

Ref: SR/YYT/LD09/06

29 May 2006

*By e-mail*

**The Company Secretary  
(Listed Issuers/Companies)**

Dear Sir/Madam

### **REQUIREMENTS RELATING TO BONUS ISSUES AND SUBDIVISION**

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Pursuant to section 9 of the Securities Industry Act, 1983, amendments have been made to the Listing Requirements of the Bursa Malaysia Securities Bhd ("LR") and the Listing Requirements of Bursa Malaysia Securities Bhd for the MESDAQ Market ("MMLR") in relation to the criteria for bonus issues and subdivision (collectively referred to as "the Amendments"). The Amendments to the LR and MMLR are attached herewith as Appendices 1 and 2 respectively.

The Amendments have been made as part of Bursa Securities' continuous efforts to enhance our requirements and are being introduced with a view to enhancing investor protection.

#### **Key changes**

The key change is that public listed companies ("PLCs") are disallowed from undertaking a bonus issue where the PLCs' accumulated losses exceed the reserves to be capitalised for the bonus issue.

#### **Implementation**

The Amendments shall take effect immediately. In relation to bonus issues, the Amendments shall apply to all applications for listing of securities arising from bonus issues submitted to Bursa Securities on or after the date of this letter; 29 May 2006.

#### **Additional information**

A copy of Questions and Answers pertaining to the above is attached as Appendix 3, to facilitate compliance by listed issuers/companies. Please take note that the Amendments and the Questions and Answers are available for reference on the web site of Bursa Malaysia at <http://www.bursamalaysia.com>.



For further information or any enquiries on the Amendments, kindly contact:-

**Contact Persons:**

Yew Yee Tee (Ext 7336)  
Anisah Suyuti Low(Ext 7295)

Thank you.

Yours faithfully

A handwritten signature in black ink, appearing to read 'SELVARANY RASIAH'.

**SELVARANY RASIAH**  
Chief Legal Officer

Encl.

**AMENDMENTS TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD IN RELATION TO BONUS ISSUES AND SUBDIVISION**

	<b>EXISTING PROVISIONS</b>		<b>AMENDED PROVISIONS</b>
Para		Para	
6.26A	<p>Bonus issue from reserves</p> <p>New provision</p> <p>(1) Where a listed issuer intends to make a bonus issue of securities which is not from its retained profits, the following requirements must be complied with:-</p> <p>(a) The listed issuer must have the necessary reserves for capitalisation to be made for the bonus issue;</p> <p>(b) Where the bonus issue is to be made by way of the capitalisation of reserves arising from revaluation of assets:-</p> <p>(i) only the surplus arising from revaluation of investments in subsidiaries or associated companies or land and buildings may be capitalised for the purpose of the bonus issue; and</p> <p>(ii) where the surplus arising from revaluation of land and buildings is to be capitalised for the purpose of the bonus issue, at least 20% of the valuation amount of the revalued land and buildings which complies with subparagraphs 6.26B(1)(a) and (3),</p>	6.26A	<p><b>Criteria for bonus issues</b></p> <p><b>(1) A listed issuer intending to make a bonus issue of securities must ensure that the necessary reserves required for capitalisation of the bonus issue is unimpaired by losses on a consolidated basis, where applicable, based on the listed issuer's latest audited accounts as well as its latest quarterly report.</b></p> <p>(2) Where a listed issuer intends to make a bonus issue of securities which is not from its retained profits, the following requirements must be complied with:-</p> <p>(a) [Deleted]</p> <p>(b) [No change]</p>

