

ANNEXURE B
MEASURES TO ENSURE THE CONTINUED ATTRACTIVENESS AND COMPETITIVENESS
OF ACE MARKET AS A LISTING AND INVESTMENT PLATFORM
[Draft for Consultation – 18 November 2014]

ANNEXURE B

MEASURES TO ENSURE THE CONTINUED ATTRACTIVENESS AND COMPETITIVENESS
OF ACE MARKET AS A LISTING AND INVESTMENT PLATFORM
UNDER PART 2 OF THE CONSULTATION PAPER

Proposal 2.1

Shortening the moratorium period for eligible promoters

Proposal 2.2

Shortening the moratorium period for promoters of an ACE Market applicant which met the Main Market admission criteria

CHAPTER 3 – ADMISSION

3.19 Moratorium on promoter's shares

- (1) Subject to sub-Rule (1A) below, a moratorium will be imposed on the sale, transfer or assignment of shares held by promoters of an applicant as follows:
- (a) The moratorium applies to the entire shareholdings of the promoters of an applicant for a period of 6 months from the date of admission to the Exchange.
 - (b) Upon the expiry of the 6-month period stated above, the listed corporation must ensure that the promoters' aggregate shareholdings amounting to at least 45% of the nominal issued and paid-up ordinary share capital of the listed corporation remain under moratorium, for another period of 6 months.
 - (c) Thereafter, subject to sub-Rule (d) below, the promoters 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- as follows:
 - (i) In respect of the following promoters, all of the remaining shares held under moratorium:
 - (aa) a registered Venture Capital Management Corporation referred to under the SC's Guidelines for the Registration of Venture Capital Corporations and Venture Capital Management Corporations, as amended from time to time;
 - (bb) a private equity firm that makes investments on behalf of its members and is registered with the SC or an equivalent foreign regulatory authority; or
 - (cc) an angel investor accredited by the Malaysian Business Angels Network.

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- (ii) In respect of all other promoters, up to a maximum of 1/3rd per annum (on a straight-line basis) of the shares held under moratorium.
- (d) Where a listed corporation has not generated 1 full financial year of operating revenue based on the latest audited financial statements, the promoters may only sell, transfer or assign ~~up to a maximum of 1/3rd per annum (on a straight-line basis)~~ of the shares held under moratorium in the manner set out under sub-Rule (c) above after the listed corporation has generated 1 full financial year of operating revenue based on its latest audited financial statements.
- (e) Where the promoters also own securities which are convertible or exercisable into ordinary shares of the applicant, the promoters' shareholdings to be placed under moratorium should amount to 45% of the enlarged issued and paid-up ordinary share capital of the applicant assuming full conversion or exercise of such securities owned by the promoters.
- (1A) Sub-Rule (1) above does not apply to the promoters of an applicant which qualifies for admission to the Main Market of the Exchange as at the date of submission of the listing application to the Exchange. For such promoters, they are not allowed to sell, transfer or assign their entire shareholdings in the applicant for a period of 6 months from the date of admission to the Exchange. Thereafter, the promoters may sell, transfer or assign their shares held under moratorium.
- (1B) If a listed corporation meets the admission criteria for listing on the Main Market of the Exchange during the moratorium period stipulated in sub-Rule (1) above, its promoters may apply to the Exchange to be exempted from continued compliance with sub-Rules (1)(b) and (c) above.
- (2) Where the promoter is an unlisted corporation, all direct and indirect shareholders of the unlisted corporation (whether individuals or other unlisted corporations) up to the ultimate individual shareholders must give undertakings to the Exchange that they will ~~comply with the moratorium~~ not sell, transfer or assign their securities in the unlisted corporation for the period stipulated in sub-Rules (1) or (1A) above, as the case may be.
- (2A) Where a listed corporation acquires an asset which results in a significant change in the business direction or policy of the listed corporation –
- (a) the moratorium requirements in sub-Rules (1) or (1A) above, as the case may be, will be imposed on the listed corporation's shares received by the vendor as consideration; and
- (b) where the vendor is an unlisted corporation, all the direct and indirect shareholders of the vendor (whether individuals or other unlisted corporations) up to the ultimate individual shareholders must give undertakings to the Exchange that they will not sell, transfer, or assign any of their securities in the vendor for the period stipulated in sub-Rules (1) or (1A) above, as the case may be.
- (3) Notwithstanding sub-Rules (1) or (1A) above, the promoters are allowed to transfer the shares which are subjected to moratorium, to facilitate the price stabilization mechanism.

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- (4) Where the applicant undertakes the price stabilization mechanism as part of the listing scheme and the promoter's shares to be held under moratorium had been borrowed by the stabilising manager, the stabilising manager and the applicant must submit a written confirmation that such shares are returned to the promoter and placed under moratorium within 5 market days after –
- (a) the end of the stabilisation period of 30 calendar days commencing from the first day of trading on the Exchange; or
- (b) the day on which the over-allotment option is exercised in full,
- whichever is the earlier.

