

ANNEXURE B

PROPOSED ACE LR AMENDMENTS IN RELATION TO NEW ISSUE OF SECURITIES
AND OTHER AREAS

ACE Market Listing Requirements

CHAPTER 1 DEFINITIONS AND INTERPRETATION

PART A - DEFINITIONS

1.01 Definitions

In these Requirements, unless the context otherwise requires -

Employee Share Scheme means ~~collectively either~~ a Share Issuance Scheme, ~~and a~~ Share Grant Scheme, ~~or both~~.

[End of proposed amendments to Chapter 1]

CHAPTER 2 GENERAL

PART H - OTHERS

2.24 Special auditor

- (1) Where the Exchange is of the opinion that a breach of these Requirements may have occurred and the appointment of a special auditor is necessary, the Exchange may instruct the listed corporation to appoint a special auditor to review or investigate the affairs of the listed corporation, any of its subsidiaries or both, as the Exchange may direct.
- (1A) A listed corporation must ensure that the review or investigation undertaken by the special auditor is sufficiently comprehensive and capable of addressing the issues raised by the Exchange. Any cost incurred as a result of the appointment of the special auditor must be borne by the listed corporation.
- (2) For the purpose of ~~this sub-Rule (1) above, a special auditor means~~ any ~~auditor person with the relevant expertise on the subject matter under review or investigation may be appointed as the special auditor~~ other than the statutory auditor of the listed corporation appointed pursuant to the Companies Act or in relation to a foreign corporation, pursuant to the relevant laws of the place of incorporation.

[End of proposed amendments to Chapter 2]

CHAPTER 6 NEW ISSUE OF SECURITIES

PART C - GENERAL REQUIREMENTS FOR NEW ISSUE OF SECURITIES

6.08 Announcement to the Exchange

- (1) A listed corporation must include the information set out in Part A of Appendix 6A in its announcement to the Exchange relating to a proposed new issue of securities.
- (2) Where a listed corporation is undertaking an issuance and placement of securities in stages over a period of time, the listed corporation must:
 - (a) upon placement of the securities, immediately announce to the Exchange, the number and issue price of the securities; and
 - (b) on a quarterly basis, simultaneously with the announcement of the quarterly report, announce the following information:
 - (i) the price-fixing date and issuance date of each staggered issuance;
 - (ii) the number of securities issued and allotted for each staggered issuance;
 - (iii) the issue price and basis of determining the issue price for each staggered issuance;
 - (iv) the aggregate number of securities issued and allotted pursuant to the placement at the end of each quarter.

6.08A Additional disclosures on utilisation of proceeds

- (1) In the case of a new issue of securities for fund-raising purposes, a listed corporation must announce the status and details relating to utilisation of proceeds on a quarterly basis, simultaneously with the announcement of the quarterly report.
- (2) A listed corporation must ensure that the announcement made pursuant to sub-Rule (1) above include the following information:
 - (a) the details of the projects, initiatives or purposes funded by the proceeds together with their status or progress; and
 - (b) the unutilised proceeds, if any, including the place and name of the entity where the proceeds are deposited or kept.
- (3) A listed corporation is no longer required to make the announcement under this Rule upon full utilisation of the proceeds raised.

PART D - ADDITIONAL REQUIREMENTS RELATING TO PLACEMENT

6.16 Placees' details

- (1) As soon as practicable after the placement of securities and before the listing of such new issue of securities, the listed corporation's Sponsor, Adviser or Recognised Approved Adviser, as the case may be, must submit to the Exchange the following:

