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**ANNEXURE A**  
**PROPOSED DISCLOSURE & CORPORATE GOVERNANCE AMENDMENTS**

**Main Market Listing Requirements**

**CHAPTER 4 ADMISSION FOR SPECIFIC APPLICANTS**

**APPENDIX 4A**

**Contents of deed in respect of a real estate investment trust**  
(paragraph 4.08(1))

- (1) At least 14 days' notice in writing of any meeting (other than a meeting convened to pass a special resolution) of unit holders shall be given by the trustee. In the case of a meeting convened to pass a special resolution, at least 21 days' notice shall be given. Such notice will specify in a circular the general nature of the business to be transacted.
- (2) The trustee shall cause at least 14 days' notice (21 days in the case of special resolution to be passed) to be given of any meeting by advertisement in a national language daily newspaper and in one other newspaper as may be approved by the SC, and in writing to the Exchange.
- (3) A unit holder shall be entitled to attend and vote at any meeting of unit holders, and shall be entitled to appoint another person (whether a unit holder or not) as his proxy to attend and vote. Where the unit holder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy in respect of each securities account it holds with units standing to the credit of the said securities account. Where a unit holder appoints 2 proxies in accordance with this provision the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. Such proxy shall have the same rights as the member to vote ~~whether on a poll or a show of hands~~, to speak and to be reckoned in a quorum.
- (4) In the case of an equality of votes the chairman of a meeting of unit holders shall have a casting vote in addition to his votes (if any) as a unit holder ~~both on a show of hands and on a poll~~.

**APPENDIX 4B**

**Contents of deed in respect of an exchange-traded fund**  
(paragraph 4.13)

- (1) At least 14 days' notice in writing of any meeting (other than a meeting convened to pass a special resolution) of unit holders shall be given by the trustee. In the case of a meeting convened to pass a special resolution, at least 21 days' notice shall be given. Such notice will specify in a circular the general nature of the business to be transacted.
- (2) The trustee shall cause at least 14 days' notice (21 days in the case of a special resolution to be passed) to be given of any meeting by advertisement in a national language daily newspaper and in one other newspaper as may be approved by the SC, and in writing to the Exchange.

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- (3) A unit holder shall be entitled to attend and vote at any meeting of unit holders, and shall be entitled to appoint another person (whether a unit holder or not) as his proxy to attend and vote. Where the unit holder is an authorised nominee as defined under the Securities Industry (Central Depositories) Act 1991, it may appoint at least 1 proxy in respect of each securities account it holds with units standing to the credit of the said securities account. Where a unit holder appoints 2 proxies in accordance with this provision the appointment shall be invalid unless he specifies the proportions of his holdings to be represented by each proxy. Such proxy shall have the same rights as the member to vote ~~whether on a poll or a show of hands~~, to speak and to be reckoned in a quorum.
- (4) In the case of an equality of votes the chairman of a meeting of unit holders shall have a casting vote in addition to his votes (if any) as a unit holder ~~both on a show of hands and on a poll~~.

[End of Proposed Amendments to Chapter 4]

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**CHAPTER 4B LISTING OF SUKUK AND DEBT SECURITIES****Appendix 4B-A****Contents of a trust deed or other document governing the rights of bondholders for Exchange Traded Bonds**

(paragraph 4B.06(1))

- (1) Where a meeting of sukuk or debt securities holders is held, an issuer must ensure that:
  - (a) at least 14 days' notice in writing of any meeting (other than a meeting convened to pass a special resolution) of sukuk or debt securities holders shall be given by the trustee. In the case of a meeting convened to pass a special resolution, at least 21 days' notice shall be given. Such notice will specify the general nature of the business to be transacted.
  - (b) the trustee shall cause at least 14 days' notice (21 days' in the case of special resolution to be passed) to be given of any meeting by advertisement in at least 1 nationally circulated Bahasa Malaysia or English daily newspaper and in writing to the Exchange.
  - (c) the notices convening a meeting of sukuk or debt securities holders must contain sufficient information to enable a sukuk or debt securities holder to decide whether to attend the meeting.
- (2) A sukuk or debt securities holder shall be entitled to attend and vote at any meeting of sukuk or debt securities holders, and shall be entitled to appoint another person (whether a sukuk or debt securities holder or not) as his proxy to attend and vote. Such proxy shall have the same rights as the sukuk or debt securities holder to vote ~~whether on a poll or a show of hands~~, to speak and to be reckoned in a quorum.
- (3) In the case of an equality of votes the chairman of a meeting of sukuk or debt securities holders shall have a casting vote in addition to his vote (if any) as a sukuk or debt securities holders ~~both on a show of hands and on a poll~~.

