

APPENDIX 1  
SUMMARY OF KEY AMENDMENTS UNDER THE ACE LR

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**APPENDIX 1**

*(Key Amendments effective on 3 August 2009)*

**Key Amendments under the ACE LR**

The key amendments are in the following aspects:

**1. Listing on ACE Market**

**Admission criteria**

- 1.1 Currently, pursuant to the SC's Equity and Equity-Linked Guidelines for the MESDAQ Market, a listing applicant (which is either a high-growth or technology-based company) must meet certain minimum quantitative requirements such as issued and paid-up capital and operating history.
- 1.2 Under the ACE LR, listing on the ACE Market will not be confined to high-growth and technology-based companies only. Eligible corporations from all business sectors will be allowed to raise funds from the capital market on the ACE Market.
- 1.3 Under the enhanced sponsorship framework, a Sponsor is responsible to assess the suitability of the applicant seeking admission to the ACE Market.
- 1.4 An applicant seeking admission to the ACE Market will not be required to meet any minimum operating track record, profit or share capital requirement.
- 1.5 As the ACE Market is envisaged to be an alternative market for corporations from all business sectors, Bursa Securities has enhanced the admission criteria of applicants seeking listing on the ACE Market as follows:
  - (a) it has sufficient working capital for its present requirements and for at least 12 months from the date of its prospectus;
  - (b) it has continuity of substantially the same management at the level of executive directors and senior management for 3 full financial years;
  - (c) its listing will not give rise to a chain listing situation;
  - (d) it has an independent business and not merely an investment holding company in other listed corporations;
  - (e) if it is a property investment or property development corporation it must appoint an independent external valuer to conduct a valuation of all its material real estate; and
  - (f) it meets the prescribed public shareholding spread requirement.
- 1.6 Structured warrants, incubators and special purpose acquisition companies (SPAC) can only be listed on the Main Market and not on the ACE Market.
- 1.7 Primary listing of a foreign corporation on the ACE Market is allowed.

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- 1.8 Securities may be listed and quoted on ACE Market in foreign currencies, as opposed to only Ringgit Malaysia currently.

**Minimum issue price and method of offering of securities**

- 1.9 Bursa Securities has also amended the requirements for minimum issue price and method of offering of securities. The key amendments are enumerated below:

MESDAQ Market	ACE Market
Pursuant to the current requirements under the SC's Guidelines on the Offering of Equity and Equity Linked Securities for the MESDAQ Market, <i>an offer for sale is not allowed.</i>	<b>An offer for sale is allowed</b> provided that –  (a) <b>the applicant has generated 1 full financial year of operating profit based on its latest audited financial statements; and</b>  (b) <b>all promoters in aggregate, hold not less than 45% of the enlarged issued and paid up capital of the applicant at the date of admission to the ACE Market.</b>
Pursuant to the current requirements under the SC's Guidelines on the Offering of Equity and Equity Linked Securities for the MESDAQ Market, <i>a Sponsor or Adviser</i> (i.e. the adviser making submissions to the SC for proposals under the SC's Guidelines on the Offering of Equity and Equity Linked Securities for the MESDAQ Market) is required to be the placement agent	<b>Sponsor</b> is required to be the placement agent (or joint placement agent).
Pursuant to the current requirements under the SC's Guidelines on the Offering of Equity and Equity Linked Securities for the MESDAQ Market, the <i>minimum price</i> of the securities offered must be <i>50 sen</i> .	There is <b>no minimum issue price</b> prescribed under the ACE LR.
Pursuant to the current requirements under the SC's Guidelines on the Offering of Equity and Equity Linked Securities for the MESDAQ Market,	Underwriting for an offering of securities is <b>not mandatory</b> i.e. underwriting arrangements are <b>at the discretion</b> of the applicant and its Sponsor.

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underwriting arrangements <i>must be in place before offering of securities</i> is made, except in certain circumstances.	

**Moratorium**

- 1.10 Under the ACE LR, the moratorium requirement on sale of shares by promoters of an applicant is reviewed.

