

**QUESTIONS & ANSWERS
ACE LR AMENDMENTS RELATING TO CA, CG
& CODIFICATION OF FINANCIAL DISCLOSURES**

APPENDIX 3

**QUESTIONS AND ANSWERS
AMENDMENTS TO BURSA MALAYSIA SECURITIES BERHAD
ACE MARKET LISTING REQUIREMENTS RELATING TO THE VARIOUS AREAS
[AMENDMENTS RELATING TO CA, CG AND CODIFICATION OF FINANCIAL DISCLOSURES]**

(As at 29 November 2017)

CHAPTER 1 - DEFINITIONS AND INTERPRETATION

1.2 Definition of “independent director”

- (i) **Is there a difference between the definition of “officer” in sub-Rules (b) and (d) of the said definition of “independent director” in Chapter 1 of the ACE LR (“the said definition”)?**

Yes. For the purpose of sub-Rule (b) of the said definition, “officer” shall have the meaning set out in section 42 of the Companies Act ~~1965~~2016 whereas for the purpose of sub-Rule (d) of the said definition, “officer” has been defined in Rule 1.01 of the ACE LR to be the chief executive, the chief operating officer, the chief financial controller or any other person primarily responsible for the operations or financial management of an applicant, a listed corporation or its related corporation, by whatever name called.

CHAPTER 2 – GENERAL

Letters of compliance

- 2.3 Can a listed corporation provide a letter of compliance which contains certain qualifications, for example, that generally a particular document complies with the ACE LR except for a few provisions, which are specifically set out in the letter of compliance itself?**

Listed corporations must ensure that the ~~articles of association constitution~~, trust deed, deed poll or bylaws of a Share Issuance Scheme and any amendments to the said documents comply with the ACE LR. As such, a letter of compliance must not contain any qualifications. The letter of compliance must state that the whole document complies with the ACE LR and the Rules of Bursa Malaysia Depository Sdn Bhd.

- 2.4 Who should write the letter of compliance?**

Pursuant to Rule 2.12 of the ACE LR, the letter of compliance must be written by a person with legal qualifications provided that in circumstances set out below, it may be written by the following additional persons:

- (a) in the case of bylaws of a Share Issuance Scheme (and any amendment to the bylaws), by the listed corporation's advisers; and
- (b) in the case of an amendment to ~~an articles of association constitution~~, by the listed corporation's advisers or its company secretary.

**QUESTIONS & ANSWERS
ACE LR AMENDMENTS RELATING TO CA, CG
& CODIFICATION OF FINANCIAL DISCLOSURES**

Controlling Person**2.11 Who are the Controlling Person referred to in Rule 2.22 of the ACE LR?**

“Controlling Persons” is defined in Rule 2.22 as a person who is, pursuant to a court order or otherwise, appointed to take possession or control over all or major assets of, or becomes responsible for the management of a listed corporation. This includes a n ~~provisional~~-interim liquidator appointed by the court.

Issuance of documents through electronic means**2.14 Rule 2.19B of the ACE LR provides that a listed corporation may send any document required to be sent under the ACE LR to its securities holders (“Documents”), by electronic means subject to compliance with certain prescribed conditions. What constitutes electronic means under Rule 2.19B of the ACE LR?**

Some of the electronic means contemplated include electronic mail (“**email**”), listed corporation’s website, or other electronic mode of communication agreed between the listed corporation and its securities holders.

2.15 A listed corporation which intends to send Documents to its securities holders via electronic means must, among others, ensure that its constitution provides for the use of electronic means, specifies the manner in which the electronic means is to be used and states that the contact details of a securities holder as provided to the Depository shall be deemed as the last known address provided by the securities holder to the listed corporation for purposes of communication with the securities holder.

What are the details that a listed corporation’s constitution should specify relating to the manner in which the electronic means is to be used?

The listed corporation may set out operational details pertaining to the use of the electronic means such as information on –

- the type of electronic means adopted and specific provisions relating to such electronic means such as the requirement for separate notification for publication on website and proof of delivery for Documents issued via email;
- the type of Documents which may be issued via electronic means;
- the addresses or contact details in which the Documents will be sent to;
- when a Document is deemed delivered pursuant to the electronic means; and
- alternative arrangements to send the Documents to securities holders in the event of delivery failure.

**QUESTIONS & ANSWERS
ACE LR AMENDMENTS RELATING TO CA, CG
& CODIFICATION OF FINANCIAL DISCLOSURES**

2.16 If a listed corporation chooses website as the mode of communication with its securities holders, how may the listed corporation give the separate notification in writing as required under Rule 2.19B(b) of the ACE LR?

The listed corporation may give the separate notification in writing in hard copy (e.g. letter) or by way of electronic means other than through the listed corporation's website (e.g. email, short messaging service ("SMS")) or any other form of communication permitted under the listed corporation's constitution for purposes of notification.

2.17 Rule 2.19B(c) of the ACE LR stipulates that there must be proof of delivery if a Document or notification is sent to securities holders through email. How does a listed corporation show proof of email delivery?

An email is deemed delivered if there is no written notification of delivery failure and there is record of the email being sent. This would serve as proof of email delivery as required under the ACE LR.

2.18 Where a listed corporation sends the Documents via email to its securities holders, what should a listed corporation do in the event of a delivery failure?

In the event of a delivery failure, the listed corporation must immediately send the Documents to the affected securities holders by other appropriate means as permitted under the listed corporation's constitution, such as in hardcopies. In this regard, the listed corporation should ensure that its constitution sets out, among others, the manner of which the Documents are to be sent to the affected securities holders in the event of a delivery failure.

2.19 What are the additional information which a listed corporation should provide to its securities holders when sending them the Documents by electronic means?

A listed corporation should, among others, inform the securities holders that they have the right to request for a hard copy of the Documents and how may they make such a request.

2.20 Rule 2.19B(e) of the ACE LR stipulates that a listed corporation must send documents required to be completed by securities holders for a rights issue or offer for sale ("Rights Issue and Offer for Sale Documents") through electronic mail, in hard copy or in any other manner as the Exchange may prescribe from time to time. What are the documents that fall within the ambit of Rights Issue and Offer for Sale Documents?

The Rights Issue and Offer for Sale Documents are documents or forms that securities holders need to complete and submit to the listed corporation within a specified timeframe in relation to a rights issue or offer for sale. These include, the notices of provisional allotment and rights subscription forms (in the case of a rights issue) notices of provisional offer and offer acceptance forms (in the case of an offer for sale).

2.21 Is the Notice of Election and Dividend Reinvestment Form ("DRS Document") in relation to the Dividend Reinvestment Scheme subject to the requirements set out in Rule 2.19B(e) of the ACE LR which must be sent via email, hardcopy or in any other manner prescribed by the Exchange?

No, the DRS Document is not subject to the requirements set out in Rule 2.19B(e). A listed corporation may determine how the DRS Document should be sent to its securities holders in accordance with its constitution to encourage greater participation.

**QUESTIONS & ANSWERS
ACE LR AMENDMENTS RELATING TO CA, CG
& CODIFICATION OF FINANCIAL DISCLOSURES**

2.22 Is a listed corporation in compliance with Rule 2.19B(e) of the ACE LR if it publishes its abridged prospectus in relation to a rights issue on its website and forward the rights subscription form in hardcopies to its securities holders?

