What shareholders, issuers and regulators should know about general meetings of shareholders in Singapore

THE SINGAPORE REPORT ON SHAREHOLDER MEETINGS

SHAREHOLDERS AWAKEN?

VOLUME 2

MAK YUEN TEEN
CHEW YI HONG

SUPPORTED BY THE SINGAPORE EXCHANGE

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Shareholders Awaken?

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Executive Summary

Last year, we published the first Singapore Report on Shareholder Meetings, based on the most comprehensive analysis of conduct of shareholding meetings and voting ever undertaken in Singapore. That study covered every annual general meeting (AGM) and extraordinary general meeting (EGM) held by issuers with a primary listing in Singapore and that were listed as at 31 December 2014. A total of 874 AGMs and EGMs conducted by 702 issuers were included in that study. In the first report, we made a number of recommendations and proposed 12 good practices for AGMs.

Since that report, a number of significant developments have had an impact on shareholder meetings. First, poll voting became mandatory from 1 August 2015. This report will include meetings that were subject to mandatory poll voting, although the majority of the meetings were conducted before the deadline. Poll voting results is a major focus area in this second report, and will continue to receive attention in future reports when poll voting will be used for all meetings.

Second, from 19 January 2015, the minimum lot size for SGX-listed shares has been reduced from 1000 to 100, making higher-priced shares more affordable to investors. For potential investors who are keen to meet with the issuers through AGMs prior to buying more shares, it is more viable now, especially for the highly priced shares. For issuers, the impact is that their shareholder base could be more fragmented with many small shareholders.

Third, the Singapore Exchange (SGX) introduced the minimum trading price (MTP) requirement, which requires some companies to convene EGMs to approve the consolidation of shares required to meet the MTP requirement. Another regulatory change was the repeal of section 153 of the Singapore Companies Act in January 2016, which means that 2015 will be the last year for directors who are of or over the age of 70 to have to be elected by shareholders annually under the Companies Act (although the articles of issuers may still require them to do so).

Finally, the “two proxies” limit in the Companies Act for indirect investors holding shares through a nominee company or a custodian bank or through CPF agent banks has also been removed, although it only became effective in January 2016.

In this second report, we examine if there have been improvements in the areas covered in the last report. We also examine some new issues and some historical trends. In future reports, we will continue to track areas where we feel improvements are needed. This latest study covered 906 AGMs (including AGMs and EGMs that are held back-to-back) and standalone EGMs conducted between 1 January 2015 and 31 December 2015 by 715 issuers.

Key Findings

The key findings are:

- 447 out of the 906 meetings (49%) were held in April. Based on 711 AGMs only, 61% of meetings were held in April. The next busiest months were July and October with these two months together accounting for 25% of AGMs in 2015.

- The fastest issuers to hold their AGMs (within three months of their financial year end) were: Ascendas India Trust, Ascendas REIT, CH Offshore, Chemical Industries, Global Premium Hotels, OSIM, Qian Hu, Roxy-Pacific, Singapore Exchange, SPH REIT and Xyec.

- 74% of April AGMs and 46% of all 2015 AGMs were held during the last 5 business days of April. Although there is a slight decline in percentage of meetings held in the last five business days of April compared to 2014, clustering during this period is as severe as ever.

- Looking at AGMs since 2010, clustering in April peaked in 2013 based on percentage of meetings held in the last 5 business days. Clustering in July also peaked that year, while for October, it peaked in 2012. While there is an improvement in the last two to three years, the improvement is too small to make a difference to the ability of shareholders holding shares in multiple companies to attend more meetings.

- Since 2010, 41 issuers (with financial year-ends of March, June and December) that have been listed for at least five years have always held their AGMs outside the last week of the peak months of April, July and October. Four of these – Ascendas Real Estate Investment Trust, Chemical Industries, Qian Hu and Roxy Pacific, have held every meeting since 2010 within three months of their financial year-end. Another 12 issuers that have listed for at least three years but less than five years have held all their AGMs since listing outside the last week of a peak month. These issuers are exemplars when it comes to timing of AGMs.

- Sixteen issuers have improved the timing of their AGMs by moving them to outside the last week of a peak month for at least their last three AGMs.

- The busiest day for meetings in 2015 was Thursday, 30 April, when 80 meetings were held, followed by Wednesday, 29 April, with 79 meetings.

- During 2015, 28 issuers who were granted waivers from having to hold their AGMs within four months gave reasons that may raise concerns about their business fundamentals, accounting or corporate governance. The most common reason is unresolved accounting issues with 14 issuers having this as the major reason. Another six have resignation/changes/suspension/absence of key financial personnel, three because of change of external auditors, three because of going concern-type issues and two because of a special audit or investigation.

- Thai Beverage, Singapore Exchange and Singapore Press Holdings were the fastest to issue the notice to the AGM, doing so within 60 days of the financial year-end. Other issuers that did so within 10 days of the third month after the financial year-end are Ascendas India Trust, CH Offshore, Qian Hu, Roxy-Pacific, Tuan Sing, Xyec and Yangzijiang Shipbuilding.

- In 2015, full poll voting results were disclosed for 63% of meetings, a marked increase from the 44% in 2014, due to poll voting becoming mandatory on 1 August 2015. One issuer that received a waiver allowing it to hold its AGM after 1 August 2015 did not disclose the full poll voting results as required by rule 704(16).

- In 2015, 274 meeting results announcements (30%) disclosed the identity of the scrutineer for the poll voting results. For meetings held from 1 August 2015, scrutineers were not disclosed for 35 meetings.

- For the 415 AGMs for which detailed poll voting results were disclosed, the average percentage of issued shares voted was about 58%. This compares with 55% in 2014. This means that ownership of about 29% of the voting ordinary shares of an issuer would on average translate to a majority of votes at the meeting.

- In 2015, there were seven requisitions by shareholders of six issuers to convene an EGM. For five issuers – Cedar Strategic Holdings, CNA Group, SHS Holdings, Sunmoon Food Company and Universal Resource & Services – the requisitionists were seeking to change the board through the removal and/or appointment of directors. In three of these cases, the changes demanded were implemented – in one case before the EGM, which led to the requisition being withdrawn. In the fourth case, the requisition was withdrawn with no changes in the board, while in the fifth case, the EGM was adjourned after the issuer went into judicial management.

- There were 77 shareholder meetings that voted on a share consolidation resolution (based on the meetings that revealed detailed poll voting results). This was due to the introduction of the MTP requirement by SGX. Based on the 77 resolutions, the average support for the consolidation was 98.8%, with relatively lower support for Magnus Energy (70.5%) and Hupsteel (84.4%).

- For issuers that disclosed detailed poll voting results, the average percentage of votes received by directors standing for election was about 99%. At Changjiang Fertilizer Holdings, Chosen and Nobel Design, shareholders voted against the election of a director. Mr. Guo Zhen Kai, an independent director at Changjiang Fertilizer, received the lowest support for a director standing for election in 2015, with just 92 votes voting in favour of his re-election and 40.88 million shares voting against. Other issuers where one or more directors received lower levels of support are ComfortDelGro, DBS Group Holdings, Grand Banks Yacht and IX Biopharma, although the resolutions were passed. At ComfortDelGro, independent director Dr Wang Kai Yuen received just 53.59% of votes in support, compared to the other five directors up for election who all received more than 98% of votes in support.

- Keppel REIT is the only REIT or business trust in Singapore that went beyond the legal requirements on election of directors for such issuers and gave unitholders the opportunity to endorse the appointment of directors of the REIT manager, pursuant to an undertaking provided by Keppel Land (the controlling unitholder) to the trustee. At the 2014 AGM when this undertaking first came into effect, all nine directors of the manager were put up for endorsement by unitholders. At the 2015 AGM, three of these directors were again put up for endorsement on a rotational basis.

- Shareholders at Chosen Holdings and Next-Generation Satellite Communications voted against the appointment of the external auditors in 2015.

- For the 414 issuers that disclosed poll voting results, 15 did not seek a general share issue mandate. About 89% of the remaining issuers followed the limits imposed by the SGX rules.

- For the Mainboard issuers, 37 that sought the general share issue mandate deviated from the limits imposed by the SGX rules, with most reducing the non-pro rata limit. SP Corp and Great Eastern reduced the non-pro rata limit to 0%.

- The resolution for the General Share Issue Mandate was not passed at Cambridge Industrial Trust, Shanghai Turbo and UMS Holdings.

- More issuers are adopting the practice of posting detailed minutes soon after their AGMs, with Ascott Residence Trust, CapitaLand, DBS Group Holdings, and Global Logistic Properties joining China Aviation Oil, Hotel Royal, Micro-Mechanics, Qian Hu and Tiger Airways that have been doing so prior to 2015. SGX posted an audio recording of its AGM on its website in 2015, while in 2014, it provided detailed minutes on its website. However, the adoption of this practice remains very low.

- Two Thai companies, Mermaid Maritime and Thai Beverage, continued to seek shareholders' approval of the minutes of the previous AGM/EGM. However, these minutes were only made available at the next meeting as an attachment with the notice of meeting and therefore lack timeliness.

- Some issuers that have adopted the good practice of making detailed minutes available only do so on their website rather than posting them on SGXNET. It is sometimes difficult to locate these minutes.

- There is considerable room for improvement in the provision of explanatory notes for key agenda items in shareholder meetings, such as director elections and non-executive director remuneration.

- Singapore lags other major markets in the use of technology to improve shareholder participation, such as the webcasting of meetings and electronic online voting of shares.

Recommendations

In last year's report, we made 12 recommendations. Those recommendations are still appropriate. This year, we make the following additional recommendations:

- **Recommendation 1**: Regulators should consider having a public consultation with investors, issuers and other stakeholders on whether to allow AGMs to be held five months after the financial year-end.

- **Recommendation 2**: Issuers should provide clear and appropriate reasons for delaying results announcements and the holding of AGMs, and regulators should hold issuers and directors accountable where warranted.

- **Recommendation 3**: Regulators should consider having a public consultation with investors and other stakeholders as to whether some form of "say on pay" for senior executives should be introduced in Singapore.

- **Recommendation 4**: Section 150(5)(b) of the Companies Act should be reviewed and it should be clarified that directors must be elected on separate resolutions, regardless of voting method. SGX should also consider clarifying in its listing rules that the election of directors should not be bundled or linked to each other.

- **Recommendation 5**: With the repeal of section 153, there are concerns about lack of board renewal and entrenchment of long-serving independent directors. Regulators should consider introducing a Code guideline or listing rule stating that independent directors who have served beyond nine years should be subject to annual election or to an annual vote on their independence.

- **Recommendation 6**: SGX should clarify that all issuers are required to appoint scrutineers to confirm the results of poll voting and to disclose the identity of the scrutineers. It should also consider clarifying that the scrutineer should be "independent" and providing guidance as to who may qualify as an independent scrutineer.

- **Recommendation 7**: The exercise of voting rights is an important means of ensuring accountability of directors and management. Investors should be educated to vote their shares in an informed manner and international initiatives to encourage increased shareholder voting should be examined and, if appropriate, adopted.

- **Recommendation 8**: Regulators should explore the feasibility of introducing electronic online voting of shares in Singapore.

TWELVE GOOD PRACTICES OF AGMS

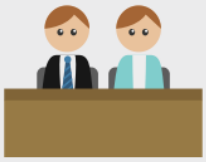
avoid last week
of 3 peak months - April, July, October

send out notice of AGM
ahead of deadline

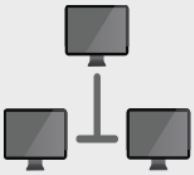
provide info on agenda
for informed voting

select convenient meeting location or provide transport if necessary

avoid scheduling board and committee meetings after AGM to allow for informal interactions



have all directors and senior management present



webcast meetings

provide opportunities to ask questions about every agenda item

vote by poll

appoint independent scrutineer for poll voting

announce full voting results promptly

make detailed meeting minutes freely available on a timely basis

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THE SINGAPORE REPORT ON SHAREHOLDER MEETINGS

VOLUME 2

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Introduction

Since our first report, there have been a number of regulatory changes. Some are aimed at enhancing shareholder participation at general meetings. For example, the “two proxies” limit in the Companies Act for indirect investors holding shares through a nominee company or a custodian bank or through CPF agent banks has been removed, although it only became effective in January 2016. From 19 January 2015, the minimum lot size for SGX-listed shares has been reduced from 1000 to 100, making higher-priced shares more affordable to investors. For potential investors who are keen to meet with the issuers at AGMs prior to buying more shares, it is more viable now, especially for the highly priced shares. For issuers, the impact is that their shareholder base could be more fragmented with many small shareholders.

Starting from 1 August 2015, the SGX Rulebook requires all resolutions at general meetings to be voted by poll and disclosure of voting outcomes. This affected 228 (or 25%) meetings in this study which were held after the rule change became effective. These changes are generally welcome by shareholders, although some retail shareholders have expressed concerns that poll voting disenfranchises them.

A more contentious development was the introduction of the minimum trading price (MTP) requirement that continues to be debated. While this is aimed at improving the quality of the market in the long term, it has undoubtedly created some short-term challenges for issuers, particularly given the difficult market conditions. In terms of this second report, the MTP requirement has led to issuers convening EGMs and getting shareholders to approve resolutions for the consolidation of shares to meet the MTP requirement.

A less contentious regulatory change, but which may nevertheless have a significant impact, is the repeal of section 153 of the Singapore Companies Act in January 2016. This section required directors who are of or over the age of 70 to be elected by shareholders at the annual general meeting (AGM). Its repeal means that 2015 was the last year that shareholders will be asked to vote on the election of directors under this Section. While positive from the point of not discriminating against older directors, it can potentially also adversely affect the renewal of boards.

Some of these areas will receive special attention in this second report. We also look at historical trends in the clustering of meetings.

In the last report, we made the following recommendations:

- Issuers should hold their meetings before the last week of April if they have a December year-end. For issuers with March and June year-ends, we also recommend that they avoid holding their meetings in the last week of July and October respectively.

- Issuers should offer shuttle services if they hold their AGMs in locations that are less accessible to shareholders. Issuers that provide such shuttle services should inform shareholders in the notices of the meeting and/or through separate SGX announcements.

- The rules allowing issuers to hold their meetings overseas under specified circumstances, provided they hold information meetings in Singapore and provide a video conference or webcast of their general meetings, should be enforced. Foreign issuers that are constrained by their local laws in allowing Singapore shareholders to attend general meetings, whether in person or by video conference or webcast, should invite these shareholders to attend as observers.

- SGX should review its rules for primary listings to ensure that all Singapore shareholders have the legal right to attend general meetings either in person or by video conference/webcast. Issuers should be required to amend their articles of association to provide this right, failing which SGX should consider only permitting them to have a secondary listing.

- Issuers should be encouraged to provide a video conference or webcast of their meetings.

- Since SGXNET is the commonly used and fastest source of information for shareholders, issuers should file their notices of meeting on SGXNET as soon as they are signed off. The SGX Listing Rules should be updated to recognise the date of the filing of the notice of meeting on SGXNET.

- Issuers, especially those with global investors, should aim to provide at least 28 clear days of notice of meetings. They can consider filing the notice of the meeting on SGXNET earlier, before the actual mail-out date of the annual report.

- Issuers should provide sufficient information for each agenda item to be voted on, either in the notice for the AGM or the circular to shareholders. Agenda items that may warrant more detailed information include those relating to the election or re-election of directors, general mandates for share issues, and interested person transactions.

- With poll voting becoming mandatory, regulators should remind issuers that shareholders should continue to be given ample opportunities to ask questions about each agenda item.

- To comply with the new SGX listing rules, issuers must disclose the identity of the scrutineer with effect from 1 August 2015. Issuers with meetings prior to the deadline and that have adopted poll voting should start appointing scrutineers and disclose the identities of the scrutineers. They should ensure that the scrutineer is independent and competent.

- Guideline 16.4 of the Code should recommend that issuers make detailed minutes available without shareholders having to request for them. More should be done to encourage companies to make detailed minutes available on a timely basis on SGXNET and on their websites.

- Public shareholders, including institutional shareholders and fund managers, should vote their shares. Regulators should consider introducing guidelines encouraging institutional shareholders and fund managers to disclose their voting policies and to vote their shares.

We also set out what we consider to be 12 good practices of AGMs. In this latest report, we examine if there have been improvements in the areas we covered last year and also a number of new issues.

Coverage

We first identified all issuers with a listing on the SGX as at 31 December 2015. Secondary listings are excluded because they do not have to comply with most of the SGX listing rules and they hold their shareholder meetings overseas. Issuers that held no meetings in 2015 due to waivers or time extensions and suspended counters with no meetings were not included.

Unlike the first study, we decided to include issuers that delisted in 2015 and had held shareholder meetings during the year. This is because the EGM to delist the company is also an important meeting and the issues we examine are relevant for all the meetings in the year, including those held by issuers that subsequently delisted. We collected information on every AGM and EGM held during the period from 1 January 2015 to 31 December 2015.

During 2015, 18 issuers delisted from the SGX. Of these, 10 held meetings during the year before they were delisted. Our sample consists of the 705 issuers that remained listed as at the end of 31 December 2015 and the ten that delisted during the year but held meetings, making a total sample of 715 issuers. Of these, five did not hold any AGM in 2015 (but held at least one EGM), while one held two AGMs due to a change in financial year-end, giving a total of 711 AGMs held in 2015 (including back-to-back AGMs and EGMs).[1] A total of 195 standalone EGMs (conducted on a different date from the AGM) were also held, with two issuers holding three EGMs and 21 issuers holding two EGMs.

Our final sample therefore consists of 906 meetings – 711 AGMs and 195 EGMs - conducted by 715 issuers.

Our findings are based on the notices and results of general meetings and annual reports published on SGXNET, supplemented by other relevant sources.

[1] Unless stated otherwise, the term "AGM" includes back-to-back AGM plus EGM.

A. Profile of Issuers Covered

Of the issuers included in the study, 100 (14%) have market capitalisation of $1 billion or more ("large caps"), 84 (12%) have market capitalisation of $300 million to less than $1 billion ("mid caps"), and 531 (74%) have market capitalisation of less than $300 million ("small caps"). Compared to last year, the percentage of large caps remains the same, but the percentage of mid caps has declined by 4%, with small caps increasing by 4%.

44 (6%) of the issuers are real estate investment trusts (REITs) or business trusts (BTs). The mean (median) market cap of the REITs and BTs is $1.9 billion ($1 billion).

Of the 671 non-REIT/non-BT issuers, 579 were incorporated in Singapore. This means that, in addition to the listing rules, the provisions in the Singapore Companies Act relating to shareholder meetings and rights apply in full to these companies. For the other issuers that are incorporated outside of Singapore (with the largest group of 57 of such issuers being Bermuda-incorporated), the relevant legislation may not contain the same rules regarding shareholder meetings and rights.

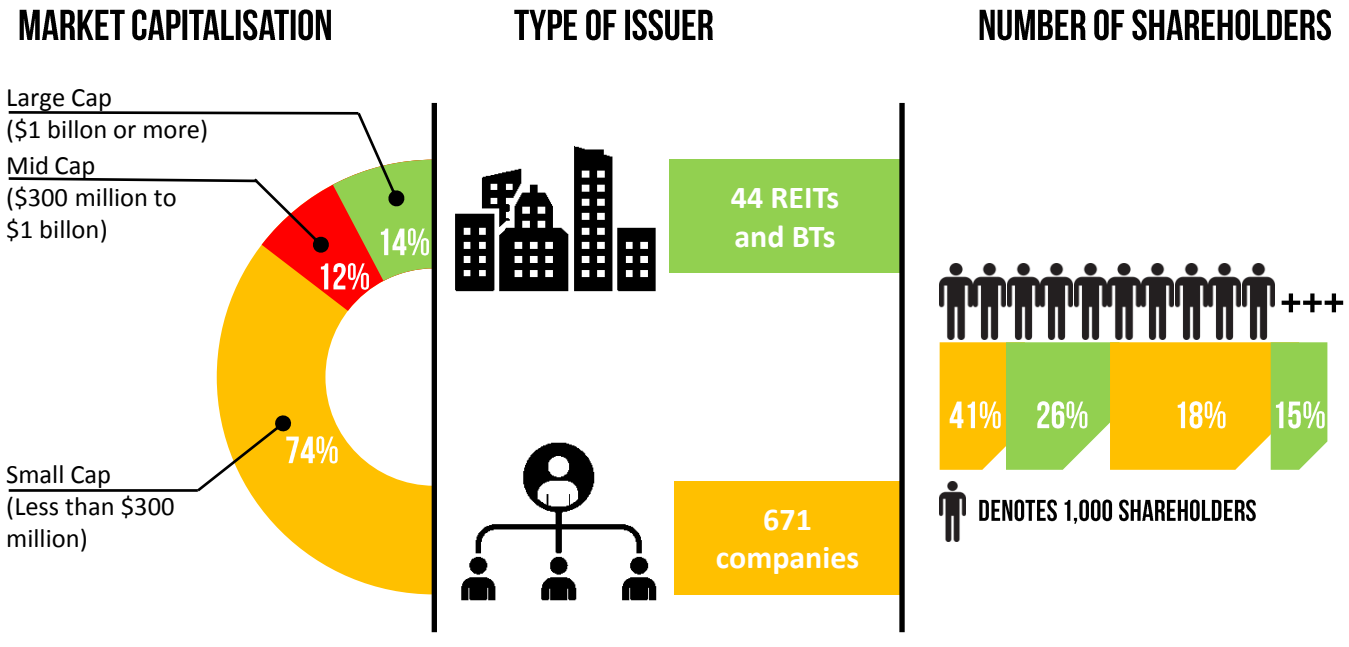
SGX issuers are, on average, relatively young based on the period that they have been listed. Only 25% of issuers that are still listed have been listed before 2000. More than half the issuers still listed today were listed between 2000-2009.

