

CASE STUDIES AND ILLUSTRATIONS OF THE GUIDELINES FOR THE REPORTING FRAMEWORK FOR BENEFICIAL OWNERSHIP OF COMPANIES

Disclaimer: This document is issued to complement the issuance of the "Guideline for the Reporting Framework for Beneficial Ownership of Companies" (Guidelines). The case studies and illustrations in this document are intended for illustrative purposes only in facilitating understanding of the Guidelines.

1. Under section 60A of the CA 2016, a beneficial owner is defined as "a natural person who ultimately owns or controls over a company and includes a person who exercises ultimate effective controls over a company".

2. In determining a beneficial owner for a company limited by shares, all criteria (Criteria A until F) must be assessed. For company limited by guarantee, the assessment must be done for Criteria C, D & E only.

3. An individual is a beneficial owner of a company if he meets one or more of the following criteria:

(a) Criteria A

If he holds directly or indirectly in not less than 20% of the shares of the company.

(b) Criteria B

If he holds directly or indirectly in not less than 20% of the voting shares of the company.

(c) Criteria C

If he has the right to exercise ultimate effective control whether formal or informal over the company or the directors or the management of the company.

(d) Criteria D

If he has the right or power to directly or indirectly appoint or remove a director(s) who holds the majority of the voting rights at the meeting of directors.

(e) Criteria E

If he is a member of the company and, under an agreement with another member of the company, controls alone a majority of the voting rights in the company.

(f) Criteria F

If he has less than 20% of shares or voting shares but exercises significant control or influence over the company.

4. The case studies and illustrations on how to identify a beneficial owner of companies based on paragraphs 2 and 3 above are as per **Annexure A**. These case studies and illustrations are provided and intended to serve only as general guidance and may not be the exact representation of any situation.

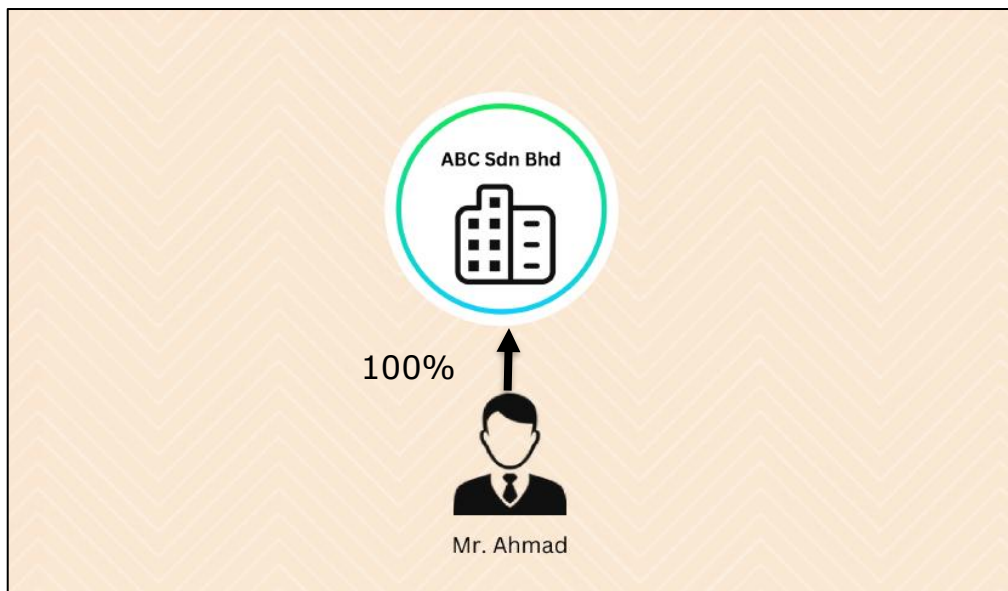
ANNEXURE A

A. COMPANY LIMITED BY SHARES

1. An individual is a beneficial owner in a company limited by shares based on direct ownership if he :

(a) holds directly in not less than 20% of the shares in the company.

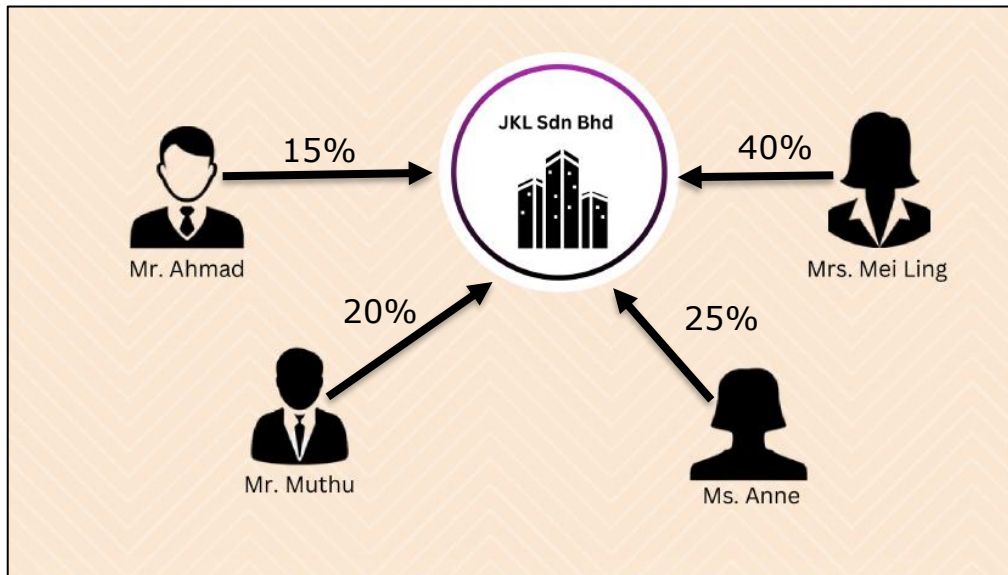
Illustration 1(a): Beneficial owner of ABC Sdn Bhd



Based on illustration 1(a) above, Mr. Ahmad has a direct interest in ABC Sdn Bhd through 100% ownership. Therefore, Mr. Ahmad is the ultimate owner of the shares of ABC Sdn Bhd and his name must be recorded in the register of beneficial owners as the beneficial owner of ABC Sdn Bhd.

(b) holds directly in not less than 20% of the voting shares in the company.

