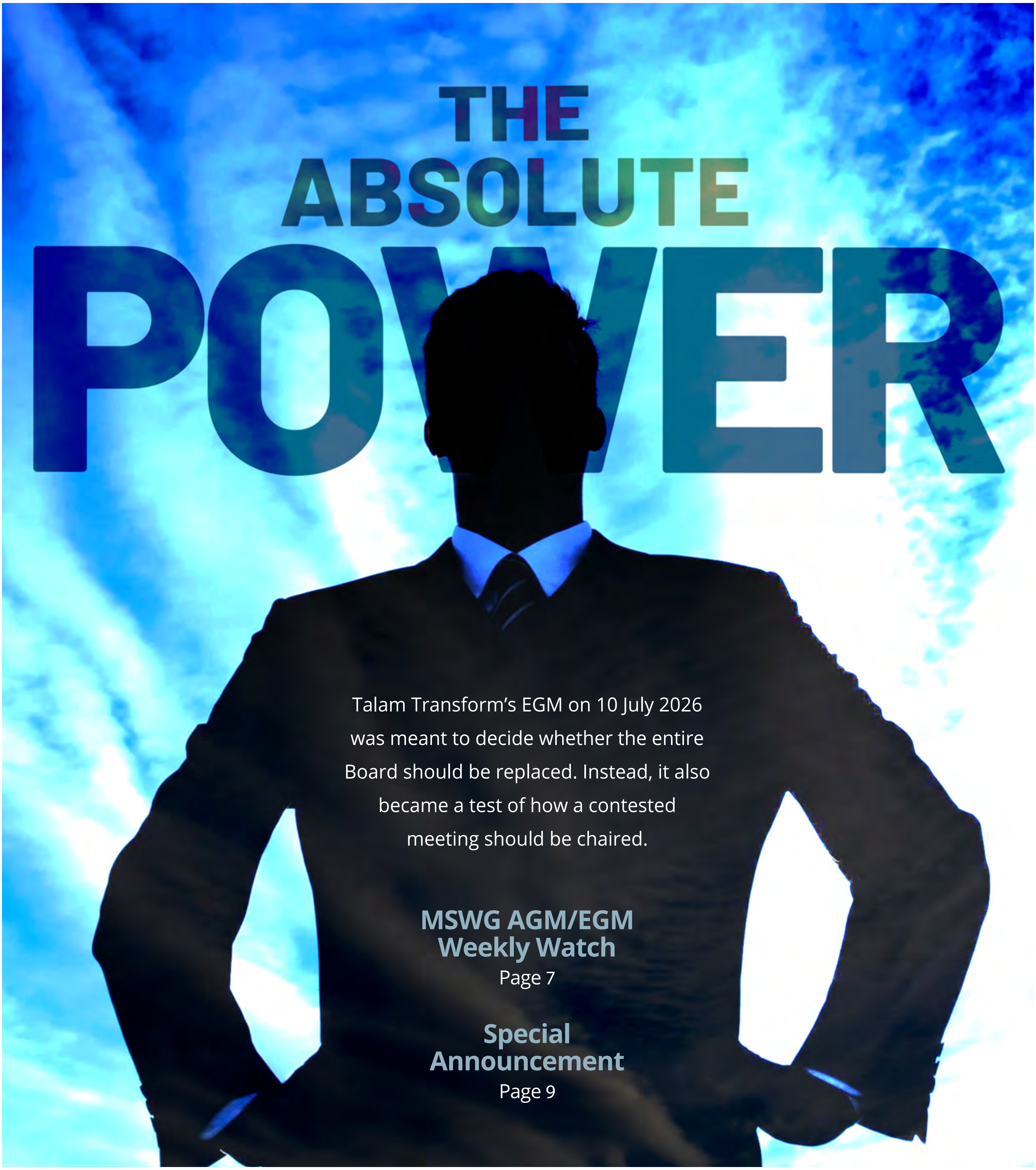
MSWG
MINORITY SHAREHOLDERS WATCH GROUP

The Observer

Official Newsletter from MSWG

FRIDAY | 31 JULY 2026



Talam Transform's EGM on 10 July 2026 was meant to decide whether the entire Board should be replaced. Instead, it also became a test of how a contested meeting should be chaired.

WHEN THE CHAIRMAN IS ON THE BALLOT

There is a saying in corporate governance that difficult cases often expose weaknesses in the rules. Routine meetings rarely test a governance framework because everyone generally knows their role and the outcome is seldom in doubt. It is only when boards are challenged, shareholders become divided, and emotions begin to rise that the true strength of governance arrangements is revealed.

In recent years, Malaysia has witnessed an increasing number of contested shareholder meetings. Requisitioned general meetings, proposals to remove directors before the expiry of their term and attempts to reshape board composition are no longer isolated events. Such contests may arise from governance concerns, boardroom disagreements, competing shareholder interests or even corporate control battles. Whatever the catalyst, these meetings place the company's governance framework under intense scrutiny and test whether established processes remain fair, balanced and capable of commanding the confidence of all shareholders.

