

Our Ref: SR/TYH/YYT(LACLA)/LD21/06

14 December 2006

Via email

**The Company Secretary
(Listed Issuers)**

Dear Sir/Madam

AMENDMENTS ON VARIOUS ENHANCEMENTS TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD

Please be notified that pursuant to section 9 of the Securities Industry Act 1983, amendments have been made to the Listing Requirements of Bursa Malaysia Securities Berhad ("LR") to enhance the LR in various aspects. The amendments to the LR (hereinafter collectively referred to as "the Amendments") are attached herewith as **Appendix 1**.

Essentially, the Amendments were made with the objectives to :-

- enhance the regulatory framework for listed issuers for greater effectiveness and efficiency;
- improve the quality and form of disclosure of material information and hence, enhance greater transparency to the market; and
- further promote the integrity and credibility of the market.

Key Amendments

The key Amendments are in the following respects:-

1. Revised Rights Issue Framework

- 1.1 A working group comprising representatives from Malaysian Investment Banking Association, the Securities Commission ("SC"), Bursa Securities, Share Registrars Association of Wilayah Persekutuan and Selangor and other relevant industry participants was set up to formulate a proposal to enhance the rights issue framework.
- 1.2 The result of the review are as follows:-
- (a) Shortening of time-to-market from the date of announcement of books closing date to the date of listing of rights securities;
 - (b) Shortening of time for registering an abridged prospectus by SC;
 - (c) Disclosure of indicative bases of excess rights shares application in the abridged prospectus and final allotment of excess rights shares to SC; and
 - (d) Enhanced disclosures both in the abridged prospectus and announcement of important relevant dates under the LR.
- 1.3 As a result of the revision of rights issue framework, a rights issue is expected to be completed within 33 market days from the date of announcement of the books closing date ("**Revised Rights Timeline**"), compared to the current 53 market days, representing a

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reduction of about 37.7%. The existing timeline for a rights issue and the Revised Rights Timeline are attached herewith as **Appendix 2** and **Appendix 3** respectively for ease of reference.

1.4 The key changes pertaining to the revised rights issue framework are as follows:-

- (a) Requiring a listed issuer to make an announcement of all the important relevant dates, simultaneously with the announcement of books closing date. A listed issuer is also required to announce any change to the dates;
- (b) Requiring a listed issuer to announce the books closing date for a rights issue not later than 10 market days from the books closing date, as opposed to the current 12 clear market days;
- (c) Reducing the period from the books closing date to the closing date for applications from 22 market days to 13 market days. Currently, at least 7 market days are provided for trading of rights. With the amendments, the same is now reduced to 5 market days only. Hence, investors now may have to act more promptly;
- (d) Requiring a listed issuer to give to Bursa Securities for public release (i.e. to be posted on the Bursa Malaysia web-site), a copy of the abridged prospectus in respect of a rights issue duly registered by the SC and lodged with the Registrar of Companies at least 2 market days before the commencement of trading of rights;
- (e) Reducing the period for processing of rights application, the allotment of rights securities and despatch of notices of allotment from 15 market days to 8 market days; and
- (f) Reducing the time frame for listing and quotation of all new issues of securities pursuant to Chapter 6 of the LR by 1 market day, i.e. from 2 clear market days to 2 market days after receipt of the application for quotation together with the requisite documents and/or confirmations and the same have been found to be complete in all respects. This is applicable to all new issues of securities, including rights issue, bonus issue, share scheme for employees, debt securities etc.

1.5 The Revised Rights Timeline, compared to the existing rights issue timeline and the total reduction of time are summarised in the table below for ease of reference:-

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No.	Event	Existing timeline (Market Days)	Revised Rights Timeline (Market Days)
1	Announcement of books closure date	T	T
2	Ex-Date	T + 11	T + 8
3	Book closure date	T + 13	T + 10
4	Furnishing Record of Depositors to Registrar	T + 14	T + 11
5	SC approves the registration of Abridged Prospectus	T + 15	T + 10
6	Announcement of important relevant dates	T + 15	T
7	Lodgement of Abridged Prospectus with Registrar of Companies	T + 15/16	T + 11
8	Issue of Abridged Prospectus & Rights Subscription Form	T + 18	T + 13
9	Crediting of Rights (PALs)	T + 19	T + 12
10	Trading of Rights starts	T + 20	T + 13
11	Trading of Rights closes	T + 27	T + 18
12	Last day of acceptance & payment for Rights Issue	T + 35	T + 23
13	Despatch of Notice of Allotment	T + 50	T + 31
14	Listing of & quotation for the Rights Shares	T + 53	T + 33

