

GUIDELINES FOR BUSINESS SET UP UNDER THE MALAYSIA MY SECOND HOME PROGRAMME

Registering Your Business

You are required to register your business with the **Companies Commission of Malaysia (CCM)** under the Companies Act 1965. You are only eligible to register limited company in Malaysia.

Company Structure

The Companies Act 1965 governs all companies in Malaysia. The Act stipulates that a person must register a company with the SSM in order to engage in any business activity.

It provides for three types of companies:

- A company limited by shares where the personal liability of its members is limited to the par value of their shares and the number of shares taken or agreed to be taken by them
- A company limited by guarantee where the members guarantee to meet liability up to an amount nominated in the Memorandum and Articles of Association in the event of the company being wound up
- An unlimited company, where there is no limit to the members' liability.

Company Limited by Share

The most common company structure in Malaysia is a company limited by shares. Such limited companies may be either private (Sendirian Berhad or Sdn. Bhd.) or public (Berhad or Bhd.) companies.

A company having a share capital may be incorporated as a private company if its Memorandum and Articles of Association:

- Restricts the right to transfer its shares
- Limits the number of its members to 50, excluding employees in the employment of the company or its subsidiary and some former employees of the company or its subsidiary.
- Prohibits any invitation to the public to subscribe for its shares and debentures
- Prohibits any invitation to the public to deposit money

with the company.

A public company can be formed or, alternatively, a private company can be converted into a public company subject to Section 26 of the Companies Act 1965. Such a company can offer shares to the public provided:

- i. It has registered a prospectus with the Securities Commission
- ii. It has lodged a copy of the prospectus with the **SSM** on or before the date of its issue.

A public company can apply to have its shares quoted on the **Kuala Lumpur Stock Exchange (KLSE)** subject to compliance with the requirements laid down by the exchange. Any subsequent issue of securities (e.g. issue by way of rights or bonus, or issue arising from an acquisition, etc.) requires the approval of the Securities Commission.

Capital Requirement

Minimum capital investment in terms of a company's shareholders funds, which include paid up capital and reserves is at least RM 250,000 , subject to existing Government policies, regulations and guidelines which are in force for the relevant sectors.

Registration of Local Company:-

Anyone who wishes to register a local company is to submit the required registration documents and fees payable to the Commission.

A company shall have:

- 1) At least two directors (the director and promoter can be the same person); and
- 2) A company secretary who is a member of a professional body prescribed by the Minister or is licensed by the Commission.

Both the director and company secretary must have their principal or only place of residence within Malaysia.

Registration Procedure:-

Before proposing a name for incorporation of a company, a name search has to be done to determine whether the name can be used

to register the company. The steps are:

- Complete Form 13A.
- Pay a RM30 fee for each name applied. The name reserved for three months from the date of approval.
- Within the three months, submit the documents below:

a) Memorandum and Articles of Association:

- i) Original copy stamped at any stamp office with a RM 100.00 stamp in the Memorandum and another RM100 stamp in the Articles.
- ii) The first directors and secretaries are named in the Memorandum and Articles of Association.
- iii) At least two or more promoters shall sign the Memorandum and Articles of Association in front of a witness..

A Company having a share capital may be registered as a private company if the Memorandum and Articles:

- i) restricts the right to transfer its shares;
- ii) limits the number of its members to not more than fifty;
- iii) prohibits any invitation to the public to subscribe any shares or debentures of the company; and
- iv) prohibits any invitation to the public to deposit money with the company or fixed periods.

b) Form 48A - Statutory Declaration by a director or promoter before appointment. The director or promoter declares under oath that he/she is not a bankrupt and he/she has not been convicted of an offence and sentenced by the Court. This declaration should be signed in front of anyone of the following persons of authority

- Commissioner of Oaths;
- President of the Sessions Court;
- Magistrate; or
- Those empowered under the Statutory Declaration Act 1960.

c) Form 6 - Declaration of Compliance. This declaration states that all the requirements of the Companies Act 1965 have been complied with. The company secretary who handles the registration and is named in the Memorandum and Articles of Association must sign it.

- d) Original copy of Form 13A.
- e) A copy of the letter approving the name.
- f) A copy of the identity card of each director and company secretary.
- g) Registration fees for Share Capital:

Authorised Share Capital (RM)	Fees (RM)
Up to 100,000	1,000
100,001 – 500,000	3,000
500,001 – 1 million	5,000
1,000,001 – 5 million	8,000
5,000,001 – 10 million	10,000
10,000,001 – 25 million	20,000
25,000,001 – 50 million	40,000
50,000,001 – 100 million	50,000
100,000,001 and above	70,000

The following certificate will be issued when all documents for registration are in order:

Form 8 - Certificate of Incorporation for a public company.

Form 9 - Certificate of Incorporation for a private company

NOTES:

A company is required to have two directors and a secretary.

Directors

Every limited company must have at least two directors who must be ordinary residents of Malaysia. A director of a company may also act as the company's secretary except in some situations.

Secretary

Every limited company must have at least a secretary. The board of directors may appoint one of its directors as the company secretary. He or she must be a member of a professional body prescribed by the Minister or licensed by the CCM. Application for a company license should be made to the CCM using Form 48B/ 48C. Every license granted or renewed is valid for three years.

Participants may hold executive positions with ownership to the company.

Guidelines on registering company in Malaysia, kindly contact Companies Commission Of Malaysia at:

CCM Headquarters

Level 2 & 10-19, Putra Place,
100 Jalan Putra,
50622 Kuala Lumpur.
Tel : 03-4047 6000 / Fax : 03-4047 6317
Hotline : 03-4047 6111 / 6222
Website : www.ssm.gov.my

Other investment opportunities, kindly contact Malaysia Industrial Development Authority at:

MIDA Headquarters

Malaysian Industrial Development Authority (MIDA)

Block 4, Plaza Sentral
Jalan Stesen Sentral 5
Kuala Lumpur Sentral
50470 Kuala Lumpur
Malaysia
Tel: 603-2267 3633
Fax: 603-2274 7970
Website : www.mida.gov.my
Email: investmalaysia@mida.gov.my