

## BEST PRACTICES FOR EFFECTIVE GENERAL MEETINGS



This article is intended to provide a useful insight and some significant facts on the best practices associated with “general meetings” and how a capable, experienced and qualified Company Secretary can assure that the best interests of the Company and its relevant stakeholders are met. This first of a series of four articles on Corporate meetings focuses on “general meetings”.

### General Meetings - Introduction

In dealing with companies, “general meetings” take on a significant Corporate importance given that the outcome of such meetings may have substantial legal and business consequences for the Company. A good Company Secretary (“CS”) will and can always guide a company in having a well-conducted meeting.

The intention of this Article is to deal briefly yet with due focus on the legal, procedural and practical aspects of such meetings.

### Role of the Company Secretary (CS)

On a more general note, the CS arranges for the convening of the meeting, assists and advises the Chairman of the meeting schedules, agendas. Quorum and compliance aspects, acts as advisor to the Chairman and BoD in the conduct of the meeting and prepares the minutes of the meetings.

In effect, the role of a competent, experienced and more importantly a legally qualified company secretary is instrumental in ensuring that all necessary compliance requirements are duly met whilst also co-coordinating the agenda and proceedings to ensure that the commercial and business interests of the stakeholders is at all times kept in focus.

After all, in today’s highly regulated marketplace, an overemphasized and disproportional compliance effort could easily eat into Corporate profitability



and competitiveness. An efficient CS is the best assurance a Company can have towards balancing extent of compliance and competitiveness.

### General Meetings



A General Meeting can be either an Annual General Meeting (AGM) or an Extraordinary General Meeting (EGM).

### Schedule for General Meetings

Under the Singapore context every company is required to hold a general meeting once in every calendar year and not more than 15 months after the preceding AGM (Provided the company holds its first AGM within 18 months of its incorporation).

In any case, an AGM must be held no later than 6 months after the end of each financial year for the reason that the profit and loss account of the company must be laid before the AGM (S201 of the

Companies Act). For a listed company the compliance rules are more stringent.

The business of an AGM is divided into *routine business* and *special business*.

Under the heading of routine business, the meeting will attend to the following items in the agenda:-

1. consider, receive and adopt the audited accounts, balance sheets and the reports of the directors and auditors prepared in accordance with the requirements of the Act;
2. declares dividends;
3. re-elects directors;
4. approves the payment of directors fees
5. appointment/ re-appointment of auditors
6. determination of the remuneration of the auditors.

All matters aside from the items listed under *routine business* are normally considered as *special business* and can be discussed at the AGM. However this fact must be stated in the notice convening the meeting. Here also, an experienced and efficient CS is instrumental in the planning of the Agenda such that the selection of items under routine and special business are optimally selected, ▶

scheduled and arranged to meet the essential business and shareholder priorities whilst ensuring at all times that the necessary level of compliance is met.

### Notice for General Meetings

One of the important responsibilities of the CS is to advise the Chairman and Directors on the requisite notice for



general meetings. The notice period is dependant on the agenda and is governed by the Companies Act and the Companies Articles.

To illustrate the extent of requirements constituting a formal general meeting notice, here are some of the main requirements:

A proper notice for a general meeting must clearly state the place, date, time and general nature of the business to be transacted. If the meeting is to table a special resolution, then the notice specifying the intention to propose the special resolution must be clearly stated, this is a pre-requisite in the Act. Each notice of the AGM sent to members must be accompanied by a copy of the audited accounts and proxy form.

The notice must contain with reasonable performance, a statement as to the rights of the members to appoint proxies to attend and vote instead of the member and that a proxy need not be a member.

There are several technicalities to be aware off when sending out notices for a general meeting. For instance, certain notice periods must be followed:-

1. a general meeting normally requires at least 14 days clear notice;
2. where a special resolution is to be tabled, then 21 days clear notice is

3. finally 28 clear days notice is required if a special notice is sent out.

These are general guidelines to be aware off but reference must also be made to the Company Articles and Table A of the Companies Act to ensure full compliance.

Many a time, Company's send out notices for meetings with the following not addressed e.g.:-

- (a) requirements of the Act;
- (b) requirements of the Articles;
- (c) correct period of notice;
- (d) disclosure in the notice of the resolutions to be proposed; and
- (e) consensus to be reached for a waiver of notice.

This can make the meeting void and ineffective. A meeting that is void means that the resolutions passed may be non-binding, so the consequences can be quite disastrous. Here too the role of an efficient CS is emphasized whereby the accurate and timely references and guidance provided towards such technicalities can save a Company from substantial loss of funds, time and reputation by ensuring that all necessary pre-requisites associated with the general meeting are fully met and the risk of having the meeting declared "void" is adequately mitigated.

Moving on at the meeting itself and before the meeting proceeds with the proposed business, a quorum must be present. A "quorum" is the minimum number of members required to be present in order to proceed with the proposed business in a meeting. In the absence of a quorum, the meeting and any decision or business transacted will be invalid.

All general meetings other that the AGM, are called Extraordinary General Meetings and all business transacted at an EGM is special. The EGM may be convened by a director, the board of directors on the requisition of a member or by the members of the Company or the Court. For each group the procedure convening the meeting is different.

Notices must also be given out with the relevant notice period subject to obtaining consent to shorter notice.

The above covers only a few of the salient aspects that can affect the outcome of general meetings and the significant influence that an efficient and capable Company Secretary has towards ensuring that such meetings are conducted in a timely, compliant manner whilst at all times keeping the main business objectives and the overall benefit of the Company's management and stakeholders in primary focus.

It is also adequately clear that a "one solution fits all requirements" approach by the Company management and/or your CS towards preparing and conducting general meetings will result in either excessive and wasteful effort, time and cost and will also be too generic to be of strategic value. Each meeting has to be treated as unique events and prepared fro exclusively to suitably meet the main objectives laid down by the Company's management.

The second sequel to this 4 part series on meetings will address some interesting and useful aspects governing Board of Director meetings. ■



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