2. Reduction of timeframes for other corporate exercises

2.1 Following the enhanced rights issue framework as mentioned above, Bursa Securities also revised its requirements in respect of other corporate activities, including bonus issues and dividend payments as follows:-

- (a) Reducing the period for announcement of books closing date from T+13 (current) to T+10; and
- (b) Reducing the period for processing, allotment and despatch of notice of allotment of bonus issues, share scheme for employees, conversion or exercise from the current 10 market days to 8 market days.

2.2 In addition, the time frame for listing and quotation of subdivided shares has also been reduced from the current 2 clear market days to 2 market days, after receipt of the application for quotation together with the requisite documents and/or confirmations and the same have been found to be complete in all respects.

3. Enhancement of the Continuing Disclosure Obligations

In this regard, the key changes are as follows :-

- (a) Clarification and enhancement of the corporate disclosure policy, in particular :-

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- the requirement to make immediate disclosure of material information which is or is believed to have been inadvertently disclosed or has become generally available; and
 - limited circumstances where selective disclosure of material information to such persons where it is necessary towards achieving certain corporate objectives is permitted provided that the strictest confidentiality is maintained;
- (b) Where prospects and revenue or profit estimate, forecast or projection (collectively referred to as "Projections and Forecasts") or internal targets are issued, the listed issuer shall be required to make :-
- an immediate announcement of any circumstances or development which are likely to materially affect the results or outcome of the Projections and Forecasts or internal targets and give an explanation of the possible outcome arising from such circumstances or development; and
 - periodic announcements via the quarterly report on the listed issuer's progress and steps taken or proposed to be taken to achieve the Projections and Forecasts or internal targets and to provide the directors' opinion as to whether the Projections and Forecasts or internal targets are likely to be achieved.

In addition, in relation to the issuance of internal targets, the listed issuer must explain in the announcement the nature of the internal targets, namely that the information disclosed are merely internal management targets or aspirations set to be achieved by the company and not an estimate, forecast or projection and that the internal targets have not been reviewed by external auditors;

- (c) Removal of the requirement that the accounting bases and calculations of the revenue or profit estimate, forecast or projection and the assumptions thereto must be reviewed by external auditors except where such announcement is required to be made on an immediate basis;
- (d) Imposition of new immediate disclosure obligation on the decision to allocate excess securities in relation to a rights issue by the listed issuer and the basis of such allocation;
- (e) Clarification that the immediate disclosure requirement pertaining to valuation of assets is only required in relation to valuation of non-current assets of the group where the revaluation surplus or deficit will be incorporated in the financial statements of the listed issuer on a group basis;
- (f) Amendment to Paragraph 9.20 of the LR where an adviser is only required to make the immediate announcement on the listed issuer's behalf in respect of corporate proposals which require the SC's approval and/or appointment of the adviser pursuant to the various guidelines issued by the SC and/or under the LR;
- (g) Enhancements on the immediate disclosure requirements in relation to a real estate investment trusts;
- (h) Imposition of a new obligation on listed issuers to disclose their corporate social responsibility ("CSR") activities in their annual reports. The new provisions require the disclosure of the CSR activities or practices undertaken by the listed issuer and its subsidiaries or if no such activities or practices are undertaken, a statement to that effect is to be made in the annual report; and

- (i) Enhancements on the contents of quarterly and annual report for greater clarity.

