

# Conflict of Interest (“COI”) and Governance of COI

Bursa Malaysia Securities Berhad

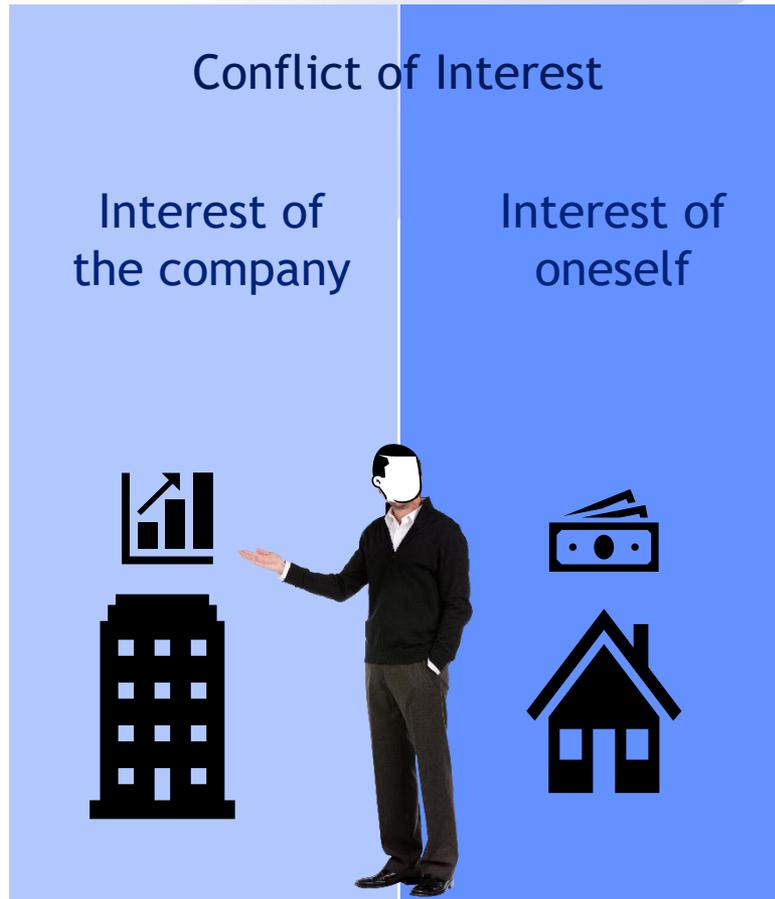
5 October 2023

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## Conflict of Interest - Definition



Generally, COI refers to situations where -

- (a) the interests of the said person (who is often a person in a position of trust), **interfere, or appear to interfere**, with the interests of the listed issuer or its subsidiaries (“listed issuer group”); or
- (b) the said person has interests that may **make it difficult to perform his or her role objectively and effectively.**

## Conflict of Interest - Definition

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BusinessDictionary.com defines a conflict of interest as

- “a situation that has the **potential** to undermine the **impartiality** of a person because of the **possibility** of a **clash** between the person’s **self-interest** and **professional interest** or **public interest**”.

Oxford Languages:

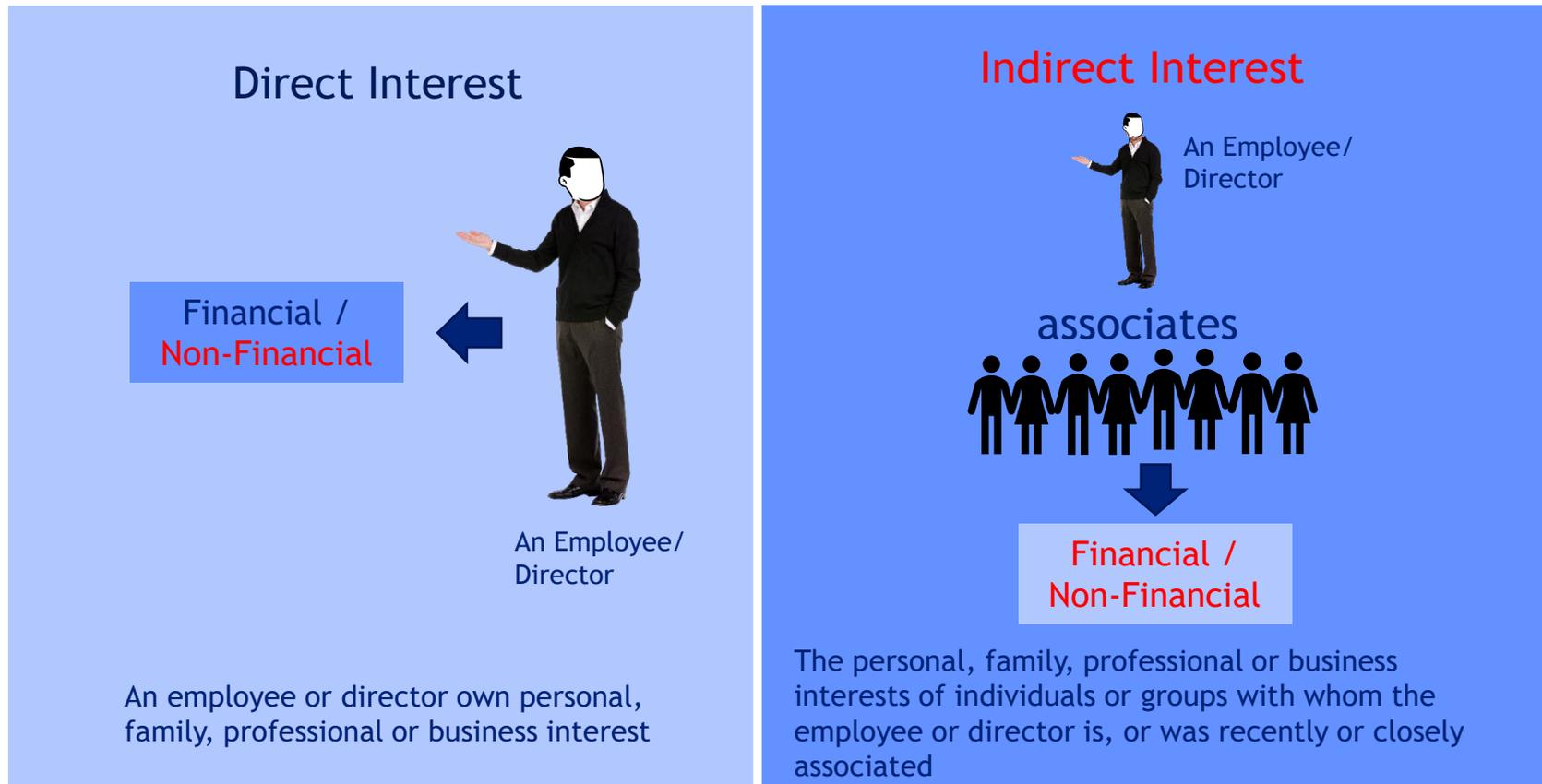
- a situation in which the concerns or aims of two different parties are **incompatible**.
- a situation in which a person is in a position to **derive personal benefit** from actions or decisions made in their official capacity.

