



ARRIS MANAGEMENT SERVICES SDN. BHD.

(Company No. 607434 – P)

No. 39, Second Floor, Jalan Kenari 17C, Bandar Puchong Jaya,
47100 Puchong, Selangor Darul Ehsan

Tel: 603 – 8076 3063 Fax : 603 – 8073 1232

COMPANIES ACT 1965

Section 133. Loans to directors.

Arris Notes 1

Description	Comments
<p>(1) A company (other than an exempt private company) shall not make a loan to a director of the company or of a company which by virtue of section 6 is deemed to be related to that company, or enter into any guarantee or provide any security in connection with a loan made to such a director by any other person but nothing in this section shall apply-</p> <p>(a) subject to subsection (2), to anything done to provide such a director with funds to meet expenditure incurred or to be incurred by him for the purposes of the company or for the purpose of enabling him properly to perform his duties as an officer of the company;</p> <p>(b) to anything done to provide such a director who is engaged in the full time employment of the company or its holding company, as the case may be, with funds to meet expenditure incurred or to be incurred by him in purchasing or otherwise acquiring a home; or</p> <p>(c) to any loan made to such a director who is engaged in the full time employment of the company or its holding company, as the case may be, where the company has at a general meeting approved of a scheme for the making of loans to employees of the company and the loan is in accordance with that scheme.</p>	<p>Except for an exempt private company, any other company cannot provide loan/guarantee/security to a director of the company/to a director of a company which is deemed to be related to that company by virtue of Section 6.</p> <p>Any loan/guarantee/security provided to a director of the company is allowed only for the director-</p> <ol style="list-style-type: none">1) to meet expenses incurred for the company or to perform his duties properly in the company;2) to purchase a house (for own occupation) if he is under a full-time employment of the company; or3) he is under a full-time employment of the company and the loan provided to him is under the company's approved loan scheme for employees of the company.

October 2011 | Page 1 of 6

Disclaimer: This secretarial notes is prepared as a service to our valuable clients. The information contained in this notes regarding the interpretation of law and the legal implications are solely for reference purposes only. No one should act upon the provisions without getting appropriate legal advice on specific situation in consideration. Please refer to the Companies Act 1965 for any new updates or amendments.



ARRIS MANAGEMENT SERVICES SDN. BHD.

(Company No. 607434 – P)

No. 39, Second Floor, Jalan Kenari 17C, Bandar Puchong Jaya,
47100 Puchong, Selangor Darul Ehsan

Tel: 603 – 8076 3063 Fax : 603 – 8073 1232

COMPANIES ACT 1965

Section 133. Loans to directors.

Arris Notes 1

Description	Comments
<p>(2) Paragraph (1) (a) or (b) shall not authorize the making of any loan, or the entering into any guarantee, or the provision of any security except-</p> <p>(a) with the prior approval of the company given at a general meeting at which the purposes of the expenditure and the amount of the loan or the extent of the guarantee or security, as the case may be, are disclosed; or</p> <p>(b) on condition that, if the approval of the company is not given as aforesaid at or before the next following annual general meeting, the loan shall be repaid or the liability under the guarantee or security shall be discharged, as the case may be, within six months from the conclusion of that meeting.</p>	<p>Any loan/guarantee/security provided to a director of the company for the director-</p> <p>1) to meet expenses incurred for the company or to perform his duties properly in the company; or</p> <p>2) to purchase a house (for own occupation) if he is under a full-time employment of the company;</p> <p>is subject to approval of the shareholders in a general meeting.</p> <p>If shareholders' approval not obtained before the next AGM, the director of which the loan/guarantee/security were given must repaid or discharged the liability within 6 months from the AGM date.</p>
<p>(3) Where the approval of the company is not given as required by any such condition, the directors authorizing the making of the loan or the entering into the guarantee or the provision of the security shall be jointly and severally liable to indemnify the company against any loss arising therefrom.</p>	<p>If shareholders' approval not obtained before the next AGM, the directors authorized the making of loan/guarantee/ security also be jointly liable to indemnify the company.</p>

October 2011 | Page 2 of 6

Disclaimer: This secretarial notes is prepared as a service to our valuable clients. The information contained in this notes regarding the interpretation of law and the legal implications are solely for reference purposes only. No one should act upon the provisions without getting appropriate legal advice on specific situation in consideration. Please refer to the Companies Act 1965 for any new updates or amendments.



ARRIS MANAGEMENT SERVICES SDN. BHD.

(Company No. 607434 – P)

No. 39, Second Floor, Jalan Kenari 17C, Bandar Puchong Jaya,
47100 Puchong, Selangor Darul Ehsan

Tel: 603 – 8076 3063 Fax : 603 – 8073 1232

COMPANIES ACT 1965

Section 133. Loans to directors.

Arris Notes 1

Description	Comments
<p>(4) Where a company contravenes this section any director who authorizes the making of any loan, the entering into of any guarantee or the providing of any security contrary to this section shall be guilty of an offence against this Act.</p> <p>Penalty: Ten thousand ringgit.</p>	<p>Penalty to director who contravenes this Act.</p>
<p>(5) Nothing in this section shall operate to prevent the company from recovering the amount of any loan or amount for which it becomes liable under any guarantee entered into or in respect of any security given contrary to this section.</p>	<p>The company can take actions to recover the loan/guarantee/security given in contrary of this Act.</p>

October 2011 | Page 3 of 6

Disclaimer: This secretarial notes is prepared as a service to our valuable clients. The information contained in this notes regarding the interpretation of law and the legal implications are solely for reference purposes only. No one should act upon the provisions without getting appropriate legal advice on specific situation in consideration. Please refer to the Companies Act 1965 for any new updates or amendments.



