

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

# THE SINGAPORE REPORT ON SHAREHOLDER MEETINGS

— *Re-engaging shareholders* —



MAK YUEN TEEN  
CHEW YI HONG

**First published in March 2015**

**Copyright @2015**

Mak Yuen Teen & Chew Yi Hong

All rights reserved. No part of this publication may be reproduced, stored in a retrieval system, or transmitted, in any form or by any means, electronic, mechanical, photocopying, recording or otherwise, without the prior written permission of the publisher, except for 'fair use' as brief quotations in a review as permitted by copyright laws.

This book is published on the understanding that neither the authors nor the publisher are rendering professional advice. If professional advice or other expert assistance is required, the services of a competent professional person should be sought.

**THE SINGAPORE REPORT ON SHAREHOLDER MEETINGS**

**Re-engaging shareholders**

**Annual Edition – March 2015**

**AUTHORS**

**MAK YUEN TEEN & CHEW YI HONG**

**WEBSITE [www.shareholdermeetings.asia](http://www.shareholdermeetings.asia)**

**EMAIL [contact@shareholdermeetings.asia](mailto:contact@shareholdermeetings.asia)**

**ISBN No. 978-981-09-4488-9**

# THE SINGAPORE REPORT ON SHAREHOLDER MEETINGS

— *Re-engaging shareholders* —

ANNUAL EDITION - MARCH 2015



MAK YUEN TEEN  
CHEW YI HONG

This page has been intentionally left blank.

---

# Acknowledgements

The authors would like to thank Amanda Aw Yong Zhi Xin, a final year student at the National University of Singapore reading Accountancy (Honours) and Communications, for her assistance in the research and preparation of the report; Low Hui Ping, Karen Soh Hui Ying, You Xixi and Yu Haotong who helped collect information from notices, announcements and annual reports; Institutional Shareholder Services (ISS) which provided information on international markets; Lawrence Kwan, for sharing his advice and experience on general meetings; and Chua Ghim Hock, Mano Sabnani and several other investors who shared their experiences on meeting practices.

The authors remain responsible for any errors.

This page has been intentionally left blank.

## CONTENTS

|  |           |
|--|-----------|
| <b>EXECUTIVE SUMMARY</b>                                   | <b>1</b>  |
| <b>KEY FINDINGS</b>  | <b>1</b>  |
| <b>RECOMMENDATIONS</b>                                     | <b>3</b>  |
| <b>TWELVE GOOD PRACTICES OF GENERAL MEETINGS</b>           | <b>5</b>  |
| <br>   |           |
| <b>FULL REPORT</b>   | <b>7</b>  |
| <b>1. INTRODUCTION</b>                                     | <b>9</b>  |
| <br>   |           |
| <b>2. COVERAGE</b>   | <b>9</b>  |
| A. PROFILE OF ISSUERS COVERED                              | 10        |
| B. NUMBER AND TYPE OF MEETINGS                             | 11        |
| <br>   |           |
| <b>3. FINDINGS AND RECOMMENDATIONS</b>                     | <b>12</b> |
| A. FINANCIAL YEAR-ENDS AND MEETING DATES                   | 12        |
| B. MEETING LOCATIONS                                       | 18        |
| C. NOTICE PERIOD   | 24        |
| D. NUMBER OF RESOLUTIONS                                   | 26        |
| E. EXPLANATORY NOTES FOR AGENDA ITEMS IN NOTICE OF MEETING | 28        |
| F. DISCLOSURE OF VOTING RESULTS                            | 30        |
| G. VOTING RESULTS BY RESOLUTIONS                           | 35        |
| H. DISCLOSURE OF DETAILED MEETING MINUTES                  | 38        |
| I. SHARES VOTED AT GENERAL MEETINGS                        | 39        |
| <br>   |           |
| <b>4. SUMMARY AND LOOKING AHEAD ...</b>                    | <b>41</b> |
| <br>   |           |
| <b>ABOUT THE AUTHORS</b>                                   | <b>42</b> |

This page has been intentionally left blank.



---

# Executive Summary

This report is part of a new annual study of general meetings of shareholders in Singapore. The study provides the most comprehensive analysis of the conduct of shareholder meetings and voting ever undertaken in Singapore. It covers every annual general meeting (AGM) and extraordinary general meeting (EGM) conducted by listed issuers with a primary listing in Singapore during calendar year 2014. Some of the issues relating to these AGMs and EGMs that are examined include:

- Date, time and place of meeting
- Notice period
- Information provided for agenda items
- Timeliness of announcement of results
- Disclosure of voting method and voting results
- Amount of shares voted and support for different types of resolutions (for issuers that disclosed detailed voting results)

In all, the study covered 874 AGMs (including AGMs and EGMs that are held back-to-back) and standalone EGMs conducted between 1 January 2014 and 31 December 2014 by 702 issuers.

---

## Key Findings

The key findings are:

- AGMs in Singapore are timely compared to most G7 and other Asia-Pacific countries, with only Japan and South Korea imposing shorter deadlines to hold the AGM after the fiscal year-end.
- 60% of all AGMs in Singapore were held in April and just over 25% held in the other busy months of July and October. However, the clustering of AGMs within a particular month, while severe in Singapore, is even more pronounced in Italy, Japan, South Korea and Thailand and just as pronounced in Australia.

- 76% of all April meetings were held in the last five business days of April. These five days account for 37% of all meetings held in 2014. The percentages are 76% and 46% respectively when standalone EGMs are excluded.
- 47% of all general meetings were held in the Central area, comprising Orchard and the Central Business District.
- Eight issuers held a total of eight AGMs and two EGMs overseas. Five of these issuers disclosed that they provided video conference facilities for their meetings.
- The average notice period was 17.4 days for all meetings. There were 10 meetings where there was less than 14 clear days of notice, where the date of filing on SGXNET is taken as the date of notice. Based on meetings with only ordinary resolutions, 50 of the meetings had at least 28 clear days of notice.
- The issuers that were the fastest to announce their AGM after the financial year-end were Singapore Press Holdings and Chemical Industries, who did so within two months of the year-end. Singapore Exchange was also fast, having done so on the first day of the third month.
- For AGMs, 25 out of 701 meetings (3.6%) had no explanatory notes for any agenda item.
- Detailed poll voting results were already disclosed by about 45% of issuers for 44% of all meetings, indicating that a substantial number of issuers have already adopted poll voting ahead of the SGX deadline of 1 August 2015.
- Analysis of detailed voting results for individual resolutions shows the resolutions relating to Employee Performance Share Plan received the lowest average support of 92.41% while resolutions relating to the Declaration of Dividends received the highest average support of 99.94%.
- Based on an analysis of 279 AGMs for which detailed poll voting results were disclosed, the average percentage of issued shares voted was about 55%. This means that ownership of about 28% of the ordinary shares of an issuer would on average translate to a majority of votes at the meeting.
- The average time from the start of meeting until the announcement of meeting results on SGXNET was 6 hours 53 minutes and was similar for AGMs and EGMs. Two issuers announced the results within the first hour after the start of the meeting and 22 other issuers announced the results within two hours.

- Ten issuers announced the meeting results for nine AGMs and an EGM after trading has commenced on the following market day. From 1 August 2015, SGX rules require results 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.”
- Two companies – Qian Hu and Micro-Mechanics – filed detailed meeting minutes of meeting on SGXNET and put them on their website. SGX also provided detailed meeting minutes on its website.

---

# Recommendations

The following are our key 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 rule 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.

# 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



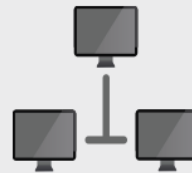
select convenient meeting location or provide transport if necessary



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



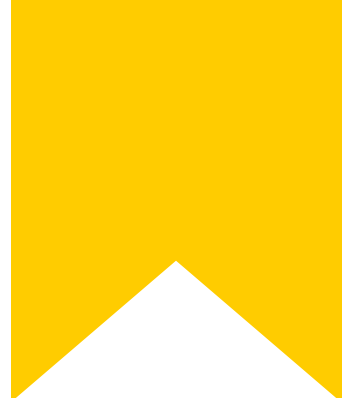
announce full voting results promptly



make detailed meeting minutes freely available on a timely basis



This page has been intentionally left blank.



# FULL REPORT



This page has been intentionally left blank.



---

# Introduction

The ability of shareholders to participate effectively in shareholder meetings is an important part of good corporate governance. Shareholder meetings are generally the only forum available to small shareholders to interact with the board of directors and senior management and to ask questions about the issuer. Regulators and issuers seeking to increase the interest of retail investors should aim to improve the conduct of shareholder meetings. Issuers need to do more to engage – or re-engage – with all their shareholders through shareholder meetings, rather than focus their attention mainly on engaging with institutional shareholders, fund managers and analysts through private meetings and presentations.

The Singapore Companies Act (Cap 50), Singapore Exchange (SGX) Rulebook and Singapore Code of Corporate Governance (“the Code”) have been continually enhanced over the years to strengthen shareholder participation in general meetings. These include, for example, the forthcoming removal of 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; the requirement in the SGX Rulebook for all resolutions to be voted by poll and disclosure of voting outcomes from 1 August 2015; and Guideline 16.4 in the Code recommending that companies “prepare minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, and to make these minutes available to shareholders upon their request”.

Given the importance of effective shareholder participation through general meetings, we decided to start an annual study of meeting and voting practices. In addition to sharing findings that we hope will be useful to issuers (including board chairmen and directors), regulators and shareholders, we will also show how Singapore compares with other major Asian and developed markets and provide suggestions for improving current practices. The data we collect each year will also enable us to identify trends in meeting and voting practices.

---

## Coverage

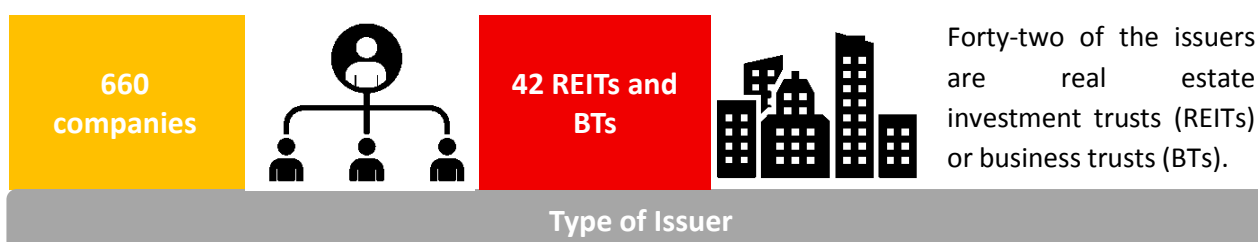
We first identified all issuers with a listing on the SGX as at 31 December 2014. Thirty-five secondary listings are excluded because they do not have to comply with most of the SGX listing rules and they hold their shareholder meetings overseas. We collected information on every AGM and EGM held during the period from 1 January 2014 to 31 December 2014.

Of the 740 issuers with a primary listing, 38 did not hold any shareholder meeting in 2014 due to reasons such as suspension, new listing, change of financial year-end, or extension of time given to hold the AGM.

