profit of RM559,134 in the previous corresponding period.</p> <p>The operation of the newly completed Ladang Tanah Merah Waste-To-Energy (WTE) plant has not been smooth sailing. The plant was hit by an unexpected fire accident in Q4FY2024, leading to essential rectification and repair work required. As the rectification and repair work continued to be carried out, Cypark was hit by increased costs and lower electricity sales, thus affecting its bottom line in the latest quarter reported.</p>
<p>30.10.24 (Wed) 10.00 am</p>	<p>TAS Offshore Berhad (AGM)</p>	<p>TAS Offshore saw its revenue double to RM72.39 million in FY2024 from RM36.13 million in the previous year. This better topline performance was primarily driven by an increase in the number of vessels delivered during the year.</p> <p>However, its pre-tax profit for the year was lower at RM12.80 million (FY2023: RM16.83 million), as a result of lower other income amounting to RM2.17 million recorded (FY2023: RM13.50 million).</p>

Date & Time	Company	Quick-take
30.10.24 (Wed) 02.30 pm	Pensonic Holdings Berhad (AGM)	<p>Pensonic recorded a 13% growth in revenue to RM309.3 million in FY2024, attributed by higher export sales to the Middle East, which surged 441% to RM34.8 million.</p> <p>For FY2024, export sales accounted for 37% of its total revenue, up from 30% a year ago.</p> <p>Despite higher sales, the Group recorded a higher loss before tax of RM7.3 million, largely attributed to a strategic decision to write down inventories amounting to RM6 million.</p>
01.11.24 (Fri) 10.30 am	Mtouche Technology Berhad (EGM)	The Company is seeking shareholders' approval for the proposed reduction of RM203 million of the issued share capital of mTouche Technology Berhad pursuant to Section 117 of the Companies Act, 2016.

POINTS OF INTEREST

Company	Points/Issues to Be Raised
<p>Hong Leong Bank Berhad (AGM)</p>	<p>HLB's 19.8% associate Bank of Chengdu (BOCD) contributed RM1.6 billion (FY2023: RM1.3 billion) to the Bank's bottomline, or equivalent to 31.16% (FY2023: 28.3%) of the Bank's pre-tax profit of RM5.134 billion.</p> <p>Meanwhile, the earnings growth of HLB core businesses (i.e., 0% and 6.2% for FY2023 - 2024) has been dwarfed by BOCD's phenomenal growth at 25% y-o-y during the same period. As a perspective, BOCD's profit contribution to HLB was at 17.4% back in FY2020.</p> <p>BOCD's substantial contribution is no doubt positive for the Group, however, this also suggests a growing reliance on BOCD and increased risks and exposure to China's macroeconomy, albeit BOCD is a prudently managed bank with a benign gross impaired loan (GIL) ratio of 0.66%.</p> <p>a) In a media interview with a local business weekly, HLB group managing director and CEO Kevin Lam said the BOCD's outperformance "<i>is not a happy problem anymore</i>" as the rest of HLB's core business is not growing at a comparable rate.</p> <p>How does the Bank balance the growth between the associate and core franchise over the long term? How does the Bank accelerate the growth of local and overseas franchises?</p> <p>b) What is the expected growth rate of BOCD and core franchises in the medium term?</p>
<p>EcoFirst Consolidated Bhd (AGM)</p>	<p>The U9 Shah Alam Land located in the Mukim Bukit Raja, Shah Alam was sold for a cash consideration of RM34 million, a much lower selling price was due to the significant changes to the development surrounding the Land making it no longer feasible for the Group to embark on the intended development. The Land was acquired in FY 2023.</p> <p>The resulting loss arising from the disposal of this Land was RM15.18 million that has been recognised as a write down of inventory in FY2024. (Page 23 of AR)</p> <p>a) Please explain the significant changes to the development of the Land that prompted the Company to sell it.</p>

