

SHAREHOLDERS' MEETINGS:

How held, Why, When, Whom, What formalities?

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SHAREHOLDERS' MEETINGS

- **INTRODUCTION**

- Purpose of this presentation:

- ✓ Focus on aspects of the Annual General Meeting (AGM)

- ✓ Procedures that need to be considered and followed

- so as to achieve an effective, successful and compliant AGM

- **2Types of Shareholders' Meetings**

- (General Meetings aka Members' Meeting)

- The Annual General Meeting (AGM)

- The Extraordinary General Meeting (EGM)

SHAREHOLDERS' MEETINGS

Important Rules

- Every company must hold an AGM yearly s175(1) CA,CAP.50
- Usually Directors' responsibility
- An important right of shareholders
- Strict penalties imposed by ACRA if not held on time
- Maximum: 2 months of extension of time granted
- Voluntary Self-Compliance: ACRA awarding Certificate of Compliance – wef April 12010 (FOC for 6 months, for compliant companies) – see sample

SHAREHOLDERS' MEETINGS

- THE COMPANIES ACT prescribes certain matters must be tabled/done at the AGM –

ORDINARY BUSINESS

- The accounts to be laid before the members
- The declaration of dividends
- The retirement and re-election of directors
- The re-appointment and fixing of remuneration of auditors
(These are not mandated by law, but are governed by the Articles)

SPECIAL BUSINESS

- Approval of directors' fees & remuneration

SHAREHOLDERS' MEETINGS

SPECIAL BUSINESS (continued)

- Certain other recurring business are also usually transacted
 - The re-appointment of directors who are over the age of 70 (public company or a subsidiary of a public company)
 - General approval for the issue of shares – Section 161
 - The renewal of Interested Party Transactions mandate
 - The renewal of share-buy back mandate
 - The renewal of Employee Share Option Scheme (ESOS)
 - Rights issue, bonus shares, etc (?)

SHAREHOLDERS' MEETINGS

EXTRAORDINARY GENERAL MEETING

- EGM- Any general meeting other than the AGM is called an EGM Table A, Article 43
- Directors to convene a general meeting if required to do so by members' requisition (at least 10%) – Sections 176 and 177

SHAREHOLDERS' MEETINGS

- **Formal Matters of Shareholders' Meetings**

- Notice / Proxy form
- Certificate of Appointment of Corporate Representative
- Quorum / Chairman / Chairman Script or Notes
- Ordinary and Special Resolutions
- Director re-elections
- Methods of Voting (usually a show of hands)(or by polling)
- Poll procedures
- Disclosure of proxy votes
- Adjournment of meeting
- Addressing Shareholders questions
- Managing shareholder(s) who wish to speak / dominate question time
- Minutes taking / Minutes Book

SHAREHOLDERS' MEETINGS

- **Notice & Proxy/Proxy Form**

- Notice is sent to shareholders, notifying place, date, time, nature of business to be transacted
- Notice period : 14 days, 21 days, 28 days
- Notice is served either personally or by post to a shareholder, at his registered address in Singapore
- Proxy is someone who substitutes the shareholder to attend AGM/EGM
- Up to 2 proxies allowed: Section 181
- Lodged / deposited 48 hours before Meeting at the Company's registered office

SHAREHOLDERS' MEETINGS

- **Certificate of Corporate Representative**

- In lieu of Proxy Form
- Section 179 provides a corporation may by its directors' resolution, authorize such person to act as its representative to attend at a particular meeting or at all general meetings of the Company
- A Certificate of Appointment is usually issued by the holding company
- Representative when signing Minutes = AGM/EGM was deemed held

SHAREHOLDERS' MEETINGS

- **Quorum / Chairman**

- Quorum is used when important formal business to be considered
- An opportunity to engage with shareholders
- Chairman is the person who presides over a meeting; Keeps order
- Chairman has powers to ensure meeting goes smoothly, record votes, take minutes, take a poll, adjourn meeting,
- Important that the Chairman has a script to follow
- Script should be in typed format that the Chairman is comfortable with
- The script should follow the Notice of the AGM or general meeting
- Anticipated questions and answers should be prepared, reviewed and understood by those who may answer questions

SHAREHOLDERS' MEETINGS

- **Ordinary and Special resolutions**

- Proposed resolutions are either Ordinary Resolutions (requiring simple majority approval) or Special Resolutions (a majority of at least 75% votes)
- In putting proposed resolutions (motion) to meeting, the Chairman must make it clear that, for a special resolution, shareholders are informed that it is a special resolution and what the required majority is
- The Chairman must decide whether motions are to be moved and seconded or not – no legal requirement for this
- If motions are to be moved but not seconded, it is common that the Chairman move the motions. This is usually where there are no contentious business
- If motions are to be moved or seconded, must ensure “agreeable” shareholders are present

SHAREHOLDERS' MEETINGS

- **Directors' re-elections**

- Identify directors who are retiring & standing for re-election:

- ✓ Annual rotation under Articles of Association
(1 / 3rd)(Article 63 of ACRA's version of Articles)
- ✓ Casual vacancy - Appointed by directors since last AGM
- ✓ Director(s) who are over the age of 70 (re-appointment)

SHAREHOLDERS' MEETINGS

- **Directors' re-elections**

- Where external nominations (of new directors) are involved, care should be taken to ensure :

- nominations are clearly set out in the notice, and listed alphabetically
- giving the nominated directors the opportunity to speak prior to voting taking place, or to include a statement from directors? Examine : their contribution, value-add, background?