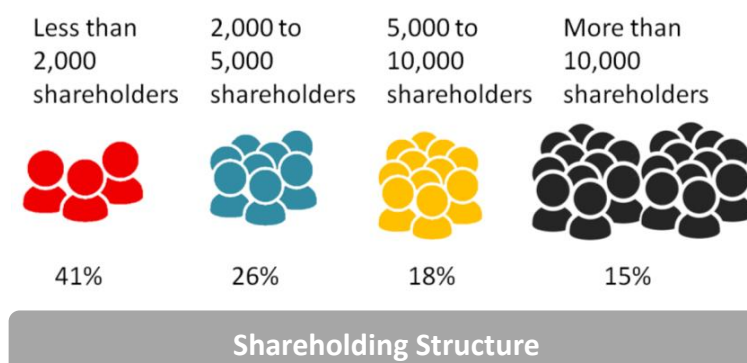
Our findings are based on the notices and results of general meetings published on SGXNET, supplemented by other relevant sources.

## A. Profile of Issuers Covered

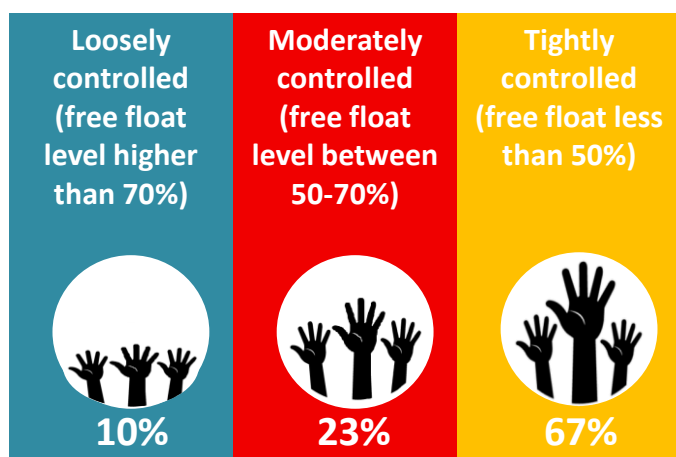
Of the 702 issuers included in the study, 14% have market capitalisation of \$1 billion or more (“large caps”), 16% have market capitalisation of \$300 million to less than \$1 billion (“mid caps”), and 70% have market capitalisation of less than \$300 million (“small caps”).



Roughly two-fifths of the issuers had relatively small shareholder base of less than 2,000 shareholders<sup>1</sup>. 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 15% had more than 10,000 shareholders.



<sup>1</sup> Number of shareholders/unitholders is based on the table of distribution of shareholdings disclosed in the annual report.



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%.

Level of Free Float

## B. Number and Type of Meetings

The 702 issuers included in the study held a total of 874 AGMs, back-to-back AGMs and EGMs (which are counted as single meetings), and standalone EGMs during 2014<sup>2</sup>. These 874 shareholder meetings constitute the sample used in the study<sup>3</sup>.

Figure 1 shows the number of meetings held by the 702 issuers. 552 issuers held only one meeting – that is, they did not have a standalone EGM. Sixteen issuers held three meetings each and three issuers held four meetings each – the most number of meetings by any issuer in 2014.

PSL had their AGM on 28 April 2014. The results announcement stated that resolution 1 (to receive and adopt the audited financial statements together with the directors' report and the independent auditors' report) and resolution 7 (to re-appoint Messrs RT LLP as auditors of the company) were withdrawn and will be tabled at an adjourned shareholder meeting on a date, time and place to be announced by the company in due course. All the other seven resolutions that were voted on were unanimously approved.

In the notice of adjourned AGM, the same two resolutions were proposed and there were no further clarifications. These two resolutions were subsequently carried with 100% of the votes at the adjourned AGM on 27 June 2014. For PSL, we used the April AGM announcements and also the voting results for the adjourned resolutions in the June meeting. For other issuers that held their AGM for an earlier financial year and also their AGM for their latest financial year in 2014, only the AGM for the latest financial year were included in our study.

Multiple AGMs

<sup>2</sup> Unless stated otherwise, the term "AGM" includes back-to-back AGM plus EGM.

<sup>3</sup> Six issuers held a second AGM during 2014, for an AGM that was previously postponed or partly adjourned. For these issuers, we only included the AGM and resolutions relating to the latest financial year-end in our analysis..

Figure 1: Number of Meetings Held in 2014



## 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. The chart on the following page shows the distribution of financial year-ends across the G7 countries and for several Asia-Pacific countries (excluding Japan). Clustering of financial year-ends is common across all countries. In all countries except Australia and Japan, the majority of issuers have December year-ends. In Australia, most issuers have a June year-end while in Japan, March year-end is by far the most common.

We would expect a clustering of financial year-ends to be correlated with a clustering of AGM dates. We also expect that the tighter the deadline for issuers to hold their AGM after the year-end, the more severe will be the clustering of AGM dates.

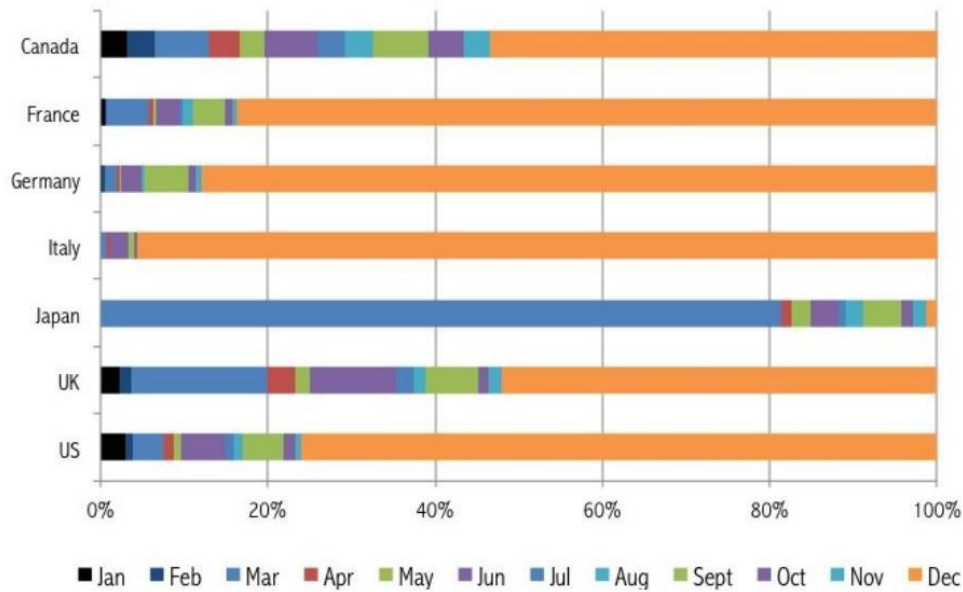
In Singapore, the Companies Act requires listed companies to hold their AGM within four months of the year-end. Under the Code of Collective Investment Schemes issued by the Monetary Authority of Singapore (MAS), REITs also have a four-month deadline to hold their AGMs for unitholders, while SGX also imposes a four-month AGM deadline for business trusts.

Compared to the G7 countries of Canada, France, Germany, Italy, Japan, UK and US, only Japan has a shorter AGM deadline of three months. Italy has a deadline of four months which can be extended to six months if shareholders approve, while all the other countries have a deadline of six months or more. In terms of other Asia-Pacific countries, South Korea has a shorter deadline

# FINANCIAL YEAR-ENDS

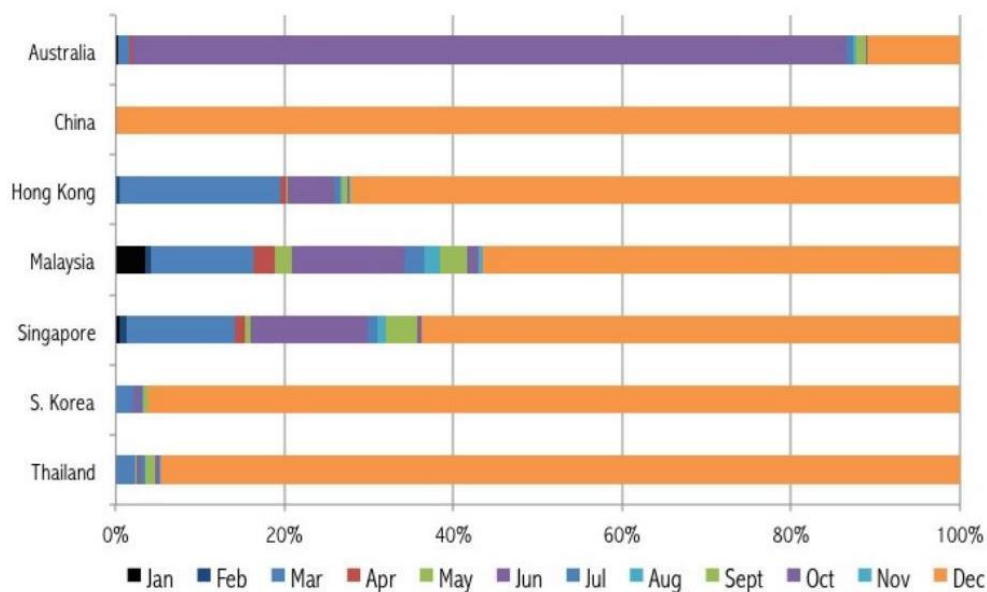
## G7 COUNTRIES

France; Germany; Italy; U.K.; Japan; Canada; U.S.



## ASIA-PACIFIC (EX-JAPAN) COUNTRIES

Australia; Korea; Malaysia; Thailand.; China; Hong Kong; Singapore

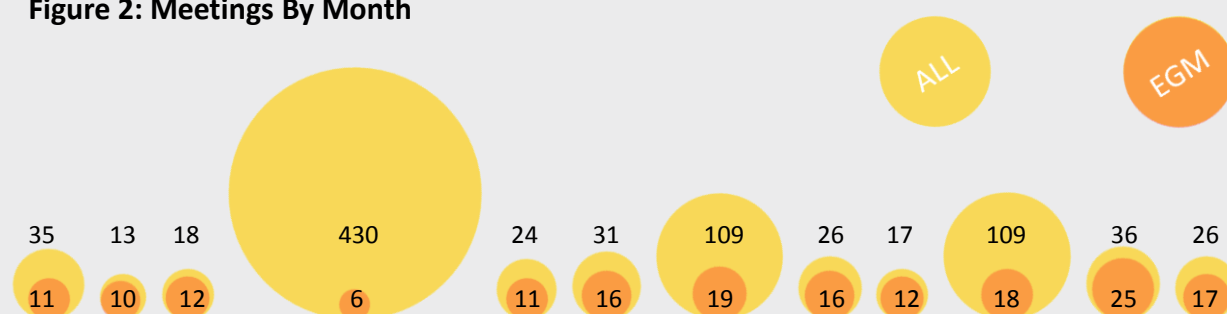


of three months, Thailand has the same deadline of four months, Australia allows five months, while China, Hong Kong and Malaysia allow six months<sup>4</sup>.

