



## CONSULTATION PAPER NO. 1/2013

### PROPOSED REVIEW OF TIMEFRAME FOR ISSUANCE OF FINANCIAL STATEMENTS AND ANNUAL REPORTS BY LISTED ISSUERS

Date of Issue: 31 May 2013

Bursa Securities invites your written comments on the issues set out in this Consultation Paper by **28 June 2013 (Friday)** via:

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Respondents to this Consultation Paper are requested to use the reply format as stipulated in the Attachment.

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## 1. INTRODUCTION

1.1 This Consultation Paper seeks comments from the public regarding the following proposals:

- (a) to **maintain** the current timeline for issuance of quarterly reports of not later than 2 months after the end of each quarter of a financial year;
  - (b) to **shorten** the current time allowed for the issuance of annual reports from 6 months to **4 months**; and
  - (c) consequently to **dispense** with the separate requirement for issuance of annual audited financial statements within 4 months from the close of the financial year,
- (collectively referred to as the “**Proposals**”).

The Proposals entail amendments to Bursa Malaysia Securities Berhad (“**Bursa Securities**” or “**the Exchange**”) Main Market and ACE Market Listing Requirements (collectively referred to as the “**LR**”).

1.2 The Exchange believes that the Proposals would, among others, improve timeliness of annual report disclosure to shareholders and investors to enable them to make informed investment decisions.

1.3 The background to the Proposals is set out in Part 2 of this Consultation Paper. A detailed discussion in relation to the Proposals and issues for consultation are set out in Part 3 and Part 4 of this Consultation Paper.

1.4 The Exchange invites comments on the Proposals and proposed amendments to the LR as contained in Annexure A and Annexure B respectively (“**Proposed Amendments**”), by completing and returning to the Exchange, the template as attached in the Attachment via fax or email by **28 June 2013 (Friday)**.

1.5 As the Proposed Amendments are open to public feedback, the final amendments may be different from those stated in this Consultation Paper. The Proposed Amendments in this Consultation Paper **HAVE NOT** been approved by the Securities Commission (“**SC**”) and therefore, are not the final rule amendments. We will submit the finalised rule amendments to SC for approval after receipt of comments on the rule amendments pursuant to this Consultation Paper and making the relevant changes where appropriate, to the rule amendments.

## 2. BACKGROUND

- 2.1 Under the Corporate Governance Blueprint launched by the SC on 8 July 2011 (“**CG Blueprint**”), it was recommended that a taskforce of industry and regulators be formed to undertake a review of the current framework for periodic disclosure of financial and non-financial information.
- 2.2 In this regard, a taskforce spearheaded by the Exchange was established comprising representatives from the SC, the Exchange, the Audit Oversight Board, selected industry associations and listed issuers (“**Taskforce**”) <sup>1</sup>. In its review, the Taskforce looked into the following areas:
- (a) the continued relevance of requiring the issuance of quarterly reports; and
  - (b) the shortening of the timeframe for issuance of quarterly reports, annual audited financial statements and annual reports by listed issuers.
- 2.3 The Proposals in this Consultation Paper are made after taking into consideration the requirements or developments in other jurisdictions, and the feedback received from -
- (a) the Taskforce members;
  - (b) listed corporations pursuant to a survey commissioned by the Exchange at the end of 2012 on the finance functions of listed corporations, and in particular, their readiness to issue quarterly reports, annual audited financial statements and annual reports within shortened timeframes (“**Survey**”); and
  - (c) selected audit firms and listed issuers pursuant to soft consultations conducted by the Exchange, in addition to the Survey.

The following sections discuss the above matters in greater detail.

## 3. CONTINUED RELEVANCE OF REQUIRING THE ISSUANCE OF QUARTERLY REPORTS

- 3.1 As highlighted in the CG Blueprint, the Exchange had, in 1999, introduced the requirement for listed issuers to disclose their quarterly reports within 2 months from the end of every financial quarter. This requirement was introduced in recognition of the need for timely disclosure particularly after the Asian Financial Crisis which brought to the fore issues relating to transparency.

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<sup>1</sup> In addition to the regulators (SC, Bursa Securities and the Audit Oversight Board), the Taskforce members also include representatives from the top 4 audit firms (Ernst & Young, KPMG, Deloitte and PwC), industry associations such as the Malaysian Accounting Standards Board, Minority Shareholder Watchdog Group, Malaysian Institute of Certified Public Accountants and Malaysian Institute of Accountants, as well as selected listed issuers.