MESDAQ Market	ACE Market
<p>Pursuant to the current requirements under the SC's Guidelines on the Offering of Equity and Equity Linked Securities for the MESDAQ Market –</p> <p>(a) Moratorium on promoters' shares is imposed for <i>the 1<sup>st</sup> year after the listing date, on shareholdings amounting to 45% of the nominal issued and paid-up ordinary share capital of the listed corporation.</i></p> <p>(b) <i>After the 1<sup>st</sup> year, the promoters are allowed to sell down up to a maximum of 1/3<sup>d</sup> of their shareholdings per annum (on a straight line basis) of their respective shareholdings under moratorium.</i></p>	<p>(a) Moratorium on <b>entire promoters' shareholdings</b> is imposed for the <b>first 6 months after the listing date.</b></p> <p>(b) After the first 6 months, moratorium is imposed on the promoters' aggregate shareholdings amounting to <b>at least 45% of the nominal issued and paid-up ordinary share capital of the listed corporation, for another period of 6 months.</b></p> <p>(c) Thereafter, promoters are allowed to sell down up to a maximum of 1/3<sup>rd</sup> per annum of the shares held under moratorium (on a straight line basis) <b>provided that the listed corporation has generated 1 full year of operating revenue based on its latest audited financial statements.</b></p> <p>(d) <b>If the listed corporation has not generated 1 full year of operating revenue, the promoters may only sell, transfer or assign up to a maximum of 1/3<sup>rd</sup> per annum (on a straight line basis) of the shares held under moratorium after the listed corporation has generated 1 full year of operating revenue based on its latest audited financial statements.</b></p>

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## 2. Enhanced listing processes and secondary issuance of securities

### Enhanced listing process

2.1 Bursa Securities has simplified the existing listing process by:

- (a) merging the initial listing application for approval-in-principle for the admission of securities with the application for quotation of securities on Bursa Securities. This means only a single application needs to be submitted to Bursa Securities for approval. This will also be applicable for additional listing applications for subsequent new issue of securities which are not conditional upon any other corporate proposal. This will result in a shortening of the time-to-market by 2 market days; and
- (b) prescribing a new more user friendly format for listing application forms.

2.2 In addition, Bursa Securities has also enhanced the listing process of rights issue of securities and simpler corporate exercise on a stand-alone basis, by adopting the SPEEDS process, as in the case of subdivision, consolidation of shares or bonus issue on a stand-alone basis. This includes the crediting of provisional allotment letter (PAL) via the SPEEDS processing. This enhancement is aimed at expediting the commencement of trading of rights arising from a rights issue and in relation to a capital repayment exercise that is processed under SPEEDS, at enabling the continuous trading of securities.

Hence, the processing of the said corporate exercises will be simplified resulting in greater efficiency and shorter time-to-market.

The timelines for capital repayment and the crediting of rights processed under SPEEDS are set out in the tables below:

Activities	Current Timeline for Capital Repayment	SPEEDS timeline
Announcement of Books Closing Date ("BCD")	BCD - 10	BCD - 10
Trading suspension from Books Closing Date	BCD - 4	N/A
Books Closing Date	BCD	BCD
<b>Application for Quotation</b>	<b>BCD + 4</b>	<b>N/A</b>

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<b>Quotation Date</b>	<b>BCD + 6</b>	<b>BCD + 1</b>
No. of days the securities are suspended	<b>10 market days</b>	<b>Nil</b>

<b>Activities</b>	<b>Current Timeline for Rights Issue</b>	<b>SPEEDS timeline</b>
Announcement of Books Closing Date ("BCD")	BCD - 10	BCD - 10
Books Closing Date	BCD	BCD
<b>Trading of Rights Commence</b>	<b>BCD + 3</b>	<b>BCD + 1</b>

**Enhanced requirements for secondary issuance of securities**

- 2.3 Underwriting arrangement will no longer be mandatory for a rights issue of securities. This will be left to the listed corporation and its Sponsor or Adviser.
- 2.4 In relation to a rights issue of securities, a listed corporation may now fix its books closing date before it obtains shareholder approval subject to fulfillment of such conditions as prescribed by Bursa Securities, including procuring the undertaking letter from its shareholders holding more than 50% of the nominal amounts of all voting shares in the listed corporation to vote in favour of the rights issue.
- 2.5 Since Bursa Securities will be assuming the SC's function in approving all secondary issuances of securities, we have incorporated into the ACE LR, provisions on the following which are currently contained in the SC's Guidelines on Equity and Equity-linked Securities for the MESDAQ Market:
- (a) requirements in relation to two-call rights issues;
  - (b) requirements in relation to the issuance of convertible securities, e.g. restrictions on maximum number of shares which would arise from the outstanding warrants when exercised, and contents of the deed poll and trust deed for such securities;
  - (c) requirements in relation to issues of securities on a non-pro rata basis, e.g. pricing, placement, and payments of such securities; and
  - (d) requirements in relation to implementation of proposals, in particular on the implementation timeline and the listed corporation's obligations after implementation of such proposals.
- 2.6 Following from the above, Bursa Securities will also require that all monies received from the subscription of or an invitation to subscribe for or purchase, shares pursuant to a secondary issuance of securities, be paid into a trust account established and kept in a licensed institution for such applicants or other persons until –

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- (i) such shares have been issued or transferred to such applicants or other persons who has provided consideration for such shares; or
  - (ii) permission for the shares offered to be listed for quotation on the official list of a stock exchange or other similar exchange outside Malaysia has been granted,
- whichever is the later.

