

THE APPLICATION OF CORPORATE DISCLOSURE POLICY AMONG PUBLIC LISTED COMPANIES IN PROPERTIES BUSINESS

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ABSTRACT

In general, the 1990s was a decade of considerable and broad economic growth. It was also characterised by extensive corporate (financial) sector failure in South-East Asia (1997 Asian crisis). Since 2001 a number of major (non-financial) corporations have failed in the USA and Europe. The majority of these failures have been attributed to an absence or dereliction of efficient disclosure and corporate governance. For that reason this paper intent to analyze and discuss the disclosure policy among Public Listed Companies (PLCs). This is a qualitative research paper involving PLCs (i.e. representing 30% out of 88 companies). These companies were chosen as a unit analysis using a random probability sampling technique. Content analysis was employed to investigate disclosure policy of BMLR among properties companies listed in Bursa Malaysia (BM). All relevant data of PLCs were gathered from the Annual Report (AR) of the 27 companies from the period of 2013-2015. The findings of this research show that the PLCs in Malaysia had applied high level of disclosure.

Keywords: Corporate governance, public listed companies, Bursa Malaysia Listing Requirements.

INTRODUCTION

Principles of corporate governance (CG) were initially developed in the US, UK, Australia, and South Africa through a series of the publications by CG committees, best practices codes, and principles of CG in the 1980s. However, CG practices have been a concerned issue by many Asian countries after the Asian Financial Crisis in 1997 including Malaysia. Due to the crisis, Malaysian Code of Corporate Governance (MCCG) has been introduced as part of the Bursa Malaysia of Listing Requirements (BMLR). In addition, the listing requirements were initiated to raise the CG standards amongst PLCs and enhance investor confidence; the need for change came as a result of poor quality and ineptitude performance of some corporate organization which led to erosion of investors' confidence in the market (Seong & Soon 2009). Therefore, the paper intends to analyze the BMLR in implementing CG of PLCs in adopting the disclosure policy and principles of Malaysian CG.

1. Literature Review

2.1 Overview of Corporate Governance

The CG Code was pointed from the UK's experience set out in the Hampel Report because it involves the use of best practices and recipes which require appropriate disclosure on the degree at companies listed on the exchange. Though, compliance is not to be strictly adhered to, each company is flexibly developing its own approach towards compliance. Nevertheless it is clearly stated the standard which companies must adhere to for them to meet up while the investment community is also guaranteed of receiving explanations of the company's approach to good CG in order to achieve the desired change in the investment community. (Malaysian SC. 2007)

However, Cadbury Report defines CG as "*the system by which companies are directed and controlled*" (Garrett, Allison. 2003). Generally, it consists of the process and structure for overseeing the direction and management of a business entity so that it carries out its mandate and objectives effectively (World Bank 2005). In the Malaysian context, the Report on CG established by the HLFC on CG delivered a clarification of CG as:

"The process and structure used to direct and manage the business and affairs of the company towards enhancing business prosperity and corporate accountability with the ultimate objective of releasing long term shareholder value, whilst taking into account the interests of other stakeholders" (HLFC, 1999).

However, CG disclosures can basically be divided into two major categories. First, it mandated disclosures and second, voluntary disclosures. A mandated disclosure is the compulsory information to be disclosed in the AR of the company in which it is required under laws and regulations. In many countries, some examples of the mandated information that needs to be disclosed include the board of directors; related party transactions and others. Failure to disclose this information will make the company liable and would be penalized by the regulators (Bursa Malaysia, 2013).

2.2 Bursa Malaysia

BM first established in 1930 under the Singapore Stockbrokers, the Malaysian branch re-registered in 1937 called the Malayan Stockbroker's. In 1960 the Malayan Stock Exchange started the public trading of shares and four years later saw the establishment of the Stock Exchange of Malaysia and then further changes was made for it to become the Stock Exchange of Malaysia and Singapore. With the cease of the interchange ability of the currency between Malaysia and

Singapore in 1973, the stock exchange became further divided into the Kuala Lumpur Stock Exchange and the Stock Exchange of Singapore. After that, in 1976, the Kuala Lumpur Stock Exchange took control of operations of the Kuala Lumpur Stock Exchange before the name was changed to Bursa Malaysia in 2004 and was listed in the Main Board of the BM 2005. BM is the exchange holding company that operates the exchange, and related services in the stock exchange.