- 3.2 It was also acknowledged that quarterly financial information provides for better investor protection as investors would be able to monitor the performance of listed issuers more closely and would be in a better position to make more timely decisions. The provision of quarterly financial information would also contribute to increased transparency and market efficiency as capital would be allocated to companies that demonstrate that they are well managed, profitable and follow best corporate governance practices.
- 3.3 However, over the years, the issue of quarterly reporting has generated interest and debates, particularly over its merits.
- 3.4 One of the main criticisms levelled against mandatory quarterly reporting is that it encourages “short-termism” at the expense of long-term sustainability to both listed issuers and investors. Quarterly reporting can lead investors to focus on immediate results in making assessments on whether to invest. It is also time-consuming and costly for listed issuers to prepare quarterly reports, particularly those with large corporate structures and operations in various jurisdictions.
- 3.5 On the flipside, proponents of quarterly reports have stated that there remains a need for regular and frequent release of information regarding the interim financial performance of a listed issuer. This provides investors with access to updated information to assist them in making their investment decisions. More regular reporting also helps to reassure investors and reduce surprises.
- 3.6 Besides, quarterly reporting also complements the corporate disclosure framework as it ensures equal access to regular, fair and timely information between both management and investors. This is important especially for the minority shareholders as quarterly reporting levels the playing field between themselves and the majority shareholders.
- 3.7 As for the listed issuers, quarterly reporting is beneficial to them as it compels their management to review financial figures in a timely manner. The ability to prepare and issue good quarterly reports is also a reflection of the quality and reliability of management.
- 3.8 Further, the requirement for issuance of quarterly reports also ensures that our market remains competitive and attractive, particularly to global fund managers when they balance their portfolios. In undertaking this, the fund managers will look for potential investments in the various markets. This entails, among others, a review of the financial performance of listed issuers. The quarterly report is particularly useful in this instance as it facilitates and provides ease to the fund managers when making their investment decisions.
- 3.9 Having considered the issues and arguments both for and against quarterly reporting, the Exchange is of the view that such requirement is still relevant now as it was when it was first introduced in 1999. The Exchange noted that there are more advantages attributed to the quarterly reporting framework (for both the investors and listed issuers), as opposed to its disadvantages. In view of this, the Exchange decided that the requirement for issuance of quarterly reports will be maintained as it promotes better corporate governance and transparency. The Taskforce is also supportive of this view.

**4. REVIEWING THE TIMEFRAME FOR ISSUANCE OF PERIODIC FINANCIAL STATEMENTS AND ANNUAL REPORTS**

4.1 The disclosure framework in the LR among others, emphasizes on timely and quality financial disclosures by listed issuers. This, in turn, enhances the ability of shareholders and investors to appraise the listed issuers’ financial performance and position on a regular basis.

***Existing requirements***

4.2 In this regard, the LR currently requires a listed issuer to issue its quarterly reports, annual audited financial statements and annual reports (collectively referred to as “**periodic financial reports**”) within the prescribed timeframes as summarised in Table 1 below:

Table 1: Summary of Prescribed Timeframes for Issuance of Periodic Financial Statements in the LR

Quarterly Report (“QR”)	Annual Audited Financial Statements (“AAA”)	Annual Report (“AR”)
2 months after the end of each quarter of a financial year <sup>2</sup>	4 months from the close of the financial year <sup>3</sup>	6 months from the close of the financial year <sup>4</sup>

4.3 However, as highlighted in the CG Blueprint, disclosure of financial information is only useful to shareholders and investors if it is communicated to them in a timely manner. Hence, to ensure that shareholders and investors receive critical information expeditiously, the Exchange has undertaken a review to consider the possibility of shortening the existing issuance timeframe for periodic financial reports.

***Methodology***

4.4 As part of the review, the Exchange undertook its own assessment on the timeliness of financial information disclosure, benchmarking studies, market consultation as well as a survey on the finance functions of listed corporations. The findings of the review are discussed in the following sections.

<sup>2</sup> See paragraph/Rule 9.22(1) of the LR.

<sup>3</sup> See paragraph/Rule 9.23(2) of the LR.

<sup>4</sup> See paragraph/Rule 9.23(1) of the LR.

### ***Benchmarking studies***

- 4.5 In its benchmarking studies, the Exchange compared the timelines adopted in 8 other jurisdictions<sup>5</sup>, for issuance of periodic financial reports. Based on the benchmarking studies, it was generally found that the jurisdictions compared had timelines ranging from –
- (a) 1 month to 45 days for issuance of unaudited quarterly reports<sup>6</sup>;
  - (b) 3 to 4 months for issuance of full year audited financial reports; and
  - (c) 4 to 5 months<sup>7</sup> for issuance of annual reports.
- 4.6 Notwithstanding the findings above, the Exchange believes the regulatory framework governing the timeframe for issuance of periodic financial statements and annual reports must be appropriate to the listed issuers here having considered the circumstances and issues faced by them.

### ***Market feedback***

- 4.7 In view of this, at the end of 2012 the Exchange engaged a consultant to conduct a survey on the finance functions of listed corporations, and in particular, their readiness to issue quarterly reports (“**QR**”), annual audited financial statements (“**AAA**”) and annual reports (“**AR**”) within shortened timeframes (“**Survey**”).
- 4.8 From the responses received pursuant to the Survey, the Exchange found that a significant number of listed corporations demonstrated a lack of readiness to embrace a much shorter timeframe for issuance of the periodic financial statements.
- 4.9 Apart from the Survey, the Exchange also conducted soft consultations with selected audit firms and listed issuers on the issues identified. Similarly, the Taskforce members were also engaged for their views and feedback.
- 4.10 Based on the feedback received from the Survey, soft consultations and engagement, market participants generally raised concerns on the following matters vis-a-vis the shortened timeframes for issuance of periodic financial reports:
- (a) Lack of sufficient accounting and auditing personnel in the industry.

