

Our ref:
Your ref:

TO ALL OUR VALUED CLIENTS

**IMPORTANT
CIRCULAR**

31 MARCH 2017

Dear Sirs

COMPANIES ACT 2016

We wish to advise that the Companies Act, 2016 (“CA2016” or the “Act”) and the Companies Regulations 2017 has been gazetted and have come into force on 31 January 2017. Compliance with CA2016 is mandatory for ALL companies with effect from that date.

Salient Features of the new Act

CA2016 prescribes a new legal framework for the administration of companies in Malaysia, and includes new comprehensive provisions relating to the incorporation of companies, capital management and corporate governance. Significantly increased penalties have also been introduced for non-compliance.

While we are unable to provide a thorough summary of the new provisions in this circular, we are pleased to provide in the attached appendices, salient features of the new Act which may have immediate impact on your company:

- | | |
|-------------|--|
| Appendix I | CA2016 provisions requiring timely update of pertinent information related to the company, directors and/or shareholders |
| Appendix II | CA2016 salient features for your future reference |

CA2016 Info Sheet

To facilitate and ensure the company’s compliance with CA2016 requirements for timely updating of the details of the items listed in Appendix I:

- We have also attached CA2016 Info Sheet for your urgent attention.
- Please complete and return the same to us on or before **28 April 2017 (Friday)**.

Workshop on CA2016

We are also pleased to advise that we will be conducting a **WORKSHOP ON CA2016** on **27 April 2017 (Thursday)** during which the new provisions will be covered more extensively to facilitate your understanding and familiarity with the new Act. The Workshop registration form is attached hereto and we look forward to your participation.

Please do not hesitate to contact the undersigned or Ms Maggie Yap should you have any queries on the above or the Workshop.

Yours faithfully
for and on behalf of
ASSOCIATED SECRETARIAL & MANAGEMENT SDN BHD

Chong Kang Yin

Chong Kang Yin (f) (LS0000562)
Company Secretary

This is a computer-generated letter and requires no signature

IMMEDIATE IMPACT OF CA2016IMPORTANT NOTE

1. To facilitate and ensure the company's compliance with CA2016 requirements for timely updating of the details of the items listed below, kindly complete and return the attached **CA2016 INFO SHEET** to us on or before 28 April 2017 (Friday).
2. We will assess the information furnished for immediate filing to SSM where necessary.
3. Subject to the SSM Guidelines that will be issued, certain information furnished in the last Annual Return (AR) submitted prior to CA2016 may be accepted by SSM without requiring an immediate filing update for changes prior to the next AR submission.

Sections of the CA2016	CA2016 provision	Penalty for non-compliance	Future actions to be taken
Registered office (S47)	All registers, minutes book and accounting records are to be kept at the registered office OR at other location (provided notice have been given to SSM)	Fine not exceeding RM10,000 <u>Continuing offence</u> Further fine of RM500/day	<u>Directors to:</u> Update us immediately of any changes in either the company's: (a) principal place of business; and/or (b) premises where the accounting records are maintained
Changes to Board of Directors (BOD) and their details (S58)	To be notified to the SSM within 14 days	Fine not exceeding RM50,000 <u>Continuing offence</u> Further fine of RM500/day	<u>Directors to:</u> Update us immediately of any changes in any personal details of the directors.
Filing of Annual Return (AR) (S68)	Filing of the AR must be within 30 days from the anniversary of the incorporation date Registrar may strike off company in the event of failure to lodge AR for 3 or more consecutive years	Fine not exceeding RM50,000 <u>Continuing offence</u> Further fine of RM1,000/day	We will prepare the AR based on the anniversary date of incorporation of company. However, directors must update us immediately of any changes in any of the information detailed in the CA2016 Info Sheet