The revamped BMLR, released on 22 January 2001 is widely recognised as a major milestone in Malaysian CG reform. Its release marked the successful implementation of a significant component of the recommendations in the Finance Committee Report on Corporate Governance. A key focus of the revamped listing requirements was the enhancement of standards of CG and investor protection amongst PLCs through the introduction of new provisions and the strengthening of existing provisions in key aspects of regulation, including corporate disclosure and reporting, internal controls, directors' rights and obligations and the general protection of minority shareholders interests.

2.3 The Disclosure Policy in Malaysia

Disclosure in the broadest sense of the word means release of information. In accounting, disclosure means a company's release of information about its resources and performance to those having reasonable rights to such information. Disclosure can be defined as;

"Whole array of different forms of information produced by companies, Such as annual report which includes the director's statement, the Operating And Financial Review (OFR) [1], the profit and loss account, balance sheet, cash flow statement and other mandatory items. It also includes all forms of Voluntary corporate communications, such as management forecasts, analysts' Presentations, and the AGM, press releases, information placed on corporate website and other corporate reports, such as stand alone environmental or social reports" (Healy & Palepu, 2001).

However, this communication is not only called for by shareholders and investors to analyze the relevance of their investments, but also by the other stakeholders, particularly for information about corporate social and environmental policies (Farvaque, E, et al. 2011).

Disclosure may be provided by companies either through its published annual reports, including the financial statements, footnotes, and management discussion, or through other media such as conference calls, press releases, and Internet sites. Some disclosure about companies' performance, however, may be released by intermediaries such as financial analysts and industry

experts. Prior researchers noted that corporate disclosure is needed to reduce information asymmetry and agency conflicts between managers and outside investors (Healy & Palepu, 2001).

In respect of disclosure, several countries around the world have equally adopted CG codes as Malaysia does. The code was approved by the High Level of Finance Committee (HLFC) and released in 1999. The code was adopted by BM in its listing rules and it takes effect in January 2001.

The focus of the CG includes accountability, internal control system, how the board should be composed and how directors should be remunerated. These codes are also mechanisms which are helping organizations to achieve their objectives while disclosure is being carried out and for companies to assess their corporate performance (Akhtaruddin Mohamed, et al. 2009).

The legal basis for disclosure comes from company law, which usually determines the basic information rights of shareholders and disclosure requirements. There is additional information requirement declared by the Securities Commission (SC) and BM as regards specific content, format, frequency and time which information will be disclosed. Additionally, disclosure of financial information especially for PLCs must in line with the requirements of the CA1965, as enforced by the SC and the BM. As of early 2000, the SC has started implementing "Disclosure-Based Regulations" on listed companies, and to guarantee that disclosure is done in line with CG disclosure (Zakaria, M. 2001). The three tenets of disclosure-based regulation are disclosure, due diligence, and CG. Under the disclosure-based regulation, it is the responsibility of the directors of PLCs for ensuring that all material information required by the public to make investment decisions is provided accurately, in full, and on a timely basis (Hua & Ragayah. 2007).

As a result of a series of events as discussed earlier, numerous reforms have taken place at the regional and international levels and which focus on how disclosure exercise should be improved in order to meet practices around the world and protect the interest of all the stakeholders (Pacific Economic Cooperation Council. 2001). As OECD code often emphasizes, a strong and effective disclosure is the premise upon which transparency, and healthy market is based and which can lead to increase in confidence of the shareholders (Cheung, et al. 2007). In addition, the OECD emphasizes that an important tool of CG is disclosure and that is capable of reducing excessive substantive regulation when it is properly done. The OECD also emphasizes that CG timely as well as accurate disclosure of entirely problems that concern the company, together with performance, shareholding, ownership, as well as companies' governance (McGee, Robert, 2010).

It has been generally agreed that CG is an important issue which has serious and positive impact on financial reporting and thus promotes accountability, fairness and transparency due to appropriate financial disclosure by companies that are classified as PLCs (Rahman. 1999). The

contrary fact is that when companies are not transparent and involve in the double standard, there will be distorted in the incentives of directors, over-investment will be brought about and this will lead to indebtedness of the corporate organizations. It is also important to state that when disclosure is not made appropriately, the situation will be worse and this will lead to deteriorating conditions for the corporate entities. This therefore requires that companies are more transparent accountable and made full disclosure in their dealings (Zakaria, M. 2001).