Yes. The listed corporation is in compliance with the requirement under the ACE LR so long as the documents which are required to be completed by securities holders in relation to the rights issue (e.g. notices of provisional allotment and rights subscription forms) are sent in hardcopy, by way of email, or in any other manner as the Exchange may prescribe from time to time.

2.23 A listed corporation has opted to send the Rights Issue and Offer for Sale Documents via email to its shareholders who have given their email addresses to the Depository. Must the listed corporation forward hard copies of the documents if these shareholders request for hard copies of the same?

Yes, the listed corporation is still required to send hard copies of the notices of provisional allotment and rights subscription forms to its shareholders who request for the same pursuant to Rule 2.19B(d) of the ACE LR.

2.24 Rule 2.19B(d) of the ACE LR requires a listed corporation to forward a hard copy of the Document to the securities holder as soon as reasonably practicable after the receipt of the request. What is the reasonably practicable timeframe for a listed corporation to forward hard copies of the Document after the receipt of such request?

Generally, hardcopies of the Rights Issue and Offer for Sale Documents, should be given within 2 market days after the receipt of the request. This is to ensure that securities holders have sufficient time to understand the procedures involved and act immediately or promptly to complete the forms within the specified timeframe for the rights issue or offer for sale.

As for Documents other than the Rights Issue and Offer for Sale Documents, hardcopies of such documents should be given within 4 market days after receipt of the request.

CHAPTER 3 – ADMISSION

Admission Processes & Procedures

3.7 When will the listing and quotation of the new securities be effected on Bursa Securities?

The admission and listing of new securities on Bursa Securities will take place on the next market day upon the receipt of confirmation by the applicant from Bursa Depository that the new securities are ready for crediting into the respective securities accounts provided that the applicant has made the following announcements:

- (a) Announcement pursuant to paragraph 8.1 of Guidance Note 15 through Bursa Link via a dedicated template, “Timetable for IPO” on the issuance date of the prospectus.

The announcement must include the following information:

- The opening and closing date of the offer period;
- The balloting date;

**QUESTIONS & ANSWERS
ACE LR AMENDMENTS RELATING TO CA, CG
& CODIFICATION OF FINANCIAL DISCLOSURES**

- The allotment date of the IPO; and
- The tentative listing date.

If there is any change to the tentative listing date, the applicant must immediately announce the change to Bursa Securities.

- (b) Announcement pursuant to the paragraph 8.2 of Guidance Note 15 through Bursa Link via a dedicated template, "IPO template" before 3 p.m. on the market day before the listing date.

The announcement must include the following information:

- Actual date of listing;
- ~~Enlarged issued and paid up capital of the listed corporation indicating the number of shares and its par value, if any~~ total number of shares which will be listed;
- Stock Short Name, Stock Code, ISIN Code; and
- Sector and market under which the new securities will be admitted.

CHAPTER 6 – NEW ISSUES OF SECURITIES

Admission

6.2 Is a listed corporation allowed to submit its listing application for a new issue of securities to Bursa Securities on its own?

~~No.~~ Yes, but only in relation to a listing application of Specified Bonus Issue¹ of equity securities, which may be submitted by the listed corporation on its own without a Sponsor or Adviser, as the case may be pursuant to Rule 6.02(4) of the ACE LR. ~~any new issue of securities must be submitted to Bursa Securities through a Sponsor or Adviser, as the case may be.~~

¹ A "**Specified Bonus Issue**" is a bonus issue of securities which –

(i) is not conditional upon any other corporate proposal, or

(ii) is conditional upon another corporate proposal but –

(aa) that other corporate proposal is a subdivision or consolidation or shares; or

(bb) that other corporate proposal has been completed or become unconditional.

**QUESTIONS & ANSWERS
ACE LR AMENDMENTS RELATING TO CA, CG
& CODIFICATION OF FINANCIAL DISCLOSURES**

Listing procedures

6.6 Please elaborate further on the type of proposals to which the procedures under paragraph 4.0 of Guidance Note 17 apply.

This procedure is applicable to the additional securities which will be listed and quoted as the existing listed securities of the same type and class.

Examples where paragraph 4.0 is applicable

Example 1

PLC A proposes to issue additional new ordinary shares pursuant to the exercise of Share Issuance Scheme where the new ordinary shares arising from the Share Issuance Scheme will be listed and quoted as the existing listed ordinary shares.

In this instance, *PLC A* will adhere to the procedures under paragraph 4.0 for the listing and quotation of the new ordinary shares issued pursuant to the Share Issuance Scheme as it involves the same class of securities.

Example 2

PLC B has existing ordinary shares and warrants listed on Bursa Securities. *PLC B* proposes to undertake a rights issue of 100 million new ordinary shares on the basis of 1 new ordinary share for every 2 existing ordinary shares held ("**Rights Issue**"). Pursuant to the provision in the deed poll, additional warrants will be issued arising from the adjustment pursuant to the Rights Issue ("**Additional Warrants**").

In this instance, *PLC B* will adhere to the procedures under paragraph 4.0 provided that the additional 100 million new ordinary shares and the Additional Warrants will be listed and quoted as the existing listed ordinary shares and warrants respectively.

Example 3

PLC E undertakes a corporate exercise which entails the following:

- (a) Proposed acquisition of *ABC company* for a purchase consideration of RM100 million to be satisfied by the issuance of 50 million new ordinary shares at RM2.00 per share ("**Acquisition**").
- (b) Rights issue of 80 million new ordinary shares on the basis of 1 new ordinary share for every 1 share held ("**Rights Issue**").

Facts

- (i) The Acquisition shares and Rights Issue will be listed and quoted as the existing listed ordinary shares; and
- (ii) The Acquisition and Rights Issue are inter-conditional upon each other and hence, the new ordinary shares arising from both the Rights Issue and Acquisition must be listed and quoted at the same time.

**QUESTIONS & ANSWERS
ACE LR AMENDMENTS RELATING TO CA, CG
& CODIFICATION OF FINANCIAL DISCLOSURES**

In this instance, *PLC E* will adhere to the procedures under paragraph 4.0 of Guidance Note 17 because both the new shares arising from the Acquisition and Rights Issue will be listed and quoted as the existing listed shares.

Examples where paragraph 4.0 of Guidance Note 17 is NOT applicable

Example 4

PLC C proposes to undertake a private placement of new ordinary shares and these new ordinary shares will not be entitled to the final dividend for the financial year ended 30 March 2009.

As the new ordinary shares to be issued pursuant to the private placement will not be listed and quoted as the existing listed ordinary shares to which the procedures under paragraph 4.0 apply, *PLC C* must follow the procedure under paragraph 2.0 of Guidance Note 17.

Example 5

PLC D has existing ordinary shares and warrants listed on Bursa Securities and propose to undertake a rights issue of 80 million new ordinary shares and **RM80** million nominal value of Irredeemable Convertible Loan Stocks ("**ICULS**") to its shareholders.

As the rights issue involves the issuance of a new type of securities i.e. ICULS, which is not currently listed, *PLC D* must follow the listing procedures under paragraph 2.0 of Guidance Note 17 similar to Example 3 above.

Example 6

PLC F undertakes a corporate exercise which entails the following:

- (a) Proposed acquisition of *DEF company* for a purchase consideration of RM100 million to be satisfied by the issuance of 50 million new ordinary shares at RM2.00 per share ("**Acquisition**").
- (b) Rights issue of 80 million new ordinary shares on the basis of 1 new ordinary share for every 1 share held ("**Rights Issue**").

