



MANAGEMENT REPORT
ENFORCEMENT
INITIATIVES



■ ENFORCEMENT INITIATIVES

In 2024, SSM continued to focus on three (3) key enforcement initiatives as part of its strategies to create a conducive business environment and enhance transparency within the corporate sector. These initiatives were designed to effectively monitor and achieve the following objectives:



INSPECTION AND MONITORING ACTIVITIES

In 2024, SSM undertook comprehensive physical and data inspection activities across a total of 678,182 companies, 590,794 businesses and 20,571 LLPs.

These inspections covered a range of areas, including:

ENTITIES	PHYSICAL INSPECTION	DATA INSPECTION
	Scope of Monitoring:	Scope of Monitoring:
	<p>Compliance with section 30(1) of the CA 2016: Ensuring the proper display of company names and registration numbers at business premises.</p> <p>Maintenance of Statutory Books: Overseeing the accurate record-keeping and maintenance of statutory books by company secretaries, in accordance with sections 105, 362, 59, 57, 47, 343 and 54 of the CA 2016, as well as the requirements outlined in the Companies Regulations (CR) 2017.</p> <p>Qualifications of Company Secretaries: Monitoring adherence to the qualification standards for company secretaries as stipulated in section 235 of the CA 2016.</p> <p>Competency Assessment of Company Secretaries: Evaluating the competency of company secretaries based on their level of compliance with the provisions and requirements of the CA 2016.</p>	<p>AR Lodgement: Monitoring the status of AR lodgement in accordance with section 68(1) of the CA 2016.</p> <p>FS Lodgement: Assessing the lodgement status of FS as required by sections 248(1), 258(1) and 259(1) of the CA 2016.</p> <p>Company Secretary Requirements: Ensuring that every incorporated company has at least one (1) company secretary, as mandated by section 240 of the CA 2016.</p> <p>Auditor Qualifications and Independence: Evaluating the qualifications and independence of auditors in accordance with section 264 of the CA 2016, as well as the conditions set forth in the Auditor Renewal Approval issued by the Ministry of Finance.</p> <p>Auditor Obligations: Monitoring auditors' compliance with section 266(3)(b) of the CA 2016 in relation to their responsibility to express an opinion on the maintenance of statutory books.</p> <p>Liquidator Qualifications and Independence: Assessing the qualifications and independence of liquidators as outlined in section 433 of the CA 2016.</p> <p>Compliance with section 30(2) of the CA 2016: Ensuring adherence to requirements concerning the display of company names and registration numbers on official documents and publications, including electronic formats and website maintenance of statutory books.</p>
COMPANIES	<p>TOTAL: 19,275 (2023: 18,840), (2022: 23,691)</p>	<p>TOTAL: 658,907 (2023: 636,241), (2022: 531,744)</p>

ENTITIES	PHYSICAL INSPECTION	DATA INSPECTION
	Scope of Monitoring:	Scope of Monitoring:
	Compliance with Rule 13A (2) of the ROBR 1957: Ensuring that business names and registration numbers are prominently displayed outside the place of business.	Monitoring Business Registration Expiry Dates: Tracking and overseeing business registration expiry dates in accordance with section 12(1)(b) of the ROBA 1956.
BUSINESSES	Compliance with section 12(2) of the ROBA 1956: Monitoring the proper display of registration certificates at business premises.	Public Interest Concerns: Addressing issues related to public interest, including illegal investments and other relevant matters
	Compliance with sections 12(1)(a) and 12(1)(b) of the ROBA 1956: Overseeing adherence to the requirements for business registration and renewal.	
	TOTAL: 21,818 (2023: 23,901), (2022: 29,944)	TOTAL: 568,976 (2023: 599,527), (2022: 671,516)
	Scope of Monitoring:	Scope of Monitoring:
	Compliance of LLPs with Accounting Records: Ensuring that LLPs maintain accounting records and other relevant documentation as required by section 69 of the LLPA 2012.	Annual Declaration Lodgement: Monitoring the lodgement of annual declarations by LLPs in accordance with section 68(2) of the LLPA 2012.
LIMITED LIABILITY PARTNERSHIPS		Public Interest Concerns: Addressing issues that may impact public interest, such as illegal investments and other related matters.
	TOTAL: 208 (2023: 183), (2022: 183)	TOTAL: 20,363 (2023: 12,688), (2022: 11,041)
TOTAL	41,301 (2023: 42,924), (2022: 53,818)	1,248,246 (2023: 1,248,456), (2022: 1,214,301)

OTHER ENFORCEMENT ACTIVITIES IN 2024

SSM Online Business Alert (OBA)

The SSM OBA was introduced to enhance public awareness of the risks associated with engaging entities that operate unethically in the online business space. Since its launch on 27 July 2020, a total of 27 such entities have been identified and publicly listed on the SSM website.

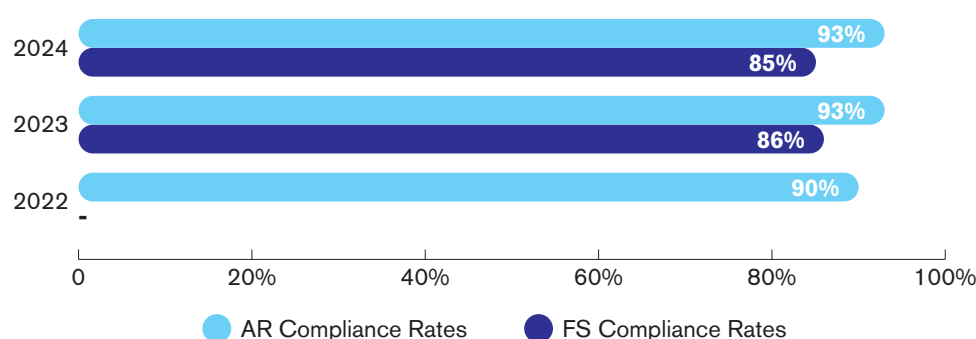
In addition, the OBA includes a compilation of third-party websites offering renewal of business registrations services that are not regulated by SSM. Investigations have uncovered 15 such sites providing unauthorised services, often charging exorbitant fees that place an unreasonable financial burden on business owners.

COMPLIANCE RATE FOR ANNUAL RETURNS AND FINANCIAL STATEMENTS SUBMISSION

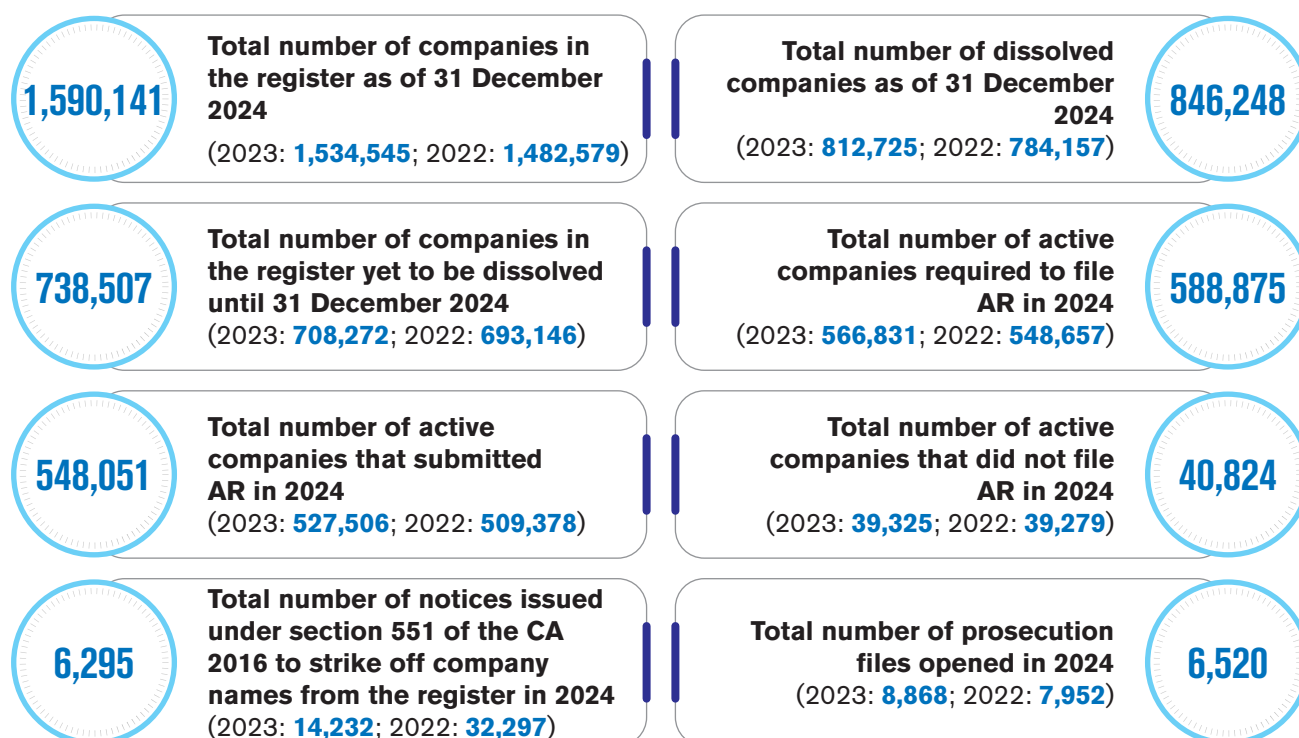
SSM remains steadfast in its commitment in promoting compliance with the statutory requirement to submit AR and FS with the Registrar. Based on the latest data, the compliance rate for AR submissions has shown consistent performance — recording 90% in 2022, increasing to 93% in 2023 and maintaining at 93% in 2024.

