Suruhanjaya Sekuriti
Securities Commission
Malaysia

EQUITY GUIDELINES

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EQUITY GUIDELINES

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PART I
GENERAL

Chapter 1

INTRODUCTION

Purpose of Guidelines

1.01 The *Equity Guidelines* are issued under section 377 of the *Capital Markets and Services Act 2007* (CMSA) and applied by the SC in considering the following proposals under section 212 of the CMSA:

(a) Issues and offerings of equity securities;

(b) Listings of corporations and quotations of securities on the MAIN Market; and

(c) Proposals which result in a significant change in the business direction or policy of corporations listed on the MAIN Market.

1.02 These Guidelines are generally applicable to body corporates whether they are incorporated in Malaysia or outside Malaysia.

1.03 These Guidelines, however, do not apply to proposals undertaken by corporations seeking listing or listed on the ACE Market other than for a proposed transfer of listing from the ACE Market to the MAIN Market. Proposals undertaken by these corporations are governed by the Bursa Securities *ACE Market Listing Requirements*.

1.04 Any proposal under paragraph 1.01 which involves—

(a) bonus issue, rights issue, issuance of preference shares, warrants, options, debt securities, convertible securities and any other securities issuances must comply with the *MAIN Market Listing Requirements*, as applicable;

(b) price stabilisation mechanism must comply with the *Capital Markets and Services (Price Stabilization Mechanism) Regulations 2008*;

(c) issuance of prospectus or introductory document must comply with the *Prospectus Guidelines*;

(d) valuation of real estate, plant, machinery and equipment must comply with the *Asset Valuation Guidelines*; and

(e) issuance of debt securities and sukuk must comply with the *Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors.*

General principles

1.05 These Guidelines are formulated to ensure a fair and consistent application of policies. The requirements set out in these Guidelines represent the minimum standards that have to be met by an applicant embarking on proposals. Accordingly, an applicant must observe the spirit and the wording of these Guidelines.

1.06 The principles on which these Guidelines are based embrace the interests of listed corporations, the provision of investor protection and maintenance of investor confidence, as well as the need to protect the reputation and integrity of the capital market. The principles include the following:

(a) An applicant must be suitable for listing and have minimum standards of quality, size, operations, and management experience and expertise;

(b) An applicant and its advisers must make timely disclosure of material information and ensure the accuracy and completeness of such information to enable investors to make an informed assessment of the applicant, the proposals and the securities being offered;

(c) An applicant and its directors, officers and advisers must maintain the highest standards of corporate governance, integrity, accountability and responsibility;

(d) Directors of an applicant must act in the interests of shareholders as a whole, particularly where a related party has material interest in a transaction entered into by the applicant;

(e) All holders of securities must be treated fairly and equitably and must be consulted on matters of significance; and

(f) Proposals undertaken by an applicant must not be detrimental to the interest of investors or contrary to public interests.

1.07 In circumstances not explicitly covered, in making its decision, the SC will have regard to the general principles outlined in paragraph 1.06 where applicable for specific proposals submitted for the SC's consideration.

1.08 For avoidance of doubt, where there are issues of securities undertaken as part of a proposal requiring the SC's approval under these Guidelines, the SC will consider such issues together with the proposal under consideration.

Consultation with the SC

1.09 An applicant and its advisers are encouraged to consult the SC on the application of these Guidelines.

1.10 For purpose of the following proposals:

(a) Equity offering and primary listing of a corporation on the MAIN Market;

(b) Proposals which result in a significant change in the business direction or policy of a listed corporation on the MAIN Market; and

(c) Transfer of listing of a corporation listed on the ACE Market to the MAIN Market under the accelerated transfer process;

the applicant and its advisers must consult the SC prior to making an application for such proposals.

1.11 Sufficient information on the matters to be consulted on must be provided to the SC to ensure a meaningful discussion.

1.12 A consultation is not intended to replace careful consideration of the relevant requirements by the applicant and its advisers, nor to replace due diligence required of the parties involved.

1.13 The SC may, upon application, grant an exemption from or a variation to the requirements of these Guidelines if the SC is satisfied that—

(a) such variation, if granted, is not contrary to the intended purpose of the relevant provision in these Guidelines; or

(b) there are mitigating factors which justify the said exemption or variation.

Thereafter, an exemption or variation shall be referred to as 'relief' in these Guidelines.

1.14 Guidance on the application of the requirements of these Guidelines has been provided, where appropriate. Any departure from the Guidance will be taken into consideration in the SC's assessment on whether a breach of these Guidelines had occurred.

Secondary Listing of a Corporation on Bursa Securities pursuant to HK Simplified Dual IPO Listing Framework

1.15 The following paragraphs do not apply to a proposal undertaken by corporation seeking Secondary Listing Pursuant to HK Simplified Dual IPO Listing Framework:

(a) Chapter 5: paragraphs 5.34 and 5.35;

(b) Chapter 9: paragraphs 9.02B, 9.06, 9.08, 9.08A, 9.08B and 9.17; and

(c) Appendix 1: paragraphs 1, 2(m)(v) and 4.

1.16 Unless the context requires otherwise, for the purpose of the Secondary Listing Pursuant to HK Simplified Dual IPO Listing Framework, references in these Guidelines to—

(a) 'competent person' shall have the meaning assigned to 'Competent Person' in the *Main Board Listing Rules of the Stock Exchange of Hong Kong Limited*;

(b) 'competent valuer' shall have the meaning assigned to 'Competent Evaluator' in the *Main Board Listing Rules of the Stock Exchange of Hong Kong Limited*; and

(c) 'principal adviser' shall have the meaning assigned to a 'HK Sponsor' in Chapter 7A of the *Licensing Handbook*.

Chapter 2

DEFINITIONS

2.01 Unless otherwise defined, all words used in these Guidelines shall have the same meaning as defined in the CMSA. In these Guidelines, unless the context otherwise requires—

ACE Market	means an alternative market of Bursa Securities;
ACE Market Listing Requirements	means the *ACE Market Listing Requirements* issued by Bursa Securities;
acquisition	includes an acquisition of assets by a subsidiary company of a listed corporation;
adviser	means a person appointed by the applicant or the principal adviser, as the case may be, to provide advice or opinion, in connection with a submission of a proposal to the SC;
after-tax profit	means profit after taxation and after— (a) adjusting for profits or losses attributable to minority interests; and (b) excluding profits or losses generated from non-recurring items or by activities or events outside the ordinary and usual course of business;
applicant	means any person referred to in section 212 of the CMSA;
Approved accounting standards	has the meaning assigned to it in the *Financial Reporting Act 1997*, but excluding the Malaysian Private Entities Reporting Standard or its equivalent;
assets	means all types of assets including securities and business undertakings;

associated company	has the meaning as assigned to 'associate' under the approved accounting standards;
Audit Oversight Board	has the meaning assigned to it in the *Securities Commission Malaysia Act 1993*;
audited financial statements	means— (a) the audited financial statements of the corporation; or (b) where the corporation is a holding corporation, the audited consolidated financial statements of the corporation or the audited combined financial statements of the corporation, as the case may be;
Bursa Securities	means Bursa Malaysia Securities Bhd;
CMSA	means the *Capital Markets and Services Act 2007*;
collective investment schemes	has the meaning assigned to it in the *Guidelines on Unit Trust Funds*;
competent person	means a person who meets the requirements in Appendix 5 of these Guidelines;
competent person's report	has the meaning assigned to it in the *Prospectus Guidelines*;
competent valuer	means a person who meets the requirements in Appendix 5 of these Guidelines;
competent valuer's report	has the meaning assigned to it in the *Prospectus Guidelines*;
Contingent Resources	has the meaning assigned to it under the respective O&G reporting standards;

controlling shareholder	means any person who is, or a group of persons who collectively are, entitled to exercise or control the exercise of more than 33% of the voting shares or voting rights in a corporation or who is or are in a position to control the composition of a majority of the board of directors of such corporation;
convertible securities	means securities which are convertible by their terms of issue into shares;
core business	means the business which provides the principal source of operating revenue or after-tax profit to a corporation and which comprises the principal activities of the corporation and its subsidiary companies;
debt securities	has the meaning as assigned to 'private debt securities' in the *Guidelines on Issuance of Corporate Bonds and Sukuk to Retail Investors*;
financial assistance	has the meaning assigned to it in the *MAIN Market Listing Requirements*;
foreign corporation	means an entity that is incorporated outside Malaysia;
future financial information	means financial information based on the assumptions made by the directors of the corporation about events that it expects to exist and the course of action it expects to take;
governmental proceeding	means any proceeding that is undertaken by or against the government including the federal government, a state government, province, county or municipality as the case may be, a statutory or regulatory authority, or any agency, bureau or body carrying out the regulatory function;

HK Simplified Dual IPO Listing Framework	means the simplified cross-listings framework established pursuant to the Memorandum of Understanding entered into between the SC and the Securities and Futures Commission of Hong Kong on 23 July 2026, whereby a corporation is seeking concurrent dual listing in Hong Kong and Malaysia with primary listing in one jurisdiction and secondary listing in the other jurisdiction;
independent director	has the meaning assigned to it in the *MAIN Market Listing Requirements*;
Indicated Resources	has the meaning assigned to it under the respective mineral reporting standards;
infrastructure project	means a project which creates the basic physical structures or foundations for the delivery of essential public goods and services that are necessary for the economic development of a state, territory or country, such as the construction and operation of roads, bridges, tunnels, railways, mass transit systems, seaports, airports, water and sewage systems, sewerage systems, power plants, gas supply systems and telecommunication systems;
infrastructure project corporation	means a corporation whose core business is building and operating an infrastructure project;
interested persons	includes directors, major shareholders and chief executive;
issuer	means the corporation that will maintain or assume the listing status after completion of the proposal;
key senior management	means the senior management team (excluding directors) of a corporation having authority and responsibility for the business operations or management, regardless of title used, and includes the chief executive officer, chief operating officer and chief financial officer;

latest practicable date	means a date whereby the information disclosed should remain relevant and current as at the date of the circular or in the case of a transfer of listing, the date when the documents are submitted to the SC;
MAIN Market	means the MAIN Market of Bursa Securities;
MAIN Market Listing Requirements	means the *MAIN Market Listing Requirements* issued by Bursa Securities;
major shareholder	has the meaning assigned to it in the *MAIN Market Listing Requirements*;
market day	has the meaning assigned to it in the *MAIN Market Listing Requirements*;
mineral	has the meaning as assigned to 'mineral resources' in the respective mineral reporting standards;

mineral reporting standards	means— (a) the Australasian Code for Reporting of Exploration Results, Mineral Resources and Ore Reserves (JORC Code), including any amendment that may be made from time to time; (b) the South African Code for the Reporting of Exploration Results, Mineral Resources and Mineral Reserves (SAMREC Code), including any amendment that may be made from time to time; (c) Canada's National Instrument 43-101 Standards of Disclosure for Mineral Projects (NI 43-101), including Form 43-101F1 which incorporates, by reference, the Canadian Institute of Mining, Metallurgy and Petroleum Definition Standards on Mineral Resources and Mineral Reserves, including any amendment that may be made from time to time; (d) the Pan-European Standard for Reporting of Exploration Results, Mineral Resources and Reserves (PERC Reporting Standard), including any amendment that may be made from time to time; or (e) an equivalent reporting standard acceptable to the SC;
modified opinion	means an adverse opinion, a qualified opinion, or a disclaimer of opinion;
Modifying Factors	has the meaning assigned to it in under the respective mineral reporting standards;
MOG	means mineral or O&G;

MOG assets	has the meaning as assigned to 'mineral assets' or 'petroleum assets' in the MOG valuation standards;
MOG corporation	means a corporation falling within the criteria specified under paragraph 5.04A, or deemed by the SC under paragraph 5.04B, of these Guidelines;
MOG reporting standards	means mineral reporting standards and O&G reporting standards;
MOG resources	has the meaning assigned to it in the *Prospectus Guidelines*;
MOG valuation standards	in relation to the valuation of MOG assets, means— (a) the Australasian Code for Public Reporting of Technical Assessments and Valuations of Mineral Assets (VALMIN Code), including any amendment that may be made from time to time; (b) the South African Code for the Reporting of Mineral Asset Valuation (SAMVAL Code), including any amendment that may be made from time to time; (c) the CIMVAL Code for the Valuation of Mineral Properties (CIMVAL Code), including any amendment that may be made from time to time; or (d) an equivalent valuation standard acceptable to the SC;
O&G	has the meaning as assigned to 'petroleum' in the respective O&G reporting standards;
O&G reporting standards	means— (a) the Petroleum Resources Management System (PRMS), including any amendment that may be made from time to time;

	(b) Canada's National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities (NI 51- 101), including any amendment that may be made from time to time; or (c) an equivalent reporting standard acceptable to the SC;
offer for sale	means an invitation by, or on behalf of, an existing securities holder to purchase securities of the applicant already issued or allotted;
percentage ratios	means the figures, expressed as a percentage, resulting from each of the following computations: (a) The net assets value of the assets which are the subject of the acquisition divided by the net assets value of the listed corporation; (b) The revenue attributable to the assets which are the subject of the acquisition divided by the revenue of the listed corporation; (c) The net profits attributable to the assets which are the subject of the acquisition divided by the net profits of the listed corporation; (d) The aggregate value of the consideration for the subject acquisition, including amounts to be assumed by the purchaser, such as the vendor's liabilities, divided by the aggregate market value of all the ordinary shares of the listed corporation; or (e) The number of new shares issued by the listed corporation as consideration for the acquisition divided by the number of shares in the listed corporation in issue prior to the acquisition;

person connected	has the meaning assigned to it in the *MAIN Market Listing Requirements*;
predominantly foreign-based operations	means a situation where— (a) the after-tax profits of an applicant derived from assets or operations held outside Malaysia are higher than the after-tax profits derived from assets or operations held within Malaysia; or (b) the majority of the infrastructure projects are located outside Malaysia;
predominantly Malaysian-based operations	means a situation where— (a) the after-tax profits of an applicant derived from assets or operations held within Malaysia are higher than the after-tax profits derived from assets or operations held outside Malaysia; or (b) the majority of the infrastructure projects are located within Malaysia;
principal adviser	has the meaning as assigned to 'recognised principal adviser (RPA)' in the *Licensing Handbook*;
property assets	has the meaning assigned to it in the *Asset Valuation Guidelines*;
property development corporation	means a corporation whose core business is in— (a) development or redevelopment of real estates; or (b) real estates with development potential, and includes those rights to develop under a joint venture agreement, privatisation agreement or some other forms of joint arrangement;

qualifying acquisition	means the initial acquisition of any business by a SPAC which has an aggregate fair market value equal to at least 80% of the aggregate amount in the trust account and is in line with the business strategy disclosed in the prospectus issued in relation to the SPAC's initial public offering. A qualifying acquisition may be in the form of a business combination, including a merger;
real estate	means land and all things that are a natural part of the land as well as all things attached to the land both below and above the ground and includes rights, interests and benefits related to the ownership of the real estate, but excludes MOG assets and MOG resources;
recognised professional organisation	in relation to a competent person or competent valuer, means a self-regulatory organisation of professionals in the MOG exploration or extraction industries accepted by the SC;
related party	has the meaning assigned to it in the *MAIN Market Listing Requirements*;
related-party transaction	has the meaning assigned to it in the *MAIN Market Listing Requirements*;
restricted offer for sale	means an invitation to an identifiable group of investors by, or on behalf of, an existing securities holder to purchase securities of the issuer already in issue or allotted;
restricted offer for subscription	means an invitation to an identifiable group of investors by, or on behalf of, an issuer to subscribe for securities of the issuer not yet in issue or allotted;
reporting accountants	means a firm of public accountants that is a registered auditor with the Audit Oversight Board and whose registration has not been suspended;
RM	means ringgit Malaysia;

SC	means the Securities Commission Malaysia;
Secondary Listing Pursuant to HK Simplified Dual IPO Listing Framework	means the simultaneous primary listing on the Main Board of the Stock Exchange of Hong Kong Limited and secondary listing on the MAIN Market of Bursa Securities pursuant to the HK Simplified Dual IPO Listing Framework;
shareholders whose securities are subject to moratorium	means a controlling shareholder, a person connected to a controlling shareholder and an executive director who is a substantial shareholder of the applicant or any other person as specified by the SC;
shareholding spread	has the meaning assigned to it in the *MAIN Market Listing Requirements*;
significant change in the business direction or policy of a listed corporation	has the meaning assigned to it in paragraph 7.01A of these Guidelines and includes a qualifying acquisition;
Special Purpose Acquisition Company or 'SPAC'	means a corporation which has no operations or income generating business at the point of initial public offering and has yet to complete a qualifying acquisition with the proceeds of such offering;
subsidiary company	has the meaning referred in section 4 of the *Companies Act 2016*;
substantial shareholder	has the meaning assigned to it in the *Companies Act 2016*;
target asset	refers to the assets to be acquired in relation to the proposal.

Chapter 3

CORPORATE GOVERNANCE

3.01 An applicant submitting a proposal to the SC is expected to have good corporate governance practices.

3.02 The SC, in considering a proposal, will take into account the applicant's corporate governance record, including—

(a) any previous actions taken against the applicant for any breach of relevant laws, guidelines or rules issued by the SC and Bursa Securities, or for failure to comply with any written notice or condition imposed by the SC; and

(b) the applicant's level of adoption of the best practices under the *Malaysian Code on Corporate Governance*.

3.03 Directors are required to act honestly and diligently in discharging their duties. The SC will not tolerate any compromise on the integrity and public accountability of the directors.

3.04 Where the SC is not satisfied with an applicant's corporate governance record or where the SC is concerned with the integrity of any of the applicant's directors, the SC may reject the proposal, or approve the proposal subject to appropriate conditions such as the following:

(a) The applicant to take appropriate measures to improve its governance structure;

(b) Disclosure of the governance record of the applicant and/or the director in question in relevant public documents;

(c) The director in question to step down from the board of directors and the management of the applicant;

(d) Prohibition of the director in question from participating in the proposal; and/or

(e) Prohibition of, or imposition of a moratorium on, any trading or dealing in securities.

3.05 [deleted]

3.06 [deleted]

Chapter 4

CONFLICT OF INTEREST

4.01 An applicant is required to assess all aspects of its business to determine whether there are conflict-of-interest situations.

4.02 An applicant must resolve, eliminate or mitigate all conflict-of-interest situations. The SC may reject proposals submitted by the applicant if there are conflict-of-interest situations that are not satisfactorily addressed.

4.03 An applicant is required to declare the nature and extent of the conflict of interest, if any, and submit a proposal to the SC to resolve, eliminate or mitigate such conflict.

4.04 Situations that are likely to give rise to conflict of interest include circumstances where interested persons—

(a) have an interest in a competing business with that of the applicant's or its subsidiary companies;

(b) conduct or have interest in business transactions involving goods or services, either directly or indirectly, with the applicant or its subsidiary companies;

(c) provide or receive financial assistance to or from the applicant or its subsidiary companies; and

(d) lease property to or from the applicant or its subsidiary companies.

4.05 An applicant should consider the following to determine if a conflict-of-interest situation arises:

(a) Whether interested persons of the applicant or its subsidiary companies have personal pecuniary interests which are in conflict with those of the applicant or its subsidiary companies;

(b) Whether the relationship between a major shareholder and the applicant or its subsidiary companies could result in a conflict between the applicant's obligations towards that major shareholder and its duties to the general body of shareholders;

(c) Whether the professional judgment of interested persons to act in the best interests of the applicant or its subsidiary companies is compromised;

(d) Whether interested persons are otherwise engaged in an activity which detracts time and commitment from managing the applicant or its subsidiary companies; and

(e) Whether the conflict is significant in relation to the nature, scale and complexity of the businesses of the applicant or its subsidiary companies.

4.06 In situations where the conflict cannot be promptly resolved, such as where—

(a) the arrangement is essential and favourable to the operations of the applicant or its subsidiary companies; or

(b) there are adequate measures in place to ensure that the arrangement and the ensuing terms are not detrimental to the applicant or its subsidiary companies,

measures for minimising and managing the conflict must be disclosed in the prospectus, circular to shareholders or any other public document issued in relation to the proposal.

4.07 Full disclosure of all potential conflict-of-interest situations involving or affecting the applicant, the parties to the conflicts and the measures taken for such conflicts must also be made in the prospectus, circular to shareholders or any other public document issued in relation to the proposal.

PART II
POLICY GUIDELINES

Chapter 5

EQUITY OFFERINGS AND LISTINGS

5.01 This chapter sets out the requirements for the following proposals:

(a) Equity offering and primary listing of a corporation, other than a SPAC, on Bursa Securities; and

(b) Secondary listing of a foreign corporation on Bursa Securities.

(c) [deleted]

PART A: EQUITY OFFERING AND PRIMARY LISTING OF A CORPORATION, OTHER THAN A SPAC, ON BURSA SECURITIES

Routes for listing

5.02 An applicant whose core business is not that of infrastructure project must satisfy either the profit test or market capitalisation test. An applicant whose core business is that of infrastructure project must satisfy the infrastructure project corporation test.

(a) Profit test

(i) Profit requirements

The applicant must have an aggregate after-tax profit of at least RM30 million for the most recent three full financial years and an after-tax profit of at least RM15 million for the most recent financial year, based on audited financial statements.

In fulfilling the profit requirements, contributions from associated companies must not exceed those of subsidiary companies.

(ii) Operating history

The applicant or the corporation within the group which is the single largest contributor to the after-tax profits, on an average basis, must have been operating in the same core business over at least the profit track record period based on audited financial statements.

(b) Market capitalisation test

(i) Market capitalisation requirement

The applicant's ordinary shares must have a total market capitalisation of at least RM500 million based on the issue or offer price as stated in the prospectus and the enlarged issued share capital upon listing.

(ii) Operating history

The applicant or the corporation within the group representing the core business must have been incorporated and generated operating revenue for at least the most recent full financial year based on audited financial statements.

(c) Infrastructure Project Corporation test

(i) The applicant, either directly or through its subsidiary company, must have the right to build and operate an infrastructure project, whether located in Malaysia or outside Malaysia—

- with project costs of not less than RM500 million; and
- for which a concession or licence has been awarded by a government or a state agency, in or outside of Malaysia, with a remaining concession or licence period of at least 15 years at the time of listing; and

(ii) For the purposes of paragraph 5.02(c)(i), where the applicant has to satisfy the project costs of not less than RM500 million, the SC may consider the aggregation of project costs for renewable energy infrastructure projects, provided that each individual infrastructure project has a project cost of not less than RM100 million. In this regard, the applicant and its advisers must seek prior consultation with the SC; and

(iii) For the purposes of paragraph 5.02(c)(i), the SC may consider the listing proposal by an applicant with a shorter remaining concession or licence period at the time of listing, if the applicant fulfils the profit requirements under the profit test.

Core business

5.03 An applicant must have an identifiable core business of which it has majority ownership and management control.

5.04 The core business of the applicant must not be the holding of investment in other listed corporations.

5.04A In relation to MOG exploration or extraction activities, a corporation would be considered as an MOG corporation if such activities represent 50% or more of its total assets, revenue, operating expenses or after-tax profit based on audited financial statements.

5.04B Notwithstanding paragraph 5.04A, the SC may deem a corporation to be an MOG corporation if the corporation's MOG exploration or extraction activities form the single largest contributor to its total assets, revenue, operating expenses or after-tax profits based on audited financial statements. In this regard, an applicant and its advisers must seek prior consultation with the SC.

Management continuity and capability

5.05 An applicant must have had continuity of substantially the same management for at least the most recent three full financial years prior to submission to the SC or, in the case of an applicant seeking listing under the market capitalisation test or the infrastructure project corporation test, since the commencement of its operations, if less than three full financial years prior to submission to the SC.

5.06 In complying with the requirement on continuity of substantially the same management, the applicant must demonstrate that, throughout the relevant period—

(a) the current executive directors of the applicant have had direct management responsibilities for, and played a significant role in, the applicant's business; and

(b) the senior management of the applicant has not changed materially.

5.06 A The chief financial officer, finance director, or the individual holding an equivalent position in relation to the applicant's business, must have been appointed at least six months prior to the submission to the SC.

5.07 Where the requirements in paragraph 5.06 are not met, the applicant must demonstrate the expertise and capability of its management in ensuring that its operations are managed effectively.

Financial position and liquidity

5.08 An applicant must have a healthy financial position, with—

(a) sufficient level of working capital for at least 12 months from the date of the prospectus. In the case of an applicant who is an MOG corporation, it must comply with paragraph 5.37A(c) instead; and

(b) [deleted]

(c) no accumulated losses based on latest audited financial statements, if listing is sought under the profit test.

5.08A For the purposes of paragraph 5.08, the SC will, in its assessment of the applicant's healthy financial position, take into account whether the applicant has positive cash flow from operating activities over the most recent three full financial years, or since the commencement of its operations, if less than three full financial years, based on the audited financial statements.

5.08 B The reporting accountants must not have expressed a modified opinion and there is no statement of material uncertainty related to going concern on the audited financial statements of the applicant contained in the accountants' report.

Chain listing

5.09 Chain listing is a term used to describe a situation where a subsidiary or a holding company of a corporation already listed on the MAIN Market or the ACE Market is seeking listing on its own. In such a situation, the following requirements must be met:

(a) The applicant must be involved in a distinct and viable business of its own;

(b) The relationship between the applicant and all the other corporations within the holding company's group must not give rise to intra-group competition or conflict-of-interest situations;

(c) The applicant must demonstrate that it is independent from the already-listed corporation and other corporations within the group in terms of its operations, including purchases and sales of goods, management, management policies and finance;

(d) The already-listed corporation must—

(i) have a separate autonomous and sustainable business of its own;

(ii) after excluding its interest in the applicant, meet the profit test as set out in paragraph 5.02(a) or the market capitalisation test as set out in paragraph 5.02(b);

(iii) after excluding its interest in the applicant, have a healthy financial position, with—

- sufficient level of working capital to fund its continuing operations for at least 12 months from the date of the prospectus of the applicant; and
- [deleted]
- no accumulated losses based on latest audited financial statements, if the already-listed corporation is subjected to the profit test;

(iv) have continuity of substantially the same management for at least the most recent three full financial years prior to submission to the SC;

(e) Where a holding company of an already-listed corporation is seeking listing, the applicant must meet the requirements for listing without taking into account the contributions, in terms of revenue, profit or otherwise, from its already-listed subsidiary company;

(f) The chain listing must not detrimentally affect the interests of the shareholders of the already-listed corporation;

(g) The board of directors of the already-listed corporation must make a statement on the rationale for the chain listing exercise;

(h) The shareholders of the already-listed corporation must be given an assured entitlement to any offering of existing or new shares in the applicant. The percentage of shares in the applicant to be allocated to the assured entitlement tranche should be determined by the directors of the already-listed corporation and all shareholders of the already-listed corporation must be treated equally;

(i) For the purpose of paragraph 5.09(d)(ii), where the already-listed corporation has to satisfy the market capitalisation test, the already-listed corporation must cease its control over the applicant; and

(j) The auditors must not have expressed a modified opinion and there is no statement of material uncertainty related to going concern on the audited financial statements of the already-listed corporation, for the most recent three full financial years.

