MSWG
MINORITY SHAREHOLDERS WATCH GROUP

The Observer

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Related-party transactions may comply with Bursa Malaysia's rules yet still raise governance concerns. Past cases highlight how significant exposures culminated through a series of transactions without triggering shareholder approval, raising questions over whether the existing framework goes far enough.

WHEN COMPLIANCE IS NOT ENOUGH

Back in 2022, the Securities Commission Malaysia (SC) conducted a market-wide study of related-party transactions (RPTs) by reviewing about 5,500 RPT announcements made between 2016 and 2020[1].

Roughly half of all Bursa Malaysia-listed companies had made at least one RPT announcement during that five-year window, indicating that this is a mainstream feature of the market rather than a rare occurrence.

The SC cautioned that RPTs, especially those within family groups and those with long-serving independent directors, may require closer monitoring to ensure deals are not detrimental to minority shareholders. The study also noted unusual share price movements in the day before some RPT announcements, suggesting price-sensitive information may sometimes leak ahead of public disclosure.

Bursa Malaysia responded with amendments that took effect in May 2023, following a public consultation that began in 2021. The three key changes made were:

- Disclosure of potential conflict of interest (COI), including competing business interests;
- Enhanced audit committee oversight of conflicts that arise, persist or may arise; and
- Mandatory disclosure by the audit committee of conflict situations reviewed and mitigation measures taken.

The COI and other amendments have also provided clarity in some of the areas related to RPTs. Amongst others, three changes stood out.

Firstly, PLCs need to comply with Bursa Malaysia Listing Requirements in an exempted RPT of their subsidiaries that triggers the percentage ratio of 25% or higher, which does not involve the interest of any related party of the PLC or the PLC's holding company.

Further to this, the definition of an asset disposal was widened to include cases where a subsidiary issues new shares in a way that dilutes the listed parent's stake in such subsidiary.

Lastly, when a transaction is carried out by a subsidiary, the percentage ratio must now be calculated using the full consideration paid or received, not just the listed company's proportionate interest in such consideration. This closes off the trick of using a minority-owned joint venture to keep a calculated percentage ratio artificially low.

Even after all of this, the core mechanism has not moved. The 5% ratio still triggers both an independent valuation and a shareholder vote in one single step. Companies cannot simply "skim" past the 5% threshold by slicing transactions into a few parts. This is clearly

[1] Pages 30 & 31, SC Annual Report 2021.

stated in Paragraph 10.12 of the Bursa Malaysia Listing Requirements, which permits the Exchange to aggregate deals made within the same 12-month period as if they were one transaction. And once one deal in the chain gets a shareholder vote, the count will reset.

Questionable Deals that Played by the Rules

These deals were beyond a single quiet disclosure, tranche by tranche, and sometimes over years. All of them stayed inside the rules. The examples below highlight contentious issues surrounding family-controlled PLCs, where the distinction between personal and public interests is often blurred, giving rise to potential conflicts of interest and governance concerns.

In February 2024, Ekovest Berhad sold 13 parcels of land along Jalan Pahang for RM66.8 million to Airman Sdn Bhd, a company linked to Ekovest's then managing director, Tan Sri Lim Keng Cheng. Five months later, Ekovest sold another four parcels of land, also along Jalan Pahang, to Airman for RM9.82 million.

Ekovest stated that the transactions were undertaken on a willing-buyer, willing-seller basis. As each transaction fell below the 5% materiality threshold, an independent valuer was not required to assess whether the consideration represented fair market value.

Yet, the close timing and apparent similarity of the transactions raise a legitimate governance concern.

Whereas at Berjaya Corporation Berhad (BCorp), the issue took a different form. On 28 May 2026, BCorp sold stakes in five listed companies, namely Berjaya Property Berhad (BProp), Berjaya Food Berhad, REDtone Digital Berhad, 7-Eleven Malaysia Holdings Berhad, and Salcon Berhad to Detik Ria Sdn Bhd for RM32.9 million. On the same day, BProp, a 74%-owned subsidiary of BCorp, offloaded a 1.98% stake in 7-Eleven Malaysia to Detik Ria for RM43.85 million.

