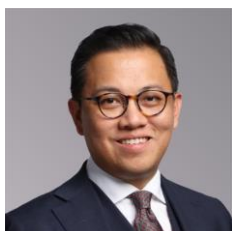




A TURN OF E-VENTS

THE DIGITAL TRANSFORMATION OF AGMS

THE AUTHORS



JOE WAN

HK CEO

BCom, *University of British Columbia*
MIPA, *University of Hong Kong*



BENJAMIN QUINLAN

CEO & MANAGING PARTNER

BCom (Hons 1) LLB (Hons), *Macquarie University*



CATHARINE WONG

MD & HEAD OF SHARE REGISTRY & ISSUER SERVICES

MAFC, *Macquarie University*

BCom, *University of New South Wales*



HUGO CHENG

SENIOR ASSOCIATE

BA (Hons), *University of Cambridge*

MSc (Distinction), *Imperial College London*

CONTENTS

EXECUTIVE SUMMARY	4
SECTION 1: INTRODUCTION TO AGMS	5
SECTION 2: PHYSICAL AGMS	9
SECTION 3: THE DIGITALISATION OF AGMS	16
SECTION 4: DIGITAL AGM SOLUTIONS	25
SECTION 5: JOURNEY TO THE NEW NORMAL	29
SECTION 6: FUTURE OF AGMS	37
SECTION 7: CASE STUDY – TRICOR SPOT	40
SECTION 8: CONCLUSION	47
SECTION 9: HOW CAN WE HELP?	48
APPENDIX: AGM SURVEY	49

EXECUTIVE SUMMARY

Sound corporate governance lies at the heart of long-term, sustainable growth. Annual general meetings (“AGMs”) represent a key pillar in this equation, providing a formal channel in which shareholders can evaluate a company’s performance and leadership team.

Recognising their importance in supporting corporate governance, many jurisdictions mandate organisations to hold AGMs. We estimate that 11.9 million AGMs were held worldwide in 2020 by corporations (both public and private) and non-profit organisations at a total cost of USD 9.3 billion.

Despite their long history, AGMs have largely remained unchanged, with physical, in-person conventions the dominant format until 2020. However, the arrival of Covid-19 highlighted a number of pain points associated with physical AGMs, including: (1) organisation logistics; (2) voting efficiency; (3) records management; (4) meeting expense; (5) shareholder participation; and (6) paper waste. We believe many of these shortfalls can be addressed via digitalisation, and AGMs – like many business meetings in today’s socially distanced world – are being moved online.

Digital AGMs (i.e. AGMs enabled via digital means) appear to be gaining growing attention, including both virtual and hybrid events, given their capacity to eliminate or considerably reduce the challenges experienced by physical, in-person events. This trend was accelerated in 2020 as a result of social distancing measures implemented across the globe due to Covid-19 – including prohibitions on large gatherings – prompting companies across the globe to explore digital AGM solutions, with many jurisdictions witnessing double-digit multiples in digital AGM adoption rates in 2020.

Given this growing demand, many service providers have developed digital AGM solutions that serve as specialised video conferencing applications for AGMs – ranging from solutions offering niche functions to a holistic platform offering end-to-end AGM functionality.

Despite their growing popularity, the pain points associated many with these solutions were laid bare in 2020, reflecting a mix of regulatory restrictions, traditional management mindsets, poor AGM meeting experiences (driving low shareholder engagement levels), and technological limitations. These challenges contributed to digital AGMs being less well-received than expected in 2020.

We see ample scope for digital AGM solutions to address technology-related shortfalls, by developing an integrated system, designing and intuitive platform, and enhancing engagement functions. We believe the global digital AGM solution market has the potential to grow by a CAGR of ~10% over the next five years, reaching ~USD 219 million by 2025, if these solutions are able to fulfil digital AGM needs.

Ultimately, a successful digital AGM needs to exhibit the benefits of digitalisation (especially with regards to access and reach) while retaining the benefits of physical AGMs (particularly with respect to promoting management accountability and shareholder engagement). To this end, we see hybrid events being the dominant AGM format in coming years.

Corporate governance, like most business practices. With digital adoption here to stay, we see this time as a fundamental turn of e-events for AGMs.

SECTION 1

INTRODUCTION TO AGMS

ANNUAL GENERAL MEETINGS

One of the key stakeholder groups that companies have long been primarily accountable to are their shareholders, as the ultimate owners of companies. To this end, annual general meetings (“AGMs”) serve as an important mechanism by which shareholders can evaluate company management teams.

An AGM is a yearly convention that facilitates interaction between an organisation’s leadership team and its shareholders. AGMs represent a core element of corporate governance as they provide a channel for shareholders to evaluate a company’s management team by enabling the review of corporate results, as well as providing a platform for direct communication between shareholders and senior executives.

AGM REQUIREMENTS

To promote good corporate governance and to enhance shareholder participation, many jurisdictions require public companies and non-profit organisations (in which case the

attendees are stakeholders instead of shareholders) to hold AGMs. While private companies are also required to hold AGMs by law, exemptions are often available, subject to requirements of different jurisdictions.

Depending on jurisdiction, public companies are typically required to hold an AGM within three to six months of the end of their accounting period. For example, public companies in Hong Kong are required to hold their AGMs within six months of the end of their financial year.

However, in light of Covid-19, many jurisdictions have decided to extend the AGM period – France, for example, has provided a 3 month-extension for AGMs.

Once the date of an AGM is set, companies are required to provide shareholders with a notice in writing. The notice period varies across jurisdictions – for example, listed companies in Hong Kong are required to notify shareholders at least 20 clear business days before the AGM.

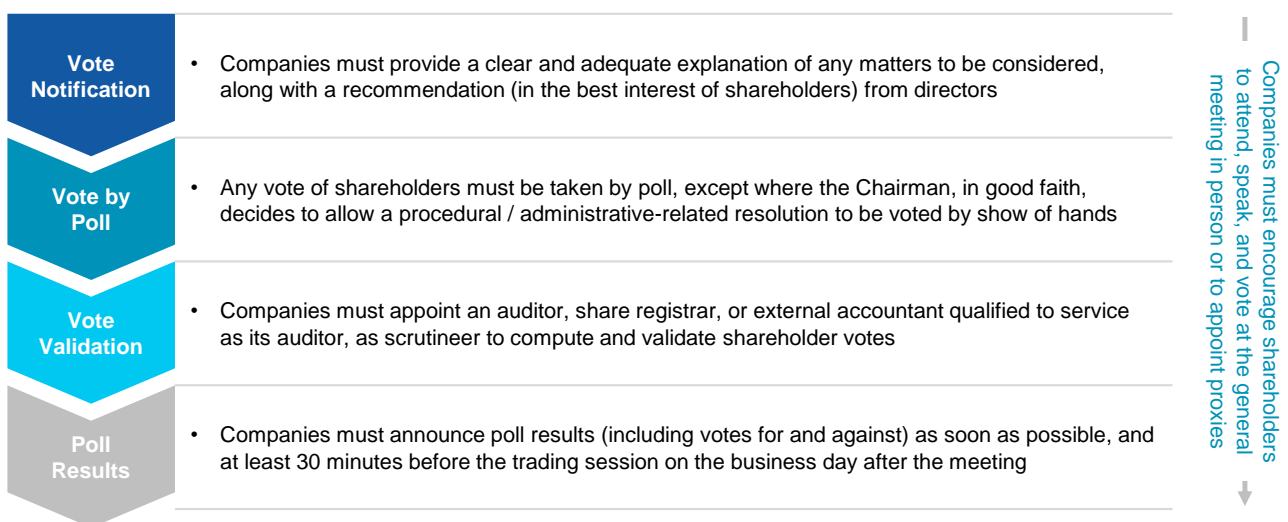
AGMS REPRESENTS A CORE ELEMENT OF CORPORATE GOVERNANCE AS THEY PROVIDE A CHANNEL FOR SHAREHOLDERS TO EVALUATE A COMPANY’S MANAGEMENT TEAM BY ENABLING THE REVIEW OF CORPORATE RESULTS

RESOLUTION VOTING

A key element of AGMs is resolution voting, a critical channel for shareholders to express their opinions and have them recognised. To this end, regulators have imposed requirements /

published guidelines on in-person voting and proxy voting. For example, the Hong Kong Stock Exchange (“HKEX”) included guidance on the voting process as part of its *Guide on General Meetings* (see Figure 1).

FIGURE 1: HKEX GUIDE ON GENERAL MEETINGS (SELECTED GUIDANCE)



Source: HKEX, Quinlan & Associates analysis

Significant preparations are required before proxy statements and forms can be distributed. Companies need to first create a compliant proxy form. Requirements include: (1) time and venue of the AGM (2) deadline for proxy form submission; (3) requirement on proxy; (4) proxy’s voting decision in case of an empty proxy form being returned; and (5) any implications of withheld or abstained votes.

The objective of conducting a robust voting process is to ensure that shareholders are in a position to make informed decisions with regards to both the performance of the company’s management team and the company’s future strategy.

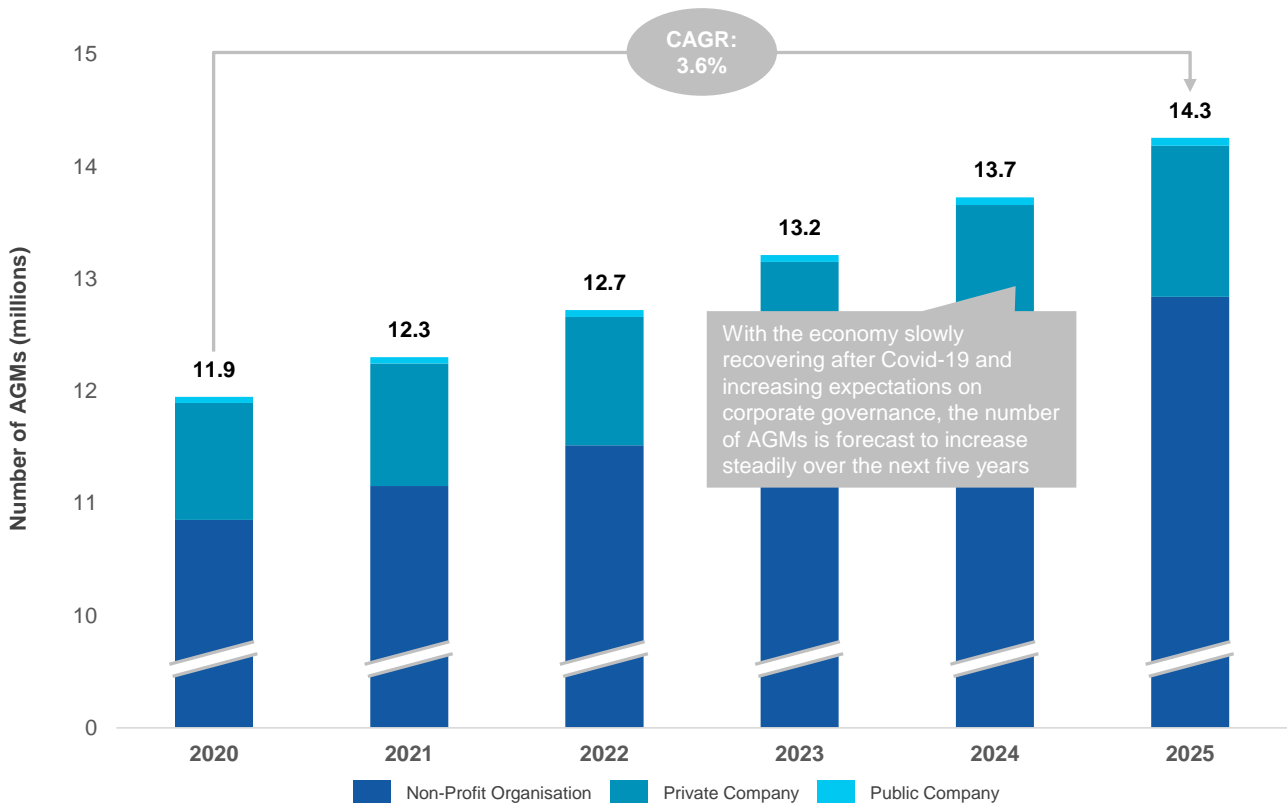
AGM TRENDS

We estimate that ~11.9 million AGMs were held worldwide in 2020, the vast majority of which were held by non-profit organisations.

With AGMs being a key regulatory requirement for public corporates and non-profit

organisations, and more private companies looking to bolster their corporate governance processes in response to heightened regulatory scrutiny, we forecast the number of AGMs held globally to grow by a CAGR of 3.6% in coming years, reaching 14.3 million by 2025 (see Figure 2).

FIGURE 2: NUMBER OF AGMS WORLDWIDE



Source: IMF, The Global Journal, national stock exchanges, government statistics agencies, Quinlan & Associates forecast

NON-PROFIT ORGANISATIONS

Non-profit organisations, including industry associations and charities, are typically financed through corporate sponsorships and retail donations. As a result, they are expected

to hold high corporate governance standards, which include being supervised by a board of directors and holding AGMs. We forecast the number of AGMs held by non-profit organisations to grow at 3.4% over the next five years, reaching 12.8 million in 2025.

PRIVATE COMPANIES

The vast majority of companies worldwide are private, and while AGM requirements exist in many jurisdictions, various exemptions are available. For example, private companies in Hong Kong need not hold an AGM if: (1) the company is a single member company; (2) all issues are resolved via written resolution; or (3) members unanimously agree to not hold an AGM. Despite the large volume, exemptions result in only a small proportion of private companies being required or choosing to hold AGMs, with the number forecast to reach 1.4 million in 2025.

PUBLIC COMPANIES

Public companies are required, by regulators or stock exchanges, to hold AGMs, for transparency and investor protection. However, public companies only represent a small proportion of all organisations. Indeed, there were only ~50,000 public companies by the end of 2020,¹ representing less than 0.1% of all companies worldwide. The number of AGMs held by public companies is expected to grow in line with company listings.

KEY TAKEAWAY

As regulatory and shareholder demands for improved organisational transparency and corporate governance continues to rise, the number of AGMs is expected to increase accordingly. We forecast the number of AGMs to grow at 3.6% p.a. from 11.9 million in 2020 to 14.3 million in 2025.

WITH AGMS BEING A KEY REGULATORY REQUIREMENT AND MORE COMPANIES LOOKING TO BOLSTER THEIR CORPORATE GOVERNANCE PROCESSES, WE FORECAST THE NUMBER OF AGMS HELD GLOBALLY TO REACH 14.3 MILLION BY 2025

¹¹ World Federation of Exchanges, '2020 Market Highlights', 19 February 2021, available at: <https://www.world-exchanges.org/our-work/articles/fy-2020-market-highlights>

SECTION 2 PHYSICAL AGMS

AGMs have traditionally been conducted physically, where attendees join the convention in person. They have long been seen as one of the key opportunities for shareholders to interact with a company’s management team and exercise their rights.

Some companies also treat AGMs as a major brand-building exercise, with AGMs for a number of well-known companies being held at lavish venues, attracting huge crowds. Berkshire Hathaway, for example, held its 2019 AGM at CHI Health Centre Omaha and had almost 40,000 attendees.

VENUE

The most popular venues for physical AGMs include a company’s own office, the offices of

the company’s lawyers or advisors, conference centres, and hotels.

Large companies, especially multinationals, typically rent out conference centres and hotels to accommodate larger expected crowds. For example, Sainsbury’s (a supermarket chain in the U.K.) typically holds its AGM at Queen Elizabeth II Centre, to accommodate hundreds of shareholders. In Hong Kong, CK Hutchison Holdings Limited (a multinational conglomerate) held its 2019 AGM at the Grand Ballroom of Harbour Grand Kowloon, which has a capacity of 600.

Smaller companies, on the other hand, tend to conduct their AGMs at their own office or at their lawyers and advisors’ office, likely due to cost considerations (see Figure 3).

FIGURE 3: AGM VENUE (U.K.)

Proportion of Companies Holding AGMs at Company or Advisor’s Office



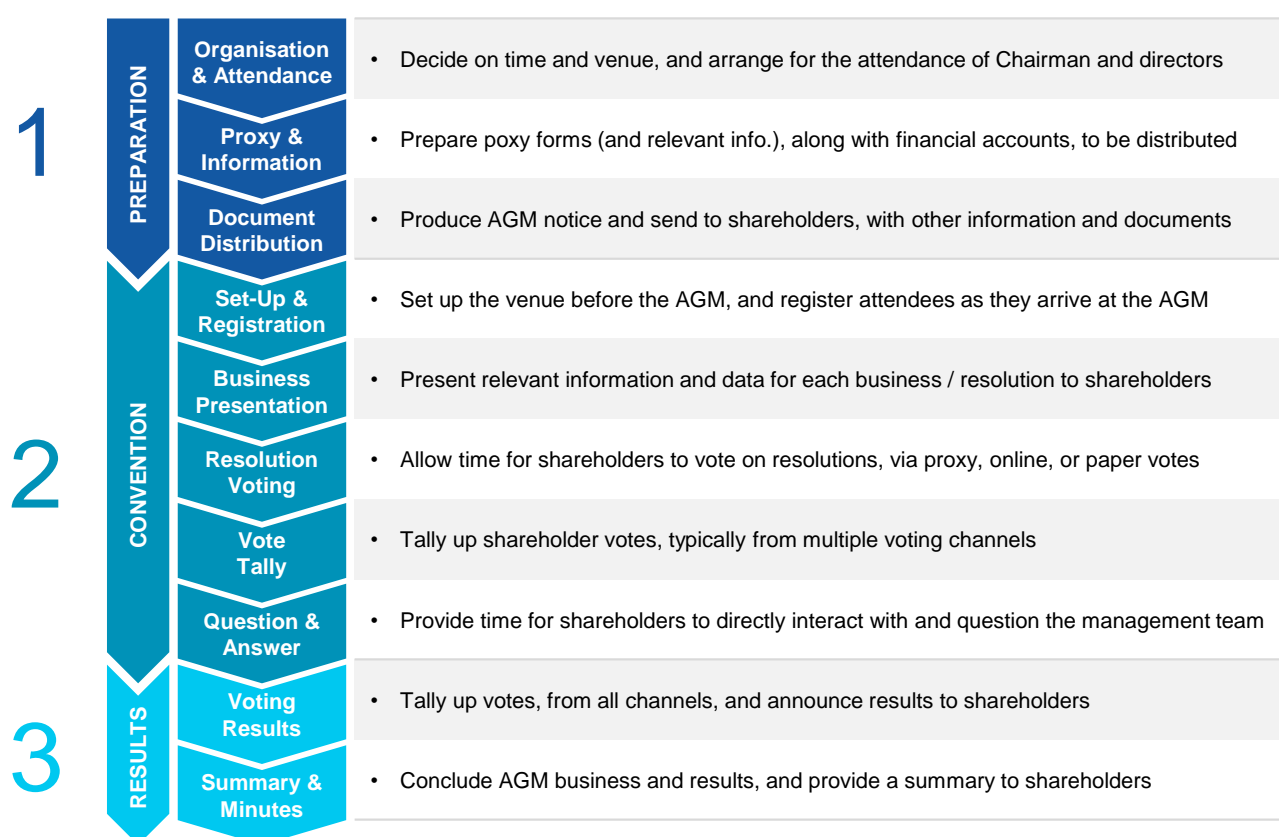
Source: Equiniti, Quinlan & Associates analysis

PROCESS

The organisation and process of an AGM is similar to that of any business meeting, but with

an additional voting process, stronger documentation policies, and typically at a larger scale (see Figure 4).