As contested meetings become more prevalent, one governance question deserves far greater attention than it currently receives. It is a question that rarely arises during an ordinary Annual General Meeting but becomes critically important when the board itself is under challenge.

Who should chair a meeting when the chairman himself is one of the directors shareholders are being asked to remove?

The Companies Act 2016 provides shareholders with the right to remove directors before the expiry of their term under Section 206. It also protects directors by allowing them to make representations to shareholders under Section 207 before any decision is made. Both provisions are important safeguards that balance shareholder democracy with procedural fairness.

Yet the law remains largely silent on another equally important issue. When the chairman himself becomes the subject of a removal resolution, should he continue presiding over the meeting, or should someone else take the chair?

Recent events at Talam Transform Berhad provide a useful opportunity to examine this broader governance question.

A Meeting That Asked a Bigger Question

The Extraordinary General Meeting of Talam Transform Berhad held on 10 July 2026 was, on its face, a straightforward exercise in shareholder democracy. Fourteen resolutions were tabled seeking, among others, the removal of the existing directors and the appointment of an entirely new board. Ultimately, shareholders rejected every resolution and the incumbent board remained in office.

The voting outcome, however, was arguably not the meeting's most interesting governance lesson. Before the first resolution could even be considered, another question emerged. The chairman presiding over the meeting was himself one of the directors whose removal was being proposed. It immediately presented a dilemma.

Some shareholders questioned whether he should continue chairing the meeting, arguing that it was inappropriate for someone whose own position was at stake to remain in control of the proceedings. Others took the view that there was no legal prohibition against him doing so and that continuity would help ensure an orderly meeting.

Both arguments carried merit.

The issue, however, extended beyond legal compliance. It touched upon one of the most fundamental principles of corporate governance, i.e. confidence in the fairness and impartiality of the decision-making process.

More Than Just Keeping Time

Many people assume that the role of a chairman during a general meeting is largely administrative. In reality, the chairman exercises significant judgement throughout the proceedings.

The chairman decides the order in which speakers are recognised, determines whether questions are relevant to the business before the meeting, rules on procedural matters, maintains order when discussions become heated and decides when sufficient deliberation has taken place before moving a resolution to a vote. In particularly contentious meetings, these decisions can materially influence shareholders' perception of whether the process has been conducted fairly.

These are not merely procedural tasks. They require judgement, discretion and, above all, impartiality. This explains why the chairman's role becomes considerably more important when shareholders are deciding whether to remove the very person occupying the chair. Even where every decision is objectively fair, the perception of impartiality can become just as important as impartiality itself.

Corporate governance has long recognised this distinction.

Governance Is Also About Perception

One of the enduring principles of good corporate governance is that organisations should seek to avoid not only actual conflicts of interest but also situations that create the perception of conflict.

This philosophy is reflected throughout Malaysia's corporate governance framework. Directors with an interest in a related party transaction are generally expected to abstain from deliberations and voting. Independent directors are expected to exercise objective judgement free from relationships that could impair their independence. External auditors are subject to strict independence requirements, not because every auditor lacks integrity, but because public confidence depends upon the appearance as well as the reality of independence.

The underlying principle is simple. Governance frameworks should not rely solely on individuals acting honourably. They should minimise circumstances in which reasonable observers may question the integrity of the process. The same principle arguably deserves consideration when a chairman presides over a meeting in which shareholders decide whether he should remain on the board.

A Practice We Already Accept

Interestingly, this is not an unfamiliar concept in Malaysian corporate practice. During many Annual General Meetings, when shareholders consider the ordinary resolution relating to the re-election of the chairman as a director, it is common practice for the chairman to temporarily vacate the chair while another director, often the Senior Independent Director or another independent member of the board, presides over that specific agenda item.

The rationale is straightforward. A person should generally not chair deliberations concerning his own re-election. This practice is widely accepted despite the fact that re-election under the Companies Act is ordinarily routine and uncontested. If the market already recognises the importance of avoiding even the appearance of a conflict during a routine re-election, should the same principle receive even greater consideration when shareholders are being asked to remove the chairman altogether in a contested Extraordinary General Meeting?

The question is difficult, but it is one worth asking.

What Talam Demonstrated

From MSWG's observation of the Talam Transform EGM, the chairman afforded the various parties a reasonable opportunity to present their respective positions before shareholders cast their votes.

The requisitionists were allowed to explain why they believed changes to the board were necessary. The company responded to those concerns. Directors who were the subject of the removal resolutions were given the opportunity to address shareholders in accordance with Section 207 of the Companies Act 2016. Shareholders themselves were also able to ask questions and participate in the discussion before voting commenced. Overall, the proceedings appeared orderly and balanced.

