

Issuance of Documents to Securities Holders via Electronic Means (1/3)



CA 2016

- Allows electronic communication between a company and its members on matters relating to meetings and resolutions, supply of information or documents, subject to compliance with the prescribed requirements under the CA .



Issuance of Documents to Securities Holders via Electronic Means (2/3)

Current

Documents must be issued in **physical copies**

PROPOSED MEANS FRAMEWORK

Rights issue / offer for sale documents

- Email
- Hardcopy
- Any other manner prescribed by Bursa

Allowed under constitution

If on website, must issue separate written notification

- publication of doc.
- designated link to download the doc.

If email, must have proof of email delivery

Securities holders can request for hardcopy

Only for documents under LR

Issuance of Documents to Securities Holders via Electronic Means (3/3)



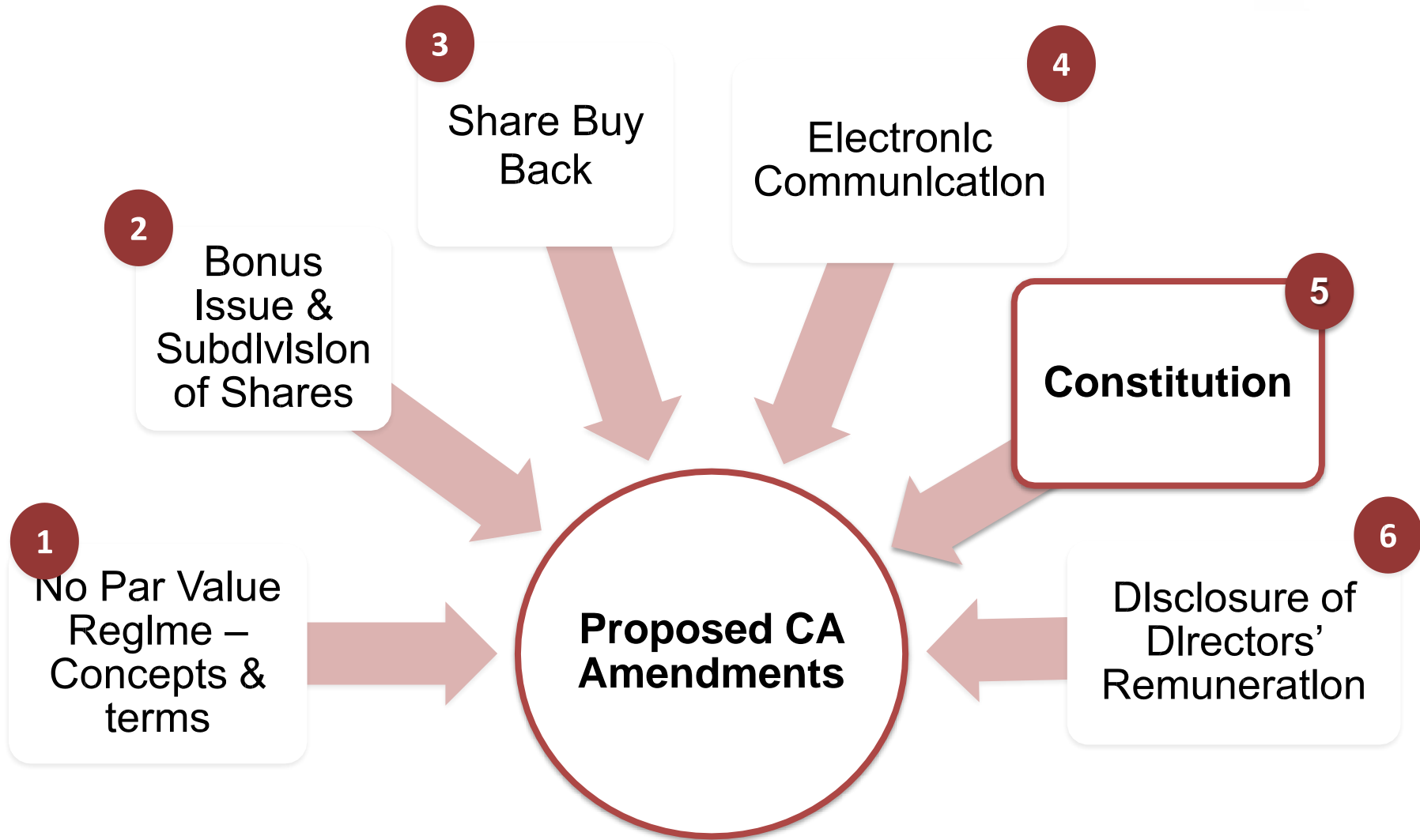
CURRENT

- Issuance of **AR and AAA** must be in **hardcopy or electronic format** (i.e. CD-ROM, thumb-drive).



PROPOSAL

The requirement on **issuance of AR in e-format is removed.**



Enhancements to the Constitution (1/4)



CA 2016

- ‘Memorandum & Articles of Association’ has been replaced with ‘**constitution**’.
- S. 31: Constitution is no longer mandatory for a company (except a company limited by guarantee).
- S. 619: Memorandum & Articles of Association adopted prior to CA 2016 shall continue to have effect unless otherwise resolved by the company.



Enhancements to the Constitution (2/4)



CURRENT

PLCs must have Articles of Association with contents as prescribed in Chapter 7



PROPOSAL

Maintain requirement for PLCs to have constitution with modifications:

- **deleting** certain provisions which have already been codified in the CA 2016 or prescribed as a continuing listing obligation; and
- **enhancing** certain provisions to address a gap or for greater clarity.

Enhancements to the Constitution (3/4)



Provisions
already
codified under
the CA 2016 /
continuing
obligations
under the LR

- Participation of directors in a Share Issuance Scheme – specific allotment must be approved by shareholders
- Qualification and rights of proxy to speak and vote at a general meeting
- Vacation of office of director– must vacate if he becomes of unsound mind or bankrupt

Provisions no
longer
relevant

- Payment of liquidator's commission or fee in a voluntary winding up

Enhancements to the Constitution (4/4)

CURRENT



Increase in directors' fees is subject to shareholder approval

Managing Director



Managing director shall be subject to the control of the board.

A director may appoint an alternate approved by majority of his co-directors, provided that any fee paid to the alternate shall be deducted from that director's remuneration.



