APPENDIX 2

QUESTIONS AND ANSWERS

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

CHAPTER 2 – GENERAL

Special auditor

2.27 Must a listed corporation only appoint an auditor as defined under Rule 1.01 of the ACE LR[1] as the special auditor under Rule 2.24 of the ACE LR?

No. The requirement under Rule 2.24(2) of the ACE LR is not limited to just an auditor who is a registered auditor or recognised auditor under section 31O of the Securities Commission Malaysia Act 1993. A listed corporation may appoint any person with the relevant expertise on the subject matter under review or investigation as the special auditor.

2.28 What should a listed corporation consider when assessing whether the person appointed as a special auditor has the relevant expertise on the subject matter under review or investigation pursuant to Rule 2.24(2) of the ACE LR?

When considering whether a person has the relevant experience on the subject matter under review or investigation, a listed corporation may, among others, take into account the person's requisite industry knowledge, competence, and work experience on such subject matter.

CHAPTER 6 – NEW ISSUE OF SECURITIES

Quarterly announcements in relation to placement exercise on staggered basis and additional details relating to utilisation of proceeds

6.14A The facts in relation to the illustration below are as follows:

- **On 6 January 2025, *E Bhd* announces that it is undertaking a proposed private placement of 100 million new ordinary shares representing up to 10% of its issued share capital to be issued in stages over a period of time. Based on the indicative issue price of RM0.185 per placement share, the proposed private placement is expected to raise gross proceeds of approximately RM18.5 million. *E Bhd* intends to utilise the proceeds from the proposed private placement as follows:**

[1] This refers to an auditor who is registered as a registered auditor or recognised as a recognised auditor under section 31O of the Securities Commission Malaysia Act 1993.

Purpose	Proposed Utilisation (RM'000)	Estimated timeframe for utilisation
(i) Repayment of bank borrowings	5,000	4 months
(ii) Land acquisition and construction of workers' quarters	13,500	18 months

- *E Bhd* has a financial year ending 31 December.

- On 5 May 2025, *E Bhd* issues 50 million placement shares at RM0.18 each as the first stage of the placement exercise. Upon placement, *E Bhd* immediately announces the number and issue price of the placement securities. Out of the RM9 million proceeds raised, *E Bhd* utilises RM5 million to repay its bank borrowings in full. The remaining proceeds of RM4 million earmarked for the land acquisition and construction of workers' quarters are invested in a unit trust scheme managed by a licensed fund manager pending utilisation.

- On 6 August 2025, *E Bhd* issues another 50 million placement shares at RM 0.19 each amounting to the balance of the placement shares. Upon placement, *E Bhd* immediately announces the number and issue price of the placement securities. The entire RM9.5 million proceeds raised are kept in an interest-bearing deposit account with a licensed financial institution pending utilisation for the land acquisition and construction of workers' quarters.

- On 15 October 2025, *E Bhd* enters into a sale and purchase agreement for the acquisition of a parcel of land for the purpose of the workers' quarters at a purchase consideration of RM8 million.

- In May 2026, the remaining RM5.5 million proceeds are utilised to complete the construction of the workers' quarters. With this, the entire proceeds raised from this placement exercise are fully utilised.

(a) Rule 6.08(2)(b) of the ACE LR stipulates that where a listed corporation is undertaking an issuance and placement of securities in stages over a period of time, the listed corporation must, upon placement of the securities, commencing from the first placement until completion of the placement, announce the following information on a quarterly basis in respect of each staggered issuance, simultaneously with the announcement of the quarterly report -

- the price-fixing date and issuance date;

- the number of securities issued and allotted;

- the issue price and basis of determining the issue price; and

- **the aggregate number of securities issued and allotted pursuant to the placement at the end of each quarter.**

Based on the facts above, how does *E Bhd* comply with this requirement?

