

“APPENDIX 1”

**SUMMARY OF THE AMENDMENTS TO BURSA MALAYSIA SECURITIES BERHAD ACE MARKET LISTING REQUIREMENTS (“ACE LR”) RELATING TO DISCLOSURE AND CORPORATE GOVERNANCE AMENDMENTS, FUTURE FINANCIAL INFORMATION AMENDMENTS, AND SCMA AND CMSA AMENDMENTS**

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**ENHANCEMENTS TO DISCLOSURE IN ANNUAL REPORTS**

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- (1) Requiring disclosure of the **management discussion and analysis** of the listed corporation group’s business, operations and performance (including financial performance) and such disclosure must include the minimum content as prescribed in the ACE LR *[paragraph (8) of Appendix 9C and paragraph 2.2 of Guidance Note 11]*.
- (2) Requiring disclosure on the **amount of audit fees** and the **amount of non-audit fees** incurred by the listed corporation and on a group basis respectively, as well as the **details on the nature of the services rendered** if the non-audit fees incurred were **significant** *[paragraph (19) of Appendix 9C]*.
- (3) Requiring disclosure of the **profile particulars of key senior management** as prescribed in the ACE LR *[paragraph (4A) of Appendix 9C]*.
- (4) Refining the existing disclosure requirements relating to the **profile particulars of a director and chief executive** by requiring disclosure of additional information such as gender, and making consequential changes arising from such enhancements *[paragraph (1) of Appendix 8A; Parts A, B and B(A) of Appendix 9A; paragraphs (3) and (4) of Appendix 9C]*.
- (5) Requiring disclosure of information regarding material contracts, material loans and shareholding in the listed corporation or related corporation, of a **chief executive** (who is not a director) *[paragraphs (22), (23) and (24) of Appendix 9C]*.
- (6) Clarifying that the **directors’ remuneration** disclosed in the annual reports should include remuneration for services rendered by the listed corporation’s directors to the listed corporation as a group, and requiring such disclosure to include the amount received from the listed corporation and the amount received on a group basis respectively *[paragraph (12) of Appendix 9C]*.
- (7) Improving the quality of the **audit committee report** in annual reports by requiring disclosure on how the audit committee has met its responsibilities in discharging its functions and duties for the financial year *[Rule 15.15(3)(d)]*.
- (8) Removing **information which is already prescribed elsewhere or disclosed previously by the listed corporation** from the annual reports and making consequential amendments arising from such deletions *[Rule 8.19(3); Rule 9.19(35); new Rule 9.19(37A); paragraph 5 of Appendix 9B; paragraphs (15), (16), (17), (18), (20), (21) and (27) of Appendix 9C; Rule 12.23 and Appendix 12D]*.

## SUMMARY OF THE AMENDMENTS TO THE ACE LR RELATING TO DISCLOSURE & CORPORATE GOVERNANCE AMENDMENTS, FUTURE FINANCIAL INFORMATION AMENDMENTS, AND SCMA AND CMSA AMENDMENTS

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### ENHANCEMENTS ARISING FROM THE INTERNATIONAL STANDARDS ON AUDITING RELATING TO KEY AUDIT MATTERS AND GOING CONCERN

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- (9) Requiring **immediate announcement of any modified opinion or material uncertainty related to going concern** in an auditor's report including the **key audit matters, steps taken to address them and the timeline for the steps** *[Rule 9.19(38)]*.
- (10) **Requiring disclosure in quarterly reports of any modified opinion or material uncertainty related to going concern** in an auditor's report in the annual audited financial statements for the preceding financial year, together with the **status of the key audit matters and steps** taken to address them *[paragraph 15 of Appendix 9B]*.
- (11) Strengthening the **role of the audit committee** when reviewing financial statements by requiring the audit committee to also focus on, among others, significant matters highlighted in the financial statements and significant judgments made by management *[Rule 15.12(1)(g)]*.
- (12) Clarifying the **prescribed criteria concerning the going concern** status of a financially distressed listed corporation *[paragraph 2.1(g) of Guidance Note 3]*.

### ENHANCEMENTS TO IMPROVE SHAREHOLDER ENGAGEMENT AND STRENGTHEN CORPORATE GOVERNANCE PRACTICES OF LISTED CORPORATIONS

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- (13) Requiring any **resolution set out in the notice of any general meeting or notice of resolution** to be voted by poll, the **appointment of at least 1 scrutineer**, and the immediate announcement of the scrutineer's **name**, and making consequential changes *[new Rule 8.31A; Rules 9.19(7) and 10.08(7A)]*.
- (14) Requiring publication of a **summary of key matters discussed at annual general meetings** onto a listed corporation's website *[Rule 9.21(2)]*.

### FUTURE FINANCIAL INFORMATION AMENDMENTS

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- (15) Requiring a listed corporation and its Sponsor or Adviser (if appointed) to **comply with the relevant provisions in the SC's Prospectus Guidelines when preparing and disclosing financial estimate, forecast or projection** *[new Rule 2.19A(1); Rules 9.16(1)(c)(v) and 9.31(1)(c)(iv)]*.
- (16) Requiring a listed corporation to ensure the **underlying accounting policies and assumptions** relied on in the preparation of the financial estimate, forecast or projection **are reviewed and reported by external auditors or reporting accountants in accordance with the relevant provisions in the SC's Prospectus Guidelines** *[new Rule 2.19A(2); Rules 9.16(1)(c)(v) and 9.31(1)(c)(iv)]*.