[End of Proposed Amendments to Chapter 4B]

**CHAPTER 7 ARTICLES OF ASSOCIATION**

**PART I – VOTING AND PROXIES**

**7.18 ~~Voting rights on a show of hands~~**

~~On a resolution to be decided on a show of hands, a holder of ordinary shares or preference shares who is personally present and entitled to vote shall be entitled to 1 vote.~~**[Deleted]**

**7.19 ~~Voting right of proxy~~**

~~A proxy shall be entitled to vote on a show of hands on any question at any general meeting.~~**[Deleted]**

[End of Proposed Amendments to Chapter 7]

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## CHAPTER 8 CONTINUING LISTING OBLIGATIONS

### PART G – SHARE ISSUANCE SCHEME

#### 8.17 Allocation under a Share Issuance Scheme

- (1) A listed issuer must disclose to employees the criteria for allocation of options pursuant to a Share Issuance Scheme.
- (2) A listed issuer must ensure that allocation of options pursuant to a scheme is verified by the audit committee, as being in compliance with the criteria referred to in subparagraph (1) above, at the end of each financial year.
- (3) ~~A listed issuer must also ensure that a statement by the audit committee verifying such allocation is included in the annual report.~~[Deleted]

### PART H – OTHERS

#### 8.29A Voting by poll

- ~~(1) A listed issuer must ensure that any vote of securities holders at a general meeting is taken by poll.~~
- ~~(2) A listed issuer must appoint at least 1 independent scrutineer to validate the votes cast at the general meeting.~~

### APPENDIX 8A

#### Contents of statement accompanying notices of annual general meetings

(paragraph 8.27(2))

1. Further details of individuals who are standing for election as directors (excluding directors standing for a re-election), namely the following:
  - (a) the name, age, gender, nationality, qualification, and whether the position is an executive or non-executive one and whether such director is an independent director;
  - (b) the working experience and occupation;
  - (c) any other directorships ~~of~~in public companies and listed issuers;
  - (d) the details of any interest in the securities of the listed issuer and its subsidiaries;
  - (e) the family relationship with any director and/or major shareholder of the listed issuer;
  - (f) any conflict of interests that they have with the listed issuer; and
  - (g) the list of convictions for offences within the past ~~5~~40 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, other than traffic offences, if any.

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2. A statement relating to general mandate for issue of securities in accordance with paragraph 6.03(3) of these Requirements.

[End of Proposed Amendments to Chapter 8]

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**CHAPTER 9 CONTINUING DISCLOSURE****PART J – IMMEDIATE DISCLOSURE REQUIREMENTS****9.19 Immediate announcements to the Exchange**

A listed issuer must immediately announce to the Exchange the events set out below. This requirement is in addition to the other announcement requirements which are imposed under this Chapter and other parts of these Requirements, and are not exhaustive:

- (1) – (6) [no change];
- (7) all resolutions put to a general meeting of a listed issuer and immediately after such meeting whether or not the resolutions were carried. ~~If the resolution is decided on poll,~~  
~~the announcement must include –~~
- ~~(a) the total number of votes cast on the poll (together with the percentage) in favour of and against the resolution; and~~
- ~~(b) the name of the independent scrutineer.~~
- (8) – (33) [no change];
- (34) any deviation of 10% or more between the profit after tax and minority interest stated in a profit estimate, forecast or projection previously announced or disclosed in a public document and the announced ~~unaudited~~ financial statements, giving an explanation of the deviation and the reconciliation of the deviation;
- (35) – (36) [no change];
- ~~(36A) any shortfall in the actual profit guarantee received by the listed issuer as compared with the profit guarantee previously announced or disclosed in a public document (if any) and the steps taken or proposed to be taken to recover the shortfall.~~
- (37) any qualification, ~~material uncertainty related to going concern or any other emphasis of matter which highlights events that may affect the listed issuer's ability to continue as going concern~~ in an external auditors' report, ~~giving~~The announcement must set out the full details of such qualification, ~~material uncertainty related to going concern or emphasis of matter and include the following:~~
- ~~(a) all key audit matters disclosed in the external auditors' report;~~
- ~~(b) steps taken or proposed to be taken to resolve the issues highlighted in the qualification, material uncertainty related to going concern or other emphasis of matter which highlights events that may affect the listed issuer's ability to continue as going concern (if any); and~~
- ~~(c) the timeline for the steps referred to in sub-paragraph (b) above;~~
- (38) – (52) [no change].

