

When 28% shareholding is a majority at an AGM...

Study of detailed polling results of 279 annual general meetings shows that the average percentage of issued shares voted is about 55%

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WHEN is a 28 per cent shareholding a majority?

When only 55 per cent of issued shares are voting, which is the average at general meetings by Singapore-listed companies in 2014, according to a study by an academic and a private investor.

The report on shareholder meetings also found that Singapore-listed companies were relatively prompt in calling annual meetings, although concerns were raised about shareholder participation and the quality of explanations about resolutions.

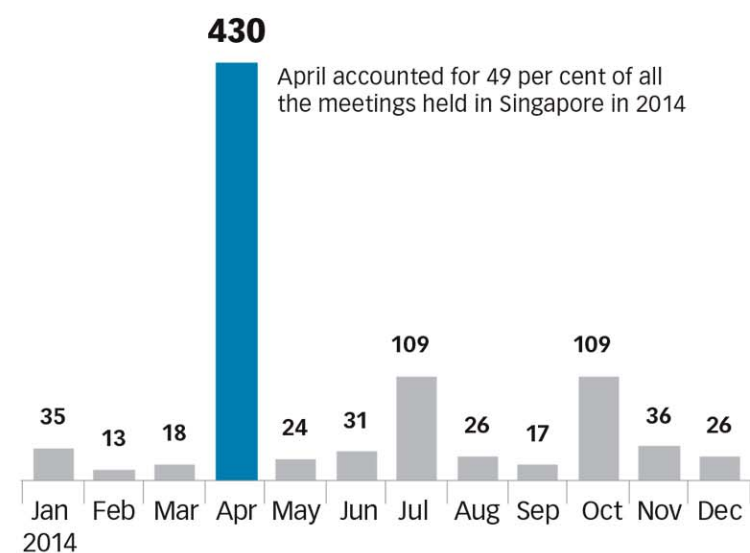
The report was authored by National University of Singapore Associate Professor Mak Yuen Teen and private investor Chew Yi Hong. It looked at 701 AGMs and 173 standalone extraordinary general meetings (EGMs) in 2014.

The study found that an average of only about 55 per cent of issued shares actually voted in the 279 AGMs for which detailed polling results were disclosed.

"This means that ownership of

General meetings, in general

Number of shareholder meetings

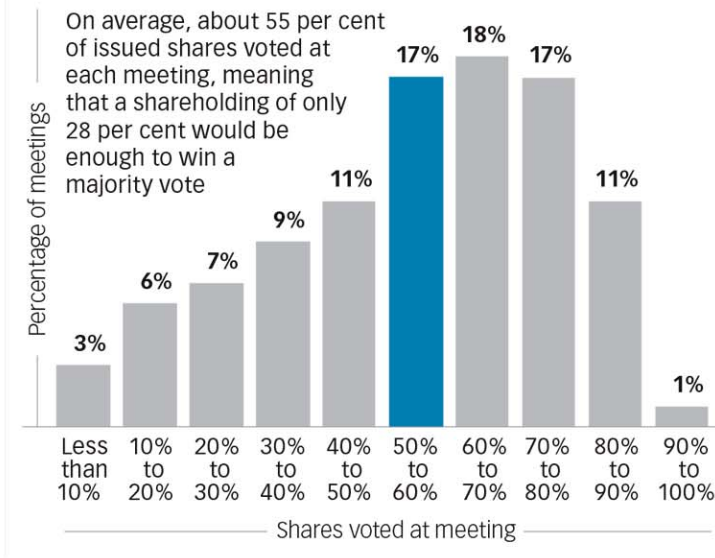


Most popular meeting venues*

Amara Hotel
Capital Tower
Fairmont Singapore Hotel
Jurong Country Club
M Hotel Singapore
Marina Mandarin Singapore
One Marina Boulevard
Orchid Country Club
Pan Pacific Singapore
RELC International Hotel
Suntec Singapore Convention and Exhibition Centre
The Fullerton Hotel

*alphabetical order

Shareholder participation



about 28 per cent of the voting ordinary shares of an issuer would on average translate to a majority of votes at the meeting," the report explained.

In Singapore, listed companies have a four-month deadline to conduct an AGM following their financial year-end.

Compared to the G-7 countries of Canada, France, Germany, Italy, Ja-

pan, the UK and the 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 subject to shareholder approval.

The short deadline and the concentration of companies with December year-ends may have contributed to bunching in Singapore, where 76 per

cent of all April meetings took place in the last five business days of the month. But the authors noted that clustering was evident in all other markets as well.

"Issuers should hold their meetings before the last week of April if they have a December year-end," the authors wrote.

Most of the meetings were held in

the central area of Singapore. To help shareholders participate in meetings, companies that hold meetings outside of the central areas should provide transportation, the authors recommended.

The report also raised a question about a handful of companies that held general meetings overseas. Thai Beverage Public Co, for example, has

shareholder meetings in Thailand because Thai laws do not entitle Singaporean shareholders to attend meetings of the drinks company, even via video conference or webcast.

"Given that the right to attend general meetings is a fundamental shareholder right, should Singapore Exchange (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?," the authors asked.

Although explanatory notes were provided for resolutions to re-elect directors about 58 per cent of the time, the authors felt that the quality of the explanations 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," the authors wrote.

One positive observation was that about 45 per cent of issuers have disclosed detail poll voting results.

The number suggests "that a substantial number of issuers have already adopted poll voting ahead of the SGX deadline of Aug 1, 2015," the report stated.