Detik Ria is linked to Berjaya Group founder Tan Sri Vincent Tan. Weeks later, in late June 2026, BCorp sold its entire 8.64% stake in Citaglobal Berhad for RM42.56 million to Detik Ria.

Within months, shares worth RM119 million in PLCs controlled by Tan Sri Vincent Tan were sold to a related party via a series of small transfers. All were done without the need for shareholders' approval.

Perhaps Genting Malaysia Berhad (GenM) provides a useful illustration of how a related-party investment can evolve over several years. In 2019, GenM acquired a 46% interest in the common stock of Empire Resorts, Inc., a US casino operator, from Kien Huat Realty III Ltd (KH) for US$128.6 million (approximately RM538.8 million).

The acquisition represented approximately 35% of the voting rights in Empire Resorts following the conversion of outstanding preferred stock into common stock. KH, an investment vehicle of the Tan Sri Lim Kok Thay family, remained a significant shareholder of Empire Resorts.

GenM and KH subsequently took Empire Resorts private at US$9.74 per share through a joint venture vehicle, Genting Empire Resorts LLC (GERL), in which GenM held 49%, and KH held the remaining 51%. Empire Resorts therefore became an associate of GenM, while KH remained the majority shareholder.

Despite the magnitude and related-party nature of the transaction, it was not subject to shareholders' approval. The highest aggregated percentage ratio for all transactions between GenM and related parties pursuant to Paragraph 10.12(1) of the Listing Requirements was 4.01%, below the 5% threshold that would have triggered shareholders' approval. Nonetheless, Bursa Malaysia queried GenM on various aspects of the transaction, including the purchase price, liabilities, and safeguards in light of the seller's link to its controlling family.

The relationship did not end with the initial acquisition. Between 2020 and 2024, GenM continued to invest in and provide financial support to Empire through a series of preferred-stock subscriptions. In May 2025, GenM agreed to acquire KH's remaining 51% interest in GERL for US$41 million (approximately RM175.5 million) and to accept the assignment of a US$39.7 million loan owed by Empire to KH. The acquisition was completed on 31 May 2025, thereby making Empire Resorts an indirect, wholly owned subsidiary of GenM. By June 2025, GenM's cumulative investment in Empire had reached approximately US$766 million[2].

In October 2025, Genting Berhad, parent company of GenM, launched a conditional voluntary takeover offer to privatise GenM at RM2.35 per share – a price that was considered depressed by many due to GenM's exposure to the loss-making Empire Resorts. Genting's bid failed after securing 73.1% support, short of the 75% threshold. GenM remains listed.

The Empire Resorts saga extends well beyond these headline acquisitions. It illustrates how a relationship with a connected party can develop through a series of transactions over several years, with the Company progressively increasing its financial exposure before ultimately acquiring full control of the underlying business. Over the six years, no single tranche required shareholders' approval, but the sequence as a whole transferred control of the entire company and changed the course of GenM's fortunes and prospects.

[2] Page 11, Genting Malaysia Berhad's Minutes of the 45th AGM held on 11 June 2025, accessed via https://www.gentingmalaysia.com/wp-content/uploads/2025/07/GENM_45th_AGM_Minutes_v2.pdf

Company	Value of Staggered Transaction	Bursa Malaysia Query?	RPT governance that raises concern
Ekovest and Airman (2024)	RM76.62 million across two tranches	No	Large land sale price determined at willing buyer, willing seller basis without an independent valuation required
Berjaya Corp, Berjaya Property and Detik Ria (2026)	RM119 million stakes in five listed companies were transacted across three tranches	No	A pattern that may raise questions as to whether a series of smaller transfers can achieve a similar outcome to a larger transaction without triggering shareholder approval
Genting Malaysia and Empire Resorts (2019–2025)	US$766 million in disclosed RPT tranches and investments in preferred stocks	Yes, 20 questions in respect of the transaction	Billion dollars invested in Empire Resorts that probably at the expense of minority shareholders' interests.

