

FAQ ON BUMIPUTERA EQUITY REQUIREMENT FOR PUBLIC LISTED COMPANIES

The Securities Commission Malaysia (“**SC**”) was mandated by the Malaysia Government to process the Bumiputera equity requirement for public listed companies (“**Bumiputera Equity Requirement**”) aspects of certain corporate proposals.

The FAQ served as a guide on the Bumiputera Equity Requirement based on the policy by the Malaysia Government.

Corporations seeking listing on Bursa Malaysia Securities Berhad (“**Bursa Malaysia**”) are required to allocate 12.5% of the enlarged number of issued shares upon listing to Bumiputera investors to be approved or recognised by the Ministry of Investment, Trade and Industry (“**MITI**”). This includes licensed financial institutions (“**Licensed FIs**”) seeking listing on Bursa Malaysia, whereby the shares to Bumiputera investors shall be allocated by the Ministry of Finance (“**MOF**”) instead.

In addition, at least 50% of the shares offered to the Malaysian public investors via balloting must be made available to Bumiputera public investors (“**Bumiputera balloting allocation**”). However, if there are no shares offered to the Malaysian public investors, the Bumiputera balloting allocation will not applicable.

No	FAQ
1.	<p><u>Question</u></p> <p>Which corporate proposals will be subjected to the Bumiputera Equity Requirement?</p> <p><u>Answer</u></p> <p>The corporate proposals that will be subjected to the Bumiputera Equity Requirement are as follows:</p> <ul style="list-style-type: none"> a) Listing on the Main Market or ACE Market of Bursa Malaysia. This includes real estate investment trust, business trusts and special purpose acquisition company (“SPAC”); or b) Acquisition which results in a significant change in the business direction or policy of a Main Market or an ACE Market listed corporation; or c) Transfer of listing from the ACE Market to the Main Market of Bursa Malaysia. <p>Corporations undertaking the above corporate proposals are required to seek approval from the SC.</p>

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2.	<p><u>Question</u></p> <p>What is the Bumiputera Equity Requirement for corporations seeking listing on the Main Market of Bursa Malaysia?</p> <p><u>Answer</u></p> <p>Corporations with predominantly Malaysian-based operations seeking listing on the Main Market of Bursa Malaysia are required to allocate 12.5% of the enlarged number of issued shares to Bumiputera investors to be approved or recognised by MITI or MOF (if Licensed FIs), at the point of listing.</p> <p>In addition, at least 50% of the shares offered to the Malaysian public investors via balloting must be made available to Bumiputera public investors. However, this requirement does not apply for listings of corporations which do not involve an offer of securities to the general public via balloting, including corporations undertaking a restricted offer for sale and distribution in specie to its shareholders.</p> <p>If the corporation is a SPAC, the corporation is required to allocate 12.5% of its enlarged number of issued shares to Bumiputera investors to be approved or recognised by MITI or MOF (if Licensed FIs) within one (1) year after completion of the qualifying acquisition.</p> <p>Notwithstanding the above, the SC will re-assess whether the SPAC is still subjected to the Bumiputera Equity Requirement if the SPAC undertakes qualifying acquisitions which qualify the SPAC to be exempted from complying with the Bumiputera Equity Requirement.</p>
3.	<p><u>Question</u></p> <p>What is the Bumiputera Equity Requirement for corporations seeking listing on the ACE Market of Bursa Malaysia?</p> <p><u>Answer</u></p> <p>Corporations seeking listing on the ACE Market of Bursa Malaysia or corporations seeking transfer of their listings from the LEAP Market to the ACE Market of Bursa Malaysia are required to allocate 12.5% of the enlarged number of issued shares to Bumiputera investors to be approved or recognised by MITI or MOF (if Licensed FIs):</p>

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	<p>(i) within one (1) year after achieving the profit requirements for companies seeking listing on the Main Market of Bursa Malaysia; or</p> <p>(ii) five (5) years after being listed on the ACE Market of Bursa Malaysia, whichever is earlier ("ACE Trigger Date").</p> <p>Corporations are required to submit to the SC a proposal to comply with the Bumiputera Equity Requirement within six (6) months from the ACE Trigger Date.</p> <p>If the corporations offer shares to the Malaysian public investors via balloting in conjunction with the listing, at least 50% must be made available to Bumiputera public investors.</p>
4.	<p><u>Question</u></p> <p>What is the Bumiputera Equity Requirement for corporations undertaking acquisition which results in significant change in business direction or policy of a listed company, including back-door listings and reverse take-overs ("RTO")?</p> <p><u>Answer</u></p> <p>Corporations are required to allocate 12.5% of the enlarged number of issued shares to Bumiputera investors to be approved or recognised by MITI or MOF (if Licensed FIs), within one (1) year after registering after-tax profit or three (3) years after implementation of the corporate proposal, whichever is earlier ("RTO Trigger Date").</p> <p>Corporations are required to submit to the SC a proposal to comply with the Bumiputera Equity Requirement within six (6) months from the RTO Trigger Date.</p>
5.	<p><u>Question</u></p> <p>What is the Bumiputera Equity Requirement for corporations seeking transfer of their listings from the ACE Market to the Main Market of Bursa Malaysia?</p>

