

FREQUENTLY ASKED QUESTIONS

1) What are the updates made to the Equity Guidelines (“Guidelines”) which take effect from 3 August 2009?

After the Guidelines was issued on 8 May 2009, the Securities Commission received feedback and thus has made amendments to the Guidelines to provide clarity on certain requirements. These updates are illustrated in detailed as below:

Chapter	Reference/ Description	Requirements	
		Version dated 8 May 2009	Updated on 3 August 2009
2	Definition of ‘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.	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 <u>and includes rights, interests and benefits related to the ownership of the real estate.</u>
5	Pro forma accounts under the market capitalization test	5.02 (b) (ii) Where a group of corporations is seeking listing based on the strength of the group, the corporations within the group must have common controlling shareholders.	5.02 (b) (ii) Where a group of corporations is seeking listing based on the strength of the group, the corporations within the group must have common controlling shareholders <u>for at least one full financial year prior to submission to the SC.</u>
5	Methods of offering of securities	5.15 Enlarged issued and paid-up capital of below RM200 million Enlarged issued and paid-up capital of RM200 million and above	5.15 At least 5% of the enlarged issued and paid-up capital or an aggregate of RM3 million in <u>nominal</u> value, whichever is the higher. At least 2% of the enlarged issued and paid-up capital or an aggregate of RM10 million in <u>nominal</u> value, whichever is the higher.

Chapter	Reference/ Description	Requirements	
		Version dated 8 May 2009	Updated on 3 August 2009
5	Renamed the title and repositioned requirements on valuation from chapter 9 to chapter 5.	<p>Additional Requirement for the Listing of Property Investment and Property Development Corporations</p> <p>5.34 A property investment or property development corporation seeking listing on Bursa Securities must appoint an independent valuer to conduct a valuation of all its material real estate.</p>	<p>Valuation</p> <p>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.</p> <p>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.</p> <p>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.</p> <p>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.</p>

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6	Qualifying acquisition	6.24 Qualifying acquisition proposals by SPACs are considered as proposals 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, these proposals are required to fully comply with the requirements set out in this part and not those of Chapter 7.	6.24 Qualifying acquisition proposals by SPACs are considered as proposals 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, these proposals are required to fully comply with the requirements set out in this part and not those of Chapter 7 <u>except for the valuation requirements under paragraphs 7.11 to 7.14.</u>
7	Repositioned requirements on valuation from chapter 9 to chapter 7	7.10 For an acquisition of assets where any one of the percentage ratios is equal to or exceeds 100% and where property development or property investment becomes the new core business, the listed corporation must appoint an independent valuer to conduct a valuation of all the material real estate.	<p>Valuation</p> <p>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.</p> <p>7.12 Notwithstanding paragraph 7.11, where the assets 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.</p> <p>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.</p>

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			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.
8	Transfer of listing	<p>8.01(a) Profit requirement of three to five full financial years based on audited financial statements prior to submission to the SC, with an aggregate after-tax profit of at least RM20 million and an after-tax profit for the most recent financial year of at least RM6 million;</p> <p>8.02(b) 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, the assets must also meet the pro forma and operating history requirements in subparagraphs 5.02(a)(ii) and (iii).</p>	<p>8.01(a) <u>Uninterrupted</u> profit of three to five full financial years based on audited financial statements prior to submission to the SC, with an aggregate after-tax profit of at least RM20 million and an after-tax profit for the most recent financial year of at least RM6 million;</p> <p>8.02(b) 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, the assets <u>must meet the uninterrupted profit requirements as well as</u> the pro forma and operating history requirements in subparagraphs 5.02(a)(ii) and (iii).</p>
9	Valuation reports	9.05 A valuation report is also required to be submitted for proposals under Chapters 5 and 7 by property investment corporations and property development corporations.	<p>9.05 A valuation report on material real estate is also required to be submitted for the following proposals:</p> <p>(a) Initial listings by property investment corporations and property development corporations under Chapter 5;</p>

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		<p>9.06 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.</p> <p>9.07 For valuation of assets other than property assets, a valuation report prepared by an expert should be submitted where available.</p> <p>9.08 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 9.04 and 9.05.</p>	<p>(b) Qualifying acquisition by a SPAC where the asset acquired by the listed corporation is that of a property development or property investment corporation under Chapter 6; and</p> <p>(c) Back-door listings and reverse take-overs where the asset acquired by the listed corporation is that of a property development or property investment corporation under Chapter 7.</p> <p>9.06 A valuation report has to be submitted on asset other than property assets where–</p> <p>(a) the SC had required a valuation to be conducted; or</p> <p>(b) a valuation report had been prepared by an expert.</p> <p>9.07 Where a second opinion valuation is conducted, the valuer has to submit the valuation report to the SC.</p>
Appendix 1, 2 & 3	Content of application	2(d) Details of any departure from these guidelines, together with the relevant justification and waiver/exemption sought for such departure. Where waiver/exemption has been obtained, to provide details of such waiver/exemption;	2(d) Details of any departure from these guidelines <u>and other relevant SC guidelines</u> , together with the relevant justification and waiver/exemption sought for such departure. Where waiver/exemption has been obtained, to provide details of such waiver/exemption;

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Appendix 1 & 3	Content of application	6(b) Audited financial statements for the most recent financial year or, where the applicant is seeking listing based on the profit test, over the profit track record period; and	Deleted as this requirement is provided for under the Prospectus Guidelines
Practice note 3	Additional paragraphs for the computation of percentage ratios requirement to provide clarity	-	<p>2. 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 available published audited financial statements of the subject asset.</p> <p>5. In computing the percentage ratios based on net assets, revenue and after-tax profits, the numerator of these ratios must be in proportion to the listed corporation's direct interest in the assets being acquired.</p>