For FS submissions compliance, tracking of the compliance rate began in 2023. In that year, the compliance rate stood at 86%, with a slight decrease to 85% in 2024. This comparison reflects the continued commitment of companies in fulfilling their statutory obligations related to the submission of corporate documents such as AR and FS.

The chart below presents a three-year comparison of AR and FS compliance rates recorded by SSM:



ENFORCEMENT ACTIONS UNDER THE CA 2016



■ STATISTICS OF ONLINE AND MEDIA MONITORING

PROVISION AND DESCRIPTION	2024	2023	2022
Section 12(1)(a), ROBA 1956 Operating an unregistered business	108	20	1,429
Section 12(1)(b), ROBA 1956 Failure to renew business registration	82	–	206
Section 30(2), CA 2016 Failure to display company name and registration number on website/ social media	3,059	1,246	221
Rule 13A, ROBR 1957 Failure to display business name and registration number	1,254	1,246	765
Rule 17A(1)(b), ROBR 1957 Failure to update business information	26	30	110
Section 20(3), LLPA 2012 Failure to display LLP name and registration number on website/ social media	16	1	5
Compliance Notices Issued	2,822	477	2,163
Compounds Issued	523	296	247

■ MONITORING OF BANKRUPT DIRECTORS, COMPANIES THAT FAIL TO SUBMIT THE STATEMENT OF AFFAIRS AND DORMANT COMPANIES WITH OUTSTANDING CHARGES

WOUND UP COMPANIES THAT FAILED TO SUBMIT STATEMENT OF AFFAIRS	BANKRUPT DIRECTORS	DORMANT COMPANIES WITH OUTSTANDING CHARGES
Total Notices: A total of 608 compliance notices were issued under section 484 of the CA 2016, to directors and company secretaries.	Total Notices: 11 compliance notices were issued under section 198 of the CA 2016 against bankrupt directors.	Total Notices: A total of 2,287 compliance notices were issued under section 360 of the CA 2016 against companies, directors and company secretaries.
Administrative Actions: Administrative actions were imposed on 462 company directors and secretaries.	Administrative Actions: Administrative actions were taken against nine (9) directors.	Striking Off Actions: Proposals for striking off were made for 450 companies under section 549 of the CA 2016.
2023: 454 compliance notices and 261 administrative actions.	2023: Five (5) compliance notices and six (6) administrative actions.	2023: 2,696 compliance notices and 716 companies proposed for striking off.
2022: 405 compliance notices and 405 administrative actions.	2022: 11 compliance notices and one (1) administrative actions.	2022: 1,409 compliance notices and 477 companies proposed for striking off.

■ STATISTICS OF PHYSICAL INSPECTIONS ON BUSINESS PREMISES, NIGHT MARKETS & FOOD TRUCKS (*OPS SAMAR*), INTEGRATED OPERATIONS (*OPS NIAGA*) AND INTEGRATED OPERATIONS (*OPS PATUH* WITH SSM STATE OFFICES)

INSPECTION/ OPERATION TYPE	2024	2023	2022
Business Premises Inspections under the ROBA 1956	21,559	3,714	2,680
Company Premises Inspections under the CA 2016	18,862	3,089	2,792
LLP Premises Inspections under the LLPA 2012	208	32	62
Night Markets & Food Truck Inspections (<i>OPS SAMAR</i>)	69	6	4
Integrated Operations (<i>OPS NIAGA</i>)	132	6	3
Integrated Operations (<i>OPS PATUH</i> with SSM State Offices)	–	2	1
Compounds Issued	1,546	402	114

■ DATA AND PHYSICAL MONITORING ACTIVITIES

SSM plays a vital role in monitoring accounting records of companies and LLPs, FS, the activities of CLBGs and Registered Interest Schemes (RIS). Monitoring is carried out through data and physical inspections based on a risk-based approach.

Generally, SSM monitors FS to ensure their preparation complies with the requirements under the CA 2016, the CCMA 2001, sections 51 and 78 of the Interest Schemes Act 2016 and relevant accounting standards. This monitoring also ensures the FS present a true and fair view, as required under section 249 of the CA 2016. For LLPs, the monitoring of accounting records ensures compliance with section 69 of the LLPA 2012.

SSM also carries out specific monitoring of CLBGs to ensure compliance with CA 2016, licensing conditions and the CLBG Guidelines. For RIS, monitoring ensures that registered schemes comply with Interest Schemes Act 2016.

In 2024, a total of 8,670 entities were monitored through both data and physical inspections covering various activities. To further enhance awareness and understanding of legal compliance requirements regulated by SSM, a total of 51,683 e-postcards were distributed via email to company secretaries, corporate agents and compliance officers.

■ MONITORING OF FINANCIAL STATEMENTS WITH MODIFIED STATUS IN THE AUDITOR'S REPORT

FS that receive a qualified or modified opinion from auditors are referred to as FS with modified status. Such opinions are typically issued due to material misstatements in the financial reporting or because the auditor encountered limitations during the auditing process.

In accordance with the provisions of section 245 of the CA 2016, which requires companies to maintain proper accounting records, monitoring of FS with a qualified status has been carried out with the aim of raising awareness among company directors on the importance of maintaining complete and organised accounting records. Such records are essential to explain all financial transactions and to accurately reflect the true financial position of the company. This monitoring initiative is intended to enhance the quality

of future FS preparation, promoting the presentation of a true and fair view free from modification.

In 2024, a total of 808 FS with modified status were monitored. The monitoring statistics for the years 2022 to 2024 are as follows:



■ MONITORING OF EXEMPT PRIVATE COMPANIES (EPCs)

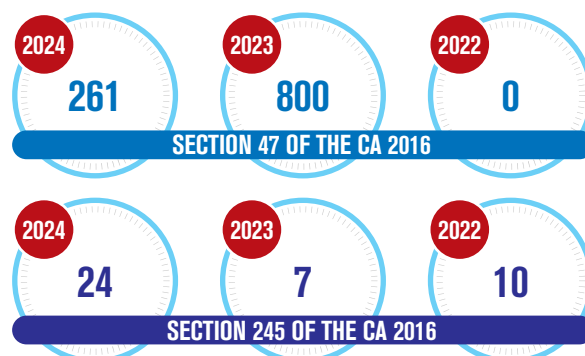
SSM actively monitors EPCs despite their exemption from lodging FS with the Registrar. An EPC is defined under the CA 2016 as a private company with no more than 20 shareholders, none of whom are corporations.

The primary objective of these inspections is to ensure compliance with specific provisions of the CA 2016, namely sections 47(1)(h), 245(1)-(4), 257(1), 260(2) and 261(1). These provisions pertain to the maintenance of proper accounting records, circulation of FS and the lodgement of necessary certificates and statements.

Inspections were conducted at the registered office of the company to verify the presence of audited FS and adherence to other EPC-related obligations. The competence of the company secretary was also assessed, particularly their ability to submit forms under section 47(2) of the CA 2016, especially when the registered office differs from the location where records are maintained.

Furthermore, inspections extend to the premises where accounting records are kept, ensuring that these records are accurate and verifiable against supporting documentation.

The statistics on inspections conducted from 2022 until 2024 are as follows:



■ MONITORING ON UNAUDITED FINANCIAL STATEMENT

On 4 August 2017, SSM issued Practice Directive No. 3/2017 (PD 3/2017), outlining the qualifying criteria for audit exemption applicable to certain categories of private companies. This directive aims to reduce the regulatory burden and compliance costs for small and medium-sized enterprises (SMEs) by allowing eligible

companies to be exempted from mandatory audits, provided they meet specific conditions.

