



LAWS OF MALAYSIA

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Act 322

TELECOMMUNICATION SERVICES (SUCCESSOR COMPANY) ACT 1985

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**TELECOMMUNICATION SERVICES
(SUCCESSOR COMPANY) ACT 1985**

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LAWS OF MALAYSIA**Act 322****TELECOMMUNICATION SERVICES
(SUCCESSOR COMPANY) ACT 1985**

ARRANGEMENT OF SECTIONS

PART I**PRELIMINARY**

Section

1. Short title
2. Interpretation

PART II**VESTING OF PROPERTY, *ETC.*, IN SUCCESSOR
COMPANY**

3. Vesting of property, *etc.*, of the Government of Malaysia relating to telecommunication services in the successor company
4. Disposal of land
5. Initial Government holding in the successor company
6. Government investment in securities of the successor company
7. Exercise of Minister of Finance's functions through nominees
8. Financial structure of the successor company

PART III**PROVISIONS RELATING TO STAFF**

9. Staff

LAWS OF MALAYSIA**Act 322****TELECOMMUNICATION SERVICES
(SUCCESSOR COMPANY) ACT 1985**

An Act to provide for the vesting of property, rights and liabilities of the Government of Malaysia relating to telecommunication services in a company, to make financial arrangements for that company, to provide for matters relating to staff and for other matters connected therewith.

[1 January 1987, P.U. (B) 600/1986]

BE IT ENACTED by the Seri Paduka Baginda Yang di-Pertuan Agong with the advice and consent of the Dewan Negara and Dewan Rakyat in Parliament assembled, and by the authority of the same, as follows:

PART I**PRELIMINARY****Short title**

1. This Act may be cited as the Telecommunication Services (Successor Company) Act 1985.

Interpretation

2. In this Act, unless the context otherwise requires—

“Corporation” means the Minister of Finance incorporated by the Minister of Finance (Incorporation) Act 1957 [*Act 375*];

“successor company” means the company to which all property, rights and liabilities in respect of telecommunication services,

other than excepted lands and designated property, to which the Government of Malaysia was entitled or subject to, are transferred to under section 3;

“transfer date” means the date on which all property, rights and liabilities in respect of telecommunication services, other than excepted lands and designated property, to which the Government of Malaysia was entitled or subject to, are transferred to the successor company.

PART II

VESTING OF PROPERTY, *ETC.*, IN SUCCESSOR COMPANY

Vesting of property, *etc.*, of the Government of Malaysia relating to telecommunication services in the successor company

3. (1) The Minister may, by order published in the *Gazette*, appoint a transfer date and on such date, all property, rights and liabilities in respect of telecommunication services, other than excepted lands and designated property, to which the Government of Malaysia was entitled or subject to, immediately before that date shall become by virtue of this section property, rights and liabilities of the successor company.

(2) In this section, “excepted lands” means lands situated outside the area of any Federal Territory established by law and which—

- (a) are State land alienated by a State to the Federation for federal purposes, land alienated by a State to the Federation after compulsory acquisition or alienated land acquired by a State from a private owner by agreement for the Federation, under Article 83 of the Constitution;
- (b) are reserved for federal purposes under the National Land Code [*Act 56 of 1965*], the Land Ordinance of Sabah [*Sabah Cap. 68*], the Land Code of Sarawak [*Swk. Cap. 81*] or any previous land law and land in the States, other than Malacca and Penang, in Peninsular Malaysia treated as reserved for federal purposes under Clause (4) of Article 166 of the Constitution;

- (c) in Malacca and Penang are occupied for federal purposes on Merdeka Day by virtue of Clause (3) of Article 166 of the Constitution; and
- (d) in the States of Sabah and Sarawak are occupied for federal purposes on Malaysia Day under section 75 of the Malaysia Act 1963 [*Act 26 of 1963*].