 **Singapore fares well in terms of timeliness of AGMs.**

Figure 2 shows the distribution of 2014 meeting dates by month. In terms of all meetings, 430 out of 874 meetings (49%) were held in April. Based on AGMs only, 60% of meetings were held in April. **There is therefore severe clustering of AGMs in April.** This finding of clustering of meetings in April is of course unsurprising given the large number of issuers with December year-ends. The next busiest months - which had almost identical number of meetings – were July and October with these two months together accounting for 26% of AGMs in the year.

**Figure 2: Meetings By Month**

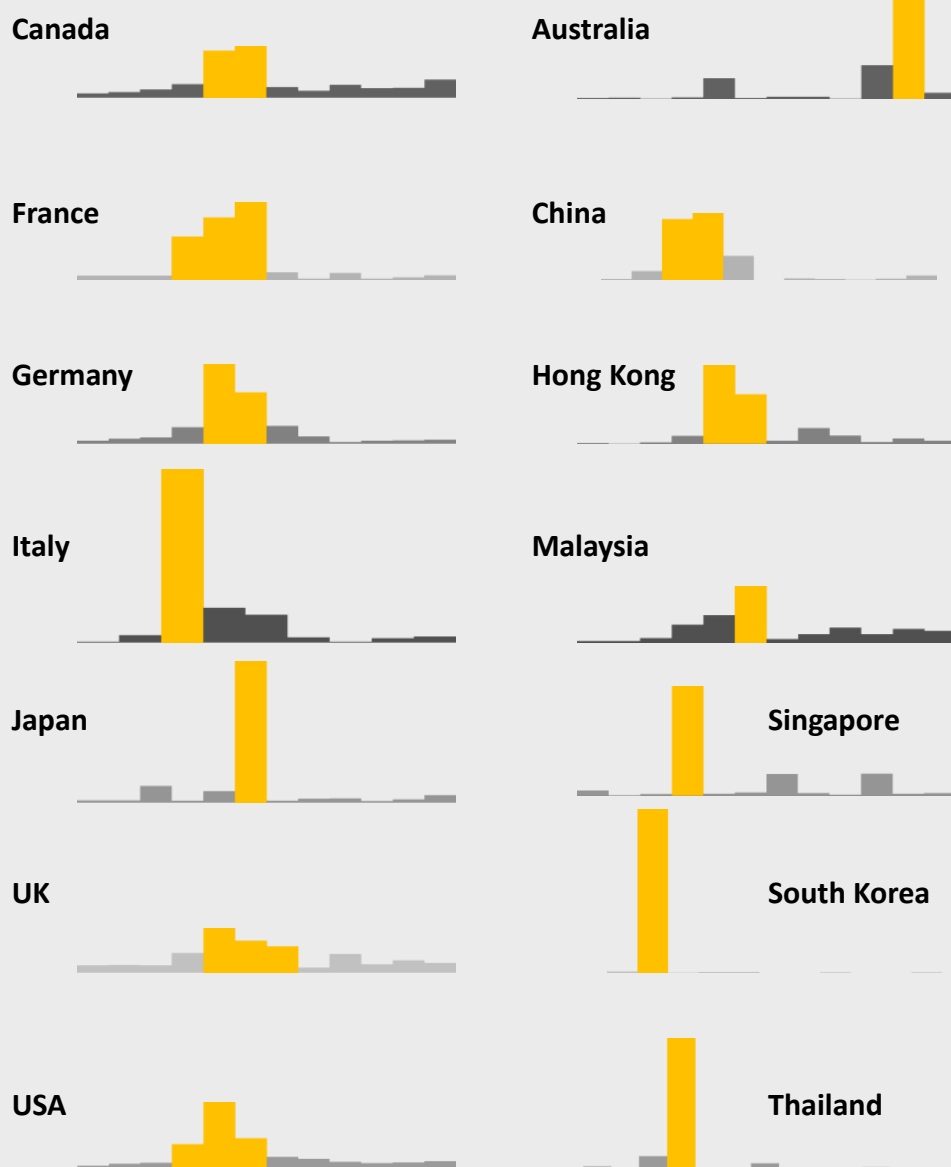


**However, clustering of AGMs is by no means unique to Singapore or worst in than other countries.** The chart shows the clustering of AGMs by month for G7 countries and selected Asia-Pacific countries for companies covered by Institutional Shareholder Services (ISS). Among the G7 countries, clustering of AGMs is particularly pronounced in Japan and Italy, and also quite apparent in France, Germany and USA. For the other Asia-Pacific countries, clustering is worse in South Korea and Thailand than in Singapore, and clustering in Australia is comparable to Singapore. Of course, clustering is aggravated if most companies hold their AGMs within a few days in the month. Unfortunately, we do not have data on clustering by days within particular months. However, it has been pointed out that 75% of Japanese companies still hold their AGMs in the last week of June<sup>5</sup>.

<sup>4</sup> In this report, information for G7 and other Asia-Pacific countries used as the basis for comparison was kindly provided by Institutional Shareholder Services (ISS) based on 2014 shareholder meetings and used with permission.

<sup>5</sup> Asian Corporate Governance Association (ACGA), "ACGA Response to METI Study Group on Japanese AGMs," December 12, 2014 ([http://www.acga-asia.org/loadfile.cfm?SITE\\_FILE\\_ID=692](http://www.acga-asia.org/loadfile.cfm?SITE_FILE_ID=692))

## Clustering of AGMs for G7 countries and selected Asia-Pacific countries



**Note:** Data for these charts are taken from “ISS Global Meeting Results” and used with permission from Institutional Shareholder Services (ISS). The data are based on 2014 meetings for companies covered by ISS.

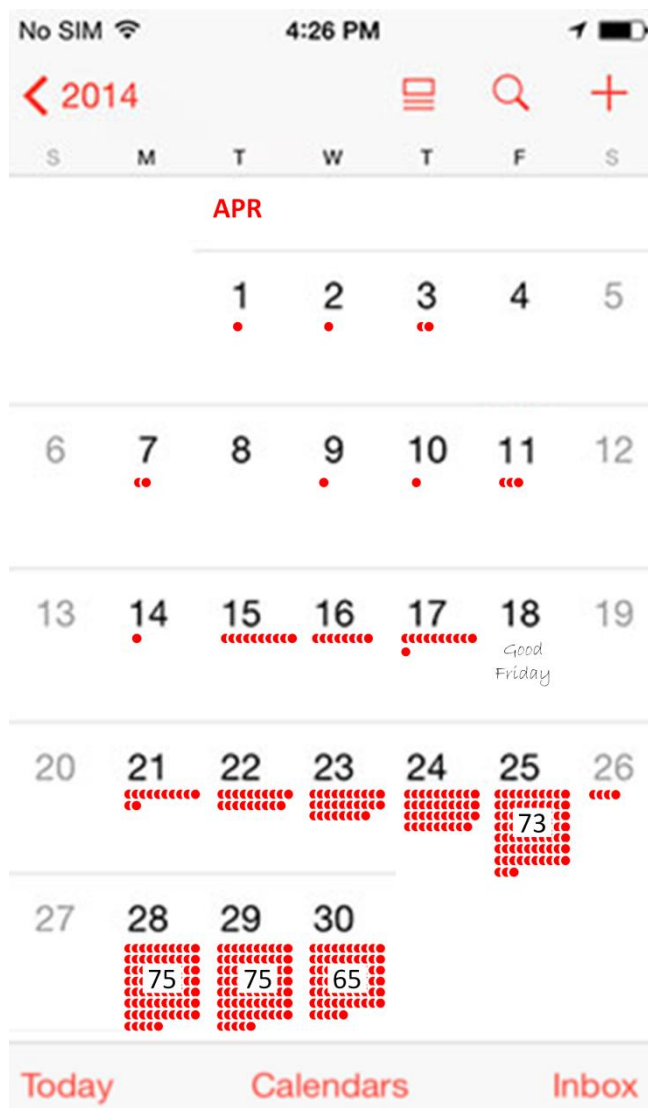
The comparisons suggest that deadlines imposed on issuers to hold their AGMs is indeed related to clustering of AGM dates. Of the G7 and Asia-Pacific countries with the most severe clustering, Japan and South Korea have a three-month deadline; Italy, Singapore, and Thailand have a four-month deadline, while Australia has a five-month deadline<sup>6</sup>. Other countries generally have a deadline of six months or more. **Therefore, the severe clustering in Singapore is partly due to the high concentration of companies with December financial year-ends and the four-month AGM deadline.**

### The “Hot” April Meeting Season

Figure 3 shows the distribution of meetings in April. There were a total of 430 meetings held in April 2014, of which six were EGMs. 76% of all April meetings were held in the last five business days of April. These five days account for 37% of all meetings held in 2014. The percentages are 76% and 46% respectively when standalone EGMs are excluded. Interestingly, four issuers - Asiamedic, EMS Energy, Hotel Royal and Serial System – held their AGMs on Saturday, April 26 during the April peak season. Having meetings on weekends is not prohibited under SGX rules and may enable more shareholders to attend.

Within the busiest days during April, there are also peak times. For example, **between 9 am to 12 noon on Monday, 28 April, there were 51 shareholder meetings spread throughout Singapore which commenced**, as shown in Figure 4. This was the hottest time of a hot month. Imagine the difficulty of travelling from Tuas to Tampines to Woodlands for a shareholder wanting to attend meetings during this time.

