

# ELECTRONIC APPLICATION FOR RIGHTS ISSUE (eRights)

## FREQUENTLY ASKED QUESTIONS

### A. General

**Q1) What is eRights?**

eRights refers to entitled securities holders being able to electronically subscribe for or purchase the relevant rights securities pursuant to a Rights Issue announced by a listed issuer (Rights Securities). Securities holders can electronically subscribe for their rights securities via the automated teller machine (ATM) or internet portal of the participating banks or using the Nominees Rights Subscription (NRS) service.

**Q2) What are the benefits of eRights compared to the current way/practice in applying for the Rights Securities?**

The benefits, among others, are as follows:

NO	Current Practice	eRights
1	Manually intensive and cumbersome process to complete the Rights Subscription Form for each CDS account that may result in oversight or error in completing the same.	<p><b><u>Application via ATM or internet portal</u></b></p> <p>Application via the ATMs of Participating Financial Institutions and securities holders are guided thus eliminating the errors on uncompleted important details when submitting the subscription.</p>
3	Require manual handling by securities holders and applications may get misplaced or lost during transit.	<p><b><u>Application via ATM or internet portal</u></b></p> <p>Utilising the participating banks' existing network that has a proven record for high security and reliability.</p> <p>Utilising the current secured network connection between Bursa Malaysia Depository with nominees and custodian banks.</p>
4	Inconvenience to securities holders to have to purchase bank drafts from banks, revenue stamps from Pos Malaysia and then to deliver the completed Rights Subscription Form (RSF) to share registrar.	<p><b><u>Application via ATM or internet portal</u></b></p> <p>Efficient. Electronic submission and the payment proceeds are deducted directly from the securities holders' bank accounts and this would include the payment for revenue stamp.</p> <p><b><u>NRS</u></b></p> <p>Efficient. To submit a standard electronic template to Bursa Malaysia Depository for all rights applications by the nominee companies.</p> <p>Option for one single payment for the</p>

NO	Current Practice	eRights
		rights application. To pay direct to the Rights Issue Account of the issuers. The payment will also include the revenue stamp payable.
5	No acknowledgement of receipt of the rights issue application.	<p><b><u>Application via ATM or internet portal</u></b></p> <p>Acknowledgement slips obtained/printed from the ATM as evidence of the rights application and payment.</p> <p><b><u>NRS</u></b></p> <p>Acknowledgement provided by Bursa Malaysia Depository upon successful submission of rights application via NRS.</p>

## **B For Individual Shareholders**

### **Q1) How does eRights affect me as an individual shareholder?**

As an individual shareholder, you are given the option to apply for the Rights Securities electronically either via automated teller machine (ATM) or internet portal of the participating banks.

### **Q2) Why eRights?**

- i. A one-stop solution for application and payment for the Rights Securities.
- ii. You no longer have to post the Rights Subscription Form or hand-deliver it to the listed issuer/share registrar. The details of your subscription of the Rights Securities are forwarded electronically to the listed issuer/share registrar.
- iii. You no longer have to go to the bank to purchase a bank draft or the post office to buy the revenue stamp the subscription payment and revenue stamp duty are paid directly to the listed issuer/share registrar via debiting your bank account
- iv. No risk of your application for the Rights Securities being lost in the post or delayed due in postal service or other delivery services.
- v. Should there be a refund arising from an excess shares application, the refund monies will be credited directly into the same bank account that you had used to apply for the excess shares. Therefore, the issue of late receipt of refund cheques or refund cheques being lost in the post is a thing in the past.

### **Q3) Who is eligible to use eRights?**

All entitled securities holders who have bank accounts with participating banks are eligible to use eRights to apply for the Rights Issue Securities.

### **Q4) How do I apply / subscribe for the Rights Securities using eRights?**

You need to have a valid ATM card from the participating banks to enable you to apply / subscribe for the Rights Securities via the ATM or a valid user ID and password to apply / subscribe for the Rights Securities via internet banking.

