

# FREQUENTLY ASKED QUESTIONS

## 1. What is Sdn. Bhd.?

Sdn Bhd stands for Sendirian Berhad and is private limited company in Malaysia. All locally incorporated companies must carry with “Sdn Bhd”, and for public company, with “Bhd” or “Berhad” only. Currently, most companies in Malaysia are only allowed to be incorporated limited by shares. It means a company formed with its shareholders’ liabilities limited by capital that invested in the company.

## 2. What is private limited company?

A private limited company (Sendirian Berhad or Sdn Bhd) is a separate legal entity from its owners, meaning that it can buy or sell property, enter legal contracts and sue or get sued in courts.

## 3. What is the requirement to be eligible to be appointed as director or shareholder?

It takes a minimum of one (1) Malaysia resident director and one (1) shareholder with minimum paid-up capital of RM1 to incorporate a company in Malaysia where the director and shareholder can be the

same person. To be eligible to be appointed as director for a company, several criteria should be followed:

- 18 years old and above.
- Residing in Malaysia.
- Not disqualified under Section 198 of the Companies Act 2016.

## 4. What is the roles between director and shareholder?

Shareholders and directors have two completely different roles in a company. The shareholders (also called members) own the company by owning its shares and provide financial backing in return for potential dividends over the lifetime of the company while the directors is appointed by shareholder to manage company and make profit.

### Some common duties of a director include:

- Creating business strategies and proposing implementation methods.
- Communicating with company executives and board members.

- Conducting manager performance reviews.
- Preparing business plans, budgets and schedules.
- Providing managers have the resources they need.

**5. Is it compulsory to appoint secretary?**

In Malaysia, a company secretary is compulsory for private limited companies which is a part of legal requirement under the Companies Act 2016. Company secretaries are considered key people who serve important purpose and contribute to the operations of the business.

**6. What is the roles of secretary?**

Secretary is a person who need to ensure that the company is in accordance with the Companies Act in any matters and keep remaining on what supposedly to do.

**Some common duties of a secretary include:**

- Maintain secretarial records of the company

- Handle and organize the Annual General Meeting
- Maintain regular communications with shareholders and directors

**7. What services NJ Corporate Consultant may deliver?**

We, as specialized in Secretarial, Management and Business Proposal, Accounting and Auditing, and Rules, Regulation and Taxation services, act as one-stop-center that provide several services for company. All related services would involve from the registration of the company until the dissolution of the company. We may assist you in any matters related to the company.

**8. If a person owns Enterprise and intended to convert it to Sdn. Bhd. Could he/she proceed to apply for the conversion?**

No. That person could not proceed to convert it due to the differences between both types of companies. Enterprise would be complied under Business Act and Sdn. Bhd. would be complied under Companies

Act and due to different compliance, it leads to the disability to convert from Enterprise to Sdn. Bhd. or vice versa.

**9. What information is needed to incorporate Sdn. Bhd.?**

The following are the information needed:

- The details of company – purposed company name, business address, business nature (maximum of 3) and etc.
- The details of director/(s) – director name, photocopy of identification number, citizenship, race and etc.
- The details of shareholder/(s) - shareholders name, photocopy of identification number, citizenship, number of shares and etc.
- Paid-up capital information (minimum RM1 per share)
- Number of share for each shareholders

**10. What are the process to incorporate Sdn. Bhd.?**

The processes of incorporation of Sdn. Bhd. are as followed:

- i. Apply for Section 27(1)(4): The application and reservation for availability of names.
- ii. Fill in Section 14: The application of registration of a company.
- iii. Get Section 15 as a notice of registration.
- iv. Apply and buy Section 17: Certificate of registration of private company.
- v. Appoint first Secretary Company within 30 days from the date of the incorporation of company by filling in Section 58&236(2): Notice of appointment of company secretary.

**11. How much is the fee to incorporate the company?**

The fee of incorporation of the company is RM2,500 by cash which considering it as initial capital for the company.

**12. Can the company increase the number of shares?**

Yes. The company can increase the number of shares. The company may apply

to allot shares by cash or otherwise than cash.

**13. In what situation, the company would be able to increase shares by otherwise than cash?**

If the owner of the company owned business company before and intended to stop the operation, all the asset used in previous company, may be carried into new company after considering fair value for each asset. The example of assets that could be carried forward are office equipment, vehicle and goodwill and etc.

**14. If the company had Shareholder A and Shareholder B which both own half of shares, then after one year, Shareholder A intended to resign from the company. What happens to his/her shares?**

Shareholder A may transfer all of his/her own shares to Shareholder B.

**15. If the company had Shareholder A and Shareholder B, Shareholder A intended to release half of his/her shares due to**

**his financial strain. What happens to his/her shares?**

If both Shareholder A and Shareholder B own 10,000 shares for each of them which both own 50% of shares. Then, he/she may transfer 5,000 shares to Shareholder B. After transferring the shares, Shareholder A has 25% of shares and Shareholder B has 75% of shares.

**16. If the company had Shareholder A and Shareholder B, the company intended to add new shareholder without allotment of new shares. What will happen?**

If the company had 50,000 shares which both Shareholder A and Shareholder B own equally number of shares, then adding new shareholders (Shareholder C) which Shareholder A and Shareholder B agreed to give 5,000 shares from theirs to him/her. After transferring the shares, Shareholder A and Shareholder B have 20,000 shares and have 40% of shares each of them. While, Shareholder C would have 10,000 shares and owns 10% of shares.

**17. If the company had Shareholder A and Shareholder B, the company intended to add new shareholder with allotment of new shares. What will happen?**

If the company had 50,000 shares which both Shareholder A and Shareholder B own equally number of shares, then allot 50,000 of new shares and adding new shareholder (Shareholder C) which agreed to be given 15,000 of new shares and remaining would be given equally to Shareholder A and Shareholder B. Therefore, Shareholder A and B would have 42,500 shares per each of them and own 42.5% of shares while Shareholder C would have 15,000 shares and owns 15% of shares.

**18. What processes would be involved in the company?**

There are two more processes would be involved which accounting and taxation process. In accounting process, it would involve the process of preparing account and audit report which both would be imposed a charge separately. While, for

taxation, it would involve the tax computation for the company itself.

**19. What would happen if the company does not comply with the Companies Act?**

The company would be compounded in different range depending on the incompliance that was done.

**20. What is the process if the company (director/shareholders) intended to stop the operation of the company?**

The company may apply to voluntarily strike off the company to prevent any compound from CCM.

**For more information, please visit and contact:**

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