**3. Review of shareholding spread**

3.1 The existing requirements relating to shareholding spread of an applicant both at initial listing as well as post listing are reviewed to facilitate compliance by listed corporations.

3.2 The amendments relating to shareholding spread are as follows:

- (a) To consider directors of associated companies as part of the “public” shareholders.
- (b) To disallow compliance of public shareholding spread through artificial means.
- (c) At admission, the shareholding spread is maintained at 25% of the total number of shares for which listing is sought. However, the requirement for those shares to be held by “1000” public shareholders holding not less than 100 shares each, is now reduced to “200” public shareholders only.
- (d) After listing, the shareholding spread is maintained at 25% of the total listed shares, but there is no requirement on minimum number of public shareholders as a continuing listing requirement.
- (e) To clarify that treasury shares will be excluded in computing the shareholding spread.

**4. Enhanced sponsorship framework****Sponsor eligibility requirement**

4.1 Given the enhanced role and obligations of Sponsors under the ACE Market, advisers must meet certain minimum competency requirements under the SC’s Principal Adviser Guidelines and the ACE LR before they can be eligible to act as Sponsors and be admitted to the new Register of Sponsors for the ACE Market.

**Suitability Assessment by Sponsors**

4.2 Currently, an applicant must obtain the SC’s approval prior for its admission to the Official List. The SC will assess the suitability of a listing applicant, including the viability of its business.

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- 4.3 Under the ACE Market, a Sponsor is responsible to evaluate and decide if a particular applicant is suitable to be listed on the Official List.
- 4.4 Under the ACE LR,
- (a) before sponsoring an applicant, a Sponsor must have a sound understanding and updated knowledge of the applicant, its business, operation, the industry it operates in and any other issues that might affect the business and industry of the applicant; and
  - (b) in assessing the suitability of an applicant for listing, a Sponsor must make all reasonable due diligence enquiries and consider all relevant matters, including the following:
    - (i) the prospects of an applicant’s business;
    - (ii) the applicant’s corporate governance record;
    - (iii) the suitability, efficacy and past corporate conduct of the board of directors and key management;
    - (iv) the nature and extent of conflict of interests or potential conflict of interests, if any;
    - (v) whether the applicant has sufficient systems, procedures, policies, controls and resources to comply with the ACE LR and that its directors understand their obligations under the ACE LR;
    - (vi) whether the applicant has adequate internal control and risk management systems; and
    - (vii) that the admission of the applicant to the ACE Market does not undermine public interest.
- 4.5 Further, guidance on how a Sponsor may assess the suitability of an applicant is set out in a new Guidance Note including the matters that a Sponsor should consider.

**Enhanced roles and responsibilities of Sponsors**

- 4.6 Under the ACE LR, amendments are made to enhance the role and the effectiveness of Sponsors in listed corporations, which are pivotal in ensuring the success of the sponsor driven framework under the ACE Market. Some of the salient provisions are summarised in the table below:

	<b>MESDAQ Market</b>	<b>ACE Market</b>
(a)	A Sponsor must take all reasonable	No change.

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	<p>steps to ascertain whether a conflict of interest exists or is likely to exist in relation to its role as a Sponsor to its listed corporation. Where a conflict of interest exists or is likely to exist, all possible steps must be taken to avoid or resolve such conflicts of interest. Full disclosure must be made to the board of directors of the listed corporation and in documents to the public or securities holder (if prepared by the Sponsor on behalf of the listed corporation) of the nature and extent of the conflict of interests and the steps taken to address such conflict.</p> <p>[New Provision]</p>	<p>However, the obligations of a Sponsor vis-a-vis potential conflicts of interests that may arise have been reinforced as follows:</p> <ul style="list-style-type: none"> <li>(a) <b>have controls, procedures and other safeguards to maintain its independence and avoid conflict of interests;</b></li> <li>(b) <b>ensure that none of its directors, principal officers or persons connected with any such director, or principal officer hold the position of a director of an applicant or a listed corporation for whom it acts as a Sponsor;</b></li> <li>(c) <b>not sponsor an applicant or a listed corporation if it has 5% or more of the enlarged issued and paid-up share capital in the applicant or listed corporation. However, an asset management company licensed by the SC or a venture capital company registered with the SC operated by the Sponsor is not subject to this limit; and</b></li> <li>(d) <b>ensure that any director or</b></li> </ul>



