

CHIEF EXECUTIVE OFFICER'S REVIEW OF THE YEAR

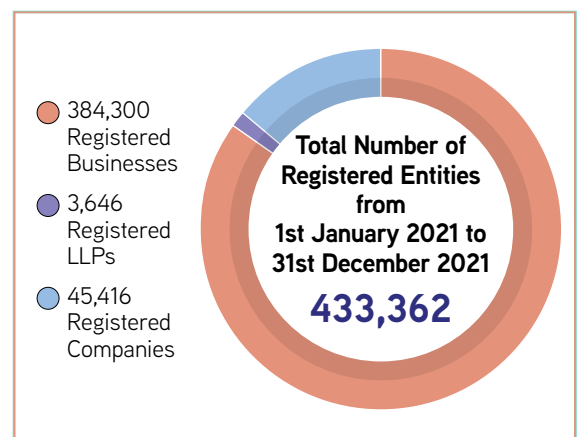
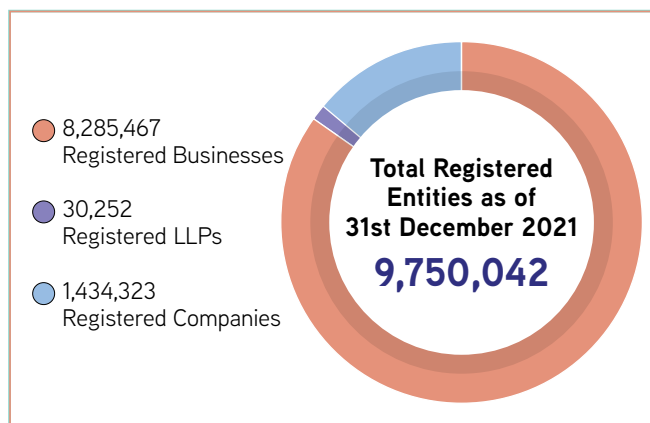
Assalamualaikum dan Salam Sejahtera.

I am pleased to present the Companies Commission of Malaysia (SSM) Annual Report for 2021. This year is the second year our country has been confronting the struggles due to the COVID-19 pandemic. Nevertheless, we are grateful that the National COVID-19 Immunization Programme (PICK) has been mobilised in time, to curb the pandemic which in turn has led to the reopening of the economic sectors to support the country's economic recovery process.



YBHG. DATUK NOR AZIMAH BINTI ABDUL AZIZ
Chief Executive Officer
 Companies Commission of Malaysia

In 2021, we noticed recovery in starting a business has gradually taken place, where a total of 384,300 businesses comprising 350,195 sole proprietorship businesses and 34,105 partnership businesses were registered between 1 January 2021 to 31 December 2021. Meanwhile, a total of 3,646 LLPs and 45,416 companies including 22 foreign companies were incorporated during the same period. These statistics contributes to the total of 8,285,467 businesses, 30,252 LLPs and 1,434,323 companies that have been registered with SSM as of 31 December 2021.



In 2021, SSM continued our efforts in finalising the drafts of the Companies (Amendment) and the Limited Liability Partnerships (Amendment) Bill (LLP Bill) which we hope will be tabled at the upcoming Parliament session in 2022. The Bill aims to strengthen and improve the existing legal framework related to corporate rehabilitation to assist companies facing financial difficulties. The Bill also allows companies that face financial difficulties but could remain competitive, to enter

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rehabilitation with creditors through proposed amendments that are facilitative in nature, among which are as follows:

(a) expand the existing Corporate Rescue Mechanism, namely corporate voluntary arrangements and judicial management to wider categories of companies, including public listed companies;

(b) improve the provisions related to Scheme of Compromise or Arrangement by providing more efficient procedures to enable companies to obtain restraining orders from winding up or legal actions by creditors;

(c) empower the Court to approve Scheme of Compromise or Arrangement by ensuring that the rights of minority creditors are not prejudiced;

(d) enable companies that have entered into a Scheme of Compromise or Arrangement or have obtained a judicial management order to get rescue financing and provide protection to such financiers; and

(e) provide provisions that protect the supply of essential goods and services to companies that have entered the rehabilitation process.

There are a total of 25 proposed amendments to be introduced in this Bill which are important improvements to help the corporate sector facing financial difficulties, especially from the effect of the COVID-19 pandemic as well as in fulfilling SSM's role in supporting the ongoing national recovery initiatives by the Government. SSM is also proposing the LLP Bill to introduce amendments for adoption of the overall framework of Corporate Rescue Mechanism in the Companies Act 2016 as well as related amendments to also apply to LLPs. The Bill seeks to improve the existing legal framework related to corporate rehabilitation for LLPs. The improvements and amendments to expand the legislation on Corporate Rescue Mechanism will help LLPs facing financial difficulties apply for the corporate rehabilitation process so that LLPs can continue to stay afloat.