Facts

- (i) the new ordinary shares arising from the Acquisition will not be entitled to the Rights Issue;
- (ii) the Rights Issue shares will be listed and quoted as the existing listed ordinary shares; and
- (iii) the Acquisition is not conditional upon the Rights Issue.

In this instance, *PLC F* will adhere to the following procedures:

- procedures under paragraph 2.0 of Guidance Note 17 for new ordinary shares arising from Acquisition as it involves the issuance of a new class of securities i.e. "A" shares; and

**QUESTIONS & ANSWERS
ACE LR AMENDMENTS RELATING TO CA, CG
& CODIFICATION OF FINANCIAL DISCLOSURES**

- procedures under paragraph 4.0 of Guidance Note 17 for Rights Issue because the new shares arising from the Rights Issue will be listed and quoted as the existing listed shares.

Please refer to Annexure GN17-A of Guidance Note 17 for a better understanding on the application of each additional listing procedure set out under paragraphs 2.0, 3.0 and 4.0 of Guidance Note 17.

6.7 When will the listing and quotation of the additional securities be effected under paragraph 4.0 of Guidance Note 17?

Pursuant to the procedures under paragraph 4.0 of Guidance Note 17, the additional securities will be listed and quoted on the next market day after the listed corporation has -

- (a) submitted the relevant certificate together with a covering letter containing the summary of the corporate proposal to Bursa Depository before **10 a.m.** on the market day before the listing date;
- (b) received confirmation from Bursa Depository that the additional securities are ready for crediting into the respective account holders; and
- (c) announced pursuant to paragraph 12.2 of Guidance Note 17 through *Bursa Link* via a dedicated template, "*ALA template*" before **3 p.m.** on the market day before the listing date the following:
 - (i) details of corporate proposal;
 - (ii) total number of securities issued under each proposal and its issue price, if any ;
 - (iii) date of listing and quotation; and
 - (iv) latest ~~issued and paid up~~ share capital and number of issued shares after the proposal indicating the number of shares (in units and RM), ~~and their par value, if any.~~

**QUESTIONS & ANSWERS
ACE LR AMENDMENTS RELATING TO CA, CG
& CODIFICATION OF FINANCIAL DISCLOSURES**

General requirements for new issue of securities

6.11 The facts are as follows:

- On 31 July 201~~74~~, PLC A obtained a general mandate from its shareholders under Rule 6.04(1) of the ACE LR to issue shares at any time until the conclusion of its next annual general meeting provided that the aggregate number of shares to be issued does not exceed 10% of its ~~issued and paid-up capital~~total number of issued shares for the time being.
- ~~The nominal value of PLC A's issued and paid-up capital~~total number of issued shares as at 31 July 201~~74~~ was RM95 million shares.
- On 1 September 201~~74~~, ~~the nominal value of PLC A's issued and paid-up capital~~ total number of issued shares increased to RM100 million shares pursuant to a private placement exercise of 5 million shares of RM1.00 each issued under the general mandate.
- On 31 December 201~~74~~, PLC A issued another 50 million shares of RM1.00 each pursuant to a rights issue exercise which has been approved under a specific shareholders' approval.
- PLC A intends to undertake another private placement exercise by 30 June 201~~85~~.

What is the maximum amount of shares that PLC A can issue for the private placement exercise under the general mandate?

As at 30 June 201~~85~~, ~~the nominal value of PLC A's issued and paid-up capital~~total number of issued shares is RM150 million. Therefore, the maximum amount that PLC A can issue under the general mandate is 15 million shares ~~of RM1.00 each~~. Since PLC A has issued 5 million shares under the general mandate in the preceding 12 months, the maximum number of shares that can be issued under the general mandate as at 30 June 201~~85~~ is 10 million shares.

Requirements relating to a rights issue

6.22 **Is the listed corporation required to submit any document to Bursa Depository before the BCD for the purpose of processing the Rights under SPEEDS?**

The listed corporation must submit an undertaking letter in the prescribed format to Bursa Depository on the announcement date of the BCD for the Rights to be processed under SPEEDS. The undertaking letter must include the following:

- (a) The current ~~issued and paid-up capital~~share capital and number of issued shares of the listed corporation;
- (b) Designated CDS account for the crediting of fractional shares/rights;
- (c) Options on the allotment of fractional rights; and
- (d) An undertaking that the new share certificates will be submitted to Bursa Depository on the BCD.

**QUESTIONS & ANSWERS
ACE LR AMENDMENTS RELATING TO CA, CG
& CODIFICATION OF FINANCIAL DISCLOSURES**

Requirements in relation to bonus issue

- 6.30 What are the circumstances where the listed corporation, or the external auditors/reporting accountants, is required to provide confirmations that the available reserves for capitalization are ~~adequate~~ sufficient to cover the ~~entire bonus~~ capitalisation issue under Rule 6.31(23)(b)² of the ACE LR and paragraph 1(dA) in Part B, Annexure GN17-B³ of Guidance Note 17?

The following table clarifies the obligations of the listed corporation and the external auditors/reporting accountants in providing the relevant confirmations required for purposes of complying with Rule 6.31(3) of the ACE LR and paragraph 1(dA) in Part B, Annexure GN17-B of Guidance Note 17:

	SCENARIO	FINANCIAL STATEMENTS RELIED UPON			OBLIGATIONS	
		Latest audited financial statements	Latest audited financial statements adjusted for subsequent events	Latest unaudited financial statements	Must the listed corporation confirm the adequacy <u>sufficiency</u> of reserves for capitalization?	Must the reserves for capitalization be verified and confirmed by the external auditors (or reporting accountants) and the report be submitted to Bursa Securities?
Are the available reserves for capitalization adequate <u>sufficient</u> ?	Scenario 1	Yes	N/A	Yes	Yes	No
	Scenario 2	Yes	N/A	No	Cannot undertake bonus issue	N/A

- ² Rule 6.31(23)(b) stipulates that a listed corporation ~~must ensure that the available reserves for capitalisation are adequate to cover the entire bonus issue of securities, undertaking a bonus issue by way of capitalisation must ensure that it has sufficient reserves to cover the capitalisation issue.~~ If the reserves for capitalisation are not based on the annual audited financial statements of the listed corporation, such reserves must be verified and confirmed by the external auditors or reporting accountants of the listed corporation. Where a confirmation by the external auditors or reporting accountants is required, the reserves for capitalisation, which may be adjusted for subsequent events, must be based on the latest audited financial statements or the latest quarterly report, whichever is the later.
- ³ Paragraph 1(dA) of Part B, Annexure GN17-B provides that a listed corporation must file the following documents in support of the listing application for a bonus issue by way of capitalisation:
- confirmation from the listed corporation on the ~~adequacy~~ sufficiency of the reserves to cover the ~~for~~ capitalization; and
 - where the confirmation from the external auditors or reporting accountants is required, the report from the external auditors or reporting accountants.