Corporate Governance Guide (4<sup>th</sup> Edition)

- Conflicts of interest situations generally refer to circumstances where a person with a vested interest in the company is in a position or has the opportunity to **influence** the company’s business or other decisions in ways that could lead to **personal gain** or **advantage** of any kind.

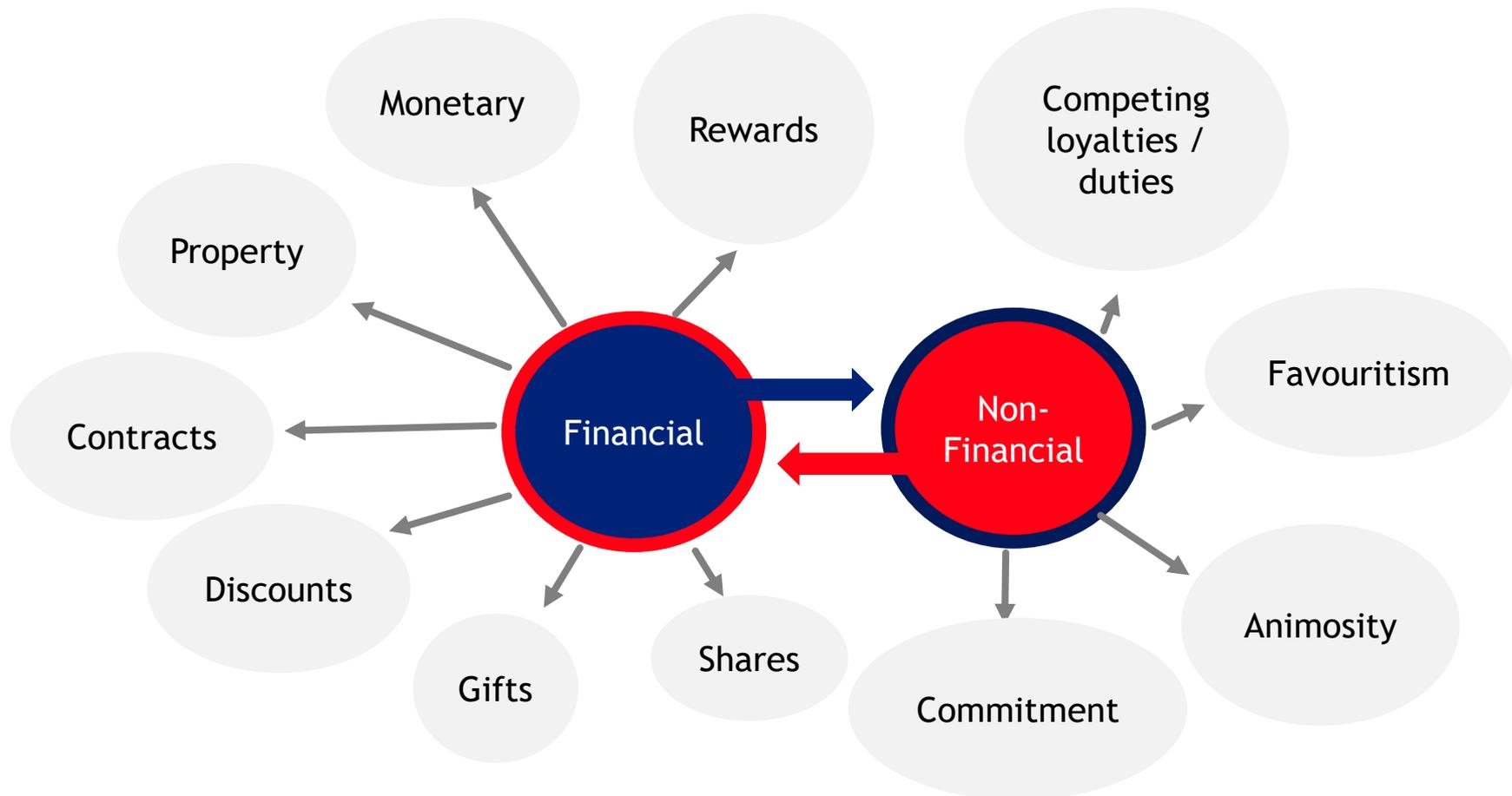
## COI - Nature of (Direct and Indirect)

Interest in a COI involving the person is not limited to direct financial interest but also include an indirect financial interest, non-financial interest



## COI - Nature of (Financial and Non-Financial)

### Ambit of COI (Direct, Indirect, Financial, Non-financial)



## A Potential COI

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### A Potential COI

A COI that has yet to materialise or happen, but may arise subsequently due to, among others, prevailing relationships or interests of the said person.