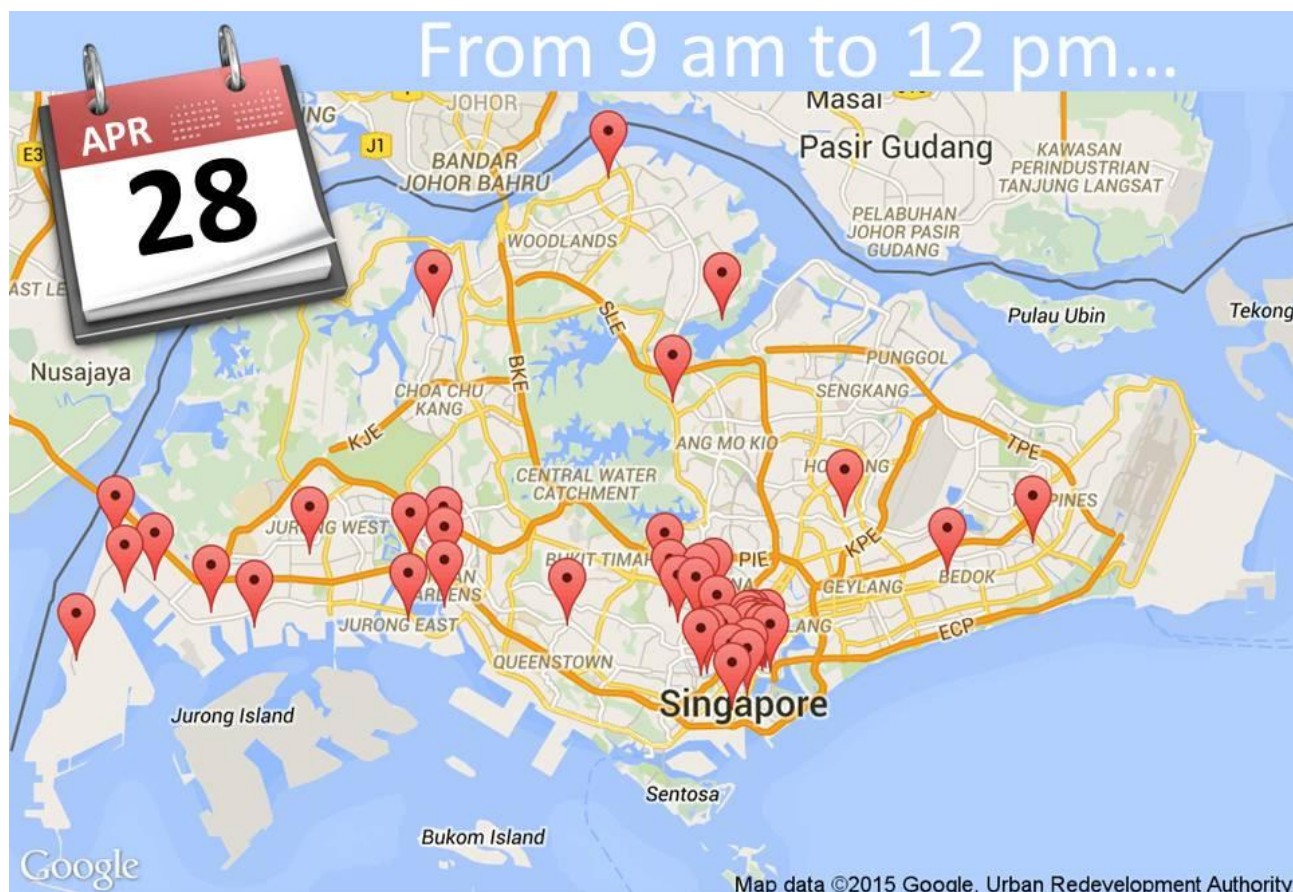
Figure 3: April General Meetings



<sup>6</sup> Italy has a four-month deadline which can be extended through the by-laws if approved by shareholders.



**Figure 4: The Hottest Time in April**



**Recommendation:**



**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.**

The solution to the clustering of AGMs is unfortunately not straightforward. Imposing more stringent AGM deadlines on some issuers – thereby spreading out the AGM deadlines - may impose further strain on the audit and affect audit quality and cost for affected issuers. It will also be more difficult for issuers to address another wish of international institutional investors – longer notice period and more time to vote. Extending the AGM deadlines for all listed issuers will result in less timely meetings and may be seen as a retrograde step. There is clearly a trade-off between timelier AGMs and clustering of AGMs.

**Shareholder  
Meeting  
Dilemma**

Singapore Telecommunications, or Singtel as it is more commonly known to its more than 300,000 ordinary shareholders, is by far the issuer with the largest shareholder base in Singapore. (Genting Singapore with 86,000 shareholders is a distant second.) Singtel held its AGM on 27 July 2014 at 3:00pm. At the same time, seven other issuers started their general meetings (five AGMs and two EGMs) the same afternoon between 2pm to 3pm.

**Clash of  
the Issuers**

Regulators should consider whether to take action to spread out AGMs. One possibility is for SGX to impose tiered deadlines for different issuers (compared to the general Companies Act deadline of four months for all listed companies). For example, larger issuers can be required by SGX to hold their AGMs within three months (which is the AGM deadline in Japan and South Korea). Another possibility is to amend the Companies Act to allow issuers to hold their AGMs within five or six months, which is the deadline for many markets, including some of the developed markets. SGX may consider retaining the four-month deadline for larger issuers. The downside is that extending the AGM deadline may be seen as a retrograde step and not welcome by investors used to a short AGM deadline. Another option is to allow shareholders to approve a longer AGM deadline through the issuer's constitution – as is the case in Italy.



## B. Meeting Locations

We now look at meeting locations. In choosing meeting locations, accessibility and travelling time are important considerations in enhancing shareholder participation in meetings. Some issuers may select locations (and timing) specifically to discourage shareholder participation. A recent study of 10,000 annual meetings between 2006 to 2010 in the USA found that companies that held their annual and special meetings further away from their headquarters reported disappointing earnings results and had pronounced stock price underperformance in the months after the meeting date. The study also found that voter participation drops when the meeting is held during unusual hours<sup>7</sup>.

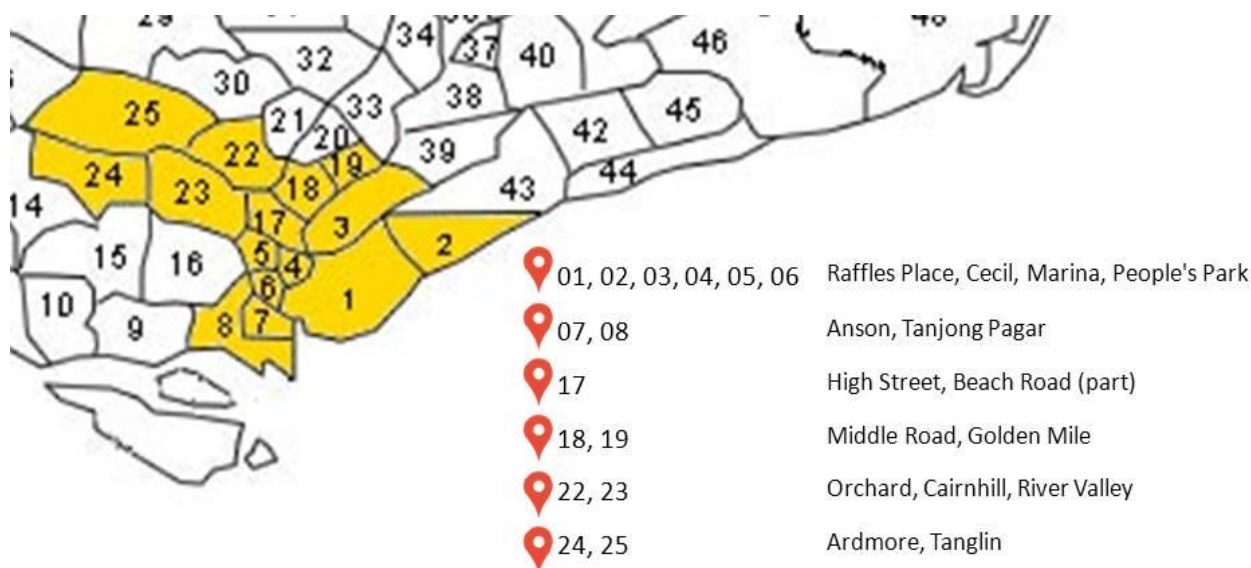
The small size of Singapore is a real advantage because most locations are within relatively easy reach compared to other countries. In general, meetings held in the Central Business District (CBD) and Orchard areas are the most accessible.

We have identified a “Golden AGM belt” by using the postal sector (which is represented by the first two digits of the postal code). 47% of all 2014 meetings were held in the golden belt. The postal sectors and the corresponding areas in the golden belt are shown in Figure 5.

Figure 6 shows the top 12 meeting locations in Singapore, with Suntec Convention Centre coming out top. These top 12 meeting locations account for a quarter of all shareholder meetings held in 2014.

<sup>7</sup> David Yermack and Yuanzhi Li, “Evasive Shareholder Meetings”, NBER Working Paper Series, March 2014.

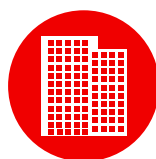
**Figure 5: “Golden AGM belt”**



**Figure 6: The Top 12 Meeting Locations**



- Capital Tower
- One Marina Boulevard
- Suntec Singapore Convention And Exhibition Centre



- Amara Hotel
- Fairmont Singapore Hotel
- M Hotel Singapore
- Marina Mandarin Singapore
- Pan Pacific Singapore
- RELC International Hotel
- The Fullerton Hotel



- Jurong Country Club
- Orchid Country Club

**There may be valid reasons for issuers to hold their meetings outside of the Central area, for example, in their premises.** This may be to save costs and in some cases, to provide shareholders an opportunity to view the company's facilities.



**Some issuers provide a shuttle bus service for shareholders attending their meetings held in more remote locations.** Examples include AusGroup, BH Global, BRC Asia, China Taisan, CH Offshore, Chuan Hup, Colex Holdings, Stamford Tyres, Hupsteel, Pan United Corp, Qian Hu, Sembcorp Marine, TT International and Yeo Hiap Seng. It is commendable for issuers to go the extra mile to help shareholders attend meetings.



#### Recommendation:



**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.**

#### Shuttle Bus

AusGroup holds the AGM at their facilities in Tuas. The issuer made a standalone filing on the SGX website (separate from the notice of meeting) that clearly publicised the transport arrangement, including maps and photographs to show the pick-up points. AusGroup even included the logo of the company that will be on the bus to help shareholders identify the bus.

#### Overseas Meetings and Video Conference/Webcast of Meetings

Starting from 1 January 2014, SGX requires issuers with a primary listing to hold their AGMs in Singapore, unless prohibited by relevant laws and regulations in the jurisdiction of the issuer's incorporation. Where there are other circumstances, such as if most of an issuer's shareholders are based overseas, SGX may permit the issuer to hold general meetings outside of Singapore.

Issuers who hold general meetings outside Singapore are expected to hold information meetings for the shareholders in Singapore. They are also required to make arrangements such as video conference or webcast to enable the shareholders based in Singapore to follow the proceedings during the general meetings..

**During 2014, eight issuers held a total of eight AGMs and two EGMs 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 five of these issuers disclosed that they provided a video conference for six of their meetings. **SGX should ensure that issuers comply with the requirements for a video conference or webcast if meetings are held overseas and issuers should disclose such arrangements.**

**Table 1: Issuers holding meetings overseas**

| Issuer                              | Meeting | Country of meeting | Arrangement      |
|-------------------------------------|---------|--------------------|------------------|
| ARA Asset Management (Fortune REIT) | AGM     | Hong Kong          | Video conference |
| Elec & Eltek International          | AGM     | Hong Kong          | Video conference |
| Linc Energy                         | AGM     | Australia          | Video conference |
| Meghmani Organics                   | AGM     | India              | No mention       |
| Mermaid Maritime                    | AGM     | Thailand           | Video conference |
|                                     | EGM     | Thailand           | Waiver           |
| PT Berlian Laju Tanker TBK          | AGM     | Indonesia          | No mention       |
| Thai Beverage                       | AGM     | Thailand           | Waiver           |
| Tianjin Zhongxin Pharmaceutical     | AGM     | PRC                | Video conference |
|                                     | EGM     | PRC                | Video conference |

For their AGM in January 2014, Mermaid Maritime provided a video conference for shareholders in Singapore. They subsequently obtained a waiver from SGX and no longer provide the video conference facility for the EGM in June 2014 and also the 2015 AGM.