5.09A For the purposes of paragraph 5.09(d)(iii), the SC will, in its assessment of the already-listed corporation's healthy financial position, take into account whether the already-listed corporation has positive cash flow from operating activities over the most recent three full financial years, based on the audited financial statements.

Transactions with related parties

5.10 Transactions entered into between an applicant or any of its subsidiary companies and related parties prior to listing must be based on terms and conditions which are not unfavourable to the applicant, otherwise, the SC may regard an applicant as unsuitable for listing.

5.11 All trade debts exceeding the normal credit period and all non-trade debts, owing by the interested persons to the applicant or its subsidiary companies, must be fully settled prior to the applicant's listing.

Issue of warrants, options and convertible securities under a listing scheme

5.12 [deleted]

5.13 The exercise price of warrants and options, and the conversion price of convertible securities that are issued prior to or as part of the listing scheme must not be lower than the price of the ordinary shares offered to the general public under the initial public offering.

Methods of offering of securities

General

5.14 The methods of offering of securities chosen by an applicant should enable the applicant to have a broad base of shareholders and comply with the shareholding spread requirement of Bursa Securities.

5.15 An applicant must, as part of its listing scheme, undertake an offering of securities to the general public and the allocation for such securities has to be made through a balloting process. The balloted portion must constitute the following:

Enlarged issued share capital	**Minimum offering to the general public**
Below RM200 million	At least 5% of the enlarged number of shares issued
RM200 million and above	At least 2% of the enlarged number of shares issued

5.16 Notwithstanding the provision of paragraph 5.15, an offering of securities to the general public is not required if listing of securities is sought under the following circumstances, where—

(a) the securities for which listing is sought are already listed on the ACE Market; or

(b) a listed corporation intends to undertake a restricted offer for sale or distribute in specie to its shareholders the securities of its subsidiary company which is seeking listing.

5.17 Where an applicant is seeking listing under the infrastructure project corporation test, no offer for sale of securities is allowed, unless the infrastructure project has generated operating revenue for the most recent two full financial years and any subsequent period based on the audited financial statements.

5.17A Where an MOG corporation is granted relief under paragraph 5.37B, no offer for sale of securities is allowed as part of the listing proposal.

5.18 Expenses incurred relating to an offer for sale or restricted offer for sale of securities shall be borne by the offeror.

Placement of securities

5.19 The principal adviser must act as the placement agent or joint placement agent, where applicable, for any placement of securities under an initial public offering and ensure that the placement fully complies with Appendix 4.

5.20 The SC reserves the discretion to require submission of such further information on the placement exercise and the placees as the SC may consider necessary for the purpose of establishing the propriety of the exercise or the independence of the placees.

Restricted offers

5.21 Restricted offers for sale and restricted offers for subscription which are undertaken as part of a listing scheme may only be made to the following groups:

(a) The directors and employees of the applicant;

(b) The directors and employees of the subsidiary companies and holding company of the applicant;

(c) Other persons who have contributed to the success of the applicant, such as suppliers, distributors, dealers and customers; and

(d) The shareholders of the holding company of the applicant, if the holding company is listed.

5.22 The aggregate amount of securities that may be offered to the groups in paragraphs 5.21(a), (b) and (c) must not be more than 10% of the enlarged number of issued shares of the applicant upon listing or 25% of the total securities offered, whichever is lower.

Pricing of securities

5.23 The issue price of equity securities, other than warrants and convertible securities, offered for subscription or sale, for which a listing is sought, must be at least RM0.50 each.

5.24 Where securities are offered to related parties in conjunction with the initial public offering, the price of the securities offered to such related parties must be set at least at the issue price to the general public.

Underwriting

5.25 Underwriting arrangements in relation to an offering of securities are at the discretion of the applicant and its principal adviser.

5.26 The principal adviser must be part of the syndicate of underwriters for the securities offered under the initial public offering if there is an underwriting arrangement.

5.27 An applicant seeking listing on Bursa Securities must disclose in its prospectus—

(a) the minimum level of subscription and the basis for determining the minimum level based on factors, such as the level of funding required by the applicant and the extent of the shareholding spread needed; and

(b) the level of underwriting that has been arranged, together with justifications for the level arranged.

5.28 Where the minimum level of subscription is not achieved, the offering of securities must be terminated and all consideration received must be immediately returned to all subscribers.

Moratorium

5.29 A moratorium will be imposed on the securities of the applicant held by the shareholders whose securities are subject to moratorium, as follows:

(a) For listing under the profit test or market capitalisation test, the said shareholders are not allowed to sell, transfer or assign any of their holdings in the securities as at the date of listing on Bursa Securities, for six months from the date of the listing;

(b) For listing under the infrastructure project corporation test, the said shareholders are not allowed to sell, transfer or assign any of their holdings in the securities as at the date of listing on Bursa Securities. The moratorium will be lifted immediately at the end of six months after the date of the listing if the infrastructure project has generated one full financial year of audited operating revenue. For infrastructure project corporation which has yet to generate one full financial year of audited operating revenue, the said shareholders must retain their shareholdings amounting to 45% of the total number of issued shares of the applicant. Upon achieving one full financial year of audited operating revenue, the moratorium on the 45% shareholding will be lifted; and

(c) For an MOG corporation granted relief under paragraph 5.37B, the said shareholders of the MOG corporation are not allowed to sell, transfer or assign any of their holdings in the securities as at the date of listing on Bursa Securities. This moratorium will be lifted only upon the MOG corporation achieving one full financial year of operating revenue and positive cash flow from operating activities, based on audited financial statements.

In relation to paragraphs 5.29(b) and (c), the said shareholders must make an application to the SC for the lifting of the moratorium, demonstrating that the conditions for such lifting have been met.

5.30 Where the shareholders whose securities are subject to moratorium are entities which are not listed, all direct and indirect holders of these entities, if they are individuals or other entities which are not listed up to the ultimate individual holders, must give an undertaking to the SC that they will not sell, transfer or assign any of their respective holdings in the entities which are not listed for the period as stipulated in paragraphs 5.29(a), (b) or (c), as applicable.

5.31 For purposes of paragraphs 5.29(a) and (c), the shareholdings of said shareholders to be placed under moratorium must include all shares in the applicant issued to the said shareholders during the moratorium period arising from the conversion or exercise of any convertible securities or warrants held by the said shareholders at the date of listing of the applicant on Bursa Securities.

5.32 For purposes of paragraph 5.29(b), where the said shareholders also own securities that are convertible or exercisable into ordinary shares of the applicant, the shareholdings of said shareholders to be placed under moratorium must amount to 45% of the enlarged number of issued shares of the applicant assuming full conversion or exercise of such securities owned by the said shareholders.

5.33 Where a price stabilisation mechanism under the *Capital Markets and Services (Price Stabilization Mechanism) Regulations 2008* is included in the listing proposal, the shareholders whose securities are subject to moratorium are allowed to transfer their moratorium securities to a designated account held by the stabilising manager to facilitate this purpose.

Valuation

5.34 A valuation is required to be conducted for an acquisition of property assets or corporations which own property assets, where the revalued amount of the property assets is used, whether wholly or partly, as the basis for the consideration. The revalued amount of the property assets in this context refers to property assets which are to be revalued or have been revalued in the past prior to the submission to the SC.

5.35 Notwithstanding paragraph 5.34, a property investment or property development corporation seeking listing on Bursa Securities must appoint an independent valuer to conduct a valuation of its material real estate.

5.36 The SC, whenever it deems appropriate, may also require an applicant to conduct a valuation on any asset other than those referred to in paragraphs 5.34 and 5.35.

5.37 The SC may obtain a second opinion on the valuation report submitted by the applicant. Where a second opinion valuation is required, the valuer conducting the valuation has to be appointed by the SC, at the cost of the applicant and the lower of the two valuations must be adopted as the basis for the purchase consideration.

Additional requirements for the listing of an MOG corporation

5.37A An MOG corporation seeking listing on Bursa Securities must comply with the following requirements:

(a) It must have an adequate portfolio of at least—

(i) in the case of O&G, Contingent Resources; or

(ii) in the case of minerals, Indicated Resources, which

must be supported by a competent person's report;

(b) For the majority of its MOG assets, in value, the MOG corporation must have—

(i) the legal rights for exploration or extraction activities in respect of the MOG assets; and

(ii) control over the MOG assets;

(c) It must have sufficient level of working capital for at least 18 months from the date of the prospectus;

(d) It must have at least one independent director out of the requisite number of independent directors, with the appropriate MOG exploration or extraction experience or expertise;

(e) It must have, as its external auditor, an audit firm which has relevant MOG exploration or extraction industry expertise; and

(f) For the purposes of compliance with Chapter 10 of Division 1, Part II of the *Prospectus Guidelines*, it must appoint a reporting accountant which has relevant MOG exploration or extraction industry expertise.

5.37B Where an MOG corporation is unable to comply with paragraph 5.02(b)(ii) when listing is sought via the market capitalisation test, the SC may consider granting the applicant relief from such requirement if the applicant is able to demonstrate that—

(a) it has clear plans to advance the MOG assets to commercial production within two years. Such plans, together with milestones and related expenditures, must be reviewed and supported by a competent person and provided in the prospectus;

(b) it has sufficient funds to undertake such plans under paragraph 5.37B(a); and

(c) its directors and management collectively have sufficient MOG exploration or extraction experience to effectively implement such plans under paragraph 5.37B(a).

Additional requirements for the listing of a foreign corporation

Standards of laws and regulations

5.38 A foreign corporation seeking listing on Bursa Securities must be incorporated in a jurisdiction that is subject to corporation laws and other laws and regulations where appropriate which have standards at least equivalent to those in Malaysia, particularly with respect to—

(a) corporate governance;

(b) shareholders and minority interest protection; and

(c) regulation of take-overs and mergers.

5.39 Where the jurisdiction in which the applicant is incorporated does not provide standards of corporate governance, shareholders' and minority interest protection, and regulation of take-overs and mergers at least equivalent to those provided in Malaysia, but it is possible to provide those standards by means of varying the applicant's constituent documents, the SC may consider the listing of the applicant, subject to the applicant making such variations to its constituent documents. In relation to this, the applicant must submit a comparison of such standards of laws and regulations of the jurisdiction in which the applicant is incorporated and those provided in Malaysia, together with the proposed variations to its constituent documents to address any deficiency in such standards, in its listing applications to the SC and Bursa Securities.

5.40 The securities of the applicant must be validly issued in accordance with the constituent documents of the applicant and the relevant laws in force in the country of incorporation of the applicant.

Approval of regulatory authorities of foreign jurisdiction

5.41 The applicant must obtain the approval of all relevant regulatory authorities of the jurisdiction in which it is incorporated and carries out its core business, as may be required, before issuing its prospectus.

Registration under Companies Act 2016

5.42 The applicant must have been registered as a foreign company under the *Companies Act 2016*.

5.43 [deleted]

5.44 [deleted]

5.45 [deleted]

Currency denomination

5.46 The applicant is to consult Bursa Securities and obtain the approval of the Bank Negara Malaysia if it prefers its securities to be quoted in a currency other than ringgit Malaysia.

Approval of controller of foreign exchange

5.47 The applicant or the offerors of the securities in the applicant must, where applicable, obtain the prior approval of Bank Negara Malaysia for the utilisation of proceeds from the offering of securities.

Resident directors

5.48 An applicant whose operations are entirely or predominantly Malaysian-based must have a majority of directors whose principal or only place of residence is within Malaysia.

5.49 An applicant whose operations are entirely or predominantly foreign-based must have at least two directors whose principal or only place of residence is within Malaysia. At least one of these directors must be a member of the applicant's audit committee.

PART B: SECONDARY LISTING OF A FOREIGN CORPORATION ON BURSA SECURITIES

5.50 In addition to complying with all the requirements for the listing of a foreign corporation as set out in paragraphs 5.38 to 5.47, the applicant seeking a secondary listing on Bursa Securities must comply with the following:

(a) The applicant must already have a primary listing on the main market of a securities exchange outside of Malaysia which is specified by the SC and be in full compliance with the listing rules of the said securities exchange; and

(b) The securities exchange where the applicant is primarily listed must have standards of disclosure rules at least equivalent to those of Bursa Securities.

(c) The applicant must have at least two directors whose principal or only place of residence is within Malaysia. At least one of these directors must be a member of the applicant's audit committee.

5.51 [deleted]

5.52 [deleted]

5.53 [deleted]

Chapter 6

SPECIAL PURPOSE ACQUISITION COMPANY

6.01 This chapter sets out the requirements for the following proposals:

(a) Equity offering and primary listing of a SPAC on Bursa Securities;

(b) Qualifying acquisition; and

(c) Liquidation distribution upon failure by a SPAC to meet time frame for a qualifying acquisition.

6.02 In this chapter, unless the context otherwise requires—

completion of qualifying acquisition	means the point of time whereupon all conditions precedent set out in any agreement governing the qualifying acquisition have been fulfilled;
management team	includes the executive directors and members of the senior management of the SPAC who are involved in making strategic decisions in the SPAC;
permitted investments	means investments in securities issued by the Malaysian government, money market instruments and AAA-rated papers;
permitted time frame	means no later than 36 months from the date of listing of the SPAC on Bursa Securities;
pre-IPO investors	means parties, other than members of the management team, who invest in the securities of the SPAC prior to the initial public offering;
trust account	means a trust account maintained with a licensed bank or investment bank as defined in the *Financial Services Act 2013* by a custodian appointed by the SPAC to hold on its behalf, proceeds from an issuance of securities by the SPAC;
voting shares	means the shares issued by a SPAC which confer upon the holders a right to vote in all circumstances.

PART A: EQUITY OFFERING AND PRIMARY LISTING OF A SPAC ON BURSA SECURITIES

Suitability for listing

6.03 The SC will consider the suitability for listing of a SPAC on a case-by-case basis. The SC may, in its assessment, take into account any factor it considers relevant including, but not limited to, the following:

(a) Experience and track record of the management team;

(b) Nature and extent of the management team's compensation;

(c) Extent of the management team's ownership in the SPAC;

(d) Amount of time permitted for completion of the qualifying acquisition prior to the mandatory dissolution of the SPAC;

(e) Percentage of amount held in the trust account that must be represented by the fair market value of the qualifying acquisition; and

(f) Percentage of proceeds from the initial public offering that is placed in the trust account.

6.03A In demonstrating the suitability of a SPAC for listing under paragraph 6.03, the principal adviser must consider the SPAC proposal holistically and take into consideration that such factors are aligned to the following:

(a) The business objective and strategy of the SPAC; and

(b) The potential returns to investors.

6.03 B A SPAC listing proposal must be structured in a manner that ensures the interest of the management team is aligned with the interest of public investors.

6.04 [Moved to paragraph 6.09A]

Jurisdiction of incorporation

6.05 A SPAC seeking listing on Bursa Securities must be incorporated in Malaysia under the *Companies Act 2016*.

Methods of offering of securities

6.06 The methods of offering of securities chosen by a SPAC must comply with the requirements set out in paragraph 5.14.

6.07 Any public offering of securities by a SPAC for purposes of seeking listing on Bursa Securities must only be made through an issue of new securities. An offer for sale of securities is not allowed.

Placement of securities

6.08 In undertaking a placement of securities, the SPAC must comply with the requirements set out in paragraphs 5.19 and 5.20.

Minimum funds raised

6.09 A SPAC must raise a minimum of RM100 million through its initial public offering. Notwithstanding this minimum requirement, a SPAC must demonstrate that the gross proceeds to be raised from the initial public offering would be sufficient to undertake a qualifying acquisition.

6.09A A listing application by a SPAC must comply with the requirements on pricing of securities and underwriting set out in paragraphs 5.24 to 5.28 as well as the requirements set out in this chapter.

6.09B The issue price of shares offered for subscription, for which a listing is sought, must be at least RM2.00 each.

Pricing of securities

6.10 The minimum effective price of securities issued to the management team must be at least 10% of the price at which the securities are offered under the initial public offering.

6.11 The minimum effective price of securities issued to pre-IPO investors prior to the initial public offering must be at least 60% of the price at which the securities are offered under the initial public offering.

Issuance of warrants

6.12 In addition to full compliance with the *MAIN Market Listing Requirements*, where warrants are issued as part of a SPAC's listing scheme—

(a) there should only be one class of warrants and the exercise price of warrants must not be lower than the price of the ordinary shares offered under the initial public offering;

(b) the warrants must not be exercisable prior to the completion of the qualifying acquisition;

(c) the warrants must expire on the earlier of either the maximum tenure under the terms of the issue or the time frame for completion of a qualifying acquisition, if no acquisition is completed;

(d) the warrants are not to have an entitlement to the funds held in the trust account upon liquidation of the SPAC; and

(e) the number of new shares which will arise from the exercise of the warrants must not exceed 50% of the enlarged number of issued shares of the SPAC.

Experience and track record of the management team

6.13 A SPAC must demonstrate that the members of its management team have the experience, qualification and competence to—

(a) achieve the SPAC's business objective and strategy as disclosed in the prospectus issued in relation to the initial public offering; and

(b) perform their individual roles, including an understanding of the nature of their obligations and those of the SPAC under these Guidelines and other legal or regulatory requirements relevant to their roles.

6.13 A The SPAC management team, as a whole, must possess the appropriate experience and track record which demonstrate that it will be capable of identifying and evaluating the target business, completing the qualifying acquisition and managing the company sustainably based on the business strategy outlined in the prospectus. The principal adviser must demonstrate that the management team has good corporate governance and regulatory compliance history, as well as the requisite collective experience and track record, which include having—

(a) sufficient and relevant technical and commercial experience and expertise;

(b) relevant experience as—

(i) directors or key management of corporations listed on a stock exchange or a securities exchange outside Malaysia with standards at least equivalent to those of Bursa Securities; or

(ii) professionals with private equity or venture capital background;

(c) positive track record in corporations within the same industry and business activity evidenced by a management team member's contribution to the growth and performance of such corporations, including ability to deal with the relevant risks relating to the business operations; or

(d) ability to locate and develop appropriate merger and acquisition opportunities for corporations.

(e) [deleted]

6.13 B A SPAC intending to acquire MOG assets must have at least one independent director, out of the requisite number of independent directors, with the appropriate MOG exploration or extraction experience or expertise at the point of listing.

Management team's interest and compensation

6.14 Members of the management team must, in aggregate, own at least 10% equity interest in the SPAC on the date of its listing on Bursa Securities.

6.14 A The rewards to be enjoyed by the management team, both in terms of quantum and timing, must not be disproportionate to the expected shareholder value creation and the timing of such value creation.

6.14B Where securities of a SPAC are issued to the management team at an effective price which is at a discount to the price at which the securities are offered under the initial public offering, the applicant must demonstrate that the level of such discount is commensurate with the business strategy and expected returns of the SPAC.

6.14 C There must be sufficient disclosure in the prospectus for investors to make an informed decision whether the level of discount on the securities issued to the management team and the proposed timing of the realisation of their rewards through the sale of the discounted securities are appropriate, taking into consideration the SPAC's business strategy and the management team's contributions.

Moratorium

6.15 A moratorium must be imposed on the securities held by the management team of the SPAC and securities acquired by pre-IPO investors at a price lower than the price offered under the initial public offering.

6.16 The SPAC must demonstrate that the moratorium on the securities held by the management team is appropriate based on the SPAC's business strategy as disclosed in the prospectus. In demonstrating the appropriateness of the moratorium, the principal adviser must ensure that the timing of the realisation of the management team's rewards corresponds with the value creation by the management team for investors and the successful implementation of the SPAC's business strategy as disclosed in the prospectus. The SC, in approving the qualifying acquisition, may impose a condition for an extended moratorium period on the sale of securities held by the management team.

6.17 At the minimum, members of the management team are not allowed to sell, transfer or assign any of their holdings in the securities of the SPAC as at the date of listing of the SPAC on Bursa Securities, from the date of listing until the completion of qualifying acquisition. Upon completion of the qualifying acquisition, members of the management team are allowed to sell, transfer or assign up to a maximum of 50% per annum, on a straight-line basis, of their respective holdings in the securities under moratorium.

6.18 Notwithstanding paragraph 6.17, a SPAC must also comply with the following, where applicable:

(a) For a SPAC proposing to make a qualifying acquisition involving MOG exploration or extraction assets which are not yet in commercial production, members of the management team are not allowed to sell, transfer or assign any of their holdings in the securities of the SPAC as at the date of listing of the SPAC on Bursa Securities, from the date of listing until the SPAC has commenced commercial production and generated one full financial year of audited operating revenue. Thereafter, members of the management team are allowed to sell, transfer or assign up to a maximum of 50% per annum, on a straight-line basis, of their respective holdings in the securities under moratorium; and

(b) For a SPAC proposing to make a qualifying acquisition involving businesses which are not yet income generating, other than a qualifying acquisition as described in paragraph 6.18(c), members of the management team are not allowed to sell, transfer or assign any of their holdings in the securities of the SPAC as at the date of listing of the SPAC on Bursa Securities, from the date of listing until the target business has generated one full financial year of operating profits and positive cash flow from operating activities, based on audited financial statements. Thereafter, members of the management team are allowed to sell, transfer or assign up to a maximum of 50% per annum, on a straight-line basis, of their respective holdings in the securities under moratorium.

(c) For a SPAC proposing to make a qualifying acquisition in the form of a business combination, members of the management team are not allowed to sell, transfer or assign any of their holdings in the securities of the SPAC as at the date of listing of the SPAC on Bursa Securities, from the date of listing until six months after completion of the qualifying acquisition. Thereafter, members of the management team are allowed, for each subsequent period of six months, to sell, transfer or assign up to a maximum of 50% of their respective holdings in the securities under moratorium.

6.19 The SPAC must make an application to the SC for the lifting of the moratorium on the securities held by the management team, demonstrating that the conditions for such lifting have been met.

Pre-IPO investors

6.20 Pre-IPO investors are not allowed to sell, transfer or assign any of their holdings in the securities held in the SPAC as at the date of listing of the SPAC on Bursa Securities, which were acquired at a price lower than the price offered under the initial public offering, from the date of listing until the completion of the qualifying acquisition.

Vendors of the target business

6.20 A Where a qualifying acquisition results in securities to be issued to the vendors of the target business, a moratorium must be imposed on the consideration securities received by the vendors of the target business. At minimum, the vendors will not be allowed to sell, transfer or assign any of their consideration securities for six months from the date the securities are listed on Bursa Securities or from the date of issue if the securities are not listed.

6.20 B Notwithstanding paragraph 6.20A, for a SPAC proposing to make a qualifying acquisition involving MOG exploration or extraction assets which are not yet in commercial production, the vendors will not be allowed to sell, transfer or assign any of their consideration securities until such time that the MOG assets acquired have achieved one full financial year of operating revenue and positive cash flow from operating activities, based on audited financial statements.

In relation to this paragraph 6.20B, the vendors must make an application to the SC to lift the moratorium, demonstrating that the conditions for such lifting have been met.

6.20 C Where the vendors of the target business are entities which are not listed, all direct and indirect holders of these entities, if they are individuals or other entities which are not listed, up to the ultimate individual holders must give undertakings to the SC that they will not sell, transfer or assign any of their respective holdings in the entities which are not listed for the period as stipulated in paragraphs 6.20A or 6.20B, as applicable.

Management of proceeds

6.21 A SPAC must place at least 90% of the gross proceeds raised in its initial public offering in a trust account immediately upon receipt of all proceeds. The monies in the trust account may only be released by the custodian upon termination of the trust account.

6.21 A While paragraph 6.21 stipulates a minimum quantum of 90%, the applicant is to make every effort to place a higher quantum of the initial public offering proceeds in the trust account.

6.21 B For the amount of proceeds not placed in the trust account, the applicant must demonstrate why it requires such an amount for the permitted purposes under paragraph 6.24. This information must also be disclosed in the prospectus.

6.22 The trust account may only be terminated—

(a) following the completion of the qualifying acquisition within the permitted time frame; or

(b) upon liquidation of the SPAC.

6.23 The proceeds in the trust account may be invested in permitted investments. Any income generated by the funds held in the trust account, including interest or dividend income derived from the permitted investments, must accrue to the trust account.

6.24 The proceeds from the initial public offering that are not placed in the trust account may be utilised to defray expenses related to the initial public offering and operating costs, fund the search for a target business and complete the qualifying acquisition.

6.24 A Prior to the completion of the qualifying acquisition, the proceeds from the initial public offering that are not placed in the trust account must not be utilised for the payment of remuneration, including any remuneration-in-kind, directly or indirectly, to the members of the management team or their related parties. Such remuneration would include, but not limited to, any of the following:

(a) Salaries;

(b) Consulting fees;

(c) Management contract fees or directors' fees;

(d) Finder's fees;

(e) Loans;

(f) Advances;

(g) Bonuses;

(h) Deposits and similar payments.

Rights of holders of voting shares who vote against a qualifying acquisition

6.25 Holders of voting shares, other than the members of the management team and persons connected to them, who vote against a qualifying acquisition at a meeting convened to consider the qualifying acquisition must be—

(a) entitled to receive, in exchange for their voting shares, a sum equivalent to a pro rata portion of the amount then held in the trust account, net of any taxes payable and expenses related to the facilitation of the exchange, provided that such qualifying acquisition is approved and completed within the permitted time frame; and

(b) paid as soon as practicable upon completion of the qualifying acquisition should they elect to exchange their voting shares. The voting shares tendered in exchange for cash must be cancelled. In complying with this requirement, the SPAC must specify, in the circular to shareholders in relation to the qualifying acquisition, the time frame for payment to holders of voting shares electing to exchange their voting shares. The SPAC must also demonstrate that this time frame is reasonable, including providing details of all milestones or steps to be taken.

