

PROSPECTUS GUIDELINES

SC-GL/PG- 2012 (R1-2015)

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DEFINITIONS AND INTERPRETATION

In these guidelines, the following terms have the following meanings, unless the context otherwise requires:

ACE Market	means the alternative market of Bursa Malaysia Securities.
ACE Market Listing Requirements	means the <i>Bursa Malaysia Securities ACE Market Listing Requirements</i> .
ACMF	means the ASEAN Capital Markets Forum.
adviser	means a person who provides advice or information to an applicant/issuer in connection with a prospectus submitted to, deposited or registered with the SC.
application provider	means an individual or entity that is allowed to provide the facility for Internet securities application, and is limited to the following: (a) Dealers; (b) Banks; (c) Investment banks; and/or (d) Other individuals or entities as may be determined by the SC in accordance with such terms and conditions as the SC deems fit.
approved accounting standards	has the meaning given in the <i>Financial Reporting Act 1997</i> .
asset-backed securities or ABS	has the meaning given in the <i>Guidelines on the Offering of Asset-backed Securities</i> .

Audit Oversight Board	means the body established under section 31C of the <i>Securities Commission Act 1993</i> .
audited financial statements	means any audited financial statements of the corporation or where the corporation is a holding corporation, any audited consolidated financial statements of the corporation or any audited combined financial statements of the corporation.
FSA	means the <i>Financial Services Act 2013</i> .
Bursa Malaysia Securities	means Bursa Malaysia Securities Berhad
bank	means a holder of licence to carry on banking business under FSA.
call warrant	means a contract under which a person has an actual, contingent or prospective– <ul style="list-style-type: none"> (a) right to buy, a specified number/units of underlying shares or exchange-traded funds at a specified price on or by a specified future date; or (b) right to receive, an amount in the form of cash or other property, depending on the state of affairs that relate to fluctuations in the value or price of an underlying financial instrument, and the amount will be calculated in a particular manner by reference to that state of affairs in accordance with the contract.
chief executive	has the meaning given in subsection 2(1) of the CMSA.
CMSA	means <i>Capital Markets and Services Act 2007</i> .

corporation has the meaning given in subsection 2(1) of the CMSA, and includes a group of entities where the corporation is a holding corporation, as applicable.

dealer means a person who carries on the business of dealing in securities.

debenture has the meaning given in subsection 2(1) of the CMSA.

director has the meaning given in subsection 2(1) of the CMSA.

e-host means an individual or entity that is allowed to issue, circulate or distribute electronic prospectuses and electronic application forms, and is limited to the following:

- (a) Issuers;
- (b) Dealers;
- (c) Banks;
- (d) Investment banks; and/or
- (e) Other individuals or entities as may be determined by the SC in accordance with such terms and conditions as the SC deems fit.

ESA means Electronic Share Application.

electronic application form means an application form that is issued, circulated or distributed via—

- (a) the Internet; and/or
- (b) an electronic storage medium, including but not limited to CD-ROMs.

electronic prospectus	means a copy of a prospectus that is issued, circulated or distributed via– <ul style="list-style-type: none"> (a) the Internet; and/or (b) an electronic storage medium, including but not limited to CD-ROMs.
exercise price or strike price	in relation to structured warrants, means the pre-specified price at which the holder of such warrants may exercise the right under such structured warrants.
expert	has the meaning given in subsection 213(1) of the CMSA.
expiry date	in respect of the right of a person under a structured warrant, means the date in which the ability to exercise that right expires.
family	has the meaning given in the <i>Main Market Listing Requirements</i> .
forecast	means any forecast of profits/losses or cash flow, and includes any statement which quantifies the anticipated level of future profits/losses or cash flow, and also includes profits/losses or cash flow for a financial period which has expired but for which the results have yet to be audited.
fully-collateralised call warrants	means call warrants where the underlying financial instrument is shares quoted on the stock exchange, the issue of which is accompanied by a deposit of all shares, which is the subject of such warrants, with a custodian or trustee for the entire term of the warrants in issue.
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 regulatory function.
independent director	has the meaning given in the <i>Main Market Listing Requirements</i> .
independent valuer	has the meaning given in Chapter 3 of <i>Asset Valuation Guidelines</i> .
infrastructure project	has the meaning given in the <i>Equity Guidelines</i> .
internet securities application	means securities application via the Internet.
investment bank	means an entity that holds a Capital Markets Services Licence under section 58 of the CMSA for the regulated activity of dealing in securities and an investment bank licensed under section 10 of FSA, and is governed by the <i>Guidelines on Investment Banks</i> issued jointly by Bank Negara Malaysia and the SC.
issuer	has the meaning given in subsection 2(1) of the CMSA.
latest practicable date	means a date whereby the information disclosed should remain relevant and current as at the date of issue of the prospectus.
licensed institution	has the same meaning given in the <i>Banking and Financial Institutions Act 1989</i> (and is equivalent to licensed person as defined under FSA).

Main Market	means the Main Market of Bursa Malaysia Securities.
Main Market Listing Requirements	Means the <i>Bursa Malaysia Securities Main Market Listing Requirements</i> .
market day	has the same meaning given in the <i>Main Market Listing Requirements</i> .
market maker	means a person who performs market making.
market making	has the same meaning as is assigned to that expression in the <i>Rules of Bursa Malaysia Securities Berhad</i> .
non-collateralised structured warrants	means structured warrants where the underlying financial instrument is not held in deposit by a custodian or trustee for the entire term of the warrants in issue.
performance guarantee	in relation to an issuer of structured warrants, means an unconditional and irrevocable guarantee to perform any and all of the issuer's obligations in the terms and conditions of the structured warrants issue in the event the issuer fails to perform such obligations.
person	has the meaning given in the <i>Main Market Listing Requirements</i> .
person connected	has the meaning given in the <i>Main Market Listing Requirements</i> .
principal adviser	has the meaning given in the <i>Principal Adviser Guidelines</i> and includes a sponsor, where applicable.

promoters	has the same meaning given in section 226 of the CMSA.
prospectus	has the meaning given in section 226 of the CMSA.
public	has the meaning given in the <i>Main Market Listing Requirements</i> .
qualifying acquisition	has the meaning given in the <i>Equity Guidelines</i> .
related party	has the meaning given in the <i>Main Market Listing Requirements</i> .
related-party transaction	has the meaning given in the <i>Main Market Listing Requirements</i> .
reporting accountants	means a firm of public accountants that is registered with the Audit Oversight Board and the registration has not been suspended.
RM	means ringgit Malaysia.
SC	means the Securities Commission Malaysia.
shelf prospectus	has the meaning given under section 226 of the CMSA.
shelf registration scheme	has the meaning given under section 226 of the CMSA.
Special Purpose Acquisition Company or "SPAC"	has the meaning given in the <i>Equity Guidelines</i> .
special purpose vehicle or "SPV"	has the meaning given in the <i>Guidelines on the Offering of Asset-Backed Securities</i> .

sponsor	has the meaning given in the ACE Market Listing Requirements.
structured warrants	comprises call warrants, put warrants, basket warrants, bull equity-linked structures and such other structures that may be specified by the SC from time to time.
subsidiary	has the meaning given in section 5 of the <i>Companies Act 1965</i> .
substantial shareholder	has the meaning given in section 69D of the <i>Companies Act 1965</i> .
supplementary shelf prospectus	has the meaning given in section 226 of the CMSA.
underlying corporation	in relation to structured warrants, means the corporation that has issued the shares, which is the subject of such warrants.
underlying financial instrument	in relation to structured warrants, means the shares, exchange-traded fund or index, which is the subject of such warrants.
underlying shares	in relation to structured warrants, means the shares, which are the subject of such warrants.
voting securities	means the securities issued by a SPAC which confer upon the holders, voting rights in relation to a qualifying acquisition by the SPAC.

PART I:

CONTENTS OF PROSPECTUS

General

- 1.01 This part sets out –
- (a) the requirements in relation to preparation of a prospectus; and
 - (b) the statements and information that must be reflected in a prospectus.
- 1.02 The minimum information set out in this part are in addition to the information set out in paragraphs 235(1)(a) to (e) of the CMSA.
- 1.03 A prospectus must be legible and appear in font size of not less than eight-point Times New Roman.
- 1.04 All pages in the prospectus must be numbered and any blank or partly blank pages should contain a statement that the page has been intentionally left blank.
- 1.05 The persons under subsection 236(2), as the case may be, must ensure that all information necessary for investors to make an informed decision in relation to the securities offered by the prospectus, is disclosed in a full and true manner.
- 1.06 The information to be included in a prospectus must be within the knowledge of directors, promoters, principal advisers, stockbrokers, sharebrokers, underwriters, auditors, bankers, advocates, valuers and other professional advisers/experts or any other persons named in the prospectus with their consent.
- 1.07 In determining the information to be disclosed in the prospectus, the following should be considered:
- (a) The nature of the securities and business of the issuer;
 - (b) The persons likely to consider acquiring such securities;

- (c) The fact that certain matters may reasonably be expected to be within the knowledge of professional advisers whom potential investors may reasonably expect to consult; and
 - (d) Whether the persons to whom an issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase, securities is to be made, are the holders of securities in the issuer and, if they are, to what extent (if any) relevant information has previously been given to them by the issuer under any law, any requirement of the rules or listing requirements of the stock exchange, if applicable, or otherwise.
- 1.08 Full accountability for the accuracy of all information in the prospectus and the responsibility to ensure that there is no omission of facts which would make any of the statements misleading, remains with the promoters or directors of the issuer or any other person who is a party to the preparation of the prospectus or any of its relevant portions.
- 1.09 If the securities are offered under an ACMF initiative, the prospectus must comply with the ASEAN Disclosure Standards as set out in Divisions 1A and 2A of this Part. *(Inserted on 1 April 2013)*
- 1.09A If the securities are offered in multiple jurisdictions, requirements of the respective jurisdictions should be adhered to.
- 1.10 An issuer and its principal adviser must furnish any other documents or information, as requested by the SC.

Division 1

Equity

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Chapter 1

General

- 1.01 This division shall apply to a prospectus prepared in relation to the issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase of securities, except for securities under an ACMF initiative.
- 1.01A An issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase of securities under an ACMF initiative shall comply with Division 1A of this Part. *(Inserted on 1 April 2013)*
- 1.02 For the purposes of this division, “securities” means securities other than debenture, sukuk, structured warrants and units in a unit trust scheme.
- 1.03 The cut-off date for information to be disclosed in the prospectus under this division must be the latest practicable date available prior to the issue of the prospectus, save for the requirements as set out in Chapters 13 and 15 of this division.
- 1.04 Preparers of prospectuses must strictly observe any significant change or new matter arising that will affect the content of the prospectus and to update it via a supplementary prospectus or replacement prospectus where necessary.
- 1.05 A corporation approved for listing and quotation on Bursa Malaysia Securities is required to publish a summary advertisement of its prospectus in one Bahasa Malaysia newspaper and one English newspaper which are widely circulated. The summary advertisement should state, among others, the following:
- (a) That the prospectus for the offering has been registered;
 - (b) The date of the prospectus;
 - (c) Where a copy of the prospectus can be obtained;
 - (d) That any issue of securities will only be made on receipt of the application form referred to in and accompanying a copy of the prospectus;
 - (e) Brief details of the offering;
 - (f) Brief details of the corporation’s incorporation and share capital;
 - (g) Brief details of the principal activity(ies) of the corporation;
 - (h) Details of the board of directors;
 - (i) Name of the principal adviser, managing underwriter and underwriters;

- (j) Opening and closing time of the application; and
- (k) Listing sought.

Chapter 2

COVER PAGE

The front cover should contain the following information and statements.

2.01 Particulars of the corporation, including:

- (a) Full name;
- (b) Place of incorporation;
- (c) Statute under which it was incorporated; and
- (d) Registration number.

For a foreign-incorporated issuer, to state, where applicable, that the issuer has been registered as a foreign company in Malaysia under the *Companies Act 1965* together with its registration number.

2.02 The date of the prospectus.

2.03 Details of the offering, including—

- (a) number, type and par/nominal value of securities being issued/ offered;
- (b) price of securities being issued/offered; and
- (c) listing that is sought.

2.04 The name of the principal adviser/lead arranger and managing underwriter.

2.05 The following statement, to appear in bold:

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. TURN TO PAGE [] FOR “RISK FACTORS”.

2.06 For corporations seeking listing on the ACE Market, the following statement is to be included and highlighted in bold and a prominent colour:

INVESTORS ARE ADVISED TO NOTE THAT COMPANIES LISTED ON THE ACE MARKET MAY BE OF HIGH INVESTMENT RISK.

2.07 For SPACs, the following statement is to be included and highlighted in bold and a prominent colour:

WE ARE A SPECIAL PURPOSE ACQUISITION COMPANY. WE CURRENTLY HAVE NO OPERATIONS OR INCOME-GENERATING BUSINESS. INVESTING IN OUR SECURITIES MAY BE OF HIGH INVESTMENT RISK.

Chapter 3

INSIDE COVER/FIRST PAGE

3.01 There are certain types of information that are considered essential to identify a prospectus and the status of a prospectus. If not already disclosed on the front cover, the prospectus should contain the following statements on the inside cover or at the very least, on page 1.

Responsibility statements

- (a) “The directors and promoters of the company and/or the offeror have seen and approved this prospectus. 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 prospectus false or misleading.”
- (b) Where a forecast is provided:

“The directors accept full responsibility for the profit and/or cash flow estimate/forecast and/or projection(s) included in this prospectus and confirm that the profit and/or cash flow estimate/forecast and/or projection(s) have been prepared based on assumptions made.”
- (c) “[Name of principal adviser/lead arranger], being the Principal Adviser/Lead Arranger, acknowledges that, based on all available information, and to the best of its knowledge and belief, this prospectus constitutes a full and true disclosure of all material facts concerning the offering. It is satisfied that any profit and/or cash flow estimate/forecast and/or projection(s), prepared for inclusion in the prospectus have been stated by the directors after due and careful enquiry and have been duly reviewed by the Reporting Accountants.”

Statements of disclaimer

- (d) “The Securities Commission Malaysia has approved the issue, offer or invitation for the offering (where applicable) and a copy of this prospectus has been registered with the Securities Commission Malaysia. The approval, and registration of this prospectus, should not be taken to indicate that the Securities Commission Malaysia recommends the offering or assumes responsibility for the correctness of any statement made or opinion or report expressed in this prospectus. The Securities Commission Malaysia has not, in any way, considered the merits of the securities being offered for investment.”
- (e) “The Securities Commission Malaysia is not liable for any non-disclosure on the part of the company 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 prospectus.

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS, OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.”

(f) Where applicable:

“The valuation utilised for the purpose of the corporate exercise should not be construed as an endorsement by the Securities Commission Malaysia on the value of the subject assets.”

(g) “Approval has been or will be obtained from Bursa Malaysia Securities Berhad for the listing of and quotation for the securities being offered. Admission to the Official List of Bursa Malaysia Securities Berhad is not to be taken as an indication of the merits of the invitation, corporation, or its securities.”

(h) “A copy of this prospectus, together with the application form, has also been lodged with the Registrar of Companies who takes no responsibility for its contents.”

Other statements

3.02 For corporations seeking listing on the ACE Market, the following statements should be included:

(a) “Companies listed on the ACE Market may have a limited operating history or may not have any profit track record prior to listing. Such companies may be of high investment risk. As with all investments, prospective investors should be aware of all potential risks in investing in such companies and should make the decision to invest after giving due and careful consideration by referring to, among others, the prospectus, latest financial statements and corporate announcements. You are strongly recommended to seek advice from a securities professional/adviser.”; and

(b) “The issue, offer or invitation for the offering is an exempt transaction under section 213 of the *Capital Markets & Services Act 2007* and is therefore not subject to the approval of the Securities Commission Malaysia.”

3.03 In the case where the securities are proposed to be listed and quoted on a stock exchange, the prospectus must contain the following statements -

(a) a statement that the approval for the listing and quotation of the securities on the stock exchange has been granted; or

- (b) where such approval has not been granted, the following statements:
- (i) that an application has been or will be made for the securities offered to be listed and quoted on the official list of a stock exchange;
 - (ii) any allotment made on an application to subscribe for securities under the prospectus would be void if-
 - (A) the application to list and quote has not been made within three market days from the date of issue of the prospectus; or
 - (B) the permission for the application to list and quote is not granted within six weeks from the date of issue of the prospectus (or such longer period as may be specified by the SC); and
 - (iii) the issuer will repay all monies received from the applicants if such application was not made or if the exchange refuse to grant permission.

3.04 The following additional statements must also be stated:

“Investors are advised to note that recourse for false or misleading statements or acts made in connection with the prospectus is directly available through sections 248, 249 and 357 of the *Capital Markets & Services Act 2007*.”

“Securities listed on Bursa Malaysia Securities Berhad are offered to the public premised on full and accurate disclosure of all material information concerning the issue for which any of the persons set out in section 236 of the *Capital Markets & Services Act 2007*, e.g. directors and advisers, are responsible.”

3.05 For a Shariah-compliant issuer, the following statement should be stated:

“The securities of this company is classified as Shariah compliant by the Shariah Advisory Council of the Securities Commission Malaysia based on the latest audited financial year. This classification remains valid from the date of issue of the prospectus until the next Shariah compliance review undertaken by the Shariah Advisory Council of the Securities Commission Malaysia. The new status is released in the updated list of Shariah-compliant securities, on the last Friday of May and November.”

Chapter 4

TIMETABLE/DEFINITIONS/TABLE OF CONTENTS/CORPORATE DIRECTORY

- 4.01 A prospectus should be properly structured, with the relevant sections and headings, for ease of reference and cross reference.

Indicative timetable

- 4.02 A prospectus should disclose the period during which the offering of securities remains open after the publication of the prospectus. The offer period should be reasonable and inclusive of the date of issue of the prospectus.
- 4.03 A prospectus should set out the critical dates for the offering, including—
- (a) opening and closing dates of the issue and/or offer;
 - (b) tentative dates of any special event, for example, date for the balloting of applications (day, month and year);
 - (c) tentative date for allotment of securities (day, month and year); and
 - (d) tentative listing date (day, month and year).
- 4.04 A prospectus should state whether the directors reserve the right to extend the closing date.
- 4.05 A prospectus should disclose the method of informing the public if the closing date is extended.

Definitions

- 4.06 A glossary of abbreviations and technical terms should be provided.

Table of contents

- 4.07 There should be a table of contents, listing all sections and subsections of the prospectus.

Corporate directory

- 4.08 The directory should contain details of the following persons:
- (a) Names, nationalities, addresses, and professions of all directors (to specify the independent directors);

- (b) Names of the audit committee members;
- (c) Name, address, and membership number of the company secretary;
- (d) Addresses and telephone numbers of the corporation's registered office, head/management office and the e-mail and website address (if any);
- (e) Names and addresses of the following parties (where applicable):
 - (i) Auditors;
 - (ii) Reporting accountants;
 - (iii) Solicitors;
 - (iv) Principal bankers;
 - (v) Issuing house;
 - (vi) Registrar;
 - (vii) Principal adviser and managing underwriter;
 - (viii) Underwriters;
 - (ix) Placement agents;
 - (x) Valuers;
 - (xi) Shariah adviser; and
 - (xii) Authorised depository institutions;
- (f) Names and addresses of expert(s) whose prepared reports or excerpts or summaries are included or referred to in the prospectus; and
- (g) Name(s) of stock exchange(s) where securities are already listed and/or the listing is sought in relation to the prospectus.

Chapter 5

INFORMATION SUMMARY/INVESTOR WARNING

Information summary

- 5.01 There must be an Information Summary near the front of the prospectus, which summarises key information about the offer/issue and corporation/group.
- 5.02 The Information Summary should, where necessary, include cross references to specific sections and pages of the body of the prospectus which contain full details about the respective matters.
- 5.03 Detailed content of the Information Summary is to be determined by the issuer.

This may include, but is not limited to, the following:

- (a) Principal business of the issuer and its subsidiaries;
 - (b) Securities for distribution, offering price, and expected net proceeds;
 - (c) Use of proceeds;
 - (d) Risk factors; and
 - (e) Summary financial information.
- 5.04 The Information Summary should generally not exceed 2,500 words.

Investor warning

- 5.05 There must be a warning in bold at the front of the Information Summary advising investors that the Information Summary is only a summary of the salient information about the corporation/group and that investors should read and understand the whole prospectus prior to deciding on whether to invest.

Chapter 6

DETAILS OF OFFERING

Offer and listing details

- 6.01 The prospectus should contain full details of–
- (a) the purpose of the offering;
 - (b) the number and type of securities to be issued/offered;
 - (c) classes of securities and rights attached to the securities regarding voting, dividends, liquidation and any special rights;
 - (d) the number and type of securities proposed to be issued/offered to different groups of investors;
 - (e) where there is more than one class of securities of the corporation in issue, similar particulars should be given for each additional class; and
 - (f) if, in conjunction with the offering, securities of the same or another class are sold or subscribed privately, the nature of such sales or subscriptions and the number and characteristics of the issues concerned, including details of underwriting/ undertaking arrangements, if any.
- 6.02 The prospectus should contain details about the pricing of securities, including–
- (a) prices applied to different classes of investors; and
 - (b) bases for determination of the issue/offer price. Such bases should be clearly explained.
- 6.03 The prospectus should disclose the total market capitalisation of the corporation upon listing.

History of market prices

- 6.04 If the securities are already listed on other stock exchange(s), information on the price history, if any, of the securities to be offered or listed should be disclosed as follows:
- (a) For the three most recent full financial years: the annual highest and lowest market prices;
 - (b) For the two most recent full financial years and any subsequent period: the highest and lowest market prices for each full financial quarter;

- (c) For the most recent six months: the highest and lowest market prices for each month; and
- (d) For pre-emptive issues, the market prices for the first trading day in the most recent six months, for the last trading day before the announcement of the offering and (if different) for the latest practicable date prior to issuance of the prospectus.

Information should be given with respect to the market price in the host market and the principal trading market outside the host market.

- 6.05 If significant trading suspensions occurred in the three years preceding the latest practicable date, they should be disclosed. If the securities are not regularly traded in an organised market, information should be given about any lack of liquidity.

Plan of distribution

- 6.05 Where a corporation intends to allocate securities to eligible directors, employees and/or other persons under a preferential allocation scheme, the corporation should disclose the following:
- (a) A brief description of the criteria of allocation of the securities as approved by the board of directors;
 - (b) The total number of persons eligible for the allocation; and
 - (c) Where the directors of the corporation are eligible for the allocation scheme, the number of securities to be allocated to each individual director.
- 6.06 The prospectus should disclose whether the amount of the offering could be increased, such as by exercise of an underwriter's over-allotment option or 'greenshoe', and state the exercise period and amount under such option.
- 6.07 If the offering is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain markets, provide information about the tranche and details of any other allocation arrangement.

Selling shareholders

- 6.08 The following information on selling shareholders should be provided:
- (a) The name and address of the person or entity offering to sell the securities, the nature of any position, office or other material relationship that the selling shareholder has had within the past three years with the corporation or any of its predecessors or the corporation's group; and
 - (b) The number and class of securities being offered by each of the selling shareholders, and the percentage of the existing and the enlarged equity

capital. The amount and percentage of the securities for each particular type of securities beneficially held by the selling shareholder as of the latest practicable date and immediately after the offering should be specified.

Dilution

6.09 The following information should be provided:

- (a) Where there is a substantial disparity between the offering price and the effective cash cost to directors or senior management, substantial shareholders or persons connected, of equity securities acquired by them in transactions during the past three years, or which they have the right to acquire, include a comparison of the public contribution in the proposed offering and the effective cash contributions of such persons;
- (b) Disclose the amount and percentage of immediate dilution resulting from the offering, computed as the difference between the offering price per share and the net book value per share for the equivalent class of security, as of the latest balance sheet date after adjusting for the effects of the offer, and any disposal or acquisition which occurred between the latest balance sheet date and the date of the prospectus, on the net asset value per share;
- (c) Where the information on dilution has been prepared using certain assumptions and after making certain adjustments on a pro forma basis, state such fact; and
- (d) In the case of a subscription offering to existing shareholders, disclose the amount and percentage of immediate dilution if they do not subscribe to the new offering.

Use of proceeds

6.10 Where applicable, the prospectus should contain full details of the following:

- (a) The minimum level of subscription to be raised in order to satisfy the objectives of the offering, including the basis for determining the minimum level based on factors such as the level of funding required by the corporation and the extent of the shareholding spread needed;
- (b) The estimated gross proceeds from the offering, categorised into each principal intended use. If the anticipated proceeds will not be sufficient to fund all the proposed purposes, the order of priority of such purposes should be given, as well as the amount and sources of other funds needed. Disclose also how the proceeds will be used pending their eventual utilisation for the proposed purposes;
- (c) If the corporation has no specific plans for the proceeds, it should discuss the principal reasons for the offering;
- (d) If the proceeds are being used directly or indirectly to acquire assets, other than

in the ordinary course of business, briefly describe the assets and their cost. If the assets have been or will be acquired from the corporation's directors, substantial shareholders or persons connected to them, disclose the persons from whom they will be acquired and how the cost to the corporation will be determined;

- (e) If the proceeds may or will be used to finance acquisitions of other businesses, give a brief description of such businesses and information on the status of the acquisition;
- (f) If any material part of the proceeds is to be used to discharge, reduce or retire indebtedness, describe the interest rate and maturity of such indebtedness as well as the uses to which the proceeds of such indebtedness were put;
- (g) If any material part of the proceeds is used for general working capital, briefly describe the items;
- (h) A reasonably itemised statement of the major categories of expenses incurred in connection with the issuance and distribution of the securities to be listed or offered and by whom the expenses are payable, if other than the corporation. If any of the securities are to be offered for the account of a selling shareholder, indicate the portion of such expenses to be borne by such shareholder. Indicate the amount of any expense specifically charged to the subscriber or purchaser of the securities being offered. The information may be given subject to future contingencies. If the amounts of any items are not known, estimates (identified as such) should be given;
- (i) Brokerage arrangements and commissions, including underwriting and placement fees;
- (j) The time frame for full utilisation of the proceeds based on each category; and
- (k) The financial impact on the corporation/group from the utilisation of the proceeds, i.e. interest savings, etc.

6.11 The prospectus should contain details of underwriting agreements, including—

- (a) the level of underwriting that has been arranged, together with the justifications for the level arranged;
- (b) name of the underwriter(s) together with the amount of securities underwritten by each underwriter;
- (c) amount of underwriting commissions; and
- (d) brief description of any provision which may allow the underwriters to withdraw from their obligations under the agreement after the opening of the offer.

If the offering is not underwritten, to give a clear statement of the fact and the justifications.

Chapter 7

RISK FACTORS

- 7.01 A prospectus should contain information about risk factors which are specific to the corporation/group and its industry, and to the securities being offered. These are risk factors which had or could materially affect, directly or indirectly, the business, operating results, and financial condition of the corporation/group.
- 7.02 The listing of risk factors in order of priority is encouraged.
- 7.03 Disclaimers on the risk factors should not be so wide that the risk disclosures are of little or no beneficial use to investors.

Chapter 8

INFORMATION ABOUT CORPORATION AND GROUP

Background

- 8.01 The following information about the background of the corporation and its subsidiary/ associated corporations should be disclosed:
- (a) History of the business from inception to date, including important events in the development of the corporation's business, for example—
 - (i) information concerning the nature and results of any material reclassification, merger or consolidation of the corporation or any of its subsidiaries;
 - (ii) acquisitions or disposals of material assets other than in the ordinary course of business;
 - (iii) any material changes in the mode of conducting the business;
 - (iv) principal activities and products/services including any material changes in the types of products produced or services rendered;
 - (v) name changes; or
 - (vi) the nature and results of any bankruptcy, receivership or similar proceedings with respect to the corporation or subsidiaries;
 - (b) Date and place of incorporation together with the registration number(s), date of commencement of business and whether private or public;
 - (c) Authorised, issued and paid-up capital, and changes for the last three years, including the date of allotment, number of shares allotted, consideration given (together with information regarding any discount, special term or instalment payment term or a negative statement thereof) and cumulative issued and paid-up capital, nominal value, details of outstanding warrants, options, convertible securities and uncalled capital;
 - (d) Group structure (where applicable), including a list of subsidiary and associated corporations, the percentage interest held, and a diagrammatic illustration of the group;
 - (e) A description, including the amount invested, of the corporation's material capital expenditures and divestitures (including interests in other corporations), since the beginning of the corporation's last three financial years to the date of the prospectus;

- (f) Information concerning the material capital expenditures and divestitures currently in progress, including the distribution of these investments geographically (home and abroad) and the method of financing (internal or external); and
- (g) Key achievements/milestones/awards of the corporation/group.

Business

8.02 Where applicable, there should be a description of and information on—

- (a) principal activities;
- (b) types of products manufactured or services provided. Up to the latest practicable date, indicate significant new or proposed products/services introduced and give their status of development;
- (c) principal markets for products and, if exported, the percentage and names of countries exported to;
- (d) seasonality of the business;
- (e) competitive strengths and advantages;
- (f) types, sources and availability of raw materials/input, including a description of whether prices of principal raw materials are volatile;
- (g) technology used or to be used;
- (h) operating or trading mechanisms, including flow-charts of production or business processes;
- (i) quality control procedures or quality management programmes;
- (j) marketing activities, including modes and location/network of marketing/distribution/sales;
- (k) approvals, major licences and permits obtained, conditions attached (if any) and status of compliance;
- (l) brand names, patents, trademarks, licences, technical assistance agreements, franchises and other intellectual property rights and salient terms of those rights. If intellectual property rights are licensed, to state the identity of the licensor and the relationship between the corporation/group and the licensor, and provide a summary of the salient terms of the licence agreement;
- (m) salient terms of any contract/arrangement/document/other matter on which the corporation is highly dependent. This includes patents or licences, industrial,

commercial or financial contracts or new manufacturing processes, where such factors are material to the corporation's business or profitability;

- (n) research and development policies for the last three years. Where it is significant, include the amount spent on corporation-sponsored research and development activities (as a percentage of the net sales or revenue) for each of the last three financial years; and
- (o) any interruption in the business which had a significant effect on operations during the past 12 months.

Property, plant, and equipment

- 8.03 The corporation should provide information regarding material tangible fixed assets, including leased properties, and major encumbrances, including—
- (a) a description of the location, size, and uses of the property;
 - (b) productive capacity and extent of utilisation of the corporation's facilities;
 - (c) how the assets are held;
 - (d) market value (where valuations have been carried out for inclusion in the prospectus) and/or net book value; and
 - (e) where valuations have been carried out for inclusion in the prospectus, details on whether the valuation surplus or deficit have been incorporated in the financial statements.
- 8.04 The prospectus should also describe any regulatory requirement and environmental issue which may materially affect the corporation's operations and utilisation of assets.
- 8.05 On material plans to construct, expand or improve facilities, describe—
- (a) the nature and reason for the plan;
 - (b) an estimate of the amount of expenditures including the amount of expenditures 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.
- 8.06 Where property and asset valuations do not require the approval of the SC, the prospectus should disclose the following statement:

“The above valuations do not require the approval of the Securities Commission Malaysia.”

Major customers

8.07 A prospectus should contain descriptions of major customers (i.e. those individually contributing 10% or more of turnover for each of the last three financial years and the latest financial period [if any]), level of sales, and whether or not the corporation is dependent on the major customers for business.

Major suppliers

8.08 A prospectus should contain descriptions of major suppliers (i.e. those individually contributing 10% or more of purchases for each of the last three financial years and the latest financial period [if any]), level of purchases, and whether or not the corporation is dependent on the major suppliers.

Industry overview

8.09 On the industry(ies) in which the corporation/group operates, there should be a discussion of the following:

- (a) Description of the industry and its position within the industry;
- (b) Differing segments/sectors;
- (c) Past performance (if applicable);
- (d) Future growth;
- (e) Industry players and competition;
- (f) The corporation's estimated market coverage, position and share (together with details on the bases) which are supported by any study and/or report (where applicable);
- (g) Relevant laws and regulations governing the industry and peculiarities of the industry;
- (h) Demand/supply conditions;
- (i) Substitute products/services;
- (j) Prospects and outlook of the industry; and
- (k) Industry's reliance on and vulnerability to imports.

Future plans, strategies, and prospects

8.10 A prospectus should contain the following discussions:

- (a) Description of future plans of the corporation/group and steps taken (including time frame) to realise the plans;
- (b) Strategies to be adopted to ensure growth; and
- (c) Prospects of the corporation/group in light of the industry prospects/outlook/conditions, future plans/strategies, and competition.

Chapter 9

INFORMATION ON SHAREHOLDERS/PROMOTERS/DIRECTORS/KEY MANAGEMENT

9.01 The following information should be provided on the corporation's substantial shareholders and promoters:

- (a) Name and background information;
- (b) Nationality/country of incorporation;
- (c) Direct and indirect shareholding in the corporation (before and after the offering), and to state the ultimate beneficial ownership of shares held under nominee/corporation or trustee arrangements; and
- (d) Any significant change in the direct or indirect shareholding during the past three years.

9.02 To the extent known to the corporation, there should be provided a description of the persons, who, directly or indirectly, jointly or severally, exercise control over the corporation. Particulars of the nature of such control, including the amount and proportion of shares held, should also be given. Joint control means control exercised by two or more persons who have concluded an agreement which may lead them to adopt a common policy in respect of the corporation.

9.03 A prospectus should also disclose the relevant knowledge/experience of the corporation's promoters.

9.04 The following information should be provided on the corporation's directors and chief executive:

- (a) Name, age, profession and qualification;
- (b) Profile including business and management experience;
- (c) Designation/functions (including executive/non-executive);
- (d) Representation of corporate shareholders (where applicable);
- (e) Direct and indirect shareholding in the corporation (before and after the offering); and
- (f) Principal business activities performed outside the corporation (including, in the case of directors, other principal directorships at present and in the last five years).

- 9.05 A prospectus should disclose the remuneration and material benefits in-kind (on an individual basis) of the directors and the chief executive of the corporation for services in all capacities to the group according to bands of RM50,000 for the last financial year and proposed for the current financial year. The remuneration and benefits should cover contingent or deferred compensation accrued for the year, even if the compensation is payable at a later date.
- 9.06 Disclose also details on board practices, as follows:
- (a) For each director of the corporation, state the date of expiration of the current term of office, where applicable, and the period for which the person has served in that office; and
 - (b) For the current financial year, provide details on the corporation's audit, remuneration and nomination committees, including the names of committee members and a summary of the terms of reference of the committee.
- 9.07 For the key management and, where applicable, the key technical personnel of the corporation, the following information should be provided:
- (a) Name, age and qualification;
 - (b) Profile including business and management or technical experience;
 - (c) Designation/functions; and
 - (d) Direct and indirect shareholding in the corporation (before and after the offering).
- 9.08 A prospectus should provide information on the extent of involvement of executive directors/key management in other principal business activities and whether such involvement affects their contribution to the corporation, or an appropriate negative statement.
- 9.09 A prospectus should provide a statement as to whether or not any promoter, director, or key management personnel and, where applicable, its key technical personnel, is or has been involved in any of the following events (whether in or outside Malaysia):
- (a) 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 key personnel;
 - (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) Such person was charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
 - (d) Any judgment was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry; or

- (e) 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.

- 9.10 A prospectus should disclose details of any family relationships or associations between the substantial shareholders, promoters, directors, key management or key technical personnel.

- 9.11 A prospectus should contain information and details of amounts or benefits paid or intended to be paid or given to any promoter, director or substantial shareholder within the two years preceding the date of the prospectus.

- 9.12 If there are any existing or proposed service agreements between the corporation/group and its directors and key management or key technical personnel, salient details should be disclosed.

- 9.13 A prospectus should provide information regarding employees, including–
 - (a) the number of employees at the end of period or the average for the period for each of the past three financial years (and changes in such number, if material). If possible, a prospectus should provide a breakdown of persons employed by main category of activity and geographical location. A prospectus should also disclose any significant change in the number of employees;

 - (b) if the corporation/group employs a significant number of contractual/temporary employees, a prospectus should disclose the number of contractual/temporary employees on average in the most recent year;

 - (c) training and development programmes undertaken and ongoing;

 - (d) whether employees are members of any union and, if so, to name the union;
and

 - (e) labour relationship with unions and whether or not there has been any industrial dispute in the past.

Chapter 10

APPROVALS AND CONDITIONS

10.01 A prospectus must disclose the following:

- (a) Details of approvals of all relevant authorities in conjunction with the offering including the dates of approvals, any condition attached and the corporation's compliance.

For any specific relief obtained from compliance with this division, a prospectus must state the specific paragraph of the division for which relief was sought and details of the approval;

- (b) Details of any moratorium on directors' or promoters' securities, such as—
 - (i) the authority which imposed the moratorium;
 - (ii) name of the shareholder;
 - (iii) number of securities under moratorium;
 - (iv) commencement and expiry of the moratorium; and
 - (v) terms of the moratorium;; and
- (c) Details of any profit-guarantee conditions (if any) and the salient features of the profit-guarantee agreement, which include, but are not limited to—
 - (i) amount and number of years;
 - (ii) guarantor(s);
 - (iii) details of security provided; and
 - (iv) rights to vary or terminate the agreement.

Chapter 11

RELATED-PARTY TRANSACTIONS/CONFLICT OF INTEREST

- 11.01 The following information should be disclosed for the three most recent financial years, and the subsequent financial period, if any, immediately preceding the date of the prospectus:
- (a) The nature and extent of any related-party transaction or presently proposed related-party transactions that are material to the corporation and its related party, or any transaction that is unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which the corporation or any of its parent or subsidiaries was a party; and
 - (b) The amount of outstanding loans (including guarantees of any kind) made by the corporation or any of its parent or subsidiaries to or for the benefit of the related party. The information given should be classified into long term and short term. All foreign outstanding loans are to be separately identified with the corresponding foreign currencies amount, the amount outstanding as of the latest practicable date, the nature of the loan, and the transaction in which it was incurred, and the interest rate on the loan, and when the loan is intended or required to be repaid.
- 11.02 The corporation should disclose, 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.

Conflicts of interest

- 11.03 A prospectus should disclose—
- (a) details of the direct and indirect interests of directors and substantial shareholders in—
 - (i) other businesses and corporations carrying on a similar trade as the corporation/group; and
 - (ii) other businesses and corporations which are the customers or suppliers of the corporation/group;
 - (b) whether their interests in these other businesses and corporations would give rise to a situation of conflict of interest with the corporation/group's business and steps taken to address such conflicts; and

- (c) declaration of any expert's existing and potential interests/ conflicts of interest in an advisory capacity (if any) vis-à-vis the corporation/group. If a conflict of interest exists, full disclosure of the nature of the conflict and the steps taken to address such conflicts should be provided.

Chapter 12

FINANCIAL INFORMATION

General

12.01 This chapter sets out the minimum financial information that a corporation must include in a prospectus.

Financial information

12.02 The audited financial statements provided in the prospectus must be prepared in accordance with the approved accounting standards.

12.03 The corporation must disclose selected financial information from the audited financial statements provided in the prospectus, where–

- (a) in the case of corporation seeking listing on the Main Market under the profit test, the financial years as stipulated under the *Equity Guidelines*;
- (b) in the case of corporation seeking listing on the Main Market under the market capitalisation test, infrastructure project corporation test or as a special purpose acquisition company, the three most recent financial years or such shorter period that the corporation has been in existence; or
- (c) in the case of corporation seeking listing on the ACE Market, the three most recent financial years or such shorter period that the corporation has been in existence.

12.04 The date of the prospectus issuance must not be later than six months after the end of the most recent financial year. If the date of the prospectus issuance is later than six months after the end of the most recent financial year, audited interim financial report must be provided and the selected financial information must be disclosed.

12.05 If any annual financial statements to be provided under paragraph 12.02 relate to a period other than 12 months due to a change in the financial year end of the

corporation, 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.

