



CASE STUDIES AND ILLUSTRATIONS OF THE GUIDELINE FOR THE REPORTING FRAMEWORK FOR BENEFICIAL OWNERSHIP OF LIMITED LIABILITY PARTNERSHIPS

Disclaimer: The case studies and illustrations in this document are issued for illustrative purposes only and to complement the issuance of the Guideline for the Reporting Framework for Beneficial Ownership of Limited Liability Partnerships (LLPs) registered under the Limited Liability Partnerships Act 2012 (LLPA 2012). For the purposes of this document, the terms 'limited liability partnership' and "limited liability partnerships" include the foreign limited liability partnerships registered under the LLPA 2012.

2. Under section 20A of the LLPA 2012, a beneficial owner (BO) is defined as "a natural person who ultimately owns or controls a limited liability partnership and includes a person who exercises ultimate effective controls over a limited liability partnership".

3. In determining a BO for a limited liability partnership, all the criteria (Criteria A until F) must be assessed.

4. An individual is a BO of a limited liability partnership if he meets one or more of the following criteria:

(a) Criteria A

If he holds directly or indirectly in not less than 20% of the capital contribution of the limited liability partnership.

(b) **Criteria B**

If he holds directly or indirectly in not less than 20% of the total voting rights in the management of the limited liability partnership.

(c) **Criteria C**

If he has the right to exercise ultimate effective control whether formal or informal over the limited liability partnership or the partners of the limited liability partnership.

(d) **Criteria D**

If he has the right directly or indirectly has the right to appoint or remove the majority of those involved in the management of the limited liability partnership.

(e) **Criteria E**

Is a partner of the limited liability partnership and, under an agreement with another partner of the limited liability partnership, controls alone the majority of the voting rights in the limited liability partnership.

(f) **Criteria F**

If he has less than 20% of capital contribution or the rights to vote in the limited liability partnership but exercises significant control or influence over the limited liability partnership.

6. The case studies and illustrations on how to identify a BO for limited liability partnerships based on paragraph 5 above are as per **Annexure A**. Those case studies and illustrations are provided and intended to serve only as general guidance and may not be the exact representation of the situations.

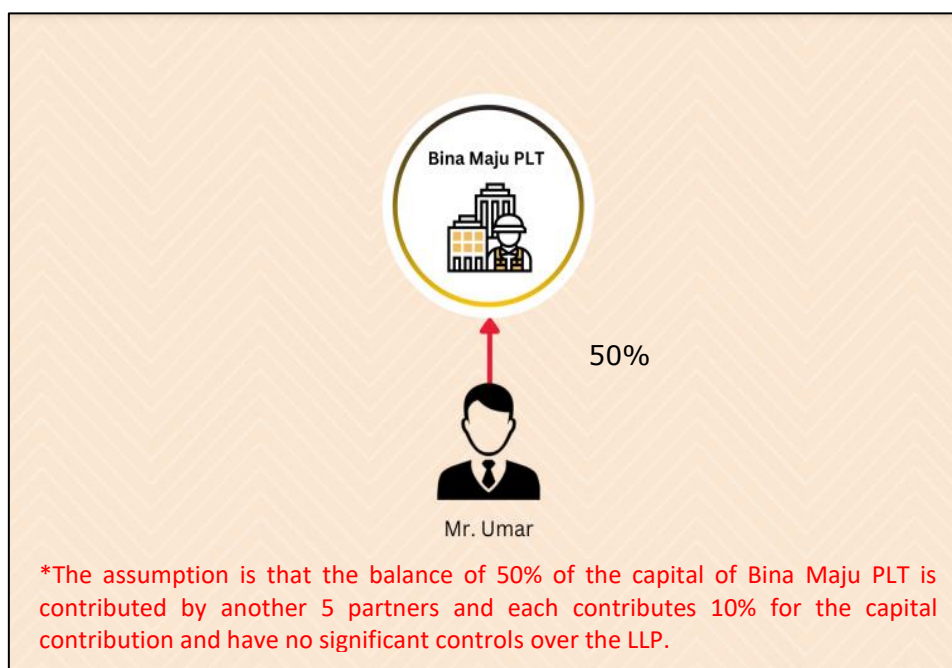
Limited liability partnerships

1. An individual is a BO of a limited liability partnership based on direct ownership if he holds:

(a) directly a right to share in not less than 20% of the capital contribution in the limited liability partnership.