6.25 A Notwithstanding paragraph 6.25(a), a SPAC may establish a limit as to the maximum number of voting shares with respect to which a shareholder, together with any affiliate or person connected, may tender in exchange for cash, provided that such limit must not be lower than 10% of the total shares issued in the initial public offering. Any such limit established by the SPAC must apply equally to all shareholders entitled to tender their voting shares in exchange for cash.

6.26 [deleted]

Additional financing prior to completion of qualifying acquisition

6.27 A SPAC is prohibited from issuing any securities prior to the completion of the qualifying acquisition unless by way of a rights issue.

6.27A Notwithstanding paragraph 6.27, a SPAC may issue new securities in conjunction with the qualifying acquisition, provided that—

(a) the securities are only issued after shareholders' approval of the qualifying acquisition;

(b) the funds raised must be applied towards the financing of the qualifying acquisition, defraying related costs or enhancing the target business; and

(c) it must comply with the relevant requirements under Chapter 6 of the *MAIN Market Listing Requirements*.

6.27 B The principal adviser must act as the placement agent or joint placement agent, where applicable, and ensure that the placement fully complies with Appendix 4.

6.28 Where additional financing is sought by way of a rights issue, a SPAC must deposit at least 90% of the gross proceeds into a trust account immediately upon receipt and comply with the requirements of paragraphs 6.22, 6.23 and 6.24, and the relevant requirements under Chapter 6 of the *MAIN Market Listing Requirements*.

6.29 Where a SPAC proposes to obtain debt financing, the SPAC must ensure that—

(a) any credit facility obtained prior to the completion of the qualifying acquisition may only be drawn down after shareholders' approval of the qualifying acquisition;

(b) the funds from the credit facility obtained must be applied towards the financing of the qualifying acquisition, defraying related costs or enhancing the target business; and

(c) details of the credit facility and the proposed utilisation of funds from such facility are disclosed in the circular to shareholders in relation to the qualifying acquisition. Details of the credit facility must, among others, include the salient terms of the facility and details of any security provided. The monies in the trust account must not be used as collateral for the debt financing.

Prohibition on security-based compensation or incentive schemes

6.30 Security-based compensation arrangements between the SPAC and members of the management team such as employee share option schemes are prohibited prior to completion of a qualifying acquisition.

PART B: QUALIFYING ACQUISITION

6.31 A qualifying acquisition proposal by a SPAC is considered as a proposal which would result in a significant change in the business direction or policy of the SPAC and hence require the SC's approval. In this regard, the proposal is required to fully comply with the requirements set out in this part and not those of Chapter 7 other than the valuation requirements under paragraphs 7.11 to 7.14. The target business must comply with the following requirements:

(a) the target business must either comply with—

(i) the profit test as set out in paragraph 5.02(a); or

(ii) the market capitalisation test as set out in paragraph 5.02(b); and

(b) the target business must have a healthy financial position, with—

(i) sufficient level of working capital for at least 12 months from the date of the circular issued to shareholders for approval of the qualifying acquisition; and

(ii) no accumulated losses based on latest audited financial statements, if the target business is subjected to the profit test;

(c) for the purposes of paragraph 6.31(b), the SC will, in its assessment of the target business' healthy financial position, take into account whether the target business has positive cash flow from operating activities over the most recent three full financial years, or since the commencement of its operations, if less than three full financial years, based on the audited financial statements; and

(d) the reporting accountants must not have expressed a modified opinion and there is no statement of material uncertainty related to going concern on the audited financial statements of the target business contained in the accountants' report.

6.31A A SPAC proposing to undertake a qualifying acquisition of a target business with a long gestation period or high levels of uncertainty must demonstrate that such proposal is not detrimental to the interest of investors and that the management team is committed to the company until such time that the business objective is achieved.

6.31 B The SPAC must state—

(a) whether it will comply with the shareholding spread requirements under the *MAIN Market Listing Requirements* upon completion of the qualifying acquisition; and

(b) its plans to comply with such requirements, if there is non-compliance.

Majority ownership and management control

6.32 A qualifying acquisition should result in the SPAC having an identifiable core business of which it has a majority ownership and management control.

6.33 The SC may consider a qualifying acquisition involving an acquisition of a non-majority stake if the SPAC can demonstrate that such non-majority stake is in line with the regulations of or practices within the industry and that it has management control.

6.33A For management control, the SPAC must demonstrate that it will have control over the following:

(a) The strategic and financial decisions of the target business, whether joint or otherwise; and

(b) The operations of the target business.

Aggregate fair market value of qualifying acquisition

6.34 The qualifying acquisition, which may comprise more than one target business, must have an aggregate fair market value equal to at least 80% of the aggregate amount in the trust account, net of any taxes payable. This requirement must be met based on the fair market value and the amount in the trust account at the time the transaction was entered into.

Time frame for completion of qualifying acquisition

6.35 A SPAC must complete a qualifying acquisition within the permitted time frame.

6.36 Where the qualifying acquisition comprises more than one target business, the agreements relating to each of the transaction must be inter-conditional and completed simultaneously within the permitted time frame.

Prohibition on change in board of directors and management team

6.37 Other than a qualifying acquisition by way of a business combination, a qualifying acquisition must not result in a change in the board of directors or the key members of the management team of the SPAC.

Acquisitions from related parties

6.38 Where the target business forming the qualifying acquisition is to be acquired from a related party, the principal adviser must confirm to the SC whether the qualifying acquisition complies with the applicable provisions pertaining to related-party transactions in the *MAIN Market Listing Requirements*.

Additional requirements for acquisitions of MOG assets

6.38 A For a qualifying acquisition involving MOG assets, the SPAC must comply with the following requirements:

(a) The aggregate fair market value of the qualifying acquisition must be at least RM500 million. The fair market value must be supported by a competent valuer's report;

(b) The MOG assets to be acquired must have an adequate portfolio of at least—

(i) in the case of O&G, Contingent Resources; or

(ii) in the case of minerals, Indicated Resources,

Such a portfolio must be supported by a competent person's report;

(c) For the majority of the MOG assets to be acquired, in value—

(i) the legal rights for exploration or extraction activities in respect of the MOG assets must have been obtained; and

(ii) the SPAC must have control over the MOG assets;

(d) The SPAC must have sufficient level of working capital for at least 18 months from the date of the circular issued to shareholders for approval of the qualifying acquisition;

(e) The SPAC must have a majority interest in the operator of the majority of the MOG assets to be acquired, in value;

(f) Provide a confirmation that following the completion of the qualifying acquisition, an audit firm which has relevant MOG exploration or extraction industry expertise will be appointed as the external auditor; and

(g) The MOG assets must have generated audited operating revenue for at least the most recent full financial year, or have—

(i) clear plans to advance the MOG assets to commercial production within two years. Such plans, together with milestones and related expenditures, must be reviewed and supported by a competent person; and

(ii) sufficient funds to undertake such plans under paragraph 6.38A(g)(i).

Approval for qualifying acquisition

6.39 The resolution on the qualifying acquisition must be approved by a majority in number of the holders of voting shares representing more than half of the total value of shares held by all holders of voting shares present and voting either in person or by proxy at a general meeting duly called for that purpose. Where the qualifying acquisition comprises more than one target business, each acquisition or business combination must be approved by the holders of voting shares in the same manner.

6.40 Members of the management team and persons connected to them must not vote on a resolution approving the qualifying acquisition.

PART C: LIQUIDATION DISTRIBUTION UPON FAILURE TO MEET TIME FRAME FOR A QUALIFYING ACQUISITION

6.41 A SPAC which fails to complete a qualifying acquisition within the permitted time frame must be liquidated. The amount then held in the trust account(s), net of any taxes payable and direct expenses related to the liquidation distribution, must be distributed to the respective holders of voting shares on a pro rata basis as soon as practicable, as permissible by the relevant laws and regulations. Any income earned from permitted investments accruing in the trust account will form part of the liquidation distribution.

6.42 Members of the management team and persons connected to them shall not participate in the liquidation distribution, other than in relation to securities purchased by them after the date of listing of the SPAC on Bursa Securities.

6.43 Pre-IPO investors shall not participate in the liquidation distribution, other than in relation to any securities subscribed for by them as part of the initial public offering and securities purchased by them after the date of listing of the SPAC on Bursa Securities.

PART D: THE CUSTODIAN

6.44 A SPAC must secure and maintain custodial arrangements at all times over the monies in the trust account until the termination of the trust account.

Eligibility requirements of a custodian

6.45 A custodian appointed by the SPAC must be independent of the advisers and the management team, and must be either—

(a) a trust company registered under the *Guidelines on the Registration and Conduct of Capital Market Services Providers*; or

(b) a licensed bank or licensed investment bank as defined in the *Financial Services Act 2013*.

Roles and responsibilities of a custodian

6.46 A custodian must hold in trust, the proceeds from an issuance of securities by the SPAC, in accordance with the custodian agreement, these Guidelines and applicable laws.

6.47 The custodian must take appropriate measures to ensure the safekeeping of the monies held in the trust account. In particular, a custodian must ensure that—

(a) proper accounting records and other records as necessary are kept in relation to the trust account; and

(b) custody and control of monies held in the trust account is in accordance with the provisions of the custodian agreement.

6.48 A custodian may be provided a mandate by the management team to invest the amounts held in the trust account in permitted investments.

6.49 A custodian may only distribute or liquidate the funds held in the trust account in accordance with the provisions in the custodian agreement.

Minimum content requirements for custodian agreement

6.50 The custodian agreement should include the following:

(a) A statement by the custodian that it is duly qualified to act as custodian under these Guidelines;

(b) Provisions relating to the powers of the custodian such as—

(i) matters which are within the powers of the custodian to decide without reference to the management team;

(ii) fees to be paid to the custodian for the performance of its duties as custodian and any additional services it may provide;

(iii) any indemnity given by the SPAC to the custodian; and

(iv) the circumstances under which the custodian may delegate its powers;

(c) The obligation by the custodian to disclose any confidential or other information to the SC and Bursa Securities upon request;

(d) General covenants by the SPAC to—

(i) comply with the provisions of the custodian agreement;

(ii) send to the custodian the annual audited financial statements of the SPAC as soon as available and any other financial statements, report, notice, statement or circular issued to holders of voting shares; and

(iii) provide the custodian any information which the custodian may require in order to discharge its duties and obligations as custodian under the custodian agreement;

(e) Reporting covenants by the SPAC to immediately notify the custodian of any—

(i) circumstance that has occurred that would materially prejudice the SPAC;

(ii) change in the utilisation of proceeds from the initial public offering; and

(iii) other matter that may materially prejudice the interests of the holders of voting shares;

(f) The obligation by the SPAC to maintain an interest-bearing account and to state the holder and operator of the account;

(g) Where the custodian is allowed to invest the monies in the trust account, the conditions under which it is permitted to do so and the types of permitted investment;

(h) Provision on the termination of the trust account in relation to—

(i) the release of funds to the holders of voting shares who had voted against the qualifying acquisition and the remaining funds to the SPAC upon completion of the qualifying acquisition within the permitted time frame; and

(ii) the release of funds to the holders of voting shares upon liquidation of the SPAC;

(i) A provision that states that no provision or covenant in the custodian agreement should be construed as relieving, exempting or indemnifying a custodian from liability for breach of trust or for failure to show a degree of care and diligence required of it as custodian;

(j) That the governing law is Malaysian law; and

(k) The conditions for the resignation and termination of the custodian.

6.51 The custodian agreement will terminate—

(a) on the appointment of a new custodian following the resignation or termination of services of the existing custodian; or

(b) following the termination of the trust account.

Resignation and termination of custodian

6.52 Where a custodian resigns or ceases to act for a SPAC prior to the liquidation of the trust account:

(a) The custodian is required to give three months' notice in writing to the SPAC and the SC if it wishes to resign, stating its reasons for resignation;

(b) The SPAC is similarly required to give three months' notice in writing to the custodian and the SC if it wishes to terminate the custodian's appointment, stating its reasons;

(c) The SPAC must find a replacement custodian within the notice period; and

(d) The replacement custodian must immediately notify the SC in writing of its appointment.

Chapter 7

BACK-DOOR LISTINGS AND REVERSE TAKE-OVERS

7.01 This chapter sets out the requirements for proposals which would result in a significant change in the business direction or policy of a listed corporation but excludes qualifying acquisition proposals.

7.01A In this chapter, unless the context otherwise requires—

change in the board of directors of the listed corporation	means a change in at least— (a) one-half of the membership of the board of directors of the listed corporation; (b) one-third of the membership of the board of directors of the listed corporation, where there is also a change in the chief executive; within a period commencing— (i) from the date of announcement of the acquisition until 12 months after the date of completion of the acquisition; or (ii) from 12 months prior to the date of announcement of the acquisition until 12 months after the date of completion of the acquisition, if the vendor(s) and/or any person connected to the vendor(s) is appointed as a director and/or chief executive of the listed corporation;
change in the effective control of the listed corporation	means any change in or emergence of a single largest shareholder, accompanied by a change in at least— (a) one-third of the membership of the board of directors of the listed corporation; and/or (b) one-third of the key senior management of the listed corporation; within a period commencing—

(i) from the date of announcement of the acquisition until 12 months after the date of completion of the acquisition; or

(ii) from 12 months prior to the date of announcement of the acquisition until 12 months after the date of completion of the acquisition, if the vendor(s) and/or any person connected to the vendor(s) is appointed as a director and/or key senior management of the listed corporation;

significant change in the business direction or policy of a listed corporation	means—

(a) an acquisition of assets such that any one of the percentage ratios is equal to or exceeds 100%, except where the assets to be acquired are—

(i) in a business similar to the core business of the listed corporation in at least two full latest and consecutive financial years based on its audited financial statements prior to the announcement of the acquisition; and

(ii) not loss-making assets;

(b) an acquisition of assets which results in or will result in a change in or emergence of a controlling shareholder of the listed corporation;

(c) an acquisition of assets which results in or will result in a change in the effective control of the listed corporation;

(d) an acquisition of assets which results in or will result in a change in the board of directors of the listed corporation;

(e) an acquisition of assets by a corporation classified as a cash company by Bursa Securities under Chapter 8 of the *MAIN*

Market Listing Requirements to regularise its condition; or

(f) a restructuring exercise involving the transfer of the listed corporation's listing status and the introduction of new assets to the other corporation.

7.01B Acquisition of assets in this chapter includes any arrangement or agreement, entered into by the listed corporation or its subsidiary, with a party(ies) to undertake a specific business project, whether or not in an incorporated form, or by way of a joint venture or joint arrangement, relating to any property, right, entitlement or interest.

7.01C In determining the shareholding of a controlling shareholder or a single largest shareholder for the purpose of this chapter, full conversion or exercise of any convertible securities, warrants and/or options issued by the listed corporation, whether or not arising from the acquisition of assets, must be taken into consideration.

7.01 D In determining whether there has been a change in or emergence of a single largest shareholder, the SC will aggregate the shareholdings of the single largest shareholder with shareholdings of the persons connected to the single largest shareholder.

Computation of percentage ratios

7.01 E The following are requirements relating to the computation of percentage ratios:

(a) The listed corporation's net assets figure used in the computation of the relevant ratios must be based on—

(i) the latest audited financial statements, if the acquisition is announced within the first six months after the audited financial statements are submitted to Bursa Securities for public release; and

(ii) the latest announced quarterly financial results that hasbeen reviewed by the listed corporation's external auditors and a copy of the external auditors' review report is furnished to the SC, in all other cases;

(b) Where the asset to be acquired is not an interest in another listed corporation, the net assets figure used in the numerator must be based on the latest audited financial statements of the subject asset;

(c) The listed corporation's revenue and net profit figures used in the computation of the ratios must be based on the latest audited financial statements, or the latest announced 12-month quarterly financial results that has been reviewed by the listed corporation's external auditors and a copy of the external auditors' review report is furnished to the SC, whichever is more up to date. In addition—

(i) if the asset to be acquired is an interest in another listed corporation, the revenue and net profit figures used in the numerator must be based on the latest audited financial statements, or the latest announced 12-month quarterly financial results, whichever is more up to date; and

(ii) if the asset to be acquired is not an interest in another listed corporation, the revenue and net profit figures used in the numerator must be based on the latest audited financial statements of the subject asset;

(d) The net assets, revenue and net profit figures used in the computation of the ratios may be adjusted to take into account subsequent completed acquisitions which have a highly significant impact on the financial position of the listed corporation. Such adjustments must be reviewed by a firm of public accountants that is registered with or recognised by the Audit Oversight Board, and whose registration or recognition has not been suspended;

(e) In computing the percentage ratios based on net assets, revenue and net profits, the numerator of these ratios must be in proportion to the listed corporation's direct interest in the assets being acquired;

(f) In computing the percentage ratios, acquisition transactions that are entered into during the 12 months prior to the date of the latest transaction must be aggregated with the latest transaction if they—

(i) are entered into by a listed corporation with the same person or with persons connected with one another;

(ii) involve the acquisition of securities or interest in one particular corporation; or

(iii) collectively lead to substantial involvement in a business activity which did not previously form a part of the listed corporation's core business;

(g) Where any of the percentage ratios computed is a negative figure arising from the denominator (listed corporation) being a negative figure, Chapter 7 would still apply to the transaction unless the listed corporation is able to demonstrate to the SC that the transaction does not result in a significant change in its business direction or policy. In this respect, the applicant and its advisers are required to consult the SC;

(h) For acquisition of assets through a non-wholly-owned subsidiary company, the revenue attributable to the assets being acquired will form the numerator for the consideration to revenue ratio. For clarity, the revenue attributable to that asset must not be in proportion to the listed corporation's interest in the revenue;

(i) For the consideration to market value ratio, the market value of the ordinary shares of the listed corporation must be determined based on the weighted average market price of the ordinary shares for five market days prior to the date on which the terms of the acquisition are agreed upon.

7.02 The SC will treat a listed corporation undertaking proposals which would result in a significant change in the business direction or policy of the corporation as if it were a new listing applicant. Such proposals must comply with the requirements under either the profit test or the infrastructure project corporation test.

7.03 For an acquisition of assets other than infrastructure project assets, which results in a significant change in the business direction or policy of a listed corporation—

(a) the enlarged group or the assets must comply with the profit requirements in paragraph 5.02(a)(i); and

(b) the assets to be injected must comply with the operating history requirements in paragraph~~s~~ 5.02(a)(ii).

7.04 For an acquisition of infrastructure project assets which results in a significant change in the business direction or policy of a listed corporation, the assets must fulfil the requirements in paragraph 5.02(c).

7.04A For an acquisition of assets which would result in MOG exploration or extraction activities contributing 50% or more of the enlarged group's total assets, revenue, operating expenses or after-tax profit based on audited financial statements, in addition to complying with the requirements in paragraph 7.03, the listed corporation must comply with the following requirements:

(a) The MOG assets to be acquired must have an adequate portfolio of at least—

(i) in the case of O&G, Contingent Resources; or

(ii) in the case of minerals, Indicated Resources, which

must be supported by a competent person's report;

(b) For the majority of the MOG assets to be acquired, in value—

(i) the legal rights for exploration or extraction activities in respect of the MOG assets must be obtained; and

(ii) the listed corporation must have control over the MOG assets;

(c) Provide a confirmation that following the completion of the acquisition, an audit firm which has relevant MOG exploration or extraction industry expertise will be appointed as the external auditor; and

(d) The listed corporation must have at least one independent director, out of the requisite number of independent directors, with the appropriate MOG exploration or extraction experience or expertise following the completion of the acquisition.

7.04 B Where MOG exploration or extraction activities are the single largest contributor to the enlarged group's total assets, revenue, operating expenses or after-tax profits based on audited financial statements, the SC may, at its discretion, apply the requirements in paragraph 7.04A to the listed corporation. In this regard, the applicant and its advisers are encouraged to consult the SC.

7.04C The SC may consider granting an applicant acquiring MOG assets relief from the requirements in paragraphs 7.03 and 7.05(b) if—

(a) the fair market value of the MOG assets to be acquired is at least RM500 million and such value is supported by a competent valuer's report;

(b) the listed corporation can demonstrate that it has clear plans to advance the MOG assets to commercial production within two years and sufficient funds to do so. Such plans, together with milestones and related expenditures, must be reviewed and supported by a competent person and provided in the circular to shareholders in relation to the acquisition; and

(c) the requirements in paragraphs 7.04A(a) to (d) are met.

7.04 D Where relief is granted under paragraph 7.04C, the vendors of the MOG assets will not be allowed to undertake an offer for sale of any consideration securities received by them.

7.05 The assets to be injected must have a healthy financial position, with—

(a) sufficient level of working capital for at least 12 months from the date of the circular to shareholders and prospectus, where offering of securities is made, as applicable. For an acquisition of assets which falls under paragraphs 7.04A, 7.04B or 7.04C, there must be sufficient level of working capital for at least 18 months from the date of the circular to shareholders and prospectus, where offering of securities is made, as applicable; and

(b) no accumulated losses based on latest audited financial statements, if the acquisition is subjected to the profit test.

7.05A For the purposes of paragraph 7.05, the SC will, in its assessment of the healthy financial position of the assets to be injected, take into account whether the assets to be injected have positive cash flow from operating activities over the most recent three full financial years, based on the audited financial statements.

7.05 B The reporting accountants must not have expressed a modified opinion and there is no statement of material uncertainty related to going concern on the audited financial statements of the assets to be injected contained in the accountants' report.

7.06 The listed corporation must demonstrate that it has the expertise and resources to manage the assets to be injected, if the assets are different from those of the listed corporation's existing core business.

7.07 Where there is a change in the controlling shareholder, effective control or board of directors of the listed corporation, the assets to be injected must have had continuity of substantially the same management for at least the most recent three full financial years prior to submission to the SC or, in the case of an infrastructure project corporation or asset, since the commencement of its operations, if less than three full financial years prior to submission to the SC.

7.08 In complying with the requirement on continuity of substantially the same management, the applicant must demonstrate that, throughout the relevant period—

(a) the executive directors of the assets to be injected have had direct management responsibilities for, and played a significant role in the business; and

(b) the senior management of the assets to be injected has not changed materially.

7.09 Where the requirements of paragraph 7.08 are not met, the applicant must demonstrate to the SC and disclose in the circular to shareholders and prospectus, where applicable, the expertise and capability of the management in ensuring that the operations are managed effectively.

7.10 Where the assets are to be acquired from a related party, the principal adviser must confirm to the SC that the acquisition complies with the applicable provisions pertaining to related-party transactions in the *MAIN Market Listing Requirements*.

Valuation

7.11 A valuation is required to be conducted for an acquisition of property assets or corporations which own property assets, where the revalued amount of the property assets is used, whether wholly or partly, as the basis for the consideration. The revalued amount of the property assets in this context refers to property assets which are to be revalued or have been revalued in the past prior to the submission to the SC.

7.12 Notwithstanding paragraph 7.11, where the asset acquired by the listed corporation is that of a property investment or property development corporation, an independent valuer has to be appointed by the listed corporation to conduct a valuation of the material real estate of the acquiree corporation.

7.13 The SC, whenever it deems appropriate, may also require an applicant to conduct a valuation on any asset other than those referred to in paragraphs 7.11 and 7.12.

7.14 The SC may obtain a second opinion on the valuation report submitted by the listed corporation. Where a second opinion valuation is required, the valuer conducting the valuation has to be appointed by the SC, at the cost of the listed corporation and the lower of the two valuations must be adopted as the basis for the purchase consideration.

7.15 [deleted]

Placement of shares to meet shareholding spread

7.16 Where shares are issued as consideration for the acquisition, the listed corporation must state—

(a) whether it will comply with the shareholding spread requirements under the *MAIN Market Listing Requirements* upon completion of the acquisition; and

(b) its plans to comply with such requirements, if there is non-compliance.

7.17 The principal adviser must act as the placement agent or joint placement agent, where applicable, and ensure that the placement fully complies with Appendix 4.

7.18 The SC reserves the discretion to require the submission of such further information on the issue or placement exercise and the placees as the SC may consider necessary for the purpose of establishing the propriety of the exercise and independence of the placees.

Moratorium

7.19 Where an acquisition of assets results in a change in the controlling shareholder, effective control or board of directors of the listed corporation, a moratorium will be imposed on the consideration securities received by the vendors of the assets, as follows:

(a) For an acquisition of assets other than infrastructure project assets, the vendors will not be allowed to sell, transfer or assign any of their consideration securities for six months from the date the securities are listed on Bursa Securities or from the date of issue if the securities are not listed;

(b) For an acquisition of infrastructure project assets, the vendors will not be allowed to sell, transfer or assign any of their consideration securities for six months from the date the securities are listed on Bursa Securities or from the date of issue if the securities are not listed. The moratorium will be lifted immediately at the end of the six months if the infrastructure project assets have generated one full financial year of audited operating revenue, otherwise, the consideration securities will continue to remain under moratorium until one full financial year of audited operating revenue is generated;

(c) Where relief is granted under paragraph 7.04C, the vendors will not be allowed to sell, transfer or assign any of their consideration securities until such time that the MOG assets acquired have achieved one full financial year of operating revenue and positive cash flow from operating activities, based on audited financial statements.

In relation to paragraphs 7.19(b) and (c), the vendors must make an application to the SC for the lifting of the moratorium, demonstrating that the conditions for such lifting have been met.

7.20 Where the vendors of the assets are entities which are not listed, all direct and indirect holders of these entities, if they are individuals or other entities which are not listed, up to the ultimate individual shareholders must give undertakings to the SC that they will not sell, transfer or assign any of their respective holdings in the entities which are not listed for the period as stipulated in paragraph 7.19, as applicable.

