MSWG
MINORITY SHAREHOLDERS WATCH GROUP

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THE TOP TRANSITION

Genting Berhad's appointment of a non-family member as CEO marks a historic milestone in Malaysia's corporate landscape. While the move is commendable, it remains to be seen whether the new CEO will have the autonomy to lead and set a precedent for corporate leadership succession in the country.

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A TRUE GOVERNANCE REVOLUTION OR BUSINESS AS USUAL?

For decades, Genting Berhad has been synonymous with the Lim family's legacy—a dynasty built on gaming, entertainment, and global expansion. Founded by the late Tan Sri Lim Goh Tong, the Company became one of Malaysia's most iconic conglomerates, dominating the casino, hospitality, and tourism industries while expanding into energy, plantations, and biotechnology. The Lim family's influence over Genting has been absolute, with family members holding key leadership positions.

As such, it was a historical moment to see the family patriarch Tan Sri Lim Kok Thay pass the Chief Executive Officer (CEO) baton of the flagship vehicle to Datuk Seri Tan Kong Han, a non-family executive, after almost two decades at the helm. However, Kok Thay continues to serve as the executive chairman of Genting.

This marks a significant departure from its tradition of family-led leadership, raising a critical question: Will Tan have the power to lead, or will the Lim family still pull the strings behind the scenes?

Leadership changes in family-controlled businesses are often met with scepticism. Many family-owned corporations have historically struggled to balance professional management and family influence, resulting in power struggles, short-lived tenures, and governance conflicts. The transition at Genting comes at a time of financial and strategic uncertainty, making this shift even more crucial.

Financial Performance Under Pressure

Genting is a diversified conglomerate spanning gaming, hospitality, plantations, energy, and biotechnology, with a global presence in Singapore, the United States, and the United Kingdom. Under Kok Thay's leadership, the Group expanded aggressively, maintaining its dominance in gaming and entertainment while venturing into biotechnology and renewable energy.

However, recent years have been challenging. The COVID-19 pandemic severely impacted its casino and tourism businesses, leading to sharp revenue declines and operational disruptions. Rising regulatory scrutiny and increasing competition in the gaming sector have further pressured its business model.

Its latest financial results reflect these headwinds. For the fourth quarter of the financial year ended 31 December 2024, Genting's revenue fell 5% to RM6.88 billion, with adjusted EBITDA dropping to RM1.68 billion, primarily due to weaker contributions from its Leisure & Hospitality Division compared to the same quarter in the previous financial year. Besides, a stronger ringgit against major currencies such as the US dollar, pound sterling, and Singapore dollar also eroded earnings. This resulted in a quarterly net loss of RM169.38 million, its first since the fourth quarter of 2022, raising investor concerns about its long-term resilience.

Despite these headwinds, full-year 2024 revenue grew 2.2% to RM27.72 billion, though net income declined slightly to RM882.95 million due to lower adjusted EBITDA and finance costs.

Its share price performance has been volatile, trading between RM3.05 and RM5.10 for the past year. As of 11 March 2025, it closed at RM3.24, giving it a market capitalisation of RM12.56 billion. With the counter now trading near its 52-week low, analysts are split - is this a temporary setback or a sign of more profound structural weaknesses?

Genting's financial struggles are not unique—several competitors in the casino and hospitality industry have also faced challenges. Las Vegas Sands and MGM Resorts, two of Genting's closest global competitors, reported similar pandemic-related declines. Still, both companies saw a more substantial post-pandemic recovery, mainly due to their aggressive digital expansion and non-gaming revenue diversification. In contrast, Genting's post-pandemic recovery has been slower, partly due to its continued reliance on its traditional gaming segment.

With Tan stepping in as CEO, investors are now watching the numbers and the leadership dynamic. Will he have the authority to implement strategic reforms, or will he be a figurehead operating under the Lim family's continued influence?

Governance or Illusion? The Real Power Behind Genting's Leadership Shift

The Malaysian Code on Corporate Governance (MCCG) promotes a clear separation of Chairman and CEO roles to enhance accountability and prevent excessive power concentration. Previously, Kok Thay held both roles at Genting Berhad, consolidating control within the family. A formal separation of roles was established after Tan was appointed CEO.

However, governance is not just about structure—it is about actual authority. The real question is whether this transition marks a fundamental shift in Genting's governance or is it merely a symbolic change while real decision-making remains in the hands of the family.

