

## EQUITY GUIDELINES

### SUMMARY OF KEY AMENDMENTS ISSUED ON 23 DECEMBER 2020

The following table provides a summary of key amendments to the *Equity Guidelines*, which was revised on 23 December 2020:

| <b>General amendments</b>                                                                                                                                                                      |
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| 1. Amended Chapter 1 of Part I, Chapter 9 of Part III and Appendix 1, Appendix 2 and Appendix 3 of Part IV in relation to the enhanced initial public offering framework.                      |
| 2. Amended Chapter 5 of Part II in relation to the policy for chain listing under the market capitalisation test route.                                                                        |
| 3. Amended Chapter 2 of Part I, Chapter 10 of Part III, Appendix 1, Appendix 2, Appendix 2A, Appendix 3 of Part IV and Schedule 4 of Part V.                                                   |
| 4. Inserted Guidance, where appropriate, to set out the SC's expectations in complying with the disclosure requirements.                                                                       |
| 5. Editorial amendments including streamlining requirements to enhance clarity and ensure consistency with the relevant SC guidelines, and rephrasing and renumbering of certain requirements. |

#### 1. For the existing Chapter 1: Introduction

| <b>Key amendments to specific paragraphs</b> |                                         |                                                                                                                                                                                                                                                                                                                                                                                                                                              |
|----------------------------------------------|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Prior to<br/>23 December 2020</b>         | <b>Revision on<br/>23 December 2020</b> | <b>Comments</b>                                                                                                                                                                                                                                                                                                                                                                                                                              |
| Paragraph 1.10                               | Paragraph 1.10                          | Existing paragraph amended to prescribe that the applicant and its advisers must consult the SC prior to making an application, for the following proposals:<br><ul style="list-style-type: none"><li>(i) Equity offering and primary listing of a corporation on the Main Market; and</li><li>(ii) Proposals which result in a significant change in the business direction or policy of a listed corporation on the Main Market.</li></ul> |

## 2. For the existing Chapter 2: Definitions and Interpretation

| Key amendments to specific paragraphs |                                 |                                                                                                                                                                                                                                                                                                                                                    |
|---------------------------------------|---------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Prior to<br>23 December 2020          | Revision on<br>23 December 2020 | Comments                                                                                                                                                                                                                                                                                                                                           |
| Paragraph 2.01                        | Paragraph 2.01                  | <ul style="list-style-type: none"> <li>Definitions of “adviser”, “audited financial statements”, “mineral reporting standards”, “MOG valuation standards”, “O&amp;G reporting standards” and “principal adviser” amended.</li> <li>Defined term “promoters” substituted with “shareholders whose securities are subject to moratorium”.</li> </ul> |

## 3. For the existing Chapter 5: Equity Offerings and Listings

| Key amendments to specific paragraphs |                                 |                                                                                                                                                                                                        |
|---------------------------------------|---------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Prior to<br>23 December 2020          | Revision on<br>23 December 2020 | Comments                                                                                                                                                                                               |
| Paragraph 5.09(d)(ii)                 | Paragraph 5.09(d)(ii)           | Existing paragraph amended to provide for the already-listed corporation, excluding its interest in the applicant, to meet the market capitalisation test.                                             |
| -                                     | Paragraph 5.09(i)               | New paragraph inserted to prescribe that where the already-listed corporation has to satisfy the market capitalisation test, the already-listed corporation must cease its control over the applicant. |

#### 4. For the existing Chapter 9: Submission of Proposals

| Amendments to specific paragraphs |                                 |                                                                                                                                                                                                                                                                                                                                                     |
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| Prior to<br>23 December 2020      | Revision on<br>23 December 2020 | Comments                                                                                                                                                                                                                                                                                                                                            |
| -                                 | Paragraph 9.02C                 | New paragraph inserted to prescribe the submission of a preliminary application pack to the SC at least 1 month prior to submission of the application for equity offering and primary listing of a corporation, and proposals which result in a significant change in the business direction or policy of a listed corporation on the Main Market. |
| -                                 | Paragraph 9.02D                 | New paragraph inserted to prescribe that if submission of the application for the proposal is not made within 3 months from the date of submission of the preliminary application pack, a new preliminary application pack must be submitted to the SC.                                                                                             |
| -                                 | Paragraph 9.17A                 | New paragraph inserted to prescribe that where 6 months have lapsed from date of application, a new application must be submitted if the applicant intend to proceed with the proposal.                                                                                                                                                             |
| -                                 | Paragraph 9.18A                 | New paragraph inserted to prescribe that submission of the preliminary application pack must be accompanied by a fee of RM50,000, which shall form part of the relevant fees prescribed by the SC.                                                                                                                                                  |

**5. For the existing Chapter 10: Implementation of Proposals**

| <b>Key amendments to specific paragraphs</b> |                                         |                                                                                                                                                                                                                                                                     |
|----------------------------------------------|-----------------------------------------|---------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Prior to<br/>23 December 2020</b>         | <b>Revision on<br/>23 December 2020</b> | <b>Comments</b>                                                                                                                                                                                                                                                     |
| -                                            | Paragraph 10.03C                        | New paragraph inserted to clarify where 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. |