Chapter 8

TRANSFER OF LISTING

8.01 A corporation which is listed on the ACE Market may seek a transfer of listing to the MAIN Market if it complies with the following requirements:

(a) The applicant has been listed on the ACE Market for at least two full financial years from the date of listing on the ACE Market, based on the audited financial statements prior to submission to the SC;

(b) Where applicable, the applicant seeking a transfer of listing to the MAIN Market—

- under the profit test must fulfil the requirements in paragraph 5.02(a); or
- under the market capitalisation test must fulfil the requirements in paragraph 5.02(b). In fulfilling the market capitalisation requirement, the daily market capitalisation, based on the daily volume-weighted average price, of the ordinary shares for the one-year period ending on the last business day of the calendar month immediately preceding the date of submission to the SC must be at least RM500 million; or
- under the infrastructure project corporation test must fulfil the requirements in paragraph 5.02(c); or
- in conjunction with an acquisition of assets resulting in a significant change in the business direction or policy of the corporation, the proposal must comply with the requirements under Chapter 7 and not those under subparagraph 8.01(c), (d) and (e) of this Chapter;

(c) The auditors must not have expressed a modified opinion and there is no statement of material uncertainty related to going concern on the audited financial statements of the applicant, for the most recent three full financial years;

(d) The applicant must have a healthy financial position, with—

(i) sufficient level of working capital to fund its continuing operations for at least 12 months from the date of transfer of listing to the MAIN Market; and

(ii) no accumulated losses based on latest audited financial statements, if transfer of listing to the MAIN Market is sought under the profit test; and

(e) The applicant must have had continuity of substantially the same management for at least the most recent three full financial years prior to submission to the SC.

Accelerated transfer process

8.01 A A corporation which is listed on the ACE Market may seek a transfer of listing to the MAIN Market via the accelerated transfer process if it complies with the following requirements:

(a) The applicant has been listed on the ACE Market for at least 12 months prior to submission to the SC;

(b) The daily market capitalisation, based on the daily volume-weighted average price, of the ordinary shares for the six months immediately preceding the date of submission to the SC must be at least RM1 billion;

(c) The profit requirements under paragraph 5.02(a)(i);

(d) The applicant is operating in the same core business for the most recent three full financial years based on audited financial statements;

(e) The applicant and its directors, controlling shareholder or where there is no controlling shareholder, the single largest shareholder of the applicant, have not been or are not subjected to any matter specified under Schedules 1, 2 and 4;

(f) The auditors must not have expressed a modified opinion and there is no statement of material uncertainty related to going concern or emphasis of matter on the audited financial statements, for the most recent three full financial years;

(g) The applicant is not subjected to any event that may have a material adverse effect on its financial position and results of operations since the date to which the last audited financial statements of the corporation have been made up; and

(h) The applicant must have a healthy financial position, with—

(i) sufficient level of working capital to fund its continuing operations for at least 12 months from the date of transfer of listing to the MAIN Market;

(ii) positive cash flow from operating activities, for the most recent three full financial years based on audited financial statements; and

(iii) no accumulated losses based on latest audited financial statements

8.01 B The applicant must comply with the requirements in paragraphs 8.01 and 8.01A until the date of transfer of listing to the MAIN Market. Where the applicant fails to comply with these requirements, the SC may reject the proposal or revoke an approved proposal.

Additional requirements

8.02 The SC, in considering a transfer of listing proposal, will take into account any past records of unusual market activities or other events which may have adversely affected the fair and orderly trading of the listed securities of the corporation, including any designation or trading restrictions imposed by Bursa Securities up to the past three years prior to submission to the SC.

8.03 For the purposes of paragraph 8.01(d), the SC will, in its assessment of the applicant's healthy financial position, take into account whether the applicant has positive cash flow from operating activities over the most recent three full financial years, based on the audited financial statements.

Lifting of moratorium

8.04 Where the moratorium imposed on the shareholders' securities in conjunction with the listing of the corporation on the ACE Market is still subsisting, the affected shareholders may apply for a lifting of the moratorium as part of the transfer of listing exercise.

PART III
SUBMISSION AND IMPLEMENTATION

Chapter 9

SUBMISSION OF PROPOSALS

Minimum information and documents

9.01 An application of any proposal under these Guidelines must be accompanied by the relevant information and documents as specified in the appendices.

9.02 The application must include the relevant declaration by the applicant, the directors and proposed directors of the applicant, and all other specified persons, in accordance with Part V.

9.02A The SC may return any application which is deemed unsatisfactory or which do not comply with the requirements of the SC.

9.02B Any application for relief from complying with the requirements of these Guidelines must be submitted to the SC at least 14 market days prior to the submission of the application for the proposal.

9.02 C For purposes of the proposals referred to in paragraph 1.10(a) and (b), a preliminary application pack must be submitted to the SC at least one month prior to the submission of the application for the proposal. The preliminary application pack must be prepared in accordance with the form and content as specified by the SC.

9.02 D For purpose of paragraph 9.02C, if the submission of the application for the proposal is not made within three months, a new preliminary application pack must be submitted to the SC.

9.03 [deleted]

Reports and letters

9.03 A All reports and letters contained in any application submitted to the SC must be dated and signed.

Valuation report

9.04 [deleted]

9.05 [deleted]

9.06 Where a valuation report on a non-property asset has been prepared, including when the SC had required such valuation to be conducted, such valuation report must be submitted to the SC.

9.07 [deleted]

9.08 Where a valuation report for a property asset is required to be prepared for an application submitted under these Guidelines, an electronic copy and two physical copies of the valuation report, including the summary of valuation referred to as the valuation certificate, must be submitted to the SC one month before the submission of the application for the proposal.

Competent person's report and competent valuer's report

9.08A Where a competent person's report or a competent valuer's report is disclosed, an electronic copy and two physical copies of each report must be submitted to the SC one month before the submission of the application for the proposal.

9.08 B Where a competent valuer meets the requirements in Appendix 5 by engaging another party, the competent valuer's report must be signed by both parties.

Further information and documents required by the SC

9.09 The SC may, at its discretion, request for additional information and documents other than those specified in these Guidelines.

9.09A Where the SC requires further information than those specified in these Guidelines, the SC may appoint an independent expert or agency, if the SC thinks necessary, at the cost of the applicant.

9.10 The SC must be immediately informed of—

(a) any material change in circumstances that may impact the application; and

(b) any material change or development in circumstances relating to a proposal occurring subsequent to the SC giving its approval.

9.11 Where the material change or development occurs prior to the issue of documents to shareholders or investors, it must be disclosed in those documents.

9.12 [deleted]

Translation

9.12 A All documents furnished to the SC which are in a language other than Bahasa Malaysia or English, must be accompanied by an English translation confirmed by the applicant, or the principal adviser, as being an accurate translation of the original documents.

Applications

9.13 Any application for proposals under these Guidelines, including application for revision to earlier approved terms and conditions with full justifications, must only be submitted by a principal adviser. The application letter submitted by the principal adviser must be signed by at least two authorised persons. Any subsequent correspondences or applications related to the same proposal must also be signed by two authorised signatories of the principal adviser.

9.14 Notwithstanding paragraph 9.13, applications in relation to lifting of moratorium securities or pledging of securities under moratorium may be made directly by the affected securities holders.

9.15 [deleted]

9.16 [deleted]

9.17 Any application submitted under these Guidelines to the SC must be made before 12.30pm on the date of submission. The full submission must be in—

(a) one hard copy; and

(b) an electronic copy, in a text-searchable format, and addressed to:

The Chairman
Securities Commission Malaysia
3 Persiaran Bukit Kiara
Bukit Kiara
50490 Kuala Lumpur

(Attention: Corporate Finance and Investments)

9.17 A Where six months have lapsed from the date of application for any proposal under these Guidelines, a new application has to be submitted to the SC should the applicant intend to proceed with the proposal.

Fees and charges

9.18 Any application under these Guidelines must be accompanied by the relevant fees prescribed by the SC.

9.18 A Where the proposal requires the submission of the preliminary application pack under paragraph 9.02C and 9.02D, the submission must be accompanied by a fee of RM50,000. This amount shall form part of the relevant fees prescribed by the SC as referred to in paragraph 9.18.

9.19 In addition, charges may be payable to the SC for incidental expenses incurred in relation to the processing of applications.

Chapter 10

IMPLEMENTATION OF PROPOSALS

Deadline

10.01 An applicant must complete its proposal within six months from the date of approval.

10.02 For cases that involve court proceedings, the applicant must complete such proposal within 12 months.

10.03 Failure to complete a proposal within the specified period would render the SC's approval to lapse.

10.03A Where an applicant has submitted an application for a review of the SC's decision, the time period for implementation commences from the date on which the decision on the review is conveyed to the applicant.

Issuance of circular

10.03B For purposes of circulars relating to a proposal which would result in a significant change in the business direction or policy of a listed corporation under Chapter 7 and qualifying acquisition proposals under Chapter 6—

(a) if the circular is not issued within the time frame provided under the relevant listing requirements of Bursa Securities, the principal adviser must provide confirmation to the SC that there is no material change or development in circumstances relating to the proposal, and the content of the circular, since the SC's clearance; and

(b) where there are any updates to the circular after receiving the SC's clearance, the updated circular and all accompanying documents must be submitted to the SC at least seven market days prior to the intended date of issuance of the circular.

10.03 C Notwithstanding paragraph 10.3B(b), where the financial information has been updated after the circular has received the SC's clearance, the revised circular must be submitted to the SC at least 14 market days prior to the intended date of issuance of the circular.

Extension of time

10.04 An extension of time for the completion of an approved proposal may be granted only in exceptional cases.

10.05 The application for extension of time must be fully justified and made through a principal adviser at least 10 market days before the approval expires.

10.06 All applications for extension of time for completion of the proposals must be accompanied by a confirmation letter by the principal adviser that there has been no material change or development in the circumstances and information relating to the proposals.

10.07 Where the approval of the SC is subject to certain conditions which must be fulfilled within a specified period of time, any application for extension of time to fulfil the conditions must be fully justified and be made at least 10 market days before the expiry of the said specified period.

Post-implementation obligations

10.08 The principal adviser and the applicant must submit to the SC the following:

(a) Date of completion for an approved proposal;

(b) A written confirmation of the compliance with terms and conditions of the SC's approval once the proposal has been completed; and

(c) Where an indicative issue price and number of securities to be issued are provided in the application for the proposals, the actual figures, once determined.

10.09 Where the moratorium securities had been borrowed for the purpose of a price stabilisation mechanism as part of the listing scheme pursuant to the *Capital Markets and Services (Price Stabilization Mechanism) Regulations 2008*, the stabilising manager and the applicant must submit a written confirmation that—

(a) such securities are returned to the shareholder and placed in the moratorium account; or

(b) the cash proceeds from the sale of such securities are returned to the shareholder,

within five market days after the—

(A) day on which the over-allotment option is exercised in full; or

(B) end of the stabilisation period of 30 calendar days commencing from the first day of trading on Bursa Securities,

whichever is earlier.

Other than where relief is granted under paragraphs 5.37B or 7.04C, in the event that the cash proceeds from the sale of the moratorium securities are returned to the shareholder, such securities would no longer be subject to the initial moratorium requirement as stipulated in paragraphs 5.29(a) or (b), where applicable.

PART IV
APPENDICES

Appendix 1

CONTENT OF APPLICATION FOR EQUITY OFFERINGS AND LISTINGS

Introduction

This appendix sets out the minimum information and documents required by the SC for applications under Chapters 5 and 6.

Content of application

1. Application term sheet

An application term sheet containing the following information of the applicant:

(a) proposal;

(b) principal activity or core business;

(c) proposed sector classification (based on the sector classification of Bursa Securities);

(d) list of directors, chief executive and other members of key senior management, including date of appointment, their NRIC or passport numbers, addresses and nationalities;

(e) list of existing or proposed subsidiary companies, joint venture and associated companies;

(f) list of substantial shareholders of the applicant and each of its existing or proposed subsidiary and associated companies, including—

(i) their shareholdings in the corporation and the ultimate beneficial ownership of shares held under nominees or corporations;

(ii) any changes in substantial shareholders and their shareholdings in the corporation over the past three years or since the date of incorporation, if less than three years;

(iii) for individuals, their NRIC or passport numbers, ages, nationalities and current addresses; and

(iv) for corporations, their registration numbers, country of incorporation and current addresses;

(g) where applicable, indicative price of securities;

(h) indicative total proceeds to be raised, including utilisation of proceeds;

(i) indicative market capitalisation;

(j) principal adviser, including team members;

(k) other advisers; and

(l) where applicable, date of submission of valuation report to the SC.

2. Cover letter

A cover letter containing the following:

(a) Particulars of the listing proposal;

(b) The following to be sought:

(i) Approval for the listing proposal under section 212 of the CMSA; and

(ii) Registration of prospectus under section 233 of the CMSA;

(c) Particulars of other required approvals obtained or pending in relation to the proposal, where applicable;

(d) Details of any departure from these Guidelines and other relevant SC guidelines, together with the relevant justification and relief sought for such departure. Where relief has been obtained, to provide details of such relief;

(e) Information on previous proposals submitted to the SC, if any, by the applicant or any corporation in the group. If the applicant or any corporation in the group is or used to be a listed corporation, the information may be limited to the following:

(i) Major corporate proposals submitted to the SC. Examples of major corporate proposals include initial public offerings, chain listings, acquisitions resulting in a significant change in the business direction or policy of a listed corporation, transfers of listing and corporate bonds or sukuk issuances; and

(ii) Proposals submitted to the SC where the conditions imposed by the SC have yet to be fully complied with as at the date of the application to the SC;

(f) Where applicable, information on any submission of previous material corporate proposals by the applicant or any corporation in the group to a securities exchange or securities regulator outside Malaysia since incorporation;

(g) Information on any material term and condition imposed by the relevant authorities on the applicant or the asset being acquired, and the extent to which these terms and conditions have been complied with. The SC may reject the proposals or impose appropriate conditions in the event of non-compliance with these terms and conditions;

(h) Confirmation by the principal adviser and the applicant on compliance with the relevant laws, regulations, rules and requirements governing conduct of the business of the applicant and its group;

(i) Confirmation by the principal adviser and the applicant on up-to-date submissions of tax returns and settlement of tax liabilities of the applicant, its subsidiary companies and proposed subsidiary companies, with the tax authorities;

(j) A statement on whether the applicant is seeking a listing based on—

(i) profit test, together with the details used to meet the profit test requirements under Chapter 5;

(ii) market capitalisation test, together with the details used to meet the market capitalisation test requirements under Chapter 5; or

(iii) infrastructure project corporation test, together with the information used to meet the infrastructure project corporation test requirements under Chapter 5;

(k) Matters as required under *Chapter 1 of Part III: Procedures for Registration* in the *Prospectus Guidelines*. A separate cover letter would not be necessary for compliance with the *Prospectus Guidelines* requirements;

(l) The name of the person who is responsible for submission of the application to the SC; and

(m) Confirmations by the principal adviser that—

(i) the principal adviser has exercised due care and diligence in carrying out its functions in relation to the proposal;

(ii) reasonable steps have been taken by the principal adviser to satisfy itself that the applicant and the directors of the applicant understand that they must fully apprise themselves of their obligations in relation to the proposal including their obligations and liabilities under the securities laws, the relevant SC's guidelines, and the *MAIN Market Listing Requirements*;

(iii) after having made enquiries as were reasonable in the circumstances, the principal adviser has reasonable grounds to believe and does believe that—

A. the application complies with the requirements of the *Equity Guidelines*, *Prospectus Guidelines* and where applicable, the *MAIN Market Listing Requirements*;

B. the information in the application is not false or misleading and contains no material omission;

C. the prospectus contains all particulars and information that investors and where applicable, their professional advisers would reasonably require, and reasonably expect to find in the prospectus to make an informed assessment of the applicant, the proposal and where applicable, the securities being offered; and

D. all material issues bearing on the application and all matters known to the principal adviser which the principal adviser reasonably believes is necessary to be disclosed to the SC to enable the SC to consider—

(aa) the application; and

(bb) whether the proposal would be detrimental to the investors' interests,

have been disclosed prominently in the application.

(iv) the accompanying documents in the application are complete, duly signed and dated; and

(v) the electronic copy of documents is the same as the physical copy of documents submitted to the SC.

3. Prospectus

A prospectus that is complete and in full compliance with the relevant disclosure and documentary requirements in the *Prospectus Guidelines.*

4. Compliance with Guidelines

To provide a checklist of compliance with the relevant chapters of the Guidelines. The checklist should include a commentary on how the requirements have been met and provide specific explanation or justification for each requirement. Where the requirement is not met, or not applicable, provide the relevant commentary.

5. Supporting documents (In addition to those required under the *Prospectus Guidelines*)

The following documents to accompany the application:

(a) [deleted]

(b) Declaration by—

(i) the applicant as per the specimen provided in Schedule 1;

(ii) each director and proposed director of the applicant as per the specimen provided in Schedule 2; and

(iii) the controlling shareholder of the applicant as per the specimen provided in Schedule 4;

(c) In the case of listing of a foreign corporation, a comparison of the standards of laws and regulations of the jurisdiction in which the applicant is incorporated and those provided in Malaysia, together with the proposed variations to its constituent documents, in cases where the jurisdiction of incorporation does not have the requisite standards;

(d) Preliminary application pack as prescribed by the SC. For any revision to the preliminary application pack after submission to the SC pursuant to paragraph 9.02C, an updated preliminary application pack with a summary of the material changes; and

(e) Undertaking letter which complies with the requirements in paragraph 5.30, if any.

Appendix 2

CONTENT OF APPLICATION FOR A PROPOSAL WHICH WOULD RESULT IN A SIGNIFICANT CHANGE IN THE BUSINESS DIRECTION OR POLICY OF A LISTED CORPORATION

Introduction

This appendix sets out the minimum information and documents required by the SC for an application for a proposal which would result in a significant change in the business direction or policy of a listed corporation under Chapter 7 and qualifying acquisition proposals under Chapter 6.

PART A: APPLICATION TO THE SC

Content of application

1. Application term sheet

An application term sheet containing the following information on the applicant and target asset:

(a) proposal;

(b) principal activity or core business;

(c) proposed sector classification (based on the sector classification of Bursa Securities);

(d) list of directors, chief executive and other members of key senior management, including date of appointment, their NRIC or passport numbers, addresses and nationalities;

(e) list of existing or proposed subsidiary companies, joint venture and associated companies;

(f) list of substantial shareholders of the applicant and each of its existing or proposed subsidiary and associated companies, including—

(i) their shareholdings in the corporation and the ultimate beneficial ownership of shares held under nominees or corporations;

(ii) any changes in substantial shareholders and their shareholdings in the corporation over the past three years or since the date of incorporation, if less than three years;

(iii) for individuals, their NRIC or passport numbers, ages, nationalities and current addresses; and

(iv) for corporations, their registration numbers, country of incorporation and current addresses;

(g) indicative issue or offer price;

(h) indicative total proceeds to be raised, including utilisation of proceeds;

(i) principal adviser, including team members;

(j) other advisers; and

(k) where applicable, date of submission of valuation report to the SC.

2. Cover letter from the principal adviser

A cover letter containing the following:

(a) Particulars of the proposal and to state how the proposal will result in a significant change in business direction or policy of the listed corporation;

(b) Purpose of the application:

(i) Approval for proposed acquisition resulting in a significant change in business direction or policy under section 212 of the CMSA;

(ii) Clearance for the issuance of the circular to shareholders for the proposal referred to in paragraph 2(b)(i) of Appendix 2; and

(iii) Registration of prospectus under section 233 of the CMSA, where applicable;

(c) Particulars of other required approvals obtained or pending in relation to the proposal, where applicable;

(d) Details of any departure from these Guidelines and other relevant SC guidelines, together with the relevant justification and relief sought for such departure. Where relief has been obtained, to provide details of the relief;

(e) For related-party transactions, details regarding the nature of interest of the related parties including the direct and indirect shareholdings of the related parties in the listed corporation;

(f) Confirmation by the principal adviser and the vendor on the—

(i) compliance with the relevant laws, regulations, rules and requirements governing the conduct of the business of the target asset; and

(ii) up-to-date submission of tax returns and settlement of tax liabilities of the target asset and its subsidiary companies with the tax authorities;

(g) Information on any material term and condition imposed by the relevant authorities on the applicant or the target asset, and the extent to which these terms and conditions have been complied with. The SC may reject the proposals or impose appropriate conditions in the event of non-compliance with these terms and conditions;

(h) Information on any previous material corporate proposal submitted to the SC or Bursa Securities, if any, in relation to the target asset since incorporation;

(i) Where applicable, information of any submission of previous material corporate proposal by the target asset to a securities exchange or securities regulator outside Malaysia since incorporation;

(j) [deleted];

(k) A statement on whether the enlarged group or the target asset qualifies based on—

(i) profit test, together with the details used to meet the profit test requirements under Chapter 7; or

(ii) infrastructure project corporation test, together with the information used to meet the infrastructure project corporation test requirements under Chapter 7;

(l) [moved to paragraph 2(n)(v)];

(m) The name of the person who is responsible for submission of the application to the SC; and

(n) Confirmations by the principal adviser that—

(i) the principal adviser has exercised due care and diligence in carrying out its functions in relation to the proposal;

(ii) reasonable steps have been taken by the principal adviser to satisfy itself that the applicant and the directors of the applicant understand that they must fully apprise themselves of their obligations in relation to the proposal including their obligations and liabilities under the securities laws, the relevant SC's guidelines, and the *MAIN Market Listing Requirements*;

(iii) after having made enquiries as were reasonable in the circumstances, the principal adviser has reasonable grounds to believe and does believe that—

A. the application complies with the requirements of the *Equity Guidelines*, and where applicable, the *Prospectus Guidelines* and *MAIN Market Listing Requirements*;

B. the information in the application is not false or misleading and contains no material omission;

C. the circular/prospectus contains all particulars and information that shareholders/investors and where applicable, their professional advisers would reasonably require, and reasonably expect to find in the circular/prospectus to make an informed assessment of the target asset/enlarged group, the proposal and where applicable, the securities being offered; and

D. all material issues bearing on the application and all matters known to the principal adviser which the principal adviser reasonably believes is necessary to be disclosed to the SC to enable the SC to consider:

(aa) the application; and

(bb) whether the proposal would be detrimental to the investors' interests,

have been disclosed prominently in the application.

(iv) the accompanying documents in the application are complete, duly signed and dated; and

(v) the electronic copy of documents is the same as the physical copy of documents submitted to the SC.

3. Cover letter from the independent adviser

Where an independent advice letter is required to be prepared, a cover letter containing the following:

(a) Particulars of the proposal;

(b) Purpose of the application, being the clearance for the independent advice letter; and

(c) The name of the person who is responsible for submission of the independent advice letter to the SC.

4. Circular and independent advice letter to shareholders

(a) A circular by the applicant that is complete and in full compliance with the relevant disclosure requirements in Appendix 2A; and

(b) Where an independent advice letter is required to be prepared, an independent advice letter that is complete and in full compliance with the relevant disclosure requirements in Appendix 2B.

5. Prospectus

Where a prospectus is required to be registered, a prospectus that is complete and in full compliance with the relevant disclosure and documentary requirements in the *Prospectus Guidelines*.

6. Compliance with Guidelines

To provide a checklist of compliance in relation to:

(a) the relevant chapters of these Guidelines;

(b) Appendix 2A of these Guidelines; and

(c) where applicable, Appendix 2B of these Guidelines.

The checklist should include a commentary on how the requirements have been met and provide specific explanation or justification for each requirement. Where the requirement is not met, or not applicable, provide the relevant commentary.

7. Other supporting information or documents

The following information or documents to accompany the application:

(a) [deleted]

(b) Responsibility statement by the directors of the applicant;

(c) Responsibility statement by the vendor, or where the vendor is a corporation, the directors of the vendor;

(d) Declaration by—

(i) the applicant as per the specimen provided in Schedule 1;

(ii) each director of the applicant as per the specimen provided in Schedule 2;

(iii) each director and proposed director of the issuer, each director of the target asset and each director of the vendor, as per the specimen provided in Schedule 3; and

(iv) the vendor and the controlling shareholder of the issuer as per the specimen provided in Schedule 4. Where the vendor is a corporation, a declaration is also required to be provided by the controlling shareholder of the vendor;

(e) Certified true copy of each constituent document and the certificate of incorporation of the target asset and the issuer.

Where the issuer is foreign incorporated, a certified true copy of each certificate of registration and constituent document of the foreign corporation;

(f) Certified true copies of all material contracts, regardless of whether the contracts are in the target asset's ordinary course of business or not, reports, or documents referred to in the circular;

(g) Certified true copies of the audited financial statements of the target asset for each financial year and period, where applicable, where the audited financial statements of the target asset have been referred to in the circular;

(h) In cases where the target asset is a holding corporation, certified true copies of the audited financial statements of its subsidiary companies for each financial year, in electronic form only;

(i) Certified true copy of any expert's report or legal opinion referred to in the circular. Where the circular contains a summary of an expert's report, the corresponding full report must be submitted;

(j) Certified true copy of each existing or proposed service contract, which provides for benefits upon termination of employment, referred to in the circular;

(k) Preliminary application pack as prescribed by the SC. For any revision to the preliminary application pack after submission to the SC pursuant to paragraph

9.02C, an updated preliminary application pack with a summary of the material changes;

(l) Certified true copy of the letter of consent from any person who has made a statement included in the circular or on which a statement made in the circular is based. The letter of consent must be dated, signed and in accordance with the form specified in the *Prospectus Guidelines*; and

(m) Undertaking letter which complies with the requirements in paragraph 6.20C or paragraph 7.20, as applicable, if any.

PART B: POST-APPROVAL AMENDMENTS AND ISSUANCES

1. Where there are any updates to the circular after the SC's approval for the proposal, but prior to the issuance of the circular to the shareholders:

   (a) a cover letter from the principal adviser containing the following:

      (i) a confirmation that all relevant conditions of approval, to be complied with before issuance of the circular, have been met;

      (ii) a confirmation that the consent from any person who has made a statement included in the circular or on which a statement made in the circular is based, have not been withdrawn; and

      (iii) a confirmation that the principal adviser has seen and confirmed the revisions made to the circular and that the circular complies with the requirements of these Guidelines;

   (b) a marked-up copy of the revised circular;

   (c) certified true copies of any new or updated material contracts, regardless whether the contracts are in the target asset's ordinary course of business or not, reports or documents referred to in the circular;

   (d) where the financial information has been updated after submission was made to the SC, certified true copies of the audited financial statements of the target asset for the updated financial year or period, where applicable; and

   (e) in cases where the target asset is a holding corporation, certified true copies of the audited financial statements of its subsidiary companies for the updated financial year, in electronic form only.