- (a) the final list (broken down by each placement agent) setting out the ~~names, home or business addresses, identity card/passport/company registration numbers, occupations/principal activities and securities account numbers following details~~ of all the placees and the ultimate beneficial owners of the securities placed (in the case where the placees are nominee corporations or funds); ~~and the amount and price of securities placed to each placee; and~~
- (i) ~~their~~ names;
 - (ii) ~~their~~ home or business addresses;
 - (iii) ~~their~~ identity card/passport/company registration numbers;
 - (iv) ~~their~~ occupations/principal activities;
 - (v) ~~their financial standing and source of funds;~~
 - (vi) ~~their~~ securities account numbers; and
 - (vii) ~~the~~ amount and price of securities placed to each placee; and
- (b) a confirmation from the Sponsor, Adviser or Recognised Approved Adviser that to the best of its knowledge and belief, after having taken all reasonable steps and made all reasonable inquiries, the details set out in the final list of placees in sub-Rule (a) above are accurate and the issue or placement exercise complies with the requirements as stated in this Chapter.
- (2) The information on the ultimate beneficiaries of the securities as required in sub-Rule (1)(a) above need not be submitted for the following types of placees:
- (a) statutory institutions managing funds belonging to general public;
 - (b) unit trust funds or collective investment schemes approved by the SC; and
 - (c) collective investment schemes which are authorised, approved or registered investment schemes incorporated, constituted or domiciled in a jurisdiction other than Malaysia and regulated by the relevant regulatory authority in that jurisdiction, subject to the listed corporation's Sponsor, Adviser or Recognised Principal Adviser, as the case may be, confirming to the Exchange that such schemes have been duly authorised, approved or registered.

PART I - ADDITIONAL REQUIREMENTS RELATING TO AN ISSUE OF CONVERTIBLE SECURITIES

6.51 Maximum number of new shares allowed from exercise of convertible ~~equity~~ securities

A listed corporation must ensure that the number of new shares which will arise from the exercise or conversion of all outstanding convertible ~~equity~~ securities, does not exceed 50% of the total number of issued shares of the listed corporation (excluding treasury shares and before the exercise of the convertible ~~equity~~ securities) at all times.

APPENDIX 6A

Part A

Contents of announcement in relation to a new issue of securities (Rules 6.08(1), 6.33(2), 6.49 and 6.53)

(1) - (11) [No change]

(12) The purpose of the new issue of securities.

(13) The justification for embarking on the new issuance of securities rather than other available options.

(14) In the case of new issue of securities for fund-raising purposes, the details of equity fund-raising exercises undertaken in the past 12 months before the announcement of the new issue of securities and any other equity fund-raising exercises undertaken of which proceeds raised have yet to be fully utilised, including -

- (a) a description of the equity fund-raising exercise;
- (b) the total proceeds raised; and
- (c) the details and status of the utilisation of proceeds.

If there is none, a negative statement to that effect.

(15) - (22) [No change]

Part B [No change]

Part C [No change]

APPENDIX 6B

Part A

Contents of circular in relation to a new issue of securities (Rules 6.09(1) and 6.54(1))

(1) - (19) [No change]

(20) The purpose of the new issue of securities.

(21) The justifications for embarking on the new issue of securities rather than other available options.

(22) In the case of new issue of securities for fund-raising purposes, the details of equity fund-raising exercises undertaken in the past 12 months before the announcement of the new issue of securities and any other equity fund-raising exercises undertaken of which proceeds raised have yet to be fully utilised, including -

- (a) a description of the equity fund-raising exercise;
- (b) the total proceeds raised; and

(c) the details and status of the utilisation of proceeds.

If there is none, a negative statement to that effect.

(23) - (37) [No change]

Part B [No change]

[End of proposed amendments to Chapter 6]

CHAPTER 8 CONTINUING LISTING OBLIGATIONS

PART B - CONTINUING LISTING CRITERIA

8.03A Level of operations

- (1) A listed corporation must maintain an adequate level of operations to warrant continued trading or listing on the Official List.
- (2) The following are circumstances which indicate that a listed corporation may not have a level of operations that is adequate to warrant continued trading or listing on the Official List:
 - (a) the listed corporation has suspended or ceased -
 - (i) all of its business or its major business; or
 - (ii) its entire or major operations,for any reason whatsoever including, amongst others, due to or as a result of -
 - (aa) the cancellation, loss or non-renewal of a licence, concession or such other rights necessary to conduct its business activities;
 - (bb) the disposal of the listed corporation's business or major business; or
 - (cc) a court order or judgment obtained against the listed corporation prohibiting the listed corporation from conducting its major operations on grounds of infringement of copyright of products etc; or
 - (b) the listed corporation has an insignificant business or operations. This is not applicable to a Sponsored Corporation during the Sponsorship Period.
- (3) Subject to sub-Rules (5) and (6) below, a listed corporation that triggers sub-Rules (2)(a) or (2)(b) above ("affected listed corporation") must comply with the following, failing which the Exchange may suspend the trading of listed securities of such listed corporation or de-list the listed corporation, or both:
 - (a) immediately announce to the Exchange of its condition and provide such information from time to time for public release in accordance with the disclosure obligations set out in paragraph 4.0 of Guidance Note 3, with the necessary modifications;
 - (b) regularise its condition by complying with the requirements set out in Rule 8.04(3) and paragraph 5.0 of Guidance Note 3, with the necessary modifications; and
 - (c) comply with such other requirements or do such other acts or things as may be prescribed or required by the Exchange.

