

APPENDIX 2

QUESTIONS AND ANSWERS

BURSA MALAYSIA SECURITIES BERHAD ACE MARKET LISTING REQUIREMENTS

(as at 23 February 2021)

CHAPTER 8 - CONTINUING LISTING OBLIGATIONS

Lower public shareholding spread

8.5A Pursuant to paragraph 2.2 of Guidance Note 13, the Exchange may accept a public shareholding percentage of lower than the 25% threshold as prescribed in Rule 3.10(1) and Rule 8.02(1) of the ACE LR if the quantitative market capitalisation criteria¹ under paragraph 2.2(a) of Guidance Note 13 and qualitative criteria² under paragraph 2.2(b) of Guidance Note 13 are met. In this regard, how would the Exchange assess whether the qualitative criteria have been met?

In assessing or determining that the qualitative criteria have been met, the Exchange may consider or take into account (among others) the following:

<u>Qualitative criteria</u>	<u>Consideration</u>
<u>Sufficient liquid market</u>	<ul style="list-style-type: none"> • <u>The concentration of public shareholdings in the applicant or listed corporation</u> • <u>Number of shares in issue in the applicant or listed corporation</u> • <u>The spread between the bid and ask price and trading volume of the shares of the listed corporation</u>

¹ A listed corporation must meet the quantitative market capitalisation of RM1 billion or more but less than RM3 billion for minimum acceptable lower spread of 20% or market capitalisation of RM3 billion or more for minimum acceptable lower public spread of 15%.

² In respect of the qualitative criteria, the Exchange may accept lower public spread for an applicant or listed corporation if the Exchange is satisfied that:

- (a) there is, or will be, sufficient liquid market in the shares of the applicant or listed corporation;
- (b) there is, or will be, orderly and fair trading in the shares of the applicant or listed corporation;
- (c) the applicant or listed corporation and its directors have satisfactory corporate governance conduct and compliance record with the Listing Requirements and securities laws; and
- (d) there is reasonable justification necessitating the Lower Public Spread for the applicant or listed corporation.

<u>Qualitative criteria</u>	<u>Consideration</u>
<u>Orderly and fair trading</u>	<ul style="list-style-type: none"> • <u>Any queries issued to the listed corporation relating unusual market activities</u> • <u>Any circumstances indicating manipulative activities or any issuance of market alerts in respect of the shares of the applicant or listed corporation</u>
<u>Satisfactory corporate governance conduct and compliance record</u>	<ul style="list-style-type: none"> • <u>If there is any enforcement proceeding or action commenced or taken against the applicant or listed corporation or its directors by the relevant authorities, including the Exchange and the Securities Commission</u>
<u>Reasonable justification necessitating the lower public spread</u>	<ul style="list-style-type: none"> • <u>All relevant facts and circumstances that warrant a lower public spread such as actual non-compliance of required public spread</u> • <u>Where the circumstance is that of actual non-compliance of required public spread, whether the non-compliance is beyond the reasonable control of the listed corporation, its controlling shareholders or its directors</u>

8.5B Pursuant to Rule 2A.1 of Guidance Note 13, a listed corporation that has been granted with lower public spread is required to immediately notify the Exchange when it becomes aware of any of the Specified Decreases³. What are the examples of instances when a listed corporation would be deemed to become aware of any of the Specified Decreases?

A listed corporation would be deemed to become aware of the Specified Decrease (if any) -

- when it requests for a copy of the Record of Depositors from Bursa Malaysia Depository Sdn Bhd;
- during the preparation of its annual returns or annual reports; or
- when it undertakes a corporate exercise or corporate proposal;

as the listed corporations would have sufficient information in the said circumstances to be able to reasonably discover whether there is any Specified Decrease.

³ Under Rule 2A.1 of Guidance Note 13, a listed corporation approved with a lower public spread must immediately notify the Exchange when it becomes aware of any of the following:

- any decrease in its issued share capital;
- any decrease in the percentage of the public spread below the percentage approved by the Exchange; and
- any decrease of the said listed corporation's average market capitalisation for the preceding 12 months to below the prescribed threshold as set out in paragraph 2.2(a) above.

(collectively "the Specified Decreases").

Notwithstanding the above, a listed corporation must also immediately notify the Exchange if it becomes aware of any Specified Decrease in any circumstances other than those stated above.

[End of Appendix 2]