While offering long-term vision and stability, family-controlled businesses often struggle with succession planning, board independence, and professional autonomy. In many cases, non-family CEOs have limited real power, as strategic decisions continue to be dictated by the controlling family. While governance structures may look strong, they are not always practised in spirit, leading to internal conflicts and governance bottlenecks.

Several global governance frameworks offer insights that could guide Genting's leadership transition and help mitigate the risks often associated with family-controlled businesses appointing non-family CEOs.

Germany's Governance Code for Family Businesses encourages companies to separate ownership from management, emphasising the importance of establishing independent advisory boards. These boards, typically composed of external professionals with diverse expertise, act as a neutral oversight body, ensuring that company leadership makes decisions in the best interests of all stakeholders, rather than being overly influenced by family interests. The framework also promotes long-term sustainability by ensuring succession planning processes are clearly defined and not left to informal family arrangements.

Meanwhile, Italy's Corporate Governance Code strongly emphasises board independence and structured succession planning, which are critical in ensuring a smooth leadership transition in family-run enterprises. The code advocates for a robust governance structure that empowers non-family CEOs with absolute authority to make strategic decisions without interference from controlling family members. It also suggests that family-owned firms incorporate a majority of independent directors into their boards, ensuring that corporate oversight is conducted with objectivity and professionalism.

Similarly, the International Finance Corporation (IFC)'s Family Business Governance Handbook highlights the importance of separating family ownership discussions from business decision-making. It recommends establishing family councils, acting as a structured forum where family members can discuss ownership, succession, and long-term vision without meddling in the company's daily operations. This approach ensures that while family interests are recognised, the CEO and executive team retain full operational control, enabling them to execute strategies that drive long-term growth and shareholder value.

If Genting wants to prove that its governance shift is real, it must go beyond cosmetic changes and demonstrate a real commitment to professional independence, board oversight, and transparency.

Can Genting Avoid the Fate of Others?

Malaysia has seen several cases where non-family CEOs were appointed in family-controlled businesses, with mixed results. Berjaya Corporation Berhad appointed Jalil Rasheed as Group CEO in 2021. However, his tenure lasted just over a year before leadership reverted to internal executives, raising questions about how much autonomy non-family leaders genuinely have.

Meanwhile, PPB Group Berhad, a diversified conglomerate which is controlled by Robert Kuok decided to transition to professional management decades ago with Lim Soon Huat appointed to the Board in 2008 to steer the Company. Under his helm, PPB Group has been delivering consistent financial performance and shareholder returns.

As for Genting, its new CEO is not an outsider. Tan has been with the company for years, making his leadership a more gradual transition than an abrupt change. The question remains: Will this internal appointment lead to real governance reform or business as usual?

A Defining Moment for Malaysia's Family Businesses

Genting's leadership transition is more than just a CEO change—it is a test case for governance evolution in Malaysian family-controlled businesses. If this transition is executed with true independence, where Tan is given full authority to lead, it could set a benchmark for corporate leadership succession in Malaysia. A successful transition would signal that family-owned companies can embrace professional leadership without compromising their long-term vision, reinforcing investor confidence and pushing governance reforms across the corporate sector.

This moment extends beyond Genting. The success or failure of this transition could shape the future of corporate governance in Malaysia, influencing how family businesses approach leadership succession in the years to come.

Will Genting's move inspire a new wave of corporate independence, or will it expose the limits of governance reform in entrenched family-run businesses? The corporate world is watching—because the answer will determine whether this is the beginning of a true governance revolution or just another illusion of change.