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	<p>b) Did the company conduct a detailed study on the Land before buying as such a study might enable the Company to identify any significant changes to the development of the Land?\</p> <p>c) Why did the Company sell the Land below market value of RM31 million as appraised by a valuer, CCO & Associates (KL) Sdn. Bhd., in a valuation report dated 17 October 2024? (Bursa Announcement dated 18/7/24)</p>																																																												
Fibon Berhad (AGM)	<p>“Overall, operational costs, including labour, materials, distribution, and utility, continue to increase due to global inflation, affecting business resilience and narrowing operating profit margins” (Page 8 of Annual Report 2024)</p> <p>Please quantify how the higher operational costs have impacted the Company’s margins.</p>																																																												
MNC Wireless Berhad (AGM)	<p>Below is a snapshot of the operating segments in terms of revenue and segmental results to the Group for FYE2020-FYE2024. (Source: Annual Report (AR) 2020 - AR2024)</p> <table border="1" data-bbox="592 1048 1378 1189"> <thead> <tr> <th>Segmental Revenue</th> <th>2020</th> <th>2021</th> <th>2022</th> <th>2023</th> <th>2024</th> </tr> </thead> <tbody> <tr> <td>Mobile Application</td> <td>8,161,575</td> <td>4,861,732</td> <td>1,854,790</td> <td>910,065</td> <td>381,633</td> </tr> <tr> <td>Wireless and Multimedia related services</td> <td>11,872,848</td> <td>16,376,812</td> <td>13,170,413</td> <td>11,525,538</td> <td>13,770,968</td> </tr> <tr> <td>Others</td> <td>22,000</td> <td></td> <td></td> <td></td> <td></td> </tr> <tr> <td>Total Revenue</td> <td>20,056,423</td> <td>21,238,544</td> <td>15,025,203</td> <td>12,435,603</td> <td>14,152,601</td> </tr> </tbody> </table> <table border="1" data-bbox="592 1211 1378 1352"> <thead> <tr> <th>Segmental Results</th> <th>2020</th> <th>2021</th> <th>2022</th> <th>2023</th> <th>2024</th> </tr> </thead> <tbody> <tr> <td>Mobile Application</td> <td>- 1,988,385</td> <td>- 4,254,164</td> <td>- 2,331,233</td> <td>- 326,013</td> <td>150,993</td> </tr> <tr> <td>Wireless and Multimedia related services</td> <td>- 2,861,335</td> <td>- 14,330,214</td> <td>- 16,553,523</td> <td>- 2,880,767</td> <td>- 2,988,632</td> </tr> <tr> <td>Others</td> <td>- 722,879</td> <td></td> <td></td> <td>- 560,065</td> <td>- 1,544,775</td> </tr> <tr> <td>Total Segmental Results</td> <td>- 5,572,599</td> <td>- 18,584,378</td> <td>- 18,884,756</td> <td>- 3,766,845</td> <td>- 4,382,414</td> </tr> </tbody> </table> <p>a) Why did mobile application sales drastically decline from RM8.2 million in FYE2020 to only RM381,633 in FYE2024? What is the Group’s plan to revitalise the sales of the mobile application business?</p> <p>b) What is the Group’s outlook on the sales of the mobile application business segment? Will the declining trend continue next year?</p> <p>c) How does the Group achieve a profitable turnaround of RM150,993 with a 40% profit margin in this business segment in FYE2024 despite the declining trend in revenue?</p> <p>d) What do the “Others” comprise? What are the reasons for the significant increase in segment losses from RM560,065 in FYE2023 to RM1.5 million in FYE2024?</p>	Segmental Revenue	2020	2021	2022	2023	2024	Mobile Application	8,161,575	4,861,732	1,854,790	910,065	381,633	Wireless and Multimedia related services	11,872,848	16,376,812	13,170,413	11,525,538	13,770,968	Others	22,000					Total Revenue	20,056,423	21,238,544	15,025,203	12,435,603	14,152,601	Segmental Results	2020	2021	2022	2023	2024	Mobile Application	- 1,988,385	- 4,254,164	- 2,331,233	- 326,013	150,993	Wireless and Multimedia related services	- 2,861,335	- 14,330,214	- 16,553,523	- 2,880,767	- 2,988,632	Others	- 722,879			- 560,065	- 1,544,775	Total Segmental Results	- 5,572,599	- 18,584,378	- 18,884,756	- 3,766,845	- 4,382,414
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Company	Points/Issues to Be Raised
Ancom Logistics Berhad (AGM)	<p>1. ALB posted a widened net loss in FY2024 with a net loss of RM3.74 million (FY2023: RM385,000), notwithstanding a marginally higher revenue of RM31.4 million during the year.</p> <p>The loss was primarily caused by the impairment for doubtful debts for other receivables amounting to RM1.9 million (FY2023: RM0.2 million) and higher tax paid in the year.</p> <p>a) How likely can the Group turn around its financial performance in FY2025? With the new tank farm capacity coming on stream, how will the Group perform financially in FY2025?</p> <p>b) As of 31 May 2024, capital commitments amounted to RM8.76 million were contracted but not provided for (page 102, Note 23 – Capital Commitments, AR2024).</p> <p>What is the utilisation of the contracted amount? What are the services to be provided for?</p> <p>2. Key Audit Matters (pages 61 – 62, AR2024)</p> <p>a) Recoverability of deposits</p> <p>As of 31 May 2024, the gross deposits of the Group and the Company amounted to RM6.6 million and RM6.5 million, respectively, as disclosed in Note 9 to the financial statements (page 62, AR2024). Notably, the Group and the Company have further impaired deposits amounted to RM1.87 million (FY2023: RM171,000) during FY2024 (page 84, AR2024).</p> <p>i. Under the Trade and Other Receivables (page 84, Note 9, AR2024), deposits of RM4.958 million (FY2023: nil) were categorised as non-current other receivables in FY2024. At the same time, an impairment loss of RM1.509 million (FY2023: nil) was made during the year.</p> <p>- Why did the Group impair RM1.509 million of deposits not long after the deposit of RM4.958 million was paid? To whom is the RM4.958 million deposit being paid? What is the nature of the payment? What circumstances led to the non-recoverability of the deposits?</p>

