



Securities Investors Association (Singapore)

CODE OF CONDUCT AND BEST PRACTICE FOR SHAREHOLDER MEETINGS



The information contained in this Code is correct to the best of our knowledge and belief at the time of writing. The contents above are intended to provide a general guide to the subject matter and should not be treated as a substitute for specific professional advice for any particular course of action as the information above may not necessarily suit your specific business and operational requirements. It is to your advantage to seek your legal advice for your specific situation.

**Foreword By
CEO, Singapore Exchange Ltd**



I would like to commend SIAS for producing this code of etiquette for annual general meetings.

A key interaction between a company and its shareholders is the annual general meeting. Responsible companies take the opportunity of the AGM to build a meaningful relationship between the board and the shareholders. The SIAS code of etiquette provides a useful resource on how each group may carry out its responsibilities while respecting the other. Readers will find it full of practical advice in an easy to read style.

The code, together with other initiatives in investor education, will help raise the level of investment sophistication of our marketplace, improving our progress towards a disclosure-based regime and bringing us a step closer to the creation of Singapore as an international financial hub.

Singapore Exchange welcomes this initiative.

Hsieh Fu Hua



Message

In the current climate of increasing focus on corporate governance and the rights of shareholders, companies should pay increasing attention to shareholder needs and views. Directors who are charged with the running of a company should balance the need to listen to shareholders and also to make their own decisions on what is best for the company. In large corporations, it is rare that directors and shareholders have a chance to meet, and it is usually only at the annual general meeting that both parties, especially the shareholders, have the opportunity to express their views. Accordingly, it is imperative that directors know how to make the best use of this opportunity, to give shareholders adequate opportunity to share their thoughts and pose their questions, but also not to allow any disruptive elements to spoil the occasion for all present.

On the flip side, shareholders have a duty to ensure that they act responsibly at meetings and do not cause undue disruptions. Shareholders acting with proper decorum can act as effective checks and balances to the activities of the company as a whole and of the directors and senior management specifically, thus contributing to better corporate governance. This Code of Etiquette and Best Practice for Shareholder Meetings sets out some basic pointers on how the stated aims can be achieved.

I am grateful to SIAS Investor Relations Corporate Governance (IRCG) Committee for this laborious effort. This work combines the legal perspective with the experience of SIAS IRCG members comprising Vincent Chen, Denis Distant, Ang Hao Yao and Kenneth Pang who participated in numerous shareholder meetings.

We have prepared a comprehensive guide that will not only assist all those attending company general meetings but also the Board of Directors as to how to handle various aspects of the meeting. We hope this piece of work will promote a more orderly, amicable, and productive meeting.

David Gerald Jeyasegaram
President/CEO
SIAS

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Code of Conduct And Best Practices For Shareholder Meetings

1. SCOPE

- (a) In law, the shareholders of a company represent the collective will of the company. This collective will is expressed by the shareholders in a general meeting of the company. A general meeting can be an annual general meeting, which should be held at least once every 15 months under the provisions of the Companies Act, or an extraordinary general meeting, which is an ad hoc meeting of the shareholders. The extraordinary general meeting can be called by the company through its Board of Directors or by the shareholders who hold at least 10% of the issued share capital of the company, or if the company has no share capital, then by not less than 5% of the numbers of the shareholders of the company, or as provided by the articles of association.
- (b) What the law is not absolutely clear on is the scope of the rights of the shareholders at these meetings. How should they maintain themselves, how should they be asking questions, what should they do if they wanted to put forth their own resolutions and can they demand to amend resolutions that are open for consideration and voting? This Code of Etiquette and Best Practice for Shareholder Meetings ('Code') addresses these and other issues that shareholders and the Board of Directors, particularly, the Chairman of the meeting, should be aware of. The primary aim is to ensure a smoother meeting where the divergent interests of the various stakeholders can be addressed and a common ground found for the end result of enhancing shareholder value.
- (c) In providing guidance on how shareholders and Chairman should conduct themselves at the meetings, it was found essential to spell out the key rights of shareholders in this Code as well.
- (d) While this Code may have more general applicability, it pertains mainly to companies listed on the Singapore Exchange which are incorporated in Singapore. In addition to the Companies Act and the listing regulations of the Singapore Exchange, the rules may also depend on the specific provisions of the Memorandum of Association of the company. This Code also includes a number of suggestions that represent best practice in the view of SIAS.

The Code is not meant to be exhaustive and does not represent legal advice.