2. Upon issuance of the circular, two copies of the printed circular must be provided to the SC.

Appendix 2A

CONTENT REQUIREMENTS FOR A CIRCULAR RELATING TO A PROPOSAL WHICH WOULD RESULT IN A SIGNIFICANT CHANGE IN THE BUSINESS DIRECTION OR POLICY OF A LISTED CORPORATION

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1. General

1.01 This appendix sets out the minimum contents of a circular relating to a proposal which would result in a significant change in the business direction or policy of a listed corporation under Chapter 7 and qualifying acquisition proposals under Chapter 6.

1.02 For the purposes of this appendix, 'paragraph' refers to a paragraph within this Appendix 2A, unless otherwise stated.

1.03 Information to shareholders must be presented in a manner that can be easily understood to enable them to assess and make an informed decision. In drafting the circular, persons responsible for the contents of the circular must ensure that—

(a) all information is written in a clear and concise manner, and easy-to-understand sentences are used;

(b) plain and simple language is used. Legal or financial jargon, technical terms, or complicated methodologies or analyses are avoided, unless they can be clearly explained;

(c) comparative information is meaningful and presented in a fair and balanced way, and the source of information is disclosed; and

(d) key information is prominently presented.

1.04 The cut-off date for information to be disclosed in the circular must be the latest practicable date available prior to the issue of the circular.

Cover page

1.05 The cover page must include the following information and statements:

(a) Name of the listed corporation;

(b) Place of incorporation;

(c) Registration number;

If the listed corporation is foreign-incorporated, to also include the registration number allocated to such corporation as a foreign company in Malaysia under the *Companies Act 2016.*

(d) The date of the circular;

(e) The following statement, to appear in bold:

"SHAREHOLDERS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THIS CIRCULAR. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

FOR INFORMATION CONCERNING RISK FACTORS WHICH SHOULD BE CONSIDERED BY SHAREHOLDERS, SEE 'RISK FACTORS' COMMENCING ON PAGE [XX]."

(f) The following statement:

"The SC has approved [to state the proposal approved by the SC]. The approval of [to state the proposal approved by the SC] should not be taken to indicate that the Securities Commission Malaysia recommends the [to state the proposal approved by the SC] or assumes responsibility for the correctness of any statement made, opinion expressed or report contained in this circular. The Securities Commission Malaysia has not, in any way, considered the merits of the [to state the proposal approved by the SC] being tabled for shareholders' approval."

(g) The following statement:

"The Securities Commission Malaysia is not liable for any non-disclosure on the part of the listed corporation, vendor or target asset and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness, and expressly disclaims any liability for any loss you may suffer arising from or in reliance upon the whole or any part of the contents of this circular."

1.06 The inside cover or first page must include the following statements:

Responsibility statements

(a) "The directors of [the listed corporation] have seen and approved this circular. They collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement in the circular false or misleading."

(b) "The directors of [the vendor] collectively and individually accept full responsibility for the accuracy of the information relating to the vendor and target asset. Having made all reasonable enquiries, and to the best of their knowledge and belief, they confirm there is no false or misleading statement or other facts which if omitted, would make any statement relating to the vendor and the target asset in the circular false or misleading."

(c) "[Name of principal adviser], being the Principal Adviser, acknowledges that, based on all available information, and to the best of its knowledge and belief, this circular constitutes a full and true disclosure of all material facts concerning the proposal."

(d) Where future financial information is provided:

"The directors of [the listed corporation] confirm that the bases and assumptions relied on in the preparation of the future financial information are reasonable."

"[Name of principal adviser], being the Principal Adviser is satisfied that the bases and assumptions relied on in the preparation of the future financial information are reasonable."

Statements of disclaimer

(e) "The valuation utilised for the purpose of the proposal should not be construed as an endorsement by the Securities Commission Malaysia on the value of the subject assets."

(f) Where applicable:

"Admission to the Official List of Bursa Malaysia Securities Berhad is not to be taken as an indication of the merits of the offering, corporation or its shares."

Indicative timetable

1.07 Disclose the timetable for the implementation of the proposal, including the following critical dates:

(a) The date of the extraordinary general meeting;

(b) The date of the completion of the proposal; or

(c) Listing date.

1.08 The method of informing the listed corporation's shareholders for any change to the timetable must be disclosed.

Directory of advisers

1.09 The directory must contain the following details:

(a) Names and addresses of the following parties, where applicable:

(i) Principal adviser;

(ii) Legal adviser connected to the proposal;

(iii) Issuing house;

(iv) Share registrar;

(v) Independent adviser; and

(vi) Any other person connected to the proposal.

(b) Name, address and professional qualification of the reporting accountant, including any membership in a professional body;

(c) Name, address and qualification of an expert whose reports or excerpts or summaries are included or referred to in the circular. If the expert is a corporation or a firm, to disclose the name of the individual responsible for preparing the reports, excerpts or summaries; and

(d) Name of the stock exchange where the shares are already listed or the listing is sought in relation to the circular.

1.10 For purposes of 1.09(a)(vi), where a person has been appointed to provide financial advice in relation to the proposal, the salient terms of engagement and scope of work of such person must be disclosed in the circular.

Approvals and conditions

1.11 Disclose all approvals and conditions imposed by relevant authorities in relation to the proposal and the status of compliance on such conditions.

1.12 For any specific relief obtained from compliance with relevant securities laws, guidelines and other regulatory requirements, to disclose the details of the relief granted.

1.13 Details of any moratorium on shares, such as—

(a) the name of the party whose shares are under moratorium;

(b) the authority or any other party which imposed the moratorium;

(c) the number of shares under moratorium; and

(d) the terms of the moratorium including commencement and expiry of the moratorium.

2. Summary of Proposal

2.01 The Summary of Proposal must:

(a) provide a concise overview of the proposal and highlights of significant matters disclosed elsewhere in the circular;

(b) not exceed 10 pages and must be placed at the beginning of the circular;

(c) give a fair and balanced view of the nature, material benefits and material risks of the proposal; and

(d) be consistent with the disclosures in other parts of the circular.

2.02 At the top of the Summary of Proposal, the following warning statement must be disclosed in bold:

"This Summary of Proposal only highlights the key information from other parts of this circular. It does not contain all the information that may be important to you. You should read and understand the contents of the whole circular before making a decision on the proposal."

Principal details of the proposal

2.03 Disclose details of the proposal, including:

(a) the target asset;

(b) the purchase consideration including the terms of any arrangement for payment on a deferred basis and whether the purchase consideration is to be satisfied in whole or in part by issuance of securities;

(c) salient terms of the agreement relating to the proposal; and

(d) any other intended proposal or scheme, where the proposal is conditional or inter-conditional upon such other intended proposal or scheme.

Use of proceeds

2.04 If applicable, disclose the estimated gross proceeds from the offering of securities, segregated into each principal intended use and the time frame for such utilisation.

Rationale for the proposal

2.05 Disclose the rationale for the proposal including any benefit from a financial or operational perspective, which is expected to accrue to the issuer as a result of the proposal.

Expert's opinion

2.06 Where an expert's report has been prepared for the proposal, disclose:

(a) Name of the expert who prepared the report. If the expert is a corporation or a firm, to disclose the name of the individual responsible for preparing the report; and

(b) Summary of the expert's opinion.

Independent adviser

2.07 Where an independent advice letter has been prepared in relation to the proposal, disclose:

(a) Name of the independent adviser who prepared the report; and

(b) Summary of the independent adviser's opinion and recommendation on the voting decision to be made by minority shareholders.

Business model

2.08 Describe the key features of the target asset's business model, including:

(a) Nature of the operations and principal activities;

(b) Principal markets in which it operates; and

(c) Place of incorporation.

Competitive position and business strategies

2.09 Briefly describe the issuer's competitive position and business strategies.

Risk factors

2.10 Disclose the risk factors of—

(a) the target asset;

(b) the proposal; or

(c) the issuer,

which would have a material adverse effect on the issuer's business operations, financial position and results, and shareholders' investments in the issuer.

Directors and key senior management

2.11 List the name and designation of each director and member of key senior management of the issuer.

Financial and operational highlights of the target asset

2.12 Disclose the financial and operational highlights of the target asset. The highlights must be disclosed for each financial year for the period covered by the historical financial information as disclosed in the circular.

Interested directors and major shareholders

2.13 Where any of the following persons:

(a) A director of the listed corporation;

(b) A major shareholder of the listed corporation; or

(c) A person connected with a director or major shareholder of the listed corporation,

has any interest, direct or indirect, in the proposal, disclose the nature and extent of his interest.

Directors' recommendation

2.14 Disclose a statement by the board of directors, excluding interested directors, stating—

(a) whether the proposal is in the best interests of the listed corporation; and

(b) the basis of such recommendation as to the voting action the shareholders should take.

2.15 Where any director disagrees that the proposal is in the best interests of the listed corporation, disclose the reasons and factors taken into consideration by the director in forming that opinion.

Guidance - Summary of proposal

1. It is encouraged to use diagrams and illustrations such as graphs, charts, flowcharts and tables to present information in the Summary of Proposal.

2. The Summary of Proposal should include appropriate cross-references to the specific sections of the circular which set out the full details on the respective matters.

3. Details of Proposal

3.01 Disclose details of the proposal, including:

(a) Salient terms of the agreement relating to the proposal; and

(b) The date of announcement on the terms of the proposal and any revision to it.

3.02 Disclose the organisation structure of the listed corporation and target asset, where applicable, before and after the implementation of the proposal, with notes describing the structure.

3.03 Disclose details of any other intended proposal or scheme where the proposal is conditional or inter-conditional upon such other intended proposal or scheme.

Purchase consideration

3.04 Disclose details of the purchase consideration for the target asset, including:

(a) The total purchase consideration;

(b) Basis of arriving at the purchase consideration, excluding a 'willing buyer, willing seller' basis;

(c) The listed corporation's justification for the purchase consideration; and

(d) Mode of satisfaction for the purchase consideration, including the terms of any arrangement for payment on a deferred basis.

3.05 Where the purchase consideration is to be satisfied wholly or partly by cash, disclose the source of funding.

3.06 Where the purchase consideration is to be satisfied in whole or in part by an issue of securities to the vendor of the target asset, disclose whether these securities have different voting rights from the securities held by other shareholders of the issuer. Where there is none, an appropriate statement to that effect.

3.07 Where the purchase consideration is to be satisfied in whole or in part by an issue of securities of the listed corporation, disclose:

(a) the number, type and value of securities to be issued;

(b) the ranking of the securities;

(c) the issue price;

(d) basis of determining the issue price;

(e) justification for the pricing of the securities; and

(f) the highest and lowest market prices of such securities for the preceding 12 months including—

(i) the closing market price before the announcement on the proposal; and

(ii) the closing market price on the latest practicable date before the printing of the circular.

Use of proceeds

3.08 If applicable, disclose the estimated gross proceeds from the offering of securities, segregated into each principal intended use and the time frame for such utilisation.

Rationale for the proposal

3.09 Disclose the rationale for the proposal including any benefit from a financial or operational perspective, which is expected to accrue to the issuer as a result of the proposal.

Voting at the extraordinary general meeting and board meetings

3.10 Where a director of the listed corporation has any interest, direct or indirect, in the proposal, disclose a statement that the interested director has abstained or will abstain from board deliberation and voting on the relevant resolution.

3.11 Where any of the following persons:

(a) A director of the listed corporation;

(b) A major shareholder of the listed corporation; or

(c) A person connected with a director or major shareholder of the listed corporation;

has any interest, direct or indirect, in the proposal, disclose—

(i) the nature and extent of his interest; and

(ii) a statement that the person will abstain from voting in respect of his direct or indirect shareholding.

3.12 For the purposes of paragraph 3.11(c), where the person connected with a director or major shareholder has an interest, direct or indirect, in the proposal, a statement that the director or major shareholder concerned will also abstain from voting in respect of his direct or indirect shareholdings.

3.13 Disclose a statement that the interested director or interested major shareholder has undertaken to ensure that the persons connected with him will abstain from voting on the resolution approving the proposal.

Audit Committee's statement

3.14 Where the proposal is also a related-party transaction, disclose the listed corporation's audit committee's views that the proposal is—

(a) in the best interest of the listed corporation;

(b) fair, reasonable and on normal commercial terms; and

(c) not detrimental to the interest of the minority shareholders,

together with the basis for its views.

Directors' recommendation

3.15 Disclose a statement by the board of directors, excluding interested directors, stating—

(a) whether the proposal is in the best interests of the listed corporation; and

(b) the basis of such recommendation as to the voting action the shareholders should take.

3.16 Where any director disagrees that the proposal is in the best interests of the listed corporation, disclose the reasons and factors taken into consideration by the director in forming that opinion.

Guidance to paragraph 3.01(a) – Details of proposal

1. Details of the proposal should include:

(a) A statement on whether the target asset will be acquired free from encumbrances; and

(b) Details of all liabilities, including contingent liabilities and guarantees to be assumed by the issuer after completion of the proposal.

Guidance to paragraph 3.02 – Organisation structure of the listed corporation and target asset

2. A description of the organisation structure should include the identities of the shareholders of each non-wholly owned subsidiary company, joint venture and associated company.

4. Information on Issuer

4.01 For the purposes of this paragraph 4, unless otherwise specified, any reference to directors, key senior management and key technical personnel would include the proposed directors, proposed key senior management and proposed key technical personnel of the issuer.

4.02 Provide an overview of the issuer's business strategies, including the time frame to realise these strategies.

Controlling shareholder of the issuer

4.03 Describe the controlling shareholder of the issuer. Such description must include the nature of such control including amount and proportion of shares held.

4.04 Describe any arrangement which may, at a date subsequent to the completion of the proposal, result in a change in control of the issuer.

Directors, key senior management and key technical personnel

4.05 The following information must be disclosed with respect to the issuer's directors, key senior management and key technical personnel:

(a) Name, age, educational and professional qualification as well as past business, management or technical experience;

(b) Functions and areas of experience or responsibility in the issuer;

(c) Principal business activities performed outside the issuer. This includes other principal directorships at present and in the last five years. Disclose if such involvement affects their contribution to the issuer. If not, an appropriate statement to that effect;

(d) Representation of corporate shareholders, where applicable;

(e) The nature of any association or family relationship between:

(i) the substantial shareholder, director, key senior management or key technical personnel of the listed corporation; and

(ii) the substantial shareholder, director, key senior management or key technical personnel of the target asset;

(f) The nature of any association or family relationship between—

(i) the substantial shareholder of the issuer; and

(ii) the director, key senior management or key technical personnel of the issuer.

4.06 Disclose details on board practices of the issuer, as follows:

(a) Date of appointment, date of expiration of the current term of office and the period for which each director has served in that office, where applicable; and

(b) The board committees established including the names of the committee members and a summary of the terms of reference of each committee;

4.07 Where applicable, disclose the salient details of any existing or proposed service contract which provide for benefits upon termination of employment, between—

(a) the issuer and its directors, key senior management or key technical personnel;

(b) the target asset and its directors, key senior management or key technical personnel; and

(c) the listed corporation and its directors, key senior management or key technical personnel.

4.08 Provide the direct and indirect shareholding of each director, member of key senior management and key technical personnel of the issuer in terms of number and percentage of shares held in the issuer immediately after the proposal.

Remuneration of directors and key senior management

4.09 For the last financial year, disclose the remuneration and material benefits in-kind for each director and member of key senior management of the issuer, for past services in all capacities to the listed corporation or target asset, including:

(a) Payment made in relation to a bonus or profit-sharing plan and provide a brief description of such plan and the basis upon which such persons participated in the plan; or

(b) The number of shares exercised from share options, the exercise price and the purchase price, if any.

This must include contingent or deferred remuneration. Where a portion of the remuneration was paid in the form of share options, to disclose the remaining share options to be exercised, the period during which the options are exercisable and the expiration date of the options.

4.10 For the current financial year, disclose the estimated remuneration and material benefits in-kind for each director and member of key senior management of the issuer, for services in all capacities to the listed corporation, target asset or issuer, as the case may be, including:

(a) Estimated amount in relation to a bonus or profit-sharing plan, segregating between paid and to be paid. In addition, to provide a brief description of the plan and the basis upon which such persons participated in the plan; or

(b) The number of shares exercised from the share option, the exercise price and the purchase price, if any.

This must include contingent or deferred remuneration. Where a portion of the remuneration was paid in the form of share options, to disclose the remaining share options to be exercised, the period during which the options are exercisable and the expiration date of the options.

4.11 For paragraphs 4.09 and 4.10, remuneration and material benefits in-kind must be disclosed—

(a) on a named basis and the actual amount for each component of the director's remuneration and material benefits in-kind; or

(b) in bands of RM50,000 for each member of key senior management.

Management reporting structure

4.12 Disclose the management reporting structure of the issuer.

Declaration by director, member of key senior management and key technical personnel

4.13 Disclose the involvement of each director, member of key senior management or key technical personnel's involvement in the following events, whether in or outside Malaysia:

(a) In the last 10 years, a petition under any bankruptcy or insolvency laws was filed (and not struck out) against such person or any partnership in which he was a partner or any corporation of which he was a director or member of key senior management;

(b) Such person was disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;

(c) In the last 10 years, such person was charged or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding. If convicted, the date must be calculated from the date of conviction or if sentenced to imprisonment, from the date of release from prison;

(d) In the last 10 years, any judgment was entered against such person, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on his part, involving a breach of any law or regulatory requirement that relates to the capital market;

(e) In the last 10 years, such person was the subject of any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on his part that relates to the capital market;

(f) Such person was the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining him from engaging in any type of business practice or activity;

(g) In the last 10 years, such person has been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and

(h) Any unsatisfied judgment against such person.

Additional information

4.14 Disclose a summary of the provisions of the issuer's constituent document, if any, relating to—

(a) remuneration, voting and borrowing powers of the issuer's directors;

(b) changes to share capital;

(c) transfer of securities; and

(d) rights, preferences and restrictions attached to each class of securities relating to voting, dividend, liquidation and any special rights.

4.15 If the issuer does not have a constituent document, to disclose the key provisions of the relevant laws that apply to the issuer in relation to the items under paragraph 4.14 above.

4.16 Describe any limitation on the right to own shares, including limitations on non-resident or foreign shareholders' right to hold or exercise voting rights imposed by law or by the issuer's constituent document. If there are no such limitations, to state the fact.

4.17 With respect to paragraphs 4.14, 4.15 and 4.16, if the law applicable to the issuer is significantly different from that in Malaysia, explain the effect of the law in these areas.

Guidance to paragraph 4.02 – Business strategies

1. The discussion should contain the following:

   (a) Expansion plans to be adopted such as—

      (i) site selection, expected capacity, time frame for implementation, proposed capital expenditure and source of funding;

      (ii) strengthening sales network, vertical or horizontal expansion, entering into long-term contracts; and

   (b) Whether the issuer has identified any acquisition target (if not, an appropriate statement to that effect) and details of the selection criteria.

Guidance to paragraph 4.08 – Shareholding in the issuer

2. Indirect shareholding include shareholdings held by immediate family members of director, member of key senior management and key technical personnel.

5. Information on the Target Asset

Vendor of the target asset

5.01 Where the vendor of the target asset is an individual, disclose details of the vendor including:

(a) Name;

(b) Background information;

(c) Nationality;

(d) Number and percentage of shares held in the target asset, before the implementation of the proposal;

(e) Number and percentage of shares to be held in the issuer, after the implementation of the proposal; and

(f) Any significant change in the direct or indirect shareholding in the target asset during the past three years.

5.02 Where the vendor of the target asset is a corporation, disclose details of the vendor including:

(a) Name;

(b) Principal activity and other background information;

(c) Country of incorporation;

(d) Number and percentage of shares held in the target asset, before the implementation of the proposal. Where the shares are held indirectly in the target asset via a corporation, disclose the ultimate beneficial owner;

(e) Number and percentage of shares to be held in the issuer, after the implementation of the proposal. Where the shares will be held indirectly in the issuer via a corporation, disclose the ultimate beneficial owner;

(f) Any significant change in the direct or indirect shareholding in the target asset during the past three years; and

(g) Directors and substantial shareholders of the vendor including the following details:

(i) Name;

(ii) Nationality or if the substantial shareholder is a corporation, country of incorporation; and

(iii) Number and percentage of shares held in the vendor. Where the shares are held indirectly in the vendor via a corporation, disclose the ultimate beneficial owner.

5.03 Disclose details of amounts or benefits paid or intended to be paid or given to the vendor within the two years preceding the date of the circular.

Other substantial shareholders of the target asset

5.04 Where there are other substantial shareholders of the target asset, excluding the vendor, disclose the following details:

(a) Name;

(b) Nationality or if the substantial shareholder is a corporation, country of incorporation; and

(c) Number and percentage of shares held in the target asset. Where the shares will be held indirectly in the target asset via a corporation, disclose the ultimate beneficial owner.

5.05 Disclose details of amounts or benefits paid or intended to be paid or given to the substantial shareholder of the target asset within the two years preceding the date of the circular.

Background

5.06 Details on the background of the target asset must be disclosed, including:

(a) The legal and commercial name of the target asset;

(b) Date and place of incorporation together with the registration number of the target asset. For a foreign-incorporated target asset, to also include the registration number allocated to such target asset as a foreign company in Malaysia under the *Companies Act 2016*, if applicable;

(c) The important events in the history and development of the target asset and its business;

(d) The information on each of the target asset's material subsidiary companies, joint ventures and associated companies including:

(i) Name;

(ii) Date and place of incorporation together with the registration number;

(iii) Principal place of business;

(iv) Principal activities; and

(v) Proportion of ownership interest held by the target asset and, if different, proportion of voting power held by the target asset; and

(e) Amount and description of the target asset's material investments and material divestitures, including the geographical location—

(i) for each financial year for the period covered by the historical financial information as disclosed in the circular up to the latest practicable date;

(ii) which are in progress, and the method of financing (internal or external); and

(iii) which the target asset has made firm commitments and will be assumed by the issuer.

Share capital

5.07 Disclose the share capital, and changes during the period for the historical financial information as disclosed in the circular, including:

(a) the date of allotment;

(b) number of shares allotted;

(c) consideration given, together with information regarding any discount, special term or instalment payment term or an appropriate statement thereof;

(d) cumulative share capital; and

(e) details of outstanding warrants, options, convertible securities and uncalled capital,

in respect of the target asset, and if the target asset is a holding company of a group, of each of the target asset's material subsidiary companies and associated companies.

5.08 If more than 10% of share capital has been paid for with assets other than cash within the past three years from the latest practicable date, details must be provided.

5.09 For any capital of the target asset which is under option, or agreed conditionally or unconditionally to be put under option, indicate—

(a) the identity of the grantees;

(b) description and number of shares to which the option relates;

(c) the period during which the option is exercisable including the expiry date of the option. If not, an appropriate statement to that effect;

(d) the exercise price; and

(e) the purchase price of the option or consideration to be given for the option.

5.10 For the purpose of paragraph 5.09, where options have been granted or agreed to be granted to—

(a) all shareholders of the target asset;

(b) all holders of debt securities of the target asset; or

(c) directors and employees under a share option scheme,

it will be sufficient to state such fact without providing identity of the grantees.

Business overview

5.11 Details on the target asset's business must be disclosed, including:

(a) Nature of the operations and principal activities, stating the main categories of the products sold or services performed;

(b) Principal markets in which the target asset operates, including an analysis of total revenue by category of activity and geographic market;

(c) Significant products or services introduced and, to the extent the development of new products or services has been publicly disclosed, give their status of development;

(d) If a statement on the target asset's competitive position is disclosed, the basis for such statement;

(e) The seasonality of the business;

(f) Sources and availability of raw materials or input, including volatility of prices for principal raw materials, if applicable;

(g) The marketing activities including distribution channels;

(h) Where the target asset's business or profitability is materially dependent on the following items, a summary of information regarding the extent of the target asset's dependency on such items:

(i) Contracts including commercial or financial contracts;

(ii) Intellectual property rights including patents and copyrights;

(iii) Licenses and permits; or

(iv) Production or business processes,

Such information must include the salient terms, approvals and conditions attached, and status of compliance, where applicable;

(i) Research and development policies. Where it is significant, include the amount spent on research and development activities, as a percentage of the net revenue for the period covered by the historical financial information as disclosed in the circular; and

(j) Any relevant laws, regulations, rules or requirements governing the conduct of the target asset's business and environmental issue which may materially affect the target asset's business or operations. Where there has been a non-compliance incident of the aforesaid, the following information must be disclosed:

(i) Nature and extent of the non-compliance;

(ii) Rectification measures taken or to be taken including estimated time and cost;

(iii) Penalties imposed or potential maximum penalty which may be imposed;

(iv) Degree of impact or potential impact to the target asset's business operations or financial performance; and

(v) Measures to be undertaken by the issuer to provide updates on the status of the non-compliance incident to its shareholders, where applicable.

5.12 Where the target asset does not have any profitability track record, the following details must be included:

(a) the total cost needed to put the target asset's operation on-stream;

(b) the amount of capital expenditure to be assumed or guaranteed by the issuer;

(c) the expected date on which the profit contribution will accrue to the issuer; and

(d) the expected returns to be derived, together with the appropriate assumptions used.

Information provided must be verified and confirmed by independent experts.

Material contracts

5.13 Disclose all material contracts, not being contracts in the ordinary course of business, entered into within the period covered by the historical financial information as disclosed in the circular up to the date of the circular. The following particulars must be disclosed for each contract:

(a) Date;

(b) Parties to the contract;

(c) Subject matter of the contract; and

(d) The consideration and the manner it is to be satisfied.

Property, plant and equipment

5.14 Provide information regarding material properties, including:

(a) Location, size, and use of the property;

(b) Status of the property, whether it is freehold, leasehold or rental; and

(c) Major encumbrances.

5.15 Disclose the productive capacity and extent of utilisation of the material plant and equipment for the current financial year.

5.16 [deleted]

5.17 On material plans to construct, expand or improve property, plant and equipment, describe—

(a) The nature and reason for the plan;

(b) An estimate of the amount of expenditures including the amount already paid;

(c) A description of the method of financing the activity;

(d) The estimated dates of start and completion of the activity; and

(e) The increase of production capacity anticipated after completion.