An individual has the ultimate effective control of a limited liability partnership if the individual who is the partner contributes not less than 20% from the total capital contribution.

Illustration 1(a): BO of Bina Maju PLT

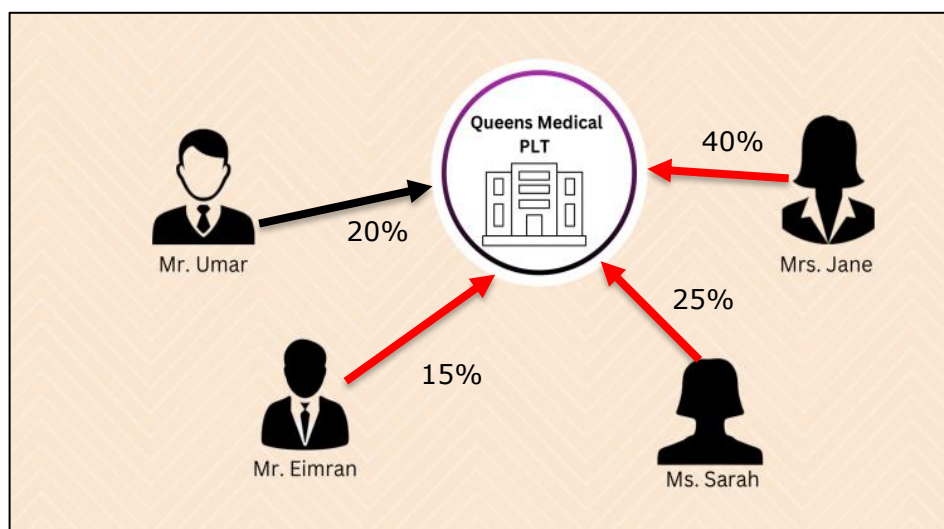


Based on illustration 1(a) above, Mr. Umar has a direct interest in Bina Maju PLT through 50% of the capital contribution. Therefore, Mr. Umar is the ultimate owner of the limited liability partnership based on his capital contribution and his name must be recorded as a beneficial owner in the register of beneficial owners of Bina Maju PLT.

(b) directly in not less than 20% of the total voting rights in the management in the limited liability partnership.

A limited liability partnership, in its limited liability partnership agreement, may identify matters which are to be voted upon by the partners, the persons that have the right to vote including the extent of such rights. If there are any other agreements apart from the limited liability partnership agreement, then such agreement should also be referred too.

Illustration 1(b): BO of Queens Medical PLT



Based on illustration 1(b) above, Queens Medical PLT (Queens) has 4 partners namely, Mr. Umar, Mr. Eimran, Ms. Sarah and Mrs. Jane. Each contributes 20%, 15%, 25% and 40% of the capital contribution respectively. The followings are stated in their partnership agreement:

Any vote by the partners shall be based on:

- (i) a majority in number of partners based on show of hands at a meeting; or

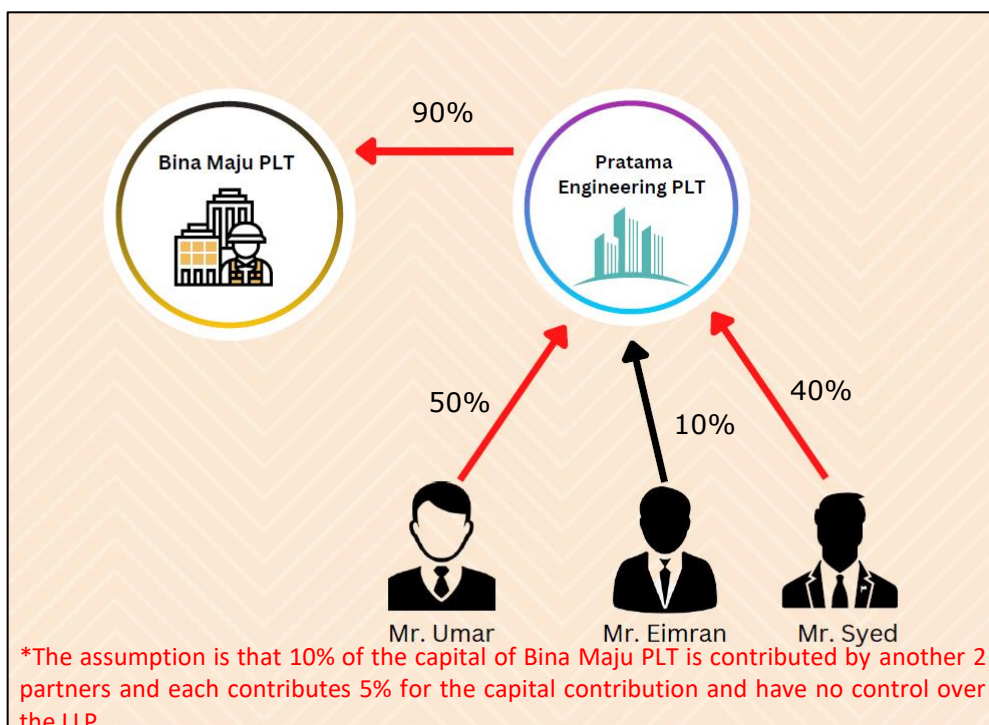
- (ii) a majority in total percentage of capital contribution on a poll called by any of the partners pursuant at a meeting; and
- (iii) a vote carried by a majority under paragraph (ii) shall prevail over a vote carried by a majority under paragraph (i).

Therefore, Mr. Umar, Ms. Sarah and Mrs. Jane are deemed to be the beneficial owners of Queens because they each contribute more than 20% of capital contribution in Queens and their names must be recorded as beneficial owners in the register of beneficial owners of Queens.

2. An individual is a BO of a limited liability partnership based on indirect ownership if he holds:

- (a) indirectly a right to share in not less than 20% of the capital contribution in the limited liability partnership.**