2. BEFORE THE ANNUAL GENERAL MEETING

- (a) As a precursor to the meeting, certain key matters should be thoroughly dealt with to ensure minimal disruption at the meeting itself. Three concerns are discussed here: the issuance of an appropriate notice, the appropriate information to be included into the agenda, and planning the practical issues surrounding the holding of the meeting.

2.1 Notice

- (a) Notice of the meeting should be sent to all shareholders and the company's auditor. The notice should specify the place, day and hour of the meeting. In addition, the business to be transacted at the meeting should be set out in the notice. If there is any special business to be considered at the meeting, the notice should be accompanied by a statement regarding the effect of any proposed resolutions in respect of such business. If special resolutions are to be passed, the resolutions should be identified as such. In addition, the text or the entire substance of the resolution should be set out in full. The notice of meeting should also include any shareholders' resolutions that are submitted.
- (b) The notice should specify that any shareholder entitled to attend and vote at a meeting is entitled to appoint a proxy to attend and vote instead of him. Proxy forms should be designed in a manner that will allow shareholders appointing proxies to indicate how they would like the proxies to vote in relation to each resolution.
- (c) The company should ensure that the notice is sent out in sufficient time before the specified date of the meeting. The law requires notice of at least 14 days for ordinary resolutions, and notice of at least 21 days for special resolutions. While an annual general meeting can be called on short notice if all the shareholders entitled to attend and vote agree, for public companies with a large number of shareholders, this is unlikely to be feasible.

2.2 Information To Be Included In Agendas

- (a) The agenda of a meeting is usually a mirror of the notice that is circulated to all shareholders. It is helpful to provide an agenda which contains sufficient details so that the shareholders can better understand the resolution that is proposed and discussed at any time. To illustrate, when proposing to pay dividends, the resolution should not just contain a percentage amount of the dividends to be

paid, but rather the actual sum a shareholder would receive per share that he holds. It would help that the agenda also spells this out.

(b) The following are some suggestions of what can be included into an agenda:

1. Formally provide an opportunity to ask questions about the company's performance and prospects, and changes in the company's operating capabilities. This should be allowed for during the time the resolution for adopting the directors' report and accounts is tabled.
2. Allocate specific and adequate time for shareholders to direct questions, through the Chairman, at director's standing for elections. Questions should pertain to the director's ability to do his job such as qualifications, experience, independence and time availability.
3. Ensure that each item of special business included in the notice is accompanied by a full and detailed explanation as far as reasonably possible.

2.3 Practical Arrangements For The Meeting

(a) Most companies will provide that proxy forms should be sent in 48 hours prior to the commencement of the meeting. Proxy forms received in good order and time should be properly collated in preparation for the meeting. Additionally, the following key points should be considered:

- whether the selected venue, time and day of the meeting are convenient to the shareholders;
- whether security arrangements are necessary – if it is intended to carry out searches to remove dangerous objects, ideally the power to do this should already be provided for in the company's articles of association;
- whether the layout of the meeting room is appropriate;
- whether overflow rooms should be provided for in the event of a larger than expected turnout;
- whether appropriate visual aids (eg powerpoint presentations) have been prepared to enable a better understanding of the company's performance and other matters by shareholders; and

- whether the seating positions of the Board of Directors, the Chairman of the meeting and other professional advisers likely to be called to answer questions have been properly organised.
- (b) As a meeting of shareholders is a good opportunity for directors to circulate with shareholders, the Board of Directors and management should make an attempt to be present and interact with shareholders after the meeting. This is an appropriate courtesy as they are viewed as the hosts and the opportunity for interaction is always appreciated by shareholders.

3. RIGHTS OF SHAREHOLDERS

- (a) A shareholder has a number of fundamental rights that are spelt out by the Companies Act as well as by common law, regardless of the number of shares he holds in the company. The rights that a shareholder has in relation to meetings are here set out:
- right to attend and participate at general meetings;
 - right to obtain relevant information that are to be discussed at a meeting in a timely fashion;
 - right to vote at general meetings;
 - right to elect the Board of Directors, external auditors and to modify the articles of association as the need arises;
 - right to requisition a resolution to be discussed and if possible to be carried at general meetings, subject only to compliance with the procedural requirements necessary to requisition such a resolution;
 - right to appoint up to two proxies to attend and vote on its behalf;
 - right to demand for a poll on any question or matter other than the election of the Chairman of the meeting or the adjournment of the meeting;
 - right to inspect the minute books of the company and to make copies thereof without charge, or alternatively, entitlement to be furnished, within 14 days after he has made a request in writing to the company, with a copy

of any shareholder meeting minutes of the company at a charge not exceeding S\$1 per page; and

- right to inspect the register of shareholders at no charge and various other registers.