FIGURE 4: PHYSICAL AGM PROCESS



Source: Tricor, Quinlan & Associates analysis

1. AGM PREPARATION

The company first needs to decide on the logistics for the AGM, including the time and venue of the event, based on the expected turnout. In addition, travel and accommodation arrangements need to be made for the Chairman and attending directors.

An information pack of meeting documents needs to be prepared, which includes proxy

statements. The proxy statements include information on matters / resolutions on which the company plans to vote during the AGM. By reviewing meeting documents, shareholders can make voting decisions, either themselves or by proxy.

A notification, along with the information pack, is sent to shareholders, typically at least 20 clear business days before the AGM, allowing for an ample notification period.

2. AGM CONVENTION

On the day of the AGM, the company sets up the venue and begins by registering and admitting attendees. The AGM officially begins with a short welcome and an introduction to the management team and Board of Directors.

The company typically goes through each of the resolutions to be proposed in the AGM, including ordinary business such as: (1) approval of audited financial reports; (2) the election of directors; and (3) the re-election of auditors. Shareholders are given the opportunity to ask questions relating to the items proposed. Following this, voting takes place on all resolutions.

For paper votes, vote counting will normally be conducted after all voting papers have been collected. If an electronic voting system is adopted for poll counting, instant poll vote results will be available in real-time.

After all resolutions have been proposed and seconded, shareholders can ask general questions before the Company concludes the AGM.

3. AGM RESULTS

Post-AGM, if voting was conducted via paper votes, the company tallies up the count and provides shareholders with poll vote results, along with meeting minutes. This provides the leadership team with information on which to make future decisions, as well as a summary of the meeting for shareholders that missed the AGM.

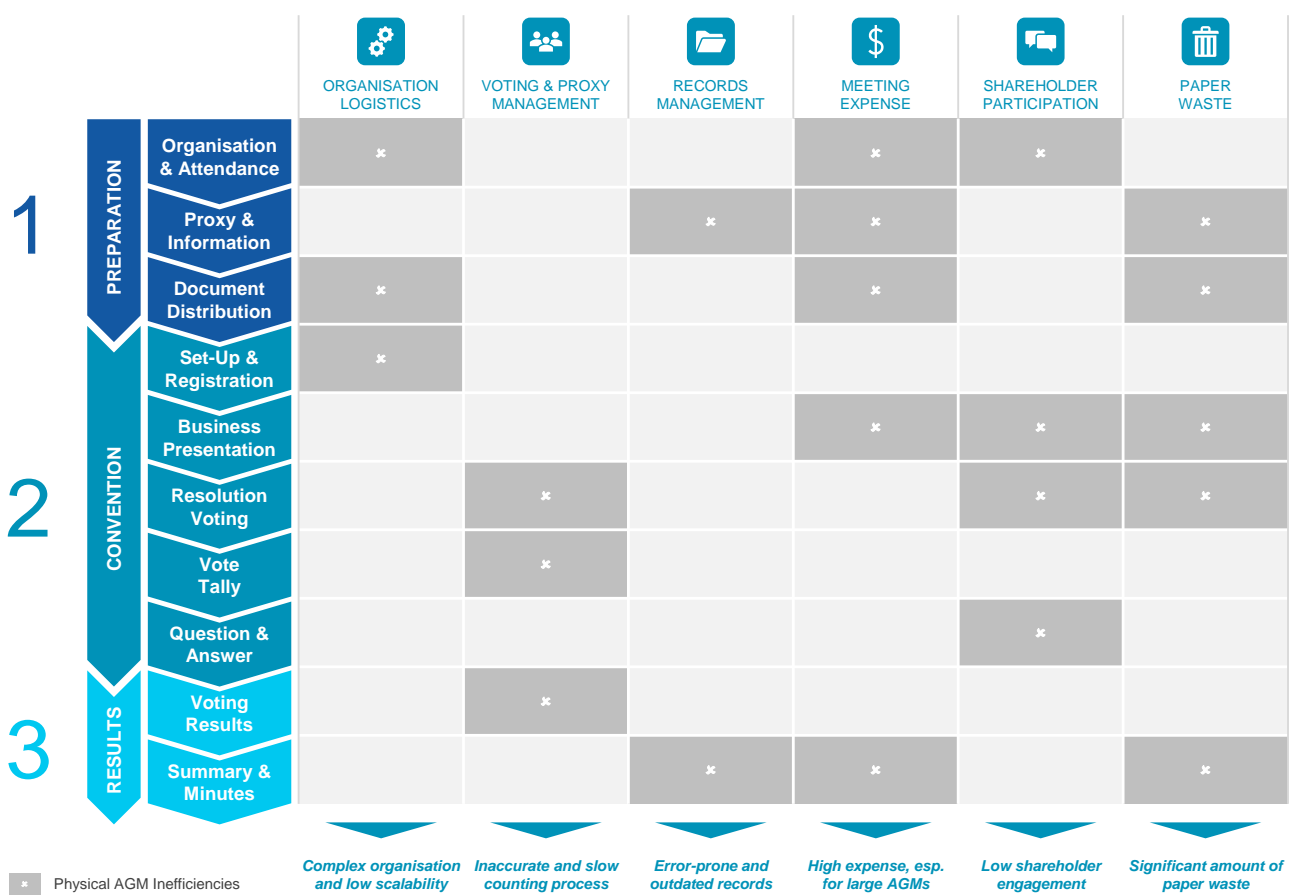
AGMS HAVE TRADITIONALLY BEEN CONDUCTED PHYSICALLY, AND HAVE LONG BEEN SEEN AS ONE OF THE KEY OPPORTUNITIES FOR SHAREHOLDERS TO INTERACT WITH A COMPANY'S MANAGEMENT TEAM AND EXERCISE THEIR RIGHTS

PHYSICAL AGM SHORTFALLS

Despite their long history and ongoing enhancements over the years in an effort to

improve corporate governance, we believe physical AGMs suffer from six key shortfalls that impact their overall effectiveness (see Figure 5).

FIGURE 5: PHYSICAL AGM SHORTFALLS



Source: Tricor, Quinlan & Associates analysis

1. ORGANISATION LOGISTICS

The organisation of an AGM represents a key pain point for many companies, especially large corporations, given the need to select the best time to hold the AGM and hire a large enough venue to accommodate attendees.

Since companies in the same jurisdiction share the same financial year, the subsequent three-month period represents the peak season for AGMs, and many companies find it difficult to rent appropriate venues. For example, April to June represents the peak AGM season in Hong Kong, and many companies choose to hold their AGMs on Fridays to reduce potential market / trading noise, resulting in AGM clusters. As a result, some companies have to plan for and reserve their AGM venue a full year in advance.

In addition to the selection and booking of venues, other logistical complexities during AGM preparation include the participation of offshore company executives, notification management, and handling contingencies. Many large companies have global management teams and need to arrange flights and accommodation for their senior executives, adding an extra step to the logistical preparation of a physical AGM. Companies also need to identify their shareholders and send out the AGM notification, which can be a manual and time-consuming process. Moreover, unforeseen circumstances, such as inclement weather and social unrest, may disrupt AGM plans, requiring the re-organisation of an AGM within a short period of time, which may be both impractical and costly.

2. VOTING & PROXY MANAGEMENT

The resolution voting process for a physical AGM is relatively inefficient, given that companies receive votes via multiple channels, including mail-in proxy votes, and in-person paper votes, requiring reconciliation and consolidation.

Only three parties – the company registrar, auditors, or external accountants – can act as scrutineers, which are authorised to validate and count votes in Hong Kong. Scrutineers conduct various verification procedures, including multiple counts, to ensure the accuracy of poll vote results.

Upon verification, the poll vote results are announced. While the announcement is typically conducted via an update on a company's website or on the website of a stock exchange, the vote counting process is largely manual in nature and requires significant man hours (and costs) to complete.

3. RECORDS MANAGEMENT

Documents and voting papers need to be prepared and shared before the AGM, and summary minutes need to be published or distributed to shareholders after the AGM.

Shareholders may also want to access a transcript or video recording of the AGM itself. This necessitates proper records management, requiring the company to keep track of various documents and their new versions.

Managing records is a manual and time-consuming process. Furthermore, it is prone to human error and version creep, and shareholders may receive inaccurate information on the AGM.

4. MEETING EXPENSE

A major expense for an AGM is the cost of venue hire and set-up. Venue costs may force smaller companies to hold their AGMs in their own office or at their advisors' office, while larger companies require typically bigger venues, translating to a higher expense. For global companies with large senior executive teams who need to travel to the AGM location from offshore, flight and accommodation costs can also represent a sizeable expense.

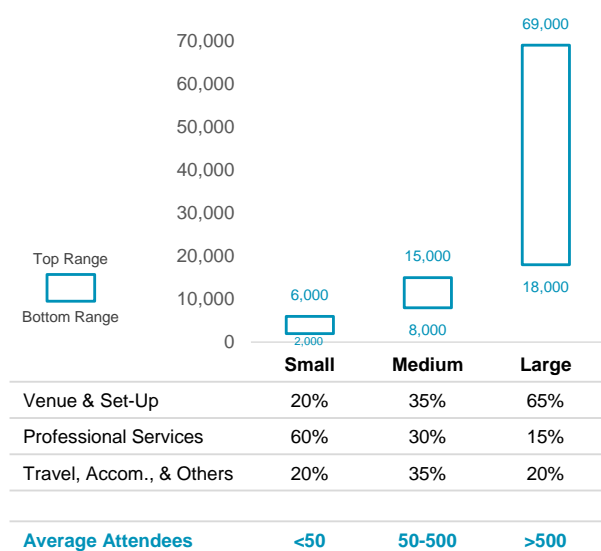
Another expense for an AGM is professional services fees, such as scrutineers and public relations / investor relations firms, who facilitate the process. Many such service providers charge based on the size and format of AGM.

In addition, the information pack, AGM documents, and business presentations need to be printed and distributed to shareholders. The accumulated cost of thousands of copies for each document may add up to a considerable sum. Depending on expected attendance at the AGM, companies may also arrange refreshments and provide freebies / souvenirs for their shareholders, adding to overall costs.

We estimate the cost of holding an AGM for public companies in Hong Kong ranges from USD 2,000 to USD 69,000 (see Figure 6).

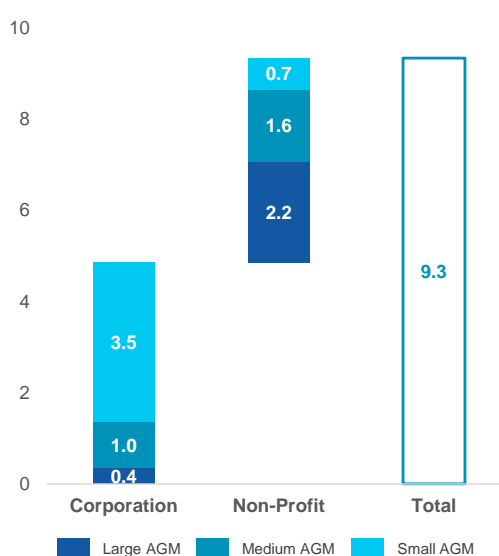
FIGURE 6: AGM EXPENSE

AGM Expense for Public Companies in HK
2020, USD



Source: Quinlan & Associates estimates

Global Annual AGM Expense
2020, USD



Taking into account the various sizes of – and the breakdown between – private and public companies and adjusting for price levels across

major jurisdictions (by market capitalisation and GDP), we estimate that companies worldwide are spending USD 4.9 billion on AGMs

annually. While requirements on corporate governance and AGMs are more stringent for non-profit organisations, they tend to be much more cost-conscious, with an estimated annual spend of USD 4.5 billion. Taken together, this translates to an annual total spend of USD 9.3 billion on AGMs by organisations worldwide.

5. SHAREHOLDER PARTICIPATION

Low levels of shareholder participation have always been a consideration for AGMs. For example, in 2019 in Australia, only 0.2% of shareholders attended AGMs.² Low engagement rates represent a potential shortfall for corporate governance, as an AGM is the only opportunity for shareholders to directly interact with and challenge a company's senior management team.

This is particularly notable among retail investors. For example, in Hong Kong, only 3% of retail investors voted in 2019,³ with only 16% of all retail investors in Hong Kong having ever voted.⁴ From retail investors' perspectives, the time and venue of the AGM may be inconvenient, especially for international investors. In addition, retail investors may be reluctant to get involved with corporate governance (and hence AGMs) due to a lack of interest in or understanding of a company's strategy and operations, or simply due to limited time and resources.

Even for retail investors that are interested in participating in an AGM, the process is often complex and tedious. In fact, a 2017 study of retail investors in Hong Kong found that 35% were not aware of their right to vote, 40% did not know how to vote, and 53% found the process too time-consuming.⁵

As highlighted above, while institutional investors are more familiar with corporate governance, AGMs, and the general voting process, companies often utilise a multitude of channels for AGM voting, increasing complexity for the process.

6. PAPER WASTE

Physical AGMs involve the use of paper notifications, paper information packs, paper votes, and paper summary / minutes. Companies need to print out countless copies of these documents to be sent to shareholders, which not only represents a significant expense, but also is extremely environmentally unfriendly. In light of rising global awareness around environmental challenges, we believe a company's carbon footprint will come under increasingly greater scrutiny in years ahead.

KEY TAKEAWAY

Similar to many business processes, most of the shortfalls experienced with physical AGMs have the potential to be addressed via digitalisation.

AGMs, like many business meetings, are slowly being moved online. This is primarily driven by cost reductions, digital enablement, and shareholder experience enhancement. As a result, the world is witnessing a rise in digital AGMs – in the form of virtual AGMs and hybrid AGMs.

² Bloomberg, 'The Dull World of Shareholder Meetings Has a Virtual Future', 25 March 2020, available at: <https://www.bloomberg.com/news/articles/2020-03-24/the-dull-world-of-shareholder-meetings-embraces-a-virtual-future>

³ Investor and Financial Education Council (Hong Kong), 'Retail Investor Study 2019', September 2019

⁴ Investor Education Centre (Hong Kong), 'Retail Investor Study Research Report', December 2017

⁵ Investor Education Centre (Hong Kong), 'Retail Investor Study Research Report', December 2017

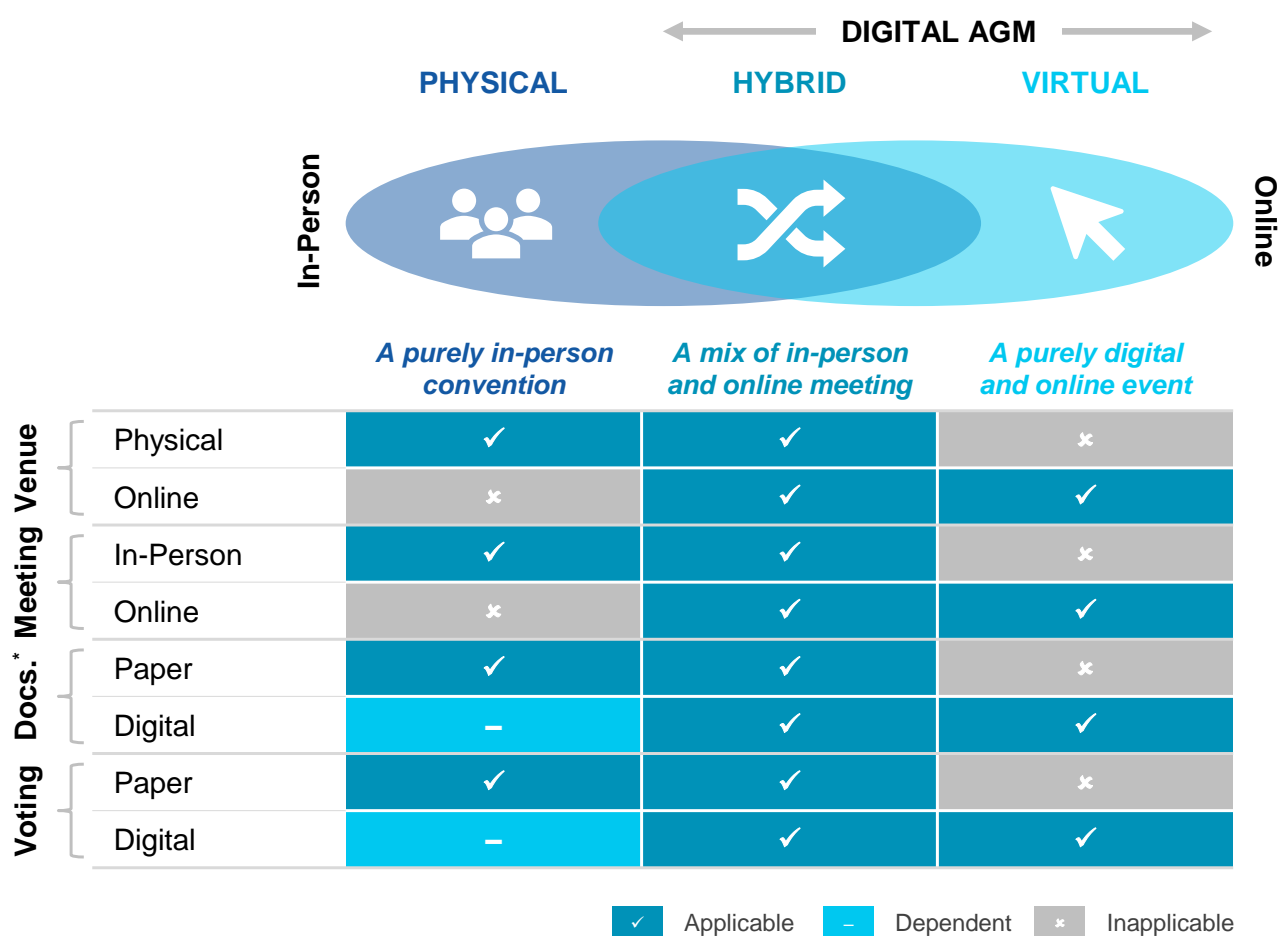
SECTION 3 THE DIGITALISATION OF AGMS

DIGITAL AGMS

Digital AGMs refer to AGMs enabled via digital means and can be categorised into virtual and

hybrid AGMs (see Figure 7). Virtual AGMs refer to those that are purely digital with no physical convention, while hybrid AGMs involve both a physical meeting and a digital dial-in channel.