Company	Points/Issues to Be Raised
	<ul style="list-style-type: none"> - What measures are to be taken to avoid a similar scenario from happening in the future? What is the probability of recovering the deposits in full? Is further provision required in FY2025? <p>ii. Referring to MSWG Question 1 raised at the 57th AGM held on 27 October 2023, ALB had received RM3.2 million of the RM10 million refundable deposits, which was paid upon the signing of an Offer to Purchase Agreement with S7 Holdings Sdn Bhd on 1 September 2020 for the acquisition of 76.38% stake of S5 Holdings Inc.</p> <ul style="list-style-type: none"> - Has the Group fully recovered the outstanding deposits? - The refundable deposit of RM10 million was expected to be repaid by 31 December 2022 via four instalments. If S7 fails to refund the deposit in full to ALB by 31 December 2022, ALB is entitled to create an enforceable security interest over the Security Documents and enforce its security created under the Security Documents and charge S7 late interest at the rate of 4% from the day the Refundable Deposit is supposed to be paid till the date it is fully repaid. <p>(Excerpt from ALB’s announcement dated 13 May 2022).</p> <p>How much late payment interest has the Group received due to the delay in the full refund of deposits from S7?</p> <p>b) Recoverability of trade receivables As of 31 May 2024, gross trade receivables of the Group amounted to RM5.387 million. The Group has further impaired trade receivables amounted to RM134,000 during FY20204 (page 61, AR2024),</p> <p>External auditor BDO PLT determined that this is a key audit matter (KAM) because <i>“it requires management to exercise significant judgment in determining the probability of default by trade receivables and appropriate forward-</i></p>

Company	Points/Issues to Be Raised
	<p><i>looking information to assess the expected credit loss allowances”.</i></p> <p>The recoverability of trade receivables has persistently been a KAM since FY2017.</p> <p>What are the areas of concern resulting in the persistent inclusion of this as a KAM since then? How will ALB manage the receivables to mitigate the abovementioned risk? What is the probability of recovering the trade receivables in full? Is further provision required in FY2025?</p>
<p>Hong Leong Financial Group Berhad (AGM)</p>	<p>Operational & Financial Matters</p> <p>1. Insurance and takaful operators (ITOs) are required to provide a co-payment option for their medical and health insurance and takaful (MHIT) products beginning from 1 September 2024.</p> <p>Co-payments are additional out-of-pocket payments that insured patients have to pay when they seek treatment for covered illnesses, on top of the regular premiums they pay.</p> <p>a. What are the behavioural shifts seen in patients and insurers upon these policy changes?</p> <p>b. Bank Negara Malaysia said the rationale for introducing the co-payment feature in MHIT is to lower health insurance premiums and contain medical cost inflation in Malaysia by controlling the overconsumption of health services.</p> <p>Has this been trickled down to lower insurance premiums and thus weighed down on the new business regular premiums (NBRP) of medical products?</p> <p>c. A licensed ITO must offer at least one co-payment product with a minimum 5% co-pay level by 1 September and design a new such product if it does not already have one on the shelf.</p> <p>What are the launched products with co-payment features? How is the market reception towards these products?</p>

