



The Official Newsletter from MSWG Observer

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CHECK CHECK

Their presence may be subtle and often go unnoticed, yet their presence is critical for the integrity of voting at general meetings.

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SCRUTINISING THE SCRUTINEERS

You may not notice it, but they are always there.

Their presence might be overlooked by many. Standing quietly at the edges of general meetings, often behind registration counters or near the polling booths, scrutineers are a constant presence, yet rarely acknowledged and questioned.

To many shareholders, they fade into the background. But, without them, the integrity of voting at general meetings would rest on far shakier ground.

Scrutineers are an essential, if understated, part of the mechanism that underpins transparency at shareholders' meetings. Appointed to act independently and impartially, they are meant to ensure that voting outcomes genuinely reflect shareholders' wishes. They are the quiet guardians of vote integrity, critical to governance, yet their presence and roles are largely undiscussed by the investing public.

What scrutineers actually do

A scrutineer is an independent party appointed by the company ahead of general meetings to validate poll results. Their work begins well before the meeting is called to order.

Often, they can be seen closely examining registration procedures, scrutinising proxy documentation, and keeping a watchful eye on ballot forms. Their task is to ensure that votes cast by shareholders are accurately matched to shareholdings and that no vote carries more or less weight than it should.

But their roles go far beyond this.

Before the meeting doors open, scrutineers work with the poll administrators to understand the voting method to be used in the meeting, whether electronic voting via handheld devices, kiosks, or traditional manual ballots.

They ensure the integrity of ballot forms, electronic devices and polling procedures, and stay alert to weaknesses that could expose the process to error or tampering.

They also validate proxy forms, verifying proxies' identities, shareholdings, form submission deadlines and compliance with procedural requirements. This includes liaising with the share registrar to ensure that the Record of Depositors is accurate and up to date – 48 hours prior to the general meeting.

Once the meeting is underway, the scrutineers' role becomes more visible, though still largely out of sight. They observe how voting is conducted, how ballots are distributed

and collected, or how votes are submitted electronically. They ensure that voting follows the prescribed procedures and the chairman's instructions.

This is where their role can become particularly critical. Scrutineers are expected to identify duplicate voting, monitor abstentions and ensure exclusions are properly applied, such as in related party transactions. When disputes arise over events like shareholders' or proxies' eligibility to vote, the scrutineer is expected to step in and address the issue.

After voting closes, together with the poll administrator, scrutineers count and verify votes, reconciling ballots cast against issued share capital and valid proxies. They verify votes for, against, and abstentions, resolution by resolution, before confirming the final voting results for chairman's announcement.

Once announced, the voting results bearing the stamp of the scrutineer are uploaded to Bursa Malaysia's website and recorded in the meeting minutes. For regulators, investors, and the public, that confirmation is treated as a seal of procedural credibility over the general meeting held.

The unease beneath the surface

The presence of scrutineers is beyond procedural. Their appointment is mandated under Bursa Malaysia Listing Requirements (LRs) to serve as a governance safeguard, more so when voting outcomes are tight, contested, or voting transparency is in question.

A case in point involved South Malaysia Industries Berhad, whose outcomes of its adjourned 53rd AGM held on 8 December 2025 intrigued us. Voting results shown 74.3% of the total shares voted (or approximately 105.08 million shares) were disqualified for Resolutions 1 to 5, on the grounds that *"these votes refer to holders who have pre-determined abstained from voting in the proxy form or holders refrained from voting due to conflict of interest."*

The explanation raised more questions than answers. First, if these shareholders had indicated an intention to abstain prior to the meeting, their shares should have been categorised and disclosed as "abstain", rather than later disqualified. Likewise, shareholders with conflicts of interest would not have cast votes in the first place.

This apparent contradiction inevitably raises concerns about the poll-voting process and brings into focus the role and effectiveness of the scrutineer in verifying and validating the voting results.

Nonetheless, despite their importance, scrutineers operate in a space that is largely under-defined.

There are no standalone regulatory framework or guidelines governing scrutineers. One source that can be referred to is the *Best Practice Guide on AGMs for Listed Issuers*, jointly issued by MAICSA and Bursa Malaysia. While helpful, it offers only broad principles rather than detailed standards on how scrutineers should carry out their duties.

The LRs do require scrutineers to be independent of the company, not officers of the listed issuer or its related corporations, and independent of the poll administrator. That said, beyond these general requirements, guidance on their role remains thin.

The crux of the issue is that while most PLCs appoint independent parties such as external firms or poll administrators to act as scrutineers, there remains considerable variability in how independence, competency, and reporting standards are interpreted and applied. In the absence of clear, enforceable guidelines, much depends on individual practice and judgment.

At most general meetings, shareholders are told briefly who the scrutineer is. That is often where disclosure ends. Little is said about the scrutineer's qualifications, experience, or safeguards to ensure independence. Much like their subtle physical presence, their professional standing is largely unknown to shareholders.

It is perhaps for this reason that the Securities Commission Malaysia has sought public feedback on whether clearer minimum expectations are needed to ensure scrutineers are consistently independent, qualified, and effective in carrying out their validation role.

MSWG shares this concern. The existing guidance is not comprehensive enough to adequately equip scrutineers to discharge their responsibilities in an increasingly complex voting environment.