12.06 The selected financial information required to be disclosed must–

- (a) be prepared in the same currency as the currency used in the audited financial statements of the corporation; 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 minority 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 prospectus, 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.

12.07 Where the audited financial statements are prepared in a currency other than RM, a prospectus should 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 corporation 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.

Capitalisation and indebtedness

12.08 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 prospectus, showing the corporation's capitalisation and, where applicable, as adjusted to reflect the new securities being issued and the intended application of the proceeds. Indebtedness also includes indirect and contingent liabilities.

Management's discussion and analysis of financial condition and results of operations

12.09 To provide the management's discussion and analysis of the corporation's financial condition, changes in the financial condition, and results of operations for each year and interim period for where the financial information is provided in the prospectus.

The discussion should include, among others:

- (a) material changes from year to year in relation to the selected financial information; and
- (b) the nature and conditions of the business, its risk factors and business operations, and the prevailing economic situation.

12.10 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 corporation's results of operations;
- (b) Where the financial statements disclose material changes in sales or revenues, 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 corporation, 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 corporation. 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 corporation's business should be disclosed; and

- (e) Provide information on any government, economic, fiscal or monetary policies or factors which have materially affected, or could materially affect the corporation's operations.

12.11 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 directors as to whether, in their opinion, the working capital available to the corporation will be sufficient for a period of 12 months from the date of issue of prospectus. 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/or the interim financial period, where applicable. This includes the nature and extent of any legal, financial, or economic restriction on the ability of subsidiaries to transfer funds to the corporation 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 corporation 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 corporation 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 corporation's financial position and results or business operations, or the investments by holders of securities in the corporation, provide–
- a statement of that fact;
 - details of the credit arrangement or bank loan; and
 - any action taken or to be taken by the corporation or other entity in the group, 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 the interim financial period (where applicable) 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

corporation's financial position or profitability, in the 12 months immediately preceding the date of prospectus. In relation to governmental proceedings, this includes proceedings which are pending decision or known to be contemplated.

12.12 Trend information

- (a) Provide a discussion on the following items:
 - (i) Any material effect on the corporation's sales or 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) Known factors which are likely to have a material effect on the financial condition and results of operations of the corporation or that would cause the financial statements to be not necessarily indicative of future financial performance; and
 - (iii) The state of the order book since the most recent financial year or period. If such information is not relevant to the business of the corporation, provide an appropriate statement to that effect and the reason for this.

Dividends

12.13 Describe the corporation's dividend policy or, if it does not have a fixed policy, to state so.

Significant changes

12.14 Disclose whether or not there are any significant changes that have occurred, which may have a material effect on the financial position and results of the corporation 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.

Pro forma financial information

12.15 (a) A pro forma statement of financial position must be prepared based on the most recent audited financial year and adjusted for the following:

- (i) Any restructuring, acquisition or disposal connected with the proposed public offering exercise; and
- (ii) Proceeds of the proposed public offering exercise, the effects of the public offering exercise on the shareholders' funds and proposed utilisation of the funds.

(b) However, where interim audited financial information is provided, the pro forma statement as required under sub-paragraph (a) above, must be prepared based on the most recent audited financial period.

12.16 (a) A corporation must prepare a pro forma statement of comprehensive income and cash flows, including pro forma earnings per share, where the corporation had acquired or disposed a material entity or business, or entered into any agreement to acquire or dispose any material entity or business during the period from the beginning of the most recent completed financial year to the latest practicable date.

(b) The pro forma statements required under sub-paragraph (a) above must be prepared—

- (i) for the most recent completed financial year; and
- (ii) where any interim financial statements have been provided, for the period covered by the interim financial statements,

as if the acquisition or disposal had occurred or the agreement in relation to an acquisition or disposal had been entered into, at the beginning of the most recent completed financial year.

12.17 (a) A corporation must prepare a pro forma statement of financial position where the corporation had–

- (i) acquired or disposed a material entity or business;
- (ii) entered into any agreement to acquire or dispose a material entity or business; or
- (iii) experienced a significant change to its capital structure, including any material distribution,

during the period from the beginning of the most recent completed financial year to the latest practicable date.

(b) However, the pro forma statement as required under sub-paragraph (a) must be prepared–

- (i) as at the end of the most recent financial year as if the event in sub-paragraphs (a)(i), (ii) or (iii) had occurred at the end of that financial year; or
- (ii) where any interim financial report have been provided, as at the end of the period covered by the interim financial report, as if the event in sub-paragraphs (a)(i), (ii) or (iii) had occurred at the end of the period.

12.18 For the purposes of paragraphs 12.16 and 12.17, an acquisition or a disposal of “material” entity or business is where the aggregated net assets, or the aggregated profits before tax of such acquired or disposed entity or business has or would have accounted for 10% or more of the net assets or liabilities, or profit before tax, respectively, of the corporation (after adjusting for the effects of the group restructuring, where applicable) in respect of the most recent financial year.

12.19 For the pro forma financial information required under paragraphs 12.15, 12.16 and 12.17, 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 corporation; and
- (d) any material adjustment made when preparing the pro forma financial information.

12.20 The pro forma financial information must be accompanied by the reporting accountants' letter as required in Chapter 13.

Future financial information

12.21 Where future financial information is included in a prospectus, such information must be prepared on reasonable bases and assumptions.

12.22 Where future financial information is provided in the prospectus, it must be clear, unambiguous and disclose whether such information is prepared on the bases and accounting policies consistent with those adopted by the corporation, and is presented in accordance with the accounting standards adopted by the corporation in the preparation of its financial statements.

12.23 Disclose details on the bases and assumptions of the future financial information and any additional information that investors would reasonably require, for the purpose of making an informed investment decision.

- 12.24 Where future financial information is disclosed, to state the extent to which projected sales or revenues are based on secured contracts or orders, and the reasons for expecting such projected sales or revenues, and profit or cash flow (as the case may be). Also, to include a discussion on the impact of any likely change in business and operating conditions in the forecast and/or projected years.
- 12.25 The reporting accountants must review and report on the underlying accounting policies and assumptions relied on in the preparation of the future financial information.

The guidance below provides further clarification on the requirements of this chapter, as well as to express the SC's expectation on compliance with these requirements. Examples are also given in the guidance for illustration and are not exhaustive.

As a general rule, the financial information provided should reflect a comprehensive picture of the corporation's entire business undertaking to enable investors to make an informed investment decision.

Advisers are also encouraged to consult the SC at an early stage if they require clarification, for example where the corporation:

- had 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 by the corporation.
- proposes to include future financial information in the prospectus.

Guidance to paragraph 12.10 – Results of operations

1. The corporation should provide segmental analysis of revenue and profits/losses from operations, including by products/services and by markets/geographical location.
2. The corporation should provide and discuss 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 corporation has been in existence) and the interim financial period (where applicable).

Guidance to paragraph 12.11 – Liquidity and capital resources

3. The corporation should identify those income, cash flow or financial position items that should be considered in assessing liquidity, unless it is clear from the discussion.

Guidance to paragraph 12.12 – Trend information

4. The discussion on any material effect on the corporation's financial performance and position i.e. sales/revenue, profitability, liquidity or capital resources should also address, amongst others, the prospects of the industry in which the corporation is operating in and the future plans and strategies of the corporation.

Guidance to paragraph 12.21 – Future financial information

5. In preparing the future financial information, the bases and assumptions used to support such information should–
 - (a) draw the investors' 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 investors 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 investors 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.

In addition to Guidance to Paragraph 12.21 above, corporations and principal advisers 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 investors in making an informed investment decision.

7. In deciding whether the bases and assumptions are reasonable, the 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 corporation can be reasonably assured for the period of that agreement;
 - (b) the information is underpinned by independent industry experts' reports and/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 management reasonably expects to take place or actions management 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, corporations and principal advisers are required to consider other factors that may indicate whether or not the bases and assumptions used are reasonable.

8. 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 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 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 corporation in preparing the future financial information has to be objectively reasonable, taking into account amongst others, the list of factors set out under these notes and not made on the basis of genuine but unreasonable beliefs of the directors of the corporation.

The above factors are non-exhaustive. Corporations and principal advisers 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.

Chapter 13

REPORTS BY THE REPORTING ACCOUNTANTS

Accountants' Report

13.01 A prospectus must contain an accountants' report prepared by a reporting accountant in respect of the audited financial statements and audited interim financial report of the corporation for each of the financial years and period under review.

13.02 The accountants' report must include–

- (a) the financial statements and, where applicable, the interim financial report, as prepared by the corporation and has been audited;
- (b) an audit opinion expressed by the reporting accountants 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 prospectus.

Content

13.03 The accountants' report must report on the audited financial statements of the corporation referred to in a prospectus for at least three most recent financial years or such shorter period that the corporation has been in operation and, where applicable, the interim financial period. The date of the interim financial period must not be more than six months from the issuance of the prospectus.

13.04 The reporting accountants must disclose any significant subsequent events between the date of the most recent audited financial statements and the audited interim financial report (where applicable) used in the preparation of the accountants' report, and the date of such report. If there are no such events, to provide an appropriate negative statement

Pro forma financial information

13.05 In respect of the pro forma financial information required under paragraphs 12.15, 12.16 and 12.17, the reporting accountants must state in its letter–

- (a) whether the pro forma financial information has been properly compiled on the basis stated in paragraph 12.19(a); and
- (b) that the engagement was performed in accordance with the relevant standards on assurance engagements approved for application in Malaysia.

13.06 In respect of Paragraphs 12.16 and 12.17, where the corporation 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.

Future financial information

13.07 In respect of Paragraph 12.25, 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 accountants are of the opinion that the future financial information are properly prepared based on the assumptions made by the directors and are presented in a manner consistent with both the format of the financial statements and the accounting policies of the corporation; and
- (c) that nothing has come to the reporting accountants' attention which gives him any reason to believe that the assumptions do not provide a reasonable basis for the preparation of future financial information.

Chapter 14

EXPERT'S REPORTS

- 14.01 A prospectus should contain excerpts from, or summaries of, opinion expressed and conclusion recorded in any expert's report included in the prospectus. The expert should state whether or not the report was prepared for inclusion in the prospectus. The expert's report should be signed and dated within a reasonable time of the issue of the prospectus to ensure that the contents are substantially relevant.
- 14.02 Where valuations of property assets have been carried out for inclusion in a prospectus, a summary of the valuation in the form of a valuation certificate that complies with the *Asset Valuation Guidelines* must be included in the prospectus.
- 14.03 If the expert becomes aware of significant changes affecting the content of his report, either—
- (a) between the date of the report and the issue of the prospectus; or
 - (b) after the issue of the prospectus and before the issue of the securities,
- then he has an ongoing obligation to either cause his report to be updated for the changes and, where applicable, cause the corporation to issue a supplementary prospectus or replacement prospectus, or withdraw his consent to the inclusion of the report in the prospectus. Failure to do so will result in the corporation, promoters, and the expert being liable for any misleading statement or material omission in the outdated report.
- 14.04 Experts should take care in making disclaimers of responsibility in their reports. If the disclaimers are too wide, the report will be of little or no beneficial use to investors. The inclusion of such a report in such a prospectus may itself be misleading.

Chapter 15

DIRECTORS' REPORT

15.01 A prospectus must contain a report by the directors of the corporation, for the period between the date to which the last audited financial statements of the corporation have been made up and a date not earlier than 14 days before the date of issue of the prospectus, stating whether, after due enquiry by them—

- (a) the business of the corporation and its subsidiaries has, in their opinion, been satisfactorily maintained;
- (b) there have, in their opinion, arisen, since the last audited financial statements of the corporation, any circumstance which has adversely affected the trading or the value of the assets of the corporation or any of its subsidiaries;
- (c) the current assets of the corporation and its subsidiaries appear in the books at values which are believed to be realisable in the ordinary course of business;
- (d) there are any contingent liabilities by reason of any guarantee or indemnity given by the corporation or any of its subsidiaries;
- (e) there have been, since the last audited financial statements of the corporation, any default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowing. This applies for all corporations under the group; and
- (f) there have been, since the last audited financial statements of the corporation, no material change in the published reserves or any unusual factor affecting the profits of the corporation and its subsidiaries;

and where any report is required following this paragraph, the report should contain full details of all matters required to be dealt with in the report.

Chapter 16

ADDITIONAL INFORMATION

- 16.01 A prospectus should contain a statement that no securities will be allotted or issued on the basis of the prospectus later than 12 months after the date of the issue of the prospectus.
- 16.02 A prospectus should include extracts of the provisions of the constituent documents of the corporation on the following:
- (a) Transfer of securities;
 - (b) Remuneration of directors;
 - (c) Voting and borrowing powers of directors, including voting powers on proposals, arrangements or contracts in which they are interested; and
 - (d) Changes in capital and variation of class rights (to state whether or not such provisions are more stringent than required by law).
- 16.03 Describe any limitation on the right to own securities, including limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights on the securities imposed by law or by the constituent documents of the corporation, or state that there are no limitations if this is the case.
- 16.04 With respect to 16.02 and 16.03, if the law applicable to the relevant corporation is significantly different from that in Malaysia, explain the effect of the law in these cases.
- 16.05 For any capital of the corporation or any of its subsidiaries which is under option, or agreed conditionally or unconditionally to be put under option, the following should be disclosed:
- (a) The number, description, and amount of securities concerned;
 - (b) The period during which the option is exercisable;
 - (c) The exercise price;
 - (d) The consideration given or to be given for the option; and
 - (e) The names of the grantees, provided that, where options have been granted or agreed to be granted to all shareholders or holders of debt securities or to any class thereof or to directors and employees under a share option scheme, it should be sufficient to record that fact without giving the names of the grantees.
- 16.06 Details of any scheme involving employees in the capital of the corporation or any of its subsidiaries.

- 16.07 Fully disclose all material contracts (including contracts not in writing), not being contracts in the ordinary course of business, entered into within two years preceding the date of the prospectus. The following particulars should be disclosed for each such contract:
- (a) Date;
 - (b) Parties;
 - (c) Subject matter;
 - (d) Consideration passing to or from the corporation or any other corporation in the group; and
 - (e) The mode of satisfaction of the consideration.
- 16.08 Fully disclose all current material litigation and arbitration, including those pending or threatened, and of any fact likely to give rise to any proceeding which may materially affect the business/financial position of the corporation or any of its subsidiaries.
- 16.09 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 corporation. Also, explain how these would impact on the availability of cash and cash equivalents for use by the corporation and the remittance of dividends, interest or other payments to shareholders of the corporation.
- 16.10 There should be a statement as to whether any of the following has occurred during the last financial year and the current financial year:
- (a) Public take-over offers by third parties for the corporation's securities; and
 - (b) Public take-over offers by the corporation for other corporations' securities.
- If yes, state the price of the offer and its outcome.
- 16.11 Where the securities are offered by way of rights or allotment to the holders of an existing listed security, the pro-rata entitlement, the last date on which transfers were or will be accepted for registration for participation in the offering must be disclosed. A statement on the treatment of any fraction whether the offer is renounceable and whether approval has been obtained from the shareholders of the existing listed corporation.
- 16.12 If the prospectus or cover contains photographs or illustrations of properties or assets which do not belong to the corporation, the photographs or illustrations should be accompanied by a statement that the properties or assets depicted do not belong to the corporation.

Chapter 17

CONSENTS

- 17.01 A prospectus should contain statements of consents from relevant parties, such as advisers, reporting accountants, auditors, issuing houses, registrars, solicitors, external company secretaries, bankers, valuers, underwriters, rating agency and experts for inclusion of their names and (where relevant) statements and reports in the form and context in which such statements and reports appear. A statement that they have not subsequently withdrawn such consents must also be disclosed.

Chapter 18

DOCUMENTS AVAILABLE FOR INSPECTION

18.01 Provide a statement that for a period of at least 12 months from the date of issue of the prospectus, the following documents (or copies thereof), where applicable, may be inspected at a specified place in Malaysia:

- (a) The constituent documents of the corporation;
- (b) Each material contract or document referred to in the prospectus and, in the case of contracts not in writing, a memorandum which gives full particulars of the contracts;
- (c) Directors' existing or proposed service contracts with the corporation or any of the corporation's subsidiaries, excluding contracts expiring or determinable by the employing corporation without payments or compensation (other than statutory compensation) within one year;
- (d) All reports, letters or other documents, valuations and statements by any expert, any part of which is extracted or referred to in the prospectus. Where a summary expert's report is included in the prospectus, the corresponding full expert's report must be made available for inspection;
- (e) Each consent given by experts disclosed in the prospectus;
- (f) Any writ and relevant cause papers for all current material litigation and arbitration disclosed in the prospectus;
- (g) The audited financial statements of the corporation and its subsidiaries for the last three to five financial years (or such shorter period that the corporation/group has been in operation), preceding the date of prospectus;
- (h) The latest audited financial statements of the corporation and its subsidiaries for the current financial period (where applicable); and
- (i) Such information and documents as specified in Division 4 of Part VI of the CMSA, may be inspected by relevant persons.

Chapter 19

SPECIFIC REQUIREMENTS FOR INFRASTRUCTURE PROJECT COMPANIES

19.01 In addition to other information required to be disclosed in these guidelines, where applicable, a prospectus of an infrastructure project company should disclose the following:

- (a) Concession/licence/basis of business
 - (i) Act/regulation under which the concession/licence is granted to corporation;
 - (ii) Nature of concession (e.g. build-operate-transfer/build-transfer-operate/build-down-operate, etc.);
 - (iii) Life of concession/licence;
 - (iv) Exclusivity/non-exclusivity of concession/licence;
 - (v) Critical terms and conditions under concession/licence;
 - (vi) A corporation's rights, interests and major obligations under concession/licence;
 - (vii) Effect of failure to meet concession/licence terms;
 - (viii) Circumstances leading to termination provisions under concession agreement/licence;
 - (ix) Any restriction on changes in ownership of corporation;
 - (x) Major agreements underlying the basis of a corporation's business (e.g. power/assets purchase and other offtake agreements);
 - (xi) Obligations of public development authorities;
 - (xii) Any related land acquisition;
 - (xiii) List of material contracts; and
 - (xiv) Taxation;
- (b) Relationship with concession giver/licensor
 - (i) Description/constitution of concession giver/licensor;

- (ii) Nature of relationship;
 - (iii) Licensor's obligations;
 - (iv) Revenue/profit-sharing agreements; and
 - (v) Impact on business/credit agreements if relationship changes;
- (c) Regulation
- (i) Relevant regulatory authority(ies);
 - (ii) Environmental regulation/issues; and
 - (iii) Material penalties on breach of regulation;
- (d) Construction risk
- (i) Status of project/progress to-date;
 - (ii) Expected progress schedule;
 - (iii) Nature of construction contract;
 - (iv) Nature of risks and mitigating factors;
 - (v) Supplier agreements;
 - (vi) Implications of failure to complete/proceed according to plan;
 - (vii) Provision for strikes;
 - (viii) Obligations of contractors/turn-key contracts;
 - (ix) Geology and construction methods; and
 - (x) Terms and conditions of performance bonds and construction guarantees;
- (e) Track record of corporation
- (i) Length and scope of operating history;
 - (ii) Qualifications and experience of management/licensee; and
 - (iii) Summary of existing operations if the applicant is a mature corporation;
- (f) Competition
- (i) Description of the industry;

- (ii) Analysis of competitors;
 - (iii) Assessment of effects of competition; and
 - (iv) Treatment of corporation under competition law (if a monopoly and if applicable);
- (g) Operations
- (i) Special reliance on key operating and maintenance contractors or management personnel;
 - (ii) Major operating contracts;
 - (iii) Operating risk factors;
 - (iv) Strategy for marketing product(s);
 - (v) Obligations of main users; and
 - (vi) Economics of project;
- (h) Pricing of product;
- (i) Government pricing and terms on which price/rates may be varied;
- (j) Conflicts/dependence
- (i) Related-party transactions including construction contracts;
 - (ii) Dependence on concession giver/licensor; and
 - (iii) Dependence on suppliers, customers, competitors, infrastructure providers;
- (k) Financing
- (i) Total capital expenditure to-date and for the future;
 - (ii) Sources and uses of issue proceeds and bank loans;
 - (iii) Adequacy of funds for expected total cost of project and working capital;
 - (iv) Salient terms of bank financing and other credit/ guarantee agreements including recourse/non-recourse nature of arrangement;
 - (v) Availability and terms of supplier credit;
 - (vi) Any security arrangement entered into with loan providers or other credit suppliers including assignments of assets;

- (vii) Tax effects;
 - (viii) Other financial arrangements with concession giver/ licensor/parent;
 - (ix) Statement of financial requirements for subsequent phases; and
 - (x) Availability of foreign currency during loan repayment period;
- (l) Feasibility study
- (i) Background of expert;
 - (ii) Scope of study;
 - (iii) Appraisal of corporation's business;
 - (iv) Appraisal of agreements, contracts and permits;
 - (v) Comments on capital expenditure plan;
 - (vi) Comments on adequacy of debt and equity financing;
 - (vii) Comments on operation and performance to-date, if applicable;
 - (viii) Comments on environmental impact;
 - (ix) Comments on industry and competition;
 - (x) Projections of profits and losses, balance sheet and cash flow;
 - (xi) Assumptions underlying the projections including the basis for valuation of existing property or projects. These may include, among others, net present value, discount rates, internal rate of return, and growth rates applied to the project;
 - (xii) Comments on the breakeven period;
 - (xiii) Insurance risk assessment;
 - (xiv) Conclusion on overall feasibility of project for listing on a stock exchange; and
 - (xv) Basis for monitoring of design, development and construction by expert.

The above should be guided by the requirements of Chapter 14;

- (m) Financial projections by corporation until expiry of concession/ licence
 - (i) Financial projections by corporation;

(ii) Assumptions and bases of projections; and

(iii) Return to investor and sensitivity analysis.

The above should be guided by the requirements of Chapter 12;

(n) Other disclosures

(i) Shareholders' agreement;

(ii) Control of corporation;

(iii) Criteria for future investment in projects;

(iv) Insurance arrangements;

(v) Business development strategy;

(vi) Privileges of shareholders;

(vii) Underwriting arrangements in respect of the issue/offer of securities;

(viii) Political risks if applicable; and

(ix) Other risks.

Chapter 20

SPECIFIC REQUIREMENTS FOR A SPECIAL PURPOSE ACQUISITION COMPANY

20.01 Other than the information required to be disclosed in these guidelines, where applicable, the prospectus should disclose the following:

- (a) Qualifying acquisition
 - (i) Indicative target sector and/or geographical area in which SPAC intends to acquire target business;
 - (ii) Criteria/factors that the management team may consider in the selection of target business; and
 - (iii) The existence of a prospective target, if any, including details of any agreement entered into, whether written or oral, binding or non-binding;
- (b) Valuation
 - (i) Valuation method(s) intended to be used in valuing the qualifying acquisition, if known;
- (c) Time frame for completion
 - (i) Time required to complete the qualifying acquisition;
- (d) Management capability
 - (i) Discussion of how the experience, qualification and competency of each member of the management team will contribute to the SPAC achieving its business strategy.

The above should be guided by the requirements of Chapter 9 of these guidelines;

- (e) Approval for qualifying acquisition
 - (i) Percentage of holdings held by holders of voting securities required to proceed with a qualifying acquisition;
 - (ii) Circumstances in which the corporation will not be able to proceed with a qualifying acquisition;
 - (iii) Rights of holders of voting securities who vote against the qualifying acquisition including disclosure on the basis of computation for their pro rata entitlement; and
 - (iv) Rights of holders of voting securities in the event that the qualifying

acquisition is not completed within the stipulated time frame;

- (f) Proceeds placed in trust account
 - (i) The amount and percentage of proceeds placed in the trust account;
 - (ii) The proposed nature of permitted investments for the SPAC's funds in the trust account; and
 - (iii) The intended use of amounts not deposited in the trust account.
- (g) Promoters/management agreement
 - (i) The nature of management team's compensation arrangement and remuneration, if any; and
 - (ii) The terms of the initial investment (i.e. investment prior to the listing of the SPAC) by the management team in the SPAC.
- (h) Custodian
 - (i) Roles and responsibilities of the custodian appointed by the SPAC; and
 - (ii) Salient terms of the custodian agreement.
- (i) Delisting and liquidation
 - (i) Circumstances when SPAC may be delisted or liquidated;
 - (ii) The liquidation distribution feature of SPAC; and
 - (iii) Time frame for public shareholders to receive liquidation distributions.
- (j) Other salient terms of the SPAC's constituent documents
 - (i) Approval of holders of voting securities to complete a qualifying acquisition;
 - (ii) Rights of holders of voting securities; and
 - (iii) Liquidation of a SPAC.

Chapter 21

APPLICATION FOR SECURITIES

- 21.01 A prospectus should contain instructions/procedures on how to apply for the securities and how to complete applications. The instructions/ procedures should contain terms and conditions for application, specific steps/measures to be complied with for the various modes of application for securities, e.g. automated teller machines, Internet and/or physical applications, and any relevant statement of disclaimers.
- 21.02 Give the addresses to send completed applications and state to whom payments should be made.
- 21.03 Disclose the minimum number of securities that can be applied for and the multiples of additional securities.
- 21.04 Disclose whether directors reserve the right to extend the closing date.
- 21.05 An application form should be identifiable with the prospectus and warn investors against signing the form without having read and understood the prospectus.
- 21.06 Accordingly, the application form should contain the following statements:
- (a) The name of the corporation and registration number;
 - (b) The date of the prospectus;
 - (c) The expiry date of the prospectus;
 - (d) A statement that, in accordance with the requirements of the CMSA, the application form should not be circulated unless accompanied by the prospectus; and
 - (e) A statement that investors should read and understand the prospectus before completing the application form.
- 21.07 The application form should not contain any investment information that is not also contained in the body of the prospectus.
- 21.08 Where applicable, the corporation should allocate all excess securities for any subscription on a fair and equitable basis. The prospectus should state that the allocation of the excess securities will be made on a fair and equitable manner.

Division 1A

[Inserted on 1 April 2013]
**ASEAN EQUITY SECURITIES
DISCLOSURE STANDARDS**

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ASEAN EQUITY DISCLOSURE STANDARDS

Part I

IDENTITY OF DIRECTORS, SENIOR MANAGEMENT, ADVISERS, AGENTS AND OTHER INDEPENDENT THIRD PARTIES

A. Directors and Senior Management

1. Provide the names, nationality, addresses and functions of the issuer's directors and senior management.

B. Corporate Secretary

1. Provide the name, professional qualifications and address of the secretary of the issuer (if any).

C. Advisers

1. Provide the names and addresses of –
 - (a) the issuer's principal bankers to the extent the issuer has a continuing relationship with such entities;
 - (b) the sponsor for listing or issue manager to the offer;
 - (c) the underwriter to the offer, if any; and
 - (d) the legal advisers to the offer.

D. Auditors

1. Provide the names, addresses and professional qualifications (including any membership in a professional body) of the issuer's auditors for the preceding three completed financial years.

E. Registrars and Agents

1. Provide the names, addresses and professional qualifications (including any membership in a professional body) of the issuer's share registrar, transfer agents, receiving bankers for the application monies and any other persons connected with the public offering.

Part II

OFFER STATISTICS AND EXPECTED TIMETABLE

A. Offer Statistics

1. For each method of offering, state the total amount of the offer, including the offer price or the method of determining the price and the number of shares to be offered.

B. Method and Expected Timetable

For all offerings, and separately for each group of targeted potential investors, the prospectus shall state the following information to the extent applicable to the offering procedure:

1. The time period during which the offer will be open, and where and to whom purchase or subscription applications shall be addressed. Describe whether the purchase period may be extended or shortened, and the manner and duration of possible extensions or possible early closure or shortening of this period. Describe the manner in which the latter shall be made public. If the exact dates are not known when the prospectus is first filed or distributed to the public, describe the arrangements for announcing the final or definitive date or period.
2. Method and time limits for paying up for the shares being offered; where payment is partial, the manner and dates on which amounts due are to be paid.
3. Where applicable, methods of and time limits for —
 - (a) the delivery of the documents evidencing title to the shares being offered (including temporary documents of title, if applicable) to subscribers or purchasers; and
 - (b) the book-entry transfers of the shares being offered in favour of subscribers or purchasers.
4. A full description of the manner in which results of the distribution of the shares being offered are to be made public, and where appropriate, the manner for refunding excess amount paid by applicants (including whether interest will be paid).

Part III

KEY INFORMATION

A. Selected Financial Data

1. The issuer shall provide from the audited financial statements provided in response to Part VIII. Financial Information, selected audited historical financial data regarding the issuer or, if the issuer is the holding company of a group, the group which shall be presented for the three latest financial years (or such shorter period that the issuer has been in operation), in the same currency as the financial statements provided in response to Part VIII. Financial Information. If interim period financial statements are included, the selected financial data should be updated for that interim period. If selected financial data for an interim period is provided, comparative data (except information found in the statement of financial position) from the corresponding period in the previous financial year shall also be provided.
2. The selected financial data presented shall include items generally corresponding to the following, except that the specific line items presented should be expressed in the same manner as the corresponding line items in the issuer's financial statements. Such data shall include, at a minimum, net sales or operating revenues; income (loss) from operations; income (loss) from continuing operations; net income (loss); net income (loss) from operations per share; income (loss) from continuing operations per share; total assets; total liabilities; net assets or liabilities; capital stock (excluding long term debt and redeemable preferred stock); number of shares as adjusted to reflect changes in capital; dividends declared per share in respect of each class of shares in both the currency of the financial statements and the currencies of the countries in which the shares will be offered, including the formula used for any adjustments to dividends declared and giving particulars for each such class of shares; net income per share and diluted net income per share. Per share amounts must be determined in accordance with the body of accounting principles used in preparing the financial statements.
3. Where the financial statements provided in response to Part VIII. Financial Information are prepared in a currency other than the currency of any of the countries in which the shares will be offered, disclosure of the exchange rate between the financial reporting currency and the currency of that country should be provided, using the exchange rate designated by that country for this purpose, if any:
 - (a) at the latest practicable date;
 - (b) the highest and lowest exchange rates for each month during the previous six months; and

- (c) for the three most recent financial years and any subsequent interim period for which financial statements are presented, the average rates for each period, calculated by using the average of the exchange rates between that financial reporting currency and the currency of that country on the last day of each month during the period.

B. Capitalisation and Indebtedness

1. A statement of capitalisation and indebtedness (distinguishing between guaranteed and non-guaranteed, and secured and unsecured, indebtedness) as of a date no earlier than 60 days prior to the [effective/registration] date of the prospectus shall be provided showing the issuer's, or if the issuer is the holding company of a group, the group's capitalisation on an actual basis and, if applicable, as adjusted to reflect the sale of new shares being issued and the intended application of the net proceeds therefrom. Indebtedness also includes indirect and contingent indebtedness.

C. Reasons for the Offer and Use of Proceeds

1. The prospectus shall disclose the estimated net amount, and percentage of the proceeds broken down into each principal intended use thereof and, where possible, the timeframe for the full utilisation of the proceeds for each principal intended use. If the anticipated proceeds will not be sufficient to fund all the proposed purposes, the order of priority of such purposes should be given, as well as the amount and sources of other funds needed. Disclose also how the proceeds will be used pending their eventual utilisation for the proposed purposes.
2. If the issuer has no specific plans for the proceeds, it should discuss the principal reasons for the offering.
3. Where the offer is not fully underwritten on a firm commitment basis, state the minimum amount which, in the reasonable opinion of the directors of the issuer, must be raised by the offer of shares.
4. If the proceeds are being used directly or indirectly to acquire or to refinance the acquisition of assets, other than in the ordinary course of business, briefly describe the assets and their cost. If the assets have been or will be acquired from related parties of the issuer, disclose the persons from whom they will be acquired and how the cost to the issuer is/or will be determined.

5. If the proceeds may or will be used to finance or refinance the acquisition of other businesses, give a brief description of such businesses and information on the status of the acquisitions.
6. If any material part of the proceeds is to be used to discharge, reduce or retire indebtedness, describe the interest rate and maturity of such indebtedness and, for indebtedness incurred within the past year, the uses to which the proceeds of such indebtedness were put.

D. Expenses of the Issue

The following information shall be provided:

1. The amount of discount or commission per share, and the total amount of discounts or commissions, agreed upon between the underwriters or other placement or selling agents and the issuer or offeror, as well as the percentage such discounts or commissions represent of the total amount of the offer.
2. A reasonably itemised statement of the major categories of expenses incurred in connection with the issuance and distribution of the shares to be listed or offered (in absolute terms and as a percentage of the total amount of the offer) and by whom the expenses are payable, if other than the issuer. If any of the shares are to be offered for the account of a selling shareholder, indicate the portion of such expenses to be borne by such shareholder. Indicate the amount of any expense specifically charged to the subscriber or purchaser of the shares being offered. The information may be given subject to future contingencies. If the amounts of any items are not known, estimates (identified as such) shall be given.

E. Risk Factors

1. The prospectus shall prominently disclose risk factors that are specific to the issuer and its industry, and the shares being offered, which had materially affected or could materially affect, directly or indirectly, the issuer's financial position and results and business operations, and investments by shareholders of the issuer, in a section headed "Risk Factors". Issuers are encouraged, but not required, to list the risk factors in the order of their priority to the issuer. The Risk Factors section is intended to be a summary of more detailed discussion contained elsewhere in the prospectus.

Part IV

INFORMATION ON THE ISSUER

A. History and Development of the Issuer

The following information shall be provided:

1. The website address of the issuer, if any.
2. The legal and commercial name of the issuer.
3. The date of incorporation and the length of life of the issuer, except where indefinite.
4. The domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation and the address and telephone number of its registered office (or principal place of business if different from its registered office). Provide the name and address of the issuer's agents in each of the countries in which the shares will be offered, if any.
5. The length of time for which the business of the issuer, or if the issuer is the holding company of a group, of the group has been carried on and the important events in the development of the issuer's business, e.g. information concerning the nature and results of any material reclassification, merger or consolidation of the issuer or any of its significant subsidiaries; acquisitions or dispositions of material assets other than in the ordinary course of business; any material changes in the mode of conducting the business; material changes in the types of products produced or services rendered; name changes; or the nature and results of any bankruptcy, receivership or similar proceedings with respect to the issuer or significant subsidiaries.
6. A description, including the amount invested, of the issuer's material capital expenditures and divestitures (including interests in other companies), since the beginning of the issuer's last three financial years to the date of the prospectus.
7. Information concerning the material capital expenditures and divestitures currently in progress, including the distribution of these investments geographically (home and abroad) and the method of financing (internal or external).
8. An indication of any public takeover offers by third parties in respect of the issuer's shares or by the issuer in respect of other companies' shares which have occurred from the beginning of the last financial year to the latest practicable date. The price or exchange terms attaching to such offers and the outcome thereof are to be stated.

B. Business Overview

The information required by this item may be presented on the same basis as that used to determine the issuer's business segments under the body of accounting principles used in preparing the financial statements. The following information shall be provided:

1. A description of the nature of the issuer's operations and its principal activities, stating the main categories of products sold and/or services performed for each of the last three financial years. Indicate any significant new products and/or services that have been introduced between the beginning of the period comprising the three most recent completed financial years and the latest practicable date and, to the extent the development of new products or services has been publicly disclosed, give the status of development.
2. A description of the principal markets in which the issuer competes, including a breakdown of total revenues by category of activity and geographic market for each of the last three financial years.
3. A description of the seasonality of the issuer's main business.
4. A description of the sources and availability of raw materials, including a description of whether prices of principal raw materials are volatile.
5. A description of the marketing channels used by the issuer, including an explanation of any special sales methods, such as installment sales.
6. Summary information regarding the extent to which the issuer is dependent, if at all, on patents or licenses, industrial, commercial or financial contracts (including contracts with customers or suppliers) or new manufacturing processes, where such factors are material to the issuer's business or profitability.
7. The basis for any statements made by the issuer regarding its competitive position shall be disclosed.
8. A description of the material effects of government regulations on the issuer's business, identifying the regulatory body.

C. Organisational Structure

1. If the issuer is part of a group, include a brief description of the group and the issuer's position within the group. Provide information on each of the issuer's subsidiaries and associated companies which account for 10% or more of the absolute amount of the net assets, net liabilities or profit or loss

before tax, respectively, of the group for any of the two most recent completed financial years, including its name, country of incorporation or residence, principal place of business, principal activities, proportion of ownership interest and, if different, proportion of voting power held by the issuer.

D. Property, Plants and Equipment

1. The issuer shall provide information regarding any material tangible fixed assets, including leased properties, and any major encumbrances thereon, including a description of the size and uses of the property; productive capacity and extent of utilisation of the issuer's facilities for each of the last three completed financial years; how the assets are held; the products produced; and the location.
2. Describe any regulatory requirements and environmental issues that may materially affect the issuer's utilisation of the assets. With regard to any material plans to construct, expand or improve facilities, describe the nature of and reason for the plan, an estimate of the amount of expenditures including the amount of expenditures already paid, a description of the method of financing the activity, the estimated dates of start and completion of the activity, and the increase of production capacity anticipated after completion.

Part V

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

1. Discuss the issuer's financial condition, changes in financial condition and results of operations for each year and interim period for which financial statements are required, including the causes of material changes from year to year in financial statement line items, to the extent necessary for an understanding of the issuer's business as a whole. Information provided also shall relate to all separate segments of the issuer. Provide the information specified below as well as such other information that is necessary for an investor's understanding of the issuer's financial condition, changes in financial condition and results of operation.

A. Operating Results

1. Provide information regarding significant factors, including unusual or infrequent events or new developments, materially affecting the issuer's income from operations, indicating the extent to which income was so affected. Describe any other significant component of revenue or expenses necessary to understand the issuer's results of operations.
2. To the extent that the financial statements disclose material changes in net sales or revenues, 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.
3. Describe the impact of inflation, if material. If the currency in which financial statements are presented is of a country that has experienced hyperinflation, the existence of such inflation, a five year history of the annual rate of inflation and a discussion of the impact of hyperinflation on the issuer's business shall be disclosed.
4. Provide information regarding the impact of foreign currency fluctuations on the issuer, if material, and the extent to which foreign currency net investments are hedged by currency borrowings and other hedging instruments.
5. Provide information regarding any governmental, economic, fiscal, monetary political policies or factors that have materially affected, or could materially affect, directly or indirectly, the issuer's operations or investments by the shareholders in any of the countries in which the shares will be offered.

B. Liquidity and Capital Resources

The following information shall be provided:

1. Information regarding the issuer's liquidity (both short and long term), including:
 - (a) a description of the internal and external sources of liquidity and a brief discussion of any material unused sources of liquidity. Include a statement by the issuer that, in its opinion, the working capital is sufficient for the issuer's requirements for a period of 12 months from the date of issue of prospectus, or, if not, how it proposes to provide the additional working capital needed;
 - (b) an evaluation of the sources and amounts of the issuer's cash flows from operating, investing and financing activities in respect of each financial year required to be included in the prospectus and, if interim cash flow statement has been included in the prospectus, the period covered by the interim cash flow statement. This includes the nature and extent of any legal, financial, or economic restrictions on the ability of subsidiaries to transfer funds to the issuer in the form of cash dividends, loans or advances and the impact such restrictions have had or are expected to have on the ability of the issuer to meet its cash obligations.
 - (c) information on the level of borrowings at the end of the period under review, the seasonality of borrowing requirements and the maturity profile of borrowings and committed borrowing facilities, with a description of any restrictions on their use. Foreign borrowings should be separately identified with the corresponding foreign currencies amount. Disclose gearing ratios for the period under review.
2. If the issuer or any other entity in the group is in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the issuer's financial position and results or business operations, or the investments by holders of securities in the issuer—
 - (a) a statement of that fact;
 - (b) details of the credit arrangement or bank loan; and
 - (c) details of any action taken or to be taken by the issuer or other entity in the group, as the case may be, to rectify the situation (including the status of any restructuring negotiations or agreement, if applicable).
3. A statement as to whether there have been any defaults on payments of either interest and/or principal sums in respect of any borrowings throughout

the past one financial year and the subsequent financial period thereof as at the latest practicable date.