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<sup>5</sup> The countries which the Exchange benchmarked against were Thailand, Singapore, Indonesia and Philippines (within the ASEAN region), as well as Hong Kong, Australia, UK and US (the non-ASEAN countries).

<sup>6</sup> The comparison is made based on the requirements of stock exchanges in jurisdictions which adopt the quarterly reporting regime such as Thailand, Singapore, Philippines, New York and Indonesia.

<sup>7</sup> Issuance of the annual report within 5 months from the close of the financial year is only required in Indonesia. In general, the timeframe for issuance of annual report is within 4 months from the close of the financial year in other markets.

- (b) The requirements under section 174(2)(c) of the Companies Act 1965 (“CA”) which require an auditor (in the case of consolidated accounts) to consider the accounts and auditor’s reports of all subsidiaries. To comply with this requirement, the auditor must complete the audit process of all subsidiary companies before providing his opinion on the group’s financial statements. This is particularly challenging for companies with many subsidiaries especially in foreign jurisdictions.
- (c) The shortened timeframes may compromise the quality and accuracy of the periodic financial reports.

### ***Proposals***

- 4.11 Having considered all the facts including the findings from the benchmarking studies and market feedback, the Exchange proposes to –
- (a) maintain the current timeline for issuance of quarterly reports of not later than 2 months after the end of each quarter of a financial year;
  - (b) shorten the current time allowed for the issuance of annual reports (which also includes the AAA, directors’ and auditors’ reports) from 6 months to 4 months from the close of the financial year; and
  - (c) consequently, dispense with the separate requirement for issuance of AAA within 4 months from the close of the financial year.

However, as timeliness of financial information disclosure is a vital component of the corporate disclosure framework, the Exchange will continue to keep in review any future reduction in the timelines for issuance of periodic financial reports.

### ***Explanation and rationale for the Proposals***

#### Timeline for issuance of QR

- 4.12 In light of the practices in some of the benchmarked jurisdictions which favour a shorter timeframe for issuance of quarterly reports (generally, 45 days), the Exchange also considered whether to reduce the existing timeframe of 2 months for issuance quarterly report to 45 days.
- 4.13 The Exchange noted that the shortened timeframe would be particularly useful for industries with short business cycles such as the electronics or consumer products industries as investors would have quicker access to updated information and thus be able to track the changing trends of these industries more promptly.
- 4.14 On the other hand, those who support maintaining the existing timeframe of 60 days had argued that quality and reliability of disclosure should be emphasised rather than the speed of disclosure. In this regard, it was highlighted that due to the shorter timeframe, listed issuers will need to prepare the QR earlier based on estimates of costs or revenue. This in turn may affect the accuracy and reliability of information disclosed.

- 4.15 Further, some have argued that the proposal to shorten the timeframe from 60 days to 45 days does not make much difference in terms of timeliness of information to the market, particularly in light of the requirement for immediate announcement of material information. Any gaps in the timely dissemination of price-sensitive information would have been addressed via the immediate announcement framework. It was also highlighted that the proposal is only meaningful to selected businesses or industry.
- 4.16 The Exchange takes cognisance of the fact that quarterly reporting is not a mandatory requirement even in some other developed markets. Whilst the Exchange proposes to maintain the current quarterly reporting regime for our listed issuers, we are mindful to ensure that we adhere to our regulatory principle of promoting balanced regulation. As such, after taking into consideration the feedback received from listed corporations, the Exchange proposes to **maintain** the existing timeframe stipulated in paragraph/Rule 9.22(1) of the LR for issuance of QR within 2 months after the end of each quarter of a financial year.

**Issue(s) for Consultation:**

1. Do you agree with the Exchange's proposal in paragraph 4.16 above to maintain the current timeline stipulated in paragraph/Rule 9.22(1) of the LR for issuance of quarterly reports i.e. not later than 2 months after the end of each quarter of a financial year? Please state your views and the reasons for such views.

Timeline for issuance of AAA and AR

- 4.17 In assessing the timeframe for issuance of the AAA, the Exchange took into consideration the existing financial reporting framework in Malaysia, practices in other jurisdictions as well as the views of our market stakeholders.
- 4.18 The Exchange noted that under the financial reporting regime in Malaysia, the unaudited full year statements of listed issuers are made available to investors within 2 months from the close of the financial year of listed issuers. This provides investors with timely access to the full year financial figures, albeit unaudited. Whilst there is a risk of deviation between the profit or loss after tax and minority interest in the unaudited full year financial statements and the AAA, it is to be noted that the percentage of such cases is low<sup>8</sup>. Hence, investors are able to place reasonable reliance on the unaudited full year financial statements released by listed issuers earlier (i.e. within 2 months) to gauge the financial performance of the listed issuers, without waiting for the release of the AAA.