Can We Reduce Controversial RPT Deal?

None of these transactions breached the rules, and that is precisely why they matter. The gap they reveal is one of design rather than enforcement.

Bursa Malaysia's RPT rules are broadly comparable to those of its regional peers, all running on pretty much the same basic architecture and percentage and aggregation thresholds, yet controversial transactions still occurred.

The challenge lies not only in the rules themselves, but also in how transactions are structured, assessed and challenged before they reach shareholders. A rulebook sets the floor rules, but it cannot supply the intent behind every transaction.

The first and most crucial line of defence remains the independent directors. Their role should extend beyond determining whether a proposed RPT meets a numerical threshold. They should actively interrogate the commercial rationale, pricing, timing, counterparties, cumulative effect and potential conflicts of interest, particularly where multiple transactions involving the same related party are executed in successive tranches.

This also places greater importance on the Audit Committee and its oversight role. The Audit Committee should challenge management more robustly on whether an RPT is genuinely in the best interests of the company and all shareholders, and whether the proposed transaction could create an appearance or substance of preferential treatment.

Ultimately, rules can only go so far. Regulations can be tightened and strengthened, but integrity, independence and the courage to challenge management cannot be written.
[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
09.09.26 (Wed) 9.45 am	See Hup Consolidated Berhad (AGM)	The Group recorded revenue of RM114.08 million for FY2026, down from RM118.65 million previously, as revenue from the transport and logistics segment fell from RM114.86 million to RM110.09 million. It returned to profit with a PBT of RM180,000, up from a loss of RM3.22 million previously. This turnaround was primarily driven by the absence of last year's impairment losses in the trading, machinery hire, and subcontracting segment. Performance was further strengthened by higher share of associates' profit and lower overall total depreciation.	MSWG will vote 'FOR' all resolutions to be tabled.
09.09.26 (Wed) 10.00 am	Panasonic Manufacturing Malaysia Berhad (AGM)	Revenue declined 16.1% to RM689.9 million in FY2026, reflecting lower sales across selected domestic and export markets, particularly Fan, Vacuum Cleaner, Electric Iron and Home Shower products. Stronger Singapore project sales provided partial support. PBT declined 27.9% to RM37.4 million in FY2026, driven by lower production volume, weaker fixed-cost absorption, Ringgit appreciation, unfavourable model mix, lower finance income and reduced associate contribution.	MSWG will vote 'AGAINST' resolution 8 on the retention of an independent non-executive director who has served for a cumulative term of more than nine years.

Date & Time	Company	Quick-take	Voting Position
09.09.26 (Wed) 10.00 am	Pestec International Berhad (AGM)	The Group recorded revenue of RM291.1 million for the FY2026, (FPE 31 March 2025: RM592.0 million) This performance reflects the cyclical winding down of major international projects in Iraq and Cambodia following their substantial completion. Backed by cost efficiency, a capital restructuring benefit through a RM202.0 million debt waiver and the absence of RM256.3 million in asset impairments, the Group successfully repositioned its previous loss before tax of RM333.6 million to profit before tax of RM92.8 million.	MSWG will vote "AGAINST" Resolution 7 as funding flexibility does not address the core issue. It will not resolve the Company's financial distress. What PESTEC needs is a comprehensive and credible turnaround plan, not ad-hoc share issuances that dilute minorities without providing a clear path for recovery.
09.09.26 (Wed) 3.00 pm	Tasco Berhad (AGM)	For FY2026, the Group recorded a lower revenue of RM910.5 million, compared with RM1.01 billion in FY2025. The decline was mainly attributable to softer international freight rates, particularly in ocean freight, following the post-pandemic adjustment in vessel capacity. Revenue was also affected by lower contributions from the cold chain segment. Its PBT improved to RM47.6 million, compared with RM42.6 million previously, supported by better operating profitability, the absence of major one-off write-offs recorded in the previous year and gains recognised from other income and expenses.	MSWG will vote 'FOR' all resolutions to be tabled.
10.09.26 (Thur) 10.00 am	Censof Holdings Berhad (AGM)	FY2026 was a stronger year for Censof, with revenue increasing 8.2% YoY to RM109.45 million, while PAT nearly doubled to RM7.40 million. FMS-G remained the key growth and earnings driver, with revenue increasing 12.7% YoY to RM69.7 million and segment profit nearly doubling to RM13.3 million from RM6.7 million, lifting its margin to 19.0% from 10.8%. FMS-C revenue was broadly stable at RM22.4 million, although segment profit moderated to RM2.5 million. WMS weakened, with revenue declining to RM9.3 million and segment profit falling to RM1.4 million,	MSWG will vote 'FOR' all resolutions to be tabled.