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		<p>employee of a Sponsor who is privy to confidential information regarding a listed corporation for whom it acts as Sponsor or other listed corporation does not use such information to trade for his own benefit or for the benefit of a person connected with such director or employee.</p>
(b)	<p>Guide listed corporation for whom it acts as Sponsor as to its responsibilities and obligations to ensure compliance with the MMLR</p> <p>[New Provision]</p>	<p>Enhanced obligations to -</p> <ul style="list-style-type: none"> <li>▪ maintain regular contact;</li> <li>▪ advise the listed corporation on the appointment of auditors, valuers and other experts;</li> <li>▪ advise listed corporation if the trading of its securities should be halted / suspended.</li> </ul>
(c)	<p>A Sponsor must be fair and objective in discharging its responsibilities under the MMLR.</p>	<p><b>A Sponsor must use due care and skill at all times when acting for any listed corporation, including taking the following actions:</b></p> <ul style="list-style-type: none"> <li>▪ exercising due care and skill when advising or guiding the listed corporation,</li> <li>▪ maintaining regular contact with the listed corporation,</li> <li>▪ seeking necessary assistance and consultation from other appropriately qualified and suitable professionals when required; and</li> <li>▪ not allowing its name to be associated with any application or documentation, unless the</li> </ul>

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		<b>Sponsor is satisfied that, based on all available information and to the best of its knowledge and belief, the application or documentation constitutes a full and true disclosure of all material facts about a proposal.</b>
(d)	<p>Be a co-signatory for all correspondences between listed corporation and Bursa Securities, and providing Bursa Securities with such information concerning a listed corporation in such form and time limits as Bursa Securities may require</p> <p>[New Provision]</p>	<p>Maintained.</p> <p>Enhanced obligations to liaise with Bursa Securities on matters concerning the Sponsor's responsibilities and other matters which should be brought to Bursa Securities' attention such as notify Bursa Securities –</p> <p>(a) immediately when it believes or becomes aware that a matter reported by it to the board of directors of its the listed corporation for whom it acts as Sponsor has not been satisfactorily resolved resulting in a breach of the ACE LR;</p> <p>(b) if there is any change to its qualified senior personnel;</p> <p>(c) when it receives any written warning or disciplinary inquiry from any other regulatory authority;</p> <p>(d) of any material adverse change in its financial or operating position.</p>
(e)	Appropriate and adequate systems, procedures, policies and resources	

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	[New Provision]	Enhanced obligation to –  <b>have, on a continuous basis, adequate systems, procedures, policies and resources to discharge the Sponsor's obligations under the ACE LR.</b>
(f)	Sponsor to submit research report in respect of the listed corporation every 6 months and to furnish such reports to Bursa Securities not later than 2 months after the end of each half of a financial year.	[No longer required]

**Corporate proposal by a listed corporation**

- 4.7 In view of the critical role of a Sponsor and Adviser under the ACE Market particularly in ensuring the quality of documents issued to shareholders, the obligations specific to corporate proposals have been enhanced in the following manner:

MESDAQ Market	ACE Market
<p>In relation to corporate proposal undertaken by a listed corporation, it is the responsibility of a Sponsor to –</p> <p>(a) advise and guide the directors of the listed corporation as to their responsibilities and obligations to ensure compliance by the listed corporation with the MMLR and all relevant legislation and guidelines issued by regulatory authorities;</p> <p>(b) be a co-signatory for all correspondences between the listed corporation and Bursa Securities;</p> <p>(c) provide Bursa Securities with such information concerning a listed corporation in such form and within such time limits as Bursa Securities may require; and</p> <p>(d) review and approve any circular,</p>	<p>(a) In relation to corporate proposal <b>prescribed by Bursa Securities to require the services of an Adviser</b>, the listed corporation may appoint its Sponsor to advise the listed corporation on the said corporate proposal.</p> <p>(b) A listed corporation which appoints <b>an Adviser other than its Sponsor must obtain the prior written consent of the Sponsor for such appointment</b>, and such <b>consent must not be unreasonably withheld</b>.</p> <p>(c) In undertaking the said corporate proposal, <b>additional responsibilities are imposed on a Sponsor or an Adviser who, having made reasonable due diligence enquiries and</b></p>