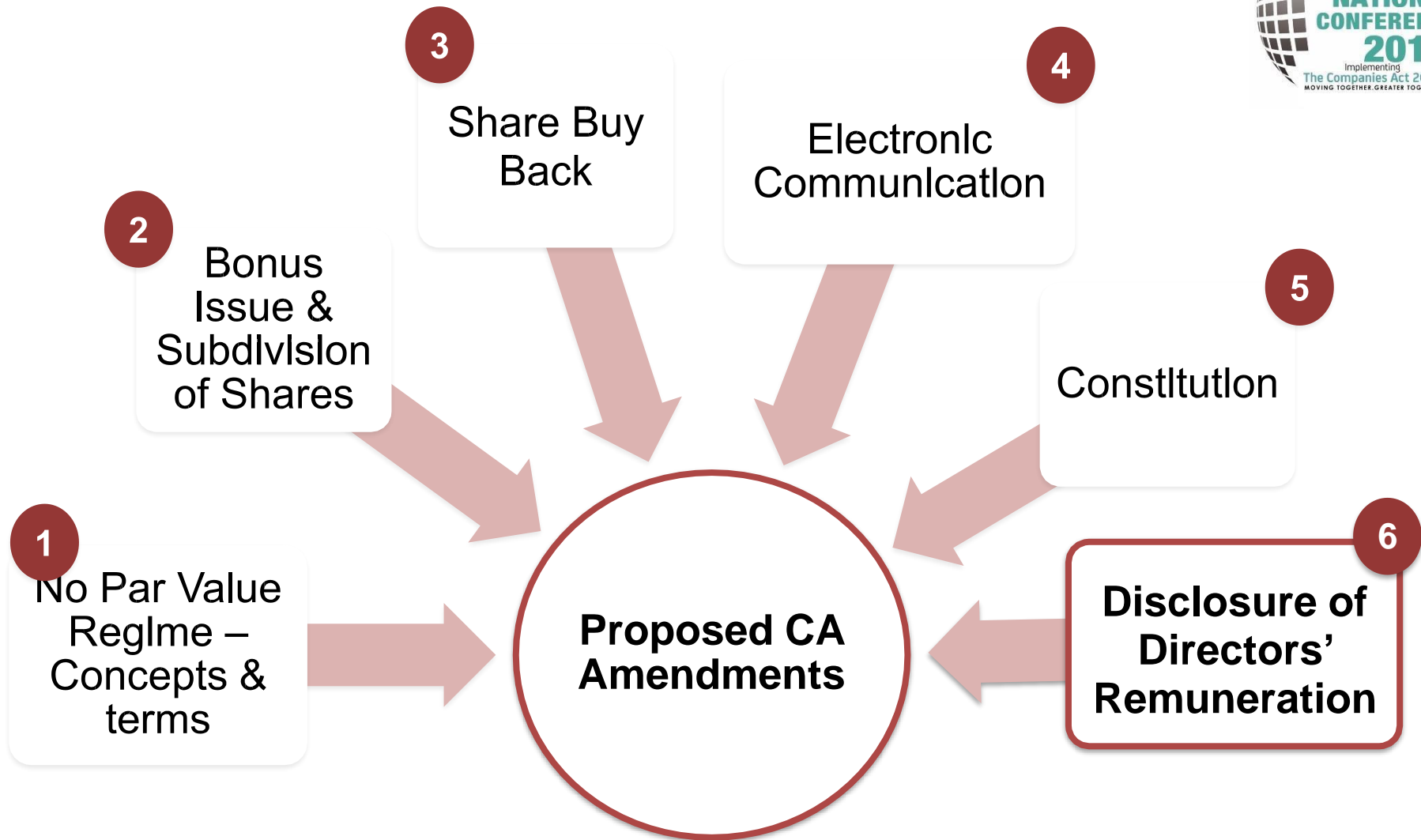
PROPOSAL

Directors' fees and benefits are subject to shareholders' approval annually.

Expand to a person performing the function by whatever name called.

Clarify that -

- **no director may act as an alternate; and**
- **a person may not act as an alternate director for more than 1 director.**



Disclosure of Directors' Remuneration in Annual Reports



S. 230 of CA 2016 requires **fees of, and benefits payable to, directors of** a listed issuer and its subsidiary to be approved by shareholders at a general meeting.

CURRENT

PLC must disclose –

- **aggregate remuneration** of its directors categorized into appropriate components; and
- **number of directors whose remuneration falls in successive bands of RM50,000**