Employees

5.18 Provide information regarding employees, including—

(a) The number of employees at the end of period or average number of employees for the most recent financial year. If possible, to categorise the employees according to activity and geographical location;

(b) If the target asset employs a significant number of contractual employees, the average number of contractual employees in the most recent financial year; and

(c) If employees are members of any union, the name of the union. Disclose if there has been any industrial dispute in the past.

Major customers

5.19 Describe the top five major customers for each financial year for the period covered by the historical financial information as disclosed in the circular. Such details must include:

(a) Length of relationship with the target asset;

(b) Contribution to the target asset's revenue in terms of amount and percentage; and

(c) Whether or not the target asset is dependent on the major customer for business.

Where the target asset has no major customer, to state the fact and describe the customer base.

Major suppliers

5.20 Describe the top five major suppliers for each financial year for the period covered by the historical financial information as disclosed in the circular. Such details must include:

(a) Length of relationship with the target asset;

(b) Contribution to the target asset's total purchases in terms of amount and percentage; and

(c) Whether or not the target asset is dependent on the major supplier.

Where the target asset has no major supplier, to state the fact and describe the supplier base.

Legal matters

5.21 Where the target asset operates in a foreign jurisdiction, disclose the following information under the applicable foreign law based on a legal opinion from a reputable law firm:

(a) Ownership to the securities or assets of the target asset;

(b) Enforceability of agreements, representations and undertakings given by the foreign counter-parties under relevant laws of domicile; and

(c) Other relevant legal matters relating to the target asset.

Guidance to paragraph 5.06(c) – Important events

1. Examples of such important events would include:

(a) Submission of previous material corporate proposals to relevant authorities by the target asset; or

(b) Any other intended disposal, acquisition or scheme which is not yet completed before the date of the circular.

Guidance to paragraph 5.11 – Business overview

2. Where it is relevant to understand how the target asset generates revenue through its business model, a description of the following information may be included:

(a) Operating or trading mechanisms, including flowcharts of production or businesses processes, which are critical for the target asset's business; and

(b) Technology used or to be used.

3. Where the basis for such statement relates to the target asset's competitive position in the industry, a discussion on the industry may be provided to assist shareholders in making an informed investment decision. Such discussion should be guided by the following:

(a) The discussion should be specific to the target asset's business and industry, and only to the extent it affects the target asset's business model and the shareholders' investment decision. To enable shareholders to focus on pertinent matters relating to the industry, the discussion should be concise and generally be no more than 10 pages;

(b) Information on the industry should be presented in a fair and balanced manner;

(c) The discussion should include the following:

(i) Description of the industry, industry players and competition; and

(ii) The target asset's estimated market coverage, position and share, together with details on the bases. Where applicable, the source of information such as reports or supporting data to establish the reliability of the bases should also be disclosed; and

(d) Only the most up-to-date market information should be disclosed. As an example, the period covered by the historical market information should be consistent with the target asset's historical financial information as disclosed in the circular. If this information is not available, this fact should be stated.

Guidance to paragraphs 5.19 and 5.20 - Major customers and major suppliers

4. Disclosure of the name of major customer or major supplier is encouraged. Where the name of the major customer or major supplier is not disclosed, the following information should be provided:

(a) Principal activity and principal market in which the customer or supplier operates;

(b) Information on the holding or parent company where the customer or supplier is a subsidiary, including if the holding or parent company is listed on the stock exchange or other similar exchange outside Malaysia; and

(c) Reason for the non-disclosure.

5. In the event there is fewer than five major customers or major suppliers, this fact should be stated.

6. Risk Factors

6.01 Describe risk factors relating to—

(a) the target asset;

(b) the proposal; or

(c) the issuer,

which would have a material adverse effect on the issuer's business operations, financial position and results, and shareholders' investments in the issuer.

Guidance - Risk factors

1. Risk factors that relate to each other should be grouped together. Appropriate and meaningful headings and sub-headings should be adopted. For example, headings may include risks relating to the proposal, the target asset and its business or industry.

2. Risk factors should be listed in such manner whereby the risks that would have the highest impact should be prominently disclosed at the beginning of each section.

3. The purpose of risk factors is to provide meaningful cautionary statement to the shareholders. Hence, any disclaimer statement should not be so wide so as to prevent the risk factors from having this effect. For example, the use of the following statement should be avoided:

   "The risks and investment considerations set out below are not an exhaustive or exclusive list of the challenges that we currently faced or that may develop in future. Additional risks, whether known or unknown, may in the future have a material adverse effect on us, the proposal, the issuer or target asset."

4. Risk factors should not be disclosed in a vague and generic manner. It should be specific and tailored to the issuer's risks or uncertainties. This means that the disclosure should not merely disclose the facts or circumstances that give rise to the existence of the risk. Each risk factor should be described to place the risk in context so that shareholders can understand the nature of, or circumstances giving rise to, the risk or uncertainty as it affects the issuer, its operations and shares, or the proposal.

   For example,

   (a) when disclosing the target asset's business overview, it would not be appropriate to provide a general statement that "the target asset is dependent on a major customer". An adequate risk disclosure would be to state the revenue contribution by the major customer as this would clearly illustrate the target asset's dependency on such major customer. In addition, the description on the major customer should include the name of the major customer and its relationship with the target asset, level of sales and how the loss of such major customer would have a material adverse effect on the target asset;

(b) if the target asset is dependent on a major supplier, it would not be appropriate to provide a general statement that 'the target asset is dependent on a major supplier' without details of the name of the major supplier, level of purchases, length of relationship with the target asset and how the loss of such major supplier would have a material adverse effect on the target asset; or

(c) the target asset is dependent on licences or permits, it would not be appropriate to have a risk factor on possible non-renewal of such licences or permits unless there is a genuine and specific reason for such a risk.

5. There should be no disclosure of mitigating facts that could cause confusion on the nature of the risk or its materiality.

7. Related-Party Transactions

7.01 The following information must be disclosed for the period covered by the historical financial information as disclosed in the circular:

(a) The nature and extent of each related-party transaction which is material to the target asset;

(b) The nature and extent of each related-party transaction that is unusual in nature or condition, to which the target asset was a party;

(c) Details on loans made by the target asset to or for the benefit of a related party to the target asset, including:

(i) amount classified as short term and long term;

(ii) in the case of foreign currency-denominated loans, the amount owing for such loans with the corresponding foreign currency amount; and

(iii) purpose and terms of each loan; and

(d) Details of financial assistance provided for the benefit of a related party to the target asset.

7.02 Disclose the nature and extent of related-party transactions that individually may not be material to the target asset, but when grouped in a meaningful manner, the aggregate of such transactions would be material to the target asset. Details of such related-party transactions must be disclosed on an aggregate basis.

7.03 Disclose the nature and extent of any related-party transaction which is material to the target asset that has been—

(a) effected after the period covered by the historical financial information as disclosed in the circular; or

(b) entered into but not yet effected,

up to the date of the circular.

7.04 For each related-party transaction disclosed pursuant to paragraphs 7.01, 7.02 and 7.03, to state:

(a) whether the related-party transaction has been carried out on an arm's length basis; or

(b) where a related-party transaction had not been carried out on an arm's length basis, the procedure undertaken to ensure that these related-party transactions will be carried out on an arm's length basis in the future.

Guidance to paragraphs 7.01, 7.02 and 7.03 – Related-party transactions

1. A disclosure on the 'nature' of a related-party transaction includes:

   (a) Relationship between—

      (i) the target asset and the related party; or

      (ii) the issuer and the related

      party, where applicable.

   (b) Type of transaction such as supply of goods or services, rental and sales;

   (c) Where the transaction is for an agreed period of time, the expiry date of such arrangement; and

   (d) Where the expiry date of such arrangement occurs after the completion of the proposal, the salient terms of the arrangement including pricing, terms of renewal, termination or withdrawal rights and penalty clauses.

2. A disclosure on the 'extent' of a related-party transaction includes:

   (a) The amount of the transaction; and

   (b) The percentage to which the transaction forms part of revenue, cost of sales, net assets or liabilities or profit after tax of the target asset or issuer, as relevant.

8. Conflict of Interest

8.01 For the purposes of this paragraph 8, unless otherwise specified, any reference to directors and substantial shareholders would include the proposed directors and proposed substantial shareholders of the issuer.

8.02 Where a director or substantial shareholder of the issuer has a direct or indirect interest in any entity which is—

(a) carrying on a similar trade as the issuer; or

(b) a customer or supplier of the issuer;

the following must be disclosed:

(i) Name of that entity;

(ii) Principal activity of that entity;

(iii) Name of the director or substantial shareholder involved;

(iv) Nature and extent of his interest in that entity and the extent to which he is involved in the management of that entity either directly or indirectly; and

(v) Steps taken to resolve, eliminate or mitigate the conflict of interest.

8.03 If there are factors to demonstrate that the substantial shareholder is not in a conflict of interest situation, to explain such factors.

8.04 Where an expert is named in the circular, include the declaration of the expert who has an existing or potential—

(a) interest in the proposal, listed corporation or target asset; or

(b) conflict of interest vis-à-vis the proposal, listed corporation or target asset.

The declaration must include a full description of the situation set out in (a) or (b) above, as well as the steps taken to address it. If there is no such situation, to state an appropriate statement to that effect.

Consent

8.05 Where any person has made a statement in the circular or on which a statement made in the circular is based, disclose a statement that such person has—

(a) given his written consent for inclusion of his name and statement in the form and context in which such statement appear in the circular; and

(b) has not subsequently withdrawn such consent.

Guidance to paragraph 8.03 – Conflict of interest

1. Examples of factors where the SC would generally not consider there to be a conflict of interest situation in relation to a substantial shareholder are as follows:

(a) The substantial shareholder's policy or objective is only for investment purposes and its role or action is limited to formulating corporate or business strategies for its portfolio of investee companies which do not create a conflict with the issuer's business or operations. In addition, the substantial shareholder does not participate in the day-to-day management or operations of its investee companies; or

(b) Where the substantial shareholder's business may potentially compete with the issuer, there is a clear delineation of business, such as differences in target customer segments, geographical presence, products or services sold or separate management teams.

9. Financial Information of the Target Asset

9.01 The audited financial statements of the target asset provided in the circular must be prepared in accordance with the approved accounting standards.

9.02 Disclose selected financial information from the target asset's audited financial statements provided in the circular, where—

(a) the target asset is seeking to comply with the profit test, the financial years as stipulated under the *Equity Guidelines*;

(b) the target asset is seeking to comply with the infrastructure project corporation test, the three most recent financial years or such shorter period that the target asset has been in existence; or

(c) the target asset is the qualifying acquisition of a special purpose acquisition company, the three most recent financial years or such shorter period that the target asset has been in existence.

9.03 The date of issuance of the circular must not be later than six months after the end of the most recent audited financial year of the target asset. If the date of issuance of the circular is later than six months after the end of the most recent financial year, audited interim financial report for the target asset must be provided and the selected financial information must be disclosed.

9.04 If any annual financial statements to be provided under paragraph 9.02 relate to a period other than 12 months due to a change in the financial year end of the target asset, the annual financial statements in respect of that financial year and the financial years preceding that financial year shall be provided on a restated 12- month basis, so that the financial year end for each of the restated financial statements corresponds to the financial year end for the most recent financial year.

9.05 The selected financial information required to be disclosed must—

(a) be prepared in the presentation currency of the target asset, where applicable; and

(b) include at a minimum, the following:

(i) Revenue;

(ii) Gross profit and gross profit margin;

(iii) Other income;

(iv) Depreciation and amortisation;

(v) Finance costs;

(vi) Share of profits and losses of associates and joint ventures;

(vii) Profit or loss before tax and profit margin;

(viii) Tax expense;

(ix) Profit or loss attributable to non-controlling interest and equity holders of the parent;

(x) Basic and diluted earnings per share;

(xi) Total non-current assets and total non-current liabilities;

(xii) Total current assets and total current liabilities;

(xiii) Total assets and total liabilities;

(xiv) Net assets or net liabilities;

(xv) Issued capital and reserves; and

(xvi) Non-controlling interest.

Where audited interim financial information is disclosed in the circular, comparative information in relation to subparagraphs (i) to (xvi) for the corresponding period in the most recent financial year must be included. The comparative interim financial information need not be audited.

9.06 Where the presentation currency is a currency other than RM, the circular must disclose—

(a) the exchange rate between the foreign currency and RM at the latest practicable date;

(b) the highest and lowest exchange rates for each month during the last six months; and

(c) for at least the three most recent financial years or such shorter period that the target asset has been in existence, and any subsequent interim period for which audited financial statements have been included, the average exchange rates for each period, calculated by using the average of the exchange rates on the last day of each month during the period.

Exchange controls

9.07 Describe any governmental law, decree, regulation or other requirement which may affect the repatriation of capital and the remittance of profit by or to the target asset. Also, explain how these would impact on the availability of cash and cash equivalents for use by the target asset and the remittance of dividends, interest or other payments to shareholders of the target asset.

Taxation

9.08 Where the target asset is incorporated or operates in a foreign jurisdiction, disclose—

(a) information regarding taxes, including withholding provisions, that may be applicable to shareholders; and

(b) the party that assumes any responsibility for the withholding of tax at the source.

Guidance to paragraph 9.01 – Audited financial statements

Where the audited financial statements of the target asset and its subsidiary companies are not prepared in accordance with the approved accounting standards and have been audited for purpose of the accountants' report, such statement should be disclosed.

10. Management's Discussion and Analysis of the Target Asset's Financial Condition and Results of Operations

10.01 Provide the management's discussion and analysis of the target asset's financial condition, changes in the financial condition, and results of operations for each year and interim period for where the target asset's financial information is provided in the circular.

The discussion should include, among others—

(a) the nature and conditions of the business, its risk factors and business operations, and the prevailing economic situation;

(b) material changes from year to year in relation to the selected financial information; and

(c) accounting policies which are peculiar to the target asset because of the nature of the business or the industry it is involved in.

10.02 Results of operations

(a) Provide information regarding any significant factor, including unusual or infrequent events or new developments, which materially affected profits and to indicate the extent the profits were affected. Describe any other significant component of revenue or expenditure necessary to understand the results of operations;

(b) Where the financial statements disclose material changes in revenue, provide a narrative discussion of the extent to which such changes are attributable to changes in prices or to changes in the volume or amount of products or services being sold or to the introduction of new products or services between corresponding periods;

(c) If material, the impact of fluctuations of foreign exchange rates or interest rates on the financial condition and results, and the extent to which foreign currency exposure and investments are hedged by currency borrowings or other hedging instruments;

(d) If material, the impact of inflation on the financial condition and results. Where the currency in which financial statements are presented is of a country which has experienced hyperinflation (rapid inflation), the existence of such inflation, a 5-year history of the annual rate of inflation, and a discussion of the impact of hyperinflation on the business must be disclosed; and

(e) Provide information on any government, economic, fiscal or monetary policies or factors which have materially affected, or could materially affect operations.

10.03 Liquidity and capital resources

(a) Provide the following information regarding liquidity (both short and long term):

(i) Description of the material sources of liquidity, whether internal or external, and a brief discussion of any material unused sources of liquidity, including a statement by the target asset's directors as to whether, in their opinion, the working capital available to the target asset will be sufficient for a period of 12 months from the date of the circular. If not, how the additional working capital which is deemed to be necessary will be obtained;

(ii) An evaluation of the material sources and amounts of cash flows from operating, investing and financing activities for each financial year and the interim financial period, where applicable. This includes the nature and extent of any legal, financial, or economic restriction on the target asset's ability to transfer funds in the form of cash dividends, loans or advances, and the impact such restrictions have or are expected to have on the ability of the target asset to meet its cash obligations;

(iii) The level of borrowings as at the end of the financial period under review, the seasonality of borrowing requirements, the maturity profile of borrowings and committed borrowing facilities, with a description of any restrictions on their use. Foreign borrowings to be separately identified with the corresponding foreign currencies amount.
Gearing ratios for the period under review must also be disclosed; and

(iv) If the target asset is in breach of terms and conditions or covenants associated with credit arrangement or bank loan which can materially affect the target asset's financial position and results or business operations, or the investments by holders of securities in the target asset, provide—

- a statement of that fact;
- details of the credit arrangement or bank loan; and
- any action taken or to be taken by the target asset, as the case may be, to rectify the situation including status of any restructuring negotiations or agreement, if applicable;

(b) Provide a statement whether there has been any default on payments of either interest and/or principal sums for any borrowing throughout the most recent financial year and, where applicable, the interim financial period, as at the latest practicable date;

(c) Provide information regarding the type of financial instruments used, the maturity profile of debt, currency and interest rate structure. To provide a discussion on funding and treasury policies and objectives in terms of the manner in which treasury activities are controlled, the currencies in which cash and cash equivalents are held, the extent to which borrowings are at fixed rates, and the use of any financial instrument for hedging purposes, where applicable;

(d) Provide information on any material commitment for capital expenditures as at the latest practicable date and indicate the general purpose of such commitments and the anticipated source of funds needed to fulfil such commitments; and

(e) Provide information on any governmental, legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have or have had, material or significant effects on the financial position or profitability, in the 12 months immediately preceding the date of circular. In relation to governmental proceedings, this includes proceedings which are pending decision or known to be contemplated.

10.04 Trend information

(a) Provide a discussion on the following items:

(i) Any material effect on revenue, income from continuing operations, profitability, and liquidity or capital resources. The discussion should include, among others, any known trends, uncertainties, demands, commitments or events. If there are no such trends, uncertainties, demands, commitments or events, provide an appropriate statement to that effect;

(ii) [deleted]

(iii) Known factors which are likely to have a material effect on the financial condition and results of operations or that would cause the financial statements to not be necessarily indicative of future financial performance; and

(iv) The state of the order book since the most recent financial year or period. If such information is not relevant to the business, provide an appropriate statement to that effect and the reason for this.

Significant changes

10.05 Disclose whether or not there is any significant change that has occurred, which may have a material effect on the financial position and results of the target asset since the date of the most recent annual financial statements and, where applicable, since the date of the interim financial statements. If there are no changes, to provide an appropriate negative statement.

Guidance – Management's discussion and analysis of the target asset's financial condition and results of operations

As a general rule, the financial information provided should reflect a comprehensive picture of the entire business undertaking to enable shareholders to make an informed decision.

Advisers are also encouraged to consult the SC at an early stage if they require clarification, for example where there has been a significant acquisition during the track record period and it may be appropriate to provide the financial information of the acquired business or entity prior to the date of the acquisition.

Guidance to paragraph 10.02 – Results of operations

1. Segmental analysis of revenue and profit or loss from operations should be provided, including by products or services and by markets or geographical location.

2. Discussion on relevant key financial ratios, including receivables and payables (incorporating ageing analysis) and inventory turnover, and current ratio for at least three financial years or such shorter period that the target asset has been in existence, and the interim financial period should be provided, where applicable.

Guidance to paragraph 10.03 – Liquidity and capital resources

3. Income, cash flow or financial position items that were considered in assessing liquidity should be identified, unless it is clear from the discussion.

Guidance to paragraph 10.04 – Trend information

4. The discussion on any material effect on financial performance and position i.e. revenue, profitability, liquidity or capital resources should also address, among others, the prospects of the industry in which the target asset is operating in and the future plans and strategies of the target asset.

11. Financial Information of the

Issuer Dividends

11.01 Describe the intended dividend policy of the issuer. If there is no fixed policy, to state so.

11.01 A Disclose the amount of dividends paid or declared for each financial year and interim period for where the financial information is provided in the circular.

11.01 B Where dividends are paid or declared subsequent to the most recent financial year or interim financial period, where applicable, but prior to listing, to disclose the following—

(a) the amount of dividends paid or declared;

(b) source of funds for the payment of such dividends;

(c) timing of payment for dividends declared but not paid; and

(d) whether such dividends would affect the execution and implementation of the issuer's future plans or strategies moving forward.

11.02 Describe any dividend restriction or an appropriate statement to that effect.

Exchange controls

11.03 Describe any governmental law, decree, regulation or other requirement which may affect the repatriation of capital and the remittance of profit by or to the issuer. Also, explain how these would impact on the availability of cash and cash equivalents for use by the issuer and the remittance of dividends, interest or other payments to shareholders of the issuer.

Taxation

11.04 Disclose—

(a) information regarding taxes, including withholding provisions, that maybe applicable to shareholders; and

(b) the party that assumes any responsibility for the withholding of tax at the source.

Capitalisation and indebtedness

11.05 Where applicable, provide a statement of capitalisation and indebtedness (distinguishing between guaranteed and unguaranteed, and secured and unsecured, indebtedness) as of a date no earlier than 60 days prior to the date of the circular, for—

(a) the target asset; and

(b) the listed corporation.

Indebtedness also includes indirect and contingent liabilities.

11.06 Provide information on any material commitment for capital expenditures as at the latest practicable date and indicate the general purpose of such commitments and the anticipated source of funds needed to fulfil such commitments.

12. Pro Forma Financial Information of the Issuer

12.01 Pro forma financial statements of the issuer must be prepared to show the necessary effect to the proposed group structure as set out below:

(a) Where the target asset is seeking to comply with the profit test:

(i) the pro forma statement of financial position for the most recent completed financial year; and

(ii) the pro forma statement of comprehensive income for the most recent completed financial year, including pro forma earnings per share.

(b) Where the enlarged group is seeking to comply with the profit test:

(i) the pro forma statement of financial position for the most recent completed financial year;

(ii) the pro forma statement of comprehensive income over the profit track record period, including pro forma earnings per share; and

(iii) the pro forma statement of cash flows for the most recent completed financial year.

(c) Where the target asset or enlarged group is seeking to comply with the infrastructure project corporation test:

(i) the pro forma statement of financial position for the most recent completed financial year;

(ii) the pro forma statement of comprehensive income for the most recent completed financial year, including pro forma earnings per share; and

(iii) the pro forma statement of cash flows for the most recent completed financial year.

12.02 The pro forma financial statements of the issuer in paragraph 12.01 above, must be based on—

(a) audited financial statements for the most recent completed financial year; or

(b) published or announced unaudited financial statements for the most recent completed financial year, which must be reviewed by external auditors.

12.03 In addition to paragraph 12.01 above, the following events that occurred after the end of the most recent audited financial year or published unaudited financial year must be effected in the pro forma financial statements:

(a) Acquisition or disposal of a material entity or business;

(b) An agreement entered into to acquire or dispose a material entity or business;

(c) A significant change to the capital structure, including any material distribution; and

(d) Effect of the proposal.

12.04 For the purpose of paragraph 12.03, the materiality of an acquisition or disposal of any entity or business should be determined by comparing—

(i) the aggregated net assets or liabilities; and

(ii) the aggregated profits or losses before tax,

of such entity or business with that of the listed corporation. Where the percentage of either (i) or (ii) is 10% or more, such acquisition or disposal would be deemed material.

12.05 The effects for the events in paragraph 12.03 above must be adjusted in, where applicable:

(a) the pro forma financial position as if the event had occurred at the end of that financial year;

(b) the pro forma statement of comprehensive income as if the event had occurred at the beginning of the most recent financial year end; or

(c) the pro forma statement of cash flows, including pro forma earnings per share, as if the event had occurred at the beginning of the most recent financial year end.

12.06 The pro forma financial information prepared, must state—

(a) the basis upon which the pro forma financial information is compiled;

(b) that the financial statements used in compilation of the pro forma financial information were prepared in accordance with the approved accounting standards. Details of the auditor's qualification to these underlying financial statements should also be disclosed if any;

(c) whether the pro forma financial information has been compiled in a manner consistent with the format of the financial statements and the accounting policies of the issuer; and

(d) any material adjustments made and whether such adjustments are appropriate for the purpose of preparing the pro forma financial information.

12.07 The pro forma financial information must be accompanied by the reporting accountants' letter as required in paragraph 14.

13. Future Financial Information of the Target Asset

13.01 Where future financial information is included in a circular, such information must be prepared on reasonable bases and assumptions.

13.02 Where future financial information is provided in the circular, such information must be clear, unambiguous and disclose whether such information is prepared on the bases and accounting policies consistent with those adopted by the target asset.

13.03 The future financial information must be presented in accordance with the approved accounting standards adopted by the target asset.

13.04 Disclose details on the bases and assumptions of the future financial information and any additional information that shareholders would reasonably require, for the purpose of making an informed investment decision.

13.05 Where future financial information is disclosed, to state the extent to which projected revenues are based on secured contracts or orders, and the reasons for expecting such projected revenues, and profit or cash flow (as the case may be). A discussion on the impact of any likely change in business and operating conditions included in the future financial information must also be stated.

13.06 The reporting accountant must review and report on the underlying accounting policies and assumptions relied on in the preparation of the future financial information.

Guidance – Future financial information

1. Advisers are encouraged to consult the SC at an early stage if they require clarification, for example where future financial information is proposed to be included in the circular.

Guidance to paragraph 13.01 – Future financial information

2. In preparing the future financial information, the bases and assumptions used to support such information should—

   (a) draw the shareholders' attention to those uncertain factors which can materially affect the ultimate achievement of such future financial results, and where possible to quantify such factors;

   (b) be specific rather than vague, avoid generalisations and all-embracing assumptions and those relating to the general accuracy of the assumptions made in the future financial information;

   (c) be clearly stated and reviewed for reasonableness by the directors who are responsible for the future financial information and bases and assumptions; and

(d) enable the shareholders to assess—

(i) the validity of the assumptions on which the future financial information is based;

(ii) the likelihood of the assumptions actually occurring;

(iii) the effect on the future financial information if the assumptions vary;

(iv) whether the future financial information is relevant and reliable, i.e. to enable shareholders to form their own view about how reasonable the grounds are for making the statement; and

(v) the facts and circumstances that support future financial information, as well as being able to demonstrate that the information is reasonable.

3. In addition to item 1 above, the listed corporation and principal adviser should be satisfied that, the bases and assumptions relied on in the preparation of the future financial information, are reasonable. What amounts to reasonable bases and assumptions should be judged by the facts and circumstances of each case. However, in general, the future financial information should assist the shareholders in making an informed investment decision.

4. In deciding whether the bases and assumptions are reasonable, the listed corporation and principal adviser should have regard to the following indicative factors:

(a) the information relates to agreements where future expenses and revenue of the issuer can be reasonably assured for the period of that agreement;

(b) the information is underpinned by independent industry experts' reports or independent accountants' reports where such experts believe that the future financial information and its bases and assumptions are reasonable; and

(c) the information includes reasonable short-term estimates relating to an existing business and based on events that the management of the listed corporation reasonably expects to take place or actions that the management of the listed corporation reasonably expects to occur.