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<p>announcement, statement, information or document to be submitted or disclosed by a listed corporation to Bursa Securities to ensure compliance with the MMLR.</p>	<p><b>considered all relevant matters, must -</b></p> <p>(i) <b>assess and be satisfied with the suitability and competency of other professionals and consultants involved in the corporate proposal;</b></p> <p>(ii) <b>review and approve the public documents relating to the corporate proposal to ensure compliance with the ACE LR;</b></p> <p>(iii) <b>ensure that the execution of the corporate proposal is in compliance with the ACE LR, guidelines issued by the relevant regulatory authorities and other applicable laws; and</b></p> <p>(iv) <b>ensure that any difference in the effect of the corporate proposal on minority shareholders compared to other shareholders, is clearly disclosed in the public documents.</b></p> <p>(d) <b>Where a listed corporation has appointed another Adviser to undertake a corporate proposal during the Sponsorship Period, the Sponsor is not required to comply with paragraph (c) above.</b></p> <p>(e) <b>A new Guidance Note sets out the corporate proposal where an Adviser must be appointed and corporate proposal where an Adviser need not be appointed.</b></p>

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**Sponsorship period, termination and resignation of Sponsor**

4.8 As a means to ensure continuity of guidance given to listed corporation, to enhance the effectiveness of the revamped sponsorship framework and to maintain the quality of the ACE Market, provisions relating to the tenure of a Sponsor have been revised under the ACE LR as set out below:

	MESDAQ Market	ACE Market
(a)	<p><u>Sponsorship period</u></p> <p>An applicant must secure and maintain the services of a Sponsor for at least 3 full financial years after admission. The applicant’s IPO adviser must act as its Sponsor for at least 1 full financial year following the applicant’s admission to the MESDAQ Market.</p>	<p>No change to the requirement of a Sponsor for 3 full financial years after admission (“<b>Sponsorship Period</b>”) and the requirement that applicant’s Sponsor who submitted its IPO application shall act as its Sponsor for at least 1 full financial year following the applicant’s admission to the ACE Market.</p> <p>However, where the listed corporation has yet to generate operating revenue at the end of the Sponsorship Period, the Sponsorship Period will be extended to 1 full financial year after the listed corporation has generated operating revenue.</p> <p>During the Sponsorship Period, the listed corporation must include a statement that its admission to the ACE Market was sponsored by the Sponsor who submitted its IPO application in all its documents to the public or its holders of securities.</p>
(b)	<p><u>Resignation / termination of Sponsor</u></p> <p>Sponsor can resign by way of 2 months notice after the 1st year. No approval is required for resignation.</p>	<p>Sponsor can resign / be terminated by way of 3 months’ notice (together with reasons for resignation or termination) after the 1st full financial year PROVIDED Bursa Securities’ prior approval is obtained.</p> <p>Bursa Securities’ approval will only be granted –</p>

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		<p>(a) if there is a replacement sponsor; or</p> <p>(b) under exceptional circumstances.</p>
(c)	<p><u>Suspension / de-listing</u></p> <p>A listed corporation which is unable to find a replacement sponsor after the 2 months' notice period will have its listed securities suspended from trading. If the suspension continues for 2 months, Bursa Securities <i>may</i> de-list the Sponsored Corporation automatically.</p>	<p>A listed corporation which is unable to find a replacement sponsor after the 3 months' notice period will have its listed securities suspended from trading. If the suspension continues for 2 months, Bursa Securities <b>shall</b> (automatically) de-list the listed corporation.</p>

**Provision of information and assistance to Sponsors**

- 4.9 Given the role and obligations of Sponsors under the ACE Market, the Sponsors must have the necessary tools to discharge their duties effectively. In this regard, the existing provisions on information and assistance by a listed corporation to its Sponsor have been expanded under the ACE LR as follows:

MESDAQ Market	ACE Market
<p>A listed corporation is required to provide its Sponsor, on a timely basis all relevant information within the listed corporation's possession which is necessary and reasonable for the Sponsor's performance of its duties under the MMLR.</p>	<p>No change.</p> <p>However, the current provisions have been expanded where a listed corporation must –</p> <p>(a) <b>provide its Sponsor all reasonable assistance to enable its Sponsor to perform its duties under the ACE LR;</b></p> <p>(b) <b>ensure that its directors, subsidiaries, employees and</b></p>

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	<p>where possible, its substantial shareholders, associated companies or any other relevant parties of the listed corporation to provide assistance and co-operation to its Sponsor;</p> <p>(c) provide its Sponsor access to all its information, books, records, personnel and premises; and</p> <p>(d) immediately inform its Sponsor of any material change of information or status when it becomes aware of such change.</p>

**5. Valuation of assets**

5.1 Under the ACE LR, Bursa Securities will be reviewing the valuation reports submitted by listed corporations for the following:

- (a) a transactions which involves an acquisition or disposal of any real estate -
  - (i) for a non-related party transaction, where the percentage ratios is 25% or more;
  - (ii) for a related party transaction, where the percentage ratios is 5% or more,

irrespective of whether the consideration of transaction is satisfied by way of cash or issuance of securities; and

- (b) at an initial admission application stage, where an applicant is a property investment or property development corporation.

