

*"Even if you are on the right track, you'll get run over if you
just sit there". – Will Rogers*

JULY 2017

MINORITY SHAREHOLDERS' APPRAISAL RIGHTS

Various remedies for the protection of minority shareholders exist under the Companies Act. One of which is a shareholder's appraisal right that allows a shareholder to demand the company to buy-back his / her shares at fair value.

A shareholder can exercise this right should the majority of the shareholders of the company pass a resolution to:

- Amend the company's memorandum of incorporation by altering the preferences, rights, limitations or other terms of any class of shares which adversely affects the rights or interests of the holders of that class of shares; or
- Enter into a transaction to dispose of all or the greater part of the assets or undertakings, proposal for an amalgamation or merger or proposal for a scheme of arrangement.

Should a shareholder exercise the appraisal right, he / she may demand that the company pay him / her the fair value for all of the shares held by that person if:

- the shareholder sent the company a notice, objecting the proposed resolution; and
- the company has adopted the resolution objected against by the shareholder; and
- the shareholder voted against that resolution.

Law & Laughter

Joke: What do Lawyers wear to Court?

Answer: A Lawsuit.

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