

Our Ref: SR/YYT(LACLA)/LD1/05

10 January 2005

The Company Secretary  
[Listed Issuers]

*By e-mail*

Dear Sirs,

- (1) **AMENDMENTS TO THE LISTING REQUIREMENTS FOR THE MAIN BOARD AND SECOND BOARD ("LR") AND THE LISTING REQUIREMENTS FOR THE MESDAQ MARKET ("MMLR") IN RELATION TO EMPLOYEE SHARE SCHEMES**  
(2) **AMENDMENTS TO THE LR IN RELATION TO THE PUBLIC SPREAD REQUIREMENT**

We refer to the above matter.

Please be notified that pursuant to section 9 of the Securities Industry Act 1983, amendments have been made to the LR and MMLR in relation to adjustments to employee shares schemes ("Amendments in relation to ESOS") and to the LR only in relation to the public spread requirement ("Amendments in relation to Public Spread"). The said amendments to the LR and MMLR (hereinafter collectively referred to as "the said Amendments") are set out in Appendices 1 and 2 respectively.

### **Objectives**

The Amendments in relation to ESOS reflect the adoption of a methodology which is consistent with the current approach to adjustments in relation to warrants whereby the formulas for adjustments are expressly set out in the relevant documents for approval of shareholders. This approach would also be in line with a disclosure-based regulatory regime. The Amendments in relation to Public Spread, on the other hand, provide clarification on Bursa Securities' current practice.

As a whole, the said Amendments are part of Bursa Securities' continuous effort to develop a dynamic and robust capital market.

### **Key changes**

The key changes are as follows:-

#### *Amendments in relation to ESOS*

- Amendment to paragraph 6.30E(b) of the LR and Rule 3.14.5(b) of the MMLR to allow listed issuers to make any adjustments to the price or number of shares to be issued under an employee share scheme provided that such adjustments are consistent with the provisions for adjustments as provided under the bylaws of the scheme.

*Amendments in relation to Public Spread*

- Amendment to paragraph 8.15(5) of the LR to clarify that the provision applies to corporate proposals other than take-overs such as schemes of arrangement, amalgamation or reconstruction pursuant to section 176 of the Companies Act 1965; and
- Incorporation of a new provision, namely paragraph 8.15(6) of the LR, clarifying Bursa Securities' current practice in relation to de-listing in situations where 90% or more of the listed issuer's shares are held by a shareholder, either singly or jointly with its associates pursuant to a take-over or such other corporate proposals.

The detailed Amendments are set out in Appendices 1 and 2.

**Implementation**

Kindly take note that the said Amendments shall take effect **immediately**.

**Additional Information**

In order to aid listed issuers in complying with the said Amendments, a set of Questions and Answers is attached as Appendix 3.

Please take note that the said Amendments and Questions and Answers are available for reference on the web site of Bursa Malaysia at <http://www.bursamalaysia.com> .

Should you require further information/clarification on the above, kindly contact:-

**Contact Persons:**

Ms Yew Yee Tee (Ext 7336)  
Ms Anisah Suyuti Low (Ext 7295)  
Ms. Lai Fui Sim (Ext 7079)  
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Thank you.

Yours faithfully,



**SELVARANY RASIAH**  
Chief Legal Officer

**AMENDMENTS TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD  
IN RELATION TO EMPLOYEE SHARE SCHEMES**

EXISTING PROVISIONS		AMENDED PROVISIONS	
Rule		Rule	
6.30E	<p>Adjustments</p> <p>A listed issuer must comply with the following as regards adjustments of price or number of shares to be issued under a share scheme for employees:-</p> <p>(a) A scheme may provide for adjustment of the subscription or option price or the number of shares (excluding options already exercised) under the scheme, in the event of a rights issue, bonus issue, consolidation or subdivision of shares or capital reduction;</p> <p>(b) Such adjustments should ensure that the capital outlay to be incurred by a participant in exercising his options remains unaffected;</p> <p>(c) The issue of securities as consideration for an acquisition, pursuant to a special issue or private placement shall not be regarded as a circumstance requiring such adjustments; and</p> <p>(d) Adjustments other than on a bonus issue must be confirmed in writing by the external auditors of the listed issuer.</p>	6.30E	<p>No change.</p> <p>No change.</p> <p>(a) A scheme may provide for adjustment of the subscription or option price or the number of shares (excluding options already exercised) under the scheme, in the event of a capitalisation issue, rights issue, bonus issue, consolidation or subdivision of shares or capital reduction or any other variation of capital;</p> <p>(b) Any adjustments made must be in compliance with the provisions for adjustment as provided in the bylaws of the scheme;</p> <p>(c) No change.</p> <p>No change.</p>