As there is no issuance of placement securities in the first quarter of 2025, *E Bhd* must make its first quarterly announcement simultaneously with the announcement of its second quarterly report for the financial period ending 30 June 2025 as follows:

Quarter period	Tranche	Price-fixing date	Issuance date	No. of shares issued & allotted	Issue price & basis
Quarter ended 30 June 2025	First	14 April 2025	5 May 2025	50,000,000	RM0.18[1]
Total No. of Shares Issued & Allotted				**50,000,000**	

Note (1) Represents discount of 10% to the 5-day volume weighted average market price of the shares immediately preceding the price-fixing date of RM0.20.

In the next quarterly announcement simultaneously with its third quarterly report for the period ending 30 September 2025, *E Bhd* must disclose the prescribed information for the following stage as follows:

Quarter period	Tranche	Price-fixing date	Issuance date	No. of shares issued & allotted	Issue price & basis
Quarter ended 30 June 2025	First	14 April 2025	5 May 2025	50,000,000	RM0.18[1]
Quarter ended 30 September 2025	Second & Final	17 July 2025	6 August 2025	50,000,000	RM0.19[2]
Total No. of Shares Issued & Allotted				**100,000,000**	

Notes:

(1) Represents discount of 10% to the 5-day volume weighted average market price of the shares immediately preceding the price-fixing date of RM0.20.

(2) Represents discount of 10% to the 5-day volume weighted average market price of the shares immediately preceding the price-fixing date of RM0.21.

E Bhd must also immediately announce the completion of the placement exercise under Rule 9.19(47)(g) of the ACE LR on the issuance date of the final tranche of placement exercise i.e. 6 August 2025. After this, no further quarterly announcement under Rule 6.08(2)(b) of the ACE LR is required.

(b) In the case of a new issue of securities for fund-raising purposes, a listed corporation must, under Rule 6.08A(1) and (2) of the ACE LR, announce, simultaneously with the announcement of the quarterly report, the status and details relating to utilisation of proceeds on a quarterly basis and must include the following: -

- **the details of the projects, initiatives or purposes funded by the proceeds, together with their status or progress; and**
- **the unutilised proceeds, if any, including how the listed corporation has dealt with such proceeds pending utilisation.**

Based on the same facts as Question 6.14A above, what is *E Bhd* expected to disclose pursuant to Rule 6.08A of the ACE LR?

E Bhd must disclose information which provides shareholders with greater insights on the utilisation of the funds raised and include the description, particulars and key milestones of the projects, initiatives or purpose funded by the proceeds raised.

Hence, in announcing the details of the initiatives or purposes funded by the proceeds together with the status or progress, *E Bhd* should, as a minimum, disclose the following:

- with regard to the repayment of bank borrowings in Question 6.14A(i) above, the announcement should include information on the bank borrowings such as the types of banking facilities and the interest rate; and
- with regard to the land acquisition and construction of workers' quarters in Question 6.14A(ii) above, the announcement should include the location of the land and status of the acquisition, status of relevant approvals required and stages of construction such as commencement of construction works or percentage of completion of the construction.

As for how the unutilised proceeds are dealt with, *E Bhd* is required to disclose that RM4 million from the proceeds are invested in a unit trust scheme managed by a licensed fund manager and that RM9.5 million of the proceeds are kept in an interest-bearing account maintained with a licensed financial institution.

E Bhd must make its first quarterly announcement pertaining to the utilisation of the proceeds above simultaneously with the announcement of its second quarterly report since the proceeds were raised in May 2025 and continue to provide quarterly announcements until the proceeds are fully utilised.

After *E Bhd* has fully utilised the proceeds in May 2026, *E Bhd* must make the final announcement on this simultaneously with the second quarterly report in 2026. After that, *E Bhd* is no longer required to provide the quarterly updates as per Rule 6.08A(3) of the ACE LR.

Requirements relating to placement

6.15A Under Rule 6.16(1)(a)(vi) of the ACE LR, the Sponsor, Adviser or Recognised Approved Adviser must submit to the Exchange, among others, details of the source of funds for the payment of the securities placed to each placee, as part of the final list of placees' details ("placees' list"). In this regard, what are the details that the Sponsor, Adviser or Recognised Approved Adviser must provide in the placees list?