The above factors are not necessarily conclusive. Most importantly, in certain circumstances, these factors alone may not be sufficient to establish reasonable bases and assumptions. Hence, in preparing future financial information, the listed corporation and principal adviser are required to consider other factors that may indicate whether or not the bases and assumptions used are reasonable.

5. Certain factors may indicate that the future financial information has not been prepared on reasonable bases and assumptions. Such factors include where:

   (a) the future financial information is supported only by hypothetical assumptions, and without demonstrating other factors that may support the inclusion of the future financial information;

   (b) the listed corporation has made a statement asserting that the bases and assumptions relied on are reasonable, without coming up with verifiable reasons to support such a statement; and

   (c) the listed corporation has made a statement along the lines of 'this is the best estimate of the directors'. The bases and assumptions relied on by the listed corporation in preparing the future financial information has to be objectively reasonable, taking into account among others, the list of factors set out under this Guidance and not made on the basis of genuine but unreasonable beliefs of the directors of the listed corporation.

   The above factors are non-exhaustive. The listed corporation and principal adviser are strongly encouraged to consult the SC at an early stage should they face any difficulty in determining whether the bases and assumptions to be relied on are reasonable.

14. Reports by the Reporting Accountants

14.01 A circular must contain an accountants' report prepared by a reporting accountant in respect of the audited financial statements and audited interim financial report of the target asset for each of the financial years and period under review.

14.02 The accountants' report must include—

(a) the financial statements and, where applicable, the interim financial report, as prepared by the target asset and has been audited;

(b) an audit opinion expressed by the reporting accountant on the financial statements and, where applicable, the interim financial report;

(c) a statement that it was prepared in accordance with the relevant standards on auditing approved for application in Malaysia; and

(d) a statement that it was prepared for inclusion in the circular.

Content

14.03 The accountants' report must report on the audited financial statements of the target asset in a circular for at least three most recent financial years or such shorter period that the target asset has been in operation and, where applicable, the interim financial period. The date of the audited financial statements or where applicable, the date of the interim financial period must not be more than six months from the issuance of the circular.

Pro forma financial information

14.04 In respect of the pro forma financial information prepared, the reporting accountant must state in its letter—

(a) whether the pro forma financial information has been properly compiled on the basis stated in paragraph 12.06; and

(b) that the engagement was performed in accordance with the relevant standards on assurance engagements approved for application in Malaysia.

14.05 In respect of paragraph 12.03, where the listed corporation, target asset or issuer had acquired or entered into an agreement to acquire a material entity or business and pro forma financial information is prepared, the auditors who audited the financial statements of the entity or business acquired or to be acquired must be disclosed.

14.06 In respect of paragraph 13.06, the report should state—

(a) that the engagement was performed in accordance with the relevant standards on assurance engagements approved for application in Malaysia;

(b) whether the reporting accountant is of the opinion that the future financial information is properly prepared based on the assumptions made and is presented in a manner consistent with the format of the financial statements and accounting policies adopted by the target asset; and

(c) that nothing has come to the reporting accountant's attention which gives him any reason to believe that the assumptions do not provide a reasonable basis for the preparation of future financial information.

15. Expert's Report

15.01 Where a statement or report attributed to a person as an expert is included in the circular, disclose such person's professional experience.

15.02 Where an expert's report is included in the circular, such report must be signed and dated.

15.03 An expert must not make wide disclaimers of responsibility in its report.

Valuation report

15.04 A valuation report on the target asset must be prepared for inclusion in the circular.

15.05 If the target asset is a property asset, a summary of the valuation in the form of a valuation certificate that complies with the *Asset Valuation Guidelines* must be included in the circular.

Guidance - Expert's report

The expert's report should be signed and dated within a reasonable time, which generally should not be earlier than the latest practicable date.

16. Documents Available for Inspection

16.01 Provide a statement that a copy of each of the following documents may be inspected for a period from the date of the circular to the date of the extraordinary general meeting at the registered office of the listed corporation in Malaysia, or if the registered office is not in Malaysia, at a place in Malaysia to be specified by the listed corporation.

(a) The constituent document of target asset and issuer; and

(b) Each document referred to in the circular which includes the following:

(i) Each material contract and, in the case of contracts not in writing, a memorandum which gives full particulars of the contracts;

(ii) Existing or proposed service contracts, which provide for benefits upon termination of employment, referred to in the circular;

(iii) All reports, letters or other documents, valuations and statements by any expert, any part of which is extracted or referred to in the circular. Where a summary of the expert's report is included in the circular, the corresponding full expert's report must be made available for inspection;

(iv) Legal opinions referred to in the circular on—

A. the ownership of title to the securities or assets in the foreign jurisdiction;

B. the enforceability of agreements, representations and undertakings given by foreign counter-parties under relevant laws of domicile; and

C. other relevant legal matters;

(v) Each consent given by parties as disclosed in the circular;

(vi) The audited financial statements of the target asset and all its subsidiary companies for the period covered by the historical financial information as disclosed in the circular; and

(vii) The audited interim financial report of the target asset, where applicable.

16.02 For purpose of paragraph 16.01(b)(vi), where the financial statements of the target asset and its subsidiary companies are not required to be audited under the corporation laws and the same have not been prepared, such financial statements need not be made available for inspection.

Guidance to Paragraph 16.01(b)(i) – Material contracts

Material contracts under this paragraph shall refer to contracts not being contracts in the ordinary course of business.

17. Additional Requirements for a SPAC

17.01 Where the target asset is a qualifying acquisition, the circular must disclose the following:

(a) Aggregate fair market value

(i) The aggregate fair market value of the qualifying acquisition in monetary terms and as a percentage of the aggregate amount placed in the trust account, net of any taxes payable;

(b) Selection criteria or factors of the qualifying acquisition

(i) Whether the selection criteria or factors of the qualifying acquisition as disclosed in the prospectus have been met; and

(ii) Where the selection criteria or factors of the qualifying acquisition have not been met, the relevant commentary on any variations from such selection criteria or factors;

(c) Utilisation of proceeds

(i) The status of the utilisation of proceeds raised from the initial public offering, compared with the proposed utilisation disclosed in the prospectus. Such disclosure must be segregated between the proceeds placed in the trust account from those which are not, and include the following:

A. purpose of utilisation;

B. proposed amount of proceeds to be utilised;

C. actual amount of proceeds utilised;

D. intended time frame for utilisation;

E. percentage of deviation between the proposed utilisation and actual utilisation of the proceeds; and

F. where there is any material deviation, to explain such deviation;

(d) External auditor's report

(i) An external auditor's report on the review and verification of the information in paragraph 17.01(c);

(e) Credit facility

(i) Details of any credit facility entered into, including the salient terms of the facility and any security provided; and

(ii) Proposed utilisation of funds;

(f) Voting options

(i) The voting options available to the holders of voting shares in relation to the qualifying acquisition; and

(ii) Where a holder of voting shares votes against the qualifying acquisition:

A. the rights of the holders of voting shares;

B. the process for those who elect to exchange their shares for cash and the time frame for payment; and

C. the basis of computation for the pro rata entitlement of the holders of voting shares; and

(g) Liquidation distribution

(i) The terms and procedures of the liquidation distribution upon failure to meet the time frame for the qualifying acquisition. This includes a situation where the qualifying acquisition is approved by holders of voting shares but fails to be completed on time.

18. Additional Requirements for an Infrastructure Project Corporation

18.01 The circular must disclose, where the target asset is an infrastructure project asset or an infrastructure project corporation, the information as required under Chapter 15 of Division 1, Part II of the *Prospectus Guidelines.*

19. Additional Requirements for a Corporation with MOG Exploration or Extraction Assets

19.01 The circular must disclose, where the target asset is a corporation with MOG exploration or extraction assets, the information as required under Chapter 17 of Division 1, Part II of the *Prospectus Guidelines.*

Appendix 2B

CONTENT REQUIREMENTS FOR AN INDEPENDENT ADVICE LETTER TO BE PREPARED FOR A CIRCULAR RELATING TO A PROPOSAL WHICH WOULD RESULT IN A SIGNIFICANT CHANGE IN THE BUSINESS DIRECTION OR POLICY OF A LISTED CORPORATION

1.01 Where the proposal requires an independent advice letter to be prepared, this appendix sets out the minimum content requirements for such independent advice letter.

1.02 This appendix does not apply to an independent advice letter in relation to—

(a) a take-over undertaken pursuant to Division 2, Part VI of the CMSA; or

(b) any other proposal which is not subject to the SC's approval.

Cover page

1.03 The following statement must be disclosed on the cover page of the independent advice letter:

"[Name of independent adviser], being the Independent Adviser, accepts full responsibility for the accuracy of the independent advice letter. Having made all reasonable enquiries, and to the best of our knowledge and belief, we confirm there is no false or misleading statement or other facts which if omitted, would make any statement in the independent advice letter to be false or misleading."

Executive summary

1.04 The independent advice letter must include an executive summary.

1.05 The executive summary must not exceed five pages and must be placed at the beginning of the independent advice letter.

1.06 At the top of the executive summary, the following warning statement must be disclosed in bold:

"**This Executive Summary only highlights the key information from other parts of this independent advice letter. It does not contain all the information that may be important to you. You should read and understand the contents of the whole independent advice letter and the circular prior to deciding on how to vote for the proposal."**

1.07 The executive summary must provide a brief overview of the independent adviser's evaluation of the proposal, including:

(a) Rationale for the proposal;

(b) Purchase consideration and whether it is a premium or discount to the value of the target asset;

(c) Material terms and structure of the proposal, including salient terms of the agreement;

(d) Financial effects of the proposal; and

(e) Other considerations.

1.08 The executive summary must include the independent adviser's opinion and recommendation.

Independent adviser's assessment

1.09 The independent adviser must disclose all material information necessary to support its assessment of the proposal. The independent adviser must not exclude or omit any material information from the independent advice letter or its assessment on the basis of confidentiality.

1.10 Disclose the independent adviser's assessment on key areas of the proposal, including:

(a) Rationale for the proposal;

(b) Material terms and structure of the proposal, including salient terms of the agreement;

(c) Purchase consideration and whether it is a premium or discount to the value of the target asset;

(d) Basis of arriving at the purchase consideration;

(e) Financial effects of the proposal, such as:

(i) Any dilution effect of the proposal on the existing shareholders' interests and on net assets or earnings of the listed corporation;

(ii) How the proposal is expected to contribute positively to the future earnings of the issuer;

(iii) Whether the earnings contribution from the target asset is recurring or a one-off item;

(f) The target asset's financial performance and its impact to the proposal, including reasons for any change in performance, unusual trends or items;

(g) Analysis on the specific industry segment or value chain in which the target asset operates; and

(h) Risk factors.

Valuation

1.11 Describe the valuation methodology used in the independent adviser's assessment, including the reasons for selecting the valuation methodology adopted.

1.12 Where more than one valuation methodology was adopted, the independent adviser must state—

(a) whether or not more emphasis should be placed on a particular valuation methodology adopted in its analysis; and

(b) the reasons for more emphasis being placed on that particular valuation methodology compared with the other methodology(ies) used.

Purchase consideration

1.13 Where the purchase consideration is to be satisfied in whole or in part by an issue of securities of the listed corporation, disclose an analysis on the issue price of the securities.

Opinion

1.14 The independent advice letter must contain an opinion on whether the proposal is:

(a) fair and reasonable for the shareholders; and

(b) detrimental to minority shareholders.

1.15 The independent advice letter must contain the reasons, key assumptions made and the factors taken into consideration by the independent adviser in forming its opinion on the proposal.

Recommendation

1.16 The independent advice letter must contain the independent adviser's recommendation on the voting decision to be made by minority shareholders with reasons for its recommendation.

Guidance to paragraph 1.15 – Key assumptions

If changes in any of the key assumptions are likely to materially impact the valuation (e.g. changes in the exchange rate or interest rate assumptions), the independent adviser should consider the inclusion of a sensitivity analysis which sets out the impact of such changes.

Appendix 3

CONTENT OF APPLICATION FOR TRANSFER OF LISTING

Introduction

This appendix sets out the minimum information and documents required by the SC for an application for a transfer of listing from the ACE Market to the MAIN Market under Chapter 8. This appendix shall not apply to an application for a transfer of listing via the accelerated transfer process.

Content of Application

1. Application term sheet

An application term sheet which must include:

(a) Proposal;

(b) Principal activity or core business;

(c) List of directors, including:

(i) Their NRIC or passport numbers, addresses, and nationalities;

(ii) Age, profession, qualification and profile including business management experience; and

(iii) Designation or functions, including executive or non-executive and whether independent, and memberships in any board committees of the applicant;

(d) List of the chief executive and other members of key senior management, including their NRIC or passport numbers, addresses and nationalities;

(e) List of existing or proposed subsidiary companies, joint venture and associated companies;

(f) List of substantial shareholders of the applicant and each of its existing or proposed subsidiary and associated companies, including:

(i) Their shareholdings in the corporation and the ultimate beneficial ownership of shares held under nominees or corporations;

(ii) Any changes in substantial shareholders and their shareholdings in the corporation over the past three years or since the date of incorporation, if less than three years;

(iii) For individuals, their NRIC or passport numbers, ages, nationalities and current addresses; and

(iv) For corporations, their registration numbers, country of incorporation and current addresses;

(g) Market capitalisation (volume-weighted average price of the ordinary shares based on the five market days up to the latest practicable date);

(h) Principal adviser, including team members; and

(i) Other advisers.

2. Cover letter

A cover letter containing the following:

(a) Particulars of the proposal for transfer from the ACE Market to the MAIN Market;

(b) The following to be sought:

(i) Approval for the proposed transfer of listing under section 212 of the CMSA; and

(ii) Registration of prospectus under section 233 of the CMSA, where applicable; or

(iii) Clearance for the issuance of the introductory document, where applicable.

(c) Particulars of other required approvals obtained or pending in relation to the proposal, where applicable;

(d) Details of any departure from these Guidelines and other relevant SC guidelines, together with the relevant justification and relief sought for such departure. Where relief has been obtained, to provide details of such relief;

(e) Information on previous proposals submitted to the SC, if any, by the applicant or any corporation in the group;

(f) Outstanding proposals which have been announced by the applicant but pending implementation, if any;

(g) Confirmation by the principal adviser and the applicant on compliance with the relevant laws, regulations, rules and requirements governing the conduct of the business of the applicant and its group;

(h) Confirmation by the principal adviser and the applicant on up-to-date submissions of tax returns and settlement of tax liabilities of the applicant, its subsidiary companies and proposed subsidiary companies, with the tax authorities;

(i) Information on any material term and condition imposed by the relevant authorities on the applicant, and the extent to which these terms and conditions have been complied with. The SC may reject the proposals or impose appropriate conditions in the event of non-compliance with these terms and conditions;

(j) A statement on whether the applicant is seeking transfer of listing based on—

(i) profit test, together with the details used to meet the profit test requirements under Chapter 8;

(ii) market capitalisation test, together with the details used to meet the market capitalisation test requirements under Chapter 8;

(iii) infrastructure project corporation test, together with the information used to meet the infrastructure project corporation test requirements under Chapter 8; and

(k) Confirmations by the principal adviser that—

(i) the principal adviser has exercised due care and diligence in carrying out its functions in relation to the proposal;

(ii) reasonable steps have been taken by the principal adviser to satisfy itself that the applicant and the directors of the applicant understand that they must fully apprise themselves of their obligations in relation to the proposal including their obligations and liabilities under the securities laws, the relevant SC's guidelines, and the *MAIN Market Listing Requirements*;

(iii) after having made enquiries as were reasonable in the circumstances, the principal adviser has reasonable grounds to believe and does believe that—

A. the application complies with the requirements of the *Equity Guidelines*, and where applicable, the *Prospectus Guidelines* and *MAIN Market Listing Requirements*;

B. the information in the application is not false or misleading and contains no material omission;

C. the prospectus/introductory document, where applicable, contains all particulars and information that investors and where applicable, their professional advisers would reasonably require, and reasonably expect to find in the prospectus/introductory document to make an informed assessment of the applicant, the proposal and where applicable, the securities being offered; and

D. all material issues bearing on the application and all matters known to the principal adviser which the principal adviser reasonably believes is necessary to be disclosed to the SC to enable the SC to consider:

(aa) the application; and

(bb) whether the proposal would be detrimental to the investors' interests,

have been disclosed prominently in the application.

(iv) the accompanying documents in the application are complete, duly signed and dated; and

(v) the electronic copy of documents is the same as the physical copy of documents submitted to the SC; and

(l) The name of the person who is responsible for submission of the application to the SC.

3. Prospectus or introductory document

Where a prospectus is required to be registered, a prospectus that is complete and in full compliance with the relevant disclosure and documentary requirements in the *Prospectus Guidelines*.

Where the applicant seeks a transfer of listing to the MAIN Market in conjunction with an acquisition of assets resulting in a significant change in the business direction or policy of the corporation and does not need to register a prospectus, an introductory document that is in full compliance with the relevant disclosure and documentary requirements in Appendix 2 and Appendix 2A.

4. Compliance with Guidelines

To provide a checklist of compliance with the relevant chapters of the Guidelines. The checklist should include a commentary on how the requirements have been met and provide specific explanation or justification for each requirement. Where the requirement is not met, or not applicable, provide the relevant commentary.

5. Supporting documents

The following information or documents to accompany the application:

(a) [deleted]

(b) A declaration by the applicant as per the specimen provided in Schedule 1;

(c) A declaration by—

(i) each director and proposed director of the applicant as per the specimen provided in Schedule 2; and

(ii) the controlling shareholder of the applicant as per the specimen provided in Schedule 4;

(d) Where the applicant seeks a transfer of listing to the MAIN Market in conjunction with an acquisition of assets resulting in a significant change in the business direction or policy of the corporation, relevant documents in Appendix 2 and 2A;

(e) Where issuance of a prospectus or an introductory document is not required—

(i) A copy of the draft announcement which complies with the requirements under paragraph 2A.2 of Practice Note 22 of the *MAIN Market Listing Requirements*;

(ii) Commentary on the past performance of the applicant for the past three to five financial years, or such shorter period that the applicant or its group has been in operation, which should include analysis or discussion of the following:

A. Significant and specific factors contributing to exceptional performance in any of the financial years under review and significant changes in the financial performance on a year-to-year basis, whether favourable or adverse;

B. Any material change in the accounting policies adopted, including a summary of the material change, the reason of such change and quantitative impact of such change on the financial results of the applicant or its group;

C. Revenue, gross profit, pre-tax profit, gross profit margins and pre-tax profit margin trends within each of the financial year under review and on a year-to-year basis;

D. Segmental analysis;

E. Profits or losses generated from non-recurring items or by activities or events outside the ordinary and usual course of business;

F. Any material difference between the effective tax rate and the statutory tax rate; and

G. Reasons for and details of any qualification, modification or disclaimer contained in the audited financial statements in any of the financial years under review;

(iii) Analysis of total debt, including the following:

A. The maturity profile of debt, currency and interest rate structure, based on the latest audited financial statements;

B. Information on any debt in default and any legal or other action taken by the lenders to recover the amount owed over the period under review up to the latest practicable date;

C. Gearing ratios for the period under review;

D. If the applicant or any other entity in the group is in breach of terms and conditions or covenants associated with credit arrangement or bank loan which can materially affect the applicant's financial position and results or business operations, or the investments by holders of securities in the applicant, provide—

- a statement of that fact;

- details of the credit arrangement or bank loan; and

- details of any action taken or to be taken by the applicant or other entity in the group, as the case may be, to rectify the situation, including status of any restructuring negotiations or agreement, where applicable;

(iv) Analysis of relevant key financial ratios, including:

A. Trade receivables turnover period, including information on:

- Normal credit period granted to customers;
- Ageing analysis of trade receivables as at the end of the latest audited financial year, and commentaries where trade receivables have exceeded the normal credit period;
- Amounts subsequently collected up to the latest practicable date; and
- Policies with respect to provisioning and impairment of trade receivables;

B. Trade payables turnover period, including information on:

- Normal credit period granted by suppliers;
- Ageing analysis of trade payables as at the end of the latest audited financial year and commentaries where trade payables have exceeded the normal credit period;
- Amounts subsequently paid up to the latest practicable date; and
- Details of any legal or other action taken by trade creditors to recover the amount owed.

C. Inventory turnover period, including information on:

- Policies with respect to provisioning and impairment of slow moving or obsolete inventories; and
- Amount of inventories impaired and provided for over the track record period.

D. Current ratio over the period under review;

(v) Other financial information:

A. Commentary on material balances and nature of other debtors as at the end of the latest audited financial year, and whether these debts have since been collected or are collectible;

B. Commentary on material balances and nature of other creditors as at the end of the latest audited financial year, whether any amount is in default and whether any legal or other action has been taken by the creditors to recover the amount owed;

C. Commentary on any material balances and nature of intangible assets as at the end of the latest audited financial year, including whether there are indications of impairment as at the latest practicable date; and

D. Commentary on any other material balance sheet items as at the end of the latest audited financial year.

(vi) Salient terms of all material contracts, including contracts not in writing, not being contracts entered into in the ordinary course of business entered into within two years preceding the date of the application, including:

A. Date;

B. Parties;

C. Subject matter; and

D. Current status.

(vii) Salient terms of major agreements underlying the basis of the applicant's or the group's business;

(viii) Salient terms of any contract, arrangement, document or other matter on which the corporation is highly dependent;

(ix) The nature and extent of any transaction that is unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which the applicant or subsidiary companies was a party;

(x) Details of the top five major customers over the period under review and whether the applicant is dependent on any of the major customers;

(xi) Details of the top five major suppliers over the period under review and whether the applicant is dependent on any of the major suppliers;

(xii) Copies of the audited financial statements of the applicant for the last three to five financial years preceding the date of the announcement;

(xiii) A copy of the latest quarterly report of the applicant announced to Bursa Securities;

(xiv) Related-party transactions

A. For the three most recent financial years, and the subsequent period up to the date of this application, the nature and extent of any related-party transaction or presently proposed related-party transactions that have been announced pursuant to the *MAIN Market Listing Requirements*; and

B. For the three most recent financial years and any subsequent financial periods based on quarterly reports announced by the applicant, as required under *ACE Market Listing Requirements*, the amount of loans, including guarantees of any kind, made by the applicant or any of its subsidiary companies to or for the benefit of the related party. The information given should include the following:

- Classification into long term and short term;
- The amount outstanding as of the latest practicable date;
- The nature of the loan;
- The transaction in which it was incurred;
- The interest rate on the loan;
- When the loan is intended or required to be repaid; and
- Separate identification of all foreign currency-denominated loans with the corresponding foreign currencies amount.

For each transaction mentioned above, whether it was carried out on an arm's length basis and the procedure undertaken or which will be undertaken to ensure that such a transaction will be carried out on an arm's length basis.

(xv) Conflicts of interest

A. Details of the direct and indirect interests of directors and substantial shareholders in—

- Other businesses and corporations carrying on a similar trade as the applicant or group; and
- Other businesses and corporations which are the customers or suppliers of the applicant or group.

B. Whether their interests in these other businesses and corporations would give rise to a situation of conflict of interest with the applicant or group's business and steps taken to address such conflicts; and

C. Declaration of any expert's existing and potential interests or conflicts of interest in an advisory capacity, if any, vis-à-vis the applicant or group. If a conflict of interest exists, to provide information on the nature of the conflict and the steps taken to address such conflicts should be provided;

(xvi) Information on all pending or threatened material litigation and arbitration, and any fact likely to give rise to any proceeding which may materially affect the business or financial position of the applicant or any of its subsidiary companies;

(xvii) Information on any contingent liabilities as at the latest practicable date, including assessment and disclosure of specific impact on financial performance and position upon becoming enforceable;

(xviii) Information on any material adverse change in the financial or trading position of the applicant or group since the date to which the last audited financial statements of the corporation have been made up; and

(xix) Schedule of compliance with the above information or documentary requirements.

Appendix 3A

CONTENT OF APPLICATION FOR TRANSFER OF LISTING VIA THE ACCELERATED TRANSFER PROCESS

Introduction

This appendix sets out the minimum information and documents required by the SC for an application for a transfer of listing from the ACE Market to the MAIN Market via the accelerated transfer process under Chapter 8.

Content of Application

1. Application term sheet

An application term sheet which must include:

(a) Proposal;

(b) Principal activity or core business;

(c) List of directors, including:

(i) Their NRIC or passport numbers, addresses, and nationalities; and

(ii) Designation or functions, including executive or non-executive and whether independent, and memberships in any board committees of the applicant;

(d) List of the chief executive and other members of key senior management, including their NRIC or passport numbers, addresses and nationalities;

(e) List of subsidiary companies, joint venture and associated companies;

(f) List of substantial shareholders of the applicant, including their shareholdings in the corporation;

(g) Market capitalisation (volume weighted average price of the ordinary shares based on the five market days up to the latest practicable date);

(h) Principal adviser, including team members; and

(i) Other advisers.

2. Cover letter

A cover letter containing the following:

(a) To seek approval for the proposed transfer of listing under section 212 of the CMSA;

(b) Particulars of other required approvals obtained or pending in relation to the proposal, where applicable;

(c) Confirmation by the principal adviser and the applicant on compliance with the relevant laws, regulations, rules and requirements governing the conduct of the business of the applicant and its group;

(d) Confirmation by the principal adviser on compliance with the relevant securities laws and regulations, and *ACE Market Listing Requirements* by the applicant;

(e) Confirmation by the principal adviser and the applicant on up-to-date submission of tax returns and settlement of tax liabilities of the applicant and its subsidiary companies, with the tax authorities;

(f) Confirmations by the principal adviser that—

(i) the principal adviser has exercised due care and diligence in carrying out its functions in relation to the proposal;

(ii) reasonable steps have been taken by the principal adviser to satisfy itself that the applicant and the directors of the applicant understand that they must fully apprise themselves of their obligations in relation to the proposal including their obligations and liabilities under the securities laws, the relevant SC's guidelines, and the *MAIN Market Listing Requirements*;

(iii) after having made enquiries as were reasonable in the circumstances, the principal adviser has reasonable grounds to believe and does believe that—

A. the application complies with the requirements of the *Equity Guidelines* and *MAIN Market Listing Requirements*;

B. the information in the application is not false or misleading and contains no material omission; and

C. all material issues bearing on the application and all matters known to the principal adviser which the principal adviser reasonably believes is necessary to be disclosed to the SC to enable the SC to consider—

(aa) the application; and

(bb) whether the proposal would be detrimental to the investors' interests, have been disclosed prominently in the application.