	EXISTING PROVISIONS		AMENDED PROVISIONS
	<p>where applicable is to be retained in the revaluation reserves after the capitalisation for the bonus issue.</p> <p>(2) The available reserves for capitalisation must be confirmed by the reporting accountants or external auditors of the listed issuer, as the case may be, if the available reserves are not based on the latest audited accounts of the listed issuer.</p>		<p>(3) The available reserves for capitalisation must be confirmed by the reporting accountants or external auditors of the listed issuer, as the case may be, <b>to be adequate to cover the entire bonus issue based on the listed issuer's latest audited accounts as well as its latest quarterly report.</b></p>
	<p>Appendix 6A</p> <p>Part B</p> <p>Documents to be filed with a listing application for a new issue of securities (paragraphs 6.04(1)(b), 6.35(b) and 6.39(b))</p> <p>(1)(a)-(d) [As per existing provisions]</p> <p>(e) In the case of a bonus issue, <u>where applicable</u>:-</p> <ul style="list-style-type: none"> <li>(i) a confirmation from the listed issuer's Adviser that the listed issuer has complied with paragraph 6.26A;</li> <li>(ii) a letter from the Commission confirming that the revaluation is in compliance with the Commission's Guidelines on Asset Valuation; and</li> <li>(iii) a confirmation of the available reserves by the reporting accountants or external auditors as stipulated in subparagraph 6.26A(2).</li> </ul>		<p>Appendix 6A</p> <p>Part B</p> <p>Documents to be filed with a listing application for a new issue of securities (paragraphs 6.04(1)(b), 6.35(b) and 6.39(b))</p> <p>(1)(a)-(d) [No change]</p> <p>(e) In the case of a bonus issue:-</p> <ul style="list-style-type: none"> <li>(i) a confirmation from the listed issuer's Adviser that the listed issuer has complied with paragraph 6.26A;</li> <li>(ii) a letter from the Commission confirming that the revaluation is in compliance with the Commission's Guidelines on Asset Valuation, <b>where applicable</b>; and</li> <li>(iii) a confirmation of the available reserves by the reporting accountants or external auditors as stipulated in subparagraph <b>6.26A(3), where</b></li> </ul>

	EXISTING PROVISIONS		AMENDED PROVISIONS
	(f) – (h) [As per existing provisions]		<b>applicable.</b> (f) –(h) [No change]
	Chapter 13 - Arrangements and Reconstruction		Chapter 13 - Arrangements and Reconstruction
	PART C – SUBDIVISION OF SHARES		PART C – SUBDIVISION OF SHARES
13.06	<p>Criteria for subdivision of shares</p> <p>The Listed Issuer must comply with the following:-</p> <p>(a) the par value of the Listed Issuer’s shares post subdivision must not be less than RM0.10;</p> <p>(b) the issued and paid-up capital of the Listed Issuer must be unimpaired by losses on a consolidated basis, where applicable, based on the Listed Issuer’s latest <u>annual</u> audited accounts as well as its latest quarterly report <u>as required by paragraph 9.22</u>;</p> <p>(c) the Listed Issuer is not an Existing PN4 or PN10 Company as referred to under paragraph 8.14A;</p> <p>(d) the Listed Issuer must not fall within the ambit of PN 16; and</p> <p>(e) the Listed Issuer must not fall within the ambit of PN 17.</p>	13.06	<p>Criteria for subdivision of shares</p> <p>The Listed Issuer must comply with the following:-</p> <p>(a) [No change]</p> <p>(b) the issued and paid-up capital of the Listed Issuer must be unimpaired by losses on a consolidated basis, where applicable, based on the Listed Issuer’s latest audited accounts as well as its latest quarterly report;</p> <p>(c) – (e) [No change]</p>
	APPENDIX 13C		APPENDIX 13C
	Contents of an application for subdivision of shares		Contents of an application for subdivision of shares

	EXISTING PROVISIONS		AMENDED PROVISIONS
	<p>(1) -(5)[As per existing provisions]</p> <p>(6) A confirmation from the Listed Issuer that its issued and paid-up capital is unimpaired by losses and supporting figures based on both the Listed Issuer’s latest <u>annual</u> audited account and quarterly report <u>as required by paragraph 9.22;</u></p> <p>(7) -(10) [As per existing provisions]</p>		<p>(1) –(5) [No change]</p> <p>(6) A confirmation from the Listed Issuer that its issued and paid-up capital is unimpaired by losses and supporting figures based on both the Listed Issuer’s latest audited accounts and quarterly report;</p> <p>(7)-(10) [ No change]</p>