Date & Time	Company	Quick-take	Voting Position
		while DT revenue grew 3.5% to RM18.3 million but segment profit declined to RM1.7 million. Overall, the stronger performance was largely driven by FMS-G, while contributions from the other divisions remained mixed.	
10.09.26 (Thur) 10.00 am	Toyo Ventures Holdings Berhad (AGM)	TOYO returned to profitability in FY2026, recording revenue of RM76.2 million and profit before tax of RM4.2 million, compared with RM128.4 million revenue and a RM455.5 million loss in the preceding 18-month period. On an annualised basis, revenue declined 11%, reflecting normalisation of capex among key customers following the completion of peak delivery cycles in FPE2025, together with shipment delays in the final quarter. However, underlying PBT was only RM1.0 million after excluding a RM3.2 million disposal gain, highlighting modest operating profitability. The turnaround was primarily driven by cost reduction measures within the Ink Group which lowered administrative and selling expenses.	MSWG will vote "FOR" all resolutions to be tabled.
10.09.26 (Thur) 11.00 am	LTKM Berhad (AGM)	LTKM's FY2026 revenue fell 5% to RM211.9 million, with PBT down 16% (RM43.6 million) and net profit down 21% (RM38.3 million), largely due to government subsidy income halving. Core poultry profit fell 26% and capex was cut 87% while the investment securities portfolio grew to RM132 million.	MSWG will vote 'AGAINST' resolutions 4 and 5 on the re-election and retention of an INED whose tenure will exceed nine years.
10.09.26 (Thur) 11.00 am	Emico Holdings Berhad (AGM)	FY2026 revenue increased slightly to RM58.15 million from RM57.56 million, driven by property development, which offset lower manufacturing and trading revenue due to softer demand and unfavourable foreign exchange rates. The Group's LBT widened to RM1.24 million in FY2026 (FY2025: LBT of RM310,000), mainly due to weaker home	MSWG will vote 'AGAINST' resolution 2 to retain an INED, whose tenure will exceed nine years on 6 September 2026.

Date & Time	Company	Quick-take	Voting Position
		furnishing and household product demand, adverse foreign exchange movements affecting export margins, and a write-off of fire-damaged assets.	
11.09.26 (Fri) 10.00 am	Systech Bhd (AGM)	Following the disposal of the SysArmy Group and Postlink, Corporate Solutions became Systech's principal continuing operating segment. Continuing operations turned around, recording a PBT of RM1.286 million compared with a loss of RM3.923 million in FY2025, although higher operating and divestment-related expenses resulted in a loss after tax of RM0.612 million. The Group's cash position improved significantly to RM67.02 million, while total assets rose to RM347.571 million, mainly due to higher trade and other receivables of RM241.878 million.	MSWG will vote "AGAINST" Resolutions 16–20 relating to the proposed allocation of ESS options to INEDs. .
11.09.26 (Fri) 11.00 am	Systech Bhd (EGM)	The Company proposes to reduce its issued share capital by up to RM40.00 million pursuant to Section 117 of the Companies Act 2016 and to change its name from "Systech Bhd" to "WTS Capital Berhad".	MSWG will vote 'FOR' both resolutions at the forthcoming EGM.
11.09.26 (Fri) 10.00 am	Xin Synergy Group Berhad (AGM)	For FY2026, the Group recorded revenue of RM14.24 million and LBT of RM3.98 million as compared to RM24.84 million and RM0.34 million in FY2025. The decrease in revenue was mainly due to the transition of phases for the property development division.	MSWG will vote 'AGAINST' resolution 1 to approve the payment of Directors' fees and benefits, as the Company has recorded losses for three consecutive years.
11.09.26 (Fri) 11.00 am	BLD Plantation Bhd (AGM)	For FY2026, the Group's revenue increased to approximately RM2.0 billion, driven by higher sales volume and average selling prices. However, PBT declined to RM70 million from RM95 million due mainly to unfavourable biological asset fair value changes and foreign exchange movements.	MSWG will vote "AGAINST" Resolutions 1 & 2 on directors' fees and remuneration as the Company did not disclose the proposed amount to be approved by shareholders.

