

## An Investor's guide to preparing for Annual General meeting 2015

*This guide seeks to aid investors to focus on key issues and raise pertinent questions during the Annual General Meeting (AGM). We listed issues and considerations to help investors to better prepare for the AGM 2015.*

Issue	Considerations	Notes
<b>Corporate Governance</b>	<p>Resolutions and decisions of Board of Directors add value to the firm?</p> <p>Note the proportion of participants in the meeting</p> <p>Internal transaction and relevant people?</p>	
<b>Dividend policy</b>	<p>Is the payout ratio going up or down? Why?</p> <p>How and when it pay?</p> <p>If company has excess cash, why isn't it paying more?</p>	
<b>Appointment of directors' fees</b>	<p>Usually kept constant vs. last year. Query if there are significant increases.</p> <p>Use the test of reasonableness relative to overall earnings and overall salary expenses of company.</p>	
<b>Appointment of auditors</b>	Any request for a change of auditors should be queried.	
<b>Issuance of new shares</b>	<p>The shares can be issued to:</p> <ol style="list-style-type: none"> <li>Existing shareholders on pro-rata basis (preferred stock, stock option)</li> <li>New shareholders, usually via placements. One must consider the allowable discount to existing share price.</li> <li>Staff, management, directors as incentive for performance (numbers issued?)</li> </ol>	
<b>Allowing share buybacks</b>	<p>Share buybacks make sense when alternative uses of cash (e.g. capacity expansion, acquisitions, debt repayment) are less attractive than the company's own shares. As such, in the execution of share buybacks, shareholders should query the:</p> <ol style="list-style-type: none"> <li>Logic: under what conditions will share buybacks be conducted?</li> <li>Process: via open market buyback/deal?</li> <li>Price/Time</li> <li>Clarify the conduct of share buyback plan.</li> </ol>	
<b>Financial Statements</b>	<p>The suitability between annual financial report and audited financial report.</p> <p>The reason why revenue, profit, cost, extraordinary profit, cash flow, working capital, financial leverage...</p> <p>If there are changes in the accounting policy, query. Be cautious if the new accounting policy is considered more aggressive, e.g. it results in raising revenue bookings and/or reducing expense</p>	

bookings in earlier years.

**Follow-through on plans stated in 2014** Follow up to ensure that the company stays focused in its business, and that previously-stated plans remain on track (including capacity expansion plans, acquisitions)

**Risk mitigation efforts** Ask what has not gone well in the last year and seek clarification on steps that have been taken to mitigate risks of a repeat.  
Check if risk mitigation efforts have been implemented and remain effective.

**The performance of business in Q12015** Query about Q12015 earnings results (better/worse as compared to previous quarter)  
Ask about untold business prospect's risk

**Current business positioning** Market share, price positioning, brand positioning.  
Get updates of current capacity utilization (new distribution, capacity expansion, new plant)

**Industry and Economic outlook** Management and Directors are usually reticent on making forecasts. However, it is fair to ask for the current assumptions they are making on their economic and industry outlook in their current business and strategic plans.  
Seek clarification if these assumptions differ from your perspective.

**Planned expenditure of resources** Are there areas which the Board of top management envisions in 2015?  
Will see additional manpower deployed?  
Will have more financial resources deployed to it? (capital expansions, acquisitions)  
Will see a reduction in resources? (capacity reduction, retrenchments, asset divestment)

**Cash needs** In view of existing expansion plans  
Comfortable gearing level

*Source: Singapore Exchange, RongViet Research*

Annual Shareholder meeting schedule: Please download [here](#).