PROPOSAL

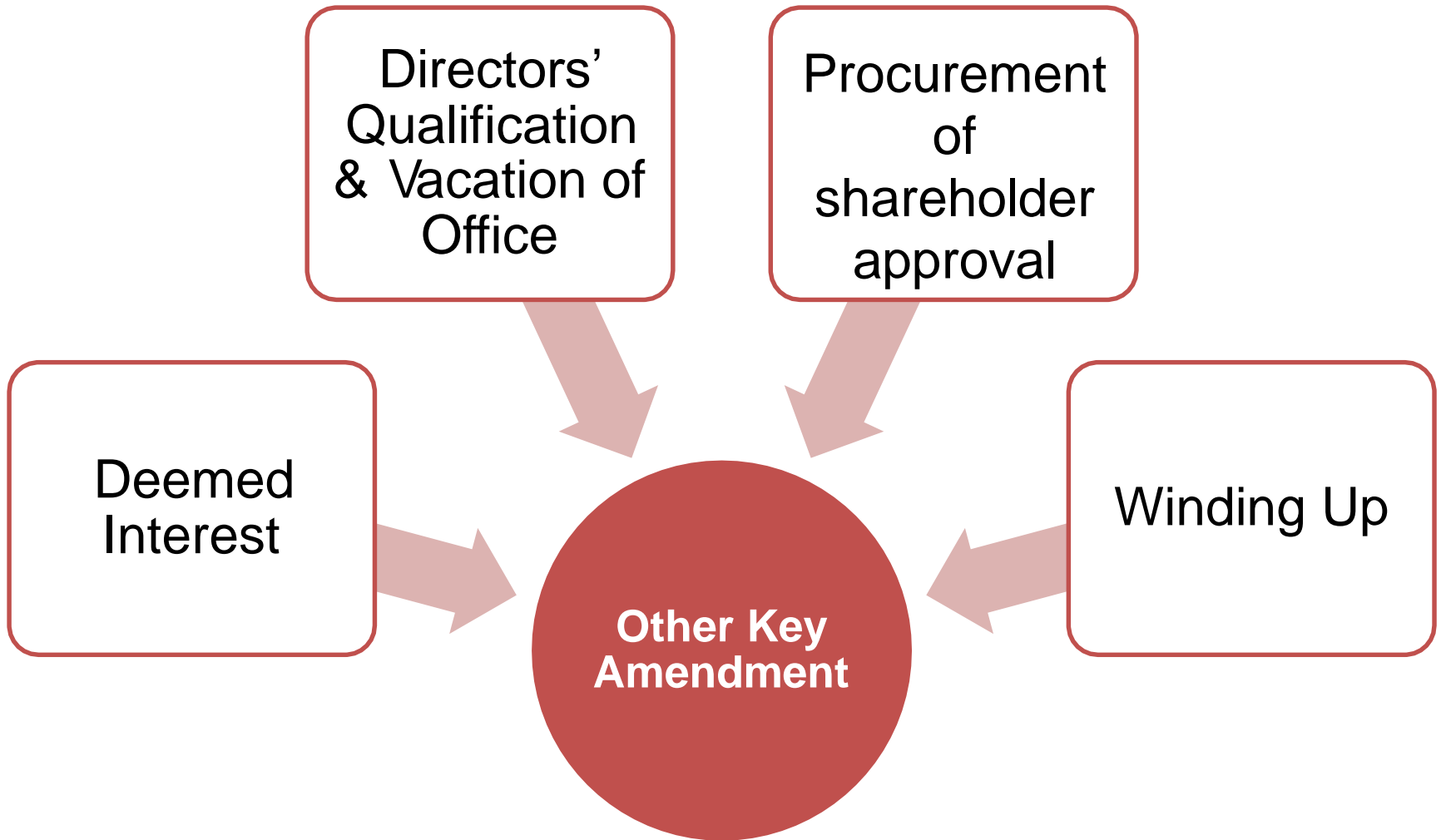
PLC must disclose its directors' remuneration on a **named basis, in its annual report.**