FIGURE 7: AGM FORMATS



* Documents include meeting notification, proxy statement, and proxy form
Source: Quinlan & Associates analysis

PHYSICAL AGM

As discussed previously, physical AGMs are in-person events. To address some of their shortfalls, digital solutions have increasingly been adopted to enhance certain processes, including document sharing (such as via email attachments) and voting (leveraging online poll voting solutions). Nonetheless, physical AGMs largely involve manual processes, which are typically viewed as costly, inefficient, and prone to human error.

DIGITAL AGM

Virtual AGMs are digital-only events, conducted via a conferencing / communication platform. Relevant documents may be shared with attendees beforehand or presented through the digital platform, and communication can be done via either audio or messaging. Voting is








also conducted via digital means, typically using an online poll voting solution, which enables real-time tallying and immediate determination of poll vote results.




On the other hand, a hybrid AGM is a combination of a physical AGM and a virtual AGM, where shareholders can choose to attend either in-person or online. As such, hybrid AGMs exhibit a combination of features from both physical and virtual meetings.

BENEFITS

Digital AGMs, whether virtual or hybrid, are designed to address the shortfalls exhibited by physical AGMs (see Figure 8). Nonetheless, hybrid AGMs still involve in-person processes, and hence can only reduce, but not eliminate, some of these deficits.

FIGURE 8: DIGITAL AGM BENEFITS

	Virtual AGMs	Hybrid AGMs
 Organisation Logistics	✓✓	✓
 Voting & Proxy Management	✓✓	✓✓
 Records Management	✓✓	✓
 Meeting Expense	✓✓	✓
 Shareholder Participation	✓	✓✓
 Paper Waste	✓✓	✓
 ESG Enablement	✓✓	✓✓

 Additional Transformation Driver
  Strongly Addressed
 Partially Addressed

Source: Quinlan & Associates analysis

VIRTUAL AGMS

Virtual AGMs involve only digital meetings and processes. No venue needs to be hired and prepared, enabling the AGM to be conducted at any time, without needing to compete with other companies for a suitable time slot, even during peak season.

The AGM information pack and notification can be shared as easily as running an e-mail campaign. Voting is conducted online, with real-time results and announcements. A full transcript, minutes, or summary of the AGM can be automatically shared with attendees and other shareholders.

Digitalisation enables the automation of all these processes, and the migration from the physical world to the virtual world eliminates many challenges exhibited by physical AGMs, enabling easy scaling. Furthermore, given that a large portion of the expense of an AGM is driven by venue hire, travelling costs, and the printing of information, conducting a virtual AGM completely removes such expenses.

Nonetheless, while a virtual meeting may encourage more shareholders to join due to the enhanced convenience to attend, the lack of face-to-face interactions may lower the level of engagement, for both shareholders and the management team.

HYBRID AGMS

Hybrid AGMs include both an in-person meeting and a digital dial-in channel. However, because of the remaining need for a physical meeting, hybrid AGMs still suffer from similar shortfalls as physical AGMs, albeit at a lower level.

Due to the availability of an online meeting, attendance at the physical convention is expected to be lower. The need for a smaller venue both increases the options available and lowers the cost. Furthermore, the use of digital presentations and voting processes lowers reliance on paper documentation, which reduces expenses and is more environmentally friendly.

While some challenges are only partially addressed, other shortfalls are directly resolved by hybrid AGMs. Because the virtual portion of the AGM implements an online voting system, the in-person attendees are also instructed to vote via digital means. This enables real-time validation, tallying, and announcement of poll vote results.

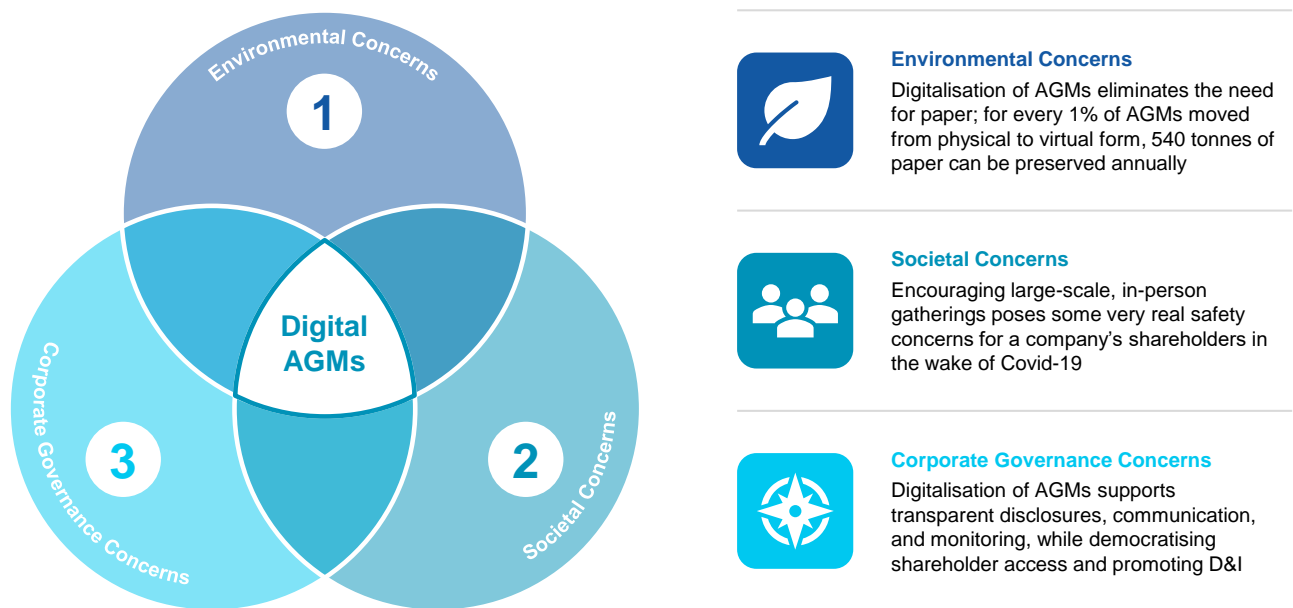
A hybrid format also drives AGM scalability. The physical meeting ensures a strong level of communication from the company's leadership team and provides shareholders with the opportunity to directly interact with the company. On the other hand, those that wish to listen in but not communicate with the leadership team can choose to join via the online channel, without needing to travel. The combination of physical and online channels maximises coverage and improves shareholder engagement.

ESG ENABLEMENT

The ability to enable ESG pillars represents another key driver for the digitalisation of

AGMs, particularly with respect to their long-term sustainability and corporate social responsibility agenda (see Figure 9).

FIGURE 9: DIGITAL AGMS & ESG



Source: Quinlan & Associates analysis

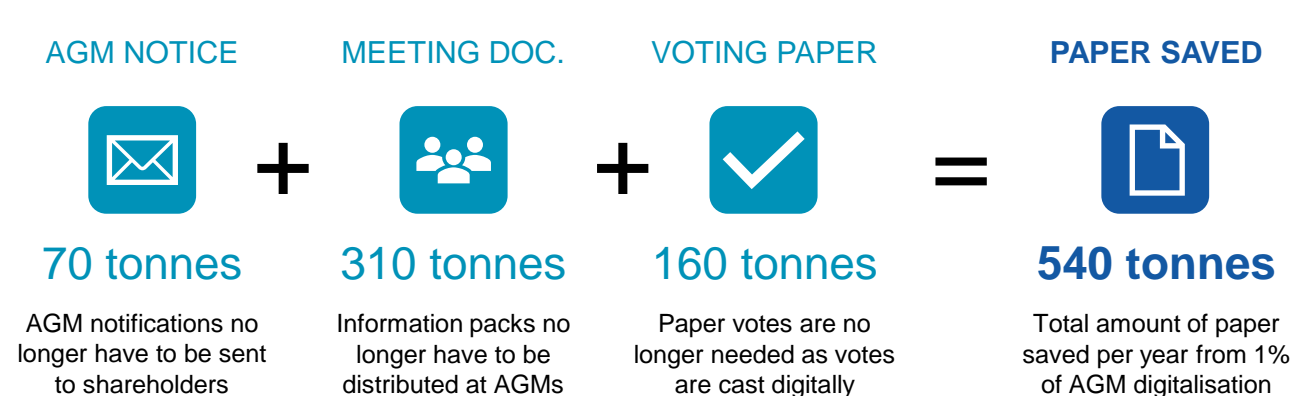
DIGITAL AGMS HAVE THE CAPACITY TO SUPPORT COMPANIES WITH ESG EFFORTS, PARTICULARLY WITH RESPECT TO SUSTAINABILITY AND CSR

ENVIRONMENTAL CONCERNS

The elimination (for virtual AGMs) and reduction (for hybrid AGMs) of physical venue use, travelling and flights, and paper votes and documents, significantly reduces the carbon

footprint generated by physical AGM. On the topic of paper waste, we estimate that, on average, 540 tonnes of paper could be preserved each for every 1% of companies that choose to move from physical to digital AGMs (see Figure 10).

FIGURE 10: PAPER PRESERVED



Source: Quinlan & Associates estimates

While companies only conduct one AGM per year, each company can do its part in supporting environmental sustainability by migrating the majority of documents and processes online.

Despite currently being an option for companies, paper reduction is gradually becoming a regulatory requirement. For example, the Hong Kong Stock Exchange (“HKEX”) published its Paperless Listing & Subscription Regime on 18 December 2020. The regime not only mandates all IPOs after 5 July 2021 to be paperless, but also requires certain supporting documents to be published online (instead of being put on physical display). While this regulatory change focuses on the listing process, it demonstrates an ongoing regulatory drive for paperless operations, and we expect similar paperless requirements for AGMs in the future.

SOCIETAL CONCERNS

Given the social distancing measures being instituted across the globe on the back of Covid-19, encouraging large-scale, in-person gathering poses some very real safety concerns for a company’s shareholders.

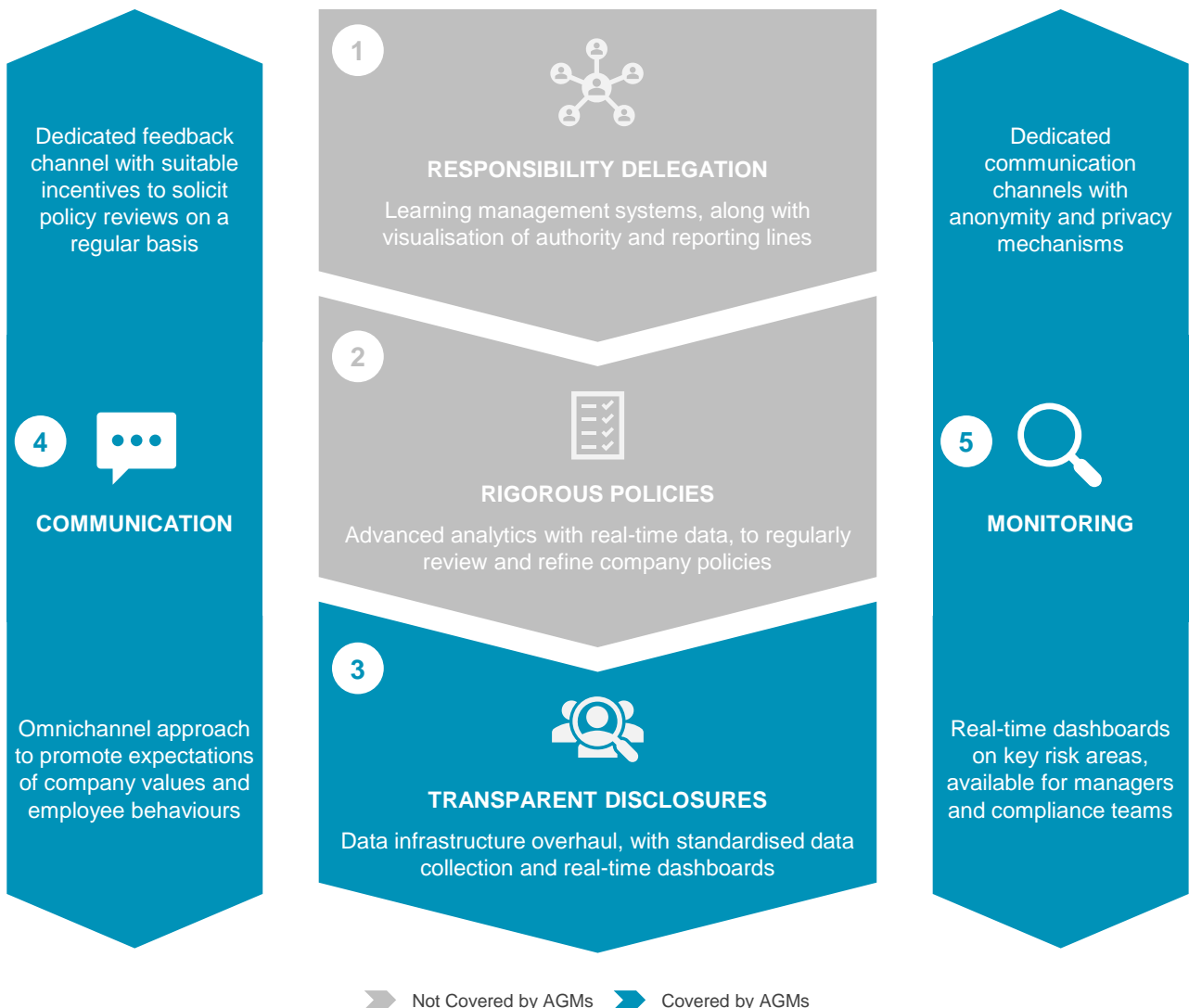
The desire to avoid large-scale, in-person meetings should in many respects be considered a corporate social responsibility that all companies should be looking to promote. Digital AGMs provide the option for shareholders to attend virtually, allowing them to adhere to social-distancing measures and create a safer environment in which their shareholders can actively participate.

CORPORATE GOVERNANCE CONCERNS

While digitalisation of AGMs addresses environmental and societal concerns, its major contribution is towards enhancing corporate

governance. Indeed, digital AGMs enhance a number of key corporate governance pillars, namely: (3) transparent disclosures; (4) communication; and (5) monitoring (see Figure 11).

FIGURE 11: DIGITAL CORPORATE GOVERNANCE & AGM



Source: Quinlan & Associates proprietary framework⁶

⁶ Quinlan & Associates, 'Get On Board', October 2019, available at: <https://www.quinlanandassociates.com/insights-get-on-board/>

AGMs provide companies with the opportunity to transparently disclose information that may interest its shareholders, including their performance and future plans. The direct interaction between company executives and shareholders provides a communication channel to reflect feedback and offers a chance for shareholders to challenge, and hence monitor, the leadership team. Digital AGMs also enable companies to scale their corporate governance operations, maximising shareholder engagement and board supervision, and therefore shareholder protection.

Moreover, with diversity and inclusion (“D&I”) now being a topic that is receiving considerable global media attention, companies are coming under growing public scrutiny with respect to their recruitment practices and senior leadership composition.

By maximising shareholder reach, digital AGMs open companies up to a potentially much wider audience during director elections. With shareholder supervision being increasingly democratised, there is a heightened pressure on companies to commit to diversity and inclusion in their board of directors. While the digitalisation of AGMs may not directly influence internal D&I policies, its wider scrutinisation effect should not be ignored.

DIGITAL AGM ADOPTION

Digital AGMs came into the spotlight in 2020 as social-distancing measures were put in place across the globe that to counter the Covid-19 pandemic. Indeed, many jurisdictions have placed restrictions on, or completely banned, large-scale physical gatherings, which eliminated the possibility of physical AGMs.

HONG KONG

For example, the Hong Kong government imposed the *Prevention and Control of Disease (Prohibition on Group Gathering) Regulation* (typically referred to by its index, 599G) on 29 March 2020, in order to restrict public gatherings. Under the legislation, the number of persons allowed in group gatherings in public places was limited to two. Nonetheless, AGMs were exempted, as long as there were fewer than 20 people in each room. Despite such exemptions, the organisation of AGMs has been made complicated due to such social distancing measures and regulatory requirements.