Illustration 1(b): Beneficial owner of JKL Sdn Bhd

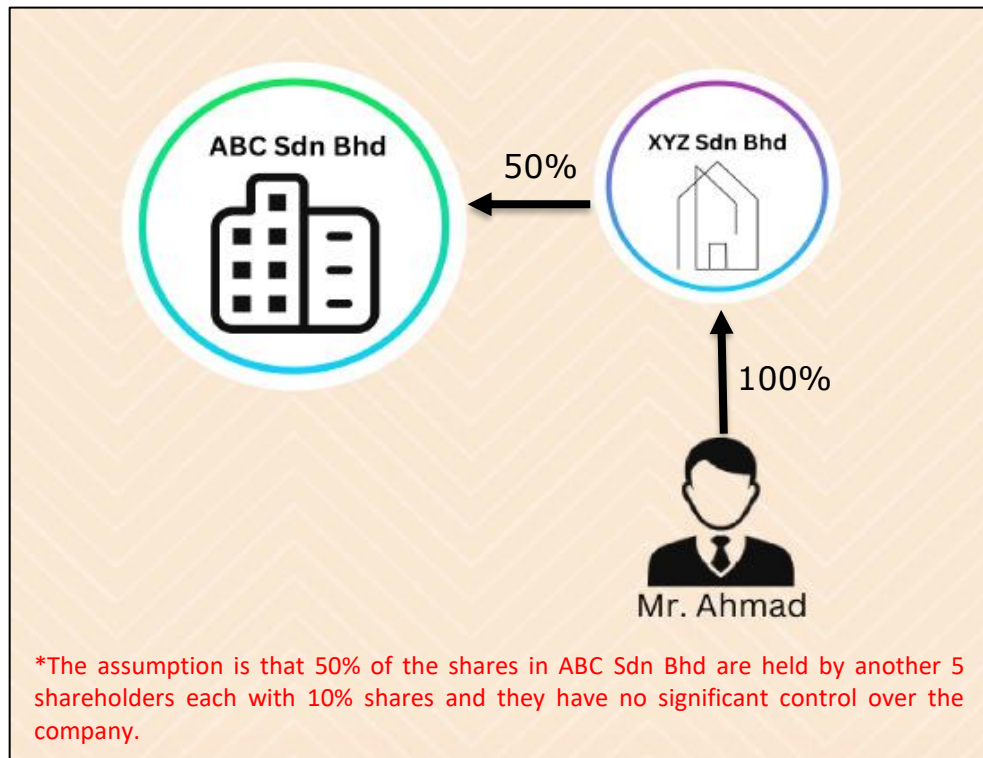


Based on illustration 1(b) above, JKL Sdn Bhd has 4 shareholders namely, Mr. Ahmad, Mr. Muthu, Ms. Anne and Mrs. Mei Ling. Each holds 15%, 20%, 25% and 40% respectively. Therefore, Ms. Anne, Mrs. Mei Ling and Mr. Muthu are deemed to be the beneficial owners of JKL Sdn Bhd because they hold more than 20% shares in the company and their names must be recorded in the register of beneficial owners of JKL Sdn Bhd.

2. An individual is a beneficial owner in a company limited by shares based on indirect ownership if he:

(a) holds indirectly in not less than 20% of the shares in the company.

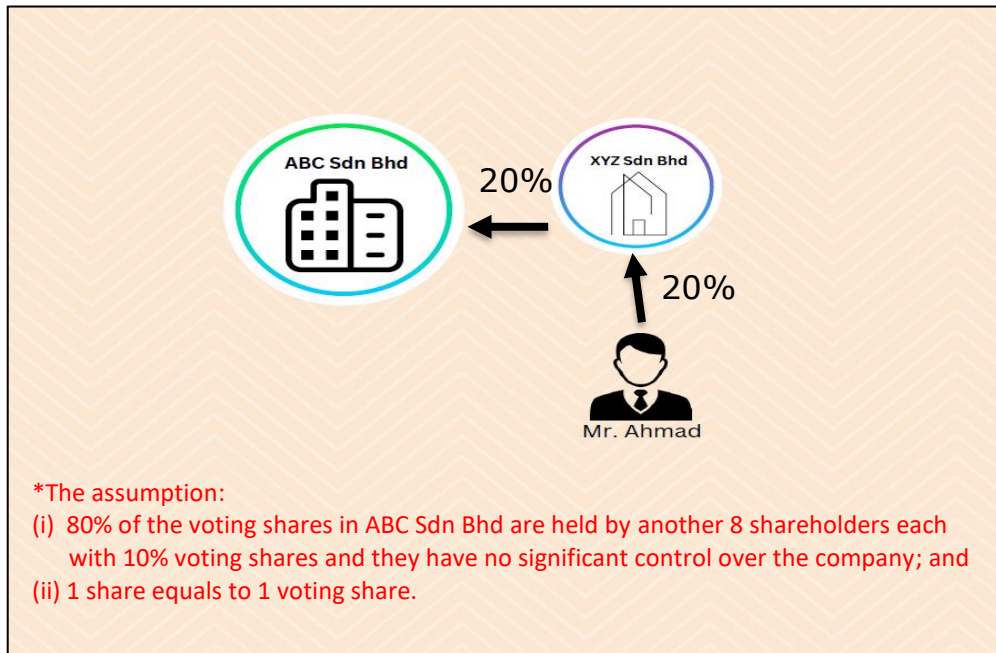
Illustration 2(a): Beneficial owner of ABC Sdn Bhd



Based on illustration 2(a) above, XYZ Sdn Bhd is one of the shareholders of ABC Sdn Bhd. XYZ Sdn Bhd holds 50% shares in ABC Sdn Bhd. Mr. Ahmad has a direct interest in XYZ Sdn Bhd through 100% ownership and has indirect interest (effective interest) of 50% shares in ABC Sdn Bhd through XYZ Sdn Bhd. Therefore, Mr. Ahmad is the ultimate owner of the shares through indirect ownership and deemed to be the beneficial owner of ABC Sdn Bhd. and his name must be recorded in the register of beneficial owners of ABC Sdn Bhd.

- (b) holds indirectly in not less than 20% of the voting shares in the company.