**9.21 Listed issuer to have a website**

- (1) Every listed issuer must have its own website.
- (2) A listed issuer must publish on its website all announcements made to the Exchange pursuant to these Requirements and minutes of its annual general meetings. The listed issuer must ensure that such announcements and minutes of annual general meetings are placed on the listed issuer's website, as soon as practicable after the same are released on the Exchange's website, or as soon as practicable after the conclusion of the annual general meetings, as the case may be.
- (3) A listed issuer must ensure that its website contains the email address, name(s) of designated person(s) and their contact numbers to enable the public to forward queries to the listed issuer.
- (4) A listed issuer should ensure that its website is current, informative and contains all information which may be relevant to the listed issuer's shareholders including analyst's briefings.

**PART M6 – BUSINESS TRUSTS****9.53 Immediate announcements to the Exchange**

- (1) In addition to the requirements set out in this Chapter, a trustee-manager must immediately announce to the Exchange the following events:
  - (a) any change or proposed change in the general character or nature of the business trust;
  - (b) any change or proposed change of the trustee-manager;
  - (c) any change or proposed change in the control of the trustee-manager;
  - (d) any change in the name of the trustee-manager;
  - (e) any change or proposed change in the rate of fee payable to the trustee-manager;
  - (f) any material modification to the deed;
  - (g) any intention to terminate the business trust; and
  - (h) ~~any deviation of 10% or more between the profit after tax and minority interest stated in a profit estimate, forecast or projection previously announced or disclosed in a public document and the audited financial statements, giving an explanation of the deviation and the reconciliation of the deviation.~~[deleted]



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- (2) For the purpose of subparagraph (1)(c) above, “**change in the control**” refers to a change in a person who is, or group of persons who together are entitled to exercise or control the exercise of more than 33% of the voting shares in the trustee-manager, and who is or are in the position to control -
- (a) at least one half of the membership of the board of directors of the trustee-manager;  
or
- (b) at least one third of the membership of the board of directors of the trustee-manager, including the chief executive.

## APPENDIX 9B

### Part A

#### Quarterly report

(paragraphs 9.22(2) and 9.40)

#### Notes

1. – 14. [No change].
15. Where the audit report of the ~~corporation~~listed issuer's preceding annual financial statements ~~was qualified~~contained a qualification, material uncertainty related to going concern or any other emphasis of matter which highlights events that may affect the listed issuer's ability to continue as going concern, disclosure of ~~the~~such qualification, material uncertainty related to going concern or emphasis of matter and the ~~current~~ status of the following matters~~matter(s) giving rise to the qualification~~ for the current quarter and financial year to date:
- (a) the matter(s) giving rise to the qualification, material uncertainty related to going concern or other emphasis of matter which highlights events that may affect the listed issuer's ability to continue as going concern, including all key audit matters disclosed in the audit report; and
- (b) the steps taken (if any) to address the issues until such time when the issues are resolved.
16. – 17. [No change].

## APPENDIX 9C

### Part A

#### Contents of annual report

(paragraphs 9.25 and 9.41)

- (1) The address, telephone and facsimile numbers of the registered office.
- (2) The address, telephone and facsimile numbers of each office at which a register of securities is kept.

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- (3) The particulars of each director in the listed issuer including the following information:
- (a) the name, age, gender, nationality, qualification and whether the position is an executive or non-executive one and whether such director is an independent director;
  - (b) working experience and occupation;
  - (c) the date he was first appointed to the board;
  - (d) the details of any board committee to which he belongs;
  - (e) any other directorship ~~of~~in public companies and listed issuers;
  - (f) any family relationship with any director and/or major shareholder of the listed issuer;
  - (g) any conflict of interests that he has with the listed issuer;
  - (h) the list of convictions for offences within the past 540 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, other than traffic offences, if any; and
  - (i) the number of board meetings attended in the financial year.
- (4) Name of the chief executive and any other key senior management of the listed issuer and where ~~such person~~the chief executive is not a director, the following particulars:
- (a) the ~~name~~, age, gender, nationality and qualification;
  - (b) working experience;
  - (c) the date he was first appointed to the listed issuer;
  - (d) the details of any interest in the securities of the listed issuer or its subsidiaries;
  - (e) any directorship ~~of~~in public companies and listed issuers;
  - (f) any family relationship with any director and/or ~~major~~substantial shareholder of the listed issuer;
  - (g) any conflict of interests that he has with the listed issuer; and
  - (h) the list of convictions for offences within the past 540 years and particulars of any public sanction or penalty imposed by the relevant regulatory bodies during the financial year, other than traffic offences, if any.
- (5) The name of the company secretary.
- (6) The audit committee report in respect of the financial year required under paragraph 15.15.
- (6A) A statement on the activities of the nominating committee in the discharge of its duties for the financial year required under paragraph 15.08A(3).
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- (7) ~~The Chairman's statement which represents the collective view of the board of directors setting out a balanced summary which includes the following:~~
- ~~(a) a brief description of the industry trend and development;~~
  - ~~(b) a discussion and analysis of the group's performance during the year and the material factors underlying its results and financial position. It should emphasise trends and identify significant events or transactions during the year under review; and~~
  - ~~(c) the prospects of the listed issuer.~~