Refer to the Abridged Prospectus that will be posted to you by the listed issuer/share registrar for the list of participating banks that offer eRights. Alternatively, you could check with your bank.

**Q5) When can I start using eRights?**

eRights was launched on 28 March 2013. You are advised to refer to the Abridged Prospectus that will be posted to you by the listed issuer in the course of undertaking a Rights Issue exercise to know whether you will be able to subscribe for your rights entitlement using the eRights mode.

**Q6) Is my application and payment made via eRights safe and secured?**

Yes. An application and payment for Rights Securities via eRights is safe and secured because eRights utilises the participating banks' existing networks that have been proven to be reliable and safe. Using eRights to apply for the Rights Securities is similar to the Electronic Share Application (ESA) for Initial Public Offering (IPO).

**Q7) Will I incur any fee for using eRights? If yes, how will this fee be levied?**

Yes, the participating banks will levy a nominal service fee for using eRights. This fee will be deducted from your bank account during your application for the Rights Securities.

**Q8) As a securities holder, do I need to register for eRights?**

Registration is not required as eRights is only an alternative mode for securities holders to apply / subscribe for the Rights Securities.

**Q9) How will I know if the listed issuer is offering eRights for a particular Rights Issue?**

You are to refer to the Abridged Prospectus that will be mailed to you by the listed issuer/share registrar to determine if the listed issuer is offering eRights as an alternative mode of applying / subscribing for the Rights Securities of a particular Rights Issue.

**Q10) If the listed issuer offers eRights, will I still continue to receive the hardcopies of the Abridged Prospectus, Rights Subscription Form and Notice of Provisional Allotment?**

Yes, you will continue to receive these documents in hardcopies from the listed issuer/share registrar by post.

**Q11) With eRights, do I still have the option to apply / subscribe for the Rights Securities via the current manner of completing the Rights Subscription Form?**

Yes, you still have the option to apply / subscribe for the Rights Securities by completing and submitting your Rights Subscription Form to the listed issuer/share registrar. Nevertheless, you are encouraged to use eRights as a more efficient and convenient manner in applying / subscribing for the Rights Securities.

**Q12) Can I submit part of my application for the Rights Securities using eRights and the other part via the Rights Subscription Form?**

The listed issuer/share registrar may accept such application provided you do not exceed the number of shares you are entitled to apply / subscribe.

**Q13) Can I submit multiple applications for the Rights Securities using eRights?**

You may submit multiple applications for the Rights Securities using eRights. If you exceed your entitlement, the listed issuer/share registrar will use their discretion to

determine whether to reject your application in totality or to accept only the number of shares that you are entitled to apply.

**Q14) If I have bought Rights/Provisional Allotment Letters (PALs) from the market, can I apply for the Rights Securities using eRights?**

Yes. You can apply for the Rights Securities using eRights if the listed issuer offers eRights as an alternative mode of application for the Rights Securities. In this regard, please see Q9.

**Q15) Can I apply for excess shares using eRights?**

Yes, you can apply for excess shares using eRights.

**Q16) If my application for excess shares is partially accepted or rejected in totality by the listed issuer/share registrar, how will the monies that I have paid be refunded to me?**

The listed issuer/share registrar will credit the refund monies into the same bank account that you had used to apply for the excess shares.

**Q17) Can I apply for the Rights Securities using eRights if my shares are held in a nominee account with an Authorised Depository Agent (ADA) / Authorised Direct Member (ADM)?**

If your shares are held in a nominee account with the ADA/ADM, only the nominee company (ADA/ADM) can apply for the Rights Securities on your behalf.

**Q18) Can I apply for the Rights Securities using eRights if my shares are held in different CDS accounts?**

Yes, you can. Similar to the form based application where you need to complete separate Rights Subscription Forms and prepare separate bank drafts for different CDS accounts, under eRights you would need to make separate applications for each of the different CDS accounts either at the ATM or internet portal of the participating banks.