There is often an added level of complexity for shareholders to attend meetings of foreign issuers due to how shares are held. For the majority of shareholders other than institutional investors, shares are held by the Central Depository (Pte) Limited (CDP). For example, Depositors and Depository Agents with shares standing to the credit of their securities accounts with CDP may not be recognised under foreign law as shareholders of the Company and are not entitled to attend and vote at the shareholders meeting, or appoint their own proxies. This is the case for Thai companies, such as Thai Beverage.

This means that even if a shareholder is willing to fork out the expenses and spend the time to travel to a foreign meeting, he would not be recognised as a shareholder and may therefore not be legally entitled to attend meetings. To be recognised as a shareholder of such foreign companies, the shareholder may need to transfer the shares out of the CDP system and register those shares in his own name with the company no less than two days prior to the AGM. This process for withdrawal takes three to five business days (possibly more, depending on jurisdiction) and would involve costs. The other important thing to note is that the shareholder would not be able to trade the shares on SGX again until they deposit the shares back into CDP, once again incurring costs.

For a shareholder to just vote his shares, he can exercise his vote through CDP by completing and returning to CDP the “Instruction to Vote” Form. CDP will appoint a proxy to attend the AGM and vote pursuant to the instructions received. All CDP-based shareholders will receive a Voting Instruction Form by mail.



**However, even if shareholders are not legally entitled to attend meetings, issuers wanting to engage with their shareholders can always invite them to attend as observers.**

## Thai-ed down by the law

The Thai Public Limited Companies Act 1992 states that the general meeting of shareholders shall be held in the locality where the head office of the company is located or in a neighbouring province, unless otherwise provided by the company's articles of association.

Thailand-incorporated companies that are listed in Singapore, such as Thai Beverage and Mermaid Maritime, have been advised by SGX-ST that Rule 730A (1) of the Listing Manual which requires a primary-listed issuer to hold all its general meetings in Singapore is not applicable to them.

Even if the issuer amends its articles of association, under Thai law, in respect of persons whose shares of the Company are deposited with The Central Depository (Pte) Limited ("CDP"), CDP is considered to be, and recorded as, the shareholder of the Company in the Company's share register book. The ultimate holders of any shares of the Company deposited with CDP ("Depositors") are not considered as shareholders of the Company and therefore, are not permitted, under Thai law, to attend and vote in person at the Company's general meetings of shareholders. As such, no video conference or webcast facility may be provided for shareholders based in Singapore to follow the proceedings during the general meetings of the Company based on the legal grounds that Singapore shareholders are not legally entitled to attend a meeting through video conference or webcast. In light of this, Thai Beverage and Mermaid Maritime have disclosed in their annual reports that SGX has advised that they need not provide a video conference or webcast of their meetings in Thailand.

Given that the right to attend general meetings is a fundamental shareholder right, should SGX allow a foreign issuer to have a primary listing in Singapore if most Singapore shareholders would not have the legal right to participate in shareholder meetings either in person or through a video conference or webcast?

**While SGX rules on video conference or webcast of meetings only apply to foreign issuers holding their meetings overseas, we believe that local issuers, especially those with global investors, should emulate major global companies and also provide a video conference or webcast of their meetings. By broadcasting their meetings through webcasts, issuers can better engage current shareholders and may also be able to better attract potential investors.**

### Recommendation:



**The rule 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.**

## Recommendation:



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.

## Recommendation:



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

Listed in 2007, Mermaid Maritime has held a shareholders' forum annually in Singapore since 2009. For 2014, the forum was held after the full year results were released in November but before the AGM which is held annually in January. In fact, a webcast and the presentation slides can be found on their corporate IR website.

The issuer noted that the forum is an annual event to provide the opportunity for Mermaid's Singapore-based shareholders to meet and get to know more about the company, meet some of the directors and key executives, and to discuss matters concerning Mermaid on an informal basis. A brief presentation on Mermaid's business is also delivered at the forum.

Similarly, Thai Beverage has conducted shareholders' forums in Singapore in lieu of holding the AGM here.

## Shareholders' Forum

Some companies are already streaming analysts' briefings live for the institutional investor community. We think the same access at general meetings should be granted to the wider shareholder community. Which Singapore company will be the first mover in reaching out to their shareholders by webcasting their general meetings?

Rule 730(A) of the Listing Manual states that an issuer with a primary listing on SGX shall hold all its general meetings in Singapore, unless prohibited by relevant laws and regulations in the jurisdiction of its incorporation.

Issuers that are incorporated in Australia, Japan, Hong Kong and PRC can hold their AGMs in Singapore.

Thailand-incorporated issuers seem to be unable to hold their AGMs in Singapore.

Examples of global companies that provide live webcasts/streams of their meetings include:

- Disney
- Nike
- Walmart
- McDonalds
- Starbucks



It is common for global companies to allow free access for everybody to the webcasts of the annual general meetings.

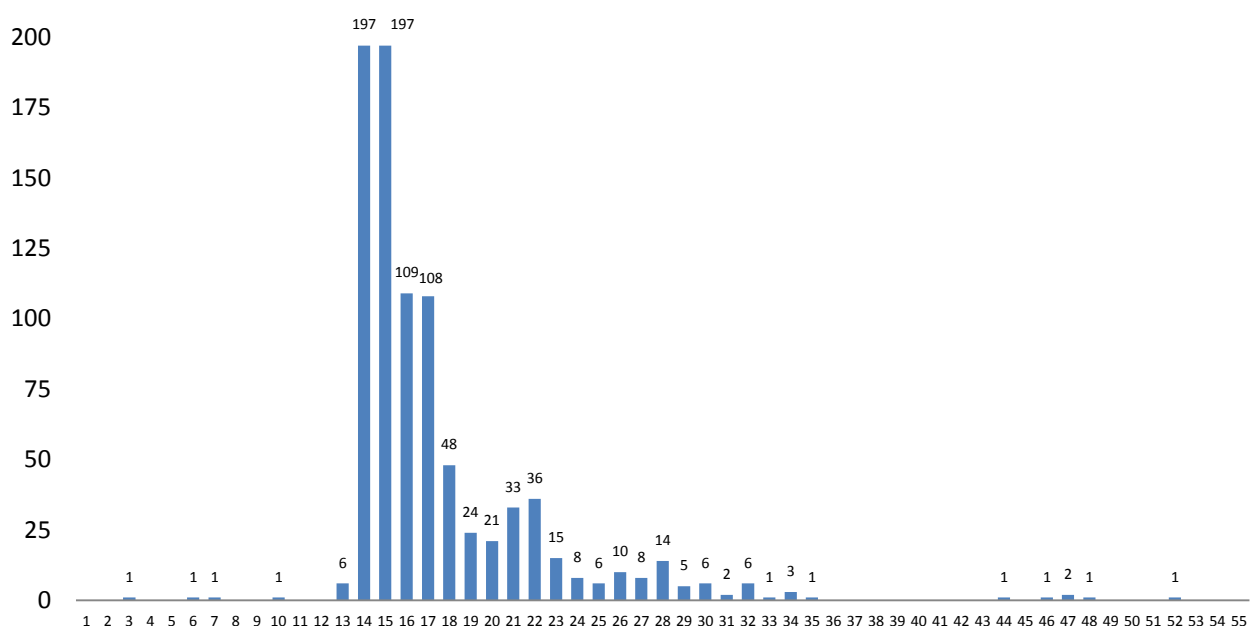
## C. Notice Period

Under the Companies Act, notice of meetings with only ordinary resolutions must be given at least 14 days before the meeting. Where there are special resolutions, the minimum notice period is 21 days.

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 7 shows the number of clear days given for all meetings, where date of notice is taken as the day the notice is filed on SGXNET. The average notice period was 17.4 days. There were only 10 meetings where there was less than 14 clear days of notice. It should be noted that the sign off date on the notice or the date the notice is mailed out could be earlier as some issuers post the announcement late on SGXNET. In other words, issuers that are shown in Figure 7 as having less than 14 days of notice may just have not been timely in posting the notice on SGXNET but are in compliance with the rules. Some issuers that were in this situation include CEFC, CNA, Mercator Lines and Pacific Century Regional Developments. Only one issuer, China Fibretech, fell under the 14 clear days requirement if we base it on the sign off date, rather than date of filing on SGXNET.

**Figure 7: Notice Period of All Meetings**





Some issuers, probably as a matter of prudence, file their announcement on SGXNET and sign off the next day as the actual notice of meeting (presumably when they post it out). An example is F&N, which filed on SGXNET on 9 January 2014, and signed off the notice date as 10 January 2014.

#### **Recommendation:**



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

According to the Asian Corporate Governance Association (ACGA) Asian Proxy Voting Survey 2006, the global best practice for notice of meetings is 28 days. However, as we noted earlier, the relatively shorter AGM deadlines imposed on SGX-listed issuers compared to many other countries may make it challenging for issuers to be able to provide 28 clear days of notice, especially if they send their annual report together with the notice of meeting.



44 (5%) of the meetings had at least 28 clear days between the time of filing of the notice on SGXNET and the date of the meeting, although these include meetings where there are agenda items requiring special resolutions, which require a longer notice period. Based on meetings with only ordinary resolutions, 39 of the meetings had at least 28 clear days of notice. Examples of issuers with 28 days of notice when their meetings only had ordinary resolutions include Capitaland, ComfortDelgro, SIA, SingTel, SMRT, SPH and smaller companies like Lum Chang, Micro-Mechanics, SP Corp and Zagro Asia.

#### **Recommendation:**

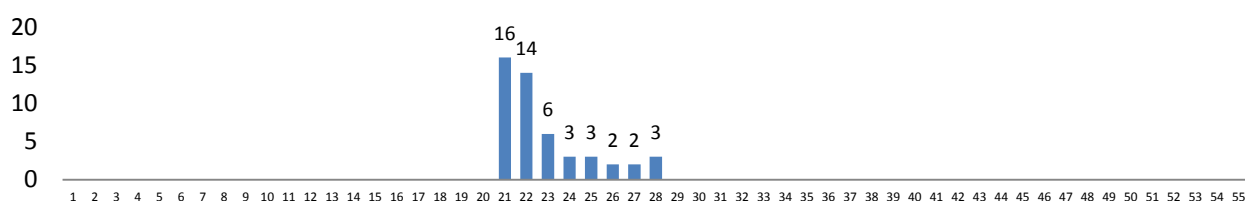


Issuers, especially those with global investors, should aim to provide at least 28 clear days of notice of meetings. They can consider filing the notice of the meeting on SGXNET earlier, before the actual mail-out date of the annual report.

#### ***Meetings with Special Resolutions***

During 2014, there were 49 meetings with Special Resolutions, which require at least 21 days of notice. For these meetings, the average notice period was 22.7 clear days. Figure 8 shows the distribution of notice period for these meetings. All the meetings met the requisite minimum of 21 days of notice.

**Figure 8: Notice Period for Meetings With Special Resolutions**



### ***Fastest Issuers to inform shareholders of the AGM after the end of the Financial Year***

We look at the issue of notice of meeting from another perspective by examining how soon issuers filed the notice of meeting on SGXNET after the close of their financial year. The actual dates of the AGMs could be affected by many factors, especially the availability of directors. How soon the issuer file the notice of meeting gives an indication of how speedy the issuer is.



