COMPANIES ACT 2016: PRACTICE DIRECTIVE NO. 8/2021

EXTENSION OF TIME FOR CIRCULATION OF FINANCIAL STATEMENTS AND REPORTS, HOLDING OF ANNUAL GENERAL MEETING AND LODGEMENT OF FINANCIAL STATEMENTS FOR COMPANIES AFFECTED BY THE IMPLEMENTATION OF MOVEMENT CONTROL ORDER

1. This Practice Directive is issued pursuant to section 20C of the Companies Commission of Malaysia Act 2001 and Practice Note No. (PN) 3/2018.

OBJECTIVE

2. This Practice Directive serves to provide the manner for a company to apply for an extension of time for circulation of financial statements and reports, holding of annual general meeting (AGM), and lodgement of financial statements and reports with the Registrar for companies affected by the implementation of the Movement Control Order (MCO) to curb the spread of COVID-19.
BACKGROUND

3. Due to the recent surge in daily cases of COVID-19 infection and the emergence of several new variants which are more lethal and higher rate of infectivity, since 11 January 2021, the Government has carried out various degree of MCO in different phases for different states under the Prevention and Control Diseases Act 1988.

4. Following the implementation of MCO, companies may face constraints to prepare and audit their financial statements and reports or to hold an AGM. As a result, the affected companies may not be able to comply with the specified timeframe to circulate financial statements and reports to their members, to hold AGM, as well as to lodge their financial statements and reports with the Registrar.

REQUIREMENTS OF THE LAW

Circulation of Financial Statements and Reports

5. Section 258(1) of the Companies Act 2016 (CA 2016) provides that a company must circulate its financial statements and reports to its member:

(a) in the case of a private company, within 6 months of its financial year end; and
(b) in the case of a public company, shall be at least 21 days before the date of its AGM.
6. In the event where the circulation of financial statements and reports cannot be made within the stipulated timeframe, the company may submit an application for an extension of time by complying with the procedures specified under PN 3/2018.

**Annual General Meeting**

7. Section 340(2) of CA 2016 provides that every public company must hold an AGM within 6 months from the date of its financial year end and not later than 15 months from the date of its last preceding AGM.

8. If a company is unable to hold an AGM within the stipulated timeframe, the company may apply to the Registrar for an extension of time to hold its AGM by giving grounds to the satisfaction of the Registrar pursuant to section 340(4) of CA 2016.

**Lodgement of Financial Statements and Reports**

9. Section 259(1) of CA 2016 provides that a company must lodge with the Registrar a financial statements and reports:

   (a) in the case of a private company, within 30 days from the date the financial statements and reports are circulated to its members; and

   (b) in the case of a public company, within 30 days from the date of its AGM.

10. Pursuant to section 259(2) of CA 2016, if a company apply for an extension of time before the expiry of the period specified in
section 259(1) of CA 2016, the Registrar may extend the period to such period as the Registrar considers fit.

**Fees for the application for extension of time**

11. In the applications for extension of time to hold an AGM, circulation and/or lodgement of financial statements and reports, the company is required to pay a fee of RM100 as specified under item 19, 23 and 40 of the Schedule to the Companies Regulations 2017 (CR 2017) respectively.

12. However, pursuant to Regulation 8(5) of the CR 2017, the Registrar may reduce or waive, partly or in wholly, any fees specified under the Schedule.

**SPECIAL PROCEDURES FOR APPLICATION OF EXTENSION OF TIME FOR CIRCULATION OF FINANCIAL STATEMENTS AND REPORTS, HOLDING OF ANNUAL GENERAL MEETING AND LODGEMENT OF FINANCIAL STATEMENTS FOR COMPANIES AFFECTED BY THE IMPLEMENTATION OF MOVEMENT CONTROL ORDER**

13. In order to facilitate the affected companies to prepare and audit the financial statements and reports and comply with the requirements of the CA 2016, the Registrar invokes the following:

   (a) to grant an extension of time for a period of 90 days for affected companies to circulate financial statements and reports in accordance with the powers under PN 3/2018;
(b) to grant an extension of time for a period of 90 days for affected companies to hold an AGM in accordance with the powers under section 340(4) of CA 2016; and
(c) to grant an extension of time for a period of 90 days for affected companies to lodge financial statements and reports in accordance with the powers under section 259(2) of CA 2016.