A statement containing the management discussion and analysis of the group's business, operations and financial performance during the financial year which includes at least the following information:

- (a) overview of the group's business and operations including its objectives and strategies for achieving the objectives;
- (b) discussion and analysis of the financial results and financial condition including -
  - (i) commentary on financial and non-financial indicators to measure the group's performance;
  - (ii) significant changes in performance, financial position and liquidity as compared with the previous financial year;
  - (iii) discussion on the capital expenditure requirements, capital structure and capital management policies of the group, group's treasury policy and group's funding and liquidity resources; and
  - (iv) known trends and events that are reasonably likely to have a material effect on the group's operations, financial condition, results and liquidity, together with the underlying reasons or implications;
- (c) review of operating activities including discussion on the main factors that may affect the operating activities of each principal business segment of the group, impact on future operating activities, and the approach or action taken in dealing with the effect or outcome of such matters on its business activities;
- (d) any identified anticipated or known risks that the group is exposed to which may have a material effect on the group's operations, financial condition, results and liquidity together with a discussion of the plans or strategies to mitigate such risks; and
- (e) forward-looking statement providing commentary on the -
  - (i) group's possible trend, outlook and sustainability of each of its principal business segment;
  - (ii) prospects of new businesses or investments; and
  - (iii) dividend/distribution policy and factors contributing to the dividend/distribution for the financial year.

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- (8) A statement relating to corporate governance in respect of the financial year required under paragraph 15.25.
- (9) A responsibility statement in respect of the annual audited financial statements required under paragraph 15.26(a).
- (10) A statement on risk management and internal control in respect of the financial year required under paragraph 15.26(b).
- (11) The remuneration of directors of the listed issuer (including the remuneration for services rendered to the listed issuer as a group) for the financial year and in the following manner, stating the amount received from the listed issuer and the amount received on a group basis respectively:
- (a) the aggregate remuneration of directors with categorisation into appropriate components (e.g. directors' fees, salaries, percentages, bonuses, commission, compensation for loss of office, benefits in kind based on an estimated money value) distinguishing between executive and non-executive directors; and
  - (b) the number of directors whose remuneration falls in each successive band of RM50,000 distinguishing between executive and non-executive directors.
- (12) The total number of board meetings held during the financial year.
- (13) Where applicable, a brief explanation of the status of utilisation of proceeds raised from any corporate proposal.
- (14) ~~The information required under paragraph 12.23 in respect of share buy-backs for the financial year. [Deleted]~~
- (15) ~~The amount of options or convertible securities issued by the listed issuer which are exercised during the financial year. [Deleted]~~
- (16) ~~A brief explanation on the depository receipt programme sponsored by the listed issuer, including the following:~~
- ~~(a) the number and names of the custodians holding the securities for which the depository receipts are issued;~~
  - ~~(b) the total number and percentage of the securities for which the depository receipts are issued against its issued and paid-up capital and a breakdown of the same in respect of the securities held by each custodian;~~
  - ~~(c) the name of the depository bank; and~~
  - ~~(d) the stock market in which the depository receipts are traded (if applicable). [Deleted]~~
- (17) ~~Particulars of all sanctions and/or penalties imposed on the listed issuer and its subsidiaries, directors or management by the relevant regulatory bodies. [Deleted]~~
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- (18) The amount of audit and non-audit fees incurred for services rendered to the listed issuer or its subsidiaries for the financial year ~~by the listed issuer's auditors, or a firm or corporation affiliated to the auditors' firm. Where the disclosure relates to non-audit fees, details on the type or nature of the services rendered, and whether such services were rendered by the listed issuer's auditors, or a firm or corporation affiliated to the auditors.~~

If no non-audit fees were incurred, a statement to that effect.