SHAREHOLDERS' MEETINGS

- **Methods of Voting**

- Assent (that to say “yes” or “no”)
- Show of hands
- Poll
- Ballot
- Division
- Acclamation (Hillary Clinton article)

SHAREHOLDERS' MEETINGS

- **Voting (on a show of hands)**

- Usual form of voting
- Using registration and voting cards issued at registration
- Account needs to be taken of CPF investors who are excluded from voting
- Directors and others who might be excluded from voting on particular resolutions (interested parties)
- Secretary arrange company officers/scrutineers to assist in the count
- Once the Chairman is satisfied that the voting outcome is clear he/she should declare the motion carried (or the motion lost)
- If the chairman believes that, if a poll was held, the result of the poll would be different from the result of the show of hands, he/she should immediately call for a poll (e.g. The Chairman calling for a poll: "As the results of a poll would likely to provide a different result from the vote on a show of hands, I exercise my right under the Articles of the Company to call for a poll...")

SHAREHOLDERS' MEETINGS

● Poll Procedures

- A poll can be called:
 - ✓ Before a vote is taken
 - ✓ Before the result on a show of hands is declared
 - ✓ Immediately after the result on a show of hands is declared
- Poll can be demanded by the Chairman, or by member(s) representing at least 10% of total voting rights, or not less than 5 members having right to vote (Section 178(1))
- Poll takes place immediately or at later time. However, a poll on the election of a chairman (if permitted) or an adjournment of the meeting must be taken immediately
- Have Auditors or Share Registrar as scrutineers
- Scrutineers would have checked and authenticated the poll cards / proxies / corporate representative documents
- The results of the poll should be announced as soon as available which may be during the meeting or as soon as possible after the meeting

SHAREHOLDERS' MEETINGS

- **Disclosure of Proxy Votes**

- Company should disclose the proxies received if it considers that such disclosure represents good governance
- If the company is to disclose the proxies it may have some or all of the following options:
 - ✓ Disclose the proxy votes received for all the resolutions on a projector screen
 - ✓ Disclose the proxy votes before discussion
 - ✓ Disclose the proxy votes after discussion but before the vote is taken
- The disclosure can be either in the form of a verbal disclosure or the details can be shown on a screen
- The details should be:

✓ Votes for	xx,xxx,xxx
✓ Votes against	xx,xxx
✓ Discretionary votes	x,xxx,xxx
✓ Spoilt votes	xx,xxx
✓ Abstained votes	xxx,xxx

SHAREHOLDERS' MEETINGS

● **Adjournment of Meeting**

- Meetings may be adjourned:
 - ✓ By an ordinary resolution of the shareholder meeting
 - ✓ By the Chairman:
 - If empowered by the Company's Articles
 - When necessary to keep order
 - To facilitate a poll
 - When a resolution of the meeting is necessary, e.g. where the venue appears too small
 - ✓ Automatically under the Articles, if, e.g. a quorum is not present within, say, 30minutes of the time set for the meeting
- The adjournment is usually to a date and place set by the directors
- At every commencement of an adjourned meeting, only the business of the original meeting can be considered (unless proper notice has been given of further business)

SHAREHOLDERS' MEETINGS

● Addressing Shareholders Questions

- Shareholder questions provide an indication of views of shareholders on various matters
- All questions from the floor should be addressed to the Chairman
- Shareholders should be asked to identify themselves before making comment or asking questions
- Shareholders time to speak, comments or questions will be limited to one at a time and other shareholders be given an opportunity to speak
- In answering questions (at any time) those responding must be careful to ensure that no new, price sensitive information is released
- The following points should be noted:
 - ✓ The Auditors are not obliged to answer questions – the directors should have a position on their expectation on this matter
 - ✓ Does not preclude shareholders from asking relevant questions of the Auditors at the AGM related to the conduct of the audit, preparation and content of the Auditors' Report, the accounting policies adopted by the Company and the independence of the Auditors in relation to the conduct of the audit

SHAREHOLDERS' MEETINGS

- **Managing Shareholders who wish to Speak or Dominate Question Time**
 - Restrictive rules for comments or questions may be appropriate
 - Where a number of questions from one shareholder may be permitted, the Chairman should consider the best way of managing this situation. One method, dealing with an emotional shareholder, the Chairman to stop the shareholders when they asked their first question and to answer that question before moving on to the next
 - If questions are detailed or personal nature on customer issues, the Chairman may ask the relevant company executive to answer or speak to the shareholder immediately after the meeting

SHAREHOLDERS' MEETINGS

- **Minutes taking / Minutes Book**

- Section 188 : Minutes of all proceedings of general meetings, to be entered in books kept for that purpose within 1 month of date of meeting
- Minutes signed by Chairman of meeting or by Chairman of next succeeding meeting
- Section 189 : Minutes book to be kept at registered office or principal place of business in Singapore, open to inspection by any member without charge
- Minutes should contain company name, venue, date, time, quorum met, attendance list, decision taken, closure
- Minutes book – keep in safe custody, guard against falsification

Thank You

Q&A