4. Review of the requirements pertaining to Transactions and Related Party Transactions

In this regard, the key changes are as follows:-

- (a) Definition of related parties whereby:-
- (i) the threshold of major shareholder is now increased from the current 5% to 10% of the aggregate of the nominal amounts of all the voting shares in the company provided that the said shareholder is not the largest shareholder of the company; and
 - (ii) the inclusion of former directors and major shareholders in the definition of directors and major shareholders is now limited to directors and major shareholders within the preceding 6 months (as opposed to 12 months) from the date on which the terms of the transaction were agreed upon;
- (b) The obligations pertaining to transactions and related party transactions whereby in relation to :-
- (i) the requirement to make an immediate announcement:-
 - For related party transaction, an announcement is only required where any one of the percentage ratios is equal to or exceeds 0.25% provided that the value of the consideration given or received is more than RM250,000; and
 - For non-related party transaction, if the value of the consideration given or received is less than RM250,000, an announcement is not required even where any one of the percentage ratios is equal to or exceeds 5%;
 - (ii) on the requirement to procure shareholders' approval, such approval is not required for related party transactions and non-related party transactions where the value of the consideration given or received is less than RM250,000;
 - (iii) related party transactions which trigger a percentage ratio of 5% or more but less than 25%, the independent adviser must be a corporate finance adviser as approved by the SC;
- (c) In respect of the obligations to make immediate disclosure of recurrent related party transactions, the threshold has now been increased for issuers with issued and paid-up capital of RM60 million and above;
- (d) The list of transactions not normally regarded as related party transactions under paragraph 10.08(9) has now been expanded to include the following transactions:-
- (i) Provision of financial assistance or services by insurance companies, banks and financial institutions which are subject to supervision by Bank Negara Malaysia;
 - (ii) Subscription to or acquisition of debt securities and/or redeemable preference shares issued by or on behalf of the Government of Malaysia,

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Bank Negara Malaysia and/or a State Government by a listed company or its unlisted subsidiaries; and

- (iii) Common directorships with shareholdings of less than 1% in the other party; and
- (e) Clarifications and amendments pertaining to paragraph 10.03 including computation of certain percentage ratios in relation to acquisitions and disposals of equity interest in a corporation by listed issuers.

5. Review of listing fees

5.1 The principal objective of the listing fee amendments is to put into effect the revised listing fee structure approved by the SC in relation to the initial, additional and annual listing fees imposed in respect of shares ("Fees"). The Fees, which were last reviewed in 1991 for the Main Board and Second Board, were revised to better reflect the value of listing on Bursa Securities and to take into consideration the current cost of delivering services.

5.2 The key changes include:

- (a) Removing the segregation between the Fees imposed on Main Board and Second Board issuers by providing a single listing fee structure applicable to both;
- (b) Replacing the basis for calculation of the Fees from the previous basis of nominal value of the issuer's issued capital with a new method of calculation based on a prescribed percentage of the total market value of the issued capital of the listed issuer or of the securities listed, as the case may be;
- (c) Revising the minimum and maximum amount of the Fees payable;
- (d) Imposing late payment charges on any late payment of fees; and
- (e) Requiring that details of the computation of the Fees be submitted to Bursa Securities.

6. Other key enhancements

6.1 The other key enhancements made to the LR are as follows:-

- (a) Removing the requirement of a statutory declaration in the form of Appendix 15A in relation to restriction on directorships, which is required to be filed with Bursa Securities within 14 days from the date of appointment as a director;
- (b) Permitting confirmation in writing by an adviser of the listed company (i.e. a merchant bank or participating organisation), as an alternative to the confirmation by the external auditors, when a listed issuer adjusts the price or number of shares to be issued under a share scheme for employees (other than a bonus issue);
- (c) Requiring the articles of association of a listed issuer to contain an article to the effect that each holder of an ordinary share and each holder of a preference share who has a right to vote, must be entitled to 1 vote;

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- (d) Removing Practice Note No 8/2001 in its entirety, and replacing it with an electronic template provided via Bursa LINK, which template sets out the contents of the semi annual returns;
- (e) Prescribing requirements that allow listed issuers to issue annual reports in the form of CD-ROM, subject to the conditions set out under the LR. This is to reflect the existing procedures that have been prescribed by Bursa Securities;
- (f) Allowing a listed issuer to fill the vacancy within 3 months in the event of any vacancy in the board of directors, in order to comply with paragraph 15.02 of the LR; and
- (g) Prescribing a new requirement that a listed issuer must ensure that no person is appointed or allowed to act as a director or be involved in the management of the company if he is convicted by a court of law in relation to certain offences, within 5 years from the conviction or if sentenced to imprisonment, from the date of release from prison, as the case may be.