Company	Points/Issues to Be Raised
	<p>Sustainability Matters</p> <p>2. Hong Leong Assurance (HLA) has integrated ESG considerations into its investment process, which is supplemented further by an internal ESG scorecard. This serves to identify and classify investee companies based on their E&S risk scoring.</p> <ul style="list-style-type: none"> a. What are the assessment processes or procedures involved before deriving scores or ratings for each investee company? How many tiers are there for HLA's E&S risk scoring? b. How many per cent of HLA's total investments as of FY2024 were invested in sustainability-related instruments? Please provide a breakdown of them by type of investment and ESG risk levels. c. Does HLA set a target of achieving a certain percentage of sustainability investments in the overall investment portfolio? If so, do share the target and the strategy for achieving it. d. Apart from the investing approach, product development and underwriting are crucial aspects for insurers due to the potential financial risks associated with products or underwriting policies that do not account for ESG considerations. <p>What are the sustainable insurance products HLA is developing to support the transition towards a lower carbon economy? In which sectors or industries did HLA reduce/withdraw its underwriting exposure? Please explain how the ESG factors are integrated into product development and underwriting processes.</p>
Ancom Nylex Berhad (AGM)	<p>The Industrial Chemicals division is the largest revenue contributor to ANB with sales of RM1.29 billion in FY2024. The division encompasses two main business activities: manufacturing and distribution.</p> <ul style="list-style-type: none"> a) Although the revenue of the Industrial Chemicals division in FY2024 was doubled that of the Agrichemicals Division, its PBT of RM14.5 million was almost seven times lower than RM103.4 million posted by the latter (pages 29 - 30, 151 AR2024).

Company	Points/Issues to Be Raised
	<p>Is the thin profit margin a norm among industrial chemicals producers and distributors in the industry? What is the revenue breakdown between manufacturing and distribution of chemical products? How does the Group improve the profitability of the division?</p> <p>b) ANB is one of the two key producers of ethanol in Malaysia. What is ANB's market share of ethanol in Malaysia?</p>
<p>Cypark Resources Berhad (AGM)</p>	<p>1. The Management has outlined the following focuses for FY2024 (page 10, Annual Report 2024):</p> <ul style="list-style-type: none"> - Paring down debt - Optimising assets - Elevating project management competencies <p>a) As of 30 April 2024, Cypark's total borrowings climbed to RM1.487 billion from RM1.447 billion as of 30 April 2023.</p> <p>Finance costs doubled to RM33.437 million in FY2024, from RM15.624 million incurred in the 18-month financial period ended 30 April 2023 (FPE2023). The highly geared balance sheet resulted in hefty finance costs incurred, thus exacerbating Cypark's loss-making condition.</p> <p>What measures will be taken to pare down its current debt level? What is the ideal debt-to-equity ratio to be achieved in the near term?</p> <p>b) Upon the strategic review conducted earlier, what are the identified strengths and weaknesses of Cypark's assets and management competencies? Accordingly, how does the Group leverage its strengths while improving its weaknesses?</p> <p>2. In its Q4FY2024 ended 30 April 2024 quarterly result announcement, Cypark said an unexpected fire incident at the Waste-To-Energy (WTE) plant at the end of the quarter led to an unscheduled downtime for rectification and repair works. The management is also taking this opportunity to perform improvement works on the plant's automation and efficiency.</p> <p>The rectification work persisted in Q1FY2025 ended 31 July 2024 and affected the Company's financial performance.</p>

