

Our Ref: SR/TYH(RDA)/LD2/08

28 January 2008

Via email

**The Company Secretary
(Listed Issuers)**

Dear Sir/Madam

AMENDMENTS TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD IN RELATION TO CORPORATE GOVERNANCE AND OTHER AREAS

Please be notified that pursuant to section 9 of the Capital Markets and Services Act 2007, amendments have been made to the Listing Requirements (“LR”) of Bursa Malaysia Securities Berhad (“**Bursa Securities**”) in relation to corporate governance (“**CG Amendments**”) and other areas. The amendments to the LR are attached as **Appendix 1**.

The CG Amendments are aimed at raising the corporate governance standards amongst listed issuers and increasing investor confidence. The CG Amendments are in line with the revised Malaysian Code on Corporate Governance released by the Securities Commission (“**SC**”) on 1 October 2007.

Essentially, the CG Amendments will enhance the CG framework by:-

- enhancing the effectiveness and independence of audit committee; and
- mandating the internal audit function by listed issuers.

Key Amendments

The key amendments are in the following respects:-

1. CG Amendments

- (a) requiring all audit committee members to be non-executive directors;
- (b) mandating the internal audit function by listed issuers and requiring the internal audit function of listed issuers to report directly to the audit committee;
- (c) enhancing the disclosure in the annual reports of listed issuers to include information pertaining to the internal audit function;
- (d) expanding the functions of the audit committee to include the review of the adequacy of the competency of the internal audit function;

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- (e) setting out the rights of audit committee to convene meetings with external auditors, internal auditors or both, excluding the attendance of other directors and employees of the listed issuer;
- (f) clarifying that Bursa Securities may “approve” such other requirements relating to the financial-related qualifications or experience that must be fulfilled by at least one audit committee member and the signatory to the statutory declaration in relation to the accounts; and
- (g) requiring listed issuers to submit a copy of written representation or submission of external auditors’ resignation to Bursa Securities as provided under section 172A of the Companies Act 1965.

2. Other Amendments

In addition, the definition of “director” under the LR is amended to include a director of the issuer of the structured warrants, as well as a director of the management company in relation to listed issuers which are trusts (for example real estate investment trusts and exchange traded funds) (“**Other Amendments**”).

Implementation

The CG Amendments and Other Amendments take effect **immediately**. Unless otherwise stated below, listed issuers must comply with the amendments with **immediate effect**.

Amended Provisions	Timeframe for compliance
Paragraph (30), Appendix 9C – statement on internal audit function	Annual reports for financial years ending on or after 31 January 2009 must contain the statement on internal audit function.
Paragraph 15.10 – composition of audit committee	By 31 January 2009 .
Paragraph 15.13 – functions of audit committee	Audit committee must begin discharging this function with effect from 1 April 2008 .
Paragraph 15.28 – internal audit function	By 31 January 2009 .

Additional information

A copy of Questions and Answers pertaining to the above is attached as **Appendix 2**, to facilitate compliance by listed issuers.

Please take note that the amendments and the Questions and Answers are available for reference on the Bursa Malaysia’s web site at <http://www.bursamalaysia.com>.

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BERHAD IN RELATION TO CORPORATE GOVERNANCE AND OTHER AREAS**

For further information or any enquiries on the said amendments, kindly contact:-

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Thank you.

Yours faithfully



SELVARANY RASIAH
Chief Regulatory Officer

Encl.

AMENDMENTS TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE MAIN BOARD AND SECOND BOARD IN RELATION TO ENHANCEMENT OF CORPORATE GOVERNANCE FRAMEWORK AND OTHER AMENDMENT