**Two issuers issued the notice of their AGM within two months of the FY end – Singapore Press Holdings and Chemical Industries.** Singapore Exchange did so on the first day of the third month, followed by Qian Hu, Technics Oil & Gas, Xyec, SPH Reit and Global Premium Hotel, which all did so within 10 days of the third month after the FY end. Another 108 issuers filed their notices within the third month, making it a total of 110 issuers who took three months or less to inform shareholders of the AGM.

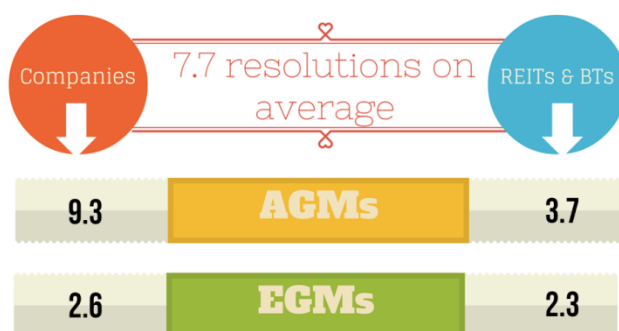


## **D. Number of Resolutions**

On average, issuers put 7.7 resolutions to shareholders' vote at all the meetings in 2014. However, there are significant differences in the number of resolutions based on the type of meeting and the type of issuer.

**Shareholders voted on 8.9 resolutions at AGMs and just 2.6 resolutions at EGMs.** The low number of resolutions at EGMs can be explained by the need to obtain shareholder's approval on specific transactions. At AGMs, a large percentage of the resolutions involved the re-election of directors (who retire pursuant to Section 153(6) of the Companies Act, or those who retire by rotation pursuant to the Company's Articles of Association).

REITs and BTs are governed specifically by the Collective Investment Schemes and Business Trusts Act respectively. Unitholders have more limited rights compared to the shareholders of listed companies. Usually, unitholders are asked to vote on just three classes of resolutions: 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.



If we were to exclude REITs and BTs, the remaining 660 issuers held a total of 825 meetings. At these AGMs, 9.3 resolutions were put to shareholders while just 2.6 resolutions were voted on at EGMs. Considering just the REITs and BTs, the average number of resolutions was 3.7 and 2.3 resolutions at AGMs and EGMs respectively.

Besides the usual resolutions to receive and adopt the audited financial statements and reports and the reappointment of auditors, the issuers re-elected three directors on average (for non-REIT/BT issuers) and only 48% of the issuers sought shareholder's approval to declare and pay a final dividend. The types of resolutions are shown in the table below. We will be publishing a separate detailed report on the voting patterns at shareholder meetings.

### Type of resolutions

We collected the detailed meeting results of 385 shareholder meetings that happened in 2014. These were meetings for which issuers disclosed the breakdown of poll votes cast for individual resolutions.



Of these, 288 were AGMs and 97 were EGMs. A total of 2,859 resolutions were proposed for shareholders' vote and we had them individually classified into different types of resolutions. Of the 2,859 resolutions, 2,601 of them were from AGMs and 258 were from EGMs.

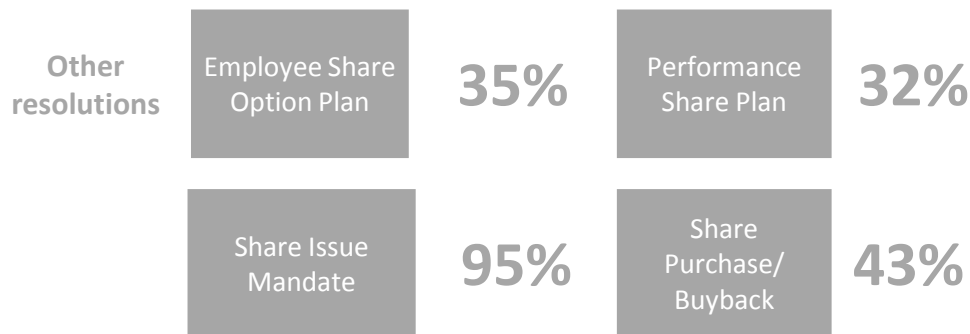
As expected, the common types of resolutions at AGMs are: to receive and adopt the Directors' Report and the Audited Financial Statements for the financial year together with the Auditors' Report, to declare a final dividend, to elect or re-elect directors, to approve the payment of directors' fees and to re-appoint the auditors and to authorise the directors to fix their remuneration.

Shareholders are used to being asked to vote to receive and adopt the audited accounts of the company at AGMs. However, not all the companies do that as we have shown. The Companies Act only requires that "the accounts be laid before members". The law is silent on the need for shareholders to adopt and/or to approve the accounts although it is good practice to discuss the accounts and allow shareholders to ask questions about the accounts. The issuers we have listed had the item on the agenda but did not put it to shareholders' vote. We hope that companies continue to allow discussion and allow shareholders to receive and adopt the audited accounts, even though it is not required by the Companies Act.

Did you know?

The common ordinary resolutions at AGMs are:

- Declaration of a final dividend = 138 of 288 companies at AGMs, i.e. 48%
- re-election of directors = 869 or about 3 directors per AGM
- re-appoint auditors = 283 of 288 companies, i.e. 98% (some auditors did not seek re-appointment)
- approval of directors' fees = 238 of 241 companies, i.e. 99% (less REITs and BTs)



## E. Explanatory Notes for Agenda Items in Notice of Meeting

According to the ACGA Asian Proxy Voting Survey 2006, lack of sufficient information on which to make an informed voting decision was a problem across most Asian markets. Although Singapore was ranked second best among the ten Asian markets on this issue, its overall assessment was only “poor to fair”. The ACGA considers “full agenda with detailed explanation of each agenda item issued at least 28 calendar days before the meeting” as the best global practice.

**Of the 874 meetings in our study, 188 (22%) did not have any explanatory notes at all.** However, there is a marked difference between AGMs and EGMs. For AGMs, only 25 out of 701 meetings (4%) had no explanatory notes for any agenda item. For EGMs, 163 out of 173 (94%) did not have any explanatory notes. The likely reasons for the large percentage of EGMs with no explanatory notes for agenda items are that resolutions for the EGM are usually fleshed out in greater detail (in effect, the explanations are included in the resolutions) and that circulars are usually given to shareholders for EGMs.

**For certain agenda items, detailed explanatory notes may be particularly important.** An example is the election or re-election of directors for which, currently, most issuers do not provide any explanatory notes. Issuers should provide information on how the director was selected; the skills, experience and other qualities that he or she brings to the board; his date

of first appointment to the board; and his other directorships and key appointments – especially if such information is not fully disclosed in the directors’ biographies in the annual report. Issuers should also provide the rationale when they are proposing directors who are serving on many boards or who have served more than nine years and who will continue as independent directors. With the Code recommending a “particularly rigorous review” of independent directors who have served nine years, issuers should also provide information on the nature of the review that has been undertaken. Shareholders should consider voting against or at least abstaining from voting for resolutions if they do not have sufficient information to make an informed decision.

We look at the various types of resolutions and the prevalence of explanatory notes in the notices of meetings for the 701 AGMs in the study. We found that notes are provided for the re-election of directors about half the time (58%) although we feel that it should be higher and the quality of such explanatory notes could be improved. Beyond the sweeping statement that the director, upon re-election, will remain in his current role(s), we hope that the issuers disclose the process and the consideration that they have gone through to recommend the directors.

It is encouraging that issuers have provided explanatory notes for a high percentage of the resolutions that are less routine or involve transactions with different terms, for example, a limit of 10% or 20% for the general mandate to issue new shares. Resolutions for general mandates for the issuance of new shares or securities are almost always explained (93%). A share buyback/share purchase mandate is also explained 7 out of 10 times. Employee share option plans and performance share plans were explained about two-thirds of the time. Resolutions for IPT transactions were explained half the time.

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 (2 %), declaration of final dividends (6%) and the directors’ fees (22%).



## Recommendation:



Issuers should provide sufficient information for each agenda item to be voted on, either in the notice of 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.



## F. Disclosure of Voting Results

With effect from 1 August 2015, rule 704(16) of the Listing Manual 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

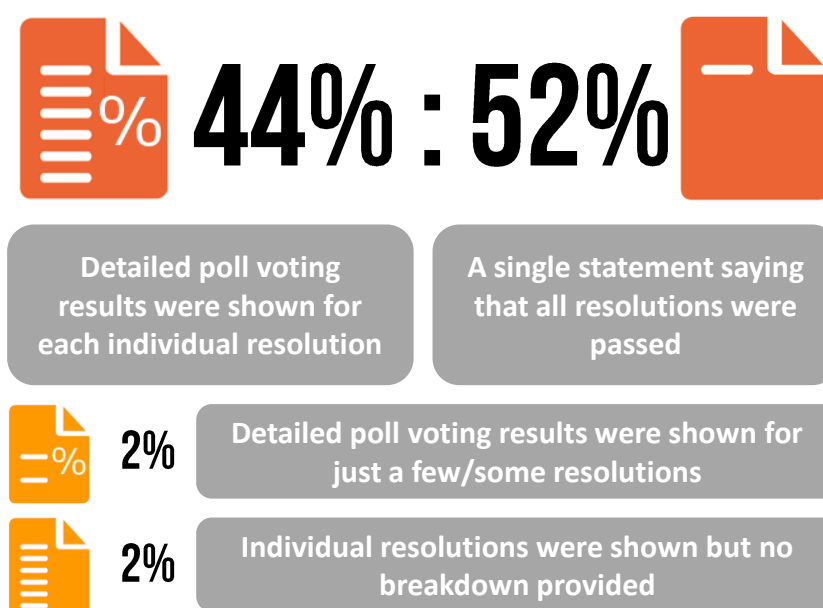
(c) Name of firm and/or person appointed as scrutineer.”


Our study found that **very few issuers disclosed the method of voting used for their meetings**. Out of 874 meetings, we inferred that poll voting was carried out for 385 meetings (44%) as the issuer disclosed the poll voting results. A handful (12 issuers) disclosed that voting was carried out by a show of hands. The rest mostly revealed no information on the voting method, while a small group disclosed the poll voting results for a few of the resolutions.

Figure 9 shows the disclosure of voting results.

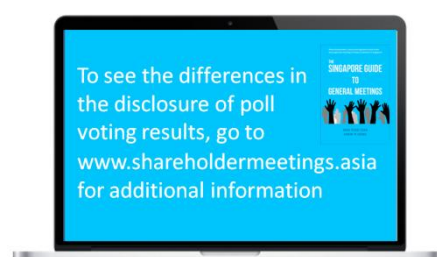
**For a majority of meetings (52%), the results were announced through a general statement that all resolutions were passed.** For two percent of meetings, detailed poll voting results were shown for some resolutions, suggesting partial poll voting perhaps because resolutions would not have passed based on a show of hands. For another two percent of meetings, the resolutions were restated in the announcement but no percentage breakdown of votes was provided.