Company	Points/Issues to Be Raised
	<p>Consequently, Cypark reported widened net losses of RM18.07 million in the quarter compared to a net profit of RM304,509 in the previous corresponding period.</p> <p>Notably, all Cypark's operating divisions were profitable in FY2024 except Waste Management & WTE with segment loss of RM61.63 million in FY2024 (page 158, Note 34 – Segment Information, AR2024).</p> <p>a) Rectification and repair works</p> <ul style="list-style-type: none"> i) How did the fire incident happen? ii) What were the rectification and repair works performed on the new plant? How extensive or major are the rectification and repair works performed on the plant? Please elaborate on the aspects and scope of essential rectification work carried out on the WTE plant. iii) Has the Company completed the rectification work? How long did it take to complete the rectification work? iv) As the Ladang Merah WTE plant only achieved its commercial operations date (COD) on 14 December 2022, why has the management already undertaken works related to automation and efficiency despite the plant having less than two years of operating history? <p>b) The rectification work has resulted in increased costs, negatively affecting the Group's bottom line.</p> <p>What is the total cost incurred due to this unexpected rectification work? Additionally, how much losses are attributable to the unscheduled downtime?</p> <p>c) The WTE plant is expected to contribute circa RM80 million in revenue per annum. As a comparison, the Waste Management & WTE division contributed RM46.73 million and RM12.7 million in revenue in FY2024 and Q1FY2025 respectively.</p>

Company	Points/Issues to Be Raised
	<p>With the unexpected work required, is the plant on track to achieve the RM80 million revenue target? When will the division achieve breakeven?</p> <p>d) Cypark said with the “<i>successful commissioning of the only WTE plant in the country</i>”, it plans to actively participate in future WTE tenders (page 12, Unaudited Interim Financial Report for Q1FY2025 ended 31 July 2024).</p> <p>Will the untoward incident hamper Cypark’s prospect of participating in future WTE projects given the multiple hiccups Cypark faced in operating the WTE plant?</p>
TAS Offshore Berhad (AGM)	<p>1. In FYE2024, the Group’s primary markets were Indonesia (85.47%) and Singapore (14.53%). (Page 13 of AR2024).</p> <p>How is the Group’s business focused only on these two (2) countries? What about Malaysia and also expanding into other countries?</p> <p>2. During FYE2024, the Group successfully completed and delivered ten units of tugboats with a total contract value of RM67 million to ship owners based in Indonesia and Singapore. Looking ahead, its remaining contracts, amounting to RM210 million, are expected to contribute positively to its financial performance in 2025 and 2026. (Page 14 of AR2024)</p> <p>a) Did the Group manage to secure new contracts in FYE2024? What is the total number of vessels and value?</p> <p>b) What is the total bid made by the Group in FYE2024? What is the probable success rate?</p> <p>c) What is the average period/time taken to construct and deliver a tugboat?</p>
Pensonic Holdings Berhad (AGM)	<p>Despite the short-term financial setbacks, the Group has implemented strategic steps that are aligned with its corporate vision and dynamic transformation. The management is working diligently to ensure that its strategic initiatives translate into significant benefits and favourable outcomes. The Group is confident that these efforts will pave the way for robust growth and improved financial performance in the years to come. (page 8 of AR2024)</p>

Company	Points/Issues to Be Raised
	<ul style="list-style-type: none"> a) What are the key strategic steps that have been implemented? How do they align with the Group’s corporate vision and transformation goals? b) How will the Group measure the success of these strategic steps? What specific metrics or KPIs are you using? c) What indicators or benchmarks does the Group use to evaluate financial performance over the next few years?



18 NOVEMBER 2024 | MONDAY
9.00 AM - 5.00 PM
AVANTÉ HOTEL, PETALING JAYA



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Early Bird
 (Before 1 November 2024)
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Understanding the new National Sustainability Reporting Framework

**NSRF MANDATORY
 BEGINNING 2025**

Learn how the new requirements of IFRS S1 and IFRS S2 impact your corporate reporting obligations

Programme Overview

On 24 September 2024, the Securities Commission Malaysia announced implementation of the National Sustainability Reporting Framework (NSRF). It mandates IFRS Sustainability Disclosure Standards for listed and large non-listed companies. The framework aims to enhance transparency, accountability, and business resilience, aligning with the nation's sustainability goals. Compliance will be phased, starting in 2025 for large Main Market issuers, extending to others by 2027. Climate disclosures, aligned with TCFD recommendations are fully integrated into the ISSB standards.