4. Information regarding the type of financial instruments used, the maturity profile of debt, currency and interest rate structure. The discussion also should include 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 financial instruments for hedging purposes.
5. Information regarding the issuer's material commitments for capital expenditures as of the latest practicable date and an indication of the general purpose of such commitments and the anticipated sources of funds needed to fulfill such commitments.

C. Research and Development

1. Provide a description of the issuer's research and development policies for the last three completed financial years, where it is significant, including the amount spent (and such amount as a percentage of the net sales or revenue) during each of the last three financial years on issuer-sponsored research and development activities.

D. Trend Information, Profit Forecast and Cash Flow Forecast

1. The issuer should discuss, for at least the current financial year, the business and financial prospects and identify any significant recent trends in production, sales and inventory, and costs and selling prices since the latest financial year. The issuer also should discuss, for at least the current financial year, any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's net sales or revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information to be not necessarily indicative of future operating results or financial condition. If there are no such trends, uncertainties, demands, commitments or events, provide an appropriate statement to that effect.
2. Discuss the state of the order book since the end of the most recent period for which annual or interim financial statements have been provided in the prospectus. Where such information is not relevant to the business of the issuer; provide an appropriate statement to that effect and the reason for this.
3. Where a profit forecast or cash flow forecast is disclosed, state the extent to which projected sales or revenues are based on secured contracts or orders, and the reasons for expecting to achieve the projected sales or

revenues, and profit or cash flow (as the case may be), and discuss the impact of any likely change in business and operating conditions on the forecast.

4. Where a profit forecast or cash flow forecast is disclosed, state the basis and all principal assumptions, if any, upon which the directors of the issuer have based their profit forecast or cash flow forecast.
5. Where a profit forecast or cash flow forecast is disclosed, include in the prospectus a statement by the directors of the issuer to the effect that they have stated the profit forecast or cash flow forecast after due and careful enquiry, and that they individually and collectively take responsibility for the profit forecast or cash flow forecast.
6. Where a profit forecast or cash flow forecast is disclosed, include in the prospectus a statement—
 - (a) by an auditor, the sponsor or the issue manager to the effect that, based on his examination, no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast or the cash flow forecast; and
 - (b) by an auditor that the profit forecast or cash flow forecast, is properly prepared and calculated on the basis of the assumptions disclosed, and is consistent with the accounting policies and standards adopted by the issuer.
7. For the purpose of this Part V. D –
 - (a) “profit forecast” refers to a forecast of profit for any period of time after the [effective/registration] date of the prospectus or an estimate of profit for any period of time from the end of the financial period covered by the most recent financial statements (whether audited, pro forma or interim) that are included in the prospectus to a date no later than the [effective /registration] date; and
 - (b) “cash flow forecast” refers to a forecast of cash flow for any period of time after the [effective/registration] date of the prospectus or an estimate of cash flow for any period of time from the end of the financial period covered by the most recent financial statements (whether audited, pro forma or interim) that are included in the prospectus to a date no later than the [effective/registration] date.

Part VI

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The following information shall be disclosed with respect to the issuer's directors and senior management, and any employees such as scientists, researchers or designers upon whose work the issuer is dependent:

1. Name, business experience, educational and professional qualifications, functions and areas of experience or responsibility in the issuer.
2. Principal business activities performed outside the issuer (including, in the case of directors, other principal directorships at present and in the last five years).
3. Date of birth or age.
4. The nature of any family relationship between (a) any of the persons named above; and (b) any of the persons named above and any major shareholder of the issuer.
5. Any arrangement or understanding with major shareholders, customers, suppliers or others, pursuant to which any person referred to above was selected as a director or member of senior management of the issuer.

B. Management Reporting Structure

1. Provide the management reporting structure of the issuer.

C. Material Background Information

1. Disclose the following matters concerning a director, senior management member or significant person of the issuer:
 - (a) whether at any time during the last ten years, an application or a petition under any bankruptcy laws of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;
 - (b) whether at any time during the last ten years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a senior management member, at the time when he was

a director or an equivalent person or a senior management member of that entity or at any time within two years from the date he ceased to be a director or an equivalent person or a senior management member of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;

- (c) whether there is any unsatisfied judgment against him;
- (d) whether he has ever been convicted of any offence, in any country, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;
- (e) whether he has ever been convicted of any offence, in any country, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in any country, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;
- (f) whether at any time during the last ten years, judgment has been entered against him in any civil proceedings in any country involving a breach of any law or regulatory requirement that relates to the securities or futures industry in any country, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;
- (g) whether he has ever been convicted in any country of any offence in connection with the formation or management of any entity or business trust;
- (h) whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;
- (i) whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;
- (j) whether he has ever, to his knowledge, been concerned with the management or conduct, in any country, of the affairs of—

- (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in any country;
- (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in any country;
- (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in any country; or
- (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in any country,

in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust;

- (k) whether he has been the subject of any current or past investigation or

disciplinary proceedings, or has been reprimanded or issued any warning, by any regulatory authority, exchange, professional body or government agency, in any country.

D. Compensation

1. Disclose:

- (a) the amount of compensation paid for each of the three most recent completed financial years; and
- (b) estimated amount of compensation paid and to be paid for the whole of the current financial year;

to each director of the issuer.

2. Disclose in bands of US\$50,000:

- (a) the amount of compensation paid for each of the three most recent completed financial years; and
- (b) estimated amount of compensation paid and to be paid for the whole of the current financial year;

to each member of the issuer's senior management other than directors.

3. The compensation to be disclosed under paragraphs 1 and 2 of this Part VI. B must include contingent or deferred compensation accrued for the year, even if the compensation is payable at a later date. If any portion of the compensation was paid (a) pursuant to a bonus or profit-sharing plan, provide a brief description of the plan and the basis upon which such persons participate in the plan; or (b) in the form of stock options, provide the title and amount of securities covered by the options, the exercise price, the purchase price (if any), and the expiration date of the options.
4. Any estimated amount of compensation that is to be paid pursuant to any bonus or profit-sharing plan or any other profit-linked agreement or arrangement, but which has not yet been paid, may be excluded from the calculation of the estimated amount of compensation in respect of the whole of the current financial year, provided that that fact is stated.
5. Disclose the total amounts set aside or accrued by the issuer or its subsidiaries to provide pension, retirement or similar benefits, if any.

E. Board Practices

The following information shall be given with respect to, unless otherwise specified, each of the issuer's directors, and members of its administrative, supervisory or management bodies.

1. Date of expiration of the current term of office, if applicable, and the period during which the person has served in that office.
2. Details of directors' service contracts with the issuer or any of its subsidiaries providing for benefits upon termination of employment, or an appropriate negative statement. For a service contract with a fixed term, state the term of each such contract, the unexpired term and the name of the relevant director.
3. Details relating to the issuer's audit committee, nomination committee and remuneration committee, including the names of committee members and a summary of the terms of reference under which the committee operates.

F. Employees

1. Provide either the number of employees at the end of the period or the average for the period for each of the past three financial years (and changes in such numbers, if material) and, if possible, a breakdown of persons employed by main category of activity and geographic location. Also disclose any significant change in the number of employees, and information regarding the relationship between management and labor unions. If the issuer employs a significant number of temporary employees,

include disclosure of the number of temporary employees on an average during the most recent financial year.

G. Share Ownership

1. With respect to the issuer's directors and members of its administrative, supervisory or management bodies, provide information as to their share ownership in the issuer as of the latest practicable date and immediately after the offer (including disclosure on an individual basis of the number of shares and percent of shares outstanding of that class, and whether they have different voting rights or an appropriate negative statement) held directly, or deemed to be held, by the persons and options granted to them on the issuer's shares. Information regarding options shall include: the title and amount of securities called for by the options; the exercise price; the purchase price, if any; the period during which the option is exercisable and the expiration date of the options.
2. Disclose any contractual undertaking provided by any party (including but not limited to the issuer's directors and members of its administrative, supervisory or management bodies) to observe a moratorium on the transfer or disposal of his interest in the shares of the issuer.

Part VII

MAJOR SHAREHOLDERS, RELATED-PARTY TRANSACTIONS AND CONFLICTS OF INTERESTS

A. Major Shareholders

1. The following information shall be provided regarding the issuer's major shareholders:
 - (a) the names of the major shareholders, and the number of shares and the percentage of outstanding shares of each class owned by each of them as of the most recent practicable date and immediately after the offer, or an appropriate negative statement if there are no major shareholders.
 - (b) any significant change in the percentage ownership held by any major shareholders in the last three years prior to the latest practicable date.
 - (c) whether the issuer's major shareholders have different voting rights, or an appropriate negative statement.
2. Information shall be provided as to the portion of each class of securities held in each of the countries in which the shares will be offered and the number of record holders in each of the countries in which the shares will be offered.
3. To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled by another corporation(s), by any foreign government or by any other natural or legal person(s) severally or jointly, and, if so, give the name(s) of such controlling corporation(s), government or other person(s), and briefly describe the nature of such control, including the amount and proportion of capital held giving a right to vote.
4. Describe any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.
5. Describe any arrangements for involving the directors and employees of the group in the capital of the issuer, including any arrangement that involves the issue or grant of options or shares or securities of the issuer.

B. Related-party Transactions

1. Provide the information required below for the period since the beginning of the issuer's preceding three financial years up to the date of the prospectus,

with respect to transactions or loans between the issuer and its related parties.

2. Describe the nature and extent of any transactions or presently proposed transactions which are material to the issuer or the related party, or any transactions that are unusual in their nature or conditions, involving goods, services, or tangible or intangible assets, to which the issuer or any of its parent or subsidiaries was a party.
3. Disclose the amount of outstanding loans (including guarantees of any kind) made by the issuer or any of its parent or subsidiaries to or for the benefit of any of the persons listed above. The information given should include the largest amount outstanding during the period covered, the amount outstanding as of the latest practicable date, the nature of the loan and the transaction in which it was incurred, and the interest rate on the loan.
4. For each transaction referred to in this Part VII.B –
 - (a) that has been completed or will be completed at or before the close of the offer, disclose whether or not the transaction has been or will be carried out on an arm's length basis;
 - (b) that will continue after the close of the offer, disclose –
 - (i) whether or not the transaction has been carried out on an arm's length basis; and
 - (ii) the procedure undertaken or which will be undertaken to ensure that such transaction will be carried out on an arm's length basis; or
 - (c) that has been proposed, disclose the procedure which will be undertaken to ensure that such transaction will be carried out on an arm's length basis.
5. For each loan referred to in this Part VII.B –
 - (a) that has been repaid or will be repaid at or before the close of the offer, disclose whether or not the loan was made on an arm's length basis;
 - (b) that is to be repaid, whether partly or wholly, after the close of the offer, disclose–
 - (i) whether or not the loan was made on an arm's length basis; and
 - (ii) when the loan is intended or required to be repaid; or

- (c) that has been proposed, disclose the procedure which will be undertaken to ensure that such loan will be made on an arm's length basis.
6. Where transactions or loans referred to in this Part VII.B are similar and recurring in nature or could otherwise be grouped in a meaningful manner, the information required with respect to this Part VII.B should be provided on an aggregate basis, if the aggregate of these transactions or loans are material in the context of the offer.

C. Conflict of Interests

1. Where a director or significant person of the issuer or his associate has an interest in any entity carrying on the same business or dealing in similar products as the issuer or, if the issuer is the holding company of a group, as the group, disclose—
- (a) the name of that entity;
 - (b) the name of the director or significant person involved;
 - (c) the 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
 - (d) whether any conflict of interests thereby arising has been or is to be resolved or mitigated and, if so, how it has been or is proposed to be resolved or mitigated.

D. Interests of Experts, Counsel, Underwriters and Financial Advisers

1. If any of the named experts, counselors, underwriter or other financial adviser was employed on a contingent basis, owns an amount of shares in the issuer or its subsidiaries which is material to that person, has a material, direct or indirect economic interest in the issuer or that depends on the success of the offering, or otherwise has a material relationship with the issuer, provide a brief description of the nature and terms of such contingency, interest or relationship.

Part VIII

FINANCIAL INFORMATION

A. Audited Financial Statements

1. The prospectus must contain comparative consolidated financial statements of the issuer, or if the issuer is a holding company, of the group, that cover the latest three financial years (or such shorter period that the issuer has been in operation).
2. If the [effective/registration] date of the prospectus is more than six months after the end of the most recent completed financial year for which financial statements is provided under paragraph 1, the prospectus must contain interim financial statements of the issuer, or if the issuer is a holding company, of the group, made up to a date that is not earlier than six months before the [effective/registration] date of the prospectus. The prospectus must also include comparative interim financial statements (other than a statement of financial position) for the corresponding period in the previous financial year.
3. Where a common control combination involving the issuer has occurred at any time from the beginning of the latest three financial years up to the [effective/registration] date of the prospectus, the financial statements to be provided under paragraph 1 and 2 of this Part VIII.A should be prepared to show the combined financial information of the issuer and the common control entities or businesses as if the common control combination had taken place at the beginning of the latest three financial years or at the time when the common control entities or businesses first came under common control, whichever date is the later.

For the purpose of this item, “common control combination” means a business combination in which all the combining entities or businesses are under common control.

4. The financial statements to be provided under paragraph 1 and 2 of this Part VIII.A must be:
 - (a) prepared in accordance with the International Financial Reporting Standards and International Accounting Standards (referred to in this Part VIII. as IFRS); and,
 - (b) other than the comparative interim financial statements, if any, which need not be audited, the financial statements are to be audited in accordance with the International Standards on Auditing (referred to in this Part VIII. as ISA).

5. The financial statements to be provided under paragraph 1 and 2 of this Part VIII.A must be accompanied by –
 - (a) an audit report or audit reports covering each of the financial statements (other than the comparative interim financial status); and
 - (b) a statement identifying the auditors who audited the financial statements and the membership or memberships of each auditor in any professional body or bodies.
6. The financial statements to be provided under paragraph 1 or 2 of this Part VIII.A shall comprise such items as required by IFRS.
7. If any annual financial statements to be provided under paragraph 1 of this Part VIII.A relate to a period other than 12 months due to a change in the financial year end of the issuer, 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 completed financial year.

B. Pro Forma Financial Statements

1. Where –
 - (a) the issuer or any entity in the group has acquired or disposed of one or more asset, or entered into any agreement (including any conditional agreement) to acquire or dispose of one or more asset during the period from the beginning of the most recent completed financial year to the [effective/registration] date of the prospectus and —
 - (i) the net book value, or the absolute amount of the profit or loss before tax, of any of the assets has or would have accounted for 10% or more of the absolute amount of the net assets or net liabilities, or the profit or loss before tax, respectively, of the issuer or of the group (after adjusting for the effects of the group restructuring, where applicable) in respect of the most recent completed financial year; or
 - (ii) the total net book value, or the total absolute amount of the profit or loss before tax, of all the assets together have or would have accounted for 10% or more of the absolute amount of the net assets or net liabilities, or the profit or loss before tax, respectively, of the issuer or the group (after adjusting for the effects of the group restructuring, where applicable) in respect of the most recent completed financial year; or

- (b) any significant change to the capital structure (including any material distribution) of the issuer or any other entity in the group, has occurred during the period between the end of the most recent completed financial year and the [effective/registration] date of the prospectus, and the effects of such acquisitions, disposals or significant changes have not been reflected in the audited financial statements included in the prospectus,

provide pro forma financial statements for the most recent completed financial year and, if interim financial statements have been included in the prospectus, for the period covered by the interim financial statements.

For the purpose of this item, “asset” means any business, interest in a business or an entity, or any other asset.

For the avoidance of doubt, a proforma statement of comprehensive income or statement of cash flows is not required to be provided if the acquisition, disposal or change to the capital structure has no effect on the audited statement of comprehensive income or statement of cash flows included in the prospectus respectively.

2. The pro forma statement of comprehensive income and pro forma statement of cash flows shall be prepared –
 - (a) for the most recent completed financial year for which audited financial statements are provided in accordance with paragraph 1 of Part VIII.A; and
 - (b) where any interim financial statements have been provided in accordance with paragraph 2 of Part VIII.A, for the period covered by the interim financial statements, as if the acquisition, disposal or significant change had occurred at the beginning of the most recent completed financial year.
3. The pro forma statement of comprehensive income shall include an item on earnings per share.
4. The pro forma statement of financial position shall be prepared –
 - (a) as at the end of the most recent completed financial year as if the acquisition, disposal or significant change had occurred at the end of that financial year; and
 - (b) where any interim financial statements have been provided, as at the end of the period covered by the interim financial statements, as if the acquisition, disposal or significant change had occurred at the end of the period.

5. In respect of the pro forma financial statements state –
- (a) that they are prepared for illustrative purposes only and are based on certain assumptions, after making certain adjustments, to show –
 - (i) what the financial results and cash flows of the issuer or the group, as the case may be, for the most recent completed financial year and, where applicable, the period covered by the interim financial statements would have been, if the acquisition, disposal or significant change had occurred at the beginning of that financial year; and
 - (ii) what the financial position of the issuer or the group, as the case may be, would have been –
 - (A) as at the end of the most recent completed financial year, if the acquisition, disposal or significant change had occurred at the end of that financial year; and
 - (B) where applicable, as at the end of the period covered by the interim financial statements, if the acquisition, disposal or significant change had occurred at the end of that period;
 - (b) that because of their nature, they may not give a true picture of the actual financial position or results of the issuer or the group, as the case may be;
 - (c) the basis upon which they are prepared, including the source of each item of information; and
 - (d) any material adjustment made to any information used in the preparation of the pro forma financial statements and the reason for making that adjustment.
6. Where pro forma financial statements have been provided for any reason referred to in paragraph 1(a) above, with respect to the pro forma financial statements –
- (a) identify each asset referred to in paragraph 1 (a)(i) and (ii) of this Part VIII.B;
 - (b) provide a statement that the pro forma financial statements included in the prospectus have been properly prepared from financial statements relating to –
 - (i) the assets in the group; and

- (ii) the assets referred to in paragraph 1(a)(i) and (ii) of this Part VIII.B;
 - (c) provide a statement that the financial statements relating to the assets referred to in paragraph 1(a)(i) and (ii) of this Part VIII.B which were used in the preparation of the pro forma financial statements were prepared or restated in accordance with IFRS;
 - (d) state, in respect of each of the financial statements relating to the assets referred to in paragraph 1(a)(i) and (ii) of this Part VIII.B above which were used in the preparation of the pro forma financial statements, the body of accounting standards that was adopted in the preparation of the financial statements.
7. The financial statements of significant asset or assets related to any major transaction, referred to in paragraph 1(a)(i) and (ii) of this Part VIII.B, which are used in the preparation of the pro forma financial statements must be audited. For other assets, state whether or not the financial statements are audited.
8. If the financial statements referred to in paragraph 7 above are audited,
- (a) state the body of auditing standards that was adopted by the auditors in the audit of the financial statements; and
 - (b) provide a statement identifying the auditors who audited the financial statements, together with the membership or memberships of each auditor in a professional body.
9. Include, in the prospectus –
- (a) a statement that the audit reports for the financial statements referred to in paragraph 8 above do not contain any material qualification; or
 - (b) if any of those audit reports contains any material qualification, modification or disclaimer, a statement –
 - (i) setting out in full the qualification, modification or disclaimer; and
 - (ii) providing the reason for the qualification, modification or disclaimer.
10. Include, in the prospectus, an opinion from the auditors of the issuer, that –
- (a) the pro forma financial statements have been properly prepared –
 - (i) on the basis referred to in paragraph 5 (c) of this Part VIII.B; and

- (ii) where the pro forma financial statements have been provided for any reason referred to in paragraph 1 (a) of this Part VIII.B, in accordance with the matters referred to in the statements under paragraph 6 (b) and (c) of this Part VIII.B; and
- (b) each material adjustment made to the information used in the preparation of the pro forma financial statements is appropriate for the purpose of preparing such financial statements and in accordance with ISA.

C. Change in Accounting Policies

- 1. Where there has been any material change to the issuer's accounting policies, provide a summary of the material change and the reason for and quantitative impact of such change on the financial results of the issuer or, if the issuer is a holding company, of the group for each of the financial years for which financial statements are provided pursuant to paragraph 1 of this Part VIII.A.

D. Litigation

- 1. Provide information on any legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have, or have had in the 12 months immediately preceding the date of prospectus, significant effects on the issuer's financial position or profitability. This includes governmental proceedings pending or known to be contemplated.

E. Dividends

- 1. Describe the issuer's policy on dividend distributions or, if it does not have a fixed policy, state so.

F. Significant Changes

- 1. Disclose whether or not any significant change has occurred which may have a material effect on the financial position and results of the issuer since the date of the annual financial statements, and/or since the date of the most recent interim financial statements, if any, included in the prospectus. If there is no such change, provide an appropriate negative statement.

Part IX

THE OFFER AND LISTING

A. Offer and Listing Details

1. If there is no established market for the shares to be offered, the prospectus shall contain information regarding the manner of determination of the offering price, including who established the price or who is formally responsible for the determination of the price, the various factors considered in such determination and the parameters or elements used as a basis for establishing the price.
2. If the issuer's shareholders have pre-emptive purchase rights and where the exercise of the right of pre-emption of shareholders is restricted, withdrawn or waived, the issuer shall indicate the basis for the issue price if the issue is for cash, together with the reasons for such restriction, withdrawal or waiver and the beneficiaries of such restriction, withdrawal or waiver if intended to benefit specific persons.
3. Information regarding the price history, if any, of the shares to be offered or listed shall be disclosed as follows:
 - (a) for the three most recent full financial years: the annual highest and lowest market prices;
 - (b) for the two most recent full financial years and any subsequent period: the highest and lowest market prices for each full financial quarter;
 - (c) for the most recent six months: the highest and lowest market prices for each month.

Information regarding the closing market prices on the last trading day before the announcement of the offer and (if different) on the latest practicable date shall also be disclosed.

Information shall be given with respect to the market price in each of the markets of the countries in which the shares will be offered as well as the principal trading market outside those countries.

4. If significant trading suspensions occurred in the prior three years preceding the latest practicable date, they shall be disclosed. If the shares are not regularly traded in an organized market, information shall be given about any lack of liquidity.
5. State the type and class of the shares being offered or listed and furnish the following information:

- (a) Indicate whether the shares are registered shares or bearer shares and provide the number of shares to be issued and to be made available to the market for each kind of share. The nominal par or equivalent value should be given on a per share basis and, where applicable, a statement of the minimum and maximum offer price.
 - (b) Describe the coupons attached, if applicable.
 - (c) Describe arrangements for transfer and any restrictions on the free transferability of the shares.
6. If the rights evidenced by the shares being offered or listed are or may be materially limited or qualified by the rights evidenced by any other class of securities or by the provisions of any contract or other documents, include information regarding such limitation or qualification and its effect on the rights evidenced by the shares to be listed or offered.

B. Plan of Distribution

1. To the extent known to the issuer, indicate whether major shareholders, directors or members of the issuer's management, supervisory or administrative bodies intend to subscribe in the offering, or whether any person intends to subscribe for more than 5% of the offering.
2. Identify any group of targeted potential investors to whom the shares are offered. If the offering is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain of these, indicate any such tranche.
3. If the shares are reserved for allocation to any group of targeted investors, including, for example, offerings to existing shareholders, directors, or employees and past employees of the issuer or its subsidiaries, provide details of these and any other preferential allocation arrangements.
4. Indicate whether the amount of the offering could be increased, such as by the exercise of an underwriter's over-allotment option or "greenshoe" option, and state the exercise period and amount under such option.
5. Indicate the amount, and outline briefly the plan of distribution, of any shares that are to be offered otherwise than through underwriters. If the shares are to be offered through the selling efforts of brokers or dealers, describe the plan of distribution and the terms of any agreement or understanding with such entities. If known, identify the broker(s) or dealer(s) that will participate in the offering and state the amount to be offered through each broker and dealer.
6. If simultaneously or almost simultaneously with the creation of shares for which admission to official listing is being sought, shares of the same class

are subscribed for or placed privately or if shares of other classes are created for public or private placing, details are to be given of the nature of such operations and of the number and characteristics of the shares to which they relate.

7. Unless otherwise described under the response to Part X.C., describe the features of the underwriting relationship together with the amount of shares being underwritten by each underwriter in privity of contract with the issuer or selling shareholders. The foregoing information should include a statement as to whether the underwriters are or will be committed to take and to pay for all of the shares if any are taken, or whether it is an agency or the type of "best efforts" arrangement under which the underwriters are required to take and to pay for only such shares as they may sell to the public.

C. Markets

1. The issuer shall disclose all stock exchanges and other regulated markets on which the shares to be offered or listed are traded.
2. When an application for admission to any exchange and/or regulated market is being or will be sought, this must be mentioned with the identity of the exchange, without creating the impression that the listing necessarily will be approved. If known, the dates on which the shares will be listed and dealt in should be given.

D. Selling Shareholders

The following information shall be provided:

1. The name and address of the person or entity offering to sell the shares, the nature of any position, office or other material relationship that the selling shareholder has had within the past three years with the issuer or where the issuer is the holding company of the group, the group, or any of its related parties.
2. The number and class of shares being offered by each of the selling shareholders, and the percentage of the existing and the enlarged equity capital. The amount and percentage of the securities for each particular type of securities beneficially held by the selling shareholder as of the latest practicable date and immediately after the offering shall be specified.

E. Dilution

The following information shall be provided:

1. Where there is a substantial disparity between the public offering price and the effective cash cost to directors or senior management, major shareholders or their associates, of equity securities acquired by them in transactions during the past three years, or which they have the right to acquire, include a comparison of the public contribution in the proposed public offering and the effective cash contributions of such persons.
2. Disclose the amount and percentage of immediate dilution resulting from the offering, computed as the difference between the offering price per share and the net book value per share for the equivalent class of security, as of the latest balance sheet date after adjusting for the effects of the offer, and any disposal or acquisition which occurred between the latest balance sheet date and the date of the prospectus, on the net asset value per share.
3. Where the information required under this Part IX.E has been prepared using certain assumptions and after making certain adjustments on a pro forma basis, state such fact.
4. In the case of a subscription offering to existing shareholders, disclose the amount and percentage of immediate dilution if they do not subscribe to the new offering.

Part X

ADDITIONAL INFORMATION

A. Share Capital

The following information shall be given as of the date of the most recent balance sheet included in the financial statements and as of the latest practicable date:

1. The amount of issued capital and, for each class of share capital: (a) the number of shares authorised; (b) the number of shares issued and fully paid and issued but not fully paid; (c) the par value per share, or that the shares have no par value; and (d) a reconciliation of the number of shares outstanding at the beginning and end of the year. If more than 10% of capital has been paid for with assets other than cash within the past three years, that fact should be stated.
2. If there are shares not representing capital, the number and main characteristics of such shares shall be stated.
3. Indicate, if any, the number, book value and face value of shares in the issuer held by or on behalf of the issuer itself or by subsidiaries of the issuer.
4. Where there is authorised but unissued capital or an undertaking to increase the capital, for example, in connection with warrants, convertible obligations or other outstanding equity-linked securities, or subscription rights granted, indicate: (i) the amount of outstanding equity-linked securities and of such authorised capital or capital increase and, where appropriate, the duration of the authorisation and/or undertaking; (ii) the categories of persons having preferential subscription rights for such additional portions of capital; and (iii) the terms, arrangements and procedures for the share issue corresponding to such portions.
5. The persons to whom any capital of any member of the group is under option or agreed conditionally or unconditionally to be put under option, including the title and amount of securities covered by the options; the exercise price; the purchase price, if any; the period during which the options are exercisable, and the expiration date of the options, or an appropriate negative statement. Where options have been granted or agreed to be granted to all the holders of shares or debt securities of the issuer or of any entity in the group, or of any class thereof, or to employees under an employees' share scheme, it will be sufficient so far as the names are concerned, to record that fact without giving names.
6. A history of share capital of the issuer for the period of three years prior to the latest practicable date identifying the events during such period which

have changed the amount of the issued capital and/or the number and classes of shares of which it composed, together with a description of changes in voting rights attached to the various classes of shares during that time. Details should be given of the price and terms of any issue including particulars of consideration where this was other than cash (including information regarding discounts, special terms or installment payments). If there are no such issues, an appropriate negative statement must be made. The reason for any reduction of the amount of capital and the ratio of capital reductions also shall be given.

7. An indication of the resolutions, authorisations and approvals by virtue of which any shares have been or will be created and/or issued, the nature of the issue and amount thereof and the number of shares which have been or will be created and / or issued, if predetermined.

B. Memorandum and Articles of Association

The following information shall be provided:

1. Indicate the register and the entry number therein, if applicable, and describe the issuer's objects and purposes and where they can be found in the memorandum and articles.
2. With respect to directors, provide a summary of any provisions of the issuer's articles of association or charter and bylaws with respect to: (a) a director's power to vote on a proposal, arrangement or contract in which the director is interested; (b) the directors' power (if any), in the absence of and with an independent quorum, to vote on compensation (including pension or other benefits) to themselves or any members of their body; (c) borrowing powers exercisable by the directors and how such borrowing powers can be varied; (d) retirement or non-retirement of directors under an age limit requirement; and (e) number of shares, if any, required for director's qualification.
3. Describe the rights, preferences and restrictions attaching to each class of the shares, including: (a) dividend rights, including the time limit after which dividend entitlement lapses and an indication of the party in whose favor this entitlement operates; (b) voting rights, including whether directors stand for re-election at staggered intervals and the impact of that arrangement where cumulative voting is permitted or required; (c) rights to share in the issuer's profits; (d) rights to share in any surplus in the event of liquidation; (e) redemption provisions; (f) sinking fund provisions; (g) liability to further capital calls by the issuer; and (h) any provision discriminating against any existing or prospective holder of such securities as a result of such shareholder owning a substantial number of shares.

4. Describe what action is necessary to change the rights of holders of the various classes of shares, indicating where the conditions are more significant than is required by law.
5. Describe the conditions governing the manner in which annual general meetings and extraordinary general meetings of shareholders are convened, including the conditions of admission.
6. Describe any limitations on the rights to own securities, including the rights of non-resident or foreign shareholders to hold or exercise voting rights on the securities imposed by foreign law or by the charter or other constituent document of the issuer or state that there are no such limitations if that is the case.
7. Describe briefly any provision of the issuer's articles of association, charter or bylaws that would have an effect of delaying, deferring or preventing a change in control of the issuer and that would operate only with respect to a merger, acquisition or corporate restructuring involving the issuer (or any of its subsidiaries).
8. Indicate the bylaw provisions, if any, governing the ownership threshold above which shareholder ownership must be disclosed.
9. With respect to paragraphs 2 through 8 of this Part X.B, if the law applicable to the issuer in these areas is significantly different from that in any of the countries in which the shares will be offered, the effect of the law in these areas is to be explained.
10. Describe the material conditions imposed by the memorandum and articles of association governing changes in the capital.

C. Material Contracts

1. Provide a summary of each material contract, other than contracts entered into in the ordinary course of business, to which the issuer or any member of the group is a party, for the two years immediately preceding the date of the prospectus, including dates, parties, general nature of the contracts, terms and conditions, and amount of any consideration passing to or from the issuer or any other member of the group.

D. Exchange Controls

Describe any governmental laws, decrees, regulations or other legislation of the home country of the issuer that may affect—

1. the import or export of capital, including the availability of cash and cash equivalents for use by the issuer's group.

2. the remittance of dividends, interest or other payments to nonresident holders of the issuer's securities.

E. Taxation

1. The issuer shall provide information regarding taxes (including withholding provisions) to which shareholders may be subject. Information should be included as to whether the issuer assumes responsibility for the withholding of tax at the source and regarding applicable provisions of any reciprocal tax treaties, or a statement, if applicable, that there are no such treaties.

F. Dividends and Paying Agents

1. Disclose any dividend restrictions, the date on which the entitlement to dividends arises, if known, and any procedures for shareholders to claim dividends. Identify the financial organisations which, at the time of admission of shares to official listing, are the paying agents of the issuer in the countries where admission has taken place or is expected to take place.

G. Statement by Experts

1. If the prospectus indicates that a statement or report included in it can be attributed to an expert, disclose the expert's name, business address and qualifications. Indicate:
 - (a) that the statement or report, in the form and context in which it is included, has been included with the consent of that expert, who has authorised the contents of that portion of the prospectus;
 - (b) the date on which the statement or report was made; and
 - (c) whether or not the statement or report was prepared by the expert for the purpose of incorporation in the prospectus.

H. Sign offs or consents from persons advising the issuer in the preparation of the prospectus

1. Where a person is –
 - (a) named in the prospectus and is required to provide his written consent to be so named in the prospectus by the law of the jurisdiction in which the offer is made; or

- (b) is required to provide his written consent to the issue of the prospectus by the law of the jurisdiction in which the offer is made,

include a statement that the person has given, and has not withdrawn, his written consent to being named in the prospectus or to the issue of the prospectus as the case may be.

I. Documents for Public Inspection

1. The issuer shall provide an indication of where the documents (or copies thereof) concerning the issuer which are referred to in the prospectus may be inspected. Exhibits and documents on display generally should be translated into English, or a summary in English should be provided. These documents, which shall be made available for public inspection for a period of at least one year from the [effective/registration] date of the prospectus, include:
 - (a) the constituent documents of the issuer;
 - (b) every material contract referred to in the prospectus or, where the contract is not reduced into writing, a memorandum giving full particulars thereof;
 - (c) the directors' service contracts referred to in the prospectus;
 - (d) every report, memorandum, letter, valuation, statement or other document by any expert any part of which is included or referred to in the prospectus;
 - (e) the audited financial statements of the issuer for each of the financial years for which audited financial statements of the issuer have been included in the prospectus;
 - (f) if the issuer is the holding company of a group, the respective audited financial statements of the entities or businesses in the group (being entities or businesses which have audited financial statements) for each of the financial years for which audited financial statements of the issuer have been included in the prospectus;
 - (g) if the issuer is the holding company of a pro forma group and pro forma financial statements have been included in the prospectus, the respective audited financial statements of the entities or businesses in the pro forma group (being entities or businesses which have audited financial statements), other than the entities or businesses referred to in sub-paragraph (f), for the financial year in respect of which pro forma financial statements have been included in the prospectus; and

- (h) any interim financial statements of the issuer, group or pro forma group, as the case may be, which are included in the prospectus.

Others

1. On the front cover of the prospectus, provide:
 - (a) the [effective/registration] date of the [prospectus/registration statement] or the date of lodgment of the supplementary [prospectus/registration statement] or replacement [prospectus/registration statement];
 - (b) the statement: “This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax, or other professional adviser”;
 - (c) the statement: “A copy of this [prospectus/registration statement] has been registered by the *[insert name of the relevant regulator]*. The [effectiveness of this registration statement/registration of this prospectus] neither represent that *[insert name of the relevant regulator]* have suggested investment in the offered securities; nor contain any assurance in relation to the value or returns on the offered securities; nor shall certify the accuracy and completeness of information contained in the [prospectus/registration statement]. Registration of the [prospectus/registration statement] by the *[insert name of the relevant regulator]* does not imply that the legal or regulatory requirements have been complied with. The *[insert name of the relevant regulator]* has not, in any way, considered the merits of the shares, as the case may be, being offered for investment”;
 - (d) a statement that no shares shall be allotted or allocated on the basis of the [prospectus/registration statement] later than *[insert relevant number of months as stipulated under the relevant regulations]* months after the [effective/registration] date of the [prospectus/registration statement].
2. Disclose all approvals and conditions imposed by relevant authorities in respect of the offering or listing of the shares to which the prospectus relates.

APPENDIX

Definitions of Terms Used in the ASEAN Equity Disclosure Standards

Terms	Definition
associate	This term, in relation to – (a) an individual, means a close family member, and an entity which is controlled, directly or indirectly, by the individual; (b) an entity, its significant person or an entity which is controlled, directly or indirectly, by the significant person of such entity.
associated company	This term, in relation to an issuer, means – (a) any corporation, other than a subsidiary of the issuer, in which the issuer and/or one or more of its subsidiaries has or have a direct interest of not less than 20% but not more than 50% of the voting shares of the corporation; or (b) any corporation, other than a subsidiary or an associated company by virtue of paragraph (a), the policies of which the issuer and/or one or more of its subsidiaries is or are able to control or influence materially.
close family member	This term, in relation to an individual, means the individual's spouse, parent, child, sibling, spouse of his child and spouse of his sibling.
common control	Two or more entities or businesses are under common control if they are ultimately controlled by the same party or parties and the control is not transitory. A party is or a group of parties shall be regarded as controlling an entity or business when the party or group of parties, as a result of contractual arrangements, has or collectively have the power to govern its financial and operating policies so as to obtain benefits from its activities.
directors	This term, in relation to a corporation, includes– (a) a member of the corporation's board of directors, board of commissioners or equivalent governing body by whatever name called; (b) a person in accordance with whose directions or instructions the members of the corporation's board of directors, board of commissioners or equivalent governing body (by whatever name called) is accustomed to act; and (c) an alternate or substitute member of the corporation's board of

	directors, board of commissioners or equivalent governing body by whatever name called.
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major shareholder	This term, in relation to a corporation, means a person who has an interest in or control over 5% or more of the voting shares of the corporation.
related party	This term, in relation to an issuer, includes– <ul style="list-style-type: none"> (a) an enterprise that directly or indirectly, controls, or is under common control with, the issuer; (b) a significant person of the issuer; (c) a director or a member of the senior management of, the issuer; (d) a close family member of an individual referred to in (b) or (c); or (e) an enterprise which is controlled, directly or indirectly, by an individual referred to in (b), (c) or (d).
senior management	This term: <ul style="list-style-type: none"> (a) in relation to a corporation, means all the individuals (including directors of the corporation) who are employed in an executive capacity by the corporation and who each – <ul style="list-style-type: none"> (i) makes or participates in making decisions that affect the whole or a substantial part of the business of the corporation; or (ii) has the capacity to make decisions which affect significantly the corporation's financial standing; and (b) in relation to a group of corporations, means all the individuals (including directors of the corporations in the group) who are employed in an executive capacity by any of the corporations in the group and who each – <ul style="list-style-type: none"> (i) makes or participates in making decisions that affect the whole or a substantial part of the business of the group; or (ii) has the capacity to make decisions which affect significantly the group's financial standing.

significant person	<p>This term, in relation to a corporation, means a person –</p> <ul style="list-style-type: none"><li data-bbox="452 227 1282 290">(a) who has an interest in or control over 10% or more of the voting shares of the corporation; or<li data-bbox="452 335 1282 397">(b) who is in a position to control the composition of the majority of the board of directors of the corporation; or<li data-bbox="452 442 1282 505">(c) who, directly or indirectly, has the ability to control the management and/or the policies of the corporation.
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DIVISION 2

DEBENTURE AND SUKUK

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Chapter 16
APPLICATION FOR DEBENTURE/SUKUK

Chapter 1

GENERAL

- 1.01 This division shall apply to a prospectus prepared in relation to the issue, offer or invitation to subscribe or purchase debenture/sukuk except for Plain Debt securities under an ACMF initiative.
- 1.01A An issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase of Plain Debt securities under an ACMF initiative shall comply with Division 2A of this Part. *(Inserted on 1 April 2013)*
- 1.02 If the issuer is a special purpose vehicle ("SPV"), the requirements on an issuer stated in this division shall also apply, where applicable, to the obligor.
- 1.03 The information to be disclosed in the prospectus must be up-to-date not more than 6 weeks prior to the issue of the prospectus, except for the requirements as set out in Chapter 13 Directors' Report and where applicable, Chapter 13 Accountants' Report of *Division 1: Equity of the Prospectus Guidelines*.
- 1.04 Issuer and any other relevant persons responsible for preparing the prospectus must strictly observe any significant change or new matter arising that will affect the content of the prospectus and to update it via a supplementary prospectus or replacement prospectus as necessary.
- 1.05 The issuer of the debenture/sukuk that has been approved is required to publish a summary advertisement of its prospectus in a national newspaper which is widely circulated. The summary advertisement should state, among others, the following:
- (a) That the prospectus for the offering has been registered;
 - (b) The date of the prospectus;
 - (c) Where a copy of the prospectus can be obtained;
 - (d) That any issue of debenture/sukuk will only be made on receipt of the application form referred to in and accompanying a copy of the prospectus;
 - (e) Brief details of the offering;
 - (f) Brief details of the corporation's incorporation and share capital;
 - (g) Brief details of the principal activity(ies) of the corporation;
 - (h) Details of the board of directors;
 - (i) Name of the principal adviser, lead arranger and underwriters;
 - (j) Opening and closing time of the application; and

- (k) Listing sought, if any.
- 1.06 Subject to paragraph 1.07, a prospectus is valid for a period of 12 months from the date of registration of the prospectus.
- 1.07 In the case of a debenture/sukuk programme, a prospectus may be issued:
- (a) in a single document, which is valid for a period of 12 months from the date of registration of the prospectus; or
 - (b) by way of a base prospectus supported by pricing supplement, which is valid for a period of 24 months from the date of registration of the prospectus.
- 1.08 A base prospectus and its supporting pricing supplement must both comply with these guidelines. The base prospectus must contain information relating to the issuer and the pricing supplement must contain information concerning the specific issue of each tranche under the debenture/sukuk programme. The base prospectus and pricing supplement must each contain a statement that it should be read in conjunction with the other.
- 1.09 A base prospectus may only be issued where the terms and conditions for every issuance under a debenture/sukuk programme remain unchanged except in relation to the following terms and condition:
- (a) Issue size;
 - (b) Price/yield to maturity;
 - (c) Tenure;
 - (d) Coupon/profit/rental rate and payment period;
 - (e) Listing status of the debenture/sukuk;
 - (f) Selling restrictions;
 - (g) Rating; and
 - (h) Joint lead managers/Shariah managers.
- 1.10 For the purposes of this division:
- “Debenture/sukuk” means a debenture or a sukuk, as the case may be;
- “Debenture/sukuk programme” has the same meaning as a debt/sukuk programme under the *Guidelines on Private Debt Securities* and *Guidelines on Sukuk*, as the case may be;
- “Obligor” means the ultimate entity which receives funds raised from the issuance, offeror invitation to subscribe or purchase sukuk by the special purpose vehicle who is the sukuk issuer;
- “Pricing supplement” refers to the pricing supplement under paragraph 11.03 of the *Guidelines on Private Debt Securities* and paragraph 16.03 of the *Guidelines on Sukuk*; and

“Significant subsidiary” means a subsidiary which accounts for 10% or more of the total amount of the net assets, net liabilities, or profit or loss before tax, of the group during any of the past three financial years.