**QUESTIONS & ANSWERS
ACE LR AMENDMENTS RELATING TO CA, CG
& CODIFICATION OF FINANCIAL DISCLOSURES**

	SCENARIO	FINANCIAL STATEMENTS RELIED UPON			OBLIGATIONS	
		Latest audited financial statements	Latest audited financial statements adjusted for subsequent events	Latest unaudited financial statements	Must the listed corporation confirm the adequacy/sufficiency of reserves for capitalization?	Must the reserves for capitalization be verified and confirmed by the external auditors (or reporting accountants) and the report be submitted to Bursa Securities?
	Scenario 3	No	Yes	N/A (Latest quarterly financial statements subsequent to the audited financial statements is not due for release)	Yes	Yes
	Scenario 4	No	N/A	Yes	Yes	Yes

- 6.35 **ABC Bhd** is considering a proposal to undertake a **bonus capitalisation** issue. Based on its latest consolidated audited accounts, **ABC Bhd** has **share premium of RM100 million and revaluation reserves of RM60 million**. **ABC Bhd** however has accumulated losses of **RM180 million**. Can **ABC Bhd** undertake a **bonus capitalisation** issue?

No, **ABC Bhd** cannot undertake a bonus issue as its accumulated losses (RM180 million) exceed the necessary reserves required for capitalisation of bonus issues (i.e. RM100 million + RM60 million = RM160 million). Yes, **ABC Bhd** can undertake a capitalisation issue provided that it complies with Part F in Chapter 6 of the ACE LR including ensuring that the reserves are sufficient for the capitalisation issue and its share price adjusted for a bonus issue is not less than RM0.20 based on the daily volume weighted average share price during the 3-month period before the application date.

**QUESTIONS & ANSWERS
ACE LR AMENDMENTS RELATING TO CA, CG
& CODIFICATION OF FINANCIAL DISCLOSURES**

- 6.36 ~~XYZ Bhd is considering a proposal to undertake a bonus issue. Based on its latest consolidated audited accounts, XYZ Bhd has share premium of RM200 million and revaluation reserves of RM250 million (assuming that the surplus does not arise from revaluation of real estates). XYZ Bhd has accumulated losses of RM150 million. Can XYZ Bhd undertake a bonus issue?~~

~~Yes, XYZ Bhd can undertake a bonus issue provided that the amount to be capitalised for the bonus issue does not exceed RM300 million. [Deleted]~~

Requirements relating to a Share Issuance Scheme

- 6.37 **With Rule 6.42(d) of the ACE LR, who can confirm adjustments (other than on a bonus issue, subdivision or consolidation of shares) under a Share Issuance Scheme?**

Pursuant to Rule 6.42(d) of the ACE LR, either the listed corporation's external auditor, Sponsor or Adviser, may confirm adjustments (other than on a bonus issue, subdivision or consolidation of shares) under a Share Issuance Scheme. However, this is subject to the provisions contained in the listed corporation's bylaws of the Share Issuance Scheme.

- 6.38 **Pursuant to Rule 6.39(1) of the ACE LR, the total number of shares to be issued under a Share Issuance Scheme must not exceed 30% of the issued and paid-up capital ~~total number of issued shares~~ at any one time. How is this percentage calculated?**

Where a listed corporation has issued a percentage out of the 30% allowed under Rule 6.39(1) of the ACE LR, for the following issue, the listed corporation would need to deduct from the total issued and paid-up capital ~~number of issued shares~~, the number of shares already issued and paid for under the Share Issuance Scheme. The result from the deduction would be the new basis for calculating the percentage allowed for the scheme.

Illustration:

PLC A procured shareholder approval to implement a 5-year Share Issuance Scheme of up to 30% of its issued and paid-up capital ~~total number of issued shares~~ on 8 ~~January~~ February 2009 ~~2017~~. PLC A has ~~an issued and paid-up capital~~ a total number of issued shares of RM20 million but arising from a rights issue implemented on 28 ~~February~~ March 2009 ~~2017~~, the ~~enlarged issued and paid-up capital~~ total number of issued shares is now RM25 million. In addition, arising from the exercise of all the options offered by PLC A pursuant to the Share Issuance Scheme, as at December ~~2010~~ 2017, 5 million new shares were issued ~~amounting to RM10 million~~. Pursuant to Rule 6.39 of the ACE LR, what is the number of shares under the Share Issuance Scheme that can be offered by PLC A to its employees in year ~~2014~~ 2018?

Based on this example, the computation of the shares under the Share Issuance Scheme that may be offered by PLC A is as follow:

	<u>Issued and Paid-Up Capital</u> <u>Total Number of Issued</u> <u>Shares</u>
8 January <u>February 2009</u> 2017	RM20 million
February 2009 <u>28 March 2017</u> (Issuance of new shares arising from rights issue – RM5 million)	RM25 million

**QUESTIONS & ANSWERS
ACE LR AMENDMENTS RELATING TO CA, CG
& CODIFICATION OF FINANCIAL DISCLOSURES**

	<u>Issued and Paid-Up Capital</u> <u>Total Number of Issued</u> <u>Shares</u>
December 2010 2017 (Total issuance of shares under the Share Issuance Scheme – RM5 million)	RM30 million

Shares under the Share Issuance Scheme that can be offered by PLC A in year ~~2011~~2018:

= (30% x RM30 million shares) LESS shares already issued under the Share Issuance Scheme (i.e. RM5 million shares)

= 4 million new shares

6.39 Can a listed corporation establish more than 1 Share Issuance Scheme at any point in time?

Yes, a listed corporation may establish more than 1 Share Issuance Scheme provided that the aggregate number of shares available under all the Share Issuance Schemes does not exceed 30% of its issued and paid-up capitaltotal number of issued shares (excluding treasury shares).

CHAPTER 7 – ARTICLES OF ASSOCIATION CONSTITUTION

General

7.1 ~~Must a company⁴ incorporate all provisions from Chapter 7 of the ACE LR into its articles of association, even if some of the provisions are not applicable? An example of such provision is where a company has not reserved any right to issue preference shares under its articles of association. In that situation, does the company still have to incorporate provisions such as Rules 7.05 and 7.06 of the ACE LR?~~

~~No. If a provision is not applicable to a company, it need not incorporate it into its articles of association. However, the company must notify Bursa Securities of such provisions that it has not incorporated. [Deleted]~~

~~⁴ For the purpose of this Questions & Answers for Chapter 7 of the ACE LR, unless the context otherwise requires, references to “company” means a company which is seeking a listing on the Official List or a listed corporation.~~

QUESTIONS & ANSWERS
ACE LR AMENDMENTS RELATING TO CA, CG
& CODIFICATION OF FINANCIAL DISCLOSURES

- 7.2 If a company listed corporation undertakes amendments to its articles—of association constitution, is there a requirement for the company listed corporation to submit a letter of compliance and checklist of compliance similar to the requirement of Rule 3.11 of the ACE LR?

Pursuant to Rules 2.11 and 2.12 of the ACE LR, any amendments made to the articles—of association constitution by listed corporations must be submitted to Bursa Securities no later than 5 market days after the effective date of the amendment together with a letter of compliance. In relation to a checklist of compliance for such amendment, there is no requirement for submission of the same unless Bursa Securities requests for it.