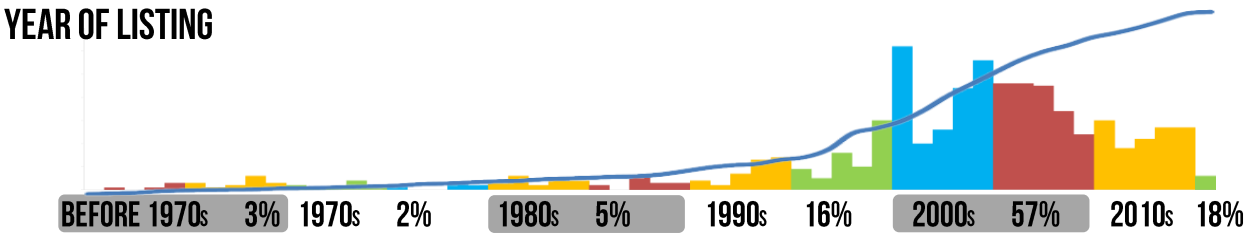
Roughly two-fifths of the issuers had relatively small shareholder[2] base of less than 2,000 shareholders. A quarter of the issuers had between 2,000 and 5,000 shareholders. 18% of the issuers had between 5,000 and 10,000 shareholders while 16% had more than 10,000 shareholders.

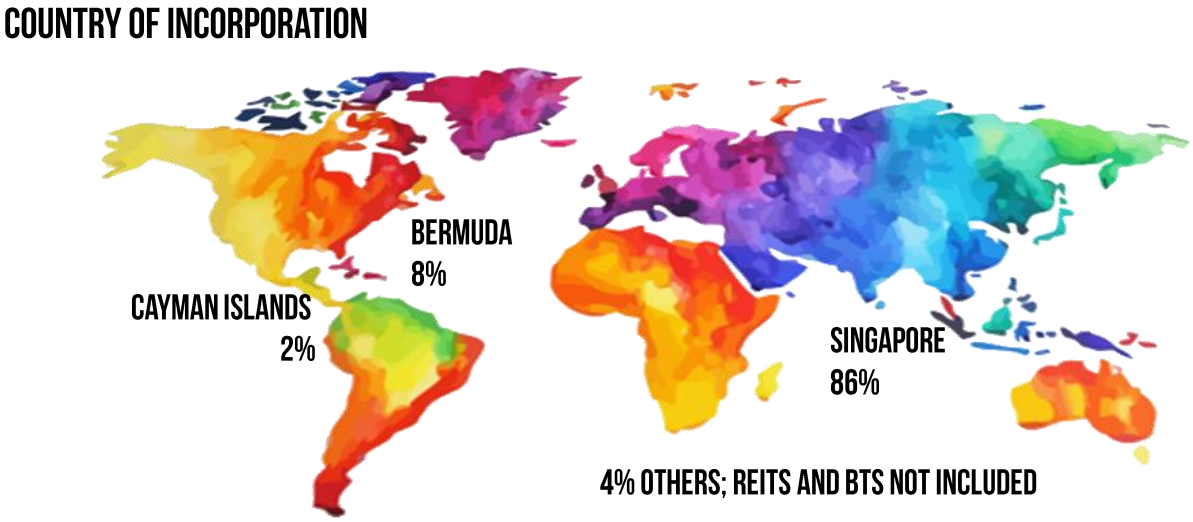
Only 10% of the issuers had free float level of higher than 70%. About a quarter of all issuers had free float level of between 50 to 70%. Two-thirds of all issuers are tightly controlled, where the level of free float is less than 50%.

[2] Number of shareholders/unitholders is based on the table of distribution of shareholdings disclosed in the annual report.

Figure 1: Profile of Issuers







B. Number and Type of Meetings

Figure 2 shows the number of meetings held by the 715 issuers. 547 issuers (76.5%) held only one meeting – that is, they did not have a standalone EGM. This compares with 78.6% (552/702) of issuers in 2014 holding only one meeting. 147 issuers held two meetings, 19 issuers held three meetings each and two issuers held four meetings – the most number of meetings by any issuer in 2015. One issuer – Mermaid Maritime – held two AGMs due to a change in financial year-end. Overall, there was a slight increase in number and percentage of issuers that held more than one shareholder meeting, compared to 2014. A major reason for this increase is the convening of about 35 standalone EGMs to approve a consolidation of shares to meet the MTP requirement.

Figure 2: Number of Meetings Held in 2015

The old Keppel Infrastructure Trust was the only issuer to have a winding up resolution at the EGM but it was mostly technical in nature due to its "merger" with Cityspring Infrastructure Trust. Two issuers convened meetings to approve a delisting – 12 others were voluntary delistings while Yong Xin International Holdings was mandatorily delisted under Rule 1306 by the Exchange because of failure to exit the SGX Watchlist. Scintronix had held its EGM to approve its liquidation earlier in 2014 and China Oilfield Technology Services' EGM to approve its liquidation went up in smoke when the angry shareholders revolted.

Fire in the Oilfield

China Oilfield Technology Services raised S$127m through a listing of 212 million shares at S$0.60 each in 2007. Shortly after the IPO, issues about its technology led to its major customer withholding hundreds of millions of dollars of payment pending a solution to the problem. Fast forward to 2015, the issuer did not manage to get out of the watch-list and was directed by the SGX to delist under Listing Rule 1306. The issuer/controlling shareholder(s) was told to comply with Listing Rule 1309 which requires the Company or its controlling shareholder(s) to provide a reasonable exit offer to shareholders. Unfortunately, none came and the shareholders revolted by voting down all the resolutions at the EGM, including the member's voluntary liquidation of the company.

Findings and Recommendations

A. Financial Year-Ends and Meeting Dates

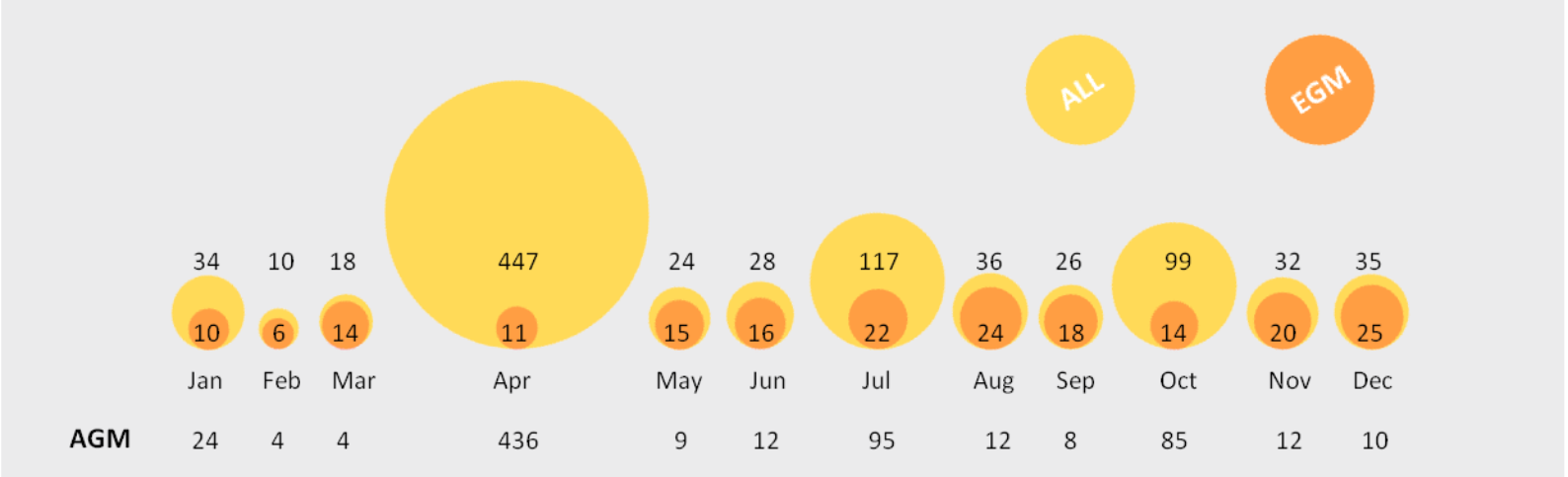
64% of the issuers in our study have a December year-end. Another 14% have a March year-end and 13% have a June year-end. SGX-listed issuers have to hold their AGMs within four months after the year-end, unless they are granted a waiver from rule 707 prescribing this deadline.

In last year's report, we recommended that issuers avoid holding their AGMs in the last week of April, July and October – the three peak periods for the year..

Figure 3 shows the distribution of 2015 meeting dates by month. In terms of all meetings, 447 out of 906 meetings (49%) were held in April. **Based on 711 AGMs only, 61% of meetings were held in April. The next busiest months were July and October, with these two months together accounting for 25% of AGMs in the year.** Compared to April 2014, there were 12 more AGMs and 5 more EGMs held in April 2015. There was also an increase in number of meetings in July but a decrease for October, compared to the same months in 2014.

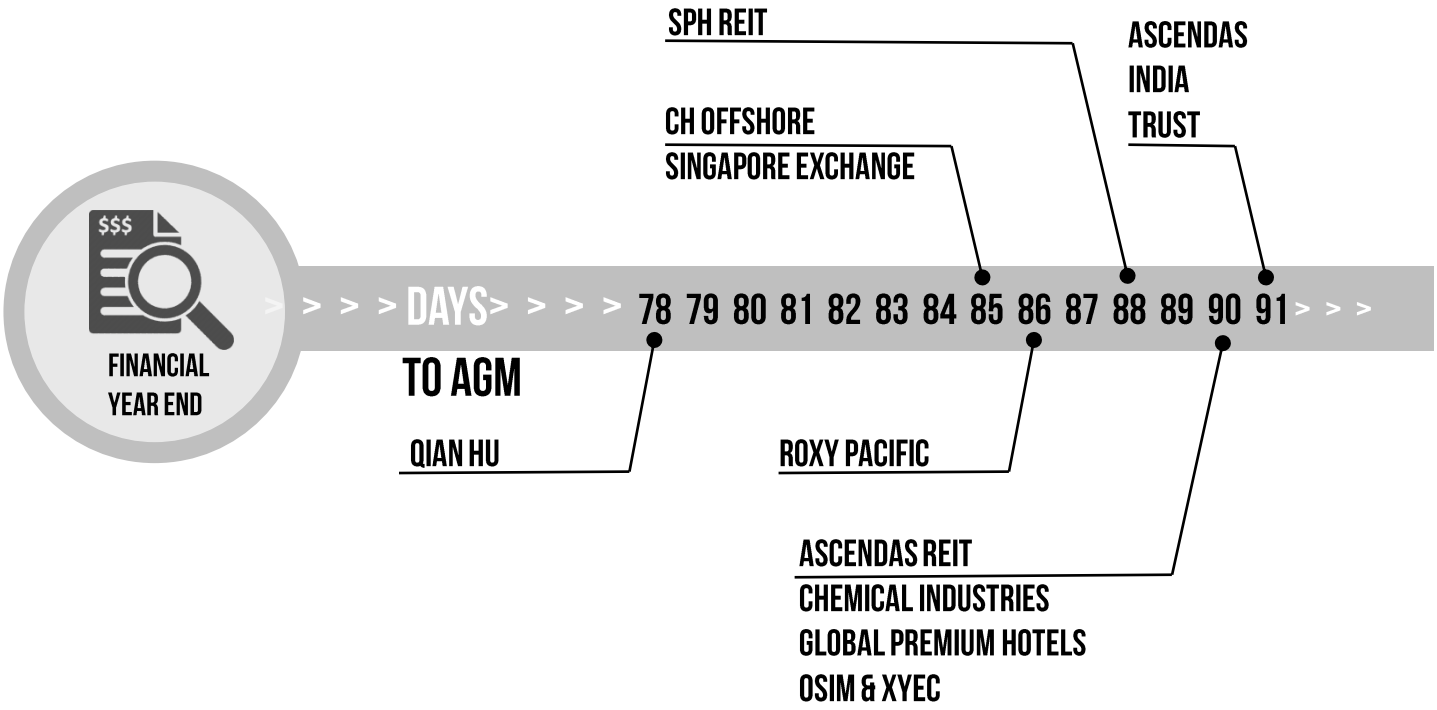
During 2015, there were 169 days with at least one meeting – that is, less than half the year was used for meetings by companies.

Figure 3: Meetings By Month



While most issuers hold their meetings near the end of the four-month deadline, some issuers are much more timely in doing so. Figure 4 below shows the issuers that held their AGMs within three months of their financial year-end, thereby avoiding the AGM crush (one cash company is excluded from the list).

Figure 4: Fastest Issuers to hold their AGMs



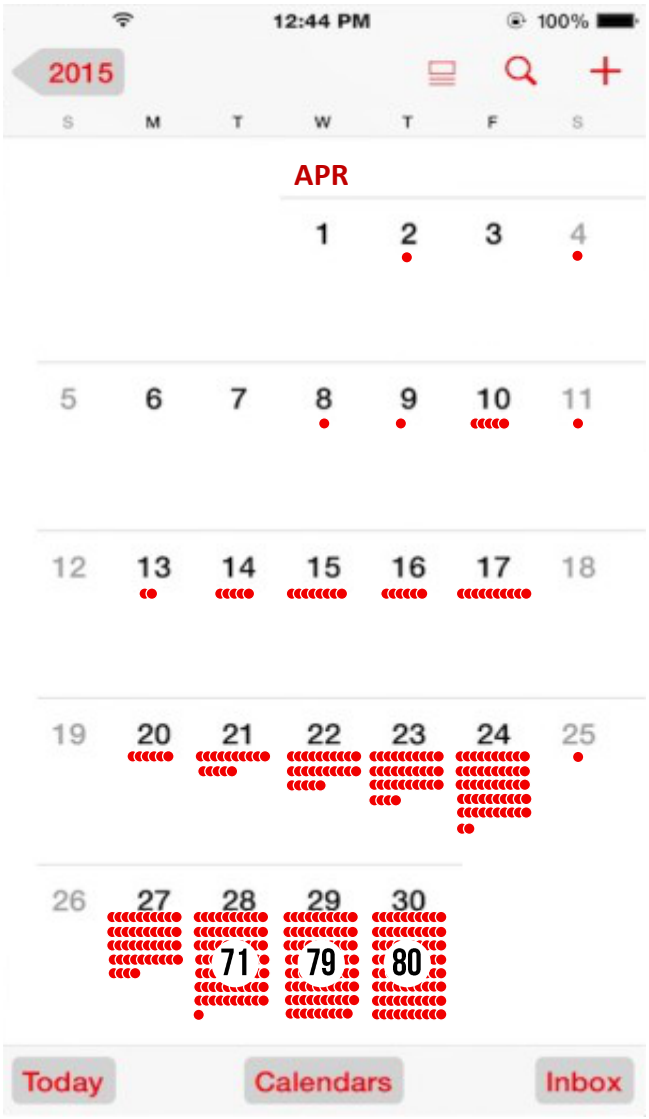
"Hot" April Meeting Season Not Cooling Down

Figure 5 shows the distribution of meetings in April. There were a total of 447 meetings held in April 2015, of which 11 were EGMs. **326 (73%) of all April meetings were held in the last five business days of April. These five days account for 36% of all meetings held in 2015.** The percentages are 74% and 46% respectively when standalone EGMs are excluded. There is a slight decline in percentage of meetings held in the last five business days of April compared to last year, but clustering during this period is as severe as ever. The busiest day was Thursday, 30 April, when 80 meetings were held, followed by Wednesday, 29 April, with 79 meetings. **Overall, there was little improvement in clustering of meetings in 2015.**

The Grand-Daddy of AGMs

Berkshire Hathaway probably holds the record for the best attended AGM (more than 40,000 attendees for the 50th AGM in 2015) and the board makes it a joy for shareholders to attend what is called the "Woodstock for Capitalists". Berkshire Hathaway always holds its AGM on a Saturday.

Figure 5: April General Meetings ("AGMs")



Five issuers - EMS Energy, Hotel Royal, Lafe Corporation(EGM), Moya Holdings (EGM) and Union Steel – held their meetings on Saturdays in 2015. EMS Energy and Hotel Royal also held their AGMs on a Saturday in 2014.

Having meetings on weekends is not prohibited under SGX rules and may enable more shareholders to attend.

There is also a preference for holding meetings in the mornings, making the clustering problem even worse. For example, **on Wednesday, 29 April, 53 out of 79 AGMs commenced between 9 am to 12 noon,** as shown in Figure 6. The most popular start time for AGMs is 10 am.

Has Clustering Become Worse Over the Years?

Using AGM dates since 2010, we look at whether clustering has become worse or improved. As we can see from Figure 7 below, **clustering in April peaked in 2013 based on percentage of all meetings held. Clustering in July also peaked that year, while for October, it peaked in 2012.** Therefore, there is an improvement – but the improvement is too small to make a difference to the ability of shareholders holding shares in multiple companies to attend more meetings.

Exemplars and Converts

In this section, we identified issuers based on whether they contribute or help to resolve the clustering of AGMs in the peak months of April, July and October. For issuers with financial year-ends of December, March and June, we identified the following groups: (a) those that have always held their AGMs outside of the last five business days of the peak months of April, July and October ("exemplars"); (b) those that have always held their AGMs during the last five business days ("laggards"); (c) those that have over the last three years or more moved away from the last five business days ("converts"); and (d) those that have over the last two years or more moved into the last five business days ("backsliders").

Figure 6: The Hottest Time in April

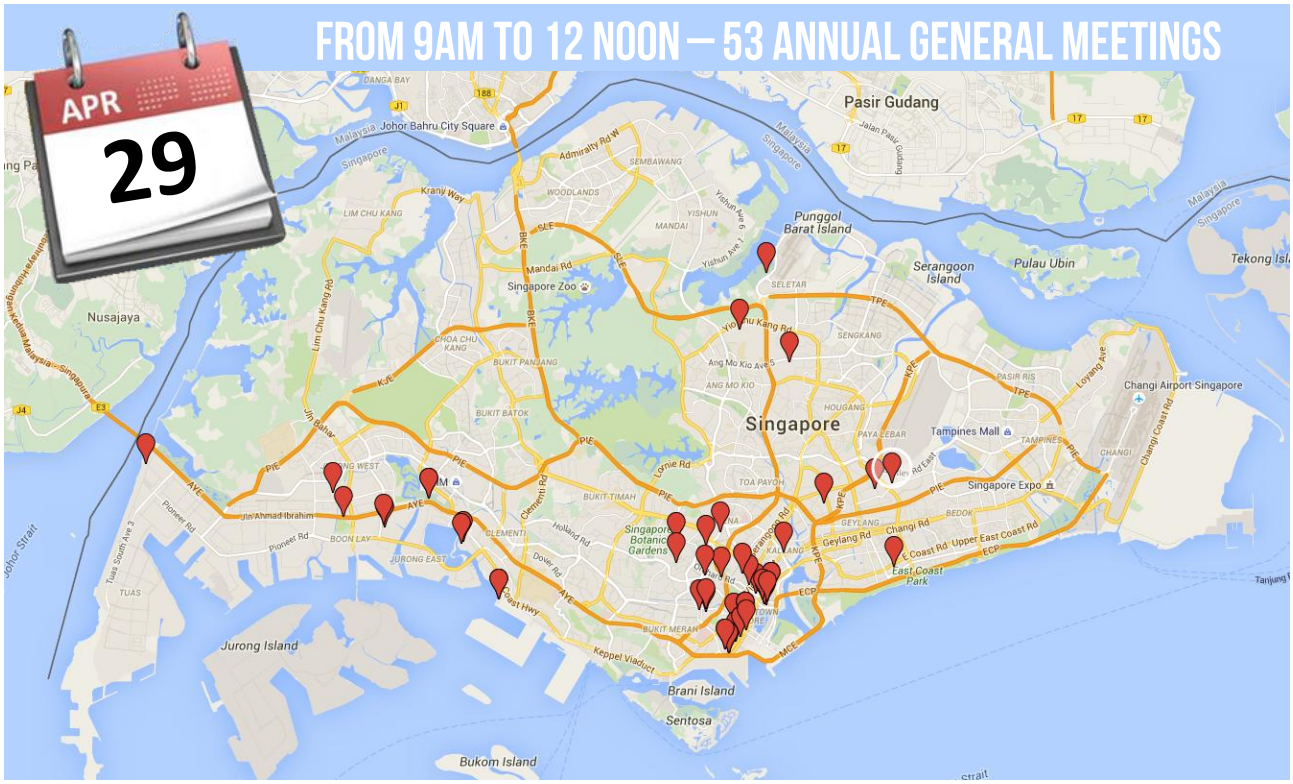


Figure 7: Clustering in the Peak Months over the Years

	April	Jul	Oct
2010	70.1%	69.9%	62.9%
2011	74.6%	75.0%	70.5%
2012	76.3%	78.8%	76.9%
2013	77.8%	83.0%	72.2%
2014	76.3%	77.2%	71.4%
2015	74.1%	64.9%	69.4%

For this year's report, we only list the exemplars and converts to recognise them for their efforts. Figure 8 shows the list of 50 exemplars. The first list shows issuers who avoided any AGMs on peak days for the entire six year period since 2010 or five year period since 2011 if they were listed later. The second list shows the younger issuers who have only been listed for three to four years and have avoided the peak period through their entire period of listing.

Figure 8: The SGX 50: Exemplars and Yong Exemplars

Ascendas India Trust
Ascendas REIT
Asia Enterprises
Cache Logistics Trust
CapitaLand Mall Trust
CapitaLand Retail China Trust
CEI Contract Manufacturing
CH Offshore
Chemical Industries
Colex Holdings
CSE Global
Ellipsiz
EMS Energy
Excelpoint Technology
Fortune REIT
Fragrance Group
Great Eastern Holdings
Hai Leck
Hotel Royal
Keppel Corporation
Keppel REIT

KTL Global
Lee Metal
M1
Mapletree Industrial Trust
Mapletree Logistics Trust
Mun Siong Engineering
Neptune Orient Lines
OSIM International
Pan-United Corporation
Qian Hu
Roxy-Pacific
Sakae Holdings
SembCorp Marine
SIA Engineering
Singapore Exchange
Singapore Post
Suntec REIT
The Hour Glass
Union Steel Holdings
UOL Group

Ascendas Hospitality Trust
CEFC International
Cordlife Group
Gaylin Holdings
Global Premium Hotels
Halcyon Agri
Mapletree Commercial Trust
Overseas Education
Sabana Shariah Compliant REIT

Figure 9 shows the list of "converts" – issuers that used to hold their AGMs during the peak period but which has ceased doing so for at least their last three AGMs.