Illustration 2(b): Beneficial owner of ABC Sdn Bhd

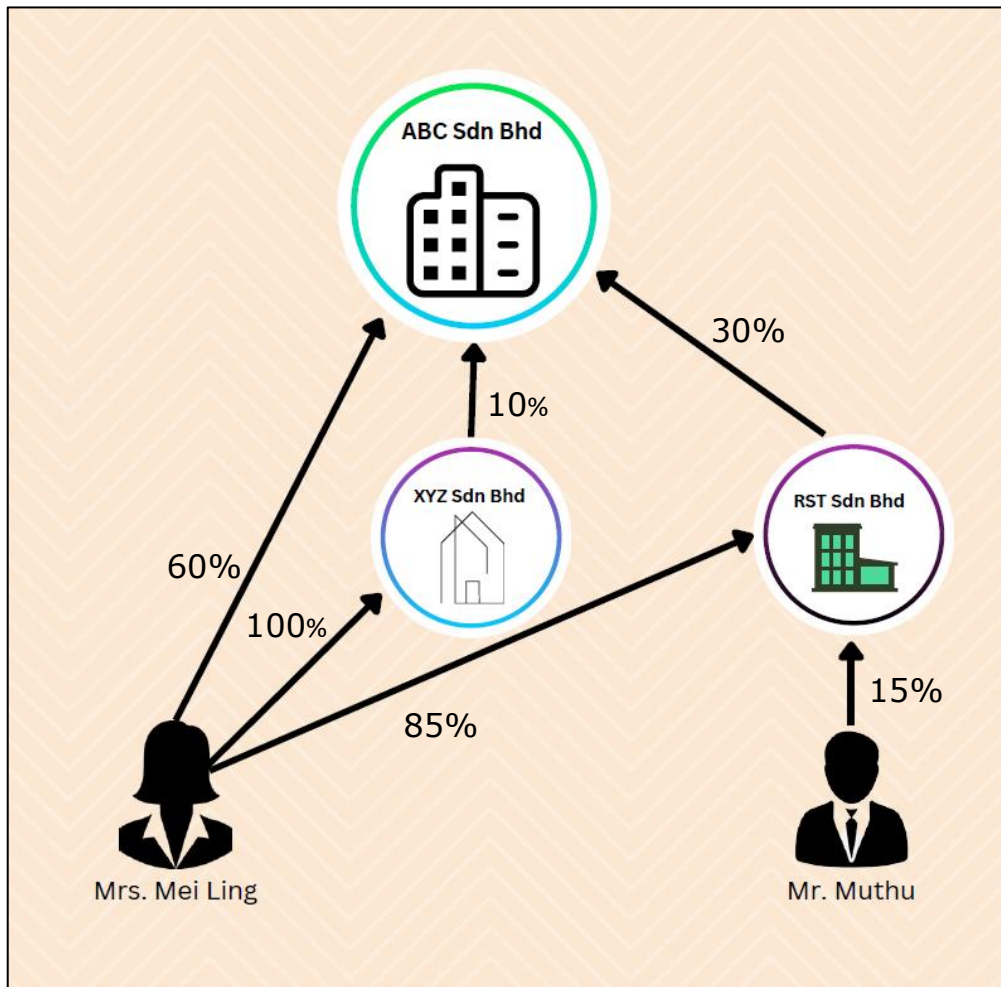


Based on illustration 2(b) above, XYZ Sdn Bhd is one of the shareholders of ABC Sdn Bhd. XYZ Sdn Bhd holds 20% shares in ABC Sdn Bhd. Meanwhile, Mr. Ahmad holds 20% shares in XYZ Sdn Bhd and therefore has indirect interest of 4% of shares in ABC Sdn Bhd. In this case study, Mr. Ahmad cannot be deemed as the beneficial owner of ABC Sdn Bhd because he only has 4% shares through effective interest in ABC Sdn Bhd.

3. An individual is a beneficial owner in a company limited by shares based on direct and indirect ownership if he:

- (a) holds directly and indirectly in not less than 20% of the shares in the company.

Illustration 3(a): Beneficial owner of ABC Sdn Bhd

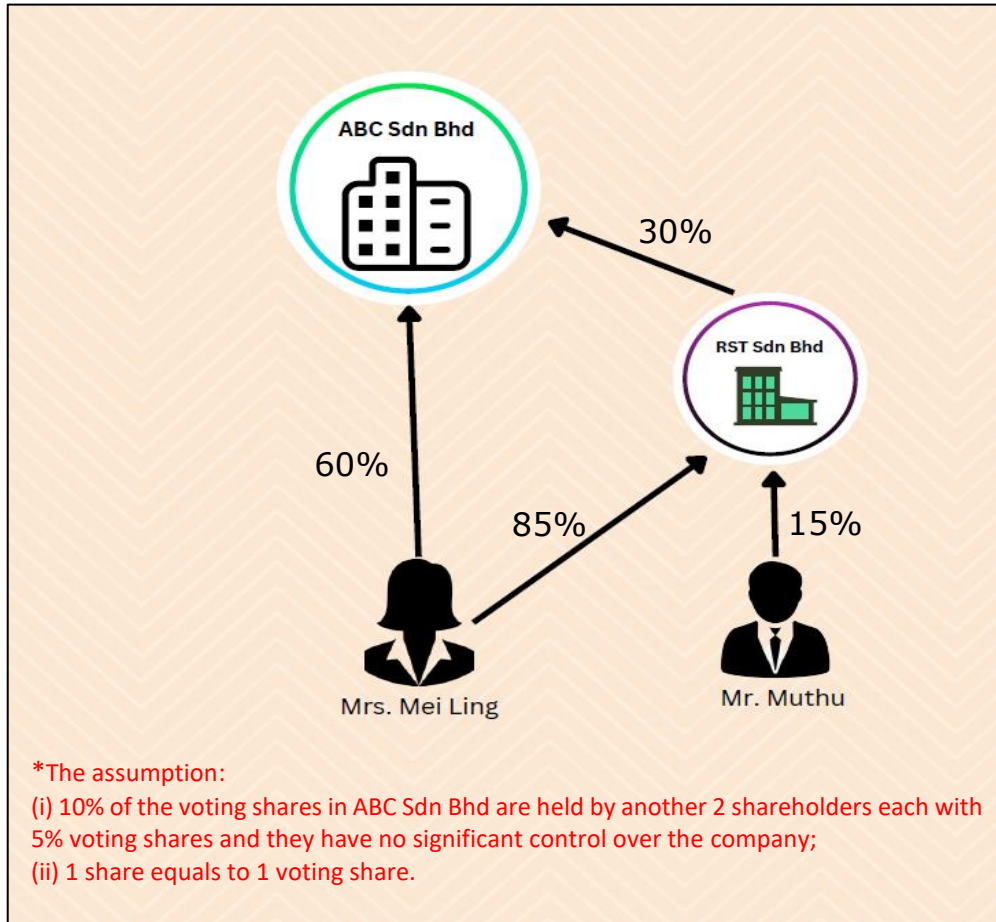


Based on illustration 3(a) above, ABC Sdn Bhd has 3 shareholders namely Mrs. Mei Ling, XYZ Sdn Bhd and RST Sdn Bhd. Mrs. Mei Ling has direct interest of 60% shares in ABC Sdn Bhd and also holds 100% ownership in XYZ Sdn Bhd and in turn XYZ Sdn Bhd holds 10% shares in ABC Sdn Bhd. RST Sdn Bhd has 2 shareholders namely Mrs. Mei Ling and Mr. Muthu and each holds 85% and 15% shares respectively. Therefore, Mrs. Mei Ling is deemed to be the beneficial owner of ABC Sdn Bhd through direct ownership of 60% shares in ABC Sdn Bhd, 10% indirect ownership through XYZ Sdn Bhd and 25.5% indirect ownership through RST Sdn Bhd. Effectively Mrs. Mei Ling has a total of 95.5% direct and

indirect shares in ABC Sdn Bhd and her name must be recorded in the register of beneficial owners of ABC Sdn Bhd.

(b) holds directly and indirectly in not less than 20% of the voting shares in the company.