Proposal 2.3

Exempting listed corporations that have met the Main Market admission criteria from the sponsorship requirement post-listing

CHAPTER 3 – ADMISSION

3.21 Sponsors

- (1) Subject to sub-Rules (1A) and (2) below, an applicant must secure and maintain the services of a Sponsor for at least 3 full financial years after its admission to the Official List. The applicant's Sponsor who submitted its application for admission to the Exchange shall act as its Sponsor for at least 1 full financial year following the applicant's admission to the Official List. The applicant shall refer to Rule 4.19 for provisions governing the resignation and termination of Sponsors.
- (1A) Sub-Rule (1) above does not apply to an applicant which qualifies for admission to the Main Market of the Exchange as at the date of submission of listing application to the Exchange.
- (1B) A listed corporation may apply to the Exchange to be exempted from continued compliance with sub-Rule (1) above if the listed corporation meets the admission criteria for listing on the Main Market of the Exchange during the period referred to in sub-Rule (1).
- (2) In relation to an applicant which has yet to generate operating revenue during the period referred to in sub-Rule (1) above, the applicant must extend the services of the Sponsor to at least 1 full financial year after the applicant has generated operating revenue.
- (3) For the avoidance of doubt, sub-Rules (1), (1A), (1B) and (2) above are also applicable to a listed corporation that undertakes a corporate proposal which will result in a significant change in the business direction or policy of a listed corporation.

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Proposal 2.4**Pre-vetting of selected circulars by the Exchange****CHAPTER 9 - CONTINUING DISCLOSURE****PART L – CIRCULARS AND OTHER REQUIREMENTS****9.30 ~~Prior perusal of circulars by the Exchange not required~~**

- ~~(1) The Exchange will not be perusing the circulars and documents issued to the holder of listed securities before their issuance.~~
- ~~(2) A listed corporation must include a statement in a circular and other documents issued by the listed corporation to the holders of listed securities that the Exchange has not perused the circular or documents before its issuance.~~
- ~~(3) Where a circular or document is required to be reviewed and approved by an Adviser or Sponsor, as the case may be, the listed corporation must include a statement in the circular or document that the circular or document has been reviewed and approved by the listed corporation's Adviser or Sponsor, as the case may be.~~
- ~~(4) Upon issuance of the circulars or documents to the listed securities holders, a listed corporation must submit the requisite number of copies of the circular or document to the Exchange together with a checklist showing compliance with the relevant parts of these Requirements, where applicable.~~
- ~~(5) Sub-Rule (1) above does not apply-~~
- ~~(a) where circulars and documents are issued pursuant to Rule 10.11, Rule 8.03 and Rule 8.04; or~~
- ~~(b) under exceptional circumstances where the Exchange deems fit. [Deleted]~~

9.30A Draft circulars and other documents

- (1) A listed corporation or offeror in an offer for sale of listed securities must submit to the Exchange for perusal, 1 draft copy of all circulars and other documents proposed to be sent to the holders of listed securities, within a reasonable time before printing together with a checklist showing compliance with the relevant parts of these Requirements.
- (2) Sub-Rule (1) above does not apply to the following documents:
- (a) an annual report;
- (b) any document to be sent to holders of listed securities in relation to a take-over by or in respect of a listed corporation excluding circulars to be issued by a listed corporation, proposing to undertake or undertaking a take-over, to its securities holders pursuant to Chapter 10 of these Requirements;
- (c) any document that is not prepared by the listed corporation or its advisers on its behalf; and

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- (d) such other document as prescribed by the Exchange subject to such requirements as may be imposed by the Exchange.
- (3) A listed corporation or offeror must not issue any of such documents referred to in sub-Rule (1) above until the Exchange has confirmed in writing that it has no further comments on the documents.
- (4) Where an adviser is appointed by the listed corporation or offeror for the preparation and/or submission of the documents referred to in sub-Rule (1) above to the Exchange, such adviser must also comply with sub-Rules (1) and (3) above.
- (5) Where a circular or document is required to be reviewed by an Adviser or Sponsor, as the case may be, the listed corporation must include a statement in the circular or document that the circular or document has been reviewed by the listed corporation's Adviser or Sponsor, as the case may be.

[Cross reference: Guidance Note 22]

9.30B Quality of draft documents

A person submitting to the Exchange a draft circular or other draft documents pursuant to Rule 9.30A above must ensure that such documents are precise and complete. The Exchange reserves the right to return such documents which are incomplete or deemed unsatisfactory in the opinion of the Exchange.

9.32 Issuance of circular or document

- (1) Where a listed corporation announces a corporate proposal (including a transaction), and pursuant to these Requirements a circular or document is required to be issued to its securities holders in relation to such corporate proposal -
- (a) the said listed corporation must submit the **draft** circular or document to the Exchange or issue the circular or document as the case may be, in accordance with these Requirements as soon as possible and in any event not later than 2 months from the date of the announcement or the date the last approval necessary for the corporate proposal is obtained from the relevant authority, whichever is the later; and
 - (b) where a draft circular or document is submitted to the Exchange pursuant to **sub-Rule 1(a) above** ~~Rule 10.11, Rule 8.03 and Rule 8.04~~, or under such exceptional circumstances required by the Exchange, the circular or document must be issued immediately upon receipt of the Exchange's confirmation that it has no further comments and in any event no later than 14 market days after receipt of such confirmation.
- (2) The timeframe prescribed under sub-Rule (1)(b) above does not apply to circulars or documents for any of the following purposes:
- (a) procurement of shareholder mandate in respect of recurrent related party transactions and share buy-backs which are to coincide with the annual general meeting;
 - (b) notification of maturity of securities;
 - (c) notification of share exchange, recall or reduction;

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(d) notification of subdivision of shares; or

(e) such other corporate proposal or action as may be prescribed by the Exchange from time to time.