Figure 9: The Converts

Ascott Residence Trust
Azeus Systems
Breadtalk Group
CapitaLand Commercial Trust
Global Palm Resources
Heatec Jietong Holdings
Hengyang Petrochem
IFS Capital
Japan Foods Holding
JEP Holdings
Raffles Medical Group
Riverstone Holdings
Ryobi Kiso Holdings
Sin Ghee Huat Corporation
Singapore Reinsurance
Swiber Holdings

We urge more issuers who have been consistently holding their AGMs in the peak periods to consider avoiding the peak periods. In future issues of the report, we plan to identify the laggards who continue to hold their AGMs during the peak periods and the backsliders that have moved into the peak periods in recent years.

Clash of the Issuers

So how does a shareholder decide which meetings to attend? On the busiest morning of the year, 29 April, some of the issuers that held their AGMs that morning were Amara, Auric Pacific, Blumont, CDL Hospitality Trust, Delong, Jardine Cycle & Carriage, QAF, Straco, OUE Commercial REIT, TIH and 43 other small and mid cap companies. Perhaps a strategy would be to attend the AGMs of the smaller issuers since they are not commonly covered by analysts. Another option is to select the meetings based on their proximity to one another or perhaps based on the weightage in one's portfolio. Shareholders may also choose to attend the more potentially contentious AGMs, such as those of issuers that have been in the news for the wrong reasons. Clustering of the meetings means that shareholders have to make compromises.

Future Trends in Clustering

Unfortunately, we are not confident that the problem of clustering of meetings will improve significantly. In fact, it may get worse, especially in 2017.

An important reason is the impending introduction of the expanded auditor's report with the section on "key audit matters". Key audit matters may include areas of the financial statements most susceptible to misstatements, areas that depend on management estimates and judgements and audits of significant events or transactions during the year. Given the sensitivity of these key audit matters, more time may be required for the audit and for discussions among auditors, audit committees and management. Issuers may therefore delay their AGMs to allow the maximum time possible for the audit and preparation of the auditor's report.

As the expanded auditor's report requirements will become effective for audits of financial statements for periods ending on or after 15 December 2016 for Singapore listed companies with Singapore-registered auditors, it is likely to have a significant impact on AGMs from 2017.

There may also be a trade-off between timeliness of AGM (and results announcements) and quality of financial reporting and audits, especially for smaller issuers with limited resources. We suggest that regulators reconsider the four-month deadline for listed issuers to hold AGMs. As mentioned in our last report, there are many developed markets that allow issuers more time to hold their AGMs.

Recommendation 1:

Regulators should consider having a public consultation with investors, issuers and other stakeholders on whether to allow AGMs to be held five months after the financial year-end.

Extension of AGM Deadline - Waiver from Rule 707

During 2015, 30 issuers were granted a waiver from rule 707 requiring issuers to hold their AGMs within four months of their year-ends. Two of these were due to a change in financial year end and alignment with listing rules in another exchange where it has a dual listing.

The other 28 issuers that were given waivers from rule 707, with some being given multiple waivers, applied for an extension due to reasons that may raise concerns about their business fundamentals, accounting or corporate governance. Figure 10 shows these 28 issuers. We have classified the main reasons into five types as shown in the table below. The most common reason is unresolved accounting issues with 14 issuers having this as the major reason. Another six have resignation/changes/suspension/absence of key financial personnel, three because of change of external auditors, three because of going concern-type issues and two because of a special audit or investigation.

Figure 10: Issuers Who were Granted Waivers from Rule 707

CHANGE OF EXTERNAL AUDITORS

- Foreland FabricTech
- Goodland Group
- Xpress Holdings

SPECIAL AUDIT/ INVESTIGATION

- China Taisan Technology
- Fujian Zhenyun Plastics

RESIGNATION/ CHANGE/ SUSPENSION/ ABSENCE OF KEY FINANCE PERSONNEL

- Asia Fashion
- Cedar Strategic
- China Essence
- DMX Technologies
- Ley Choon Group
- Qingmei Group

LIQUIDATION/SCHEME OF ARRANGEMENT/ GOING CONCERN

- China Oilfield Technology
- Sinopipe Holdings
- Swee Hong

UNRESOLVED ACCOUNTING ISSUES

- Addvalue Technologies
- China Hongcheng
- China Sky Chemical Fibre
- CNA Group
- Equation Summit
- Eratat Lifestyle
- Fung Choi Media
- JES International
- Jubilee Industrires
- Liongold Corporation
- Oceanus
- PEC
- WE Holdings
- Yuuzoo Corporation

In general, extensions are granted by SGX, subject to certain conditions. One such condition is the approval from the Accounting & Corporate Regulatory Authority ("ACRA") for the extension of time to hold the Company's AGM for a Singapore-incorporated issuer.

Although the granting of a waiver from rule 707 is understandable and unavoidable if the issuer is unable to hold its AGM in time, shareholders are at the mercy of issuers to get their house in order so that they hold their AGMs within the prescribed deadline. Some explanations given for the delay are in our opinion rather vague or fail to clearly explain the delay. For example, where there are unresolved accounting issues, why were those issues discovered so late? Why would the loss of just one finance staff delay the audited accounts and the AGM? There is also the issue of whether issuers that delay their AGMs, including their directors, should be made more accountable for such delays. This is because a delay is non-compliance with the provisions in the Companies Act (for Singapore-incorporated issuers) and the SGX Rulebook. It may be necessary for regulators to review if the issuer and its directors have done enough to ensure that the accounts and the audit are completed in time, and to avoid a delay in the AGM. Issuers that have multiple extensions should be subject to particular scrutiny.

Recommendation 2:

Issuers should provide clear and appropriate reasons for delaying results announcements and the holding of AGMs, and regulators should hold issuers and directors accountable where warranted.

Tianjin Zhong Xin Pharmaceutical Group is an issuer incorporated in the People's Republic of China listed on the SGX that has a dual listing on the Shanghai Stock Exchange. Under the listing rules of the SSE, the Company has to announce its audited full year results within 120 days of the financial year end. SGX has traditionally granted the issuer a waiver from the requirement to release its full year results within 60 days of the financial year end. Given its unique circumstances, SGX granted the issuer's application to release its audited full year results within 90 days of the financial year end, subject to the issuer meeting certain other conditions as stipulated by SGX.

In addition, it is required by the China Securities Regulatory Commission to give written notice of its AGM at least 45 days before the AGM. This would pose difficulties for the issuer if it was required to hold its AGM within four months of the financial year end. Accordingly, the issuer has also traditionally held its AGM by 15 May each year since 2004, subject to the granting of a waiver by SGX.

Fujian Zhenyun Plastics Industry, being the other PRC-incorporated issuer on the SGX, has also faced the 45-day notice period challenge since its listing in 2008 and has been granted waivers by SGX.

B. Meeting Locations

In last year's report, we identified a "Golden AGM belt" by using the postal sector (which is represented by the first two digits of the postal code). 46% of all 2015 meetings were held in the golden belt, which was similar to last year. The postal sectors and the corresponding areas in the golden belt are shown in Figure 11 below.

Figure 11: "Golden AGM belt"

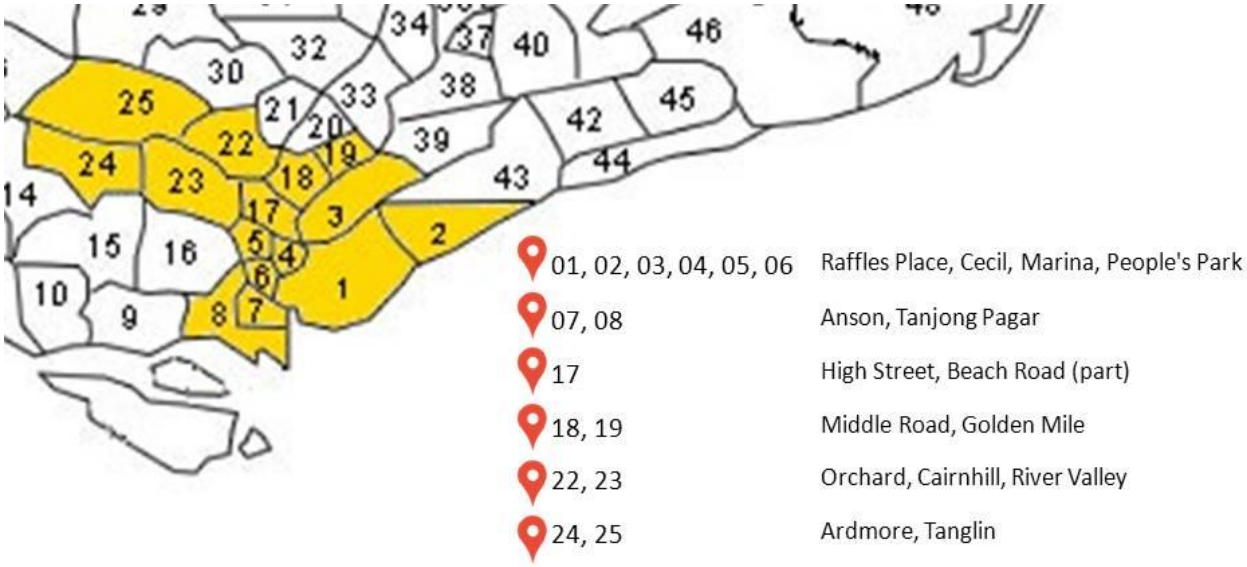


Figure 12 shows the top 15 meeting locations in Singapore, with Suntec Convention Centre coming out top again. There were some changes in top meeting locations compared to 2014. One Marina Boulevard (NTUC Centre), Amara Hotel and Fullerton Hotel fell out of the list, while Raffles Marina entered the top 10. These top 15 meeting locations account for just over a quarter of all shareholder meetings held in 2015.

Figure 12: The Top 15 Meeting Locations

- M Hotel Singapore
- Marina Mandarin Singapore
- Pan Pacific Singapore
- RELC International Hotel

- Jurong Country Club
- Orchid Country Club
- Raffles Marina
- Republic of Singapore Yacht Club
- The Chervons

- 55 Market Street
- Capital Tower
- Raffles City Convention Centre
- Six Battery Road
- Suntec Singapore Convention And Exhibition Centre
- Wilkie Edge

Some issuers prefer to hold their AGMs in their business premises, for cost reasons or for AGM attendees to tour these premises. Others may hold it in members'/country or yacht clubs possibly because their directors hold memberships in these clubs, giving them access to the facilities. Five of the top 15 locations are members'/country and yacht clubs which are not particularly accessible to shareholders relying on public transport. We would urge issuers to consider the accessibility of meeting locations when planning meetings.

Last year, we recommended that issuers should offer shuttle services if they hold their AGMs in locations that are less accessible to shareholders. We identified some issuers that did so. However, because issuers that did so often used ad hoc methods for informing shareholders about these services, such as through a loose note or flyer attached to the annual report or notice of AGM, shareholders are often unaware of such services. Not knowing that shuttle services are provided may discourage some shareholders from attending. It also means that there is no systematic way for us to identify issuers that do provide such services. We therefore suggested that those providing such shuttle services should inform shareholders in the notices of the meeting and/or through separate SGX announcements.

In 2014, we found the following issuers who provided a shuttle bus service for shareholders attending their meetings held in more remote locations: Ausgroup, BH Global, BRC Asia, CH Offshore, Chuan Hup, Colex Holdings, Stamford Tyres, Hupsteel, Pan United Corp, Qian Hu, Sembcorp Marine, TT International and Yeo Hiap Seng. This list is probably not exhaustive. In 2015, both TT International and CH Offshore shifted to more accessible locations and stopped providing shuttle bus services for the AGMs. One issuer continued to inform shareholders through a separate SGX filing. We further found four and five mentions of the transport arrangement in the notices and the annual reports respectively. Based on informal checks with other shareholders, some issuers still practise attaching flyers in the annual reports to shareholders.

Ascendas REIT AGM 2015

The AGM for Ascendas REIT was held at Aperia, a new addition to the REIT's portfolio, which is located along Kallang Avenue. Holding it at Aperia allowed unitholders to visit their latest acquisition, something that many unitholders may not have done otherwise. A flyer in the annual report included a small map for the convenience of unitholders who are not familiar with the location. Ascendas REIT also provided clear directions for unitholders travelling by car and by public transport.

Overseas Meetings and Video Conference/Webcast of Meetings

Rule 730A(1) states that "an issuer shall hold all its general meetings in Singapore, unless prohibited by relevant laws and regulations in the jurisdiction of its incorporation". It would appear that if an issuer is so prohibited, it does not need to get a waiver from the Exchange.

In last year's report, we raised some concerns about the ability of shareholders in certain foreign issuers that have a primary listing on the SGX to participate effectively in meetings. These concerns have to do with certain foreign issuers that did not appear to have provided a webcast or video conference of their meetings held overseas contrary to the SGX listing rules or that were granted a waiver from the rules. Some foreign issuers also cited local laws restricting Singapore shareholders from attending meetings in person or by video conference or webcast.

During 2015, nine issuers held a total of 10 AGMs overseas. Table 1 shows the issuers, type of meeting, country of meeting and whether the issuer disclosed that it provided a video conference or webcast for their meeting. We found that four of these issuers disclosed that they provided a video conference for their meetings. Thai companies are apparently even prohibited from having video conferences for their Singapore shareholders due to challenges in recognising Singapore shareholders under Thai law. In admitting new issuers to the Mainboard as primary listings, SGX should determine whether there are local laws that restrict the ability of Singapore shareholders from participating in shareholder meetings, either in person or through other means.

Table 1: Issuers Holding Meetings Overseas

Issuer	Meeting	Country of meeting	Arrangement	Reason
China New Town Development	AGM	Hong Kong	Video conference for Singapore shareholders	Dual listing; alternates between Singapore and Hong Kong
Elec & Eltek International	AGM	Hong Kong	Video conference for Singapore shareholders	Dual listing; no 370(A) waiver found
PT Berlian Laju Tanker TBK	AGM	Indonesia	Teleconference for Singapore shareholders	No 370(A) waiver found
Tianjin Zhong Xin Pharm Group	AGM	PRC	Video conference for Singapore shareholders	Dual listing; Bulk of voting rights in China; Waiver obtained
Mermaid Maritime	AGM 1	Thailand	Nil	Restricted by Thai Law
	AGM 2	Thailand	Nil	Restricted by Thai Law
Thai Beverage	AGM	Thailand	Nil	Restricted by Thai Law
Meghmani Organics	AGM	India	Nil	Dual listing; no 370(A) waiver found
Tan Chong International	AGM	Hong Kong	Nil	CLOB
AV Jennings	AGM	Australia	Nil	CLOB

End of Face-to-Face Meetings in Singapore

Fortune REIT, which had a dual primary-listing in Singapore and Hong Kong, has alternated the venue of its AGMs between Hong Kong and Singapore. In 2014, the AGM was held in Hong Kong and therefore it held its AGM in Singapore in 2015. In 2015, the REIT sought approval from shareholders to convert the Singapore listing to a secondary listing, while maintaining its primary listing on The Stock Exchange of Hong Kong.

Reasons given included high compliance costs, low trading volume, migration of unitholders from Singapore to Hong Kong and the concentration of assets in Hong Kong. If successful, Fortune REIT will continue to have to be compliant with the Trust Deed, the Securities and Futures Act, Chapter 289 of Singapore and the MAS Code on Collective Investment Schemes.

However, the circular also showed almost 40 pages of the differences in listing requirements and Singapore Law if Fortune REIT ceases to be primary-listed in Singapore. At its EGM held on 18 December 2015, unitholders were asked to vote on the resolution to convert its listing on SGX from a primary to a secondary listing. The support for the resolution was a resounding 99.67% (with 58% of unitholders voting on the resolution) and, with that, the REIT would no longer be subject to most of the Listing Rules of the Singapore Exchange, and it will no longer be required to hold its meetings in Singapore.

Practice Note 7.5 General Meetings issued by the Exchange states that "issuers who hold general meetings outside Singapore should hold information meetings for the shareholders in Singapore. These provide an avenue for the shareholders in Singapore to interact directly with the Board and management of the issuers as they would at the general meetings. Where the general meetings are held in jurisdictions other than Singapore, the issuers should make arrangements such as video conference or webcast to enable the shareholders based in Singapore to follow the proceedings during the general meetings."

Thai Beverage and Mermaid are the two issuers who have consistently held information meetings in the past. We hope that other issuers that conduct AGMs outside of Singapore hold their information meetings in Singapore to engage with Singapore shareholders at least once a year.

Nuances in AGMs

Local regulations for some foreign issuers have created certain nuances in AGM practices. For example, for PRC-incorporated companies, the Supervisory Committee's Report has to be received and adopted by shareholders as well. Some issuers that have a dual listing in another exchange also tend to alternate the AGM venue between Singapore and the other country of listing. One such example is China New Town Development, which also has a dual listing in Hong Kong, alternate its AGMs between Singapore and Hong Kong.

In last year's report, we encouraged issuers, particularly those with global investors, to provide a video conference or webcast of their meetings. Webcasting of meetings can improve the participation of both local and foreign shareholders, and help attract potential investors. Some issuers are already streaming analysts' briefings live for the institutional investor community. Issuers should consider doing the same for their shareholder meetings. They can do so through a webcast and restrict questions to shareholders who attend the meeting.

We are disappointed that so far no Singapore issuer has provided a simultaneous webcast of their AGMs, although SGX provided an audio recording of its AGM on its website after the meeting. It is increasingly common for global companies to provide a video conference or webcast of their meetings. For example, in 2016, Berkshire Hathaway will join other companies such as HSBC, Starbucks, McDonalds, Nike, Disney and Walmart in doing so. These companies have a very larger shareholder base making it impossible for them to accommodate all shareholders who wish to attend the shareholder meetings. Shareholders in these companies often have to register their interest in attending ahead of time and they are accommodated on first-come-first-served basis. The shareholders are also geographically dispersed. A webcast or video conference helps address these practical constraints.

In Australia, it is very common for ASX-listed issuers to provide a webcast of their AGMs. Among the 10 largest ASX-listed issuers by market capitalisation, nine provided a webcast of their 2015 AGM.

With clustering of meetings unlikely to go away, global investors and the multiple proxies regime allowing more shareholders to attend meetings, we again urge issuers, especially the larger ones, to join the ranks of some of their global counterparts in providing a webcast or video conference of their AGMs. Perhaps those issuers in the telecommunications and technology-related sectors can take the lead?

Entering the 21st Century

An octogenarian and a nonagenarian by the names of Warren and Charlie respectively will be webcasting an AGM that they host "worldwide in its entirety" come 30 April 2016. Berkshire Hathaway will livestream the proceedings of their annual meeting from Omaha. It will include interviews with managers, directors and shareholders and will include the free-form Q&A portion too.

Meetings For Delistings

A particularly important type of meeting for shareholders is the meeting convened to approve the delisting of a company. A delisting from the SGX may be voluntary or mandatory (directed) because an issuer fails to meet the SGX continuing listing requirements. The latter most commonly occurs when a Mainboard company is on the Watchlist and fails to exit it within the timeframe specified by SGX. With the introduction of the MTP requirement, some issuers may also have to delist in future because of failure to meet this requirement.

Based on the "Market Statistics" reports published by SGX, during the last five years, the maximum number of delistings (including secondary listings) in a year occurred in 2011, when 37 issuers (29 Mainboard and eight Catalist issuers) delisted. The number of delistings in other years were as follow: 19 (17 Mainboard and two Catalist) in 2012, 25 (20 Mainboard and five Catalist) in 2013, 31 (29 Mainboard and two Catalist) in 2014 and 21 (18 Mainboard and three Catalist, secondary listings included) in 2015.

During 2015, just two meetings were convened by issuers seeking to delist from the SGX. Under rule 1307 of the Rulebook for both the Mainboard and Catalist, the SGX may agree to a delisting if:

> *(1) the issuer convenes a general meeting to obtain shareholder approval for the delisting;*
>
> *(2) the resolution to delist the issuer has been approved by a majority of at least 75% of the total number of issued shares excluding treasury shares held by the shareholders present and voting, on a poll, either in person or by proxy at the meeting (the issuer's directors and controlling shareholder need not abstain from voting on the resolution); and*
>
> *(3) the resolution has not been voted against by 10% or more of the total number of issued shares excluding treasury shares held by the shareholders present and voting, on a poll, either in person or by proxy at the meeting.*

In 2015, several issuers were granted a waiver from rule 1307 and did not convene a meeting for their delisting. These include Chosen Holdings, Forterra Trust, Keppel Land, Lizhong Wheel Group and Popular Holdings. SGX generally only grants a waiver where the offeror already has more than 90% of the shares, which means that the resolution to delist would have been passed if the general meeting was convened. In the two meetings where shareholders got to vote on the voluntary delisting offer, the support exceeded 99.8%.

Meetings For Share Consolidations

In 2015, there were a total of 77 shareholder meetings that voted on a consolidation resolution (based on the meetings that revealed detailed poll voting results). Seven of these were standalone AGMs, 35 of these were AGMs with back-to-back EGMs, and a further 35 were standalone EGMs. A total of 24 EGMs were held with share consolidation as the sole agenda item. This was due to the introduction of the MTP requirement by SGX. Based on the 77 resolutions, the average support for the consolidation was 98.828% while the median was 99.929%. Relatively lower support for the consolidation resolution was obtained in Magnus (70.510%) and Hupsteel (84.377%). If an issuer proposes a share consolidation to meet the MTP requirement or face being placed on the watch-list by the exchange, what choice do the shareholders have?