Illustration 3(b): Beneficial owner of ABC Sdn Bhd



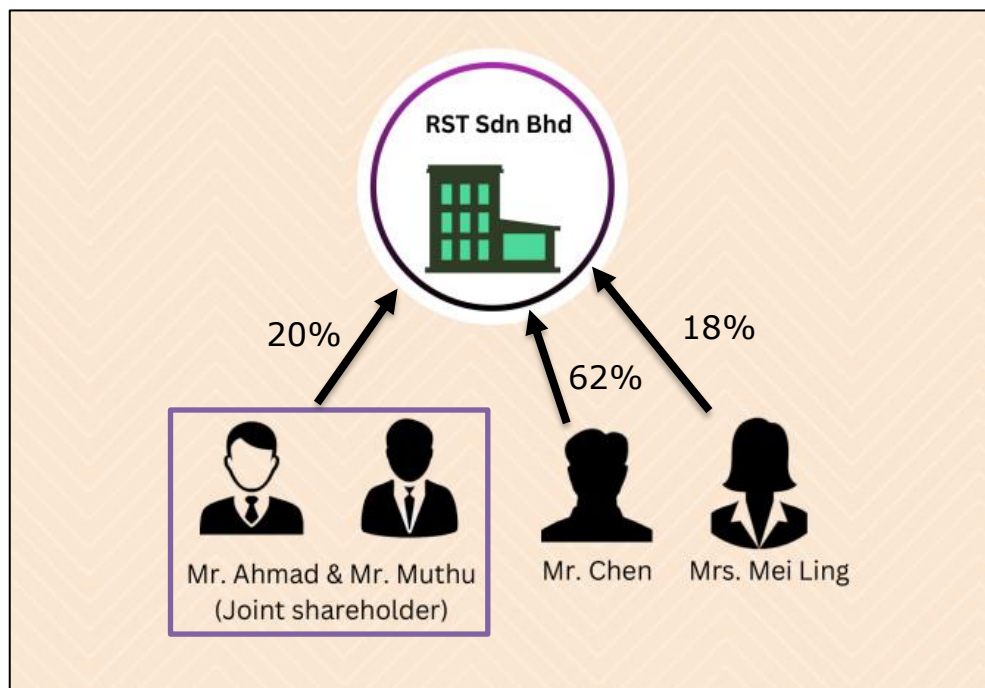
Based on illustration 3(b) above, ABC Sdn Bhd has 2 shareholders namely Mrs. Mei Ling and RST Sdn Bhd. Mrs. Mei Ling has direct interest of 60% shares in ABC Sdn Bhd and she also holds 85% ownership in RST Sdn Bhd and in turn RST Sdn Bhd holds 30% shares in ABC Sdn Bhd. Meanwhile, RST Sdn Bhd has 2 shareholders namely Mrs. Mei Ling and Mr. Muthu and each holds 85% and 15% shares respectively. Mrs. Mei Ling is deemed to be the beneficial owner of ABC Sdn Bhd

because she has 60% voting shares in ABC Sdn Bhd and 25.5% voting shares through RST Sdn Bhd. In total, Mrs. Mei Ling has an effective control through 85.5% of the voting shares in ABC Sdn Bhd. Therefore, her name must be recorded in the register of beneficial owners of ABC Sdn Bhd.

4. An individual is a beneficial owner in a company limited by shares in the following scenario:

(a) Joint shareholder

Illustration 4(a): Beneficial owner of RST Sdn Bhd

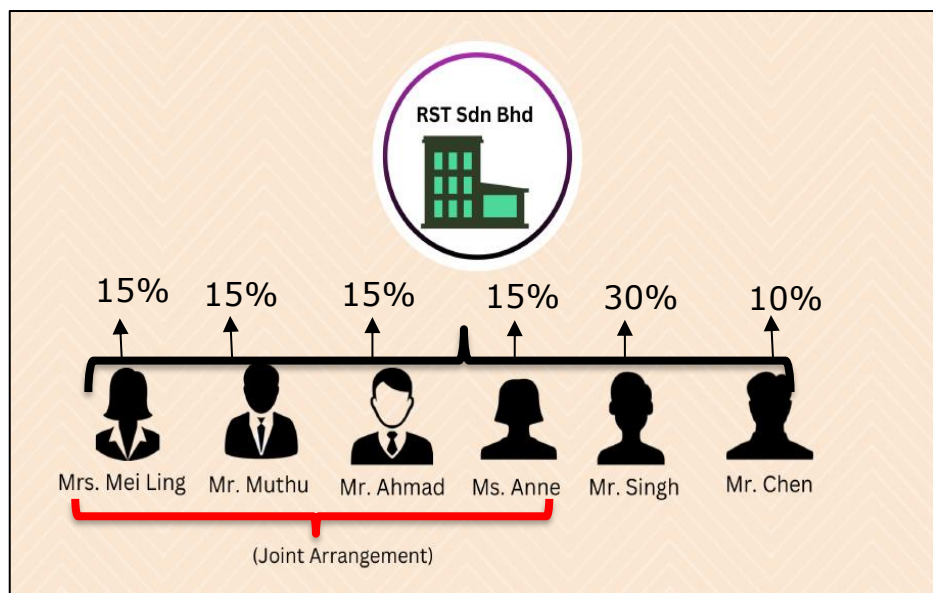


Based on illustration 4(a) above, RST Sdn Bhd has 4 shareholders namely, Mr. Ahmad, Mr. Muthu, Mr. Chen and Mrs. Mei Ling. Mr. Ahmad and Mr. Muthu jointly hold 20% shares while Mr. Chen and Mrs. Mei Ling each hold 62% and 18% shares respectively. Mrs. Mei Ling has an agreement with Mr. Ahmad and Mr. Muthu where both of

them will always align their voting decisions with Mrs. Mei Ling. Therefore, in addition to Mr. Chen, Mr. Ahmad and Mr. Muthu, who has joint shareholders of 20% together with Mrs. Mei Ling are deemed to be the ultimate owners of the shares and deemed to be the beneficial owners of RST Sdn Bhd and their names shall be recorded in the register of beneficial owners of RST Sdn Bhd.

