

TOP 8 HIGHLIGHTS OF THE COMPANIES ACT 2016 FOR SMEs

Subject Matter	Present Companies Act 1965	Companies Act 2016
1 Minimum number of shareholder and director	Minimum 2 shareholders and 2 directors on incorporation	A private company can be incorporated and operated with 1 individual or corporate shareholder and 1 resident director (who can be the sole shareholder of that company).
2 Memorandum & Articles of Association (M&A)	M&A is compulsory.	<p>M&A is replaced by a Constitution and it is not compulsory to have one (except a company limited by guarantee).</p> <p>If you choose not to adopt a Constitution, all rights, powers and obligations of directors and shareholders will be regulated under clauses of the Companies Act 2016.</p> <p>A Company with a Constitution must ensure it does not contradict the Companies Act 2016.</p>
3 Unlimited business activity capacity	Company's principal business activities are confined to its object clause under the Memorandum of Association.	Companies have unlimited capacity to undertake any lawful business activity
4 Evidence for incorporation	Certificate of Incorporation (Form 9) is the evidence for incorporation.	Notice of registration from CCM will suffice and be deemed as conclusive evidence of incorporation.
5 AGM for private companies	Compulsory to hold an annual general meeting once every calendar year.	A private company can opt not to hold an annual general meeting.
6 Written resolutions	Only a written resolution signed by ALL shareholders can be deemed as duly passed at a general meeting.	Without convening a meeting, shareholders can pass written resolutions by simple majority.
7 Common seal	Company needs to have a common seal.	Common seal is not mandatory. Company can execute contractual documents by having 2 authorised signatories, with at least 1 director.
8 Company secretary	Company secretary must be appointed at the point of incorporation.	Company secretary may be appointed within 30 days after incorporation.