SSM actively monitors the unaudited FS submitted by companies that have selected for audit exemption to ensure compliance with the criteria set forth in PD

3/2017. The monitoring focuses on the following categories:

- (a) Dormant Companies: Private entities that have been dormant since incorporation or throughout the current and immediate preceding financial years;
- (b) Zero-Revenue Companies: Private entities with no revenue during the current and immediate past two (2) financial years and total assets not exceeding RM300,000 in the current and immediate past two (2) financial years; and
- (c) Threshold-Qualified Companies: Private entities with annual revenue not exceeding RM100,000, total assets not exceeding RM300,000 and not more than five (5) employees at the end of the current and immediate past two (2) financial years.

The primary objective of this monitoring is to ensure that companies selecting for audit exemption adhere strictly to the stipulated criteria, thereby maintaining the integrity and reliability of financial reporting within the corporate sector.

The statistics of physical examinations involving unaudited FS from 2022 to 2024 are as follows:



■ MONITORING ON FOREIGN COMPANY

SSM actively monitors foreign companies operating in Malaysia to ensure compliance with the CA 2016, particularly sections 245 and 574. These provisions mandate that foreign companies maintain comprehensive accounting records that accurately reflect their transactions and financial positions.

To facilitate this oversight, SSM employs the Foreign Company Information Form to collect pertinent information from foreign entities. This initiative aims to enhance awareness among foreign companies

about their statutory obligations and to improve overall compliance rates.

The statistics of physical inspections of foreign companies from 2022 to 2024 are as follows:



■ MONITORING OF TRUST COMPANIES

Trust companies in Malaysia are entities incorporated under the CA 2016 and registered under the TCA 1949. Section 8 of the TCA 1949 delineates the permissible activities of trust companies, including acting as executors, administrators, trustees, receivers, managers, liquidators, guardians of minors' estates, committees for the estates of mentally disordered persons and other fiduciary roles. Given their involvement in managing various trusts and funds, trust companies are particularly

susceptible to risks such as money laundering and other financial malpractices.

In 2024, SSM conducted physical inspections of 12 trust companies to assess their compliance with the provisions of the CA 2016 and the TCA 1949. These inspections aimed to ensure that trust companies adhere to statutory requirements, maintain proper governance structures and implement effective measures to mitigate financial risks.

The statistics of physical inspections of trust companies from 2022 to 2024 are as follows:



■ MONITORING OF DIRECTORS' REPORT IN FINANCIAL STATEMENTS

Under section 252(1) of the CA 2016, company directors are mandated to prepare a directors' report for each financial year. This report must accompany the company's FS submitted to the SSM.

Throughout 2024, SSM conducted data monitoring on 1,024 directors' reports within FS, focusing on shareholdings owned by the Federal and State Governments.

In accordance with section 250 of the CA 2016, companies are mandated to disclose information about their subsidiaries within the consolidated FS. Furthermore, the Fifth Schedule under section 253 stipulates that the directors' report must clearly state details pertaining to the company and its subsidiaries, including the name, place of incorporation, principal activities and the percentage of issued share capital held by the company in each subsidiary.

The statistics of data monitoring on directors' reports in FS from 2022 to 2024 are as follows:



■ MONITORING OF LIMITED LIABILITY PARTNERSHIPS (LLPs) ACCOUNTING RECORDS

In 2024, SSM continued its oversight of LLPs to ensure adherence to the provisions of the LLPA 2012. The monitoring activities focused on verifying compliance with section 69, which mandates the maintenance of accounting and other records that sufficiently explain the transactions and financial position of the LLP and section 80, which addresses the offence of making false and misleading statements.

The primary objective of these inspections is to raise awareness among compliance officers and partners about the importance of maintaining comprehensive accounting records that accurately reflect the LLP's financial transactions and position. These efforts aim to enhance the overall compliance rate of LLPs with the LLPA 2012, thereby promoting transparency and accountability within the corporate sector.

The statistics of monitoring activities on LLPs from 2022 to 2024 are as follows:

MONITORING ACTIVITIES	2024	2023	2022	TOTAL
Issuance of Compliance Notices for the Purpose of Rectification of Annual Declaration	7	10	N/A	17
Physical Inspection of LLPs	30	16	10	56
Issuance of Compound under section 69(1) of the LLPA 2012	1	N/A	N/A	1

■ PUBLIC AWARENESS INITIATIVES ON FINANCIAL STATEMENT COMPLIANCE FOR COMPANIES AND LLPs

SSM continues to enhance public awareness regarding statutory obligations related to FS for companies and LLPs. Through the dissemination of e-postcards, SSM aims to educate directors, company secretaries, company agents and compliance officers on key compliance requirements under the CA 2016 and the LLPA 2012.

The e-postcards highlight critical areas of compliance, including:

- (a) Section 47(1)(h) of the CA 2016: Mandates companies to maintain a copy of the FS at the registered office address;
- (b) Section 257 of the CA 2016: Requires the distribution of FS to company members;
- (c) Sections 260 and 261 of the CA 2016: Obligate Exempt Private Companies (EPCs) to lodge a certificate along with the auditor's statement;
- (d) Section 245 of the CA 2016: Pertains to the maintenance of proper accounting records and documentation;

- (e) Section 244 of the CA 2016: Relates to the compliance with approved accounting standards, particularly for foreign companies;
- (f) Section 246 of the CA 2016: Addresses the requirement for an internal control system within foreign companies; and
- (g) Sections 69 and 80 of the LLPA 2012: Emphasize the necessity for LLPs to maintain accurate accounting records and prohibit the provision of false or misleading statements.

These initiatives are part of SSM's ongoing efforts to promote transparency, accountability and compliance within the corporate sector.

The statistics of e-postcard dissemination from 2022 to 2024 are as follows:



■ MONITORING OF COMPANY LIMITED BY GUARANTEE (CLBGs)

SSM actively monitors CLBGs due to their significant role in collecting and distributing funds for charitable, religious, educational and social purposes. This oversight ensures compliance with the CA 2016, the CLBG Guidelines and the CCMA 2001.

Under section 45(1) of the CA 2016, CLBGs are permitted to engage in activities that benefit the community and the nation. To uphold transparency and accountability, SSM conducts both physical inspections and data analyses of CLBGs. Additionally, e-postcards are disseminated to instill good corporate governance values among CLBG directors.

Any CLBG intending to carry out fundraising activities from the public must first obtain approval from the

Minister or Registrar. This approval is valid for a period of one (1) year and will be published on the official portal of SSM. As part of regulatory and transparency efforts, SSM has introduced a list of CLBGs that have received approval to conduct public fundraising activities. This list is intended to help the public make more informed decisions before contributing to any fundraising initiative.

The public can now check the current status of registered CLBGs that have been granted approval to carry out fundraising activities. Checks can be made starting 21 May 2024 via SSM's official website at the following link:

https://www.ssm.com.my/CLBG/KELULUSAN_KUTIPAN_SUMBANGAN.pdf

Physical Inspections of CLBGs

In 2024, SSM conducted physical inspections on 30 CLBGs across various sectors, including religion, welfare, education and social services. These inspections focused on the maintenance and retention of accounting records, as well as the verification of assets.

The statistics for physical examinations from 2022 until 2024 are as follows:

INSPECTION TYPE	2024	2023	2022
Inspection of accounting records and other records	20	21	115
Asset verification checks	10	19	5

Data Inspections of CLBGs

In 2024, SSM conducted data inspections on CLBGs to assess compliance with statutory and regulatory requirements. These inspections involved reviewing FS, verifying adherence to the minimum start-up fund requirement of RM1 million, examining ownership of subsidiary companies and collecting both financial and non-financial information through the Financial Information Form (FIF).

To enhance monitoring and ensure transparency in governance, SSM developed the CLBG Information Form (CLBGIF), designed to gather detailed information on CLBGs, particularly those under the supervision of other ministries and government agencies. These initiatives align with the Guidelines on Company Limited by Guarantee, which stipulate that CLBGs must maintain comprehensive records of funds, donations, contributions and submit requisite information to SSM upon request.

The statistics of data inspection activities on CLBGs from 2022 until 2024 are as follows:

INSPECTION TYPE	2024	2023	2022
Initial Fund of RM1 Million Inspection	18	30	176
CLBG and Subsidiary Inspection	20	80	0
Conditional and Unconditional Financial Statement Inspection	1,200	283	500
Financial Information Form (FIF)	1,649	1,642	1,616
SBMJ Information Form (CLBGIF)	2,183	0	0

CLBG Awareness Programme Via E-Postcards

In 2024, a total of three (3) awareness e-postcards have been issued and distributed to CLBG directors and secretaries via the company secretary's email to ensure that they reach CLBG directors effectively. The purpose of the issuance of this e-postcard is to educate and raise awareness among CLBG on compliance with the provisions of the CA 2016 and the CLBG Guidelines.

