

Our Ref: SR/TAC(ro)/LD 17/12 [CG&OtherAmendments]

29 November 2012

**The Company Secretary**  
(Listed Corporations)

**Via email**

Dear Sir/Madam,

**AMENDMENTS TO BURSA MALAYSIA SECURITIES BERHAD ACE MARKET LISTING REQUIREMENTS IN RELATION TO CORPORATE GOVERNANCE AND OTHER REQUIREMENTS**

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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 amended the ACE Market Listing Requirements (“**ACE LR**”) to enhance the corporate governance requirements pursuant to the issuance of the Corporate Governance Blueprint 2011 (“**CG Blueprint**”) and the Malaysia Code on Corporate Governance 2012 (“**MCCG 2012**”).

**2. BACKGROUND**

- 2.1 The Securities Commission (“**SC**”) launched the CG Blueprint on 8 July 2011 and subsequently issued the MCCG 2012 on 29 March 2012. It was also announced by the SC that all listed corporations with financial years ending on or after 31 December 2012 must state their corporate governance statements based on the MCCG 2012 in their annual reports.
- 2.2 Consequent to the CG Blueprint and the MCCG 2012, we have amended the ACE LR to address the recommendations set out in the CG Blueprint and to streamline with the provisions of the MCCG 2012 (“**CG Amendments**”).
- 2.3 On 30 July 2012, the Exchange issued a consultation letter seeking feedback from listed corporations and industry associations on the CG Amendments (“**Consultation Letter**”). In finalizing the CG Amendments, we have carefully considered all industry views received pursuant to the Consultation Letter, and reviewed our proposals accordingly.

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- 2.4 We believe the CG Amendments will achieve the objective of promoting a better and stronger corporate governance culture amongst the listed corporations by -
- (a) strengthening board structure and composition;
  - (b) enhancing transparency of the listed corporation's corporate governance practices; and
  - (c) providing shareholders with a fair and transparent voting process for related party transactions.

### **3 AMENDMENTS TO THE LISTING REQUIREMENTS**

#### **CG Amendments**

3.1 The salient CG Amendments are as follows:

- (a) mandating poll voting for related party transactions which require specific shareholder approval;
- (b) limiting the number of directorships in listed issuers from 10 to 5 and removing the restriction on the number of directorships in non-listed companies;
- (c) mandating the establishment of a nominating committee and requiring disclosure of its activities;
- (d) enhancing disclosure on directors' training;
- (e) aligning the disclosure requirements in the listed corporations' annual reports in relation to the corporate governance statements with the MCCG 2012; and

3.2 The Exchange has also amended Guidance Note 11 of the ACE LR relating to disclosure of the corporate governance statements to provide greater guidance to listed corporations in making meaningful and quality disclosures in annual reports.

#### **Other Amendments**

3.3 In addition to the above, the Exchange has also amended the ACE LR as follows (collectively referred to as the "**Other Amendments**"):

- (a) providing an option to listed corporations to publish certain information on their websites instead of the annual report; and

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(b) removing the requirement to disclose the total number of shareholders who abstained from voting in an announcement of resolution decided on poll. Hence, a listed corporation is only required to disclose the total number of votes cast on the poll (together with the percentage) in favour of and against the resolution, in the event a resolution is decided on poll.

3.4 The full text of the CG Amendments and the Other Amendments (with the amendments duly tracked) is attached as **Appendix 1**.

3.5 The CG Amendments and Other Amendments in **Appendix 1** are reflected in the following manner:

- portions underlined are text newly inserted/added onto the existing rules; and
- portions struck through are text deleted.

#### 4. IMPLEMENTATION

4.1 We are mindful that a listed corporation should be given sufficient grace period to understand and comply with the amended ACE LR. In view of this, we have staggered the effective dates of the CG Amendments and Other Amendments as set out in the table below for easy reference:

Amendments	Appendix & Cross References	Effective Date/Period of Compliance
<b>CG Amendments</b>		
Disclosure of corporate governance statements based on the MCCG 2012 in annual reports.	Appendix 1 <ul style="list-style-type: none"> <li>• Rule 15.25</li> <li>• Guidance Note 11</li> </ul>	All listed corporations with <b>financial years ending on or after 31 December 2012</b> must provide their corporate governance statements in accordance with the MCCG 2012 and Guidance Note 11 in their annual reports.
Mandating poll voting for related party transactions which require specific shareholder approval	Appendix 1 <ul style="list-style-type: none"> <li>• Rule 10.08(7A)</li> </ul>	<b>1 June 2013</b>
Limiting the number of directorships in listed issuers from 10 to 5 and removing the restriction on number of directorships in non-listed companies	Appendix 1 <ul style="list-style-type: none"> <li>• Rules 15.06 and 15.07</li> <li>• Guidance Note 9</li> </ul>	

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<b>Amendments</b>	<b>Appendix &amp; Cross References</b>	<b>Effective Date/Period of Compliance</b>
Mandating the establishment of a nominating committee	Appendix 1 <ul style="list-style-type: none"> <li>Rules 15.08A(1) and (2)</li> </ul>	<b>1 June 2013</b>
Enhanced disclosures in the annual report under Appendix 9C in relation to the activities of the nominating committee	Appendix 1 <ul style="list-style-type: none"> <li>Rule 15.08A(3)</li> <li>Appendix 9C, paragraph 7A</li> </ul>	All listed corporations must ensure the annual reports issued in respect of the <b>financial years ending on or after 31 December 2013</b> comply with the enhanced disclosures in Appendix 9C.
Enhanced disclosures in the annual report under Appendix 9C in relation to directors' training	Appendix 1 <ul style="list-style-type: none"> <li>Rule 15.08(3)</li> <li>Appendix 9C, paragraph 29</li> </ul>	
<b>Other Amendments</b>		
Option to publish certain information on the listed corporation's website instead of the annual report	Appendix 1 <ul style="list-style-type: none"> <li>Rule 9.25</li> </ul>	<b>29 November 2012</b>
Removing the requirement to disclose the total number of shareholders who abstained from voting in an announcement of resolution decided on poll.	<ul style="list-style-type: none"> <li>Rule 9.19(7)</li> </ul>	

4.2 In addition, we have provided some "Questions and Answers" to facilitate the listed corporation's better understanding of, and compliance with the CG Amendments and Other Amendments. The Questions and Answers are attached as **Appendix 2**.

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**AMENDMENTS TO BURSA MALAYSIA SECURITIES BERHAD ACE MARKET LISTING  
REQUIREMENTS IN RELATION TO CORPORATE GOVERNANCE AND OTHER REQUIREMENTS**

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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 liaise with the contact persons from our Listing Division who have been assigned to you as informed via our letter dated 20 June 2008 (Our Ref: IS/LD/09/08), the details of which can also be found at <http://www.bursamalaysia.com/contact>.

Thank you.

Yours faithfully,



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

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