It has been reported that the share price of several issuers has once again fallen below the MTP of 20 cents after a share consolidation exercise. In 2015, 107 issuers consolidated their shares - 44% of them had a ratio of between 2:1 and 5:1, 28% consolidated 10 shares to one, and a further three issuers consolidated 100 shares to 1. The most extreme ratios were 500:1, 400:1 and 250:1.

Must Think Positively

Shareholder Requisitions

Under Section 176 of the Companies Act, shareholders holding not less than 10% of the total paid-up capital of a company can requisition the directors of a company to convene an extraordinary meeting. Directors have up to two months after receiving such a requisition to convene an EGM. If the directors do not within 21 days after the date of the deposit of the requisition proceed to convene a meeting, the requisitionists (or part of the group of them holding more than half the total voting rights of all of them) may convene a meeting on their own. In addition, any reasonable expenses incurred by the requisitionists by reason of the failure of the directors to convene a meeting shall be paid to the requisitionists by the company, and any sum so paid shall be retained by the company out of any sums due or to become due from the company by way of fees or other remuneration in respect of their services to such of the directors as were in default. When a requisition is received, the issuer should immediately inform shareholders through an SGXNET announcement.

Section 177 of the Companies Act also allows two or more shareholders holding not less than 10% of the total number of issued shares of the company (excluding treasury shares) to call a meeting of the company. Notice will then have to served on each shareholder entitled to attend the meeting. A minimum of 14 days of notice (or such longer period as provided in the constitution) is required for such a meeting, unless a special resolution has to be passed at the meeting, in which case, 21 days of notice is required.

Section 183 allows any number of members holding not less than 5% of total voting rights, or not less than 100 members holding shares in the company for which there is an average paid up capital of not less than $500, to propose resolutions.

In this year's report, we decided to start tracking the number of shareholder requisitions for meetings. The ability to requisition meetings is an important shareholder right and, if properly used, can be an important mechanism for holding boards accountable and improving corporate governance. The trend in shareholder requisitions can be an indicator of how shareholder activism is evolving in Singapore. It should, however, be considered a measure of last resort when other avenues to engage with the board and management fail. As with other shareholder rights, it can also be subject to abuse (such as shareholders repeatedly calling meetings to disrupt the management of the company, possibly with the aim of having their shares bought out at a premium).

In 2015, there were seven requisitions by shareholders of six issuers to convene an EGM to vote on resolutions proposed by these shareholders. For five issuers – Cedar Strategic Holdings, CNA Group, SHS Holdings, Sunmoon Food Company and Universal Resource & Services – the requisitionists were seeking to change the board by proposing the removal and/or appointment of directors.

The sixth issuer, Huan Hsin Holdings, faced two requisitions by its listed shareholder. The first requisition sought to have the approval or disapproval of the proposed disposal of interest by Huan Hsin in another company put to a shareholders' vote, after the company had sought an SGX waiver from having to convene an EGM to obtain shareholders' approval. The second requisition proposed that the company appoint an independent financial adviser or professional to review the business and propose strategies for the company, and if this resolution was not passed, a second proposed resolution of a vote of no confidence in the board. Both EGMs were held and all the resolutions were rejected by shareholders.

In three cases, the EGM was not held. In the case of Cedar Strategic Holdings, shareholders holding 16% of the voting rights proposed to remove four directors and appoint three new directors. The requisition was withdrawn after the four directors resigned and the three new directors were appointed. At Sunmoon Food, shareholders requisitioned a meeting to remove the executive chairman and appoint four new directors. However, the requisition was withdrawn, with no explanation and no changes in board composition. For CNA Group, shareholders requisitioned a meeting and proposed nine resolutions - to remove four directors, re-designate one director to chairman, and appoint four new directors. An EGM was to be convened to consider eight of the resolutions (other than the re-designation of the director to chairman). However, the company went into judicial management and the EGM was adjourned. At the time of writing this report, the EGM has not yet been held.

In the case of SHS Holdings, 99.98% of the shares voted at the EGM were in favour of re-appointing the founder and former executive chairman of the company after he was not re-elected at the last AGM. SHS, formerly called See Hup Seng, had faced boardroom tussles and shareholder requisitions for EGMs dating back to 2012.

For Universal Resource & Services, more than 90% of the shares voted were in favour of the removal of two directors and the appointment of two new directors. Another director who was proposed for removal retired and did not seek re-election.

Based on 2015 data provided by Institutional Shareholder Services (ISS), shareholder resolutions to remove directors were among the top five resolutions in Australia, China, Hong Kong, Japan and Singapore with the highest percentage of votes against, but in all these countries other than Japan, more shares on average voted in favour of these resolutions than against. Interestingly, in Japan, an overwhelming 96.4% of shares on average voted against shareholder resolutions to remove directors. In a number of countries, management proposals relating to stock options or other stock grants were among those that receive relatively higher percentage of shares voting against. This was the case in Hong Kong, Malaysia, Singapore and Taiwan.

ISS data also shows that, in general, other than those relating to removal of directors, shareholder proposals tend to garner relatively little support from shareholders generally. Reasons for this may include lack of detailed disclosure on the rationale and late filing of the proposals, after many institutional investors have already submitted their vote instructions.

Meetings: Good, Bad and Ugly

In compiling this report, we asked some shareholders about their personal experience – good, bad, or ugly - with shareholder meetings. Shareholders generally like meetings where the CEO or CFO makes a presentation at the start of the meeting and the presentation slides are posted on SGXNET. Making the slides available is also helpful for shareholders who are unable to attend the meeting. We identified at least 102 issuers that posted the presentation slides used at the AGMs and another 16 that posted that presentation slides used at the EGMs. This count is based on a subset of what we considered as AGM/EGM related announcements, and filtered for keywords such as “slides” and “presentation” to identify such issuers so the number may not represent all issuers that have done so. We hope to see more issuers posting their presentation slides. In fact, issuers can post the presentation slides in the morning of the shareholder meeting so that all shareholders get the same access at the same time.

Shareholders also like issuers that go the extra mile to allow shareholders to ask questions, such as inviting shareholders to email questions ahead of the meeting, and directors who make the special effort to participate in the meeting, such as the Chairman of one REIT calling in to join an AGM even though he was in New York (notwithstanding the considerable time difference).

In terms of the bad, one shareholder complaint is the strict time limit for questions and answers at the AGM. In highly publicised cases such as Noble Group and Singapore Post, shareholders also complained about an apparent reluctance of the board to answer questions, an overly technical approach to determining whether shareholders’ questions are “legitimate”, and the lack of participation by directors other than the Chairman when answering questions from shareholders.

In terms of practices that were at least mildly ugly, technological failure such as malfunctioning of the electronic polling system causing delays in the holding of AGM, was cited. At one EGM, shareholders protested against what they felt was an unnecessary share consolidation. On receiving the feedback from shareholders, the managing director decided to abstain. His assistant apparently did not get the message and voted for the resolution. When shareholders pointed that out, a re-vote was conducted and the resolution was carried. After the first voting results were published, some shareholders had already left and in the re-vote, the resolution was still carried. Shareholders would never know if the minorities could have stopped the share consolidation if all the votes of those who showed up that day were counted.

In another case involving mistaken identity, the results for a REIT AGM were bizarrely filed a day before the meeting. It was then discovered that the results for the wrong REIT were filed. The wrongly-filed results were then withdrawn and the correct AGM results filed on the next day after the actual AGM. Such a mistake raises issues about procedures and processes in the filing of results and whether the mistake is due to the same people working under different REIT managers within the same group.

Noble AGM: The Great Expectations Gap

The highly anticipated AGM for Noble Group held on 17 April 2015 provides a good illustration of the difference in expectations between the issuer and its shareholders with regard to the conduct of shareholder meetings. Following press reports about Noble "dodging accounting queries" and the Chairman "providing sound bites" at the AGM, SGX queried the company. In response, Noble released a full transcript of the AGM proceedings, which provided a clear picture about the conduct of the AGM.

While it is understandable that there should be proper decorum at shareholder meetings, the Noble AGM - like many other shareholder meetings - was procedural and technical in defining what questions are allowed to be asked. This makes a meaningful dialogue between the board/management and shareholders difficult.

After the initial pleasantries from the Chairman welcoming shareholders and introducing the directors and other key officers present, the company secretary proceeded to explain the protocol for the meeting and indicated that each "genuine shareholder" will be restricted to two questions and that these should pertain to the specific proposal under consideration. Following further remarks by the Chairman, the CEO made a rather lengthy presentation, which probably did not address what was on most shareholders' mind – issues raised by Iceberg Research. The external auditor was then asked by the Chairman to read out the auditor's report before the first resolution to receive and adopt the audited accounts, directors' report and auditors' report was considered and the partner-in-charge duly proceeded to read out the audit opinion.

The Chairman reiterated that he would only allow questions that are related to the resolutions. When a shareholder wanted to ask questions about Yancoal, one of Noble's associates and a major focus in Iceberg Research's criticisms of the group, the Chairman felt that this was not related to the resolution. How can questions about accounting for an important associate not be related to the resolution relating to the accounts? Eventually, the CEO agreed to address the questions. Perhaps shareholders should also have asked the external auditors about the conduct of the audit.

When it came to the resolutions to re-elect two directors who are independent directors, a shareholder wanted to ask the directors how they hope to contribute to the company. The Chairman proceeded to highlight their professional backgrounds. When the shareholder pressed that he would like to hear from the directors themselves, the Chairman thought it was not an appropriate forum. How can the AGM not be a proper forum for shareholders to hear from directors of the company and to ask about the contributions of directors when shareholders are being asked to elect the directors? After further pressing by the shareholder, one of the independent directors eventually spoke for herself. When it comes to the appointment of directors, perhaps questions should also be directed to the nominating committee chairman.

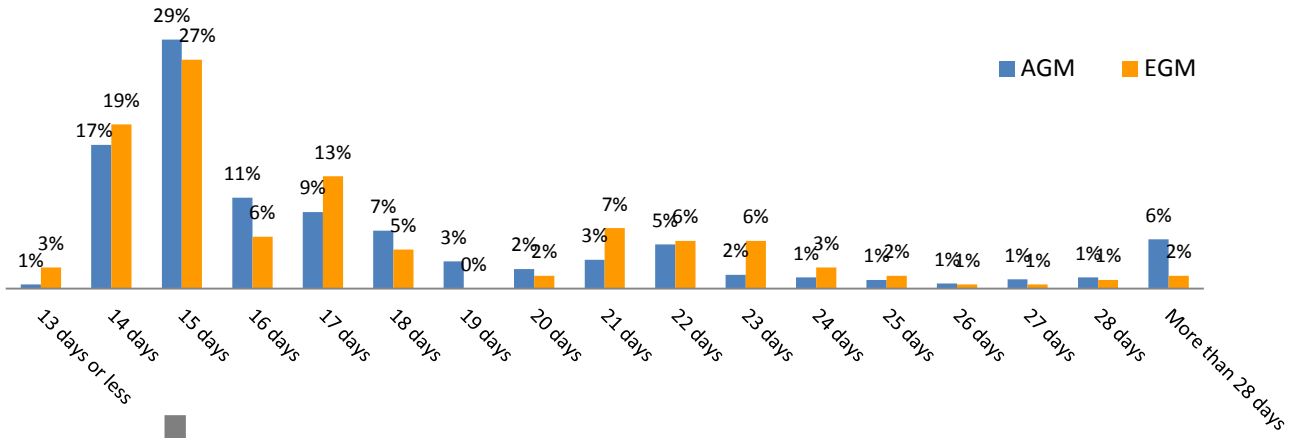
Shareholder meetings need to evolve from a traditional model where the proceedings are highly procedural and where the chairman tightly controls the questions and answers, to one where the meeting provides a forum for a meaningful dialogue and where the chairman plays a more facilitating role in allowing shareholders to engage with various members of the board and key management.

C. Notice Period

SGX requires issuers to give 14 and 21 "clear days" of notice – which excludes the date of notice and date of meeting - for meetings with ordinary and special resolutions respectively.

Figure 13 shows the number of clear days given for AGMs and EGMs, where date of notice is taken as the day the notice is filed on SGXNET. **The average notice period for all meetings has increased slightly from 17.4 clear days in 2014 to 17.8 clear days in 2015. If we only consider AGMs without special resolutions, the average period was 17.4 clear days in 2015 compared to 17.3 clear days in 2014.**

Figure 13: Notice Period by Meeting Type



In the last report, we identified 10 meetings where issuers did not meet the 14 “clear days” requirement based on the date of posting of the notice on SGXNET, but only one issuer was actually late with the notice based on the sign-off date of the notice (which for most issuers is generally on the same date or earlier than the date of posting on SGXNET). In 2015, some issuers continued to be late in posting the notice of meeting on SGXNET, with nine meetings where there was less than 14 clear days of notice based on date of posting on SGXNET. Issuers that were in this situation in 2015 include Chinese Global Investors Group, China Great Land Holdings, Combine Will International, Hiap Hoe, Linair, Shanghai Turbo Enterprises, Universal Resource & Services and Ziwo. Issuers that did not meet the 14 days’ notice requirement in 2015 (based on date of posting on SGXNET) were different from those in 2014. China Great Land conducted two EGMs on 30 Jan 2015 (at 10am and 10.30am). The notice period was less than 14 days of notice based on the date of filing on SGXNET (16 January) although the sign-off was on 15 January. Only one issuer, Chinese Global Investors Group, might not have met the requirement for 14 days of notice. The sign-off and SGX filing date was 15 October and the AGM was held on 29 October, a notice period of just 13 clear days.

In the course of going through all the meetings held in 2015, we were unable to find the standalone notice of meetings for three issuers on SGXNET – CNA Group, Mercator Lines and Oceanus. Their notices can only be found in the circulars or the annual report.

In the last report, we recommended that the SGX Listing Rules be updated to recognise the date of filing of the notice of the meeting on SGXNET as the “date of notice”. This is because if the sign-off date is used, and notices are mailed out but issuers are slow in posting on SGXNET, shareholders may end up effectively having less than 14 days of notice.

Currently, in Chapter 7 of its continuing obligations requirements, rule 702 states that an issuer must release all announcements via SGXNET. Rule 704(15) further states that an issuer must immediately announce the date, time and place of any general meeting. We reiterate a recommendation in our last report and suggest that SGX should update its rules to explicitly require issuers to file the notice on SGXNET immediately – on the date of notice itself.

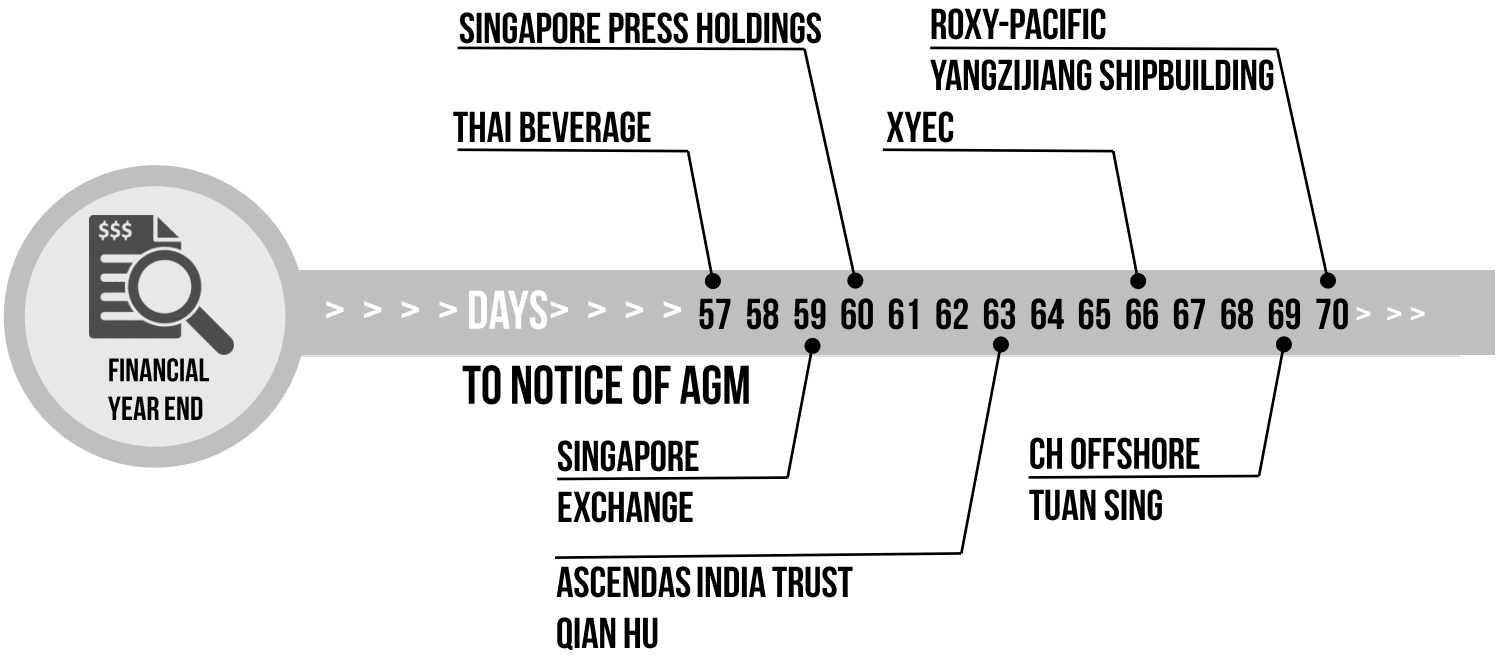
Last year, we recommended that issuers, especially those with global investors, should aim to provide at least 28 clear days of notice of meetings. If the printing of the annual report is the constraint, they can consider filing the notice of the meeting with the agenda items on SGXNET earlier, before the date of mailing out the report or filing of the annual report on SGXNET. The recommendation of 28 days of notice is based on the recommendation in the Asian Corporate Governance Association (ACGA) Asian Proxy Voting Survey 2006.

In 2014, 5% of all meetings (including meetings with agenda items requiring special resolutions and therefore a longer notice period) had at least 28 clear days between the time of filing of the notice on SGXNET and the date of the meeting. This year, the percentage increased to 6%.

Based on meetings with only ordinary resolutions, 5.8% of the 2015 meetings had at least 28 clear days of notice, compared to 4.9% in 2014. However, only 3% of the small cap issuers give at least 28 clear days of notice when there is no special resolution, while 10% and 19% of mid and large cap issuers do so, respectively. Large cap issuers are likely responding to pressure from their institutional and/or foreign investors who generally expect longer notice periods. Regardless of the shareholder base, we feel that all issuers should strive to provide a longer notice period to shareholders.

Some issuers were extremely timely in giving notice of their meeting. Figure 14 shows the 10 issuers that were fastest in giving notice after the financial year-end. Thai Beverage, Singapore Exchange and Singapore Press Holdings were the fastest, doing so within 60 days of the financial year-end. Other issuers that did so within 10 days of the third month after the financial year-end are Ascendas India Trust, Qian Hu, Xyec, CH Offshore, Tuan Sing, Roxy-Pacific and Yangzijiang Shipbuilding.

Figure 14: Fastest Issuers in Giving Notice

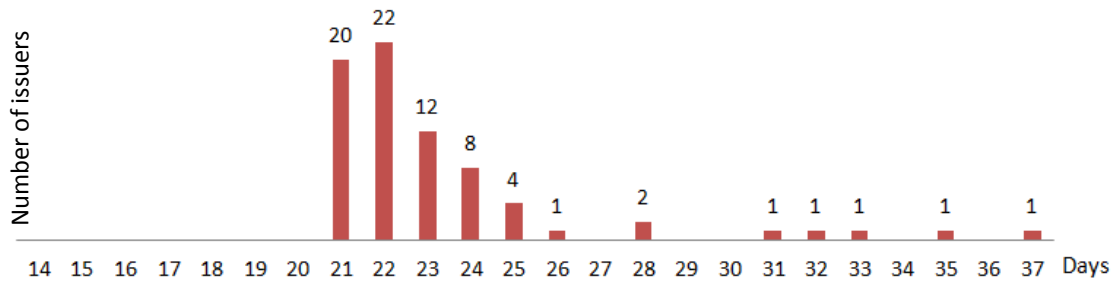


Meetings with Special Resolutions

In 2015, there were 74 meetings with special resolutions compared to 49 meetings in 2014. Meetings with special resolutions require at least 21 days of notice. The special resolutions generally relate to the following matters: change of name; amendment to memorandum of association, articles of association or trust deed; capital reduction/reorganisation; and transfer of listing status.

All meetings with special resolutions met the required 21 days of notice. The average notice period for **meetings with special resolutions increased marginally from 22.7 clear days to 23.2 clear days**. Figure 15 shows the distribution of notice period for these meetings.

Figure 15: Notice Period for Meetings with Special Resolutions



D. Number of Resolutions

Of all the 906 meetings held in 2015, a total of 6779 resolutions were proposed for shareholders' vote, an average of 7.5 resolutions per meeting.

Issuers filed the detailed poll voting results of 570 shareholders' meetings and we collected the number of votes for and against for every one of the 4068 resolutions for these meetings. Of these, 415 were AGMs and 155 were EGMs.

All 4068 resolutions were individually classified into different type of resolutions. 3729 resolutions were from 415 AGMs and 339 resolutions were from the 155 EGMs.

On average, shareholders voted on 9 resolutions at AGMs and just 2.2 resolutions at EGMs. For companies, the average number of resolutions at AGMs was 9.3, while the average number of resolutions at EGMs was 2.2. If we exclude single resolution EGMs held solely for share consolidation, the average number of resolutions at EGMs for companies was 2.3.