- (19) ~~Where the results for the financial year differ by 10% or more from any profit estimate, forecast or projection or unaudited results previously made or released by the listed issuer for that period, an explanation of the difference and a reconciliation of the difference. [Deleted]~~

- (20) ~~Any shortfall in the profit guarantee received by the listed issuer in the financial year as compared with the profit guarantee (if any) and steps taken to recover the shortfall. [Deleted]~~

- (21) Particulars of material contracts of the listed issuer and its subsidiaries, involving the interests of the directors', chief executive or ~~and~~ major shareholders' ~~interests~~, either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year, providing the following particulars in respect of each such contract:

- (a) the date;
- (b) the parties;
- (c) the general nature;
- (d) the consideration passing to or from the listed issuer or any other corporation in the group;
- (e) the mode of satisfaction of the consideration; and
- (f) the relationship between the director, chief executive or major shareholder and the contracting party (if the director, chief executive or major shareholder is not the contracting party).

If no such material contract has been entered into, a statement to that effect.

- (22) Where the above contract relates to a loan, the following particulars in respect of each loan:

- (a) the names of the lender and the borrower;
- (b) the relationship between the borrower and the director, chief executive or major shareholder (if the director, chief executive or the major shareholder is not the borrower);
- (c) the purpose of the loan;
- (d) the amount of the loan;
- (e) the interest rate;
- (f) the terms as to payment of interest and repayment of principal; and

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(g) the security provided.

(23) A statement indicating the date of such statement and setting out-

(a) the names of the substantial shareholders ~~(excluding bare trustees)~~ and their direct and deemed interests stating the number and percentage of shares in which they have an interest as shown in the register of substantial shareholders of the listed issuer;

(b) a statement showing the direct and deemed interests in the listed issuer, or in a related corporation (including number and percentage) of -

(i) each director (including number and percentage) in the listed issuer, or in a related corporation, appearing in the register maintained under section 134 of the Companies Act 1965; and

(ii) chief executive who is not a director;

(c) the number of holders of each class of equity securities and any convertible securities and the voting rights attaching to each class;

(d) a distribution schedule of each class of equity securities and any convertible securities setting out the number of holders and percentage in the following categories:

| No. of Holders | Holdings                                 | Total Holdings | %    |
|----------------|--|----------------|------|
|                | less than 100                            |                |      |
|                | 100 to 1,000 shares                      |                |      |
|                | 1,001 to 10,000 shares                   |                |      |
|                | 10,001 to 100,000 shares                 |                |      |
|                | 100,001 to less than 5% of issued shares |                |      |
|                | 5% and above of issued shares            |                |      |
|                |  |                | 100% |

(e) the names of the 30 securities account holders having the largest number of securities from each class of equity securities and convertible securities according to the Record of Depositors (without aggregating the securities from different securities accounts belonging to the same person) and the number and percentage of equity securities and convertible securities of each class held. In the case of securities account holders which are authorised nominees as defined under the Securities Industry (Central Depositories) Act 1991, information in the account qualifier field of the securities account must also be stated.

(24) [Deleted]

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- (25) Particulars of each property of the listed issuer or its subsidiaries which net book value is 5% or more of the consolidated total assets of the listed issuer as at the end of the financial year (“**material properties**”). In the event the number of the material properties is less than 10, particulars of the top 10 properties in terms of highest net book value (inclusive of the material properties) as at the end of the financial year. Particulars of such properties to be set out as follows as at the end of the financial year:
- (a) the address of each property;
  - (b) in respect of each property -
    - (i) a brief description (e.g. land or buildings, approximate areas, etc.);
    - (ii) the existing use (e.g. shops, offices, factories, residential, etc.);
    - (iii) the tenure (i.e. freehold, or leasehold and if leasehold, the date of expiry of the lease);
    - (iv) the approximate age of the buildings;
    - (v) the net book value; and
    - (vi) where revaluation has been carried out, the date of last revaluation and if none, the date of acquisition.
- (26) ~~A statement by the audit committee in relation to the allocation of options or shares pursuant to a Share Issuance Scheme as required under paragraph 8.17. [Deleted]~~
- (27) The following information in relation to an Employee Share Scheme:
- (a) the number of schemes currently in existence during the financial year, and brief details of each scheme including –
    - (i) total number of options or shares granted;
    - (ii) total number of options exercised or shares vested; and
    - (iii) total options or shares outstanding;
  - (b) in regard to options or shares granted to the directors and chief executive:
    - (i) aggregate options or shares granted;
    - (ii) aggregate options exercised or shares vested; and
    - (iii) aggregate options or shares outstanding;