EXISTING PROVISIONS		AMENDED PROVISIONS	
Para		Para	
1.01	Director shall have the meaning given in Section 2 of the CMSA.	1.01	Director shall have the meaning given in Section 2 of the CMSA and includes in the case of an issuer of structured warrants or a listed issuer which is a trust, a director of the issuer of the structured warrants or a director of a management company of the trust respectively.
9.27	<p>Statutory declaration in relation to accounts</p> <p>A listed issuer must ensure that the director or person primarily responsible for the financial management of the listed issuer, as the case may be, who signs the statutory declaration pursuant to section 169(16) of the Companies Act 1965 (referred to as the “signatory” in this Part K) satisfies the following requirements:-</p> <p>(a) the signatory is a member of the Malaysian Institute of Accountants; or</p> <p>(b) if the signatory is not a member of the Malaysian Institute of Accountants, the signatory must have at least 3 years’ working experience and:-</p> <p style="padding-left: 40px;">(i) must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or</p> <p style="padding-left: 40px;">(ii) must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or</p> <p>(c) the signatory fulfils such other requirements as prescribed by the Exchange.</p>	9.27	<p>Statutory declaration in relation to accounts</p> <p>A listed issuer must ensure that the director or person primarily responsible for the financial management of the listed issuer, as the case may be, who signs the statutory declaration pursuant to section 169(16) of the Companies Act 1965 (referred to as the “signatory” in this Part K) satisfies the following requirements:-</p> <p>(a) [no change]</p> <p>(b) [no change]</p> <p>(c) the signatory fulfils such other requirements as prescribed or approved by the Exchange.</p>

EXISTING PROVISIONS		AMENDED PROVISIONS	
Para		Para	
	<p>APPENDIX 9C</p> <p>Part A</p> <p>Contents of annual report (paragraph 9.25)</p> <p>(1) - (23) (no change)</p> <p>(24) A statement regarding the revaluation policy on landed properties in respect of the financial year; <i>and</i></p> <p>(25) – (28) (no change)</p> <p>(29) A description of the corporate social responsibility activities or practices undertaken by the listed issuer and its subsidiaries or if there are none, a statement to that effect.</p> <p>New provision</p>		<p>APPENDIX 9C</p> <p>Part A</p> <p>Contents of annual report (paragraph 9.25)</p> <p>(1) - (23) (no change)</p> <p>(24) A statement regarding the revaluation policy on landed properties in respect of the financial year;</p> <p>(25) – (28) (no change)</p> <p>(29) A description of the corporate social responsibility activities or practices undertaken by the listed issuer and its subsidiaries or if there are none, a statement to that effect; and</p> <p>(30) A statement relating to the internal audit function of the listed issuer, i.e. whether the internal audit function is performed in-house or is outsourced and the costs incurred for the internal audit function in respect of the financial year.</p>
15.10	<p>Composition of the audit committee</p> <p>(1) A listed issuer must appoint an audit committee from amongst its directors which fulfils the following requirements:-</p> <p>(a) the audit committee must be composed of no fewer than 3 members;</p> <p>(b) <i>a majority of the</i> audit committee must be</p>	15.10	<p>Composition of the audit committee</p> <p>(1) A listed issuer must appoint an audit committee from amongst its directors which fulfils the following requirements:-</p> <p>(a) (no change);</p> <p>(b) all the audit committee members must be non-</p>

EXISTING PROVISIONS		AMENDED PROVISIONS	
Para		Para	
	<p>independent directors; and</p> <p>c) at least one member of the audit committee:-</p> <p>(i) must be a member of the Malaysian Institute of Accountants; or</p> <p>(ii) if he is not a member of the Malaysian Institute of Accountants, he must have at least 3 years' working experience and:-</p> <p>(aa) he must have passed the examinations specified in Part I of the 1st Schedule of the Accountants Act 1967; or</p> <p>(bb) he must be a member of one of the associations of accountants specified in Part II of the 1st Schedule of the Accountants Act 1967; or</p> <p>(iii) fulfils such other requirements as prescribed by the Exchange.</p>		<p>executive directors, with a majority of them being independent directors; and</p> <p>c) at least one member of the audit committee:-</p> <p>(i) (no change)</p> <p>(ii) (no change)</p> <p>(iii) fulfils such other requirements as prescribed or approved by the Exchange.</p>
15.13	<p>Functions of the audit committee</p> <p>Without limiting the generality of paragraph 15.12 above, a listed issuer must ensure an audit committee shall, amongst others, discharge the following functions:-</p> <p>(1) review the following and report the same to the board of directors of the listed issuer:-</p>	15.13	<p>Functions of the audit committee</p> <p>Without limiting the generality of paragraph 15.12 above, a listed issuer must ensure an audit committee shall, amongst others, discharge the following functions:-</p> <p>(1) review the following and report the same to the board of directors of the listed issuer:-</p>