CHAPTER 10 – TRANSACTIONS

10.07 Requirements for transactions with percentage ratio of 25% or more

- (1) Where any one of the percentage ratios of a transaction is 25% or more, in addition to the requirements of Rule 10.06, the listed corporation must -
 - (a) appoint a Sponsor or Adviser, as the case may be, before the terms of the transaction are agreed upon;
 - (b) issue a circular which includes the information set out in Appendix 10B to its shareholders; and
 - (c) seek shareholder approval of the transaction in a general meeting.
- (2) The listed corporation's Sponsor or Adviser, as the case may be, must submit a copy of the draft circular to the Exchange for perusal together with a checklist showing compliance with Appendix 10B.
- (3) Sub-Rules (1) and (2) do not apply to a transaction where the value of the consideration of the transaction is less than RM100,000.

10.08 Related party transactions

- (1) [No change]
- (2) Subject to the provisions of sub-Rules (9) and (10) below, where any one of the percentage ratios of a related party transaction is 5% or more, in addition to sub-Rule (1), a listed corporation must -
 - (a) appoint an independent adviser and engage the services of a Sponsor or Adviser, as the case may be, before the terms of the transaction are agreed upon;
 - ~~(b) send a circular which includes the information set out in Appendix 10B and Appendix 10D to the shareholders. The circular must be submitted to the Exchange for perusal together with a checklist showing compliance with Appendix 10B and Appendix 10D; and~~
and
 - ~~(cb) obtain its shareholder approval of the transaction in a general meeting; and~~
 - ~~(c) (i) appoint an independent adviser; and~~
~~(ii) engage the services of a Sponsor or Adviser, as the case may be,~~
~~before the terms of the transaction are agreed upon.~~

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- (3) (a) The independent adviser referred to in sub-Rule 2(a)(e) above must -
- (i) be a ~~person from the Register of Sponsors corporate finance adviser within the meaning of the SC's Principal Adviser Guidelines~~; and
 - (ii) if appointed during the Sponsorship Period, be a person other than the listed corporation's Sponsor.
- (b) The independent adviser must, in relation to the transaction -
- (i) comment as to -
 - (aa) whether the transaction is fair and reasonable so far as the shareholders are concerned; and
 - (bb) whether the transaction is to the detriment of minority shareholders; andsuch opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion;
 - (ii) advise minority shareholders on whether they should vote in favour of the transaction; and
 - (iii) take all reasonable steps satisfy itself that it has a reasonable basis to make the comments and advice in sub-Rules (i) and (ii) above.
- (4) It is the duty and responsibility of the Sponsor or Adviser referred to in sub-Rule 2(ae)(ii) above to -
- (a) ensure that such transaction -
 - (i) is carried out on fair and reasonable terms and conditions, and not to the detriment of minority shareholders of the listed corporation; and
 - (ii) complies with the relevant laws, regulations or guidelines, where applicable; ~~and~~
 - (b) ensure full disclosure of all information required to be disclosed in the announcement and circular; ~~and~~
 - (c) submit a copy of the draft circular to the Exchange for perusal together with a checklist showing compliance with Appendix 10B and Appendix 10D.
- (5) – (8) [No change]
- (9) Where any one of the percentage ratios of a related party transaction entered into between a subsidiary of a listed corporation and another person, is 5% or more and there are no other interested relationships except for a related party having an interest in the transaction who is -
- (a) a director or major shareholder of such subsidiary or the holding company of such subsidiary (other than the listed corporation or the holding company of the listed corporation) ("said director" or "said major shareholder"); or

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- (b) a person connected with the said director or said major shareholder; the listed corporation is exempted from -
- (i) ~~appointing an independent adviser or engaging the service of a Sponsor or Adviser~~
 - (ii) issuing a circular to shareholders; ~~and~~
 - (iii) ~~obtaining shareholder approval of the transaction in general meeting; and~~
 - ~~appointing an independent adviser or engaging the service of a Sponsor or Adviser;~~
- provided that the board of directors of the listed corporation -
- (aa) approves the transaction before the terms of transaction are agreed upon; and
 - (bb) ensures that the transaction is fair and reasonable to the listed corporation, and is in the best interests of the listed corporation.

(10)-(11) [No change].

10.11 Significant change in the business direction or policy of a listed corporation

- (1) Where a transaction will result in a significant change in the business direction or policy of the listed corporation, the listed corporation and its Sponsor or Adviser, as the case may be, must include additional information set out in Part H of Appendices 10A and 10B respectively, in the announcement of the transaction to the Exchange and the circular issued to the shareholders, as the case may be.
- (2) ~~A listed corporation must submit to the Exchange for perusal, a draft copy of all circulars and other documents in relation to a transaction which will result in a significant change in the business direction or policy of the listed corporation, proposed to be sent to the holders of listed securities, within a reasonable time before printing together with a checklist showing compliance with the relevant parts of these Requirements. [Deleted]~~
- (3) ~~A listed corporation must ensure that the draft circular or other draft documents submitted to the Exchange pursuant to sub-Rule (2) above are precise and complete. The Exchange reserves the right to return such documents which are incomplete or deemed unsatisfactory in the opinion of the Exchange. [Deleted]~~
- (4) ~~A listed corporation must not issue any of the circulars and such documents referred to in sub-Rule (2) above until the Exchange has confirmed in writing that it has no further comments on the circulars or documents. Upon receipt of confirmation by the Exchange that it has no further comments on the draft circulars or documents, the circular or document must be issued immediately and in any event, no later than 7 market days after receipt of such confirmation. [Deleted]~~