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<sup>8</sup> Based on available statistics at the Exchange, cases of deviation of 10% or more between the profit or loss after tax and minority interest in the unaudited full year financial statements and the AAA, are less than 2% for the financial year ending 2012.

- 4.19 Reliance on the unaudited full year financial statements released by listed issuers in Malaysia is also evident from the current market practice where analyst and research reports on listed issuers are prepared based on information in the unaudited full year financial statements and generally, no further review is required after the release of the AAA.
- 4.20 In view of the above, the Exchange proposes to **remove** the separate requirement in paragraph/Rule 9.23(2) of the LR for **issuance of AAA within 4 months** from the close of the financial year and instead, **shorten** the current timeframe allowed for the issuance of **annual reports** (which also includes the AAA, directors' and auditor's reports) from 6 months to **4 months** in paragraph/Rule 9.23(1) of the LR.
- 4.21 This approach is comparable with the practices in Singapore, Australia and UK where the AR which includes the AAA (in the case of Singapore and Australia), or the annual financial report which includes the audited financial statements (in the case of UK), is required to be issued within 4 months from the close of the financial year end.
- 4.22 As for Hong Kong, the Exchange noted that the AAA is required to be issued within 3 months. However, there are clear differences in the financial reporting regime there as compared to Malaysia. In Hong Kong, listed issuers are not required to issue quarterly reports. Instead, they are only required to issue half-yearly reports for the first half of the financial year. Generally Hong Kong listed issuers do not issue unaudited financial statements for the second half of the financial year until the release of the AAA in 3 months' time. Hence, we believe that it may not be appropriate to compare and benchmark our framework with Hong Kong.
- 4.23 The Exchange believes that this proposal coupled with the existing requirement for issuance of QR within 2 months, ensures that investors will receive a continuous flow of financial information in a timely manner whilst at the same time promotes balanced regulation.

**Issue(s) for Consultation:**

2. Do you agree with the Exchange's proposals in paragraph 4.20 above –
- (a) to remove the separate requirement for issuance of the annual audited financial statements within 4 months from the close of the financial year in paragraph/Rule 9.23(2) of the LR; and
  - (b) to reduce the timeframe for issuance of annual reports from 6 months to 4 months from the close of the financial year in paragraph/Rule 9.23(1) of the LR instead?

Please state your views and the reasons for such views.

## 5. TIMEFRAME FOR COMPLIANCE

- 5.1 The Exchange proposes to give listed issuers a reasonable grace period for implementation of the new AR issuance timeline in order to allow sufficient time for them to comply with the new requirement. Therefore, the Exchange proposes that all annual reports issued for the financial year ending **on or after 31 December 2014** (“**Effective Date**”) must comply with the new AR issuance timeline as proposed in this Consultation Paper.

3. Please state your views whether there is sufficient time for listed issuers to comply with the shortened timeframe for issuance of annual reports (i.e. within 4 months from the close of the financial year end) if the proposed requirement is implemented for all annual reports issued for the financial year ending on or after 31 December 2014 (“**Effective Date**”) as discussed in paragraph 5.1 above? Please state your reasons for such views.

Alternatively, if you have other suggestions for the Effective Date, please provide your suggestions together with your reasons.

## 6. TEXT OF THE PROPOSED AMENDMENTS

- 6.1 The full text of the Proposed Amendments is attached as follows for your reference:

- (a) Annexure A in relation to the proposed amendments to the Main LR; and
- (b) Annexure B in relation to the proposed amendments to the ACE LR.

- 6.2 The Proposed Amendments are reflected in the following manner:

- (a) portions underlined are text newly inserted/added/replaced onto the existing rules; and
- (b) portions struck through are text deleted.

- 6.3 This Consultation Paper which includes the Proposed Amendments can be downloaded from the Exchange’s website at <http://www.bursamalaysia.com/market/regulation/rules/public-consultation/>.

## 7. ISSUES FOR CONSULTATION

With regards to the above, we invite your comments on the Proposals and the Proposed Amendments. For your ease of reference, we enclose here the Attachment setting out the issues for consultation, for your comments.

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ANNEXURE A  
**PROPOSED AMENDMENTS TO THE MAIN LR**  
 Review of Timeframe for Issuance of Financial Statements & Annual Reports

**ANNEXURE A**

**PROPOSED AMENDMENTS TO THE MAIN LR IN RELATION TO  
 THE REVIEW OF TIMEFRAME FOR ISSUANCE OF FINANCIAL STATEMENTS AND  
 ANNUAL REPORTS**

**Proposal: Shortening the timeframe for issuance of annual reports and removing the separate requirement for issuance of annual audited financial statements**

**CHAPTER 9 CONTINUING DISCLOSURE**

**PART K – PERIODIC DISCLOSURES**

**9.23 Issue of ~~annual audited financial statements and~~ annual report**

- (1) A listed issuer must issue its annual reports that include annual audited financial statements together with the auditors’ and directors’ reports of the listed issuer, and forward them to the Exchange and shareholders within 64 months from the close of the financial year of the listed issuer.
- (2) ~~A listed issuer must announce to the Exchange its annual audited financial statements together with the auditors’ and directors’ reports within a period not more than 4 months from the close of the financial year of the listed issuer unless the annual report is issued within a period of 4 months from the close of the financial year of the listed issuer~~~~[Deleted]~~.