(b) Joint arrangement

Illustration 4(b): Beneficial owner of RST Sdn Bhd



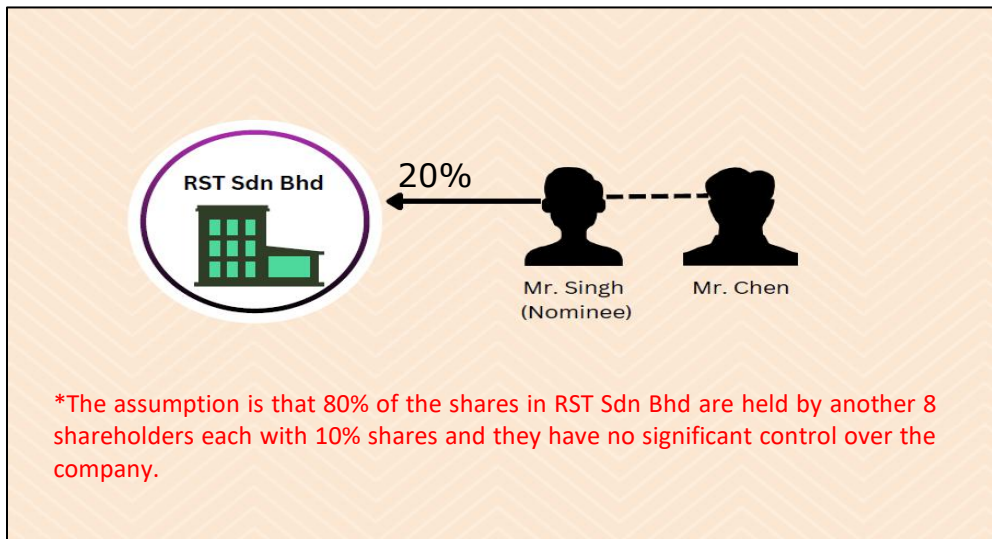
Based on illustration 4(b) above, RST Sdn Bhd has 6 shareholders namely, Mrs. Mei Ling, Mr. Muthu, Mr. Ahmad, Ms. Anne, Mr. Singh and Mr. Chen. Mr. Singh and Mr. Chen each holds 30% and 10% shares respectively. There is a pre-arrangement to jointly exercise voting rights in RST Sdn Bhd between Mrs. Mei Ling, Mr. Muthu, Mr. Ahmad and Ms. Anne for every meeting and the arrangement covers 60% of voting rights in RST Sdn Bhd. Therefore, Mrs. Mei Ling, Mr. Muthu, Mr. Ahmad and Ms.

Anne are deemed to be the beneficial owners based on the joint arrangement, Mr. Singh who holds 30% shares in RST Sdn Bhd is also a beneficial owner of RST Sdn Bhd and all the names must be recorded in the register of beneficial owners of RST Sdn Bhd.

(c) Shares held by nominee

If a nominee is acting on behalf of an individual or corporate entity, the company is required to take steps to identify the individual who is the ultimate owner of the shares or has significant influence or dominant control over the company.

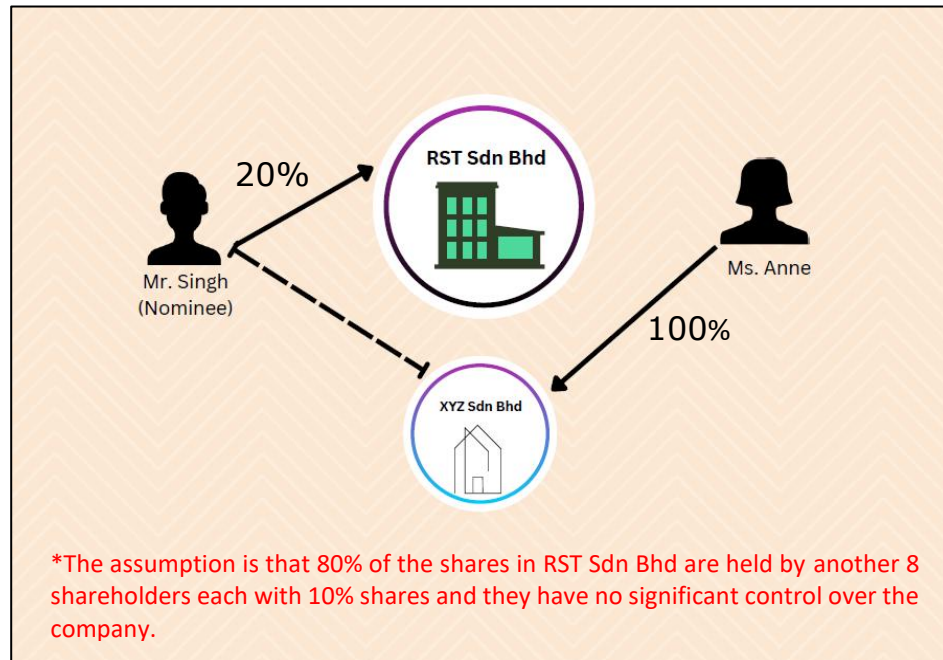
Illustration 4(c)(i): Beneficial owner of RST Sdn Bhd



Based on illustration 4(c)(i) above, Mr. Singh holds 20% shares in RST Sdn Bhd. He has been appointed as a nominee by Mr. Chen to hold the shares on his behalf. Therefore, Mr. Chen is deemed to be the beneficial owner of RST Sdn Bhd and his name must be recorded in the register of beneficial owners of RST Sdn Bhd. Mr. Singh's

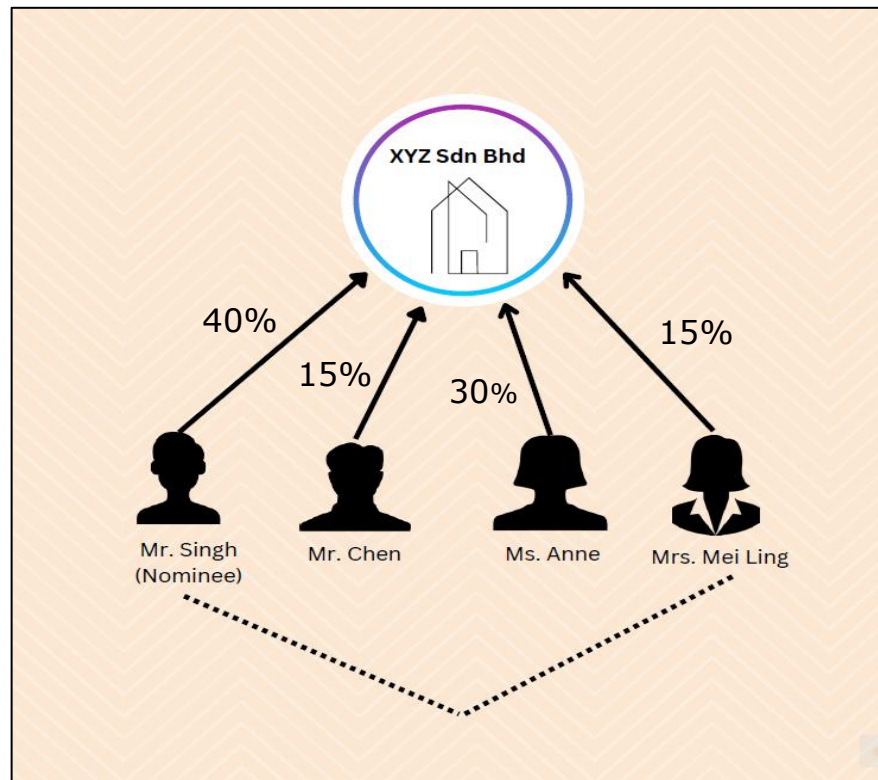
holding of 20% shares are disregarded as he is a nominee for Mr. Chen.