ARRIS MANAGEMENT SERVICES SDN. BHD.

(Company No. 607434 – P)

No. 39, Second Floor, Jalan Kenari 17C, Bandar Puchong Jaya,
47100 Puchong, Selangor Darul Ehsan

Tel: 603 – 8076 3063 Fax : 603 – 8073 1232

COMPANIES ACT 1965

Arris Notes 1

Section 133A. Prohibition of loans to persons connected with directors.

Description	Comments
<p>(1) Subject to the provisions of this section, a company (other than an exempt private company) shall not -</p> <p>(a) make a loan to any person connected with a director of the company or of its holding company; or</p> <p>(b) enter into any guarantee or provide any security in connection with a loan made to such person by any other person.</p>	<p>Except for an exempt private company, any other company cannot provide loan/guarantee/security to a person connected with a director of the company or a person connected with a director of its holding company.</p>
<p>(2) This section shall not apply-</p> <p>(a) to anything done by a company where the loan is made, or the guarantee or security is provided in relation to a loan made, to a subsidiary or holding company or a subsidiary of its holding company;</p> <p>(b) to a company whose ordinary business includes the lending of money or the giving of guarantees in connection with loans made by other persons, or to anything done by the company in the ordinary course of that business, if the activities of that company are regulated by any written law relating to banking, finance companies or insurance or are subject to supervision by Bank Negara Malaysia; or</p>	<p>Any loan/guarantee/security provided to a person connected with a director of the company or a person connected with a director of its holding company is allowed if-</p> <ol style="list-style-type: none">1) in relation to a loan made to its subsidiary/holding company/a subsidiary of its holding company; or2) the company is in money lending business regulated by relevant law.

October 2011 | Page 4 of 6

Disclaimer: This secretarial notes is prepared as a service to our valuable clients. The information contained in this notes regarding the interpretation of law and the legal implications are solely for reference purposes only. No one should act upon the provisions without getting appropriate legal advice on specific situation in consideration. Please refer to the Companies Act 1965 for any new updates or amendments.



ARRIS MANAGEMENT SERVICES SDN. BHD.

(Company No. 607434 – P)

No. 39, Second Floor, Jalan Kenari 17C, Bandar Puchong Jaya,
47100 Puchong, Selangor Darul Ehsan

Tel: 603 – 8076 3063 Fax : 603 – 8073 1232

COMPANIES ACT 1965

Arris Notes 1

Section 133A. Prohibition of loans to persons connected with directors.

Description	Comments
<p>(c) to any loan made to a person connected with a director who is engaged in the full-time employment of a company or its related corporation, as the case may be-</p> <p>(i) for the purpose of meeting expenditure incurred or to be incurred by him in purchasing or otherwise acquiring a home; or</p> <p>(ii) in accordance with a scheme for the making of loans to employees approved by the company in general meeting.</p>	<p>Any loan provided to a person connected with a director, whereby the director is under full-time employment of the company or its related corporation, is allowed for the person-</p> <p>1) to purchase a house (for own occupation); or</p> <p>2) under the company’s approved loan scheme for employees of the company.</p>
<p>(3) Nothing in this section shall operate to prevent the company from recovering the amount of any loan or the amount for which it becomes liable under any guarantee entered into or in respect of any security provided in contravention of this section.</p>	<p>The company can take actions to recover the loan/guarantee/security given in contrary of this Act.</p>
<p>(4) Where a company contravenes this section, any director who authorizes the making of any loan or the entering into of any guarantee contrary to this section shall be guilty of an offence against this Act.</p> <p>Penalty: Ten thousand ringgit.</p>	<p>Penalty to any director who authorized the making of loan/guarantee/security in contrary of this Act.</p>



ARRIS MANAGEMENT SERVICES SDN. BHD.

(Company No. 607434 – P)

No. 39, Second Floor, Jalan Kenari 17C, Bandar Puchong Jaya,
47100 Puchong, Selangor Darul Ehsan

Tel: 603 – 8076 3063 Fax : 603 – 8073 1232

COMPANIES ACT 1965

Others

Arris Notes 1

Section 6. When corporations deemed to be related to each other.

Where a corporation-

- (a) is the holding company of another corporation;
- (b) is a subsidiary of another corporation; or
- (c) is a subsidiary of the holding company of another corporation,

that first-mentioned corporation and that other corporation shall for the purposes of this Act be deemed to be related to each other.

Section 122A. Persons connected with a director.

(1) For the purposes of this Division a person shall be deemed to be connected with a director if he is-

- (a) a member of that directors' family; or
- (b) a body corporate which is associated with that director; or
- (c) a trustee of a trust (other than a trustee for an employee share scheme or pension scheme) under which that director or a member of his family is a beneficiary; or
- (d) a partner of that director or a partner of a person connected with that director.

(2) In paragraph (1) (a) "a member of that directors' family" shall include his spouse, parent, child (including adopted child and step-child), brother, sister and the spouse of his child, brother or sister.

(3) For the purposes of paragraph (1) (b), a body corporate is associated with a director if-

- (a) the body corporate is accustomed or is under an obligation, whether formal or informal, or its directors are accustomed, to act in accordance with the directions, instructions or wishes of that director;
- (b) that director has a controlling interest in the body corporate; or
- (c) that director or persons connected with him, or that director and persons connected with him, are entitled to exercise, or control the exercise of, not less than fifteen per centum of the votes attached to voting shares in the body corporate.

October 2011 | Page 6 of 6

Disclaimer: This secretarial notes is prepared as a service to our valuable clients. The information contained in this notes regarding the interpretation of law and the legal implications are solely for reference purposes only. No one should act upon the provisions without getting appropriate legal advice on specific situation in consideration. Please refer to the Companies Act 1965 for any new updates or amendments.