#### Example 1

The said person having similar business with that of the listed issuer group in a geographical location which the listed issuer group is not currently operating in, but the listed issuer group may expand its venture in subsequently.

#### Example 2

The said person purchasing substantial building materials for construction of his or her own property at a massive discount from a contractor which has been shortlisted as one of the contractors for the listed issuer's project. There could be potential COI as the said person may favour awarding the listed issuer's project to the contractor that gave him the discount.

## Conflict of Interest

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# COI Situations

## COI Situations

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Examples of COI involving a said person which would warrant disclosure i.e. where the said person -

- (a) uses property or resources of the listed issuer group for his or her personal purpose or business;
- (b) channels benefits or resources meant for the listed issuer group to a company which he or she has an interest in;
- (c) discloses trade secrets to a competitor where he or she has an interest in;
- (d) influences decision of the property developer listed issuer to develop an area where the said person owns property so that he or she will also enjoy the benefit either financially (e.g. capital appreciation of the property) or non-financially (e.g. convenience from the infrastructure developed) from such development;

## COI Situations

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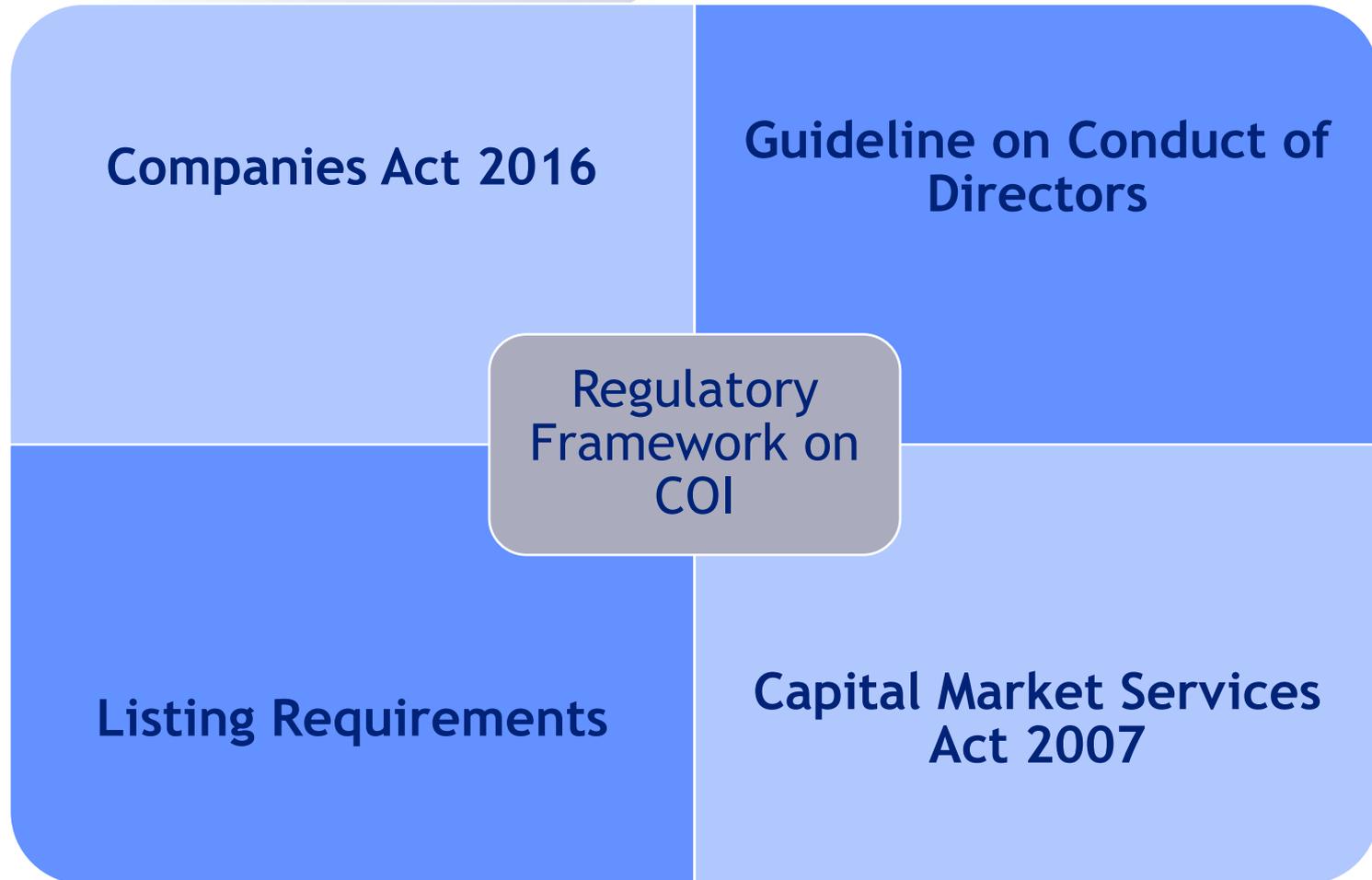


(cont'd)

- e) prioritises his or her private venture by depriving the listed issuer from an identified business opportunity;
- f) leverages on the listed issuer's business or developmental plan by acquiring adjacent lands using the said person's private company;
- g) is involved in a business which offers similar products or services that are likely to replace or substitute the products or services offered by the listed issuer group;
- h) holds offices or directorships in competitors of the listed issuer group;
- i) provides financial assistance to, or receives financial assistance from, the listed issuer group on terms and conditions which are more favourable to the said person than normal commercial terms.

## Regulatory Framework on COI

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## Regulatory Framework on COI

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### Companies Act 2016



#### Prohibition against improper use of property, position, etc.

#### Section 218

- (1) A director or officer of a company shall not, without the consent or ratification of a general meeting -
- a) use the property of the company;
  - b) use any information acquired by virtue of his position as a director or officer of the company;
  - c) use his position as such director or officer;
  - d) use any opportunity of the company which he became aware of, in the performance of his functions as the director or officer of the company; or
  - e) engage in business which is in competition with the company,

to gain directly or indirectly, a benefit for himself or any other person, or cause detriment to the company.