**6. For the existing Appendix 1: Content Of Application For Equity Offerings And Listings**

| <b>Key amendments to specific paragraphs</b> |                                         |                                                                                                                                                                                                 |
|----------------------------------------------|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Prior to<br/>23 December 2020</b>         | <b>Revision on<br/>23 December 2020</b> | <b>Comments</b>                                                                                                                                                                                 |
| Paragraph 5(a)                               | Paragraph 2(m)                          | Existing paragraph deleted and repositioned as new paragraph 2(m). The requirement was enhanced to provide for additional confirmations by the principal adviser in respect of the application. |
| Paragraph 5(b)(ii)                           | Paragraph 5(b)(ii)                      | Existing paragraph amended to provide for a declaration by the proposed directors of the applicant to be submitted with the application.                                                        |
| -                                            | Paragraph 5(b)(iii)                     | New paragraph inserted to provide for a declaration by the controlling shareholder of the applicant to be submitted with the application.                                                       |
| -                                            | Paragraph 5(d)                          | New paragraph inserted to provide for the preliminary application pack including a summary of any material changes after submission to the SC, to be submitted with the application.            |

**7. For the existing 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**

| <b>Key amendments to specific paragraphs</b>          |                                         |                                                                                                                                                                                                                                        |
|-------------------------------------------------------|-----------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Prior to<br/>23 December 2020</b>                  | <b>Revision on<br/>23 December 2020</b> | <b>Comments</b>                                                                                                                                                                                                                        |
| <b>PART A: Application to the SC</b>                  |                                         |                                                                                                                                                                                                                                        |
| Paragraph 7(a)                                        | Paragraph 2(n)                          | Existing paragraph deleted and repositioned as new paragraph 2(n). The requirement was enhanced to provide for additional confirmations by the principal adviser in respect of the application.                                        |
| Paragraph 7(d)(iv)                                    | Paragraph 7(d)(iv)                      | Existing paragraph amended to provide for a declaration by the controlling shareholder of the issuer to be submitted with the application.                                                                                             |
| Paragraph 7(f)                                        | Paragraph 7(f)                          | Existing paragraph amended to clarify that certified true copies of all material contracts, regardless whether the contracts are in the target asset's ordinary course of business or not, must be submitted with the application.     |
| Paragraph 7(h)                                        | Paragraph 7(h)                          | Existing paragraph amended to remove requirement for certified true copies of the audited financial statements of the target asset's subsidiary companies for the financial period, to be submitted with the application.              |
| -                                                     | Paragraph 7(k)                          | New paragraph inserted to provide for the preliminary application pack including a summary of any material changes after submission to the SC, to be submitted with the application.                                                   |
| <b>Part B: Post-Approval Amendments and Issuances</b> |                                         |                                                                                                                                                                                                                                        |
| Paragraph 1(c)                                        | Paragraph 1(c)                          | Existing paragraph amended to clarify that 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, must be submitted to the SC. |

| <b>Key amendments to specific paragraphs</b> |                                         |                                                                                                                                                                                                       |
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| <b>Prior to<br/>23 December 2020</b>         | <b>Revision on<br/>23 December 2020</b> | <b>Comments</b>                                                                                                                                                                                       |
| -                                            | Paragraph 1(e)                          | New paragraph inserted to provide for certified true copies of the audited financial statements of the target asset's subsidiary companies for the updated financial year, to be submitted to the SC. |

**8. For the existing 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**

| <b>Key amendments to specific paragraphs</b> |                                         |                                                                                                                                                                                                                                                                                                                                                                                           |
|----------------------------------------------|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Prior to<br/>23 December 2020</b>         | <b>Revision on<br/>23 December 2020</b> | <b>Comments</b>                                                                                                                                                                                                                                                                                                                                                                           |
| Paragraph 5.16                               | Paragraph 5.11(j)                       | Existing paragraph deleted as requirement has been incorporated as new paragraph 5.11(j). The requirement was further enhanced to provide for disclosure of relevant laws, regulations, rules or requirements which may materially affect the target asset's business or operations, and additional information required where there has been a non-compliance incident on the aforesaid. |
| Paragraph 5.19                               | Paragraph 5.19                          | Existing paragraph amended to provide for disclosure of the customer base, where the target asset has no major customer. Guidance also inserted to set out the SC's expectations on disclosure of additional information where the name of major customer is not disclosed and if there is fewer than 5 major customers to state as such.                                                 |
| Paragraph 5.20                               | Paragraph 5.20                          | Existing paragraph amended to provide for disclosure of the supplier base, where the target asset has no major supplier. Guidance also inserted to set out the SC's expectations on disclosure of additional information where the name of                                                                                                                                                |