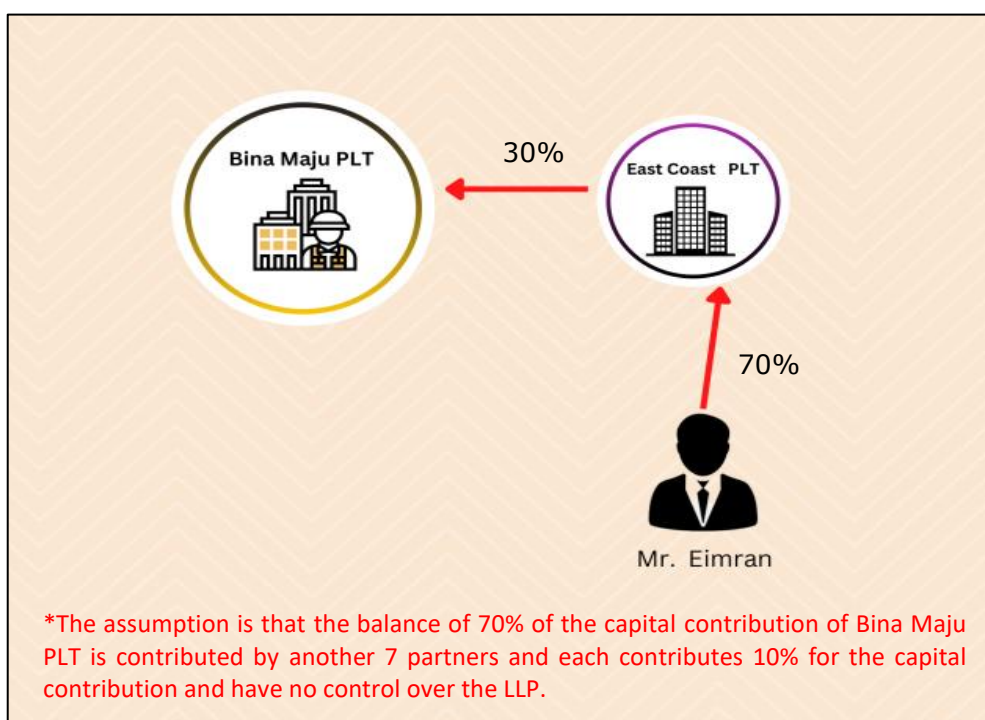
Illustration 2(a): BO of Bina Maju PLT



Based on illustration 2(a) above, Pratama Engineering PLT (Pratama) is one of the partners of Bina Maju PLT (Bina Maju). Pratama contributes 90% of the capital contribution in Bina Maju PLT. Mr. Umar is one of the partners of Pratama and contributes 50% of its capital contribution. Mr. Umar has an indirect interest of 45% capital contribution in Bina Maju and therefore he is deemed to be the BO of Pratama through indirect share of the capital contribution of Bina Maju and his name must be recorded in the register of beneficial owners of Bina Maju. Mr. Syed who contribute 40% capital contribution in Pratama is also deemed as beneficial owners of Bina Maju as he holds indirect 36% in the capital contribution of Bina Maju. Whilst Mr. Eimran is not the BO in the Bina Maju PLT as his indirect interest in Bina Maju PLT is only 9%.

- (b) indirectly in not less than 20% of the total voting rights in the management of the limited liability partnership.**