The published awareness e-postcard covers the following topics:

- Compliance with the provisions of section 245 of the CA 2016;
- Retention of the list of receipts and distributions of funds, contributions or donations; and
- Compliance with section 246 of the CA 2016 on Internal Control Systems.

Enforcement Action on CLBGs

Throughout 2024, enforcement actions, including compounds notices and reminder notices, have been issued against CLBG, which was found to have committed various offences under the provisions of the CA 2016 and the CLBG Guidelines. A total of 149

compound notices involving 37 CLBGs were issued for various offences, including violations under section 245(3), 245(2) and 244 of the CA 2016. Additionally, three (3) reminder notices have been issued to the CLBGs for non-compliance with section 245 of the CA 2016 and the CLBG Guidelines.

A summary of enforcement actions against CLBGs is as follows:

OFFENCE	CASES	ENFORCEMENT ACTIONS
Failure to comply with section 245(3) of the CA 2016	20	89 compound notices were issued to companies
Failure to comply with section 245(2) of the CA 2016	1	20 compound notices were issued to companies and directors
Failure to comply with section 244 of the CA 2016	16	40 compound notices were issued to directors
Breach of section 245 of the CA 2016 and CLBG Guidelines	3	Compliance notice were issued

MONITORING OF REGISTERED INTEREST SCHEMES (RIS)

SSM continuously monitors the RIS to ensure compliance with the guidelines and provisions set forth under the Interest Schemes Act 2016. The monitoring activities for RIS included physical inspections of the scheme's facilities and accounting records as mandated by the Interest Schemes Act 2016. Data monitoring of the registered prospectus was also conducted to verify that the scheme remained active and did not engage in sales while the prospectus had expired.

One of the key objectives of monitoring the RIS was to ensure that management company officers practiced good corporate governance. Ongoing monitoring aimed to ensure that the management company adhered to the provisions outlined in the Interest Schemes Act 2016, the Trust Deed (TD) and the registered prospectus. In the event of any violations, SSM could issue a notice of compliance, impose a compound or initiate court action against the management company identified as breaching the provisions of the Interest Schemes Act 2016.

Additionally, SSM conducted monitoring of trustees to ensure that the appointed scheme trustees fulfilled their duties and responsibilities as stipulated in the TD and in accordance with section 24 of the Interest Schemes Act 2016.

Briefing on the Monitoring Procedure of RIS

Throughout 2024, briefing sessions have been held in several locations, namely SSM Sarawak, SSM Kedah, SSM Johor and SSM Sabah. Apart from the presentation of the theory, the session was also followed by a physical examination at the selected scheme management companies. This inspection provides a direct opportunity for enforcement personnel to assess the condition of the facilities and the level of compliance of the scheme providers with the set requirements, thus increasing the effectiveness of enforcement on the ground.

Examination of RIS Accounting Records

Throughout 2024, SSM has carried out inspections of scheme management companies to ensure that the scheme's accounting records are handled in an orderly manner and in compliance with the legal requirements under Interest Schemes Act 2016. This inspection focuses on compliance with the following provisions:

- (a) Section 48 - Segregation of stakeholder funds from other parties' funds to ensure the integrity and security of funds;
- (b) Section 49 - Prohibition of management companies from investing or lending scheme money to the management company itself to avoid conflicts of interest; and
- (c) Section 51 - The requirement to keep complete accounting records and undergo an auditing process to ensure financial transparency and accountability.

This inspection aims to improve financial governance in the management of the scheme as well as ensure that the interests of investors are always protected.

Physical Inspection of RIS Facilities

Throughout 2024, SSM has carried out physical inspections of RIS's management company's facilities to assess the level of compliance with the legal requirements set under Interest Schemes Act 2016. This

inspection is conducted to ensure that the management company performs its obligations transparently and responsibly in accordance with the licensing conditions and guidelines issued by SSM.

Some of the main focuses of these physical inspections include:

- (a) Inspection of the locations and physical facilities used to carry out the activities of the scheme, such as project sites, operations centres or relevant asset storage locations;
- (b) Assessment of compliance with license conditions, including transparency of information to stakeholders and provision of appropriate facilities; and
- (c) Observing the security and facilities provided to ensure that the rights and interests of investors or stakeholders are always protected.

RIS Awareness Programme Through E-Postcards

In 2024, a total of three (3) awareness e-postcards related to RIS have been distributed to 60 chief executive officers of scheme management companies and nine (9) trustees. This initiative aims to provide education and raise awareness regarding their responsibilities and obligations under Interest Schemes Act 2016. The e-postcard serves as a proactive communication medium to strengthen understanding, foster compliance and enhance governance practices in the operation of registered schemes.

Statistics on Physical Inspections and RIS Data Monitoring

The statistics of physical examination and monitoring of RIS data from 2022 until 2024 are as follows:

ACTIVITIES	2024	2023	2022
Physical inspection and monitoring of data for active and inactive schemes and financial reports	47	68	38
Physical inspection at trustee offices	4	4	1
Data monitoring	208	30	226
Issuance of reminder notices for prospectus renewal	15	0	44

Enforcement Actions on RIS

In 2024, enforcement action has been taken against a scheme's management company that carries out agri-sharing scheme activities without complying with the Interest Schemes Act 2016. The company was charged under section 46(2) of the Interest Schemes Act 2016 for the offense of operating the scheme without

complying with the terms and regulations set by the Interest Schemes Act 2016. This step reflects SSM's commitment to ensuring that the implementation of the RIS is carried out in a transparent, lawful manner and protects the interests of all parties involved.

REGISTRATION OF COMPANY SECRETARY

Company Secretary Practicing Certificate

As of 31 December 2024, a total of 8,940 individuals have registered and obtained the Practising Certificate for Company Secretaries since the enforcement of section 241 of the CA 2016 on 15 March 2019. Section 241 of the CA 2016 mandates that any individual qualified under section 235 and intending to act as a company secretary must register with SSM and obtain a Practising Certificate before assuming the role. This provision aims to establish a comprehensive register of company secretaries in Malaysia, enabling SSM to monitor their competence and professionalism.

Such oversight is instrumental in enhancing compliance and promoting good corporate governance within the corporate sector.

Applications for the Practising Certificate must be submitted online via the e-Secretary system at <https://esecretary.ssm.com.my>. Upon approval, the Practising Certificate is valid for one (1) year and must be renewed annually. Failure to comply with these requirements may result in penalties under section 588 of the CA 2016.

The following are the statistics for new applications for the Company Secretary Practising Certificate in 2024:

APPLICATIONS FOR COMPANY SECRETARY PRACTICING CERTIFICATES IN 2024	
Total Applications Received	1,074
Total Applications Approved	1,045
Breakdown of approved applications according to the qualifications and Professional Bodies	
(a) Company Secretary License (LS)	132
(b) Malaysian Institute of Chartered Secretaries and Administrators (MAICSA)	147
(c) Malaysian Institute of Accountants (MIA)	560
(d) Malaysian Bar (BC)	134
(e) Malaysian Association of Company Secretaries (MACS)	42
(f) Malaysian Institute of Certified Public Accountants (MICPA)	5
(g) Sabah Law Society (SLS)	7
(h) Advocates Association of Sarawak (AAS)	18

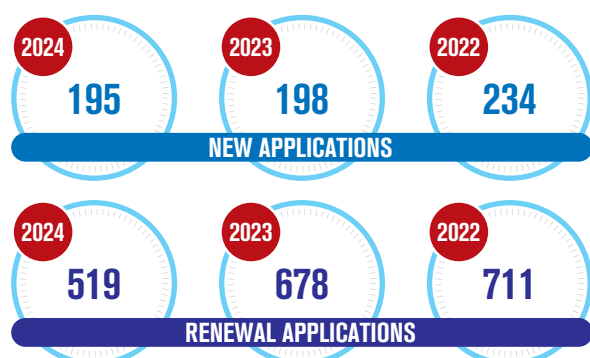
The table below presents the statistics for renewal applications of Company Secretary Practising Certificates for the year 2024:

APPLICATIONS FOR THE RENEWAL OF COMPANY SECRETARY PRACTISING CERTIFICATES IN 2024	
Total Applications Received and Approved	4,035
Breakdown of renewal applications approved according to the qualifications and Professional Bodies	
(a) Company Secretary License (LS)	958
(b) Malaysian Institute of Chartered Secretaries and Administrators (MAICSA)	991
(c) Malaysian Institute of Accountants (MIA)	1,676
(d) Malaysian Bar (BC)	151
(e) Malaysian Association of Company Secretaries (MACS)	203
(f) Malaysian Institute of Certified Public Accountants (MICPA)	15
(g) Sabah Law Association (SLA)	7
(h) Advocates Association of Sarawak (AAS)	34

Company Secretary License

As at 31 December 2024, a total of 2,311 individuals have been licensed by SSM as company secretaries under section 20G of the CCMA 2001. As part of the licensing process, applicants are required to undergo an assessment to evaluate their knowledge and understanding of the CA 2016, as well as compliance with the Anti Money Laundering and Counter Financing of Terrorism (AMLCFT) framework. This assessment comprises a written examination and an interview session conducted by SSM.

