

Our Ref: IS/ET(ro)/LD03/17 [LR application arising from CA 2016]

2 February 2017

The Company Secretary
(Listed Corporations)

Via email

Dear Sir/Madam,

**APPLICATION OF THE ACE MARKET LISTING REQUIREMENTS ARISING FROM
THE NEW COMPANIES ACT 2016**

1. BACKGROUND

- 1.1 The Companies Act 2016 ("CA 2016") was gazetted on 15 September 2016 and came into effect on 31 January 2017 (with the exception of section 241 and Division 8, Part III).
- 1.2 Consequential to the CA 2016, Bursa Malaysia Securities Berhad ("the Exchange") will be amending the ACE Market Listing Requirements ("ACE LR") and consulting the market on the proposed changes to the ACE LR ("Consultation on CA"). In the meantime, we have set out below, the application of key provisions of the ACE LR that are affected by the CA 2016.

2. APPLICATION OF THE KEY PROVISIONS OF THE ACE LR

No par value

- 2.1 One of the key changes introduced under the CA 2016 is the abolishment of the par value for shares. Arising from the migration to no par value regime, concepts such as –
- (a) par or nominal value, authorised capital, share premium, capital redemption reserve and share discounts are no longer relevant; and
 - (b) paid-up capital, issued capital and partly paid shares are still relevant although they will now refer to the total consideration paid or agreed to be paid for the shares issued, instead of being based on the nominal or par value of the shares.

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2.2 In view of the above, application of the affected key ACE LR provisions should be as follows:

No.	Application	Examples of Affected Provisions
(a)	<p>Application based on <u>number</u> of issued shares</p> <p>References to the “nominal value or amount” of shares or the “issued share capital” or “issued and paid-up capital” should now be taken to refer to the total number of issued shares or the total number of voting shares, as the case may be.</p> <p>This applies to the calculation of percentage thresholds, changes in shareholding interests or entitlements in a listed corporation.</p>	<ul style="list-style-type: none"> • Rule 1.01 - definition of “major shareholder” • Rule 3.15(3) • Rule 4.08 • Rules 6.04(1); 6.22(2)(a); 6.38(3)(b); 6.39; 6.46C(4)(a); 6.51; and Appendix 6B, Part A, paragraph 21(b) • Rules 8.14 and 8.15 • Rules 9.19(26) and (27); and Appendix 9A, Part G, paragraph (b) • Rule 10.02(g)(iv) • Rule 12.09 • Appendix 13C, Part A, paragraph 2(c); Appendix 13D, paragraph 5(a); and Appendix 13E, paragraph 11(a) • Guidance Note 9, paragraph 3.2(a)
(b)	<p>Application based on the <u>number</u> of issued ordinary shares</p> <p>References to “enlarged issued and paid up capital” or “nominal issued and paid up ordinary share capital” or “enlarged issued and paid up ordinary share capital” should now be taken to refer to the total number of issued ordinary shares assuming full conversion or exercise of convertible securities owned by the promoters, if any.</p> <p>This applies to the moratorium requirements imposed on promoters of an applicant seeking listing on the ACE Market.</p>	<ul style="list-style-type: none"> • Rules 3.13(3); 3.19(1)(b) and (e)

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No.	Application	Examples of Affected Provisions
(c)	<p><i>Application based on share capital in terms of <u>value</u></i></p> <p>References to “<i>issued and paid up capital</i>” should now be taken to refer to the share capital or issued share capital.</p> <p>This applies to the following:</p> <ul style="list-style-type: none"> • relevant disclosures made in connection with a corporate proposal or transaction; • determination of whether the announcement requirement in relation to a Recurrent Related Party Transaction is triggered; • determination of the adequacy of the listed corporation’s level of operations; and • determination of whether the listed corporation’s financial condition warrants continued trading or listing. 	<ul style="list-style-type: none"> • Appendix 6A, Part A, paragraph 9(a); and Appendix 6B, Part A, paragraph 17(a) • Appendix 8E • Appendix 10B, Part A, paragraph 29(d)(iii) • Guidance Note 13, paragraphs 2.3(a) and 4.2(a); Annexure GN15-A, Part A, paragraphs 4E, 4F(d) and 5G; and Part B, paragraph 1(d) under the heading “Particulars” • Rule 10.09(1) • Rule 8.03A(7)(b) • Rule 13.05(b) • Guidance Note 3, paragraphs 2.1(a), (b), (c)(iii) and (g)
(d)	<p><i>Application based on share capital in terms of <u>value and number</u></i></p> <p>References to “<i>authorised capital</i>” or “<i>issued and paid-up capital</i>” should now be taken to refer to the share capital and number of issued shares.</p> <p>This is for purposes of disclosures made in connection with a corporate proposal or transaction.</p>	<ul style="list-style-type: none"> • Appendix 10A, Part A, paragraph 6(c)(v); and Part B, paragraph 3 • Appendix 10B, Part A, paragraph 29(b); and Part B, paragraphs 2 and 5 • Guidance Note 15, paragraph 8.2(b) • Guidance Note 17, paragraph 12.2(d); and Annexure GN17-B, Part C, paragraph 1(a)

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Share buy-back

- 2.3 As share premium is no longer relevant under the CA 2016, a listed corporation must ensure that the proposed purchase(s) of its own shares is made wholly out of retained profits only.

Constitution of a company

- 2.4 Under section 619(3) of the CA 2016, the memorandum and articles of association of an existing company shall continue to have effect as if made or adopted under the CA 2016 unless otherwise resolved by the company. Listed corporations, however, are required to continue to maintain a constitution pursuant to the ACE LR. Chapter 7 of the ACE LR which currently sets out the provisions that listed corporations are required to incorporate in their articles of association may, however, be reviewed as part of the Consultation on CA.

Electronic communications with shareholders

- 2.5 Under the CA 2016, companies are now allowed to communicate with their shareholders through electronic means. In this regard, the Exchange is in the midst of developing a framework to facilitate electronic communication and will be consulting the market on the same. In the meantime, if a listed corporation intends to implement electronic communication prior to the issuance of the relevant rule changes, it should consult the Exchange.

Announcements relating to shareholdings and share buy-back

- 2.6 Pending changes to the Bursa LINK templates, listed corporations should continue to use the existing templates for announcements of changes to interests in shareholdings as well as share buy-back related activities.

References in the Companies Act 1965

- 2.7 In view of Rule 1.09(4) of the ACE LR, references in the ACE LR to specific sections of the Companies Act 1965 will be construed as references to the corresponding sections in the CA 2016.

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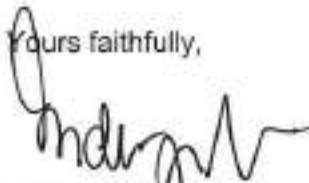
3. CONTACT PERSONS

If you have any queries on the above or the application of the ACE LR consequential to the CA 2016, please do not hesitate to contact the following persons from Listing Advisory & Development, Listing Division at 03-2034 7766:

- (a) Ms. Tiffany Yan Wei Mee;
- (b) Pn. Razalina Suriati Abdullah; or
- (c) Ms. Sim Wai Ling.

Thank you.

Yours faithfully,



Inderjit Singh
Senior Executive Vice President
Listing Division
Regulation