

## ■ LETTER TO THE EDITOR

# *Welcome to the Annual General Lecture*

I PARTICIPATED in two virtual annual general meetings this year and think it is more appropriate to call them an Annual General Lecture. A “meeting” would suggest some interaction and discussion and since an AGM is a general meeting of shareholders, one would expect it would not just be the directors and management interacting among themselves virtually.

Sadly, that is the state of virtual AGMs here – except for one company to my knowledge. SGX-listed Azeus Systems Holdings developed a virtual AGM software that allows for live Q&A and live voting, and used it for its own AGM.

At the virtual meetings I attended, there were things that the directors or management said which I would like further clarification to or I would disagree with, but there is no point talking to my computer screen.

My view is that the future of shareholder meetings should be hybrid, in that shareholders can choose to attend them face-to-face or online. Given our small geography, physical difficulty in attending shareholder meetings is due more to bunching of meetings rather than location, although some companies hold these meetings at such inconvenient locations that they probably prefer to hold them in one of our islands and have their shareholders row their own boats to attend. In larger countries, the benefits of virtual meetings are greater but even then, I believe most shareholders would prefer hybrid meetings since they would have choice.

The benefits of face-to-face meetings should not be dismissed even if companies move to the Azeus-type AGMs. It is not because of the free gifts or the food, but the opportunity to interact, to observe the body language of the directors and to assess whether the directors are virtual too. I would sometimes go to an AGM and ask the chairman questions, and look at the reaction of the other directors.

There was one AGM I attended a few years ago where I asked a company with a seven-member board why it needed an executive committee, as I believe executive committees pose corporate governance risks. The lead independent director in essence said that those on the executive committee were more knowledgeable and better connected, at which point I saw the other directors all gazing down seemingly looking rather inferior.

There are certain good things that have come out of the Covid-19 measures for AGMs. A few years ago, we advocated webcasting of face-to-face AGMs and there were no takers, even though this is relatively common for international companies. It took Covid-19 to make that happen even though the technology was already there.

We also called for detailed minutes of AGMs to be published on SGXNET or on the company’s website (as did SIAS). We heard excuses such as only shareholders are entitled to the minutes or legal semantics from company secretaries and lawyers about the definition of “minutes”. Potential shareholders also have an interest in the affairs of the company before they invest and minutes should not be guarded like official secrets. Now we have detailed answers to questions from shareholders and detailed minutes available to all.

In *The Business Times* on Saturday (Sept 5), I read that the Ministry of Law intends to extend the timeframe for alternative arrangements for shareholder meetings until June 30 next year. Perhaps we can observe the situation for a few more months before deciding to extend to June as that would mean many AGMs remaining virtual.

The current annual general “lectures” are not satisfactory and should only be viewed as an emergency measure this year given the sudden escalation of Covid-19 close to AGM season. Companies have time to improve the quality of AGMs to be more interactive and they should be expected to do so.

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