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CIRCULAR 22/2020

To : **ALL REGISTERED VALUERS, APPRAISERS, ESTATE AGENTS AND PROPERTY MANAGERS**

Date : **3 AUGUST 2020**

Dear Sir / Madam,

NON-LIBERALIZATION OF PRACTICING COMPANY

During its recent Board Meeting, the Board has formulated the following company structures for Practicing Companies which are **not** liberalizing its practices:

A. Equity / Shareholding Structure for a Practicing Company

- i) A Practicing Company shall comprise a minimum of 2 registered persons as shareholders / directors;
- ii) The Practicing Company (HQ) shall ensure that at all times its equity interest shall be held by Registered Persons only. For the purposes of clarity, the equity shall be held solely by registered valuers in the case of a valuation practice or solely by registered appraisers in the case of an appraisal practice or solely by registered estate agents in the case of an estate agency practice or solely by registered property managers in the case of a property management practice, whichever is applicable;

...2/-

(iii) A Practicing Company shall be permitted:

- a. to set up branch(es) for the purpose of undertaking the Practice(s); or
- b. to incorporate Companies for the purpose of undertaking the Practices **SUBJECT ALWAYS TO** each of such Companies (henceforth known as “Registered Subsidiary”) having at all times not less than 51% of its equity interest being held by the Practicing Company (HQ). The remaining shares in the registered subsidiary shall be held only by **Other Registered Person(s)** who shall not hold any equity interest or shareholding in any other company, that is, in either Practicing Company (HQ) or other Registered Subsidiary(ies) within the Group or other / unrelated practicing company or registered subsidiary of other / unrelated practicing company directly or indirectly or any direct or indirect interest in any partnership.

For clarity, an illustrative chart is enclosed herewith for reference.

- iv) A Registered Person who practices in a Practicing Company shall only be entitled to hold equity in the Practicing Company where the Registered Person is practicing from. Similarly, the Other Registered Persons in the Registered Subsidiary of the Practicing Company shall only be entitled to hold equity in that Registered Subsidiary only. In that respect, such a Registered Person / Other Registered Person shall not be permitted to hold equity interest or shareholding in any other / unrelated Practicing Company or its Registered Subsidiary which is engaged in the Practice.

B. Board of Directors and Management

- i) The board of directors of a Practicing Company must have a minimum of at least 2 shareholders who must also be directors and who are Registered Persons;

- ii) In the case of a Registered Subsidiary, its board of directors must have a majority of directors comprising shareholders / directors from Practicing Company (HQ); and the Chairman of the board of directors of the Registered Subsidiary shall always be a registered person who is a shareholder and also a director of the Practicing Company (HQ);
- iii) At any meeting at the **Registered Subsidiary**, there must be a minimum of 3 shareholders / directors to form a quorum, with a majority of whom must be from the **Practicing Company (HQ)**;
- iv) At any meeting at the Practicing Company or Registered Subsidiary, the Chairman of the meeting shall have a casting vote.

C. Equity Structure for a Partnership

- i) A Partnership shall comprise of only Registered Persons;
- ii) The Partners in the Partnership shall ensure that at all times 100% of the equity interest in the partnership shall be held by Registered Person(s) only;
- iii) A Registered Person who practices in a Partnership shall not be permitted to hold any direct or indirect interest (be it shareholding or otherwise) in any other Partnership or any Practicing Company or Registered Subsidiary(ies) of any Practicing Company;
- iv) A Partnership shall be permitted to establish such number of branches as it deems fit for the purpose of undertaking practice(s).

Fresh applications from Registrants who intend to incorporate Practicing Company / Registered Subsidiary under non-liberalization mode are now required to comply with the above provisions. **Henceforth, all Registered Subsidiary shall only have their Practicing Company and the other registered person(s) as shareholders / directors.**

All current registrants whose structure is not in compliance with the above structure will be accorded three (3) years to do so. **Meanwhile the Board's Circular 5/1997 dated 10 April 1997 and Circular 1/2009 dated 20 February 2009 are hereby repealed.**

Kindly be guided accordingly.