Enhancements to proxy requirements

- 7.4 ~~Are individual members or authorised nominees of a listed corporation allowed to have unlimited number of proxies pursuant Rule 7.21 of the ACE LR?~~

~~No, only an exempt authorised nominee holding omnibus accounts is allowed to appoint unlimited number of proxies pursuant to Rule 7.21 of the ACE LR. The number of proxies which may be appointed by individual members and authorised nominees is not regulated under the ACE LR. The listed corporation is free to determine this through its articles of association. [Deleted]~~

Annual shareholder approval for directors' fees and benefits

- 7.4A Given that section 230 of the Companies Act 2016 already requires that the fees of directors and any benefits payable to directors to be approved at a general meeting, why must a listed corporation amend its constitution to the effect that the fees of directors, and any benefits payable to directors (“Directors Fees and Benefits”) shall be subject to annual shareholder approval at a general meeting pursuant to the ACE LR?

This is to make clear that apart from seeking shareholder approval on director's fees on an annual basis pursuant sections 230 and 340(1)(c) of the Companies Act 2016, a listed corporation must also seek its shareholder approval for benefits payable to directors on an annual basis. This will provide greater clarity on the frequency of shareholder approval for directors' benefits as the Companies Act 2016 is silent on this point.

- 7.4B Is a listed corporation required to seek shareholder approval for its Directors' Fees and Benefits even though there is no increase in such fees and benefits?

Yes. A listed corporation must seek shareholder approval for its Directors' Fees and Benefits annually irrespective of whether there is an increase in the amount of such fees and benefits or otherwise.

QUESTIONS & ANSWERS
ACE LR AMENDMENTS RELATING TO CA, CG
& CODIFICATION OF FINANCIAL DISCLOSURES

Effect of the ACE LR

- 7.5 In the event a ~~company~~listed corporation has incorporated the deeming provision under Rule 7.36(4) of the ACE LR in its ~~articles of association~~constitution, is the ~~company~~listed corporation still required to amend its ~~articles of association~~constitution if there are amendments made to Chapter 7 of the ACE LR which are not already in its ~~articles of association~~constitution?

Yes, a ~~company~~listed corporation is still required to amend its ~~articles of association~~constitution in accordance with the relevant amendments of Chapter 7 of the ACE LR. This is to ensure that shareholders have access to ~~articles of association~~constitution which are updated and comprehensive.

CHAPTER 8 – CONTINUING LISTING OBLIGATIONS

- 8.26 The auditors of *XYZ Bhd* highlighted a material uncertainty related to going concern on *XYZ Bhd* in its latest audited financial statements for the financial year ended 30 June 2017 (“Financial Statement”). *XYZ Bhd*’s shareholders’ equity on a consolidated basis based on the Financial Statement was 60% of its ~~issued and paid up~~share capital (excluding treasury shares).

However, *XYZ Bhd*’s subsequent quarterly results for the period ended 30 September 2017 (“quarterly results”) shows that its shareholders’ equity has reduced to 35% of its ~~issued and paid up~~share capital (excluding treasury shares).

Will *XYZ Bhd* trigger the Prescribed Criteria upon the release of its quarterly results?

Yes, since *XYZ Bhd*’s auditors have highlighted a material uncertainty related to going concern on *XYZ Bhd* in its latest Financial Statement and based on *XYZ Bhd*’s latest available results which is the quarterly results, its shareholders’ equity is less than 50% of its ~~issued and paid up~~share capital (excluding treasury shares), *XYZ Bhd* will trigger the Prescribed Criteria pursuant to paragraph 2.1(g) of Guidance Note 3. In this event, *XYZ Bhd* must immediately make the First Announcement under paragraph 4.1(a) of Guidance Note 3 upon the release of its quarterly results.

Securities holders approval

- 8.37 Where the ACE LR specifies that a transaction ~~or corporate proposal~~ requires the approval of shareholders, would ratification of the transaction ~~or corporate proposal~~ by the shareholders be acceptable?

No, ~~a listed corporation must ensure that approval of shareholders, where required, is obtained before the completion of the transaction~~a listed corporation must obtain its shareholder approval before completing or implementing its transaction or corporate proposal.

**QUESTIONS & ANSWERS
ACE LR AMENDMENTS RELATING TO CA, CG
& CODIFICATION OF FINANCIAL DISCLOSURES**

Electronic payment of cash distributions

8.51 Must a listed corporation amend its ~~articles of association constitution~~ to allow for payment of cash dividends electronically to its shareholders pursuant to Rule 8.28A of the ACE LR?

By virtue of Rule 7.36 of the ACE LR, a listed corporation is in a position to pay cash dividends to its shareholders electronically pursuant to Rule 8.28A of the ACE LR regardless of what may be stated in its ~~articles of association constitution~~ in relation to cash dividend payment.

Notwithstanding this, to ensure that the listed corporation's ~~articles of association constitution~~ are updated and comprehensive, it should proceed to amend the relevant provisions in its ~~articles of association constitution~~ that may be inconsistent with the requirements for the listed corporation to pay cash dividends electronically as set out in Rule 8.28A of the ACE LR. ~~An amendment to its articles of association, if required, may be done at the listed corporation's next annual or extraordinary general meeting.~~

8.52 What should a listed corporation do if its securities holders have not provided their bank account information to the Depository?

A listed corporation must take all reasonable and appropriate steps to engage and communicate with its securities holders on the availability and benefits of the electronic payment of cash distributions, for example, in the various channels or means set out in the directive dated 19 February 2010 (Ref. No. SR/TAC/ro/LD08/10) ("**Directive**"), and encourage its securities holders to provide their bank account information to the Depository. If, after taking such steps, the securities holders still do not provide their bank account information to the Depository, the listed corporation may continue to pay cash distributions to these securities holders in the existing manner as authorized under the listed corporation's constituent documents or issuing documents such as the ~~articles of association constitution~~, trust deed or terms of issuance.

Poll Voting

8.61C Under Rule 8.31A(2) of the ACE LR, a scrutineer appointed to validate the votes cast at the general meeting must fulfill the following requirements:

- the scrutineer must not be an officer⁵ of the listed corporation or its related corporation;
- the scrutineer must be independent of the person undertaking the polling process; and
- if the scrutineer is interested in a resolution to be passed at the general meeting, the scrutineer must refrain from acting as scrutineer for that resolution.

(a) In view of the above, can a listed corporation's external auditor be appointed as a scrutineer for the general meeting?

Yes, the listed corporation's external auditor can be appointed as the scrutineer for the general meeting so long as the external auditor is independent of the person undertaking the polling process and refrains from acting in a resolution that it may be interested in, e.g. the resolution seeking its reappointment.

⁵ "Officer" has the meaning given in section 42 of the Companies Act 1965~~2016~~ and includes the director, company secretary and employees.

**QUESTIONS & ANSWERS
ACE LR AMENDMENTS RELATING TO CA, CG
& CODIFICATION OF FINANCIAL DISCLOSURES**

- (b) **If the external auditor must refrain from acting as the scrutineer in a resolution seeking its reappointment, who can be the scrutineer to validate the votes cast for such resolution?**

The listed corporation may appoint any other person to be the scrutineer for such resolution so long as the said person is not an officer of the listed corporation or its related corporation and is independent of the person undertaking the polling process.

CHAPTER 9 – CONTINUING DISCLOSURE

Immediate disclosure of material information

- 9.4 Is a listed corporation required to make immediate disclosure of a notice of demand issued pursuant to section 248466(1)(a) of the Companies Act, 19652016 (“S. 248466 Notice”)?**

There is usually no requirement for an immediate announcement to be made by a listed corporation of a S.248466 Notice as this is merely a letter of demand. However, where a S.248466 Notice is considered to be material pursuant to Rule 9.03 of the ACE LR based on the facts and circumstances of a particular listed corporation, the listed corporation must make an immediate announcement of the same.