## Regulatory Framework on COI

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### Companies Act 2016 (cont'd)

#### *Prohibition against improper use of property, position, etc. (cont'd)*

##### **Section 218**

(2) Any person who contravenes this section commits an offence and shall, on conviction, be liable to imprisonment for a term not exceeding five years or a fine not exceeding three million ringgit or to both.

#### **General Duty to Make Disclosure**

##### **Section 219**

(1) A director of a company shall give notice in writing to the company-

- (a) of the particulars relating to the shares, debentures, participatory interest, rights, options and contracts as are necessary for the purposed of compliance with section 59 by the company

## Regulatory Framework on COI

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### Companies Act 2016 (cont'd)

#### Disclosure of interest in Contracts, Proposed Contracts, Property, Offices, etc.

##### Section 221

(1) Subject to this Section, every director of a company who is in anyway, whether directly or indirectly, interested in a contract or proposed contract with the company shall, as soon as practicable after the relevant facts have come to the director's knowledge, declare the nature of his interest at the meeting of the board of directors.

## Regulatory Framework on COI

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### Companies Act 2016 (cont'd)



#### Interested director not to participate or vote

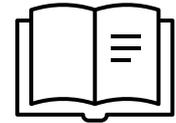
##### Section 222

(1) Subject to Section 221, a director of a company who is in any way, whether directly or indirectly, interested in a contract, entered into or proposed to be entered into by the company, unless the interest is one that need not be disclosed under Section 221, shall be counted only to make the quorum at the meeting of the Board but shall not participate in any discussion while the contract or proposed contract is being considered during the meeting and shall not vote on the contract or proposed contract.

## Regulatory Framework on COI

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### Guidelines on Conduct of Directors



#### Chapter 3 Conduct Requirements For Directors

##### Conduct of directors

3.02 A director who is appointed by virtue of his position as a representative of a shareholder, must act in the best interest of the corporation in which he sits as a board member. In the event of any conflict between his duty to act in the best interest of the corporation and his duty to his nominator, he must not subordinate his duty to act in the best interest of the corporation to his nominator.

##### Managing conflict of interest

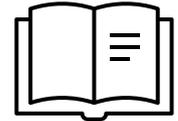
3.05 A listed corporation and its directors must establish policies and procedures to manage potential conflict of interest situations including potential conflict of interest between-

- (a) any director and the corporation; and
- (b) the listed corporation and its subsidiaries.

## Regulatory Framework on COI

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### Guidelines on Conduct of Directors (cont'd)



#### Chapter 3 Conduct Requirements For Directors

##### Managing conflict of interest

3.06 A director of a corporation must not accept a benefit from or provide a benefit to a third party by reason only of-

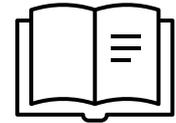
- (a) him being a director; or
- (b) him doing something or refraining from doing anything as a director;

unless he is permitted to do so by the corporation's constitution or the corporation's code of conduct, and it is not contrary to any written law.

## Regulatory Framework on COI

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### Guidelines on Conduct of Directors (cont'd)



#### Chapter 5 Group Governance

5.02 A listed corporation and its directors must establish and ensure the group wide framework on corporate governance including code of conduct and ethics, policies and procedures on anti-corruption, whistleblowing, managing conflict of interest, managing material sustainability risks, and policy on board diversity including gender diversity.

## Regulatory Framework on COI

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### Capital Market and Services Act, 2007



