

NOTIFICATION

To : ALL REGISTERED VALUERS, APPRAISERS AND ESTATE AGENTS
Date : 28 December 2011

Dear Sir/Madam

SECTION 23 - LIBERALISATION

Further to the Circular dated 5 September 2011 and the subsequent roadshows in various states, the Board shall adopt the following criteria when registering companies with local or foreign equity:

A. Equity Shareholding Structure for a Body Corporate

- i) A Company shall comprise both registered persons and/or non-registered persons as shareholders SUBJECT ALWAYS TO the registered persons collectively holding (whether directly or indirectly) not less than 51% of the equity interest or ordinary shareholding in the company.
- ii) A group of Registered Persons shall incorporate a company as an investment holding company to hold the majority equity interest in a Registered Company SUBJECT ALWAYS TO approval being granted by the Board.

Such a company shall be recognised as an “**Approved Holding Company**”. An Approved Holding Company must have all its directors being Registered Persons and its entire equity interest being held directly in the name of the Registered Persons only.

- iii) A Registered Company shall ensure that at all times not less than 51% of its effective equity interest shall be held by Registered Persons via the Approved Holding Company. For the purposes of clarity, the 51% equity shall be held solely by registered valuers in the case of a valuation and/or property management practice or solely by registered appraisers in the case of an appraisal and/or property management practice or solely by registered estate agents in the case of an estate agency and/or property management practice whichever is applicable.
- iv) A Registered Company shall be permitted to incorporate Companies for the purpose of undertaking the Practices or as branches for the purpose of undertaking the Practice(s) SUBJECT ALWAYS TO each of such Companies (henceforth known as “**Registered Subsidiary**”) having at all times not less than 51% of its effective equity interest being held by its holding company, which must be a Registered Company.
- v) A Registered Person who practises in a Registered Company shall only be entitled to hold equity interest in the Registered Company where the Registered Person is practising from or in the Approved Holding Company or Registered Subsidiary of that Registered Company. In that respect such a Registered Person shall not be permitted to hold equity interest (whether directly or indirectly) in any other unrelated Firm or Registered Company which is engaged in the Practice.

B. Board of Directors and Management

- (i) The board of directors of a Registered Company must have at least 2 directors who are Registered Persons.
- (ii) The board of directors of a Registered Company must have a majority of directors who are Registered Persons SUBJECT ALWAYS TO the composition of the board of directors to reflect the proportion of equity interest between the Registered Persons

and non-Registered Persons with the number of directors appointed by non-Registered Persons not exceeding the proportion of the equity interest held by non-Registered Persons.

- (iii) In the case of a Registered Subsidiary, its board of directors must have a majority of directors comprising of directors of its holding company who are Registered Persons.
- (iv) The Chair person of the board of directors of a Registered Company or Registered Subsidiary shall be nominated by the Approved Holding Company.
- (v) The Senior Management of a Company shall be vested in the hands of Registered Person(s) only.

C. Equity Structure for a Partnership

- (i) A partnership shall comprise both Registered Persons and/or non-Registered Persons as partners SUBJECT ALWAYS TO the Registered Persons collectively holding (whether directly or indirectly) not less than 51% equity interest in the Partnership.
- (ii) A Partnership shall ensure that at all times at least 51% of its equity interest shall be held by Registered Persons only.
- (iii) A Registered Person who practises in a partnership shall not be permitted to hold any interest (be it shareholding or otherwise) in any other partnership, Registered Company or Approved Holding Company.
- (iv) A Firm shall be permitted to establish such number of branches as it deems fit for the purpose of undertaking the Practice(s).

D. Management of a Company

- (i) The management of a Registered Company, Registered Approved Holding Company and Registered Subsidiary shall be vested in the hands of Registered Persons only.

A registered person who intends to register a company with local or foreign equity shall comply with the above criteria.

Yours faithfully,

R. MAHALETCHUMI
Registrar
LEMBAGA PENILAI PENTAKSIR DAN
EJEN HARTATANAH MALAYSIA

Glossary of Terms

<i>“Approved Holding Company”</i>	means a company which is approved by the Board to be an investment holding company for a registered company.
<i>“Company”</i>	means a limited liability company incorporated under the Companies Act, 1965
<i>“Direct Interest”</i>	means holding the equity interest in one’s own name.
<i>“Effective Equity Interest”</i>	means determination of the shareholding in a Company as held by its ultimate shareholders, who must be Registered Persons.
<i>“Equity Interest”</i>	means ordinary shareholding in a Company or voting interest in a general meeting of a Company.
<i>“Indirect Interest”</i>	means holding the equity interest in a Company through another natural person or a separate Company.
<i>“Person”</i>	means a natural person or a body corporate.
<i>“Partnership”</i>	means a business registered in Malaysia recognised under the laws of Malaysia whereby the management and control rests on 2 or more natural persons.

<i>“Practice”</i>	means a valuation practice, an appraisal practice, a property management practice or an estate agency practice and reference to “Practices” shall mean any combination of 2 or more of the Practice Area.
<i>“Registered Company”</i>	means a Company that is undertaking or intends to undertake a Practice or Practices whose shareholdings has been duly approved by the Board.
<i>“Registered Person”</i>	means a registered valuer, a registered appraiser or a registered estate agent.
<i>“Registered Subsidiary”</i>	means a company incorporated for the purposes of undertaking a Practice or as a branch of a Registered Company for the purpose of undertaking the Practice(s) with not less than 51% of its equity interest being held by a Registered Company or in the event its immediate holding company is majority owned by an Approved Holding Company, not less than 51% of its effective equity interest is held by such an Approved Holding Company.
<i>“Senior Management”</i>	means the managing director, executive director or chief executive officer or such other like positions carrying on the day-to-day management of a Company or functions of similar nature notwithstanding how such positions are styled, named or titled.

The rest of this page is intentionally left blank.