(3) In this section, “designated property” means property of any description, whether movable or immovable, which the Minister may, by order published in the *Gazette*, declare as necessary to be retained by the Government of Malaysia for the exercise of the duties and performance of the functions of the Director General of the Telecommunication Department, Malaysia under the Telecommunications Act 1950 [*Act 20*].*

(4) For the avoidance of doubt—

- (a) any reference to property in respect of telecommunication services to which the Government of Malaysia was entitled to, is a reference to land, property other than excepted lands and designated property, and choses-in-action of the Government of Malaysia whether situated in Malaysia or elsewhere; and
- (b) any reference to rights and liabilities in respect of telecommunication services to which the Government of Malaysia was entitled or subject to, is a reference to rights which the Government of Malaysia is entitled or, as the case may be, liabilities to which the Government of Malaysia is subject to, whether under the laws of Malaysia or any country outside Malaysia and includes rights and liabilities arising under loans raised for telecommunication services.

(5) Every chose-in-action transferred by subsection (1) to the successor company may, after the transfer date, be sued on, recovered or enforced by the company in its own name and it shall not be necessary for the company or the Government of Malaysia to give notice to the person bound by the chose-in-action of the transfer effected by the subsection.

* *NOTE*—The Telecommunications Act 1950 [*Act 20*] has since been repealed by the Communications and Multimedia Act 1998 [*Act 588*]*—see* subsection 273(1) of Act 588.

(6) Every right and liability transferred by subsection (1) to the successor company may, on and after the transfer date, be sued on, recovered or enforced by or against the company in its own name and it shall not be necessary for the company or the Government of Malaysia to give notice to the person whose right or liability is transferred by this section of such transfer.

(7) In the case of rights and liabilities arising under any loans which vest in the company on the transfer date, the company may enter into such arrangements or agreements over such rights and liabilities with the Government of Malaysia or any third party.

Disposal of land

4. (1) For the avoidance of doubt, where any interest in land is vested in the Federation for telecommunication purposes, it shall be lawful for the Federation, pursuant to Article 86 of the Constitution, to grant—

(a) in the case of an interest in land in Peninsular Malaysia, a lease of such land for a period not exceeding ninety-nine years, or, in the case of land held under a State lease or a Mukim lease, for a period not exceeding the residue of the term of such lease; and

(b) in the case of an interest in land in Sabah or Sarawak, a sub-lease in accordance with the provisions of the Land Ordinance of Sabah or the Land Code of Sarawak, as the case may be,

to the successor company for the purpose of telecommunication services to be specified in the terms of the lease or sub-lease.

(2) For the purpose of paragraph (1)(a), “lease” shall have the meaning assigned thereto in the National Land Code and for the purpose of paragraph (1)(b), “sub-lease” shall have the meaning applicable thereto under the Land Ordinance of Sabah or the Land Code of Sarawak, as the case may be.

Initial Government holding in the successor company

5. (1) As a consequence of the vesting in the successor company by virtue of section 3 of all property, rights and liabilities in respect of telecommunication services, other than excepted lands

and designated property, to which the Government of Malaysia was entitled or subject to, the successor company shall issue such securities of the company as the Minister of Finance may from time to time direct—

- (a) to the Corporation; or
- (b) to any person entitled to require the issue of the securities following their initial allotment to the Corporation.

(2) The Minister of Finance shall not give a direction under subsection (1) at a time when the successor company has ceased to be wholly owned by the Government of Malaysia.

(3) Securities required to be issued in pursuance of this section shall be issued or allotted at such time and on such terms, as to allotment, as the Minister of Finance may direct.

(4) Shares issued in pursuance of this section—

- (a) shall be of such nominal value as the Minister of Finance may direct; and
- (b) shall be issued as fully paid and treated for the purposes of the Companies Act 1965 [*Act 125*] as if they had been paid up by virtue of the payment to the successor company of their nominal value.

(5) The Minister of Finance may dispose of any securities issued or of any rights to securities initially allotted to the Corporation in pursuance of this section.

(6) Any dividends or other sums received by the Corporation in right of or on the disposal of any securities or rights acquired by virtue of this section shall be paid into the Consolidated Fund.

Government investment in securities of the successor company

6. (1) The Minister of Finance may, at any time, acquire—

- (a) securities of the successor company or of any subsidiary of the successor company; or
- (b) rights to subscribe for any such securities.

