

Ref. No.: RPA/JH/TAC/RO(hm)/LD07/24 [New Issue of Securities & Other Areas]

29 November 2024

The Company Secretary
(Listed Corporations)

Via email

Dear Sir/Madam,

AMENDMENTS TO BURSA MALAYSIA SECURITIES BERHAD ACE MARKET LISTING REQUIREMENTS ("ACE LR") IN RELATION TO NEW ISSUE OF SECURITIES AND OTHER AREAS

1. INTRODUCTION

- 1.1 Pursuant to section 9 of the Capital Markets and Services Act 2007 ("**CMSA**"), Bursa Malaysia Securities Berhad ("**the Exchange**") has made amendments to the ACE LR (the "**Amendments**") in relation to new issue of securities and other areas.

2. BACKGROUND & OBJECTIVES

- 2.1 We regularly review the Listing Requirements from time to time to ensure that our rules remain fit for purpose in line with ongoing developments in the capital market landscape as well as to promote investor confidence.
- 2.2 In this review, we focus on two primary areas. Firstly, enhancing transparency in the ACE LR to address issues we observed in relation to fund-raising activities as well as the Employee Share Scheme¹ framework and secondly, enhancing remuneration disclosures of chief executives. We are also refining the ACE LR to codify current practices as well as improve clarity, where appropriate.

3. THE AMENDMENTS

- 3.1 Accordingly, the Exchange made the following key amendments to the ACE LR:
- 3.1.1 enhancing transparency on fund-raising exercises involving new issue of securities as follows:

¹ This refers to either a scheme involving a new issuance of shares to the employees ("**Share Issuance Scheme**"), a scheme involving the grant of a listed corporation's existing shares to employees ("**Share Grant Scheme**") or both under Rule 1.01 of the ACE LR.

AMENDMENTS TO THE ACE LR IN RELATION TO NEW ISSUE OF SECURITIES AND OTHER AREAS

- (a) in the case of placement exercises –
 - (i) requiring quarterly announcements on details of placement exercises which are implemented on a staggered basis [/Rule 6.08\(2\)\(b\) of the ACE LR/](#);
 - (ii) requiring submission of the following information to Bursa Malaysia Securities Berhad ("**Exchange**") [/Rules 3.15\(7\) and 6.16 of the ACE LR/](#):
 - (aa) information on the placee's source of funds to subscribe the placement securities and details of the ultimate beneficial owner of the placement securities; and
 - (bb) confirmation by the Sponsor, Adviser or Recognised Approved Adviser, as the case may be, that the subscription by each placee commensurate with the placee's financial standing; and
- (b) in the case of new issue of securities for fund-raising purposes –
 - (i) requiring quarterly announcements on the status and details relating to the projects, initiatives, and purposes funded by proceeds raised and how unutilised proceeds are dealt with [/Rule 6.08A of the ACE LR/](#);
 - (ii) requiring disclosures of the status of any equity fund-raising exercises undertaken where the proceeds raised have yet to be fully utilised in immediate announcement and circular to shareholders [/Rule 6.08\(1\) read together with paragraph 14 in Part A of Appendix 6A and Rule 6.09\(1\) read together with paragraph 22 in Part A of Appendix 6B of the ACE LR/](#);

3.1.2 enhancing the framework for Employee Share Scheme by –

- (a) subjecting the total number of shares granted under a Share Grant Scheme to the threshold of not more than 30% of the listed corporation's total number of issued shares (excluding treasury shares) at any one time, collectively with the Share Issuance Scheme [/Rule 8.21 of the ACE LR/](#); and
- (b) enhancing disclosure of Employee Share Scheme in annual report in relation to aggregate options or shares granted, exercised, vested or remained outstanding, based on categories of participants [/Rule 9.25 read together with paragraph 28 in Part A, Appendix 9C of the ACE LR/](#);

3.1.3 enhancing the remuneration disclosures in annual reports for chief executives of listed corporations on a named basis [/Rule 9.25 read together with paragraph 12 in Part A of Appendix 9C of the ACE LR/](#); and

3.1.4 enhancing the ACE LR in other areas to address issues or gaps in the market and ensure the ACE LR remains balanced, clear, relevant and updated such as –

AMENDMENTS TO THE ACE LR IN RELATION TO NEW ISSUE OF SECURITIES AND OTHER AREAS

- (a) extending the 50% limit² currently imposed for an exercise or conversion of convertible equity securities, to convertible debt securities *IRule 6.51 of the ACE LR*;
- (b) disallowing an affected listed corporation³ and a GN3 Company⁴ from undertaking interim corporate proposals pending regularisation of its condition, unless allowed by the Exchange in exceptional circumstances *IRules 8.03A(3A) and 8.04(3A) of the ACE LR*;
- (c) requiring adherence to chain listing requirements if a listed corporation wishes to list its subsidiaries on a foreign stock exchange *IRule 8.26 of the ACE LR*; and
- (d) clarifying the requirements relating to the appointment of a special auditor *IRule 2.24 of the ACE LR*.