5.2 Notwithstanding the above, Bursa Securities may at its discretion and whenever it deems appropriate, at the cost of the listed corporation -

- (a) obtain a second opinion on the valuation report submitted by the listed corporation from another valuer appointed by Bursa Securities; or
- (b) require a listed corporation to conduct a valuation on any asset.

5.3 A listed corporation and its valuer must ensure that the valuation report submitted complies with the ACE LR and the SC's Asset Valuation Guidelines.

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- 5.4 Bursa Securities may refer any valuation report received by Bursa Securities to the SC for review.

**6. Transactions**

**Non-related party transactions**

- 6.1 In relation to non-related party transactions where the percentage ratio triggered is 15% or more, the requirement relating to despatch of a hard copy of the announcement to shareholders not later than 10 market days after the date of announcement is now removed.
- 6.2 When any one or more of the percentage ratios of a transaction is 25% or more, the listed corporation must appoint a Sponsor or Advisor to act for it in the transaction.
- 6.3 In computing the percentage ratios of a transaction, the total assets percentage ratio prescribed under paragraph 10.02(g)(vi) of ACE LR will not be applicable in relation to an acquisition or disposal of equity interest in a corporation by a listed corporation if such an equity interest would not be consolidated in the accounts of the listed corporation.

**Related party transactions**

- 6.4 Bursa Securities has also enhanced the disclosure requirements of a listed corporation in a related party transaction (“RPT”) when the percentage ratios triggered is 5% or more. In view of the enhanced sponsorship and regulatory regime, for a RPT with any one of the percentage ratios of 5% or more, a listed corporation is required to engage the services of a Sponsor or Adviser in addition to an independent adviser, before the terms of the transaction are agreed upon. Further, a listed corporation must appoint an independent adviser who must be a person from the Register of Sponsors. If such independent adviser is appointed during the sponsorship period, he must be a person other than the listed corporation’s Sponsor.
- 6.5 Bursa Securities has also exempted additional transactions from compliance with the requirements for a RPT. This is because such transactions do not give rise to any conflict of interest:
- (a) provision and receipt of unit trust services which are done based on a non-negotiable fixed price or rate which is published or publicly quoted; and where all material terms are applied consistently to all customers or classes of customers; and
  - (b) a disposal by a listed corporation or any of its subsidiaries of an interest in an investee company where a related party is also a major shareholder or person connected with a major shareholder of the investee company (other than via the listed corporation), provided that -
    - (i) the related party, person connected with the related party or both, are not a party, initiator or agent to the said disposal; and



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- (ii) the disposal is effected on Bursa Securities where the counterparty's identity is unknown to the listed corporation or its subsidiaries (as the case may be) at the time of the disposal.

In this context, "disposal" includes a disposal by a listed corporation or any of its subsidiaries of an interest in an investee company on a pro-rata basis or arising from an acceptance of a take-over offer, except that (ii) above is not applicable in such instances.

**7. Enhanced disclosures**

- 7.1 As part of Bursa Securities' efforts to promote greater transparency and enhance investor protection, we have made various enhancements to the existing disclosure requirements for a listing application, announcements and circulars especially in relation to new issue of securities and transactions.

**Related Party Transaction ("RPT")**

- 7.2 In relation to a RPT, the additional information which a listed corporation must include in an announcement includes the following:
- (a) in the case of an acquisition, the original cost of investment to the vendor and the date of such investment;
  - (b) in the case of a disposal, the original cost of investment to the listed corporation or its subsidiary and the date of such investment;
  - (c) the total amount transacted with the same related party for the preceding 12 months; and
  - (d) a statement setting out the view of the audit committee and directors (if the transaction falls within paragraph 10.08(9) of the ACE LR) of the listed corporation on whether the transaction is in the best interest of the listed corporation, fair, reasonable and on normal commercial terms, and not detrimental to the interest of the minority shareholders, together with the basis for its views. Where the audit committee or directors have sought an independent advice in forming their views, a statement to that effect. Where the views of the audit committee or directors are different from the opinion of the independent adviser, if any, the reasons for the difference.

**Recurrent related Party Transaction ("RRPT")**

- 7.3 In relation to a RRPT -
- (a) A listed corporation must announce immediately to Bursa Securities if the actual value of a RRPT entered into by the listed corporation exceeds the estimated value of the RRPT disclosed in the circular by 10% or more.

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- (b) A listed corporation must provide more information in its RRPT circular to aid shareholders in making informed decisions and for greater transparency. Some of the new disclosures required under a circular include a comparative study (if available), the audit committee's statement on the procedures or processes of RRPT, actual RRPT value in the preceding year and the reason for the deviation, if any.