(3A) An affected listed corporation must prioritise its efforts and resources to regularise its condition in accordance with sub-Rule (3)(b) above. It must not undertake any interim corporate proposal prior to fulfilment of the requirements in Rule 8.04(8) or receipt of the Exchange's decision in sub-Rule (6) below, unless such interim corporate proposal is allowed by the Exchange under exceptional circumstances.

- (4) Where the Exchange approves the regularisation plan of an affected listed corporation pursuant to sub-Rule (3)(b) above, such approval may be unconditional or subject to such conditions, as it deems fit. If the regularisation plan is rejected by the Exchange, the affected listed corporation may appeal against the decision of the Exchange within 30 days from the date of its rejection.
- (5) An affected listed corporation need not comply with the requirements set out in sub-Rule (3) above provided that -
- (a) the affected listed corporation is able to demonstrate to the satisfaction of the Exchange that its remaining business is viable, sustainable and has growth prospects, supported with appropriate justifications; and
 - (b) in the view of the Exchange, its level of operations warrant continued trading or listing on the Official List.
- (6) An affected listed corporation intending to rely on sub-Rule (5) above must announce the following to the Exchange:
- (a) immediately upon the affected listed corporation triggering sub-Rules (2)(a) or (2)(b) above, a statement to that effect and that it has made an application to the Exchange pursuant to sub-Rule (5) above; and
 - (b) immediately upon its receipt of the Exchange's decision on its application, the Exchange's decision and the conditions imposed (if any).
- (7) For the purposes of this Rule, unless the context otherwise requires -
- (a) in relation to sub-Rule (2)(a) above, "**major**" means such proportion that contributes or generates 70% or more of the listed corporation 's revenue on a consolidated basis based on its latest annual audited or unaudited financial statements;
 - (b) "**insignificant business or operations**" means business or operations which generates revenue on a consolidated basis that represents 5% or less of the share capital (excluding any redeemable preference shares and treasury shares) or the unit holder capital of the listed corporation ("**Capital**") based on its latest annual audited or unaudited financial statements.

For the purpose of computation, the following applies:

- (i) "**revenue on a consolidated basis**" comprises the revenue of the listed corporation, its subsidiaries, as well as revenue from the listed corporation's associated companies, calculated on a proportionate basis, based on the listed corporation's equity holding in the associated companies; and
- (ii) where there is/are a change/changes to the Capital in that financial year, the weighted average Capital for that financial year must be used. The weighted average Capital means the total amount of the Capital at the beginning of the financial year, adjusted by the amount of increase or reduction in the Capital during that financial year multiplied by a time-weighting factor. The time-weighting factor is the number of days that the specific Capital is outstanding as a proportion of the total number of days in that financial year.

Example - Weighted Average of Capital for financial year ended 31 December 2xx1

		Share Capital (excluding redeemable preference shares and treasury shares) (RM)
1 January 2xx1	Balance	10,000,000
1 June 2xx1	Issue of 5,000,000 new shares at RM1 each for cash	15,000,000
1 Dec 2xx1	Issue of 3,000,000 new shares at RM1 each for cash	18,000,000

Computation of weighted average:

$$(RM10,000,000 \times 151/365) + (RM15,000,000 \times 183/365) + (RM18,000,000 \times 31/365) = RM13,186,301$$

[Cross reference: Guidance Notes 3 and 20]

