
CHAPTER 7 __ARTICLES OF ASSOCIATION**PART A – GENERAL****7.01 Introduction**

Parts B to ~~MN~~ of this Chapter set out the provisions, which an applicant or a listed ~~company~~ corporation must ensure are contained in its articles of association.

PART B – DEFINITIONS**7.02 Definitions**

For the purpose of this Chapter, unless the context otherwise requires, “**company**” means a company which is seeking a listing on the Official List or a listed ~~company~~ corporation.

PART C – CAPITAL**7.03 Issue of shares to directors**

No director shall participate in a share scheme for employees unless shareholders in general meeting have approved the specific allotment to be made to such director.

7.04 Rights of other classes of shares

The rights attaching to shares of a class other than ordinary shares shall be expressed.

7.05 Power to issue further preference shares

Whether the company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.

7.06 Rights of preference shareholders

- (1) The holder of a preference share must be entitled to a right to vote in each of the following circumstances:-
- (a) when the dividend or part of the dividend on the share is in arrears for more than 6 months;
 - (b) on a proposal to reduce the company's share capital;
 - (c) on a proposal for the disposal of the whole of the company's property, business and undertaking;
 - (d) on a proposal that affects rights attached to the share;
 - (e) on a proposal to wind up the company; and
 - (f) during the winding up of the company.

- (2) A holder of a preference share must be entitled to the same rights as a holder of an ordinary share in relation to receiving notices, reports and audited ~~accounts~~ financial statements, and attending meetings.

7.07 Capital paid on shares in advance of calls

Capital paid on shares in advance of calls shall not, whilst carrying interest, confer a right to participate in profits.

7.08 Issue of new shares to members

Subject to any direction to the contrary that may be given by the company in general meeting, all new shares or other convertible securities shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the company of general meetings in proportion as nearly as the circumstances admit, to the amount of the existing shares or securities to which they are entitled. The offer shall be made by notice specifying the number of shares or securities offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from the person to whom the offer is made that he declines to accept the shares or securities offered, the directors may dispose of those shares or securities in such manner as they think most beneficial to the company. The directors may likewise also dispose of any new share or security which (by reason of the ratio which the new shares or securities bear to the shares or securities held by persons entitled to an offer of new shares or securities) cannot, in the opinion of the directors, be conveniently offered under this article.

PART D – FORFEITURE AND LIEN

7.09 Companies' lien on shares and dividends

The company's lien on shares and dividends from time to time declared in respect of such shares shall be restricted to:-

- (a) unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid;
- (b) if the shares were acquired under an employee share option scheme, amounts which are owed to the company for acquiring them; and
- (c) such amounts as the company is required by law to pay, and has paid, in respect of the shares of a holder or deceased former holder.

In each case, the lien extends to reasonable interest and expenses incurred because the amount is not paid.

7.10 Sale of shares forfeited

If any share is forfeited and sold, any residue after the satisfaction of the unpaid calls and accrued interest and expenses, shall be paid to the person whose shares have been forfeited, or his executors, administrators or assignees or as he directs.

PART E – TRANSFER AND TRANSMISSION**7.11 Transfers of securities**

The transfer of any listed security or class of listed security of the company, shall be by way of book entry by the Depository in accordance with the Rules of the Depository and, notwithstanding sections 103 and 104 of the Companies Act 1965, but subject to subsection 107C(2) of the Companies Act 1965 and any exemption that may be made from compliance with subsection 107C(1) of the Companies Act 1965, the company shall be precluded from registering and effecting any transfer of the listed securities.

7.12 Transmission of securities from Foreign Register

~~(1) —Where :-~~

- ~~(a) the securities of a company are listed on an Approved Market Place another stock exchange; and~~
- ~~(b) such company is exempted from compliance with section 14 of the Securities Industry (Central Depositories) Act 1991 or section 29 of the Securities Industry (Central Depositories) (Amendment) Act 1998, as the case may be, under the Rules of the Depository in respect of such securities,~~

~~such company shall, upon request of a securities holder, permit a transmission of securities held by such securities holder from the register of holders maintained by the registrar of the company in the jurisdiction of the Approved Market Place (hereinafter referred to as “the Foreign Register”) other stock exchange, to the register of holders maintained by the registrar of the company in Malaysia (hereinafter referred to as “the Malaysian Register”) and vice versa provided that there shall be no change in the ownership of such securities.~~

~~(2) —For the avoidance of doubt, no company which fulfils the requirements of sub Rules (1)(a) and (b) above shall allow any transmission of securities from the Malaysian Register into the Foreign Register.~~

PART F - MODIFICATION OF RIGHTS**7.13 Modification of rights**

The repayment of preference capital other than redeemable preference capital or any other alteration of preference shareholders' rights, may only be made pursuant to a special resolution of the preference shareholders concerned, provided always that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing, if obtained from the holders of three-fourths of the preference capital concerned within 2 months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

PART G – BORROWING**7.14 Scope of directors' borrowing powers**

The scope of the borrowing powers of the board of directors shall be expressed.

PART H – MEETINGS**7.15 Notices of meetings**

The notices convening meetings shall specify the place, day and hour of the meeting, and shall be given to all shareholders at least 14 days before the meeting or at least 21 days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least 14 days' notice or 21 days' notice in the case where any special resolution is proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in at least one nationally circulated Bahasa Malaysia or English daily newspaper and in writing to each stock exchange upon which the company is listed.