**Q19) Under eRights, can I withdraw my application if I have applied for the wrong number of Rights Securities?**

You cannot withdraw your application after the application has been processed. If the number of securities applied for is less than your entitlement, you can make another application for the remaining shares. However, if the number of shares applied for is more than your entitlement, the listed issuer/share registrar will use their discretion to determine whether to reject your application in totality or to accept only the number of shares that you are entitled to apply.

**C For Authorised Depository Agents (ADAs), Authorised Direct Members (ADMs) and Nominee Companies**

**Q1) Can ADAs, ADMs and Nominee Companies participate in eRights?**

Authorised Depository Agents (ADAs), Authorised Direct Members (ADMs) and nominee companies, as the entitled securities holders, are given the option to apply for the Rights Securities electronically using the Nominees Rights Subscription (NRS) service that is facilitated by Bursa Malaysia Depository Sdn. Bhd (Bursa Malaysia Depository).

Nominee companies mentioned here includes wholly-owned nominee companies of the ADAs and ADMs.

Under the NRS service, applications for the Rights Securities and payments for the same are made to the listed issuer/share registrar electronically. The NRS service is also applicable to the principal accounts of the ADAs and ADMs.

**Q2) Why Nominees Rights Subscription (NRS) service?**

- i. Nominee companies are able to apply / subscribe for the Rights Securities in bulk as opposed to completing the Rights Subscription Forms (RSF) for each nominee account.
- ii. The nominee company no longer has to post the Rights Subscription Form or hand-deliver it to the listed issuer/share registrar . the details of their subscription of the Rights Securities are forwarded electronically to the listed issuer/share registrar.
- iii. The nominee company no longer has to go to the bank to purchase a bank draft or the post office to buy the revenue stamp. The subscription payment and revenue stamp duty are paid directly to the listed issuer/share registrar in a single payment via debiting the nominee companies' bank account.
- iv. The NRS service eliminates the risk of nominee companies' application for the Rights Securities being lost in the post or delayed due in postal service or other delivery services.
- v. Should there be refund arising from an excess shares application, the refund monies will be credited directly into the same bank account that the nominee company had used to apply for the excess shares. Therefore, the issue of late receipt of a refund cheque or refund cheque being lost in the post is a thing in the past.

**Q3) Is it mandatory to use NRS to apply for Rights Issue?**

Although it is optional, nominee companies are strongly encouraged to use NRS due to the compelling benefits associated to this service

**Q4) Do nominee companies need to register for the NRS service? If yes, is there a registration fee?**

There is no registration fee for the NRS services as the fee impose is based on ~~Pay~~ As You Use++model. In this connection, Bursa Malaysia Depository will charge a fee of RM2 per CDS account that has subscribed for the rights securities via the NRS services.

**Q5) Will hardcopies of the Abridged Prospectus (AP), Rights Subscription Form (RSF) and Notice of Provisional Allotment (NPA) be sent to the nominee companies after they have registered for NRS?**

No. These documents will be sent electronically by Bursa Malaysia Depository to the nominee companies subject to the following:-

- The listed issuer has appointed Bursa Malaysia Depository to offer the NRS services for that particular Rights Issue;
- The nominee company is an entitled securities holder whose name appears in the Record of Depositors on the relevant entitlement date; and
- The nominee company has subscribed for the NRS services.

**D     For Issuers:**

**Q1     How does eRights affect me as a listed issuer?**

eRights provides options to listed issuer undertaking a Rights Issue exercise to provide more efficient modes for its securities holders to apply for the Rights Securities electronically.

**Q2     Is it mandatory for the listed issuer to offer eRights to its securities holders?**

Although it is optional, due to the compelling benefits to both the securities holders and listed issuers, listed issuers are strongly encouraged to offer eRights to their securities holders.

**Q3     As an issuer, what do I need to do in order to offer eRights to my securities holders?**

**Firstly**, you and your advisers should ensure that your Articles of Association do not prohibit any of the activities that are contemplated in relation to eRights, for example, for the securities holders to subscribe for the Rights Securities electronically or for the issuer to send the notification for the Rights Issue via electronic means, which will be the case for the NRS services.