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- (c) in regard to options or shares granted to the directors and senior management –
- (i) aggregate maximum allocation applicable to directors and senior management in percentage; and
  - (ii) the actual percentage granted to them,
- during the financial year and since commencement of the scheme respectively; and
- (d) a breakdown of the options offered to and exercised by, or shares granted to and vested in (if any) non-executive directors pursuant to an Employee Share Scheme in respect of the financial year in tabular form as follows:

| Name of director granted | Amount of options/shares exercised/shares vested | Amount of options |
|--------------------------|--|-------------------|
|--------------------------|--|-------------------|

- 1.
- 2.
- 3.

Total

- (28) A statement by the board of directors relating to the training attended by directors in respect of the financial year required under paragraph 15.08(3).
- (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<sup>1</sup>.
- (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.

[End of Proposed Amendments to Chapter 9]

<sup>1</sup> This will be replaced with the requirement to disclose a narrative statement of the listed issuer's management of material economic, environmental and social risks and opportunities ("**Sustainability Statement**") on 31 December 2016.



**CHAPTER 10 TRANSACTIONS**

**PART E – RELATED PARTY TRANSACTIONS**

**10.08 Related party transactions**

(1) – (7) [No change].

(7A) ~~A listed issuer must ensure that any vote of shareholders taken at the general meeting on the resolution approving the transaction is taken on a poll.~~[Deleted]

(8) – (11) [No change].

[End of Proposed Amendments to Chapter 10]

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**CHAPTER 12 SHARE BUY-BACKS****PART F – ADDITIONAL REQUIREMENTS****12.23 Information to be included in annual reports**

~~A listed corporation must include in its annual report, information with respect to purchase of its own shares as set out in Appendix 12D. [Deleted]~~

**APPENDIX 12D****Disclosure in annual report in relation to share buy-back**  
(paragraph 12.23)

- ~~(1) — A monthly breakdown of purchase(s) of its own shares made during the financial year showing the number of shares purchased each month and the purchase price per share or the highest, lowest and average price paid, and the total consideration paid for such purchase(s).~~
- ~~(2) — A monthly breakdown of resale(s) of its treasury shares during the financial year showing the number of treasury shares resold each month and the resale price of each share, or the highest, lowest and average resale price and the total consideration received for such resale(s).~~
- ~~(3) — The details of the shares retained as treasury shares during the financial year.~~
- ~~(4) — The details of shares cancelled during the financial year. [Deleted]~~

[End of Proposed Amendments to Chapter 12]

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## CHAPTER 15 CORPORATE GOVERNANCE

### PART B(A) – NOMINATING COMMITTEE

#### 15.08A Nominating committee

- (1) A listed issuer must establish a nominating committee which comprises exclusively of non-executive directors, a majority of whom must be independent.
- (2) The nominating committee must have written terms of reference dealing with its authority and duties which must include the selection and assessment of directors, and such information must be made available on the listed issuer's website.
- (3) The listed issuer must provide, in its annual report, a statement about the activities of the nominating committee in the discharge of its duties for the financial year. Such statement must include how the requirements set out in paragraph 2.20A of these Requirements are met and contain the following information:
  - (a) the policy on board composition having regard to the mix of skills, independence and diversity (including gender diversity) required to meet the needs of the listed issuer;
  - (b) the board nomination and election process of directors and criteria used by the nominating committee in the selection process; and
  - (c) the assessment undertaken by the nominating committee in respect of its board, committees and individual directors together with the criteria used for such assessment.

### PART C – AUDIT COMMITTEE

#### 15.11 Written terms of reference

An audit committee must have written terms of reference which deal with its authority and duties, and such information must be made available on the listed issuer's website.