7.16 Record of Depositors

- (1) The company shall request the Depository in accordance with the Rules of the Depository, to issue a Record of Depositors to whom notices of general meetings shall be given by the company.
- (2) The company shall also request the Depository in accordance with the Rules of the Depository, to issue a Record of Depositors, as at the latest date which is reasonably practicable which shall in any event be not less than 3 market days before the general meeting (~~hereinafter referred to as "the~~ **General Meeting Record of Depositors**").
- (3) Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations 1996 (where applicable), a depositor shall not be regarded as a member entitled to attend any general meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.

PART I – VOTING AND PROXIES**7.17 Voting rights of members**

Subject to Rule 7.16 above, a member of a company shall be entitled to be present and to vote at any general meeting in respect of any share or shares upon which all calls due to the company have been paid.

7.18 Voting rights on a show of hands

On a resolution to be decided on a show of hands, each holder of an ordinary share, and each holder of a preference share who has a right to vote, must be entitled to 1 vote.

7.19 Voting rights of proxy

A proxy shall be entitled to vote on a show of hands on any question at any general meeting.

7.20 Voting rights of shares of different monetary denominations

Where the capital of a company consists of shares of different monetary denominations, voting rights shall be prescribed in such a manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right is exercisable.

7.21 Appointment of at least 1 proxy

Where a member of the company is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy in respect of each securities account it holds with ordinary shares of the company standing to the credit of the said securities account.

PART J – DIRECTORS**7.22 Directors' power to fill casual vacancies and to appoint additional directors**

Where provision is made for the directors to appoint a person as a director either to fill a casual vacancy, or as an addition to the board, any director so appointed shall hold office only until the next annual general meeting of the company and shall then be eligible for re-election.

7.23 Remuneration of directors

Fees payable to non-executive directors shall be by a fixed sum, and not by a commission on or percentage of profits or turnover. Salaries payable to executive directors may not include a commission on or percentage of turnover.

7.24 Increase in directors' remuneration

Fees payable to directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.

7.25 Directors' interest in contracts

A director shall not vote in regard to any contract or proposed contract or arrangement in which he has, directly or indirectly, an interest.

7.26 Election of directors

- (1) An election of directors shall take place each year.
- (2) All directors shall retire from office once at least in each 3 years, but shall be eligible for re-election.

7.27 Vacation of office of director

The office of a director shall become vacant should he become of unsound mind or bankrupt during his term of office.

7.28 Notice of intention to appoint director

No person, not being a retiring director, shall be eligible for election to the office of director at any general meeting unless a member intending to propose him for election has, at least 11 clear days before the meeting, left at the registered office of the company a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office, or the intention of such member to propose him for election, provided that in the case of a person recommended by the directors for election, 9 clear days' notice only shall be necessary, and notice of each and every candidature for election to the board of directors shall be served on the registered holders of shares at least 7 days ~~prior to~~ before the meeting at which the election is to take place.

7.29 Power of managing director

A managing director shall be subject to the control of the board of directors.

7.30 Proceedings in case of vacancies

The remaining directors may continue to act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the minimum number fixed by or pursuant to the articles of the company, the remaining directors may, except in an emergency, act only for the purpose of increasing the number of directors to such minimum number, or to summon a general meeting of the company.

7.31 Appointment of alternate director

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

7.32 Chairman's casting vote

The chairman of a board meeting shall not have a casting vote where:-

- (a) 2 directors form a quorum and only such a quorum is present at the meeting; or
- (b) Only 2 directors are competent to vote on the question at issue.

PART K – ACCOUNTS**7.33 Presentation of accounts**

The interval between the close of a financial year of a company and the issue of the annual audited ~~accounts~~ financial statements, the directors' and auditors' reports, shall not exceed 4 months.

PART L – WINDING-UP**7.34 Distribution of assets in specie**

The basis on which shareholders will participate in a distribution of assets on a winding up shall be expressed.

7.35 Liquidator's commission

On the voluntary liquidation of the company, no commission or fee shall be paid to a liquidator unless it shall have been approved by shareholders. The amount of such payment shall be notified to all shareholders at least 7 days ~~prior to~~ before the meeting at which the commission or fee is to be considered.

PART M – EFFECT OF THESE REQUIREMENTS**7.36 Effect of the Listing Requirements**

- (1) Notwithstanding anything contained in these articles, if the Listing Requirements prohibit an act being done, the act shall not be done.

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- (2) Nothing contained in these articles prevents an act being done that the Listing Requirements require to be done.
 - (3) If the Listing Requirements require an act to be done or not to be done, authority is given for that act to be done or not to be done (as the case may be).
 - (4) If the Listing Requirements require these articles to contain a provision and they do not contain such a provision, these articles are deemed to contain that provision.
 - (5) If the Listing Requirements require these articles not to contain a provision and they contain such a provision, these articles are deemed not to contain that provision.
 - (6) If any provision of these articles is or becomes inconsistent with the Listing Requirements, these articles are deemed not to contain that provision to the extent of the inconsistency.
 - (7) For the purpose of this article, unless the context otherwise requires, “**Listing Requirements**” means ~~the Bursa Malaysia Securities Berhad ACE Market Listing Requirements of Bursa Malaysia Securities Berhad for the MESDAQ Market~~ including any amendments to the Listing Requirements that may be made from time to time.

PART N – AMENDMENTS TO THIS CHAPTER

7.37 Amendments to this Chapter

Where any amendment is made by the Exchange to the provisions of this Chapter, a company must make corresponding amendment(s) to its articles of association to reflect the said amendment unless its articles include the provision in Rule 7.36 or its equivalent.

[End of Chapter.]