

BURSA MALAYSIA SECURITIES BERHAD

PRACTICE NOTE NO 6/2001

INDEPENDENT DIRECTORS

Issued in relation to paragraphs 1.01 and 2.06 of the Listing Requirements;

And

Pursuant to paragraph 2.08 of the Listing Requirements.

1.0 Introduction

1.1 The definition of “independent director” under paragraph 1.01 of the Listing Requirements disqualifies certain categories of persons from being appointed as an “independent director”. One of these categories is the following (hereinafter referred to as “the said paragraph (e)”):-

“(e) is not acting as a nominee or representative of any executive director or major shareholder of the said Corporation;”

1.2 This Practice Note sets out the circumstances in which persons may be considered as “independent directors” notwithstanding that they are nominees or representatives of any executive directors or major shareholders of the said Corporation.

2.0 Modification of compliance with definition of “independent director”

2.1 Under the circumstances as set out hereinafter, nominees or representatives of major shareholders who fulfil all requirements of the definition of “independent director” except for the said paragraph (e), may nevertheless be considered as an “independent director” if:-

- (a) the major shareholder’s aggregate shareholding in the said Corporation, directly or indirectly, is not more than 15% of the issued and paid-up capital of the said Corporation;
- (b) the major shareholder is not deemed to be a promoter of the said Corporation; and
- (c) the major shareholder is either:-
 - (i) a statutory institution who is managing funds belonging to contributors or investors who are members of the public; or

- (ii) an entity established as a collective investment scheme, such as closed-end funds, unit trusts or investment funds (but excluding investment holding companies).

3.0 (Deleted)

4.0 Effective Date

4.1 This Practice Note takes effect on 1 June 2001.