**Figure 9: Disclosure of voting results**



 In 2014, detailed **poll voting results were already disclosed for 44% of meetings**. The number of issuers that disclosed detailed poll voting results was 314, accounting for about 45% of the issuers covered in our study. There may be some issuers that had already adopted poll voting on all resolutions but did not disclose the detailed poll voting results. Overall, a substantial number of issuers have already adopted poll voting on all resolutions ahead of the SGX deadline.

There was an increasing trend in detailed disclosure of poll voting results during 2014, indicating that as the SGX deadline neared, more issuers had moved towards poll voting.



## Ensuring Effective Minority Shareholder Participation with Poll Voting

Poll voting is consistent with the concept of one-share-one-vote and has widespread support of institutional investors and fund managers who may have large stakes in issuers. Unlike voting by show of hands, poll voting properly reflects the actual voting rights of the shareholder. Further, section 178 of the Companies Act allows at least five shareholders or shareholders with at least 10% of the voting rights or paid-up capital to demand a poll. Therefore, where voting by show of hands results or may result in an unfavourable outcome for large shareholders, these large shareholders can always demand a poll.

Nevertheless, **poll voting may disenfranchise small shareholders.** For example, issuers may argue that as the poll voting results have conclusively passed resolutions, there is no need to discuss the agenda item.

Principle 16 of the Code states: “Companies should encourage greater shareholder participation at general meetings of shareholders, and allow shareholders the opportunity to communicate their views on various matters affecting the company.”

**We believe that regulators should remind issuers that they should provide adequate opportunities to ask questions on each agenda item at the meeting.**

We are undertaking a further study of issuers that adopted poll voting early to determine if they are different from other issuers, including whether they are more or less shareholder-friendly issuers.

### Recommendation:



**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.**

### AGM Gone Wrong: A Shareholder's Account

At one AGM, the Chairman/CEO was questioned by several shareholders on the company's strategy. The concern shared by many shareholders was that the Group does not have its eye on the core business anymore. Shareholders cited that the profitability of the core business has been low. It was felt that the Chairman/CEO was more enthusiastic talking about property development, which is not the company's core business.

After persistent questioning by the shareholders, the Chairman/CEO allegedly lost his cool and told a shareholder that he was ridiculous. He added that shareholders who were not happy with the new strategy should just sell their shares.

Overall, the mood of the meeting was negative and shareholders felt that the Chairman/CEO had not heard their concerns.



## Appointment of Scrutineers

According to the ACGA Asian Proxy Voting Survey 2006, there should be an independent audit of vote results. From 1 August 2015, SGX requires issuers to disclose the firm and/or person appointed as scrutineer.

In 2014, **58 meeting results announcements (6.25%) disclosed the identity of the scrutineer used to confirm the votes at the general meeting.** The scrutineer is most commonly a corporate secretarial firm, although accounting, legal, business advisory and compliance firms were also well represented.

### Recommendation:



**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.**

In September 2014, the trustee-manager of a business trust issued a clarification announcement that there was a mistake in the computation of the poll voting results for the ordinary resolution relating to the General Mandate for the issuance of new units. Immediately following the April AGM, it was announced that the resolution was passed. However, an internal investigation by the Proxy Agent which managed and administered the proxy voting process discovered that some proxy forms that were originally verified and confirmed to have been received after the “cut-off time”, and therefore invalid, were in fact received before the “cut-off time” and in fact valid. The scrutineer had relied on the Proxy Agent’s verification and confirmation and did not take into account the relevant proxy forms. When the proxy forms that were later found to be validly submitted were taken into consideration, the final number of votes cast against the resolution for the General Mandate was more than 50 percent. Therefore, if the votes had been correctly tabulated, the resolution would not have passed. The trustee-manager announced that it will not be exercising the General Mandate and confirmed that it had not been utilised since the AGM. Given the long time lapse between the AGM and the discovery of the error, it was rather fortunate that the trustee-manager did not act on a resolution that was not properly passed.

**Poll Voting Gone Wrong**

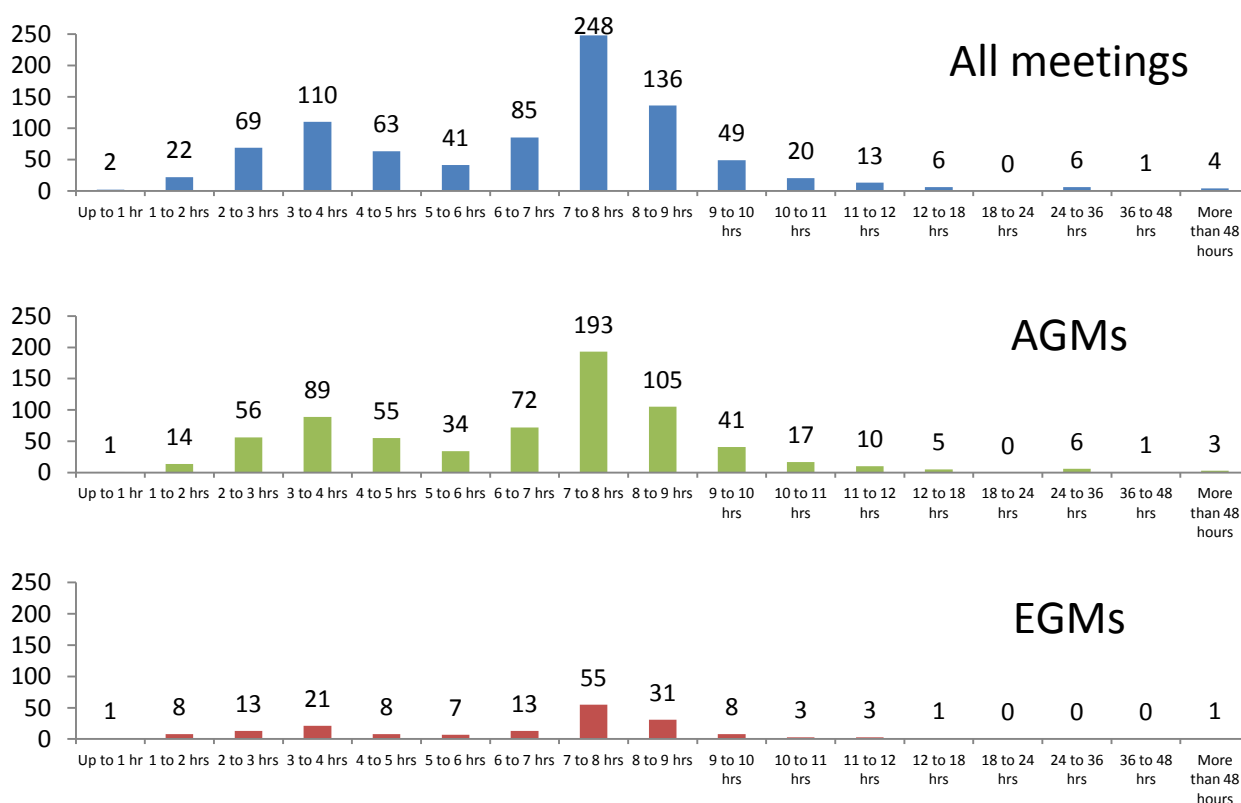
## Timeliness of Meeting Results Announcement

Under the current rules, although issuers are required to immediately disclose the results of the AGM, “immediately” is not defined. However, 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. We only have information on the scheduled starting time of the meeting as disclosed in the notice, and the time of announcement of the results on SGXNET.

Figure 10 shows the time taken to announce the meeting results. For all the meetings in 2014, the average time from the start of meeting until the announcement on SGXNET was 6 hours 53 minutes and was similar for AGMs and EGMs. Two issuers announced the results within the first hour after the start of the meeting and 22 other issuers announced the results within two hours. **We should point out that speediness in announcing results, especially based on time from the start of the meeting, is not necessarily an indication of effective communication with shareholders or good corporate governance. However, undue delay in announcing results would be a negative.**

Figure 10: Timeliness of disclosure of meeting results



In 2014, ten issuers announced the results after the market had opened on the day after the meeting. However, these issuers may argue that there was no clear rule requiring the announcement of meeting results before the market opens the following day. This has now been addressed by SGX with effect from 1 August 2015.



## G. Voting Results by Resolutions

For all issuers that had disclosed detailed poll voting results for their general meetings, we collected the voting outcomes and analysed them for this study. For issuers other than REITs and BTs, there were a total of 2,649 resolutions and these resolutions, on average, garnered 98.1% of shareholders' support.

Looking at just the AGMs of this group, the level of support for the 2,403 resolutions was 98.4% and this dropped to 95.7% for all the resolutions at EGMs.

Generally speaking, the level of support for resolutions is high. However, there are discernible differences when the resolutions are examined by type, as shown in Table 3 on the following page.

The lowest support for a resolution was just 0.14%. This was for a home-grown issuer in oil & gas exploration and production which had sought shareholders' approval for the issuance of convertible notes to a certain fund at an EGM. Under the "Directors' Recommendations" section of the circular to shareholders, the directors stated that the transaction was at arms-length and they considered it to be in the best interests of the company. The overwhelming rejection of the resolution seems to suggest that the directors were out of touch with the sentiments of shareholders.

Out of  
Touch?

### 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. Table 4 shows the voting on these resolutions.

**Table 3: Type of resolution and the level of support**

| Type of resolution  | Percentage of shares for | Remarks  |
|---|--------------------------|--|
| Audited financial statement, directors' report and auditors' report | 99.58%                   | Only five issuers such resolutions garnered support of less than 95%: lowest being Hankore (89%) (now known as China Everbright Water), Yongnam (91%), Oceanus (92%), Pacific Radiance (93%) and s i2i (94%)                     |
| Declaration of final dividend                                       | 99.94%                   | -  |
| Share buyback mandate   | 99.17%                   | -  |
| Approval of directors' fees   | 99.21%                   | Only four issuers had relatively low level of support for the resolution on directors' fees while all other issuers had support of more than 93%: Sinopipe (70%), DBS Group (67%), Grand Banks (66%) and AusGroup (61%)          |
| Reappointment of auditors   | 99.77%                   | Lowest support was for the auditors of MIIF – 91.5%  |
| General mandate to issue shares                                     | 97.45%                   | There were five issuers who had less than 75% of shareholders' support for the general mandate to issue shares or securities – UMS (73%), Sinopipe (70%), Grand Banks (66%), Fung Choi Media (57%) and China International (56%) |
| Interested persons transactions                                     | 97.08%                   | Samudera (73%), Mercator Lines (60%) and Pacific Century (55%)   |
| Employee share options plan   | 93.89%                   | Was not carried – China Environment (37%), Qingmei (41%);<br>Low level of support – China International (56%), Petra Food (59%)  |
| Performance Share Plan  | 92.41%                   | Was not carried – UMS (15%), China Environment (37%), ISR Capital (41%);<br>Low level of support – Grand Banks (64%), China International (56%)  |

**Table 4: 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 | 99.33%                   | -   |
| Reappointment of auditors   | 98.34%                   | -   |
| General mandate for issuance of shares                              | 89.49%                   | Not carried – Forterra<br>Low level of support - Cambridge (55%), Cache (57%), AIMS AMP (65%) |

Unitholders do seem to show informed voting for what they perceive as an unattractive deal. For the seven major/IPT transactions that REIT/BT managers proposed, six garnered more than 98% of the votes and one resolution carried with just 65% of the vote, presumably reflecting the unattractiveness of the transaction as perceived by the unitholders.