4. RULES OF ETIQUETTE APPLICABLE TO SHAREHOLDERS

4.1 Attendance At Meetings And Proxies

- (a) A registered shareholder is entitled to attend and speak and vote at the company's shareholder meeting. If a shareholder is unable to be personally present but wants to be represented at the meeting, he should properly appoint a proxy to act on his behalf. Normally the proxy form has to be submitted to the Company Registrar 48 hours before the commencement of the meeting.
- (b) Where the shareholder has appointed a proxy but also attends the meeting, the shareholder has the choice to exercise his rights as shareholder which prevails over the proxy or allow the proxy to continue exercising his rights. Unless a proxy is appointed irrevocably and for valuable consideration, the appointment of the proxy can be revoked. Revocation can be made by the unilateral voluntary act of the appointor, at any time prior to the commencement of the meeting. The most effective way for an appointing member to revoke a proxy is to attend a meeting and vote on his own behalf. This implicitly revokes the proxy, regardless of whether written notice of revocation is required under a company's constitution. If a shareholder attends a meeting and votes personally, any vote tendered by the proxy must be rejected.
- (c) It is noted that for listed companies, only persons whose names appear on the register of the Central Depository 48 hours before the general meeting are entitled to attend, speak and vote. A shareholder who has only recently purchased shares, but whose name does not appear on the Central Depository register has no legal right to be present at the meeting, but may do so at the indulgence of the Chairman of the meeting. As the Chairman can refuse entry to such a person, it is best to ensure that shares purchased have been registered with the Central Depository so that an individual gains the right to speak at a meeting.

- (d) A properly accredited representative of a corporation or other institutional shareholder has the same rights as an individual shareholder. A proxy has the same right as the shareholder to speak at the meeting. A proxy is entitled to vote only in a poll but not in a show of hands unless expressly allowed for by the articles of association of the company. The argument behind this is that in a show of hands, there is no means of verifying whether a proxy is voting according to the written instructions of the shareholder.

4.2 Preparing For The Meeting

- (a) Shareholders should take the following preparatory steps before attending a meeting of the shareholders. This will ensure that their questions, views and comments are taken seriously by the Chairman of the meeting and other shareholders as well.
 1. Shareholders should familiarise themselves with the agenda and the order of business and read relevant materials like the annual reports, circulars to shareholders and recent company announcements. This will enable informed questions to be formulated and asked at the appropriate time during the meeting. If a shareholder is not able to fully understand the preliminary materials, he should consider getting professional assistance to explain the same to him.
 2. Questions should be prepared by shareholders before the meeting to enable shareholders to think through their questions. Shareholders may, of course, have questions about the matters raised at the meeting itself.
 3. Shareholders should arrive early for the meeting to enable the proceedings to begin on time. The meeting can begin as soon as a quorum is formed and the time for the meeting has begun. The Chairman of the meeting is not obliged to wait for all shareholders to be present before commencing the meeting.

4.3 Speaking At The Meeting

- (a) The meeting is an opportunity for the Board of Directors to report the financial health of the company, to explain various activities that the company has undertaken over the past year, and to provide an insight into the future plans of the company. Shareholders can take this opportunity to clarify decisions about certain business activities, query the financials, query the performance of directors and senior management, understand the risk management

concerns, and if lacking, to probe the gaps and to ascertain the future plans of the company.

- (b) To ensure that the meeting is fruitful, shareholders raising queries or making comments should act with decorum and be professional at all times. Being abusive or overtly demanding does not assist.
- (c) The following are suggestions as to the decorum that shareholders should adopt when seeking to speak at meetings:
 1. Courtesy and respect should be shown by shareholders to their fellow shareholders and to the Chairman.
 2. A shareholder who intends to speak should first ask for permission to speak. He can do this by putting up his hand when the Chairman calls for comments from the floor.
 3. A shareholder should never interrupt when another person, whether another shareholder or the Chairman himself, is speaking.
 4. It is good practice for shareholders to introduce themselves by stating their name before making comments or asking questions. All comments should be directed to the Chairman. It is not proper protocol to direct comments or questions to fellow shareholders at the meeting or directly to any other Board member at the meeting. If a specific question or comment is to be directed to a member of the Board other than the Chairman, then this should be done through the Chairman himself.
 5. When speaking at the meeting, shareholders should refrain from being antagonistic, belligerent or insulting. Shareholders should also avoid tedious repetition and objectionable language.
 6. Questions asked and comments made by shareholders should be relevant to the issue being discussed; for instance, those pertaining to the resolutions, financials or the business of the company. The meeting is not the appropriate forum to air personal grievances, complain about the conduct of other companies, or complain about matters in the capacity of a consumer or client of the company. Shareholders should also confine their comments to issues rather than personalities.