Date & Time	Company	Quick-take	Voting Position
		Crude palm oil (CPO) production and palm oil product sales increased to 129,600 tonnes and 588,500 tonnes, respectively. Net assets per share rose to RM9.24, while EPS declined to 49.39 sen. The Board recommended a 4 sen first and final single-tier dividend per share.	MSWG will also vote "AGAINST" Resolution 4 as Dato' (Dr.) Henry Lau Lee Kong, the Executive Chairman of the Company is also the Chairman of the Risk Management Committee and the Remuneration Committee of the Company.

POINTS OF INTEREST

Company	Points/Issues to Be Raised
See Hup Consolidated Berhad (AGM)	See Hup managed to record a turnaround in FY2026 with RM905,000 net profit attributable to shareholders versus three consecutive years of losses previously. However, profit was significantly supported by the absence of impairment losses in one business segment and by a higher share of profit from associates. Without the reversal and higher associates' contribution, See Hup's underlying profitability remains weak. Moving forward, what operational improvements are expected to support a sustainable return to profitability rather than one driven by non-recurring factors and associates' profit in FY2026?
Pestec International Berhad (AGM)	1. The reported Profit Before Tax of RM92.8 million and Net Profit of RM90.1 million were mainly attributable to the one-off loan waiver of RM202.0 million recognised as "Other operating income". Excluding this non-recurring item, the Group's core operating expenses of RM327.2 million exceeded revenue of RM291.1 million. Excluding non-recurring debt waivers and accounting adjustments, what are the Group's specific plans and timeline to achieve sustainable positive operating cash flow and positive core EBIT margins by FY2027? 2. The Group has RM1.01 billion in contract assets, comprising RM535.8 million of current and RM536.4 million of non-current balances. This is a significant amount, equivalent to about 69% of the Group's total assets. Please provide a breakdown of the aging of these contract assets, including how much relates to legacy projects versus ongoing contracts? More importantly, what are the key milestones and client