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

- **Developments in the International Sustainability Reporting Landscape**
- Commonly Adopted Sustainability Reporting Frameworks
- How the ISSB was Formed and Global Adoption Trends
- Adoption of the ISSB Standards in a Phased Manner for Malaysia

- **Design and Applicability of the Standards:**
 - IFRS S1 - General Requirements for Disclosure of Sustainability-Related Financial Information
 - IFRS S2 - Climate-Related Disclosures
- **Future Developments in the Pipeline**

Part 3 | 2:00 pm - 3:30 pm

- **IFRS S2 - Climate-Related Disclosures**
- TCFD 101 as a Foundational Base for ISSB S2
- Climate Risks: Physical and Transition Risks
- Governance, Strategy, Risk Management, Metrics and Targets
- IFRS S2
 - Objective, Scope, Core Content, Application Guidance

Part 2 | 11:00 am - 12:30 pm

- **IFRS S1 - General Requirements for Disclosure of Sustainability-Related Financial Information**
- Objective & Scope
- Conceptual Foundations
 - Materiality
 - Reporting Entity
- Sources of Guidance
 - SASB Standards
 - GRI
 - ESRs
- Statement of Compliance
- Treatment of Errors

Part 4 | 3:45 pm - 5:00 pm

- **Reliefs - Proportionality and Scalability Mechanism,**
- **Transitioning to an ISSB Report and Other Developments**
- Without Undue Cost or Effort
- Consideration of Skills, Capabilities and Resources
- What Would an ISSB Report Look Like Versus the Current Sustainability Report Format(s)
- Assurance of Sustainability Report

Trainer's Profile San Mei Kim



Mei Kim is a sustainability trainer. Prior to this, she was the former Sustainability Lead, Corporate Governance and Sustainability with the Regulation function at Bursa Malaysia. She co-led the development of key sustainability-related initiatives for the Malaysian capital market. This includes putting in place enhancements to Bursa Malaysia's Sustainability Reporting Framework (consisting of the listing requirements, sustainability reporting guides and related toolkits) as well as capacity building initiatives for public listed companies.

She is a GRI Certified Sustainability Professional and holds a Master in Sustainable Development Management from the Jeffrey Sachs Centre (Sunway University). She is also a member of the Association of Chartered Certified Accountants (ACCA), Association of Certified Fraud Examiners (ACFE) and the Malaysian Institute of Accountants (MIA).



19 NOVEMBER 2024 | TUESDAY
9.00 AM - 5.00 PM
MAJESTIC HOTEL, KUALA LUMPUR



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Group of 2
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Understanding the Challenging Role of an Independent Director

Programme Overview

The role of an independent director has evolved significantly over the years, becoming more complex and demanding as corporate governance standards increase. Independent directors are expected to provide objective oversight, mitigate risks, and ensure the highest standards of transparency and accountability within an organisation. This programme equips current and aspiring independent directors with the knowledge, skills, and tools needed to navigate these challenges and fulfil their responsibilities effectively.

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

Introduction to Corporate Governance and the Role of Independent Directors

- Definition and importance of corporate governance
- The role of the board of directors
- The unique role of independent directors
- Legal and regulatory framework for independent directors in Malaysia

Module 2 | 10:45 am - 11:45 am

Defining Independence and Its Challenges

- Criteria for independence under Malaysian law
- Potential conflicts of interest and their implications
- Balancing independence with effectiveness
- Best practices for maintaining independence

Module 3 | 11:45 am - 1:00 pm

The Role of Board Committees

- The importance of board committees
- The role of independent directors in board committees
- Challenges and best practices for committee effectiveness
- The role of the audit committee, nomination committee, and remuneration committee

Module 4 | 2:15 pm - 3:30 pm

Challenges of Independent Directors & Mitigating Solutions

- Information Asymmetry
- Time Constraints
- Groupthink
- Relationship with Executive Directors
- Legal and Regulatory Compliance
- Lack of Understanding of the Company's Industry

Module 5 | 3:45 pm - 5:00 pm

Case Studies on Independent Directors

Trainer's Profile Norhisham Abd Bahrin



Norhisham Abd Bahrin, a Corporate and M&A Partner at Azmi & Associates, specialises in Investments, restructuring, and corporate governance. With over 20 years of legal experience, he regularly addresses legal issues impacting businesses, including M&A, Companies Act, Corporate Governance, and Corruption Prevention, in various public and in-house corporate training sessions. He has also provided coaching to board members of public listed companies and GLCs such as PETRONAS, Sime Darby, UMW Holdings, PERODUA, FGV, FELCRA, PUNB, PMS, MARA, Pelaburan Mara Berhad, PKNS, and others. Norhisham holds an LLB (Hons) from the International Islamic University Malaysia and an MBA in International Business from the University of East London.

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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