**SUMMARY OF THE AMENDMENTS TO THE ACE LR RELATING TO DISCLOSURE & CORPORATE GOVERNANCE AMENDMENTS, FUTURE FINANCIAL INFORMATION AMENDMENTS, AND SCMA AND CMSA AMENDMENTS**

- (17) Specifying the circumstance in which the **review by the external auditors or reporting accountants is not required** namely when the financial estimate, forecast or projection is required to be **released on an immediate basis in response to a media report** [Rule 9.16(1)(c)(v)].
- (18) Adopting the definition of “**reporting accountants**” and “**Audit Oversight Board**” under the SC’s Prospectus Guidelines [Rule 1.01].
- (19) Streamlining all references made to “estimate, forecast or projection” by amending it to “**financial estimate, forecast or projection**” [paragraph (35)(d) of Appendix 6B; Rules 9.16(1)(c)(v) and 9.16(1)(f); Rules 9.19(35) and (37); Rule 9.31(1)(c)(iv); paragraphs (3)(b), (4) and (5) of Appendix 9B; paragraph (8) of Annexure GN3-A and paragraph 2.1(j) of Guidance Note 14].

**SCMA AND CMSA AMENDMENTS AND OTHER MISCELLANEOUS AMENDMENTS**

No.	Paragraph	Amendments
<b>SCMA AND CMSA AMENDMENTS</b>		
(a)	Rule 1.01	<p>(i) Streamlining the reference to “<b>Securities Commission Malaysia Act 1993</b>” in the definitions of “<b>auditor</b>” and “<b>SC</b>” with the Securities Commission (Amendment) Act 2015 (“<b>SCMA</b>”).</p> <p>(ii) Introducing a new definition for “<b>Bank Negara Malaysia</b>”, by adopting the same definition in the SCMA.</p> <p>(iii) Introducing a new definition for “<b>securities laws</b>”, by adopting the definition in the SCMA, and with modifications for a foreign corporation.</p> <p>(iv) Streamlining the reference to “<b>Securities Commission Malaysia</b>” in the definition of “<b>SC</b>” with the SCMA.</p>
(b)	Rules 15.05(1)(c) and 15.05(2)	<p>(i) Replacing the term “<b>Companies Act 1965</b>” in sub-Rule 15.05(1)(c) with “<b>corporations laws of the listed corporation’s place of incorporation</b>” to refer to the Companies Act 1965 <u>and</u> the corporations laws applicable to a foreign corporation. This is in view of the deletion of sub-Rule 15.05(2).</p>

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No.	Paragraph	Amendments
		(ii) Deleting sub-Rule 15.05(2) in view of the new definition of “ <b>securities laws</b> ” in Rule 1.01 and amendments to sub-Rule 15.05(1)(c).
(c)	Rule 16.02(1)(e)	<p>(i) Replacing the terms “<b>CMSA, the Securities Industry (Central Depositories) Act 1991, the Securities Commission Act 1993</b>” with the term “<b>securities laws</b>” in view of the new definition of “<b>securities laws</b>” in Rule 1.01.</p> <p>(ii) Replacing the phrase “<b>any guidelines issued by the SC for the ACE Market</b>” with “<b>the SC’s guidelines</b>” to align with the drafting used in paragraph 16.02(1)(f) of the Main LR, as there is no longer any specific guidelines issued by the SC for the ACE Market only.</p>
<b>OTHER MISCELLANEOUS AMENDMENTS</b>		
(d)	Paragraph 9(b) of Appendix 9B	Clarifying that the utilisation of proceeds raised from any corporate proposal in the quarterly reports includes proceeds raised from an initial public offering and that explanations will only be required for deviations of 5% or more.
(e)	Paragraph (24)(a) of Appendix 9C	Removing the phrase “ <b>(excluding bare trustees)</b> ” from the requirement to disclose the names of the substantial shareholders and their direct and deemed interests in subparagraph (a) given that such exclusion is already expressly provided for in the definition of “interests in shares” under section 6A of the Companies Act 1965 which this disclosure is based on.
(f)	Paragraph (11) of Appendix 9C; Rule 15.23; Rule 15.26(b) and Guidance Note 11	Clarifying that the statement on internal control of the listed corporation as a group must include “ <b>risk management</b> ”.

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No.	Paragraph	Amendments
(g)	Rules 15.08A(2), 15.11 and 15.15(3)(b)	<p>(i) Removing from the audit committee report, the requirement for disclosure of a summary of the terms of reference (“<b>TOR</b>”) of the audit committee, or the key functions, roles and responsibilities of the audit committee. Instead, a listed corporation will be required to make available the TOR of the audit committee on the listed corporation’s website.</p> <p>(ii) Similar amendments are also made to require the listed corporation to make available the TOR of the nominating committee on the listed corporation’s website.</p>
(h)	Rule 15.19	Clarifying that a vacancy resulting in non-compliance with requirements on composition of audit committee and the election of an independent chairman of the audit committee, must be filled within 3 months.
(i)	Rule 15.20	Clarifying that the review of the terms of office and performance of an audit committee and its members will be carried out by the <b>nominating committee</b> , and amending the timing of such review from once every 3 years to <b>annually</b> .

[End]