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MSWG
AGM/EGM WEEKLY WATCH

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
19.03.25 (Wed) 10.00 am	Lotus KFM Berhad (AGM)	In FYE 2024, the Group recorded revenue of RM50.7 million, representing a decrease of RM7.808 million compared to RM58.5 million in the previous financial year ended 2023 ("FYE 2023"). The decline was primarily due to reduce of demand in the operating market, and negatively impacted the sales volume. Meanwhile. the plantation segment had generated RM0.4 million, accounting for 0.75% of the Group's total revenue as a new income source.
20.03.25 (Thur) 10.00 am	MKH Berhad (AGM)	For the financial year ended on 30 September 2024, although the Group experienced a slight decrease in revenue by 0.3% to RM1,060.9 million (FY2023: RM1,063.8 million), its pre-tax profit increased by 23.4% to RM144.7 million (FY2023: RM117.2 million) mainly due to higher gross profit from the Plantation Division arising from higher CPO production, average CPO selling price per MT, lower average CPO production cost per MT and inclusion of changes in fair value gains on investment properties of RM7.7 million (FY2023: fair value losses on investment properties of RM0.9 million).
20.03.25 (Thur) 10.00 am	Pharmaniaga Berhad (EGM)	Pharmaniaga will seek shareholders' approval for its regularisation plan which comprises the exercises below: - Proposed renounceable rights issue of new ordinary shares in the company ("rights shares") to raise gross proceeds of up to rm353.5 million - Proposed private placement of new Pharmaniaga shares to third-party investor(s) to be identified later at an issue price to be determined later to

		raise gross proceeds of up to RM300.0 million, with a minimum of RM215.0 million - Proposed capital reduction of the issued share capital of the company by the cancellation of rm520.0 million issued share capital which is lost and/or unrepresented by available assets pursuant to Section 117 of the Companies Act 2016.
21.03.25 (Fri) 10.00 am	Digistar Corporation Berhad (AGM)	The Group recorded a marginally lower y-o-y 3.28% lower revenue of RM46.05 million for FY2024 as compared to the previous year of RM47.61 million. The Group incurred a pre-tax loss of RM5.08 million compared to a pre-tax profit of RM0.27 million in the preceding year.

POINTS OF INTEREST

Company	Points/Issues to Be Raised
Lotus KFM Berhad (AGM)	The Group's primary revenue contributor, the flour milling and trading segment experienced a declining revenue trend over the past three financial years. Concurrently, its operating profit margin declined from 7.4% in FYE2022 to 3.4% in FYE2024. The Group explained that the decline in revenue was primarily due to reduce of demand in the operating market. (Page 5 of AR2024) a) Can the Board provide further insights into the declining demand for the Group's flour products and the key factors contributing to the decline in operating profit margin? b) The Group's sales to its major customer A dropped by approximately 30% compared to the previous financial year. (Page 119 of AR2024) What were the reasons for this significant decline in sales? c) Has the Group faced pressure from losing customers in the highly competitive market over the past three years? If so, what are the main reasons customers switch suppliers, and how does the Group plan to address this challenge?

	d) Can the Board provide an update on the progress in strategic partnerships and alliances to access new markets, as discussed in the last AGM?
MKH Berhad (AGM)	An individual customer with sales amounting to RM287.9 million (FY2023: RM187.52 million), representing 27% (2023: 18%) of the total revenue (page 291 of AR2024). a) Who is the individual customer that contributed 27% of the Group's total revenue in FY2024? To which business were the sales related to? b) How did the individual customer chalk up such a high level of sales with MKH? What credit risk assessments were conducted to ensure the customer's ability to meet payment obligations? Has the Group encountered any collection issues with this customer? Additionally, has the Company made any provisions, write-downs, or write-offs related to the outstanding amount for this individual customer? If so, what is the amount recorded? c) Revenue contribution from the individual customer increased to 27% from 18% the year before. Does MKH see the trend as a growing revenue concentration risk? If so, what should the Company do to further diversify the clientele base? d) As of the reporting date, MKH has no significant concentration of credit risk on trade receivables, except for an individual customer with a balance amounting to RM38.5 million (FY2023: RM38.5 million), representing 25% (2023: 28%) of the total trade receivable balances (page 294, Note 43 (i) – Credit Risk, AR2024). The amount pertains to a loan granted by a subsidiary of MKH to a third party for a joint venture land development agreement entered between the third party and another subsidiary of MKH (page 249, Note 20 – Receivables, deposits and prepayments, AR2024). Is this loan related to the individual single customer mentioned earlier? Please name the JV, subsidiaries and the third party involved in the transaction.

Digistar Corporation Berhad (AGM)	The Malaysian minimum wage increased from RM1,500 per month in 2024 to RM1,700 per month as of 1 February 2025. a) How many of the Group's employees are affected by the change in minimum wage? b) To what extent will a minimum wage increase impact the Group's cost of doing business and profitability? c) With the expected higher labour cost, to what extent will the Group adjust its hotel room rates, going forward?

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