The essence of appropriate disclosure is to make investors to know the status of their companies when compared with others. Since it is the main objective of companies to succeed in their business end abuse and enhance value of shareholders, every effort should be made to ensure that the shareholders are carried along by supplying them adequate information that is required. Disclosure of information makes the interest of the shareholders to be protected and makes market to be liquid and efficient especially when the information is accessible (Du Plessis, et al. 2010).

This also brings about understanding of activities, with regards to policies that are guiding activities and performance in respect of environmental and ethical as well as company's relationship with investors, shareholders and members of the community whose company's operation is being affected by. In view of this, a friendlier atmosphere and environment will be developed in which the adoption of the policies is channeled towards. It has been also discovered that excessive risk and lack of transparency by companies can lead to trouble for companies and their investors and this has actually manifested in the global crisis that was experienced. Hence, it is therefore important companies make adequate disclosure and be transparent in order to protect the investors as well as helping to improve the confidence in the market (Securities Commission, 2011).

The strongest of both transparency as well as disclosures includes actions by a variety of market members, from boards, gatekeepers, influences and other stakeholders as it covers processes from verification, the limitation of information for publication and communication. Quantitative and qualitative corporate information is then disseminated through various periodic reports – such as the quarterly and annual reports, additional disclosures and through several media or other stakeholder engagement sessions. Boards and gatekeepers have an obligation to ensure that the statements and supporting information provided are complete and accurate. In this regard, the value of disclosures can be assessed in terms of how useful the information provided is in assisting investors and other stakeholders to make judgments on a comparable basis across a wide range of investment opportunities (Securities Commission. 2011).

3 Research Methodology

This paper is based on findings of qualitative research and content analysis was employed to investigate corporate disclosure of BMLR amongst the Properties companies listed in BM. It has been agreed by Krippendorff (2004) that it is an accepted method of textual investigation. There are 88 Properties companies listed in BM, and only sample of 27 companies (i.e. representing 30%) were chosen for unit analysis using a random probability sampling technique (Sekaran, 2010). In this technique, all the selected companies were identified and listed serially using excel software. All relevant information of PLCs was gathered from the AR as well as the company board charter of the 27 companies from the period of 2013 -2015.

3.1 Research Findings and Discussion

The sample of the analysis involved 27 companies in properties. Table 1 shows the implementation of nine items in corporate disclosure of BMLR by PLCs.

Items Respondents	CwBMLR	TIDP	TSEI	AID&A	NDISB	DIASP	IABM	DAMI	ARBMD
R1	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R2	Yes	Yes	Not reported	Yes	Yes	Yes	Yes	Yes	Yes
R3	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R4	Yes	Yes	Yes	Yes	Not reported	Not reported	Yes	Not reported	Yes
R5	Yes	Yes	Yes	Yes	Yes	Not reported	Yes	Yes	Yes
R6	Yes	Yes	Yes	Yes	Not reported	Yes	Yes	Yes	Yes
R7	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R8	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R9	Yes	Yes	Yes	Yes	Not reported	Yes	Not reported	Yes	Yes
R10	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R11	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R12	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R13	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

R14	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R15	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R16	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R17	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R18	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R19	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R20	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R21	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Not reported
R22	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R23	Yes	Yes	Not reported	Not reported	Not reported	Yes	Yes	Yes	Yes
R24	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R25	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R26	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes
R27	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes	Yes

Table 1: Corporate Disclosure of BMLR among PLCs

Indicators:

- CwBMLR Comply with the BMLR
- TIDP Type of information disclosed to the public
- TSEI Treat all shareholders equally in terms of information
- AID&A Access to information by directors and audit
- NDISB No disclosure of information made on a selective basis
- DIASP Disclose information that could affect the share prices
- IABM Immediate announcement to BM

DAMI	Disclose the activity that mislead investors
ARBMD	Annual reports as a basis for making decisions

According to the companies AR there are at least nine items that indicates how the companies delivered their disclosure as indicated in Table 1 above, which include the type of information disclosed to the public, treat all shareholders equally in terms of information, access to information by directors and audit, no disclosure of information made on a selective basis, disclose information that could affect the share prices, immediate announcement to BM, disclose the activity that mislead investors or cause unwarranted price movement and annual reports as a basis for making decisions.

