

Our Ref: SR/TAC(ro)/LD03/16 [Disclosure, CG, PFI & SCMA/CMSA]

24 March 2016

The Company Secretary
(Listed Corporations)

Via email

Dear Sir/Madam,

AMENDMENTS TO BURSA MALAYSIA SECURITIES BERHAD ACE MARKET LISTING REQUIREMENTS (“ACE LR”) RELATING TO -

- 1. DISCLOSURE AND CORPORATE GOVERNANCE REQUIREMENTS;**
- 2. FUTURE FINANCIAL INFORMATION CONSEQUENTIAL TO THE REVISED PROSPECTUS GUIDELINES; AND**
- 3. THE SECURITIES COMMISSION (AMENDMENT) ACT 2015 AND CAPITAL MARKETS AND SERVICES (AMENDMENT) ACT 2015**

1. INTRODUCTION

1.1 Pursuant to section 9 of the Capital Markets and Services Act 2007 (“**CMSA**”), Bursa Malaysia Securities Berhad (“**the Exchange**”) has amended the ACE LR as follows:

- (a) various enhancements in the key areas of disclosure and corporate governance (“**Disclosure and Corporate Governance Amendments**”);
- (b) amendments relating to future financial information consequential to the revised Prospectus Guidelines issued by the Securities Commission Malaysia (“**Future Financial Information Amendments**”); and
- (c) amendments consequential to the Securities Commission (Amendment) Act 2015 (“**SCMA**”) and the Capital Markets and Services (Amendment) Act 2015 (“**CMSA**”) (“**SCMA and CMSA Amendments**”),

(the Disclosure and Corporate Governance Amendments, the Future Financial Information Amendments, and the SCMA and CMSA Amendments -are collectively referred to as the “**LR Amendments**”).

AMENDMENTS TO THE ACE LR RELATING TO -

- (1) **DISCLOSURE AND CORPORATE GOVERNANCE AMENDMENTS;**
 - (2) **FUTURE FINANCIAL INFORMATION AMENDMENTS; AND**
 - (3) **THE SECURITIES COMMISSION (AMENDMENT) ACT 2015 AND CAPITAL MARKETS AND SERVICES (AMENDMENT) ACT 2015**
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2. BACKGROUND AND KEY AREAS OF REVIEW

Disclosure and Corporate Governance Amendments

- 2.1 Given the ever-changing capital market environment and increasing investor expectation, continued improvements on the standards of disclosure and corporate governance practices remain the focus of the Exchange. Accordingly, the Exchange embarked on a review of the ACE LR with the primary objective of promoting greater transparency, maintaining market integrity and investor protection.
- 2.2 The main areas covered under the Disclosure and Corporate Governance Amendments are as follows:
 - (a) enhancing disclosure of non-financial information in annual reports and deleting information that has been previously disclosed to shareholders via announcements or financial statements;
 - (b) enhancing the relevant requirements in the ACE LR arising from the international standards of auditing relating to key audit matters¹ and going concern² ("**Standards**") issued by the Malaysian Institute of Accountants such as requiring immediate and periodic disclosures of, among others, key audit matters and matters related to going concern, as well as strengthening the role of the audit committee when reviewing financial statements;
 - (c) strengthening corporate governance practices of listed corporations by mandating poll voting for all resolutions set out in the notice of any general meeting or in any notice of resolution which may properly be moved and is intended to be moved at any general meeting; and

¹ See the new International Standards of Auditing ("**ISA**") 701 on "*Communicating Key Audit Matters in the Independent Auditor's Report*" issued by the Malaysian Institute of Accountants. ISA 701 takes effect for audits of financial statements for periods ending on or after 15 December 2016.

² See the revised ISA 570 on "*Going Concern*" issued by the Malaysian Institute of Accountants. ISA 570 takes effect for audits of financial statements for periods ending on or after 15 December 2016.

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(d) improving shareholder engagement and transparency by requiring posting of a summary of key matters discussed at the annual general meetings, on the listed corporation's website.

- 2.3 The Exchange had, on 16 October 2015, published a consultation paper seeking public feedback on the various proposals relating to the Disclosure and Corporate Governance Amendments ("**Consultation Paper**"). The public consultation closed on 13 November 2015.
- 2.4 In finalising the Disclosure and Corporate Governance Amendments, the Exchange has considered the feedback or comments received on the Consultation Paper, and reviewed the proposals accordingly.

Future Financial Information Amendments

- 2.5 Further to the above, we are also making amendments to the ACE LR relating to future financial information consequential to the revised Prospectus Guidelines ("**SC's Prospectus Guidelines**") issued by the Securities Commission Malaysia ("**SC**").
- 2.6 Following the issuance of the revised SC's Prospectus Guidelines, the SC has set out its expectations on compliance with the requirements for future financial information. In view of this, we have streamlined the standard for disclosure of future financial information under the ACE LR with the SC's Prospectus Guidelines, as part of the post listing obligations, to ensure parity of disclosure standard in the market, where appropriate.

SCMA and CMSA Amendments

- 2.7 In addition to the above, the Exchange has also amended the ACE LR consequential to the SCMA and CMSA. The amendments are made to streamline the policy and terminologies used in the ACE LR with the relevant provisions in the SCMA and CMSA.