7. The order for asking questions or making comments should follow the order in which resolutions are being discussed. For instance, all issues pertaining to the financials of the company or the annual report should be discussed at the time that the Chairman calls for a motion to adopt the financials and the annual report. Once the financials and the annual report has been adopted by the passing of a resolution, shareholders cannot go back to comments and, or queries pertaining to the financials and / or the annual report.
8. The length of any comments by and or questions from shareholders should be kept short to enable other shareholders to have a chance to speak without the meeting getting unduly long.
9. While a shareholder may express his view and try to persuade the meeting, he should not insist that the Chairman agree with his opinion, as the Chairman may not be in a position to do so.
10. Shareholders should not submit a resolution asking for a vote of no confidence of the Chairman or anyone else, as such a vote or resolution has no effect.
11. Shareholders should not attempt to engage in obstructive questioning. This may fall within the meaning of disorderly conduct and result in the shareholder being expelled from the meeting.

4.4 General Decorum At The Meeting

- (a) Shareholders have an important role to play in ensuring that the meeting proceeds smoothly and without disruptions. The following are guidelines on what shareholders can do to assist in this regard:
 1. Shareholders should ensure that their hand-phones and / or beepers are turned off or are in silent mode during meetings to avoid disrupting the proceedings.
 2. When others are speaking, including the Chairman and other shareholders, shareholders should avoid carrying on conversations with others to avoid disrupting the meeting.
 3. If food is provided, it is common courtesy to refrain from rushing for it, leaving the meeting mid-way to consume it, consuming excessive amounts

of food or packing away food without the invitation of the company.

- (b) A shareholder who is disruptive at a meeting can be expelled from the meeting. This is a power that the Chairman can exercise. Shareholders should therefore ensure that they do not become boisterous or be unreasonably persistent with questions or comments that they have. Once they have utilised their opportunity to speak and a reasonable response has been provided, they should stop speaking. If a shareholder continues, and the Chairman eventually warns him to tone his behaviour down and to take his seat or be removed from the room, the shareholder should comply. A failure to do so may see him being expelled from the room so that the meeting can continue on smoothly.

4.5 Proposing Shareholder Resolutions and Amendment To Tabled Resolutions

4.5.1 Distinguishing Between Ordinary And Special Resolutions

- (a) Resolutions are the formal decisions made by shareholders. By way of background, it is emphasised that in company law, it is recognized that shareholders have appointed directors who are given the powers to run the company. Shareholders do not have a direct say in making business decisions except where the authority is specifically vested in them. For example, a shareholder resolution instructing management to divest certain assets and distribute the proceeds to shareholders or restricting the cash remuneration of management will probably not have legal effect. If shareholders really do not like the business decisions made by the board, other than persuasion, the main recourse is to elect a different set of directors to the Board.
- (b) There are two types of resolutions that can be proposed; namely, ordinary resolutions and special resolutions. An ordinary resolution can be carried by a simple majority whilst a special resolution can be carried by a 75% majority.
- (c) The following are examples of what matters can be proposed by an ordinary resolution (not exhaustive):
- election of directors and external auditors;
 - adopting the report of directors and the accounts; and

- approving the quantum of dividends to be paid
- (d) The following are examples of what matters can be proposed by a special resolution only (not exhaustive):
- amendments to the articles and memorandum of association;
 - change of company name;
 - selective capital reduction;
 - voluntary winding up; and
 - substantial disposition of the assets of the company
- (e) Where it is proposed to carry a special resolution, then at least 14 days notice, in the case of a private company, and 21 days notice in the case of a public company, should be given. Where it is proposed to carry an ordinary resolution, then only 14 days notice need to be given, whether the company is a private company or a public company.