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OTHER KEY PROPOSALS FOR CLARIFICATION & CONSISTENCY

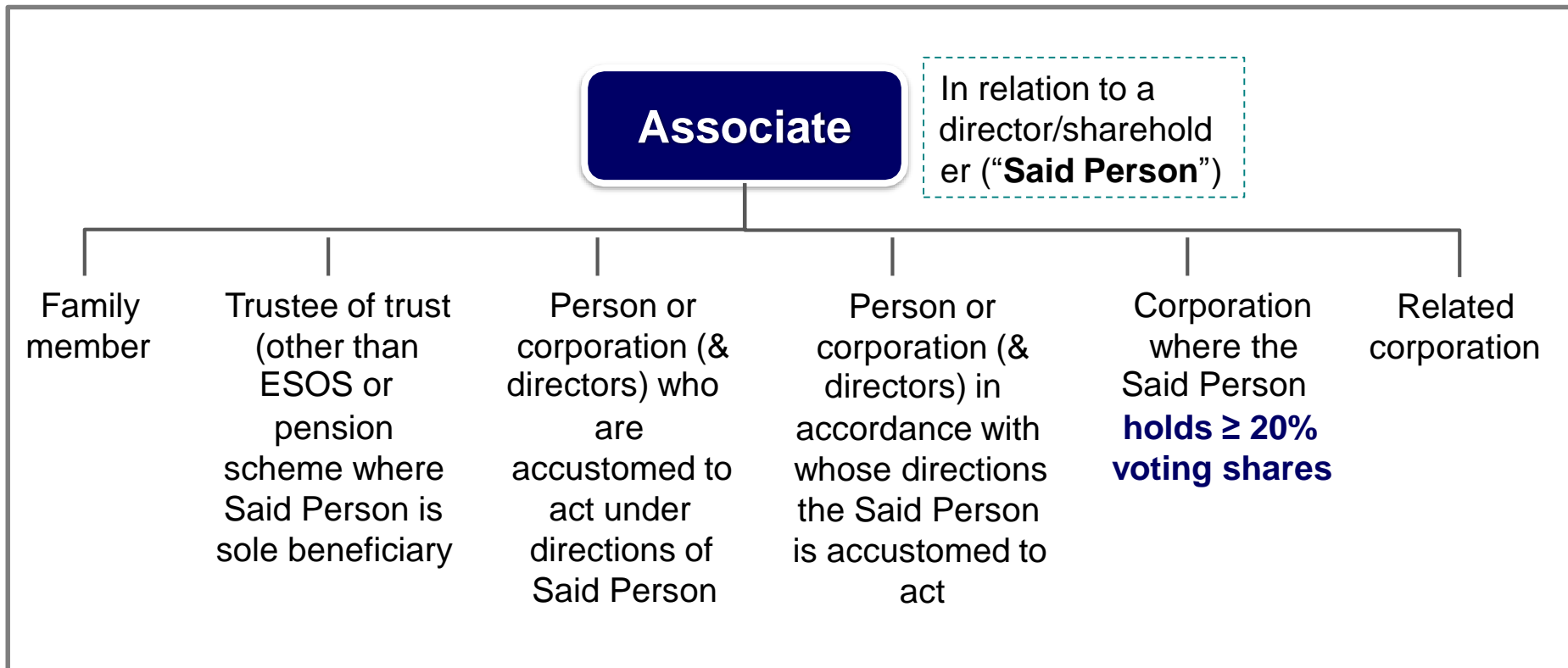
Overview of Other Key Amendments



Other Key Amendments – Deemed interest (1/3)



- S. 8(4)(c) of CA 2016: A person is deemed to have interest in a share where a company has an interest if the person holds $\geq 20\%$ voting shares in the company (“**deemed interest**”)
- In LR, deemed interest is used in the definition of associate for purposes of public spread computation & determination of related party in a transaction. Currently, the threshold is 15%



Other Key Amendments – Deemed interest (2/3)



PLC must ensure that 25% of its total listed shares are held by public.