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	<p><u>Answer</u></p> <p>Corporations seeking transfer of their listings from the ACE Market to the Main Market of Bursa Malaysia are required to comply with the Bumiputera Equity Requirement at the point of transfer.</p> <p>However, corporations that have already complied with the Bumiputera Equity Requirement pursuant to its listing on the ACE Market of Bursa Malaysia are required to notify the SC of the transfer.</p> <p>Corporations seeking transfer of their listings from the ACE Market to the Main Market of Bursa Malaysia via the accelerated transfer process are required to comply with the Bumiputera Equity Requirement prior to submitting the corporate proposal to the SC.</p>
6.	<p><u>Question</u></p> <p>Which corporations will be exempted from complying with the Bumiputera Equity Requirement?</p> <p><u>Answer</u></p> <p>Corporations undertaking the one of the following corporate proposals will be exempted from complying with the Bumiputera Equity Requirement:</p> <ul style="list-style-type: none"> a) Any listing of corporations carrying Malaysia Digital status (formerly known as MSC Malaysia status)/BioNexus-status or corporations with a subsidiary carrying Malaysia Digital status/BioNexus-status which contributes more than 50% to the group's after-tax profit for the most recent audited financial year; or b) Any acquisition of Malaysia Digital status/BioNexus-status corporation which results in a significant change in the business direction or policy of a listed corporation; or c) Any listing of corporations with predominantly foreign-based operations; or d) Any acquisition of a corporation with predominantly foreign-based operations which results in a significant change in the business direction or policy of a listed corporation; or e) Any listing of an exchange-traded fund or a closed-end fund.

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	<p>Although the corporations are exempted from complying with the Bumiputera Equity Requirement, the corporations are required to notify the SC of the corporate proposal and the basis of exemption from complying with the Bumiputera Equity Requirement.</p> <p>Notwithstanding, if the corporations offer shares to the Malaysian public investors via balloting in conjunction with the corporate proposal, at least 50% must be made available to Bumiputera public investors at the point of implementation.</p> <p>Should the corporations undertake subsequent corporate proposals involving transfer of their listing status from the ACE Market to the Main Market of Bursa Malaysia or acquisition which results in a significant change in the business direction or policy of the listed corporation, the corporations must submit such applications to the SC for a re-assessment. The SC will re-assess whether such corporations are still exempted from complying with the Bumiputera Equity Requirement.</p>
7.	<p><u>Question</u></p> <p>Which corporations will not be imposed with the Bumiputera Equity Requirement?</p> <p><u>Answer</u></p> <p>Corporations undertaking one of the following corporate proposals will not be imposed with the Bumiputera Equity Requirement:</p> <ul style="list-style-type: none"> a) Listing of corporations which only involves restricted offer for sale to its shareholders or distribution in specie of the securities of the corporations for which listing is sought; or b) Listing or acquisitions/mergers of corporations which have Bumiputera shareholdings of more than 50% equity interest before and after the corporate proposal; or c) Acquisitions/mergers of listed corporations where the relevant listed corporations have previously complied with the Bumiputera Equity Requirement imposed pursuant to the listing. <p>Notwithstanding, the corporations must seek approval from the SC for the resultant equity structure pursuant to the corporate proposal.</p> <p>If the corporations offer shares to the Malaysian public investors via balloting in conjunction with the corporate proposal, at least 50% of the shares offered must be made available to Bumiputera public investors at the point of implementation.</p>

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8.	<p><u>Question</u></p> <p>What if the shares allocated to Bumiputera investors are not fully subscribed?</p> <p><u>Answer</u></p> <p>If the shares allocated to Bumiputera investors approved or recognised by MITI or MOF (if Licensed FIs) are not fully subscribed ("Undersubscribed Shares"), the corporation must ensure that the Undersubscribed Shares are reallocated to Bumiputera public investors via balloting.</p> <p>If there are any remaining Undersubscribed Shares after balloting, the corporation may reallocate the Undersubscribed Shares to Malaysian institutional investors.</p> <p>Corporations will be deemed to have complied with the Bumiputera Equity Requirement once the above reallocation process is completed.</p>
9.	<p><u>Question</u></p> <p>If corporations have existing Bumiputera shareholders, can the equity holding held by the existing Bumiputera shareholders be accounted in fulfilling the Bumiputera Equity Requirement?</p> <p><u>Answer</u></p> <p>Yes, subject to recognition by MITI or MOF (if Licensed FIs) and only if the existing Bumiputera shareholders are not substantial shareholders i.e. hold less than 5% of the enlarged number of issued shares.</p> <p>The number of shares for allocation to Bumiputera investors to be approved or recognised by MITI and MOF (if Licensed FIs) shall be determined by MITI and MOF.</p> <p>In addition, if the corporations offer shares to the Malaysian public investors via balloting in conjunction with the corporate proposal, at least 50% must be made available to Bumiputera public investors at the point of implementation.</p>

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10.	<p data-bbox="297 256 432 288"><u>Question</u></p> <p data-bbox="297 316 2027 392">Do corporations need to comply with any Bumiputera equity requirement imposed by the relevant Ministries or sector regulators as part of their licensing conditions?</p> <p data-bbox="297 419 409 451"><u>Answer</u></p> <p data-bbox="297 475 2027 552">Yes, where relevant, corporations must obtain the approval from the relevant Ministries or sector regulators prior to submitting any proposals to the SC.</p>