4.5.2 *Normal Procedure For Tabled Resolutions*

- (a) Normally a resolution is proposed and then seconded, although the latter is sometimes not necessary. The resolution may be proposed by the Chairman or another shareholder.
- (b) After the resolution has been proposed and seconded, the Chairman should ask whether there are any questions and comments. This is the time for debate, if any, on the resolution. In rare instances, this is also the time to propose an amendment to the resolution.
- (c) After shareholders have had sufficient opportunity to clarify or comment on the proposed resolution, the Chairman then calls for a vote. While the proposer should vote in favour of the resolution, the seconder is not similarly obliged.

4.5.3 *New Resolutions*

- (a) The following shareholders are entitled to propose resolutions to be moved at general meetings of the company:

- shareholders who hold at least 5% of the total voting rights; or
 - not less than 100 shareholders holding shares in the company on which there has been paid up an average sum, per shareholder, of not less than S\$500.
- (b) When the company receives a requisition from the requisite number of members, the procedural requirements as spelt out in the Companies Act have been complied with, it should give members notice of the resolution together with a statement with respect to the matter in the proposed resolution.
- (c) Shareholders cannot propose for the passing of a fresh resolution for which no requisition as stated in the preceding paragraph has been provided.

4.5.4 *Amendments To Tabled Resolutions*

- (a) A special resolution cannot be amended except in very limited ways. It is a statutory requirement that at least 21 days' notice should have been given of a special resolution specifying the intention to propose the resolution as such.
- (b) The principles applicable to amendments to ordinary resolutions are not as strict. For such ordinary resolutions:
- amendments should be within the scope of the notice of meeting
 - amendments should be no more onerous on the company; and
 - amendments should not have the effect of negating the substantive resolution.

4.5.5 *Order of Presenting and Proceeding With Proposed Amendments*

- (a) A proposed amendment to a resolution can only be raised at the meeting at the time the Chairman opens discussion for that particular resolution, and before the resolution is put to a vote. The proper approach is to propose a resolution to amend the resolution being discussed. A seconder should support the proposal, at which time, the Chairman should open discussion as to whether the amendment should be carried. This is subject only to the legal requirements as stated in paragraph 4.5.2 above. After discussions have concluded, the proposal to amend should be put to a vote, and if carried, the original resolution should be amended as per the proposal and then opened for discussion and eventual voting.

4.6 Voting and Polls

- (a) Voting is, as a general rule, first by a show of hands. On a show of hands, each member who is personally present and entitled to vote is entitled to one vote. Proxies are not entitled to vote except on a poll, unless the articles of association of the company expressly allow the proxy to vote on a show of hands.
- (b) A poll of any ordinary resolution may always be demanded by:
- any five or more shareholders having the right to vote at the meeting; or
 - a shareholder or shareholders representing at least 10% of the total voting rights of all the members at the meeting; or
 - a shareholder or shareholders holding voting shares on which are paid up in aggregate not less than 10% of the total amount paid up on all the shares conferring the right to vote at the meeting; or
 - the Chairman, at his discretion, even after a vote by show of hands has been taken.
- (c) In respect of special resolutions, a poll may be demanded by:
- any three shareholders having the right to vote at the meeting, subject to the provisions of the articles of association of the company; or
 - any one shareholder or two shareholders holding at least 10% of the total voting rights of all the shareholders at the meeting; or
 - any one shareholder or two shareholders holding not less than 10% of the paid-up share capital of the company.
- (d) A proxy may demand a poll, and a demand for a poll by a proxy is deemed to be the same as a demand of a shareholder.
- (e) When a vote has been closed, the shareholder cannot call for the issue to be discussed again.

4.7 Vote of No Confidence Against Chairman

- (a) Shareholders have no right to propose a vote of no confidence against a Chairman at a meeting. If a shareholder nevertheless makes such a proposal, the Chairman will point out that the vote has no effect, note the shareholder's concern and say that the Board will take account of it.

4.8 Adjournment Of The Meeting

- (a) The Chairman's ability to adjourn the meeting is limited. Generally, the Chairman:
- should adjourn a meeting if requested to do so by the shareholders at the meeting and a resolution to that effect has been carried;
 - may adjourn the meeting with the consent of the shareholders of the meeting; and
 - may adjourn the meeting if, in his opinion, it is not practicable to obtain the consent of the meeting but it appears necessary to him to adjourn to facilitate the business of the meeting.
- (b) A company's articles of association will often specify the circumstances under which the Chairman may adjourn the meeting and the length of notice required for the adjourned meeting. The requirements of any such articles should be strictly adhered to.
- (c) If consent of the shareholders is required, a vote on an adjournment is decided by the simple majority.