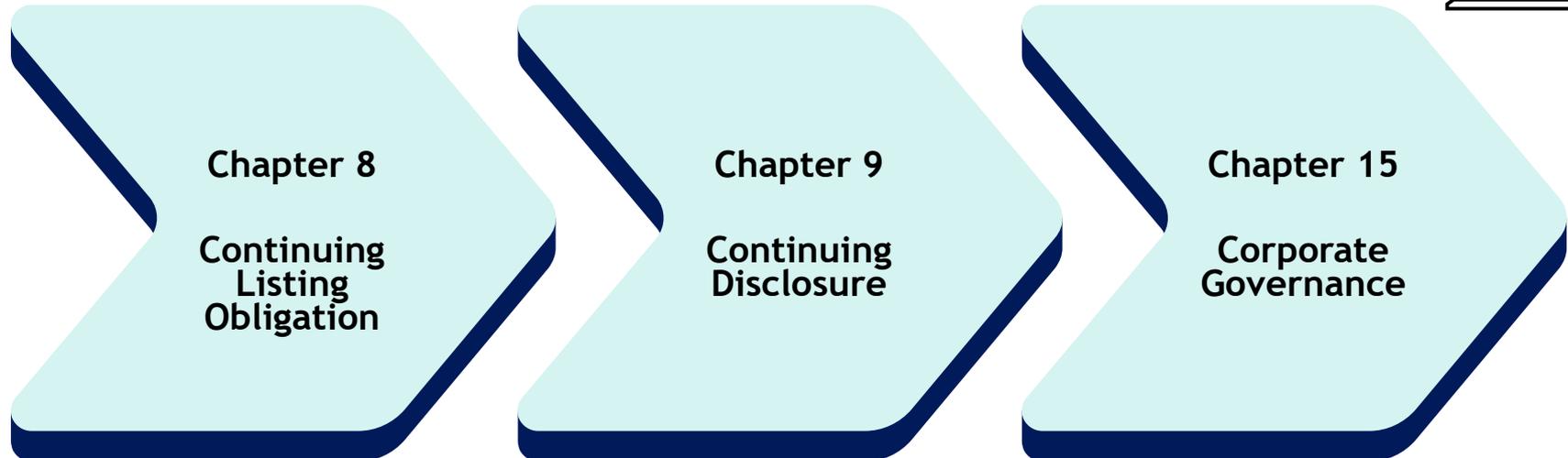
#### Section 317A

Prohibited conduct of director or officer of a listed corporation

- (1) A director or an officer of a listed corporation or any of its related corporations shall not do or cause anyone to do anything with the intention of causing wrongful loss to the listed corporation or any of its related corporations irrespective of whether the conduct causes actual wrongful loss.
- (2) This section is in addition to and not in derogation of any law relating to the duties or liabilities of directors or officers of a listed corporation.
- (3) A person who contravenes subsection (1) commits an offence and shall, on conviction, be punished with imprisonment for a term which shall not be less than two years but not exceeding ten years and be liable to a fine not exceeding ten million ringgit.
- (4) For the purpose of this section—  
“director” includes a person who is a director, chief executive officer, chief operating officer, chief financial controller or any other person primarily responsible for the operations or financial management of a company, by whatever name called;  
“wrongful loss” means loss of property by unlawful means to which the person losing is legally entitled.

## Regulatory Framework on COI

### Listing Requirements Enhancement



- Contents of statement accompanying notice of AGM

- Announcement on the appointment of directors, CEO, CFO and legal representatives
- Annual report specifically on the profile of directors, CEO and key senior management
- Annual report on the particulars of managers, advisers, etc of closed-end funds, business trust, REITs and ETFs.

- Functions of Audit Committee
- Audit Committee report disclosure

# Regulatory Framework on COI

## Main Market Listing Requirements

(Chapter 8 - Continuing Listing Obligations)



*BEFORE*

APPENDIX 8A

Contents of statement accompanying notices of annual general meetings (paragraph 8.27(2))

1. Further details of individuals who are standing for election as directors (excluding directors standing for a re-election), namely the following:

(f) any conflict of interest that they have with the listed issuer;

*AFTER THE AMENDMENTS*

APPENDIX 8A

Contents of statement accompanying notices of annual general meetings (paragraph 8.27(2))

1. Further details of individuals who are standing for election as directors (excluding directors standing for a re-election), namely the following:

(f) the nature and extent of any conflict of interest or potential conflict of interest, including interest in any competing business, that they have with the listed issuer or its subsidiaries;

Note: Corresponding changes on the ACE Market Listing Requirements

# Regulatory Framework on COI

## Main Market Listing Requirements

(Chapter 9 - Continuing Disclosure)



*BEFORE*

APPENDIX 9A

Part A Contents of announcement in relation to the appointment of a director  
(paragraph 9.19(12))

(e) Any conflict of interest that the person has with the listed issuer.



*AFTER THE AMENDMENTS*

APPENDIX 9A

Part A Contents of announcement in relation to the appointment of a director  
(paragraph 9.19(12))

(e) The nature and extent of any conflict of interest or potential conflict of interest, including interest in any competing business, that the person has with the listed issuer or its subsidiaries.

Note: Corresponding changes on the ACE Market Listing Requirements

# Regulatory Framework on COI

## Main Market Listing Requirements

(Chapter 9 - Continuing Disclosure)



*BEFORE*

APPENDIX 9A (cont'd)

Part B Contents of announcement in relation to the appointment of a chief executive (paragraph 9.19(14))

(e) Where the chief executive is not a director of the listed issuer, whether the appointee has any conflict of interest with the listed issuer or its subsidiaries.



*AFTER THE AMENDMENTS*

APPENDIX 9A (cont'd)

Part B Contents of announcement in relation to the appointment of a chief executive (paragraph 9.19(14))

(e) Where the chief executive is not a director of the listed issuer, the nature and extent of any conflict of interest or potential conflict of interest, including interest in any competing business, that the appointee has with the listed issuer or its subsidiaries.

Note: Corresponding changes on the ACE Market Listing Requirements

# Regulatory Framework on COI

## Main Market Listing Requirements

(Chapter 9 - Continuing Disclosure)



*BEFORE*

APPENDIX 9A (cont'd)

Part B(A) Contents of announcement in relation to the appointment of the chief financial officer (paragraph 9.19(14A))

(d) Whether the appointee has any conflict of interest with the listed issuer or its subsidiaries.



*AFTER THE AMENDMENTS*

APPENDIX 9A (cont'd)

Part B(A) Contents of announcement in relation to the appointment of the chief financial officer (paragraph 9.19(14A))

(d) The nature and extent of any conflict of interest or potential conflict of interest, including interest in any competing business, that the appointee has with the listed issuer or its subsidiaries.

Note: Corresponding changes on the ACE Market Listing Requirements

# Regulatory Framework on COI

## Main Market Listing Requirements

(Chapter 9 - Continuing Disclosure)



*BEFORE*

APPENDIX 9A (cont'd)

Part B(B) Contents of announcement in relation to the change in legal representative(s) (or person(s) of equivalent authority, however described)  
(paragraph 9.19(14B))



*AFTER THE AMENDMENTS*

APPENDIX 9A (cont'd)

Part B(B) Contents of announcement in relation to the change in legal representative(s) (or person(s) of equivalent authority, however described)  
(paragraph 9.19(14B))

(e) The nature and extent of any conflict of interest or potential conflict of interest, including interest in any competing business, that such person has with the listed issuer or its subsidiaries.