Illustration 4(c)(ii): Beneficial owner of RST Sdn Bhd



Based on illustration 4(c)(ii) above, Mr. Singh has been appointed as a nominee to hold 20% shares on behalf of XYZ Sdn Bhd. XYZ Sdn Bhd is wholly owned by Ms. Anne through 100% ownership. Hence, Ms. Anne is deemed to be the beneficial owner of RST Sdn Bhd and being the ultimate owner of the shares (an individual), her name must be recorded in the register of beneficial owners of RST Sdn Bhd. Mr. Singh's holding of 20% shares is disregarded as he is merely a nominee.

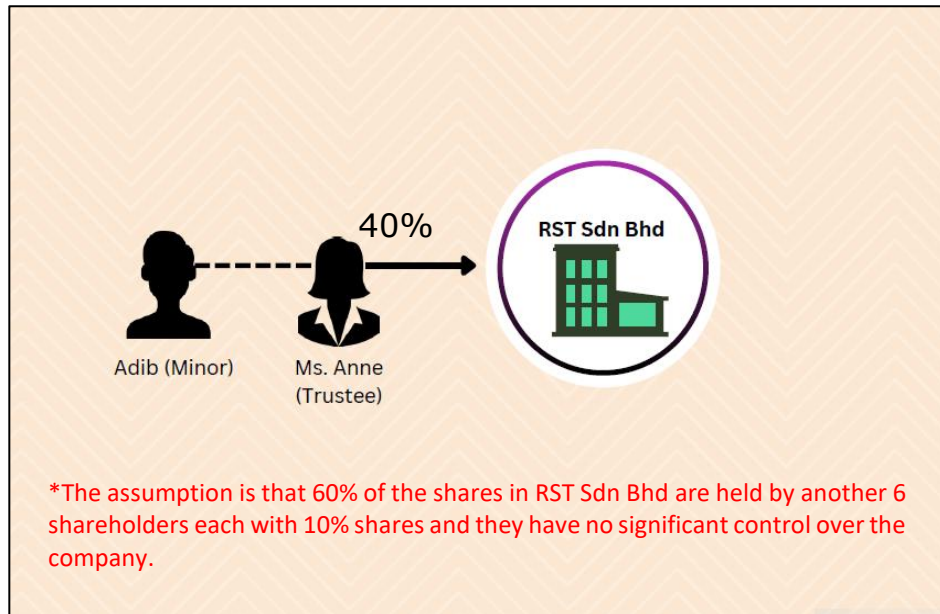
Illustration 4(c)(iii): Beneficial owner of XYZ Sdn Bhd



Based on illustration 4(c)(iii) above, XYZ Sdn Bhd has 4 shareholders namely, Mr. Singh, Mr. Chen, Ms. Anne and Mrs. Mei Ling. Each holds 40%, 15%, 30% and 15% respectively. However, although Mr. Singh holds 40% shares in XYZ Sdn Bhd, he has been appointed as a nominee to hold the shares on behalf of Mrs. Mei Ling. Altogether Mrs. Mei Ling holds 55% shares in XYZ Sdn Bhd. Therefore, Ms. Anne and Mrs. Mei Ling are deemed to be the beneficial owners of XYZ Sdn Bhd through 30% and 55% shares respectively and their names must be recorded in the register of beneficial owners of XYZ Sdn Bhd. Mr. Singh's holding of 40% shares is disregarded as he is a nominee.

(d) Shares held by trustee

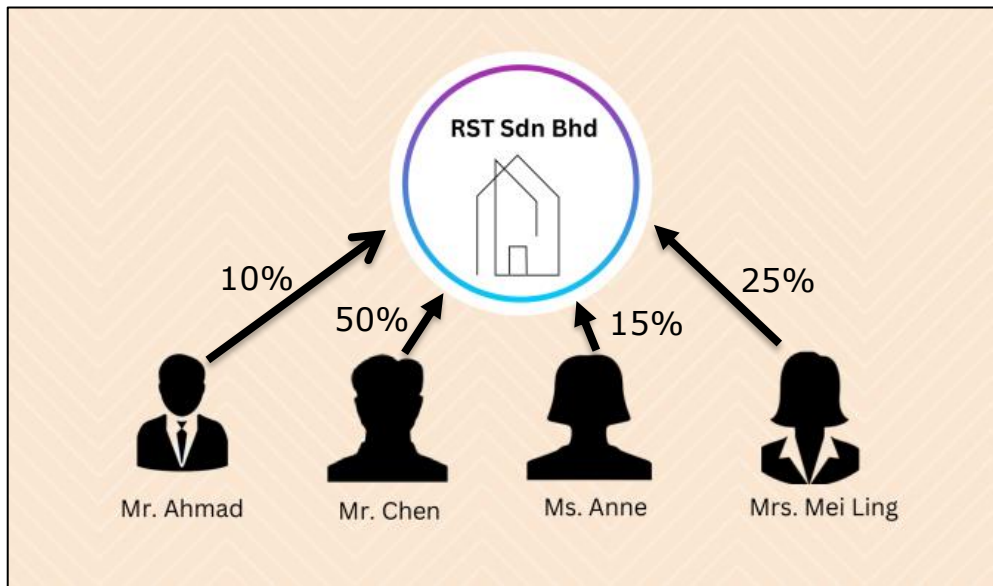
Illustration 4(d): Beneficial owner of RST Sdn Bhd



Based on illustration 4(d) above, Ms. Anne has been appointed as a trustee to hold 40% shares on behalf of Adib whose age is 14 years old (a minor and the beneficiary) in RST Sdn Bhd. Since Adib is a minor, Ms. Anne being the trustee makes decisions on behalf of Adib regarding the 40% shares. She is deemed to be the beneficial owner of RST Sdn Bhd and her name must be recorded in the register of beneficial owners of RST Sdn Bhd.

5. An individual is a beneficial owner in a company limited by shares if he has less than 20% of the shares or voting shares but exercises significant control or influence over the company:

Illustration 5: Beneficial owner of RST Sdn Bhd



Based on illustration 5 above, RST Sdn Bhd has 4 shareholders namely, Mr. Ahmad, Mr. Chen, Ms. Anne and Mrs. Mei Ling and each holds 10%, 50%, 15% and 25% shares respectively. Every shareholder holds fully paid shares and have the power to exercise full voting rights. Although Mr. Ahmad owns only 10% shares, he is the former Chairman of RST Sdn Bhd who is usually consulted on all matters by the Board. At the same time, he can also exercise his voting rights. Since Mr. Ahmad has the capacity to exercise significant control or influence over the company although he only holds 10% shares, he is deemed to be a beneficial owner. Hence, Mr. Ahmad, Mr. Chen and Mrs. Mei Ling are the beneficial owners of RST Sdn Bhd and their names must be registered in the register of beneficial owners of RST Sdn Bhd.