	certifications expected over the next 12 months that will allow these balances to be billed and converted into cash?
Censof Holdings Berhad (AGM)	Despite the significant improvement in FY2026 earnings, a healthy cash balance of RM25.1 million and the return to positive retained earnings, no dividend has been declared for the third consecutive year. (Source: Pages 42 and 144 of AR2026) What level of revenue, profitability and cash flow would the Board consider sufficient to resume dividend payments?
Toyo Ventures Holdings Berhad (AGM)	1. Ink Group recorded a 4% revenue decline on an annualized basis, partly due to price competition, customer-site disruptions and quality issues with new products. Meanwhile, normalised profit before tax (PBT) improved substantially to RM3.0 million. (page 24 of AR 2025) a) What was the estimated financial impact of the product quality issues in terms of lost sales and costs to fix the problems? What corrective measures have been implemented to prevent a recurrence? b) How much margin improvement does management expect from its pricing and quality-control initiatives? When will these benefits be reflected in the Group's earnings? 2. During the financial year, the Group commenced arbitration against Vietnam's Ministry of Industry and Trade (MOIT) following termination of the Song Hau 2 BOT contract. (page 26 of AR 2026) What is the Group seeking to recover through the arbitration, including any outstanding costs, investments and damages?
LTKM Berhad (AGM)	Given poultry segment driving 95% of the revenue, capex fell 87% while investment securities purchases rose sharply. Is this a deliberate strategy toward being an investment holding vehicle or a temporary pause in poultry reinvestment? *(AR 2026, Statement of Cashflows, page 54-55)*
Emico Holdings Berhad (AGM)	The Group completed its second and final tranche of a private placement by issuing 5,500,000 new ordinary shares during the year, expanding total share capital to 137,498,106 shares (Page 14 of the AR2026). This share dilution occurs while performance weaken from a loss before tax (LBT) of RM0.3 million in FY2025 to RM1.24 million in FY2026 and net assets per share dropped to 37 sen (Page 4 of the AR 2026). a) Given that the placement expanded Emico's total share base, what exact operational milestones or return on equity has this cash injection generated to address its current LBT? b) Since the statement of cash flows shows concurrent entries for both the drawdown and repayment of borrowings (Page 105 of the AR

	2026), what was the justification for utilising equity fund-raising alongside active credit facility restructuring during the period?
Systech Bhd (AGM)	The Group recorded a significant increase in revenue from RM63.586 million in FY2025 to RM344.958 million in FY2026, mainly driven by the Corporate Solutions segment and newly secured technology infrastructure projects, including the AI Infrastructure & Computing Solutions project. Despite the substantial increase in revenue, continuing operations recorded only a modest turnaround, from a loss before tax of RM3.923 million in FY2025 to a profit before tax (PBT) of RM1.286 million in FY2026 (Source: Pages 9 & 10 of AR2026). a) What was the contribution of the existing business to the FY2026 PBT improvement compared with that of the newly secured projects? b) We note that the Group's significant revenue growth has been mainly supported by newly secured large-scale infrastructure projects. What level of recurring revenue can the Group expect from its existing customers after these projects are completed, and how much new business would be required to sustain the current revenue level? c) The Group's profitability was affected by higher operating expenses to support business expansion and project execution (Source: Page 10 of AR2026). What were the main factors behind the increase, and how much of these costs are expected to be recurring?
Xin Synergy Group Berhad (AGM)	The Group's investment portfolio recorded losses across two apparent positions during FY2026, neither of which is identified by name in the Annual Report (AR) 2026. • A quoted investment held for medium- to long-term strategic purposes was carried at RM 50.04 million as at 31 March 2025, recorded a fair value loss of RM41.04 million through other comprehensive income, and was reduced to nil by 31 March 2026 (Pages 64 and 124 of the AR 2026). • The Group recognised a RM2.74 million realised loss on disposal of other investments and a RM935,172 fair value loss on other investments, both through profit or loss, relating to a different investment position (Pages 63 and 70 of AR 2026). a) Which quoted investment(s) were involved in each of these losses, and are they the same holding or separate positions?

	b) Based on the monitoring done by the Group, does the Group expect a further decrease in the fair value of the RM6.44 million quoted investment newly acquired during the year and still held as at 31 March 2026 (Page 124 of AR 2026), or is the market value of this investment expected to recover? c) Given the scale of losses recorded across the portfolio this year, has this triggered a change in the Group's policy for quoted investments? Please explain.
BLD Plantation Bhd (AGM)	The Group has approximately 38,000 hectares of matured areas, representing the majority of its approximately 40,000 hectares of planted area. During FY2026, approximately 2,000 hectares of palms aged above 26 years were replanted at Sawai Land District. (Source: Page 2 of AR2026). a) Why were only 2,000 hectares of palms aged above 26 years replanted in FY2026, and is the current replanting rate sufficient to sustain the Group's long-term plantation productivity and yields? b) Could the Group provide a breakdown of its planted area by palm age, particularly the percentage of palms aged above 26 years? c) What is the Group's targeted annual replanting rate over the next three to five years?

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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