Note: Corresponding changes on the ACE Market Listing Requirements

# Regulatory Framework on COI

## Main Market Listing Requirements

(Chapter 9 - Continuing Disclosure)



*BEFORE*

APPENDIX 9C

Part A

Contents of annual report (paragraphs 9.25)

(3) The particulars of each director in the listed issuer including the following information:

(g) any conflict of interest that the person has with the listed issuer;



*AFTER THE AMENDMENTS*

APPENDIX 9C

Part A

Contents of annual report (paragraphs 9.25)

(3) The particulars of each director in the listed issuer including the following information:

(g) the nature and extent of any conflict of interest or potential conflict of interest, including interest in any competing business that the person has with the listed issuer or its subsidiaries;

Note: Corresponding changes on the ACE Market Listing Requirements

# Regulatory Framework on COI

## Main Market Listing Requirements

(Chapter 9 - Continuing Disclosure)



*BEFORE*

APPENDIX 9C

Part A

Contents of annual report (paragraphs 9.25)  
(cont'd)

(4) Name of the chief executive and where the chief executive is not a director, the following particulars:

(g) any conflict of interest that the person has with the listed issuer;

*AFTER THE AMENDMENTS*

APPENDIX 9C

Part A

Contents of annual report (paragraphs 9.25)  
(cont'd)

(4) Name of the chief executive and where the chief executive is not a director, the following particulars:

(g) the nature and extent of any conflict of interest or potential conflict of interest, including interest in any competing business that the person has with the listed issuer or its subsidiaries;

Note: Corresponding changes on the ACE Market Listing Requirements

# Regulatory Framework on COI

## Main Market Listing Requirements

(Chapter 9 - Continuing Disclosure)



*BEFORE*

APPENDIX 9C

Part A

Contents of annual report (paragraphs 9.25)  
(cont'd)

(4A) The particulars of the key senior management including the following information:

(f) any conflict of interest that the person has with the listed issuer; and

*AFTER THE AMENDMENTS*

APPENDIX 9C

Part A

Contents of annual report (paragraphs 9.25)  
(cont'd)

(4A) The particulars of the key senior management including the following information:

(f) the nature and extent of any conflict of interest or potential conflict of interest, including interest in any competing business that the person has with the listed issuer or its subsidiaries; and

Note: Corresponding changes on the ACE Market Listing Requirements

# Regulatory Framework on COI

## Main Market Listing Requirements

(Chapter 15 - Corporate Governance)



### BEFORE

#### 15.12 Functions of the audit committee

Without limiting the generality of paragraph 15.11 above, a listed issuer must ensure an audit committee, amongst others, discharges the following functions:

(1) **review** the following and **report** the same to the board of directors of the listed issuer:

(h) **any related party transaction and conflict of interests situation** that may arise within the listed issuer or group including any transaction, procedure or course of conduct that raises questions of management integrity;

### AFTER THE AMENDMENTS

#### 15.12 Functions of the audit committee

Without limiting the generality of paragraph 15.11 above, a listed issuer must ensure an audit committee, amongst others, discharges the following functions:

(1) **review** the following and **report** the same to the board of directors of the listed issuer:

(h) **any related party transaction and conflict of interest situation** that **arose, persist or** may arise within the listed issuer or group including any transaction, procedure or course of conduct that raises questions of management integrity, **and the measures taken to resolve, eliminate, or mitigate such conflicts;**

Note: Corresponding changes on the ACE Market Listing Requirements

# Regulatory Framework on COI

## Main Market Listing Requirements

(Chapter 15 - Corporate Governance)



### BEFORE

15.15 Audit committee report

(3) The audit committee report must include the following:

### AFTER THE AMENDMENTS

15.15 Audit committee report

(3) The audit committee report must include the following:

(f) a summary of any conflict of interest or potential conflict of interest situation reviewed by the audit committee pursuant to paragraph 15.12(1)(h) (excluding a related party transaction), and the measures taken to resolve, eliminate, or mitigate such conflicts.

Note: Corresponding changes on the ACE Market Listing Requirements

## Governance of COI

- ✓ A director has the **primary obligation** to disclose.
- ✓ A director has the **primary obligation** to prevent himself/ herself from participating in the meeting, deliberations or voting.
- ✓ This is because the director would be the **best person to exercise judgment** as to whether a situational conflict or potential conflict would arise.
- ✓ Directors should **avoid situations** where a reasonable person would think that there is a risk that a director's duty to the company could be adversely affected by the director's self-interest or duty to another party.



## Governance of COI

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The situations which will or will not give rise to COI may be subjective and depend on the specific facts and circumstances. Hence, **when in doubt, it is best for the listed issuer to disclose the matter\***.

This was cited in *Delta-Pelita Sebakong Sdn Bhd v Wong Hou Lianq & Ors and Other Appeals [2020] MLRAY 41* where the Court of Appeal held that “...disclosure of potentially conflicting information is part of the commercial morality expected of company directors, and the general rule should be, when in doubt, disclose”.

In *Woolworths v Kelly* (1991) 9 ACLC 539, Samuels JA said:

“There is **no precise formula** that will determine the extent of detail that is called for when a director declares his interest or the nature of his interest .. . The amount of detail required must depend on the nature of the contract or arrangement proposed and the context in which it arises . . . His declaration must make his colleagues ‘**fully informed of the real state of affairs**’ . . . **If it is material to their judgment that they know not merely that he has an interest, but what it is and how far it goes, then he must see to it that they are informed.**”

## Governance of COI

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### Nominating Committee

Key gatekeeper in the process of recruiting directors, evaluating their performance and driving the continuous performance of the board.

-  Prior to the appointment of a director
  - Assess potential director's background, skills and experiences against the agreed profile
  - Check on the COI (including competing business) or independence issues
  - Background and reference checks (including in news, media reports as well as publicly available information)
  - Check the number of directorships
  
-  Taking heed from paragraph 1(f) of Appendix 8A of the Listing Requirements, an assessment on COI of incumbent directors should be conducted by the board, together with the nominating committee, on an annual basis
  
-  The conduct of the COI assessment should be undertaken on an annual basis, for all incumbent directors, regardless of whether they are subject to re-election at the annual general meeting.