5. RULES OF ETTIQUETTE APPLICABLE TO CHAIRMAN

5.1 General Rules Applicable To The Chairman

- (a) The Chairman's general role is to preserve order and ensure that the business of the meeting is conducted in a proper and efficient manner. The Chairman is to ensure that there is no disruption to the meeting. The Chairman is also to ensure that the proceedings are properly conducted according to law and according to the articles of association of the company. He should act impartially in the discharge of these duties. The Chairman should also ensure that the sense of the meeting is accurately ascertained and recorded.

5.2 Preparing For The Meeting

- (a) A Chairman should familiarise himself with the agenda items and the procedural rules. The Chairman should study the subjects to be discussed and all background papers so that he will be in a position to lead the meeting to a conclusion on each item. He should also ensure that a list of 'FAQs' is put together and possible answers are prepared. This will ensure that the Chairman is able to succinctly respond to any query that is asked of him and the other Board members.

5.3 Starting The Meeting

5.3.1 Attendance At Meetings

- (a) The Chairman has a duty to ensure that only authorised persons are present at the meeting. In this regard, persons entitled to attend, speak and vote at the meeting are, generally, the company's shareholders and the properly appointed proxies of such shareholders. For listed companies, only persons whose names appear on the register of the Central Depository 48 hours before the general meeting are entitled to attend, speak and vote.
- (b) In addition, auditors and such other persons who are so authorised in the company's articles of association (for example, directors, usually) will be entitled to attend the meeting. Indeed, the Chairman should take a positive step to ensure that all key officers are present to assist in responding to specific queries that may be raised during the meeting discussions.
- (c) Finally, the Chairman has discretion to invite other parties such as the press to attend the meeting.

5.3.2 Quorum

- (a) The Chairman has a duty to ensure that a quorum is present before commencing the meeting. This is governed by the articles of association, and is usually two shareholders present in person and entitled to vote when the meeting proceeds to business.

5.3.3 Commencement of Meeting

- (a) The Chairman should not delay starting the meeting once the quorum has been formed and the time of the meeting has been crossed. It is good practice

to start meetings on time out of courtesy to the audience already present. In addition, if the meetings are not started on time, shareholders will assume that late starts are normal and adopt the practice of deliberately arriving late.

- (b) This is subject to the qualification that the general duty of the chairman requires him to act impartially to enable a meeting to proceed in an orderly manner. In such an instance, the Chairman can exercise his discretion to delay the starting of the meeting for a reasonable period, which should not be more than 10 minutes or so, to allow more shareholders to be present, if this is thought to be necessary. For example, it may be necessary to delay the start of a meeting until everyone in the queue for admission at the appointed time of the meeting has been admitted.
- (c) No shareholder who arrives late can, however, be prohibited from attending and participating in the meeting. However, the Chairman should advise such shareholder that he cannot revisit issues and resolutions that have been earlier discussed and for which the motions have been concluded.

5.3.4 Order of Business

- (a) The first order of business is normally to receive and adopt the report of directors and the financial accounts. The Chairman, CEO or CFO should consider whether to make a short audio-visual presentation, as is often done at analyst briefings, of business and financial highlights for the past year and prospects for the future. This will help to refresh the memory of shareholders who have read the annual report and to focus on the main developments and trends. The company can use this opportunity to present a balanced appraisal of the performance and prospects of the company that will set the stage for a meaningful discussion on this topic.

5.4 During The Meeting

5.4.1 Preservation Of Order

- (a) The Chairman has a duty to ensure that the meeting flows smoothly and that there are no undue disruptions, whether from an irate shareholder or otherwise. The following provide guidance:
 1. The Chairman should stop any side discussions by sub-groups in corners of the meeting while a speaker officially has the floor. If contributions by these sub-groups seem relevant to the debate, the Chairman could invite them to address the meeting at an appropriate later time.

Alternatively, the Chairman could suggest that the debate be adjourned so that the persons concerned can confer with each other outside the room with a view to their considered conclusions being reported to the meeting in due course.

2. If a shareholder is being obstructive or disorderly as to interfere with the proper conduct of the meeting, the Chairman can proceed in the following manner:
 - ask the shareholder to refrain from such action and to ask any question that he may have;
 - offer the shareholder a separate discussion and a chance to air his grievances outside the meeting; or
 - consider adjourning the meeting for a short period to try and establish a basis for continuing the meeting in good order. If an adjournment is sought, it is desirable that any adjournment has the consent of the meeting. If this impossible because of unruly behavior, the Chairman may adjourn the meeting himself. In each case, the period of adjournment should be stated unless the meeting is to be adjourned to another day.
3. If the shareholder continues to act in a disorderly manner, he should be asked to leave the meeting voluntarily. If he refuses, he may be expelled using reasonable force.