EXISTING PROVISIONS	AMENDED PROVISIONS
<p>Appendix 6F</p> <p>Contents of bylaws of a share scheme for employees (paragraph 6.30F)</p> <p>(1) The persons to whom shares may be issued under the scheme ("participants") and the basis of determining the eligibility of participants.</p> <p>(2) The maximum number of options to be offered under the scheme.</p> <p>(3) The maximum entitlement for each class or category of participant (where applicable) and the maximum entitlement for any one participant (where applicable).</p> <p>(4) The amount payable on application or acceptance and the basis for determining the subscription or sale, or option price, the period in or after which payments or calls, or loans to provide the same, may be paid or called upon.</p> <p>(5) The time limit for the scheme.</p> <p>(6) The period during which the participants are debarred from disposing the shares so allotted, if applicable.</p> <p>(7) The voting, dividend, transfer and other rights, including those arising on a liquidation of the listed issuer or the subsidiary, as the case may be, attaching to the shares.</p> <p>New provision.</p> <p>(8) A provision that the matters relating to items (1) to (7) above cannot</p>	<p>No change.</p> <p>No change.</p> <p>No change.</p> <p>No change.</p> <p>No change.</p> <p>No change.</p> <p>No change.</p> <p>No change.</p> <p>No change.</p> <p>No change.</p> <p>(8) Formulas for adjustments to the subscription or option price or the number of shares (excluding options already exercised) under the scheme, in the event of a capitalisation issue, rights issue, bonus issue, consolidation or subdivision of shares, capital reduction and/or any other variation of capital;</p> <p>(9) A provision that the matters relating to items (1) to (8) above cannot</p>

	EXISTING PROVISIONS		AMENDED PROVISIONS
	be altered to the advantage of participants without shareholders' prior approval.		be altered to the advantage of participants without shareholders' prior approval.

**AMENDMENTS TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD IN RELATION TO THE PUBLIC SPREAD REQUIREMENT**

	EXISTING PROVISIONS	Rule	AMENDED PROVISIONS
8.15	<p>(1) A listed issuer must ensure that at least 25% of its total listed shares are in the hands of a minimum of 1000 public shareholders holding not less than 100 shares each. The Exchange may accept a percentage lower than 25% of the total number of listed shares if it is satisfied that such lower percentage is sufficient for a liquid market in such shares.</p> <p>(2) A listed issuer must inform the Exchange immediately if it becomes aware that it does not comply with sub-paragraph (1).</p> <p>(3) A listed issuer which fails to maintain the required shareholding spread shall be given 6 months from the date of notification by the Exchange or such period which may be determined by the Exchange, to rectify the situation.</p> <p>(4) In the event the spread of shareholdings of a listed issuer is equal to or below 10% of the total number of listed shares, the Exchange may suspend trading in the securities of such listed issuer.</p> <p>(5) In relation to a take-over offer for the acquisition of the listed shares of a listed issuer pursuant to the Code as defined under Chapter 11, upon the announcement by the offeror that acceptances have been received resulting in the offeror holding 90% of the listed shares of the said listed issuer, all the securities of the listed issuer may be removed from the Official List of the Exchange.</p> <p>New provision.</p>	8.15	<p>No change.</p> <p>No change.</p> <p>No change.</p> <p>No change.</p> <p>(5) In relation to a take-over offer for the acquisition of the listed shares of a listed issuer pursuant to the Code as defined under Chapter 11 or corporate proposals undertaken by or in relation to a listed issuer, upon 90% or more of the listed shares of the said listed issuer being held by a shareholder either singly or jointly with associates of the said shareholder, an immediate announcement must be made by the listed issuer. Upon such announcement, all the securities of the listed issuer may be removed from the Official List of the Exchange.</p> <p>(6) Notwithstanding sub-paragraph (5) above, all the securities of</p>