B. APPLICABLE TO COMPANY LIMITED BY SHARES AND COMPANY LIMITED BY GUARANTEE

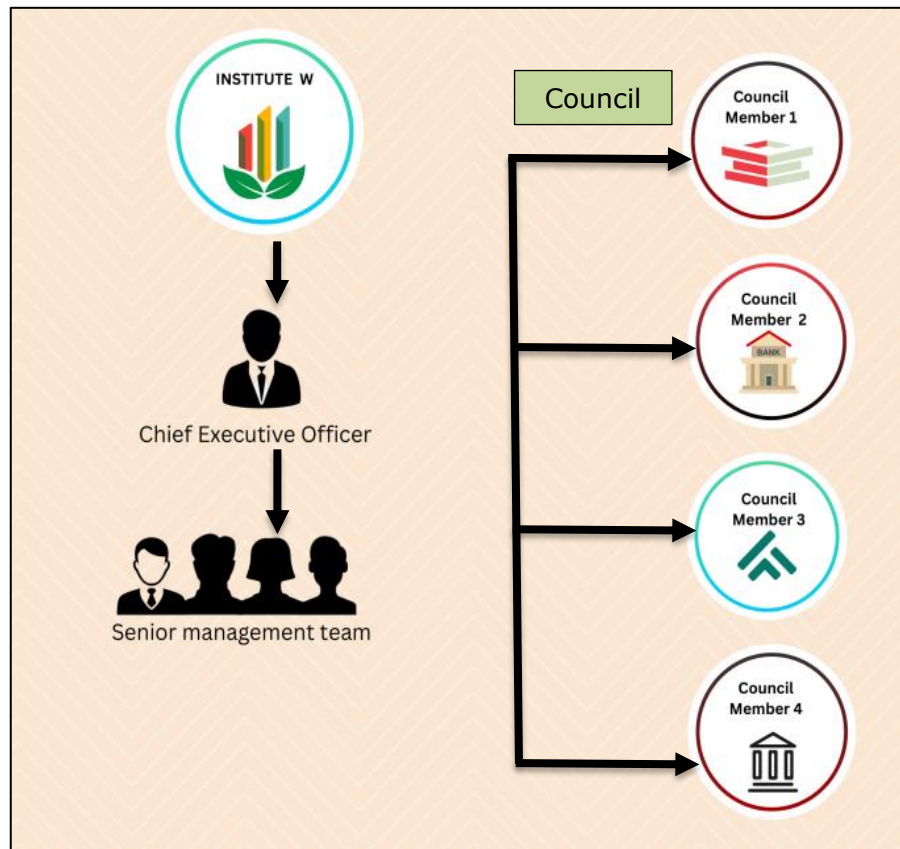
An individual is a beneficial owner in a company limited by shares and a company limited by guarantee based on control if he:

- (a) has the right to exercise ultimate effective control whether formal or informal over the company or the directors or the management of the company.**

This is where an individual has the right to exercise ultimate effective control over a company as a result of, for example, the company's constitution (if any), a shareholders' agreement and/or any other agreements. The following examples are non-exhaustive of what may constitute exercising ultimate effective control:

- (i) An individual with absolute decision making and/or veto rights over decisions relating to the running of the business of the company, among others:
- Appointing or removing the directors
 - Amending the company's business plan
 - Changing the nature of the company's business
 - Making any borrowing from the lenders
 - Appointing or removing the chief executive officer

Illustration B(a)(i): Beneficial owner of Institute W



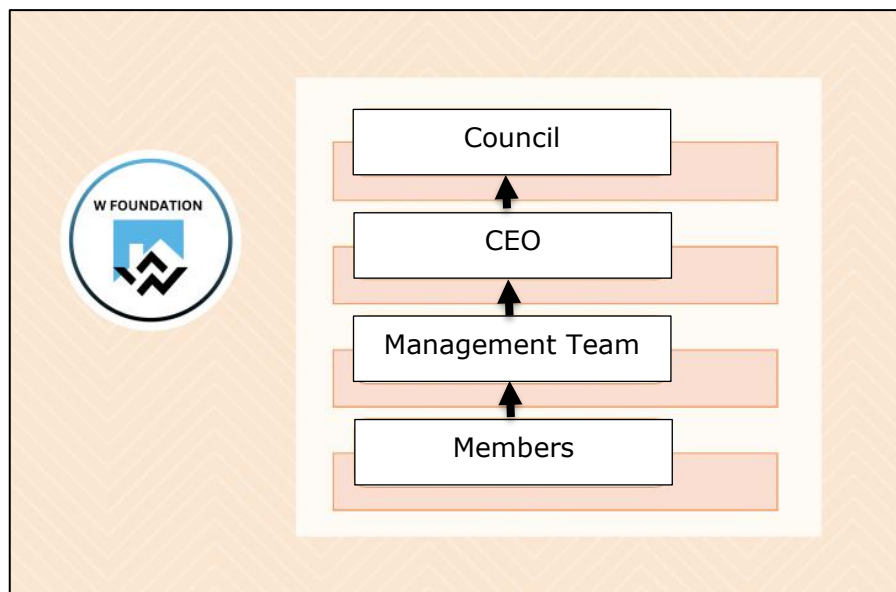
Based on illustration B(a)(i) above, Institute W is a company limited by guarantee (CLBG). Based on its organization structure, Institute W is governed by an independent Board of Council consisting of 4 Council members. In this case study, all 4 Council members are representatives of various bodies governing or representing financial institutions. The constitution of Institute W states:

- The Chief Executive Officer (CEO) who is Council member 1 shall be the Chairman of the Board
- The Board of Council shall be responsible for all the affairs and management of the fund involving Institute W

- All matters requiring member's resolution, approval, authorization or consent shall be subjected to the instructions and approvals of the Council members.
- The Chairman has no voting right and the members shall exercise equal voting rights.

Generally, a company can have more than one beneficial owner who must be an individual and ultimately has the ultimate effective control of the company. In this illustration, although the Council has the ultimate effective control over Institute W, the Council of Institute W cannot be named collectively as the beneficial owner but each and every individual who exercises significant control over Institute W must be named as the beneficial owners of Institute W and their name must be recorded in the register of beneficial owners of Institute W. Therefore, there are 4 beneficial owners for Institute W.