#### 15.12 Functions of the audit committee

Without limiting the generality of paragraph 15.11 above, a listed issuer must ensure an audit committee, amongst others, discharge the following functions:

- (1) review the following and report the same to the board of directors of the listed issuer:
  - (a) with the external auditor, the audit plan;
  - (b) with the external auditor, his evaluation of the system of internal controls;
  - (c) with the external auditor, his audit report;
  - (d) the assistance given by the employees of the listed issuer to the external auditor;
  - (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;

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- (f) the internal audit programme, processes, the results of the internal audit programme, processes or investigation undertaken and whether or not appropriate action is taken on the recommendations of the internal audit function;
  - (g) the quarterly results and year-end financial statements, before the approval by the board of directors, focusing particularly on -
    - (i) changes in or implementation of major accounting policy changes;
    - (ii) significant financial reporting issues and judgments including significant and unusual events, and how these matters are addressed; and
    - (iii) compliance with accounting standards and other legal requirements;
  - (h) any related party transaction and conflict of interests situation that may arise within the listed issuer or group including any transaction, procedure or course of conduct that raises questions of management integrity;
  - (i) any letter of resignation from the external auditors of the listed issuer; and
  - (j) whether there is reason (supported by grounds) to believe that the listed issuer's external auditor is not suitable for re-appointment; and
- (2) recommend the nomination of a person or persons as external auditors.

**15.15 Audit committee report**

- (1) A listed issuer must ensure that its board of directors prepare an audit committee report at the end of each financial year that complies with subparagraphs (2) and (3) below.
- (2) The audit committee report must be clearly set out in the annual report of the listed issuer.
- (3) The audit committee report must include the following:
  - (a) the composition of the audit committee, including the name, designation (indicating the chairman) and directorship of the members (indicating whether the directors are independent or otherwise);
  - (b) ~~a summary of the terms of reference of the audit committee, or the key functions, roles and responsibilities of the audit committee; [deleted]~~
  - (c) the number of audit committee meetings held during the financial year and details of attendance of each audit committee member;
  - (d) a summary of the ~~activities-work~~ of the audit committee in the discharge of its functions and duties for that financial year of the listed issuer and how it has met its responsibilities;
  - (e) a summary of the activities of the internal audit function or activity.

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**15.19 Retirement and resignation**

In the event of any vacancy in an audit committee resulting in the non-compliance of ~~sub~~paragraphs 15.09(1) and 15.10 above, a listed issuer must fill the vacancy within 3 months.

**15.20 Review of the audit committee**

The ~~board of directors~~nominating committee of a listed issuer must review the term of office and performance of an audit committee and each of its members ~~at least once every 3 years annually~~ to determine whether such audit committee and members have carried out their duties in accordance with their terms of reference.

**PART D – AUDITORS****15.23 Review of statements**

A listed issuer must ensure that the external auditors review a statement made by the board of directors of a listed issuer pursuant to subparagraph 15.26(b) below, with regard to the state of risk management and internal control of the listed issuer and report the results thereof to the board of directors of the listed issuer.

**PART E – CORPORATE GOVERNANCE DISCLOSURE****15.26 Additional statements by the board of directors**

A listed issuer must ensure that its board of directors makes the following additional statements in its annual report:

- (a) a statement explaining the board of directors' responsibility for preparing the annual audited financial statements; and
- (b) a statement about the state of risk management and internal control of the listed issuer as a group.

*[Cross reference: Practice Note 9]*

[End of Proposed Amendments to Chapter 15]

PRACTICE NOTE 9<sup>2</sup>**RISK MANAGEMENT AND INTERNAL CONTROL, AND CORPORATE GOVERNANCE STATEMENT**

| Details   | Cross References           |
|---|----------------------------|
| Effective date: 1 June 2001, [ ]                    | Paragraphs 15.25 and 15.26 |
| Revision date: 3 August 2009, 29 November 2012, [ ] |                            |

**1.0 Introduction**

1.1 Paragraph 15.25 of the Listing Requirements provides that a listed issuer must include in its annual report, a narrative statement of its corporate governance practices (“**Corporate Governance Statement**”) with reference to the Malaysian Code on Corporate Governance 2012 (“**Code**”). In making the Corporate Governance Statement, the listed issuer must include the following information:

- (a) how the listed issuer has applied the Principles set out in the Code (“**Principles**”) to its particular circumstances, having regard to the Recommendations stated under each Principle (“**Recommendations**”); and
- (b) any Recommendation which the listed issuer has not followed, together with the reasons for not following it and the alternatives adopted by the listed issuer, if any.

1.2 Paragraph 15.26(b) of the Listing Requirements requires a listed issuer to ensure that its board of directors makes a statement in its annual report about the state of risk management and internal control of the listed issuer as a group (“**Risk Management and Internal Control Statement**”).

1.3 This Practice Note clarifies the obligation of the listed issuers in making the Corporate Governance Statement and the Risk Management and Internal Control Statement.