Chapter 2

COVER PAGE

2.01 The front cover must contain the following information and statements:

- (a) Particulars about the issuer, including full name, registration number, place of incorporation and statute under which it was incorporated;
- (b) The date of the prospectus;
- (c) Salient features of the debenture/sukuk offered, including type, tenure, nominal amount, coupon/profit/rental, offer price, the Shariah principles applied, and in the case of loan stocks/Islamic loan stocks¹, the number of loan stocks/Islamic loan stocks offered;
- (d) Whether the debenture/sukuk will be listed on the Exchange, issued over-the-counter or both and the manner in which the debenture/sukuk is offered to investors;
- (e) The name of the principal adviser, lead arranger and underwriter;
- (f) The following statements to appear in bold:

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. TURN TO PAGE [] FOR “RISK FACTORS”;

- (g) For debenture/sukuk that are non-transferable and non-tradable, the following statement is to be included and highlighted in bold:

INVESTORS ARE ADVISED TO NOTE THAT THIS DEBENTURE/SUKUK IS NON-TRANSFERABLE AND NON-TRADABLE.

2.02 In relation to the issue, offer or invitation to subscribe or purchase debenture/sukuk under a debenture/sukuk programme where a base prospectus is issued, the information and statement under paragraphs 2.01(a), (b) and (c) need not be included in the base prospectus but must be incorporated in the accompanying pricing supplement.

¹ These are loan stocks structured in a Shariah compliant manner based on any permissible Shariah principles and have been named appropriately.

Chapter 3

INSIDE COVER/FIRST PAGE

3.01 The prospectus must contain the following statements on the inside cover or at the very least, on page 1:

Responsibility statements

- (a) “The directors of the issuer have seen and approved this prospectus. 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 prospectus false or misleading.”;
- (b) “[Name of principal adviser/lead arranger], being the Principal Adviser/Lead Arranger, acknowledges that, based on all available information, and to the best of its knowledge and belief, this prospectus constitutes a full and true disclosure of all material facts concerning the offering.”;
- (c) Where a profit and/or cash flow estimate/forecast and/or projection(s) is provided:

“The directors accept full responsibility for the profit and/or cash flow estimate/ forecast and/or projection(s) included in this prospectus and confirm that the profit and/or cash flow estimate/forecast and/or projection(s) have been prepared based on assumptions made.”

“[Name of principal adviser/lead arranger], being the Principal Adviser/Lead Arranger, is satisfied that any profit and/or cash flow estimate/forecast and/or projection(s), prepared for inclusion in the prospectus have been stated by the directors after due and careful enquiry and have been duly reviewed by the Reporting Accountants.”;

Statements of disclaimer

- (a) “The Securities Commission Malaysia has approved the issue, offer or invitation for the offering (where applicable) and a copy of this prospectus has been registered with the Securities Commission Malaysia. The approval, and registration of this prospectus, should not be taken to indicate that the Securities Commission Malaysia recommends the offering or assumes responsibility for the correctness of any statement made or opinion or report expressed in this prospectus. The Securities Commission Malaysia has not, in any way, considered the merits of the debenture/sukuk being offered for investment.”;
- (b) “The Securities Commission Malaysia is not liable for any non-disclosure on the part of the company 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 prospectus.

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS, OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.”;

(c) Where applicable:

“The valuation utilised for the purpose of the corporate exercise should not be construed as an endorsement by the Securities Commission Malaysia on the value of the subject assets.”;

(d) Where the debenture/sukuk offered are to be listed and quoted on Bursa Malaysia Securities Berhad:

“Approval has been or will be obtained from Bursa Malaysia Securities Berhad for the listing of and quotation for the debenture/sukuk being offered. Admission to the Official List of Bursa Malaysia Securities Berhad is not to be taken as an indication of the merits of the invitation, issuer, or its debenture/sukuk.”;

(e) “A copy of this prospectus, together with the application form, has also been lodged with the Registrar of Companies who takes no responsibility for its contents.”; and

Additional statements

(a) “Investors are advised to note that recourse for false or misleading statements or acts made in connection with the prospectus is directly available through sections 248, 249 and 357 of the Capital Markets and Services Act 2007.”;

(b) “Debenture/sukuk offered to the public premised on full and accurate disclosure of all material information concerning the issue for which any of the persons set out in section 236 of the Capital Markets and Services Act 2007, e.g. directors, principal advisers and lead arrangers, are responsible.”; and

(c) A statement that no debenture/sukuk will be issued on the basis of –

(i) a prospectus, later than 12 months after the date of issue of the prospectus; or

(ii) a base prospectus, later than 24 months after the date of issue of the base prospectus.

3.02 In addition to the statements required under paragraph 3.01, where the debenture/sukuk are proposed to be listed and quoted on a stock exchange, the prospectus must contain the following statements –

- (a) a statement that the approval for the listing and quotation of the debenture/sukuk on the stock exchange has been granted; or
- (b) where such approval has not been granted, the following statements:
 - (i) that an application has been or will be made for the debenture/sukuk offered to be listed and quoted on the official list of a stock exchange;
 - (ii) any allotment made on an application to subscribe for debenture/sukuk under the prospectus would be void if–
 - A. the application to list and quote has not been made within three market days from the date of issue of the prospectus; or
 - B. the permission for the application to list and quote is not granted within six weeks from the date of issue of the prospectus (or such longer period as may be specified by the SC); and
 - (iii) the issuer will repay all monies received from the applicants if such application was not made or if the exchange refuse to grant permission.

Chapter 4

TIMETABLE, DEFINITIONS, TABLE OF CONTENTS AND CORPORATE DIRECTORY

- 4.01 A prospectus must be properly structured, with the relevant sections and headings, for ease of reference and cross reference.

Indicative timetable

- 4.02 A prospectus must set out the critical dates for the offering, including:

- (a) Opening and closing dates of the issue and/or offer; and
- (b) Tentative dates of any special event, for example, date for balloting, allotment and listing.

All dates are to be stated in day, month, year format (dd/mm/yyyy).

- 4.03 A prospectus must state whether the directors reserve the right to extend the closing date of the issue and/or offer.
- 4.04 A prospectus must disclose the method of informing the public if the closing date is extended.

Definitions

- 4.05 A glossary of abbreviations and technical terms must be provided.

Table of contents

- 4.06 There must be a table of contents, listing all sections and subsections of the prospectus.

Corporate directory

- 4.07 The directory must contain the following details:

- (a) Addresses and telephone numbers of the company's registered office, head/management office and the e-mail and website addresses;
- (b) Name, address and membership number of the company secretary;
- (c) Names, addresses and telephone numbers of the following parties:
 - (i) Principal adviser;
 - (ii) Lead arranger;
 - (iii) Facility agent;

- (iv) Paying agent;
- (v) Solicitors;
- (vi) Credit rating agency;
- (vii) Bond/sukuk trustee;
- (viii) Guarantor;
- (ix) Underwriter;
- (x) Shariah adviser; and
- (xi) Any other expert whose prepared reports or excerpts or summaries are included or referred to in the prospectus.

Chapter 5

INFORMATION ON THE DEBENTURE/SUKUK

- 5.01 The prospectus must include the Principal Terms and Conditions of the Proposal, set out in Appendix 3 of the *Guidelines on Private Debt Securities* and Appendix 6 of the *Guidelines on Sukuk*.
- 5.02 The prospectus must also include a summary of the credit rating report relevant to the debenture/sukuk, published by a credit rating agency.
- 5.03 In addition, the prospectus must disclose information on the relevant tax provisions, including whether the issuer will be responsible for the withholding of tax on any payments made on the debenture/sukuk.
- 5.04 The prospectus must disclose a reasonably itemised statement of the major categories of expenses incurred in connection with the issuance or offering of the debenture/sukuk. If the amounts of any items are not known, estimated expenses (identified as such) must be given. The prospectus must also disclose if parties other than the issuer are paying the expenses.
- 5.05 If the debenture/sukuk are convertible/exchangeable into shares that are listed on a stock exchange or are issued with warrants, whether or not detachable, the following detailed information, where applicable, must be made available:
 - (a) Mode of conversion/exchange;
 - (b) Conversion/exchange period;
 - (c) Conversion/exchange ratio;
 - (d) Conversion/exchange price;
 - (e) Number of warrants;
 - (f) Price of warrants;
 - (g) Rights attached to warrants;
 - (h) Warrant exercise period;
 - (i) Warrant exercise price;
 - (j) The effects of the issuance and the conversion on, inter alia, the earnings per share and net tangible assets/net assets per share of the company;
 - (k) Details of the proposed utilisation of proceeds from the issuance and conversion;
 - (l) Detailed description on the adjustment of the conversion price in light of any changes to the issuer's share capital and to provide illustrations for each possible circumstance; and
 - (m) Any other relevant information which a potential investor will require on the issuance of the convertible/exchangeable debenture/sukuk.

- 5.06 In relation to paragraph 5.05, where the underlying shares are already listed on a stock exchange, the following information relating to the shares must also be disclosed-
- (a) information on the highest and lowest market prices for the three most recent full financial years and monthly for the most recent six months;
 - (b) if there is any significant trading suspensions occurred in any of the preceding three years; and
 - (c) where the underlying shares are not regularly traded on a stock exchange, information must be given about any lack of liquidity.

Chapter 6

RISK FACTORS

- 6.01 The prospectus must contain information about risk factors which are specific to the issuer/group and its industry, and the debenture/sukuk being offered, including the extent of credit risks.
- 6.02 Disclaimers on the risk factors should not undermine the risk disclosures which will render the risk disclosures of little or no beneficial use to investors.

Chapter 7

INFORMATION ABOUT ISSUER/SUBSTANTIAL SHAREHOLDERS/DIRECTORS/KEY MANAGEMENT PERSONNEL/GUARANTOR

7.01 The following information must be provided in the prospectus:

- (a) Information about the background and business activities of the issuer, its significant subsidiaries and associated corporations, and an overview of the industry in which they operate;
- (b) A list of subsidiary and associated corporations, the percentage interest held and a diagrammatic illustration of the group;
- (c) Information on the issuer's substantial shareholders:
 - (i) Name and background information;
 - (ii) Nationality/country of incorporation; and
 - (iii) Direct and indirect shareholding in the issuer, and to state the ultimate beneficial ownership of shares held under nominee/corporation or trustee arrangements.
- (d) Information on the issuer's directors and chief executive:
 - (i) Name, age, address, profession, qualification and profile, including business and management experience;
 - (ii) Designation/functions, including executive/non-executive and independent/non-independent;
 - (iii) Representation of corporate shareholders;
 - (iv) Direct and indirect shareholding in the issuer;
 - (v) Other principal directorships at present and in the last three years; and
 - (vi) Involvement in the issuer's Audit Committee as chairman or member.
- (e) Information on the issuer's key management and key technical personnel:
 - (i) Name, age and qualification and profile, including business, management or technical experience;
 - (ii) Designation/functions; and
 - (iii) Direct and indirect shareholding in the issuer.
- (f) Information on all the issuer's current, pending or threatened material litigation/arbitration proceedings and contingent liabilities, including assessment and disclosure of specific impact on financial performance and position upon becoming enforceable; and

- (g) Where a guarantor is other than a financial institution, Danajamin Nasional Berhad or the Credit Guarantee and Information Facility, information on the guarantor:
- (i) Business overview;
 - (ii) Financial information as set out under paragraph 8.02 for the past three financial years and where applicable, the latest financial period;
 - (iii) Capitalisation and indebtedness statement as set out under paragraph 8.03; and
 - (iv) Main features and terms of guarantees provided on the debenture/sukuk issued or offered.

Chapter 8

FINANCIAL INFORMATION

- 8.01 This chapter sets out the minimum financial information that an issuer must include in a prospectus. All financial statements must be prepared in Ringgit Malaysia.
- 8.02 The issuer must disclose a table of the issuer's financial statement and the group's financial statement, where the issuer is a holding company, for the past three financial years or such shorter period that the issuer/group has been in operation, and where applicable the latest financial period.

Such information must be extracted from the issuer/group's audited financial statements and must include the following:

- (a) Revenue;
- (b) Gross profit and gross profit margin;
- (c) Earnings before interest, taxation, depreciation and amortisation (EBITDA);
- (d) Other income;
- (e) Finance costs;
- (f) Share of profits and losses of associates and joint ventures;
- (g) Profit/loss before tax and profit/loss before tax margin;
- (h) Tax expense;
- (i) Profit/loss for the year and profit/loss margin;
- (j) Profit/loss attributable to minority interest and equity holders of the parent;
- (k) Basic and diluted earnings per share;
- (l) Issued and paid-up share capital;
- (m) Retained profits/accumulated losses;
- (n) Shareholders' funds; and
- (o) Key financial ratios, including gearing, liquidity, and receivables and payables turnover.

In relation to the key financial ratios, the prospectus must state the formula used to compute the key financial ratios.

- 8.03 Provide a statement of capitalisation and indebtedness (distinguishing between guaranteed and unguaranteed, and secured and unsecured, indebtedness) as at the latest financial period and disclose any subsequent significant changes in the capitalisation and indebtedness. Indebtedness also includes indirect and contingent liabilities.
- 8.04 If the date of the prospectus issuance is later than six months after the end of the last financial year, interim audited financial statements must be provided in the same format as the audited financial statements provided under paragraph 8.02.

8.05 The prospectus must also disclose the following information:

- (a) A statement of total outstanding borrowings/financings, classified into long term and short term, interest-bearing and non-interest bearing; and for all foreign borrowings/financings, to be separately identified with the corresponding foreign currencies amount.

If a material deficiency is identified in the issuer's ability to meet its cash obligations, disclose the course of action that the issuer has taken or proposes to take to remedy the deficiency. Include a statement whether there has been any default on payments of either interest/profits and/or principal sums for any borrowing/financing throughout the past one financial year and the subsequent financial period; and

- (b) If the issuer or any other entity in the group is in breach of terms and conditions or covenants associated with credit arrangement or bank loan/financing which can materially affect the issuer's financial position and results or business operations, or the investments by holders of debenture/sukuk of the issuer, provide details of the credit arrangement or bank loan/financing and any actions taken or to be taken by the issuer or other entity in the group to rectify the situation, including status of any restructuring negotiations or agreement, if applicable.

8.06 Pro forma financial information is required if the debenture/sukuk offered causes or has a material effect on the issuer/group's assets, liabilities or earnings.

8.07 Where pro forma financial information, or profit and cash flow estimates, forecasts and/or projections are provided in the prospectus, the relevant sections pertaining to **Pro forma financial information** and **Future financial information** in Chapter 12 Financial Information, and Chapter 13 Accountants' Report of Division 1 shall apply.

Chapter 9

RELATED-PARTY TRANSACTIONS/CONFLICT OF INTEREST

- 9.01 The following information must be disclosed for the three most recent financial years, and the latest financial period (where applicable), immediately preceding the date of the prospectus:
- (a) The nature and extent of any related-party transaction or presently proposed related-party transactions that are material to the issuer and its related party, or any transaction that is unusual in nature or conditions to which the issuer or any of its parent or subsidiaries was a party; and
 - (b) The amount of outstanding loans (including guarantees of any kind) made by the issuer or any of its parent or subsidiaries to or for the benefit of the related party. The information given must be classified into long term and short term.
- 9.02 The issuer must disclose, 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.
- 9.03 A prospectus must include a declaration of any expert's existing and potential interests/conflicts of interest in an advisory capacity (if any) vis-à-vis the issuer/group. If a conflict of interest exists, full disclosure of the nature of the conflict and the steps taken to address such conflicts must be provided.

Chapter 10

RIGHTS OF HOLDERS OF DEBENTURE/SUKUK

- 10.01 There must be a summary of rights conferred upon the holders of debenture/sukuk, including any provisions relating to how the terms or their rights may be modified.

- 10.02 There must be details on the requirements for convening, attending or voting at a meeting of holders of debenture/sukuk, if such a meeting can be held. Disclose the conditions governing the manner in which such a meeting would be convened, the quorum requirement, the admittance to the meeting and the minimum number of votes required to adopt certain types of resolutions.

- 10.03 The prospectus must also disclose the recourse available to the holders of debenture/sukuk in an event of default, termination or failure to make a payment (which may not constitute an event of default)

Chapter 11

INFORMATION RELATING TO BOND/SUKUK TRUSTEE AND TRUST DEED

11.01 The prospectus must provide the following information:

- (a) In relation to the bond/sukuk trustee:
 - (i) Any requirements before the bond/sukuk trustee can act on behalf of the holders of debenture/sukuk, such as a requirement that the holders of a certain percentage of the debenture/sukuk have instructed the bond/sukuk trustee to take action; and
 - (ii) Whether the bond/sukuk trustee requires indemnification before proceeding to enforce a lien against the issuer's property or before taking any other action at the request of the holders of debenture/sukuk.
- (b) In relation to the trust deed:
 - (i) The main terms of the trust deed; and
 - (ii) Whether the issuer is required to make periodic disclosure to provide any early indication of any deterioration in the issuer's financial condition such as periodic disclosure of evidence that the issuer is not in default or that it is in full compliance with the terms of that contract.

Chapter 12

EXPERT'S REPORTS

- 12.01 A prospectus must contain excerpts from, or summaries of, opinion expressed and conclusion recorded in any expert's report included in the prospectus. The expert must state whether or not the report was prepared for inclusion in the prospectus. The expert's report must be signed and dated within a reasonable time of the issue of the prospectus to ensure that the contents are substantially relevant.
- 12.02 Where valuations of property assets have been carried out for inclusion in a prospectus, a summary of the valuation in the form of a valuation certificate that complies with the *Asset Valuation Guidelines* must be included in the prospectus.
- 12.03 Where property and asset valuations do not require the approval of the SC, the prospectus should disclose the following statement:
- “The valuations of [specify the property or asset] do not require the approval of the Securities Commission Malaysia.”
- 12.04 Where the offering involves sukuk, the Shariah pronouncement including detailed reasoning/justification from the Shariah adviser must be disclosed in the prospectus.
- 12.05 If the expert becomes aware of significant changes affecting the content of his report, either:
- (a) between the date of the report and the issue of the prospectus; or
 - (b) after the issue of the prospectus and before the issue of the debenture,
- he then has an on-going obligation to either cause his report to be updated for the changes and, where applicable cause the issuer to issue a supplementary prospectus or replacement prospectus, or withdraw his consent to the inclusion of the report in the prospectus. Failure to do so will result in the issuer and the expert being liable for any misleading statement or material omission in the outdated report.
- 12.07 Experts must take care in making disclaimers of responsibility in their reports. If the disclaimers are too wide, the report will be of little or no beneficial use to investors. The inclusion of such a report in such a prospectus may itself be misleading.

Chapter 13

DIRECTORS' REPORT

- 13.01 A prospectus must contain a report by the directors of the issuer, for the period between the date to which the last audited financial statements of the issuer have been made up to and a date not earlier than 14 days before the date of issue of the prospectus, stating whether, after due enquiry by them:
- (a) The business of the issuer and its subsidiaries has, in their opinion, been satisfactorily maintained;
 - (b) There have, in their opinion, arisen, since the last audited financial statements of the issuer, any circumstance which has adversely affected the trading or the value of the assets of the issuer or any of its subsidiaries;
 - (c) The current assets of the issuer and its subsidiaries appear in the books at values which are believed to be realisable in the ordinary course of business;
 - (d) There are any contingent liabilities by reason of any guarantee or indemnity given by the issuer or any of its subsidiaries;
 - (e) There have been, since the last audited financial statements of the issuer, any default or any known event that could give rise to a default situation, on payments of either interest/profit and/or principal sums for any borrowing/financing. This applies for all corporations under the group; and
 - (f) There has been, since the last audited financial statements of the issuer, no material change in the published reserves or any unusual factor affecting the profits of the issuer and its subsidiaries.
- 13.02 Where any report is required under paragraph 13.01, the report should contain full details of all matters required to be dealt with in the report.

Chapter 14

CONSENT

- 14.01 A prospectus must contain statements of consent from relevant parties, such as principal adviser, lead arranger, Shariah advisers, facility agent, paying agent, credit rating agency, trustee, obligor, guarantor, solicitor, external company secretaries, underwriter, issuing house, registrar, auditors, reporting accountant and experts for inclusion of their names and where relevant, statements and reports in the form and context in which such statements and reports appear. A statement that they have not subsequently withdrawn such consents must also be disclosed.

Chapter 15

DOCUMENTS AVAILABLE FOR INSPECTION

- 15.01 A prospectus must provide a statement informing the investors that for a period of at least 12 months from the date of issue of the prospectus, the investor may inspect the following documents (or copies thereof), at a specified place in Malaysia:
- (a) The constituent documents of the issuer;
 - (b) Any trust deed/deed poll;
 - (c) Each material contract or document referred to in the prospectus and, in the case of contracts not in writing, a memorandum which gives full particulars of the contracts;
 - (d) All reports, letters or other documents and statements by any expert, any part of which is extracted or referred to in the prospectus. Where a summary expert's report is included in the prospectus, the corresponding full expert's report must be made available for inspection;
 - (e) Each consent given by experts disclosed in the prospectus;
 - (f) Any writ and relevant cause papers for all current material litigation and arbitration disclosed in the prospectus;
 - (g) The audited financial statements of the issuer and the group, where the issuer is a holding company, and of significant subsidiaries for the last three years (or such shorter period that the issuer/group has been in operation), preceding the date of the prospectus;
 - (h) The latest audited financial statements of the issuer and the group, where the issuer is a holding company, and key subsidiaries for the current financial period (where applicable); and
 - (i) Such information and documents as specified in Division 4 of Part VI of the CMSA, may be inspected by relevant persons.

Chapter 16

APPLICATION FOR DEBENTURE/SUKUK

- 16.01 A prospectus must contain instructions/procedures on how to apply for the debenture/sukuk and how to complete applications. The instructions/procedures must contain terms and conditions for application, specific steps/measures to be complied with for the various modes of application for debenture/sukuk, e.g. automated teller machines, internet and/or physical applications, and any relevant statement of disclaimers.
- 16.02 Give the addresses to send completed applications and state to whom payments should be made.
- 16.03 Disclose the minimum amount/number of debenture/sukuk that can be applied for and the multiples of additional debenture/sukuk.
- 16.04 Disclose whether directors reserve the right to extend the closing date.
- 16.05 An application form must be identifiable with the prospectus and warn investors against signing the form without having read and understood the prospectus.
- 16.06 Accordingly, the application form must contain the following statements:
- (a) The name of the issuer and registration number;
 - (b) The date of the prospectus;
 - (c) The expiry date of the prospectus;
 - (d) A statement that, in accordance with the requirements of the CMSA, the application form must not be circulated unless accompanied by the prospectus; and
 - (e) A statement that investors should read and understand the prospectus before completing the application form.
- 16.07 The application form must not contain any investment information that is not also contained in the body of the prospectus.
- 16.08 Where applicable, the issuer must allocate all excess debenture/sukuk for any subscription on a fair and equitable basis. The prospectus must state that the allocation of the excess debenture/sukuk will be made on a fair and equitable manner.

Division 2A

[Inserted on 1 April 2013]

ASEAN DEBT SECURITIES DISCLOSURE STANDARDS

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ASEAN DEBT DISCLOSURE STANDARDS

INTRODUCTION

ASEAN Debt Disclosure Standards shall be applied to Plain Debt Securities as defined below:

Definition of Plain Debt Securities:

Plain Debt Securities shall mean bonds or Sukuk Ijarah, which have the following characteristics:

1. Denominated in any currency;
2. Fixed term with principal and any accrued interest or returns payable at expiry;
3. Fixed rate of return or floating rate of return that comprises a variable market determined rate and fixed margin;
4. Except for zero coupon bonds or Sukuk Ijarah without periodic distributions, interests or returns are to be paid periodically on dates specified in the prospectus/registration statement ;
5. Ranked at least equally with amounts owing to unsecured and unsubordinated creditors;
6. Not convertible;
7. Issued to all investors at the same price; and
8. Except for a purchase undertaking in the case of a Sukuk Ijarah, does not embed any swap, option or other derivative.

For the purposes of the above definition of 'Plain Debt Securities', the term 'Sukuk Ijarah' shall mean a certificate that is issued under the Shariah principles of Ijarah (leasing) and meets the following requirements:

1. Proceeds from the issue are used for Shariah-compliant activities only;
2. A Shariah Adviser has been appointed to ensure that the transaction structure is Shariah-compliant throughout its tenure;
3. A Shariah Adviser has provided a detailed Shariah Pronouncement that the transaction structure is Shariah-compliant;
4. The underlying asset to the Ijarah (lease) agreement meets the following requirements:
 - (a) It is a Shariah-compliant tangible asset;
 - (b) Where it is an encumbered asset, consent from the chargee(s) has been obtained for the sale of the asset;
 - (c) Where it is a jointly-owned asset, consent from the joint owner(s) has been obtained for the sale of the asset; and
 - (d) The asset is used for Shariah-compliant activities only;
5. The lessor shall assume responsibility for maintaining the asset. (For the avoidance of doubt, the lessor can assign the responsibility to the lessee as service agent at the

lessor's cost);

6. The maintenance of the asset shall be determined as agreed by both parties as stated in the terms and conditions of the Ijarah agreement;
7. The lessor shall have ownership over the asset prior to the execution of the Ijarah agreement;
8. The lessee shall provide a purchase undertaking to the lessor to purchase the asset at a pre-agreed price, which must be equal to the principal sum of the certificate and any accrued but unpaid returns;
9. The terms of the Ijarah agreement shall provide that at the expiry of the agreement or the occurrence of a dissolution event under the terms of the certificate (event of default), the purchase undertaking must be enforced;
10. The lease payments, whether fixed or variable, and the lease period are determined upfront; and
11. The periodic payments (returns) must be derived from the lease rentals from the lessee, while the source of the principal payment must be derived from the enforcement of the purchase undertaking; and
12. Late payment charges ('Ta'widh') may only be imposed with the agreement of the Shariah Adviser.

Part 1

IDENTITY OF DIRECTORS, SENIOR MANAGEMENT, ADVISERS, AGENTS AND OTHER INDEPENDENT THIRD PARTIES

A. Directors and Senior Management

Provide the names, nationality, addresses and functions of the issuer's directors and senior management.

B. Advisers and other parties

Provide the names and addresses of -

1. the issuer's principal bankers to the extent the issuer has a continuing relationship with such entities;
2. the sponsor for listing or the issue manager to the offer;
3. the underwriter to the offer;
4. the legal advisers to the offer;
5. the arranger of the offer; and
6. other parties who are responsible for the disclosure contained in the prospectus/registration statement (if any).

C. Auditors

Provide the names, addresses and professional qualifications (including any membership in a professional body) of the issuer's auditors for the preceding two completed financial years.

D. Shariah Adviser(s) (for a Sukuk Ijarah issue)

Provide the names, addresses and qualifications of the Shariah adviser(s).

E. Corporate Secretary

Provide the name, professional qualifications and address of the secretary of the issuer (if any).

F. Registrars and Agents

Provide the names, addresses and professional qualifications (including any membership in a professional body) of the issuer's share registrar, transfer agents, receiving bankers for the application monies and any other persons connected with the public offering.

Part II

DESCRIPTION OF THE PLAIN DEBT SECURITIES

A. Economic Terms of the Plain Debt Securities

1. Provide information about the terms of the Plain Debt Securities that will be offered, such as the interest/profit/rental rate and any other payments (e.g., premium) that will be paid on the Plain Debt Securities, the maturity date, and provisions relating to redemption, amortization, and retirement of the Plain Debt Securities.
2. Indicate whether the Plain Debt Securities are registered or bearer securities, the total nominal amount of the Plain Debt Securities as well as the individual face value of each type of Plain Debt Securities offered or listed.
3. Provide information about the form of the Plain Debt Securities, such as whether investors can obtain physical certificates or whether their interests will be recorded via a book-entry system.
4. Indicate the total nominal amount, the individual face value, and the interest to be paid during the life of the Plain Debt Securities, and the dates on which such payments are due.
5. Describe any arrangements for transfer and any restrictions on the free transferability of the Plain Debt Securities.
6. Disclose the currency the Plain Debt Securities are denominated in as well as the currency in which any amounts are payable on the Plain Debt Securities. In case the payments on the Plain Debt Securities are payable in two or more currencies, indicate who has the option to determine the currency conversion, as well as the basis for that determination.
7. Where not all of the Plain Debt Securities being offered are guaranteed, provide a statement of the fact.
8. In the case of a Sukuk Ijarah issue, disclose the Shariah principles adopted, together with a description of the transaction accompanied by a diagram describing the transaction structure and the underlying asset(s) of the transaction.

B. Covenants Relating to the Issuance of the Plain Debt Securities

1. Provide information of the covenants that are aimed at protecting the Plain Debt Securities holders, which can require the issuer to take certain actions or to refrain from taking certain actions.
Examples of covenants include:
 - (a) prohibition on the payment of dividends if certain conditions are met to prevent depletion of the issuer's funds that are available to pay the Plain Debt Securities holders
 - (b) provision that requires the issuer to maintain certain financial ratios

- (c) provision that restricts the issuer from creating additional debt under certain conditions
- (d) provision that restricts the issuer and/or the obligor from creating a lien on its assets or that of its subsidiaries so that other creditors obtain a senior position to the Plain Debt Securities holder covered by the prospectus/registration statement
- (e) prohibition on the issuance of other types of securities under certain circumstances to prevent the issuer from taking too many payment obligations
- (f) covenant concerning subsequent issues of other forms or series of debentures or sukuk.
- (g) covenant concerning any right to create additional charges over any of the assets.

2. For secured Plain Debt Securities, other covenants may include:

- (a) provision that requires the maintenance of properties.
- (b) provision that permits or restricts the withdrawal of cash that has been deposited as a basis for the issuance of additional securities.
- (c) provision regarding the release or substitution of assets securing the issue.

C. GUARANTEES

Provide information about the guarantors and the main features and terms of guarantees. The information shall cover at least:

1. names, addresses and occupations of each director or equivalent person and key executive
2. business overview and main functions
3. the financial information
4. capitallisation and indebtedness statement
5. risk factors
6. information regarding liquidity and capital resources
7. names, addresses and professional qualifications of auditors for the preceding two years.
8. replacement of guarantor (if any).
9. rating (if any).

D. Liens

In case of issuing secured Plain Debt Securities, disclose the kind and priority of any lien securing the issue, as well as the principal properties or assets subject to the lien, including:

1. In the form of a summary by the auditors or other professionals e.g. independent financial advisers, the aggregate value of the tangible assets

which have been charged to secure the repayment of all or any moneys payable in respect of the secured Plain Debt Securities. Where any of the assets have been charged to secure the repayment of other liabilities, the aggregate amount of such other liabilities. If the charge is for a liability which may vary, state the actual amount of the liability as at the date on which the summary is made and any further amount which may be advanced under that charge.

2. Where any of the tangible assets referred to above are in the form of property, provide information on report of valuation of interest of the issuer and each of their guarantors in each property. Such report should be made by an independent qualified valuer and dated not more than 6 months before date of lodgement of prospectus/registration statement.

E. Subordination and limitation of rights

Where the ability of the Plain Debt Securities holders to enforce their rights as creditors of the issuer depends on whether other security holders or creditors have claims that would be viewed as senior, as having priority, or otherwise limiting the rights of the Plain Debt Securities holders to any payments on the Plain Debt Securities:

1. Provide information about the existence or possible creation of other securities and other indebtedness with seniority to the Plain Debt Securities, including, in the form of a summary report by the auditors or other professionals e.g. independent financial adviser, the amounts outstanding of the aggregate amounts borrowed by the issuer and each of its guarantors as of a date no earlier than 60 days prior to the [effective/registration] date of the prospectus/registration statement, distinguishing between those amounts outstanding which will rank for repayment in priority to the amount under the proposed issue and those amounts outstanding which will rank for repayment paripassu with the amount under the proposed issue.
2. Disclose any limitations on the issuance of additional senior indebtedness or indicate that there is no such limitation.
3. Indicate whether the rights evidenced by the Plain Debt Securities are or may be materially limited or qualified by the rights of any other class of securities.

F. Default

Include information about the general types of events that would constitute a default, as well as the remedies that would be available in the event of default.

G. Consequences of a failure to make payments

Disclose any consequences of a failure to make payments, which may not constitute an event of default, the consequences of such failure and the available remedies under either the terms of the Plain Debt Securities or the applicable law.

H. Representative of Plain Debt Securities holders

1. Disclose the party that is acting as the Plain Debt Securities holders' official representative who acts in a fiduciary capacity for the Plain Debt Securities holders, as well as the provisions applying to this representation. In addition, disclose the address of the representative, and the nature of any material relationship between the representative and the issuer or its associate, to indicate whether a conflict exists between its interest as a representative of the Plain Debt Securities holders and any other interests that it may have.
2. Disclose if there are any requirements before the representative can act on behalf of the Plain Debt Securities holders, such as a requirement that the holders of a certain percentage of the Plain Debt Securities have instructed the representative to take action. Disclose if the representative may also require indemnification before proceeding to enforce a lien against the issuer's property or before taking any other action at the request of the Plain Debt Securities holders.
3. Disclose the main terms of the contract or law governing the representation of the Plain Debt Securities holders, as well as where the investors may obtain access to the contract. Indicate whether the issuer is required to make periodic disclosure such as disclose the evidence periodically that the issuer is not in default or that it is in full compliance with the terms of that contract to provide any early indication of any deterioration in the issuer's financial condition.

I. Meeting of Plain Debt Securities holders

1. Disclose details relating to the requirements for convening, attending or voting at a meeting of Plain Debt Securities holders, if such a meeting can be held.
2. Disclose the conditions governing the manner in which such a meeting would be convened, such as quorum requirements, the conditions for being admitted to the meeting and the minimum number of votes required to adopt certain types of resolutions.

J. Modification of Terms

Disclose any provisions relating to how the terms of the Plain Debt Securities or rights of the Plain Debt Securities holders may be modified.

K. Paying Agent

Identify name and address of issuer's appointed entity who is responsible for making payments on the Plain Debt Securities, and whom they can contact to collect any payments due.

L. Credit Rating

Provide information about the credit rating that has been assigned to the issuer or the Plain Debt Securities at the request or with the cooperation of the issuer, including name of the credit rating agency, the credit rating (including whether it is a short-term or long-term credit rating) and date on which the credit rating was given.

If the issuer, its guarantor, or Plain Debt Securities have been given a credit rating, disclose whether or not the issuer, guarantor entity or any of their related parties had paid any fee or benefit of any kind to the credit rating agency in consideration for the credit rating.

M. Shariah Pronouncement

Where the Plain Debt Securities is a Sukuk Ijarah, disclose in the prospectus/registration statement the detailed Shariah pronouncement issued by the Shariah Adviser.

N. Applicable Law

Identify the law applicable to the Plain Debt Securities being publicly offered and/or listed.

Part III

RISK FACTORS

The Risk Factors section is intended to be a summary of more detailed discussion contained in the prospectus/registration statement .

1. Provide the disclosure in a separate section titled "Risk Factors" and separate different types of risk factors into different subsections.

2. The prospectus/registration statement shall prominently disclose risk factors that are specific to the issuer and its industry, and the Plain Debt Securities being offered, which had materially affected or could materially affect, directly or indirectly, the issuer's financial position and results and business operations, and investments by holders of the Plain Debt Securities of the issuer in a section headed "Risk Factors". Issuers are encouraged, but not required, to list the risk factors in the order of their priority to the issuer. The Risk Factors section is intended to be a summary of more detailed discussion contained elsewhere in the prospectus/registration statement.

3. In case of offering for sales of unusually risky (i.e. rated below investment grade) Plain Debt Securities, highlight the riskiness of securities on the cover page.

Part IV

MARKETS

A. Identity of Exchanges and Regulated Markets

1. Identify all the exchanges and/or regulated markets on which the Plain Debt Securities are intended to be listed or admitted to trading. Indicate the dates on which the Plain Debt Securities will be listed and/or admitted to trading.
2. If applicable, identify all the exchanges on which any part of the shares or equity interests of the issuer is already listed for quotation or quoted, or on which permission to list for quotation or quote any part of the shares or equity interests is being or is proposed to be sought, specifying the name of the securities exchange or overseas securities exchange on which the issuer's primary listing is or is to be.

B. Entities Providing Liquidity

If any entities have made a firm commitment to act as intermediaries for the Plain Debt Securities in secondary market trading, such as market makers providing liquidity through bid and offer rates, disclose the names and addresses of these entities and the main terms of their commitment.

Part V

INFORMATION ABOUT THE PUBLIC OFFERING

A. Offer statistics

1. For each method of offering, state the total amount of the offer, including the offer price or the method of determining the price and the number of Plain Debt Securities to be offered.

B. Pricing

1. Disclose the information about the yield and the method by which the price has been calculated.
2. If the offering price is not already determined, indicate how the price will be disclosed to the public.

