

## **Resolution of the shareholders in a company**

Under the 2005 Law on Commercial Enterprises of Cambodia, the directors manage the business and affairs of a company. (Article 119) Meanwhile, the shareholders, as stipulated in articles of incorporation, decide on the main issues and activities that are not normal business and affair of the company, including but not limited to, revision or the revocation of articles of incorporation, all or partial disposal of the company's properties, merger and liquidation of the company. The shareholders' resolution can be passed through convening the meeting of the shareholders or the written resolution.

**Resolution passed by meeting:** The directors of a company must call an annual general meeting of shareholders not later than 12 months after the company comes into existence. Furthermore, the directors of a company may call an extraordinary meeting of shareholders at anytime. (Article 206) Depending on the level of importance of the issues, there are 2 main types of shareholders' resolutions: ordinary and special resolutions. "Ordinary resolution" means a resolution passed by a majority of the votes cast by the shareholders who voted on the resolution. For example, election of directors (Article 118) and appointment of auditor (Article 229) must be decided by the ordinary resolutions. "Special resolution" means a resolution passed by a majority of not less than two-thirds of the votes cast by the shareholders who voted on that resolution or signed by all the shareholders entitled to vote on that resolution. (Article 88) For example, amendment to articles of incorporation (Article 236), merger (Article 245), dissolution and liquidation (Articles 252-252) must be decided by the special resolutions.

**Written resolution in lieu of meeting:** A resolution in writing signed by all the shareholders entitled to vote on that resolution at a meeting of shareholders is as valid as if it had been passed at a meeting of the shareholders. A resolution in writing dealing with all matters to be dealt with at a meeting of shareholders, and signed by all the shareholders entitled to vote at that meeting, satisfies all the requirements of this law relating to meetings of shareholders. A copy of every resolution in lieu of a meeting must be kept with the minutes of the meetings of shareholders. (Article 221)

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