5.4.2 Proper Conduct Of The Meeting

- (a) One of the key duties of the Chairman is to ensure that the meeting is conducted in a fair and orderly manner, as follows:
 1. No person should unreasonably be denied an opportunity to be heard by the Chairman.
 2. The Chairman will give rulings on points of order or other questions of procedure and do so with patience and courtesy, giving explanations where appropriate.
 3. Shareholders should be called to speak one at a time and in an appropriate sequence by the Chairman.

4. A Chairman should ensure all remarks are addressed to him.
5. If the Chairman does not agree with the views of the shareholder, he should assure the shareholder that his view has been registered and taken into consideration.
6. The Chairman should allow debate on resolutions under discussion. The Chairman has a duty to ascertain the views of the meeting on the matters under consideration and to ensure that all shades of opinion are given a fair hearing, as far as practicable. The discussion should be kept within reasonable bounds and may be stopped after the issue has been fully debated or if the discussion is heading nowhere.
7. In attempting to keep the debate within reasonable grounds, the Chairman might:
 - require full debate on one topic at one time and refuse to take questions on that topic at any other times;
 - limit the right of shareholders to speak, for example, by limiting the time allowed to any speaker; or
 - end the debate by exercising his inherent right to keep any discussion within reasonable bounds

The Chairman should be careful not to stifle discussion or prevent the views of a shareholder from being effectively expressed.

8. A Chairman should not interrupt a speaker for reasons unconnected with procedural aspects; for instance, simply because the chairman happens to know more about the subject matter than the speaker.
9. The Chairman should encourage new, shy or inexperienced shareholders to express their views and discourage any particularly garrulous shareholders from monopolizing or unduly dominating any discussion.
10. If a vote of no confidence is proposed, the Chairman should point out that the vote has no effect, note the shareholder's concern and say that the board will take account of it but then ask the shareholder to withdraw the motion to avoid wasting the time of those present in considering a resolution that achieves nothing. If the shareholder persists in the request to

put the resolution to the meeting, the resolution can be formally put even though it is of no effect.

5.4.3 *Amendment Of Resolutions*

- (a) An important consideration where it is proposed to amend a substantive resolution is that if the amendment is improperly refused to be submitted to the meeting, the resolution actually carried will be invalidated. Accordingly, it is important that the Chairman errs on the side of caution, accepting for consideration any valid amendment to a resolution, because of the drastic consequences of rejecting a valid amendment.
- (b) A Chairman can reject proposed amendments on the grounds of redundancy (seeking to re-open business already settled by the meeting), inconsistency (incompatible with a previous decision of the meeting), on the grounds that the proposed amendment changes the substance of the original resolution or on the more difficult grounds that the proposed amendments are obstructive, vexatious, dilatory or irrelevant.

5.4.4 *Voting*

- (a) Where the Chairman feels that there has been adequate discussion on a matter, it is appropriate for him to bring the discussion to a close. The following provides guidance on what a Chairman should do when it is time to vote on a resolution:
 - 1. The Chairman should remind the meeting as to who has the right to vote as not everyone present has a right to vote, as well as how they are required by law to vote. For example, a proposer of a resolution should vote in favour of the resolution, whilst the seconder is not similarly constrained.
 - 2. The Chairman should read out the resolution before putting it to the vote to ensure that the meeting knows the precise question being decided and in order to refresh memories to the exact wording.
 - 3. All amendments should also be checked by the Chairman to see that they are relevant to the resolution and are not direct negatives of it.
 - 4. A Chairman, subject to the provisions of the articles of association, can exercise a casting vote in the event that a motion has equal number of votes for and against it.

5.4.5 *Polls*

- (a) Where a poll is correctly requested by the shareholders, the Chairman is obliged to comply with the request. However, the Chairman will often be aware that in view of the number of proxies he holds instructing him to vote for or against the resolution, the poll would not make any difference to the result. The Chairman may, given this, ask the shareholders demanding the poll if they nevertheless wish to continue. If they elect to proceed and the demand is validly made, the Chairman should allow the poll even if he knows that the objective of the request is to disrupt the meeting.
- (b) Whilst the poll of any ordinary resolution is generally demanded by the shareholders, the articles of associations of most companies already empower the Chairman to call for a poll in very general terms. It would be useful for such an article to provide that the Chairman's decision to call for a poll on any matter is final and binding and that no reasons need be provided for the decision.