A Sponsor, Adviser or Recognised Approved Adviser is required to disclose and confirm how the placees intend to fund the subscription of the placement securities. For example, whether it is from the placee's personal funds or savings, or any credit facilities, loan or borrowings obtained from a bank, financial institution or third party.

6.15B Under Rule 6.16(1)(b)(ii) of the ACE LR, the Sponsor, Adviser or Recognised Approved Adviser must confirm that to the best of its knowledge and belief, after having taken all reasonable steps and made all reasonable inquiries, the subscription by each placee commensurate with the placee's financial standing.

(a) What does placee's "financial standing" refer to?

Placee's financial standing refers to the financial strength, financial rating, status or net worth of the placee as evidenced through, among others, the placees' assets and liabilities, savings in bank accounts, record of salary payments, income or revenue and etc.

(b) What is expected from a Sponsor, Adviser or Recognised Approved Adviser when providing the confirmation that the subscription by each placee commensurate with the placee's financial standing?

The Sponsor, Adviser or Recognised Approved Adviser, being the key adviser for the placement exercise, is responsible for the listing application and submission of information to the Exchange. This includes conducting due diligence over the placees. Based on the customer due diligence findings and other details of the placee provided as part of the placees list (such as the source of funds, occupation/principal activities, income etc), the Sponsor, Adviser or Recognised Approved Adviser must assess and determine whether the placee has the capacity to subscribe for the placement securities as well as whether the subscription by the placee is reasonable or appropriate with reference to the placee's financial standing. This is to ensure the genuineness and independence of the placees.

6.15C Under Rule 6.16(1)(a)(viii) of the ACE LR, a Sponsor, Adviser or Recognised Approved Adviser must include details[2] of the ultimate beneficial owner of the securities placed to each placee, in the placees' list.

How does the Sponsor, Adviser or Recognised Approved Adviser determine who is the "ultimate beneficial owner" of the securities placed to each placee for purposes of Rule 6.16(1)(a)(viii) of the ACE LR?

"**Ultimate beneficial owner**" of the securities placed to each placee is defined in Rule 6.16(3) of the ACE LR as follows:

(a) a person who –

(i) is recorded as a beneficial owner in the register of beneficial owners of the placee or the listed corporation or both, as the case may be, pursuant to section 60B of the Companies Act; or

(ii) has or will become a beneficial owner of the placee or the listed corporation or both, as the case may be, pursuant to section 60A of the Companies Act arising from the subscription of the placement securities; and

(b) in the case of an authorised nominee, both the beneficial owner of the securities account and the ultimate beneficial owner of the placement securities held by the authorised nominee. For this purpose, "**authorised nominee**" and "**beneficial owner**" shall have the meaning given in Rule 1.01 of the Rules of the Depository[3], and "**ultimate beneficial owner**" has the meaning given in sub-Rule (a) above.

The table below sets out some examples illustrating who the ultimate beneficial owner(s) are pursuant to paragraph 6.16(3) of the ACE LR and whether disclosure is required under Rule 6.16(1)(a)(viii) of the ACE LR:

No.	**Illustrations**	**Ultimate beneficial owner of the placement securities ("UBO")**	**Disclosure of UBO Details in Placee List**
(a)	• The placement securities are subscribed by *Mr. A* and held directly in his own securities account.	*Mr. A* is not the UBO of the listed corporation under Rule 6.16(3)(a) of the ACE LR as he is not recorded in the register of beneficial	No disclosure is required under Rule 6.16(1)(a)(viii).

[2] The details required are the names, home or business addresses, identity card/passport/company registration numbers, occupations/principal activities and securities account numbers, of the ultimate beneficial owners.