Prescribed events which require immediate announcement

- 9.15 A winding-up petition is served on the subsidiary of a listed corporation. However, the winding-up petition has no financial or operational impact on the listed corporation and the listed corporation forms the view that there is no merit to the winding-up petition. Is the listed corporation still required to make an immediate announcement of the winding-up petition?**

Yes. Pursuant to Rule 9.19(20) of the ACE LR, a listed corporation must make an immediate announcement of any ~~commencement of winding-up proceedings~~presentation of winding up petition against the listed corporation or any of its subsidiaries or major associated companies irrespective of whether -

- the winding-up has financial or operational impact on the listed corporation;
- the listed corporation is contesting the winding-up petition or forms the view that there is no merit to the winding-up petition; or
- the listed corporation is in negotiation with the petitioner to arrive at a settlement arrangement.

QUESTIONS & ANSWERS
ACE LR AMENDMENTS RELATING TO CA, CG
& CODIFICATION OF FINANCIAL DISCLOSURES

~~*Issuance of annual report in electronic format [Deleted]*~~

- 9.28 ~~Under Rule 9.26 of the ACE LR, a listed corporation may issue its annual report in electronic format to its shareholders provided that the relevant requirements are complied with¹. What constitutes “electronic format” in which an annual report may be issued in?~~

~~Issuance of annual report in “electronic format” under Rule 9.26 of the ACE LR includes issuance in CD-ROM, USB thumb drive, USB flash drive or USB pen drive.[Deleted]~~

Timeframe for issuance of annual report

- 9.35A *XYZ Bhd’s* financial year end (“FYE”) falls on 31 March 2016. Prior to 31 December 2015, *XYZ Bhd* has been –

- holding its annual general meeting within 6 months from the close of its financial year (i.e. in September); and
- including the notice convening the annual general meeting and proxy forms in its annual report, and forwarding them together to shareholders.

Pursuant to the Phase 2 Requirements, *XYZ Bhd* is required to issue its annual report that includes the annual audited financial statements together with the auditors’ and directors’ reports, to the Exchange and shareholders by July 2016 (i.e. 4 months from the close of its financial year end).

- (a) Does this mean that *XYZ Bhd* is also required to convene its annual general meeting within the shorter timeframe?

The ACE LR does not prescribe when a listed corporation must convene its annual general meeting. Hence, it is up to *XYZ Bhd* to determine when it should convene its annual general meeting so long as it complies with the relevant requirements of the Companies Act [19652016](#).

- (b) Assuming that *XYZ Bhd* convenes its annual general meeting in September 2016, can *XYZ Bhd* send the notice convening the annual general meeting and the proxy forms separately from the annual report?

As the annual general meeting will only be held in September 2016, *XYZ Bhd* may send out the notice convening the annual general meeting and the proxy forms separately from the annual report so long as it complies with the relevant requirements of the Companies Act [19652016](#).

**QUESTIONS & ANSWERS
ACE LR AMENDMENTS RELATING TO CA, CG
& CODIFICATION OF FINANCIAL DISCLOSURES**

Circulars and other requirements

- 9.47** Rule 9.30A(2)(c) of the ACE LR provides that the obligation on a listed corporation or offeror in an offer for sale of listed securities to submit a draft copy of all circulars and other documents proposed to be sent to the holders of the listed securities, does not apply, amongst others, to any document that is not prepared by the listed corporation or its advisers on its behalf. What are examples of such documents?

Examples of documents that have not been prepared by the listed corporation or its advisers on its behalf, include amongst others, representations made by directors to the listed corporation pursuant to section ~~428207~~(3) of the Companies Act ~~19652016~~ and notices issued by trustees to bondholders pursuant to the provisions of a trust deed.

CHAPTER 10 – TRANSACTIONS

Computation of percentage ratio

- 10.10** Does a listed corporation need to exclude treasury shares when computing the percentage ratios of a transaction?

A listed corporation must exclude treasury shares in computing the -

- (a) ~~equity share capital~~total number of shares previously in issue under Rule 10.02(g)(iv); and
 - (b) market value of all the ordinary shares of the listed corporation under Rule 10.02(g)(v),
- when determining the percentage ratio of a transaction under Chapter 10 of the ACE LR.

Related party transactions

- 10.22** Must a listed corporation immediately announce all related party transactions?

A listed corporation must immediately announce all the following related party transactions:

- (a) related party transactions which do not fall within the category of recurrent related party transaction of a revenue or trading nature and necessary for its day to day operations (“RRPT”) and -
 - (i) the value of the consideration of the transaction is RM200,000 or more; and
 - (ii) the percentage ratio of such related party transaction is 0.25% or more; and
- (b) RRPTs which are not comprised in a valid mandate from its shareholders (“Mandate”) and -
 - (i) in relation to a listed corporation with ~~an issued and paid-up capital~~a share capital of RM60 million and above, the consideration, value of the assets, capital outlay or costs of the RRPT is RM1 million or more, or the percentage ratio of such RRPT is 1% or more, whichever is the higher; or

**QUESTIONS & ANSWERS
ACE LR AMENDMENTS RELATING TO CA, CG
& CODIFICATION OF FINANCIAL DISCLOSURES**

- (ii) in relation to a listed corporation with ~~an issued or paid-up capital~~ a share capital of less than RM60 million, the consideration, value of the assets, capital outlay or costs of the RRPT is RM1 million or more, or the percentage ratio of such RRPT is 1% or more, whichever is the lower,

("Prescribed Limit").

- 10.43** *Mr. X holds ~~an aggregate nominal amount of~~ 8% of the total number of voting shares in ABC Berhad, a listed corporation and he is not the largest shareholder of ABC Berhad. Is he a major shareholder in ABC Berhad under Chapter 10 of the ACE LR?*

No, even though he holds more than 5% of the ~~aggregate of the nominal amounts~~ total number of ~~all the~~ voting shares in ABC Berhad ("shareholdings"), he is not regarded as a major shareholder of ABC Berhad under Chapter 10 of the ACE LR as he holds less than 10% of the shareholdings and is not the largest shareholder of ABC Berhad.

CHAPTER 12 – SHARE BUY-BACKS

- 12.2** ~~Is it mandatory for a listed corporation to issue a circular to its shareholders when it seeks renewal of authorisation from its shareholders to purchase its own shares?~~

~~No, where it is a renewal of an existing authorisation, the listed corporation has an option of issuing either a circular or a statement accompanying the notice of general meeting i.e. the Share Buy-back Statement.~~[Deleted]

- 12.3** ~~If a listed corporation obtains an authorisation from its shareholders to purchase its own shares in year 201709 but did not renew the said authorisation in year 20180, can it still issue a Share Buy-back Statement to its shareholders to seek their authorisation for the purchase of its own shares in year 201911?~~

~~No, under Rule 12.06 of the ACE LR, listed corporations are only allowed to issue a Share Buy-back Statement to renew an existing authorisation. If the listed corporation does not renew the said authorisation in year 2010, it will lapse. As such, in year 2011, there will not be an existing authorisation and the listed corporation will have to issue a circular to procure its shareholder approval for the purchase of its own shares.~~Yes. Under Rule 12.06(1) of the ACE LR, a listed corporation is only required to issue a Share Buy-back Statement to its shareholders, for purposes of either seeking a new authorisation or renewing an existing authorisation to purchase its own shares. The Share Buy-back Statement must include the prescribed information as set out in Appendix 12A of the ACE LR.