5.4.6 *Recording Of The Meeting*

- (a) As the company has a statutory obligation to keep minutes of all meetings, the Chairman should ensure that such minutes are indeed kept. The minutes should be signed by the Chairman who conducted the meeting or by the Chairman of the next succeeding meeting. Failure to comply with these provisions is an offence punishable by a fine as well as a default penalty.
- (b) The minutes of the meeting should include substantive comments and queries by shareholders and the responses by the Chairman, Board of Directors, other Professionals and management. Such minutes would reflect proper respect for shareholders and enhance corporate transparency and accountability.
- (c) The company may record the proceedings of a meeting by means of a video or other recording, except where there is expressly prohibited either by its memorandum or articles of association or by a direction of the meeting itself. The equipment should be openly in view or an appropriate announcement of the practice should be made. Taping of the proceedings would assist the secretary in preparing the minutes and allow the Chairman to play-back the recording when the doubt arises as to the words used earlier in the meeting. In addition, such a record would prove invaluable in the event of a dispute relating to the proceedings at a general meeting.

- (d) Minutes are available to any interested shareholder who requests for them. While the company is permitted to charge for a copy of the minutes, it is suggested that this charge be waived in the interest of good investor relations and given the rarity of such requests. In cases when a company prefers to take detailed notes of the proceedings which are not entered into the official minutes, it is suggested that those notes be made available to shareholders when requested.

5.5 Adjournment Of The Meeting

- (a) The Chairman's ability to adjourn the meeting is limited, and is also determined by the articles of association of the company. Generally, the Chairman:
- should adjourn a meeting if requested to do so by the shareholders at the meeting;
 - may adjourn the meeting with the consent of the shareholders of the meeting, through a vote on an adjournment decided by simple majority; and
 - may adjourn the meeting if, in his opinion, it is not practicable to obtain the consent of the meeting but it appears necessary to him to adjourn to facilitate the business of the meeting.

NOTE: This Code has been prepared as guidance for shareholders and Chairmen of meetings. It does not purport to provide legal advice. We strongly suggest that if there are any doubts, separate legal advice is obtained.

6. SUMMARY OF SIAS BEST PRACTICE FOR SHAREHOLDER MEETINGS

It is best practice for shareholders:

- To prepare for shareholder meetings by reading relevant materials like annual reports and recent company announcements, analysing the information and formulating key questions before the meeting.
- To address the Chairman respectfully and ask questions or make comment only on relevant issues pertaining to the business of the company and to the resolution being considered in order that the meeting can proceed in an orderly and expeditious manner.
- To respect other shareholders by keeping comments and questions brief so that all shareholders have the opportunity to speak.
- To conduct themselves with courtesy and moderation if food is served after the meeting.

It is best practice for the Chairman:

- To be fully knowledgeable of the rules of conduct for meetings so that he can conduct an orderly and expeditious meeting.
- To be fully familiar with the agenda and the business at hand so that he is in a better position to respond to queries and control the meeting.
- To commence the meeting with a short audio-visual presentation of business and financial highlights for the past year and prospects for the future. Hopefully the company will use this opportunity to present the balanced appraisal of the performance and prospects of the company that will set the stage for a meaningful discussion on the topic.
- To provide adequate opportunity for all shareholders who wish to speak to do so. This might require limiting the speaking time for a person so that the meeting does not become unreasonably long.
- To assure shareholders that their views have been registered and will be taken into consideration even if the Chairman may not personally agree with them.

- To explain again, before a resolution is put to a vote, the effect and purpose of the resolution.

It is best practice for the Company:

- To engage in an active policy of communication with all shareholders and to look upon the shareholder meeting as an excellent opportunity to interact with shareholders.
- To take into consideration the convenience and comfort of shareholders when arranging the time and venue for the meeting.
- To maintain minutes of meeting which include, in summary, substantive comments and queries by shareholders and the responses given. This would reflect proper respect for shareholders and be in line with good corporate governance which includes greater shareholder participation at meetings and better transparency and accountability.
- To waive the charge (that is permitted to be levied) when a shareholder requests for a copy of the minutes of shareholder meeting.
- To report to shareholders on positive actions taken in response to shareholder requests or suggestions.
- To have its directors and management circulate amongst the shareholders during the reception after the meeting. This is an appropriate courtesy as they are viewed as the hosts and the opportunity for interaction is always appreciated by shareholders.

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