That observation, however, should not be mistaken for an answer to the broader governance question. The issue is not whether this particular chairman conducted the meeting fairly. The issue is whether Malaysia's governance framework should expect shareholders to rely on the personal integrity and professionalism of an interested chairman every time such circumstances arise.

Good governance should not depend solely upon good individuals. It should also be supported by good rules.

Preparing for the Next Contested Meeting

Some may argue that cases such as Talam are exceptional and therefore do not warrant additional guidance. That argument may have carried greater weight a decade ago. Today, contested shareholder meetings are no longer as uncommon as they once were. Whether driven by competing shareholder interests, governance concerns, succession disputes or corporate control battles, boards are increasingly finding themselves required to defend their positions before shareholders. As these situations become more frequent, the governance framework governing such meetings deserves closer attention. It would therefore not be surprising if contested shareholder meetings become more common in the years ahead.

Rather than addressing each situation on an ad hoc basis, there may be merit in considering whether clearer governance guidance should be developed before such cases become more frequent. This need not necessarily require legislative amendments. Guidance could equally emerge through governance best practices, regulatory recommendations or future enhancements to the Malaysian Code on Corporate Governance.

The objective would not be to question the integrity of individual chairmen. Instead, it would be to strengthen confidence in the governance process itself.

The Chair Must Inspire Confidence

The issue is not whether a chairman should invariably step aside whenever his or her own position is under challenge. There are legitimate arguments on both sides, and each situation will inevitably present its own practical considerations. The more important question is whether Malaysia's corporate governance framework should provide clearer guidance on circumstances in which a chairman's personal interests intersect with the responsibility to preside impartially over a contested meeting.

Good governance should never depend solely on the integrity or judgement of the individual occupying the chair. Governance frameworks exist to provide consistency, minimise both actual and perceived conflicts of interest, and inspire confidence that every shareholder will receive a fair hearing regardless of who presides over the meeting. As contested shareholder meetings become more common, relying solely on convention or individual discretion may no longer be sufficient.

Ultimately, shareholders have the right to decide who should occupy the boardroom. Equally important, however, is ensuring they have complete confidence in the process through which that decision is made. The legitimacy of a meeting is measured not only by the outcome of the vote, but also by the fairness, impartiality and integrity of the proceedings that led to it.

Good governance should never wait until the next difficult meeting to decide how it ought to work.

[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	Voting Position
05.08.26 (Wed) 10.00 am	Batu Kawan Berhad (EGM)	Batu Kawan proposes to acquire an additional 18.1% stake in MKH Berhad for RM208.9 million, increasing its interest to 48.7%. The acquisition will trigger a mandatory offer (MGO) for the remaining MKH shares and, if unconditional, a possible MGO for MKH Oil Palm (East Kalimantan) Berhad (MKHOP). The offer values MKH at an implied P/E of 12.9x (peer: 7.1x) but P/B of 0.6x (peer: 1.1x). Despite the higher earnings multiple, the acquisition secures a profitable plantation business, expands Batu Kawan's Indonesian land bank, adds a complementary property platform and remains below book value. Batu Kawan intends to delist MKH while retaining MKHOP's listing.	MSWG will vote "FOR" the resolution tabled in the meeting.
06.08.26 (Thur) 9.00 am	XL Holdings Berhad (EGM)	In May 2026, XL Holdings completed the acquisition of Giant Mini Business Assets, comprising 34 minimart outlets operating under the brand name of "Giant Mini" for RM15 million. With that, the Company intends to seek shareholders' approval for the proposed diversification of its existing business to include the retail and wholesale grocery business. The new business is expected to contribute 25% or more of the net profits	MSWG will vote "FOR" the resolution tabled in the meeting. The Proposed Diversification will diversify and broaden the Group's earnings base and to further complement and grow its Foods and Growing Crops business segments.

Date & Time	Company	Quick-take	Voting Position
		of the Group and the diversion of 25% or more of the Group's net assets to the Retailing and Wholesaling Grocery Business.	

POINTS OF INTEREST

Company	Points/Issues to Be Raised
XL Holdings Berhad (EGM)	The acquisition of Giant Mini Business Assets was completed on 31st May 2026 for a purchase consideration of RM15 million, including RM1.60 million of goodwill attributed to the established customer base and business operations. (Section 2.1 of Circular to Shareholders dated 22 July 2026) a) Could the Board disclose the Giant Mini business' historical revenue and profit/loss for at least the past three financial years, as well as its performance since XL took over on 31 May 2026? b) Was any profit guarantee obtained from the seller? If not, what financial and commercial due diligence gave the Board sufficient confidence to pay a RM1.60 million premium over the identifiable tangible assets and inventory? And how will XL safeguard against potential goodwill impairment if earnings underperform? c) What is the Board's expected revenue, profit margin and break-even timeline for: (i) the existing 34 outlets after refurbishment; and (ii) the additional 20 outlets?

DISCLOSURE OF INTERESTS

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