EXISTING PROVISIONS	AMENDED PROVISIONS
<p>New provision.</p>	<p>the listed issuer shall be removed from the Official List of the Exchange:-</p> <p>(a) in relation to a take-over offer, upon announcement by the listed issuer pursuant to sub-paragraph (5) above unless the offeror has provided in the offer document :-</p> <p>(i) its intention to maintain the listing status of the listed issuer and not to invoke the provisions under Section 34 of the Securities Commission Act 1993; and</p> <p>(ii) detailed plans, the complete implementation of which would result in full compliance by the listed issuer with all the provisions of the Listing Requirements.</p> <p>(b) in relation to corporate proposals, upon announcement pursuant to sub-paragraph (5) above that:-</p> <p>(i) 100% of the listed shares of the said listed issuer are held by a shareholder either singly or jointly with the associates of the said shareholder; and</p> <p>(ii) the corporate proposals do not include any plans duly approved by the shareholders of the listed issuer before the proposals were undertaken, the complete implementation of which would result in full compliance by the listed issuer with all the provisions of the Listing Requirements.</p> <p>(7) For the purpose of sub-paragraphs (5) and (6) above:-</p> <p>(i) "corporate proposals" shall include reverse take-over, back door listing or a scheme of compromise, arrangement, amalgamation or reconstruction; and</p> <p>(ii) "associates of the said shareholder" shall have the meaning given in relation to "associates of directors or shareholders" as set out in the definition "public" under</p>

	EXISTING PROVISIONS		AMENDED PROVISIONS
			<p>paragraph 1.01.</p> <p>(8) Unless the context otherwise requires, the words or expressions used in this Part shall have the meanings given under the Section 33 of the Securities Commission Act 1993 and the Malaysian Code on Take-Overs and Mergers 1998.</p>



**AMENDMENTS TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE MESDAQ MARKET IN RELATION TO  
EMPLOYEE SHARE SCHEMES**

EXISTING PROVISIONS		AMENDED PROVISIONS	
Rule	Rule		
3.14.5	Adjustments  A Listed Company must comply with the following as regards adjustments of price or number of shares to be issued under a share scheme for employees:-  (a) A scheme may provide for adjustment of the subscription or option price or the number of shares (excluding options already exercised) under the scheme, in the event of a rights issue, bonus issue, consolidation or subdivision of shares or capital reduction;  (b) Such adjustments should ensure that the capital outlay to be incurred by a participant in exercising his options remains unaffected;  (c) The issue of securities as consideration for an acquisition, pursuant to a special issue or private placement shall not be regarded as a circumstance requiring such adjustments; and  (d) Adjustments other than on a bonus issue must be confirmed in writing by the external auditors of the Listed Company.	3.14.5	No change.  No change.  (a) A scheme may provide for adjustment of the subscription or option price or the number of shares (excluding options already exercised) under the scheme, in the event of a capitalisation issue, rights issue, bonus issue, consolidation or subdivision of shares or capital reduction or any other variation of capital;  (b) Any adjustments made must be consistent with the provisions for adjustment as provided in the bylaws of the scheme;
	Appendix 3D  Contents of bylaws of a share scheme for employees  (1) The persons to whom shares may be issued under the scheme ("participants") and the basis of determining the eligibility of participants.		No change.  No change.  No change.

EXISTING PROVISIONS		AMENDED PROVISIONS
<p>(2) The maximum number of options to be offered under the scheme.</p> <p>(3) The maximum entitlement for each class or category of participant (where applicable) and the maximum entitlement for any one participant (where applicable).</p> <p>(4) The amount payable on application or acceptance and the basis for determining the subscription or sale, or option price, the period in or after which payments or calls, or loans to provide the same, may be paid or called upon.</p> <p>(5) The time limit for the scheme.</p> <p>(6) The period during which the participants are debarred from disposing the shares so allotted, if applicable.</p> <p>(7) The voting, dividend, transfer and other rights, including those arising on a liquidation of the Listed Company or the subsidiary, as the case may be, attaching to the shares.</p> <p>New provision.</p> <p>(8) A provision that the matters relating to items (1) to (7) above cannot be altered to the advantage of participants without shareholders' prior approval.</p>		<p>No change.</p> <p>No change.</p> <p>No change.</p> <p>No change.</p> <p>No change.</p> <p>No change.</p> <p>(8) Formulas for adjustments to the subscription or option price or the number of shares (excluding options already exercised) under the scheme, in the event of a capitalisation issue, rights issue, bonus issue, consolidation or subdivision of shares, capital reduction and/or any other variation of capital;</p> <p>(9) A provision that the matters relating to items (1) to (8) above cannot be altered to the advantage of participants without shareholders' prior approval.</p>