**Proposal: Making other ancillary amendments for clarification and consistency**

CROSS REFERENCE(S)	MAIN LR PROVISIONS
Paragraph 7.33	<p><del><b>Presentation of accounts</b></del></p> <p><del>The interval between the close of a financial year of the company and the issue of the annual audited financial statements, the directors’ and auditors’ reports shall not exceed 4 months</del><del>[Deleted]</del>.</p>

ANNEXURE A  
**PROPOSED AMENDMENTS TO THE MAIN LR**  
**Review of Timeframe for Issuance of Financial Statements & Annual Reports**

CROSS REFERENCE(S)	MAIN LR PROVISIONS
Paragraph 9.28	<p><b>Suspension or de-listing for failure to comply</b></p> <p>(1) A listed issuer must comply with the timeframes stated in paragraphs 9.22, 9.23, 9.44, 9.45, 9.48, 9.49, 9.54 or 9.55, or such extension of time granted by the Exchange (the timeframes and extensions of time granted by the Exchange, if any, will individually or collectively, as the context may require, be referred to as “<b>Relevant Timeframes</b>”).</p> <p>(2) A listed issuer which intends to request for the extension of time referred to in subparagraph (1) above must do so not later than 15 days before the expiry of the Relevant Timeframes, failing which the Exchange will not consider such application. The listed issuer must immediately announce to the Exchange any extension of time granted in relation to such application.</p> <p>(3) If a listed issuer becomes aware or has any reason to believe that it will not be able to issue its quarterly report, <del>annual audited financial statements</del> or annual report, as the case may be, (referred to either individually or collectively, as the context may require, as “<b>outstanding Financial Statements</b>”) within the Relevant Timeframes, it must announce this to the Exchange immediately or in any event, not later than 3 market days before the expiry of the Relevant Timeframes.</p> <p>(3A) The listed issuer must announce the status of the issuance of the outstanding Financial Statements on or before the last market day of each month following the date of expiry of the Relevant Timeframes until the issuance of the outstanding Financial Statements.</p> <p>(4) The listed issuer must include –</p> <p style="padding-left: 20px;">(a) in the announcement under subparagraph (3) above, all information contained in Part I of Appendix 9A; and</p> <p style="padding-left: 20px;">(b) in the announcement under subparagraph (3A) above, the following information:</p> <p style="padding-left: 40px;">(i) the reasons for continuing to fail to issue the outstanding Financial Statements;</p> <p style="padding-left: 40px;">(ii) the expected date of issuance of the outstanding Financial Statements; and</p> <p style="padding-left: 40px;">(iii) the steps taken or proposed to be taken to issue the outstanding Financial Statements by the expected date of issuance.</p>

ANNEXURE A  
**PROPOSED AMENDMENTS TO THE MAIN LR**  
**Review of Timeframe for Issuance of Financial Statements & Annual Reports**

CROSS REFERENCE(S)	MAIN LR PROVISIONS
	<p>(5) If a listed issuer fails to issue the outstanding Financial Statements within 5 market days after the expiry of the Relevant Timeframes (the last day of this 5 market day period is referred to as “<b>Suspension Deadline</b>”), in addition to any enforcement action that the Exchange may take, the Exchange shall suspend trading in the securities of such listed issuer. The suspension shall be effected on the next market day after the Suspension Deadline and will be uplifted on the market day following the issuance of the outstanding Financial Statements unless otherwise determined by the Exchange.</p> <p>(6) If a listed issuer fails to issue the outstanding Financial Statements within 6 months from the expiry of the Relevant Timeframes, in addition to any enforcement action that the Exchange may take, the Exchange shall commence de-listing procedures against such listed issuer.</p> <p>(7) For the purposes of this paragraph, “<b>issue</b>” means announcing to the Exchange or issuing to shareholders or unit holders as provided under paragraphs 9.22, 9.23, 9.44, 9.45, 9.48, 9.49, 9.54 or 9.55, as the case may be.</p>
<b>Paragraph 9.44</b>	<p><b>Quarterly reports of a real estate investment trust</b></p> <p>(1) A management company of a real estate investment trust must announce to the Exchange an interim financial report of the real estate investment trust for each of the first three quarters of its financial year (“<b>REIT Quarterly Report</b>”), <del>immediately after the figures are available</del> <u>as soon as the figures have been approved by the board of the management company, but</u> and in any event, not later than 2 months after the quarter ends.</p>
<b>Paragraph 9.48</b>	<p><b>Quarterly reports of an exchange-traded fund</b></p> <p>(1) A management company must announce to the Exchange an interim financial report of the exchange-traded fund for each of the first three quarters of its financial year (“<b>ETF Quarterly Report</b>”), <del>immediately after the figures are available</del> <u>as soon as the figures have been approved by the board of the management company, but</u> and in any event, not later than 2 months after the quarter ends.</p>
<b>Appendix 9A Part I</b>	<p><b>Information on suspension in view of delay in the issuance of quarterly reports, <del>annual audited financial statements</del> or annual report</b>                      (paragraph 9.28(4))</p>