C. Method and Expected Timetable

For all offerings, and separately for each group of targeted potential investors, the prospectus/registration statement shall state the following information to the extent applicable to the offering procedure:

1. The time period during which the offer will be open, and where and to whom purchase or subscription applications shall be addressed. Describe whether the purchase period may be extended or shortened, and the manner and duration of possible extensions or possible early closure or shortening of this period. Describe the manner in which the latter shall be made public. If the exact dates are not known when the prospectus/registration statement is first filed or distributed to the public, describe the arrangements for announcing the final or definitive date or period.
2. Method and time limits for paying up for the Plain Debt Securities being offered; where payment is partial, the manner and dates on which amounts due are to be paid.
3. Where applicable, methods of and time limits for —
 - (a) the delivery of the documents evidencing title to the Plain Debt Securities being offered (including temporary documents of title, if applicable) to subscribers or purchasers; and

(b) the book-entry transfers of the Plain Debt Securities being offered in favour of subscribers or purchasers.

4. A full description of the manner in which results of the distribution of the Plain Debt Securities being offered are to be made public, and where appropriate, the manner for refunding excess amount paid by applicants (including whether interest will be paid).

D. Underwriting Arrangements

1. Disclose the names and addresses of the entities underwriting the public offering, as well as describe the material features of the underwriting relationship.
2. Where not all of the Plain Debt Securities being offered are underwritten, provide a statement of the portion not underwritten.
3. Indicate whether the amount of the offering could be increased, such as by the exercise of an underwriter's over-allotment option and state the exercise period and amount under such option.
4. Disclose underwriters' financial interest in the success of public offering and listing (for example - "firm commitment offering" or "best effort"). If the underwriter has a material relationship with the issuer, disclose the nature and terms of that relationship.
5. If other parties are involved in distributing the Plain Debt Securities to the public, briefly outline the plan of distribution and indicate the amount of any Plain Debt Securities that are to be offered other than through the underwriters. The disclosure shall include terms relating to any volume limitations on sales and conditions under which the agreement may be terminated. If known, disclose the identity of the broker(s) or dealer(s) that will participate in the public offering, as well as the amount of Plain Debt Securities to be offered through each.

E. Targeted Investors

1. Disclose if the issuer expects to offer Plain Debt Securities to certain selected investors. Identify any group of targeted potential investors to whom the Plain Debt Securities are being offered, noting any allocation that is reserved to any group of targeted investors.
2. If the offering is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain markets, provide information about the tranche and details of any other allocation arrangements.

F. Expenses of the Issue

1. Disclose the expenses to be paid in relation to the public offering to enable investors and others to assess how much of the offering proceeds will be available for the issuer.
2. Disclose a reasonably itemised statement of the major categories of expenses incurred in connection with the issuance and distribution of the Plain Debt Securities to be offered (in absolute terms and as a percentage of the total amount of the offer). For example, this could include the total amount of discounts or commissions agreed between the underwriters or other placement or selling agents and the issuer or offeror, as well as the percentage of the total amount of the offering that the commissions represent. If the amounts of any items are not known, estimates (identified as such) shall be given.
3. Disclose if parties other than the issuer are paying the expenses, such as the underwriters.

G. Reasons for the Offer and Use of Proceeds

1. The prospectus/registration statement shall disclose the estimated net amount, and percentage of the proceeds broken down into each principal intended use thereof and, where possible, the timeframe for the full utilization of the proceeds for each principal intended use. If the anticipated proceeds will not be sufficient to fund all the proposed purposes, the order of priority of such purposes should be given, as well as the amount and sources of other funds needed. Disclose also how the proceeds will be used pending their eventual utilisation for the proposed purposes.
2. If the issuer has no specific plans for the proceeds, it should discuss the principal reasons for the offering.
3. Where the offer is not fully underwritten on a firm commitment basis, state the minimum amount which, in the reasonable opinion of the directors of the issuer, must be raised by the offer of Plain Debt Securities.
4. If the proceeds are being used directly or indirectly to acquire or to refinance the acquisition of assets, other than in the ordinary course of business, briefly describe the assets and their cost. If the assets have been or will be acquired from related parties of the issuer, disclose the persons from whom they will be acquired and how the cost to the issuer is/or will be determined.
5. If the proceeds may or will be used to finance or refinance the acquisition of other businesses, give a brief description of such businesses and information on the status of the acquisitions.

6. If any material part of the proceeds is to be used to discharge, reduce or retire indebtedness, describe the interest rate and maturity of such indebtedness and, for indebtedness incurred within the past year, the uses to which the proceeds of such indebtedness were put.

Part VI

TAXATION

The issuer shall provide information regarding taxes (including withholding provisions) to which Plain Debt Securities holders may be subject. Information should be included as to whether the issuer assumes responsibility for the withholding of tax at the source and regarding applicable provisions of any reciprocal tax treaties, or a statement, if applicable, that there are no such treaties.

Part VII

KEY INFORMATION

A. Selected Financial Data

1. The issuer shall provide from the audited financial statements provided in response to Part XIII. Financial Information, selected audited historical financial data regarding the issuer or, if the issuer is the holding company of a group, the group which shall be presented for the two latest financial years (or such shorter period that the issuer has been in operation), in the same currency as the financial statements provided in response to Part XIII. Financial Information. If interim period financial statements are included, the selected financial data should be updated for that interim period. If selected financial data for an interim period is provided, comparative data (except information found in the statement of financial position) from the corresponding period in the previous financial year shall also be provided.
2. The selected financial data presented shall include items generally corresponding to the following, except that the specific line items presented should be expressed in the same manner as the corresponding line items in the issuer's financial statements. Such data shall include, at a minimum, net sales or operating revenues; income (loss) from operations; income (loss) from continuing operations; net income (loss); total assets; total liabilities; net assets or liabilities; capital stock (excluding long term debt and redeemable preferred stock); dividends declared per share in respect of each class of shares in both the currency of the financial statements and the currencies of the countries in which the Plain Debt Securities will be offered, including the formula used for any adjustments to dividends declared and giving particulars for each such class of shares; net income per share. Per share amounts must be determined in accordance with the body of accounting principles used in preparing the financial statements.
3. Where the financial statements provided in response to Part XIII. Financial Information are prepared in a currency other than the currency of any of the countries in which the Plain Debt Securities will be offered, disclosure of the exchange rate between the financial reporting currency and the currency of that country should be provided, using the exchange rate designated by that country for this purpose, if any:
 - (a) at the latest practicable date;
 - (b) the highest and lowest exchange rates for each month during the previous six months; and
 - (c) for the two most recent financial years and any subsequent interim period for which financial statements are presented, the average rates for each

period, calculated by using the average of the exchange rates between that financial reporting currency and the currency of that country on the last day of each month during the period.

B. Capitallisation and Indebtedness

A statement of capitallisation and indebtedness (distinguishing between guaranteed and unguaranteed, and secured and unsecured, indebtedness) as of a date no earlier than 60 days prior to the [effective/registration] date of the prospectus/registration statement shall be provided showing the issuer's, or if the issuer is the holding company of a group, the group's capitallisation on an actual basis and if applicable, as adjusted to reflect the sales of Plain Debt Securities and the intended application of the net proceeds therefrom. Indebtedness also includes indirect and contingent indebtedness.

Part VIII

INFORMATION ABOUT THE ISSUER

A. History and Development of the Issuer

The following information shall be provided:

1. The website address of the issuer, if any.
2. The legal and commercial name of the issuer.
3. The date of incorporation and the length of life of the issuer, except where indefinite.
4. The domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation and the address and telephone number of its registered office (or principal place of business if different from its registered office). Provide the name and address of the issuer's agents in each of the countries in which the Plain Debt Securities will be offered, if any.
5. The length of time for which the business of the issuer, or if the issuer is the holding company of a group, of the group has been carried on and the important events in the development of the issuer's business, e.g. information concerning the nature and results of any material reclassification, merger or consolidation of the issuer or any of its significant subsidiaries; acquisitions or dispositions of material assets other than in the ordinary course of business; any material changes in the mode of conducting the business; material changes in the types of products produced or services rendered; name changes; or the nature and results of any bankruptcy, receivership or similar proceedings with respect to the issuer or significant subsidiaries.
6. A description, including the amount invested, of the issuer's material capital expenditures and divestitures (including interests in other companies), since the beginning of the issuer's last two financial years to the date of the prospectus/registration statement.
7. Information concerning the material capital expenditures and divestitures currently in progress, including the distribution of these investments geographically (home and abroad) and the method of financing (internal or external).
8. An indication of any public takeover offers by third parties in respect of the issuer's shares or by the issuer in respect of other companies' shares which have occurred from the beginning of the last financial year to the latest practicable date. The price or exchange terms attaching to such offers and the outcome thereof are to be stated.

B. Business Overview

The information required by this item may be presented on the same basis as that used to determine the issuer's business segments under the body of accounting principles used in preparing the financial statements. The following information shall be provided:

1. A description of the nature of the issuer's operations and its principal activities, stating the main categories of products sold and/or services performed for each of the last two financial years. Indicate any significant new products and/or services that have been introduced between the beginning of the period comprising the two most recent completed financial years and the latest practicable date and, to the extent the development of new products or services has been publicly disclosed, give the status of development.
2. A description of the principal markets in which the issuer competes, including a breakdown of total revenues by category of activity and geographic market for each of the last two financial years.
3. The basis for any statements made by the issuer regarding its competitive position shall be disclosed.
4. A description of the material effects of government regulations on the issuer's business, identifying the regulatory body.

C. Organisational Structure

If the issuer is part of a group, include a brief description of the group and the issuer's position within the group. Provide information on each of the issuer's subsidiaries and associated companies which account for 10% or more of the absolute amount of the net assets, net liabilities or profit or loss before tax, respectively, of the group for any of the two most recent completed financial years, including its name, country of incorporation or residence, principal place of business, principal activities, proportion of ownership interest and, if different, proportion of voting power held by the issuer.

D. Patents, Licenses or Contracts

Provide information regarding the extent to which the issuer is dependent, if at all, on patents or licenses, industrial, commercial or financial contracts (including contracts with customers or suppliers) or new manufacturing processes, where such factors are material to its business or profitability.

E. Property, Plants and Equipment

For businesses that invest heavily in property, plants and/or equipment, the issuer is required to provide information about its significant investments in these assets.

Part IX

OPERATING AND FINANCIAL REVIEW AND PROSPECTS

Discuss the issuer's financial condition, changes in financial condition and results of operations for each year and interim period for which financial statements are required, including the causes of material changes from year to year in financial statement line items, to the extent necessary for an understanding of the issuer's business as a whole. Information provided also shall relate to all separate segments of the issuer. Provide the information specified below as well as such other information that is necessary for an investor's understanding of the issuer's financial condition, changes in financial condition and results of operation.

A. Operating Results

1. Provide information regarding significant factors, including unusual or infrequent events or new developments, materially affecting the issuer's income from operations, indicating the extent to which income was so affected. Describe any other significant component of revenue or expenses necessary to understand the issuer's results of operations.
2. To the extent that the financial statements disclose material changes in net sales or revenues, 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.
3. Describe the impact of inflation, if material. If the currency in which financial statements are presented is of a country that has experienced hyperinflation, the existence of such inflation, a five year history of the annual rate of inflation and a discussion of the impact of hyperinflation on the issuer's business shall be disclosed.
4. Provide information regarding the impact of foreign currency fluctuations on the issuer, if material, and the extent to which foreign currency net investments are hedged by currency borrowings and other hedging instruments.
5. Provide information regarding any governmental, economic, fiscal, monetary political policies or factors that have materially affected, or could materially affect, directly or indirectly, the issuer's operations or investments by the Plain Debt Securities holders in any of the countries in which the Plain Debt Securities will be offered.

B. Liquidity and Capital Resources

The following information shall be provided:

1. Information regarding the issuer's liquidity (both short and long term), including:
 - (a) a description of the internal and external sources of liquidity and a brief discussion of any material unused sources of liquidity. Include a statement by the issuer that, in its opinion, the working capital is sufficient for the issuer's requirements for a period of 12 months from the date of issue of prospectus/registration statement, or, if not, how it proposes to provide the additional working capital needed;
 - (b) an evaluation of the sources and amounts of the issuer's cash flows from operating, investing and financing activities in respect of each financial year required to be included in the prospectus/registration statement and, if interim cash flow statement has been included in the prospectus/registration statement, the period covered by the interim cash flow statement. This includes the nature and extent of any legal, financial, or economic restrictions on the ability of subsidiaries to transfer funds to the issuer in the form of cash dividends, loans or advances and the impact such restrictions have had or are expected to have on the ability of the issuer to meet its cash obligations.
 - (c) information on the level of borrowings at the end of the period under review, the seasonality of borrowing requirements and the maturity profile of borrowings and committed borrowing facilities, with a description of any restrictions on their use. Foreign borrowings should be separately identified with the corresponding foreign currencies amount. Disclose gearing ratios for the period under review.
2. If the issuer or any other entity in the group is in breach of any of the terms and conditions or covenants associated with any credit arrangement or bank loan which could materially affect the issuer's financial position and results or business operations, or the investments by holders of Plain Debt Securities in the issuer—
 - (a) a statement of that fact;
 - (b) details of the credit arrangement or bank loan; and
 - (c) details of any action taken or to be taken by the issuer or other entity in the group, as the case may be, to rectify the situation (including the status of any restructuring negotiations or agreement, if applicable).
3. A statement as to whether there have been any defaults on payments of either interest and/or principal sums in respect of any borrowings throughout the past one financial year and the subsequent financial period thereof as at the latest practicable date.

4. Information regarding the type of financial instruments used, the maturity profile of debt, currency and interest rate structure. The discussion also should include 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 financial instruments for hedging purposes.
5. Information regarding the issuer's material commitments for capital expenditures as of the latest practicable date and an indication of the general purpose of such commitments and the anticipated sources of funds needed to fulfill such commitments.
6. In the case of a guaranteed Plain Debt Securities issue, the information referred to in paragraphs 1 to 5 above shall be provided in respect of the guarantor.

C. Trend Information, Profit Forecast and Cash Flow Forecast

1. The issuer should discuss, for at least the current financial year, the business and financial prospects and identify any significant recent trends in production, sales and inventory, and costs and selling prices since the latest financial year. The issuer also should discuss, for at least the current financial year, any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on the issuer's net sales or revenues, income from continuing operations, profitability, liquidity or capital resources, or that would cause reported financial information to be not necessarily indicative of future operating results or financial condition. If there are no such trends, uncertainties, demands, commitments or events, provide an appropriate statement to that effect.
2. Where a profit forecast or cash flow forecast is disclosed, state the basis and all principal assumptions, if any, upon which the directors of the issuer have based their profit forecast or cash flow forecast.
3. Where a profit forecast or cash flow forecast is disclosed, include in the prospectus/registration statement a statement by the directors of the issuer to the effect that they have stated the profit forecast or cash flow forecast after due and careful enquiry, and that they individually and collectively take responsibility for the profit forecast or cash flow forecast.
4. Where a profit forecast or cash flow forecast is disclosed, include in the prospectus/registration statement a statement—
 - (a) by an auditor, the sponsor or the issue manager to the effect that, based on his examination, no matter has come to his attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit forecast or the cash flow forecast; and

- (b) by an auditor that the profit forecast or cash flow forecast, is properly prepared and calculated on the basis of the assumptions disclosed, and is consistent with the accounting policies and standards adopted by the issuer.
5. For the purpose of this Part IX. D –
- (a) ‘profit forecast’ refers to a forecast of profit for any period of time after the [effective/registration] date of the prospectus/registration statement or an estimate of profit for any period of time from the end of the financial period covered by the most recent financial statements (whether audited, pro forma or interim) that are included in the prospectus/registration statement to a date no later than the [effective /registration] date; and
 - (b) ‘cash flow forecast’ refers to a forecast of cash flow for any period of time after the [effective/registration] date of the prospectus/registration statement or an estimate of cash flow for any period of time from the end of the financial period covered by the most recent financial statements (whether audited, pro forma or interim) that are included in the prospectus/registration statement to a date no later than the [effective/registration] date.

D. Off-Balance Sheet Arrangements

1. Disclose all material off-balance sheet arrangements that have, or are reasonably likely to have, a material effect on the issuer’s financial position.
2. Disclose such information that the issuer believes is necessary for an understanding of these arrangements and their material impact on the issuer’s financial position.

E. Critical Accounting Estimates

Disclose estimates and assumptions involved in applying accounting policies. In determining which critical accounting estimates or assumptions should be disclosed, the issuer should consider whether the nature of the estimate or assumption is material because of the subjectivity and judgment required to account for highly uncertain matters, as well as whether the estimate or assumption will have a material impact on financial condition or operating performance.

Part X

DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES

A. Directors and Senior Management

The following information shall be disclosed with respect to the issuer's directors and senior management, and any employees such as scientists, researchers or designers upon whose work the issuer is dependent:

1. Name, business experience, educational and professional qualifications, functions and areas of experience or responsibility in the issuer or if the issuer is the holding entity of a group, in the group.
2. Principal business activities performed outside the issuer (including, in the case of directors, other principal directorships at present and in the last five years).
3. Date of birth or age.

B. Material Background Information

1. Disclose the following matters concerning a director, senior management member or significant person of the issuer:
 - (a) whether at any time during the last ten years, an application or a petition under any bankruptcy laws of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;
 - (b) whether at any time during the last ten years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a senior management member, at the time when he was a director or an equivalent person or a senior management member of that entity or at any time within two years from the date he ceased to be a director or an equivalent person or a senior management member of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;
 - (c) whether there is any unsatisfied judgment against him;

- (d) whether he has ever been convicted of any offence, in any country, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;
- (e) whether he has ever been convicted of any offence, in any country, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in any country, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;
- (f) whether at any time during the last ten years, judgment has been entered against him in any civil proceedings in any country involving a breach of any law or regulatory requirement that relates to the securities or futures industry in any country, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;
- (g) whether he has ever been convicted in any country of any offence in connection with the formation or management of any entity or business trust;
- (h) whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;
- (i) whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body permanently or temporarily enjoining him from engaging in any type of business practice or activity;
- (j) whether he has ever, to his knowledge, been concerned with the management or conduct, in any country, of the affairs of -
 - (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in any country;
 - (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in any country;
 - (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in any country; or

- (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in any country,

in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust;

- (k) whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by any regulatory authority, exchange, professional body or government agency, in any country.

C. Compensation

Provide information about the remuneration paid to the issuer's directors and senior management members that could have a material impact on the issuer's ability to service the Plain Debt Securities obligations. In any case disclose at least the aggregate amount of the remuneration paid in the last financial and the remuneration proposed to be paid in the current financial year.

D. Share Ownership

Provide current information about the amount of shares held by the issuer's directors and senior management members.

Part XI

MAJOR SHAREHOLDERS, RELATED-PARTY TRANSACTIONS AND CONFLICTS OF INTERESTS

A. Major Shareholders

1. The following information shall be provided regarding the issuer's major shareholders:
 - (a) the names of the major shareholders, and the number of shares and the percentage of outstanding shares of each class owned by each of them as of the most recent practicable date and immediately after the offer, or an appropriate negative statement if there are no major shareholders.
 - (b) whether the issuer's major shareholders have different voting rights, or an appropriate negative statement.
2. Information shall be provided as to the portion of each class of securities held in each of the countries in which the Plain Debt Securities will be offered and the number of record holders in each of the countries in which the Plain Debt Securities will be offered.
3. To the extent known to the issuer, state whether the issuer is directly or indirectly owned or controlled by another corporation(s), by any foreign government or by any other natural or legal person(s) severally or jointly, and, if so, give the name(s) of such controlling corporation(s), government or other person(s), and briefly describe the nature of such control, including the amount and proportion of capital held giving a right to vote.
4. Describe any arrangements, known to the issuer, the operation of which may at a subsequent date result in a change in control of the issuer.
5. Describe any arrangements for involving the directors and employees of the group in the capital of the issuer, including any arrangement that involves the issue or grant of options or shares or securities of the issuer.

B. Related-Party Transactions

1. Provide the information required below for the period since the beginning of the issuer's preceding two financial years up to the date of the prospectus/registration statement, with respect to transactions or loans between the issuer and its related parties.
2. Describe the nature and extent of any transactions or presently proposed transactions which are material to the issuer or the related party, or any

transactions that are unusual in their nature or conditions, involving goods, services, or tangible or intangible assets, to which the issuer or any of its parent or subsidiaries was a party.

3. Disclose the amount of outstanding loans (including guarantees of any kind) made by the issuer or any of its parent or subsidiaries to or for the benefit of any of the persons listed above. The information given should include the largest amount outstanding during the period covered, the amount outstanding as of the latest practicable date, the nature of the loan and the transaction in which it was incurred, and the interest rate on the loan.
4. For each transaction referred to in this Part XI.B—
 - (a) that has been completed or will be completed at or before the close of the offer, disclose whether or not the transaction has been or will be carried out on an arm's length basis;
 - (b) that will continue after the close of the offer, disclose —
 - (i) whether or not the transaction has been carried out on an arm's length basis; and
 - (ii) the procedure undertaken or which will be undertaken to ensure that such transaction will be carried out on an arm's length basis; or
 - (c) that has been proposed, disclose the procedure which will be undertaken to ensure that such transaction will be carried out on an arm's length basis.
5. For each loan referred to in this Part XI.B —
 - (a) that has been repaid or will be repaid at or before the close of the offer, disclose whether or not the loan was made on an arm's length basis;
 - (b) that is to be repaid, whether partly or wholly, after the close of the offer, disclose -
 - (i) whether or not the loan was made on an arm's length basis; and
 - (ii) when the loan is intended or required to be repaid; or
 - (c) that has been proposed, disclose the procedure which will be undertaken to ensure that such loan will be made on an arm's length basis.
6. Where transactions or loans referred to in this Part XI.B are similar and recurring in nature or could otherwise be grouped in a meaningful manner, the information required with respect to this Part XI.B should be provided on an aggregate basis, if the aggregate of these transactions or loans are material in the context of the offer.

C. Conflict of Interests

Where a director or significant person of the issuer or his associate has an interest in any entity carrying on the same business or dealing in similar products as the issuer or, if the issuer is the holding company of a group, as the group, disclose —

- (a) the name of that entity;
- (b) the name of the director or significant person involved;
- (c) the 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
- (d) whether any conflict of interests thereby arising has been or is to be resolved or mitigated and, if so, how it has been or is proposed to be resolved or mitigated.

Part XII

INTERESTS OF EXPERTS, COUNSEL, UNDERWRITERS, SHARIAH ADVISERS AND FINANCIAL ADVISERS

Disclose the nature and terms of that interest or conflict of interest if any of the experts, counselors, underwriter, Shariah advisers or other financial advisers named in the prospectus/registration statement has a material direct or indirect economic interest in the issuer or an interest that depends on the success of the issuer's offering or listing or otherwise has a material conflict of interest in rendering its advice or opinion.

Part XIII

FINANCIAL INFORMATION

A. Audited Financial Statements and Other Financial Information

1. The prospectus/registration statement must contain comparative consolidated financial statements of the issuer, or if the issuer is a holding company, of the group, that cover the latest two financial years (or such shorter period that the issuer has been in operation).
2. If the [effective/registration] date of the prospectus/registration statement is more than six months after the end of the most recent completed financial year for which financial statements is provided under paragraph 1, the prospectus/registration statement must contain interim financial statements of the issuer, or if the issuer is a holding company, of the group, made up to a date that is not earlier than six months before the [effective/registration] date of the prospectus/registration statement. The prospectus/registration statement must also include comparative interim financial statements (other than a statement of financial position) for the corresponding period in the previous financial year.
3. Where a common control combination involving the issuer has occurred at any time from the beginning of the latest two financial years up to the [effective/registration] date of the prospectus/registration statement, the financial statements to be provided under paragraph 1 and 2 of this Part XIII.A should be prepared to show the combined financial information of the issuer and the common control entities or businesses as if the common control combination had taken place at the beginning of the latest two financial years or at the time when the common control entities or businesses first came under common control, whichever date is the later.

For the purpose of this item, “common control combination” means a business combination in which all the combining entities or businesses are under common control.

4. The financial statements to be provided under paragraph 1 and 2 of this Part XIII.A must be:
 - (a) prepared in accordance with the International Financial Reporting Standards and International Accounting Standards (referred to in this Part XIII. as IFRS); and,
 - (b) other than the comparative interim financial statements, if any, which need not be audited, the financial statements are to be audited in accordance with the International Standards on Auditing (referred to in this Part XIII. as ISA).

5. The financial statements to be provided under paragraph 1 and 2 of this Part XIII.A must be accompanied by –
 - (a) an audit report or audit reports covering each of the financial statements (other than the comparative interim financial status); and
 - (b) a statement identifying the auditors who audited the financial statements and the membership or memberships of each auditor in any professional body or bodies.
6. The financial statements to be provided under paragraph 1 or 2 of this Part XIII.A shall comprise such items as required by IFRS.
7. If any annual financial statements to be provided under paragraph 1 of this Part XIII.A relate to a period other than 12 months due to a change in the financial year end of the issuer, 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 completed financial year.

B. Pro Forma Financial Statements

1. Where:
 - (a) the issuer or any entity in the group has acquired or disposed of one or more asset, or entered into any agreement (including any conditional agreement) to acquire or dispose of one or more asset during the period from the beginning of the most recent completed financial year to the [effective/registration] date of the prospectus/registration statement and:
 - (i) the net book value, or the absolute amount of the profit or loss before tax, of any of the assets has or would have accounted for 10% or more of the absolute amount of the net assets or net liabilities, or the profit or loss before tax, respectively, of the issuer or of the group (after adjusting for the effects of the group restructuring, where applicable) in respect of the most recent completed financial year; or
 - (ii) the total net book value, or the total absolute amount of the profit or loss before tax, of all the assets together have or would have accounted for 10% or more of the absolute amount of the net assets or net liabilities, or the profit or loss before tax, respectively, of the issuer or the group (after adjusting for the

effects of the group restructuring, where applicable) in respect of the most recent completed financial year; or

- (b) any significant change to the capital structure (including any material distribution) of the issuer or any other entity in the group, has occurred during the period between the end of the most recent completed financial year and the [effective/registration] date of the prospectus/registration statement, and the effects of such acquisitions, disposals or significant changes have not been reflected in the audited financial statements included in the prospectus/registration statement, provide pro forma financial statements for the most recent completed financial year and, if interim financial statements have been included in the prospectus/registration statement, for the period covered by the interim financial statements.

For the purpose of this item, 'asset' means any business, interest in a business or an entity, or any other asset.

For the avoidance of doubt, a pro forma statement of comprehensive income or statement of cash flows is not required to be provided if the acquisition, disposal or change to the capital structure has no effect on the audited statement of comprehensive income or statement of cash flows included in the prospectus/registration statement respectively.

2. The pro forma statement of comprehensive income and pro forma statement of cash flows shall be prepared:
 - (a) for the most recent completed financial year for which audited financial statements are provided in accordance with paragraph 1 of Part XIII.A; and
 - (b) where any interim financial statements have been provided in accordance with paragraph 2 of Part XIII.A, for the period covered by the interim financial statements, as if the acquisition, disposal or significant change had occurred at the beginning of the most recent completed financial year.
3. The pro forma statement of comprehensive income shall include an item on earnings per share.
4. The pro forma statement of financial position shall be prepared:
 - (a) as at the end of the most recent completed financial year as if the acquisition, disposal or significant change had occurred at the end of that financial year; and

- (b) where any interim financial statements have been provided, as at the end of the period covered by the interim financial statements, as if the acquisition, disposal or significant change had occurred at the end of the period.
- 5. In respect of the pro forma financial statements state:
 - (a) that they are prepared for illustrative purposes only and are based on certain assumptions, after making certain adjustments, to show:
 - (i) what the financial results and cash flows of the issuer or the group, as the case may be, for the most recent completed financial year and, where applicable, the period covered by the interim financial statements would have been, if the acquisition, disposal or significant change had occurred at the beginning of that financial year; and
 - (ii) what the financial position of the issuer or the group, as the case may be, would have been:
 - (A) as at the end of the most recent completed financial year, if the acquisition, disposal or significant change had occurred at the end of that financial year; and
 - (B) where applicable, as at the end of the period covered by the interim financial statements, if the acquisition, disposal or significant change had occurred at the end of that period;
 - (b) that because of their nature, they may not give a true picture of the actual financial position or results of the issuer or the group, as the case may be;
 - (c) the basis upon which they are prepared, including the source of each item of information; and
 - (d) any material adjustment made to any information used in the preparation of the pro forma financial statements and the reason for making that adjustment.
- 6. Where pro forma financial statements have been provided for any reason referred to in paragraph 1(a) above, with respect to the pro forma financial statements:
 - (a) identify each asset referred to in paragraph 1 (a)(i) and (ii) of this Part XIII.B;

- (b) provide a statement that the pro forma financial statements included in the prospectus/registration statement have been properly prepared from financial statements relating to:
 - (i) the assets in the group; and
 - (ii) the assets referred to in paragraph 1(a)(i) and (ii) of this Part XIII.B;
 - (c) provide a statement that the financial statements relating to the assets referred to in paragraph 1(a)(i) and (ii) of this Part XIII.B which were used in the preparation of the pro forma financial statements were prepared or restated in accordance with IFRS;
 - (d) state, in respect of each of the financial statements relating to the assets referred to in paragraph 1(a)(i) and (ii) of this Part XIII.B above which were used in the preparation of the pro forma financial statements, the body of accounting standards that was adopted in the preparation of the financial statements.
7. The financial statements of significant asset or assets related to any major transaction, referred to in paragraph 1(a)(i) and (ii) of this Part XIII.B, which are used in the preparation of the pro forma financial statements must be audited. For other assets, state whether or not the financial statements are audited.
8. If the financial statements referred to in paragraph 7 above are audited,
- (a) state the body of auditing standards that was adopted by the auditors in the audit of the financial statements; and
 - (b) provide a statement identifying the auditors who audited the financial statements, together with the membership or memberships of each auditor in a professional body.
9. Include, in the prospectus/registration statement:
- (a) a statement that the audit reports for the financial statements referred to in paragraph 8 above do not contain any material qualification; or
 - (b) if any of those audit reports contains any material qualification, modification or disclaimer, a statement:
 - (i) setting out in full the qualification, modification or disclaimer; and
 - (ii) providing the reason for the qualification, modification or disclaimer.

10. Include, in the prospectus/registration statement, an opinion from the auditors of the issuer, that –
- (a) the pro forma financial statements have been properly prepared –
 - (i) on the basis referred to in paragraph 5 (c) of this Part XIII.B; and
 - (ii) where the pro forma financial statements have been provided for any reason referred to in paragraph 1 (a) of this Part XIII.B, in accordance with the matters referred to in the statements under paragraph 6 (b) and (c) of this Part XIII.B; and
 - (b) each material adjustment made to the information used in the preparation of the pro forma financial statements is appropriate for the purpose of preparing such financial statements and in accordance with ISA.

C. Change in Accounting Policies

Where there has been any material change to the issuer's accounting policies, provide a summary of the material change and the reason for and quantitative impact of such change on the financial results of the issuer or, if the issuer is a holding company, of the group for each of the financial years for which financial statements are provided pursuant to paragraph 1 of this Part XIII.A.

D. Litigation

Provide information on any legal or arbitration proceedings, including those relating to bankruptcy, receivership or similar proceedings which may have, or have had in the 12 months immediately preceding the date of prospectus/registration statement, significant effects on the issuer's financial position or profitability. This includes governmental proceedings pending or known to be contemplated.

E. Dividends

Describe the issuer's policy on dividend distributions or, if it does not have a fixed policy, state so.

F. Significant Changes

Disclose whether or not any significant change has occurred which may have a material effect on the financial position and results of the issuer since the date of the annual financial statements, and/or since the date of the most recent interim

financial statements, if any, included in the prospectus/registration statement. If there is no such change, provide an appropriate negative statement.

Part XIV

ADDITIONAL INFORMATION

A. Memorandum and Articles of Association

Provide a summary of the provisions of the issuer's constituent documents and bylaws with respect to –

1. the borrowing powers exercisable by the directors of the issuer;
2. how such borrowing powers may be varied.

B. Material Contracts

Provide a summary of each material contract, other than contracts entered into in the ordinary course of business, to which the issuer or any member of the group is a party, for the two years immediately preceding the date of the prospectus/registration statement including dates, parties, general nature of the contracts, terms and conditions, and amount of any consideration passing to or from the issuer or any other member of the group.

C. Exchange Controls

Describe any governmental laws, decrees, regulations or other legislation of the home country of the issuer that may affect –

1. the import or export of capital, including the availability of cash and cash equivalents for use by the issuer's group.
2. the remittance of dividends, interest or other payments to non-resident holders of the issuer's Plain Debt Securities.

D. Statement by Experts

1. If the prospectus/registration statement indicates that a statement or report included in it can be attributed to an expert, disclose the expert's name, business address and qualifications. Indicate –
 - (a) that the statement or report, in the form and context in which it is included, has been included with the consent of that expert, who has

authorised the contents of that portion of the prospectus/registration statement;

- (b) the date on which the statement or report was made; and
- (c) whether or not the statement or report was prepared by the expert for the purpose of incorporation in the prospectus/registration statement.

E. Sign offs or consents

Where a person is –

- (a) named in the prospectus/registration statement and is required to provide his written consent to be so named in the prospectus/registration statement by the law of the jurisdiction in which the offer is made; or
- (b) is required to provide his written consent to the issue of the prospectus/registration statement by the law of the jurisdiction in which the offer is made,

include a statement that the person has given, and has not withdrawn, his written consent to being named in the prospectus/registration statement or to the issue of the prospectus/registration statement as the case may be.

F. Documents for public inspection

1. The issuer shall provide an indication of where the documents (or copies thereof) concerning the issuer which are referred to in the prospectus/registration statement may be inspected. Exhibits and documents on display generally should be translated into English, or a summary in English should be provided. These documents, which shall be made available for public inspection for a period of at least one year from the [effective/registration] date of the prospectus/registration statement, include –
 - (a) the constituent documents of the issuer;
 - (b) every material contract referred to in the prospectus/registration statement or, where the contract is not reduced into writing, a memorandum giving full particulars thereof;
 - (c) the directors' service contracts referred to in the prospectus/registration statement;

- (d) every report, memorandum, letter, valuation, statement or other document by any expert any part of which is included or referred to in the prospectus/registration statement;
 - (e) the audited financial statements of the issuer for each of the financial years for which audited financial statements of the issuer have been included in the prospectus/registration statement;
 - (f) if the issuer is the holding company of a group, the respective audited financial statements of the entities or businesses in the group (being entities or businesses which have audited financial statements) for each of the financial years for which audited financial statements of the issuer have been included in the prospectus/registration statement;
 - (g) if the issuer is the holding company of a pro forma group and pro forma financial statements have been included in the prospectus/registration statement, the respective audited financial statements of the entities or businesses in the pro forma group (being entities or businesses which have audited financial statements), other than the entities or businesses referred to in sub-paragraph (f), for the financial year in respect of which pro forma financial statements have been included in the prospectus/registration statement;
 - (h) any interim financial statements of the issuer, group or pro forma group, as the case may be, which are included in the prospectus/registration statement;
 - (i) any trust deed, fiscal agency agreement or other document constituting the Plain Debt Securities as the case may be;
 - (j) all notes, reports or information relating to the financial statements referred to in sub-paragraph (e), (f), (g) and (h) above; and
 - (k) in the case of a guaranteed Plain Debt Securities issue, documents (or copies) referred to in sub-paragraphs (e), (f), (g),(h) and (j) above, of the guarantor
2. Provide an indication of the resolutions, authorisations and approvals by virtue of which any Plain Debt Securities of the issuer may be issued, the nature and amount of the issue, and the number of Plain Debt Securities which may be issued, if predetermined.

G. Others

1. On the front cover of the prospectus/registration statement, provide:

- (a) the [effective/registration] date of the [prospectus/registration statement] or the date of lodgment of the supplementary [prospectus/registration statement] or replacement [prospectus/registration statement];
 - (b) the statement: “This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax, or other professional adviser”;
 - (c) the statement: “A copy of this [prospectus/registration statement] has been registered by the [*insert name of the relevant regulator*]. The effectiveness of this [prospectus/registration statement] neither represent that [*insert name of the relevant regulator*] have suggested investment in the offered securities; nor contain any assurance in relation to the value or returns on the offered securities; nor shall certify the accuracy and completeness of information contained in the [prospectus/registration statement]. Registration of the [prospectus/registration statement] by the [*insert name of the relevant regulator*] does not imply that the legal or regulatory requirements have been complied with. The [*insert name of the relevant regulator*] has not, in any way, considered the merits of the Plain Debt Securities, as the case may be, being offered for investment”;
 - (d) a statement that no Plain Debt Securities shall be allotted or allocated on the basis of the [prospectus/registration statement] later than [*insert relevant number of months as stipulated under the relevant regulations*] months after the [effective/registration] date of [the prospectus/registration statement] .
2. Disclose all approvals and conditions imposed by relevant authorities in respect of the offering or listing of the Plain Debt Securities to which the prospectus/registration statement relates.

Appendix

Definitions of Terms Used in the ASEAN Debt Disclosure Standards

Terms	Definition
associate	This term, in relation to – (c) an individual, means a close member of the individual's family, and an entity which is controlled, directly or indirectly, by the individual; (d) an entity, its significant person or an entity which is controlled, directly or indirectly, by the significant person of such entity.
associated company	This term, in relation to an issuer, means – (c) any corporation, other than a subsidiary of the issuer, in which the issuer and/or one or more of its subsidiaries has or have a direct interest of not less than 20% but not more than 50% of the voting shares of the corporation; or (d) any corporation, other than a subsidiary or an associated company by virtue of paragraph (a), the policies of which the issuer and/or one or more of its subsidiaries is or are able to control or influence materially.
close family member	This term, in relation to an individual, means the individual's spouse, parent, child, sibling, spouse of his child and spouse of his sibling.
common control	Two or more entities or businesses are under common control if they are ultimately controlled by the same party or parties and the control is not transitory. A party is or a group of parties shall be regarded as controlling an entity or business when the party or group of parties, as a result of contractual arrangements, has or collectively have the power to govern its financial and operating policies so as to obtain benefits from its activities.
directors	This term, in relation to a corporation, includes: (a) a member of the corporation's board of directors, board of commissioners or equivalent governing body by whatever name called; (b) a person in accordance with whose directions or instructions the members of the corporation's board of directors, board of commissioners or equivalent governing body (by whatever name called) is accustomed to act; and

	(c) an alternate or substitute member of the corporation's board of directors, board of commissioners or equivalent governing body by whatever name called.
issuer	In the case of a Sukuk Ijarah where the issuer is a special purpose vehicle, the term "issuer" refers to both the issuer and the obligor under the Sukuk Ijarah.
major shareholder	This term, in relation to a corporation, means a person who has an interest in or control over 5% or more of the voting shares of the corporation.
related party	This term, in relation to an issuer, includes: <ul style="list-style-type: none"> (f) an enterprise that directly or indirectly, controls, or is under common control with, the issuer; (g) a significant person of the issuer; (h) a director or a member of the senior management of, the issuer; (i) a close family member of the family of an individual referred to in (b) or (c); or (j) an enterprise which is controlled, directly or indirectly, by an individual referred to in (b), (c) or (d).
senior management	This term: <ul style="list-style-type: none"> (a) in relation to a corporation, means all the individuals (including directors of the corporation) who are employed in an executive capacity by the corporation and who each – <ul style="list-style-type: none"> (i) makes or participates in making decisions that affect the whole or a substantial part of the business of the corporation; or (ii) has the capacity to make decisions which affect significantly the corporation's financial standing; and (b) in relation to a group of corporations, means all the individuals (including directors of the corporations in the group) who are employed in an executive capacity by any of the corporations in the group and who each – <ul style="list-style-type: none"> (i) makes or participates in making decisions that affect the whole or a substantial part of the business of the group; or

	(ii) has the capacity to make decisions which affect significantly the group's financial standing;
significant person	This term, in relation to a corporation, means a person – (d) who has an interest in or control over 10% or more of the voting shares of the corporation; or (e) who is in a position to control the composition of the majority of the board of directors of the corporation; or (f) who, directly or indirectly, has the ability to control the management and/or the policies of the corporation.

