

QUESTIONS & ANSWERS
AMENDMENTS TO THE ACE LR IN RELATION TO TRANSFER OF LISTING
FRAMEWORK AND RECOGNISED APPROVED ADVISER FRAMEWORK

APPENDIX 2

AMENDMENTS TO THE ACE MARKET LISTING REQUIREMENTS IN RELATION TO TRANSFER
OF LISTING FROM THE LEAP MARKET TO THE ACE MARKET
AND RECOGNISED APPROVED ADVISER FRAMEWORK

CHAPTER 3A - TRANSFER OF LISTINGCriteria for transfer of listing

3A.1 Are the moratorium requirements as set out in Rule 3.19 of the ACE LR¹ applicable to the specified shareholders² of a transfer applicant which has successfully been admitted to the ACE Market?

Yes. Pursuant to Rule 3A.02(1)(c) of the ACE LR, a transfer applicant must comply with Chapters 3 and 3A of the ACE LR, and this includes the moratorium requirements as set out in Rule 3.19 of the ACE LR.

Once a transfer applicant is successfully admitted to the ACE Market, the moratorium period under the LEAP Market Listing Requirements (“LEAP LR”)³ will no longer be applicable and the moratorium imposed under the ACE LR will commence from the date of its admission to the ACE Market. Similarly, the flexibilities of the moratorium requirements (for example, Rule 3.19(1B)⁴ of the ACE LR) are also applicable to the specified shareholders of the transfer applicant provided that all the applicable conditions are met.

¹ Rule 3.19(1) of the ACE LR imposes a moratorium on the entire shareholdings of the specified shareholders of a listed corporation for 6 months from the date of admission on the ACE Market. Upon the expiry of the 6-month period, the listed corporation must ensure that at least 45% of the entire shareholding of the specified shareholders must remain under moratorium for another 6 months. Thereafter, the specified shareholders may sell, transfer or assign up to a maximum of 1/3rd per annum (on a straight-line basis) of the shares held under moratorium.

² Specified shareholder means a controlling shareholder, a person connected to a controlling shareholder, and an executive director who is a substantial shareholder, of the applicant or listed corporation, or any other person as specified by Bursa Securities.

³ Rule 3.07 of the LEAP LR imposes a moratorium on the promoter’s entire shareholdings for 12 months. Upon the expiry of the 12-month period, at least 45% of the promoter’s entire shareholding must be retained under moratorium for another 36 months and thereafter, the promoter may sell, transfer or assigning the shares held under moratorium.

⁴ The specified shareholders of a listed corporation may be exempted from continuing with the compliance of the moratorium requirements if the listed corporation meets the quantitative criteria for admission to the Main Market after admission to the ACE Market.

QUESTIONS & ANSWERS
AMENDMENTS TO THE ACE LR IN RELATION TO TRANSFER OF LISTING
FRAMEWORK AND RECOGNISED APPROVED ADVISER FRAMEWORK

Transfer of listing processes and procedures

3A.2 DEF Bhd is a corporation listed on the LEAP Market and is seeking to transfer its listing to the ACE Market. As part of the transfer of listing to the ACE Market, DEF Bhd must request for a withdrawal of listing from the LEAP Market.

(a) Is DEF Bhd required to obtain its shareholders' approval for the withdrawal of listing?

Yes. DEF Bhd is required to obtain its shareholders' approval in accordance with Rules 8.06(1)(a) and (b) of the LEAP LR for the withdrawal of listing as follows⁵:

(i) DEF Bhd must convene a general meeting to obtain its shareholder approval and issue a circular containing, among others, the prescribed information in Appendix 8B of the LEAP LR; and

(ii) the resolution must be approved by a majority of its shareholders in number, representing 75% of the total number of issued shares held by its shareholders, present and voting in person or by proxy at the meeting; and the number of votes cast against the resolution, is not more than 10% of the total number of issued shares held by the shareholders, present and voting in person or by proxy at the meeting.