ANNEXURE A  
**PROPOSED AMENDMENTS TO THE MAIN LR**  
**Review of Timeframe for Issuance of Financial Statements & Annual Reports**

CROSS REFERENCE(S)	MAIN LR PROVISIONS
Paragraph 10.03(4)	<p><b>Basis of valuation</b></p> <p>(4) For the purpose of computation of indicators of materiality (including the percentage ratios) in this Chapter, the following applies:</p> <p>(a) the figures used must, in the case of total assets, net assets, net book value of assets and net profits, be figures shown in the latest <del>published or announced</del> audited financial statements of the listed issuer or audited consolidated financial statements of the listed issuer, if the listed issuer has subsidiaries, <u>that is publicly available</u>;</p> <p>(b) the total assets, net assets and net book value of assets may be adjusted to take into account subsequent completed transactions in respect of which adequate information has already been issued to shareholders and where the adjustments have been reviewed by the listed issuer's external auditors and a copy of the external auditors' review report is furnished to the Exchange;</p> <p>(c) the listed issuer may use the total assets, net assets, net book value of assets included in the statement of financial position in its latest published or announced interim financial report provided that the report has been reviewed by the listed issuer's external auditors and a copy of the external auditors' review report is furnished to the Exchange;</p> <p>(d) the listed issuer may use the net profits based on the unaudited 12 months results provided that the results have been reviewed by the listed issuer's external auditors and a copy of the external auditors' review report is furnished to the Exchange; and</p> <p>(e) the figures used must, in the case of cost of investment or carrying amount of the investment referred to in subparagraph (1) above, be based on –</p> <p>(i) the latest <del>published or announced</del> audited financial statements of the listed issuer or audited consolidated financial statements of the listed issuer, if the listed issuer has subsidiaries, <u>that is publicly available</u>; or</p> <p>(ii) the latest <del>published or announced</del> interim financial report of the listed issuer <u>that is publicly available</u> provided that the report has been reviewed by the listed issuer's external auditors and a copy of the external auditors' review report is furnished to the Exchange.</p>

ANNEXURE A  
**PROPOSED AMENDMENTS TO THE MAIN LR**  
**Review of Timeframe for Issuance of Financial Statements & Annual Reports**

CROSS REFERENCE(S)	MAIN LR PROVISIONS
<b>Appendix 10B</b> <b>Part G, paragraph</b> <b>(1)</b>	<p><b>Additional specific information to be included in relation to very substantial transactions</b>                      (paragraph 10.10)</p> <p>(1) The proforma consolidated statement of financial position together with the notes and the auditors' letter showing effects before and after the transaction based on the listed issuer's –</p> <p>(a) <del>published or announced</del> audited financial statements for the latest financial period ended <u>that is publicly available</u>; or</p> <p>(b) latest <del>published or announced</del> interim financial report <u>that is publicly available and</u> which must be reviewed by external auditors.</p> <p>Where an interim report referred to in subparagraph 1(b) above is used, a statement that the interim report has been reviewed by external auditors.</p>
<b>Appendix 12A,</b> <b>Part A, paragraph</b> <b>(11)</b>	<p><b>Contents of circular in relation to a share buy-back</b>                      (paragraph 12.06(3))</p> <p>(11) Any material financial effect on the listed corporation or group if the proposed purchase(s) were to be carried out in full at any time during the proposed authorised period (such as the working capital of the listed corporation as compared with the position disclosed in the <del>most recent published or announced</del> <u>latest</u> audited financial statements <u>that is publicly available</u>).</p>
<b>Appendix 12A,</b> <b>Part B, paragraph</b> <b>(7)</b>	<p><b>Contents of Share Buy-back Statement</b>                      (paragraph 12.06(4))</p> <p>(7) Any material financial effect on the listed corporation or group if the proposed purchase(s) were to be carried out in full at any time during the proposed authorised period (such as the working capital of the listed corporation as compared with the position disclosed in the <del>most recent published or announced</del> <u>latest</u> audited financial statements <u>that is publicly available</u>).</p>
<b>Practice Note 31,</b> <b>paragraph 9.0</b>	<p><b>Issue of <del>annual audited financial statements and</del> annual report</b></p> <p>9.1 For purposes of complying with paragraph 9.23(1) of the Listing Requirements, the issuers of stapled securities must comply with the following:</p> <p>(a) the anchor issuer must issue its annual reports that include annual audited financial statements of the stapled group on a consolidated or combined basis, as the case may be, together with the auditors' and directors' reports of the stapled group; and</p>