8.04 Financial condition

- (1) The financial condition of a listed corporation on a consolidated basis must, in the opinion of the Exchange, warrant continued trading or listing on the Official List.
- (2) The Exchange may prescribe certain criteria in relation to the financial condition of a listed corporation (“**Prescribed Criteria**”). When a listed corporation triggers any of the Prescribed Criteria (“**GN3 Company**”), it must comply with such requirements as may be prescribed by the Exchange, failing which the Exchange may suspend the trading of listed securities of such listed corporation or de-list it, or both.
- (3) A GN3 Company must -
 - (a) regularise its condition in the following manner:
 - (i) submit to the Exchange a regularisation plan and obtain the Exchange’s approval to implement the plan within 12 months from the date the listed corporation announces that it is a GN3 Company;
 - (ii) appoint a Sponsor within 3 months from the date the listed corporation announces that it is a GN3 Company and retain the said Sponsor until it is no longer considered as a GN3 Company by the Exchange under sub-Rule (8) below; and
 - (iii) implement the regularisation plan within 6 months from the date the regularisation plan is approved by the Exchange. However, for cases which involve court proceedings, a GN3 Company has up to 12 months from the date the regularisation plan is approved by the Exchange, to complete the implementation of the regularisation plan;
 - (b) provide such information as may be prescribed by the Exchange from time to time for public release;

- (c) retain the services of a Sponsor for at least 3 full financial years after it is no longer considered as a GN3 Company by the Exchange under sub-Rule (8) below. In this regard, the Sponsor referred to in sub-Rule (a)(ii) above must act as the Sponsor of the GN3 Company for at least the first full financial year; and
- (d) do such other acts or things as may be required by the Exchange.

(3A) A GN3 Company must prioritise its efforts and resources to regularise its condition in accordance with sub-Rule 3(a) above. It must not undertake any interim corporate proposal prior to fulfilment of the requirements in sub-Rule (8) below, unless such interim corporate proposal is allowed by the Exchange under exceptional circumstances.

- (4) Where the Exchange approves the regularisation plan of a GN3 Company, such approval may be unconditional or subject to such conditions, as it deems fit. If the regularisation plan is rejected by the Exchange, the GN3 Company may appeal against the decision of the Exchange within 30 days from the date of its rejection.
- (5) If a GN3 Company fails to comply with any part of its obligations under sub-Rule (3)(a) above within the timeframes permitted by the Exchange, the Exchange shall -
 - (a) suspend the trading of the GN3 Company's listed securities on the 6th market day after the date of notification of suspension by the Exchange; and
 - (b) de-list such GN3 Company subject to the latter's right to appeal against the de-listing under sub-Rule (6) below.
- (6) Unless otherwise specified, a GN3 Company which intends to appeal against a de-listing under this Rule 8.04 must submit its appeal to the Exchange within 5 market days from the date of notification of de-listing by the Exchange.
- (7) Where an appeal against de-listing has been submitted to the Exchange, the Exchange shall stay the de-listing of the GN3 Company concerned pending consideration of the appeal. However, the Exchange shall suspend the trading of the GN3 Company's listed securities on the 6th market day after the date of notification of suspension by the Exchange even though the decision of the appeal may still be pending.
- (8) For a GN3 Company to be no longer considered a GN3 Company, the GN3 Company must -
 - (a) complete the implementation of its regularisation plan; and
 - (b) submit an application to the Exchange to demonstrate that it is no longer a GN3 Company, together with all the necessary documentary evidence.

The fact that a GN3 Company has ceased to trigger the Prescribed Criteria before it completes the implementation of its regularisation plan, would not entitle it to be no longer considered as a GN3 Company for the purpose of this sub-Rule.

[Cross reference: Guidance Notes 3 and 20]

PART G - ~~SHARE ISSUANCE SCHEME~~ EMPLOYEE SHARE SCHEME

8.20 Termination of a Share Issuance Scheme

- (1) A listed corporation may not terminate a Share Issuance Scheme before expiry unless -
 - (a) the bylaws of the scheme contain a provision empowering the listed corporation to do so.
 - (b) [deleted]
 - (c) [deleted]
- (2) [Deleted]
- (3) [Deleted]
- (4) [Deleted]
- (5) ~~[Deleted] A listed corporation which terminates a Share Issuance Scheme before its expiry must immediately announce to the Exchange -~~
 - ~~(a) — the effective date of termination;~~
 - ~~(b) — the number of options exercised or shares vested; and~~
 - ~~(c) — the reasons for termination.~~

8.21 Implementation of an new Share Issuance Scheme Employee Share Scheme

A listed corporation may implement more than 1 ~~Share Issuance Scheme~~ Employee Share Scheme provided that the aggregate number of shares available under all the ~~Share Issuance Schemes~~ schemes does not breach the limit stipulated in Rule 6.39.