| <b>Key amendments to specific paragraphs</b> |                                         |                                                                                                                                                                                                                                                                                                                              |
|----------------------------------------------|-----------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Prior to<br/>23 December 2020</b>         | <b>Revision on<br/>23 December 2020</b> | <b>Comments</b>                                                                                                                                                                                                                                                                                                              |
|                                              |                                         | major supplier is not disclosed and if there is fewer than 5 major suppliers to state as such.                                                                                                                                                                                                                               |
| Paragraph 9.01                               | Paragraph 9.01                          | New Guidance inserted to set out the SC's expectation that 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 the purpose of the accountants' report, such statement must be disclosed. |
| Paragraph 10.04(a)(ii)                       | Paragraph 10.05                         | Existing paragraph deleted and repositioned as new paragraph 10.05 under significant changes.                                                                                                                                                                                                                                |
| -                                            | Paragraph 11.01A                        | New paragraph inserted to provide for disclosure on historical dividend payments.                                                                                                                                                                                                                                            |
| -                                            | Paragraph 11.01B                        | New paragraph inserted to provide for disclosure of additional information on dividends declared or paid subsequent to the most recent financial year or interim financial period.                                                                                                                                           |
| Paragraph 12.04                              | Paragraph 12.04                         | Existing paragraph amended to provide clarity that materiality of an acquisition or disposal of any entity or business should be determined by comparing either –<br><br>(i) the aggregated net assets or liabilities; or<br><br>(ii) the aggregated profits or losses before tax.                                           |
| Paragraph 16.01(b)(i)                        | Paragraph 16.01(b)(i)                   | New Guidance inserted to clarify that material contracts refer to contracts not being contracts in the ordinary course of business.                                                                                                                                                                                          |

| <b>Key amendments to specific paragraphs</b> |                                         |                                                                                                                                                                                     |
|----------------------------------------------|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Prior to<br/>23 December 2020</b>         | <b>Revision on<br/>23 December 2020</b> | <b>Comments</b>                                                                                                                                                                     |
| Paragraph 16.01(b)(iv)                       | Paragraph 16.01(b)(iv)                  | Existing paragraph amended to provide for instances where legal opinion must be made available for inspection.                                                                      |
| -                                            | Paragraph 16.02                         | New paragraph inserted to clarify instances where audited financial statements of the target asset and its subsidiary companies would not need to be made available for inspection. |

## **9. For the existing Appendix 3: Content Of Application For Transfer Of Listing**

| <b>Key amendments to specific paragraphs</b> |                                         |                                                                                                                                                                                                 |
|----------------------------------------------|-----------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <b>Prior to<br/>23 December 2020</b>         | <b>Revision on<br/>23 December 2020</b> | <b>Comments</b>                                                                                                                                                                                 |
| Paragraph 5(a)                               | Paragraph 2(k)                          | Existing paragraph deleted and repositioned as new paragraph 2(k). The requirement was enhanced to provide for additional confirmations by the principal adviser in respect of the application. |
| Paragraph 5(c)                               | Paragraph 5(c)(i)                       | Existing paragraph amended to provide for a declaration by the proposed directors of the applicant to be submitted with the application.                                                        |
| Paragraph 5(c)                               | Paragraph 5(c)(ii)                      | Existing paragraph amended to provide for a declaration by the controlling shareholder of the applicant to be submitted with the application.                                                   |



#### 10. For the existing Schedules of Part V

| Key amendments to specific paragraphs |                                 |                                                                                                                 |
|---------------------------------------|---------------------------------|-----------------------------------------------------------------------------------------------------------------|
| Prior to<br>23 December 2020          | Revision on<br>23 December 2020 | Comments                                                                                                        |
| <b>SCHEDULE 2</b>                     | <b>SCHEDULE 2</b>               | Existing schedule amended to provide for declaration by a proposed director of the applicant.                   |
| <b>SCHEDULE 4</b>                     | <b>SCHEDULE 4</b>               | Existing schedule amended to provide for declaration by the controlling shareholder of the applicant or issuer. |

#### 11. For the existing Guidance of Part VI

| Key amendments to specific paragraphs |                                                                                             |                                                                                                                                                                                                                                                          |
|---------------------------------------|---------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Prior to<br>23 December 2020          | Revision on<br>23 December 2020                                                             | Comments                                                                                                                                                                                                                                                 |
| -                                     | Guidance 3: Guidance to paragraph 5.08(a) and 7.05(a) – Sufficient level of working capital | New Guidance inserted to set out the SC’s expectations to consider the cash flow position in assessing the sufficiency of working capital.                                                                                                               |
| -                                     | Guidance 4: Guidance to paragraph 5.09(i) – Control over applicant                          | New Guidance inserted to clarify that control is determined by the principle of control as set out in the approved accounting standards.                                                                                                                 |
| -                                     | Guidance 11: Guidance to Chapter 9 on submission of proposals                               | New Guidance inserted to set out the SC’s expectations on timing of submission of circular for clearance and the information and document to be submitted with the application, where a copy of the unaudited interim financial report is not available. |