Without a standardised framework, differing voting methods, varying levels of expertise, and inconsistent practices can result in uneven assurance over the robustness of poll validation and the transparency of results. Each scrutineer may develop their own approach to verifying, reconciling, and validating votes.

In practice, the scope of work is typically agreed beforehand between the company and the scrutineers, subject to variations. In the absence of standardised guidance, this arrangement may cause unease among shareholders with the expectation of consistent governance standards across the market.

A case for stronger guardrails

There is a growing need for clearer, more detailed guidance to strengthen the independence and competency of scrutineers. Such guidance should address verification procedures, reconciliation controls, the handling of proxy and voting disputes, and reporting expectations. Consideration could also be given to accreditation, minimum

professional standards, and periodic performance reviews to reinforce accountability and quality.

In practice, however, independence is not always a matter of formality. One real-world concern is the risk of scrutineers becoming overly familiar with the board or management.

While such interactions may be entirely innocent, they raise an uncomfortable question: where should the line be drawn between professional engagement and perceived impartiality? For shareholders, the appearance of closeness can undermine confidence in voting integrity.

For this reason, scrutineers must remain visibly and demonstrably detached from management and controlling shareholders, particularly when resolutions are contentious or voting margins are tight. Independence must not only exist—it must be seen to exist.

After all, scrutineers may operate quietly, but the confidence investors place in general meetings rests heavily on their work. If they are to remain the silent guardians of vote integrity, the system supporting them should stand out.

[END]

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
09.02.26 (Mon) 10.00 am	Crescendo Corporation Berhad (EGM)	The Company is seeking shareholders' approval for the proposed disposal of a vacant industrial land located in the Mukim and District of Kota Tinggi, State of Johor to Pioneer Real Estate Development Sdn Bhd for RM200.88 million.
09.02.26 (Mon) 03.00 pm	Sunway Berhad (EGM)	<p>Sunway Berhad proposes to list its healthcare arm - Sunway Healthcare Holdings Berhad (SHH) on the Main Market of Bursa Malaysia, involving a dividend-in-specie distribution of SHH shares to entitled shareholders.</p> <p>The listing aims to unlock value through a market-based valuation, provide shareholders with direct exposure to the healthcare business, enable SHH to raise funds independently, and allow more focused management of both Sunway and its healthcare operations.</p>
10.02.26 (Tue) 10.30 am	MNC Wireless Berhad (AGM)	<p>In FPE2025 (16-months reporting), the Group reported higher revenue of RM23.2 million, driven mainly by the core Wireless and Digital Services segment.</p> <p>However, the core segment margins declining from about 21.7% in FYE2024 to approximately 0.7% in FPE2025. Overall, the Group recording a loss after tax of RM11.6 million, largely due to non-cash items which includes amortisation and impairments.</p>
12.02.26 (Thur) 10.00 am	Petronas Gas Berhad (CCM)	The Company proposes an internal reorganisation to realign its corporate structure with its core business segments—Gas Transportation, Gas Processing and Utilities—by transferring each segment to dedicated wholly-owned subsidiaries. The exercise aims to

Date & Time	Company	Quick-take
		enhance transparency, operational focus and capital flexibility, while clearly separating regulated and non-regulated activities. The reorganisation will not affect share capital, earnings or gearing.

POINTS OF INTEREST

Company	Points/Issues to Be Raised
Sunway Berhad (EGM)	Recent transactions in the private healthcare sector have seen hospitals acquired at very high earnings multiples, where value accretion ultimately depends on a substantial uplift in future profits. At the illustrative IPO price of RM1.45 per share, the healthcare arm is implied to be valued at approximately 64.8 times earnings (Page 10 of the Circular). Please explain how this valuation is justifiable and sustainable over the long term, and what specific earnings drivers give the Board confidence that such a multiple can be supported without undue reliance on aggressive pricing, utilisation or acquisition-led growth?
MNC Wireless Berhad (AGM)	<ol style="list-style-type: none"> The Group recorded a higher revenue of RM23.2 million in FPE2025, driven by sustained activity and progressive contract fulfilment within the core Wireless and Digital Services segment. (Source: Page 12 of Annual Report (AR) 2025) <ol style="list-style-type: none"> The core segment turnaround from a loss of RM2.3 million in FYE2024 to a slight profit of RM156,817 in FPE2025; however, this level of profitability remains insufficient to absorb the recurring amortisation of approximately RM3–5 million annually. (Source: Pages 121 and 123 of AR2025) <p>What is management's plan to ensure the long-term sustainability of the core segment, and when does the Board expect the segment to turn profitable in totality?</p> The Mobile Application segment moved from a profit of RM159,609 in FYE2024 to a loss of RM5,648 in FPE2025. What were the key factors behind this major deterioration? Despite ongoing upgrades, the Group recognized RM3.4 million impairment losses relating to the Premium Mobile Content Platform and RM0.7 million relating to the Home Booking and Rental Platform. (Source: Note 4, Page 97 of AR2025)

Company	Points/Issues to Be Raised
	What changes in commercial assumptions, market conditions, or platform performance triggered the impairment assessment, and how do these impairments reconcile with management's continued infrastructure investments and enhancements for these platforms?

[END]



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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