Without a comprehensive legal framework on Corporate Rescue Mechanism, business entities such as companies and LLPs will run the risk of being wound up if they face financial difficulties even though the business is in fact still viable. With the amendments, any LLPs which face temporary financial difficulties but remain capable and competitive can take advantage of the Corporate Rescue Mechanism by entering into a rehabilitation plan with their creditors. This initiative is important to help LLPs facing financial difficulties, especially as a result of COVID-19 pandemic to remain operational and help generate the country's economy.

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In 2021, SSM pursued our endeavour to work on the proposed Movable Property Security Interest Bill (MPSI Bill). The proposed introduction of the MPSI Bill aims to bridge the legal gap in Malaysia so that business entities can utilise the movable property they own and use them as a collateral to obtain financing to further expand the business. For this proposal, the MPSI Bill Memorandum (MJM) was tabled at the Cabinet Meeting on 17 February 2021 where the Cabinet agreed that the MPSI Bill was drafted for the purpose of registration and regulation of secured interests in movable property in Malaysia. SSM became the agency that is responsible for administering the MPSI legal framework and regulating activities related to the registration of movable property collateral.

Following this, the draft of the MPSI Bill was prepared to regulate the registration and enforcement of rights for movable property used as security of interest or collateral to obtain a loan, financing or carry out an obligation. The draft Bill comprised of a total of 108 legal provisions based on 23 policy statements that were approved by the Cabinet are being finalised for the subsequent submission process to the Attorney General's Chambers.

SSM also made history in 2021 for organising the 10th SSM National Conference with the theme 'Governing Under New Normal' on 24 August 2021, virtually. The conference was officiated by YBhg. Datuk Seri Hj. Hasnol Zam Zam Hj. Ahmad, Secretary General of MDTCA who is also the Chairman of SSM. For the first time since its introduction in 2011, the SSM National Conference 2021 was hosted through a virtual conference platform that allowed delegates to participate in four (4) plenary sessions as well as interact in the networking lounge and exhibition booth.

The conference was attended by a total of 2,049 participants, the highest participation ever recorded. Participants include

corporate and business sector practitioners comprising of company board members, company secretaries, legal practitioners, economists and financiers, entrepreneurs, academics and stakeholders including foreign delegation from Pakistan, Republic of Macedonia, Kazakhstan, the Philippines and Singapore.

In 2021, SSM also organised its Annual Dialogue 2021 on 23 November 2021, online. This year's dialogue session drew more than 500 participants who are company secretaries and assistant company secretaries from Kelantan, Terengganu, Pahang, Sabah and Sarawak.

SSM's Annual Dialogue is one of SSM's annual initiatives to establish a strategic relationship between SSM and its stakeholders. It is a targeted programme that provides a platform for SSM to clarify issues raised by stakeholders about operations and enforcement. The Annual Dialogue is also part of SSM's efforts to identify and obtain views on policies and services that need improvement.

On 19 November 2021, a Memorandum of Understanding (MoU) was inked between the Department of Statistics Malaysia (DOSM) and SSM with the purpose of continuing the strategic cooperation and to further strengthen the existing collaboration between the two (2) agencies.

This marks the second time SSM had collaborated with DOSM, the first of which was signed in 2009. Through this recent collaboration, DOSM will

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continue to share information relating to the Malaysian Standard Industrial Classification (MSIC) based on the International Standard Industrial Classification of All Economic Activities (ISIC), hold courses and briefings on statistics required by SSM as well as the supply of other official statistics to SSM.

SSM was honoured for the implementation of the Anti-Bribery Management Systems (ABMS) by SIRIM QAS International Sdn Bhd (SIRIM) on 5 October 2021. Following that, the Malaysian Standard Recognition Certificate (MS) ISO 37001: 2016 ABMS was presented by SIRIM to YBhg. Datuk Seri Hj. Hasnol Zam Zam Hj. Ahmad, Secretary General of MDTCA and Chairman of SSM.

Following the above, SSM organised its Integrity Day Celebration in conjunction with the 2021 National Integrity Day Celebration. The celebration took place on 7 December 2021, both physically at Auditorium Tun Dr. Siti Hasmah, Menara SSM@Sentral and on virtual platform. SSM's Integrity Day Celebration was officiated by YBhg. Datuk Seri Hj. Hasnol Zam Zam Hj. Ahmad, Secretary General of MDTCA and Chairman of SSM. At the same ceremony, the updated SSM 2021 Code of Ethics was also launched.