(2) The Minister of Finance may dispose of any securities or rights acquired under this section.

(3) Any expenses incurred by the Minister of Finance in consequence of the provisions of this section shall be treated as investments and be authorized under subparagraph 8(3)(a)(iv) of the Financial Procedure Act 1957 [*Act 61*].

(4) Any dividends or other sums received by the Corporation in right of, or on the disposal of, any securities or rights acquired under this section shall be paid into the Consolidated Fund.

(5) Stamp duty shall not be chargeable in respect of any increase in the capital of the successor company which—

- (a) is effected by the issue of shares allotted at a time when the successor company was wholly owned by the Government; and
- (b) is certified by the Treasury as having been effected by the issue of shares subscribed for by the Minister of Finance under paragraph (1)(a).

Exercise of Minister of Finance's functions through nominees

7. (1) The Minister of Finance may appoint such persons as he thinks fit to act as his nominees for the purposes of section 5 or 6 and—

- (a) securities of the successor company may be assigned under section 5 to any nominee of the Minister of Finance appointed for the purposes of that section or to any person entitled to require the issue of the securities following their initial allotment to any such nominee; and
- (b) any such nominee appointed for the purposes of section 6 may acquire securities or rights in accordance with that section.

(2) Any person holding any securities or rights as a nominee of the Minister of Finance by virtue of subsection (1) shall hold and deal with them on such terms and in such manner as the Minister of Finance may direct.

Financial structure of the successor company

8. (1) If the Minister of Finance so directs at any time before the successor company ceases to be wholly owned by the Government such sum, not exceeding the accumulated realized profits of the

Telecommunication Department, Malaysia, as may be specified in the direction shall be carried by the successor company to a reserve, which in this section is referred to as “the statutory reserve”.

(2) The statutory reserve may only be applied by the successor company in paying up unissued shares of the company to be allotted to members of the company as fully paid bonus shares.

(3) For the purposes of any statutory accounts of the successor company—

(a) the vesting effected by virtue of section 3 shall be taken to have been a vesting of all property, rights and liabilities, other than the excepted lands and designated property, to which the Telecommunication Department, Malaysia, was entitled or subject to immediately before the end of the last complete accounting year of the Telecommunication Department, Malaysia, ending before the transfer date and to have been effected immediately after the end of that year; and

(b) the value of any asset and the amount of any liability of the Telecommunication Department, Malaysia, taken to have been vested in the successor company by virtue of paragraph (a) shall be taken to be the value or, as the case may be, the amount assigned to that asset or liability for the purposes of the corresponding statement of accounts prepared by the Telecommunication Department, Malaysia, in respect of that year.

(4) For the purposes of any statutory accounts of the successor company, the amount to be included in respect of any item shall be determined as if anything done by the Telecommunication Department, Malaysia, whether by way of acquiring, revaluing or disposing of any asset or incurring, revaluing or discharging any liability, or by carrying any amount to any provision of reserve, or otherwise had been done by the successor company.

(5) Without prejudice to the generality of the provision of subsection (4) the amount to be included from time to time in any reserves of the successor company as representing its accumulated realized profits shall be determined as if any profits realized and retained by the Telecommunication Department, Malaysia, had been realized and retained by the successor company.

(6) References in this section to the statutory accounts of the successor company are references to any accounts prepared by the successor company for the purposes of any provision of the Companies Act 1965.

(7) For the purposes of this section, “complete accounting year” means an accounting year ending with 31 December.

PART III

PROVISIONS RELATING TO STAFF

Staff

9. (1) The successor company shall accept into its employment on the transfer date every person who immediately before the transfer date is a member of the staff of the Telecommunication Department, Malaysia, and who was given an option by the Government of Malaysia and has opted to serve as an employee of such company.

(2) Every such person who opts under subsection (1) to serve as an employee of the successor company shall be employed by such company on terms and conditions of service not less favourable than the terms and conditions of service to which he was entitled to immediately before the transfer date.

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LIST OF AMENDMENTS

Amending law	Short title	In force from
	- NIL -	

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LIST OF SECTIONS AMENDED

Section	Amending authority	In force from
	- NIL -	

