

# [According validly required in any needed members](https://assignbuster.com/according-validly-required-in-any-needed-members/)

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Accordingto the old Companies Act 1965, Annual General Meeting (AGM) is enforced to holdby an incorporation once in each year (SSM, 2017). However, the requirement for AGM for private companies has been abolishedunder the New Companies Act. WhenCA 2016 has come into force effective on 31 January 2017, all Sendirian Berhad (Sdn Bhd) are not required to hold AGM in each year, excludingrequired by the constitution or either validly required in any needed members (q3solutions, 2017). There is differentbetween the old act 1965 as all meetings of privatecompanies are known as meeting of memberships in the new provision. The process of decisions for the Sdn Bhd can be made done by the writtenresolutions.

However, a resolution to remove an auditor or a director beforethe expiration of his term of office cannot be passed as a written resolution (Kensington, 2017). On the other hand, public companies remains the same that are compulsory to holdan AGM in each year (q3solutions, 2017). Thechanges in the new CA is important to ensure that the responsibilities of the boardsare carried out and to run into their fiduciary duties. Also, the changes madein the CA 2016 is to enhance the internal control, corporate governance as well(Nee. E, 2017).

Formerly, shareholders have limitedright, thus it is to encourage the shareholders involved in the dailyoperational of the company (Nee. E, 2017). The purposes of New Act is to provide all the processand provisions necessary for the smooth running of a company. Under the newCA, there are various policies that have effect on the Sdn Bhd. For instance, all the necessaryprocess and procedure has to distribute separately such as the selection of auditors and/ or directors, lodgment of annual returns and the tabling of audited financial statements, butnot tied to the holding of an AGM for Sdn Bhd (Zico law, 2015).

Besides that, even though the members donot have the benefit of the forum of a general meeting to discuss the board ofdirectors on such statements, but they still have a right to obtain auditedfinancial statements (Zico law, 2015). Furthermore, the requirement of unanimousconsent for members’ written resolutions for SdnBhd has been removed in theCA 2016. It is compulsory to pass a written resolution that is signed by therequired majority of eligible members (Zico law, 2015). When the AGMs isremoved from the new CA 2016, it allowedSdn Bhd to reduce costof doing businesses. As it is not necessary to pay to appoint a companysecretary at the point of incorporation (Nee. E, 2017).

As the Sdn Bhd do notneed to set up AGM, then all thedecision can be made by written resolution and the notice for the meeting canbe sent through electronically (Nee. E, 2017). This can be clarified as the cost- effective measures. Moreover, the abolition of AGM for SdnBhd that drive the positive impact is to examinethe entire process and simplify the rules relating to meeting proceduresas well as provides flexibility in managingaffairs of companies in order to have the efficiency incorporation process andprocedure (Isa. A, 2017).