For issuers other than REITs and BTs, the common ordinary businesses proposed in all or almost all AGMs are:

- To receive and adopt the audited financial statements and the reports of the directors and auditors of the company
- To approve directors' fees
- To re-appoint auditors of the company and to authorise the directors to fix their remuneration
- To elect or re-elect directors

All, except five, of the 414 issuers that held AGMs and revealed detailed poll voting results put to shareholders' vote the resolutions to receive and adopt the audited financial statements and the report of the directors and auditors. Five issuers - AV Jennings, Asiasons, GuocoLand, GuocoLeisure (now called GL Limited) and Linc Energy - had the item in the agenda but did not put it to shareholders' vote (although it appears that shareholders were given the opportunity to ask questions about them). They also did not put this item to shareholders' vote in 2014.

Table 2: Common Ordinary Business at AGMs

Type of Resolution	Number of Issuers	Number of Resolutions (if different)	Comments
To receive and adopt the audited financial statements and the reports of the directors and auditors of the company	409	-	
To approve directors' fees and other payments to directors	365	406	Not applicable to REITs and BTs (multiple resolutions for some issuers)
To re-appoint auditors of the company and to authorise the directors to fix their remuneration	411		-
To elect or re-elect directors	364	1169	Not applicable to REITs and BTs (Keppel REIT is the only exception that sought unitholders' endorsement on the appointment of the directors of its manager.)

On top of the common ordinary businesses at the AGMs, some other commonly seen resolutions are shown in Table 3.

Table 3: Other Commonly Seen Resolutions

Type of Resolution	Number of Issuers
General share issue mandate	399
Declaration of final dividend for the financial year	189
Share repurchase/buyback	173
Option plans	111
Share plans	95
Interested person transactions	73
Share consolidation	42 (at AGMs)
Scrip dividend	25

Differences in Shareholder Power: What's on the Agenda?

Do you know that in Australia and U.S., the audited accounts are almost never put to a vote by shareholders at the AGM or even laid before shareholders? Or that there is no legal requirement in those countries for shareholders to vote on the appointment of the external auditors?

The Companies Act of Singapore requires the audited accounts to be laid before shareholders at the AGM. While it is not mandatory to have shareholders pass a resolution to adopt the audited accounts, most Singapore companies do so. At each AGM, shareholders are also asked to approve the appointment of the external auditors, and generally asked to authorise the board of directors to set the remuneration of the external auditors.

In Australia, companies generally do not put the audited accounts up for shareholders' approval. The Corporations Act also does not require shareholders to vote on the appointment of external auditors, so there is also generally no resolution for the appointment of external auditors. The standard matters that require shareholders' approval at the AGM of a company listed on the Australian Securities Exchange (ASX) are the election of directors and the approval of the remuneration report, and other matters that require shareholders' approval where applicable include increases in non-executive directors' remuneration, grant of securities/rights and amendments to the company constitution.

Some ASX-listed companies have adopted annual election of all directors, rather than directors retiring by rotation with only some directors (usually one-third) standing for election in a Singapore AGM. However, annual election of directors remains uncommon in Australia. The main area where Australian shareholders have more power compared to Singapore shareholders is with regards to remuneration. In Australia, the remuneration report which covers remuneration of key management personnel, including executive directors, non-executive directors and key executives, is put to an annual shareholder vote. The vote on the remuneration report is advisory and not binding on the board of directors. However, if 25 percent or more of the votes cast at two successive AGMs are not in favour of adopting the remuneration report, the entire board of directors have to stand for election within 90 days of the second AGM, if 50 percent or more of the votes cast for the "spill resolution" at the second AGM are in favour of the "spill meeting".

In the U.S., audited accounts are generally not laid before shareholders or put to a shareholders' vote at the AGM. Further, the law does not require shareholders to be given the right to vote on the appointment of the external auditors as that is seen to be the function of an independent audit committee. However, most U.S. companies ask shareholders to ratify the appointment of the external auditors. A "ratification" vote is non-binding.

U.S. companies are also required to give shareholders an advisory (non-binding) vote on executive compensation. Shareholders also get a say on the frequency of such an advisory vote, which can be once every one, two or three years. Most U.S. companies today also hold annual election of every director. Today, it is also common for shareholders to be given advisory votes on proposals put forward by shareholders.

The matters that are subject to shareholders' approval at an AGM in the U.K. are very similar to those in Singapore. This is unsurprising as the Singapore Companies Act closely follows the U.K. Companies Act. One major area of difference is again in the area of remuneration. In the U.K., shareholders are given a binding vote at least once every three years on the directors' remuneration policy and an advisory vote every year on the "implementation report" which shows how the approved remuneration policy has been implemented. If the non-binding resolution to approve the implementation report is not passed, the remuneration policy has to be put to another binding vote in the next AGM.

Therefore, Australia, U.K. and U.S. have all given shareholders more say in the area of remuneration, with different emphasis (such as directors versus executives) and different degrees of "say". Isn't it time that Singapore shareholders are given more say in this area too?

Recommendation 3:

Regulators should consider having a public consultation with investors and other stakeholders as to whether some form of "say on pay" for senior executives should be introduced in Singapore.

Meetings for REITs and BTs are governed specifically by the Code on Collective Investment Schemes and Business Trusts Act respectively. Unitholders in REITs and BTs have more limited rights compared to the shareholders of listed companies, and the average number of resolutions at their AGMs was 3.5. Usually, unitholders in REITs and BTs are asked to vote on just three classes of resolutions: to receive and adopt the reports of the trustee/trustee-manager, the statement of the manager/trustee-manager, the audited financial statements and the auditors' report; to reappoint the auditors; and to approve the general mandate to issue new units.

On average, issuers that are not REITs or BTs proposed 3.2 directors for re-election on average. 45% of the issuers sought shareholder's approval to declare and pay a final dividend. While most did not declare a final dividend, in the case of some issuers, articles of association may vest the power to declare and pay both interim and final dividends on directors. An issuer may also declare an interim dividend in lieu of a final dividend even in the fourth quarter.

The "Inter-Conditionality" And Bundling Of Resolutions And Election Of Multiple Directors On A Single Resolution: Brooke Asia

Guideline 16.2 of the Code recommends separate resolutions on each substantially separate issue and that companies should avoid bundling resolutions except where resolutions are interdependent and linked to form one significant proposal. Whether resolutions are substantially separate, interdependent, linked or form one significant proposal can sometimes be a matter of debate. Today, bundling of resolutions in shareholder meetings is rare but not uncommon in reverse takeover situations. Brooke Asia, a Catalist company, which convened an EGM to approve the acquisition of all the shares of China Star Food Holdings, is an extreme example of resolutions being linked together by making resolutions inter-conditional on other resolutions and bundling of resolutions.

At its EGM held on 20 July 2015, nine resolutions were made "inter-conditional". Further, the passing of the four remaining resolutions were conditional on the passing of the nine inter-conditional resolutions. Although its nearly 500-page circular dated 26 June provided more information on the inter-conditional resolutions, it does not explain why all the nine resolutions have to be inter-conditional. This raises the question as to whether the inter-conditionality of all the nine resolutions is justified and shareholders asked to vote on these resolutions understood the rationale.

One of the inter-conditional resolutions is Ordinary Resolution 4, dealing with the appointment of directors. The resolution reads as follows:

"That contingent upon the passing of resolutions 1, 2, 3, 5, 6, 7, 8 and 9: (a) the appointment of (i) Liang Chengwang as an Executive Director, (ii) Chen Huajing as an Executive Director, (iii) Huang Lu as a Non-Executive Director, (iv) Koh Eng Kheng Victor as an Independent Director, (v) Lim Teck Chai, Danny as an Independent Director, and (vi) Loh Wei Ping as an Independent Director with effect from the Completion of the Proposed Acquisition be and is hereby approved…"

In this case, the appointments of six individual directors were bundled into a single resolution, which was then linked to the passing of eight other resolutions.

Brooke Asia is a company incorporated in Singapore. Section 150(1) of the Companies Act states that, for a public company, "a motion for the appointment of 2 or more persons as directors by a single resolution shall not be made unless a resolution that it shall be so made has first been agreed to by the meeting without any vote being given against it" and section 150(2) states that "[a] resolution passed in pursuance of a motion made in contravention of this section shall be void, whether or not its being so moved was objected to at the time". The notice for the EGM did not indicate any motion for the meeting to agree to the appointment of the six directors under a single resolution and there is no disclosure in the announcement of meeting results of such a motion having been passed at the meeting. The disclosure of the poll voting results also clearly shows that it was voted as a single resolution.

Section 150(5)(b) states that "Nothing in this section shall prevent the election of 2 or more directors by ballot or poll". Some may take the view that section 150(5)(b) arguably allow for the election of 2 or more directors to be elected on a single resolution if the resolution is voted by ballot or poll. If it is true that section 150(5)(b) allows the election of 2 or more directors on a single resolution as long as it is done by ballot or poll, then it would mean that with mandatory poll voting for all SGX-listed companies, the election of multiple directors of all SGX-listed companies can be undertaken through a single bundled resolution without all shareholders agreeing to it.

Did Brooke Asia comply with section 150 and were the director appointments valid? If the appointment of independent directors is conditional on the appointment of certain executive directors, can the independent directors be perceived to be independent?

There is a certainly a need to review section 150(5)(b) and to consider removing or clarifying it.

For more on the issues regarding this EGM, readers can read the following: Mak Yuen Teen and Chew Yi Hong, "A truly extraordinary meeting that raises many issues", Business Times, 30 March 2016.

Recommendation 4:

Section 150(5)(b) of the Companies Act should be reviewed and it should be clarified that directors must be elected on separate resolutions, regardless of voting method. SGX should also consider clarifying in its listing rules that the election of directors should not be bundled or linked to each other.

Director Elections

Under the Companies Act in Singapore (and equivalent legislation in most other countries), shareholders generally have the power to elect directors. According to the 2015 Spencer Stuart Board Index, 92% of S&P 500 companies have annual election for all directors. The UK Corporate Governance Code recommends that all directors of FTSE350 companies should be elected annually. In Australia, a small number of ASX-listed companies have moved to annual elections for all directors. We believe that the current practice of directors retiring for rotation is adequate for Singapore, given the ability of shareholders to requisition meetings and proposed resolutions to remove directors under the Companies Act. However, our view is that independent directors who have served beyond nine years should be re-elected annually, together with clear explanations on the experience and contributions of these directors and the process and criteria that the board has used to assess the continuing independence of these directors. Alternatively, the independence of directors should be subject to a separate shareholders' vote after nine years.

The Singapore Companies Act only provides shareholders the power to elect and remove directors. It does not give shareholders the right to elect "independent directors" as the determination of independence of directors is a matter for the board. It is relatively common for companies to indicate, in the resolution or explanatory notes, whether a director if elected will be an independent director, the appointments he will hold and the committees he will serve on.

Some companies go beyond the powers vested in shareholders under the Companies Act and give shareholders more say, for example, by allowing shareholders to vote for the appointment of a director as a lead independent director. An example of this is Second Chance Properties. Another observation is that some directors are abstaining from voting for their own re-elections.

For REITs and business trusts, the externally managed model used in Singapore means that unitholders do not elect, and cannot remove, directors. It is the shareholders of the company acting as the manager or trustee-manager for the REIT or business trust that appoint directors, and in most cases, this company is wholly-owned by the controlling unitholder/sponsor. Under recent reforms of the regulatory framework for REITs announced by the Monetary Authority of Singapore, the REIT manager must either have at least half the board being made up of independent directors, or one-third if unitholders have a right to vote on the election of directors.

Keppel REIT is the only REIT or business trust in Singapore that gives unitholders a right to endorse the appointment of directors of the REIT manager, pursuant to an undertaking dated 24 March 2014 provided by Keppel Land (the controlling unitholder) to the trustee. The manager of Keppel REIT has an independent chairman and two-thirds of independent directors on its board. At the 2014 AGM when this undertaking first came into effect, all nine directors of the manager were put up for endorsement by unitholders. At the 2015 AGM, three of these directors were again put up for endorsement on a rotational basis. We would like to see other REITs and business trusts following the positive example set by Keppel REIT.

Section 153 resolutions

2015 marks the final year for election of directors under section 153 of the Companies Act. This section dealt with age limit of directors and applied to directors who are of or over the age of 70. Unlike other directors, such directors could only be elected directly by shareholders at the AGM. Further, while other directors generally retire by rotation at the AGM and often only stand for re-election every three years, such directors must be re-elected every year. Section 153 applied notwithstanding anything in the memorandum or articles of the company. The repeal of Section 153 means that, going forward, directors who are of or over the age of 70 can be appointed, elected and re-elected in the same way as any other director. Some companies have incorporated section 153 into their articles so that affected directors will have to continue to be re-elected annually, unless the company seeks shareholders approval to amend the articles in order to remove the section 153 provision.

Section 153 is not relevant to all of the issuers covered in this report. First, as it is a Companies Act provision, it does not directly affect the 44 real estate investment trusts (REITs) and business trusts in our study because these trusts are externally managed and their directors are not elected by unitholders. Section 153 also generally did not affect issuers that are incorporated overseas – although two issuers incorporated in Bermuda and the Cayman Islands had directors who were elected under section 153.

In total, **244 companies were affected by Section 153 in 2015, and had one or more directors who retired at the AGM under the section. This represents 42% of all issuers that were potentially subject to the Section 153 requirements.**

Shareholders should carefully consider whether to approve any proposed amendment to the articles to remove the section 153 provision. While we do not believe that shareholders should reject directors solely on the basis of their age, they should consider whether the company has an apparent problem with renewing its board and tend to have multiple older directors, especially independent directors, who have been on the board for a long time.

One company had seven directors affected by section 153, one company had five directors, eight companies had four directors, and 25 companies had three directors. There are 20 directors who are 70 years or more and who serve on three or more boards. One such director is on five boards, six on four boards, and 13 on three boards.

Among the independent directorships held by the older directors, nearly 60% of them have already been on their boards for nine years or more. Some of the older directors have extremely long tenures on their boards. The longest tenured independent director who was re-elected under Section 153 has served on the board of an insurance issuer since 17 February 1971, a tenure of 45 years up until today (including the first 24 years as the managing director of the issuer). The next two longest tenured Section 153 independent directors are fellow directors on the board of an industrial testing services issuer since 1983 and 1984. One director who serves on four boards had a cumulative tenure of 96 years and counting on those boards. Another director who served on four boards was a little bit fresher - he has served a cumulative tenure of 80 years and counting on these boards.

One director who serves on four boards had 1998 as the most recent initial appointment onto those boards while the director, who had a cumulative tenure of 96 years, was appointed to his four boards between 1991 and 1993.

For more on this issue, readers can read the following: Mak Yuen Teen and Chew Yi Hong, “Will repeal of Section 153 harm board renewal?”, Business Times, 2 March 2015.

Election of Directors after Repeal of Section 153

The repeal of section 153 in January 2016 will affect the election of directors who are aged 70 years or older. However, its effect will depend on how a company with such directors has handled the resolution to appoint such directors at its 2015 meeting.

In 2015, 187 companies that had directors who were elected under section 153 clearly stated in the resolutions that the directors are appointed until the next AGM. Although section 153 has since been repealed, these directors will have to be stand for election again in 2016. Thereafter, they will retire by rotation just like other directors, unless the articles of their companies include provisions similar to section 153. Some companies stated that these directors are appointed until the next AGM, but will retire by rotation thereafter when section 153 has been repealed.

Another 50 companies either left the term of the appointment open or stated something to the effect that the directors are appointed until the next AGM but if section 153 is repealed, these directors will continue to hold office for such longer period as permitted.

Recommendation 5:

With the repeal of section 153 and concerns about lack of board renewal, regulators should consider introducing a Code guideline or listing rule stating that independent directors who have served beyond nine years should be subject to annual election or to an annual vote on their independence.

General Share Issue Mandate

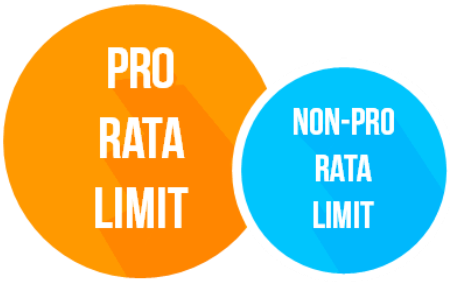
A very common resolution in AGMs is the resolution to approve the annual mandate to issue shares. Rule 806 in the SGX rulebooks for both Mainboard and Catalist issuers allows issuers to seek shareholders' approval, through an ordinary resolution, for an annual General Share Issue Mandate. For Mainboard issuers, the total percentage of shares and convertible securities that may be issued is 50% of total issued shares on a pro rata basis and 20% on a non-pro rata basis. For Catalist issuers, the limit is 100% and 50% respectively, unless it is through a special resolution, in which case, the limit is 100% for both pro rata and non-pro rata basis.

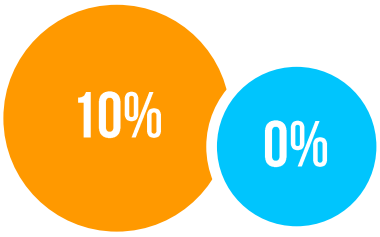
There has been some disquiet, particularly from institutional investors, regarding the non-pro rata limit. Some investors, especially institutional investors, have deemed the non-pro rata limits as being too high. While most issuers continue to follow the limits allowed in the SGX rulebooks, some have reduced the limits.

We examined the resolution for this mandate for the 414 issuers that disclosed the poll voting results to determine the level of shareholder support. Of these issuers, 15 did not seek to have a general share issue mandate and therefore did not have a resolution for such a mandate. About 89% of the remaining issuers followed the limits imposed by the SGX rules.

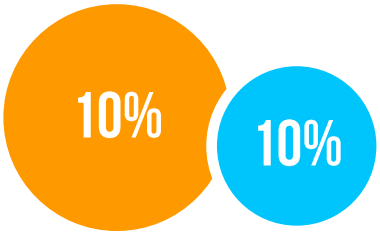
For the Mainboard issuers, 37 deviated from the limits imposed by the SGX rules, with most reducing the non-pro rata limit. Figure 16 shows the Mainboard issuers which reduced either the pro rata or non-pro rata limit, or both, while still having a mandate. The Mainboard issuer that has gone the furthest in reducing the limits in the rules is SP Corp, which reduced the pro rata and non- pro rata percentages to 10% and 0% respectively. Perhaps not surprisingly, it received 99.8% of votes in support of the resolution. Great Eastern also reduced the non-pro rata percentage to 0%, although it kept the pro rata percentage at 50%. Its resolution for the mandate received 99.9% of votes in favour.

Figure 16: Issuers with Lower General Mandate for Share Issues

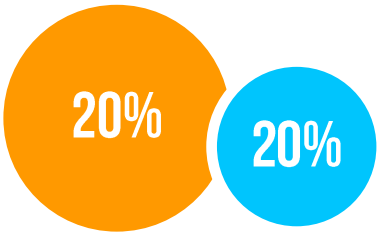




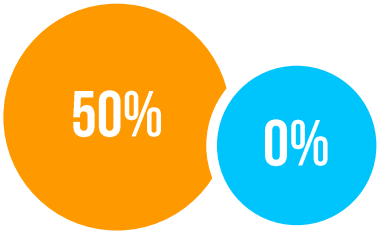
SP Corp



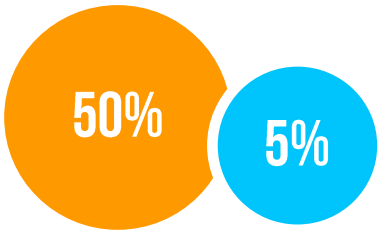
Cambridge Industrial Trust
Tuan Sing



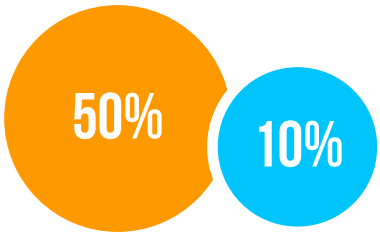
Midas
HTL International
Tan Chong International



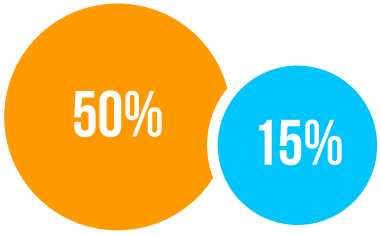
Great Eastern



Hotel Royal
Keppel Corporation
SATS
SembCorp Marine
SembCorp Industries
Singapore Airlines
Singapore Technologies
Singtel
SMRT Corp
Tiger Airways



CapitaLand
DBS Group
Global Logistic Properties
GMG Global
Micro-Mechanics
Neptune Orient Lines
Pan-United Corporation
SIA Engineering
Singapore Exchange
Singapore Press Holdings
Spindex Industries
STATS ChipPac
Willas-Array



ASL Marine
China Aviation Oil
Del Monte Pacific
Haw Par Corporation
Koda
Qian Hu
StarHub

OCBC's resolution for the mandate provided a "shareholder experiment" as it basically introduced a two tier voting system. The bank had split the pro rata percentage (50%) and non-pro rata percentage (20%) into two separate resolutions, allowing shareholders to vote for them separately. Not surprisingly, the pro rata resolution received a much higher level of support from shareholders compared to the non-pro rata resolution, with votes in favour of 97.2% and 69.4% respectively.

Amongst the Catalist issuers that have transferred from the Mainboard, three retained the pro rata and non-pro rata limits they had obtained while they were listed on the Mainboard. One other issuer asked shareholders for the higher Catalist limits at the EGM seeking shareholders approval to transfer to Catalist. In addition, there was a Catalist issuer that asked shareholders to approve a share issue mandate with the lower Mainboard limits. Three Catalist issuers – Jubilee Industries, Sysma Holdings and WE Holdings – obtained shareholders' approval through a special resolution for 100% for both pro rata and non-pro rata limits. There was almost unanimous shareholder support for this resolution in all three cases.