Yours faithfully, ~



R. MAHALETCHUMI

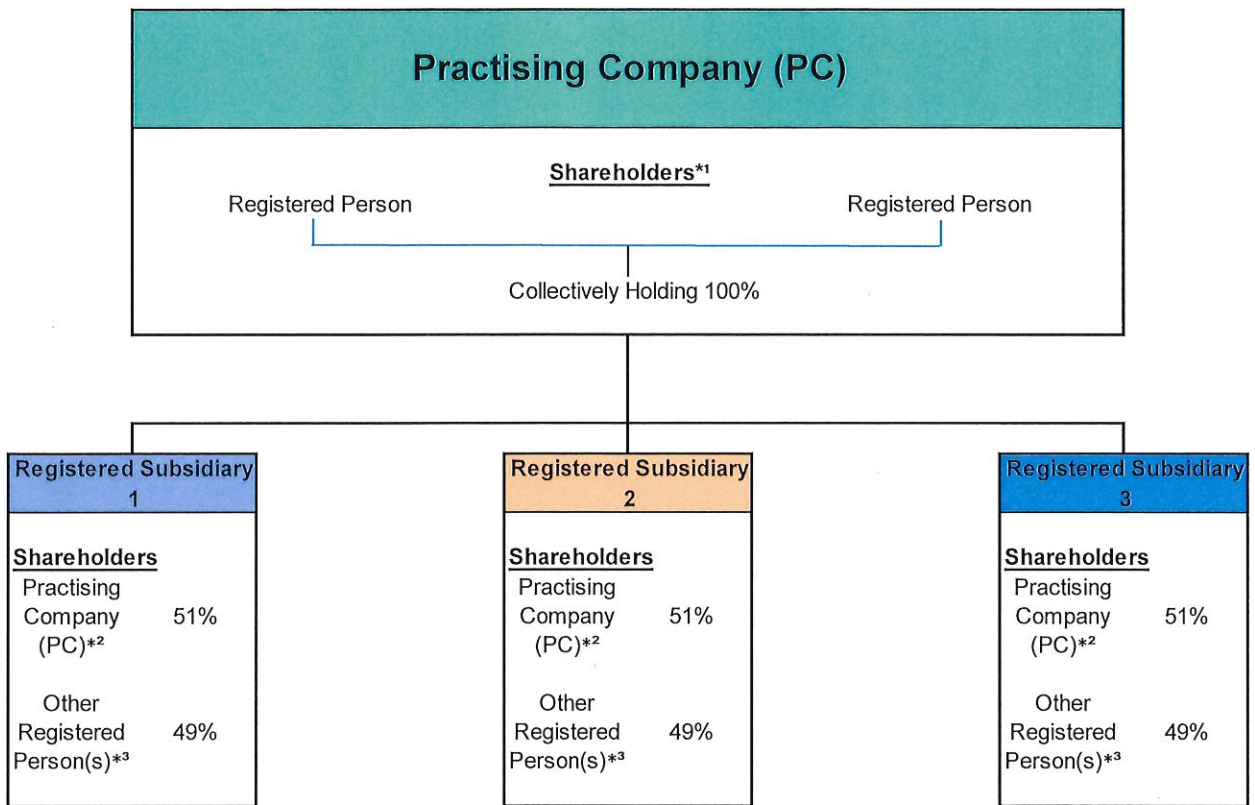
Registrar

LEMBAGA PENILAI PENTAKSIR, EJEN HARTATANAH
DAN PENGURUS HARTA

GLOSSARY OF TERMS

“Branch”	means an office set up at another location from the main Practicing Company (HQ) and it is part, and not a separately incorporated unit, of a practicing company, carrying out practice(s)
“Company”	means a limited liability company incorporated under the Companies Act, 2016.
“Direct Interest”	means holding the equity interest in one’s own name.
“Equity Interest”	means ordinary shareholding in a Company or voting interest in a general meeting of a Company.
“Indirect Interest”	means holding equity interest in a Company or Partnership through another natural person or a separate company.
“Non-Liberalization”	means not undergoing or liberalizing one’s practice as per Circular 21/2020 dated 3 August 2020
“Other Registered Person”	means, in the Registered Subsidiary, the registered person(s) other than those in the Practicing Company (HQ) or in the other Registered Subsidiary(ies) of the Practicing Company within the Group, or other / unrelated Practicing Company or Registered Subsidiary of other / unrelated Practicing Company directly or indirectly or any direct or indirect interest in any partnership.
“Persons”	means a natural person or an artificial person.
“Partnership”	means a business registered in Malaysia recognized under the laws of Malaysia whereby the management and control rests on 2 or more natural persons”
“Practice”	means a valuation practice, an appraisal practice, a property management practice or an estate agency practice; and “Practices” shall mean any combination of 2 or more of the practice areas aforementioned.

“Practicing Company”	means a Company (at HQ) that is undertaking or intends to undertake a Practice whose shareholdings have been duly approved by the Board.
“Registered Person”	means a registered valuer, a registered appraiser, a registered estate agent or a registered property manager.
“Registered Subsidiary”	means a Company incorporated for the purposes of undertaking the Practice, with not less than 51% of its equity interest being held by its Practicing Company (HQ) .The remaining shares in the registered subsidiary shall be held only by other registered person(s) who shall not hold any equity interest or shareholding in any other company, that is, in either Practicing Company (HQ) or other Registered Subsidiary(ies) within the Group or other practicing company or registered subsidiary of other practicing company directly or indirectly or any direct or indirect interest in any partnership.



Footnotes :

*1 The Shareholders / Directors must always be Registered Persons only

*2 At any Registered Subsidiary, the Practising Company (PC) must hold a minimum of 51%. The balance can be held by Other Registered Person(s) only.

*3 The Other Registered Person(s) at one Subsidiary CANNOT hold shares in Practising Company or any other Subsidiary(ies) within the same Group, or other / unrelated Practising Company (ies) and / or its subsidiary(ies) directly or indirectly; or in any direct and indirect interest in any Partnership.

Note: The above Chart must be read together with Circular 22/2020 dated 3-August 2020