ANNEXURE A  
**PROPOSED AMENDMENTS TO THE MAIN LR**  
**Review of Timeframe for Issuance of Financial Statements & Annual Reports**

CROSS REFERENCE(S)	MAIN LR PROVISIONS
	<p>(b) if the other stapled issuer issues annual reports, it must also announce its annual reports to the Exchange.</p> <p>9.2 <del>For purposes of complying with paragraph 9.23(2) of the Listing Requirements, the anchor issuer of stapled securities must announce to the Exchange the annual audited financial statements of the stapled group on a consolidated or combined basis, as the case may be, together with the auditors' and directors' reports of the stapled group. [Deleted].</del></p>

[End of Annexure A]

ANNEXURE B  
**PROPOSED AMENDMENTS TO THE ACE LR**  
 Review of Timeframe for Issuance of Financial Statements & Annual Reports

**ANNEXURE B**

**PROPOSED AMENDMENTS TO THE ACE LR IN RELATION TO  
 THE REVIEW OF TIMEFRAME FOR ISSUANCE OF FINANCIAL STATEMENTS AND  
 ANNUAL REPORTS**

**Proposal: Shortening the timeframe for issuance of annual reports and removing the separate requirement for issuance of annual audited financial statements**

**CHAPTER 9 CONTINUING DISCLOSURE**

**PART K – PERIODIC DISCLOSURES**

**9.23 Issue of ~~annual audited financial statements and~~ annual report**

- (1) A listed corporation must issue its annual report that includes annual audited financial statements together with the auditors' and directors' reports of the listed corporation, and forward them to the Exchange and shareholders within ~~6~~4 months from the close of the financial year of the listed corporation.
- (2) ~~A listed corporation must announce to the Exchange its annual audited financial statements together with the auditors' and directors' reports within a period not more than 4 months from the close of the financial year of the listed corporation unless the annual report is issued within a period of 4 months from the close of the financial year of the listed corporation[Deleted].~~

**Proposal: Making other ancillary amendments for clarification and consistency**

CROSS REFERENCE(S)	ACE LR PROVISIONS
Rule 7.33	<p><del><b>Presentation of accounts</b></del></p> <p><del>The interval between the close of a financial year of a company and the issue of the annual audited financial statements, the directors' and auditors' reports, shall not exceed 4 months[Deleted].</del></p>

**ANNEXURE B**

**PROPOSED AMENDMENTS TO THE ACE LR**

**Review of Timeframe for Issuance of Financial Statements & Annual Reports**

CROSS REFERENCE(S)	ACE LR PROVISIONS
Rule 9.28	<p><b>Suspension or de-listing for failure to comply</b></p> <p>(1) A listed corporation must comply with the timeframes stated in Rules 9.22 and 9.23 above or such extension of time granted by the Exchange (the timeframes and extensions of time granted by the Exchange, if any, will individually or collectively, as the context may require, be referred to as “<b>Relevant Timeframes</b>”).</p> <p>(2) A listed corporation which intends to request for the extension of time referred to in sub-Rule (1) above must do so not later than 15 days before the expiry of the Relevant Timeframes, failing which the Exchange will not consider such application. The listed corporation must immediately announce to the Exchange any extension of time granted in relation to such application.</p> <p>(3) If a listed corporation becomes aware or has any reason to believe that it will not be able to issue its quarterly report, <del>annual audited financial statements</del> or annual report, as the case may be, (referred to either individually or collectively, as the context may require, as “<b>outstanding Financial Statements</b>”) within the Relevant Timeframes, it must announce this to the Exchange immediately or in any event, not later than 3 market days before the expiry of the Relevant Timeframes.</p> <p>(3A) The listed corporation must announce the status of the issuance of the outstanding Financial Statements on or before the last market day of each month following the date of expiry of the Relevant Timeframes until the issuance of the outstanding Financial Statements.</p> <p>(4) The listed corporation must include –</p> <p style="padding-left: 20px;">(a) in the announcement under sub-Rule (3) above, all information contained in Part I of Appendix 9A; and</p> <p style="padding-left: 20px;">(b) in the announcement under sub-Rule (3A) above, the following information:</p> <p style="padding-left: 40px;">(i) the reasons for continuing to fail to issue the outstanding Financial Statements;</p> <p style="padding-left: 40px;">(ii) the expected date of issuance of the outstanding Financial Statements; and</p> <p style="padding-left: 40px;">(iii) the steps taken or proposed to be taken to issue the outstanding Financial Statements by the expected date of issuance.</p>