Illustration 2(b): BO of Bina Maju PLT

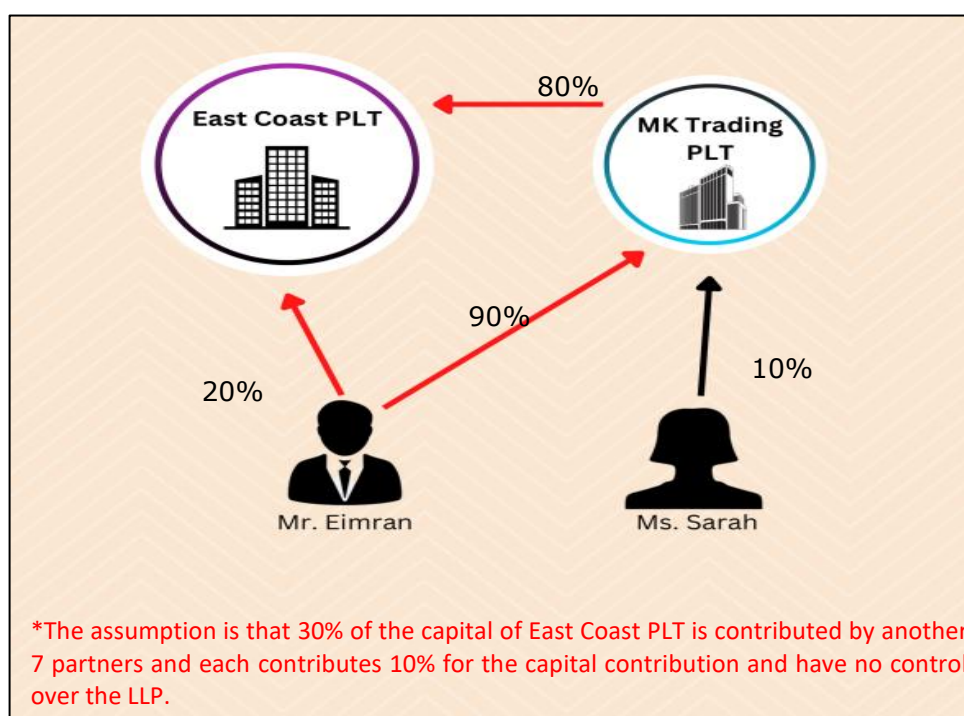


Based on illustration 2(b) above, East Coast PLT is one of the partners of Bina Maju PLT. East Coast PLT contributes 30% of the capital contribution of Bina Maju PLT. Meanwhile, Mr. Eimran is one of the partners of East Coast PLT and contributes a majority of 70% of the capital contribution of Bina Maju and based on the percentage, he has an indirect interest of 21% in Bina Maju PLT. In this case study, Mr. Eimran is deemed to be beneficial owner of Bina Maju PLT which carry 21% indirect rights to vote in Bina Maju PLT and his name must be recorded in the register of beneficial owners of Bina Maju PLT.

3. An individual is a BO of a limited liability partnership based on direct and indirect ownership if he holds:

- (a) directly and indirectly a right to share in not less than 20% of the capital contribution in the limited liability partnership.**

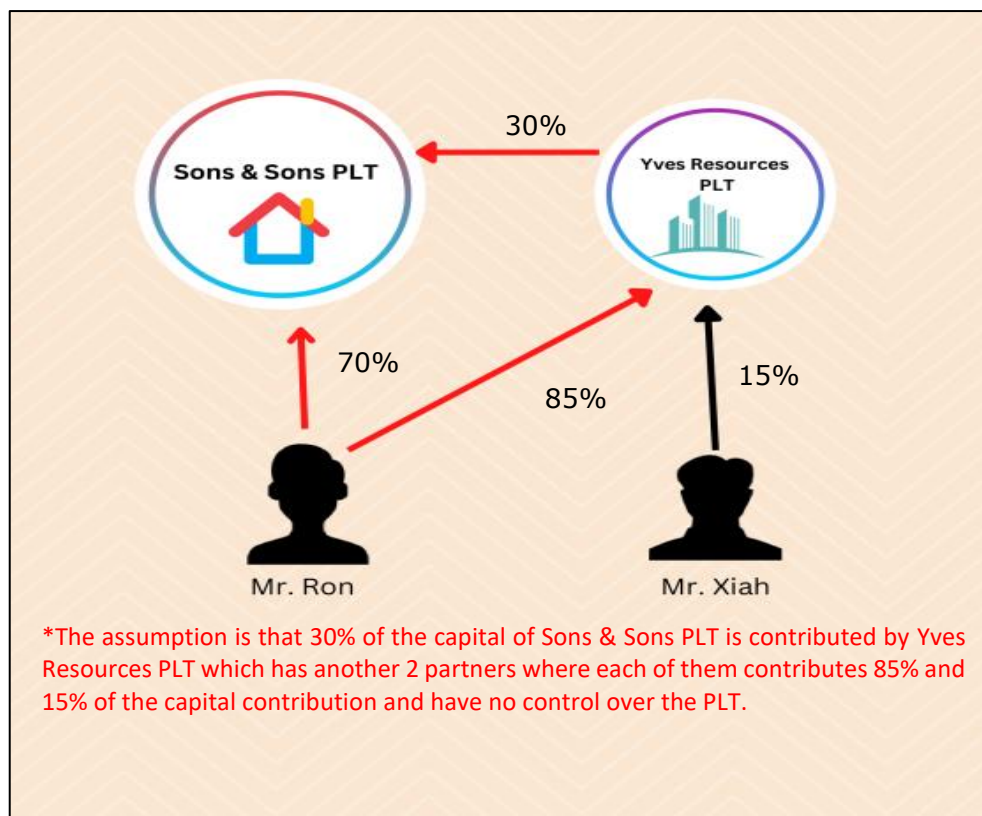
Illustration 3(a): BO of East Coast PLT



Based on illustration 3(a) above, East Coast PLT has 2 partners namely Mr. Eimran and MK Trading PLT (MK). Mr. Eimran contributes 20% of capital contribution in East Coast PLT and MK contributes 80%. MK has 2 partners namely, Mr. Eimran and Ms. Sarah with 90% and 10% contribution respectively. Through an indirect contribution in East Coast PLT, Mr. Eimran contributes 72% and Ms. Sarah contributes 8% through MK. Therefore, Mr. Eimran is deemed to be the beneficial owner of East Coast PLT through direct interest of 20% capital contribution in East Coast PLT and 72% indirect contribution through MK Trading PLT which in total of 92% direct and indirect capital contribution in East Coast PLT. Thus, his name must be recorded in the register of beneficial owners of East Coast PLT.