## Governance of COI

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### Audit Committee

Key role in the overall governance of a company. The AC should ensure that management establishes a comprehensive framework for the purposes of identifying, evaluating, approving, reporting and monitoring of COI situations, and it should include:

- ➔ policies and procedures to ensure proper disclosure and reporting of COI
- ➔ monitor and review on compliance with internal and regulatory disclosures
- ➔ the escalation process in situations of COI
- ➔ the conduct of assessment and inquiry on COI matters when warranted
- ➔ controls and safeguarding measures
- ➔ corrective and remedial action
- ➔ processes to identify questionable transactions or undisclosed COI

## Governance of COI

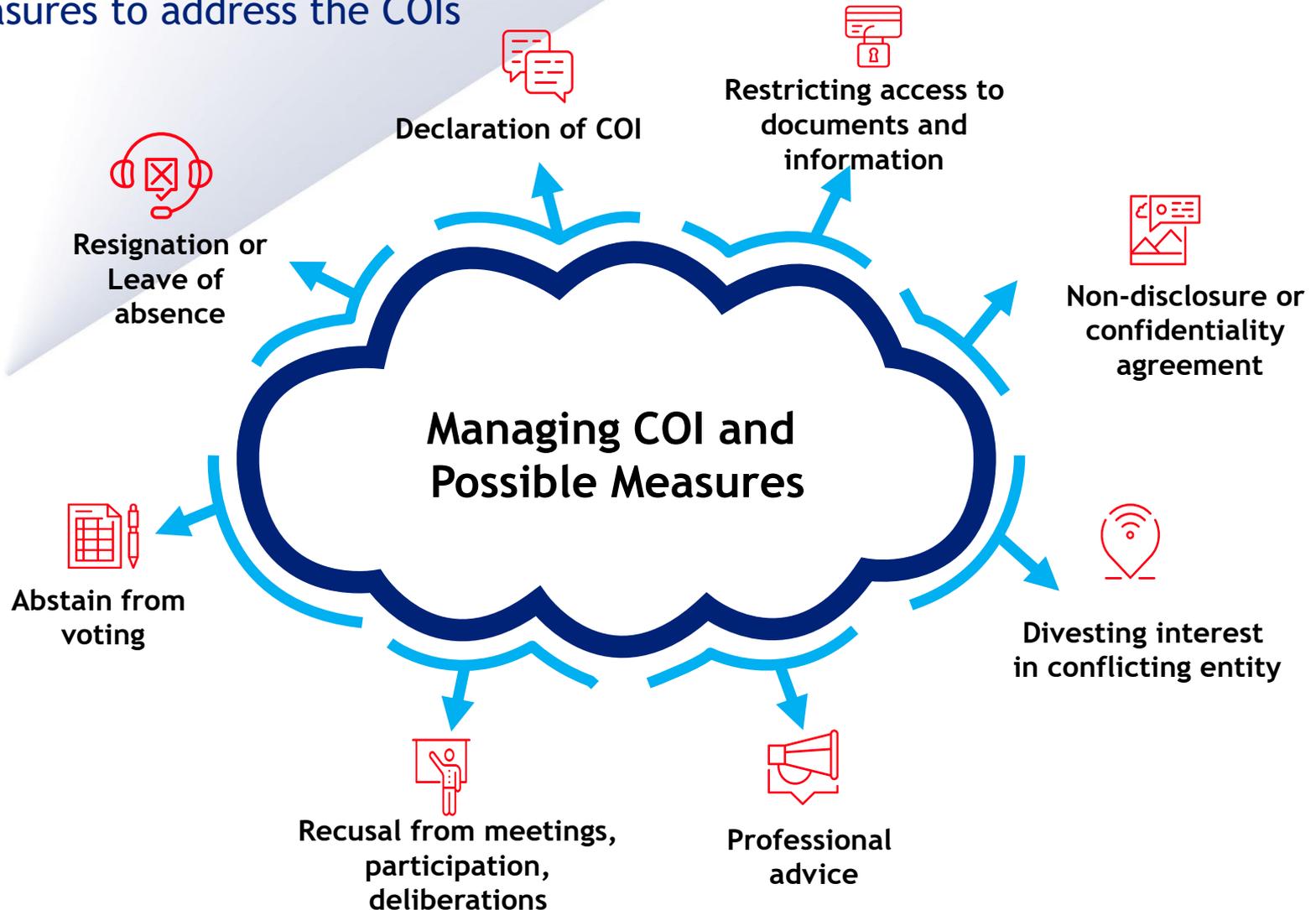
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From the Board's perspective, matters to be considered if a situation of conflict arises:

- a. Whether the recusal or absence of the director would be for a prolonged period or at a frequency which may affect the director's role and participation in the Board;
- b. Whether the continued presence of the director would compromise the interests of the organisation;
- c. Whether serious harm could be caused to the organisation;
- d. The practicability or viability of maintaining confidentiality of information in the event that Board discussions are required on certain transactions or proposed transactions;
- e. To reconsider, in this respect, the following common practices by company secretaries:
  - i. What precautions to take when providing Board papers in advance to directors;
  - ii. What proper procedures to be in place before, during and after Board meetings;
  - iii. What precautions and steps to take when circulating Board minutes of meetings/discussions to directors.

# Governance of COI

## Measures to address the COIs



## Notable Cases - Business & Operations Diverted To Another Co

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### *Taz Logistics Sdn Bhd V Taz Metals Sdn Bhd & Ors*

The Court of Appeal in the case of *Taz Logistics Sdn Bhd V Taz Metals Sdn Bhd & Ors* [2019] 3 MLJ 510, held that the directors were in breach of their duties as they had acted deliberately to “steal” or “appropriate” the business of the company (Taz Logistics) and transplanted it to another company (Taz Metals).

The evidence showed the **business, management and operations** were **diverted** in entirety to another company such that it operated on a similar basis. The **employees** who served the company were simply **transplanted** to another company. The obvious benefit to the directors was the ability to acquire a thriving business with no set-up costs.

## Notable Cases -

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### *Sim Poh Ping v Winsta Holding Pte Ltd and another and other appeals*

In a case involving a company listed on the Singapore Exchange Market, the Court of Appeal case of *Sim Poh Ping v Winsta Holding Pte Ltd and another and other appeals* [2020] SGCA 35, [2020] 1 SLR 1199, held that the Appellants breached their fiduciary duties by **diverting opportunities away** from Winsta Holding and the Winsta Subsidiaries (collectively, “Winsta Group”) to the corporate respondents and by entering into interested party transactions between the Winsta Group and the corporate respondents.