The statistics for company secretary licensing activities from 2022 to 2024 are as follows:



Monitoring of Company Secretaries

In 2024, SSM conducted a total of 159 competency inspections (2023: 162) at the registered offices of

companies to assess compliance with the provisions of the CA 2016. These inspections also included targeted reviews of compliance with the AMLCFT requirements.

Additionally, 239 compliance notices (2023: 176) were issued to company directors under section 236(2) of the CA 2016 for failing to appoint a company secretary following the incorporation of a company. A further 4,829 compliance notices (2023: 2,989) were issued under section 240 of the CA 2016 for failing to fill the vacancy of a company secretary following a resignation. SSM also undertook data monitoring on 8,308 company secretaries in 2024 to verify their eligibility in accordance with sections 235 and 238 of the CA 2016.

Enforcement Actions Against Company Secretaries

Throughout 2024, SSM took enforcement actions against company secretaries and directors who breached the provisions of the CA 2016. These actions included both administrative measures and compound penalties.

A total of 724 company secretaries (2023: 990) have been subject to administrative action for failing to comply with section 238 of the 2016 CA. In addition, 50 company secretaries have been subjected to compound action for continuing to carry out their duties despite being disqualified.

The statistics for enforcement activities on company secretaries for 2024 and 2023 are as follows:

ACTIVITIES	2024	2023
Inspection under the CA 2016	159	162
AMLCFT inspection	20	20
Disqualification as company secretary under section 238 of the CA 2016	724	990
Failure to appoint company secretary after incorporation of company	239	176
Failure to fill vacancy after company secretary's resignation	4,829	2,989

Compound action was taken against 50 company secretaries who breached section 238 of the CA 2016 by continuing to act in their role despite being disqualified.

MONITORING OF AUDITORS AND AUDIT FIRMS

SSM actively monitors company auditors and audit firms to ensure a high standard of competence and professionalism is maintained across the auditing profession. This oversight is carried out through a structured and comprehensive monitoring framework, which also serves to enhance awareness among auditors and audit firms of their statutory obligations under the CA 2016.

In 2024, SSM conducted physical inspections on 86 audit firms to assess compliance and professional standards. The statistics for physical inspections of audit firms over the past three (3) years are as follows:



In addition to on-site inspections, SSM carried out data monitoring on 1,204 company auditors in 2024. This review focused on assessing auditors' independence and identifying any disqualifications in accordance with section 264 of the CA 2016.

The statistics for data monitoring activities on company auditors from 2022 to 2024 are as follows:



Enforcement Action Against Auditors and Audit Firms

Throughout 2024, enforcement actions, including compounds and compliance notices, have been issued against auditors and audit firms found to have committed various offences under the provisions of the CA 2016. The specifics of these actions are outlined below:

NUMBER OF CASES	ENFORCEMENT ACTION	DETAILS
48	Compound	Failure to comply with section 264(1), 264(4) and 265(4) of the CA 2016
25	Compliance Notice	Failure to comply with the CA 2016

COMPLAINTS MANAGEMENT

Complaint management is a key component in ensuring transparency, accountability and the effectiveness of SSM's service delivery system. This process involves the receipt, assessment, investigation and resolution of complaints lodged by the public concerning business entities registered with SSM.

As of 31 December 2024, SSM received a total of 1,326 complaints, covering companies, businesses and LLPs. The breakdown of complaints by entity type from 2022 to 2024 is as follows:

YEAR	COMPLAINTS RECEIVED BY ENTITY			
	COMPANIES	BUSINESSES	LLPs	TOTAL
2024	1,021	286	19	1,326
2023	1,253	400	36	1,689
2022	738	357	23	1,118

CLASSIFICATION OF COMPLAINTS RECEIVED	
ISSUES	TOTAL
Inaccurate information and identical name	36
In-appropriate conduct by company director	86
In-appropriate conduct by company secretary	67
Statutory report by auditor on misconduct by a company officer	8
Fraud and other serious offences, including breaches of corporate governance and the lodgement of false or misleading information	266
Misconduct during the winding up of a company	9
Accounting irregularities	3
Offences involving illegal investment schemes or interest schemes registered under the Interest Schemes Act 2016	7
Offences involving illegal investment schemes or unregistered interest schemes under the Interest Schemes Act 2016	278
Unregistered online schemes under the Interest Schemes Act 2016	0
Common offences	353
Issues falling under the jurisdiction of other agencies, such as employment matters, tourism-related activities, 'scratch and win' schemes, direct selling and fraud	131
Issues that do not fall under offences governed by SSM, such as monetary or goods-related claims, internal company disputes and meeting arrangements	66
Inquiries on corporate misconduct	16
TOTAL	1,326

The three (3) highest categories of complaints received in 2024 are as follows:



Common offences
26.62%



Illegal investment schemes or unregistered interest schemes
20.97%

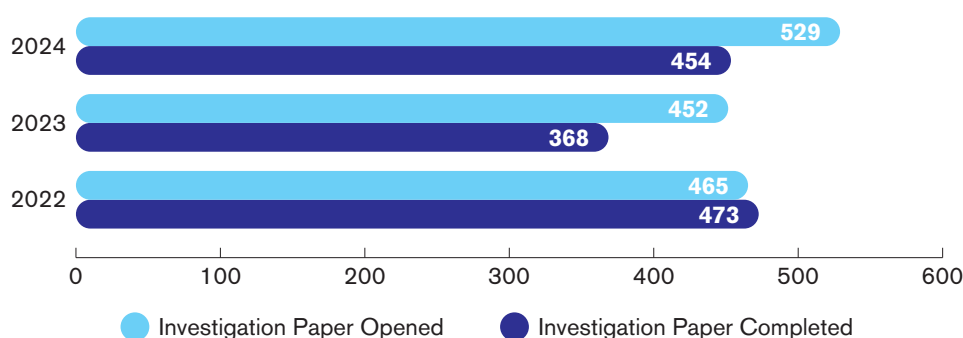


Fraud and serious offences
20.06%

INVESTIGATION

In 2024, SSM recorded a significant increase in the number of investigation papers opened, with 529 cases, compared to 452 cases in 2023 and 465 cases in 2022. This represents an increase of 17.04% compared to the previous year and 13.76% compared to 2022.

Investigation Paper for the Year 2022 to 2024



Additionally, one (1) investigation paper was opened for an offence under the Anti-Money Laundering, Anti-Terrorism Financing and Proceeds of Unlawful Activities Act 2001 (Act 613), highlighting SSM's expanded enforcement efforts into areas of public concern.

In terms of case resolution, 454 investigation papers were successfully closed in 2024, marking a significant increase of 23.37% compared to 368 cases resolved in 2023. This improvement reflects SSM's efficiency in investigation operations and its commitment to strengthening enforcement over registered entities.

The statistics of cases by category of offences investigated by SSM for the period from 2022 to 2024 are as below:

CATEGORY OF OFFENCES	2024	2023	2022
False and misleading company report	243	188	191
Breach of fiduciary duties	104	130	137
False and misleading business report	53	25	45
Disqualified to act as a director	18	21	22
Fraudulent investment	40	35	19
Unregistered schemes under the Interest Schemes Act 2016	15	6	15
False and misleading LLP report	13	9	5
Fraudulent kootu fund	2	10	4
Money laundering	1	0	0
Referred to relevant enforcement or regulatory agencies	9	0	0
Others	31	28	27
TOTAL	529	452	465

Falsification of company reporting remains the primary category of offence investigated in 2022 until 2024, with a significant increase of 243 cases in 2024 compared to 188 cases in 2023 and 191 cases in 2022.

In addition, investment fraud cases have shown a continuous upward trend, with 35 cases recorded in 2023 compared to 19 cases in 2022 and further increasing to 40 cases in 2024. Cases involving the

falsification of LLPs also rose to 13 cases in 2024, compared to six (6) cases in 2023 and five (5) cases in 2022.

However, there was a decline in investigations related to breaches of fiduciary duties, from 137 cases in 2022 to 130 cases in 2023 and further down to 104 cases in 2024.