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GUIDANCE NOTE 22

PERUSAL OF DRAFT CIRCULARS AND OTHER DOCUMENTS

<u>Details</u>	<u>Cross References</u>
<u>Effective date:</u> <u>XXXX</u>	<u>Rule 9.30A</u>

1.0 Introduction

1.1 Rule 9.30A of the Listing Requirements provides as follows:

- “(1) A listed corporation or offeror in an offer for sale of listed securities must submit to the Exchange for perusal, 1 draft copy of all circulars and other documents proposed to be sent to the holders of listed securities, within a reasonable time before printing together with a checklist showing compliance with the relevant parts of these Requirements.
- (2) Sub-Rule (1) above does not apply to the following documents:
- (a) an annual report;
 - (b) any document to be sent to holders of listed securities in relation to a take-over by or in respect of a listed corporation excluding circulars to be issued by a listed corporation, proposing to undertake or undertaking a take-over, to its securities holders pursuant to Chapter 10 of these Requirements;
 - (c) any document that is not prepared by the listed corporation or its advisers on its behalf; and
 - (d) such other document as prescribed by the Exchange subject to such requirements as may be imposed by the Exchange.
- (3) A listed corporation or offeror must not issue any of such documents referred to in sub-Rule (1) above until the Exchange has confirmed in writing that it has no further comments on the documents.
- (4) Where an adviser is appointed by the listed corporation or offeror for the preparation and/or submission of the documents referred to in sub-Rule (1) above to the Exchange, such adviser must also comply with sub-Rules (1) and (3) above.
- (5) Where a circular or document is required to be reviewed by an Adviser or Sponsor, as the case may be, the listed corporation must include a statement in the circular or document that the circular or document has been reviewed by the listed corporation’s Adviser or Sponsor, as the case may be.”

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1.2 This Guidance Note sets out the relevant requirements on –

- (a) documents which are not required to be submitted to the Exchange for perusal;
- (b) documents which are subject to full review by the Exchange; and
- (c) documents which are subject to limited review by the Exchange.

1.3 For the avoidance of doubt, in perusing circulars and documents pursuant to Rule 9.30A of the Listing Requirements, the Exchange does not verify the information in the circular or document so perused. Listed corporations, their directors and advisers are responsible for the disclosure in these documents including ensuring the accuracy and completeness of the same pursuant to Rule 9.31 of the Listing Requirements.

2.0 Documents that are not required to be submitted to the Exchange

2.1 For the purposes of Rule 9.30A(2)(d) of the Listing Requirements, the circulars or documents on any one or more of the following are not subject to Rule 9.30A(1) of the Listing Requirements, namely the perusal of the Exchange is not required before issuance:

- (a) notices of adjustments to warrants and convertible securities;
- (b) notices of meetings;
- (c) bonus issues;
- (d) purchase of own shares (including the ordinary resolution);
- (e) amendments to or adoption of memorandum and articles of associations;
- (f) amendments to trust deeds or deed polls;
- (g) increase in authorised share capital; and
- (h) all other circulars to shareholders, which are not issued pursuant to a requirement to obtain shareholder approval, prescribed under the Listing Requirements,

(collectively referred to as “Exempt Circulars”).

3.0 Obligations in relation to Exempt Circulars

3.1 Accordingly, the Exchange will not comment on any of the Exempt Circulars before issuance.

3.2 In this respect, an Exempt Circular must include a statement that Bursa Malaysia Securities Berhad has not perused the circular before its issuance.

3.3 Immediately upon issuance of the Exempt Circular to securities holders, a listed corporation must submit to the Exchange, a checklist showing compliance with the relevant parts of the Listing Requirements.

3.4 If the Exchange detects any non-compliance with the Listing Requirements subsequent to the issue of the Exempt Circular, the listed corporation, Sponsor and/or the Adviser responsible for preparing the Exempt Circular may be subject to enforcement action by the Exchange.

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4.0 Documents subject to a limited review

4.1 The circulars or documents on the following subject-matters will be subjected to a limited review by the Exchange:

- (a) issuance of securities for cash including but not limited to rights issue, private placement, restricted issue, special issue, issue of securities on a "bought deal" basis, allotments to directors (including allotment of Share Issuance Scheme options), major shareholders or persons connected with them which fall within Rule 6.07 of the Listing Requirements;
 - (b) Share Issuance Scheme including establishment of or amendments to by-laws, extensions of the duration of the scheme or termination of the scheme;
 - (c) obtaining or renewing shareholder mandate for Recurrent Related Party Transactions;
 - (d) notice of maturity of securities;
 - (e) extensions of time for maturity/expiry of securities;
 - (f) subdivision or consolidation of shares;
 - (g) early redemption of securities, whether full or partial;
 - (h) notice of subdivision or consolidation of shares;
 - (i) notice of share exchange, recall or reduction; and
 - (j) Dividend Reinvestment Scheme,
- (collectively referred to as "Limited Review Circulars").

5.0 Obligations in respect of a Limited Review Circular

5.1 Pursuant to Rule 9.30A of the Listing Requirements, a Limited Review Circular cannot be issued by a listed corporation until and unless the Exchange confirms in writing that it has no further comments on the document.

