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Tricor and Quinlan Jointly Announce Research Findings on Global Digital AGM Trends

Rising Needs for Regulatory Guidance for Hybrid AGMs to Strengthen Corporate Governance and Shareholder Engagement

Tricor Hong Kong (“Tricor”), the leading business expansion specialist in Asia, and **Quinlan & Associates** (“Quinlan”), a leading independent strategy consulting firm specialising in the financial services industry, jointly announced today the research findings on the global digital transformation of annual general meetings (“AGMs”) amid the pandemic.

AGMs represents a key pillar in corporate governance. They provide a platform for shareholders to interact with a company’s leadership team, evaluate its performance, and voice their opinions about its development and strategies. It is estimated that 11.9 million AGMs were held worldwide in 2020 by corporations and non-profit organisations at a total cost of USD 9.3 billion.

Despite its long history, AGMs have largely remained unchanged, with physical in-person conventions the dominant format until 2020. The arrival of Covid-19 highlighted a number of pain points such as organisation logistics, shareholder participation, voting efficiency, among other factors associated with physical AGMs. These shortfalls, like many business meetings in today’s socially distanced world, can be addressed via digitisation. Many jurisdictions have relaxed restrictions on AGMs and allowed virtual or hybrid AGMs to encourage shareholder participation.

The AGM digitisation trend accelerated as a result of social distancing measures implemented across the globe due to Covid-19, prompting companies to explore digital AGM solutions, with many jurisdictions witnessing double-digit multiples in digital AGM

adoption rates. Tricor and Quinlan estimated that the global AGM solution market has the potential to grow by a CAGR of approximately 10% over the next five years, reaching approximately USD 219 million by 2025.

Joe Wan, Chief Executive Officer of Tricor Hong Kong, said, “2020 was a year of monumental growth for digital transformation on all fronts. In spite of that, digital AGMs have been less well-received than expected during the year. To assist our clients in strengthening corporate governance and shareholder engagement via digital transformation, Tricor has rolled out our proprietary digital AGM solution SPOT last year, which bridges advantages of both physical and virtual meetings for conducting shareholder meetings and facilitates an easy voting process. We will continue to work towards the wider adoption of digital AGM solutions to broaden shareholder engagement. We also urge the relevant regulatory bodies to give clear guidance to listed companies to improve their understanding of regulatory requirements regarding digital AGMs and encourage them to go digital for their AGMs even after the pandemic has subsided.”

According to the survey conducted by Tricor and Quinlan, out of 43 respondents from public companies in Hong Kong, over 70% have not considered holding digital AGMs before the pandemic. For the respondents that did not adopt digital AGMs in 2020, the attendance of non-tech savvy shareholders ranked the highest among their list of concerns that determined their decisions to keep a physical AGM format. Meanwhile, the companies that had held digital AGMs found technological difficulties during the AGMs to be the biggest challenge.

Catharine Wong, Managing Director and Head of Share Registry and Issuer Services (Hong Kong) of Tricor Hong Kong, said, “It is worth noting that low levels of shareholder participation have always been a consideration for AGMs, particularly notable among retail investors. For example, in Hong Kong, only 3% of retail investors voted in 2019, with only 16% of all retail investors in Hong Kong having ever voted. One-third of retail investors in Hong Kong were not aware of the right to vote, and over half of them found the process too time-consuming¹. The rise of digital AGMs, in the form of virtual AGMs and hybrid AGMs, is expected to drive shareholder participation by eliminating the need to travel and enhancing convenience to attend. Digital AGM solutions aiming to maximise touchpoints and the communication experience would greatly facilitate this process and alleviate companies’ concern about technological difficulties.”

Benjamin Quinlan, Founder of Quinlan & Associates, said, “In the process of conducting this survey, it was clear that awareness about the functionality and accessibility of digital AGMs was lacking among our respondents. However, as part of a global trend, the digital transformation of AGMs is as inevitable as it is conducive to raising shareholder engagement. However, we believe regulators have an important role to play in supporting

¹ Investor Education Centre (Hong Kong), ‘Retail Investor Study Research Report’, December 2017

companies to future-proof their digital AGM practices, especially in a Covid-19, socially distanced climate.”

SPOT, a tailor-made solution for Hong Kong listed companies, is at present the only eMeeting system that:

- complies with and observes all the requirements of HKEX Listing Rules and statutory regulations;
 - seamlessly integrates the Register of Members;
 - facilitates proxy actions under CCASS to attend and vote on-line;
 - provides voting forms and proxy forms in the same format and details as published by the issuer on HKEX website for investors’ ease of use;
 - includes a full range of functions for an end-to-end eAGM solution; and
- offers robust data privacy, encrypted data storage and transmission and multi-layered security.

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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.

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 maneuver from start-up to IPO and beyond.

Take your first step towards business success with Tricor. Join the industry leaders, and get to know more at www.tricorglobal.com.

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.