PART H - OTHERS

8.26 Listing of subsidiaries

- ~~(1) A listed corporation must obtain shareholder approval if it~~ which wishes to list the securities of ~~any of~~ its subsidiaryies on any stock exchange (“said subsidiary”) must ->
 - (a) obtain shareholder approval at a general meeting for the listing of the said subsidiary;
 - (b) ensure that the chain listing requirements in Rule 3.03 of these Requirements are complied with;
 - (c) procure a confirmation from its Sponsor or an Adviser that after the listing of the said subsidiary, it remains suitable for listing on the ACE Market;
 - (d) after excluding the interest of the said subsidiary, have sufficient level of working capital to fund its continuing operations for at least 12 months from the date of the shareholder approval;

- (de) ensure that the listing of the said subsidiary does not detrimentally affect the interest of its shareholders; and
 - (ef) provide its shareholders an assured entitlement to any offering of existing of new shares in the said subsidiary.
- (2) A listed corporation must include the following information in the circular to shareholders:
- (a) confirmation that the requirements in sub-Rules (1)(b) to (e) above are met; and
 - (b) statement from its board of directors on the rationale for the listing of the said subsidiary.

[End of proposed amendments to Chapter 8]

CHAPTER 9 CONTINUING DISCLOSURE

PART J - IMMEDIATE DISCLOSURE REQUIREMENTS

9.19 Immediate announcements to the Exchange

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

- (1) - (49) [no change];
- (50) any decision to terminate an ~~Share Grant Scheme~~ Employee Share Scheme before its expiry. An announcement to the Exchange on the termination of such a scheme must include the following information:
 - (a) the effective date of termination;
 - (b) the number of options exercised or shares vested under the scheme; and
 - (c) the reasons for termination;
- (51) - (52) [no change].

APPENDIX 9C

Part A

Contents of annual report (Rule 9.25)

- (1) - (10) [No change].
- (12) The remuneration of directors and chief executive of the listed corporation (including the remuneration for services rendered to the listed corporation as a group) for the financial year on a named basis, stating the amount received or to be received from the listed corporation and on a group basis respectively. The disclosure must include the amount in each component of the remuneration (e.g. ~~directors'~~ fees, salaries, percentages, bonuses, commission, compensation for loss of office, benefits in kind based on an estimated money value) for each director and chief executive.
- (13) - (27) [No change].
- (28) The following information in relation to an Employee Share Scheme:
 - (a) the number of schemes currently in existence during the financial year, and brief details of each scheme including -
 - (i) total number of options or shares granted;
 - (ii) total number of options exercised or shares vested; and
 - (iii) total options or shares outstanding;

(b) in regard to options or shares granted under the scheme to ~~the directors and chief executive~~each category of participants:

(i) date of offer or grant;

(ii) aggregate options or shares granted (in number and percentage) together with the number of participants during the financial year;

(iii) aggregate options exercised or shares vested (in number and percentage) together with the number of participants during the financial year; ~~and~~

(iv) aggregate options or shares outstanding at the beginning and at the end of the financial year; ~~and~~

(v) exercise price or purchase price; ~~and~~

(c) in regard to options or shares granted to the directors and senior management:

(i) aggregate maximum allocation applicable to directors and senior management in percentage; and

(ii) the actual percentage granted to them,

during the financial year and since commencement of the scheme respectively; and

(d) a breakdown of the options offered to and exercised by, or shares granted to and vested in (if any) non-executive directors pursuant to an Employee Share Scheme in respect of the financial year in tabular form as follows:

Name of director	Amount of options/shares granted	Amount of options exercised/shares vested
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1.
2.
3.

Total

(28 - 31) [No change].

[End of proposed amendments to Chapter 9]

[END OF ANNEXURE B]