5.2 In this respect, a listed corporation must submit a draft of a Limited Review Circular pursuant to Rule 9.30A(1) of the Listing Requirements to the Exchange together with a checklist showing compliance with the relevant parts of the Listing Requirements.

5.3 In conducting a limited review, the Exchange will only focus on areas which in its opinion pose a high risk in terms of disclosure or compliance with the Listing Requirements.

5.4 Nothing in this Guidance Note or the Listing Requirements will preclude the Exchange from conducting a full review in circumstance where it deems fit.

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6.0 Documents subject to full review

6.1 The Exchange will continue to conduct a review of all circulars or documents not falling within the exclusions set out in Rule 9.30A(2) of the Listing Requirements including those on the following subject matters:

- (a) related party transactions (excluding circulars in relation to shareholder mandate for Recurrent Related Party Transactions);
 - (b) very substantial transactions;
 - (c) diversification of operations;
 - (d) provision of financial assistance to associated companies and joint arrangements;
 - (e) schemes of compromise, arrangement, amalgamation or reconstruction or restructuring schemes in general;
 - (f) withdrawal of listing;
 - (g) non-related party transactions for which shareholder approval is required pursuant to Rule 10.07 of the Listing Requirements;
 - (h) listing of subsidiaries;
 - (i) capital distribution, repayment or reduction;
 - (j) material dilution of a subsidiary falling under Rule 8.23 of the Listing Requirements;
 - (k) transaction which will result in a significant change in the business direction or policy of a listed corporation;
 - (l) Major Disposal; and
 - (m) any other documents as prescribed by the Exchange,
- (collectively referred to as “Full Review Circulars”).

7.0 Obligations in respect of a Full Review Circular

7.1 In this respect, a listed corporation must submit a draft of a Full Review Circular pursuant to Rule 9.30A(1) of the Listing Requirements to the Exchange together with a checklist showing compliance with the relevant parts of the Listing Requirements.

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Proposal 2.5

Liberalising the requirement for Sponsors to co-sign correspondences and approve Public Documents

CHAPTER 4 – SPONSORS

4.10 Documents by a Sponsored Corporation

- (1) A Sponsor must review ~~and approve~~ any Public Document to be submitted or disclosed by its Sponsored Corporation to the Exchange to ensure compliance by the Sponsored Corporation except -
- (a) the annual audited financial statements issued by the Sponsored Corporation;
 - (b) announcements made by the Sponsored Corporation as referred to under Rule 9.17(2)(a); or
 - (c) where the Sponsored Corporation has appointed, an entity other than the Sponsor to be an Adviser for the purpose of preparation or submission of the Public Document to the Exchange.
- (2) A Sponsor must ensure that any Public Document that it makes, prepares or submits or any information that it provides, whether solely or jointly with a Sponsored Corporation complies with these Requirements.

4.12 Liaison with the Exchange

A Sponsor must liaise with the Exchange on matters concerning the Sponsor's responsibilities and other matters which should be brought to the Exchange's attention. In this regard, a Sponsor must among others -

- (a) ~~be a co-signatory for all correspondences between its Sponsored Corporation and the Exchange (except where such correspondence relates to a corporate proposal for which another Adviser is appointed) [deleted]~~
- (b) notify the Exchange immediately when it believes or becomes aware that a matter reported by it to the board of directors of its Sponsored Corporation has not been satisfactorily resolved resulting in a breach of these Requirements;
- (c) notify the Exchange if there is any change to its Qualified Senior Personnel;
- (d) notify the Exchange when it receives any written warning or disciplinary inquiry from any other regulatory authority; and
- (e) notify the Exchange of any material adverse change in its financial or operating position.

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4.16 Proposal by a Sponsored Corporation

- (1) Subject to sub-Rule (3) below, where a Sponsored Corporation undertakes a corporate proposal prescribed by the Exchange to require the services of an Adviser and the Sponsored Corporation appoints the Sponsor to act on its behalf, the Sponsor, having made reasonable due diligence enquiries (including complying with the SC's Guidelines on Due Diligence Conduct for Corporate Proposals, where applicable) and having considered all relevant matters, must do the following:
- (a) assess and be satisfied with the suitability and competency of other professionals and consultants involved in the corporate proposal;
 - (b) review ~~and approve~~ the Public Documents relating to the corporate proposal to ensure compliance with these Requirements;
 - (c) ensure that the execution of the corporate proposal is in compliance with these Requirements, guidelines issued by the relevant regulatory authorities and other applicable laws; and
 - (d) 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.
- (2) Where an Adviser is appointed to act on the corporate proposal prescribed by the Exchange to require the services of an Adviser by a listed corporation during or after the Sponsorship Period, the Adviser must review and be satisfied with the adequacy of disclosure set out in any Public Document to be submitted or disclosed by the listed corporation to the Exchange in relation to such corporate proposal. The Adviser must also comply with the following provisions, where applicable and with the necessary modifications:
- (a) sub-Rule (1) above;
 - (b) Rule 4.08;
 - (c) Rule 4.09(b);
 - (d) Rule 4.10;
 - (e) Rule 4.11;
 - (f) Rule 4.12(b);
 - (g) Rule 4.13;
 - (h) Rule 4.14; and
 - (i) Rule 4.15.
- (3) Where a Sponsored Corporation appoints another Adviser to undertake a corporate proposal during the Sponsorship Period, the Sponsor is not required to comply with sub-Rule (1) above.