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3. OBJECTIVES OF THE LR AMENDMENTS

3.1 The LR Amendments, among others, seek to achieve the following:

Disclosure and Corporate Governance Amendments

- (a) improving the quality of disclosures in annual reports through enhanced disclosure requirements and at the same time, reducing burden of regulatory compliance through removal of redundant information;
- (b) enhancing the integrity of financial statements and transparency on key audit matters and matters relating to going concern;
- (c) enhancing corporate practices as well as shareholder participation and voting at general meetings;

Future Financial Information Amendments

- (d) ensuring parity in the standard for disclosure of future financial information under the ACE LR with the SC's Prospectus Guidelines; and

SCMA and CMSA Amendments

- (e) ensuring that the policy and terminologies used in the ACE LR are aligned and consistent with the SCMA and CMSA.

3.2 The LR Amendments are summarised in **Appendix 1** for ease of reference while the full text of the ACE LR (with the LR Amendments duly tracked) is attached as **Appendix 2**.

3.3 The LR Amendments in **Appendix 2** 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 The Exchange has adopted a phased approach in implementing the LR Amendments. In doing so, we took into account 2 key considerations namely, to accord listed corporations with sufficient grace period to understand and comply with the LR Amendments, and where applicable, to coincide with the effective date of the Standards, which take effect for audits of financial statements for periods ending on or after 15 December 2016.
- 4.2 In view of the above, listed corporations are given up to the various implementation dates below to comply with the LR Amendments:

No.	LR Amendments	Implementation Date(s)
(a)	All of the LR Amendments (except for those mentioned specifically under items (b) – (j) of this table below)	3 May 2016 onwards
(b)	<p>Enhancements to the contents of annual reports (except for the requirement to disclose management discussion and analysis)</p> <ul style="list-style-type: none"> • profile particulars of directors, chief executive and key senior management <i>[paragraphs (3), (4) and (4A) of Appendix 9C]</i> • enhancements to directors remuneration <i>[paragraph (12) of Appendix 9C]</i> • details on audit and non-audit fees (including the nature of services if the non-audit fees are significant) <i>[paragraph (19) of Appendix 9C]</i> 	Annual reports issued for financial years ending (“FYE”) on or after 30 April 2016 .

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No.	LR Amendments	Implementation Date(s)
	<ul style="list-style-type: none"> • information relating to material contracts or material loans involving the interest of the chief executive and the shareholding of chief executive in the listed corporation [paragraphs (22), (23) and (24) of Appendix 9C] • enhancements to audit committee's report [Rule 15.15(3)(d)] • deletion of information that has been previously disclosed to shareholders [paragraphs (15), (16), (17), (18), (20), (21) and (27) of Appendix 9C] 	
(c)	Enhancement to the details of individuals standing for election as directors in the statement accompanying notice of annual general meetings (" AGMs ") [Appendix 8A]	The enhancements to Appendix 8A is effective for notices of AGMs issued for FYE on or after 30 April 2016.
(d)	Requirement for poll voting for any resolution set out in the notice of general meetings or notice of resolutions, and its related amendments [new Rule 8.31A, Rules 9.19(7) and 10.08(7A)]	General meetings held on or after 1 July 2016.
(e)	Publication of the summary of key matters discussed at AGMs onto the listed corporation's website [Rule 9.21(2)]	AGMs held on or after 1 July 2016.
(f)	Enhancement to the role of the audit committee [Rule 15.12(1)(g)(ii)]	1 July 2016

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No.	LR Amendments	Implementation Date(s)
(g)	Immediate announcement of modified opinion or material uncertainty related to going concern (“ MUGC ”) in the auditors’ report together with key audit matters, steps to address and timeline [Rule 9.19(38)]	15 December 2016.
(h)	Amendments to the prescribed criteria relating to going concern for financially distressed listed corporations [paragraph 2.1(g) in Guidance Note 3]	
(i)	Quarterly report disclosure on modified opinion or MUGC in the auditors’ report together with the status of the key audit matters and steps to address [paragraph 15 of Appendix 9B]	Quarterly reports issued subsequent to the issuance of the annual audited financial statements for FYE on or after 15 December 2016.
(j)	Disclosure of management discussion and analysis in annual reports [paragraph (8) of Appendix 9C, and paragraph 2.2 in Guidance Note 11]	Annual reports issued for FYE on or after 31 December 2016.

5. ADDITIONAL INFORMATION

- 5.1 This letter and all the above documents are also available at Bursa Malaysia Berhad’s website at www.bursamalaysia.com.
- 5.2 In addition, we have also provided “Questions and Answers” as set out in **Appendix 3** to facilitate the listed corporation’s better understanding of, and compliance with the LR Amendments.

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5.3 If you have any queries on the above, please do not hesitate to contact the following persons from Listing Advisory & Development, Listing Division at 03-2034 7766:

- (a) Mr. Chee Kai Mun;
- (b) Ms. Tiffany Yan Wei Mee; or
- (c) Pn. Razalina Suriati Abdullah.

Thank you.

Yours faithfully,



SELVARANY RASIAH
Chief Regulatory Officer

Encls. (3)

TAC/ro/pt