

Our Ref: SR/TAC(ro)/LD19/13 [LR-AR Issuance Timeframe &Ors]

27 December 2013

**The Company Secretary**  
(Listed Issuers)

**Via email**

Dear Sir/Madam,

**AMENDMENTS TO BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS IN RELATION TO THE REVIEW OF TIMEFRAME FOR ISSUANCE OF ANNUAL REPORTS AND OTHER ENHANCEMENTS**

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**1. INTRODUCTION**

Pursuant to section 9 of the Capital Markets and Services Act 2007 (“**CMSA**”), Bursa Malaysia Securities Berhad (“**the Exchange**”) has made amendments to the Main Market Listing Requirements (“**Main LR**”) in relation to the review of timeframe for issuance of annual reports and other enhancements.

**2. BACKGROUND**

- 2.1 As you may be aware, under the Corporate Governance Blueprint launched by the Securities Commission (“**SC**”) on 8 July 2011 (“**CG Blueprint**”), it was recommended that a taskforce of industry and regulators be formed to undertake a review of the current framework for periodic disclosure of financial and non-financial information.
- 2.2 In this regard, a taskforce spearheaded by the Exchange was established comprising representatives from the SC, the Exchange, the Audit Oversight Board, selected industry associations and listed issuers (“**Taskforce**”). In its review, the Taskforce looked into the following areas:
- (a) the continued relevance of requiring the issuance of quarterly reports; and
  - (b) the shortening of the timeframe for issuance of quarterly reports, annual audited financial statements and annual reports by listed issuers.

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- 2.3 Based on the review undertaken above, the Exchange issued a consultation paper on 31 May 2013 seeking feedback from listed issuers, relevant industry associations and the public on the proposed amendments to the Main LR in relation to the various proposals considered by the Taskforce as highlighted in subparagraphs 2.2(a) and (b) above ("**Consultation Paper**"). The public consultation closed on 28 June 2013.
- 2.4 In finalizing the proposals and amendments to the Main LR, both the Taskforce and the Exchange considered the feedback and comments received from the listed issuers and relevant industry associations carefully. Based on the feedback received on the Consultation Paper, the Exchange has further reviewed its proposals accordingly.

**Quarterly Reports**

- 2.5 On the issue of relevancy of the quarterly reports, the Exchange noted that there are more advantages attributed to the quarterly reporting framework (for both the investors and listed issuers), as opposed to the disadvantages. In view of this, the Exchange is maintaining the requirement for the issuance of quarterly report as it promotes better corporate governance and transparency. The Taskforce is also supportive of this view.
- 2.6 Further, the Exchange is maintaining the existing timeframe for issuance of quarterly reports within 2 months, after taking into account the feedback received on the Consultation Paper. This is in line with our objective to promote balanced regulation in the current quarterly reporting regime of our listed issuers.

**Annual audited financial statements**

- 2.7 In respect of the annual audited financial statements, the Exchange is maintaining the existing reporting timeframe of 4 months from the close of the financial year end.
- 2.8 The decision was made after the Exchange took into account the feedback received from the listed issuers and relevant industry participants, in particular on the shortage of accountants and auditors in our market.
- 2.9 We believe that the current requirement to issue the annual audited financial statements within 4 months is practical and realistic in the Malaysian context. Currently, the unaudited full year financial statements of listed issuers are made available to investors within 2 months from the close of their financial year. This provides investors with timely access to the full year financial results, albeit unaudited.

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- 2.10 Notwithstanding that the existing financial reporting timeframe is maintained, the Exchange strongly encourages listed issuers to issue their annual audited financial statements within a shorter timeframe, where possible, to be in line with the global and regional best practices<sup>1</sup>.
- 2.11 On the part of the Exchange, we will continue to monitor the developments in this area with a view to ensuring that investors are provided with reliable financial information in a timely manner.

**Annual Reports**

- 2.12 One of the key proposals the Exchange consulted on was shortening the current time allowed for issuance of annual reports from 6 months to 4 months and dispensing with the separate requirement for announcement of annual audited financial statements within 4 months from the close of the financial year. This proposal was to be effective for all annual reports issued for financial year ending on or after 31 December 2014.
- 2.13 Based on the feedback we received, we noted that there were concerns raised with respect to the lack of accounting and auditing resources as well as sufficiency of time to review both the annual audited financial statements and the annual report concurrently, and to print and issue the annual reports.
- 2.14 Whilst we take cognisance of the concerns raised, we believe that these issues could be addressed if listed issuers are provided with other modes of issuance of annual reports (instead of just hard copy or in CD-ROM), as well as sufficient time and notice.
- 2.15 The Exchange also believes that to meet investors' need for more timely information as well as to be on par with the international benchmark standards<sup>2</sup>, we should still move towards a shorter reporting timeline for annual reports. This is in view of the fact that the annual report is an important communication tool for shareholders and aids them in making informed investment decisions. Hence, shareholders must be able to receive the report in a timely manner.