DIVISION 3
STRUCTURED WARRANT

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Chapter 1

GENERAL

- 1.01 This division shall apply to a prospectus prepared in relation to the issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase of structured warrants.
- 1.02 A prospectus in relation to the issuance of structured warrants may be issued—
- (a) in a single document; or
 - (b) by way of a base prospectus supported by term sheet(s), in which case, the base prospectus and term sheet(s) should between them comply with these guidelines. The base prospectus should contain information relating to the issuer. The term sheet should contain information concerning the specific issue. The base prospectus and term sheet(s) should each contain a statement that it should be read in conjunction with the other.
- 1.03 In determining what information is required to be included in the prospectus, regard should be given to the following:
- (a) The nature of the structured warrants;
 - (b) Business of the issuer and underlying corporation;
 - (c) The persons likely to consider acquiring the structured warrants; and
 - (d) The fact that certain matters may reasonably be expected to be within the knowledge of professional advisers whom potential investors may reasonably expect to consult.
- 1.04 The cut-off date for information to be disclosed in the prospectus should be as at the latest practicable date available prior to the issue of the prospectus, save for the requirements as set out in Chapter 9. Preparers of prospectuses should strictly observe any significant change or new matter arising that will affect the content of the prospectus and update it via a supplementary prospectus where necessary.
- 1.05 A structured warrants offering approved for listing and quotation on Bursa Malaysia Securities is required to have a summary advertisement of its prospectus published in a widely-circulated English newspaper. The summary advertisement should state, among others, the following:
- (a) That the prospectus for the issuance of the structured warrants has been registered;
 - (b) The date of the prospectus;
 - (c) Where a copy of the prospectus can be obtained;

- (d) That any issue of structured warrants to which the prospectus relates will only be made on receipt of a form of application referred to in and accompanying a copy of the prospectus, where applicable;
- (e) Brief details of the structured warrants offering;
- (f) Brief details of the issuer's incorporation and share capital;
- (g) Brief details of the principal activity(ies) of the issuer;
- (h) Details of the board of directors;
- (i) Name of the principal adviser, custodian, guarantor (where applicable);
- (j) Opening and closing time of the application;
- (k) Listing sought; and
- (l) Whether the issuer intends to undertake a further issue of structured warrants.

Chapter 2

FRONT COVER

The front cover should contain the following information and statements.

2.01 Particulars of the issuer, including:

- (a) Full name;
- (b) Place of incorporation;
- (c) Statute under which it was incorporated; and
- (d) Registration number;

For a foreign-incorporated issuer, to state, where applicable, that it has been registered as a foreign company in Malaysia under the *Companies Act 1965* together with its registration number.

2.02 The date of the prospectus.

2.03 Details of the structured warrants offering, including—

- (a) issue size and type of structured warrants;
- (b) issue price of structured warrants (if available);
- (c) listing that is sought; and
- (d) underlying financial instrument.

2.04 Name of the principal adviser, custodian and guarantor, where applicable.

2.05 The following statements, to appear in bold:

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. TURN TO PAGE [] FOR “RISK FACTORS”.

Chapter 3

INSIDE COVER/FIRST PAGE

3.01 There are certain types of information that are considered essential to identify the prospectus and the status of the prospectus. If not already disclosed on the front cover, the prospectus should contain the following statements on the inside cover or at the very least, on page 1.

Responsibility statements

- (a) “The directors of the issuer (and/or guarantor) have seen and approved this prospectus. The directors of the issuer (and/or guarantor) collectively and individually accept(s) full responsibility for the accuracy of the information contained in this prospectus and confirm(s), having made all reasonable enquiries, that to the best of its/their knowledge and belief, there are no false or misleading statements or other facts the omission of which would make any statement in this prospectus false or misleading.”
- (b) “[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 prospectus constitutes a full and true disclosure of all material facts concerning the offer.”

Statements of risk

- (c) “Investors are warned that the price of the underlying financial instruments and structured warrants may fall in value as rapidly as it may rise and holders may sustain a total loss of their investment. Prospective purchasers should therefore make sure they understand the terms and conditions of the structured warrants offered, the risk factors involved, and where necessary seek professional advice before investing in the structured warrants.”
- (d) In the case of non-collateralised structured warrants, the issuer should also disclose the following:

“The structured warrants constitute general unsecured contractual obligations of the issuer and of no other person. Therefore, if you purchase the structured warrants, you are relying on the creditworthiness of the issuer (and/or the guarantor) and have no recourse/rights against the underlying corporation.”

Statements of disclaimer

- (e) “A copy of this prospectus has been registered with the Securities Commission

Malaysia. The registration of this prospectus should not be taken to indicate that the Securities Commission Malaysia recommends the structured warrants offering or assumes responsibility for the correctness of any statement made or opinion or report expressed in this prospectus.”

- (f) “The Securities Commission Malaysia is not liable for any non-disclosure on the part of the issuer and takes no responsibility for the contents of this document, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this prospectus. **INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.**”
- (g) “Approval has been or will be obtained from Bursa Malaysia Securities Berhad for the listing of and quotation of the structured warrants being offered. Admission to the Official List of Bursa Malaysia Securities Berhad is not to be taken as an indication of the merits of the invitation, corporation, or its securities.”; and
- (h) “A copy of this prospectus, together with the form of application, has also been lodged with the Registrar of Companies who takes no responsibility for its contents.”

Other statements

3.02 The following additional statements should also be stated:

- (a) “Investors are advised to note that recourse for false or misleading statements or acts made in connection with the prospectus is directly available through sections 248, 249 and 357 of the *Capital Markets & Services Act 2007*.”; and
- (b) “Securities listed on Bursa Malaysia Securities Berhad are offered to the public premised on full and accurate disclosure of all material information concerning the issue for which any of the persons set out in section 236 of the *Capital Markets & Services Act 2007*, e.g. directors and advisers, are responsible.”

Chapter 4

TIMETABLE/DEFINITIONS/TABLE OF CONTENTS/CORPORATE DIRECTORY

4.01 The prospectus should be properly structured, with the relevant sections and headings, for ease of reference and cross-reference.

Indicative timetable

4.02 The prospectus should disclose the period during which the offering of structured warrants should remain open after the publication of the prospectus which is inclusive of the date of issue of the prospectus and which should be for a reasonable period.

4.03 The prospectus should set out the critical dates for the offering, including:

- (a) Opening and closing dates of the issue and/or offer;
- (b) Tentative dates of any special events, for example, date for the balloting of applications (day, month and year);
- (c) Tentative price determination date (day, month and year);
- (d) Tentative date for allotment of securities (day, month and year); and
- (e) Tentative listing date (day, month and year).

4.04 The prospectus should state whether the directors of the issuer reserve the right to extend the closing date.

4.05 The prospectus should disclose the method of informing the public if the closing date is extended.

Definitions

4.06 A glossary of abbreviations and technical terms should be provided.

Table of contents

4.07 There should be a table of contents, listing all sections and subsections of the prospectus.

Corporate directory

4.08 The prospectus should contain details of the following persons:

- (a) Names, nationalities, addresses and professions of all directors of the issuer (to specify the independent directors);
- (b) Names of the audit committee members;
- (c) Name, address and membership number of the company secretary of the issuer;
- (d) Addresses and telephone numbers of the issuer's registered office, head/management office and the e-mail and website address (if any);
- (e) Names and addresses of the following parties (where applicable):
 - (i) Auditors;
 - (ii) Reporting accountants;
 - (iii) Solicitors;
 - (iv) Principal bankers;
 - (v) Issuing house;
 - (vi) Registrar;
 - (vii) Principal adviser;
 - (viii) Selling/Placement agents;
 - (ix) Rating agency;
 - (x) Trustee;
 - (xi) Custodian;
 - (xii) Guarantor(s);
 - (xiii) Shariah adviser;
 - (xiv) Paying agent;
 - (xv) Facility agent; and
 - (xvi) Authorised depository institutions;
- (f) Names and addresses of expert(s) whose prepared reports or excerpts or summaries are included or referred to in the prospectus; and
- (g) Name(s) of stock exchange(s) where the structured warrants and underlying shares are already listed and/or the listing is sought in relation to the prospectus.

Chapter 5

DETAILS OF STRUCTURED WARRANTS OFFERING

Information on the issuer

- 5.01 The prospectus should contain a description of the issuer, its subsidiaries or affiliates and, where applicable, the guarantor and/or the risk manager, including its history and business, its place of incorporation and business, its directors and management, its experience in the issuance and management of warrants and other equity derivatives.
- 5.02 In the case of a non-collateralised structured warrants issue, disclose the published audited consolidated financial statements for the past three financial years. Where there is a performance guarantee for the structured warrants issue, disclose the guarantor's published audited consolidated financial statements and auditor's report for the past three financial years. In the case of a fully-collateralised call warrants issue, provide the published audited financial statements for the past one financial year.
- 5.03 Where the date of a prospectus is within 15 months of the last audited financial statements of the issuer, disclose the last audited financial statements together with the latest quarterly and quarterly cumulative financial statements, including the explanatory notes.
- 5.04 Where the issue is non-collateralised, provide a description of the issuer's activities on its use of the securities, e.g. structured warrants, options and futures, swaps and similar instruments, covering the following:
- (a) The purpose for which such instruments are used;
 - (b) The hedging strategy to be employed and its internal risk management set up to mitigate the risk arising, such as market risk, credit risk, concentration risk and operational risk. If an outside risk manager has been appointed to supervise the risk management process, the terms and conditions of the agreement or guarantee should be clearly specified;
 - (c) The role of senior management in the supervision of the risk management process, including the functions and independence of its risk management, credit, finance, internal audit and compliance units; and
 - (d) The imposition and monitoring of trading and credit limits, including the procedures and authorisations necessary for such limits to be exceeded and the procedures in relation to and action which would be taken if such limits are exceeded without due authority.

- 5.05 Where the issue is fully collateralised, the issuer should disclose the security arrangement and the identity of the trustee or custodian of the underlying financial instruments.
- 5.06 On matters regarding material litigation and arbitration, disclose any litigation, arbitration or claims of material importance pending or threatened against the issuer or any member of the issuer's group which has or will have a material effect on the ability of the issuer to meet its obligations. Where the issuer is an eligible broker or licensed institution, disclose only the material litigation which is outside the ordinary course of business.
- 5.07 If the issuer or guarantor is regulated by a regulator, disclose a statement on that fact and identify the relevant regulatory body. If otherwise, provide an appropriate negative statement.
- 5.08 If the issuer or guarantor was rated by a rating agency, disclose a statement on that fact and identify the rating agency (including the rating and when it was awarded). If otherwise, provide an appropriate negative statement.
- 5.09 The prospectus should contain the salient details of underwriting/undertaking arrangements and guarantee agreements, if any.

Market making

- 5.10 Disclose whether the issuer intends to fulfil the spread requirement or provide liquidity for a structured warrant issue via market making, or both.
- 5.11 Where the issuer appoints a market maker for its issue of structured warrants, it should disclose the identity of the market maker for the issue of the structured warrants and an explanation of the relationship between the issuer and the market maker emphasising that that market maker is acting as agent for the issuer.
- 5.12 Disclose the minimum quantity of structured warrants for which liquidity will be provided.
- 5.13 Where the issuer provides liquidity via market making, disclose the circumstances under which the market maker will not be able to, and should not be obliged to provide liquidity in its structured warrants.
- 5.14 Disclose the daily market presence of the market maker.
- 5.15 Disclose the maximum spread between the bid and offer prices when liquidity is provided.
- 5.16 Disclose whether the issuer has any intention to undertake a further issue of the structured warrants.

Conflicts of interest

- 5.17 The issuer should disclose any agreement, arrangement or understanding (direct or indirect) in place at the latest practicable date between the issuer and any member of the issuer's group, and any substantial shareholder of the underlying corporation, where such agreement, arrangement or understanding will have an effect on the issuance of the structured warrants.
- 5.18 There should be disclosed a declaration of any party's existing and potential interests/ conflicts of interest in an advisory capacity (if any) vis-à-vis the issuer/group. Such parties should include advisers, firms of public accountants, law firms, experts and such other parties which provide advice to the issuer/group.

Information on the terms and conditions of the structured warrants

- 5.19 The prospectus should set out in detail the terms and conditions of the structured warrants, including but not limited to the following:
- (a) The issue size;
 - (b) A full description of the nature of the structured warrants, e.g. single or basket, exercise style (American or European), underlying financial instruments and settlement method; and
 - (c) A summary of the terms of the structured warrants, including the issue price, strike price, exercise period, expiry date, the implied volatility, gearing, effective gearing and premium. In the case of equity-linked structures, the yield of the instrument and for other structured warrants, such information as required.
- 5.20 Where the underlying financial instrument is a basket of shares, the prospectus should disclose the relevant weightings of each underlying share in the basket.
- 5.21 A description of all applicable exercise rights should be made including:
- (a) Automatic exercise at the expiry of the exercise of the structured warrants;
 - (b) For a physical settlement, the delivery of an exercise notice and payment of the exercise price, and state the period in which the issuer may deliver the underlying by electronic transfer to the holder following a valid exercise;
 - (c) The maximum number of underlying shares which the issuer is obliged to transfer upon exercise of the structured warrants;
 - (d) For a cash settlement, state clearly the method of calculating the settlement amount and the period in which the issuer may deliver the requisite cash settlement amount. Also state the issuer's obligation to provide for automatic exercise upon expiry or maturity of the structured warrants; and

- (e) The period during which the structured warrants in issue may be exercised and the date when the structured warrants mature or expire.
- 5.22 A prospectus should disclose the rights of the holders of the structured warrants in the event of a take-over, merger, liquidation, dissolution or winding-up of the issuer or a scheme of arrangement involving the shareholders of the issuer.
- 5.23 Provide a description of any other rights other than those stipulated in any of the paragraphs above conferring rights on the holder of the structured warrants.
- 5.24 The issuer is required to publish a notice on the final issue price and exercise price in a widely-circulated English newspaper. A copy of the notice should be furnished to the SC on the date of publication.

Information on the underlying financial instrument

- 5.25 Where the underlying financial instrument is listed shares, the prospectus should include the following information in respect of each of the underlying corporation:
 - (a) Description of the underlying corporation, its subsidiaries, its history and business, its directors, key management and substantial shareholders;
 - (b) The published audited consolidated financial statements for the past three financial years and the latest quarterly results (where relevant);
 - (c) The date of and arrangement for adjusting the amount payable on the exercise of such rights or the entitlement due upon exercise (where applicable) to take account of any rights issue, bonus issue, sub-division, consolidation or other alteration to the share capital of the underlying corporation;
 - (d) The rights (if any) of the holders of the structured warrants to participate in any distribution and/or offers of further securities made by the underlying corporation;
 - (e) The rights (if any) of the holders of the structured warrants in the event of a take-over, merger, liquidation, dissolution or winding-up of the underlying corporation or a scheme of arrangement involving the shareholders of the underlying corporation;
 - (f) Market statistics of the underlying shares quoted on a securities exchange outside Malaysia:
 - (i) The quarterly highest and lowest market prices of the underlying shares and the composite index of the relevant stock exchange for the past three years;
 - (ii) The closing price and five-day volume-weighted average price preceding the date of the issue of the prospectus;

- (iii) The market capitalisation based on the latest closing price preceding the date of the issue of the prospectus;
 - (iv) The price-earnings multiple based on the latest closing price preceding the date of the issue of the prospectus and the latest published audited results; and
 - (v) The dividend yield based on latest closing price preceding the date of the issue of the prospectus and the latest annual dividend that was declared and paid;
- (g) Any other information concerning the relevant companies which has been published generally and which is necessary to enable an investor to make an informed assessment of the value of the structured warrants;

5.26 Where the underlying is an index, provide the following information:

- (a) A description of the index;
- (b) A description of the constituent stocks (if applicable);
- (c) The identity of the party which sponsors and/or calculates the index;
- (d) A description of the method of calculation;
- (e) The arrangements for calculation if the index is not published by the normal party;
- (f) The historic highs or lows for the last three years; and
- (g) The closing spot level as at the latest practicable date.

5.27 In the case of structured warrants for other securities or assets, the prospectus should contain that information which is necessary to enable an investor to make an informed assessment of the value of the structured warrants.

5.28 Issuers may fulfill the disclosure requirements under paragraphs 5.02, 5.03, 5.25 and 5.26 by way of reference to a website address.

Additional information

5.29 A statement that no securities will be allotted or issued on the basis of the prospectus later than 12 months after the date of issue of the prospectus.

Chapter 6

RISK FACTORS

- 6.01 The prospectus should contain information regarding the risks involved in purchasing the structured warrants. The risks involved include, but are not limited to—
- (a) all risks relating to the structured warrants and underlying financial instruments, such as volatility risk, liquidity risk (especially if no market making is undertaken) and all other risks which are material for an investor to make an informed decision in respect of investing in the structured warrants;
 - (b) risks associated with market disruption and settlement disruption events in relation to the underlying financial instrument;
 - (c) risks associated with events affecting the structured warrants including but not limited to, adjustments of rights/bonus issue of the underlying shares, insolvency, litigation and merger events of the underlying corporation; and
 - (d) risks associated with any termination events of the issue by the issuer.
- 6.02 For a non-collateralised structured warrants issue, the issuer is to state that buyers of the structured warrants are taking on the credit risk of the issuer and to provide its credit rating, if any.
- 6.03 The listing of risk factors in order of priority is encouraged.
- 6.04 Care should be taken in making disclaimers of risk factors to ensure that the disclaimers are not so wide as to cause the risk disclosures to be of little or no beneficial use to investors.

Chapter 7

APPROVALS AND CONDITIONS

- 7.01 The prospectus should disclose the approvals of the relevant authorities in conjunction with the structured warrants offering together with the dates of approvals and any conditions attached and the compliance thereof.

- 7.02 For any waivers from these guidelines that have been approved by the SC, to state the specific paragraph of the guidelines for which the waiver was sought and details of the approval with condition(s) (if any).

Chapter 8

EXPERTS' STATEMENTS/REPORTS

- 8.01 Where the prospectus includes a statement purporting to be made by an expert, there should be included a statement–
- (a) specifying the qualifications of such an expert and whether such an expert holds any securities in the issuer, any member of the issuer's group or has the right to nominate persons to subscribe for securities in the issuer or any member of the issuer's group and, if so, a full description thereof; and
 - (b) whether such an expert holds any securities in the underlying corporation.
- 8.02 There should be disclosed excerpts from, or summaries of, opinions expressed and conclusions recorded in the reports. The experts should state whether or not the reports were prepared for inclusion in the prospectus.
- 8.03 The experts' reports should be signed and dated within a reasonable time of the issue of the prospectus to ensure that the contents are substantially relevant.
- 8.04 If the expert becomes aware of significant changes affecting the content of the report, either–
- (a) between the date of the report and the issue of the prospectus; or
 - (b) after the issue of the prospectus and before the issue of the structured warrants,
- then the expert has an ongoing obligation to either cause the report to be updated for the changes and, where applicable, cause the issuer to issue a supplementary prospectus, or withdraw the expert's consent to the inclusion of the report in the prospectus. Failure to do so will result in the issuer and the expert being liable for any misleading statements or material omission arising from the outdated report.
- 8.05 Care should be taken by experts in making disclaimers of responsibility in their experts' reports. If the disclaimers are so wide as to cause the report to be of little or no beneficial use to investors, then inclusion of the report in the prospectus may itself be misleading.

Chapter 9

DIRECTORS' REPORT

- 9.01 The prospectus should contain a report by the directors of the issuer, for the period between the date to which the last audited financial statements of the issuer/group have been made up and a date not earlier than 14 days before the date of issue of the prospectus, stating whether, after due enquiry by them—
- (a) the business of the issuer/group has, in their opinion, been satisfactorily maintained;
 - (b) there have, in their opinion, arisen, since the last audited financial statements of the issuer/group, any circumstances which have adversely affected the trading or the value of the assets of the issuer/group;
 - (c) the current assets of the issuer/group appear in the books at values which are believed to be realisable in the ordinary course of business;
 - (d) there are contingent liabilities by reason of any guarantees or indemnities given by the issuer/group;
 - (e) there have been, since the last audited financial statements of the issuer/group, any default or any known event that could give rise to a default situation, in respect of payments of either interest and/or principal sums in relation to any borrowings in which they are aware of; or
 - (f) there have been, since the last audited financial statements of the issuer/group, any material changes in the published reserves or any unusual factors affecting the profits of the issuer/group.

The report should contain full details of all matters required to be dealt with above.

Chapter 10

CONSENTS

10.01 The prospectus should contain statements of consents from relevant parties, such as advisers, reporting accountants, auditors, issuing houses, registrars, selling/placement agents, solicitors, external company secretaries, bankers, rating agencies and experts or inclusion of their names and (where relevant) statements and reports in the form and context in which such statements and reports appear. A statement that they have not subsequently withdrawn such consents should also be disclosed.

Chapter 11

DOCUMENTS AVAILABLE FOR INSPECTION

- 11.01 Provide a statement that for a period of at least 12 months from the date of issue of the prospectus, the following documents (or copies thereof), where applicable, may be inspected at a specified place in Malaysia:
- (a) The Memorandum and Articles of Association of the issuer;
 - (b) Any trust deed/deed poll;
 - (c) Each material contract or document referred to in the prospectus and, in the case of contracts not in writing, a memorandum which gives full particulars of the contracts;
 - (d) All reports, letters or other documents, and statements by any expert, any part of which is extracted or referred to in the prospectus. Where a summary expert's report is included in the prospectus, the corresponding full expert's report should be made available for inspection;
 - (e) The audited financial statements of the issuer and its subsidiaries for the last three financial years or from the date of incorporation, if less than three years, preceding the date of prospectus;
 - (f) Writ and relevant cause papers of all current material litigation and arbitration disclosed in the prospectus;
 - (g) Latest audited financial statements of the issuer and its subsidiaries for the current financial period (where applicable); and
 - (h) Each consent given under Chapter 10.

Chapter 12

APPLICATION FOR STRUCTURED WARRANTS

- 12.01 The prospectus should contain instructions/procedures on how to apply for the structured warrants and how to complete applications. The instructions/procedures should contain terms and conditions for application, specific steps/measures to be complied with in relation to the various modes of application for structured warrants, e.g. automated teller machines, Internet and/or physical applications and any relevant statements of disclaimers in respect of the application.
- 12.02 The addresses where completed applications should be sent should be set out in the prospectus, as well as a statement as to whom payments should be made payable.
- 12.03 The prospectus should disclose the minimum number of structured warrants that can be applied for and the multiples of additional structured warrants for which investors may apply.
- 12.04 The application form should be identifiable with the prospectus to which it relates and warn investors against signing the form without having read and understood the prospectus. Accordingly, the application form should contain the following statements:
- (a) The name of the issuer and registration number;
 - (b) The date of the prospectus to which it relates;
 - (c) The expiry date of the prospectus;
 - (d) Words to the effect that, in accordance with the requirements of the CMSA, the application form should not be circulated unless accompanied by the prospectus; and
 - (e) Words to the effect that investors should have read the prospectus before completing the application form.
- 12.05 The application form should not contain any investment information that is not also contained in the body of the prospectus.
- 12.06 Where applicable, the issuer should allocate all excess securities in respect of any subscription on a fair and equitable basis. In this respect, the prospectus should contain a statement that the allocation of the excess structured warrants will be made on a fair and equitable manner.

DIVISION 4

BUSINESS TRUST

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Chapter 25
APPLICATION FOR UNITS

Chapter 1

GENERAL

- 1.01 This division shall apply to a prospectus prepared in relation to the issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase of units of business trust.
- 1.02 Preparers of prospectuses must strictly observe any significant change or new matter arising that will affect the content of the prospectus and to update it via a supplementary prospectus or replacement prospectus where necessary.
- 1.03 A business trust approved for listing and quotation on Bursa Malaysia Securities is required to publish a summary advertisement of its prospectus in one Bahasa Malaysia newspaper and one English newspaper which are widely circulated. The summary advertisement should state, among others, the following:
 - (a) That the prospectus for the offering has been registered;
 - (b) The date of the prospectus;
 - (c) Where a copy of the prospectus can be obtained;
 - (d) That any issue of unit will only be made on receipt of the application form referred to in and accompanying a copy of the prospectus;
 - (e) Brief details of the offering and issuance of units in the business trust;
 - (f) Brief details of the establishment of the business trust and total units issued;
 - (g) Brief details of the core businesses of the business trust;
 - (h) Details of the board of directors of the trustee manager;
 - (i) Name of the principal adviser, managing underwriter and underwriters;
 - (j) Opening and closing time of the application; and
 - (k) Listing sought.

Chapter 2

DEFINITIONS

2.01 Unless provided for in this chapter, all the terms used in this division shall have the meanings as provided for in the law and the Business Trust Guidelines.

associated entity	<p>in relation to a business trust, means–</p> <p>An entity, including an unincorporated entity such as a partnership, over which the business trust has significant influence and a joint venture which the business trust has an interest in.</p>
business trust	has the same meaning as provided for under subsection 2(1) of the CMSA.
business trust group	means the business trust the business trust’s subsidiary entities and associated entities.
deed	has the same meaning as provided for under section 256H of the CMSA
director	has the same meaning as provided for under subsection 2(1) of the CMSA and includes a person who is a chief executive.
independent member	<p>in relation to –</p> <p>(a) the board of directors of a trustee-manager; (b) the audit committee; and (c) the Shariah adviser,</p> <p>means a person who is free of any relationship with the –</p> <p>(A) trustee-manager; (B) controlling shareholder(s) or major shareholder(s) of the trustee-manager; or (C) substantial unit holders of the business trust</p> <p>In any case, a period of two years must lapse before a person who was previously connected to the trustee-manager, controlling shareholder(s)/major shareholder(s) or substantial unit holders of the business trust can be deemed to be independent.</p> <p>A person would not be considered an “independent member” if, amongst others, the person:</p> <p>(a) is an officer of the trustee-manager or any of its subsidiaries; (b) is an officer of any body corporate or unincorporated body that has power to appoint or make recommendations towards the appointment of board of directors of the trustee-manager, members of the audit committee and the Shariah adviser of the business trust; (c) is related to an officer of the trustee-manager of the business</p>

	<p>trust;</p> <p>(d) represents or perceived to represent any body corporate or unincorporated body with a controlling shareholding in the trustee-manager;</p> <p>(e) represents or is seen to be representing any body corporate or unincorporated body with a business interest in the trustee-manager; or</p> <p>(f) within two years prior to his appointment as independent member, has derived any remuneration or benefit (other than retirement benefit) from the trustee-manager or any body corporate or unincorporated body that has power to appoint or make recommendations towards the appointment of members of the board of directors of the trustee-manager, members of the audit committee and the Shariah adviser of the business trust.</p>
pre-emptive issues	refers to the offerings made to the business trust's existing unit holders in order to allow the existing unit holders to maintain their pro-rata ownership in the business trust.
promoters	has the same meaning given in section 226 of the CMSA.

Calculation of time period

- 2.02 References to "days" in this division will be taken to mean calendar days unless otherwise stated. Furthermore, any time period stated in this division where no specific method for determining the time period is set out, the period shall start on the day after the day of the event.

Chapter 3

COVER PAGE

The front cover should contain the following information and statements.

3.01 Particulars of the business trust, including:

- (a) Name;
- (b) Date of registration/recognition;
- (c) Country of constitution;
- (d) Regulatory authority which regulates the business trust, where relevant; and
- (e) Registration number, where relevant.

3.02 Particulars of the trustee-manager, including its:

- (a) Full name;
- (b) Registration number;
- (c) Date of incorporation;
- (d) Country of incorporation of the trustee-manager;
- (e) Statute under which it was incorporated; and
- (f) Regulatory authority which regulates the trustee-manager, where relevant.

3.03 The date of the prospectus.

3.04 Details of the offering, including—

- (a) number and type of units being issued/offered;
- (b) price of units being issued/offered; and
- (c) listing that is sought.

3.05 The name of the principal adviser/lead arranger and managing underwriter.

3.06 The following statement, to appear in bold:

INVESTORS ARE ADVISED TO READ AND UNDERSTAND THE CONTENTS OF THE PROSPECTUS. IF IN DOUBT, PLEASE CONSULT A PROFESSIONAL ADVISER.

THERE ARE CERTAIN RISK FACTORS WHICH PROSPECTIVE INVESTORS SHOULD CONSIDER. TURN TO PAGE [] FOR “RISK FACTORS”.

Chapter 4

INSIDE COVER/FIRST PAGE

- 4.01 There are certain types of information that are considered essential to identify a prospectus and the status of a prospectus. If not already disclosed on the front cover, the prospectus should contain the following statements on the inside cover or at the very least, on page 1.

Responsibility statements

- (a) “The directors of the trustee-manager of the business trust have seen and approved this prospectus. 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 prospectus false or misleading.”
- (b) Where a forecast is provided:
- “The directors of the trustee-manager of the business trust accepts full responsibility for the profit and/or cash flow estimate/forecast and/or projection(s) included in this prospectus and confirm that the profit and/or cash flow estimate/forecast and/or projection(s) have been prepared based on assumptions made.”
- (c) “[Name of principal adviser/lead arranger], being the principal adviser/lead arranger, acknowledges that, based on all available information, and to the best of its knowledge and belief, this prospectus constitutes a full and true disclosure of all material facts concerning the public offering. It is satisfied that any profit and/or cash flow estimate/forecast and/or projection(s), prepared for inclusion in the prospectus have been stated by the directors of the trustee-manager of the business trust after due and careful enquiry and have been duly reviewed by the reporting accountants.”

Statements of disclaimer

- (d) “The Securities Commission Malaysia has approved the issue, offer or invitation for the offering (where applicable) and a copy of this prospectus has been registered with the Securities Commission Malaysia. The approval, and registration of this prospectus, should not be taken to indicate that the Securities Commission Malaysia recommends the offering or assumes responsibility for the correctness of any statement made or opinion or report expressed in this prospectus. The Securities Commission Malaysia has not, in any way, considered the merits of the securities being offered for investment.”
- (e) “The Securities Commission Malaysia is not liable for any non-disclosure on the part of the trustee-manager responsible for the business trust and takes no responsibility for the contents of this prospectus. The Securities Commission Malaysia makes no representation on the accuracy or completeness of this prospectus, and expressly disclaims any liability whatsoever arising from, or in reliance upon, the whole or any part of its contents.

INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS, OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.”

(f) Where applicable:

“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 assets.”

(g) “Approval has been or will be obtained from Bursa Malaysia Securities Berhad for the listing of and quotation for the units being offered. Admission to the Official List of Bursa Malaysia Securities Berhad is not to be taken as an indication of the merits of the invitation, business trust, or its units.”

Other statements

4.02 A prospectus should disclose the following:

(a) Where a prospectus states or implies that an application has been or will be made for the units offered to be listed for quotation on the official list of a stock exchange or other similar exchange outside Malaysia, any allotment made on an application to subscribe for units under the prospectus would be void—

- if the permission is not applied for before the third day on which the exchange is open after the date of issue of the prospectus; or
- the permission is not granted before the expiration of six weeks from the date of issue of the prospectus (or such longer period as may be specified by the SC); and

(b) If no permission has been applied for, or has not been granted by the exchange as mentioned above, the trustee-manager of the business trust will repay without interest all monies received from the applicants. If any such monies are not repaid within 14 days after the trustee-manager of the business trust becomes liable to repay it, the provision of sub-section 243(2) of the CMSA will apply accordingly.

4.03 The following additional statements must also be stated:

“Investors are advised to note that recourse for false or misleading statements or acts made in connection with the prospectus is directly available through sections 92A, 248, 249 and 357 of the *Capital Markets & Services Act 2007*.”

“Securities listed on Bursa Malaysia Securities Berhad are offered to the public premised on full and accurate disclosure of all material information concerning the issue for which any of the persons set out in section 236 of the *Capital Markets & Services Act 2007*, e.g. directors of the trustee-manager and principal adviser, are responsible.”

4.04 For an Islamic business trust, the following statement must be stated:

“The Islamic business trust named in this prospectus has been certified as being Shariah compliant by the Shariah adviser appointed for the Islamic business trust.”

Chapter 5

TIMETABLE/DEFINITIONS/TABLE OF CONTENTS/CORPORATE DIRECTORY

5.01 A prospectus should be properly structured, with the relevant sections and headings, for ease of reference and cross reference.

Indicative timetable

5.02 A prospectus should disclose the period during which the offering of units remains open after the publication of the prospectus. The offer period should be reasonable and inclusive of the date of issue of the prospectus.

5.03 A prospectus should set out the critical dates for the offering, including—

- (a) opening and closing dates of the issue and/or offer;
- (b) tentative dates of any special event, for example, date for the balloting of applications (day, month and year);
- (c) tentative date for allotment of units (day, month and year); and
- (d) tentative listing date (day, month and year).

5.04 A prospectus should state whether the directors of the trustee-manager reserve the right to extend the closing date.

5.05 A prospectus should disclose the method of informing the public if the closing date is extended.

Definitions

5.06 A glossary of abbreviations and technical terms should be provided.

Table of contents

5.07 There should be a table of contents, listing all sections and subsections of the prospectus.

Corporate directory

5.08 The directory should contain details of the following persons:

- (a) Name, address and telephone number of the registered office and business office of the trustee-manager and, the agents of the trustee-manager (if any), as well as the email address and website address (if any);
- (b) Name, nationality, address, and profession of all directors of the trustee-manager (to specify the independent director);

- (c) Name of the audit committee members of the trustee-manager (to specify the independent member);
- (d) Name, nationality and profession of all key management of the trustee-manager;
- (e) Name, address, and membership number of the company secretary of the trustee-manager;
- (f) Name and address of the following parties in respect of the business trust (where applicable):
 - (i) Auditors;
 - (ii) Reporting accountants;
 - (iii) Tax consultants;
 - (iv) Solicitors;
 - (v) Principal bankers;
 - (vi) Issuing house;
 - (vii) Registrar;
 - (viii) Principal adviser and managing underwriter;
 - (ix) Underwriters;
 - (x) Placement agents;
 - (xi) Valuers; and
 - (xii) Shariah adviser/Shariah committee members (where applicable);
- (g) Name and address of expert(s) whose prepared report or excerpt or summary are included or referred to in the prospectus; and
- (h) Name of stock exchange where units are already listed and/or the listing is sought in relation to the prospectus.

Chapter 6

INFORMATION SUMMARY/INVESTOR WARNING

Information summary

- 6.01 There must be an information summary near the front of the prospectus, which summarises key information about the offer/issue and business trust/business trust group.
- 6.02 The information summary should, where necessary, include cross references to specific sections and pages of the body of the prospectus which contain full details about the respective matters.
- 6.03 Detailed content of the information summary is to be determined by the trustee-manager. This may include, but is not limited to, the following:
- (a) Objective of the business trust including the core business of the business trust group;
 - (b) Units for distribution, offering price, and expected net proceeds;
 - (c) Use of proceeds for the business trust group;
 - (d) Risk factors in respect of the business trust group;
 - (e) Fees and expenses in respect of the business trust;
 - (f) Summary financial information of the business trust group; and
 - (g) A list of current deed and supplemental deed (if any) and their corresponding dates.
- 6.04 The information summary should generally not exceed 3,000 words.

Investor warning

- 6.05 There must be a warning in bold at the front of the information summary advising investors that the information summary is only a summary of the salient information about the business trust group and that investors should read and understand the whole prospectus prior to deciding on whether to invest.
- 6.06 The following warning statement must also be disclosed in bold:

“There are fees and expenses involved and investors are advised to consider them before investing in the business trust.”

Chapter 7

DETAILS OF OFFERING

Offer and listing details

- 7.01 The prospectus should contain full details of–
- (a) the purpose of the offering;
 - (b) the number and type of units to be issued/offered;
 - (c) classes of units and rights attached to the units regarding voting, distribution, liquidation and any special rights;
 - (d) the number and type of units proposed to be issued/offered to different groups of investors;
 - (e) where there is more than one class of units of the business trust in issue, similar particulars should be given for each additional class; and
 - (f) if, in conjunction with the offering, units of the same or another class are sold or subscribed privately, the nature of such sales or subscriptions and the number and characteristics of the issues concerned, including details of underwriting/undertaking arrangements, if any.
- 7.02 The prospectus should contain details about the pricing of units, including–
- (a) prices applied to different classes of investors; and
 - (b) bases for determination of the issue/offer price. Such bases should be clearly explained.
- 7.03 The prospectus should disclose the total market capitalisation of the business trust upon listing.

History of market prices

- 7.04 If the units are already listed on other stock exchange, information on the price history, if any, of the units to be offered or listed should be disclosed as follows:
- (a) For the three most recent full financial years, the annual highest and lowest market prices;
 - (b) For the two most recent full financial years and any subsequent period, the highest and lowest market prices for each full financial quarter;
 - (c) For the most recent six months, the highest and lowest market prices for each month; and
 - (d) For pre-emptive issues, the market prices for the first trading day in the most recent six months, for the last trading day before the announcement of the offering and (if different) for the latest practicable date prior to issuance of the prospectus.

Information should be given with respect to the market price in the host market and the principal trading market outside the host market.

- 7.05 If significant trading suspensions occurred in the three years preceding the latest practicable date, they should be disclosed. If the units are not regularly traded in an organised market, information should be given about any lack of liquidity.

Plan of distribution

- 7.06 Where a trustee-manager intends to allocate units to:

- (a) Eligible shareholders, directors or employees of the trustee-manager;
- (b) Subsidiary entities of the business trust;
- (c) Unit holders of the business trust; or
- (d) Other persons,

under a preferential allocation scheme, the trustee-manager should disclose the following:

- (i) A brief description of the criteria of allocation of the units as approved by the board of directors of the trustee-manager;
 - (ii) The total number of persons eligible for the allocation; and
 - (iii) Where the directors of the trustee-manager and subsidiary entities of the business trust are eligible for the allocation scheme, the number of units to be allocated to each individual director.
- 7.07 The prospectus should disclose whether the amount of the offering could be increased, such as by exercise of an underwriter's over-allotment option or 'greenshoe', and state the exercise period and amount under such option.
- 7.08 If the offering is being made simultaneously in the markets of two or more countries and if a tranche has been or is being reserved for certain markets, the prospectus should provide information about the tranche and details of any other allocation arrangement.

Selling unit holders

- 7.09 The following information on selling unit holders should be provided:

- (a) The name and address of the person or entity offering to sell the units, the nature of any position, office or other material relationship that the selling unit holder has had within the past three years with the trustee-manager or any of its predecessors, or the business trust group; and
- (b) The number and class of units being offered by each of the selling unit holders, and the percentage of the existing and the enlarged units in issue. The amount and percentage of the units for each particular type of units beneficially held by the selling unit holder as of the latest practicable date and immediately after the offering should be specified.

Dilution

7.10 The following information should be provided:

- (a) A comparison of the public contribution in the proposed offering and the effective cash contributions where there is a substantial disparity between the offering price and the effective cash cost of units acquired in transactions during the past three years, or units of which there is a right to acquire, by the following persons:
 - (i) Directors, senior management or substantial shareholders of the trustee-manager;
 - (ii) Substantial unit holders of the business trust; or
 - (iii) Persons connected to the persons in (i) or (ii);
- (b) The amount and percentage of immediate dilution resulting from the offering, computed as the difference between the offering price per unit and the net asset value per unit for the equivalent class of unit, as of the date of the latest statement of financial position after adjusting for the effects of the offer, and any disposal or acquisition which occurred between the date of the latest statement of financial position and the date of the prospectus, on the net asset value per unit;
- (c) Whether the information on dilution has been prepared using certain assumptions and after making certain adjustments on a pro forma basis; and
- (d) The amount and percentage of immediate dilution in the case of a subscription offering to existing unit holders, if they do not subscribe to the new offering.