[3] "Authorised nominee" as defined in Rule 1.01 of the Rules of the Depository means a person who is authorised to act as a nominee as specified in accordance with the schedule prescribed under part VIII. "Beneficial owner" as defined in Rule 1.01 of the Rules of Bursa Malaysia Depository Sdn Bhd means in relation to deposited securities, the ultimate owner of the deposited securities who is entitled to all rights, benefits, powers and privileges and is subject to all liabilities, duties and obligations in respect of, or arising from, the deposited securities and does not include a nominee of any description.

No.	Illustrations	Ultimate beneficial owner of the placement securities ("UBO")	Disclosure of UBO Details in Placee List
	• *Mr. A* is not recorded as a beneficial owner of the listed corporation in the register of beneficial owners.	owners of the listed corporation.	
(b)	• The placement securities are subscribed by *Ms. B* and held by *PQR Nominees (Tempatan) Sdn Bhd* acting as custodian for *Ms. B*. • Prior to the placement exercise, *Ms. B* is not a beneficial owner of the listed corporation. However, after the placement exercise, her shareholdings in the listed corporation will increase to 21%. She has not been recorded as the beneficial owner of the listed corporation in the register of beneficial owners at the material time.	*Ms. B* is the UBO of the listed corporation under Rule 6.16(3)(b) read together with Rule 6.16(3)(a)(ii) of the ACE LR.	Disclosure is required in relation to *Ms. B* as the UBO of the listed corporation under Rule 6.16(1)(a)(viii)~~.~~
(c)	• The placement securities are subscribed by *C Sdn Bhd* and held directly in its securities account. • *C Sdn Bhd* has 2 shareholders, *Ms. D* and *Mr. E*. Both are recorded as the beneficial owners in *C Sdn Bhd's* register of beneficial owners.	*Ms. D* and *Mr. E* are the UBOs of the placee under Rule 6.16(3)(a)(i) of the ACE LR.	Disclosures are required in relation to *Ms. D* and *Mr. E* as UBO of the placee, named *C Sdn Bhd* under Rule 6.16(1)(a)(viii).

No.	Illustrations	Ultimate beneficial owner of the placement securities ("UBO")	Disclosure of UBO Details in Placee List
(d)	• The placement securities are subscribed by *F Sdn Bhd* and held by *XYZ Nominees (Tempatan) Sdn Bhd* acting as a custodian for *F Sdn Bhd.* • *Mr. G* and *Ms. H* are shareholders of *F Sdn Bhd.* Both are recorded as the beneficial owners in *F Sdn Bhd's* register of beneficial owners.	• *F Sdn Bhd* is the beneficial owner of the securities account under Rule 6.16(3)(b) of the ACE LR; and • *Mr. G* and *Ms. H* are the UBOs of the placee under Rule 6.16(3)(b) read together with Rule 6.16(3)(a)(i) of the ACE LR.	Disclosures are required in relation to. *Mr. G* and *Ms. H* as the UBOs of the placee named *XYZ Nominees (Tempatan) Sdn Bhd* for *F Sdn Bhd* under Rule 6.16(1)(a)(viii).

6.38 Can a listed corporation establish more than 1 Share Issuance Scheme at any point in time?

Yes, a listed corporation may establish more than 1 Share Issuance Scheme provided that the aggregate number of shares available under all the Share Issuance Schemes or all the Share Grant Schemes, if applicable, does not exceed 30% of its total number of issued shares (excluding treasury shares) as per Rule 8.21 of the ACE LR.

CHAPTER 8– CONTINUING LISTING OBLIGATIONS

Interim corporate proposal for listed corporations with inadequate level of operations and GN3 Companies

8.30A What are the exceptional circumstances where the Exchange may allow an affected listed corporation or a GN3 Company to undertake an interim corporate proposal pending regularisation of its condition, under Rule 8.03A(3A) or Rule 8.04(3A) of the ACE LR respectively?

In considering whether there are any exceptional circumstances, the Exchange would take into account, among others, if there are any extraneous factors which warrant the interim corporate proposal where without such interim corporate proposal, it would adversely affect the affected listed corporation's ability to regularise its condition. For example, based on the specific facts and circumstances, the Exchange may consider allowing a placement exercise by a GN3 Company as an interim measure to raise funds expeditiously and pay its creditors to prevent a winding-up.