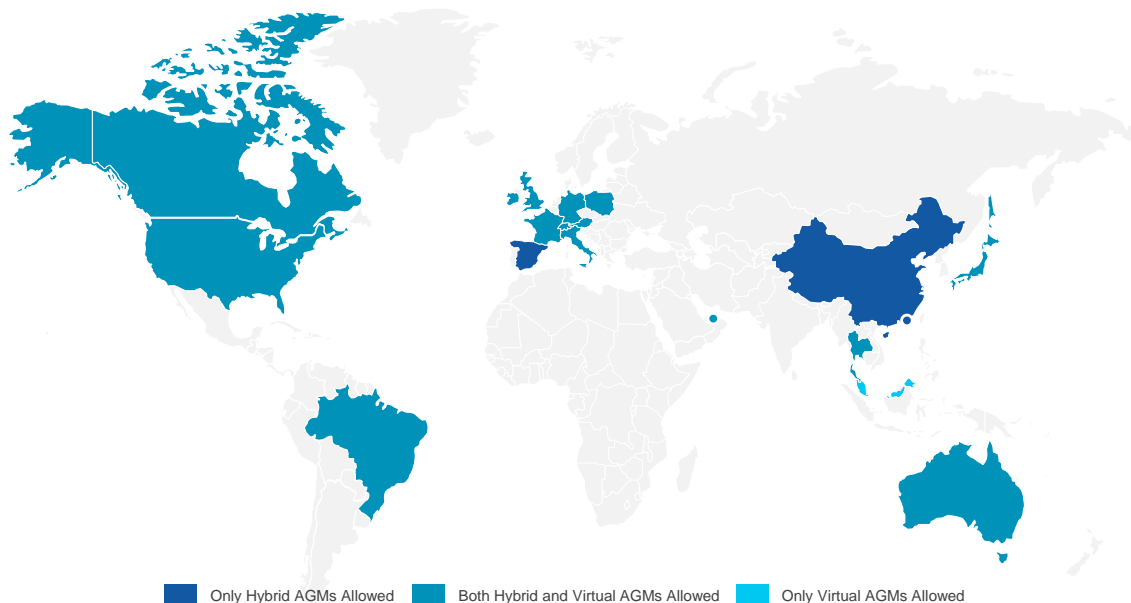
Recognising the disruptions caused by 599G to AGMs, the Securities and Futures Commission (“SFC”) and Hong Kong Stock Exchange (“HKEX”) issued a joint statement on 1 April 2020, encouraging listed issuers to consider ‘the use of technology to enable non-physical attendance and voting’. Similarly, the Companies Registry (Hong Kong) published an FAQ on 8 May 2020 to provide guidelines for hybrid AGMs. The guidelines called for hybrid AGMs and the implementation of electronic voting, using technology to reduce the need for physical attendance, as long as they are allowed by company’s articles of association.

GLOBAL


Regulators across the world have temporarily relaxed previous restrictions on virtual AGMs.⁷ Many jurisdictions, including the U.K., Germany, France, and Singapore, are providing flexibility to companies to hold digital AGMs (and potentially overriding any company articles / bylaws that mandate physical AGMs), with the measure being valid until governments deem it safe to hold in-person meetings again (see Figure 12)


⁷ Mayer Brown, ‘COVID-19: A comparison of global measures for the holdings of AGMs’, 30 September 2020


FIGURE 12: REGULATORY ENVIRONMENT (AS AT Q3 2020)




Americas


-  Digital AGMs are allowed, as long as voting and communication can be conducted without interruptions


-  Companies are allowed to hold digital AGMs, as long as they are allowed by company bylaws


-  Delaware General Corp. Law was adapted, allowing companies to conduct hybrid and virtual AGMs


EMEA


-  Digital AGMs are temporarily allowed, which is expected to remain in force at least until the end of 2021


-  Digital AGMs are temporarily allowed, even if they are not explicitly allowed by company bylaws


-  Companies are allowed to hold digital AGMs, as long as they are allowed by company bylaws


-  Digital AGMs are temporarily allowed, overriding any company bylaws, until policies are reverted / announced


-  Digital AGMs are temporarily allowed, overriding any company bylaws, until policies are reverted / announced

-  Hybrid AGMs have traditionally been allowed, and virtual AGMs are now also allowed for companies


-  Digital AGMs have always been allowed, but bylaws on AGM format can now be overridden


-  Guidance published for hybrid AGMs, but no explicit guidance provided for virtual AGMs


-  Digital AGMs (and AGMs in written form) can be held, at least until the end of 2021


-  Digital AGMs are temporarily allowed, overriding any company bylaws, until policies are reverted / announced


Asia Pacific


-  Hybrid AGMs are allowed, and no actions will be taken against companies conducting virtual AGMs


-  While hybrid AGMs are allowed (and need to be made convenient to attend), virtual AGMs are banned

-  Hybrid meetings are encouraged, but does not override company bylaws, and virtual AGMs are banned

-  Digital AGMs are allowed, based on guidelines published by the Ministry of Economy, Trade, and Industry

-  Companies are allowed to hold only virtual AGMs during the Movement Control Order period

-  Digital AGMs are temporarily allowed and overriding company bylaws, with virtual encouraged over hybrid AGMs

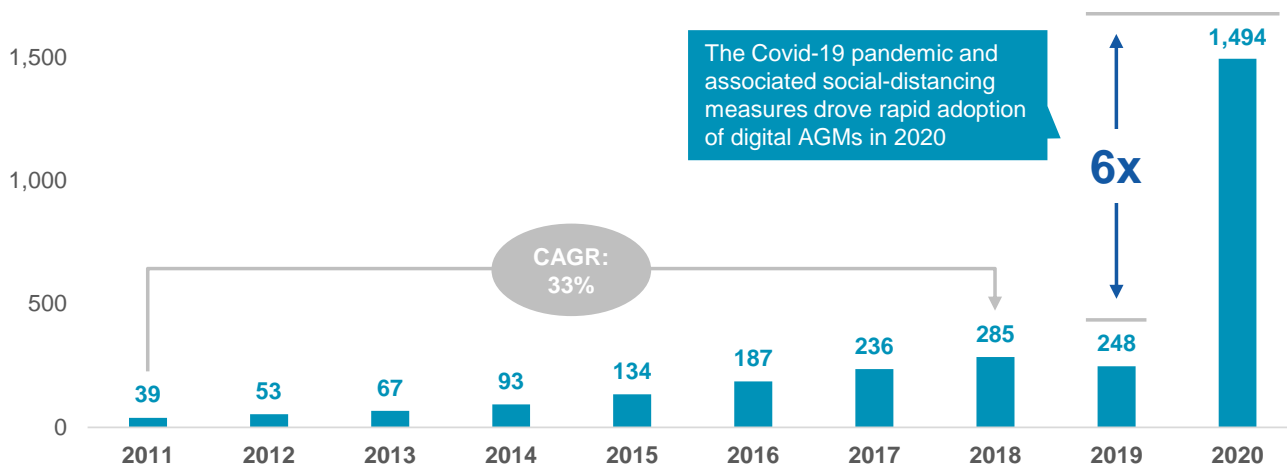
-  Companies are allowed to hold digital AGMs, as long as they are allowed by company bylaws

Source: Mayer Brown, BD&P, ASIC, EQS, stock exchange websites, Quinlan & Associates research and analysis

In response to regulatory support measures, global adoption of digital AGMs increased significantly in 2020. For example, Hong Kong held fewer than five digital AGMs in 2019, but held over 20 digital AGMs in 2020. Such trends

can also be observed overseas. Canada had 146 virtual AGMs in 2020 (compared with six in 2019), representing an over 20x increase in one year.⁸ Similarly, a 6x increase was observed in the United States from 2019-20 (see Figure 13).

FIGURE 13: DIGITAL AGMS FACILITATED BY US SERVICE PROVIDER



Source: PwC, Broadridge, Quinlan & Associates analysis

As digital AGMs (and in particular, virtual AGMs) are allowed in the US, the market witnessed a steady trend of AGM digital transformation. However, because of Covid-19 and social distancing measures, the adoption of digital AGMs jumped 6x.

While this may be a small number relative to the number of companies worldwide, we believe it signals the start of a longer-term industry trend.

KEY TAKEAWAY

In response to Covid-19 and social distancing measures, regulators across the world have relaxed restrictions on digital AGMs. Furthermore, jurisdictions may look to maintain these amendments, especially as organisations are adapting their bylaws, paving the way for further adoption of digital AGMs in the future.

⁸ Fasken, '2020 Virtual AGM Proxy Season: Key Takeaways to Date', 20 April 2020, available at: <https://www.timelydisclosure.com/2020/04/20/2020-virtual-agm-proxy-season-key-takeaways-to-date/>

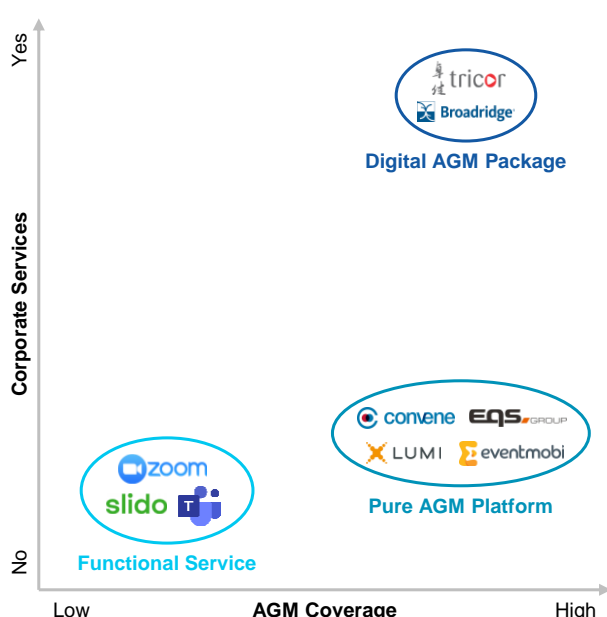
SECTION 4

DIGITAL AGM SOLUTIONS

Understanding that countless corporate meetings are being moved online and that AGMs may soon follow, many companies, especially corporate services vendors and

communication channel / platform operators, have developed digital AGM solutions. At their core, these are specialised video conferencing applications for AGMs (see Figure 14).

FIGURE 14: DIGITAL AGM SOLUTIONS



Source: Quinlan & Associates analysis

1. FUNCTIONAL SERVICE

Companies have, over time, adopted many digital solutions specialising in various functions. For example, Zoom offers functions in video communication and webinars, Slido enables online polling, and Microsoft Teams focuses on collaboration.

While these solutions have not been developed as AGM-specialised services, companies have

used such technology tools to facilitate specific steps of their AGMs. This was particularly prominent during early stages of Covid-19, as companies turned towards digital AGMs and scrambled to use a combination of multiple solutions to patch together a functional event. Nonetheless, these applications have become less popular over time, as specialised AGM solutions were launched.

2. PURE AGM PLATFORM

Pure AGM platforms are, at their core, video conferencing applications specialised for AGMs. These platforms cover the end-to-end process of an AGM, including organisation, notification, file management, video communications, and voting. Examples include Lumi, which is a provider of audience engagement technology specialising in AGMs, and EventMobi, which expanded its virtual event management service into digital AGMs during Covid-19.

The core shortfall of these platforms is that the service vendors are pure technology players, and therefore do not have the capabilities to offer other AGM-related services, such as facilitation of physical portion of AGMs (for hybrid AGMs) and the approval of votes.

3. DIGITAL AGM PACKAGE

Digital AGM package refers to a service package offered by corporate service providers, such as registrars and scrutineers. These service vendors have expertise and experience in the space and have a strong track record supporting companies in organising and conducting their AGMs (typically physical AGMs). As the Covid-19 pandemic escalated, these service vendors developed digital AGM platforms to support their corporate service offering.

With deep understanding of the expectations and requirements of AGMs, digital AGM platforms provide comprehensive functions throughout the end-to-end AGM process. Companies can choose to adopt only the platform for virtual AGMs, or they can choose a wider package, which includes the facilitation of the physical portion of hybrid AGMs.

A number of players currently offer digital AGM packages, including Tricor and Broadridge.

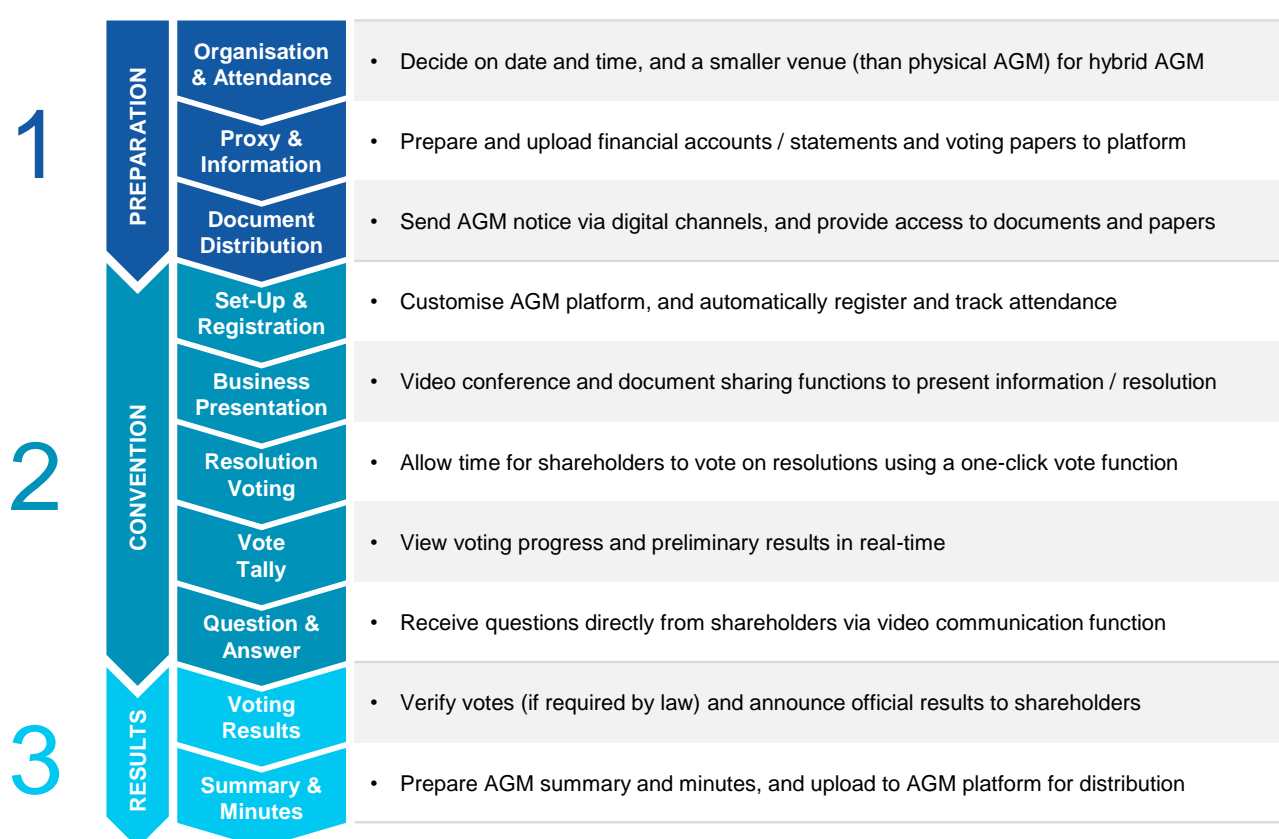
MANY COMPANIES HAVE DEVELOPED DIGITAL AGM SOLUTIONS – SPECIALISED VIDEO CONFERENCING APPLICATIONS FOR AGMS

DIGITAL AGM IMPLEMENTATION

Digital AGM solutions support the online portion of AGMs. While companies still have to conduct

each stage in the AGM process (as they do for physical AGMs), digital solutions automate and facilitate these steps, significantly lowering time and resources required (see Figure 15).

FIGURE 15: DIGITAL AGM PROCESS



Source: Tricor, Quinlan & Associates analysis

1. AGM PREPARATION

Once the date and time for the AGM has been decided, the meeting platform can be set up. This is as easy as a one-click selection for date and time. If the company chooses to conduct a hybrid AGM, a physical venue also needs to be chosen. However, this is typically a smaller venue relative to physical AGMs', due to lower expected in-person turn-out, enhancing venue choice flexibility and lowering costs.

The AGM information pack can be prepared and uploaded to the platform (or sent via digital means) to shareholders for them to access, familiarise themselves with the material (should they wish to) prior to the meeting.

Using a database of shareholder contacts, an e-mail notification (including the link to the digital AGM platform) can be sent. Companies can also choose to send paper notifications by post, especially for the first digital AGM, with detailed instructions on how to access the meeting, as well as user guidelines on various functions within the platform.

2. AGM CONVENTION

On AGM day, the company can customise the digital AGM platform. Most digital AGM solutions provide an option to add company logos and change platform colours, in order to incorporate the company's branding elements.

Shareholders use the link to access the digital AGM, and a registration function can be implemented to keep track of attendees. Furthermore, the online status of attendees can be automatically tracked, which may provide companies with information on resolutions in which shareholders are more interested.

Presentation of material is typically conducted through a video function (allowing responsible managers to present to attendees) and through a screenshare function (for shareholders to follow relevant parts in the AGM information pack). Depending on the company's choice, a "raise your hand" function can also be enabled, allowing shareholders to ask questions to the presenter in real-time, either via text-chat or audio communication.

Voting is conducted on the platform, and shareholders simply have to indicate their option with the click of a button. Proxy votes can be validated and counted prior to the meeting. These new votes are tallied up during the AGM and poll vote results can be determined automatically and in real-time.

At the final Q&A session, attendees typically submit questions they want to ask through the platform. The company may appoint a moderator to filter and select questions, and subsequently direct them to the relevant leadership team members.

3. AGM RESULTS

A post-AGM summary is typically provided several days after the convention, either made available on the platform or through e-mail. The summary includes poll vote results (which were determined in real-time during the meeting), meeting minutes (taken by the company secretary), and may even include a transcript (automatically created by the platform during the AGM).

Depending on the company's choice, content and information shared via the digital AGM platform can be updated or removed over time.

KEY TAKEAWAY

Digital AGM solutions have the ability to facilitate many, if not all, steps across the AGM process.

Indeed, even if companies choose to revert to physical AGMs post-Covid-19, there is ample potential for these services. For example, voting functions can be implemented to facilitate proxy voting (across proxy statement distribution, proxy voting, vote computation and validation, and results) during physical AGMs.

Regardless of future convention formats, these digital AGM solutions are here to stay.