EXISTING PROVISIONS		AMENDED PROVISIONS	
Para		Para	
	<p>(a) –(d) (no change)</p> <p>(e) the adequacy of the scope, functions and resources of the internal audit functions and that it has the necessary authority to carry out its work;</p> <p>(f) –(j) (no change)</p>		<p>(a) – (d) (no change)</p> <p>(e) the adequacy of the scope, functions, competency and resources of the internal audit functions and that it has the necessary authority to carry out its work;</p> <p>(f) – (j) (no change)</p>
15.16	<p>Audit committee report</p> <p>(1) –(2) (No change)</p> <p>(3) The audit committee report shall include the following:-</p> <p>(a) –(d) (No change)</p> <p>(e) <i>the existence of an internal audit function or activity and where there is such a function or activity, a summary of the activities of the function or activity. Where such a function or activity does not exist, an explanation of the mechanisms that exist to enable the audit committee to discharge its functions effectively.</i></p>	15.16	<p>Audit committee report</p> <p>(1) –(2) (No change)</p> <p>(3) The audit committee report shall include the following:-</p> <p>(a) –(d) (No change)</p> <p>(e) a summary of the activities of the internal audit function or activity.</p>
15.18	<p>Rights of the audit committee</p> <p>A listed issuer must ensure that wherever necessary and reasonable for the performance of its duties, an audit committee shall, in accordance with a procedure to be determined by the board of directors and at the cost of the listed issuer:-</p> <p>(a) – (c) (No change)</p> <p>(d) have direct communication channels with the external auditors and person(s) carrying out the internal audit</p>	15.18	<p>Rights of the audit committee</p> <p>A listed issuer must ensure that wherever necessary and reasonable for the performance of its duties, an audit committee shall, in accordance with a procedure to be determined by the board of directors and at the cost of the listed issuer:-</p> <p>(a) – (c) (No change)</p> <p>(d) have direct communication channels with the external auditors and person(s) carrying out the internal audit</p>

EXISTING PROVISIONS		AMENDED PROVISIONS	
Para		Para	
	<p>function or activity <i>(if any)</i>;</p> <p>(e) (No change)</p> <p>(f) be able to convene meetings with the external auditors, excluding the attendance of <i>the executive members of the committee, whenever deemed necessary.</i></p>		<p>function or activity;</p> <p>(e) (No change)</p> <p>(f) be able to convene meetings with the external auditors, the internal auditors or both, excluding the attendance of other directors and employees of the listed issuer, whenever deemed necessary.</p>
15.23	<p>Removal of external auditors</p> <p>Where external auditors are removed from office, the listed issuer must forward to the Exchange a copy of any written representations made by the external auditors at the same time as copies of such representations <i>are sent to members of the listed issuer under section 172(5)(b) of the Companies Act 1965, unless an order is made by the Registrar of Companies under section 172(6) of the Companies Act 1965.</i></p>	15.23	<p>Removal or resignation of external auditors</p> <p>Where external auditors are removed from office or give notice to the listed issuer of their desire to resign as external auditors of listed issuer, the listed issuer must forward to the Exchange a copy of any written representations or written explanations of the resignation made by the external auditors at the same time as copies of such representations or explanations are submitted to the Registrar of the Companies pursuant to section 172A of the Companies Act 1965.</p>
	New provision	15.28	<p>PART F – INTERNAL AUDIT</p> <p>(1) A listed issuer must establish an internal audit function which is independent of the activities it audits.</p> <p>(2) A listed issuer must ensure its internal audit function reports directly to the audit committee.</p>