**QUESTIONS & ANSWERS
ACE LR AMENDMENTS RELATING TO CA, CG
& CODIFICATION OF FINANCIAL DISCLOSURES**

- 12.5** A Bhd, a listed corporation has ~~an issued and paid-up capital a total number of RM100 million comprising~~ of 100 million issued ordinary shares ~~of RM1.00 each~~. Pursuant to its authorisation in year ~~2009~~2017, A Bhd had purchased 10 million of its own shares and retained the shares purchased as treasury shares. Can A Bhd still purchase its own shares in year 20108?

No, pursuant to Rule 12.09 of the ACE LR, A Bhd must not purchase its own shares or hold any of its own shares as treasury shares if this results in the aggregate of the shares purchased or held exceeding 10% of its ~~issued and paid-up capital~~total number of issued shares. Hence, as the treasury shares held by A Bhd in year 20108 is already 10% of its ~~issued and paid-up capital~~ total number of issued shares, A Bhd may not purchase its own shares in year 20108. However, if the treasury shares are cancelled in year 20108 and subject to the authorisation from shareholders, A Bhd may purchase its own shares subsequently.

- 12.7** B Bhd, a listed corporation has ~~an issued and paid-up capital a total number of RM120 million comprising~~ 120 million issued ordinary shares ~~of RM1.00 each~~. For year 200917, B Bhd procured its shareholder approval to undertake share buy-back of up to 10% of its ~~issued and paid-up capital~~total number of issued shares. Pursuant to its authorisation in year 200917, B Bhd had purchased 3 million of its own shares in February 200917 and retained the shares purchased as treasury shares. Subsequently in August 200917, the ~~issued and paid-up capital~~total number of issued shares of B Bhd is reduced to ~~RM100~~ million upon completion of its corporate exercise. What is the remaining number of its own shares that B Bhd may purchase in year 200917?

The maximum limit that a listed corporation may purchase its own shares or hold any of its own shares as treasury shares under Rule 12.09 of the ACE LR will be based on the ~~adjusted issued and paid-up capital~~total number of issued shares of the listed corporation adjusted pursuant to a corporate exercise. Hence, in this case, the maximum limit of its own shares that B Bhd may purchase in year 200917 is 10 million based on its ~~adjusted issued and paid-up capital~~total number of issued shares adjusted pursuant to the corporate exercise in August 200917, ~~and in~~ view of the 3 million shares purchased in February 200917, B Bhd may purchase an additional 7 million of its own shares for the remaining period in year 200917.

- 12.7A** Is a listed corporation required to lodge a solvency statement made pursuant to section 113 of the Companies Act 2016 with the Exchange?

No, a listed corporation is not required to lodge the solvency statement with the Exchange.

**QUESTIONS & ANSWERS
ACE LR AMENDMENTS RELATING TO CA, CG
& CODIFICATION OF FINANCIAL DISCLOSURES**

CHAPTER 13 – ARRANGEMENTS AND RECONSTRUCTIONS

Subdivision of shares

- 13.1 Can a Cash Company, ~~or~~ a GN3 Company or a listed corporation with inadequate level of operations apply for subdivision of its shares?**

A Cash Company~~ies~~, and GN3 Company~~ies~~ and listed corporation with inadequate level of operations may now apply for subdivision of their shares only if even though the subdivision is not undertaken as part of their proposal or plan to regularise their condition pursuant to Rules 8.03, 8.03A and 8.04 of the ACE LR respectively, provided that they comply with the requirements in Chapter 6 as if the subdivision is a bonus issue as stipulated in Rule 13.04(1) of the ACE LR. Among others, the Cash Company, GN3 Company and listed corporation with inadequate level of operations must ensure that their share price adjusted for the subdivision of shares is not less than RM0.20 based on the daily volume weight average share price during the 3-month period before the application date.

- 13.1A Is a listed corporation allowed to submit its application for subdivision of shares to Bursa Securities on its own?**

Similar to a bonus issue under Chapter 6, a listed corporation may submit its application for a Specified Subdivision⁶ on its own under Rule 13.04(1) of the ACE LR. Apart from this, applications for all other subdivision of shares must be submitted through a Sponsor or Adviser, as the case may be.

- ~~13.2 One of the criteria for subdivision of shares, i.e. Rule 13.05(b) of the ACE LR is that the issued and paid up capital of the listed corporation must be unimpaired by losses on a consolidated basis (“Criterion (b)”). What does this mean?~~**

~~It means that the listed corporation’s shareholders’ funds on a consolidated basis must be at least equal to or greater than the issued and paid up capital of the corporation. [Deleted]~~

- ~~13.3 If the listed corporation has accumulated losses on a consolidated basis but has other reserves would the listed corporation fulfill Criterion (b)?~~**

~~The listed corporation would fulfill Criterion (b) as long as its shareholders’ funds, after the issued and paid up capital is adjusted for accumulated losses and reserves, is equal to or greater than the issued and paid up capital. [Deleted]~~

⁶ A Specified Subdivision is defined in Rule 13.04(3) of the ACE LR as a subdivision of shares which –

(a) is not conditional upon any other corporate proposal; or

(b) is conditional upon another corporate proposal but –

(i) that other corporate proposal is a bonus issue; or

(ii) that other corporate proposal has been completed or become unconditional.

**QUESTIONS & ANSWERS
ACE LR AMENDMENTS RELATING TO CA, CG
& CODIFICATION OF FINANCIAL DISCLOSURES**

- 13.4 Is there a requirement as regards ~~how many~~ the number of shares which one share of ~~the~~ listed corporation can be subdivided into?**

No, there is no requirement on the manner in which the shares must be subdivided, provided that the listed corporation's share price adjusted for the subdivision of shares must not be less than RM0.520 based on the daily ~~closing price~~ volume weighted average share price of the listed corporation's shares during the 3-month period before the application date.

Others

- 13.6 Is a listed corporation required to submit any document to Bursa Depository before the books closing date for the purpose of processing the Specified Capital Restructuring under SPEEDS?**

The listed corporation must submit an undertaking letter in the prescribed format to Bursa Depository on the announcement date of the books closing date for Specified Capital Restructuring that is to be processed under SPEEDS. The undertaking letter must include the following:

- (a) The current ~~issued and paid up capital share capital and number of issued shares~~ of the listed corporation;
- (b) Designated CDS account for the crediting of fractional shares /rights;
- (c) Options on the allotment of fractional rights; and
- (d) An undertaking that the new share certificates shall be submitted to Bursa Depository on the books closing date.

CHAPTER 15 – CORPORATE GOVERNANCE

Directors

- 15.9 Can a board of directors' meeting that is conducted via teleconferencing, video conferencing or other electronic, audio or audio-visual means which allows simultaneous or instantaneous transmission be considered as a board of directors' meeting of a listed corporation for the purposes of Rule 15.05(3)(c) of the ACE LR?**

Yes, provided that such mode of meeting is valid under the relevant laws and/or ~~articles of association constitution~~ of the listed corporation concerned.