■ WORKSHOP FOR THE PREPARATION OF REPORT ON THE RISK ASSESSMENT OF MONEY LAUNDERING AND TERRORISM FINANCING ON COMPANIES, LLPs, BUSINESSES AND BO

On 19 March 2024, SSM organised the Legal Persons Risk Assessment (LPRA) Report Preparation Workshop aimed to coordinate the work processes involved in preparing the LPRA report based on approved methodologies and indicators, with data collected both quantitatively and qualitatively through Perception Surveys and Focus Group Discussions.

This study is one of the Key Performance Indicators under the National Strategic Plan set by the National Coordination Committee to Counter Money Laundering (NCC) for the period of 2018 to 2022. The study team consisted of staff from the Investigation Division,

Regulatory Development & Services Division, Corporate Compliance Division, Prosecution & Litigation Division and Registration Services Division.

This study was carried out at the national level involving data collected from SSM, BNM, Malaysian Anti-Corruption Commission (SPRM), Royal Malaysia Police (PDRM), KPDN, Royal Malaysian Customs Department (JKDM), Immigration Department of Malaysia (JIM), SC, AGC, Inland Revenue Board of Malaysia (LHDNM), Ministry of Home Affairs (KDN) and Registry of Societies Malaysia (ROS).

■ OPS KENAF: RAID ON TRUST COMPANIES AND ILLEGAL INVESTMENT SCHEMES (KENAF DEVELOPMENT FUND)

On 7 March 2024, SSM raided several premises owned by companies and trust companies involved in orchestrating an illegal investment scheme known as the Kenaf Development Fund (KDF). Investors in the KDF were promised fixed investment returns over a 12-month period. The raids were initiated following complaints from dissatisfied investors due to the company's failure to pay dividends as promised.

A total of 39 officers from SSM's Investigation Division, in collaboration with PDRM and CyberSecurity Malaysia, participated in the operation, which was carried out at three (3) different locations in Kuala Lumpur, Selangor and Penang simultaneously.

■ NETWORKING AND INFORMATION SHARING WITH THE DOCUMENT EXAMINATION DIVISION, DEPARTMENT OF CHEMISTRY MALAYSIA

On 11 June 2024, SSM organised a Collaboration and Information Sharing Programme with the Document Inspection Division, Department of Chemistry Malaysia. The programme was held at Menara SSM@Sentral and involved participation of 100 officers from the Investigation Division, Corporate Compliance Division, Prosecution and Litigation Division, as well as Finance and Accounts Division, including representatives from the Department of Chemistry Malaysia.

The primary objective of this programme is to provide an in-depth explanation of the procedures and methods of marking documents for the purpose of signature analysis conducted by the Department of Chemistry Malaysia. In addition, dialogue sessions were also held to discuss various issues, views and suggestions for improvement, especially in an effort to create a more efficient and systematic work process in the handling of disputed documents.

■ NETWORKING AND INFORMATION SHARING SESSION BETWEEN SSM AND PAYMENT GATEWAY OPERATORS IN MALAYSIA

The programme was conducted through lectures and forums, with the main objective of providing exposure to payment gateway operators and electronic money issuers on the investigation procedures implemented by SSM, as well as the need to submit financial transaction information for the purposes of investigation. This initiative is important to build a harmonious network of cooperation between SSM and payment gateway operators, thus streamlining the process of delivering relevant information.

The programme was held on 9 October 2024 and was attended by 80 delegates from 17 operators, including representatives from Touch 'n Go, FPX and ShopeePay, as well as officers from the Investigation Division and Corporate Compliance Division. Also present as panelists and speakers were representatives from the Payment Services Oversight Department of BNM.

■ JOINT OPERATION TO COMBAT INVESTMENT FRAUD (OPS KINTA)

From 26 to 28 June 2024, SSM participated in the Integrated Operation on Investment Fraud Cases (Ops Kinta) led by PDRM and the National Financial Crime Prevention Centre (NFCC), in collaboration with BNM, IRBM, KPDN, MACC and ROS. Ops Kinta is an operation carried out against *Pertubuhan Amal Kita Kinta Perak* (PAKKP), following fundraising activities from the public through two (2) main programmes,

namely the KKP Village Chicken Programme and the Baka Shami Goat Master Programme.

To support the implementation of this operation, SSM deployed three (3) teams involving eight (8) investigating officers to carry out enforcement actions in four (4) different locations located around Selangor, Perak and Kedah.

■ TRANSNATIONAL ANTI-MONEY LAUNDERING ASSISTANCE (TAMLA) PROGRAMME – ADVANCE OPEN SOURCES INTELLIGENCE (OSINT) SUPERUSER TRAINING IN BANGKOK, THAILAND

SSM was invited by the NFCC to participate in the Advance Open Sources Intelligence (OSINT) Superuser Training Programme which took place in Bangkok, Thailand from 15 to 19 July 2024. This programme is a continuation of the TAMLA initiative which has been implemented since 2021 through a collaboration between NFCC and the American Bar Association Rule of Law Initiative (ABA ROLI). Among the previous forms of implementation of the TAMLA programme include the e-Learning method, TAMLA Virtual Learning and the TAMLA Joint Advanced OSINT Training of Trainers.

The main goal of this programme is to produce OSINT super-users at the regional level through strengthening skills in applying open-source technology to curb organised financial crime. Throughout the programme, the participants received intensive guidance from professional instructors representing ABA ROLI. The programme was also attended by representatives from various enforcement agencies including KPDN, Royal Malaysian Customs Department (RMCD), IRBM, Labuan Financial Services Authority (LFSA), BNM, NFCC as well as representatives from the Thailand Anti-Money Laundering Office (AMLO), Thailand and enforcement officers from the Maldives.

■ FINANCIAL ACTION TASK FORCE (FATF) PLENARY AND WORKING GROUP MEETINGS IN SINGAPORE

On 23 to 28 June 2024, SSM was invited by BNM to attend the FATF Plenary and Working Group Meetings which took place in Singapore. During the session, the European Commission organised a forum focusing on best management practices in BO transparency, specifically to assist the preparation of SSM for the Mutual Evaluation Exercise for the year 2024 - 2025.

In addition, the program also included the presentation of FATF joint assessment reports on the level of compliance with international standards relating to AML/CTF for

India and Kuwait. The assessment emphasized aspects such as asset recovery, risks related to social media and streaming platforms and a comprehensive review of the role of Designated Non-Financial Businesses and Professions (DNFBP) in anti-corruption efforts.

Other topics discussed included enhancing transparency in payments, risk assessment and the implementation of active monitoring under FATF's International Co-operation Review Group (ICRG) and forums related to beneficial ownership.

■ REGISTRATION OF COURT CASES IN 2024

In 2024, SSM recorded an increase in the number of prosecution cases registered in court, with a total of 6,544 cases, compared to 6,488 cases in 2023. This upward trend underscores SSM's continued

commitment to enforcing compliance with the laws and regulations under its purview and thereby reinforces accountability and corporate governance among registered entities.

The table below outlines the statistics for corporate governance-related cases registered in 2024, in accordance with the relevant provisions under the First Schedule of the CCMA 2001:

CATEGORY OF CORPORATE GOVERNANCE OFFENCES	NUMBER OF CASES REGISTERED		
	2024	2023	2022
Section 12(1)(d) of the ROBA 1956: Making or furnishing the Registrar with false information.	1	1	2
Section 132(2)(a) of the CA 1965: A director or officer of a company shall not, use the property of the company without the consent or ratification of a general meeting.	-	22	14
Section 364(2) of the CA 1965: Person making or authorising the making of a statement that is false or misleading in any material particulars, knowing it to be false or misleading.	-	3	1
Section 43(1) of the CA 2016: Prohibition of private companies to offer shares or debentures or invite to deposit money.	-	2	-
Section 90 (3) of the CA 2016: Description of shares of different classes.	-	2	-
Section 198(1) of the CA 2016: Undischarged bankrupts acting as directors.	6	-	-
Section 218(1)(a) of the CA 2016: Prohibition against improper use of property of the company.	7	-	-
Section 218(1)(c) of the CA 2016: Prohibition against improper use of position.	3	1	-
Section 591(2)(a) of the CA 2016: False and misleading statements.	4	4	5
Section 588(1)(c) of the CA 2016: General penalty.	-	2	-
Section 593(a) of the CA 2016: False report or statement to the registrar relating to the affairs of a corporation.	-	-	1
Section 593(b) of the CA 2016: False report or statement to the registrar relating to any matter or thing required by the Registrar for the implementation of the act.	3	1	-
Section 3(2)(a) of the Interest Schemes Act 2016: No person shall issue or cause to be issued any advertisement inviting any person to become participants in a scheme.	4	-	-
Section 45(1)(f) of the Interest Schemes Act 2016: Every management company shall comply with the covenant contained in the trust deed or with the terms of the contractual agreement.	3	-	-
TOTAL	31	38	23