**Secondly**, you and your advisers should ensure that the alternative modes of subscription for the Rights Securities via eRights are included in the Abridged Prospectus to be distributed to the securities holders.

**Thirdly**, as an issuer you will need to appoint Bursa Malaysia Depository Sdn Bhd to perform, amongst other things, the following tasks/functions:

- a. To forward the Abridged Prospectus, Rights Subscription Form and Notice of Provisional Allotment in electronic form to nominee companies that have subscribed for the NRS services.
- b. To receive the applications for Rights Securities received via eRights and onward submit those to the issuer or its appointed agent, i.e. share registrar.
- c. To accept payments for applications for the Rights Securities made via ATM or internet banking only. In relation to applications made via the NRS services, the payments will be made directly by the nominee companies to the Rights Issue Account of the issuers.

**Q4     As a listed issuer, what are the benefits in offering eRights to securities holders?**

Bursa Malaysia Depository will be delivering, on behalf of the listed issuer, relevant documents such as the Abridged Prospectus, notices of allotment and notices of crediting the Rights Securities electronically to those nominees that have subscribed for NRS. As a result, the listed issuer will enjoy substantial cost savings in respect of printing these documents for each nominee company that has subscribed for the NRS services. Additionally there will also be other related cost savings arising from stationery and postage cost of mailing such documents using postal services.

Under eRights, the subscription payments from securities holders will be credited directly into the listed issuer's designated bank account thus eliminating delays and the need to deposit the bank drafts from the securities holders.

**Q5     What are the changes to the current mode of dispatching the Rights Issue related documents to the securities holders under eRights?**

For nominee companies that have subscribed for the NRS services with Bursa Malaysia Depository, the issuer will no longer need to dispatch the physical/hardcopy of the Abridged Prospectus (AP), Rights Subscription Form (RSF) and also the Notice of Provisional Allotment (NPA) to the nominee companies. Instead the nominee companies will receive the following from Bursa Malaysia Depository:

- a. A PDF copy of the AP which will be sent electronically the next market day after the entitlement date
- b. Rights Issue Entitlement File template in place of the RSF and NPA which will be transmitted electronically the next market day after the entitlement date. This file will contain information of the nominee companies entitlements under the Rights Issue as at the entitlement date.

Other securities holders who have not subscribed for the NRS services with Bursa Malaysia Depository, will continue to receive their AP, RSF and NPA via post.

**E**      **For Share Registrars:**

**Q1**      **How will the share registrar know if a nominee company has subscribed for NRS services with Bursa Malaysia Depository?**

The Record of Depositors (ROD) for Rights Issues provided to the share registrar via eRapid will have a special flag to indicate that the relevant nominee company has subscribed for the NRS services with Bursa Malaysia Depository. [

**Q2**      **If the nominee companies have subscribed for the NRS services, should the share registrar still continue to dispatch the Abridged Prospectus (AP), Rights Subscription Form (RSF) and Notice of Provisional Allotment (NPA) to the nominee companies?**

No, if the nominee companies has subscribed for the NRS services, the listed issuer will instruct Bursa Malaysia Depository to deliver the Abridged Prospectus (AP), Rights Subscription Form (RSF) and Notice of Provisional Allotment (NPA) electronically to the nominee company.

**Q3**      **How will the share registrar receive the applications for Rights Securities made via eRights?**

The share registrar will receive applications made via eRights in an electronic file sent via eRapid from Bursa Malaysia Depository. This file will have an indicator to enable the share registrar to identify the mode of application.

**Q4**      **Will the share registrars need to change their back office systems in order to be able to read the ROD data for rights issue?**

The ROD file structure for Rights Issue has been changed and this has been communicated to all the share registrars accordingly. In this connection, the share registrar will need to perform the necessary changes to their back office systems arising from this new file specification for ROD for Rights Issues.