3.2 Bursa Malaysia Listing Requirements

BMLR under this study has the record of nine items regarding to disclosure. Which include compliance with the BMLR, the type of information disclosed to the public, treat all shareholders equally in terms of information, access to information by directors and audit, no disclosure of information made on a selective basis, disclose information that could affect the share prices, immediate announcement to BM, disclose the activity that mislead investors and AR's as a basis for making decisions.

a. Compliance of the Bursa Malaysia Listing Requirements

BMLR indicated that all listed companies must meet a set of prescribed rules under the SC, equity guidelines and BMLR. These set of prescribed rules are also known as the regulatory benchmark. This divided into two sets of rules to help companies determine if they are best suited for listing on the Main Market or a listing on the Access Certainty Efficiency Market (ACE Market) (Paragraph (2.02, 2.04 and 2.05) of BMLR.

The companies AR shows that the entire companies comply with the BMLR, with regard to this R3 recorded that *“In implementing its governance system and ensuring compliance with the Main Market Listing Requirements (Listing Requirements) of Bursa Malaysia Securities Berhad”*. In addition, the board of the companies complying with the listing requirements to ensure that the principle and the recommendations are practiced, R18 admitted that; *“The Board...is committed towards adhering to the requirements and guidelines as per the Malaysian Code on Corporate Governance 2012 (the Code) as well as the Main Market Listing Requirements (MMLR) of Bursa Malaysia”*. Moreover, there are few companies complying with the various disclosure rules of BMLR, R16 highlighted that *“the extent of compliance of the code as required under the Main Market listing Requirements (“MMLR”) of Bursa Malaysia Securities Berhad”*.

The above results show that all the companies selected for this study comply with the requirements of BM. This is considered as an important step for companies aiming to meet their long-terms goals as well as enhancing investor confidence in their operations.

b. The Type of Information Disclosed to the Public

Paragraph 2.03 of BMLR identified that all listed companies must informed the investors and public of all facts or information that might affect their interests and in particular, full, accurate and timely disclosure shall be made of any information which may reasonably be expected to have a material effect on the price, value or market activity, such as financial condition, operating results, management compensation, and other areas of their business, which is monitored and enforced by the SC (Paragraph (2.03) of BMLR.).

In relation to the information disclose to the public, R19 has made sure that “*the Board believes that the Company’s Annual Report is a vital source of essential information for shareholders and investors and other stakeholders. The Company strives to provide a high level of reporting and transparency ...*” Furthermore, R23 stated different type of information that should be disclosed to the public in order to provide fair and full presentation of the financial affairs of the corporation “*...the adequacy and integrity of the Company’s internal control systems and management information systems; including systems for compliance with applicable law, regulations, rules, directives and guidelines*”.

It is concluded that all the companies provided the requisite information to investors and public of the areas of their operations and how such business operations affect the interest of the investors and the general public at large.

c. Treat all Shareholders Equally in Terms of Information

BMLR stated that companies should treat all shareholders of the same class, whether internal or external shareholders, minority or majority shareholders, domestic or foreign shareholders, equally. Thus, fair and equal treatment of all holders of common shares is one of the key principles of effective CG. Among the specific rights that should be guaranteed equally to all shareholders are the right to receive dividends; pre-emptive rights to purchase additionally placed shares; the right to participate in the general shareholders meeting, including adequate disclosure in advance of all materials necessary to make informed decisions (Cox, James D. (1997)).

The directors of the company are required to treat all shareholders fairly. With regards to that most of the respondents stated clearly that they treat their shareholders equally in terms of information R15 has stipulated that “*the company’s website is freely accessible to the public at*

www.megb.com.my and the Directors welcome feedback channeled through the website". Furthermore, some of the companies disclose information to the shareholder and public through the annual reports, R10 stated that *"In addition to published Annual Report (both in hardcopy and in CD ROM media) and Quarterly Reports announced to Bursa Securities"*. However, three companies did not reported whether the companies handle shareholders equally in terms of information during the financial year. This is referred to R2 and R23.

Consequently, the result shows that eight companies did not disclose issues relating to equality of information to shareholder.

d. Directors and Audit in Accessing to the Information

The listing requirements of BM indicate that all the directors and audit must obtain full and unrestricted access to any information or documentation pertaining to the listed issuer, whenever it is deemed necessary for the performance of its duties (Paragraph (15.04, 15.18) of BMLR).

In relation to the access to information, the annual reports of the mentioned companies indicate that directors can be access to the company information at any time. R2 positively respond that *"All Directors have full and complete access to all information within the Company"*. In contrast, other companies stated that the audit could access to the companies material information at anytime, R10 highlighted that *"The Audit Committee has unrestricted access to both the internal and external auditors as well as senior management for advice and information"*. From the total number of companies under study, only one company did not report access of information for both directors and audit, refer to R23.