IMMEDIATE IMPACT OF CA2016

Sections of the CA2016	CA2016 provision	Penalty for non-compliance	Remarks
No par value for shares (S74-78)	<ol style="list-style-type: none"> 1. Directors have the discretion and the duty to determine the appropriate value for the shares when issued 2. All allotments to be notified to the SSM within 14 days 	Fine not exceeding RM10,000 <u>Continuing offence</u> Further fine of RM500/day	<u>Prior to issuance of shares</u> To consider and provide justification for the determination of the issue price of the shares. <i>See Note 1 below</i>
Dividends (S131-133)	Distribution only out of profits available if the company is: <ol style="list-style-type: none"> 1. solvent immediately after the distribution; and 2. able to meet its debts for 12 months after the pay-out 	Fine not exceeding RM3.0 million and/or imprisonment term not exceeding 5 years	<u>Prior to the distribution of dividends:</u> <ol style="list-style-type: none"> 1. Solvency test to be undertaken by the company 2. Directors to sign a Statement of Solvency
Audited accounts (S243-261)	Audited accounts to be: <ol style="list-style-type: none"> 1. circulated to the members of the company within 6 months of the financial year end; and 2. lodged with SSM within 30 days after circulation <p><i>Note:</i> <i>It is NOT mandatory for private companies (including subsidiaries of public listed companies) to hold annual general meetings</i></p>	Fine not exceeding RM50,000 <u>Continuing offence</u> Further fine of RM1,000/day	Audited accounts to be ready within 6 months from the financial year end for circulation to all shareholders

IMMEDIATE IMPACT OF CA2016 (CONT'D)

Sections of the CA2016	CA2016 provision	Penalty for non-compliance	Remarks
Members' Written Resolution (MWR) (S297-308)	<ol style="list-style-type: none"> 1. An alternative to holding a general meeting 2. Can be used for all resolutions except for the removal of directors/auditors 3. Members holding $\geq 5\%$ of the voting rights may requisite for a meeting 4. Passed when the required majority votes of eligible members have signified their agreement within 28 days circulation 	Fine not exceeding RM50,000 and/or imprisonment term not exceeding 3 years	MWRs have to be circulated by the directors within 21 days of the requisition
Single Member (S14) Single Director (S196)	<p>A private company is allowed to have:</p> <ol style="list-style-type: none"> 1. a single member who may be an individual or corporation provided that 2. a single director must be a Malaysian or ordinarily resident in Malaysia (ie has a work permit) 	The SSM may strike off the company if the office of the sole director is not filled within 6 months of vacation	<p>If a company wishes to adopt this new provision, it will have to amend its existing MA & AA</p> <p><u>For a single director company:</u></p> <p>Details of next-of-kin to be provided in the event of death, disqualification or otherwise the vacation of office of the single director</p>
Constitution S31-32	<p>Constitution* is NOT mandatory</p> <p>* <i>Equivalent to the Memorandum and Articles of Association (M&A)</i></p>	N/A	<p><u>Existing companies</u></p> <p>Unless otherwise changed by a company, the existing M&A is deemed to be the Constitution.</p> <p>The adopted provisions of Table A (or equivalent) shall continue to have effect</p>

IMMEDIATE IMPACT OF CA2016 (CONT'D)**NOTES TO APPENDIX II****1. Share Premium and Capital Redemption Reserve**

- (a) Under S74, any amounts standing to the credit of your company's share premium and capital redemption reserve accounts shall become part of the share capital.
- (b) However, S618 provides for a transitional period of 24 months to utilise the balances in the above accounts to:
 - (i) redeem preference shares / debentures;
 - (ii) write-off preliminary expenses / brokerage expenses incurred in issuing shares;
 - (iii) issue bonus shares;
 - (iv) pay the balance of partly paid shares; or
 - (v) pay dividend by issuing share (dividends-in-specie).

2. New Regulations, Fees and New Forms

- (a) Lodgment of statutory forms and lodgment fees thereof, which ranges from RM50 to RM500, are governed by the Companies Regulations 2017 and provides for new Statutory Forms and Schedule of Fees.
- (b) As such, on every assignment that we undertake on behalf of your company that requires lodgment of relevant statutory forms or documents with the SSM, we will advise you on the applicable lodgment fees, timeline for the lodgment and our professional fee for the exercise.