(b) Is DEF Bhd mandated to only provide its shareholders an exit offer as part of the withdrawal of listing?

No. DEF Bhd has the option of offering to all its shareholders, an exit offer that complies with the Take-Overs and Mergers Code, or any other alternative exit mechanism that is equitable to its shareholders.

(c) What are the requirements that must be complied with if DEF Bhd proposes to offer an alternative exit mechanism as part of the withdrawal of listing?

The following are the requirements that must be complied with⁶:

(i) DEF Bhd and its Sponsor or Joint Transfer Sponsor may determine the appropriate alternative exit mechanism, taking into account DEF Bhd's prevailing circumstances;

⁵ Paragraph 2.1 of the Guidance Note 15A of the ACE LR.

⁶ Paragraph 2.1 of the Guidance Note 15A of the ACE LR.

QUESTIONS & ANSWERS
AMENDMENTS TO THE ACE LR IN RELATION TO TRANSFER OF LISTING
FRAMEWORK AND RECOGNISED APPROVED ADVISER FRAMEWORK

- (ii) the alternative exit mechanism must be offered to all shareholders on an equitable basis;
- (iii) DEF Bhd and its Sponsor or Joint Transfer Sponsor must consult Bursa Securities and submit the proposed exit mechanism to Bursa Securities for its perusal. The consultation must take place before DEF Bhd announces the transfer of listing to the ACE Market and the withdrawal of listing from the ACE Market under paragraph 2.2(a) in Guidance Note 15A of the ACE LR; and
- (iv) DEF Bhd and its Sponsor or Joint Transfer Sponsor must not proceed with the proposed exit mechanism until Bursa Securities has notified that it has no further comments on the same.

Price discovery mechanism

3A.3 What are the appropriate price discovery mechanisms to be used for determining the price of the transfer applicant's shares which will be transferred to the ACE Market ("transfer shares") pursuant to Rule 3A.03 of the ACE LR?

It is up to the Sponsor and the transfer applicant to decide the appropriate price discovery mechanism to be used, provided that the price discovery must reflect the current valuation ascribed to similar business or sector as the transfer applicant on the ACE Market, and be supported with sound and verifiable bases and justifications. In this regard, the last traded price of the transfer shares on the LEAP Market or the issue price of such shares in secondary fundraising exercises on the LEAP Market would not meet the requirements on the price discovery mechanism as prescribed in the ACE LR.

Appointment of adviser

3A.4 Who can act for a transfer applicant in its transfer of listing to the ACE Market?

A transfer applicant may apply for its transfer of listing to the ACE Market through either⁷ -

- (a) a Sponsor only; or

⁷ Rule 3A.02(2) of the ACE LR.

QUESTIONS & ANSWERS
AMENDMENTS TO THE ACE LR IN RELATION TO TRANSFER OF LISTING
FRAMEWORK AND RECOGNISED APPROVED ADVISER FRAMEWORK

(b) a Sponsor jointly with a Recognised Approved Adviser⁸ provided that the Recognised Approved Adviser had acted as its Approved Adviser for its initial listing on the LEAP Market or as its Continuing Adviser on the LEAP Market for at least 1 full financial year. In such instance, the Sponsor must be the lead adviser.

3A.5 What are the responsibilities of the Sponsor and Recognised Approved Adviser respectively when both are jointly appointed for the transfer listing application?

The appointment of a Recognised Approved Adviser does not in anyway reduce or dilute the role and responsibilities of the Sponsor. In fact, there is no distinction between the roles and responsibilities of the Sponsor and Recognised Approved Adviser when both are jointly appointed for the transfer listing application. In such instance, the Sponsor and Recognised Approved Adviser must ensure compliance with the ACE LR, and are jointly and severally responsible for the transfer listing application.⁹ Both the Sponsor and Recognised Approved Adviser will be held responsible for all matters regarding the transfer listing application.

3A.6 Where both a Sponsor and Recognised Approved Adviser are jointly appointed for the transfer listing application, can a transfer applicant appoint the Recognised Approved Adviser as its Sponsor immediately after its admission to the ACE Market pursuant to Rule 3A.05 of the ACE LR?