[Cross reference: Guidance Note 19]

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[Draft for Consultation – 18 November 2014]

4.27 Review ~~and approval~~ of Public Document

- (1) A Sponsored Corporation must ensure that its Sponsor reviews ~~and approves~~ any Public Document to be submitted or disclosed by the Sponsored Corporation to the Exchange, to ensure compliance with these Requirements, except in relation to such matters or circumstances set out in Rule 4.10(1) above.
- (2) During the Sponsorship Period, a Sponsored Corporation must include a statement that its admission to the Official List was sponsored by the Sponsor in all its Public Document. The statement must be in print no smaller than the main text and positioned on the front page of the Public Document.

CHAPTER 6 – NEW ISSUE OF SECURITIES

APPENDIX 6B

Part A

Contents of circular in relation to a new issue of securities

(Rules 6.09(1) and 6.54(1))

- (1) [No change].
- (2) A statement that the circular has been reviewed ~~and approved~~ by the listed corporation's Sponsor or Adviser, as the case may be.
- (3)-(36) [No change].

CHAPTER 8 – CONTINUING LISTING OBLIGATIONS

8.06 Appointment of Adviser for proposals

- (1) A listed corporation must engage the services of an Adviser where it undertakes such corporate proposal or activity prescribed by the Exchange to require the services of an Adviser.

[Cross reference: Guidance Note 19]

- (2) A listed corporation must ensure that the circular or document in respect of such corporate proposal is prepared, and reviewed ~~and approved~~ by its Adviser before it is submitted to the Exchange for perusal issued to its securities holders.

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CHAPTER 10 – TRANSACTIONS**APPENDIX 10B****Contents of circular to shareholders in relation to transactions**

(Rules 10.07(1), 10.08(2)(a) and 10.11A(1)(c))

Part A**General information to be included, where applicable, in the circular to shareholders in relation to transactions**

- (1) [No change].
- (2) A statement that the circular has been reviewed ~~and approved~~ by the listed corporation's Sponsor or Adviser, as the case may be.
- (3)-(32) [No change].

CHAPTER 13 – ARRANGEMENTS AND RECONSTRUCTIONS**APPENDIX 13B****Contents of explanatory statement/circular in relation to the proposed Scheme**

(Rule 13.03(1))

- (1) [No change].
- (2) A statement that the explanatory statement/circular has been reviewed ~~and approved~~ by the listed corporation's Sponsor or Adviser, as the case may be.
- (3)-(17) [No change].

APPENDIX 13E**Contents of circular in relation to a proposed subdivision of shares**

(Rule 13.11(1))

- (1) [No change].
- (2) A statement that the circular has been reviewed ~~and approved~~ by the listed corporation's Sponsor or Adviser, as the case may be.
- (3)-(18) [No change].

APPENDIX 13F**Notice of subdivision of shares**

(Rule 13.11(2))

- (1) [No change].

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(2) A statement that the notice has been reviewed ~~and approved~~ by the listed corporation's Sponsor or Adviser, as the case may be.

(3)-(12) [No change].

CHAPTER 16 – SUSPENSION, DE-LISTING AND ENFORCEMENT

APPENDIX 16A

Part A

Contents of circular in relation to withdrawal of listing

(Rule 16.06(a))

(1) [No change].

(2) A statement that the circular has been reviewed ~~and approved~~ by the listed corporation's Sponsor or Adviser, as the case may be.

(3)-(8) [No change].

GUIDANCE NOTE 19

APPOINTMENT OF ADVISER FOR CORPORATE PROPOSALS

Details		Cross References
Effective date:	3 August 2009	Rules 4.16, 4.25 and 8.06
Revision date:	3 January 2012, <u>18 November 2014</u>	

1.0 Introduction

1.1 Rule 8.06 of the Listing Requirements provides as follows:

- (a) a listed corporation must engage the services of an Adviser where it undertakes such corporate proposal or activity prescribed by the Exchange to require the services of an Adviser; and
- (b) a listed corporation must ensure that the circular or document in respect of such corporate proposal is prepared and, reviewed ~~and approved~~ by its Adviser before it is submitted to the Exchange for perusal~~issued to its securities holders~~.

1.2 This Guidance Note sets out the corporate proposals where a listed corporation –

- (a) must appoint and engage the services of an Adviser; and
- (b) need not appoint an Adviser.

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- 1.3 A listed corporation must consult the Exchange if the corporate proposal undertaken by it does not fall under paragraphs 2.0 or 3.0 below, and appoint an Adviser for the corporate proposal if so required by the Exchange.
- 2.0 - 2.1 [No change].
- 3.0 - 3.1 [No change].

Proposal 2.6

Liberalising the sponsorship requirements by allowing a listed corporation to change its Sponsor, or a Sponsor to resign as a Sponsor, after 1 full financial year without the Exchange's approval

CHAPTER 4 – SPONSORS

4.19 Resignation and termination

Subject to Rule 4.18 above, the following provisions shall apply with respect to the resignation and termination of Sponsors:

- (a) A Sponsor must notify the Exchange seek the Exchange's approval when if it ~~intends to resign~~ as a Sponsor. Similarly, a Sponsored Corporation must notify the Exchange seek the Exchange's prior approval if when it ~~intends to~~ terminates the appointment of its Sponsor. The Sponsor or Sponsored Corporation must provide detailed reasons in its notification to the Exchange for its application.
- (b) ~~Generally, the Exchange will not grant its approval unless –~~
- ~~(i) — the Sponsored Corporation has found a replacement Sponsor; or~~
- ~~(ii) — there are exceptional circumstances which warrant the consideration of the Exchange. [Deleted].~~
- (c) ~~A Sponsored Corporation must immediately announce the decision of the Exchange on its application made under sub-Rule (a) above. [Deleted].~~
- (d) ~~Where the Exchange grants its approval under sub-Rule (b) above, the following applies: The Sponsor or Sponsored Corporation must provide sufficient notice for the resignation or termination as follows:~~
- (i) in the event of resignation of Sponsor, the Sponsor must give 3 months' notice in writing to the Sponsored Corporation and state its reasons for resignation in the notice; or
- (ii) in the event of the termination of Sponsor's appointment by the Sponsored Corporation, the Sponsored Corporation must give 3 months' notice in writing to its Sponsor and state its reasons for terminating the Sponsor's appointment in the notice.

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Proposal 2.7

Allowing the appointment of corporate finance advisers licensed by the SC to act as independent adviser in related party transactions, Major Disposal and voluntary withdrawal of listing

CHAPTER 10 – TRANSACTIONS

10.08 Related party transactions

- (1) [No change].
- (2) Subject to the provisions of sub-Rules (9) and (10) below, where any one of the percentage ratios of a related party transaction is 5% or more, in addition to sub-Rule (1), a listed corporation must -
- (a) ~~appoint an independent adviser and engage the services of a Sponsor or Adviser, as the case may be, before the terms of the transaction are agreed upon;~~
- ~~(b)~~ send a circular which includes the information set out in Appendix 10B and Appendix 10D to the shareholders. ~~The draft circular must be submitted to the Exchange for perusal together with a checklist showing compliance with Appendix 10B and Appendix 10D; and~~
- ~~(c)~~ obtain its shareholder approval of the transaction in a general meeting.
- ~~(c)~~ (i) ~~appoint an independent adviser; and~~
- ~~(ii) engage the services of a Sponsor or Adviser, as the case may be, before the terms of the transaction are agreed upon.~~
- (3) (a) The independent adviser referred to in sub-Rule 2(a)(e) above must -
- (iii) be a ~~person from the Register of Sponsors corporate finance adviser within the meaning of the SC's Principal Adviser Guidelines;~~ and
- (iv) if appointed during the Sponsorship Period, be a person other than the listed corporation's Sponsor.
- (b) The independent adviser must, in relation to the transaction -
- (i) comment as to -
- (aa) whether the transaction is fair and reasonable so far as the shareholders are concerned; and
- (bb) whether the transaction is to the detriment of minority shareholders; and
- such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion;

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- (ii) advise minority shareholders on whether they should vote in favour of the transaction; and
 - (iii) take all reasonable steps satisfy itself that it has a reasonable basis to make the comments and advice in sub-Rules (i) and (ii) above.
- (4) It is the duty and responsibility of the Sponsor or Adviser referred to in sub-Rule 2(~~ae~~)(~~ii~~) above to -
- (a) ensure that such transaction -
 - (i) is carried out on fair and reasonable terms and conditions, and not to the detriment of minority shareholders of the listed corporation; and
 - (ii) complies with the relevant laws, regulations or guidelines, where applicable;
~~and~~
 - (b) ensure full disclosure of all information required to be disclosed in the announcement and circular;~~;~~ ~~and~~
 - (c) submit a copy of the draft circular to the Exchange for perusal together with a checklist showing compliance with Appendix 10B and Appendix 10D.
- (5) – (8) [No change].
- (9) Where any one of the percentage ratios of a related party transaction entered into between a subsidiary of a listed corporation and another person, is 5% or more and there are no other interested relationships except for a related party having an interest in the transaction who is -
- (a) a director or major shareholder of such subsidiary or the holding company of such subsidiary (other than the listed corporation or the holding company of the listed corporation) (“said director” or “said major shareholder”); or
 - (b) a person connected with the said director or said major shareholder; the listed corporation is exempted from -
 - (i) appointing an independent adviser or engaging the service of a Sponsor or Adviser
 - (ii) issuing a circular to shareholders; ~~and~~
 - (iii) obtaining shareholder approval of the transaction in general meeting; ~~and~~
 - ~~(iii) appointing an independent adviser or engaging the service of a Sponsor or Adviser;~~
- provided that the board of directors of the listed corporation -
- (aa) approves the transaction before the terms of transaction are agreed upon; and
 - (bb) ensures that the transaction is fair and reasonable to the listed corporation, and is in the best interests of the listed corporation.
- (10)-(11) [No change].

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10.09 Recurrent Related Party Transactions

- (1) [No change].
- (2) A listed corporation may seek a mandate from its shareholders for Recurrent Related Party Transactions subject to the following:
- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
 - (b) the shareholder mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholder mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under sub-Rule (1) above;
 - (c) the listed corporation's circular to shareholders for the shareholder mandate includes the information as may be prescribed by the Exchange. The **draft** circular must be submitted to the Exchange together with a checklist showing compliance with such information;
 - (d) in a meeting to obtain a shareholder mandate, the interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution to approve the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and
 - (e) the listed corporation immediately announces to the Exchange when the actual value of a Recurrent Related Party Transaction entered into by the listed corporation, exceeds the estimated value of the Recurrent Related Party Transaction disclosed in the circular by 10% or more and must include the information as may be prescribed by the Exchange in its announcement.