Based on the above result, it is concluded that the majority of companies reported that directors and/or auditors have full and unrestricted access to any information or documentations of the companies.

e. Release Material Information in Fullest Public Dissemination

Under the BM requirements, a PLC is required to make immediate public disclosure of all material information concerning its affairs, except in exceptional circumstances. Companies are required to release the information to the public in a manner designed to ensure the fullest possible public dissemination (Iu, J., & Batten, J. 2001).

The companies' annual reports disseminated any material information through a press release to the public. R2 highlighted that *"The quarterly financial results and business review, including the financial performance to-date against the previous year has been tabled at each scheduled*

meeting for discussion”. R22 stressed, “The Group also releases financial results on a quarterly basis. The Group also aims to have full interaction with fund managers, bankers and analysts” .¹

The above results shows that the information should be disclosed in fullest public dissemination to maintain the relation with the investors and assist them to make accurate investment decision.

f. Disclosure of Information made on a Selective Basis

BMLR indicated that PLCs must ensure that no disclosure of information is made on an individual or selective basis to analysts, shareholders, journalists or other persons unless such information has previously been fully disclosed and disseminated to the public. In the event that material information is inadvertently disclosed on the occasion of any meetings with analysts, shareholders, journalists or others, it must be publicly disseminated as promptly as possible (Paragraph, (9.08) of BMLR).

The annual reports of the companies’ shows that no material information disclosed to the public in a selective basis, R11 stated that *“The procedures selected depend on our judgment, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error”*. Furthermore, R25 indicates that *“The procedures selected depend on our judgement, including the assessment of risks of material misstatement of the financial statements, whether due to fraud or error”*. Otherwise, four companies did not report information regarding to the above mentioned item, refer to R4 and R9.

Consequently, the result above shows that the majority of the companies ensures that the disclosure of information is done not on an individual or selective basis but in the interest of all relevant persons.

g. Disclose Material Information that Could Effects the Share Prices

BMLR stated that listed companies must disclose all material information that could effect the share price, share value or market activity or any other information that might affect the public interests in particular, full, accurate and timely (Paragraph, (2.03) of BMLR).

In order to show up any material information with regards to share prices, R12 had considered that; *“.... Important matters that are reasonably expected to have a material effect on the price, value or market activity of the Company’s shares may be discussed at the meeting without materials being distributed prior to the meeting”*. Moreover, some companies show the effect of

¹ Paragon Union Berhad. “Annual report.” (2014). P20.

the share price through the change of the share value, R1 indicated that “...As disclosed in Note 29, options exercised in the previous financial year resulted in the issuance of 2,158,500 ordinary stock units at RM1.00 each. The related weighted average stock unit price at the date of exercise was RM1.48.” Moreover, two companies did not report the type of information that effect the share prices value. Refer to R4 and R5.

Characteristically, it can be deduced from the analysis above that 25 of companies share information in their annual reports that could affect share price in particular in full and in an accurate and timely manner.

h. Immediate Announcement to Bursa Malaysia

The requirements of BM indicated that PLCs must make immediate announcements to the exchange (Paragraph (9.19) of BMLR). However there are two types of material disclosure under the LR. First is where a listed issuer is required to undertake a materiality assessment of the information before making an announcement. Secondly is where a listed issuer must announce any information which has been predetermined under the LR to be material (Bursa Malaysia. 2011). For the prescribed events set out in paragraph/Rule 9.19 of the LR, the listed issuer must immediately announce the event to BM, upon its occurrence.

The majority of the selected companies admitted that the companies should disclose the announcements immediately to BM. This is declared by R3 “*Such information is communicated through the Annual Report, the various disclosures and announcements to Bursa Securities*”. Also, R12 supported the above item “*Shareholders and members of the public can also obtain information on the annual and quarterly reports and the announcements made by the Company by accessing Bursa Securities’ website*”. However, there are various companies stated in their annual reports the announcement of the companies operation and performance at the Company’s Annual General Meeting (AGM). R17 stated that; “*The Board acknowledges the obligation of communication with its shareholders and stakeholders. This is affected through announcements of quarterly financial results, Annual Reports, AGMs*”. In addition, only one company did not report immediate announcement to BM, refer to R9.