- (b) directly and indirectly in not less than 20% of the total rights to vote in the limited liability partnership.**

Illustration 3(b): BO of Sons & Sons PLT



Based on illustration 3(b) above, Sons & Sons PLT has 2 partners namely, Mr. Ron and Yves Resources PLT (Yves) and each contributes 70% and 30% respectively. Yves has 2 partners, Mr. Ron and Mr. Xiah and each contributes 85% and 15% respectively. Mr. Ron directly contributes 70% of the capital contribution in Sons & Sons PLT and indirectly contributes 25.5% of capital contribution in Sons & Sons PLT through Yves. Meanwhile, Mr. Xiah contributes indirectly 4.5% of capital contribution through Yves in Sons & Sons PLT. Since a vote cast by partner with majority in total percentage capital contribution prevails based on their partnership agreement, Mr. Ron is deemed to be the beneficial owner of Sons & Sons PLT because he directly and indirectly contributes with a total of 95.5% in Sons & Sons PLT and his name must be recorded in the register of beneficial owners of Sons & Sons PLT.

4. An individual is a BO of a limited liability partnership based on control by other means if he:

(a) has the right to exercise ultimate effective control whether formal or informal over the LLP or the partners of the LLP.

An individual has the ultimate effective control over the limited liability partnership if the individual, among others:

- (i) has the right to appoint or remove a manager of the limited liability partnership. The manager refers to the partner of the limited liability partnership who is responsible for the management of the limited liability partnership; and

- (ii) has the right to appoint or remove an individual(s) who holds a majority of the voting rights at the management meeting of the limited liability partnership.

(b) has the right or power to directly or indirectly appoint or remove the majority of those involved in the management of the limited liability partnership.

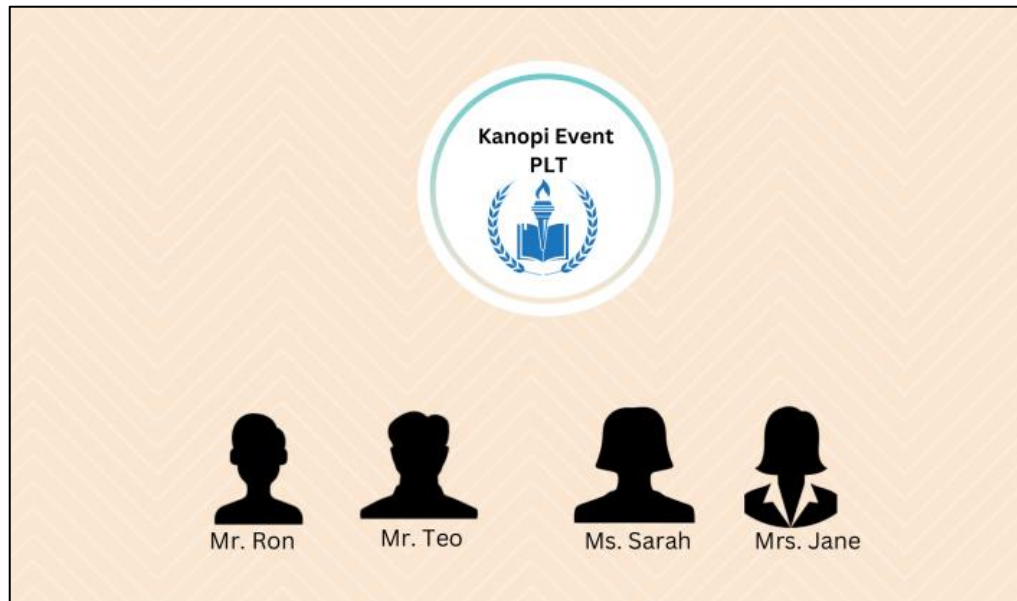
Scenario

It is normal for a limited liability partnership to put in place an agreement between the partners to determine the mutual rights and duties of the partners of the limited liability partnership. There may be other agreements which determine the right to appoint or remove the majority of those involved in the management of the limited liability partnership.