## Notable Cases

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### *Innovative Corp Pte Ltd v OW Chun Ming and another*

In the High Court case of *Innovative Corp Pte Ltd v OW Chun Ming and another* [2020] 3 SLR 943, the director of the plaintiff company, the defendant had **acquired knowledge** about a valuable development project involving several houses near Holland Road. The director then resigned from the plaintiff company and incorporated his own corporate vehicle and **acquired the opportunity for his own company**.

The court held that the director was in breach of fiduciary duty and unconscionable receipt against the company for diversion of the business opportunity.

## Notable Cases

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### *Crown Dilmun and another v Sutton and another*

The director in the case of *Crown Dilmun and another v Sutton and another* [2004] 1 BCLC 468 failed to disclose an investment opportunity to the company and instead diverted it to another company and made an investment in that opportunity pursuant to an agreement.

The court held that the director could not have had a genuine belief that the company would not be interested in such investment opportunity and thereby did not have the right to make a decision to take the opportunity which came his way and to divert the same to another company at his own will. In deciding so, the court found the director to be in breach of his statutory duties from the moment where he failed to make full disclosure with the company.

## Notable Cases

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In 2019, the HK Securities and Futures Commission (SFC) commenced legal proceedings against the former executive chairman and three former executive directors of Minth Group Ltd (Minth). The allegations against the accused persons related to multiple breaches of Hong Kong's regulatory regime with respect to conflicts of interest.

In 2008, a subsidiary of Minth, Decade (HK) Ltd (Decade), acquired two companies. There was no appearance of impropriety.

However, the documents in the court proceedings disclosed that the **sellers were relatives of the then chairman**. He was also the **beneficial owner of the two acquired companies**. These information and the full terms of the acquisition were **not disclosed** to the board and shareholders of Minth.

A sum of RMB25.9 million was claimed to be paid by Decade in the Interim Report 2008, but Decade in fact paid HK\$99 million for the acquisitions. A substantial amount of the purchase price paid by Decade went into in bank accounts controlled by the chair.

The court held that the then chairman had clearly acted in breach of his fiduciary duty owed to Decade. **The three former executive directors of the company were found to have failed to make further enquiries**. The enquiries should have revealed that the chairman was in a position of conflict. This information might have prevented Minth from making numerous misrepresentations to relevant parties.

The court ordered the chairman to pay a sum of RMB20.3 million in compensation to Decade. **The three executive directors, and the chairman, were disqualified** from being directors or being involved in the management of any corporation in Hong Kong for a period of between three and six years.

## Notable Cases

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### *Sin Lee Marketing Sdn Bhd*

The charge against him reads that being director of Sin Lee Marketing, without the consent of a general meeting **he had engaged in another business which is in competition with Sin Lee Marketing** by incorporating a company named Multi Global Enterprise Sdn Bhd whereby its incorporation is meant for him to gain direct benefit for himself.

If convicted, he may be sentenced to a maximum of 5 years imprisonment or a maximum fine of RM30,000.00.

## Notable Cases

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### *Derbara Industries Sdn Bhd*

Director of Derbara Industries Sdn. Bhd. was fined for breaches of Section 132(2)(A) And 132(2)(C) of the Companies Act 1965.

A director of Derbara Industries Sdn. Bhd. has pleaded guilty in Sessions Court 2 Kangar, Perlis for **using company property** without the consent or ratification of the company's Annual General Meeting and also **using his position as a company director to gain benefit for himself**.

The Judge has imposed a fine of RM3,000.00 (for each charges) or failing which three months imprisonment for offences under Section 132(2)(a) and Section 132(2)(c) of the Companies Act 1965

## Notable Cases

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### *Protasco Berhad*

The Kuala Lumpur High Court has ordered Protasco Bhd's former director and his associate to pay the company RM84.64 million over **breach of fiduciary and statutory duties** related to a sale and purchase agreement (SPA) signed in 2014.

Protasco sued its former director and his associate for USD27 million (RM88.41 million then) on Sep 22, 2014, for breach of fiduciary and statutory duties after the company failed to acquire a 63% stake in PT Anglo Slavic Indonesia (PT ASI) for US\$22 million.

Protasco also claimed that they had **failed to disclose their interest in the transaction** and conspired to defraud the company and undertake secret profit-making.

## Notable Cases

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### *Semenyih Jaya Sdn. Bhd.*

A former director of Semenyih Jaya Sdn Bhd was brought before the Criminal Sessions Court (12) Kuala Lumpur with eight charges under Section 132(2)(a) and Section 132(2)(c) of the Companies Act 1965.

Based on the charge sheet, the accused is said to have used his position as a company director to obtain a benefit for himself and also **misappropriated the company's property** by withdrawing money amounting to RM10,000,000 through four checks belonging to Semenyih Jaya Sdn Bhd in the name of the accused without approval at the general meeting.

## Notable Cases

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### *Southern Ads Sd. Bhd.*

The director of Southern Ads Sdn Bhd was fined RM30,000 for breach under Section 132(2)(c) Companies Act 1965. He pleaded guilty and was convicted of an offense under Section 132(2)(c) of the Companies Act 1965 in the Sessions Court of Johor Bahru, Johor for **abusing his position as a company director.**

The accused pleaded guilty to the charge of renting out business space Lot No. 3 & 18, Floor 3, JB Sentral, Johor Bahru, Johor to Syarikat Southern Flame Sdn Bhd, where the accused is a director and shareholder of the said company, without the approval of the general meeting. The accused also pleaded guilty to the charge of re-renting the business space to Traistar Enterprise Sdn Bhd for the purpose of making indirect profit to the accused.

## Conflict of Interest

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Thank You  
Q & A

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