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<sup>1</sup> Generally, annual audited financial statements are issued within 4 months or less from the close of the financial year in other markets (i.e. in United Kingdom - 4 months; Hong Kong - 3 months; Singapore - 3 ½ months; Thailand and United States - between 2 to 3 months).

<sup>2</sup> Generally, annual reports are issued within 4 months or less from the close of the financial year in other markets (i.e. in United Kingdom, Australia, Hong Kong and Thailand - 4 months; Singapore - 3 ½ months; United States - between 2 to 3 months).

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2.16 In view of the above, after careful consideration, we have adopted a phased approach towards shortening the timeframe for issuance of annual report as set out in paragraph 3.1 below. This is to accord listed issuers with a longer grace period to prepare for the implementation of the shorter timeframe.

**3. AMENDMENTS TO THE MAIN LR**

***Timeframe for issuance of annual reports***

3.1 In order to provide listed issuers with sufficient grace period for compliance, the timeframe for issuance of the annual reports is phased out in the following manner:

- (a) issuance of the annual reports within 5 months from the close of the financial year - this is applicable for annual reports issued for financial years ending on or after 31 December 2014 ("**Phase 1 Amendments**") [*paragraph 9.23 of the Main LR*]; and
- (b) issuance of the annual reports within 4 months from the close of the financial year and dispensation with the separate requirement for announcement of annual audited financial statements within 4 months from the close of the financial year (as the annual reports issued within 4 months would already include the annual audited financial statements, directors' and auditors' reports) – this is applicable for annual reports issued for financial years ending on or after 31 December 2015 ("**Phase 2 Amendments**") [*paragraph 9.23 of the Main LR*].

***Form of issuance of annual reports***

3.2 Further, to facilitate compliance by listed issuers with the Phase 1 Amendments and Phase 2 Amendments above, the Exchange is also making the following amendments to the Main LR:

- (a) expanding the form in which annual reports can be issued, to other electronic format in addition to the CD-ROM, to provide greater flexibility on the form in which annual reports are issued as well as to address the issue of insufficient time to print annual reports by listed issuers [*Paragraph 9.26 of the Main LR*]; and

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- (b) removing the obligation for a listed issuer to give the Exchange 15 copies of the specified documents<sup>3</sup> under the Main LR, to promote greater efficiency and cost saving by listed issuers [*Paragraphs 4A.28, 9.35, and paragraph 3.3 Practice Note 18 of the Main LR*].

**Consequential Amendments**

- 3.3 In relation to the Phase 2 Amendments, we are also making the following amendments consequential to the dispensation from the separate requirement for announcement of the annual audited financial statements:
- (a) deleting the requirement for a provision in the listed issuer's Articles of Association that the interval between the close of a financial year of a company and the issue of the annual audited financial statements, the directors' and auditors' reports, shall not exceed 4 months [*paragraph 7.33 of the Main LR*];
- (b) deleting the requirement that the annual audited financial statements must be prepared on a consolidated basis as this is already provided for under the approved accounting standards [*paragraph 9.24 of the Main LR*];
- (c) removing the references to "**annual audited financial statements**" in the requirements on suspension or de-listing for failure to comply with the prescribed timeframes for issuance of financial statements and annual reports [*paragraph 9.28 and Appendix 9A, Part I of the Main LR*]; and
- (d) removing the reference to "**annual audited financial statements**" and the separate requirement for announcement of the annual audited financial statements of the stapled group by the anchor issuer of stapled securities [*Practice Note 31, paragraph 9.0 of the Main LR*].

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<sup>3</sup> The specified documents under paragraph 9.35 of the Main LR are as follows:

- (a) all periodic and special reports, circulars, and all other documents released or issued by the listed issuer to the holders of any of the listed issuer's securities;
- (b) the annual audited financial statements together with the auditors' and directors' reports and the printed annual report of the listed issuer and all documents required by law to be annexed to such documents, as soon as issued; and
- (c) information on the annual general meeting proceedings where the information is additional to that contained in the annual report.