Illustration B(a)(ii): Beneficial owner for W Foundation



Based on illustration B(a)(ii) above, W Foundation is a company limited by guarantee (CLBG) and has 10,000 members consisting of individual and corporate members. In W Foundation, the organization structure comprising Chairman (founder of W Foundation), the Council, Chief Executive Officer (CEO), and the management team. The criteria to determine the beneficial owner in a CLBG shall be based on the ultimate effective control of the company. Under the constitution of W Foundation, the Council has the following powers:

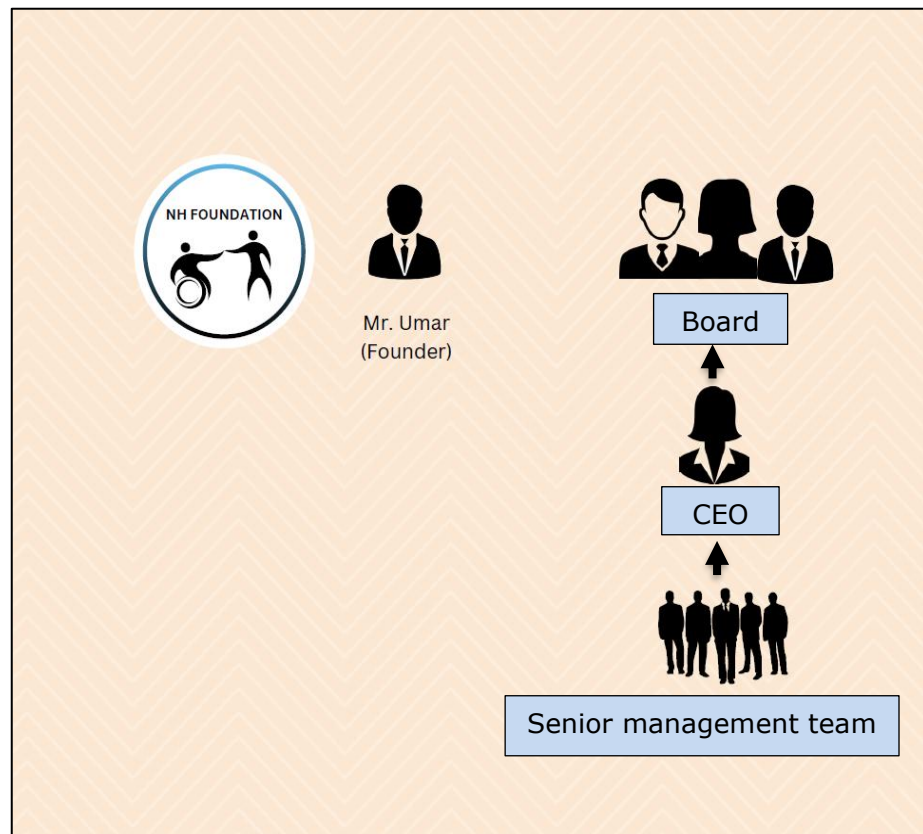
- The power to appoint CEO
- The power to make regulations for the purpose of carrying into effect any provision in the constitution.
- Power to make business decision
- Power to raise or borrow money required for the purposes of W Foundation
- Power to invest and deal with any moneys of W Foundation for the purposes of W Foundation in such manner as may be determined from time to time.

In this illustration, the Council consisting of 5 members and the Chairman of the Council has veto power over the decision of the 5 Council members. Therefore, the Chairman of the Council is deemed to be the beneficial owner of W Foundation as he has the ultimate effective control over the decision made by the Council for W Foundation and his name must be recorded in the register of beneficial owners of W Foundation. The 10,000 members cannot be considered as beneficial owners as each of the member is unable to control W Foundation.

(ii) An individual who is not a member or director of a company:

- Regularly or constantly directs or influences the majority of the board of directors or chief executive officer of the company
- Is regularly consulted on board decisions and such direction or influence affects the decision made by the board of directors or chief executive officer.

Illustration B(a)(iii): Beneficial owner of NH Foundation



Based on illustration B(a)(iii) above, NH Foundation is a company limited by guarantee (CLBG). Mr. Umar is the founder of NH Foundation. Formerly, he was the chairman of the Board and he is still being consulted by

the Board before making any decision. His views, opinions and instructions are followed by the Board. Although he has no position in the company and not even a member, he is deemed to be the beneficial owner of NH Foundation as he exercises significant control over the Board. Therefore, his name must be recorded as the beneficial owner in the register of beneficial owners of NH Foundation.

- (b) has the right or power to directly and indirectly appoint or remove a director(s) who hold a majority of the voting rights at meeting of directors.**

Scenario 1

This is where an individual has the right or power to appoint or remove, for example, the chief executive officer, who holds a majority of the voting rights at a meeting of directors.

Scenario 2

The founder of a company who is no longer a member or director of the company, makes recommendations or gives instructions and these recommendations and instructions are always followed by a majority of the directors of the company.

- (c) Is a member of the company and, under an agreement with another member of the company, controls alone a majority of the voting rights in the company.**

This is where an individual who is the member of a company enters into an agreement with other members in the company

to jointly control the decision of the company through the majority of voting rights.

C. OTHER TYPES OF DECLARATION

(a) Government-Owned Company or State-Owned Company

Where the Government or a State owns or controls a company, the company is deemed to be a Government-owned or State-owned company. The Government-owned or State-owned company is required to submit and declare the relevant office as the beneficial owner of the company. For example, the beneficial owner for MOF Inc. is the Minister of Finance or the beneficial owner for the *Perbadanan Menteri Besar Selangor* is the Menteri Besar of Selangor.

The beneficial owner information is to be submitted solely for the purpose of the beneficial ownership reporting framework and will be so stated when the information is shared.

(b) Public Officer

Where shares in a company is held by a society or co-operative society, the beneficial owner of the company is the respective public officer or the designated senior management. For example, Selangor Football Club (Selangor FC) owns 100% shares of Football Accessories SB. The beneficial owner of Football Accessories SB is the public officer for Selangor Football Club (Selangor FC) means any person in the society who is the president or vice-president, or secretary or treasurer of Selangor FC or who is a member of the committee or

governing body or who holds any position analogous to any of those mentioned above.

(c) Senior management in place of beneficial owner

Where all possible means have been exhausted by a company to identify its beneficial owner and upon conducting investigations the findings reflect that the company has come to the following conclusions:

- (i) no beneficial owner; or
- (ii) beneficial owner cannot be identified,

the company is required to identify its senior management in place of beneficial owner.

If the company is still in the process of obtaining the beneficial owner, the company is also required to identify its senior management in place of beneficial owner.

By virtue of the positions held within the corporation, persons that may be considered as persons in control of the company includes Members of the Board of Directors/Trustees or any similar body; and/or Senior Managing Official such as the Chief Executive Officer, Managing Director or Chief Operating Officer (COO).

These are persons responsible for strategic decisions that fundamentally affect the business practices or general direction of the corporation or exercising executive control over the daily or regular affairs of the corporation and their name must be submitted in place of beneficial owner.

Scenario 1

In a situation where a reporting company has individual shareholders only and none of its shareholders are beneficial owner, the reporting company may name its senior management in place of the beneficial owner.

Scenario 2

In a situation where a corporate shareholder (Company A) holds more than 20% shares in a reporting company, the reporting company must obtain the beneficial ownership information from Company A. Company A must identify its beneficial owner and if Company A is still in the process of identifying its beneficial owner, Company A may submit the name of its senior management to the reporting company.

Please note that every company's structure/shareholding is unique, hence the determination of senior management from one company to another might differ. Thus, every company must assess its senior management based on the company's structure and circumstances.

Date: 1 April 2024

(Revised: 10 January 2025)