**8. Enhanced delisting framework**

- 8.1 Bursa Securities reviewed the delisting framework for corporations with unsatisfactory financial condition and level of operations ("**GN3 Companies**") and listed corporations whose assets consist of 70% or more of cash or short term investments ("**Cash Companies**").
- 8.2 In reviewing the de-listing framework for GN3 Companies and Cash Companies, Bursa Securities adopted the following underlying principles:
- (a) the quality of listed corporations must be enhanced;
  - (b) the de-listing criteria in relation to financial condition and level of operations of listed corporations must be appropriate, especially given the current economic conditions;
  - (c) the timeframe for regularisation must be reasonable and appropriate given the current approval process by the relevant approving authorities; and
  - (d) investor protection is not compromised.

**Cash Companies**

- 8.3 The amendments relating to the continuing listing obligations of a Cash Company include the following:
- (a) mandate a Cash Company to place at least 90% of its cash and short-dated securities in an account opened with a financial institution licensed by Bank Negara Malaysia ("**Bank Account**") and operated by an independent custodian; and
  - (b) mandate a Cash Company to submit a proposal to acquire a new core business to Bursa Securities for approval within 12 months.
- 8.4 A Cash Company must ensure that the amount placed in the Bank Account is not withdrawn, except for the following purposes:
- (a) implementing a proposal to acquire a new core business approved by Bursa Securities ; or
  - (b) pro-rata distributions to shareholders.

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- 8.5 If a Cash Company fails to regularise its condition in accordance with the ACE LR, it must ensure that all moneys deposited in the Bank Account, together with interests earned are distributed to its shareholders on a pro-rata basis as soon as practicable.

**GN3 Companies**

- 8.6 The key enhancements to the delisting framework relating to GN3 Companies are as follows:

- (a) One of the Prescribed Criteria (i.e. the criteria, which if triggered, will make the listed corporation a GN3 Company) relating to shareholder's equity has been amended to - the shareholders' equity of the listed corporation on a consolidated basis is 25% or less of the issued and paid-up capital.
- (b) The obligations to regularise a GN3 Company have been enhanced and prescribed in the ACE LR as follows:
  - (i) A GN3 Company must submit to Bursa Securities a regularisation plan and obtain Bursa Securities' 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 Bursa Securities; and
  - (iii) complete the implementation of the regularisation plan within 6 months or 12 months (if involves court proceedings).
- (c) In the addition, a GN3 Company must also retain the services of a Sponsor for at least 3 full financial years after it is no longer considered as a GN3 Company. The Sponsor referred to in subparagraph (b)(ii) above must act as the Sponsor of the GN3 Company for at least the first full financial year.
- (d) The conditions for regularisation have been enhanced.

A GN3 Company must ensure that its regularisation plan -

- (i) is sufficiently comprehensive and capable of resolving all problems, financial or otherwise that had caused the GN3 Company to trigger the Prescribed Criteria;
- (ii) will enable the GN3 Company to regularise its financial condition and level of operations, such that the GN3 Company no longer triggers any of the Prescribed Criteria; and
- (iii) is fair and reasonable to the GN3 Company and its shareholders and will increase shareholder value.

**9. Dealings in securities**

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- 9.1 Bursa Securities has also reviewed the requirements relating to dealings in securities under Chapter 14 of the ACE LR to enhance clarity and promoter timely disclosure of dealings by directors and principal officers to the market.
- 9.2 The key changes include the following:
- (a) expanded the category of persons subjected to disclosure obligations of dealings in securities to a director and principal officer of a listed corporation's major subsidiary; and
  - (b) shortened the notice of dealings outside closed period time frame.

**10. Suspension of trading for failure to submit financial statements**

- 10.1 Bursa Securities has reviewed and expedited the timeframe for suspension in trading of securities of a listed corporation which fails to issue the quarterly reports, annual reports or annual audited financial statements (collectively "**Financial Statements**") within the prescribed timeframes.
- 10.2 The amendments encompass the following:
- (a) Bursa Securities will effect suspension of trading of the listed corporation's securities on the next market day after the 5<sup>th</sup> market day from the expiry of the prescribed timeframes; and
  - (b) A listed corporation which becomes aware or has any reason to believe that it will not issue the Financial Statements within the prescribed timeframes must immediately announce this to Bursa Securities or in any event not later than 3 market days prior to the expiry of the prescribed timeframes.

**11. Other key amendments**

- 11.1 Bursa Securities also reviewed various requirements with the objective to enhance clarity, promote greater transparency and disclosure, as well as to safeguard investor interest. The list set out below is not exhaustive. Listed corporations are advised to refer to the complete text of ACE LR for details.

