

CHAPTER ONE: PRINCIPLES OF MEETING

Learning outcome:

- Identify the different types of ONE MAN MEETING.
- Identify the differences between each types of one man meeting
- Understand and appreciate the characteristics of different types of one man meeting.
- Appreciate the underlying basic of a one man meeting.

INTRODUCTION

Definition: An assembly of two or more persons, properly convened and constituted, for the transaction of business of a common interest or some other lawful purpose, and presided over by a properly appointed chairman.

General Rule: There must be a plurality of persons to constitute a meeting.

SHARP V DAWES (1876)

One shareholder holds proxies for other shareholders. A meeting was held and a resolution was passed by the only shareholder.

The Court of Appeal ruled that since the meeting was convened by one shareholder, the resolution passed was not valid.

RE SANITARY CARBON CO (1877)

A meeting was held to consider voluntary winding up. A shareholder held proxies for the other three shareholders. A resolution was passed on voluntary winding up.

HELD: The meeting was not valid as the resolution passed was not legal.

Exception to the General Rule

SHARP V DAWES (1876)

Lord Coleridge CJ stated that there is a possibility of a valid one man meeting.

VALIDITY OF A ONE PERSON MEETING

• CREDITOR MEETING

Ex Parte Hasker (1877)

A creditor holds proxies for the other creditors. The meeting was held to be valid.

Held: One man meeting by a person holding proxies for the others is valid.

Rationale: Here the meeting was one of creditor not shareholder.

Since the statute allowed the appointment of proxies, the shareholder could instruct the proxy holder to vote in a way as he may direct. The law should regard it as if two persons were present even though only one person was physically present.

• CLASS MEETING

East v Bennette Bros Ltd (1911)

A preference shareholder holds all the preference shares of the company; no other person was affected by this person's course of conduct. It was held that the meeting is valid and resolution passed is legal. But if there are two preference shareholders and only one attends a meeting, there would be no valid meeting if AA provides a plural quorum.

• MEETING OF A WHOLLY OWNED SUBSIDIARY SEC. 147(6) COMPANIES ACT 1965

Shares of the subsidiary held in total by a holding company.

A wholly owned subsidiary can have a meeting of one person with the quorum of one.

Any resolution which was passed the subsidiary must be signed by the authorized representative of the holding company.

The subsidiary company needs to lodge a copy of the resolution and other document within one month to the Securities Commission of Malaysia.

• MEETING BY STATUTE-

S 150 of the Companies Act 1965 allows the court either by its own motion or on the application of any director or any member to hold a one man meeting.

- A meeting can be called in the manner in which the court thinks fit.
 - There may be direction from the court to set the quorum of the meeting.
 - Where it is impracticable to call a meeting as set by the AA of the company.
 - S150 only applies to general meeting not meeting of board of directors.
 - Application by way of summons in the High Court.
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Purported wrongful act of other shareholders:

- Quorum presents but at the end left with one member.
- Any act, which was committed by that member, will be held liable even it's one member meeting if there is wrongful act committed.

- **BOARD OR COMMITTEE MEETING**

An Article of Association allows the director to fix a quorum for board meeting and appoint member for the meeting. Then if the director thinks that one person constitutes a valid quorum then such meeting will be considered as valid meeting.

- **QUORUM IS BY PERCENTAGE OF SHARE VALUE**

If the AA of the company set that quorum is 50% of preference or ordinary shares, then if a shareholder holds 50% of the stated shares then he can hold a meeting by himself. Any resolution passed will be legal and binding.

EXERCISES:

- Briefly explain the types of one man meeting that are available in the commercial transaction.
 - Make a comparison between S142 and S150 of the Companies Act 1965.
 - Eddie is the one of the creditor of Bijak Sdn. Bhd. The company is in the state of winding up. Eddie and the other creditors would like to have a meeting to decide on repayment of the company's debts to them. On the day of the meeting the other creditors are unable to attend the said meeting. Only Eddie is available. The other creditors have given Eddie the authority to decide on behalf of them. He is unclear as to whether he can hold a one man meeting.
He seeks your advice as to when one man meeting can be held valid under the law of meeting.
 - In your opinion do you think one man meeting is beneficial? Please provide at least FIVE reasons to support your opinion.
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