(iv) the accompanying documents in the application are complete, duly signed and dated; and

(v) the electronic copy of documents is the same as the physical copy of documents submitted to the SC; and

(g) The name of the person who is responsible for submission of the application to the SC.

3. Supporting documents

The following information or documents to accompany the application:

(a) A declaration by the applicant as per the specimen provided in Schedule 1 and Schedule 5; and

(b) A declaration by—

(i) each director of the applicant as per the specimen provided in Schedule 2; and

(ii) the controlling shareholder or where there is no controlling shareholder, the single largest shareholder, of the applicant as per the specimen provided in Schedule 4.

Appendix 4

PLACEMENT OF SECURITIES

1. The principal adviser or any other placement agent must not retain any securities being placed for its own account, other than under the following circumstances:

   (a) Where such securities are taken up pursuant to an underwriting agreement, in the event of an under-subscription; or

   (b) Where such securities being retained are over and above the total number of securities required to be in the hands of general public to meet the shareholding spread requirements of Bursa Securities at initial listing. The retention of securities for the purposes of this paragraph must not result in the principal adviser or placement agent holding, whether directly or indirectly, 5% or more of the enlarged number of shares issued of the applicant.

2. Securities may not be placed with persons connected to the placement agent, other than under the following circumstances:

   (a) Where such persons connected to the placement agent are—

      (i) statutory institutions managing funds belonging to general public; or

      (ii) entities established as collective investment schemes that are considered to represent general public; or

   (b) Where the placement is made pursuant to a book-building exercise, in which case—

      (i) the placement agent or book-runner must establish internal arrangements to prevent the persons connected to it from accessing the book;

      (ii) the placement agent or book-runner must fully inform the applicant or listed corporation and obtain the applicant's or listed corporation's consent before inviting persons connected to it to bid for the securities;

      (iii) the persons connected to the placement agent or book-runner must disclose to the placement agent or book-runner and the applicant or listed corporation the bid amounts which they have put in for their own or proprietary account or customer account, as applicable; and

      (iv) the allocation to the persons connected to the placement agent or book-runner must be consistent with the allocation policy that has been communicated to and agreed upon by the applicant or listed corporation, including the amount of securities to be allocated to a single party.

3. The aggregate amount of securities placed with persons connected to the placement agent must not be more than 25% of the total amount of securities made available for placement by the placement agent.

4. Placement of securities by an applicant seeking listing may not be made to—

   (a) directors, existing shareholders or chief executive of the applicant or persons connected to them, whether in their own names or through nominees, other than for restricted offers under paragraph 5.21; and

   (b) nominee corporations unless the names of the ultimate beneficial owner are disclosed.

5. For the purposes of meeting shareholding spread where shares are issued as consideration for a proposal which results in a significant change in the business direction or policy of a listed corporation, placement of shares may not be made to—

   (a) interested persons of the listed corporation or persons connected to them, whether in their own names or through nominees, other than under a restricted offer on a pro rata basis to all shareholders of the listed corporation; and

   (b) nominee corporations unless the names of the ultimate beneficial owner are disclosed.

6. As soon as practicable after the placement but in any event, no later than three market days after the listing of the applicant, the principal adviser must submit to the SC the following:

   (a) For each placement agent, the final list setting out the following details of all placees:

      (i) Name;

      (ii) Home or business address;

      (iii) Identity card or passport or company registration number;

      (iv) Occupation or principal activity;

      (v) Central Depository System (CDS) account number;

      (vi) Amount and price of the securities placed to each placee; and

      (vii) Details in subparagraphs (i) to (v) above of the ultimate beneficial owner of the securities placed to each placee, if any; and

(b) A confirmation from the principal adviser that to the best of its knowledge and belief, after having taken all reasonable steps and made all reasonable enquiries, the details set out in the final list of placees in paragraph 6(a) above are accurate and the placement exercise complies with the requirements on placement as stated herein.

7. The information on the ultimate beneficial owner as required in paragraph 6(a) of this Appendix need not be submitted for the following types of placees:

(a) Statutory institutions managing funds belonging to general public;

(b) Unit trust funds or prescribed investment schemes approved by the SC; and

(c) Collective investment schemes which are authorised, approved or registered investment schemes incorporated, constituted or domiciled in a jurisdiction other than Malaysia and regulated by the relevant regulatory authority in that jurisdiction, subject to the principal adviser confirming to the SC that such schemes have been duly authorised, approved or registered.

Appendix 5

REQUIREMENT FOR COMPETENT PERSON AND COMPETENT VALUER

Competent person

1. A competent person must be an MOG exploration or extraction industry professional that has the appropriate experience in the type of MOG exploration or extraction activity undertaken by the corporation who—

   (a) has at least five years' relevant and recent professional experience in the estimation, assessment and evaluation of the MOG assets under consideration or the activity which the MOG corporation is undertaking;

   (b) is professionally qualified and a member of good standing with a recognised professional organisation;

   (c) is not in breach of any relevant rule or law; and

   (d) is not denied or disqualified from membership of the recognised professional organisation or subject to any sanction, disciplinary proceedings or investigation which might lead to disciplinary action by any relevant regulatory authority or recognised professional organisation.

2. A competent person and the firm where the competent person practices or is employed must be independent of the corporation, its management, board of directors and advisers. Specifically, they must—

   (a) be free from any business or other relationship which could interfere with the exercise of independent judgement; and

   (b) have no economic or beneficial interest, present or contingent, in any of the MOG assets being reported on.

3. A competent person must not be remunerated based on the findings of the competent person's report.

4. A competent person must practice in or be employed by, a firm that—

   (a) is not subject to any sanction, disciplinary action or investigation which might lead to disciplinary action by any relevant regulatory authorities or professional bodies; and

   (b) has sufficient internal controls and procedures to ensure compliance with MOG reporting standards. The technical assessment conducted must have gone through a peer review process.

Competent valuer

5. A competent valuer is also required to meet the requirements in paragraphs 1 to 3 above.

6. A competent valuer must also—

   (a) practice in or be employed by, a firm that—

      (i) is not subject to any sanction, disciplinary action or investigation which might lead to disciplinary action by any relevant regulatory authorities or professional bodies; and

      (ii) has sufficient internal controls and procedures to ensure compliance with MOG valuation standards. The valuation conducted must have gone through a peer review process;

   (b) have at least 10 years of relevant and recent general mining or O&G experience, as appropriate;

   (c) have at least five years of relevant and recent experience in the valuation of MOG assets; and

   (d) hold all the necessary licences to provide professional services in the capacity of competent valuer.

7. The SC may deem a competent valuer to have fulfilled the requirements under paragraphs 1 to 3, and 6(a) above where the competent valuer engages another party that meets such criteria.

PART V
SCHEDULES

Schedule 1

DECLARATION BY THE APPLICANT

The Chairman

Securities Commission Malaysia

Dear Sir

[Name of the applicant]

Declaration under paragraph 9.02 of the Equity Guidelines

[Name of the applicant] is proposing to undertake the following proposals: [state the proposal to be undertaken by the applicant]

(referred to as 'the Proposal').

2. We [name of the applicant] declare that—

(a) In the last 10 years, we have not been charged or convicted in a criminal proceeding nor are we named subject of a pending criminal proceeding;

(b) In the last 10 years, no judgment was entered against us, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on our part, involving a breach of law or regulatory requirement that relates to the capital market;

(c) In the last 10 years, we were not subject to any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on our part that relates to the capital market;

(d) We were not the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining us from engaging in any type of business practice or activity;

(e) We are not subject to any current investigation or disciplinary proceeding, or in the last 10 years, we have not been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency;

(f) No unsatisfied judgment was made against us; and

(g) In the last 10 years, there was no petition under any insolvency laws filed (and not struck out) against us.

3. I, [name of signatory], make this declaration as a director of [name of applicant] under the authority granted to me by a resolution of the board of directors on [date of board resolution].

Yours faithfully,

For and on behalf of [Name of applicant]

[Signature]

[Name of signatory] [NRIC or

Passport No.] [Date]

Schedule 2

DECLARATION BY A DIRECTOR OR PROPOSED DIRECTOR OF THE APPLICANT

The Chairman

Securities Commission Malaysia

Dear Sir

[Name of the applicant]

Declaration under paragraph 9.02 of the Equity Guidelines

[Name of the applicant] is proposing to undertake the following proposals: [state the proposal to be undertaken by the applicant]

(referred to as 'the Proposal').

2. I declare that—

(a) In the last 10 years, there was no petition under any bankruptcy or insolvency laws filed (and not struck out) against me or any partnership in which I was a partner or any corporation of which I was a director or member of key senior management;

(b) I have not been disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;

(c) In the last 10 years, I have not been charged or convicted in a criminal proceeding nor am I named subject of a pending criminal proceeding;

(d) In the last 10 years, no judgment was entered against me, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on my part, involving a breach of law or regulatory requirement that relates to the capital market;

(e) In the last 10 years, I was not subject to any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on my part that relates to the capital market;

(f) I was not the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining me from engaging in any type of business practice or activity;

(g) I am not subject to any current investigation or disciplinary proceeding, or in the last 10 years, I have not been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and

(h) No unsatisfied judgment was made against me.

3. I make this declaration in my capacity as a [director or proposed director] of [name of the applicant] as part of the application by [name of the applicant] to the SC for approval in relation to the Proposal.

Yours faithfully,

[Signature] [Name of

director]

[NRIC or Passport No.] [Name

of applicant] [Date]

Schedule 3

DECLARATION BY A DIRECTOR OR PROPOSED DIRECTOR OF THE ISSUER OR DIRECTOR OF THE TARGET ASSET OR DIRECTOR OF THE VENDOR

The Chairman

Securities Commission Malaysia

Dear Sir

[Name of issuer, target asset or vendor]

Declaration under paragraph 9.02 of the Equity Guidelines

[Name of listed corporation] is proposing to undertake the following proposals:

[state the proposal to be undertaken by the listed corporation]

(referred to as 'the Proposal').

2. I declare that—

(a) In the last 10 years, there was no petition under any bankruptcy or insolvency laws filed (and not struck out) against me or any partnership in which I was a partner or any corporation of which I was a director or member of key senior management;

(b) I have not been disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation;

(c) In the last 10 years, I have not been charged or convicted in a criminal proceeding nor am I named subject of a pending criminal proceeding;

(d) In the last 10 years, no judgment was entered against me, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on my part, involving a breach of law or regulatory requirement that relates to the capital market;

(e) In the last 10 years, I was not subject to any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on my part that relates to the capital market;

(f) I was not the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining me from engaging in any type of business practice or activity;

(g) I am not subject to any current investigation or disciplinary proceeding, or in the last 10 years, I have not been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency; and

(h) No unsatisfied judgment was made against me.

3. I make this declaration in my capacity as [director or proposed director] of [name of issuer or target asset or vendor] as part of the application by [name of listed corporation] to the SC for approval in relation to the Proposal.

Yours faithfully,

[Signature] [Name]

[NRIC or Passport No.]

[Name of issuer, target asset or vendor] [Date]

Schedule 4

DECLARATION BY THE VENDOR, CONTROLLING SHAREHOLDER OR SINGLE LARGEST SHAREHOLDER OF THE VENDOR, APPLICANT OR ISSUER

The Chairman

Securities Commission Malaysia

Dear Sir

[Name of the vendor, applicant or issuer]

Declaration under paragraph 9.02 of the Equity Guidelines

In relation to the following proposals to be undertaken by [name of the applicant or listed corporation]: [state the proposal to be undertaken by the applicant or listed corporation] (referred to as 'the Proposal').

2. We [name of the vendor or controlling shareholder of the vendor, applicant or issuer or single largest shareholder of the applicant, as applicable] declare that—

   (a) In the last 10 years, I/ we have not been charged or convicted in a criminal proceeding nor am I/are we named subject of a pending criminal proceeding;

   (b) In the last 10 years, no judgment was entered against me/us, or finding of fault, misrepresentation, dishonesty, incompetence or malpractice on my/our part, involving a breach of law or regulatory requirement that relates to the capital market;

   (c) In the last 10 years, I was/we were not subject to any civil proceeding, involving an allegation of fraud, misrepresentation, dishonesty, incompetence or malpractice on my/ our part that relates to the capital market;

   (d) I was/we were not the subject of any order, judgment or ruling of any court, government, or regulatory authority or body temporarily enjoining me/us from engaging in any type of business practice or activity;

   (e) I am/we are not subject to any current investigation or disciplinary proceeding, or in the last 10 years, I/we have not been reprimanded or issued any warning by any regulatory authority, securities or derivatives exchange, professional body or government agency;

   (f) No unsatisfied judgment was made against me/us;

   (g) [Where the vendor or controlling shareholder of the vendor, applicant or issuer or single largest shareholder of the applicant is a corporation] In the last 10 years, there was no petition under any insolvency laws filed (and not struck out) against us;

   [Where the vendor or controlling shareholder of the vendor, applicant or issuer or

single largest shareholder of the applicant is an individual] In the last 10 years, there was no petition under any bankruptcy or insolvency laws filed (and not struck out) against me or any partnership in which I was a partner or any corporation of which I was a director or member of key senior management; and

(h) [Where the vendor or controlling shareholder of the vendor, applicant or issuer or single largest shareholder of the applicant is an individual] I have not been disqualified from acting as a director of any corporation, or from taking part directly or indirectly in the management of any corporation.

3. I, [name of signatory], make this declaration in my capacity as [the vendor/controlling shareholder/authorised person of the vendor or controlling shareholder/single largest shareholder] as part of the application by [name of applicant or listed corporation] to the SC for approval in relation to the Proposal.

Yours faithfully,

[(if a corporation) For and on behalf of [Name of vendor or controlling shareholder or single largest shareholder]

[Signature]

[Name of signatory]

[NRIC or Passport No.]

[Date]

Schedule 5

DECLARATION BY THE APPLICANT FOR TRANSFER OF LISTING VIA THE ACCELERATED TRANSFER PROCESS

The Chairman

Securities Commission Malaysia

Dear Sir

[Name of the applicant]

Declaration under paragraph 9.02 of the Equity Guidelines

[Name of the applicant] is proposing to undertake the following proposals: [state the proposal to be undertaken by the applicant]

(referred to as 'the Proposal').

2. We [name of the applicant] confirm that to the best of our knowledge and belief, there is no false or misleading statement contained in, or material omission from, the information that is provided to the advisers or to the Securities Commission Malaysia (SC) on the Proposal.

3. We [name of the applicant] declare that the Proposal is in full compliance with the following—

   (a) We have been listed on the ACE Market for at least 12 months prior to submission to the SC;

   (b) We have met the daily market capitalisation, based on the daily volume-weighted average price, of the ordinary shares for the six months immediately preceding the date of submission to the SC of at least RM1 billion;

   (c) We have met the profit requirements under paragraph 5.02(a)(i) of the Equity Guidelines, for the most recent three full financial years based on audited financial statements;

   (d) We have been operating in the same core business for the most recent three full financial years based on audited financial statements;

   (e) The auditors have not expressed a modified opinion and there is no statement of material uncertainty related to going concern or emphasis of matter on the audited financial statements, for the most recent three full financial years;

(f) We are not subject to any event that may have a material adverse effect on our financial position and results of operations since the date to which the last audited financial statements have been made up;

(g) We have a healthy financial position, with—

(i) sufficient level of working capital to fund continuing operations for at least 12 months from the date of transfer of listing to the MAIN Market;

(ii) positive cash flow from operating activities for the most recent three full financial years based on audited financial statements; and

(iii) no accumulated losses based on latest audited financial statements; and

(h) We are in compliance with all the relevant securities law and regulations, and ACE Market Listing Requirements.

4. I, [name of signatory], make this declaration as a director of [name of applicant] under the authority granted to me by a resolution of the board of directors on [date of board resolution].

Yours faithfully,

For and on behalf of [Name of applicant]

[Signature]

[Name of signatory]

[NRIC or Passport No.]

[Date]

PART VI
GUIDANCE

Guidance

Guidance 1: Suitability for listing

This Guidance provides further clarification to Chapters 1, 5, 7 and 8 on the qualitative aspects relating to the SC's expectation of the assessment by a principal adviser on the suitability of an applicant seeking listing on Bursa Securities.

For an applicant, other than a SPAC, the principal adviser may take into consideration, among others, the following factors:

(a) The applicant's corporate governance structure and record;

(b) The applicant's business attributes which may include—

  (i) the applicant's involvement in a profitable and growth industry;

  (ii) the barriers to entry in the industry which the applicant operates;

  (iii) the market size for the applicant's principal products or services;

  (iv) the range of products or services of the applicant including any quality recognition or established brand name;

  (v) the applicant's presence in diversified markets with strong customer base or long-term business relationships or long-term contracts with customers;

  (vi) the applicant's human resources and skilled workforce;

  (vii) the source of supply of materials or services required in the applicant's operations; and

  (viii) the prospects for growth in revenue and profit generated by the core business.

Guidance 2: After-tax profit

The SC may consider the following factors in assessing the 'after-tax profit' as defined in Chapter 2:

(a) The profit or loss item arising from the applicant's ordinary and usual course of business is actively derived from the applicant's principal activities, and the timing of income or expense is not to a large extent at the discretion of the applicant's directors or key senior management;

(b) Adjustments of related-party transactions which are not under normal commercial terms; and

(c) For agricultural businesses, whether the fair value changes of biological assets have been excluded.

The SC reserves the discretion in determining whether any income or expense items may be included or excluded to derive the 'after-tax profit'. In this regard, the applicant and its advisers are encouraged to consult the SC.

Guidance 3: Profit requirements

This Guidance provides clarification to Chapters 5, 6, 7 and 8 on the aggregation of the after-tax profit of at least RM30 million for the most recent three full financial years by an applicant in satisfying the profit test.

In fulfilling the profit requirements, the after-tax profit or loss based on the audited financial statements for the most recent three full financial years should be included in the computation of the aggregate after-tax profit of RM30 million.

Guidance 4: Core business

This Guidance provides clarification to the term 'core business' as referred to in Chapters 5, 6, 7 and 8 of these Guidelines.

Generally, the core business of a corporation may be determined and distinguished by considering the following factors:

(a) The economic sector or sub-sector and industry the corporation is mainly involved in;

(b) The nature of its principal products and services;

(c) The nature of its production processes;

(d) The type or class of customers for the products or services;

(e) The methods used to distribute the products or provide the services;

(f) The allocation of resources including management time and efforts; and

(g) Where applicable, the nature of the regulatory environment governing the business.

Guidance 5: Guidance to paragraphs 5.08(a) and 7.05(a) – Sufficient level of working capital

In assessing whether the applicant or assets to be injected have sufficient level of working capital from the date of the prospectus or circular to shareholders, where applicable, the cash flow position of the applicant or assets to be injected should be reviewed, taking into consideration, among others, the following:

(a) capital structure including the level of indebtedness;

(b) future plans including projected levels of capital expenditure and other investment plans; and

(c) any intention for the declaration or payment of dividends.

Guidance 6: Guidance to paragraph 5.09(i) – Control over applicant

(a) In determining control, the SC would consider the principle of control as set out in the approved accounting standards.

Guidance 7: Guidance to paragraphs 5.37A(a), 6.38A(b) and 7.04A(a) – Adequate portfolio of resources

In determining the adequacy of the portfolio of mineral, or O&G resources, the following are some of the factors which may be considered by the SC:

(a) For O&G resources, the availability of—

(i) proved and probable reserves to sustain production of at least five years, supported by a competent person's report; or

(ii) Contingent Resources of at least RM500 million, supported by a competent valuer's report. However, the SC may, at its discretion, exclude certain resources classified as Contingent Resources after taking into consideration the nature of the contingency, i.e. the certainty in resolving the contingent issues to progress the assets to development stage within two years;

(b) For mineral resources, the availability of—

(i) proved and probable reserves to provide a mine life of at least five years, supported by a competent person's report; or

(ii) Indicated Resources of at least RM500 million where sufficient work has been done on the Modifying Factors, supported by a competent valuer's report. However, the SC may, at its discretion, exclude certain resources classified as Indicated Resources where sufficient work has not been done on the Modifying Factors.

These factors do not form an exhaustive list of the SC's considerations. Where appropriate, the SC may consider other factors in determining whether the portfolio of mineral, or O&G resources are adequate for the applicant to sustain business operations upon listing or acquisition.

Guidance 8 : Guidance to paragraphs 5.37A(b)(ii), 6.38A(c)(ii) and 7.04A(b)(ii) – Control over MOG assets

(a) Generally, control is demonstrated through the holding of a majority interest, i.e. more than 50%. It is important that an applicant and its advisers consider the particular arrangement(s) between the interested parties to ensure that the rights of the corporation reflect the majority interest held or to be acquired.

(b) The SC may consider, on a case-by-case basis, an interest of between 33% and 50%, if an applicant is able to demonstrate that it has sufficient influence over activities that significantly affect the returns on investment in the MOG exploration or extraction assets. This is to be contrasted with decisions over administrative matters. Activities that significantly affect returns to investors include the following:

(i) Establishing operating and capital decisions for the assets, including budgets and technology to be applied; and

(ii) Appointing and remunerating key management personnel or service providers, and terminating their services or employment.

(iii) For clarity, a 'blocking vote' in itself, will not be adequate for the purposes of establishing 'sufficient influence'. The SC will consider that an MOG corporation has 'sufficient influence' when a decision cannot be made without the MOG corporation's support.

Guidance 9: Guidance to paragraphs 5.37A(c), 6.38A(d) and 7.05(a) – Working capital requirements

(a) Property holding costs and costs of any proposed exploration or development should be considered as part of the working capital requirements.

Guidance 10: Guidance to paragraphs 5.37A(e), 5.37A(f), 6.38A(f), 7.04A(c) – Expertise of external auditors and reporting accountants

(a) Applicants should demonstrate compliance with these requirements at the point of submission of the application to the SC.

(b) Audit firms and reporting accountants, in demonstrating its MOG exploration or extraction industry expertise, may rely on the experience of its network firms provided the relevant partner-in-charge from the network firm is involved in the engagement.

Guidance 11: Guidance to paragraphs 5.37B(b), 6.38A(g)(ii) and 7.04C(b) – Sufficient funds to undertake plans

(a) An applicant may take into consideration proceeds from—

(i) issues of securities undertaken as part of the listing scheme in demonstrating compliance with paragraph 5.37B(b); or

(ii) any fundraising carried out in conjunction with the acquisition in demonstrating compliance with paragraphs 6.38A(g)(ii) and 7.04C(b).

Guidance 12: Guidance to paragraphs 6.14, 6.14A, 6.14B, 6.14C, 6.15, 6.16, 6.17, 6.18, 6.19 – Management team's interest

(a) For each member of the management team appointed by a venture capital or private equity firm registered with the SC, the member's interest in a SPAC may be held by the venture capital or private equity firm registered with the SC.

Guidance 13: Guidance to paragraph 6.24

(a) Generally, the following would be considered as part of operating costs, and costs relating to funding the search for a target business and completing the qualifying acquisition under paragraph 6.24:

(i) Expenses related to identification and evaluation of the qualifying acquisition, including reasonable expenses for travel and accommodation;

(ii) Expenses related to obtaining regulatory and shareholders approvals;

(iii) Expenses related to compliance with regulatory requirements, such as audit and statutory fees; and

(iv) Reasonable expenses for office overheads.

Guidance 14: Guidance to Chapter 9 - Submission of proposals

For purpose of an application relating to a proposal which result in a significant change in the business direction or policy of a listed corporation on the MAIN Market, where a copy of the audited interim financial report is not available—

(a) the submission of the application to the SC should not be later than nine months after the end of the most recent financial year referred to in the circular; and

(b) where the submission of the application to the SC is more than six months after the end of the most recent financial year referred to in the circular,

(i) a copy of the unaudited interim financial report with the relevant management's discussion and analysis should be submitted to the SC; and

(ii) the end of the interim period should be within three months prior to the submission of the application to the SC.

Guidance 15: Guidance to paragraph 9.02B – Relief application

(a) The application for relief should be accompanied with the relevant supporting documents.

(b) The listed corporation and its principal adviser are encouraged to consult the SC prior to making the application for relief.

(c) For relief from disclosing certain clauses of a material contract to be made available for public inspection, specific justification must be provided for each clause of the material contract proposed to be redacted.

Guidance 16: Guidance to paragraph 9.03A

(a) Where a report or letter submitted to the SC is issued by a business or professional firm, the name and designation of the authorised signatory should also be included.

(b) All reports and letters should be dated and signed within a reasonable time, which generally should not be earlier than the latest practicable date.

Guidance 17: Guidance to paragraph 9.17

(a) Where any document is amended after the first submission is made, a marked-up copy of the changes together with the corresponding electronic copy should be submitted to the SC.

Guidance 18: Guidance to Appendix 5 on recognised professional organisations

(a) For O&G, recognised professional organisations include the Society of Petroleum Engineers, Society of Petroleum Evaluation Engineers, and American Association of Petroleum Geologists;

(b) For minerals, the SC would accept professional organisations recognised by the Australasian Joint Ore Reserves Committee, the Canadian Securities Administrators, the Pan-European Reserves and Resources Reporting Committee, and the South African Mineral Resource Committee and the South African Mineral Asset Valuation Committee, as amended from time to time;

(c) An applicant may request for the SC to consider a professional organisation for recognition. In considering whether or not to accept the professional organisation as a recognised professional organisation, the SC will require that the professional organisation be—

(i) a self-regulatory organisation of professionals in the MOG exploration or extraction industries which admits members on the basis of their qualifications and experience, requires compliance with standards of competence and ethics established by the organisation, and has disciplinary powers to suspend or expel its members; and

(ii) located in a jurisdiction which is a signatory to the International Organization of Securities Commissions Multilateral Memorandum of Understanding Concerning Consultation and Co-operation and the Exchange of Information (IOSCO MMOU) or a jurisdiction with which the SC has adequate bilateral arrangement.