



Our Ref: SR/TYH(RPA)/LD 03/09

8 May 2009

The Company Secretary
(Listed Corporations)

Via email

Dear Sir/Madam,

BURSA MALAYSIA SECURITIES BERHAD ACE MARKET LISTING REQUIREMENTS

Please note that pursuant to section 9 of the Capital Markets and Services Act 2007 ("CMSA"), Bursa Malaysia Securities Berhad ("**Bursa Securities**") has reviewed the Listing Requirements for the MESDAQ Market ("**MMLR**").

1. BACKGROUND

The MESDAQ Market was first introduced to facilitate fund-raising in Malaysia for high-growth and technology-based companies.

As part of the joint efforts of the Securities Commission ("**SC**") and Bursa Securities to enhance the competitiveness and to strengthen the positioning of Bursa Securities as a conducive capital raising destination, Bursa Securities has transformed the MESDAQ Market to the ACE Market. The ACE Market will be a sponsor-driven alternative market for corporations from all business sectors.

Both the SC and Bursa Securities have undertaken extensive benchmarking studies and engagements with various focus groups on this initiative. An industry working group, comprising subject matter experts, was also formed to assist the SC and Bursa Securities in formulating the enhanced framework for the ACE Market. On 6 February 2009, SC and Bursa Securities jointly issued consultation papers seeking public feedback on the relevant proposed amendments to the MMLR. The public consultation closed on 15 March 2009. The reviewed MMLR has taken into consideration the feedback or comments we received on the consultation paper and from focus group meetings with industry experts.

The reviewed MMLR for the ACE Market will be known as **Bursa Securities ACE Market Listing Requirements ("ACE LR")**.

2. STREAMLINED REGULATORY FUNCTIONS

Under the enhanced framework for the ACE Market, changes will be made to the CMSA and the regulatory roles of SC and Bursa Securities will therefore, be streamlined as follows:

- (a) Save for debt securities issues, corporations seeking listing on the ACE Market and subsequent proposals of listed corporations on the ACE Market would not require the SC's approval under section 212 of the CMSA. All requirements relating to admission, secondary issuance of securities and other post listing obligations of a listed corporation on the ACE Market will be governed under the ACE LR;
- (b) SC will continue to vet and register prospectuses (under sections 232 and 237 of the CMSA) to ensure adequate disclosures to the investors; and
- (c) The roles and responsibilities of the sponsors are significantly enhanced to include the assessment on the suitability of corporations seeking listing on the ACE Market.

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The enhanced framework will empower sponsors with greater flexibility and certainty to advise prospective corporations on access to the capital market both at the time of listing and subsequently through further fund-raising exercises.

On the whole, the enhanced framework is intended to bring greater access, certainty, shorter time-to-market and lower regulatory costs.

3. MMLR REVIEWED

In this connection, the MMLR is reviewed with the objectives to:

- (a) reflect the relevant and consequential amendments arising from the proposed amendments to the CMSA and transfer of regulatory functions from SC to Bursa Securities;
- (b) enhance the attractiveness of listing on the ACE Market;
- (c) improve efficiency and time to market;
- (d) strengthen investor protection through enhancing provisions relating to continuing listing obligations, for e.g. the sponsorship framework, disclosure obligations and financial condition and level of operations; and
- (e) clarify and enhance requirements to further promote the integrity and credibility of the market.

4. AMENDMENTS TO THE MMLR AND THE EFFECTIVE DATE

The key amendments to the MMLR are summarised in Appendix 1 for ease of reference while the full text of the ACE LR (with amendments tracked) is attached as Appendix 2. The amendments are reflected in the following manner:

- Portions underlined are text newly inserted/added onto the existing rules; and
- Portions struck through are text deleted.

The ACE LR will take effect on **3 August 2009**.

All the above documents as well as the unmarked copy of the ACE LR are also available at Bursa Malaysia's website at: <http://www.bursamalaysia.com>.

5. COMPLIANCE WITH THE MMLR AND ACE LR

A listed corporation must comply with the amended requirements as set out in the ACE LR with effect from 3 August 2009.

With effect from 3 August 2009, all initial listing applications and applications for secondary issuance of securities on ACE Market must be submitted to Bursa Securities only. However, where a listed corporations issues debt securities, it must procure SC's prior approval before submitting the listing application to Bursa Securities.

Further, under the ACE LR, a listed corporation must submit a valuation report to Bursa Securities under the following circumstances:

- (a) in relation to a transaction which involves an acquisition or disposal of any real estate as follows:
- (i) for a non-related party transaction, where any one of the percentage ratios is 25% or more;
 - (ii) for a related party transaction, where any one of 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) when the listed corporation makes a two-call rights issue or bonus issue of securities by capitalizing the reserves arising from the revaluation of assets.

Kindly be informed that, a listed corporation must submit a valuation report as stated above to Bursa Securities together with any:

- (a) circular to Bursa Securities or its shareholders for the relevant transaction or proposal; or
- (b) additional listing application, where the transaction or proposal involves a new issue of securities,

which is submitted to Bursa Securities **on or after 3 August 2009**. This is regardless of the date the listed corporation announces the transaction or proposal.

In order to ensure a smooth transition of the amendments under the ACE LR, compliance with some of the existing MMLR is modified as set out in the table below.

No.	Existing MMLR	Modification of compliance
1	Rule 8.15 Shareholding spread	<p>A listed corporation must ensure that at least 25% of its total listed shares are in the hands of public shareholders. However, compliance with minimum number of 1000 public shareholders holding not less than 100 shares each is waived with immediate effect.</p> <p>An existing listed corporation which does not comply with the minimum number of 1000 public shareholders need not apply for extension of time or waiver from Bursa Securities.</p>
2	Rule 8.14 Cash Companies Rule 8.16 Financial condition and level of operation	<p>An existing GN 2 Company or GN 3 Company must continue to comply with its obligations under the MMLR.</p> <p>However, an existing GN 2 Company or GN 3 Company may apply to the Exchange to regularise its condition under the amended Rule 8.03 and GN 2 or Rule 8.04 and GN 3 under the ACE LR, which will be effective on 3 August 2009, provided that such company is still within the stipulated or extended timeframe granted by Bursa Securities to submit its proposal or plan to regularise its condition under the MMLR.</p>

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Sponsors and Sponsored Companies

The sponsorship framework has been significantly enhanced in line with the ACE Market being a sponsor-driven alternative market. In this regard, an existing Sponsored Company and Sponsor must comply with the ACE LR with effect from 3 August 2009, including their respective enhanced roles and obligations under the amended Chapter 4 of the ACE LR.

Bursa Securities will maintain a revised Register of Sponsors for the ACE Market with effect from 3 August 2009. The list of Sponsors on the Register of Sponsors will be posted on Bursa Malaysia Berhad's website at www.bursamalaysia.com as soon as practicable. A listed corporation is advised to refer to the Register of Sponsors when undertaking a corporate proposal under the ACE LR.

If you have any query on the above, please do not hesitate to liaise with the contact persons from our Listing Division who have been assigned to you as informed via our letter dated 20 June 2008 (Our Ref: IS/LD09/08), the details of which can also be found at http://www.bursamalaysia.com/website/bm/contact_us.html.

Thank you

Yours faithfully,



SELVARANY RASIAH
Chief Regulatory Officer

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Encl.