Use of proceeds

7.11 Where applicable, the prospectus should contain full details of the following:

- (a) The minimum level of subscription to be raised in order to satisfy the objectives of the offering, including the basis for determining the minimum level based on factors such as the level of funding required by the trustee-manager on behalf of the business trust and the extent of the unit holding spread needed;
- (b) The estimated gross proceeds from the offering broken down into each principal intended use. If the anticipated proceeds will not be sufficient to fund all the proposed purposes, the order of priority of such purposes should be given, as well as the amount and sources of other funds needed. Disclose also how the proceeds will be used pending their eventual utilisation for the proposed purposes;
- (c) If the trustee-manager for the business trust has no specific plans for the proceeds, it should discuss the principal reasons for the offering;
- (d) If the proceeds are being used directly or indirectly to acquire or refinance the acquisition of assets, other than in the ordinary course of business, briefly describe the assets and their cost. If the assets has been or will be acquired from:
 - (i) The trustee-manager for the business trust;
 - (ii) A director or substantial shareholder of the trustee-manager;

(iii) Substantial unit holder of the business trust; or

(iv) Persons connected to the above,

disclose the persons from whom they will be acquired and how the cost to the business trust will be determined;

(e) If the proceeds may or will be used to finance or refinance acquisitions of other business, give a brief description of such business and information on the status of the acquisition;

(f) If any material part of the proceeds is to be used to discharge, reduce or retire–

(i) the indebtedness of the trustee-manager arising from its acting on behalf of the business trust; or

(ii) in the case of a business trust group, the indebtedness of the trustee-manager arising from its acting on behalf of the business trust and the indebtedness of the business trust group,

describe the interest rate and maturity of such indebtedness as well as the uses to which the proceeds of such indebtedness were put;

(g) If any material part of the proceeds is used for general working capital, briefly describe the items;

(h) A reasonably itemised statement of the major categories of expenses incurred in connection with the issuance and distribution of the units to be listed or offered and by whom the expenses are payable. If any of the units are to be offered for the account of a selling unit holder, indicate the portion of such expenses to be borne by such unit holder. Indicate the amount of any expense specifically charged to the subscriber or purchaser of the units being offered. The information may be given subject to future contingencies. If the amounts of any items are not known, estimates (identified as such) should be given;

(i) Brokerage arrangements and commissions, including underwriting and placement fees;

(j) The time frame for full utilisation of the proceeds based on each category; and

(k) The financial impact on the business trust/business trust group from the utilisation of the proceeds, i.e. interest savings, etc.

7.12 The prospectus should contain details of underwriting agreements, including–

(a) the level of underwriting that has been arranged, together with the justifications for the level arranged;

(b) name of the underwriter(s) together with the amount of units underwritten by each underwriter;

(c) amount of underwriting commissions; and

(d) brief description of any provision which may allow the underwriters to withdraw from their obligations under the agreement after the opening of the offer.

If the offering is not underwritten, to give a clear statement of the fact and the justifications.

Chapter 8

RISK FACTORS

- 8.01 A prospectus should contain information about risk factors which are specific to the business trust group, its business and its industry, and to the units being offered. These are risk factors which had or could materially affect, directly or indirectly, the business, operating results, and financial condition of the business trust group, and the investments by unit holders in the business trust.
- 8.02 There should also be a disclosure highlighting difference between the risks of investing in a business trust, a unit trust scheme and a listed corporation.
- 8.03 The listing of risk factors in order of priority is encouraged.
- 8.04 Disclaimers on the risk factors should not be so wide that the risk disclosures are of little or no beneficial use to investors.

Chapter 9

INFORMATION ABOUT BUSINESS TRUST AND BUSINESS TRUST GROUP

Background

9.01 The following information about the background of the business trust and its subsidiary entities/associated entities should be disclosed:

- (a) History of the business from inception to date, including important events in the development of the business trust's business, for example—
 - (i) information concerning the nature and results of any material reclassification, merger or consolidation of the business or any entities within the business trust group;
 - (ii) acquisitions or disposals of material assets other than in the ordinary course of business;
 - (iii) any material changes in the mode of conducting the business;
 - (iv) core business activities and products/services including any material changes in the types of products produced or services rendered;
 - (v) name changes; or
 - (vi) the nature and results of any bankruptcy, receivership or similar proceedings with respect to any entities within the business trust group;
- (b) In respect of the business trust:
 - (i) Date and place of establishment of the business trust, date of commencement of the business, and where the deed of the business trust provide that the business trust is to be wound up at a specified time, in specified circumstances or on the happening of a specified event, such specified time, circumstances or event;
 - (ii) Issued units in the business trust, and changes for the last three years (or such shorter period that the business trust has been in operation), including:
 - (A) date of allotment, number of units issued, consideration given (together with information regarding any discount, special term or installment payment term or a negative statement thereof), details of outstanding warrants, options and convertible units; and
 - (B) Reduction of the amount of issued units;
- (c) In respect of a corporation in the business trust group:
 - (i) Date and place of incorporation together with the registration number, date of commencement of business and whether private or public corporation;
 - (ii) Authorised, issued and paid-up capital, and changes for the last three years, including the date of allotment, number of shares allotted, consideration given

(together with information regarding any discount, special term or installment payment term or a negative statement thereof) and cumulative issued and paid-up capital, nominal value, details of outstanding warrants, options, convertible securities and uncalled capital;

- (d) Business trust group structure (where applicable), including a list of subsidiary entities and associated entities, the percentage interest held, and a diagrammatic illustration of the business trust group;
- (e) A description, including the amount invested, of the business trust's material capital expenditures and divestitures (including interests in other corporations) by the trustee-manager acting on behalf of the business trust, since the beginning of the business trust's last three financial years to the date of the prospectus;
- (f) Information concerning the material capital expenditures and divestitures by the trustee-manager acting on behalf of the business trust currently in progress, including the distribution of these investments geographically (home and abroad) and the method of financing (internal or external); and
- (g) Key achievements/milestones/awards of the business trust group.

Business

9.02 Where applicable, in respect of the business trust there should be a description of and information on–

- (a) core business activities;
- (b) type of products manufactured or services provided. Up to the latest practicable date, indicate significant new or proposed products/services introduced and give their status of development;
- (c) principal markets for products and, if exported, the percentage and names of countries exported to;
- (d) seasonality of the business;
- (e) competitive strengths and advantages;
- (f) types, sources and availability of raw materials/input, including a description of whether prices of principal raw materials are volatile;
- (g) technology used or to be used;
- (h) operating or trading mechanisms, including flow-charts of production or business processes;
- (i) quality control procedures or quality management programmes;
- (j) marketing activities, including modes and location/network of marketing/distribution/sales;
- (k) approvals, major licences and permits obtained, conditions attached (if any) and status of compliance;

- (l) brand names, patents, trademarks, licences, technical assistance agreements, franchises and other intellectual property rights and salient terms of those rights. If intellectual property rights are licensed, to state the identity of the licensor and the relationship between the business trust/entities within the business trust group and the licensor, and provide a summary of the salient terms of the licence agreement;
- (m) salient terms of any contract/arrangement/document/other matter on which the business trust is highly dependent. This includes patents or licences, industrial, commercial or financial contracts or new manufacturing processes, where such factors are material to the business trust's business or profitability;
- (n) research and development policies for the last three years. Where it is significant, include the amount spent on business trust-sponsored research and development activities (as a percentage of the net sales or revenue) for each of the last three financial years; and
- (o) any interruption in the business which had a significant effect on operations during the past 12 months.

Property, plant, and equipment

- 9.03 The trustee-manager should provide information regarding material tangible fixed assets, including leased properties, and major encumbrances, of the business trust group, including–
- (a) a description of the location, size, and uses of the property;
 - (b) productive capacity and extent of utilisation of the facilities;
 - (c) how the assets are held;
 - (d) market value (where valuations have been carried out for inclusion in the prospectus) and/or net book value; and
 - (e) where valuations have been carried out for inclusion in the prospectus, details on whether the valuation surplus or deficit have been incorporated in the financial statements.
- 9.04 The prospectus should also describe any regulatory requirement and environmental issue which may materially affect the business trust group's operations and utilisation of assets.
- 9.05 On material plans to construct, expand or improve facilities, describe–
- (a) the nature and reason for the plan;
 - (b) an estimate of the amount of expenditures including the amount of expenditures 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.

Major customers

- 9.06 A prospectus should contain descriptions of major customers (i.e. those individually contributing 10% or more of revenue for each of the last three financial years and the latest financial period [if any]), level of sales, and whether or not the business trust group is dependent on the major customers for business.

Major suppliers

- 9.07 A prospectus should contain descriptions of major suppliers (i.e. those individually contributing 10% or more of purchases for each of the last three financial years and the latest financial period [if any]), level of purchases, and whether or not the business trust group is dependent on the major suppliers.

Industry overview

- 9.08 On the industry in which the business trust group operates, there should be a discussion of the following:
- (a) Description of the industry and its position within the industry;
 - (b) Differing segments/sectors;
 - (c) Past performance (if applicable);
 - (d) Future growth;
 - (e) Industry players and competition;
 - (f) The business trust's estimated market coverage, position and share (together with details on the bases) which are supported by any study and/or report (where applicable);
 - (g) Relevant laws and regulations governing the industry and peculiarities of the industry;
 - (h) Demand/supply conditions;
 - (i) Substitute products/services;
 - (j) Prospects and outlook of the industry; and
 - (k) Industry's reliance on and vulnerability to imports.

Future plans, strategies, and prospects

- 9.09 A prospectus should contain the following discussions:
- (a) Description of future plans of the business trust/business trust group and steps taken (including time frame) to realise the plans;
 - (b) Strategies to be adopted to ensure growth; and

- (c) Prospects of the business trust/business trust group in light of the industry prospects/outlook/conditions, future plans/strategies, and competition.

Islamic business trust

9.10 For an Islamic business trust, the prospectus should also disclose –

- (a) The methodology used in determining the Shariah-compliant status of the business trust, including principle(s) used;
- (b) The basis and justifications of using such methodology;
- (c) The Shariah adviser's opinion and justifications; and
- (d) The Shariah governance framework of the business trust.

Chapter 10

INFORMATION ABOUT THE TRUSTEE-MANAGER OF THE BUSINESS TRUST

10.01 The following information about the background of the trustee-manager should be disclosed:

- (a) History of the trustee-manager from inception to date, where relevant; and
- (b) Key policies and practices of the trustee-manager to ensure–
 - (i) adherence with the objective of the business trust; and
 - (ii) interests of unit holders are protected.

10.02 There should be a disclosure on the management reporting structure of the trustee-manager.

Agent

10.03 If the trustee-manager has appointed an agent, the following information on the agent should be disclosed:

- (a) A brief corporate information of the agent; and
- (b) Roles and duties of the agent.

Shariah adviser

10.04 For an Islamic business trust, the following information on the Shariah adviser appointed for the business trust should be disclosed:

- (a) Names, relevant qualifications and experience of each member of the Shariah adviser;
- (b) Where the Shariah adviser is a company–
 - (i) the corporate information of the company;
 - (ii) experience relevant to its appointment as an adviser; and
 - (iii) number of business trusts in which it acts as adviser;
- (c) Roles and primary functions of the Shariah adviser; and
- (d) Frequency of review by the Shariah adviser of the assets of the Islamic business trust to ensure compliance with Shariah principles or any other relevant principle at all times.

CHAPTER 11

INFORMATION ON SHAREHOLDERS/DIRECTORS/KEY MANAGEMENT OF THE TRUSTEE-MANAGER OF THE BUSINESS TRUST AND UNIT HOLDERS OF THE BUSINESS TRUST

Substantial shareholders of the trustee-manager and substantial unit holders of the business trust

- 11.01 The following information should be provided on the substantial shareholders of the trustee-manager and substantial unit holders of the business trust:
- (a) Name and background information;
 - (b) Nationality/country of incorporation;
 - (c) Direct and indirect shareholding in the trustee-manager, and direct and indirect unit holding in the business trust (before and after the offering), and to state the ultimate beneficial ownership of shares in the trustee-manager or units of the business trust held under nominee or a corporation or trustee arrangement; and
 - (d) Any significant change in the direct or indirect shareholding in the trustee-manager, and in the direct or indirect unit holding in the business trust during the past three years.
- 11.02 To the extent known to the trustee-manager, there should be provided a description of the persons, who, directly or indirectly, jointly or severally, exercise control over the trustee-manager or the business trust. Particulars of the nature of such control, including the amount and proportion of the respective shares or units held, should also be given. Joint control means control exercised by two or more persons who have concluded an agreement which may lead them to adopt a common policy in respect of the trustee-manager or the business trust respectively.
- 11.03 In respect of the controlling shareholders of the trustee-manager, a prospectus should also disclose:
- (a) The relevant knowledge/experience of the controlling shareholders of the trustee-manager; and
 - (b) Whether the controlling shareholder has been involved in any of the events (whether in or outside Malaysia) as set out in paragraph 11.09.

Directors and employees

- 11.04 The following information should be provided on the directors of the trustee-manager:
- (a) Name, age, profession and qualification;
 - (b) Profile including business and management experience;
 - (c) Designation/functions (including executive/non-executive, independent);
 - (d) Representation of corporate shareholders (where applicable);

- (e) Direct and indirect shareholding in the trustee-manager and direct and indirect unit holding in the business trust (before and after the offering); and
 - (f) Principal business activities performed outside the trustee-manager (including other principal directorships at present and in the last five years).
- 11.05 A prospectus should disclose the remuneration and material benefits in-kind (on an individual basis) of the directors of the trustee-manager, for services in all capacities to the business trust group according to bands of RM50,000 for the last financial year and proposed for the current financial year. The remuneration and benefits should cover contingent or deferred compensation accrued for the year, even if the compensation is payable at a later date.
- 11.06 Disclose also details on board practices, as follows:
- (a) For each director of the trustee-manager, state the date of expiration of the current term of office, where applicable, and the period for which the person has served in that office; and
 - (b) For the current financial year, provide details on the trustee-manager's audit, remuneration and nomination committees, including the names of committee members and a summary of the terms of reference of the committee.
- 11.07 For the key management and, where applicable, the key technical personnel of the trustee-manager and the business trust group, the following information should be provided:
- (a) Name, age and qualification;
 - (b) Profile including business and management or technical experience;
 - (c) Designation/functions; and
 - (d) Direct and indirect shareholding in the trustee-manager, and direct and indirect unit holding in the business trust (before and after the offering).
- 11.08 A prospectus should provide information on the extent of involvement of executive directors/key management of the trustee-manager in other principal business activities outside of the business trust group and whether such involvement affects their contribution to the business trust group, or an appropriate negative statement.
- 11.09 A prospectus should provide a statement as to whether or not any director, or key management personnel of the trustee-manager and, where applicable, its key technical personnel, is or has been involved in any of the following events (whether in or outside Malaysia):
- (a) 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 key personnel;
 - (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) Such person was charged and/or convicted in a criminal proceeding or is a named subject of a pending criminal proceeding;
 - (d) Any unsatisfied judgment against such person;

- (e) Any judgment was entered against such person involving a breach of any law or regulatory requirement that relates to the securities or futures industry;
 - (f) Such person was ever convicted of any offence in connection with the formation or management of any entity or business trust;
 - (g) 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; or
 - (h) Such person was ever subjected to any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the SC or any other regulatory authority, exchange, professional body or government agency.
- 11.10 A prospectus should disclose details of any family relationships or associations between the substantial shareholder, director, key management or key technical personnel of the trustee-manager, and substantial unit holder of the business trust.
- 11.11 A prospectus should contain information and details of amounts or benefits paid or intended to be paid or given to any director or substantial shareholder of the trustee-manager, and any substantial unit holder of the business trust within the two years preceding the date of the prospectus.
- 11.12 If there are any existing or proposed service agreements between the trustee-manager acting on behalf of the business trust group and the directors and key management or key technical personnel of the trustee-manager, salient details should be disclosed.
- 11.13 A prospectus should provide information regarding employees of the trustee-manager and business trust group, including—
- (a) the number of employees at the end of period or the average for the period for each of the past three financial years (and changes in such number, if material). If possible, to provide a breakdown of persons employed by main category of activity and geographical location. Also, to disclose any significant change in the number of employees;
 - (b) if the trustee-manager/business trust group employs a significant number of contractual/temporary employees, to disclose the number of contractual/temporary employees on average in the most recent year;
 - (c) training and development programmes undertaken and ongoing;
 - (d) whether employees of trustee-manager and business trust group are members of any union and, if so, to name the union; and
 - (e) labour relationship with unions and whether or not there has been any industrial dispute in the past.

Chapter 12

FEES

Fees and expenses

- 12.01 A prospectus must clearly disclose and explain the cost of investing in the business trust by investors.
- 12.02 The fees and expenses payable to the trustee-manager from the trust property of the business trust should be disclosed in a table, in the following order:
- (a) management fee;
 - (b) performance fee (if applicable);
 - (c) guarantee fee (if applicable); and
 - (d) any other material fee or charge.
- 12.03 Where there is a provision for a maximum payable fee or charge, the maximum payable fee or charge should be stated.
- 12.04 Where the amount of fee or charge is currently indeterminable, this fact should be stated and the reason why it could not be determined be explained.

Chapter 13

APPROVALS AND CONDITIONS

13.01 A prospectus must disclose the following:

- (a) Details of approvals of all relevant authorities in conjunction with the offering including the dates of approvals, any condition attached and compliance thereof (where applicable).

For any specific relief obtained from compliance with this division, to state the specific paragraph of the division for which relief was sought and details of the approval;

- (b) Details of any moratorium on units of the business trust, such as—
 - (i) the authority which imposed the moratorium;
 - (ii) name of the unit holder of the business trust;
 - (iii) number of units of the business trust under moratorium;
 - (iv) commencement and expiry of the moratorium; and
 - (v) terms of the moratorium; and
- (c) Details of any profit-guarantee conditions (if any) and the salient features of the profit-guarantee agreement, which include, but are not limited to—
 - (i) amount and number of years;
 - (ii) guarantor(s);
 - (iii) details of security provided; and
 - (iv) rights to vary or terminate the agreement.

Chapter 14

RELATED-PARTY TRANSACTIONS

- 14.01 The following information should be disclosed for the three most recent financial years, and the subsequent financial period, if any, immediately preceding the date of the prospectus:
- (a) The nature and extent of any related-party transaction or presently proposed related-party transactions that:
 - (i) are material to the trustee-manager (acting in its capacity as trustee-manager of the business trust), an entity under the business trust group and its related party; or
 - (ii) is unusual in nature or conditions, involving goods, services, tangible or intangible assets, to which the trustee-manager (acting in its capacity as trustee-manager of the business trust) or an entity under the business trust group was a party; and
 - (b) The amount of outstanding loans (including guarantees of any kind) made to or for the benefit of the related party, by:
 - (i) the trustee-manager (acting in its capacity as trustee-manager of the business trust); or
 - (ii) an entity under the business trust group.
- 14.02 The information under paragraph 14.01 given should be classified into long term and short term. All foreign outstanding loans are to be separately identified with the corresponding foreign currencies amount, the amount outstanding as of the latest practicable date, the nature of the loan, and the transaction in which it was incurred, and the interest rate on the loan, and when the loan is intended or required to be repaid.
- 14.03 For each transaction mentioned above, there should be a disclosure on whether the transaction was carried out in the best interest of the unit holders and the procedure undertaken or which will be undertaken to ensure that such a transaction will be in the best interest of the unit holders.

Chapter 15

CONFLICT OF INTEREST

15.01 A prospectus should disclose—

- (a) details of the direct and indirect interests of a director or substantial shareholder of the trustee-manager, or a substantial unit holder of the business trust in—
 - (i) other businesses, corporations and business trusts carrying on a similar trade as the business trust group; and
 - (ii) other businesses, corporations and business trusts which are the customers or suppliers of the business trust group;
- (b) whether the interests of such persons under subparagraph (a) would give rise to a situation of conflict of interest with the business trust group's business and steps taken to address such conflicts; and
- (c) declaration of any expert's existing and potential interests/conflicts of interest in an advisory capacity (if any) vis-à-vis the business trust group. If a conflict of interest exists, full disclosure of the nature of the conflict and the steps taken to address such conflicts should be provided.

Chapter 16

FINANCIAL INFORMATION

General

16.01 This chapter sets out the minimum financial information that a business trust/business trust group must include in a prospectus. All financial statements prepared in a currency other than RM must be translated into RM.

Historical financial information

16.02 A table of the statement of profit or loss and other comprehensive income of the business trust group (pro forma or actual) for the past three financial years (or such shorter period that the business trust group has been in operation) and latest financial period (where applicable) should be disclosed. The table should include, at the minimum, the following:

- (a) Revenue;
- (b) Gross profit and gross profit margin;
- (c) EBITDA – earnings before interest, taxation, depreciation and amortisation;
- (d) Other comprehensive income;
- (e) Finance costs;
- (f) Share of profits and losses of associates and joint ventures;
- (g) Profit/loss before tax and profit/loss before tax margin;
- (h) Tax expense;
- (i) Profit/loss for the year and profit/loss margin;
- (j) Profit/loss attributable to minority interest and equity holders of the parent;
- (k) Earnings per unit; and
- (l) Discontinued operations.

16.03 Where the financial statements are prepared in a currency other than RM, a prospectus should disclose the exchange rate between the foreign currency and RM–

- (a) at the latest practicable date;
- (b) the high and low exchange rates for each month during the previous six months; and
- (c) for the three most recent financial years and any subsequent interim period for which financial statements are prepared, 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.

Unit holders' equity and indebtedness

- 16.04 Provide a statement of unit holders' equity and indebtedness (distinguishing between guaranteed and unguaranteed, and secured and unsecured, indebtedness) as at the latest financial period showing the unit holders' equity on an actual basis and, if applicable, as adjusted to reflect the new units being issued and the intended application of the proceeds. Indebtedness also includes indirect and contingent liabilities.

Management's discussion and analysis of financial condition, results of operations and prospects

- 16.05 To provide a detailed analysis of the business trust's business, financial condition, changes in financial condition, and results of operations for each year and interim period for which historical financial information is provided. Include the causes of material changes from year to year in financial statement line items, to the extent necessary, for an understanding of the business trust's business as a whole. Discuss also factors and trends that are anticipated to have a material effect on the business trust's financial condition and results of operations in future periods. Take into consideration the nature and conditions of the business in which the business trust is operating in, the risk factors of the business trust and its business operations, the prospects and outlook of the industry in which the business trust is operating in, the prevailing economic situation, and the future plans and strategies of the business trust.

16.06 Results of operations

- (a) Segmental analysis of revenue and profits/losses from operations, including, by subsidiary entities/associated entities of the business trust, products/services and markets/geographical location;
- (b) Provide information regarding any significant factor, including unusual or infrequent events or new developments, materially affecting profits and to indicate the extent affecting the profits. Describe any other significant component of revenue or expenditure necessary to understand the business trust's results of operations;
- (c) Where the financial statements disclose material changes in sales or revenues, 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;
- (d) If material, impact of foreign exchange, interest rates or commodity prices on the business trust, and the extent to which foreign currency exposure and investments are hedged by currency borrowings or other hedging instruments;
- (e) If material, impact of inflation on the business trust. 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 three-year history of the annual rate of inflation, and a discussion of the impact of hyperinflation on the business trust's business should be disclosed; and

- (f) Provide information on any government, economic, fiscal or monetary policies or factors which have materially affected, or could materially affect the business trust's operations.

16.07 Liquidity and capital resources

- (a) To provide the following information regarding liquidity (both short and long term):
- (i) Identity and description of the material sources of liquidity, whether internal or external, and a brief discussion of any material unused sources of liquidity²;
- Include a statement by the directors of the trustee-manager as to whether, in their opinion, the working capital available to the business trust will be sufficient for a period of 12 months from the date of issue of prospectus. 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 the most recent financial year and/or latest audited financial period (where applicable). This includes the nature and extent of any legal, financial, or economic restriction on the ability of subsidiary entities to transfer funds to the business trust 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 business trust to meet its cash obligations;
- (iii) A statement of total outstanding borrowings, classified into long term and short term, interest-bearing and non-interest bearing; and for all foreign borrowings, to be separately identified with the corresponding foreign currencies amount. Include a statement whether there has been any default on payments of either interest and/or principal sums for any borrowing throughout the past one financial year and the subsequent financial period, as at the latest practicable date. Also, to disclose gearing ratios for the period under review; and
- (iv) If the business trust or any of its subsidiary entity/associated entity in the business trust group is in breach of terms and conditions or covenants associated with credit arrangement or bank loan which can materially affect the business trust's financial position and results or business operations, or the investments by unit holders in the business trust, provide—
- a statement of that fact;
 - details of the credit arrangement or bank loan; and
 - any action taken or to be taken by the business trust or its subsidiary entity/associated entity in the business trust group, as the case may be, to rectify the situation (including status of any restructuring negotiations or agreement, if applicable);
- (b) To provide information (where applicable) regarding the type of financial instruments used, the maturity profile of debt, currency and interest rate structure. Discuss also 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

² Except where it is otherwise clear from the discussion, the business trust must identify those balance sheet or income or cash flow items that should be considered in assessing liquidity (the ability of the business trust to convert its assets into cash quickly).

borrowings are at fixed rates, and the use of any financial instrument for hedging purposes;

- (c) To 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 fulfill such commitments;
- (d) Full disclosure of all pending material litigation/arbitration proceedings and contingent liabilities as at the latest practicable date, including assessment and disclosure of specific impact on financial performance and position upon becoming enforceable; and
- (e) To provide and discuss relevant key financial ratios, including receivables and payables (incorporating ageing analysis) and stock turnover for the past three financial years and/or the latest financial period (where applicable).

16.08 Trend information

- (a) Discuss and analyse the business and financial prospects, most significant recent trends in production, sales and stocks, and costs and selling prices since the most recent financial year or period;
- (b) Discuss the state of the order book since the most recent financial year or period. If such information is not relevant to the business of the business trust, provide an appropriate statement to that effect and the reason for this; and
- (c) Discuss and analyse known factors which are likely to have a material effect on the financial condition and results of operations of the business trust or that would cause the historical financial statements to be not necessarily indicative of future financial performance. The discussion should include:
 - (i) Liquidity: Identify known factors which will result in or are reasonably likely to result in the business trust's liquidity increasing or decreasing in any material way. If a material deficiency is identified, indicate the course of action that the business trust has taken or proposes to take to remedy the deficiency;
 - (ii) Capital resources: Describe known material factors, favourable or unfavourable, in the business trust's capital resources. Indicate any expected material changes in the mix and relative cost of such resources; and
 - (iii) Results of operations: Describe known factors that are likely to have a material impact on revenue or profits/losses.

16.09 Disclose in the prospectus, if the business trust is newly established and/or does not have any financial record.

Interim financial information

16.10 If the date of the prospectus issuance is later than six months after the end of the last financial year, interim audited financial statements must be provided.

16.11 Provide interim financial statements in the same format as the audited financial statements provided under paragraph 17.13 and/or pro forma financial statements under paragraph 16.16.

16.12 In addition, the interim financial statements should include—

- (a) comparative statements for the same period in the prior financial year for the statement of profit or loss and other comprehensive income. The comparative interim financial statements need not be audited; and
- (b) selected note disclosures which explain events and changes significant to an understanding of the changes in financial position and performance of the business trust since the last annual reporting date.

Pro forma financial information

16.13 A pro forma consolidated statement of financial position for the most recent financial year and/or latest audited financial period, should be disclosed and adjusted for the following:

- (a) Any restructuring or acquisition connected with the proposed public-offering exercise; and
- (b) Proceeds of the proposed public-offering exercise and proposed utilisation of funds.

Details of such adjustments must be set out in the prospectus. Such a pro forma will assist investors or analysts determine the financial effects of the restructuring and the notional financial position of the business trust.

16.14 The following information should be included in the pro forma consolidated statement of financial position:

- (a) Net asset value per unit (or liabilities, as the case may be); and
- (b) Pro forma net asset value per unit (or liabilities, as the case may be).

16.15 For a group of business entities, constituted during the period under review, pro forma financial information must be compiled based on the audited results of the business entities. The pro forma financial information is presented for illustrative purpose only and on the assumption that the group structure had been in existence throughout the period under review.

16.16 The pro forma financial information provided under paragraph 16.15 must deal with the following:

- (a) The consolidated statement of profit or loss and other comprehensive income of the pro forma group for the last three financial years (or such shorter period that the businesses has been in operation) and the latest financial period (where applicable);
- (b) The consolidated statement of financial position of the pro forma group at the last date of the financial statements; and
- (c) The consolidated statement of cash flows of the pro forma group for the last financial year or latest financial period (where applicable) of the financial statements, where such date should not in any case be more than six months prior to the issue of the prospectus.

- 16.17 For the pro forma financial information required under paragraphs 16.13 and 16.16, state–
- (a) the basis upon which the pro forma financial information is compiled;
 - (b) that the financial statements used in the compilation of the pro forma financial information were prepared in accordance with the approved accounting standards as defined in the Financial Reporting Act 1997, which include International 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 applicable financial reporting framework and the accounting policies of the business trust; and
 - (d) prominently, any adjustment dealt with when compiling the pro forma financial information.
- 16.18 The pro forma financial information should be accompanied by a reporting accountants’ assurance report stating:
- (a) Whether the pro forma financial information has been properly compiled on the basis stated in paragraph 16.17(a); and
 - (b) That the engagement was performed in accordance with the relevant standard on assurance engagement approved for application in Malaysia.

In the case of a recognized business trust, the above assurance report should be provided by a professional accountant who is qualified under the *Accountants Act 1967* and from an international accounting firm.

Future financial information

- 16.19 Where profit and cash flow estimates, forecasts and/or projections are provided in the prospectus, disclose whether the forecast is prepared on bases and accounting principles consistent with those previously adopted by the business trust, and is presented in accordance with the accounting standards adopted by the business trust in the preparation of its financial statements.
- 16.20 Disclose sufficient details on the bases and assumptions of the estimates, forecasts and/or projections to enable the investor to assess the reliability of the estimates, forecasts and/or projections and the effect of any change to the assumptions used.
- 16.21 The bases and assumptions stated on profit and cash flow estimates, forecasts and/or projections should–
- (a) provide useful information to assist investors in forming a view on the reasonableness and reliability of the estimates, forecasts and/or projections;
 - (b) draw the investors’ attention to, and where possible quantify, those uncertain factors which can materially affect the ultimate achievement of the estimates, forecasts and/or projections;
 - (c) be specific rather than vague;

- (d) where possible, avoid generalisations and all-embracing assumptions and those relating to the general accuracy of the assumptions made in the estimates, forecasts and/or projections; and
- (e) be clearly stated and reviewed for reasonableness by the directors of the trustee-manager who are responsible for the estimates, forecasts and/or projections and bases and assumptions.

16.22 The requirements for profit and cash flow estimates, forecasts and/or projections are as follows:

- (a) An estimate, forecast and/or projection must be realistic and achievable to provide investors with information on the business trust's prospects. An unrealistic estimate, forecast and/or projection, irrespective of whether it is too high or too low, may mislead investors into making investment decisions based on the information contained in the prospectus. An estimate, forecast and/or projection must be compiled with utmost care and objectivity; and
- (b) Where the estimate, forecast and/or projection may be subject to a high probability of variation, a sensitivity analysis must be provided based on key variables, such as selling prices, volume of sales, production costs, production capacity, operating expenses and financing costs.

16.23 In addition to the above, owing to the specific nature of profit and cash flow projections, the business trust may take note of the following:

- (a) A projection, being a representation of financial information based on a set of assumptions which are uncertain and hypothetical, must be qualified by the directors of the trustee-manager as to its achievability;
- (b) The qualification of projected financial information must draw attention to the fact that the presentation is based on hypothetical assumptions, and that actual events may differ from those assumed, and may materially affect the financial information projected; and
- (c) Notwithstanding the uncertainties and hypothetical assumptions associated with projections, these should be prepared with care, skill and objectivity so as to represent the stated assumptions, and not to purport unreasonable hypotheses and assumptions.

16.24 A prospectus should also state the extent to which estimate and forecast revenues are based on secured contracts or orders and the reasons for expecting such revenues and profits to be achieved, and discuss the impact of any likely change in business and operating conditions on the estimate and forecast.

16.25 The accounting policies and calculations for the profit and cash flow estimates, forecasts and/or projections must be reviewed and reported by the reporting accountants. The report should state—

- (a) that the profit and cash flow estimate, forecast and/or projection have been reviewed in accordance with the standard applicable to the review of the forecast;
- (b) whether the reporting accountant is of the opinion that the profit and cash flow estimate, forecast and/or projection are properly prepared based on the assumptions made by the directors of the trustee-manager and are presented in a manner consistent with both the format of the financial statements and the accounting policies of the business trust; and

- (c) that no matter has come to the reporting accountant's attention which gives him reason to believe that the assumptions do not provide reasonable grounds for the profit and cash flow estimate, forecast and/or projection.

In the case of a recognized business trust, the above report should be provided by a professional accountant who is qualified under the *Accountants Act 1967* and from an international accounting firm.

Chapter 17

ACCOUNTANTS' REPORT

- 17.01 A prospectus must contain a report in respect of the audited financial statements of the business trust provided in the prospectus prepared by a firm of public accountants registered in Malaysia. In the case of a recognized business trust, a professional accountant who is qualified under the *Accountants Act 1967* and from an international accounting firm must confirm that the business trust's financial statements comply with the approved accounting standards referred to in paragraph 17.03.
- 17.02 The report should state that it has been prepared by an approved company auditor and whether it was prepared for inclusion in the prospectus. The report should also be signed and dated.
- 17.03 The audited financial statements provided in the report must be prepared in accordance with the approved accounting standards as defined in the *Financial Reporting Act 1997*, which include International Accounting Standards, and in adherence to the relevant assurance engagement standards.
- 17.04 Where the audited financial statements are not prepared in accordance with the approved accounting standards referred to in paragraph 17.03–
- (a) they must be restated in accordance with paragraph 17.03; or
 - (b) if no material adjustments are required to restate the financial statements in accordance with paragraph 17.03, they must be accompanied by an opinion from the auditors that this is so.
- 17.05 The reporting accountants should disclose any restatement to the audited financial statements which have been dealt with in the report.
- 17.06 The report should–
- (a) provide the basis of accounting policies adopted in preparation of the report;
 - (b) state that the information presented in the report has been prepared in accordance with the approved accounting standards as defined in the *Financial Reporting Act 1997*, which include International Accounting Standards;
 - (c) provide disclosures on any material change in the accounting policies adopted, including a summary of such material change, the reason of such change and quantitative impact of such change on the financial results of the business trust; and
 - (d) highlight and provide the reasons for and details of any material qualification modification or disclaimer contained in the audited financial statements.
- 17.07 All material items in the audited financial statements should be adequately explained.
- 17.08 The auditors of the financial statements should be identified, especially where the audited financial statements for one or more financial years were audited by different auditors.

- 17.09 The reporting accountants should deal with and incorporate in the report subsequent events between the date of the last accounts used in the preparation of the report and the date of the report.
- 17.10 The audited financial statements in respect of paragraph 17.13 should be accompanied by the audit reports of those audited financial statements. Notes and schedules of the audited financial statements should also be disclosed.
- 17.11 Where applicable, the Accountants' Report should incorporate the interim financial statements in accordance with paragraphs 16.10 to 16.12.
- 17.12 All financial statements prepared in a currency other than RM must be translated into RM.

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- 17.13 The report should deal with the audited financial statements of the business trust referred to in a prospectus in accordance with the following:

(a) Business trust with no subsidiary entities

The report should deal with the audited statement of profit or loss and other comprehensive income, statement of financial position, statement of cash flows, and statement of changes in equity of the business trust referred to in a prospectus for each of the three financial years (or such shorter period that the business trust has been in operation) and latest financial period (where applicable) immediately preceding the last date of the business trust's accounts. Such date should not in any case be more than six months prior to the issue of the prospectus.

(b) Business trust with subsidiary entities

- (i) The report should deal with the audited consolidated financial statements of the business trust, as provided by paragraph 17.13(a); and
- (ii) Where the business trust has been in existence for less than the period under review—
- the audited consolidated financial statements for each financial year during which the business trust has been in existence should be provided; and
 - if the profit/loss before tax stated in the annual consolidated statement of profit or loss and other comprehensive income of a previous corporation/business entity accounted for 75% or more of the profit/loss before tax of the pro forma group referred to in paragraph 16.16(a), the audited consolidated financial statements of the previous corporation/business entity should be disclosed. It should exclude the financial statements for any financial year where the audited financial statements of the group have already been provided in the sub-paragraph immediately preceding, above.

The business trust may also disclose the audited statement of profit or loss and other comprehensive income and statement of financial position of each subsidiary entity individually.

- 17.14 The report should deal with rates of the distributions/dividends, if any, paid by the business trust/previous corporation for each class of units/shares during the period under review.

Purchase of any business

- 17.15 If the proceeds, or any part of the proceeds, of the issue of the units are to be utilised directly or indirectly for the purchase of any business, the report should deal with—
- (a) the statement of profit or loss and other comprehensive income of the business, for each of the three financial years immediately preceding the last date of the financial statements of the business; and
 - (b) the statement of financial position of the business for each of the past three financial years immediately preceding the last date of the financial statements of the business.

Such date should not, in any case, be more than six months prior to the issue of prospectus.

Acquisition of another corporation

- 17.16 If—
- (a) the proceeds, or any part of the proceeds, of the public offering of the units are to be applied directly or indirectly in any manner resulting in the acquisition by the trustee-manager (acting on behalf of the business trust) of any other corporation; and
 - (b) by reason of that acquisition, or anything to be done in consequence or in connection with it, that corporation will become a subsidiary entity of the business trust,

the report should deal with the statement of profit or loss and other comprehensive income and statement of financial position of that corporation in accordance with the relevant sections of paragraphs 16.16 and 17.13 respectively.

- 17.17 For the purposes of the above paragraph, the report should indicate how the statement of profit or loss and other comprehensive income of the other corporation and, where applicable, the consolidated statement of profit or loss and other comprehensive income of the other corporation and its subsidiaries dealt with by the report would have impacted on the unit holders of the business trust. Indicate also what allowance would have to be made, in the statement of financial position and consolidated statement of financial position, if the trustee-manager (acting on behalf of the business trust) had at all material times held the securities to be acquired.

Chapter 18

EXPERT'S REPORTS

- 18.01 A prospectus should contain excerpts from, or summaries of, opinion expressed and conclusion recorded in any expert's report included in the prospectus. The expert should state whether or not the report was prepared for inclusion in the prospectus. The expert's report should be signed and dated within a reasonable time of the issue of the prospectus to ensure that the contents are substantially relevant.
- 18.02 Where valuations of property assets have been carried out for inclusion in a prospectus, a summary of the valuation in the form of a valuation certificate that complies with the *Asset Valuation Guidelines* must be included in the prospectus.
- 18.03 For an Islamic business trust, excerpts from the Shariah adviser's report including Shariah justifications, should be disclosed in the prospectus.
- 18.04 If the expert becomes aware of significant changes affecting the content of his report, either—
- (a) between the date of the report and the issue of the prospectus; or
 - (b) after the issue of the prospectus and before the issue of the units,
- then he has an ongoing obligation to either cause his report to be updated for the changes and, where applicable, cause the trustee-manager to issue a supplementary prospectus or replacement prospectus, or withdraw his consent to the inclusion of the report in the prospectus. Failure to do so will result in the trustee-manager, promoter, and the expert being liable for any misleading statement or material omission in the outdated report.
- 18.05 Experts should take care in making disclaimers of responsibility in their reports. If the disclaimers are too wide, the report will be of little or no beneficial use to investors. The inclusion of such a report in such a prospectus may itself be misleading.