Therefore, an individual with the right or power to appoint or remove the majority of those involved in the management who may not necessarily be a partner of the limited liability partnership will be deemed to be the BO of the limited liability partnership.

(c) has less than 20% of the capital contribution or rights to vote in the limited liability partnership but exercises significant control over the limited liability partnership

Illustration 4(c): BO of Kanopi Event PLT



Based on illustration 4(c) above, Kanopi Event PLT (Kanopi) has 4 partners namely, Mr. Ron, Mr. Teo, Ms. Sarah and Mrs. Jane and each contributes 10%, 30%, 25% and 35% of capital contribution respectively. Every partner contributes more than 20% of capital contribution except Mr. Ron. Mr. Ron is the former Managing Partner of Kanopi where through his social networking he has brought many projects and income to Kanopi. Although Mr. Ron contributes only 10% of the total capital contribution in Kanopi, he exercises significant control over the partners because of the businesses he brought in for Kanopi. Since Mr. Ron exercises significant control over the partners for day to day operation and business decision, he is deemed to be the beneficial owner of Kanopi together with Mr. Teo, Ms. Sarah and Mrs. Jane who each contributed more than 20% of the capital contribution and their names must be recorded in the register of beneficial owners of Kanopi.

C. Other types of Beneficial Ownership

(i) GOVERNMENT-OWNED LIMITED LIABILITY PARTNERSHIP OR STATE-OWNED LIMITED LIABILITY PARTNERSHIP

Where the government or a state owns or controls a limited liability partnership, it is deemed to be a government-owned or state-owned limited liability partnership. The government-owned or state-owned limited liability partnership is required to submit and declare the relevant office as the BO of the limited liability partnership, for example, the beneficial owner for MOF Inc. is the Minister of Finance or the beneficial owner for the Perbadanan Menteri Besar Selangor is the Menteri Besar of Selangor.

Although the office is not necessarily the beneficial owner, the beneficial owner information is to be submitted solely for the purpose of the Beneficial Ownership Reporting Framework and this information will be stated when the information is shared.

(ii) DESIGNATED OFFICER/OFFICE BEARER

Where shares in a limited liability partnership is held by a society or co-operative society, the beneficial owner of the limited liability partnership is the respective public officer or the designated senior management. For example, office bearer for Selangor Football Club (Selangor FC) means any person in the society who is the president or vice-president, or secretary or treasurer of Selangor FC or who is a member of the committee or governing body or who holds any position analogous to any of those mentioned above.

D. Senior management in place of beneficial owner

Where all possible means have been exhausted and if conducting investigations and the findings reflect that a limited liability partnership has come to the following conclusions:

- (i) No beneficial owner;
- (ii) In the process of obtaining the beneficial owner;
- (iii) Beneficial owner cannot be identified; and/or
- (iv) limited liability partnership is exempted from declaring their beneficial owner.

Therefore, the limited liability partnership is still required to identify senior management in place of beneficial owner. This also applies to exempted entity. By virtue of the positions held within the corporation, the following persons may be considered as persons in control of the limited liability partnership such as Managing Partner/Salaried Partner or any similar body; and/or Senior Managing Official such as the President, Chief Executive Officer (CEO), Chief Operating Officer (COO), among others.

These persons are responsible for strategic decisions that fundamentally affect the business practices or general direction of the limited liability partnership or exercising executive control over the daily or regular affairs of the limited liability partnership.