

Who shifted to virtual AGMs during Covid? It wasn't the big tech firms

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Bricks and mortar embraced technology while the new economy kept things physical.

Global tech giants such as Tencent, Xiaomi and Meituan shunned electronic shareholder meetings during Covid in 2020, opting for physical AGMs as their old economy peers such as banks and manufacturers went virtual.

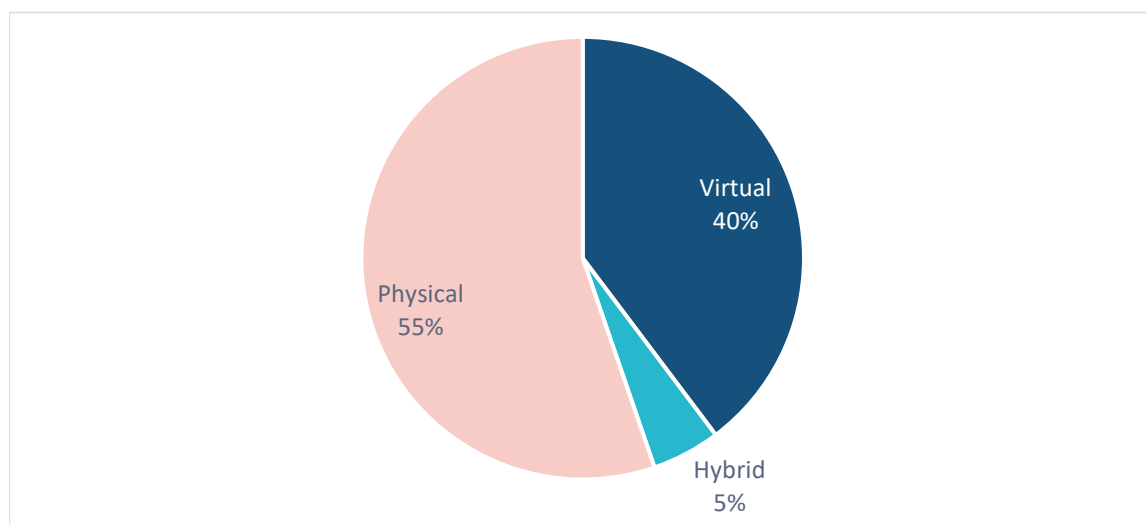
ACGA surveyed 600 companies across the Asia-Pacific on their AGM modes in 2020. We chose the top 50 companies by market capitalization in each of the 12 markets we cover. Of the leading tech companies, only Alibaba used electronic measures—while it held a physical meeting in Hangzhou, this was webcast to shareholders. Hong Kong-listed Tencent, Xiaomi and Meituan meanwhile kept their meetings strictly in person.

Across the region, 40% of the companies surveyed adopted virtual meetings, where the AGM was held at a physical venue with a few directors and a technical crew while shareholders could only attend online. A further 5% held hybrid meetings where the AGM was webcast and shareholders could either attend in person or participate online.

More than half of all companies in the region stuck with physical AGMs:

Figure 1

AGM modes of 50 largest issuers per market across 12 APAC market, 2020



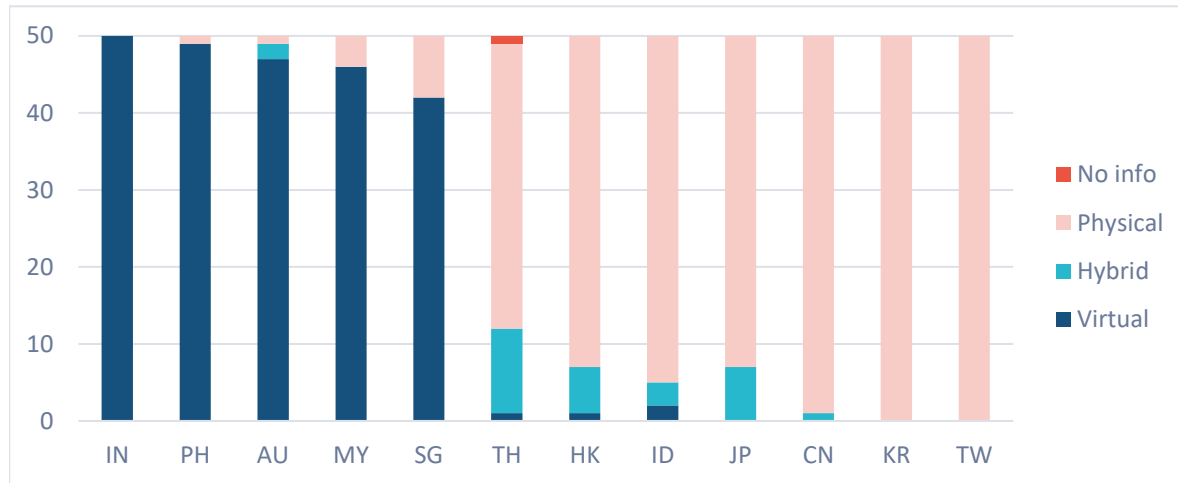
Source: ACGA

We found that the markets where regulators moved quickly to pass or amend laws to facilitate electronic AGMs had the most virtual meetings.