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***Other Amendments***

- 3.4 In addition to the above, we are making the following editorial amendments to the Main LR for clarification and consistency:
- (a) clarifying that the quarterly reports of a real estate investment trust and exchange traded fund must be issued as soon as the figures have been approved by the board of directors of the management company, and in any event, not later than 2 months after the quarter ends [*Paragraph 9.44 and 9.48 of the Main LR*]; and
  - (b) streamlining the terminology used for “statement of comprehensive income” [*Paragraph 16, Part A, Appendix 9B of the Main LR*].
- 3.5 We believe the amendments above would, among others –
- (a) improve timeliness of annual report disclosure to shareholders and investors to enable them to make informed investment decisions; and
  - (b) provide listed issuers with greater flexibility in issuing their annual reports.
- 3.6 The full text of the amendments above (with the amendments duly tracked) is attached as follows:
- (a) **Appendix 1** setting out the Phase 1 Amendments in relation to the issuance of annual reports within 5 months for financial years ending on or after 31 December 2014;
  - (b) **Appendix 2** setting out the Phase 2 Amendments in relation to the issuance of annual reports within 4 months for financial years ending on or after 31 December 2015, together with the consequential changes; and
  - (c) **Appendix 3** setting out the amendments relating to the form of issuance of annual reports and other amendments.
- 3.7 The amendments in **Appendices 1, 2 and 3** are reflected in the following manner:
- portions underlined are text newly inserted/added onto the existing rules; and
  - portions struck through are text deleted.

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**4. IMPLEMENTATION**

4.1 For ease of reference, we have set out the effective dates of the amendments above in the table below:

<b>Amendments</b>	<b>Appendix</b>	<b>Effective Date/Period of Compliance</b>
<b>Timeframe for issuance of annual reports</b>		
<b>Phase 1 Amendments</b> - Issuance of annual reports within 5 months from the close of the financial year	<b>Appendix 1</b> • Paragraph 9.23	All listed issuers must ensure the annual reports issued in respect of the <b>financial years ending on or after 31 December 2014</b> comply with the Phase 1 Amendments.
<b>Phase 2 Amendments</b> - Issuance of annual reports within 4 months from the close of the financial year end and dispensation from the separate requirement for announcement of annual audited financial statements within 4 months.	<b>Appendix 2</b> • Paragraph 9.23	All listed issuers must ensure the annual reports issued in respect of the <b>financial years ending on or after 31 December 2015</b> comply with the Phase 2 Amendments.
Consequential amendments pursuant to the dispensation from the separate requirement for announcement of the annual audited financial statements.	<b>Appendix 2</b> • Paragraph 7.33 • Paragraph 9.24 • Paragraph 9.28 • Appendix 9A, Part I • Paragraph 9.0, Practice Note 31	<b>31 December 2015</b>
<b>Form of issuance of annual reports</b>		
Issuance of annual reports in other electronic format in addition to the CD ROM.	<b>Appendix 3</b> • Paragraph 9.26	<b>2 January 2014</b>

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<b>Amendments</b>	<b>Appendix</b>	<b>Effective Date/Period of Compliance</b>
Removal of the requirement to furnish the Exchange with 15 copies of the specified documents.	<b>Appendix 3</b> <ul style="list-style-type: none"> <li>• Paragraph 4A.28</li> <li>• Paragraph 9.35</li> <li>• Paragraph 3.3, Practice Note 18</li> </ul>	<b>2 January 2014</b>
<b>Other amendments</b>		
Clarification amendments in relation to the quarterly reports of a real estate investment trust and exchange traded fund.	<b>Appendix 3</b> <ul style="list-style-type: none"> <li>• Paragraph 9.44</li> <li>• Paragraph 9.48</li> </ul>	<b>2 January 2014</b>
Streamlining amendments in relation to the terminology used for “statement of comprehensive income”.	<b>Appendix 3</b> <ul style="list-style-type: none"> <li>• Paragraph 16, Part A, Appendix 9B</li> </ul>	<b>2 January 2014</b>

- 4.2 In addition, we have provided some “Questions and Answers” to facilitate the listed issuer’s better understanding of, and compliance with the amendments above. The Questions and Answers are attached as **Appendix 4**.



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**5. ADDITIONAL INFORMATION**

- 5.1 This letter and all the above documents are also available at Bursa Malaysia's website at <http://www.bursamalaysia.com>.
- 5.2 If you have any queries on the above, please do not hesitate to contact the following persons from Listing Advisory & Development, Listing Division:
- (a) Mr. Chee Kai Mun (603 – 2034 7776); or
  - (b) Ms. Tiffany Yan Wei Mee (603 – 2034 7307).

Thank you.

Yours faithfully,



**SELVARANY RASIAH**  
**Chief Regulatory Officer**

*Encls. (4)*