

Talking Companies

The Quorum for a Shareholders' Meeting in terms of the Companies Act 2008 ("the Act")

A *quorum* refers to the minimum number of shareholders that must be present for business to be validly transacted at a meeting.

The quorum for a shareholders' meeting to begin is sufficient persons holding at least 25% of all the voting rights, in respect of at least one matter to be decided at the meeting.

A particular matter may not begin to be considered unless sufficient persons holding at least 25% of the voting rights in respect of that matter are present at the time the matter is called on the agenda.

The Memorandum of Incorporation of a company ("Mol") may specify a higher or lower percentage for a quorum instead of the 25%.

If a company has more than two members, then in addition to meeting the specified voting rights criteria, a quorum is only achieved when at least three members are present at the meeting.

If a quorum is not present after one hour from the appointed time for:

- the meeting to commence, the meeting is automatically postponed for one week without any motion, vote or further notice, unless the person who would have acted as chairman at that meeting extends the one-hour limit for a reasonable period on the grounds that:
 - exceptional circumstances affecting weather, transportation or electronic communication have generally impeded or are generally impeding the ability of shareholders to be present at the meeting; or
 - one or more particular shareholders, having been delayed, have communicated an intention to attend the meeting, and the delayed shareholders together with the shareholders already in attendance would satisfy the requirements for a quorum to be present for the meeting;



- consideration of a particular matter:
 - if there is other business on the agenda of the meeting, consideration of that matter may be postponed to a later time in the meeting;
 - if there is no other business on the agenda of the meeting, the meeting is adjourned for one week (without motion or vote).

The Mol or the company's rules may alter the one-hour period for which the meeting is delayed and / or the one week postponement of the meeting if no quorum is present.

The persons present at the appointed time of commencement of an adjourned or postponed meeting, will constitute a quorum irrespective whether the required quorum for the original meeting is present or not.

Unless the Mol or the company's rules provide otherwise, after a quorum has been established for a meeting, or for a matter to be considered at a meeting, the meeting may continue or the matter may be considered, so long as at least one shareholder with voting rights entitled to be exercised at that meeting or on that matter, is present.

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