SECTION 5

JOURNEY TO THE NEW NORMAL

Despite the various benefits that digital AGM solutions can deliver to companies and their shareholders, low global adoption rates pre-Covid-19 indicates a widespread reluctance of many organisations to digitally transform. It may

also point to the existence of shortfalls exhibited by digital AGMs themselves. In fact, as companies turned towards virtual and hybrid AGMs in 2020, many of these challenges were laid bare (see Figure 16).

FIGURE 16: DIGITAL AGM CHALLENGES

Challenge	Description	Addressing Challenge
 Rules & Regulations	<ul style="list-style-type: none"> Regulatory uncertainty in many jurisdictions Restrictions by company bylaws 	<ul style="list-style-type: none"> Remain aware of regulatory restrictions and amend company bylaws accordingly
 Management Mindset	<ul style="list-style-type: none"> Attitude towards corporate governance Shorter AGMs lower effectiveness 	<ul style="list-style-type: none"> Curate robust sense of responsibility for corporate governance among mgmt. team
 Technological Platform	<ul style="list-style-type: none"> Scattered functional coverage of services Technological and operational risks 	<ul style="list-style-type: none"> Implement upgrades and enhancements to develop an integrated solution
 AGM Meeting Process	<ul style="list-style-type: none"> Poor shareholder experience Low level of familiarity with AGM functions 	<ul style="list-style-type: none"> Design an intuitive platform with easy-to-use interface for shareholders
 Shareholder Engagement	<ul style="list-style-type: none"> Broken communications for audience Lack of direct interaction opportunity 	<ul style="list-style-type: none"> Maximise touchpoints by developing more communication and engagement functions

■ Legislative Challenge
 ■ Company Challenge
 ■ Shareholder Challenge

Source: Tricor, Quinlan & Associates analysis

1. RULES & REGULATIONS

Regulatory requirements serve as the overarching barrier for digital AGMs, despite many jurisdictions looking to allow digital AGMs (including both hybrid AGMs and virtual AGMs), at least temporarily.

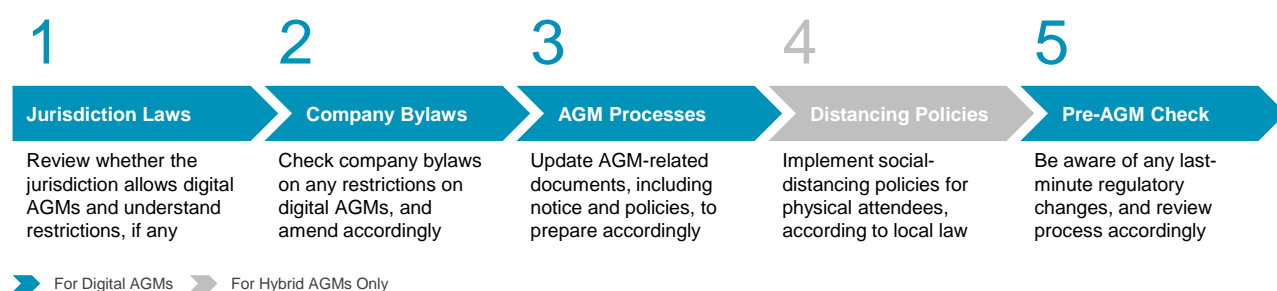
While some markets have openly supported the adoption of digital AGMs, others have been less explicit. For example, the Austrian regulator has only declared non-action against digital AGMs – allowing digital AGMs in principle, but not making them legal. With listed companies being relatively risk averse, many have been slow to

implement digital AGMs to avoid falling foul of their regulatory obligations.

Many companies also have bylaws that mandate physical AGMs. While some corporations have been exploring changes to their company bylaws to be more flexible in light of social distancing measures, the process has generally been slow, hindering adoption rates.

With continuously changing regulations, especially during Covid-19, companies have to be nimble and adapt their AGMs to comply with restrictions. A five-step process can be implemented to verify one is not falling on the wrong side of legislation (see Figure 17).

FIGURE 17: RULES & REGULATIONS CONSIDERATIONS



Source: Tricor, Quinlan & Associates

While legislative challenges cannot be addressed via digitalisation, we believe there is ample scope for companies to lobby for regulatory changes and to amend company bylaws and policies accordingly, paving the way for further regulatory support with respect to the future adoption of digital AGMs.

2. MANAGEMENT MINDSET

While AGMs represent a core element of corporate governance, many boards of directors actually view them as a tedious exercise. When speaking about other companies, Archie Norman, the Chairman of Marks and Spencer, stated that most companies ‘don’t look forward to their AGMs’ and choose to treat AGMs as ‘a chore’.⁹

In the US, the average duration of virtual AGMs in 2020 was 32 minutes, representing an 18% decrease when compared against AGMs in 2019. This was primarily driven by a 43% reduction in the time needed for business updates.¹⁰ While some have argued that digital

transformation has facilitated the flow of AGM meetings, others pointed to the fact that companies feel less responsible for providing a detailed report of their performance due to the virtual nature of the event.

A similar attitude was observed in the U.K. in 2020, where ~25% of FTSE 100 and FTSE 250 companies chose to hold live online AGMs, with the rest opting to publish AGM videos.¹¹ Not only does this lower AGM engagement levels, but it also completely eliminates the possibility for shareholders to challenge and question the management team.

While some companies chose to hold virtual AGMs to the same standard as physical AGMs, evidence suggests others appear to have treated this digital transformation trend as an opportunity to avoid some of their corporate governance responsibilities, doing as little as possible to conduct their virtual AGMs. This has decreased the value of such events, which has had a knock-on effect for shareholder attendance.

⁹ Financial Times, ‘Will digital AGMs replace meeting directors over a prawn sandwich?’, 6 August 2020, available at: <https://www.ft.com/content/293817d5-4d70-44c6-bf49-148b2baff59f>

¹⁰ Miriam Schwartz-Ziv, ‘How Shifting from In-Person to Virtual Shareholder Meetings Affects Shareholders’ Voice’, 16 August 2020

¹¹ Financial Times, ‘Will digital AGMs replace meeting directors over a prawn sandwich?’, 6 August 2020, available at: <https://www.ft.com/content/293817d5-4d70-44c6-bf49-148b2baff59f>

3. TECHNOLOGICAL PLATFORM

Most companies expect to be offered comprehensive functions when adopting technological applications, including digital AGM solutions. However, many incumbent solutions in the market only offer select functions along the AGM value chain.

For example, some digital AGM platforms only provide a webcasting function, with no channels to ask questions, or voting functions. This scattered functional coverage means firms may have to adopt multiple solutions to hold a digital AGM, increasing costs and operational complexity.

In addition, hardware, software, and network problems may occur during AGMs, especially in jurisdictions with poor internet connectivity. Even if service providers run repeated tests, bugs and technology-based errors may still occur, resulting in a poor user experience.

4. AGM MEETING PROCESS

4.1. MEETING SET-UP

While less of a problem for well-established and more technologically advanced companies, some firms lack the technological infrastructure to run digital AGMs, especially with regards to a smooth internet network and suitable video / audio equipment. In fact, a number of smaller companies stated that they need to either upgrade their hardware or rent it from a third-party provider in order to hold a digital AGM. Unfortunately, digital AGM solutions, as software applications, are unable to address this hardware problem.

Furthermore, several trials need to be conducted for a digital AGM, especially for companies whose leadership team is joining from multiple locations. Rehearsals are required to ensure connections are working properly, audio / video functions are smooth enough to support business presentations, and different team members can communicate with each other throughout the AGM. While this process is likely to be less problematic as companies get more used to digital AGMs, it currently represents a cumbersome and time-consuming step.

4.2. DIGITAL ATTENDANCE

For an investor to participate in a digital AGM, the investor needs to be informed of the event and use a personal device to attend, be it a smartphone, laptop, or desktop computer.

Many retail investors invest in companies via brokers (or investment platforms), and to facilitate operations, investors' shares are held under nominee accounts. While the investors are the beneficiaries of company stocks, these shares are legally owned by their brokers. As a result, companies do not have investors' information on their records and these investors do not actually have the rights to attend and vote in AGMs. More established, traditional brokers provide AGM information and offer voting rights to investors. However, some brokers and investment platforms will only provide such services at a cost, or even opt not to offer these basic shareholder rights. These access limitations represent the first barrier for retail shareholders in attending a digital AGM, though the same issue remains for both physical and hybrid AGMs.

Attending a physical AGM is easy; the investor takes the right mode of transportation, asks for directions (if needed), and simply turns up. This is not a challenge for most shareholders. Digital AGMs, on the other hand, may be more difficult to join, especially for older, less tech-savvy shareholders. Without sufficient shareholder support, many of these individuals may struggle to attend digital events. Furthermore, technological barriers may prevent shareholders from watching the presentation in real time, submit their votes, or pose questions, preventing them from fully engaging with the event. Indeed, many shareholders have expressed frustration against digital AGMs, especially those that are 'older and less tech-savvy'.¹²

4.3. PRESENTATION & COMMS.

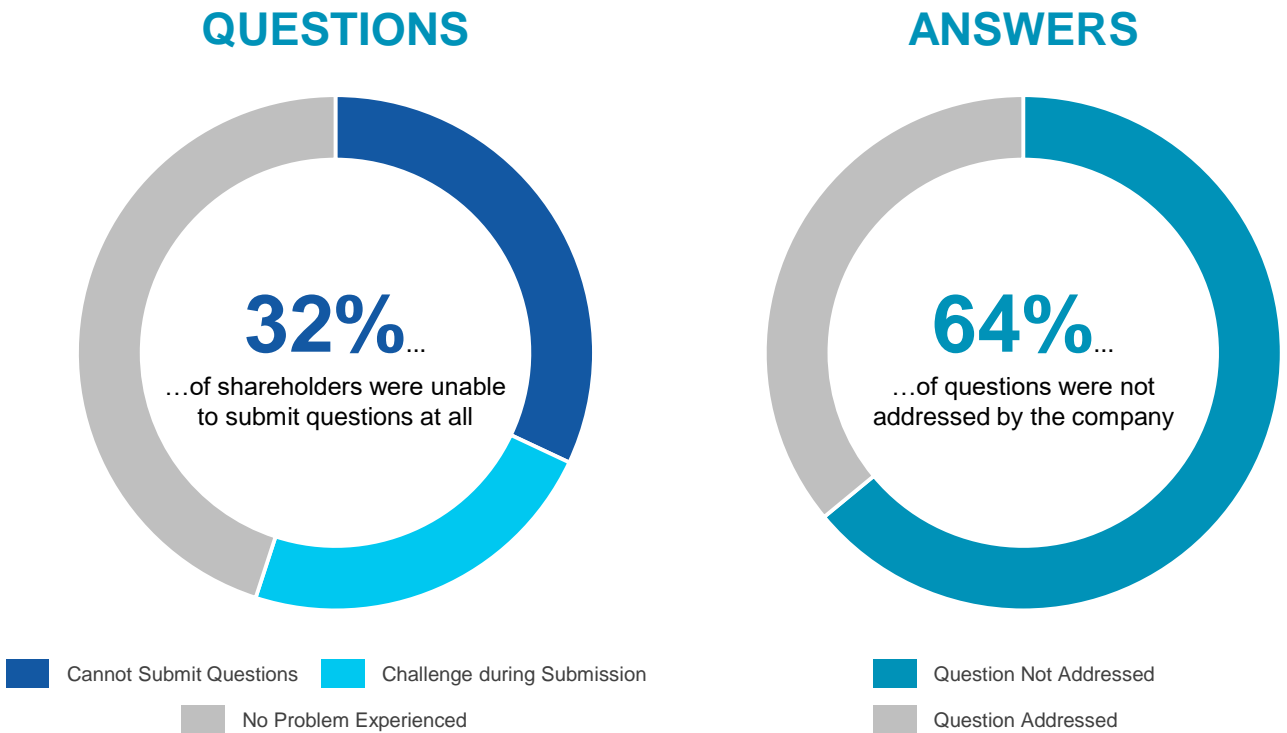
AGMs involve two key phases of communication: (1) presentation and (2) Q&A. Some have argued that digitalisation render both phases less effective for the company and investors.

On the presentation side, the company needs to manage and share documents through the platform. While technical difficulties experienced by remote participants may not affect the proceeding of hybrid AGMs (as long as sufficient quorum is present at the physical meeting), companies may wish to synchronise the presentation for in-person and virtual attendees, causing delays. Finally, the lack of a live audience makes it impossible to gauge audience sentiment, making it more difficult for presenters to decide whether to elaborate on specific initiatives, skip ahead due to low levels of interest, or pause briefly for shareholders to digest the content.

From investors' perspectives, there is also evidence suggesting digital AGMs may impede the ability to challenge company leadership teams – in terms of their ability to both pose questions and solicit a response (see Figure 18).

¹² Financial Times, 'Will digital AGMs replace meeting directors over a prawn sandwich?', 6 August 2020, available at: <https://www.ft.com/content/293817d5-4d70-44c6-bf49-148b2baff59f>

FIGURE 18: QUESTION-RELATED CHALLENGES FOR DIGITAL AGM



Source: Financial Times, Quinlan & Associates analysis

In the US in 2020, 55% of shareholders (and virtual AGM attendees) that wanted to ask questions faced difficulties when doing so, of which 32% actually were unable to submit their questions.¹³ Furthermore, shareholders are no longer standing in front of company directors and asking questions directly, allowing companies to filter and answer “easy questions”. For example, two active shareholders attended and submitted questions to 88 virtual AGMs in US in 2020, and only half

of the companies chose to answer these questions. Overall, only 36% of questions posed during virtual AGMs were addressed.¹⁴

This broken communication experience has shown some of the limitations of digital AGMs, as companies cannot convey useful business information effectively, while investors are unable to openly challenge directors on the companies’ strategy and operations.

¹³ Financial Times, ‘Private investors left in the dark by online AGMs, 3 September 2020, available at: <https://www.ft.com/content/53d9becd-9bac-4f2f-b2fa-f873bb6d385c>’

¹⁴ Financial Times, ‘Private investors left in the dark by online AGMs, 3 September 2020, available at: <https://www.ft.com/content/53d9becd-9bac-4f2f-b2fa-f873bb6d385c>’

4.4. RESOLUTION VOTING

Shareholders may choose to vote via multiple channels (i.e. personally, by appointing corporate representatives, or by appointing proxies) and via different formats (i.e. in paper or digitally). A comprehensive digital AGM solution should be able to validate, reconcile, and count all votes in real time. However, many only receive votes via limited channels, requiring companies to employ additional resources during resolution voting.

Furthermore, many digital AGM platforms only support basic voting formats – namely, “yes / no” votes in which shareholders are only allowed to vote all their entitled shares in one direction. In recent years, however, there has been an increasing trend for vote splitting, where shareholders can choose to: (1) allocate portions of their shares to various candidates; or (2) allocate some shares for and other shares against the same resolution. A lack of voting options offered by many of the digital AGM platforms restricts shareholders’ ability to indicate their true preference.

5. SHAREHOLDER ENGAGEMENT

In addition to providing an update on companies’ performance and future direction, AGMs serve as an opportunity for shareholders to directly engage with company directors – and this face-to-face interaction may be the core reason for attendance. In fact, Lord John Lee stated that the value of AGMs ‘is in the margins,

over coffee before and in the half-hour afterwards’, providing the ‘opportunity to converse and build a relationship’.¹⁵

With a digital AGM, in-person interaction is lost – the leadership team simply signs on, presents, answers filtered questions, and signs off. Investors that treasure the time to nurture relationships experience significantly lower engagement levels, and hence are less willing to attend digital AGMs.

DIGITAL AGM ATTENDANCE

Given the challenges associated with current digital AGM solutions, they were less well-received than expected in 2020.

For example, Sainsbury’s used to hold its AGM at Queen Elizabeth II Centre with hundreds of retail shareholders attending, but saw only eight private shareholders for its virtual AGM in 2020.¹⁶ Similarly, Young’s Pubs welcomed up to 300 shareholders to its AGMs in the years prior to Covid-19 (with the opportunity to have a drink with the management team afterwards), but zero investors enquired about its 2020 virtual AGM.¹⁷ Similarly, for the 15 companies that held hybrid AGMs in 2020, fewer than 30 shareholders joined (under 20 in-person and under 10 online) on average, compared to an average attendance of 150 for their 2019 physical AGM. The only virtual AGM in Hong Kong had 4 attendees, representing an 89% decline from its physical AGM in 2019, which had 35 attendees.

¹⁵ Financial Times, ‘Will digital AGMs replace meeting directors over a prawn sandwich?’, 6 August 2020, available at: <https://www.ft.com/content/293817d5-4d70-44c6-bf49-148b2baff59f>

¹⁶ Ibid.

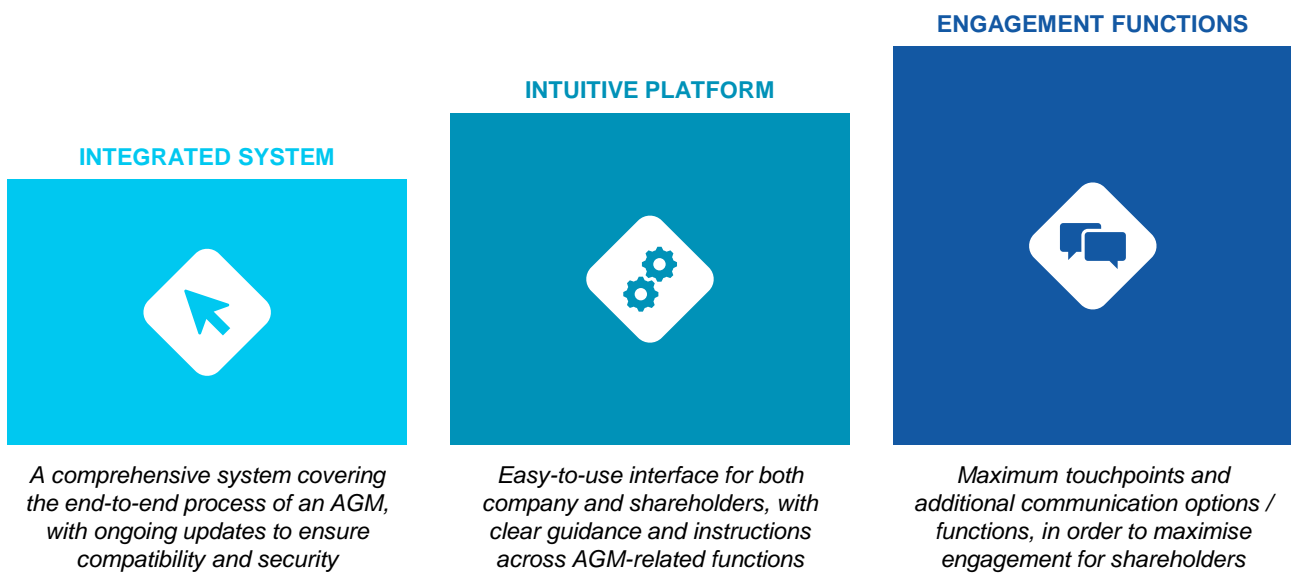
¹⁷ Ibid.