[Cross reference: Guidance Note 8]

- (3) [No change].

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GUIDANCE NOTE 8

RECURRENT RELATED PARTY TRANSACTIONS

Details	Cross References
Effective date:	3 July 2006
Revision date:	Rules 10.08 and 10.09
	3 August 2009, 22 September 2011, 3 January 2012, <u>18</u> <u>November 2014</u>

1.0 [No change].

2.0 Application of Rules 10.08 and 10.09 of the Listing Requirements to Recurrent Related Party Transactions

2.1 In addition to the obligation to immediately announce of a related party transaction, Rule 10.08(2) of the Listing Requirements states that where any one of the percentage ratios of a related party transaction is 5% or more, a listed corporation must appoint an independent adviser and a Sponsor or Adviser, issue a circular to its shareholders, ~~and~~ obtain specific shareholder approval of the transaction, ~~appoint an independent adviser and a Sponsor or Adviser~~.

2.2-2.4 [No change].

3.0-4.0 [No change].

Annexure GN8-A [No change].

10.11A Major Disposal

(1) A listed corporation which intends to undertake a Major Disposal must:

- (a) appoint a Sponsor or Adviser, as the case may be, to be the main adviser, before the terms of the Major Disposal are agreed upon;
- (b) appoint an independent adviser;
- (c) include additional information set out in Part I of Appendix 10A and Appendix 10B respectively, in the announcement of the Major Disposal to the Exchange, and the circular issued to the shareholders; and
- (d) convene a general meeting and obtain shareholder approval of at least 75% in value of the shareholders present and voting either in person or by proxy at the meeting for such Major Disposal.

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- (2) The main adviser must, in relation to the Major Disposal -
- (a) ensure that the Major Disposal complies with the relevant laws, regulations or guidelines, where applicable; and
 - (b) ensure full disclosure of all information required to be disclosed in the announcement and circular.
- (3) (a) The independent adviser referred to in sub-Rule 1(b) above must -
- (i) be a ~~person from the Register of Sponsors corporate finance adviser within the meaning of the SC's Principal Adviser Guidelines~~; and
 - (ii) if appointed during the Sponsorship Period, be a person other than the listed corporation's Sponsor.
- (b) The independent adviser must, in relation to the Major Disposal –
- (i) comment as to whether the Major Disposal and its related proposals (if any) are fair and reasonable in so far as the shareholders are concerned. Such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion. In arriving at such opinion, the independent adviser should comply with the relevant provisions relating to an independent adviser's recommendation in Practice Note 15 – Independent Advice Circular issued by the SC pursuant to the Take-Overs and Mergers Code;
 - (ii) advise the shareholders on whether they should vote in favour of the Major Disposal and its related proposals (if any); and
 - (iii) take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in sub-Rules (i) and (ii) above.
- (4) If in the Exchange's opinion, an independent adviser is not independent, the Exchange may disallow such independent adviser to be appointed or continue to act as an independent adviser.

CHAPTER 16 – SUSPENSION, DE-LISTING AND ENFORCEMENT

16.06 Request for withdrawal

- (1) Subject to Rule 16.07, a listed corporation may not request to withdraw its listing from the Official List, unless -
- (a) the listed corporation convenes a general meeting to obtain its shareholder approval and a separate meeting for the approval of the holders of any other class of listed securities, if applicable, and the circular sent to the shareholders and the holders of any other class of listed securities includes the information set out in Part A of Appendix 16A. The circular must be submitted to the Exchange together with a checklist showing compliance with Part A of Appendix 16A;
 - (b) the resolution for the withdrawal of its listing is approved by a majority in number representing three fourths in value of the shareholders and holders of any other class of listed securities, if applicable, present and voting either in person or by proxy at the meetings and provided that such shareholders and holders of any other class of listed

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- securities who object to the withdrawal is not more than 10% of the value of the shareholders and holders of any other class of listed securities present and voting either in person or by proxy. Where the constituent document of the listed corporation imposes a stricter condition in respect of the votes required to approve the withdrawal of listing, such stricter condition will apply in substitution of the foregoing provision;
- (c) the shareholders and holders of any other class of listed securities, if applicable, are offered a reasonable cash alternative or other reasonable alternative (“**exit offer**”); and
- (d) the listed corporation appoints an independent adviser who is a corporate finance adviser within the meaning of the SC’s Principal Adviser Guidelines from the Register of Sponsors, which meets the approval of the independent directors, to advise and make recommendations for the consideration of the shareholders and holders of any other class of listed securities, if applicable, in connection with the withdrawal of its listing as well as the fairness and reasonableness of the exit offer.
- (2) The independent adviser appointed pursuant to sub-Rule (1)(d) above must -
- (a) comment as to whether the withdrawal of listing, as well as the exit offer are fair and reasonable in so far as the shareholders and holders of any other class of listed securities are concerned. Such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion. In arriving at such opinion, the independent adviser should comply with the relevant provisions relating to an independent adviser’s recommendation in Practice Note 15 – Independent Advice Circular issued by the SC pursuant to the Take-Overs and Mergers Code;
- (b) advise the shareholders and holders of any other class of listed securities on whether they should vote in favour of the withdrawal of listing and exit offer; and
- (c) take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in sub-Rules (a) and (b) above.
- (3) If in the Exchange’s opinion, an independent adviser is not independent, the Exchange may disallow such independent adviser to be appointed or continue to act as an independent adviser.

[End of Annexure B]