India came out on top as the biggest adopter of electronic means for AGMs, followed by the Philippines and Singapore. Korea and Taiwan were at the bottom of the scale.

Figure 2

AGM modes of top 50 issuers per market, 2020



Source: ACGA

Chinese company law allows hybrid AGMs but baijiu maker is the only taker

Of the top 50 companies in China, only one had a hybrid meeting while there were no virtual AGMs. The one hybrid meeting in China’s top 50 was held by Wuliangye, an alcoholic beverage firm which makes baijiu.

Interestingly, China’s regulators did encourage shareholders to vote online in advance of meetings rather than attend in person. Company law in China allows hybrid AGMs, but not fully virtual ones. And companies did not need to amend their articles to hold valid hybrid meetings.

Hong Kong bans groups of more than two but allows physical AGMs

Hong Kong did not take Covid as an opportunity to push issuers towards electronic AGMs. Little advice was given on AGMs, beyond suggesting companies defer meetings or use multiple rooms or venues linked up by telecoms to reduce the headcount at a single venue.

Of the top 50 listed companies, only six put on hybrid meetings, and there was one fully virtual AGM. The six hybrid meetings were held by three Chinese firms (Alibaba, CITIC, and China Overseas Land & Investment) and three local issuers (AIA, MTR Corporation and CK Hutchison). CITIC was the only one where shareholders could vote online in real time, while the other five only allowed voting in person or by proxy. Hang Seng Bank held an electronic meeting but voting had to be done beforehand and minority shareholders were not permitted to attend in person.

ACGA notes that most of the top 50 were state-controlled enterprises from China and often dual-listed. Since they were under no compulsion to organise webcasts for A-shareholders in China in 2020, they did not do so for their H-shareholders in Hong Kong either. In previous years, some of these companies organised simultaneous AGMs. ICBC for example, would previously broadcast from Beijing to a venue in Hong Kong. Due to COVID-19, the broadcast was cancelled in 2020.

High performers reacted quickly with regulatory changes, incentives and guidance

India’s company law did not specifically allow electronic meetings, but e-voting at AGMs was possible. But by 19 March 2020, the Ministry of Corporate Affairs (MCA) gave the green light for companies to hold electronic meetings for certain matters, such as approving financial statements and approving the board report. It

broadened this to EGMs on 8 April 2020, and electronic AGMs were allowed after 5 May. Companies unable to conduct an AGM electronically were required to submit an application to the Registrar of Companies to extend the AGM to another date. In January 2021, the MCA further extended the ability to hold AGMs electronically until December 2021.

The Philippines' good performance on electronic AGMs was very much a response to government encouragement. On 12 March 2020, the SEC issued guidelines on virtual AGMs including a point that shareholders may vote remotely through electronic means.

Australia dodges AGM disruption...

Unlike AGMs in much of the region in 2020, the timing of most annual meetings in Australia was only mildly affected by the pandemic. This is because most AGMs in Australia are normally held towards the end of the year, in November, rather than in the first half as they are in the rest of Asia. The big change in 2020 was the use of information technology and the rise of virtual meetings.

In its 20 March announcement, the Australian Securities and Investment Commission (ASIC) expressed its support for virtual meetings as long as companies used appropriate technology to allow shareholders to participate. Then on 6 May, the government announced temporary changes to the Corporations Act allowing "entirely online" meetings for the following six months, with a later extension to 21 March 2021.

...while Malaysia pivoted from order to order

In Malaysia, company law already allowed companies to hold virtual AGMs unless their articles expressly stated otherwise. As Malaysia put a range of control orders in place during Covid, the Securities Commission issued and updated their guidance on AGMs accordingly. During the initial lockdown, listed companies could only conduct virtual meetings, and hybrid meetings were not allowed. As restrictions were tightened, issuers were prohibited from conducting a meeting and were recommended to delay the AGM. And as restrictions were loosened in June, companies could choose to hold fully virtual, hybrid or physical-only meetings.

In Singapore, things moved swiftly on Covid-related corporate disruptions. AGM deadlines were extended and tangible guidance was given on virtual meetings. SGX also provided a S\$5,000 grant for companies to help with the costs associated with virtual AGMs. Issuers were also encouraged to consider pre-AGM virtual briefings as well as a webcast of the meeting itself.