Therefore, in view of the analysis above, the majority of the companies for this study reported issues relating to their corporate financial results and other corporate news to BM. Activity that Mislead Investors or Cause Unwarranted Price

i. Disclose the Activity that Mislead Investors

THE LISTING REQUIREMENTS STATED THAT ALL PLCS MUST REFRAIN FROM PROMOTIONAL DISCLOSURE ACTIVITY IN ANY FORM WHATSOEVER OR HOWSOEVER WHICH MAY MISLEAD INVESTORS OR CAUSE UNWARRANTED PRICE MOVEMENT AND ACTIVITY IN THE COMPANY’S SECURITIES. SUCH ACTIVITY INCLUDES NEWS RELEASES, PUBLIC ANNOUNCEMENTS, PREDICTIONS,

REPORTS OR ADVERTISEMENTS WHICH ARE NOT JUSTIFIED BY ACTUAL DEVELOPMENTS CONCERNING A LISTED ISSUER; EXAGGERATED; FLAMBOYANT; OVERSTATED; OR OVER-ZEALOUS (PARAGRAPH 9.12 OF BMLR).

WITH REGARDS TO THE BM, LISTED COMPANY SHOULD REFRAIN FROM PROMOTIONAL DISCLOSURE ACTIVITY THAT EXCEEDS THAT NECESSARY TO ENABLE THE PUBLIC TO MAKE INFORMED INVESTMENT DECISIONS. SUCH ACTIVITY INCLUDES DISCLOSURE ACTIVITY, WHICH MAY MISLEAD INVESTORS AND CAUSE UNWARRANTED PRICE MOVEMENTS AND ACTIVITY IN A COMPANY'S SECURITIES, R1 HAD POINTED OUT THAT "AT THE DATE OF THIS REPORT, THE DIRECTORS ARE NOT AWARE OF ANY CIRCUMSTANCES WHICH WOULD RENDER THE VALUES ATTRIBUTED TO THE CURRENT ASSETS IN THE FINANCIAL STATEMENTS MISLEADING". MOREOVER, R23 SUPPORTED THE ABOVE ITEM "...NOT OTHERWISE DEALT WITH IN THIS REPORT OR THE FINANCIAL STATEMENTS WHICH WOULD RENDER ANY AMOUNT STATED IN THE FINANCIAL STATEMENTS MISLEADING". HOWEVER, THERE ARE ONLY ONE COMPANY DID NOT DISCLOSE THE ACTIVITY THAT MAY MISLEAD INVESTORS OR CAUSE UNWARRANTED PRICE. REFER TO R4.

IN CONCLUSION, 26 COMPANIES NOTED THAT THEY DISCLOSE INFORMATION THAT COULD ASSIST INVESTORS MAKE INFORMED DECISIONS ABOUT UNWARRANTED PRICE MOVEMENTS IN THE COMPANY'S SECURITIES..

j. Annual Reports as a Basis for Making Decisions

Annual report has been defined as;

"An annual publication that public corporations must provide to shareholders to describe their operations and financial conditions. The front part of the report often contains an impressive combination of graphics, photos and an accompanying narrative, all of which chronicled the company's activities over the past year. The back part of the report contains detailed financial and operational information" (O'Donovan, G. (2002).

However, investors and other financial audiences rely on the accuracy of financial information in an annual report to make informed decisions (Dennis Larsen, 2016).

Many companies had made it cleared that their annual report should be a basis for making decision. Reference to R2 annual report shows that *"The annual reports and the quarterly announcements are the primary modes of communication to report on the Group's business activities and financial performance"*. In addition, most of the rules and regulations shows that annual report is the main source to present and provide the information to the general, R14 has maintained, *Full details of the composition, complete terms of reference and a summary of the activities of the Audit Committee during the financial year are set out in the Audit Committee Report in this Annual Report"*.

In conclusion all companies noted the importance of the annual reports and how the report helps investors in making evidence-based investment decisions.

Conclusion

The results of the analysis show that high compliance of corporate disclosure among all companies. This implies that they are aware of the sanctions that they might be imposed upon them for non-compliance. The results also show that among the nine modes, only two fully implemented CG principles. The items that have significantly and positively reported is the level of CG disclosure, which indicates compliance with the BMLR and type of information disclosed to the public.

In contrast, the other modes including treat all shareholders equally in terms of information, access to information by directors and audit, no disclosure of information made on a selective basis, disclose information that could affect the share prices, disclose the activity that mislead investors and annual reports as a basis for making decisions were reported great implementation of the CG, Thus, the research has proven that the disclosures through the companies' annual reports has provided high dissemination level of information to the investors.

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