**QUESTIONS AND ANSWERS RELATING TO:-**

- (A) AMENDMENTS TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“BURSA SECURITIES”) (“LR”) AND THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE MESDAQ MARKET (“MMLR”) IN RELATION TO EMPLOYEE SHARE SCHEMES; AND
- (B) AMENDMENTS TO THE LR IN RELATION TO THE PUBLIC SPREAD REQUIREMENT  
(COLLECTIVELY REFERRED TO AS “THE AMENDMENTS”)

**A. Amendments in relation to employee share schemes**

1. The Amendments allow listed issuers to make any adjustment to the price or number of shares to be issued under an employee share scheme provided that such adjustment is consistent with the provisions for adjustments as provided under the bylaws of an employee share scheme (i.e. the amended paragraph 6.30E(b) of the LR and Rule 3.14.5(b) of the MMLR). Where the bylaws of a listed issuer’s scheme provide that adjustments must ensure that capital outlay to be incurred by a participant in exercising his options remains unaffected, can the listed issuer apply the amended provisions and make adjustments which affect the capital outlay of a participant but ensure that each participant is entitled to the same proportion of capital to which he/she was previously entitled?

*No. The listed issuer must first amend its bylaws to allow for such adjustments. The bylaws must also provide the formulas for such adjustments to the subscription or option price or the number of shares (excluding options already exercised) under the scheme, in the event of a capitalisation issue, rights issue, bonus issue, consolidation or subdivision of shares, capital reduction and/or any other variation of capital.*

2. Is it mandatory for a listed issuer to amend the bylaws for its employee share scheme by removing the requirement that adjustments should ensure that capital outlay remains unaffected?

*No. A listed issuer may choose to maintain its existing bylaws which provide that adjustments should ensure that capital outlay remains unaffected. The Amendments are merely intended to provide listed issuers with options in determining the adjustments to be made in relation to an employee share scheme where there is a variation of capital.*

**B. Amendments in relation to the public spread requirement**

3. Pursuant to a scheme of compromise or arrangement which involves a share swap, Company P holds 79% of the listed shares of PLC Y, a listed issuer, whilst Company Q, which is the holding company of Company P (i.e. an associate of Company P), holds all the remaining listed shares of PLC Y. Would trading in PLC Y’s shares be suspended?

*Yes. Pursuant to paragraph 8.15(5) of the LR, trading in PLC Y’s shares would be suspended as Company P and its associate, Company Q, hold 100% of the listed shares of PLC Y.*

4. In seeking approval for the scheme of compromise or arrangement, PLC Y did not put to its shareholders any proposals or plans which would result in full compliance with, amongst others, the public spread requirement under the LR. Upon

implementation of the scheme of compromise or arrangement, Company P and its associate Company Q holds 100% of the listed shares of PLC Y. PLC Y proposes to obtain shareholders' approval for a plan which would result in full compliance with, amongst others, the public spread requirement under the LR, would securities of PLC Y be de-listed?

*Yes, the securities of PLC Y would be removed from the Official List. Pursuant to the new paragraph 8.15(6) of the LR, the plan which would result in full compliance with, amongst others, the public spread requirement under the LR must be put to shareholders and approved simultaneously with the proposed scheme of compromise or arrangement, failing which the securities of the listed issuer will be de-listed where 100% of the listed shares of a listed issuer are held by a shareholder, either singly or jointly with its associates.*

5. Company A undertakes a take-over of PLC Y, a listed issuer. In its offer document to the shareholders of PLC Y, Company A states that it will maintain the listing status of PLC Y. However, Company A did not include, in its offer document, any detailed proposals or plans which would result in full compliance with, amongst others, the public spread requirement under the LR. Upon completion of the take-over offer, Company A has obtained 95% of the listed shares of PLC Y and proposes to implement certain plans which include a plan to rectify the public spread of PLC Y. Would the securities of PLC Y be de-listed?

*Yes. The securities of PLC Y would be de-listed as the offer document did not contain any detailed proposals or plans which would result in full compliance with, amongst others, the public spread requirement under the LR. Pursuant to the new paragraph 8.15(6) of the LR, detailed proposals or plans, the complete implementation of which would result in full compliance with, amongst others, the public spread requirement under the LR must be disclosed in the offer document together with the offeror's intention to maintain the listing status of the listed issuer, failing which the securities of the listed issuer will be de-listed.*