The table below presents the statistics for non-compliance offences registered in 2024, as regulated by SSM under the Acts listed in the First Schedule of the CCMA 2001:

CATEGORY OF NON-COMPLIANCE OFFENCES	NUMBER OF CASES REGISTERED		
	2024	2023	2022
Section 143(1) of the CA 1965: Failure to hold Annual General Meeting.	-	3	163
Section 165(4) of the CA 1965: Failure to lodge Annual Return.	-	78	585

CATEGORY OF NON-COMPLIANCE OFFENCES	NUMBER OF CASES REGISTERED		
	2024	2023	2022
Section 169(1) of the CA 1965: Failure to table accounts at the Annual General Meeting within the prescribed period.	-	2	43
Section 30 (1)(b) of the CA 2016: Publication of registered name and company registration number at each place where its business is carried on.	12	-	4
Section 30 (2) of the CA 2016: Publication of registered name and company registration number at its business letters, notices and other official publications including in electronics form.	5	-	-
Section 68(1) of the CA 2016: Duty to lodge Annual Return.	6,029	5,712	4,589
Section 248(1)(a) of the CA 2016: Directors shall prepare Financial Statements within 18 months from the date of incorporation.	6	-	-
Section 258(1)(a) of the CA 2016: Duty to circulate copies of Financial Statements and reports.	38	-	-
Section 259(1)(a) of the CA 2016: Duty to lodge Financial Statements and reports with the Registrar.	429	645	660
Section 12(1)(a) of the ROBA 1956: Carrying on business without registration.	-	1	-
Section 12(1)(b) of the ROBA 1956: Carrying on business after expiry of business registration.	-	-	8
Section 12(2) of the ROBA 1956: Failure to display Certificate of Registration.	4	33	1
Rule 13(2) of the ROBA 1956, Rules & Order 1957: Obligation to display the business name on business documents and correspondence.	8	-	-
Rule 17A(1)(b) of the ROBA 1956, Rules & Order 1957: Failure to submit change of registered business particulars.	-	2	6
Rule 17A(2) of the ROBA 1956, Rules & Order 1957: Failure to display signboard.	13	12	-
TOTAL	6,544	6,488	6,059

SSM has jurisdiction to handle prosecution cases in court for offences under the Acts regulated by SSM as provided in the First Schedule, CCMA 2001.

The table below presents the 2024 statistics for corporate governance-related offences prosecuted under the relevant Acts regulated by SSM in accordance with the First Schedule of the CCMA 2001:

CATEGORY OF CORPORATE GOVERNANCE OFFENCES	NUMBER OF CASES CHARGED		
	2024	2023	2022
Section 132(2)(a) of the CA 1965: A director or officer of a company shall not, use the property of the company without the consent or ratification of a general meeting.	-	11	14
Section 364(2) of the CA 1965: Person making or authorising the making of a statement that is false or misleading in any material particulars, knowing it to be false or misleading.	-	3	3
Section 43(1) of the CA 2016: Prohibition of private companies to offer shares or debentures or invite to deposit money.	-	2	-

CATEGORY OF CORPORATE GOVERNANCE OFFENCES	NUMBER OF CASES CHARGED		
	2024	2023	2022
Section 90 (3) of the CA 2016: Description of shares of different classes.	-	2	-
Section 198(1) of the CA 2016: Undischarged bankrupts acting as directors.	6	2	-
Section 218(1)(a) of the CA 2016: Prohibition against improper use of property of the company.	7	-	-
Section 218(1)(c) of the CA 2016: Prohibition against improper use of property, position, etc.	1	1	-
Section 591(2)(a) of the CA 2016: False and misleading statements.	1	4	4
Section 593(a) of the CA 2016: False report or statement to the registrar relating to the affairs of a corporation.	1	-	1
Section 593(b) of the CA 2016: False report or statement to the registrar relating to any matter or thing required by the Registrar for the implementation of the act.	4	1	-
Section 594(2) of the CA 2016: Fraudulently inducing persons to invest money.	-	1	-
Section 12(1)(d) of the ROBA 1956: Making or furnishing the Registrar with false information.	1	-	2
Section 3(2)(a) of the Interest Schemes Act 2016: No person shall issue or cause to be issued any advertisement inviting any person to become participants in a scheme.	4	-	-
Section 45(1)(f) of the Interest Schemes Act 2016: Every management company shall comply with the covenant contained in the trust deed or with the terms of the contractual agreement.	3	-	-
TOTAL	28	27	24

The table below presents the statistics for non-compliance offences prosecuted in 2024 under the Acts regulated by SSM, as listed in the First Schedule of the CCMA 2001:

CATEGORY OF NON-COMPLIANCE OFFENCES	NUMBER OF CASES CHARGED		
	2024	2023	2022
Section 30 (1)(b) of the CA 2016: Publication of registered name and company registration number at each place where its business is carried on.	2	-	-
Section 143(1) of the CA 1965: Failure to hold Annual General Meeting.	-	11	230
Section 165(4) of the CA 1965: Failure to lodge Annual Return.	-	152	526
Section 169(1) of the CA 1965: Failure to table accounts at the Annual General Meeting within the prescribed period.	-	2	10
Section 68(1) of the CA 2016: Duty to lodge Annual Return.	9,129	6,599	6,838
Section 248(1)(a) of the CA 2016: Directors shall prepare Financial Statements within 18 months from the date of incorporation.	9	-	-
Section 258(1)(a) of the CA 2016: Duty to circulate copies of Financial Statements and reports.	64	-	-

CATEGORY OF NON-COMPLIANCE OFFENCES	NUMBER OF CASES CHARGED		
	2024	2023	2022
Section 259(1)(a) of the CA 2016: Duty to lodge Financial Statements and reports with the Registrar.	521	538	715
Section 12(1)(b) of the ROBA 1956: Carrying on business after expiry of business registration.	-	4	11
Section 12(2) of the ROBA 1956: Failure to display Certificate of Registration.	2	21	20
Rule 13(2) of the ROBA 1956, Rules & Order 1957: Failure to display certificate of registration.	7	-	-
Rules 17A(1)(b) of the ROBA 1956, Rules & Order 1957: Failure to submit change of registered business particulars.	3	5	5
Rules 17A(2) of the ROBA 1956, Rules & Order 1957: Failure to display signboard.	6	13	24
Rules 17A(3) of the ROBA 1956, Rules & Order 1957: Using a business name without the approval of the Minister.	-	-	1
TOTAL	9,743	7,345	8,380

■ LANDMARK CONVICTED CASES IN 2024

In 2024, a total of 358 convictions were recorded, marking a significant increase of 206% compared to 117 cases in 2023. This sharp rise reflects the intensified enforcement efforts by SSM in upholding corporate compliance and accountability.

A summary of notable cases prosecuted and successfully convicted by SSM in 2024 is provided below:

PARTIES	DESCRIPTION OF OFFENCE	OFFENCE (SECTION)	SUMMARY
Public Prosecutor vs Teo Tzi Sin & Another	Improper use of position as a director to obtain a benefit, whether directly or indirectly or to cause detriment to the company	Section 218(1)(c) of the CA 2016	<p>Two (2) former company directors pleaded guilty before the Kuala Lumpur Sessions Court to a charge under section 218(1)(c) of the CA 2016, punishable under section 218(2) of the same Act, read together with section 34 of the Penal Code. The directors were accused of jointly abusing their positions by misusing company assets to award themselves bonuses of RM200,000 each without the approval of a general meeting of the company, thereby directly benefiting themselves.</p> <p>According to the facts of the case, the bonus payments of RM200,000 were reflected in each director's individual salary pay slip. The corresponding salary transactions, including the bonus amounts, were also recorded in their respective Public Bank Berhad account statements.</p> <p>On the day of the trial, both individuals changed their pleas to guilty. The court subsequently convicted both accused and imposed a fine of RM100,000 each.</p>