Audit committee

- 15.25 Who will be the signatory to the statutory declaration pursuant to section ~~169(16) 251(1)(b)~~ of the Companies Act ~~1965~~2016, who may be approved by Bursa Securities as referred to under Rule 9.27(c) of the ACE LR? Similarly, what are the other requirements as may be approved by Bursa Securities under Rule 15.09(1)(c)(iii) of the ACE LR, pertaining to the audit committee?**

The approval will be given on the basis of an application made by a listed corporation. Bursa Securities will examine the merits of each application and the approval of such signatory or requirements pertaining to audit committee member will be given on a case by case basis.

**QUESTIONS & ANSWERS
ACE LR AMENDMENTS RELATING TO CA, CG
& CODIFICATION OF FINANCIAL DISCLOSURES**

Corporate Governance ~~Statement~~Disclosures

15.30 Are there any specific requirements in relation pertaining to the disclosure to be made in the annual report in relation to the MCCG Malaysian Code on Corporate Governance?

Guidance Note 11 elaborates on the disclosure to be made in the annual report of a listed corporation in relation to this requirement.

15.30A Under Rule 15.25(1) of the ACE LR, a listed corporation's board of directors must provide an overview of the application of the Principles set out in the MCCG ("Principle") in its annual report ("CG Overview Statement"). In this regard, what are the information that must be disclosed in the CG Overview Statement?

As stipulated under paragraph 3.1A of Guidance Note 11 of the ACE LR, the listed corporation must disclose a summary of its corporate governance practices during the financial year with reference to the 3 Principles set out in the MCCG which are -

- (a) board leadership and effectiveness;
- (b) effective audit and risk management; and
- (c) integrity in corporate reporting and meaningful relationship with stakeholders.

In addition, the listed corporation should also highlight the following in the CG Overview Statement:

- (i) its key focus areas in relation to its corporate governance practices for the reporting financial year; and
- (ii) its future priorities or plans moving forward, in key areas for the forthcoming financial years.

Further guidance on the CG Overview Statement is available at the Executive Summary of the Corporate Governance Guide issued by the Exchange.

15.31 ~~Under paragraph 3.2 of Guidance Note 11, a listed corporation must ensure that it has regard to the Recommendations when disclosing the application of each Principle. In view of this, must the listed corporation comment separately on each Recommendation with which it follows?~~Rule 15.25(2) of the ACE LR requires a listed corporation to disclose the application of each Practice set out in the MCCG during the financial year, to the Exchange in a prescribed format ("CG Report") and announce the same together with the announcement of the annual report.

If a shareholder requests for a hard copy of the annual report from a listed corporation, must the listed corporation send a hard copy of the CG Report together with the annual report to the shareholder?

In describing how it has applied each Principle, a listed corporation need not comment separately on each Recommendation with which it follows. However, a listed corporation must ensure that its Corporate Governance Statement in its annual report contains adequate information and provides a meaningful description or discussion of its corporate governance practices to shareholders. No, there is no obligation for the listed corporation to forward a hard copy of the CG Report together with its annual report to its shareholder who has requested for a hard copy of the annual report. Under Rule 15.25(2) of the ACE LR, the listed corporation is only required to state in its annual

**QUESTIONS & ANSWERS
ACE LR AMENDMENTS RELATING TO CA, CG
& CODIFICATION OF FINANCIAL DISCLOSURES**

report, the designated website link or address where the CG Report may be downloaded by its shareholders.

15.31A Can a listed corporation modify the prescribed format for the CG Report?

No. The listed corporation must strictly comply with the prescribed format of the CG Report with no exception whatsoever. In this regard, the listed corporation must ensure that each applicable field in the prescribed format relating to each Practice is completed before announcing the CG Report to the Exchange.

15.31B Can a listed corporation disclose the application of each Practice set out in the MCCG during the financial year in the annual report instead of in a prescribed format?

No, a listed corporation must disclose the application of each Practice set out in the MCCG during the financial year in a prescribed format.

15.31C If a listed corporation has adopted and disclosed Step Up practice 4.3 or 7.3 of the MCCG in its CG Report, is the listed corporation still required to disclose the application of Practice 4.2 or 7.2?

No. The listed corporation is only required to select the dropdown option “Not applicable – Step Up 4.3 adopted” for Practice 4.2 or “Not applicable – Step Up 7.3 adopted” for Practice 7.2, as the case may be, in the CG Report.

15.31D In explaining the departure from a Practice and the adoption of an alternative practice for such departure as required under paragraph 3.2A in Guidance Note 11 of the ACE LR, can a listed corporation state the adoption of another Practice in the MCCG as the justification or its alternative practice?

No, the listed corporation must still provide an explanation for the departure and disclose its alternative practice (other than the adoption of another Practice in the MCCG) and how the alternative practice achieves the Intended Outcome as required under paragraph 3.2A(b) of Guidance Note 11.

15.32 Can a listed corporation insert the CG Overview~~Corporate Governance~~ Statement (as referred to Guidance Note 11) in its directors’ report in the annual report?

Yes, a listed corporation may insert the CG Overview~~Corporate Governance~~ Statement in its directors’ report in the annual report. However, a listed corporation must ensure that the said statement is prominently and clearly set out.

15.33 Must the CG Overview Statement and CG Report~~Corporate Governance Statement~~ be signed by the directors of a listed corporation in the same manner as the directors’ report?

No. It is not the requirement of Bursa Securities that the CG Overview Statement and CG Report~~Corporate Governance Statement~~ must be signed by the directors of a listed corporation. However, the listed corporation~~statement~~ must ensure that the CG Overview Statement and CG Report are approved by its board of directorsclearly identify the board of directors as the party which is making the statement.

**QUESTIONS & ANSWERS
ACE LR AMENDMENTS RELATING TO CA, CG
& CODIFICATION OF FINANCIAL DISCLOSURES**

15.34 ~~Does the Corporate Governance Statement have to be reviewed by external auditors of a listed corporation?~~

~~No, it is not the requirement of Bursa Securities that the said statement must be reviewed by the external auditors of the listed corporation. [Deleted]~~

15.34A Is it mandatory for a listed corporation to comply with the Corporate Governance Guide issued by the Exchange when it prepares its CG Overview Statement and CG Report?

Whilst it is not mandatory, a listed corporation is strongly **encouraged as a best practice** to refer to the Corporate Governance Guide when preparing its CG Overview Statement and CG Report.

CHAPTER 16 – SUSPENSION, DE-LISTING & ENFORCEMENT

Suspension of trading imposed by Bursa Securities

16.1 In relation to a voluntary winding-up of a listed corporation, when would Bursa Securities suspend the trading of its listed securities?

Pursuant to Rule 16.02(1)(h) of the ACE LR, Bursa Securities may suspend the trading of a listed corporation's listed securities upon the commencement of a voluntary winding-up in accordance with the Companies Act, ~~1965~~2016. Pursuant to section ~~255(6)~~441(1) of the Companies Act, ~~1965~~2016, a voluntary winding-up commences –

- (a) where ~~a provisional~~an interim liquidator has been appointed before the resolution for voluntary winding-up was passed, at the time when the declaration referred to in section ~~255(1)~~440 of the Companies Act 2016, ~~was~~is lodged with the Registrar ~~of Companies;~~
and
- (b) in any other case, at the time of the passing of the resolution for voluntary winding-up,
as the case may be.

[End of Appendix 3]