Issuers should give more consideration to the issue of new shares. **The general mandate for issue of new shares was not carried at Cambridge Industrial Trust, Shanghai Turbo and UMS Holdings. For REITs, this agenda item usually has the lowest level of support from unitholders**. It was as low as 54.57% for another REIT. Usually this would be a red flag that share/unitholders are not aligned with the issuer's thinking on the issue of new shares. Perhaps the board should seriously evaluate the limits for the mandate and provide share/unitholders with better justification to get them to support this general mandate. Reducing the overall and non-pro rata limits under the general mandate may assure the shareholders that any dilution, if it occurs, will be less severe. Boards and management should start this important conversation with share/unitholders as a "carte blanche" approach is becoming less assured of getting shareholders' support, particularly with the increasing sophistication of shareholders.

Although we do not know the reasons why certain issuers had not asked for a general share issue mandate, we think more issuers may wish to consider following suit. The general share issue mandate gives the board the flexibility to receive strategic investment in the issuer or to make strategic acquisitions through the issue of new shares. A general mandate is usually asked by the board as such transactions are regarded "time-sensitive" and the board would prefer the flexibility to act if such an opportunity arises. Without the assurance of the share issue, the board and management might find it hard to strike a deal. If the likelihood of issuing new shares is low, perhaps issuers should not ask for a general share issue mandate.

Shareholders should consider carefully if they should support the resolution, especially if the shares are trading at depressed prices.

E. Explanatory Notes for Agenda Items in Notice of Meeting

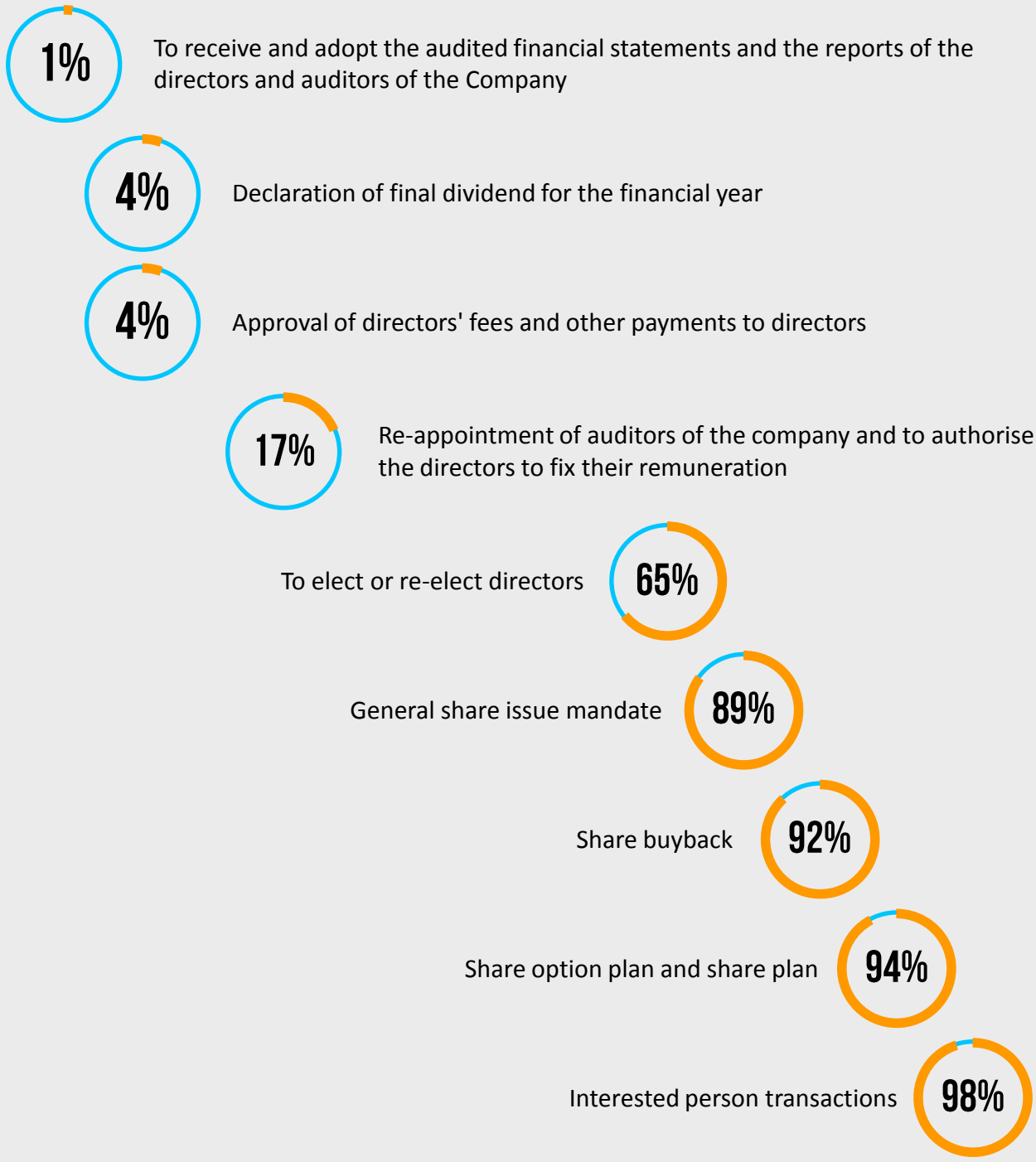
In last year's report, we urged issuers to provide sufficient information for each agenda item to be voted on, either in the notice for the AGM or the circular to shareholders. In particular, we felt that agenda items relating to the election or re-election of directors, general mandates for share issues and interested person transactions should have better explanations and justifications.

Of the 906 meetings in our study, 194 (21%) did not have any explanatory notes at all. This compares with 22% in 2014. For AGMs, only 13 out of 711 meetings or 2% had no explanatory notes for any agenda item – last year it was 4%. For EGMs, 186 out of 195 or 95% did not have any explanatory notes, compared to 94% last year. However, the large percentage of EGMs with no explanatory notes for agenda items can be explained by the fact that resolutions for EGMs are usually described in greater detail (effectively incorporating the explanations into the resolutions) and that circulars are usually given to shareholders for EGMs. **We observed that for 77 EGMs (40%), the circular for the EGM is filed together with the notice of EGM, thus making it easy for shareholders to retrieve the circular. We encourage more issuers to adopt such a practice.**

We look at the various types of resolutions and the prevalence of explanatory notes in the notices of meetings for the 711 AGMs in the study. Figure 17 shows the percentage of key resolutions for which explanations are provided. We found that notes are provided for 65% of the re-election of directors but the quality of such explanatory notes generally still leaves a lot to be desired. We have included an example of the explanatory notes that accompany resolutions to elect directors for companies listed on the Australian Securities Exchange (ASX). We picked the 2015 Notice of AGM for the smallest of the ASX200 companies – Liquified Natural Gas Limited - to demonstrate that the transparency in resolutions to elect directors in Australia is not only applicable to the largest companies (Figure 18). It is also not only the developed markets that have such transparency. The Listing Agreement for issuers listed on the National Stock Exchange or Bombay Stock Exchange in India requires the details of directors seeking appointment/re-appointment at the Annual General Meeting to be provided – and consequently, detailed explanatory notes are provided for resolutions on election of directors.

Shouldn't resolutions to appoint directors in Singapore be similarly transparent?

Figure 17: Common Resolutions and the Presence of Explanatory Notes



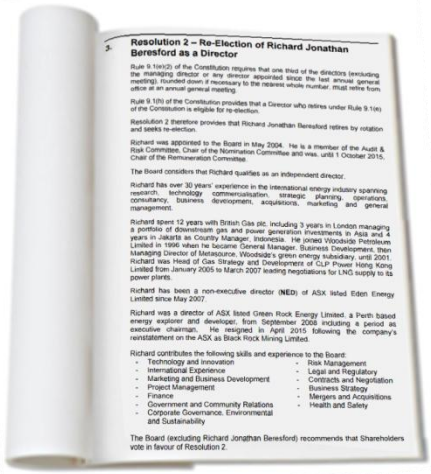
Justifications for the resolutions to be voted for at AGMs are almost never seen. One reason could be that issuers generally regard the businesses to be conducted in AGMs as routine and hence do not warrant any justification. We beg to differ and think that, in most cases, issuers should justify to shareholders why they should vote for the resolution.

At EGMs, issuers usually provide the rationale for the proposed transaction in the circular which they are seeking shareholders' support. Based on our checks, at least 90% of the circulars include the justifications. Shareholders should demand that the EGM circulars include the justification(s) and the rationale(s) for the proposed transaction(s) which they are asked to vote on.

Resolutions that are less routine or involve transactions where the terms or conditions may vary across issuers generally have explanatory notes provided. For example, resolutions for general mandates for the issuance of new shares or securities are explained in 98% of the cases. Resolutions for share buyback/share purchase mandate are explained in 94% of cases, those for employee share option plans and performance share plans were explained in about 92% of the cases, while resolutions for IPT transactions were explained in about 89% of the time. There appears to have been an improvement in provision of explanations compared to 2014. It also seems that issuers are more likely to provide explanations for resolutions that they believe may receive less shareholder support. **Shareholders should not vote for resolutions where there is insufficient information and justification provided.**

On the other hand, those that were least explained were the resolutions to receive and adopt the Directors' Report and the Audited Financial Statements for the financial year together with the Auditors' Report (1%), reappointment of auditors (4%), declaration of final dividends (4%) and the directors' fees (17%). We are particularly surprised by the high percentage of issuers that fail to provide explanations for directors' fees – perhaps issuers generally do not believe that shareholders will vote against this resolution. To illustrate good practice in explaining an increase in non-executive directors' fees, we have used another example from the 2015 Notice of AGM for another ASX200 company, M2 Group (Figure 19).

Figure 18: Example from Liquefied Natural Gas Limited (listed on ASX)



3. Resolution 2 – Re-Election of Richard Jonathan Beresford as a Director

Rule 9.1(e)(2) of the Constitution requires that one third of the directors (excluding the managing director or any director appointed since the last annual general meeting), rounded down if necessary to the nearest whole number, must retire from office at an annual general meeting.

Rule 9.1(h) of the Constitution provides that a Director who retires under Rule 9.1(e) of the Constitution is eligible for re-election.

Resolution 2 therefore provides that Richard Jonathan Beresford retires by rotation and seeks re-election.

Richard was appointed to the Board in May 2004. He is a member of the Audit & Risk Committee, Chair of the Nomination Committee and was, until 1 October 2015, Chair of the Remuneration Committee.

The Board considers that Richard qualifies as an independent director.

Richard has over 30 years' experience in the international energy industry spanning research, technology commercialisation, strategic planning, operations, consultancy, business development, acquisitions, marketing and general management.

Richard spent 12 years with British Gas plc, including 3 years in London managing a portfolio of downstream gas and power generation investments in Asia and 4 years in Jakarta as Country Manager, Indonesia. He joined Woodside Petroleum Limited in 1996 when he became General Manager, Business Development, then Managing Director of Metasource, Woodside's green energy subsidiary, until 2001. Richard was Head of Gas Strategy and Development of CLP Power Hong Kong Limited from January 2005 to March 2007 leading negotiations for LNG supply to its power plants.

Richard has been a non-executive director (**NED**) of ASX listed Eden Energy Limited since May 2007.

Richard was a director of ASX listed Green Rock Energy Limited, a Perth based energy explorer and developer, from September 2008 including a period as executive chairman. He resigned in April 2015 following the company's reinstatement on the ASX as Black Rock Mining Limited.

Richard contributes the following skills and experience to the Board:

- Technology and Innovation
- International Experience
- Marketing and Business Development
- Project Management
- Finance
- Government and Community Relations
- Corporate Governance, Environmental and Sustainability
- Risk Management
- Legal and Regulatory
- Contracts and Negotiation
- Business Strategy
- Mergers and Acquisitions
- Health and Safety

The Board (excluding Richard Jonathan Beresford) recommends that Shareholders vote in favour of Resolution 2.

Resolution to Approve an Increase in Non-Executive Directors' Remuneration in M2 Group's 2015 Notice Of AGM: Another Example of Good Practice from Australia

4. NON-EXECUTIVE DIRECTORS' REMUNERATION

In accordance with Rule 67 of the Company's Constitution, and subject to the ASX Listing Rules, the Directors as a whole (other than Executive Directors) may be paid or provided remuneration for their services, the total amount or value of which must not exceed an aggregate maximum of **A$850,000** per annum **(Pool Limit).** The Company's Constitution and ASX Listing Rule 10.17 permits the Pool Limit to be increased with the approval of shareholders in general meeting.

The Board seeks shareholder approval to increase the Pool Limit by A$350,000 to A$1,200,000 **(Proposed Pool Limit),** with the increase to take effect on and from 1 January 2016 and to apply pro rata to the financial year ending 30 June 2016.

The Board confirms, for the purposes of ASX Listing Rule 10.17, that no securities were issued to a Non-Executive Director under ASX Listing Rules 10.11 or 10.14 with the approval of the Company's shareholders at any time during the last three years.

BACKGROUND TO CURRENT POOL LIMIT

The current Pool Limit of A$850,000 was approved by the Company's shareholders at the Company's 2012 Annual General Meeting, with the majority of shareholders voting in favour of the resolution to increase the Pool Limit to A$850,000 (representing an increase of $A250,000 from the previous Pool Limit of A$600,000).

Subsequently, the Company's Constitution was amended by special resolution of shareholders on 16 October 2013. Rule 67 of the Constitution set the Pool Limit at A$850,000 in recognition of the Company's then current Pool Limit, but foreshadowed that the Pool Limit may subsequently be increased with the approval of shareholders in general meeting.

REMUNERATION INCLUDED IN POOL LIMIT

Most remuneration that is paid to the Non-Executive Directors is taken into account for the purposes of the Pool Limit, including remuneration paid to a superannuation, retirement or pension fund for a Non-Executive Director and any fees which a Non-Executive Director agrees to sacrifice for other benefits.

However, reimbursement of genuine out-of-pocket expenses (such as travel and accommodation expenses in attending Board meetings) and special exertions for the benefit of the Company which, in the Board's opinion, are outside the scope of ordinary duties of a Director, are not taken into account for the purposes of the Pool Limit. Similarly, any premium paid by the Company for a contract insuring a Non-Executive Director against liability incurred as a Director, where not prohibited by the Corporations Act 2001 (Cth) is not taken into account for the purposes of the Pool Limit.

Resolution to Approve an Increase in Non-Executive Directors' Remuneration in M2 Group's 2015 Notice Of AGM: Another Example of Good Practice from Australia

Details of remuneration paid to Non-Executive Directors for the financial year ended 30 June 2015 are set out in the Company's Remuneration Report.

REASONS FOR PROPOSED POOL LIMIT

The current Pool Limit was approved by shareholders in 2012. At that time, the Board comprised four Non-Executive Directors following the retirement of Mr Max Bowen in October 2011.

Since that time, two additional Non-Executive Directors have been appointed, namely Mr David Antony Rampa in 2013 and Mrs Rhoda Phillippo in 2015.

Further, the Company's Constitution permits the Company to appoint up to ten Directors, representing a possible further increase of four Non-Executive Directors. In light of the growth experienced by the Company since 2012, the Board intends to expand the Board by an additional director, bringing it to a total of 7 Directors.

Consequently, the Board believes that the Proposed Pool Limit will enable it to:

(a) remunerate its existing Non-Executive Directors more equitably, in line with regular external benchmarking on remuneration to be conducted;

(b) maintain market competitiveness by enabling future increases to be made to the remuneration of Non-Executive Directors; and

(c) maintain a sufficient reserve in the Pool Limit in order to continue to attract new and appropriately skilled and qualified Non-Executive Directors to the Company.

VOTING INTENTION

The Chairman of the Annual General Meeting intends to vote all undirected proxies in favour of Item 4.

VOTING EXCLUSION STATEMENT

A voting exclusion applies to the voting on **Item 4.**
No votes may be cast, and the Company will disregard any votes cast on this resolution:

(a) by or on behalf of the Directors, or any of their associates, regardless of the capacity in which the vote is cast; and

(b) as a proxy by a person who is a member of the Company's KMP at the date of this Annual General Meeting, or by any of their closely related parties,

except where the vote is cast as a proxy for a person entitled to vote on Item 4:

(c) in accordance with the person's directions on how to vote on the proxy form; or

(d) by the Chairman of the Annual General Meeting in accordance with an express authorisation to exercise the proxy, even though Item 4 is connected with the remuneration of KMP and in accordance with a direction in the proxy form to vote as the proxy decides.

For the purposes of this voting exclusion, **KMP** and **closely related party** of a KMP member have the same meaning as for the voting exclusion in respect of the Remuneration Resolution.

F. Voting at Meetings

In last year's report, we found that 44% of issuers announced detailed poll voting results for each resolution, suggesting that they have adopted full poll voting before rule 704(16) became effective on 1 August 2015.

Rule 704(16) of the Rulebook requires the following in relation to the disclosure of results after general meetings:

"Immediately after each general meeting and before the commencement of the pre-opening session on the market day following the general meeting, whether the resolutions put to a general meeting of an issuer were passed. The announcement shall include:

(a) Breakdown of all valid votes cast at the general meeting, in the following format:

Resolution number and details	Total number of shares represented by votes for and against the relevant resolution	For		Against	
		Number of shares	As a percentage of total number of votes for and against the resolution (%)	Number of shares	As a percentage of total number of votes for and against the resolution (%)

(b) Details of parties who are required to abstain from voting on any resolution(s), including the number of shares held and the individual resolution(s) on which they are required to abstain from voting; and

(c) Name of firm and/or person appointed as scrutineer."

In this latest report, 678 meetings (75%) were held before 1 August 2015, and 228 meetings (25%), were held from 1 August 2015 when rule 704(16) became effective. In total, 50.6% of the meetings held before 1 August disclosed poll voting results. **For the whole of 2015, 63% of meetings did so, a marked increase from the 44% in 2014.** Not all issuers that have adopted poll voting ahead of the deadline have implemented rule 704(16) in full, so the actual number of issuers and meetings that have used poll voting will be higher than the number of those that disclosed poll voting results. For example, Singapore Post voted all resolutions by poll at its AGM held on 8 July 2015 but only issued a general statement that all resolutions were passed. Therefore, using announcement of detailed poll voting results for meetings held before 1 August 2015 will under-estimate the number of meetings where poll voting was used.

Not all shareholders support the adoption of poll voting. In particular, some minority shareholders feel that since many issuers have controlling shareholders, poll voting may cause issuers to not bother with garnering minority shareholders' support for resolutions at general meetings or may curtail questions from shareholders, because the passing of resolutions at general meetings is largely a fait accompli. Some minority shareholders feel that a vote by show of hands can better convey the views of small shareholders. For example, Mano Sabnani, head of a business advisory firm and an active investor in Singapore companies, argued that "because of the trend of family-run companies in Asia, majority shareholders can shut out the minority shareholders more easily now [with poll voting]. The minority shareholders will not be heard." (Jamie Lee, "Thumbs-down for show of hands by shareholders," Business Times, 3 June 2011).

However, even if voting is conducted by a show of hands, the Companies Act makes it relatively easy for shareholders to demand a vote by poll if they so wish. For example, Sections 178 and 184(4) of the Singapore Companies Act set out when and how a poll may be demanded during a shareholders' meeting. In general, either a group of at least five shareholders, or shareholders holding at least 10% of voting rights or 10% of the total paid-up capital, may demand for a poll. This is the case even if a resolution has previously been voted by show of hands. For example, in 2011, shareholders of Singapore-listed CDW Holdings initially voted against a resolution to increase directors' fees through a show of hands. Subsequently, a poll was called and that same resolution was passed. In 2012, some minority shareholders reportedly stormed out of the annual general meeting at Singapore-listed Hong Fok Corporation because several resolutions which were defeated by a vote through a show of hands were then passed through a second vote by poll.

Using data on those that disclosed detailed poll voting results in the last year's report as a proxy for early adopters of poll voting, we have (together with an NUS BBA (Accountancy) First Class Honours student Amanda Aw) compared the characteristics of issuers that were early adopters of poll voting with those that were not. We found that early adopters had significantly higher institutional ownership, higher public float, longer AGM notice period, more explanatory notes for their meeting agenda and higher return on equity, and were more likely to hold their AGMs outside of the peak periods. When we ran a multiple regression analysis, the institutional ownership, AGM notice period and AGM outside of peak period variables remained significant. Although it is possible that some issuers will use poll voting to disenfranchise minority shareholders, our results suggest that those that adopt poll voting ahead of the SGX deadline have characteristics that suggest that they are more shareholder-friendly issuers.

All issuers, except for one, that held their AGMs and EGMs from 1 August 2015 disclosed the full poll voting results as required by rule 704(16).

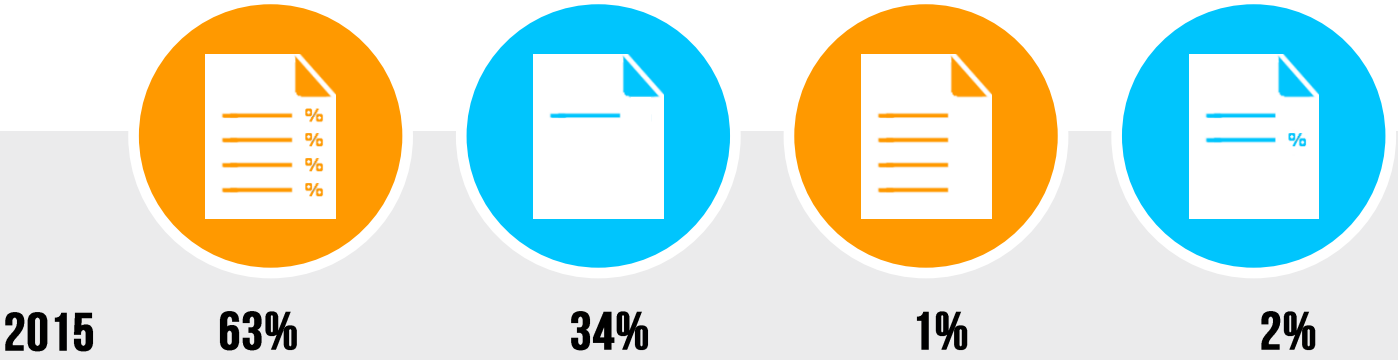
Tripping up on a Waiver?