4. **FULL TEXT OF THE AMENDMENTS**

4.1 The full text of the Amendments is attached in **Appendix 1**. For ease of reference, 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.

5. **IMPLEMENTATION**

5.1 The Amendments take effect on the implementation dates as specified in the table below:

No.	Amendments	Implementation Date(s)
(a)	<u>Admission</u> Amendments in relation to submission of additional information to the Exchange relating to placees and the ultimate beneficial owners, at admission <i>IRule 3.15(7) of the ACE LR</i> .	Applicable to initial listing applications submitted to the Exchange on or after 2 January 2025 involving placement of securities

² This refers to the limit not exceeding 50% of the total number of its issued shares under Rule 6.51 of the ACE LR.

³ This refers to a listed corporation which does not have a level of operations that is adequate to warrant continued trading or listing on the Exchange or which has an insignificant business or operations under Rule 8.03A of the ACE LR.

⁴ This refers to a listed corporation which has triggered any of the prescribed criteria in relation to its financial condition under Rule 8.04 of the LR.

AMENDMENTS TO THE ACE LR IN RELATION TO NEW ISSUE OF SECURITIES AND OTHER AREAS

No.	Amendments	Implementation Date(s)
(b)	<u>Secondary Fundraisings</u> Amendments in relation to: (i) quarterly announcement on details of placement exercises implemented on a staggered basis [Rule 6.08(2)(b) of the ACE LR]; (ii) submission of additional information to the Exchange relating to placees and the ultimate beneficial owners [Rule 6.16 of the ACE LR]; (iii) quarterly announcements on the status and details relating to the projects, initiatives, and purposes funded by proceeds raised and how unutilised proceeds are dealt with [Rule 6.08A of the ACE LR]; and (iv) disclosures of the status of equity fund-raising exercises undertaken where the proceeds raised have yet to be fully utilised in immediate announcement and circular to shareholders [Rule 6.08(1) read together with paragraph 14 in Part A of Appendix 6A and Rule 6.09(1) read together with paragraph 22 in Part A of Appendix 6B of the ACE LR];	Applicable to corporate exercises involving new issue of securities announced on or after 2 January 2025
(c)	Amendments relating to the imposition of the 30% limit to Share Grant Schemes [Rule 8.21 of the ACE LR]	Applicable to Employee Share Schemes announced on or after 2 January 2025
(d)	Amendments relating to the extension of the 50% limit to convertible debt securities [Rule 6.51 of the ACE LR] .	Applicable to corporate exercises involving issuance of convertible securities announced on or after 2 January 2025

AMENDMENTS TO THE ACE LR IN RELATION TO NEW ISSUE OF SECURITIES AND OTHER AREAS

No.	Amendments	Implementation Date(s)
(e)	Amendments in relation to disclosure in annual reports on: - Employee Share Scheme in relation to aggregate options or shares granted, exercised, vested or remained outstanding, based on categories of participants <i>[Rule 9.25 read together with paragraph 28 in Part A, Appendix 9C of the ACE LR]</i>; and - remuneration disclosures for chief executives of listed corporations on a named basis <i>[Rule 9.25 read together with paragraph 12 in Part A of Appendix 9C, of the ACE LR]</i>.	Applicable to annual reports issued for financial year ending on or after 31 December 2024 onwards
(f)	All other Amendments not specifically mentioned in paragraphs (a) to (e) of this table above.	2 January 2025 onwards

6. ADDITIONAL INFORMATION

- 6.1 In addition, we have also provided "Questions and Answers" in relation to the Amendments as set out in **Appendix 2** to facilitate better understanding of, and compliance with, the Amendments.
- 6.2 We have also taken the opportunity to update the Issuers Communication Note No. 1/2023 - Guidance on Conflict of Interest by providing "Questions and Answers" to clarify expectations on conflicted directors. This is enclosed as **Appendix 3**.
- 6.3 The documents above are also available at Bursa Malaysia Berhad's website as follows:
- (a) this letter as well as Appendices 1, 2 and 3:

https://www.bursamalaysia.com/regulation/listing_requirements/ace_market/amendments_to_listing_requirements

- (b) the updated Issuers Communication Note No. 1/2023 - Guidance on Conflict of Interest together with the Questions and Answers:

https://www.bursamalaysia.com/regulation/communication_notes_guides

AMENDMENTS TO THE ACE LR IN RELATION TO NEW ISSUE OF SECURITIES AND OTHER AREAS

6.4 If you have any queries on the above, please do not hesitate to contact Listing Advisory & Development, Listing Division at 03-20347766 or submit your enquiry via <https://asklisting.bursamalaysia.com>.

Thank you.

Yours faithfully,



REGULATION

Encl. (3)

TAC/RO/hm/ss