ADDRESSING TECH. CHALLENGES

Some shortfalls exhibited by digital AGMs, such as regulatory restrictions and company attitudes, cannot be resolved by digital AGM

solutions. Nonetheless, we believe there is ample scope to address current technology-related shortfalls, opening the door for considerably higher adoption rates in coming years (see Figure 19).

FIGURE 19: SUCCESSFUL DIGITAL AGM SOLUTIONS



Source: Quinlan & Associates

INTEGRATED SYSTEM

Service providers should look to add more functions to complement existing offerings and to provide an end-to-end product. This minimises the number of solutions companies need to adopt, reducing operational complexity and AGM-related expenses.

Having an integrated platform also enhances the shareholder experience, as they need not switch between applications (e.g. moving from a presentation window to the voting application window) during various stages of the AGM.

Solutions need to be continuously updated to be compatible with various systems / devices and new functions need to be added in response to company / shareholder needs.

INTUITIVE PLATFORM

The digital AGM platform should be easy to access and understand, and the interface needs to be intuitive for both the company and its shareholders.

Companies should be able to organise the AGM easily through the solution. A notification and log-in credentials should be generated automatically and sent to registered shareholders. During the AGM, a dashboard should be provided to manage documents / presentations and to view questions in real-time. Vote counting and validation should be conducted automatically in the background, with results displaying automatically as the voting threshold is reached.

On the shareholder side, users should be able to access the platform via different devices (including personal computers and smartphones) and browsers / applications. To increase level of security, two-factor authentication (“2FA”) can be used with the log-in credentials provided. During the AGM presentation, functions such as question submission and voting should be clearly displayed, with an intuitive interface and clear instructions. Ultimately, the experience should be seamless and hassle free.

ENGAGEMENT FUNCTIONS

While it may be difficult to completely replace in-person interaction with online connections, digital AGM solutions should aim to maximise touchpoints and the communication experience.

Touchpoints should be maximised during the AGM itself by offering flexible video options (e.g. enabling attendance in video form, instead of as a black-and-white name on screen), instant messaging between executives and shareholders, and perhaps even instant reaction functions. By offering more channels through which attendees can express their views, engagement levels can be significantly enhanced.

A waiting room can be offered before an AGM and bilateral video communication channels can be provided after the AGM. This provides the opportunity for shareholders to connect personally with company executives – as a group pre-AGM and individually post-AGM.

KEY TAKEAWAY

Given current digital AGM solutions were developed rapidly in response to a surge in user demand, they exhibit various shortfalls that need to be addressed.

Key upgrade areas include: (1) end-to-end functions; (2) platform design; and (3) shareholder engagement.

We see significant growth potential if digital AGM solutions are able to fulfil these AGM needs.

SECTION 6 FUTURE OF AGMS

LOOKING AHEAD

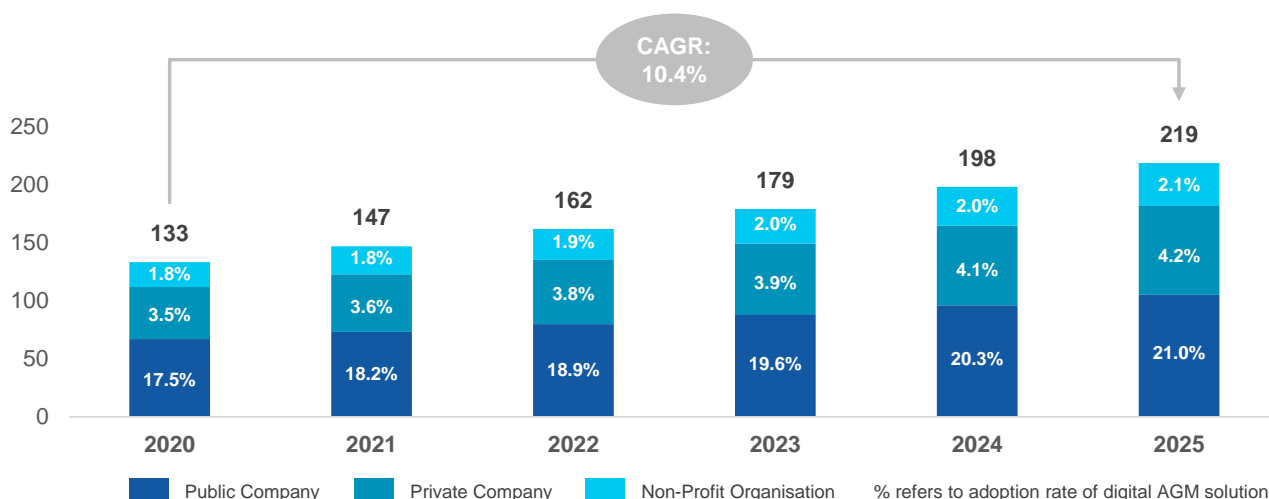
While many online working practices and digital solutions were unpopular before Covid-19, the pandemic catalysed widespread changes in societal attitudes. For example, extensive working-from-home arrangements were virtually unheard of before 2020, but Covid-19 provided the chance for companies to see that remote work is a plausible operating model. Similarly, Zoom had long struggled to acquire users and market share due to intense competition from other video communication solutions, such as Skype and Microsoft Teams. However, it received over 477 million downloads and was the fifth downloaded app in 2020, just after four of the major social media apps.¹⁸

We believe digital transformation of AGMs is poised to experience the same trend, with Covid-19 catalysing the adoption drive, and

companies witnessing the benefits they can deliver, which are likely to continue post-pandemic. For example, a GC100 poll revealed that over half of FTSE 350 companies now have a preference for digital AGMs.¹⁹

The ongoing digitalisation of AGMs is expected to drive robust market demand for digital AGM solutions in coming years. In particular, we believe public companies will look to digital AGMs as a means to both bolster and modernise their corporate governance practices. While private companies may be less excited about the change, the sheer number of firms represents a robust wallet opportunity, despite lower adoption rates. Although adoption rates by non-profit organisations are expected to be even slower, we forecast the global digital AGM solution market to grow by a CAGR of ~10% over the next five years, reaching USD 219 million by 2025 (see Figure 20).

FIGURE 20: DIGITAL AGM SOLUTION MARKET SIZE



Source: IMF, The Global Journal, stock exchange websites, government statistics agencies, Tricor, Quinlan & Associates forecast

¹⁸ Forbes, 'Here Are The 10 Most Downloaded Apps Of 2020', 7 January 2021, available at:

<https://www.forbes.com/sites/johnkoetsier/2021/01/07/here-are-the-10-most-downloaded-apps-of-2020/?sh=19eb931a5d1a>

¹⁹ Thomson Reuters, 'GC100 poll: The 2020 AGM season – the catalyst for change?', 17 November 2020, available at:

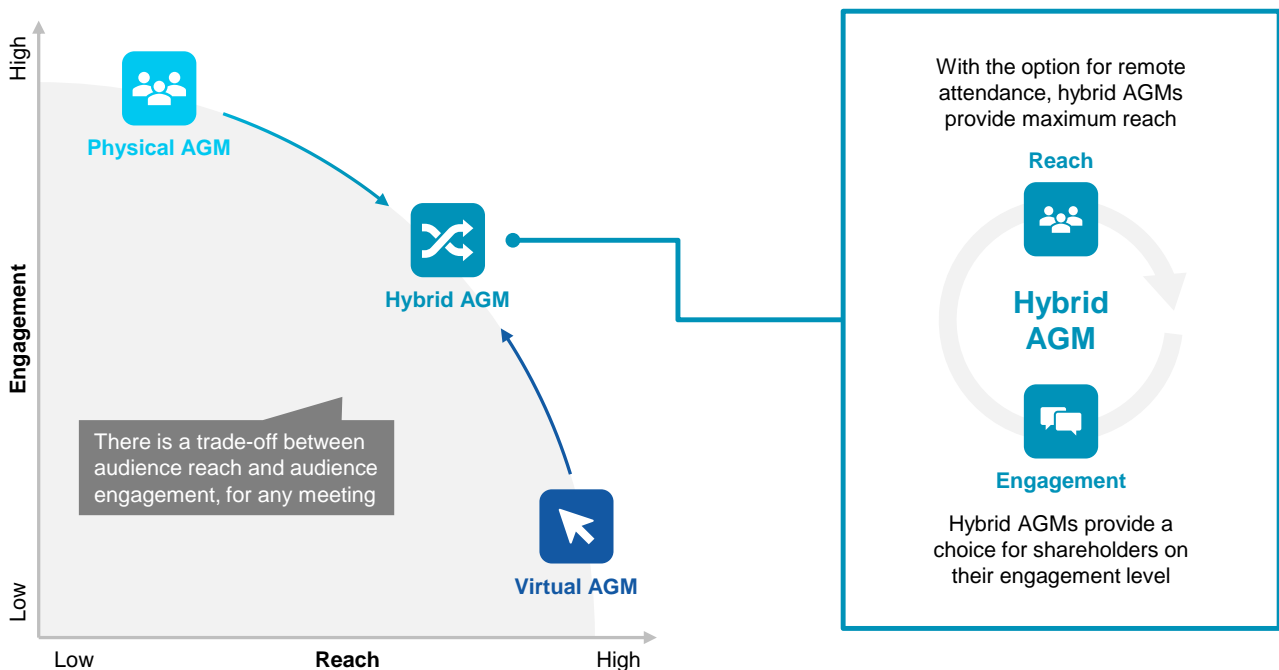
<https://uk.practicallaw.thomsonreuters.com/Document/I92d73dca289111ebbea4f0dc9fb69570/View/FullText.html>

HYBRID VS. VIRTUAL

A successful digital AGM needs to exhibit the benefits provided by digitalisation (especially with regards to access and reach) while retaining core elements of physical AGMs, including management accountability,

management-shareholder interaction, and strong engagement levels throughout the event. This is especially challenging because of the trade-off between reach and engagement level when choosing between in-person and digital meetings (see Figure 21).

FIGURE 21: REACH-ENGAGEMENT TRADE-OFF



Source: Quinlan & Associates analysis

REACH

With regards to attendance, a key shortfall of physical AGMs is their reach. Many shareholders do not have the time and money to travel to attend AGMs. This problem has been exacerbated by Covid-19 and associated social-distancing measures as companies have been forced to reduce the size of their AGM, further hindering physical attendance.

The incorporation of a digital AGM portion enables shareholders to attend remotely in a scalable manner. Shareholders can join AGMs using their personal devices, and companies need not increase their expense in AGM organisation. With this in mind, we see companies shifting away from pure physical AGMs towards more digitally enabled experiences.

ENGAGEMENT

While virtual AGMs provide wide reach, enabling shareholders to attend AGMs remotely using personal devices, attendance at virtual AGMs in 2020 was low. Many shareholders have highlighted low levels of engagement as a key challenge for online-only AGMs, given many shareholders attend AGMs to build relationships and interact with company management.

The reality is that digital processes cannot replace in-person interactions, and physical AGMs can never be completely eliminated. Shareholders that seek a high level of engagement will always prefer joining AGMs in-person, rather than staring at a computer screen. As a result, we expect many companies to, where possible, retain physical elements of AGMs, instead of conducting purely virtual AGMs.

HYBRID AGMS

Hybrid AGMs provide maximum flexibility to both companies and shareholders. The option to attend in-person or online provides complete flexibility for shareholders, enabling them to choose between convenience and level of engagement.

Furthermore, the physical portion of the hybrid AGM ensures compliance with regulations and company bylaws (while a purely virtual event may breach the requirement for a physical meeting). The presence of in-person

attendance also creates a monitoring effect, ensuring companies are taking their corporate governance responsibilities seriously. In fact, Schroders stated that while Covid-19 has caused a shift towards virtual AGMs, physical AGMs are fundamental for company accountability and corporate governance.²⁰

Furthermore, certain measures can be taken by the physical portion of the AGM to address social-distancing requirements imposed by the Covid-19 pandemic, such as prior online registration, as suggested by the Hong Kong Companies Registry. As the world continues to adapt to the virus, we see the potential for companies to shift away from fully virtual AGMs, and add back the option to attend in-person.

KEY TAKEAWAY

Hybrid AGMs provide wider shareholder access and reach via their online format, while retaining management accountability, interaction, engagement levels of in-person meetings.

The flexibility of hybrid AGMs represents its greatest value proposition, as shareholders have a choice between convenience and engagement. As a result, we see hybrid AGMs being the dominant AGM format in coming years.

²⁰ Schroders, 'Is the time ripe for virtual AGMs?', April 2020

SECTION 7

CASE STUDY – TRICOR SPOT

TRICOR

Founded in 2000 and headquartered in Hong Kong, Tricor is a business expansion specialist in Asia which has grown rapidly in recent years through the acquisition of leading incumbents across accounting, company secretarial, share registration, and other professional services. Tricor's service offering covers business services, corporate services, investor services, HR & payroll services, corporate trust & debt services, and strategic business advisory, addressing all operational needs for its corporate clients.

Over the past 20 years, Tricor has supported the growth of over 50,000 companies, including 2,000 listed companies in Hong Kong, China, Singapore, and Malaysia, and over 40% of Fortune Global 500 companies.

CORPORATE GOVERNANCE, COMPLIANCE, & SECRETARIAL

As part of its corporate offering, Tricor offers Corporate Governance, Compliance, & Secretarial services to support companies in their corporate governance and compliance matters. In particular, Tricor provides AGM facilitation services.

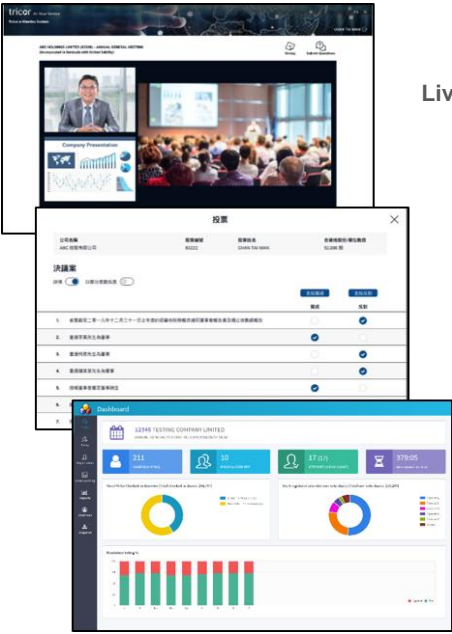
Recognising the need for digital AGMs especially in light of social distancing measures due to Covid-19, Tricor developed Stakeholder Participation On the SPOT ("SPOT"), a hybrid AGM service solution. SPOT is part of Tricor's digital corporate governance offering, which also includes a board portal solution – Boardfolio. Boardfolio is an internal solution designed to enhance company director communications, while SPOT is an external solution specialised in facilitating company-shareholder interactions.

SPOT

While many digital AGM solutions are, as the name suggests, purely digital solutions, SPOT is offered as a packaged service. In addition to acting as a digital AGM platform (for virtual

AGMs), Tricor provides facilitation of a physical AGM. Combining the facilitation of a virtual AGM and a physical AGM, Tricor SPOT is an end-to-end hybrid AGM service solution (see Figure 22).

FIGURE 22: TRICOR SPOT



The figure displays three overlapping screenshots of the Tricor SPOT platform. The top screenshot shows a 'Live Streaming of Meeting' with a speaker and a presentation slide. The middle screenshot shows an 'Online Voting' interface with a list of resolutions and voting buttons. The bottom screenshot shows 'Instant Voting Results' with various charts and data points.

- Live Streaming of Meeting**: AGM presentation viewed online via live streaming
- Interactive Q&A Platform**: Real-time submission of questions for shareholders
- Online Voting**: Remote voting on resolutions via personal devices
- Secure**: Industry-standard encryption for data in storage and transit

Source: Tricor

DIGITAL AGM PLATFORM

SPOT's digital system offers an integrated platform for online attendance, live streaming, and digital voting (via e-voting and e-proxy). This service can accommodate up to 10,000 simultaneous attendees, with Tricor providing full technical support.

