

Our Ref: YYT/TAC(kar)/LD09/19 [Continuing Disclosure & Others]

8 May 2019

The Company Secretary
(ACE Market Listed Corporations)

Via email

Dear Sir/Madam,

AMENDMENTS TO BURSA MALAYSIA SECURITIES BERHAD ACE MARKET LISTING REQUIREMENTS (“ACE LR”) IN RELATION TO CONTINUING DISCLOSURE OBLIGATIONS AND OTHER AMENDMENTS

(A) INTRODUCTION

1. Pursuant to section 9 of the Capital Markets and Services Act 2007, Bursa Malaysia Securities Berhad (“**the Exchange**”) has made the amendments to the ACE LR in relation to continuing disclosure obligations and other amendments (“**LR Amendments**”).

(B) BACKGROUND

2. A sound and robust disclosure framework is crucial to maintain market integrity and investor protection particularly in a dynamic capital market which is constantly evolving. In this regard, the Exchange has continuously refined our rules to ensure that they remain effective and conducive to meet the changing needs of our market as well as protection of investors.
3. In this review, the Exchange has enhanced the ACE LR in the area of continuing disclosure obligations, primarily on disclosures in announcements and circulars for transactions, as well as simplified the requirements relating to corporate disclosure policies. Apart from this, the Exchange has also liberalised requirements which pose insignificant risks to shareholders, where appropriate, and addressed gaps that we see. This is to ensure that our ACE LR remains balanced and meet the current market’s needs.
4. In finalising the LR Amendments, the Exchange has considered various feedback and comments from the industry, including that received in response to the public consultation paper issued on 28 September 2018 in relation to the LR Amendments.

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(C) OBJECTIVES OF LR AMENDMENTS

5. The LR Amendments, among others, seek to achieve the following objectives:
- (a) ensuring transaction circulars and announcements are coherent, relevant and easy to understand;
 - (b) promoting clear, relevant and practical requirements relating to corporate disclosure policies and other disclosure requirements;
 - (c) promoting balanced regulation by easing regulatory compliance through liberalisations; and
 - (d) addressing gaps to safeguard shareholder interest.

(D) KEY LR AMENDMENTS

6. The key LR Amendments are as follows:

Ensuring transaction circulars and announcements are coherent, relevant and easy to understand

- 6.1 The amendments consist of the following:

- (a) enhancing presentation of announcements and circulars relating to transactions to improve their readability by re-arranging and clustering the prescribed information under key areas of transactions; and
- (b) enhancing the contents of announcements and circulars relating to transactions to codify existing practices, ensure consistency in requirements, and continue to provide shareholders with key information. The enhanced disclosures required are as follows:

Contents of circulars

- (i) the name of the purchaser and if the purchaser is a corporation, the names of its directors and substantial shareholders together with their respective direct or indirect shareholdings;
- (ii) any liabilities which remain with the listed corporation after a disposal and guarantees given by the listed corporation to the purchaser or target company;

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- (iii) the rationale for the transaction from the business, financial and operational perspective;
- (iv) details and breakdown on utilisation of cash sale proceeds for working capital purposes;
- (v) description of the listed corporation's strategy or business plan to address the loss of contribution from the asset;
- (vi) commencement date of the target company's business operations;
- (vii) the gross development value, if the real estate proposed to be acquired is in the process of being developed or planned for development;
- (viii) the weighted average market price for the shares for the 5 market days before the date on which the terms of the transaction were agreed upon, if the consideration involves shares;
- (ix) the target assets' net profits and net assets; and
- (x) the highest percentage ratio applicable to the transaction.

Contents of announcements

- (xi) similar enhancements as set out in paragraph 6.1(b) above, where appropriate.

Additionally, information on the estimated additional financial commitment required of the listed corporation to put the assets acquired on-stream if the percentage ratio of the transaction is 25% or more has been removed from an announcement.

Promoting clear, relevant and practical requirements relating to corporate disclosure policies and other disclosure requirements

6.2 These comprise of -

- (a) simplifying the requirements on corporate disclosure policies;
- (b) deleting the following immediate announcement requirements under Rule 9.19 of the ACE LR as the obligation to make such announcements is already prescribed in Chapters 10 or 13 of the ACE LR:

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- (i) transaction requiring an announcement to be made under Chapter 10 of the ACE LR;
 - (ii) scheme of compromise, arrangement, amalgamation or reconstruction; and
 - (iii) subdivision of shares or consolidation by the listed corporation; and
- (c) streamlining overlapping requirements relating to the standard of disclosure for announcements and circulars.

Promoting balanced regulation by easing regulatory compliance through liberalisations

6.3 The liberalisations include -

- (a) disapplying the restrictions to vary the tenure of the convertible securities and make changes to the number of shares received or pricing mechanism due to the exercise or conversion of the convertible securities, to debt securities; and
- (b) only requiring immediate announcement of -
 - (i) material re-organisation of the group structure as determined under Rule 9.03 of the ACE LR (instead of *any* re-organisation); and
 - (ii) acquisition or disposal of a subsidiary which triggers the relevant percentage ratio for announcement of a transaction in Chapter 10 of the ACE LR (instead of *any* acquisition / disposal of subsidiary).

Addressing gaps to safeguard shareholder interest

6.4 These include -

- (a) announcing the reasons for a change in financial year end and issuing the interim audited financial statements in the event the listed corporation extends its financial year end to more than 18 months, if required by the Exchange; and
- (b) requiring shareholder approval for a material change in the utilisation of proceeds raised from initial public offering or new issue of securities (i.e. a change of 25% or more of the total proceeds raised).

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(D) FULL TEXT OF THE LR AMENDMENTS

7. The full text of the LR 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.

(E) IMPLEMENTATION

8. All LR Amendments set out in Appendix 1 are effective from **3 June 2019** onwards.

(F) ADDITIONAL INFORMATION

9. In addition, we have also provided “Questions and Answers” as set out in Appendix 2 to facilitate a listed corporation’s better understanding of, and compliance with the LR Amendments.
10. This letter and the above-mentioned document are also available at Bursa Malaysia Berhad’s website at www.bursamalaysia.com.
11. If you have any queries on the LR Amendments above, please 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) Mr. Ding Kien Yue.

Thank you.

Yours faithfully,



YEW YEE TEE
Chief Regulatory Officer

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