14. Notwithstanding the extension of time specified under paragraph 13, the following requirements must be observed:

(a) the company must comply with all the requirements as specified in this Practice Directive;
(b) an application for extension of time must be submitted to the Registrar by completing the information in Appendix (A); and
(c) the application must be submitted to the Registrar within the timeframe and through the email address specified in the First Schedule of this Practice Directive.

15. The fee of RM100 for the application of extension of time made under this Practice Directive is waived in accordance with the powers of the Registrar under Regulation 8(5) of CR 2017.

16. Subject to paragraph 14, the extension of time under paragraph 13 applies only to eligible companies specified in the First Schedule of this Practice Directive.

17. The Registrar will grant the eligible companies an extension of time as follows:
(a) For circulation of financial statements and reports, the 90 days period will be effective from the date the financial statement and reports were supposed to be circulated.

(b) For holding of AGM, the 90 days period will be effective from the date the AGM was supposed to be held.

(c) For circulation of financial statements and reports, the 90 days period will be effective from the date the financial statements and reports were supposed to be lodged with the Registrar.

18. This Practice Directive clarifies the special procedures for companies to apply for an extension of time to circulate financial statements and reports, to hold an AGM or to lodge financial statements and reports in facilitating companies affected by the implementation of the MCO.

EFFECTIVE DATE

19. This Practice Directive takes effect on 1 June 2021.

REGISTRAR OF COMPANIES
COMPANIES COMMISSION OF MALAYSIA
1 June 2021
**FIRST SCHEDULE**

<table>
<thead>
<tr>
<th>No.</th>
<th>Period of Movement Control Order</th>
<th>Companies</th>
<th>Timeframe for submission of application for an extension of time</th>
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</thead>
<tbody>
<tr>
<td>1.</td>
<td>1 June 2021 to 14 June 2021.</td>
<td>Companies having financial year end <strong>AFTER</strong> 31 October 2020 to 31 January 2021.</td>
<td>1 June 2021 until 31 July 2021 (email to: <a href="mailto:eotmco3@ssm.com.my">eotmco3@ssm.com.my</a>).</td>
</tr>
</tbody>
</table>
Please copy this format into your email and complete all required particulars. Do not attach any document in your email if the application is for five (5) companies or less.

If the application is between six (6) to a maximum of 10 companies, you can attach the information in a document and email SSM with 10 companies maximum per attachment per email. All applications must follow the format below.

EXTENSION OF TIME UNDER PRACTICE DIRECTIVE 8/2021

APPLICATION FOR EXTENSION OF TIME FOR *CIRCULATION OF FINANCIAL STATEMENTS AND REPORTS/**HOLDING OF ANNUAL GENERAL MEETING/*LODGEMENT OF FINANCIAL STATEMENTS AND REPORTS. (Delete whichever is not applicable please.)

Company Name:
Company Number:
Financial Year End:
Expiry/last date for Financial Statements (FS) circulation:
**Expiry/last date for Annual General Meeting (AGM):
Expiry/last date for FS lodgement:
FS circulation date under Practice Directive 8/2021 (90 days extension):
**AGM date under Practice Directive 8/2021 (90 days extension):
FS lodgement date under Practice Directive 8/2021 (90 days extension):

Declaration:

I confirm that the facts and information stated in this document are true and to the best of my knowledge.

Name of company secretary:
License No./Membership No.:
SSM Practicing Certificate No.:

Note: All dates must be in dd/mm/yyyy format.
* - You can apply for extension of time for one or all of the initiatives (if they are applicable to you).
** - AGM extension of time applicable for a public company only.