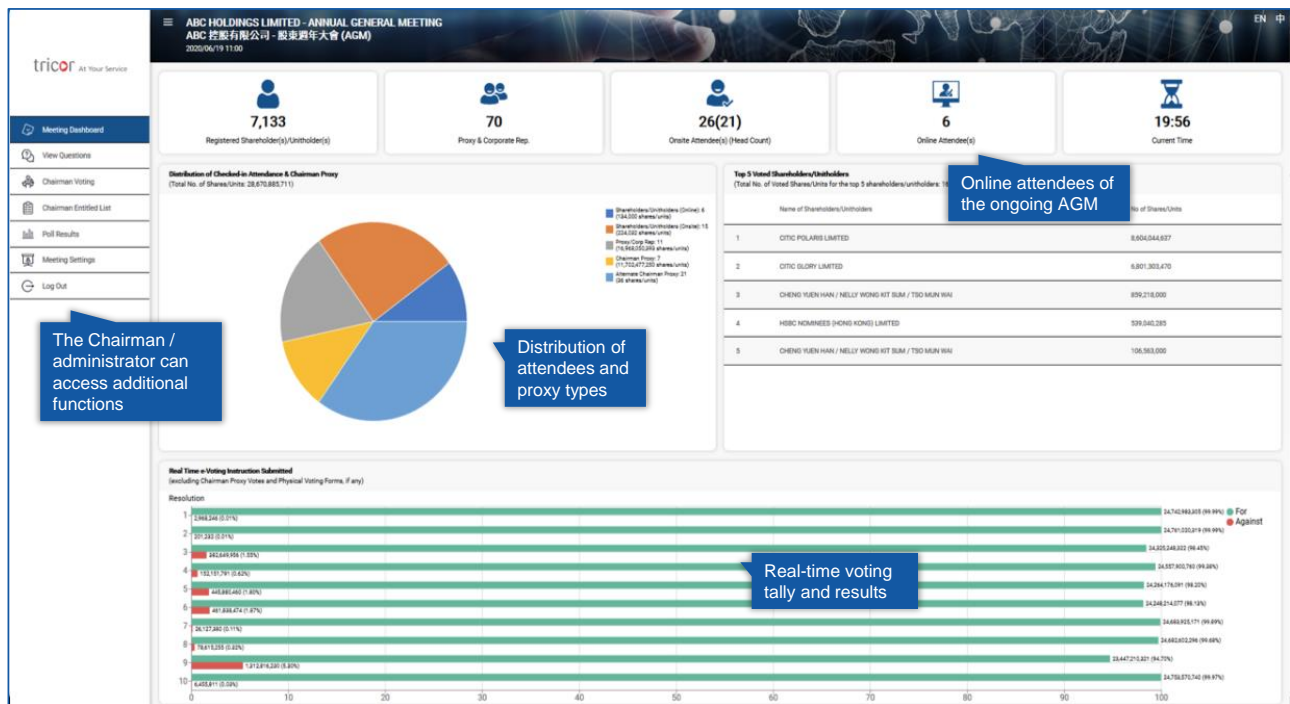
From the company's perspective, SPOT offers an integrated platform for managing the end-to-end AGM process, while from the shareholder's perspective, SPOT is the only application needed for the entire AGM.

COMPANY PERSPECTIVE

The company determines a suitable date and time for the AGM on the platform and uploads relevant documents for shareholders. The platform generates an AGM notification, along with login credentials and a link to access the documents uploaded, to registered shareholders.

During the AGM, the company can use internal equipment or employ cameramen (provided by Tricor) for livestreaming. In addition, an administration dashboard is provided to the company. Through the dashboard, company management can see basic information on the AGM (including number of shareholders and proxy submission / poll vote results), vote on resolutions, and view questions raised (see Figure 23).

FIGURE 23: ADMINISTRATION DASHBOARD



Source: Tricor

SPOT offers an integrated platform through which the company can organise and manage the AGM. The SPOT interface is also designed

to be intuitive and easy-to-use, ensuring smooth adoption of the solution with minimal training.

SHAREHOLDER PERSPECTIVE

After receiving the AGM notice from the company, shareholders can access the portal to download / view AGM documents. Links to e-

proxy and online attendance (along with log-in credentials) are also provided.

For shareholders choosing to vote via proxy, they can access the e-proxy function via the link provided (see Figure 24).

FIGURE 24: E-PROXY FUNCTION

Proxy Assignment

Shareholders can choose to appoint the AGM chairman, another individual, or multiple representatives to act as their proxy

Input Voting Preference

After assigning their proxy, shareholders can indicate their voting preferences, including both for-or-against votes or split vote for each resolution

Download Voting Receipt

After submission of voting preference, a proxy receipt can be downloaded for record

Source: Tricor

The e-proxy function provides three voting options: (1) appoint chairman; (2) appoint another individual; and (3) appoint multiple proxies. After appointing the preferred proxy, shareholders can indicate voting preference, including vote splitting. Finally, a proxy receipt is provided, allowing shareholders to keep a record of their proxy decisions.

To access the AGM online, shareholders click on the online attendance link and use the provided credentials to log in. To enhance

system security, a two-factor authentication (“2FA”) protocol is used and shareholders also receive a one-time password (“OTP”) via SMS message. Shareholders will be brought to a welcome page (which can be customised with the company’s branding protocols), which shows the entitled number of shares.

During the AGM livestream, two buttons are provided to shareholders to access different

functions: (1) voting (see Figure 25); and (2) question submission.

FIGURE 25: SHAREHOLDER VOTING

Company ABC HOLDINGS LIMITED (Incorporated in Bermuda with limited liability)		Folio No.	Shareholder CHAN	No. of Entitled Shares/Units 52,000 Share(s)
Resolution(s)				
Show Details <input checked="" type="radio"/> Split Vote <input checked="" type="radio"/>				
		All For For	All Against Against	
1.	To receive the audited financial statements and the Report of the Directors and the Independent Auditor's Report for the year ended 31 December 2019	52,000	0	
2.	To re-elect Mr. Lxi Cynn Gzza as Director	25,000	14,000	
3.	To re-elect Mr. Qxxx Pyh Kzzt as Director	52,000	0	
4.	To re-elect Mr. Cxgx Yym Kizz as Director	52,000	0	
5.	To authorise the Board of Directors to fix the remuneration of the Directors	52,000	0	
6.	To re-appoint Messrs. A & B as auditors and to authorise the Board of Directors to fix their remuneration	52,000	0	
7.	To give a general mandate to the Directors to buy back shares of the Company	52,000	0	
8.	To give a general mandate to the Directors to allot and issue new shares	52,000	0	
9.	To extend the general mandate to the Directors to issue new shares by the number of shares bought back	52,000	0	

Please review your voting instruction before submission

Source: Tricor

The voting function brings shareholders to a page on which all resolutions are listed. Shareholders can vote for or against (or vote split) each resolution. Subsequently, shareholders can review and confirm voting decisions prior to submission. Similar to the proxy voting function, a voting receipt is provided.

Question submission provides a channel for shareholders to raise questions in real-time. There are two options for question display for the company, either: (1) shareholders can see all questions raised by each other; or (2) shareholders can only see questions raised themselves. Either way, these questions are displayed in real-time on the administration dashboard, for company executives to answer and address.

FACILITATION OF PHYSICAL AGM

Tricor provides a full team to provide on-site support for the physical AGM. The team includes cameraman for presentation livestreaming, with number depending on the number of live feeds required by the corporate client. In light of social distancing measures, physical AGMs are conducted across multiple conference rooms at the same venue, with Tricor providing staff to manage attendees and facilitate the AGM in each room.

ADDITIONAL SERVICE

In addition to facilitating the AGM, Tricor is a company registrar and is authorised to act as a scrutineer. Tricor has the ability to reconcile and validate shareholder votes during AGMs, and as such, is able to provide an end-to-end digital AGM solution.

SERVICE COMPARISON

While there are many service providers operating in the digital AGM solution space, some only cover fragmented stages in the AGM lifecycle, while others only offer basic functionality (see Figure 26).

Some companies may opt to adopt functional services for their digital AGMs, such as e-meeting and e-polling services. However, e-meeting applications only support the registration, presentation, and Q&A stages of an AGM, but fail to facilitate the preparation for the AGM, the voting process, and any post-AGM steps. Similarly, e-polling services only provide a digital voting channel and do not support other AGM steps. Furthermore, many of these e-polling solutions are not registrars, and therefore are not authorised to act as scrutineers to compute poll vote results.

For digital AGM platforms developed by corporate service providers, the key shortfalls lie within the facilitation of physical portion of a hybrid AGM, lack of vote splitting option, and lack of authority for vote computation. Some service providers only help organise the virtual portion of the AGM, and hence companies have to manage the physical portion internally or hire a separate service provider, increasing cost and operational complexity. Furthermore, while all digital AGM platforms offer e-proxy and e-voting, not all offer a vote split function, which more shareholders are looking for in recent years. Finally, not all service providers are registrars, and hence may lack the authority to act as a scrutineer for vote computation.

FIGURE 26: DIGITAL AGM SOLUTION COMPARISON

		← Functional Service →		← Pure AGM Platform →				← Digital AGM Package →		
		e-Meeting	e-Polling	Lumi	EventMobi	Convene	EQS	Broadridge	Tricor	Observation
		zoom	slido	LUMI	eventmobi	convene	EQS GROUP	Broadridge	tricor	
PREPARATION	Organisation & Attendance	*	*	✓	✓	✓	✓	✓✓	✓✓	Organisation of both physical and virtual portion of AGM
	Proxy & Information	*	*	✓✓	*	✓✓	✓✓	✓✓	✓✓	Documents are uploaded securely to be accessed by shareholders
	Document Distribution	*	*	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	AGM notification sent out automatically to shareholders
CONVENTION	Set-Up & Registration	✓	*	✓✓	✓	✓✓	✓✓	✓✓	✓✓	2FA log-on required, with automatic tracking of attendance status
	Business Presentation	✓	*	✓✓	✓✓	✓✓	✓✓	✓✓	✓✓	Livestream of presentations, with option for multiple feeds
	Resolution Voting	*	✓	✓✓	*	✓	✓	✓	✓✓	Comprehensive voting options, with real-time validation and counting
	Vote Tally	*	✓	✓✓	*	✓✓	✓✓	✓✓	✓✓	Real-time display of poll vote results for the company
RESULTS	Question & Answer	✓	*	✓✓	✓	✓✓	✓✓	✓✓	✓✓	Direct communication channel for shareholders to submit questions
	Voting Results	*	*	*	*	*	*	✓✓	✓✓	Authorised registrar, allowed to act as scrutineer to compute results
	Summary & Minutes	*	*	✓✓	*	✓✓	✓✓	✓✓	✓✓	Management and distribution of post-AGM summary documents

* Service Not Provided ✓ Basic Service Provided ✓✓ Full Service Provided

*Depends on jurisdiction

Note that Basic Service Provided refers to basic functions that address minimum requirements, while Full Service Provided refers to enhanced functions and additional options, providing maximum flexibility for companies and shareholders

Source: Tricor

PLANNED UPGRADES

Understanding the increasing adoption of digital AGMs and the need to continuously enhance user experience, Tricor has plans to further improve SPOT.

SPOT is currently a web application and can be accessed via smartphones. However, Tricor is planning to optimise the smartphone user experience by developing an application version of SPOT, further enhancing user access and solution flexibility.

Tricor is also planning to provide more control options on the administration dashboard, introduce "Customise with your brand's looks and feel" design to feature client's own company logos and branding on customisable web pages, and add various functions including polling, in order to offer a tailored and holistic hybrid AGM experience.

SECTION 8

CONCLUSION

DIGITAL TRANSFORMATION

It is clear that Covid-19 has supercharged the digital transformation of business operations across the world, while even reshaping entire industries. AGMs are no different.

Digital AGMs, especially virtual AGMs, were banned or virtually unheard of prior to 2020. However, the implementation of widespread social distancing measures and lockdowns across the globe have made digital AGM solutions more than a mere value-add option for companies; for some firms, these solutions have become an operational necessity. As a result, the adoption of digital AGMs – be it hybrid or virtual – have increased rapidly. And with Covid-19 not likely to disappear any time soon, the ongoing digitalisation of AGMs seems an inevitable movement, and one that is here to stay.

DIGITAL AGM SOLUTIONS

While the digitalisation of AGMs has brought many benefits, including logistical flexibility, reduced AGM costs, higher shareholder participation, and a reduction in paper waste, experience during the past year has laid bare shortfalls exhibited by digital AGMs.

Some challenges can only be addressed via changes in external factors. Regulatory and / or bylaw requirements can only be resolved by changing relevant laws and articles. Certain leadership teams treating digital AGMs (especially virtual ones) less seriously than physical AGMs necessitate a change in

management mindset. Nonetheless, there are many problems that a digital AGM solution should actively address to ensure continued adoption in a post-Covid-19 world.

A digital AGM solution should offer comprehensive functions across the AGM value chain, supporting the company in facilitate all steps in an AGM, enhancing both companies' and shareholders' experience. The platform should be designed to be intuitive, with clear instructions explaining all relevant functions, especially with regards to communications and voting. Finally, communication channels should be established as frequently as possible – before, during, and after AGMs. Suitable communication formats – such as group chats, bilateral instant messaging, video communications, and perhaps even emotional reactions – need to be implemented. While virtual communication can never replace in-person conversations, a digital AGM solution should imitate physical interactions as much as possible, in order to drive shareholder engagement.

Various protocols and processes within corporate governance are being digitalised, such as the adoption of board portals to facilitate board meetings and management dashboards to facilitate supervision of company operations. With social distancing measures remaining in place, AGMs are expected to be the next practice to be digitalised, and it is now up to digital AGM solution providers to advocate their value proposition and establish themselves in the market, representing a true turn of e-vents.

SECTION 9

HOW CAN WE HELP?

TRICOR

Tricor, as a leading Share Registrar in Hong Kong, is an industry pioneer in digital transformation for providing innovative digital solutions such as SPOT to cope with evolving market conditions and to enhance corporate governance.

END-TO-END HYBRID MEETING SOLUTION

With our rich experience in handling meetings of all different scales and complexity for listed issuers and various associations, we have expanded our meeting service from the usual paper form to a digitalised platform in SPOT.

SPOT offers cohesive e-Meeting and e-Proxy solutions to ensure seamless and successful online voting and validation of results. Our dedicated team can also help to administer the whole meeting process for making electronic general meetings and proxies possible.

EMPOWERING CORPORATE GOVERNANCE IN THE DIGITAL WORLD

The adoption of hybrid or virtual meetings via our SPOT is highly scalable with ESG initiative, which offers significant cost savings and reduction in administrative effort. With enhanced engagement and communications with shareholders, investor relations can further be improved, which is vital to a company's long-term success.

While voting taking place in real time and in encrypted technology with cloud infrastructure, instant voting results can be provided with high level of voting accuracy and auditability.

Tricor provides Best-In-Class Services – SPOT is the platform of choice for listed companies, non-governmental organisations and corporate entities to hold secure and fully compliant general meetings effortlessly.

QUINLAN & ASSOCIATES

Our consultants have worked with various organisations on corporate governance process enhancement and on digital transformation. Our project work encompasses a number of key services, including:

1. CORPORATE GOVERNANCE

Evaluate the organisation's corporate governance policies, protocols, and processes to identify key shortfalls, and provide recommendations refining existing framework:

- Evaluate the existing corporate governance policies, processes, and systems against industry best practice, especially with respect to the five core pillars, to pinpoint critical gaps on balancing stakeholder interests
- Establish tailored programmes and initiatives to address gaps to enhance efficacy of corporate governance

2. DIGITAL TRANSFORMATION

Review the organisation's existing operations and processes to identify key areas for digitalisation, and provide strategic guidance through digital transformation:

- Evaluate service value chains against industry best practice and peers to identify shortfall areas in existing operations
- Develop an appropriate end-to-end strategy and operating model and identify necessary implementation enablers, taking into account internal capabilities
- Establish appropriate option(s) to execute digital initiatives and formulate appropriate solutions to address potential roadblocks

APPENDIX

AGM SURVEY

SURVEY OVERVIEW

To better understand the AGM landscape and validate some of our market sizing assumptions, we conducted a survey to collect views from public companies in Hong Kong.

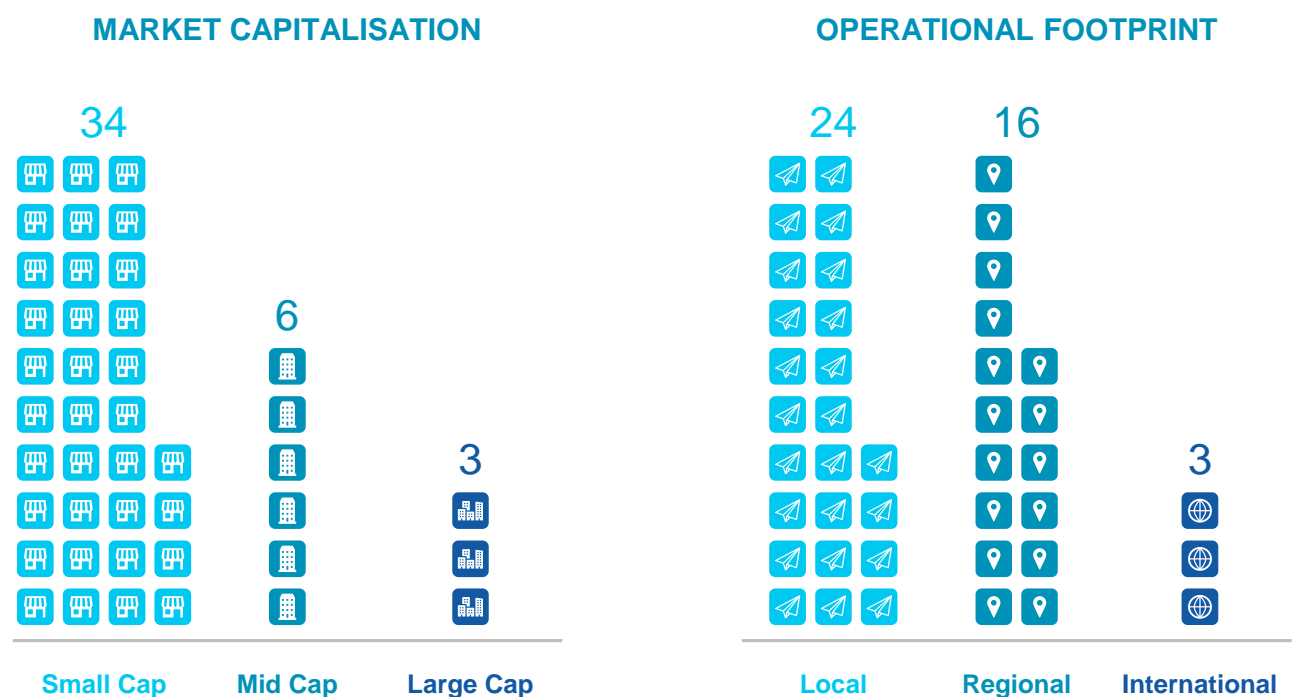
The online survey covered company background information, experiences with physical AGMs, AGM practice during Covid-19, experiences with digital AGMs (if the company

chose to conduct a digital AGM in 2020), and preferences for digital AGM adoption after the Covid-19 pandemic ends.