PARTIES	DESCRIPTION OF OFFENCE	OFFENCE (SECTION)	SUMMARY
Public Prosecutor vs Mohd Latip Ahmad	False and misleading statements	Section 591(2)(a) of the CA 2016	<p>The accused was charged in the Bangi Sessions Court with the offence of forging the signature of Jamilah Binti Ahmad on a corporate document titled Notification of Alteration or Amendment to Constitution for SNR Car Aircond Services & Accessories Sdn Bhd. The forgery pertained to the amendment of Clause 5 of the company's Articles of Association.</p> <p>The accused submitted a plea-bargaining application and subsequently pleaded guilty to the charge. The court convicted the accused and imposed a fine of RM30,000, along with prosecution costs of RM700 or two (2) months' imprisonment in default of payment.</p>
Public Prosecutor vs Mohd Lukmanulhakim Ab Hamid	False and misleading statements	Section 364(2) of the CA 1965	<p>The accused was charged under section 591(2)(a) of the CA 2016 for allowing the company secretary to submit Form 58 and Form 51 to the Registrar without proper authorisation. The accused initially pleaded not guilty and the case proceeded to trial. During the proceedings, the prosecution called seven (7) witnesses, while the defence called two (2) witnesses.</p> <p>Upon conclusion of the trial, the court found the accused guilty and imposed the following penalties:</p> <ul style="list-style-type: none"> ▪ A fine of RM30,000 or six (6) months' imprisonment in default for the first charge; and ▪ A fine of RM15,000 or three (3) months' imprisonment in default for the second charge. <p>The accused filed an appeal to the High Court but subsequently withdrew the notice of appeal. As a result, the court ordered the accused to pay the fines and prosecution costs of RM5,000, in accordance with section 426 of the Criminal Procedure Code.</p>
Public Prosecutor vs FGP Ventures SB	Issuance of preference shares known as Islamic Redeemable Preference Shares (iRPS) without having a company constitution	Section 90(4) of the CA 2016	<p>The accused was charged under section 90(4) of the CA 2016 for issuing preference shares, specifically referred to as "Islamic Redeemable Preference Shares" (iRPS), without a valid company constitution.</p> <p>The offence involved the unauthorised issuance of preference shares in contravention of the legal requirement that such shares may only be issued if the company has a constitution permitting it.</p> <p>Upon pleading guilty, the court convicted the accused and imposed a fine of RM25,000.</p>

PROSECUTION CONVICTIONS FROM 2022 TO 2024

The following table outlines court convictions recorded from 2022 to 2024, categorised by corporate governance and non-compliance offences:

CATEGORIES	CORPORATE GOVERNANCE OFFENCES			NON-COMPLIANCE OFFENCES		
	2024	2023	2022	2024	2023	2022
Company	1	-	-	349	110	170
Director	4	3	3	4	-	-
Owner/ Business Individual	-	4	2	-	-	6
TOTAL	5	7	5	353	110	176

New Case Statistics (Civil Matters)

The table below presents a comparative overview of civil cases handled by SSM from 2021 to 2024:

YEAR	TOTAL CASES HANDLED	TOTAL CASES CLOSED
2024	735	549
2023	813	778
2022	678	524
2021	519	473
TOTAL	2,745	2,324

Most new cases during this period involved applications to the High Court by companies, particularly for:

- (a) Extensions of time to register or amend charges; and
- (b) Reinstatement of company names previously struck off from the SSM register.

In 2024, 190 cases were related to applications for extensions of time and amendments to the Statement of Particulars to be Lodged with Charges, constituting 25.85% of total cases handled. Another 151 cases (20.54%) involved applications for reinstatement of company names. The remaining 395 cases (53.61%) involved various other matters.

There is a slight decrease in the total of files in 2024, with a decrease of 78 files (a 10.61% decrease) compared to 2023 but 7.76% higher compared to 2022. Similarly, the number of files closed decreased by 229 files (decreased by 41.71%) compared to 2023 but increased slightly by 4.55% compared to 2022.

Among the court cases handled by SSM are on the following matters:

- (a) Application for Reinstatement of company name in the Company Register (section 555 of the CA 2016);
- (b) Applications for extension of times and amendments to Statement of Particulars to be Lodged with Charge (section 361 of the CA 2016);
- (c) Application for declaration of void dissolution of wound up company (Dissolved to Winding Up) under section 535(1) of the CA 2016;
- (d) Application for rectification of company register pursuant to section 103 of the CA 2016;
- (e) Application for rectification of documents under section 602 of the CA 2016;
- (f) Application for Judicial Review under Order 53 of the Rules of Court 2012;
- (g) Writ Summons involving injunctions, negligence claims and damages against SSM; and
- (h) Insolvency cases.

Key cases Involving SSM throughout 2024

The following is a list of important civil law cases involving SSM as defendants:

DKH Mergers & Acquisitions Sdn. Bhd. v Suruhanjaya Syarikat Malaysia **[Case No.: WA-24NCC-96-02/2024]**

DKH Mergers & Acquisitions Sdn. Bhd. filed an application under section 555(1) of the CA 2016 to reinstate its name in the SSM Register after being struck off for failing to submit AR and FS from 1993 to the present.

The applicant, a non-discharged bankrupt, had obtained permission from the Director General of Insolvency (DGI) to initiate legal proceedings under section 38(1)(a) of the Insolvency Act 1967. However, no authorisation was granted under section 38(1)(d) to allow the applicant to act as a company director.

Notably, the applicant declined to comply with the SSM Guidelines for section 555(1) applications, including the requirement to submit AR and FS from 1993 onward to support the reinstatement request. As a result, SSM objected to the application.

On 29 May 2024, the High Court dismissed the plaintiff's application and awarded costs of RM5,000 to SSM. In delivering the decision, the Honourable Judge emphasised that adherence to SSM's guidelines is essential before the court can exercise its discretion under section 555. Compliance ensures that the court is satisfied the company had been actively conducting business prior to its name being struck off from the register.

Bala Muraly a/l Supermaniam v Suruhanjaya Syarikat Malaysia **[Case No.: JA-24NCC-31-12/2023]**

On 17 September 2023, the Sessions Court in Johor Bahru convicted the Plaintiff, Bala Muraly a/l Supermaniam, for an offence under section 364(2) of the CA 2016 for submitting false and misleading statements in Form 32A. As a consequence of the

conviction, the Plaintiff was automatically disqualified from holding directorships in three companies, namely QE Manufacturing Sdn. Bhd. (Company No.: 546334-X), Quality Edge Precision Sdn. Bhd. (Company No.: 1244197-K) and Technolliance Sdn. Bhd. (Company No.: 721453-H).

Dissatisfied with the decision, the Plaintiff filed an appeal to the High Court and concurrently submitted an application under section 198(4) of the CA 2016, seeking the Court's permission to be reappointed or to continue serving as a company director.

Upon review of the application, SSM raised objections, highlighting that the Plaintiff had committed a serious offence involving a change in share ownership carried out without the knowledge or consent of a fellow director. SSM argued that the conviction under section 364(2) reflected misconduct that undermined the integrity of corporate governance and directly affected SSM's role as a regulator. Furthermore, SSM cautioned that granting the application would set a dangerous precedent and risk opening the floodgates for future violations of the CA 2016.

After full consideration, the Johor Bahru High Court dismissed the Plaintiff's application under section 198(4) of the CA 2016 on 1 August 2024.

Honsin Apparel Sdn Bhd & Anor v Mah Sau Cheong & 14 Ors **[Case No.: WA-24NCC-879-12/2023]**

This case involved an application by the Plaintiffs seeking a court declaration that the Registrar of Companies' decision to approve the 14th Defendant's application for an extension of time to convene the 52nd Annual General Meeting (AGM) was null, void and of no legal effect. The 14th Defendant in this case was South Malaysia Industries Berhad (Company No.: 8482-D).

In response, SSM filed a striking out application under Order 18 Rule 19 of the Rules of Court 2012, arguing that the Plaintiffs had adopted the incorrect mode of action. The 14th Defendant had made its application for an extension of time under section 340(4) of the CA

2016 and this had been duly approved by the Registrar. As such, SSM contended that the proper legal recourse for any party aggrieved by the Registrar's decision would be to initiate a judicial review application to set aside the decision.

On 13 June 2024, the Court dismissed this case as the Plaintiffs have filed under the wrong mode of action which was an abuse of the Court's power.

■ ENFORCEMENT CONFERENCE 2024 (ECON 2024)

ECON 2024 took place at Port Dickson, Negeri Sembilan from 13 to 15 November 2024. This annual conference brings together a total of 80 delegates representing each Division and State Office under SSM Regulatory and Enforcement Office.

With the theme 'Optimizing Teamwork and Collaboration to Achieve Excellence in Corporate Governance', ECON this time continued with a dynamic approach through the implementation of Hackathon sessions and lectures. In the Hackathon session, the delegates were required to discuss issues related to enforcement and as a group present practical and innovative solutions.

This approach not only encourages teamwork, but also stimulates critical thinking and the ability to solve problems collectively.

For the lecture session, two (2) external speakers were invited, representing BNM and the AGC respectively, to provide relevant perspectives and expert inputs in the field of enforcement and corporate governance.

The 15th edition of ECON was officiated by the DCEO (Regulation and Enforcement), En. Amir Ahmad and was also attended by invited guests and Division Directors.