Addvalue Technologies was granted a waiver from rule 707 and held its AGM on 21 August 2015. By that time, rule 704 requiring poll voting for all resolutions and disclosure of detailed voting outcomes was in effect. However, Addvalue did not disclose detailed voting outcomes and it is unclear if it voted resolutions by poll. It also did not disclose any waiver from rule 704(16). Perhaps the issuer thought that it need not comply with rule 704(16) since its original deadline for holding its AGM was before 1 August 2015, but it would appear to us that rule 704(16) would apply even to AGMs that were given extensions.

Issuers generally do not disclose the method of voting. 343 of these meetings (50.6%) disclosed full poll voting results before the 1 August deadline so it was inferred that poll voting was carried out. For nine meetings, we know that voting was done by a show of hands only. The voting method appeared to be both a show of hands and by poll for eight meetings. There was no further information on the voting method for the rest of the meetings.

For the whole year, the detailed poll voting results were announced for a majority of meetings (63% overall, nearly 100% from 1 August as expected). For two percent of meetings, detailed poll voting results were shown only for some resolutions, usually the share buyback resolution. For another one percent of meetings, the resolutions were restated in the announcement but no percentage breakdown of votes was provided.

Figure 19: Disclosure of Voting Results



We would like to reiterate a concern from the last report that issuers may limit the time for shareholders to ask questions under poll voting on the basis that resolutions will be carried based on voting instructions already received. From time to time, we have observed or received feedback from shareholders about the lack of opportunities to ask questions or the unwillingness of directors and management to respond openly to legitimate questions. We hope that in the next revision of the Code, there will be clearer guidelines recommending that issuers should provide adequate opportunities for shareholders to ask questions for each agenda item.

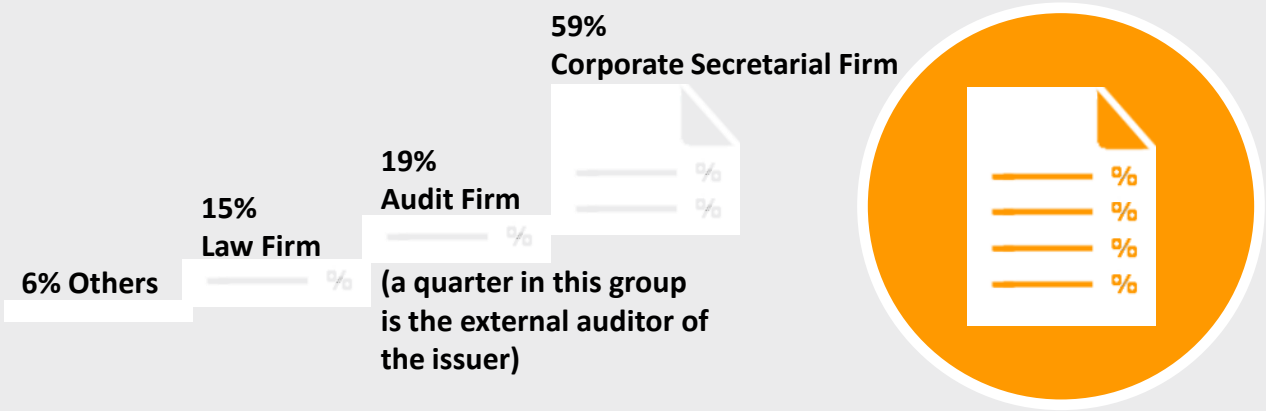
Appointment of Scrutineers

Rule 704(16) requires the name of the firm or person appointed as scrutineer to confirm the votes to be announced. However, there is no guidance as to who may qualify as a scrutineer and no requirement for the scrutineer to be "independent".

In 2015, 274 meeting results announcements (30%) disclosed the identity of the scrutineer, compared to 6.25% of meeting results announcements in 2014. **For meetings held from 1 August 2015, only 193 meeting results announcements disclosed the identity of the scrutineer. Scrutineers were not disclosed in 35 meetings held from 1 August.** Perhaps some issuers interpret rule 704(16) as requiring the scrutineer to be disclosed only if one is appointed - and they did not appoint a scrutineer. We see this as an issue of non-compliance with rule 704(16). In any case, some clarification and additional guidance from SGX may be necessary.

Figure 20 shows the most commonly used scrutineers in 2015. The scrutineer is most commonly a corporate secretarial firm, although accounting, legal, business advisory and compliance firms were also well represented. In last year's report, we recommended that the scrutineer be independent (and competent). Among the scrutineers used by issuers, there was an internal auditor of the issuer, the issuer's own external auditors and an individual with no mention of his affiliation to any firm.

Figure 20: Types of Scrutineers Used



Recommendation 6:

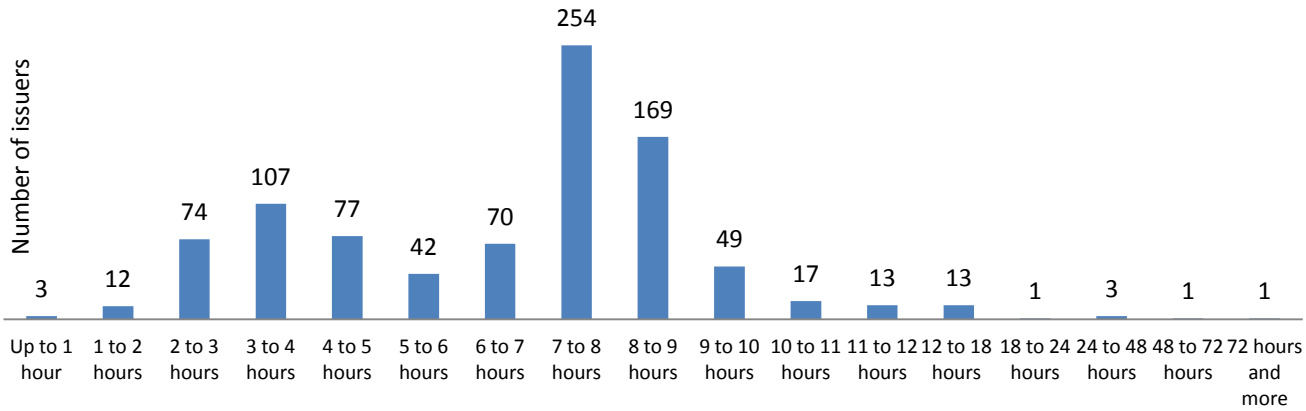
SGX should clarify that all issuers are required to appoint scrutineers to confirm the results of poll voting and to disclose the identity of the scrutineers. It should also consider clarifying that the scrutineer should be "independent" and providing guidance as to who may qualify as an independent scrutineer.

Timeliness of Meeting Results Announcement

Before 1 August 2015, although issuers were required to immediately disclose the results of the AGM, "immediately" was not defined. However, this has been clarified such that, with effect from 1 August 2015, results have to be announced "immediately after each general meeting and before the commencement of the pre-opening session on the market day following the general meeting."

We examined the time taken for issuers to announce their meeting results. Using the scheduled starting time of the meeting as disclosed in the notice, and the time of announcement of the results on SGXNET, we found that the results for 10% of the meetings were filed within three hours, another 20% within four to five hours and 12% within six to seven hours. Nearly half of the meetings were filed within eight to nine hours. Figure 21 shows the distribution of the time issuers took to announce the meeting results.

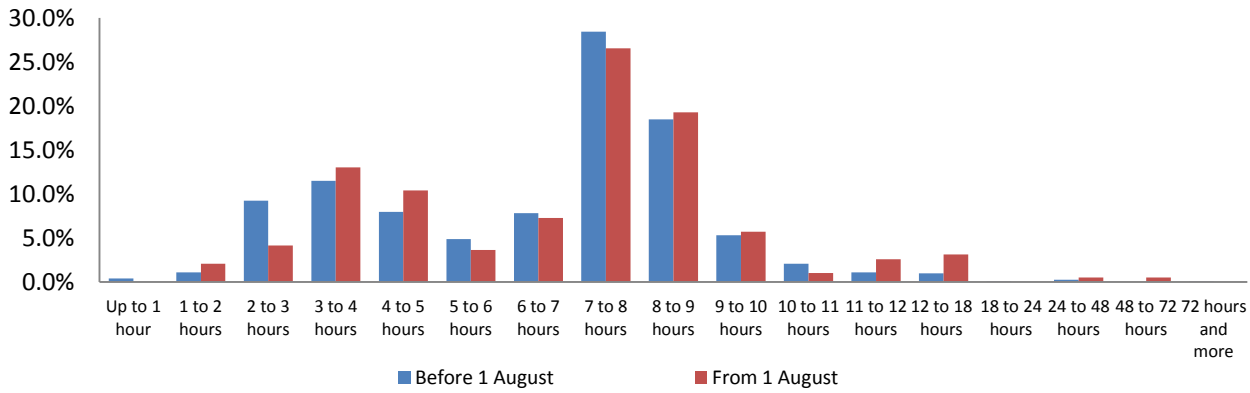
Figure 21: Timeliness of Meeting Results



For all meetings in 2015, the average time taken 6 hours 50 minutes (about three minutes faster than the average in 2014). Three issuers announced the results within the first hour after the start of the meeting and 12 others announced the results within two hours. However, we would caution that extreme speed in announcing meeting results, especially based on the starting time of the meeting, may be an indication of low shareholder interest and limited shareholder interaction, and not necessarily indicative of good practice.

We note that the average time taken for issuers to announce the meeting results has increased slightly to 7 hours and 16 minutes from 1 August (6 hours 43 minutes before 1 August). It does seem that issuers and their service providers are taking more time to prepare the detailed polled voting results for filing on SGXNET.

Figure 22: Comparison of Filing Speed



For AGMs and EGMs held before 1 August 2015, results were announced after the market had opened on the day after the meeting for one of these meetings - the AGM held by China Bearing on Tuesday, 28 April. This issuer only released its AGM results at 7.11 pm the following day. As the rules then did not define what "immediately" means, no rules have technically being breached. For meetings held from 1 August 2015, PT Berlian Raju Tanker TBK held its AGM on Tuesday, 17 November, but only released its AGM results on 19 November, apparently not complying with the new rules.

A Worthwhile Delay: Meghmani Organics

Meghmani Organics, a company incorporated in India and listed on the SGX Mainboard, held its AGM on 27 July 2015. In accordance with the New Indian Companies Act 2013, the company had to conduct at its AGM by electronic voting ("E-voting") "and by ballot, if a Poll is demanded". Under the Act, companies are allowed three days to release the results of the AGM.

E-voting for the resolutions for Meghmani Organics took place from 24 July 2015 to 26 July 2015. E-voting results were announced by the company at the AGM. The company also provided this facility to shareholders who attended the AGM physically on 27 July 2015 to cast their vote by ballot. The scrutinizer then prepared and announced the E-voting results on 30 July 2015. The consolidated results of the E-voting and ballot and the report of the scrutinizer were then filed the Indian Stock Exchanges within three days of the conclusion of the AGM, on 30 July 2015.

Although Meghmani Organics will need a waiver from SGX for rule 704(16) with regard to the immediate announcement of results from the next AGM and onwards, a real positive is the use of electronic voting which greatly enhances the ease of shareholders in voting their shares.

G. Voting Results by Resolutions

For all issuers that had disclosed detailed poll voting results for their general meetings, we collected the voting outcomes for all resolutions and analysed them for this study. Issuers filed the detailed poll voting results of 570 shareholders' meetings and we collected the number of votes for and against for every one of the 4068 resolutions for these meetings. On average the support garnered for all resolutions was 98.04%.

For issuers other than REITs and BTs, there were a total of 3889 resolutions and these resolutions, on average, garnered 98.15% of shareholders' support. REITs and BTs issuers voted on 179 resolutions and, on average, garnered 95.53% on average. The lower overall level of support is the heavier weightage of the general share issue mandate for REITs and BTs.

Looking at just the AGMs, the level of support for the 3729 resolutions was 98.17% and this dropped to 96.54% for the 339 resolutions at EGMs

Generally speaking, the level of support for resolutions is high. However, there are discernible differences for different types of resolution, as shown in Table 4.

General Share Issue Mandate

Dividing the data into three subsets (the standard 50%/20% for mainboard issuers, mainboard issuers with reduced limits and the Catalist issuers), the levels of support are 94.47%, 94.19%, 96.70% respectively. Without knowing the cause and effect, those with reduced limits would probably have garnered even lower support from shareholders if they had simply asked for the standard 50%/20% general mandate for share issue. The numbers are only for reference as many factors have not been controlled for.

Director Elections

In 2015, the average percentage of votes received by directors standing for election was about 99%. Four foreign issuers that were incorporated overseas did not have any directors proposed for election or re-election at the AGM. They were China Everbright Water (Bermuda), Lottvision (Bermuda), PT Berlian Raju Tanker (Indonesia) and Sarine Technologies (Israel).

At Hiap Hoe's AGM, two independent directors retired without seeking re-election. No replacement directors were proposed for election. However, the day after the AGM, Hiap Hoe announced the appointment of two new independent directors. While this would generally comply with the letter of companies' articles, which usually allow the appoint directors to fill casual vacancies (as in this case), it does raise questions as to why these directors were not put for up election at the 2015 AGM.

Table 4: Type of Resolution and the Level of Support

Type of resolution	Percentage of shares for	Remarks
Audited financial statements, directors' report and auditors' report	99.48% (2014: 99.58%)	Five issuers garnered support of less than 90%: Nobel Design (69%), Sunpower (76%), Asiatic (77%), Sunningdale (80%) and Hupsteel (83%)
Declaration of final dividend	99.10% (2014: 99.94%)	Not carried: Chosen (3%) Two other issuers garnered support of less than 90%: Nobel Design (69%) and Sunpower (77%). The resolution was not carried for Chosen as there was a change in control and the new controlling shareholder had indicated that it would be voting against the resolution. Without this extreme outlier, the support would have been 99.62%.
Approval of directors' fees and other payments to directors	99.00% (2014: 99.21%)	Not carried: Sincap (8% - not carried) Eight other issuers with less than 90% support:, Cordlife (65%, payment to an individual director), Nobel Design (69%), Sunpower (76%), Asiatic (77%), Civmec (82%), Pavillon (84%), Next-Gen Satellite (86%) and Valuetronics (90%). Sincap's resolution was to pay the directors' fees for the new financial year in arrears and it was voted down by shareholders.
Directors' election/re-election	98.60%	Three resolutions were not carried (Nobel Design, Changjiang Fertilizers and Chosen). A further 33 resolutions garnered support of less than 90%, including directors at IX Biopharma, ComfortDelgro, DBS Group, Grand Banks Yachts, Nobel Design, Asiatic Group, Sunpower, Jaya, Hwa Hong, Haw Par and others.
Re-appointment of auditors	99.06% (2014: 99.77%)	Not carried: Chosen (3%, new controlling shareholder) and Next-Gen Satellite (6%, only resolution not carried at the AGM) Four other issuers with less than 90% support:, Nobel Design (69%), Sunpower (76%), Asiatic (77%) and MIIF (87%)

Table 4: Type of Resolution and the Level of Support (continued)

Type of resolution	Percentage of shares for	Remarks
General mandate to issue shares	95.27% 2014: 97.45%)	Not carried – Cambridge (37%), Shanghai Turbo (45%) and UMS (46%) Low level of support – Includes Ascendas REIT (55%), Indiabulls (55%), Asian Pay Television Trust (57%), Noble Group (61%), CapitaLand Mall Trust (62%), UOB (64%), CapitaLand Commercial Trust (67%), Grand Banks Yachts (68%), Hyflux (68%), Nobel Design (69%), Valuetronics (69%), City Development (71%), UOL Group (71%), AIMS AMP Capital Industrial REIT (73%), Ascendas India Trust (73%), CapitaLand Retail China Trust (73%), Magnus Energy (73%) and ARA (74%)
Share buyback mandate	99.45% (2014: 99.17%)	Two issuers with less than 90% support: Sunpower (76%) and Asiatic (77%)
Interested persons transactions	97.08%	Six issuers with less than 90% support: Sunvic (68%), LTC Corporation(71%), Samudera Shipping (77%), Mercator Lines (83%), Pacific Century Regional Developments (85%), and Jiutian Chemical (90%)
Share options plans	95.70% 2014: 93.89%)	Not carried – Hupsteel (32%) and IPS Securex (44%) Low level of support – Nobel Design (69%), Noble Group (70%) and Liongold(71%)
Share plans	94.18% (2014: 92.41%)	Not carried: IPS Securex (44%) Low level of support – Sunpower(56%), Lum Chang (64%), Sarine(65%), Grand Bank Yachts (67%), Noble Group (68%), HTL (71%), CFM (73%) and Hwa Hong (73%)
Bundled share options and share plans	88.95%	Not carried: UMS (25%) and HMI (30%) Low level of support – Grand Banks Yachts (67%), Valuetronics (73%)

At Chosen and Nobel Design, shareholders voted against the election of a director. Chosen had new private equity owners, while there was a boardroom dispute at Nobel Design, which also led to two other directors receiving support which was well below the norms - although both were re-elected.

At Changjiang Fertilizer Holdings, an independent director, Mr. Guo Zhen Kai, received the lowest support for a director standing for election in 2015 – just 92 votes were in favour of his re-election, with 40.88 million shares against.

Other issuers where one or more directors received lower levels of support are ComfortDelGro, DBS Group Holdings, Grand Banks Yacht and IX Biopharma, although the resolutions were passed. At ComfortDelGro, independent director Dr Wang Kai Yuen received just 53.59% of votes in support, compared to the other five directors up for election who all received more than 98% of votes in support.

Re-appointment of External Auditors

In general, shareholders appear to be happy with the external auditors engaged by issuers. In nearly all cases, the resolution for the appointment of the external auditor received between 99% and 100% of the votes in 2015. This applies to Big 4 and non-Big 4 auditors.

During the year, shareholders voted against the appointment of the external auditor for two issuers – KPMG LLP in Chosen Holdings and Baker Tilly TFW LLP in Next-Generation Satellite Communications Limited. BDO LLP and Ernst & Young LLP (EY) did not seek re-appointment at Yuuzoo Corporation and Hiap Hoe respectively. Brooke Asia proposed to replace EY with RSM Chio Lim LLP. The Next-Gen and Brooke Asia cases are discussed further in pages 58 and 33 of this report respectively.

Change of External Auditors

Several issuers changed external auditors and cited the change as part of their initiatives for good corporate governance. These include Singapore Airlines (SIA), SIA Engineering, SATS and Swissco Holdings. Each of the issuers provided explanations for the change in letters to shareholders.

On 1 July 2015, SIA issued a Letter to Shareholders from the Board of Directors regarding, among other matters, the proposed resolution to change its external auditor from EY to KPMG.

The letter explained that EY has served as SIA external auditors for 43 years, since 1972 and that as "part of ongoing good corporate governance initiatives, the Directors are of the view that it would be timely to effect a change of external Auditor with effect from financial year ending 31 March 2016". It also explained that KPMG was selected for the proposed appointment after the Audit Committee had invited and evaluated proposals from various audit firms. Factors considered by the Audit Committee include the "adequacy of the resources and experience of the audit firm to be selected, and the audit engagement partner to be assigned to the audit, as well as the size and complexity of the Company and its subsidiaries".

The example of SIA shows that it is desirable to change external auditors who have been with an issuer for a considerable length of time, and that it is possible to do so even for a group such as SIA where such a change of external auditor will affect not just the listed parent company but its subsidiaries given the SGX rules on issuers having the same external auditors for their subsidiaries.

In Swissco's case, the change from PricewaterhouseCoopers LLP (PwC) to KPMG was made even though PwC had only served as the external auditor since 2010. Swissco cited this change as part of its "ongoing good corporate governance initiatives". The company provided details about the factors it considered in choosing KPMG. Perhaps it could have explained if it had adopted a fixed five-year tenure for its external auditor going forward.

Next-Gen and its Failure to Re-Appoint Its External Auditors

Next-Generation Satellite Communications Limited (Next-Gen), formerly known as Ban Joo & Company Limited, had an interesting situation of 93.87% of shares voting against the re-appointment of its external auditors, Baker Tilly TFW LLP, at the company's long delayed AGM on 30 October 2015.

Next-Gen has been mired in various issues over a long period of time. Its predecessor auditors, Crowe Horwath First Trust LLP, had issued a disclaimer of opinion on the company's FY2012 financial statements. In the notice of AGM dated 29 July 2013, the company included a resolution to re-appoint Crowe Horwath as external auditors at its AGM to be held on 13 August 2013. However, in an explanatory note, it stated that Crowe Horwath had indicated its intention not to seek re-appointment and that Crowe Horwath's resignation will take effect once the new auditors have been appointed. It also indicated its intention to convene an EGM to appoint the new external auditors to complete the statutory audit for the financial year ending 31 March 2013. On 13 August, it announced that the resolution to re-appoint Crowe Horwath had been passed (even though Crowe Horwath did not seek re-appointment).

On 27 August 2013, Next-Gen announced that it had sought an extension of time from SGX to hold its AGM for the financial year ending 31 March 2013 for various reasons, one of which is that the appointment of the new external auditors was pending the completion of a special audit. It indicated that SGX had no objection, subject to certain conditions, including an extension of time being granted by the Accounting and Corporate Regulatory Authority (ACRA). On 10 September 2013, the company announced that ACRA had rejected its application for an extension. However, by the end of 2014, it had still not convened its AGM, despite ACRA's rejection.

On 16 April 2015, the company finally convened an EGM to appoint Baker Tilly TFW as external auditors in place of Crowe Horwath. This resolution was passed, possibly by a show of hands as there was no indication of voting method and breakdown of votes. On 9 October 2015, the company announced that Baker Tilly TFW had issued a disclaimer of opinion for its financial statements for the year ending 31 March 2013. The company finally held its long-delayed AGM on 30 October 2015 when the audited accounts for the financial year ending 31 March 2013 were put up for adoption by shareholders. At this AGM, which was voted by poll, shareholders resoundingly voted against the re-appointment of Baker Tilly TFW, making them rather short-lived external auditors.