1.4 [Deleted]

**2.0 Location of the Corporate Governance Statement and the Risk Management and Internal Control Statement in the annual report**

2.1 A listed issuer may combine both the Corporate Governance Statement and the Risk Management and Internal Control Statement (both statements are collectively referred to as “**said Statements**”).

<sup>2</sup> The relevant amendments made relating to the disclosure of Sustainability Statement in annual reports will be reflected in Practice Note 9 on 31 December 2016.

2.2 A listed issuer must set out the said Statements prominently and clearly in its annual report. The said Statements must not be incorporated into its Chairman's management discussion and analysis statement in the annual report as referred to in paragraph 7, Part A of Appendix 9C of the Listing Requirements.

### 3.0 Contents of the Corporate Governance Statement

[No change].

### 4.0 Contents of the Risk Management and Internal Control Statement

4.1 In making the Risk Management and Internal Control Statement a listed issuer is required to address the Principle, Recommendation and Commentary in the Code which relate to internal control, namely the following:

(a) Principle 6 of the Code on recognizing and managing risks which reads as follows:

*"The board should establish a sound risk management framework and internal control system."*

(b) Recommendation 6.1 read together with the Commentary of the Code which states as follows:

*"The board should establish a sound framework to manage risks."*

Commentary:

- *The board should determine the company's level of risk tolerance and actively identify, assess and monitor key business risks to safeguard shareholders' investments and the company's assets.*
- *Internal controls are important for risk management and the board should be committed to articulating, implementing and reviewing the company's internal controls system.*
- *Periodic testing of the effectiveness and efficiency of the internal controls procedures and processes must be conducted to ensure that the system is viable and robust.*
- *The board should disclose in the annual report the main features of the company's risk management framework and internal controls system."*

4.2 In making the Risk Management and Internal Control Statement, a listed issuer should be guided by the **Statement on Risk Management and Internal Control: Guidelines for Directors of Listed Issuers** which is issued by the Taskforce on Internal Control with the support and endorsement of the Exchange.

4.3 A listed issuer must ensure that the Risk Management and Internal Control Statement contains adequate information to enable an informed assessment of its state of internal control.

**5.0 The said Statements**

[No change].

[End of Proposed Amendments to Practice Note 9]



**PRACTICE NOTE 17**

**CRITERIA AND OBLIGATIONS OF PN17 ISSUERS**

| Details   | Cross References                        |
|---|---|
| Effective date: 3 January 2005, [ ]   | Paragraphs 8.03A, 8.04, 16.02 and 16.11 |
| Revision date: 3 August 2009, 22<br>September 2011, 25<br>March 2013, 27<br>January 2015, [ ] |   |

**1.0 Introduction**

[No change]

**2.0 Criteria**

- 2.1 Pursuant to paragraphs 8.04(2) of the Listing Requirements, where a listed issuer triggers any one or more of the following Prescribed Criteria it must comply with the provisions of paragraph 8.04 and this Practice Note:
- (a) the shareholders' equity of the listed issuer on a consolidated basis is 25% or less of the issued and paid-up capital (excluding treasury shares) of the listed issuer and such shareholders' equity is less than RM40 million;
  - (b) receivers or managers have been appointed over the asset of the listed issuer, its subsidiary or associated company which asset accounts for at least 50% of the total assets employed of the listed issuer on a consolidated basis;
  - (c) a winding up of a listed issuer's subsidiary or associated company which accounts for at least 50% of the total assets employed of the listed issuer on a consolidated basis;
  - (d) the auditors have expressed an adverse or disclaimer opinion in the listed issuer's latest audited financial statements;
  - (e) the auditors have ~~expressed an emphasis of matter on~~ highlighted a material uncertainty related to going concern or expressed a qualification on the listed issuer's ability to continue as a going concern in the listed issuer's latest audited financial statements and the shareholders' equity of the listed issuer on a consolidated basis is 50% or less of the issued and paid-up capital (excluding treasury shares) of the listed issuer; or

(f) a default in payment by a listed issuer, its major subsidiary or major associated company, as the case may be, as announced by a listed issuer pursuant to paragraph 9.19A of the Listing Requirements and the listed issuer is unable to provide a solvency declaration to the Exchange.

(g) [deleted]

(h) [deleted]

2.1A – 2.3 [No change]

**3.0 [Deleted]**

**4.0 Disclosure obligations of the PN17 Issuer**

[No change]

**5.0 Obligation to Regularise**

[No change]

**[End of Annexure A]**