No. The transfer applicant must retain the services of the Sponsor for at least 1 full financial year following its admission to the ACE Market (“said duration”). The transfer applicant may only appoint a Recognised Approved Adviser to act as its replacement Sponsor for the remaining Sponsorship Period after the said duration.¹⁰

[End of Chapter 3A]

⁸ This refers to an Approved Adviser that has met the requirements set out in Rule 4.29 of the ACE LR and has been approved by Bursa Securities as a Recognised Approved Adviser.

⁹ Rule 3A.02(3)(b) of the ACE LR.

¹⁰ Rule 3A.05(2) read together with Rule 4.30(1)(b) of the ACE LR.

QUESTIONS & ANSWERS
AMENDMENTS TO THE ACE LR IN RELATION TO TRANSFER OF LISTING
FRAMEWORK AND RECOGNISED APPROVED ADVISER FRAMEWORK

CHAPTER 4 SPONSORS AND RECOGNISED APPROVED ADVISERS

Eligibility, roles and responsibilities of a Recognised Approved Adviser

4.16 Will an Approved Adviser which fulfills the criteria as set out in Rule 4.29 of the ACE LR¹¹ automatically become a Recognised Approved Adviser?

No. An Approved Adviser that fulfills the criteria as set out in Rule 4.29 of the ACE LR is required to seek approval from Bursa Securities to become a Recognised Approved Adviser. Bursa Securities retains its absolute discretion to subject the approval to such other conditions as Bursa Securities thinks fit, or decline an approval which will or is likely to adversely affect the reputation of Bursa Securities or the integrity of the market or that may be contrary to public interest.¹²

4.17 What are the roles that can be undertaken by a Recognised Approved Adviser in the ACE Market?

Pursuant to Rule 4.30 of the ACE LR, a Recognised Approved Adviser may, subject to the conditions being met, be appointed for the following:

<u>Role(s)</u>	<u>Conditions</u>
<u>(a) Joint Transfer Sponsor in relation to a transfer listing application</u>	<u>For a transfer applicant which the Recognised Approved Adviser has acted either -</u> <u>(i) as its Approved Adviser for its initial listing on the LEAP Market; or</u>

¹¹ The Approved Adviser must comply with the following:

- (a) have acted as an Approved Adviser for at least 3 initial listings on the LEAP Market;
- (b) have at least 1 employee who is a Qualified Person;
- (c) have satisfactory conduct and work record with no adverse record;
- (d) have no pending investigation or enforcement action initiated against it by Bursa Securities or SC;
- (e) provide Bursa Securities with an irrevocable and unconditional undertaking to comply with the ACE LR; and
- (f) satisfy such conditions as may be imposed by Bursa Securities.

¹² Rule 4.29(2) of the ACE LR.

QUESTIONS & ANSWERS
AMENDMENTS TO THE ACE LR IN RELATION TO TRANSFER OF LISTING
FRAMEWORK AND RECOGNISED APPROVED ADVISER FRAMEWORK

<u>Role(s)</u>	<u>Conditions</u>
	(ii) <u>as its Continuing Adviser on the LEAP Market for at least 1 full financial year.</u>
(b) <u>Replacement Sponsor</u>	<u>For a listed corporation which it has acted as its Joint Transfer Sponsor.</u>
(c) <u>Adviser for corporate proposals involving new issue of securities pursuant to a bonus issue, private placement made under a general mandate or a Dividend Reinvestment Scheme as set out in Rule 6.02(4A) of the ACE LR (“permitted corporate proposals”)</u>	<u>For any other listed corporation which it has acted as a Joint Transfer Sponsor during or after the Sponsorship Period.</u>

4.18 Can a Recognised Approved Adviser be appointed as a main adviser for transactions or corporate proposals under the ACE LR (other than the permitted corporate proposals)?