**ANNEXURE B**

**PROPOSED AMENDMENTS TO THE ACE LR**

**Review of Timeframe for Issuance of Financial Statements & Annual Reports**

CROSS REFERENCE(S)	ACE LR PROVISIONS
	<p>(5) If a listed corporation fails to issue the outstanding Financial Statements within 5 market days after the expiry of the Relevant Timeframes (the last day of this 5 market day period is referred to in this Part K as “<b>Suspension Deadline</b>”), in addition to any enforcement action that the Exchange may take, the Exchange shall suspend trading in the securities of such listed corporation. The suspension shall be effected on the next market day after the Suspension Deadline and will be uplifted on the market day following the issuance of the outstanding Financial Statements unless otherwise determined by the Exchange.</p> <p>(6) If a listed corporation fails to issue the outstanding Financial Statements within 6 months from the expiry of the Relevant Timeframes, in addition to any enforcement action that the Exchange may take, the Exchange shall commence de-listing procedures against such listed corporation.</p> <p>(7) For the purposes of this Rule, “<b>issue</b>” means announcing to the Exchange or issuing to shareholders as provided under Rule 9.22 or 9.23, as the case may be.</p>
<b>Appendix 9A Part I</b>	<p><b>Part I</b> <b>Information on suspension in view of delay in the issuance of quarterly reports, <del>annual audited financial statements</del> or annual report</b> (Rule 9.28(4))</p>
<b>Paragraph 10.03(4)</b>	<p><b>Basis of valuation</b></p> <p>(4) For the purpose of computation of indicators of materiality (including the percentage ratios) in this Chapter, the following applies:</p> <p>(a) the figures used must, in the case of total assets, net assets, net book value of assets and net profits, be figures shown in the latest <del>published or announced</del> audited financial statements of the listed corporation or audited consolidated financial statements of the listed corporation, if the listed corporation has subsidiaries, <u>that is publicly available</u>;</p> <p>(b) the total assets, net assets and net book value of assets may be adjusted to take into account subsequent completed transactions in respect of which adequate information has already been issued to shareholders and where the adjustments have been reviewed by the listed corporation's external auditors and a copy of the external auditors' review report is furnished to the Exchange;</p>

**ANNEXURE B**

**PROPOSED AMENDMENTS TO THE ACE LR**

**Review of Timeframe for Issuance of Financial Statements & Annual Reports**

CROSS REFERENCE(S)	ACE LR PROVISIONS
	<p>(c) the listed corporation may use the total assets, net assets, net book value of assets included in the statement of financial position in its latest published or announced interim financial report provided that the report has been reviewed by the listed corporation's external auditors and a copy of the external auditors' review report is furnished to the Exchange;</p> <p>(d) the listed corporation may use the net profits based on the unaudited 12 months results provided that the results have been reviewed by the listed corporation's external auditors and a copy of the external auditors' review report is furnished to the Exchange; and</p> <p>(e) the figures used must, in the case of cost of investment or carrying amount of the investment referred to in sub-Rule (1) above, be based on -</p> <p style="padding-left: 20px;">(i) the latest <del>published or announced</del> audited financial statements of the listed corporation or audited consolidated financial statements of the listed corporation, if the listed corporation has subsidiaries, <u>that is publicly available</u>; or</p> <p style="padding-left: 20px;">(ii) the latest <del>published or announced</del> interim financial report of the listed corporation <u>that is publicly available</u> provided that the report has been reviewed by the listed corporation's external auditors and a copy of the external auditors' review report is furnished to the Exchange.</p>
<p><b>Appendix 10B, Part G, paragraph (1)</b></p>	<p><b>Additional specific information to be included in relation to very substantial transactions</b> (Rule 10.10)</p> <p>(1) The proforma consolidated statement of financial position together with the notes and the auditors' letter showing effects before and after the transaction based on the listed corporation's -</p> <p style="padding-left: 20px;">(a) <del>published or announced</del> audited financial statements for the latest financial period ended <u>that is publicly available</u>; or</p> <p style="padding-left: 20px;">(b) latest <del>published or announced</del> interim financial report <u>that is publicly available and</u> which must be reviewed by external auditors.</p> <p>Where an interim report referred to in subparagraph 1(b) above is used, a statement that the interim report has been reviewed by external auditors.</p>

**ANNEXURE B**

**PROPOSED AMENDMENTS TO THE ACE LR**

**Review of Timeframe for Issuance of Financial Statements & Annual Reports**

CROSS REFERENCE(S)	ACE LR PROVISIONS
<b>APPENDIX 12A Part A, paragraph (11)</b>	<p><b>Contents of circular in relation to a share buy-back</b> (Rule 12.06(3))</p> <p>(11) Any material financial effect on the listed corporation or group if the proposed purchase(s) were to be carried out in full at any time during the proposed authorised period (such as the working capital of the listed corporation as compared with the position disclosed in the <del>most recent published or announced</del><u>latest</u> audited financial statements <u>that is publicly available</u>).</p>
<b>APPENDIX 12A Part B, paragraph (7)</b>	<p><b>Contents of Share Buy-back Statement</b> (Rule 12.06(4))</p> <p>(7) Any material financial effect on the listed corporation or group if the proposed purchase(s) were to be carried out in full at any time during the proposed authorised period (such as the working capital of the listed corporation as compared with the position disclosed in the <del>most recent published or announced</del><u>latest</u> audited financial statements <u>that is publicly available</u>).</p>

[End of Annexure B]

**ATTACHMENT      TABLE OF COMMENTS**

*[Please see the Attachment setting out the Table of Comment enclosed with this Consultation Paper]*