### Special resolutions

Special resolutions accounted for just 1.5% of all resolutions or just 39 special resolutions from all the meetings in 2014. Some of the common special resolutions were amendments to the Bye-Laws/ Articles of Association, amendments to the Trust Deed for REITs, capital reduction and change of name.

Although the sample sizes are too small for us to draw any meaningful conclusion, we do note that shareholders generally seem to make well-informed decisions. The level of shareholders' support for resolutions relating to amendments to Bye-Laws / Articles of Association was 96.19% for the 14 cases in 2014. The resolution for Sunpower was voted down by a whisker – 74.52%. Amendments to the Trust Deed garnered 99.81% (2 resolutions), capital reduction 99.94% (4 resolutions) and a change of name 98.36% (11 resolutions; lowest 82%, the rest more than 99.8%).

Some other special resolutions include liquidation and the issue of new shares of up to 100% of the share capital.

## H. Disclosure of Detailed Meeting Minutes

Guideline 16.4 of the Code recommends: “Companies should prepare minutes of general meetings that include substantial and relevant comments or queries from shareholders relating to the agenda of the meeting, and responses from the Board and Management, and to make these minutes available to shareholders upon their request.”

It is extremely rare for issuers to have detailed minutes of general meetings that are made generally available without shareholders having to request for them.

We found only two issuers – Qian Hu and Micro-Mechanics – that have filed their 2014 meeting minutes of meeting on SGXNET. These issuers also put their detailed minutes on their corporate websites. SGX also provided detailed minutes of its 2014 meeting on its website, but not on SGXNET.

In addition, two Thai companies, Mermaid Maritime and Thai Beverage, sought 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. This was about one year later.

### No Fishy Business

Qian Hu filed the minutes of the 2014 meeting three days after the AGM on SGXNET. In it, Qian Hu provided the details of the shareholders, proxies and observers who attended the meeting, together with the list of directors (including proxies that the Chairman received), the corporate secretary and the individual officers of the service providers. The proceedings and the detailed Q&A session the board and management had with shareholders were well-documented in the minutes. The 15-page minutes of meeting ended with the detailed poll voting results of all the resolutions.

In Qian Hu’s corporate website, under Investor Relations > AGM Minutes, anybody who has an interest in the company would be able to download all the minutes of Qian Hu’s Annual General Meeting since it was listed in 2000.

### High Precision Minutes

Micro-Mechanics has been posting the minutes of their general meetings online since 2009. These are freely available on SGXNET and their corporate website. At the most recent AGM which was held in October 2014, other than the proceedings of the meeting proper, it was minuted that the directors each gave an brief introduction of themselves to the shareholders, and the CEO and the CFO presented the full year results of the group. The presentation slides are also available online. The minutes also provided detailed notes on the Q&A session that shareholders had with the board and management. The 8-page minutes of meeting ended with the detailed poll voting results of all the resolutions.

## Recommendation:



**Guideline 16.4 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.**

Our earlier recommendation that issuers webcast their meetings to make them more accessible to global and local shareholders means that detailed proceedings of meetings will become a matter of public record. There would be no reason not to make detailed minutes widely available.



## I. Shares Voted at General Meetings

We now look at the percentage of shares voted at general meetings. The Statement on the Role of Shareholders, which was published together with the 2012 Code of Corporate Governance, states:

“A shareholder's vote at general meetings is a direct way of expressing views and expectations to the Board. Hence, shareholders should exercise their right to attend general meetings and vote responsibly.”

A high percentage of shares voted at general meetings suggests that shareholders take an active interest in the corporate governance of the issuer and are holding the board and management accountable. Guidelines in some developed markets recommend that institutional investors and fund managers disclose their voting policy. In the UK, the Stewardship Code released in 2010 by the Financial Reporting Council recommends that fund managers and institutional investors disclose their policy on how they discharge their stewardship responsibilities through a comply or explain approach.

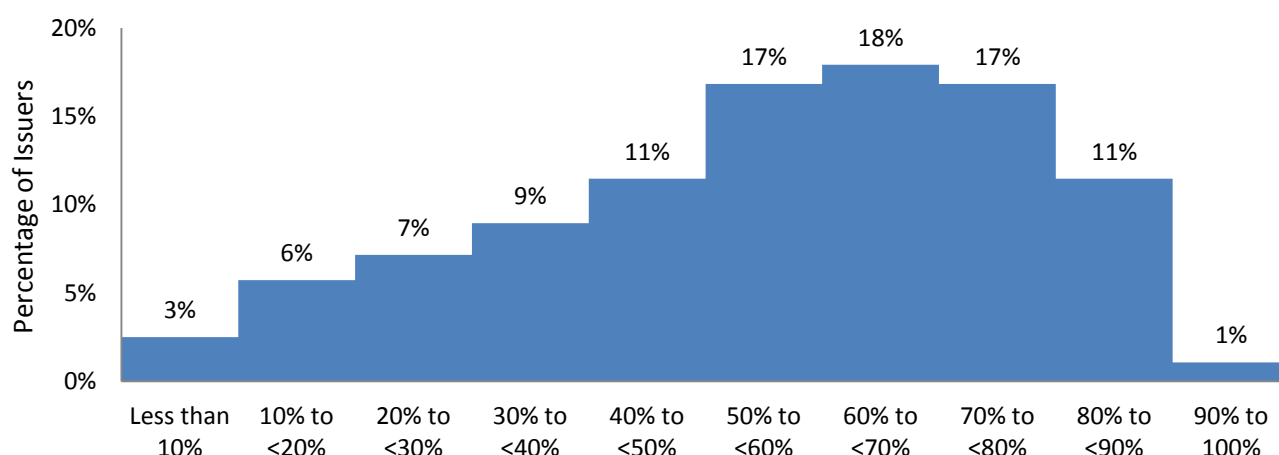
SGX posts the minutes of the AGM on its website under the Investor Relations section but not on SGXNET. The speech by the CEO of SGX given to the shareholders at the AGM was posted on SGXNET.

We welcome issuers posting their detailed minutes and presentations on SGXNET and on their websites and make such practices widely known to shareholders.

**Leading by  
Example**

For the 279 AGMs for which detailed poll voting results were disclosed, the average percentage of issued shares voted was about 55 percent. Based on the 55 percent of shares voted, this means that ownership of about 28 percent of the voting ordinary shares of an issuer would on average translate to a majority of votes at the meeting. Figure 11 shows the distribution of percentage of issued shares voted for the 279 AGMs.

**Figure 11: Percentage of shares voted at AGMs**



#### Low Shareholder Participation

Some of the Annual General Meetings with very low percentages of shares voted include:

- OEL: 6.9%
- Advanced Holdings: 7.3%
- Excelpoint: 8.0%
- Ecowise: 8.5%
- Amplefield: 8.5%
- AsiaPhos: 9.6%

We note that these are all issuers with small market capitalisation and all except one had free float ranging from 43% to 66% (the one exception being AsiaPhos at 20%). We could also tell that for all the six issuers in this list, not all the non-free float shareholders voted.

On the other hand, all three issuers with shareholder participation of more than 90% at AGMs had very small free float (ranging from 10.8% to 16.0%). This suggests that, in general, shares voted at general meetings tend to be higher for companies with lower free float, indicating a certain degree of apathy on the part of public shareholders.

#### Recommendation:



**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.**



---

# Summary and Looking Ahead ...

This report has identified a number of good practices in the conduct of general meetings by SGX-listed issuers, and a number of areas for improvement. Commendable practices include some issuers being very prompt in announcing general meetings and giving shareholders more notice than what the rules require; providing a shuttle service for shareholders when meetings are held in less accessible locations, early adoption of poll voting; and disclosure of detailed minutes of meetings. We would like to see more issuers adopting these good practices.

Some of the key areas that require improvement include more effort to avoid holding meetings during the last week of the three peak months of August, July and October; and providing more information for key agenda items.

We would also like to encourage issuers to provide the opportunity for shareholders to ask questions on every agenda item; ensure that directors (especially the board chairman, chairmen of board committees and the lead independent director) and senior management are present; and providing webcasts/streams of their meetings.

The report includes twelve key recommendations for consideration by issuers, regulators and shareholders, and what we see as Twelve Good Practices of General Meetings.

This inaugural report on shareholder meetings in Singapore is the first of a series of reports we plan to publish on this topic. The Singapore Report on Shareholder Meetings will be an annual publication. Later this year, we will be providing an update of AGM practices based on the April 2015 AGMs, and publishing the Singapore Report on Shareholder Voting, a more detailed report on the issuers that have adopted poll voting and shareholder voting on individual resolutions for different types of issuers.

Interested readers are welcome to visit [www.shareholdermeetings.asia](http://www.shareholdermeetings.asia), a new website we have created that is dedicated to research and thought leadership on shareholder meetings and [www.governanceforstakeholders.com](http://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](mailto:contact@shareholdermeetings.asia).

---

# About the Authors

## Associate Professor Mak Yuen Teen

Mak Yuen Teen is an Associate Professor of Accounting at the NUS Business School, National University of Singapore, where he teaches corporate governance and ethics. Prof Mak Yuen Teen holds first class honours and master degrees in accounting and finance and a doctorate degree in accounting, and is a fellow of CPA Australia.

He served on committees that developed and revised the Code of Corporate Governance for listed companies in Singapore. He also served on the Charity Council and chaired the subcommittees that developed and refined the Code of Governance for charities in Singapore. He is a member of the audit advisory committee of UN Women, based in New York.

Prof Mak developed the Governance and Transparency Index, a ranking of governance of listed companies in Singapore. He was the Singapore expert in the development of the ASEAN Corporate Governance Scorecard and Ranking. He chaired the Singapore Corporate Governance Awards from 2003-2009 and has chaired the Investor Relations Award under the Singapore Corporate Awards from its inception until 2014. He has recently collaborated with the Securities Investors Association (Singapore) [SIAS] and the Singapore Association of the Institute of Chartered Secretaries and Administrators [SAICSA] to developed a new governance evaluation rating for listed SMEs, called GEMS, which will soon be launched.

Prof Mak is a regular commentator and speaker on governance issues in the corporate, public and charity sectors. He has been commissioned by the government, regulators, professional associations and private sector firms to lead research and provide recommendations on various corporate governance issues. He has also published extensively in academic and professional journals.

In recognition of his contributions to improving corporate governance in Singapore, Prof Mak received the Singapore Corporate Governance Excellence Award from the Securities Investors Association (Singapore), becoming only the second individual to be given this award in the 15 years history of the Association.

For more information about Prof Mak's work, please visit his website at [www.governanceforstakeholders.com](http://www.governanceforstakeholders.com).

---

# About the Authors

## Chew Yi Hong

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.



Download a QR code reader on  
your smartphone and scan for a  
full-length version of this report

ISBN 978-981-09-4488-9



9 789810 944889 >