**Website**

- 11.2 Every listed corporation is required to have its own website.
- 11.3 A listed corporation must publish on its website all announcements made to Bursa Securities as soon as practicable after the same are released on Bursa Securities' website.

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- 11.4 The website must contain the email address, name(s) of designated person(s) and their contact numbers to enable the public to forward queries to the listed corporation.
- 11.5 The website must be current, informative and contain all information which may be relevant to the listed corporation's shareholders including analyst's briefings.

#### Trading Halt

- 11.6 Bursa Securities will shorten the period of trading halt from 1 trading session to **1 hour** upon release of a material announcement by the listed corporation before or during trading hours.

#### Issuance of annual report in CD-ROM

- 11.7 A listed corporation who issues its annual report in CD-ROM must ensure, among others, that when it issues a hard copy of the notice of the annual general meeting and the CD-ROM annual report to its shareholders, it is issued together with a note containing the designated website link or address where a copy of the annual report may be downloaded.

#### Classification of applicant/listed corporation

- 11.8 Guidance Note 1 has been reviewed and an applicant/listed corporation should refer to Bursa Securities' website for the classification criteria and classification/re-classification form.

#### 12. Review of fees

Under the ACE LR, Bursa Securities will be responsible, among others, to assess and approve the initial listing applications and applications for all secondary issuance of securities. Bursa Securities will also be responsible for the review of a valuation report on real estates submitted by a listed corporation.

Based on the above new functions and in order to be comparable with other stock exchanges, Bursa Securities has reviewed the fees payable by a listed corporation. The revised fees, compared to the existing fees are set out in the table below:

	Existing MMLR	ACE LR
(a)	Processing of listing applications in relation to bonus issues and/or share schemes for employees	Processing fee for:-
	(i) [New Provision]	(i) <b>Listing on the ACE Market A fixed fee of RM30,000.</b>

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	Existing MMLR	ACE LR
	<p>(ii) Bonus issues:</p> <ul style="list-style-type: none"> <li>▪ RM5,000 + 0.005% of the issued and paid-up capital to be listed subject to a maximum amount of RM300,000.</li> </ul> <p>(iii) Share scheme for employees: RM3,000.</p>	<p>(ii) Secondary offerings of securities and/or bonus issues: A <b>fixed fee</b> of RM5,000</p> <p>(iii) Share scheme for employees: A <b>fixed fee</b> of RM3,000.</p>
(b)	[New Provision]	<p><b>Processing of applications for waiver, modification and/or extension of time of the ACE LR</b></p> <ul style="list-style-type: none"> <li>▪ <b>A fixed fee of RM500 for each application</b></li> </ul>
(c)	<p><b>SC's Valuation Review Fee</b></p> <p>(i) Where the total market value of the land and buildings is less than RM1 million:</p> <ul style="list-style-type: none"> <li>▪ <i>RM 3,000</i></li> </ul> <p>(ii) Where the total market value of the land and buildings is RM 1 million and more:</p> <ul style="list-style-type: none"> <li>▪ RM3,000 + 0.01% of the total market value of the land and buildings subject to a maximum amount of RM 100,000.</li> </ul> <p>(iii) Where the valuation report forms part of a submission to the SC pursuant to section 212 of the CMSA and is being or has been reviewed by the SC in connection to the submission, the SC's valuation review fee is not applicable.</p> <p>(iv) Where a Second Opinion Valuation is obtained, the SC's valuation review fee will be based</p>	<p><b>Valuation Review Fee</b></p> <p>Where a valuation report is prepared for the purpose of disclosure in circulars and documents which require prior perusal by Bursa Securities, a valuation review fee will be charged as follows:</p> <p><b>0.01% of the total market value of the real estate, subject to a minimum fee of RM3,000 and a maximum fee of RM 25,000.</b></p> <p>(iii) [Deleted]</p> <p>(iv) [Deleted]</p>

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	Existing MMLR	ACE LR
	<p>on the lower of the 2 revaluation figures.</p> <p>(v) [New Provision]</p>	<p>(v) <b>The valuation review fee must be paid to Bursa Securities upon submission of the valuation report to Bursa Securities.</b></p>
(d)	<p>Adviser and Sponsor</p> <p>(i) Adviser</p> <ul style="list-style-type: none"> <li>▪ Initial admission fee RM250,000.</li> <li>▪ Annual fee RM25,000.</li> </ul> <p>(ii) Sponsor</p> <ul style="list-style-type: none"> <li>▪ Initial admission fee RM50,000.</li> <li>▪ Annual fee RM5,000.</li> </ul>	<p>Sponsor</p> <ul style="list-style-type: none"> <li>▪ Initial admission fee RM250,000.</li> <li>▪ Annual fee RM25,000.</li> </ul>