No. The Recognised Approved Adviser is not permitted to act as the main adviser for transactions or corporate proposals under the ACE LR (other than the permitted corporate proposals).¹³

4.19 When a Recognised Approved Adviser is appointed as a Joint Transfer Sponsor to submit a transfer listing application, is it required to assign and identify a Qualified Person and Senior Officer for the corporate proposal?

Yes. In such instance, the Qualified Person and Senior Officer of the Recognised Approved Adviser must also comply with the ACE LR including Chapter 4 and Guidance Note 18, to the extent they are applicable to them with the necessary modifications.¹⁴

[End of Chapter 4]

¹³ Rule 4.30(1) of the ACE LR.

¹⁴ Rule 4.30(2) of the ACE LR.

CHAPTER 6 NEW ISSUE OF SECURITIES**Admission****6.1A The facts are as follows:**

- XYZ Bhd was a corporation listed on the LEAP Market which had successfully transferred its listing to the ACE Market.
- RAA Sdn Bhd is a Recognised Approved Adviser and had acted as an Approved Adviser for XYZ Bhd's initial listing on the LEAP Market. It was also the Joint Transfer Sponsor for the submission of XYZ Bhd's transfer listing application.
- XYZ Bhd proposes to undertake a private placement made under a general mandate.

- (a) If XYZ Bhd is not the Sponsored Corporation of RAA Sdn Bhd, can XYZ Bhd appoint RAA Sdn Bhd to submit its listing application for the new issue of securities pursuant to the private placement?

Yes. Pursuant to Rule 6.02(4A) of the ACE LR, as long as RAA Sdn Bhd had acted as the Joint Transfer Sponsor for XYZ Bhd, RAA Sdn Bhd can be appointed by XYZ Bhd to submit its listing application in respect of the issue of new securities pursuant to the private placement.

- (b) If RAA Sdn Bhd is not permitted to act as the placement agent, it must ensure that XYZ Bhd appoints a qualified person to be the placement agent under Rule 6.13(2) of the ACE LR. Who is the qualified person for this purpose?

XYZ Bhd may appoint any person who holds a license for dealing in securities under the SC's Licensing Handbook, as the qualified person to be the placement agent. This includes a Sponsor or Adviser.

QUESTIONS & ANSWERS
AMENDMENTS TO THE ACE LR IN RELATION TO TRANSFER OF LISTING
FRAMEWORK AND RECOGNISED APPROVED ADVISER FRAMEWORK

6.2 Is a listed corporation allowed to submit its listing application for a new issue of securities to Bursa Securities on its own?

Yes, but only in relation to a listing application of Specified Bonus Issue¹⁵ of equity securities, which may be submitted by the listed corporation on its own ~~without a Sponsor or Adviser, as the case may be~~ pursuant to Rule 6.02(4) of the ACE LR.

[End of Chapter 6]

¹⁵ A “Specified Bonus Issue” is a bonus issue of securities which -

- (i) is not conditional upon any other corporate proposal, or
- (ii) is conditional upon another corporate proposal but -
 - (aa) that other corporate proposal is a subdivision or consolidation or shares; or
 - (bb) that other corporate proposal has been completed or become unconditional.

CHAPTER 8 - CONTINUING LISTING OBLIGATIONS***Appointment of Adviser for proposals***

8.32 Pursuant to Rule 8.06(1) of the ACE LR, a listed corporation must engage the services of an Adviser where it undertakes such corporate proposals or activities prescribed by Bursa Securities as requiring the services of an Adviser.

- (a) **What are such corporate proposals or activities that require the services of an Adviser?**

The corporate proposals or activities which have been prescribed by Bursa Securities as requiring the services of an Adviser are set out in paragraph 2.0 of Guidance Note 19.

In addition, the corporate proposals or activities which do not require the services of an Adviser are set out in paragraph 3.0 of Guidance Note 19.

- (b) **Who can be the Adviser?**

The Adviser must be a person registered on the Register of Sponsors of the ACE Market.

[End of Appendix 2]