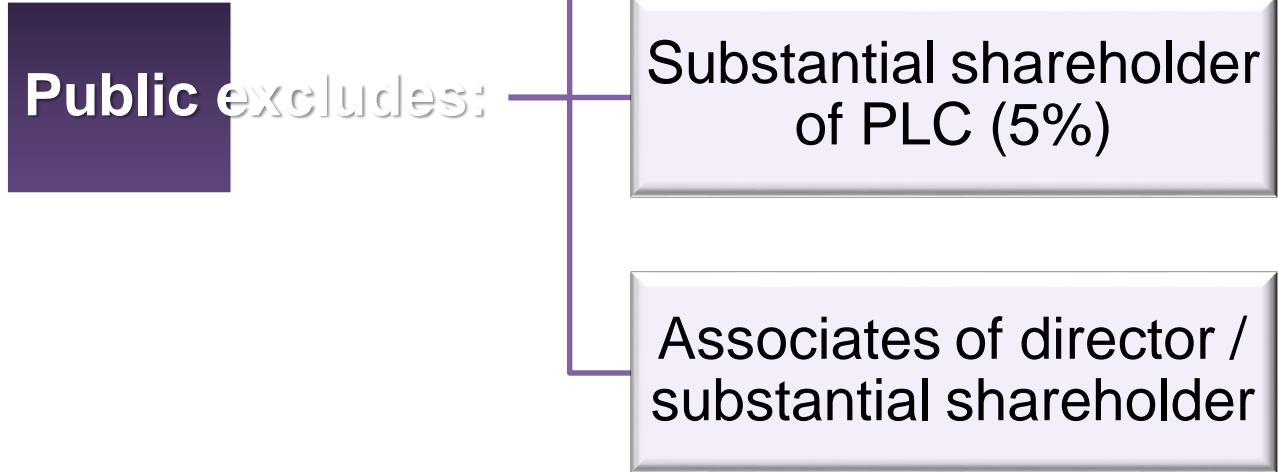


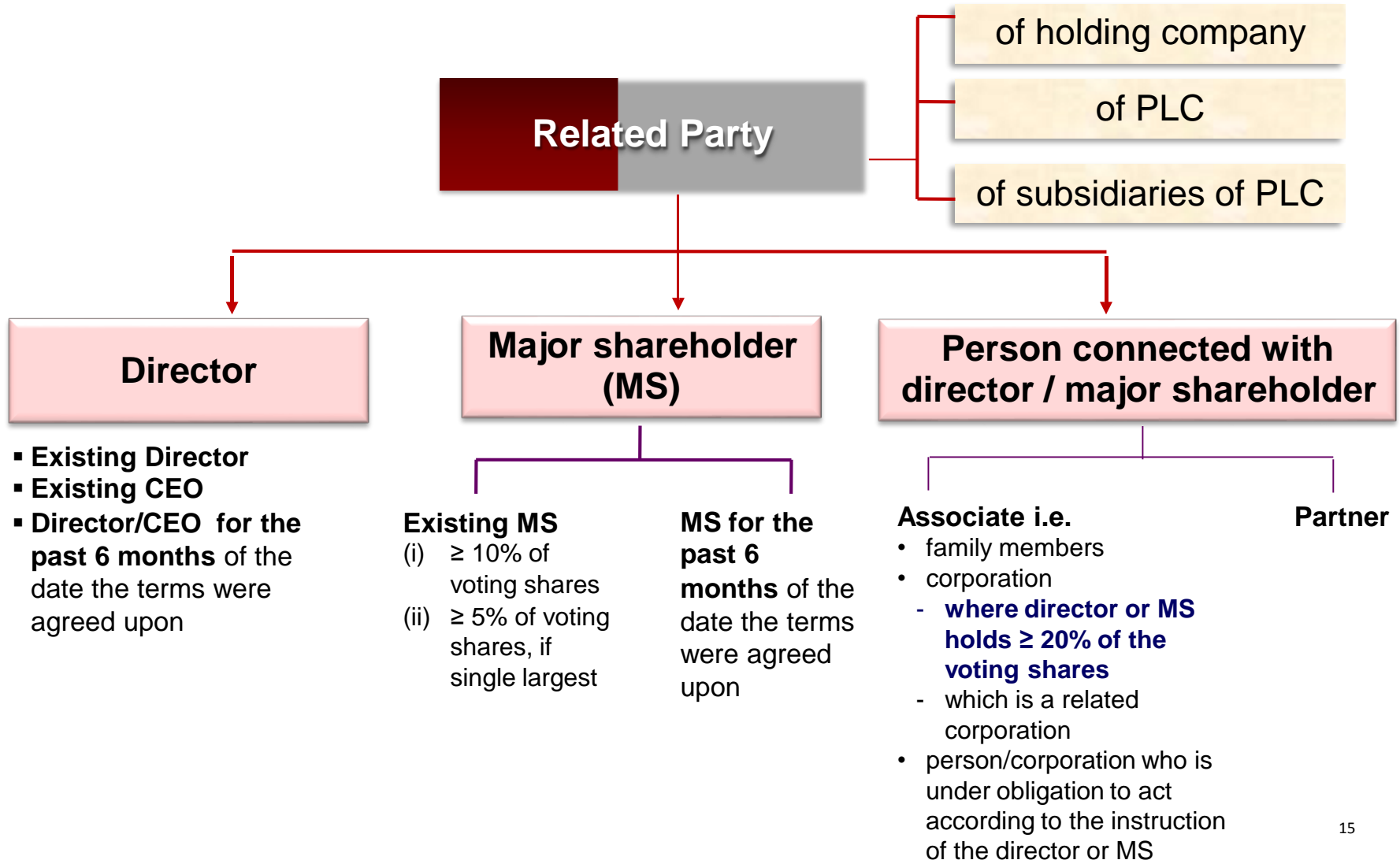
Illustration:

- *Mr. A* is director & substantial shareholder in *PLC K*.
- *Mr A* owns 20% voting shares in *XYZ Sdn Bhd*.
- *XYZ Sdn Bhd* is an associate of *Mr. A*.
- *XYZ Sdn Bhd* is not considered public for public spread computation of *PLC K*.