SURVEY RESPONDENTS

We received 43 responses from public companies in Hong Kong, with varying market capitalisation and operational footprint (see Appendix 1).

APPENDIX 1: SURVEY RESPONDENTS



Note that Small Cap, Mid Cap, and Large Cap refer to companies with a market capitalisation of <HKD 10 billion, HKD 10-50 billion, and >HKD 50 billion respectively
Source: survey results, Quinlan & Associates analysis

The majority of respondents were small cap companies with a local operational footprint. While this may seem skewed at first glance, it

does reflect the fact that the business market is dominated by small firms and that large players are far and few between.

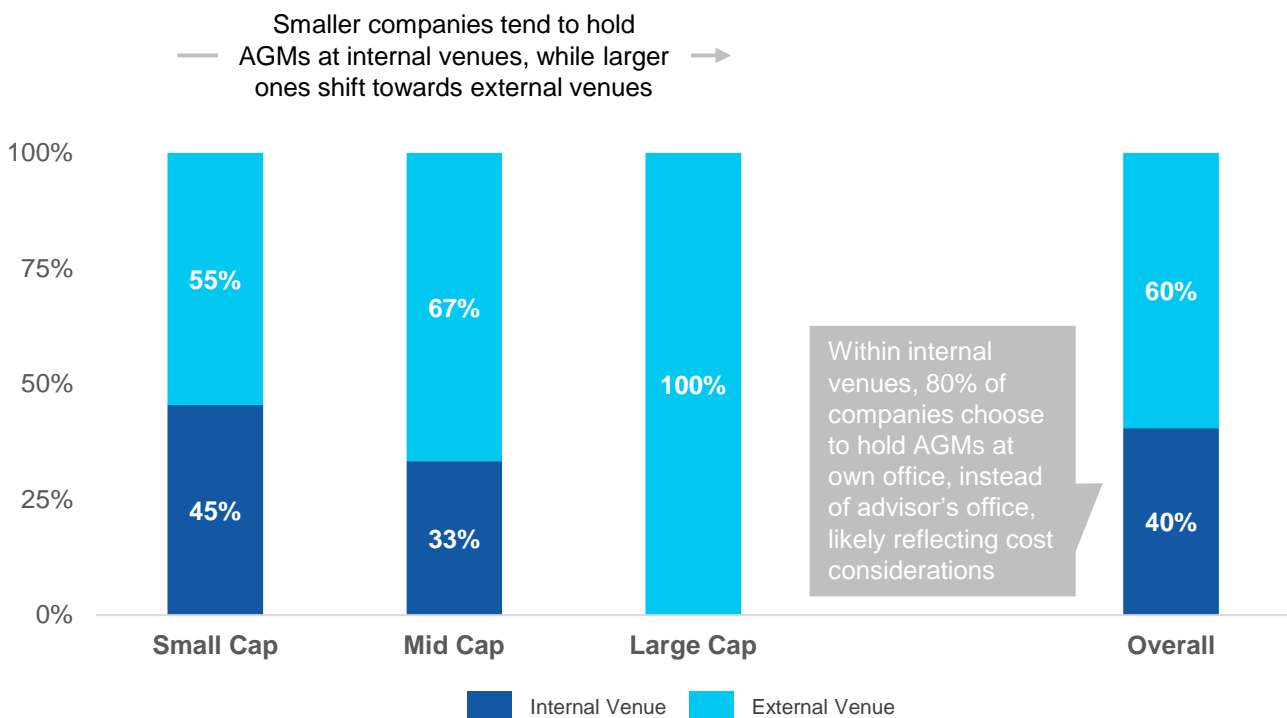
PHYSICAL AGM

We began the survey by asking respondents about their experiences with physical AGMs, which was the dominant AGM format before the Covid-19 pandemic.

AGM VENUE

We asked respondents to indicate the AGM venue for the most recent AGM, across internal venues (own office or advisor's office) and external venues (hotels or exhibition centres) (see Appendix 2).

APPENDIX 2: AGM VENUE



Source: survey results, Quinlan & Associates analysis

Among all survey respondents, 60% chose to hold the physical AGM at an external venue, and no clear preference was identified. On the other hand, the majority of companies holding physical AGMs at an internal venue chose to do so at their own office (instead of advisor's office), likely reflecting cost considerations.

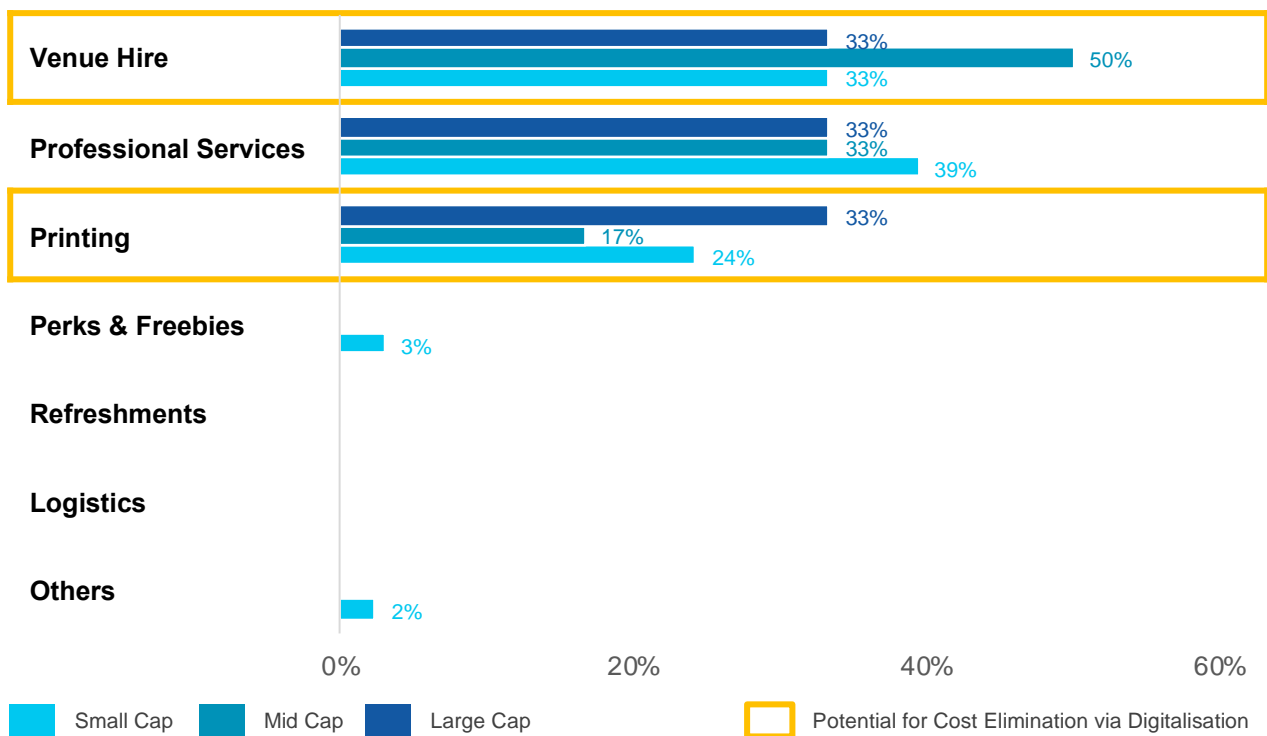
While it is interesting to see that the majority of small cap companies surveyed conducted their physical AGM at an external venue, our survey results do align with consensus that preference for external venues strengthens for larger companies.

AGM EXPENSE DRIVERS

We asked respondents to provide an indication of the key cost drivers for their most recent

physical AGM, to better understand how digitalisation could potentially help with cost reductions (see Appendix 3).

APPENDIX 3: PHYSICAL AGM EXPENSE AND COST DRIVER



Source: survey results, Quinlan & Associates analysis

In terms of drivers, the key spending areas are venue hire, professional services (including scrutineer, investor relations, production house, and PR services), and printing, with two of these

items (i.e. venue hire and printing) being driven by the in-person nature of physical AGMs. These results align with our estimation of overall AGM expense and itemised breakdown.

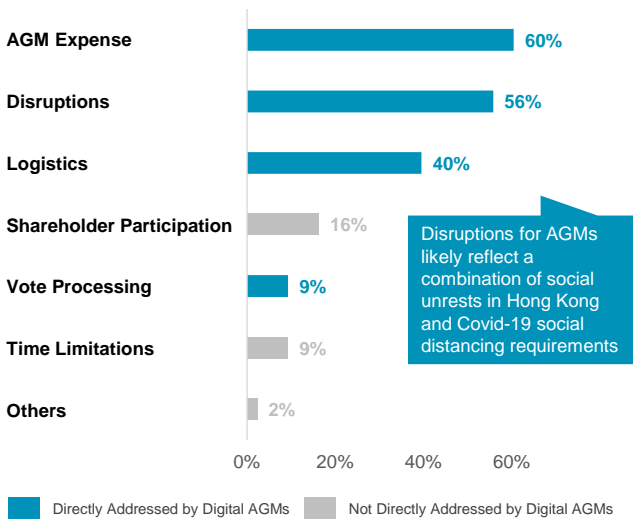
PHYSICAL AGM CHALLENGES

Finally on the topic on physical AGMs, we asked respondents to indicate the top three

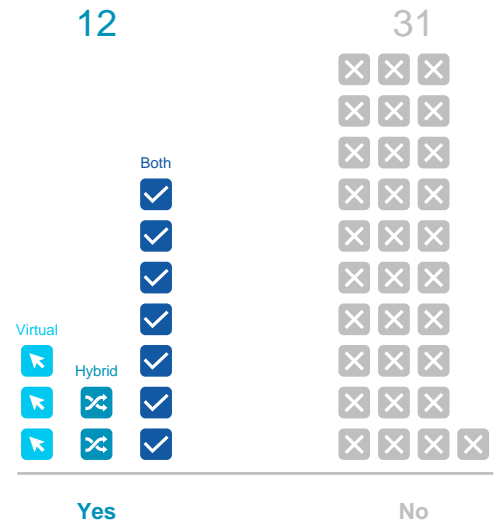
challenges they faced during their most recent physical AGMs (see Appendix 4).

APPENDIX 4: PHYSICAL AGM PAIN POINTS

AGM CHALLENGES (TOP 3)



CONSIDERED DIGITAL AGM PRE-COVID



Note that as survey respondents were allowed to select up to three challenges, the percentages add up to over 100%
Source: survey results, Quinlan & Associates analysis

The three key pain points of physical AGMs are AGM expense, disruptions, and logistics. Within AGM expense, venue hire was highlighted as the core pain point driver. With regards to disruptions, the driver likely reflects a combination of social unrests / protests in Hong Kong and Covid-19 social distancing requirements. Nonetheless, we see all three of these top challenges as directly addressable via digitalisation.

While the pain points experienced by many companies during their AGMs can be addressed by digital AGMs, it is interesting to see that over 70% of companies have not considered digital AGMs before Covid-19. While the pandemic has raised awareness of such solutions, we see ongoing education as critical to drive adoption in a post-Covid-19 world.

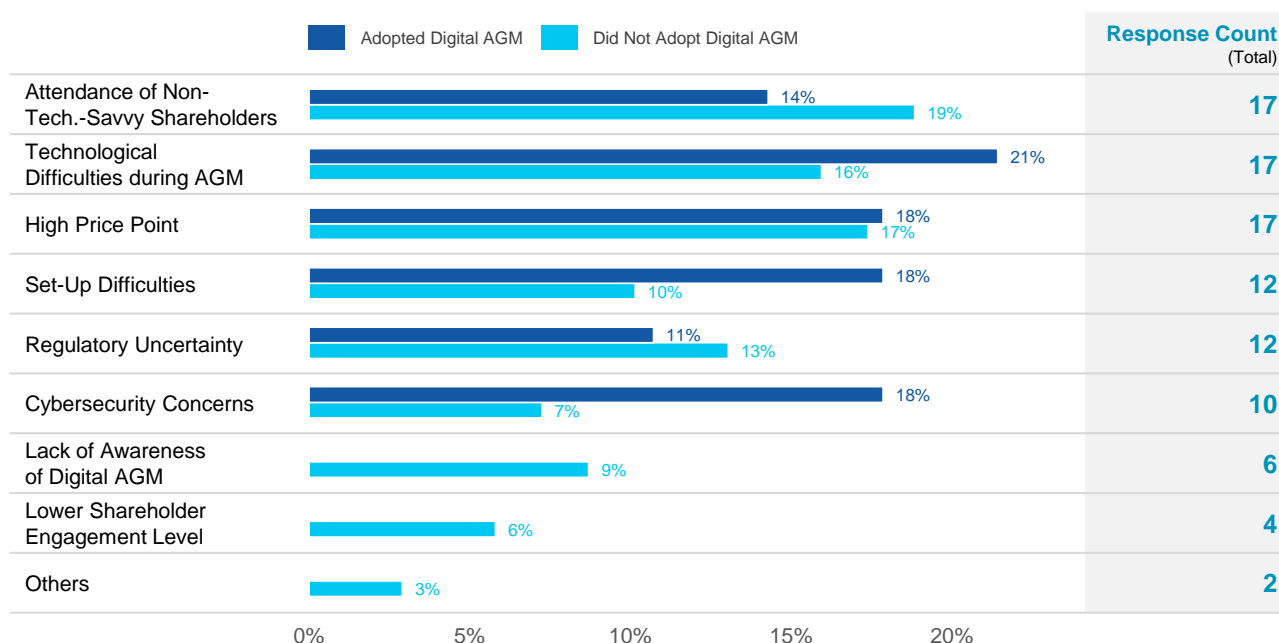
DIGITAL AGM

DIGITAL AGM CHALLENGES

For respondents that have conducted digital AGM, we asked them to evaluate their experience and indicate any short falls. On the other hand, for those that did not adopt digital

AGM, we asked for their reasons for opting to stick with a physical AGM. Combining results from these two questions, we were able to holistically understand the challenges faced by digital AGM solution providers, from the perspectives of both potential users and existing users (see Appendix 5).

APPENDIX 5: DIGITAL AGM CHALLENGES



Source: survey results, Quinlan & Associates analysis

Companies are generally concerned about complexities they face during the set-up process, potential technological hiccoughs during meetings, difficulties for less technologically savvy shareholders to attend, and underlying cybersecurity issues.

In terms of pricing, some companies that did conduct digital AGMs found that the cost reduction was not as prominent as expected, while companies yet to conduct digital AGMs are concerned about the relatively high price point.

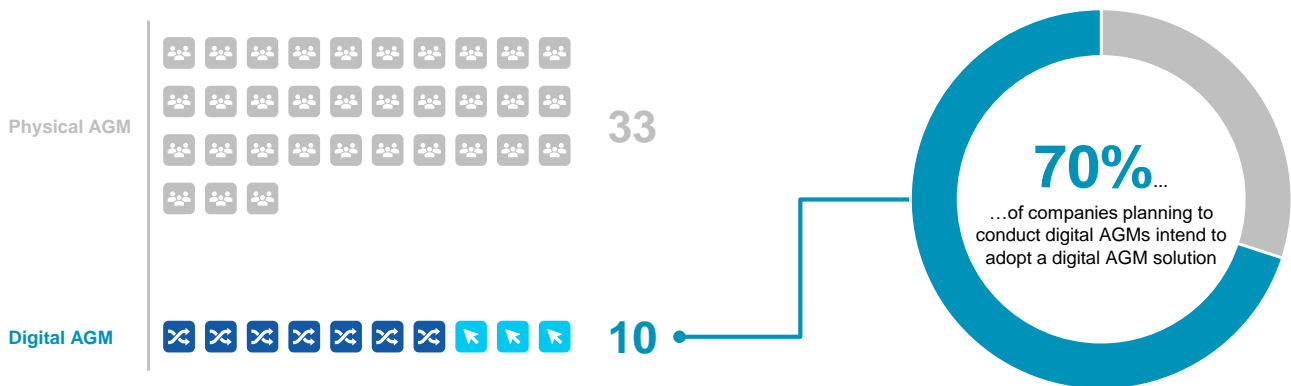
Finally, regulatory hurdles include requirements imposed by local regulators and company bylaws. In fact, some respondents have indicated that the expected benefits from digital AGMs do not justify the cumbersome process of amending company bylaws / memorandum & articles.

DIGITAL AGM ADOPTION

Finally, we asked respondents about their post-Covid-19 AGM plans, especially with regards to

their target AGM format. For those that plan to conduct digital AGMs, we also enquired whether they intend to adopt any digital AGM solutions (see Appendix 6).

APPENDIX 6: DIGITAL AGM ADOPTION



Source: survey results, Quinlan & Associates analysis

Given the fact that many companies only chose to conduct digital AGMs due to social distancing requirements this year, it is not surprising to see that ~75% of respondents have a preference for physical AGMs. Nonetheless, we see digital transformation as an operational necessity, and therefore we expect a gradually higher level of adoption via an ongoing education process.

For companies that already plan to conduct digital AGMs, 70% intend to employ the service of a digital AGM solution. We expect a stronger adoption rate as these solution providers continue to upgrade and enhance their platforms, to offer a stronger proposition.



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ABOUT TRICOR

Founded in 2000, Tricor Services Limited has been the leading business expansion specialist in Asia.

Our team of 700+ professionals serves over 10,000 clients across multiple industries, including more than 50% of listed companies and family offices, from Hong Kong and China in full strength.

promote

Tricor Services Limited's business expansion solutions include integrated business management advisory, corporate administration and secretarial services, trust and fiduciary services, and human resource consultation. Tricor Inside, our unique approach to business expansion, empowers companies to seamlessly manoeuvre from start-up to IPO and beyond.

ABOUT QUINLAN & ASSOCIATES

Quinlan & Associates is a leading independent strategy consulting firm specialising in the financial services industry.

We are the first firm to offer end-to-end strategy consulting services. From strategy formulation to execution, to ongoing reporting, communications, and employee training, we translate cutting-edge advice into commercially executable solutions.

With our team of top-tier financial services and strategy consulting professionals and our global network of alliance partners, we give you the most up-to-date industry insights from around the world, putting you an essential step ahead of your competitors.

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