Implementation

With the exception of the amendments stated in the table below, the Amendments shall take effect from **15 January 2007**. The listed issuers are given up to the various dates set out below to ensure compliance with the specified provisions.

Amended provisions	Effective date/Periods for compliance
Appendix 3A, Part C – application for quotation Appendix 3E – transfer application Appendix 4B, Part C – application for quotation of a real estate investment trust Paragraph 6.03, Appendix 6A, Part C - application for quotation of a new issue of securities	Listed issuers must ensure that all their applications for quotation or transfer specified in the left column submitted to Bursa Securities on or after 15 January 2007 shall comply with the provisions specified in the left column. Amended paragraph 6.03(j) shall apply to these cases.
Paragraph 6.03(2) – announcement of failure to make submission of new issue of securities to the Securities Commission and or Bursa Securities	Listed issuers which make an announcement of a new issue of securities incorporating the contents specified under Appendix 6B of the LR (“ the said Announcement ”) on or after 15 January 2007 must comply with this requirement. A listed issuer which made the said Announcement prior to 15 January 2007 must make the announcement pursuant to the amended paragraph 6.03(2) on 15 January 2007 if such listed issuer has - (a) exceeded the estimated time frame for submission

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Amended provisions	Effective date/Periods for compliance
	of the application to the relevant authorities as announced earlier; and (b) has yet to make such submission to the relevant authorities as at 15 January 2007.
Amendments relating to books closing date – paragraphs 6.18, 6.28 and 9.19(1)	Listed issuers must ensure that all announcements of books closing date made by a listed issuer on or after 15 January 2007 (“ BCD Announcements ”) comply with the Amendments. All other relevant changes comprised in the Amendments shall apply to the corporate action announced via the BCD Announcements. Thus, for example, if the BCD Announcement pertains to a rights issue, the Revised Rights Timeline shall apply (namely, amended paragraphs 6.03, 6.20, 6.21, 6.22A, 6.23 and 6.25).
Paragraph 6.32 – processing share scheme for employees	All notices of the exercise of the option received by listed issuers on or after 15 January 2007 .
Paragraph 6.44 – processing conversion or exercise	All subscription forms of conversion or exercise received by listed issuers on or after 15 January 2007 .
Amendments to Chapter 7 – Articles of Associations	All listed issuers are required to amend their articles of association to comply with this chapter no later than 15 January 2008 .
Appendix 9B – Enhanced disclosures in the quarterly report	All listed issuers must ensure that the quarterly report for the financial periods ending on or after 31 January 2007 comply with enhanced disclosures in Appendix 9B.
Appendix 9C - Disclosure on CSR activities	All listed issuers are required to disclose their CSR activities in compliance with the CSR requirements, in their annual reports issued in respect of financial years ending on or after 31 December 2007 . Nonetheless, all listed issuers are encouraged to make the CSR disclosures pursuant to the CSR amendments on a voluntary basis in respect of their annual reports for the financial years ending before 31 December 2007.
Appendix 9C – Other enhanced disclosures in the annual report	All listed issuers must ensure that their annual report for the financial years ending on or after 31 January 2007 include the other enhanced disclosures in Appendix 9C.
New eligibility requirement for independent adviser in relation to related party transaction which triggers a percentage ratio of less than 25%	All listed issuers must ensure that the independent adviser appointed on or after 15 January 2007 complies with this requirement.
Listing Fee Amendments	The revised Fees are to take effect from 1 January 2007 . As a transitional measure, in respect of the Fees

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Amended provisions	Effective date/Periods for compliance
	payable in 2007, a rebate of 50% will be given on any Fee increase incurred as a result of the Listing Fees Amendments, compared to the amount of Fees that would have previously been payable prior to the implementation of the Listing Fees Amendments. Thereafter, from 1 January 2008 onwards, the revised Fees will be payable in full.

Additional information

A copy of Questions and Answers pertaining to the above is attached as **Appendix 4**, to facilitate compliance by companies.

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

For further information or any enquiries on the said Amendments, kindly contact:-

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Thank you.

Yours faithfully



SELVARANY RASIAH
 Chief Legal Officer

Encl.