Other Key Amendments – Deemed interest (3/3)



Related party transaction – transaction entered into by the PLC / subsidiary which involves direct/indirect interest of related parties.



Other Key Amendments – Directors' Qualification & Vacation of Office



- S. 198(1)(c) of CA 2016: A person will be disqualified to act as director if convicted of an offence involving **bribery**, fraud & dishonesty

QUALIFICATION

Disqualified if convicted of an offence:

Promotion, formation or management of a corporation

Fraud or dishonesty

Securities / companies laws of PLC's place of incorporation

Bribery

VACATION OF OFFICE

Office of director becomes vacant if:

Falls within s. 208 CA 2016

Disqualified due to conviction of offences

Absent from > 50% total board meetings

Unsound mind

Bankrupt

Retires

Resigns

Removed under CA 2016 / constitution

Disqualified by Court

Dies

Other Key Amendments – Procurement of Shareholder Approval (1/2)

CURRENT

- Currently, LR **requires specific shareholder approval for new issue of securities** other than via general mandate.
- S. 75(2) CA 2016: **Shareholder approval not required** for pro rata allotment, bonus issue, allotment to promoters or issuance of shares as consideration acquisition

PROPOSAL

Maintain current LR requirement.


- Article 40, Table A of CA 1965 previously stipulates that subdivision or consolidation must be approved via ordinary resolution.
- S. 84(1) of CA 2016: Subdivision or consolidation must be approved **via special resolution unless otherwise provided in constitution.**
- Listing applications under the LR currently requires **confirmation whether subdivision/consolidation is allowed under the constitution**

Clarify that the confirmation required is whether the subdivision or consolidation will be approved via ordinary resolution or special resolution.



Other Key Amendments – Procurement of Shareholder Approval (2/2)

CURRENT

- 
- Currently, LR requires **securities holder approval to be obtained before transaction / corporate proposal is being completed.**
 - S. 223/228 CA 2016:
 - a. the **entering into the arrangement / transaction is made subject to approval of the company**
 - b. the **carrying into effect of the arrangement / transaction has been approved by the company**

PROPOSAL

Adopt drafting approach under CA 2016.

- For (a): Approval is a condition precedent.
- For (b): Approval must be obtained before PLC commence implementing transaction esp. where there is no formal contract.

Other Key Amendments – Winding Up

- Currently, LR stipulates that **commencement of winding up under CA 1965** must be announced immediately & warrants trading halt.
- S. 467 of CA 2016: commencement of court winding up starts on the **date of the court order** (instead of time of presentation of winding-up petition under CA 1965).

PROPOSAL



Announcement

- **Presentation of winding up petition**
- Commencement of voluntary winding up
- Winding up order made

Trading Halt

- **Presentation of winding up petition**
- Commencement of voluntary winding up

- PLC
- Subsidiary
- Major associated company

Thank you

Framework for Perusal of Circulars



Subject Matter	Exempt Circulars	Limited Review Circulars	Full Review Circulars
Perusal by Bursa before issuance	X	√ (only focus on areas of high risk in terms of disclosure)	√ (full review)
Obligations of PLC	Submit compliance checklist upon issuance	Submit draft circular + compliance checklist	Submit draft circular + compliance checklist
Examples	<ul style="list-style-type: none"> • Notices of meetings • Amendments to constitution, • Share buy-back circular (including ordinary resolution) 	<ul style="list-style-type: none"> • New issue of securities for cash • Subdivision / consolidation, • Notice of maturity • Early redemption 	<ul style="list-style-type: none"> • RPTs • Provision of financial assistance • Restructuring schemes • Withdrawal of listing

