

Date: 01<sup>st</sup> Sept 2023

Re: CLBG vs Society in characteristics at Malaysia

There are a variety of legal structures such as Society, Trust, CLBG to Foundation that may be registered at Malaysia. Hereby, the listed top 6 different features of CLBG vs Society in comparison:

1. Governance: CLBG is registered under SSM as a public company under CA 2016's Section 10 (3) while Society is established under Register of Society (ROS)'s Societies Act, 1966 and the Societies Regulations, 1988 which are both under different governance with different Authorities.
2. Entity: CLBG is a separate legal entity where liabilities belong to CLBG but for Society, all members and trustees can be held accountable; therefore as Society is growing so does the risks are.
3. Entity upgrade with capital injection: In order for CLBG to remove of the word "Berhad" and upgrade to Foundation, it has to be injected with RM 1 million while Society will remain the same as per written in the certificate with non relevance of capital injection.
4. Purposes: Fundamentally, both entities are the same structure which is not for profit where no participation in profits nor dividend to its members while both entities will be having their similar tax bracket.

5. Owing of Properties: CA 2016’s S 45 (2) mentioned that CLBG is allowed to transfer to another body which is deemed having similar purpose when winding up but as for Society, it can proceed to trigger Sales and Purchase Agreement with prospective buyer. On second note, CLBG will need licensing for purchase or disposal while Society is upon agreed by members.

6. Reliability and Founders: CLBG is perceived to be more reliable due to more stringent regulatory as Directors will be filtered through CA 2016 while Society is perceived to serve the specific needs of a community in nature with the basic 7 Malaysian committee members with age 18 years old and above.

**Conclusion:**

CLBG will be a suitable entity if the founders are to operate at a larger scale while Society is to cater towards a specific community. However, larger scale means more regulatory with reporting while Society will be more straightforward (Annual Report, Annual General Meeting annually and Committee members election and meeting).

**Disclaimer:**

The above write-up is suitable for general reading only and does not connect with your respective professionals for further consultation.