Employee Share Scheme

8.33A Pursuant to Rule 8.21 of the ACE LR, a listed corporation may implement more than 1 Employee Share Scheme[4] provided that the aggregate number of shares available under all the schemes does not breach the limit stipulated in Rule 6.39 (i.e. not more than 30% of its total number of issued shares (excluding treasury shares) at any one time) ("30% limit").

(a) Is a Share Grant Scheme subject to the 30% limit?

Yes, a Share Grant Scheme is now subject to the 30% limit. This means that a listed corporation may establish more than 1 Share Issuance Scheme or Share Grant Scheme pursuant to Rule 8.21 of the ACE LR provided that the aggregate number of shares available under all the schemes does not exceed the 30% limit.

(b) How is the 30% limit calculated?

As the 30% limit is based on the total number of issued shares at any one time, a listed corporation must use the formula below when computing the 30% limit for its next issue:

(30% x total number of issued shares (excluding treasury shares) at the material time for the next issue)	-	Total number of shares already issued under the Employee Share Scheme

Illustration:

On 18 November 2025:

- *PLC X* procures its shareholder approval to implement a 5-year Employee Share Scheme comprising a Share Issuance Scheme and a Share Grant Scheme, of up to 30% of its total number of issued shares (excluding treasury shares).

- *PLC X* has a total number of issued shares of 25 million (excluding treasury shares).

On 2 December 2025:

- Arising from a rights issue implemented on 2 December 2025, the total number of issued shares of *PLC X* is now 30 million (excluding treasury shares).

On 16 December 2025:

- *PLC X* issues 5 million new shares arising from the exercise of all the options offered by *PLC X* pursuant to the Share Issuance Scheme and awarded 3 million shares to eligible recipients by way of transfer of shares held in treasury pursuant to the Share Grant Scheme.

Under Rule 8.21 of the ACE LR, what is the number of shares under the Employee Share Scheme that can be offered by PLC X to its employees in the year 2026?

[4] This means either a Share Issuance Scheme, a Share Grant Scheme, or both.

Based on this example, the computation of the shares under the Employee Share Scheme that may be offered by *PLC X* is as follows:

	Total Number of Issued Shares (excluding treasury shares)
18 November 2025	25 million
2 December 2025 (Issuance of new shares arising from rights issue –> 5 million)	30 million
16 December 2025 (Total issuance of shares under the Share Issuance Scheme –> 5 million)	35 million
16 December 2025 (Total transfer of shares held in treasury awarded under the Share Grant Scheme –> 3 million)	38 million

Shares under the Employee Share Scheme that can be offered by *PLC X* in year 2026:

= (30% x 38 million shares) - 8 million shares (comprising of 5 million shares via Share Issuance Scheme and 3 million shares via Share Grant Scheme)

= 11.4 million shares – 8 million shares = 3.4 million new shares

CHAPTER 9 – CONTINUING DISLCOSURE

Periodic disclosures – annual report

9.45A Under paragraph 28(b) of Appendix 9C, a listed corporation must disclose the prescribed information[5] relating to an Employee Share Scheme based on categories of participants, in its annual report. What are the categories of participants that must be disclosed under paragraph (28)(b) of Appendix 9C?

The categories of participants of the Employee Share Scheme must be clearly identified and described. The categories should not be broadly stated, for e.g. "other employees" that offers no clarity on the eligible participants. A better categorisation may include directors, senior management, middle management, junior management, executive and non-executive etc.

[End of Appendix 2]

[5] The information required is date of offer or grant, aggregate options or shares granted (in number and percentage) together with the number of participants during the financial year; aggregate options exercised or shares vested (in number and percentage) together with the number of participants during the financial year; aggregate options or shares outstanding at the beginning and at the end of the financial year; and exercise price or purchase price.