Baker Tilly TFW may have been an unfortunate scapegoat, bearing the brunt from shareholders for the delay in the audit and the disclaimer of opinion. The rejection of the appointment of the external auditors will once again delay the completion of its audit. At that time of writing of this report, the company had not yet appointed replacement auditors for Baker Tilly TFW.

REITs and Business Trusts

As mentioned earlier, the general meetings of unitholders for REITs and BTs differ from those of general meetings of other issuers. Unitholders vote mainly to receive and adopt the reports of the trustee, the statement of the manager, the audited financial statement and the auditors' report; to reappoint the auditors; and to approve the general mandate to issue new units. On average, the number of resolutions at AGMs for REITs and BTs was 3.5 resolutions. Table 5 shows the voting on these resolutions.

Table 5: Type of Resolution and the Level of Support for REITs and Business Trusts

Type of resolution	Percentage of shares for	Remarks
Audited financial statement, directors' report and auditors' report	99.77% (2014: 99.33%)	All above 90%
Re-appointment of auditors	99.32% (2014: 98.34%)	All above 90%
General share issue mandate	84.47% (2014: 89.49%)	Not carried – Cambridge (37%) Low level of support – Includes Ascendas REIT (55%), Indiabulls (55%), Asian Pay Television Trust (57%), CapitaLand Mall Trust (62%), CapitaLand Commercial Trust (67%), AIMS AMP Capital Industrial REIT (73%), Ascendas India Trust (73%), CapitaLand Retail China Trust (73%), Cache Logistics Trust (80%), Fortune REIT (80%), Hutchison Port (80%) and Soilbuild (80%)

Special resolutions

Special resolutions accounted for just 1% of all resolutions or just 79 special resolutions from all the meetings in 2015. Some of the common special resolutions were to seek shareholders' approval for the amendments to the Bye-Laws, memorandum of association, articles of association and the trust deed (31 cases), change of name (23 cases), capital reduction/reorganisation (14 cases), the transfer of listing status to/from Mainboard cases) and the general mandate to issue new shares of up to 100% on a non-pro rata basis for Catalist issuers (three cases). Some other special resolutions include liquidation and the issue of new shares of up to 100% of the share capital.

The level of shareholders' support was 99.47% for resolutions relating to amendments to the constitution, 99.79% for change of name and 99.21% for capital reduction.

"Special" Ordinary Resolutions

For a Singapore incorporated issuer, special resolutions that require a three quarter majority to pass include altering or adding the constitution of the company, change of name and capital reduction, amongst others. For issuers that are not incorporated in Singapore, these resolutions may not be regarded as "special resolutions" and as such, the additional requirements imposed by the Listing rule on such resolutions may not apply. For example, Sarine Technologies issued a notice of meeting and circular dated 2 April 2015 to inform shareholders on the proposed amendments to the articles of association. The meeting was to be held on the 20 April 2015. The resolution to amend the articles of association was proposed as an "ordinary resolution".

H. Disclosure of Detailed Meeting Minutes

The Code recommends that companies should prepare minutes of general meetings that include substantial and relevant comments or queries from shareholders and responses from the Board and Management, and to make these minutes available to shareholders upon their request.

It remains extremely rare for issuers to have detailed minutes of general meetings that are made generally available without shareholders having to request for them. **This year, we found the following issuers that posted detailed minutes soon after the AGM – Ascott Residence Trust, CapitaLand, DBS Group, Global Logistics Properties, China Aviation Oil, Hotel Royal, Micro-Mechanics, Qian Hu and Tiger Airways.** The latter five issuers also posted their detailed minutes in prior years. Noble Group released its detailed minutes, but only after the company disputed media reports that the Chairman was reluctant to answer questions at the AGM.

While it is good to see more issuers making detailed minutes available, it is disappointing that many issuers are still so reticent in doing so, especially given that clustering of meetings make it difficult to shareholders to attend many meetings. Further, some issuers that do so do not make it easy for shareholders to locate the minutes as they are not filed on SGXNET.

SGX posted an audio recording of its AGM on its website in 2015, but not on SGXNET. In 2014, it provided detailed minutes on its website, but not on SGXNET. SPH curiously had their AGM minutes on their Investor Relations section of their website for 2010-2013 and then stopped the practice.

Two Thai companies, Mermaid Maritime and Thai Beverage, continued to seek shareholders' approval of the minutes of the previous AGM/EGM. However, these minutes only made available at the next meeting as an attachment with the notice of meeting and therefore lack timeliness.

We would urge the issuers to be more active in posting the minutes on SGXNET and also the regulators to encourage or require issuers to do so.

A Great Way to Improve Transparency

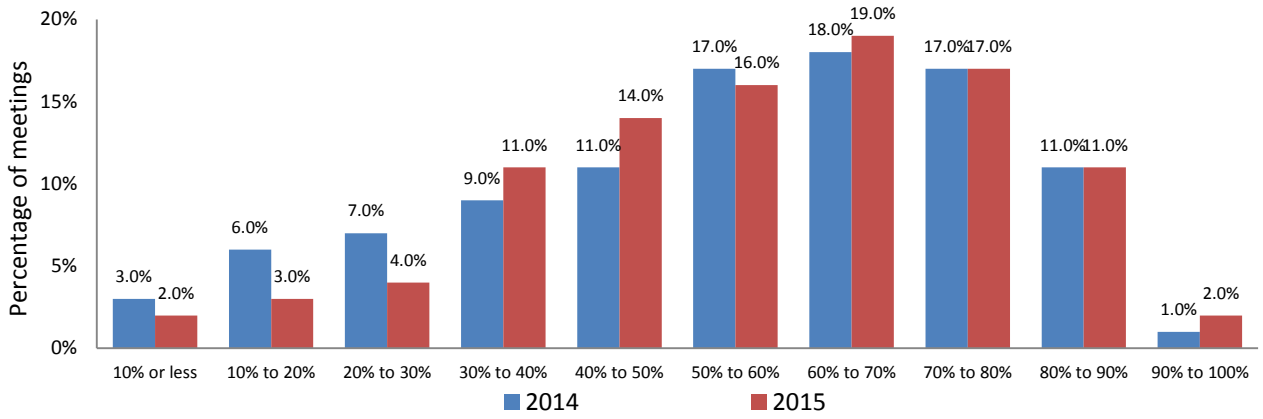
Tiger Airways could be the only issuer from the list above that also posts the minutes of their standalone EGMs. With SIA set to take full control of Tiger Airways soon, following the former's successful takeover offer for the latter, we will lose one of the rare issuers who have been transparent in documenting the proceedings at shareholder meetings. Perhaps, SIA should pick up this good practice and file the minutes of its shareholder meetings. It would then not only be a great way to fly but a great way to improve transparency.

I. Shares Voted at General Meetings

AGMs

For the 415 AGMs for which detailed poll voting results were disclosed, the average percentage of issued shares voted was about 58%. This compares with 55% in 2014. Based on the 58% of shares voted, this means that ownership of about 29% of the voting ordinary shares of an issuer would on average translate to a majority of votes at the meeting. Figure 23 shows the distribution of percentage of issued shares voted for the AGMs.

Figure 23: Percentage of Shares Voted at AGMs



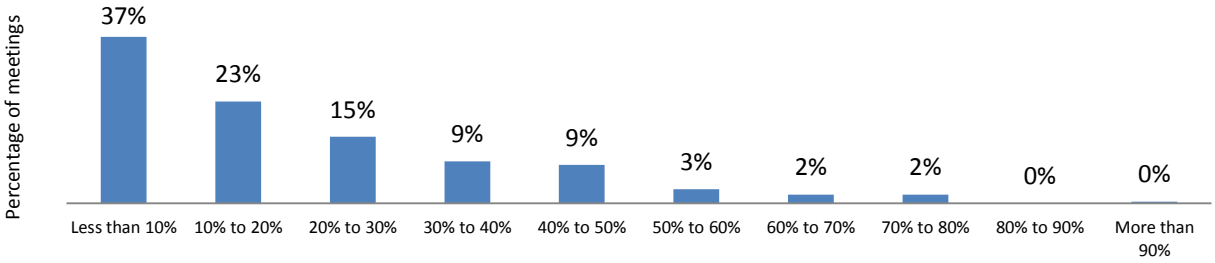
As with last year, it is disappointing to see a high number of meetings where the total shares voted was low. For about 30 issuers, the percentage of shares voted for at AGM was less than 20%. There is some improvement in the 30-50% range, although this is likely to be due to more substantial shareholders exercising their shareholder rights.

The issuers that had less than 10% of their shares voted at their AGMs in 2014 all improved in 2015.

In about a third of the time, we could tell that not all the non-public shares voted. This was calculated by comparing the percentage of shares voted at the AGM with the shares held in public hands as disclosed under rule 723 in the annual report.

Figure 24 shows the distribution of percentage of issued shares voted at the AGMs after adjusting for the non-public float, based on the assumption that shareholders who hold the non-public float shares are more likely to vote their shares.

Figure 24: Estimate of Public Float Shares Voted at AGMs after Adjusting for Non-Public Float



On the other hand, of the eight issuers with shareholder participation of more than 90% at AGMs, all except two had very small free float (ranging from 10.8% to 16.0%). Interestingly, we estimated that in all eight cases, the minority shareholder participation rates ranged from 28% to 91% (average of 53%), if we assume that all the non-public float shares were voted. This seems in line with the overall participation rate. The sample is too small to be meaningful but it may lend support to the claim that minority shareholders still attend and vote at shareholder meetings even though there is low public float (which suggests strong controlling shareholders).

We would urge more shareholders, both institutional and retail, to vote their shares. They should carefully study the resolutions and determine if sufficient information and justification have been provided, before voting their shares.

Recommendation 7:

The exercise of voting rights is an important means of ensuring accountability of directors and management. Investors should be educated to vote their shares in an informed manner and international initiatives to encourage increased shareholder voting should be examined and, if appropriate, adopted.

Low Shareholder Participation

Some meetings with very low percentage of shares voted include:

- Sino Construction (now MMP Resources) 1.3%
- Lorenzo International 3.2%
- Liongold Corp 4.8%
- Blumont Group 6.6%
- Sinjia Land 6.7%
- Cedar Strategic 6.7%
- IPCO International 7.0%

Time to Have Electronic Voting? Experience from Other Countries

The Global Information Technology Report 2015 published by the World Economic Forum ranks Singapore as No. 1 in terms of network readiness. Singapore also fares well in studies of internet penetration. Yet, when it comes to leveraging technology for shareholder meetings and voting, Singapore lags many countries around the world. In Singapore, the use of technology for shareholder voting has not gone beyond shareholders or their proxies who are physically present at shareholder meetings using electronic devices or smartphones to vote by poll.

In contrast, electronic online voting of shares is becoming common globally. Patricia Rosch, President of Broadridge Investor Communication Solutions, International, speaking at the 2015 SIAS Global Corporate Governance Conference, said that 95% of shares in the U.S. are voted electronically and her company alone supports institutional investors voting electronically in 110 countries. New technologies have also been introduced for retail shareholders – such as Quick Response (QR) codes in proxy forms and mobile proxy voting - and these have driven increased retail shareholder participation.

According to the 2014 report "Transparency of Share Ownership, Shareholder Communications and Voting in Global Capital Markets" published by Computershare and Georgeson, which covered 14 markets, electronic voting is used at least by some issuers or in certain situations in Australia, Canada, China, France, India, Italy, Japan, Spain, United Kingdom and United States.

In Australia, many companies allow shareholders to vote by proxy electronically, and some also allow shareholders to vote directly electronically (without going through a proxy). This is no doubt influenced by the "Guidelines for notices of meeting" (Guideline 4.2) issued by the ASX which states: "Companies should consider allowing shareholders to lodge direct votes or proxies electronically, subject to the adoption of satisfactory authentication procedures."

In India, under the New Companies Act 2013, all listed companies must provide for online electronic voting for shareholder meetings. This has impacted Meghmani Organics, an India-incorporated company listed on the SGX, the Bombay Stock Exchanges and the National Stock Exchange of India, which now allows its shareholders to vote electronically online.

Recommendation 8:

Regulators should explore the feasibility of introducing electronic voting of shares and encourage issuers to amend their articles to allow for different methods of voting and in absentia.

Summary and Looking Ahead ...

This is the second annual report on shareholder meetings in Singapore. There has been improvement in a number of areas although there is considerable room for improvement. There are also some emerging areas of concern. Some of the key findings are:

- There has been a slight decline in clustering of meetings in the peak months of April, July and October compared to 2015 and over the last two to three years. However, clustering still remains severe, making it difficult for shareholders who hold shares in multiple issuers to attend meetings during the peak months.

- For issuers with financial year-ends of March, June and December, 41 of them have avoided holding their AGMs during the last week of the three peak months for at least the last five years and another 9 have done so since their listings within the last three to four years. Four issuers have held every meeting since 2010 within three months of their financial year-end. Another 16 issuers have moved their AGMs to outside the peak periods for at least their last three AGMs.

- Twenty eight issuers applied for an extension of the deadline to hold their AGMs giving reasons that may raise concerns about their business fundamentals, accounting or corporate governance. This trend seems to have continued into the first few months of 2016. This requires greater vigilance from investors and regulators and boards and management should be held accountable for ensuring timely AGMs.

- Full poll voting results was disclosed for 63% of meetings held in 2015, compared to 44% in 2014, after mandatory poll voting became mandatory on 1 August 2015. However, scrutineers were not disclosed for 35 meetings held from 1 August even though the SGX Rulebooks require them to be disclosed.

- For issuers that disclosed full poll voting results, the average percentage of shares voted was about 58%. This means that ownership of about 29% of the voting ordinary shares of an issuer would on average translate to a majority of votes at the meeting.

- There were seven requisitions by shareholders of six issuers to convene an EGM. For five issuers, the requisitionists were seeking to change the board through the removal and/or appointment of directors. In three of these cases, the changes demanded were implemented – in one case before the EGM, which led to the requisition being withdrawn. The ability of shareholders to requisition meetings and propose resolutions is important for ensure director accountability. Although this right can be abused, we see an increase in shareholder requisitions as a positive sign of increasing investor activism.

- There were 77 shareholder meetings that voted on a share consolidation resolution (based on the meetings that revealed detailed poll voting results). This was due to the introduction of the MTP requirement by SGX.

- While most directors were elected with almost all shares voting in favour, there were three issuers where a majority of shareholders voted against the re-election of a director. In several other issuers, one or more directors also received lower levels of support compared to other directors. We urge issuers to engage with investors to understand the reasons for relatively low support for these and other resolutions.

- Shareholders in two issuers voted against the re-appointment of external auditors. In several other cases, issuers cited initiatives to improve good corporate governance for changing auditors, including long-serving auditors. It would be good practice for issuers to have in place a policy of periodically re-tendering the audit and to consider having a term limit for their external auditors.

- Of the 414 issuers that disclosed poll voting results, 15 did not seek a general share issue mandate. About 89% of the remaining issuers followed the limits imposed by the SGX rules. For the Mainboard issuers, 37 that sought the general share issue mandate deviated from the limits imposed by the SGX rules, with most reducing the non-pro rata limit. The general share issue mandate was not passed for three issuers.

- More issuers are adopting the practice of posting detailed minutes soon after their AGMs, with Ascott Residence Trust, CapitaLand, DBS Group, and Global Logistics Properties joining China Aviation Oil, Hotel Royal, Micro-Mechanics, Qian Hu and Tiger Airways that have been doing so prior to 2015. Singapore Exchange posted an audio recording of its AGM on its website in 2015, while in 2014, it provided detailed minutes on its website.

Last year, we made 12 recommendations. This year, we make the following additional eight recommendations:

Recommendation 1: Regulators should consider having a public consultation with investors, issuers and other stakeholders on whether to allow AGMs to be held five months after the financial year-end.

Recommendation 2: Issuers should provide clear and appropriate reasons for delaying results announcements and the holding of AGMs and regulators should hold issuers and directors accountable where warranted.

Recommendation 3: Regulators should consider having a public consultation with investors and other stakeholders as to whether some form of "say on pay" for senior executives should be introduced in Singapore.

Recommendation 4: Section 150(5)(b) of the Companies Act should be reviewed and it should be clarified that directors must be elected on separate resolutions, regardless of voting method. SGX should also consider clarifying in its listing rules that the election of directors should not be bundled or linked to each other.

Recommendation 5: With the repeal of section 153, there are concerns about lack of board renewal and entrenchment of long-serving independent directors. Regulators should consider introducing a Code guideline or listing rule stating that independent directors who have served beyond nine years should be subject to annual election or to an annual vote on their independence.

Recommendation 6: SGX should clarify that all issuers are required to appoint scrutineers to confirm the results of poll voting and to disclose the identity of the scrutineers. It should also consider clarifying that the scrutineer should be "independent" and providing guidance as to who may qualify as an independent scrutineer.

Recommendation 7: The exercise of voting rights is an important means of ensuring accountability of directors and management. Investors should be educated to vote their shares in an informed manner and international initiatives to encourage increased shareholder voting should be examined and, if appropriate, adopted.

Recommendation 8: Regulators should explore the feasibility of introducing electronic online voting of shares in Singapore.

In 2016, a number of regulatory changes will become fully applicable for all meetings. First, all companies will be subject to the "multiple proxies" regime. This will potentially affect attendance at meetings, although it is not possible to track this because issuers do not publish information on attendance at meetings. Even though shareholders can vote by proxies without attending meetings, the enhanced ability to attend meetings may have an impact on the number of shares voted at meetings. We will examine this in the 2017 report.

All meetings conducted in 2016 will also have to use poll voting on all resolutions. This will allow voting patterns on all resolutions to be tracked for all issuers.

Finally, with the repeal of section 153 of the Companies Act, the number of resolutions for director elections can be expected to decline (although fewer directors having to seek re-election under section 153 is likely to be offset somewhat by more directors re-elected annually by rotation). We will examine whether there are issuers proposing to remove the section 153 provision in their articles (if they have incorporated it into their articles) and the shareholder support for such an amendment.

Starting from 2017 AGMs, the auditor's report for Singapore-incorporated issuers will have to include a section on "key audit matters". As mentioned earlier, this may cause issuers to delay their AGMs. It could also lead to more questions about the audit at AGMs. In next year's report, we will examine whether there are issuers that adopt the expanded auditor's report requirement early and its impact on shareholder meetings.

Interested readers are welcome to visit www.shareholdermeetings.asia, a new website we have created that is dedicated to research and thought leadership on shareholder meetings and www.governanceforstakeholders.com, a corporate governance website created by Prof Mak Yuen Teen.

If you have any interesting experiences – good or bad - regarding shareholder meetings you have been involved in, please do share them with us. You can email us at contact@shareholdermeetings.asia.

About the Authors

Associate Professor Mak Yuen Teen

Mak Yuen Teen is Associate Professor of Accounting at the NUS Business School. He founded the first corporate governance centre in Singapore at the NUS Business School, National University of Singapore and was a Vice Dean at the school from 2002 to 2004.

Professor Mak holds First Class Honours, Masters and PhD degrees in accounting and finance, and is a fellow of CPA Australia. He was a member of the Corporate Governance Committee which released Singapore's first Code of Corporate Governance for listed companies and a member of the Council on Corporate Disclosure and Governance (CCDG) from 2002-2005 which revised the Code.

Professor Mak was a member of the audit advisory committee of the United Nations Population Fund based in New York from its establishment in October 2006 and retired in 2013 after serving the maximum term. He is currently serving a second term as a member of the audit advisory committee of UN Women.

Professor Mak teaches corporate governance and ethics at NUS and conducts training for regulators, directors and other professsionals in corporate governance. He has consulted for local and international companies, regulators, and international intergovernmental organisations. He speaks regularly in conferences in Singapore and in the region, and is a regular commentator on corporate governance issues in the local and regional media.

Professor Mak developed the Governance and Transparency Index (GTI) covering all listed companies in Singapore. He was the Singapore expert in the development of the ASEAN Corporate Governance Scorecard and Ranking project, an initiative of the ASEAN regulators to raise corporate governance standards amongst large ASEAN companies. He is the advisor of the Governance Evaluation for Mid and Small Caps (GEMS). He was chair of the Singapore Corporate Governance Awards from 2003 to 2009 and has chaired the Investor Relations Award under the Singapore Corporate Awards since its inception until 2014.

His report on improving the implementation of corporate governance practices in Singapore, commissioned by the Monetary Authority of Singapore and Singapore Exchange, was published in June 2007 and several of his recommendations have been implemented.

In 2014, the received the Corporate Governance Excellence Award from the Securities Investors Association (Singapore) for his contributions to improving corporate governance in Singapore. In 2015, he received the Recognition Award from the Minority Shareholders Watchdog Group as part of their Malaysian Corporate Governance Index-ASEAN CG Scorecard Awards for his contributions to raising corporate governance standards in the region.

For more information about Prof Mak's work, please visit his website at www.governanceforstakeholders.com.

About the Authors

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Chew Yi Hong is an active investor and a keen observer of the corporate governance scene. He received an MBA with Distinction from the London Business School and graduated from Cornell University with dual degrees in Economics and Electrical Engineering.

As an investor, Mr Chew keeps track of company announcements on a daily basis, attends shareholder meetings and monitors corporate governance developments. He believes that issuers who tap the capital markets should strive to provide shareholders with relevant and material information in a fair and timely manner.

Prior to his time spent at a Big 4 public accounting firm, he consulted for a global fund to address corporate governance issues of a listed issuer. He has also helped issuers and shareholders understand the complex requirements to stay in compliance with the relevant Acts and Codes.

Mr Chew has also researched on other areas of corporate governance including diversity at the board of directors and senior management in the public and private sectors, and across major Asian economies.

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