In our bid to help reduce the burden of the business community the corporate sector affected by the COVID-19 pandemic, SSM continued with several initiatives that were introduced in 2020 as well as proposed new initiatives. The initiatives reflect SSM's ongoing support to ensure that the business and the corporate sector are resilient and competitive to generate economic activities during the pandemic. SSM's initiatives to reduce the burden faced by the corporate and business sectors are as follows:

(a) Introduction of *Skim Pendaftaran Perniagaan Prihatin* (SPPP) which provides free business registration to entrepreneurs under the B40 group and full-time higher learning institutions students. From 1 January 2021 to 31 December 2021, a total of 26,302 free business registrations were provided to B40 group entrepreneurs and full-time IPT students;

(b) Continuation of the implementation of the *Skim 1 OKU 1 Perniagaan* (S101P). A total number of 1,752 business registrations were recorded under S101P for the period of 1 January 2021 to 31 December 2021;

(c) Extension of the period of free SSM BizTrust registration until 31 December 2021. Since the introduction of free registration for SSM BizTrust until 31 December 2021, a total of 820,753 physical business entities were registered with SSM BizTrust through this initiative;

(d) Providing for the compound exemption for late renewal and late business registration until 31 December 2021. From 1 January 2021 to 31 December 2021, a total of 518,911 businesses benefited from the compound exemption for late business renewal while 3,876 businesses benefited from the compound exemption for late business registration;

(e) Compound reduction up to 90% from the original amount for application to strike off company name under section 549/ 550 of the Companies Act 2016 until 31 December 2021. A total of 27,105 notices, 6,355 companies and 8,574 directors utilised the compound reduction for striking off company name under section 549/ 550 of the Companies Act 2016 for the period 1 January 2021 to 31 December 2021;

(f) Increase the indebtedness threshold from RM10,000 to RM50,000 permanently. The initiative to increase the indebtedness threshold from RM10,000 to RM50,000 has significantly decreased the number of winding up petitions lodged with SSM;

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(g) Recognise all 20 Continuing Professional Education (CPE) points per year accumulated through online training for the purpose of renewing the Company Secretary Practicing Certificate beginning 1 January 2021. A total of 4,045 applications for renewal of the practice certificate were received and approved through the e-Secretary system between 1 January 2021 until 31 December 2021;

(h) Propose amendments to improve the provisions under the Companies Act 2016 relating to Corporate Rescue Mechanism and Scheme of Compromise or Arrangement;

(i) Introduce provisions related to Corporate Rescue Mechanism under the Limited Liability Partnerships Act 2012;

(j) Introduce a moratorium of 30 days after the end of total lockdown period for the submission of statutory documents under the Companies Act 2016 and the Limited Liability Partnerships Act 2012 as well as the exemption of late lodgement fees. From 1 June 2021 to 31 December 2021, a total of 208,367 transactions were exempted from late lodgement fees; and

(k) Extend the 90 days period for companies with financial years ending 1 November 2020 to 31 January 2021. Since this initiative was introduced until 31 July 2021, a total of 102,743 companies with financial years ending 1 November 2020 to 31 January 2021 have benefitted from it.

Apart from providing various initiatives to assist the corporate and business sectors affected by the COVID-19 pandemic, SSM has also taken efforts to help ease the burden of flood victims affected by the disastrous floods that struck the nation on 23 December 2021. Among the assistance initiated include the replacement of business registration certificates destroyed by the disaster for free, setting up *Skuad Bantuan Kilat* to channel post-flood cleaning efforts to affected houses and the contribution of necessities worth RM100,000 to temporary relief centres (PPS). The initiatives taken by SSM are in response to the Government's call for all parties to work together to help and contribute towards the nation's well-being under the concept of 'inclusiveness' of *Keluarga Malaysia*.

At this juncture, I would like to express my profound gratitude to the Honorable Minister, Chairman and Members of the Commission for their continued support throughout year 2021. Also, my appreciation and thanks to all SSM staff who have demonstrated undivided commitment, working together and strived to provide the best services to stakeholders even in a challenging work environment due to the COVID-19 pandemic in line with the theme **"Facilitating the Nation's Recovery."**

YBHG. DATUK NOR AZIMAH BINTI ABDUL AZIZ

Chief Executive Officer

Companies Commission of Malaysia