Chapter 19

DIRECTORS' REPORT

- 19.01 A prospectus must contain a report by the directors of the trustee-manager, for the period between the date to which the last audited financial statements of the business trust have been made up and a date not earlier than 14 market days before the date of issue of the prospectus, stating whether, after due enquiry by them—
- (a) the business of the business trust group has, in their opinion, been satisfactorily maintained;
 - (b) there have, in their opinion, arisen, since the last audited financial statements of the business trust, any circumstance which has adversely affected the trading or the value of the assets of the business trust group;
 - (c) the current assets of the business trust group appear in the books at values which are believed to be realisable in the ordinary course of business;
 - (d) there are any contingent liabilities by reason of any guarantee or indemnity given by the trustee-manager on behalf of the business trust or any entity in the business trust group;
 - (e) there have been, since the last audited consolidated financial statements of the business trust, any default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowing. This applies for all entities under the business trust group; and
 - (f) there have been, since the last audited financial statements of the business trust, no material change in the published reserves or any unusual factor affecting the profits of the business trust group; and where any report is required following this paragraph, the report should contain full details of all matters required to be dealt with in the report.

Chapter 20

ADDITIONAL INFORMATION

- 20.01 With respect to a recognised business trust, if the law applicable to the said business trust in its home country is significantly different from that in Malaysia, to state this fact and to explain how the difference in the law might affect the operation of the recognized business trust and the rights of investors.
- 20.02 For any unit of the business trust which is under option, or agreed conditionally or unconditionally to be put under option, the following should be disclosed:
- (a) The description and number of units covered by the option;
 - (b) The period during which the option is exercisable;
 - (c) The exercise price;
 - (d) The option purchase price (if any);
 - (e) The expiration date of the option; and
 - (f) The names of the grantees, provided that, where options have been granted or agreed to be granted to all unit holders of the business trust, shareholders of the trustee-manager, holders of debt securities, directors of the trustee-manager and employees of the trustee-manager under the unit option scheme, it should be sufficient to record that fact without giving the names of the grantees.
- 20.03 Details of any option scheme involving employees of the trustee-manager, or if any, employees of the business trust group.
- 20.04 Fully disclose all material contracts (including contracts not in writing), not being contracts in the ordinary course of business, entered into within two years preceding the date of the prospectus. The following particulars should be disclosed for each such contract:
- (a) Date;
 - (b) Parties;
 - (c) Subject matter;
 - (d) Consideration passing to or from the business trust/business trust group; and
 - (e) The mode of satisfaction of the consideration.
- 20.05 Fully disclose all current material litigation and arbitration, including those pending or threatened, and of any fact likely to give rise to any proceeding which may materially affect the business/financial position of the business trust or any of its subsidiary entities.
- 20.06 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 business trust. Also, explain how these would impact on the availability of cash and cash equivalents for use by the business trust, the remittance of distributions, interest or other payments to unit holders of the business trust.

20.07 There should be a statement as to whether any of the following has occurred during the last financial year and the current financial year:

- (a) Public take-over offers by third parties for the units in the business trust; and
- (b) Public take-over offers by the trustee-manager (acting in its capacity as trustee-manager of the business trust) in respect of the shares of a corporation or the units of another business trust.

If yes, state the price of the offer and its outcome.

20.08 Where the units are offered by way of rights or allotment to the holders of an existing listed unit, the pro-rata entitlement, the last date on which transfers were or will be accepted for registration for participation in the offering must be disclosed. A statement on the treatment of any fraction whether the offer is renounceable and whether approval has been obtained from the unit holders of the existing listed business trust.

20.09 If the prospectus or cover contains photographs or illustrations of properties or assets which do not belong to the business trust, the photographs or illustrations should be accompanied by a statement that the properties or assets depicted do not belong to the business trust.

20.10 Provide information regarding taxes (including withholding provisions) to which unit holders of the business trust may be subject. If the business trust is established outside Malaysia, the information shall include whether the trustee-manager (acting in its capacity as trustee-manager for the business trust) assumes responsibility for the withholding of tax at source and applicable provisions of any reciprocal tax treaties between the home country of the business trust and Malaysia, or a statement, if applicable, that there are no such treaties.

Chapter 21

SALIENT TERMS OF DEED

21.01 A prospectus should disclose salient terms of the deed, particularly provisions relating to:

- (a) rights and liabilities of investors, including voting rights on the units, and the procedures for changing such rights and liabilities;
- (b) any limitation and restrictions on the right to own units in the business trust or state that there are no limitations and restrictions if this is the case;
- (c) maximum fees permitted by the deed and payable by the investors;
- (d) increase in fees from the level disclosed in the prospectus and the maximum rate provided in the deed;
- (e) permitted expenses payable out of the trust property of the business trust;
- (f) circumstances under which the trustee-manager may be indemnified out of the trust property of the business trust;
- (g) any time limit after which a distribution entitlement will lapse and an indication of the party in whose favour this entitlement then operates;
- (h) removal, replacement and retirement of the trustee-manager;
- (i) removal, replacement and retirement of a director of the trustee-manager;
- (j) termination or winding up of the business trust;
- (k) general meeting of unit holders of the business trust; and
- (l) the borrowing powers exercisable by the trustee-manager (acting in its capacity as trustee-manager for the business trust) and how such borrowing powers may be varied.

Chapter 22

CONSENTS

- 22.01 A prospectus should contain statement of consent from relevant parties, such as Shariah advisers, principal advisers, reporting accountants, auditors, issuing houses, registrars, solicitors, valuers, underwriters, and experts for inclusion of their names and (where relevant) statements and reports in the form and context in which such statements and reports appear. A statement that they have not subsequently withdrawn such consents must also be disclosed.

Chapter 23

DOCUMENTS AVAILABLE FOR INSPECTION

- 23.01 Provide a statement that for a period of at least 12 months from the date of issue of the prospectus, the following documents (or copies thereof), where applicable, may be inspected at a specified place in Malaysia:
- (a) The deed/supplemental deed of the business trust;
 - (b) Each material contract or document referred to in the prospectus and, in the case of contracts not in writing, a memorandum which gives full particulars of the contracts;
 - (c) Directors' existing or proposed service contracts with the trustee-manager or any of the subsidiary entities of the business trust, excluding contracts expiring or determinable by the trustee-manager or the subsidiary entities without payments or compensation (other than statutory compensation) within one year;
 - (d) All reports, letters or other documents, valuations and statements by any expert, any part of which is extracted or referred to in the prospectus. Where a summary expert's report is included in the prospectus, the corresponding full expert's report must be made available for inspection;
 - (e) Each consent given by experts disclosed in the prospectus;
 - (f) Any writ and relevant cause papers for all current material litigation and arbitration disclosed in the prospectus;
 - (g) The audited financial statements of the business trust group for the last three financial years (or such shorter period that the business trust group has been in operation), preceding the date of prospectus; and
 - (h) The latest audited financial statements of the business trust group for the current financial period (where applicable).

Chapter 24

SPECIFIC REQUIREMENTS FOR INFRASTRUCTURE UNDERTAKING BUSINESS TRUSTS

24.01 In addition to other information required to be disclosed in this division, where applicable, a prospectus of an infrastructure undertaking business trusts should disclose the following:

- (a) Concession/licence/basis of business
 - (i) Act/regulation under which the concession/licence is granted;
 - (ii) Nature of concession (e.g. build-operate-transfer/build-transfer-operate/build-down-operate, etc.);
 - (iii) Life of concession/licence;
 - (iv) Exclusivity/non-exclusivity of concession/licence;
 - (v) Critical terms and conditions under concession/licence;
 - (vi) A business trust's rights, interests and major obligations under concession/licence;
 - (vii) Effect of failure to meet concession/licence terms;
 - (viii) Circumstances leading to termination provisions under concession agreement/licence;
 - (ix) Any restriction on changes in ownership of business trust;
 - (x) Major agreements underlying the basis of a business trust's business (e.g. power/assets purchase and other offtake agreements);
 - (xi) Obligations of public development authorities;
 - (xii) Any related land acquisition;
 - (xiii) List of material contracts; and
 - (xiv) Taxation;
- (b) Relationship with concession giver/licensor
 - (i) Description/constitution of concession giver/licensor;
 - (ii) Nature of relationship;
 - (iii) Licensor's obligations;
 - (iv) Revenue/profit-sharing agreements; and
 - (v) Impact on business/credit agreements if relationship changes;
- (c) Regulation

- (i) Relevant regulatory authority(ies);
 - (ii) Environmental regulation/issues; and
 - (iii) Material penalties on breach of regulation;
- (d) Competition
- (i) Description of the industry;
 - (ii) Analysis of competitors;
 - (iii) Assessment of effects of competition; and
 - (iv) Treatment of business of business trust under competition law (if a monopoly and if applicable);
- (e) Operations
- (i) Special reliance on key operating and maintenance contractors or management personnel;
 - (ii) Major operating contracts;
 - (iii) Operating risk factors;
 - (iv) Strategy for marketing product(s);
 - (v) Obligations of main users; and
 - (vi) Economics of project;
- (f) Pricing of product;
- (g) Government pricing and terms on which price/rates may be varied;
- (h) Conflicts/dependence
- (i) Related-party transactions including construction contracts;
 - (ii) Dependence on concession giver/licensor; and
 - (iii) Dependence on suppliers, customers, competitors, infrastructure providers;
- (i) Financing
- (i) Total capital expenditure to-date and for the future;
 - (ii) Sources and uses of issue proceeds and bank loans;
 - (iii) Adequacy of funds for expected total cost of project and working capital;
 - (iv) Salient terms of bank financing and other credit/guarantee agreements including recourse/non-recourse nature of arrangement;

- (v) Availability and terms of supplier credit;
- (vi) Any security arrangement entered into with loan providers or other credit suppliers including assignments of assets;
- (vii) Tax effects;
- (viii) Other financial arrangements with concession giver/licensor/parent;
- (ix) Statement of financial requirements for subsequent phases; and
- (x) Availability of foreign currency during loan repayment period;
- (j) Other disclosures
 - (i) Unit holders' agreement;
 - (ii) Criteria for future investment in projects;
 - (iii) Insurance arrangements;
 - (iv) Business development strategy;
 - (v) Privileges of unit holders;
 - (vi) Underwriting arrangements in respect of the issue/offer of units;
 - (vii) Political risks if applicable; and
 - (viii) Other risks.

Chapter 25

APPLICATION FOR UNITS

- 25.01 A prospectus should contain instructions/procedures on how to apply for the units and how to complete applications. The instructions/procedures should contain terms and conditions for application, specific steps/measures to be complied with for the various modes of application for units, e.g. automated teller machines, Internet and/or physical applications, and any relevant statement of disclaimers.
- 25.02 Give the addresses to send completed applications and state to whom payments should be made.
- 25.03 Disclose the minimum number of units that can be applied for and the multiples of additional units.
- 25.04 Disclose whether directors of the trustee-manager reserve the right to extend the closing date.
- 25.05 An application form should be identifiable with the prospectus and warn investors against signing the form without having read and understood the prospectus.
- 25.06 Accordingly, the application form should contain the following statements:
- (a) The name and registration number of the business trust;
 - (b) The name and registration number of the trustee-manager;
 - (c) The date of the prospectus;
 - (d) The expiry date of the prospectus;
 - (e) A statement that, in accordance with the requirements of the CMSA, the application form should not be circulated unless accompanied by the prospectus; and
 - (f) A statement that investors should read and understand the prospectus before completing the application form.
- 25.07 The application form should not contain any investment information that is not also contained in the body of the prospectus.
- 25.08 Where applicable, the trustee-manager should allocate all excess units for any subscription on a fair and equitable basis. The prospectus should state that the allocation of the excess units will be made on a fair and equitable manner and a clear disclosure on the basis/methodology for the allocation must also be made.
- 25.09 With respect to paragraph 25.08, to state that if the trustee-manager is not able to distribute the excess units based on the disclosed basis/methodology, the trustee-manager will allocate on an alternative basis/methodology that will ensure allocation on a fair and equitable manner and such alternative basis/methodology should be made known through announcement on the exchange.

DIVISION 5

**ABRIDGED
PROSPECTUS**

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Chapter 1

GENERAL

- 1.01 This division shall apply to an abridged prospectus.
- 1.02 In determining the information to be disclosed in the abridged prospectus, the following should be considered:
- (a) The nature of the securities and business of the corporation;
 - (b) The persons likely to consider acquiring such securities;
 - (c) The fact that certain matters may be expected to be within the knowledge of professional advisers whom potential investors may consult; and
 - (d) Whether the persons to whom an issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase, securities is to be made, are the holders of securities in the issuer. If they are, to what extent (if any) relevant information has previously been given to them by the issuer under any law, any requirement of the rules or listing requirements of the stock exchange.
- 1.03 The cut-off date for information to be disclosed in the abridged prospectus should be the latest practicable date prior to the issue of the abridged prospectus, save for the requirements as set out in Appendix 5 and Appendix 6.
- 1.04 A listed company undertaking a rights issue must publish a summary advertisement of the abridged prospectus in at least one widely-circulated newspaper. The summary advertisement should state, among others, the following:
- (a) That the abridged prospectus of the rights issue has been registered;
 - (b) The date of the abridged prospectus;
 - (c) Where a copy of the abridged prospectus can be obtained, including the availability of a downloadable copy at Bursa Securities' website;
 - (d) That any issue of securities will only be made on receipt of an application form accompanying a copy of the abridged prospectus;
 - (e) Brief details of the rights issue;
 - (f) Brief details of the corporation's incorporation and share capital;
 - (g) Brief details of the principal activity(ies) of the corporation;
 - (h) Details of the board of directors;

- (i) Name of the principal adviser, managing underwriter, and underwriters;
- (j) Important and relevant dates/times for sale and transfer, acceptance and payment, and excess application and payment;
- (k) To whom should the payment for the rights issue be made;
- (l) The dates when the abridged prospectus and the Rights Subscription Form would be dispatched; and
- (m) That the abridged prospectus has been registered by the SC and a copy of the abridged prospectus, together with the Rights Subscription Form, has also been lodged with the Registrar of Companies, who takes no responsibility for the contents.

Chapter 2

COVER PAGE

The front cover should contain the following information and statements.

2.01 Particulars about the corporation, including:

- (a) Full name;
- (b) Place of incorporation;
- (c) Statute under which it was incorporated; and
- (d) Registration number of the corporation.

For a foreign-incorporated issuer, to state, where applicable, that the issuer had been registered as a foreign company in Malaysia under the *Companies Act 1965* together with its registration number.

2.02 The date of the abridged prospectus.

2.03 Details of the issue/offer, including the following:

- (a) Number, type and par/nominal value of securities being issued/ offered, and the basis of allotment; and
- (b) Price of the securities.

2.04 Name of principal adviser/lead arranger and managing underwriter/underwriter.

2.05 Names of trustee, guarantors (if any) and rating(s) for the debentures (and Islamic securities) to be issued, where applicable.

2.06 The abridged prospectus should contain the following statements, to be in a different colour from the rest of the abridged prospectus:

- (a) **“THIS DOCUMENT IS IMPORTANT”** (to appear in bold)

“If you are in any doubt as to the action you should take, consult your stockbroker, bank manager, solicitor, accountant or other professional adviser immediately.” (to appear in bold);

- (b) “A copy of this abridged prospectus has been registered with the Securities Commission Malaysia. The registration of this abridged prospectus should not be taken to indicate that the Securities Commission Malaysia recommends the rights issue or assumes responsibility for the correctness of any statement made

or opinion or report expressed in the abridged prospectus. The Securities Commission Malaysia has not, in any way, considered the merits of the securities being offered for investment. A copy of this abridged prospectus, together with the Rights Subscription Form, has also been lodged with the Registrar of Companies who takes no responsibility for the contents.”;

- (c) “Approval has been or will be obtained from Bursa Malaysia Securities Berhad for the listing of and quotation for all the new securities arising from this rights issue. Admission to the Official List of Bursa Malaysia Securities Berhad and quotation of the new securities are in no way reflective of the merits of the rights issue.”;
- (d) “The directors of the company have seen and approved all the documentation relating to this rights issue. They collectively and individually accept full responsibility for the accuracy of the information given and confirm that, after having made all reasonable inquiries, and to the best of their knowledge and belief, there are no false or misleading statements or other facts which if omitted would make the statements in these documents false or misleading.”;
- (e) “[Name of principal adviser/lead arranger], being the Principal Adviser, acknowledges that, based on all available information, and to the best of its knowledge and belief, this abridged prospectus constitutes a full and true disclosure of all material facts concerning this rights issue. It is satisfied that any profit and/or cash flow estimate/forecast and/or projections prepared for inclusion in the abridged prospectus have been stated by the directors after due and careful enquiry and have been duly reviewed by the Reporting Accountants.”; and
- (f) Where a forecast is provided:

“The directors accept full responsibility for the profit and/or cash flow estimate/forecast and/or projection(s) included in this abridged prospectus and confirm that the profit and/or cash flow estimate/forecast and/or projection(s) have been prepared based on assumptions made.”

2.07 Important relevant dates, being the last date and time for–

- (a) sale;
- (b) transfer;
- (c) acceptance and payment; and
- (d) excess application and payment, to be in a different colour from the rest of the abridged prospectus.

Chapter 3

INSIDE COVER/FIRST PAGE

- 3.01 If not already disclosed on the front cover, the abridged prospectus should contain the following statements on the inside cover or at the very least, on page 1:
- (a) “The Securities Commission Malaysia is not liable for any non-disclosure on the part of the corporation 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 abridged prospectus. SHAREHOLDERS/ INVESTORS SHOULD RELY ON THEIR OWN EVALUATION TO ASSESS THE MERITS AND RISKS OF THE INVESTMENT. IN CONSIDERING THE INVESTMENT, SHAREHOLDERS/ INVESTORS WHO ARE IN ANY DOUBT AS TO THE ACTION TO BE TAKEN SHOULD CONSULT THEIR STOCKBROKERS, BANK MANAGERS, SOLICITORS, ACCOUNTANTS OR OTHER PROFESSIONAL ADVISERS IMMEDIATELY.”;
 - (b) (Where applicable)

“The valuation utilised for the purpose of the corporate exercise should not be construed as an endorsement by the Securities Commission Malaysia on the value of the subject assets.”;
 - (c) “Investors are advised to note that recourse for false and misleading statements or acts made in connection with the abridged prospectus are directly available through sections 248, 249 and 357 of the *Capital Markets & Services Act 2007*.”; and
 - (d) “Securities listed on Bursa Malaysia Securities Berhad are offered to the public premised on full and accurate disclosure of all material information concerning the issue for which any of the persons set out in section 236 of the *Capital Markets & Services Act 2007*, e.g. directors and advisers, are responsible.”.

Chapter 4

DEFINITIONS/TABLE OF CONTENTS/CORPORATE DIRECTORY

4.01 An abridged prospectus should be properly structured, with relevant sections and headings, for ease of reference and cross reference.

Definitions

4.02 A glossary of abbreviations and technical terms should be provided.

Table of contents

4.03 There should be a table of contents, listing all sections and subsections of an abridged prospectus.

Corporate directory

4.04 The directory should contain details of the following persons:

- (a) Names, nationalities, addresses and professions of all directors (to specify the independent directors);
- (b) Names of the audit committee members;
- (c) Name, address and membership number of the company secretary;
- (d) Addresses and telephone numbers of the corporation's registered office, head/management office as well as the e-mail and website address (if any); and
- (e) Names and addresses of the following parties (where applicable):
 - (i) Auditors;
 - (ii) Reporting accountants;
 - (iii) Solicitors;
 - (iv) Principal bankers;
 - (v) Issuing house;
 - (vi) Registrar;

- (vii) Principal adviser and managing underwriter;
- (viii) Underwriters;
- (ix) Placement agents;
- (x) Valuers;
- (xi) Rating agency;
- (xii) Trustee;
- (xiii) Custodian;
- (xiv) Guarantor(s);
- (xv) Shariah adviser;
- (xvi) Paying agent;
- (xvii) Facility agent; and
- (xviii) Authorised depository institutions.

4.05 Names and addresses of expert(s) whose prepared reports or excerpts or summaries are included or referred to in the abridged prospectus; and

4.06 Name(s) of stock exchange(s) where securities are already listed and/or the listing is sought for the abridged prospectus.

Chapter 5

DETAILS OF RIGHTS ISSUE

5.01 An abridged prospectus should contain the following information:

- (a) The particulars, terms and conditions of the rights issue as approved by the relevant authorities together with the dates of approvals and its compliance, if any.

For any specific relief obtained from compliance with this division, to state the specific paragraph of the division for which relief was sought and details of the approval;

- (b) The price of the rights issue and the basis for determining the price;
- (c) Where listing is sought for securities which will not be identical with securities already listed:
 - (i) A statement of the rights as regards dividends, interests, capital, redemption and voting attached to such securities. State also the rights of the corporation to create or issue further securities to rank in priority or *pari passu* therewith; and
 - (ii) A summary of the consents necessary for the creation of such rights;
- (d) If the share capital of the corporation is divided into different classes of securities, the abridged prospectus should disclose the right of voting at meetings of the corporation conferred by, and the rights in respect of capital and dividends attached to, the several classes of securities respectively; and
- (e) Details of any other intended corporate exercise/scheme which has been approved.

5.02 The following terms and conditions should be disclosed for any offering of debentures (and Islamic securities), where applicable:

- (a) Type and nominal amount of debenture;¹
- (b) Ranking of debentures;
- (c) Issue price;
- (d) Interest/coupon/profit rate;

¹ For a shelf prospectus issued under a shelf registration scheme, this information should be in relation to the maximum amount of debentures proposed to be issued.

- (e) Minimum subscription required of the debentures in order to satisfy the objectives of the issue, offer or invitation (to include procedures for refund if this requirement is not met);
- (f) Tenor of the debentures;
- (g) Form and denomination of debentures on issuance;
- (h) Underwriting arrangements;
- (i) Events of default;
- (j) Details of any security for the debentures;
- (k) Rating assigned to debentures (together with a description of the rating);
- (l) Summary of rights conferred upon the holders of debentures;
- (m) Governing law – any special legislation under which the debentures have been created and the choice of jurisdiction in the event of litigation;
- (n) Repayment terms and frequency of interest/profit payments;
- (o) Shariah principles and concepts adopted (for Islamic securities);
- (p) Types of underlying assets of the transaction (for Islamic securities); and
- (q) Details of any sinking fund requirement.

5.03 If the debentures are convertible into equity or are issued with warrants, whether or not detachable, the following detailed information should be made available:

- (a) Mode of conversion;
- (b) Conversion period;
- (c) Conversion ratio;
- (d) Conversion price;
- (e) Number of warrants;
- (f) Price of warrants;
- (g) Rights attached to warrants;
- (h) Warrant exercise period;

- (i) Warrant exercise price;
- (j) The effects of the issuance and the conversion on, *inter alia*, the earnings per share and net tangible assets per share/net assets per share of the company;
- (k) Details of the proposed utilisation of proceeds from the issuance and conversion; and
- (l) Any other relevant information which a potential investor will require on the issuance of the convertible debentures.

Chapter 6

EXCESS APPLICATIONS

- 6.01 The corporation should allocate all excess rights shares on a fair and equitable basis. An abridged prospectus should contain a statement that the allocation of the excess shares will be made on a fair and equitable manner.
- 6.02 An abridged prospectus should set out an indicative basis for the allotment of the excess shares. Such a basis of allotment must be fair and reasonable.

Chapter 7

PURPOSE OF RIGHTS ISSUE AND UTILISATION OF PROCEEDS

- 7.01 An abridged prospectus should provide details on the purpose of the rights issue.
- 7.02 An abridged prospectus should contain the following information:
- (a) The minimum level of subscription to be raised in order to satisfy the objectives of the rights issue, including the basis for determining the minimum level (where applicable);
 - (b) The estimated gross proceeds of the rights issue;
 - (c) How the said proceeds will be utilised;
 - (d) The time frame for full utilisation; and
 - (e) Estimated total expenses of the rights issue.
- 7.03 For the acquisition or proposed acquisition of any—
- property asset; and/or
 - a corporation whose principal assets comprise property assets;
- by the corporation or any of its subsidiaries, which is to be paid for wholly or partly out of the proceeds of the rights issue, there should be disclosed—
- (a) purpose of the acquisition;
 - (b) particulars of the assets;
 - (c) market value/valuation date;
 - (d) a valuation certificate that complies with the *Asset Valuation Guidelines*, where applicable;
 - (e) amount payable in cash or securities to the vendor and, where there is more than one vendor, to specify separately the amount payable to each vendor and the premium paid/payable; and
 - (f) the stage of the proposed acquisition.
- 7.04 An accountant's report should be prepared for any corporation/business acquired or proposed to be acquired by the corporation/group, which is to be paid for wholly or partly out of the proceeds of the rights issue. The report should deal with—

- (a) the income statement for each of the three financial years immediately preceding the last date of the financial statements; and
- (b) the balance sheet for each of the past three financial years immediately preceding the last date of the financial statements.

If the acquisition or proposed acquisition resulted or will result in a significant change in business direction of the acquiring corporation, the date to which the financial statements were made up (of the subject corporation/business acquired or to be acquired) should not, in any case, be more than six months prior to the issue of the abridged prospectus. In addition, the abridged prospectus should comply with Chapter 8 to Chapter 13 of the *Prospectus Guidelines – Equity and Debt*.

Chapter 8

RISK FACTORS

- 8.01 An abridged prospectus should contain information regarding risk factors which are specific to the corporation/group and its industry, and to the securities being offered. These are risk factors which had or could materially affect, directly or indirectly, the business, operating results, and financial condition of the corporation/group.
- 8.02 For debentures (and Islamic securities), the extent of credit risks should be disclosed.
- 8.03 The listing of risk factors in order of priority to the corporation/group is encouraged.
- 8.04 Disclaimers on the risk factors should not be so wide that the risk disclosures are of little or no beneficial use to investors.

Chapter 9

FINANCIAL EFFECTS OF RIGHTS ISSUE

- 9.01 An abridged prospectus should provide details of the financial effects arising from the rights issue. The information should include, but is not limited to, the following:
- (a) Changes in share capital upon completion of the rights issue and any other intended corporate exercise/scheme;
 - (b) The net tangible assets per share and/or net assets per share (or liabilities, as the case may be) of the corporation/group as at the date of the last audited financial statements and after the rights issue and other intended corporate exercise/scheme;
 - (c) The basic and diluted earnings or loss per share (to be computed based on approved accounting standards) of the corporation/ group before and after the rights issue and any other intended corporate exercise/scheme (if profit estimate/ forecast is provided); and
 - (d) Gearing ratios before and after the rights issue.

Chapter 10

FUTURE PROSPECTS

- 10.01 An abridged prospectus should contain a statement of the financial and trading prospects of the corporation/group. It should also give any relevant information including all special trade factors or risks (if any) not mentioned elsewhere in the abridged prospectus and which are unlikely to be known or anticipated by the general public and which could materially affect profits.
- 10.02 There must also be a statement giving an analysis of the financial condition and operations of the corporation/group, in particular, on the following:
- (a) Known trends, demands, commitments, events or uncertainties that will or are likely to materially increase or decrease the liquidity of the corporation/group;
 - (b) Material commitments for capital expenditure, the purpose of such commitments and the source of fundings;
 - (c) Unusual, infrequent events or transactions or significant economic changes which materially affected the amount of reported income from operations and the extent to which income was so affected;
 - (d) Known trends or uncertainties which have had, or will have, a material favourable or unfavourable impact on revenues or operating income; and
 - (e) Where there has been a substantial increase in revenues, state if the increase is due to an increase in prices or an increase in the volume or amount of goods or services being sold or to the introduction of new products or services.
- 10.03 The abridged prospectus must also contain a description of the industries in which the corporation and its subsidiaries are involved, and the future outlook of such industries, along with an overview of the prospects of the corporation and its subsidiaries.

Chapter 11

WORKING CAPITAL, BORROWINGS, CONTINGENT LIABILITIES AND MATERIAL COMMITMENTS

11.01 Disclose in the abridged prospectus:

- (a) A statement by the directors as to whether, in their opinion, the working capital available to the corporation/group will be sufficient for a period of 12 months from the date of issue of the abridged prospectus. If not, how the additional working capital considered by the directors to be necessary is proposed to be provided;
- (b) A statement of total outstanding borrowings, classified into long term and short term, interest-bearing and non-interest-bearing. For all foreign borrowings, separately identify with the corresponding foreign currencies amount. State whether there has been any default on payments of either interest and/ or principal sums for any borrowing throughout the past one financial year, and the subsequent financial period as at the latest practicable date;
- (c) A statement of all contingent liabilities as at the latest practicable date; and
- (d) Any material commitment for capital expenditure as at the latest practicable date. Indicate the general purpose of such commitments and the anticipated source of funds needed to fulfil such commitments.

Chapter 12

SHAREHOLDERS' UNDERTAKINGS AND UNDERWRITING ARRANGEMENTS

12.01 If there are irrevocable written undertakings to subscribe in full or in part of the respective entitlement for the rights issue, the following should be disclosed:

- (a) Name of the party providing the undertaking;
- (b) Number of securities and percentage of existing issued and paid-up capital held in the corporation; and
- (c) Number and percentage of securities entitled under the rights issue.

12.02 For the open portion of the rights-issue securities, the abridged prospectus must contain the following information:

- (a) Number and percentage of rights-issue securities;
- (b) Underwriting arrangements including the amount of securities underwritten by each underwriter; and
- (c) Underwriting commission and by whom the expenses are payable.

Chapter 13

SPECIFIC CLASSES OF SECURITIES (IF APPLICABLE)

13.01 For a corporation that offers shares to be allotted as partly paid, the abridged prospectus must disclose the following:

- (a) The provisions in the corporation's constituent documents dealing with liability for calls and forfeiture for those shares; and
- (b) A prominent statement to the effect that—

“If the corporation is wound up, members who hold shares which are not fully paid may be liable to contribute an amount up to the amount unpaid on the shares in order to pay the corporation's debts and expenses of the winding up. This may also apply to members who have ceased to be holders of partly-paid shares within one year of commencement of the winding up.”

Chapter 14

APPLICATION FOR SECURITIES

- 14.01 An abridged prospectus should contain instructions on how to apply for the securities and how to complete the rights subscription and excess application forms.
- 14.02 Provide the addresses where completed rights subscription and excess application forms should be sent and to whom payments should be made.
- 14.03 The rights subscription and excess application forms should be identifiable with the abridged prospectus and warn investors against signing the forms without having read and understood the abridged prospectus.
- 14.04 Accordingly, the rights subscription and excess application forms should contain the following:
- (a) The name of the corporation and registration number;
 - (b) The date of the abridged prospectus;
 - (c) A statement that, in accordance with the requirements of the CMSA, the application form should not be circulated unless accompanied by the abridged prospectus; and
 - (d) A statement that investors should read and understand the abridged prospectus before completing the application form.
- 14.05 The rights subscription and excess application forms should not contain any investment information that is not in the abridged prospectus.

APPENDIX 1

EXTRACT OF ORDINARY RESOLUTION(S) PASSED

- (1) An abridged prospectus should contain a certified true extract of the ordinary resolution(s) passed on the rights issue at the extraordinary general meeting of the corporation.

APPENDIX 2

INFORMATION ON THE CORPORATION/GROUP

The abridged prospectus should contain at least the following information about the corporation and group.

- (1) History of the business.
- (2) Principal activities.
- (3) Authorised, issued and paid-up capital and changes for the last three years, including the date of allotment, number of shares allotted, consideration given and cumulative issued and paid-up capital and nominal value.
- (4) Substantial shareholders and their direct and indirect interests in the corporation/group before and after the rights issue.
- (5) Names, age, professions, designation, nationalities, addresses of directors and their direct and indirect interests in the corporation before and after the rights issue.
- (6) Subsidiary and associated corporations – names, dates and places of incorporation, issued and paid-up capital, percentage effective interest of the corporation in the subsidiary/associated corporation and principal activities.
- (7) Profit and dividend record of the corporation/group based on the audited financial statements for the past three financial years (if applicable) and the latest unaudited financial statements.

There should be a tabulation showing the following:

- (a) Revenue;
- (b) Gross profit and profit margin;
- (c) EBITDA – earnings before interest, taxation, depreciation and amortisation;
- (d) Other income;
- (e) Finance costs;
- (f) Share of profits and losses of associates and joint ventures;
- (g) Profit/loss before tax;
- (h) Tax expense;

- (i) Profit/loss for the year;
- (j) Profit/loss attributable to minority interests and equity holders of parent; and
- (k) Basic and diluted earnings or loss per share.

All financial statements prepared in a currency other than RM must be translated into RM.

(8) Share prices

- (a) The monthly highest and lowest share prices of the corporation as transacted on the relevant stock exchange for the 12 months preceding the date of the abridged prospectus; and
- (b) The market price of the last deal transacted–
 - (i) On the date immediately before the date of announcement of the rights issue;
 - (ii) On the day prior to the ex-date; and
 - (iii) On the latest practicable date before the issuance of the abridged prospectus.

The source of the share prices should also be disclosed.

APPENDIX 3

PROFIT ESTIMATE AND FORECAST

- (1) Where profit estimates and forecasts are provided in the abridged prospectus, appropriate disclosures must be set out together with the principal bases and assumptions and the reporting accountants'/auditors' report. The report should comply with the requirements under paragraph 12.25 of the *Prospectus Guidelines – Equity and Debt*.
- (2) Where the estimates and forecasts are subject to a high probability of variation, a sensitivity analysis should be provided based on key variables, such as selling prices, volume of sales, production costs, production capacity, operating expenses and financing costs.

APPENDIX 4

PRO FORMA BALANCE SHEET

(1) An abridged prospectus should provide a pro forma consolidated balance sheet as at the last date to which the financial statements are made up, adjusted for the following:

- (a) Any restructuring or acquisition connected with the proposed rights issue exercise; and
- (b) Proceeds of the proposed rights issue exercise and proposed utilisation of funds.

Details of such adjustments should be set out in the abridged prospectus. Such a pro forma will assist investors or analysts in determining the financial effects of the proposal and the notional financial position of the corporation they are being invited to invest in.

(2) The pro forma should also include information on the following:

- (a) Net tangible asset per share and/or net assets per share (or liabilities as the case may be); and
- (b) Pro forma net tangible asset per share and/or net assets per share (or liabilities as the case may be).

(3) The pro forma consolidated balance sheet should state—

- (a) the basis upon which the pro forma is prepared;
- (b) that the financial statements used in preparing the pro forma were in accordance with the approved accounting standards as defined in the *Financial Reporting Act 1997*, which include International Accounting Standards. Disclose details of any auditor's qualification to these underlying financial statements;
- (c) whether the pro forma has been prepared in a manner consistent with both the format of the financial statements and the accounting policies of the corporation; and
- (d) prominently, any adjustment dealt with when preparing the pro forma.

(4) The pro forma consolidated balance sheet should be accompanied by a reporting accountants'/auditors' letter. The letter should state their opinion of the following:

- (a) That the pro forma consolidated balance sheet has been properly compiled on the basis stated in item 3(a) above using financial statements prepared

in accordance with the approved accounting standards as defined in the *Financial Reporting Act 1997*, which include International Accounting Standards, and in a manner consistent with both the format of the financial statements and the accounting policies of the corporation; and;

- (b) That the adjustments made to the information used in the preparation of the pro forma consolidated balance sheet is appropriate for the purposes of preparing the pro forma balance sheet.

FINANCIAL STATEMENTS

Audited financial statements

- (1) An abridged prospectus should provide the latest audited financial statements of the corporation and the group. It should include comparative figures for the previous financial year, and the notes to the financial statements, and the auditors' report, which should not be more than 15 months from the date of issue of the abridged prospectus.

Unaudited financial statements

- (2) An abridged prospectus should also disclose the latest quarterly and cumulative quarterly financial statements available, including the explanatory notes.

APPENDIX 6

DIRECTORS' REPORT

- (1) An abridged prospectus should contain a report by the directors of the corporation, for the period between the date to which the last audited financial statements of the corporation have been made up and a date not earlier than 14 days before the date of issue of the abridged prospectus, stating whether, after due enquiry by them—
- (a) the business of the corporation and its subsidiaries has, in their opinion, been satisfactorily maintained;
 - (b) there have, in their opinion, arisen, since the last audited financial statements of the corporation, any circumstance which has adversely affected the trading or the value of the assets of the corporation or any of its subsidiaries;
 - (c) the current assets of the corporation and its subsidiaries appear in the books at values which are believed to be realisable in the ordinary course of business;
 - (d) there are any contingent liabilities by reason of any guarantee or indemnity given by the corporation or any of its subsidiaries;
 - (e) there have been, since the last audited financial statements of the corporation, any default or any known event that could give rise to a default situation, on payments of either interest and/or principal sums for any borrowing. This applies for all corporations under the group;
 - (f) there have been, since the last audited financial statements of the corporation, no material change in the published reserves or any unusual factor affecting the profits of the corporation and its subsidiaries,

and, where any report is required, the report should contain full details of all matters required to be dealt with.

APPENDIX 7

EXPERTS' REPORTS

- (1) An abridged prospectus should contain excerpts or summaries of, opinion expressed and conclusions recorded in any expert's reports included in the abridged prospectus. The expert should state whether or not the report was prepared for inclusion in the abridged prospectus. The expert's report should be signed and dated within a reasonable time of the issue of the abridged prospectus to ensure that the contents are substantially relevant.
- (2) Where valuations of property assets have been carried out for inclusion in an abridged prospectus, a summary of the valuation in the form of a valuation certificate that complies with the *Asset Valuation Guidelines* must be included in the abridged prospectus.
- (3) Where the rights issue involves offering of Islamic securities, excerpts from the Shariah adviser's report should be disclosed in the abridged prospectus. Also, disclose the qualification and experience of the Shariah adviser.
- (4) If the expert becomes aware of significant changes affecting the content of his report, either—
 - (a) between the date of the report and the issue of the abridged prospectus; or
 - (b) after the issue of the abridged prospectus and before the issue of the securities,then he has an ongoing obligation to either update his report or where applicable, cause the corporation to issue a supplementary prospectus, or withdraw his consent to the inclusion of the report in the abridged prospectus. Failure to do so will result in the corporation, promoters, and the expert being liable for any misleading statement or material omission in the outdated report.
- (5) Experts should take care in making disclaimers of responsibility in their reports. If the disclaimers are so wide that the report is of little or no beneficial use to investors, then inclusion of the report in the abridged prospectus itself may be misleading.

APPENDIX 8

ADDITIONAL INFORMATION

An abridged prospectus should contain the following additional information.

- (1) A statement that no securities will be allotted or issued on the basis of the abridged prospectus later than 12 months after the date of issue of the abridged prospectus.
- (2) Extracts of the provisions of the corporation's constituent documents on the remuneration of directors.
- (3) The number, description and amount of any securities of the corporation which any person has, or is entitled to be granted, an option to subscribe for, together with the following particulars about the option:
 - (a) The period during which it is exercisable;
 - (b) The price to be paid for securities subscribed for under it;
 - (c) The consideration, if any, given or to be given for it or for the right to it; and
 - (d) The names of the persons to whom it or the right to it was granted, provided that, where options have been granted or agreed to be granted to all existing shareholders or holders of debt securities or to any class thereof or to directors and employees under a share option scheme, it should be sufficient, so far as the names are concerned, to record that fact without giving the names of the grantees.
- (4) Full disclosure of all material contracts (including contracts not reduced into writing), not being contracts in the ordinary course of business, entered into within two years preceding the date of the abridged prospectus. The following particulars should be disclosed for each contract:
 - (a) Date;
 - (b) Parties;
 - (c) Subject matter;
 - (d) Consideration passing to or from the corporation or any other corporation in the group; and
 - (e) The mode of satisfaction of the consideration.
- (5) Full disclosure of all current material litigation and arbitration, including those pending or threatened, and of any fact likely to give rise to any proceeding which might materially affect the business/financial position of the corporation or any of its subsidiaries.

- (6) Statement of consent of the relevant parties, such as advisers, reporting accountants, issuing houses, registrars, solicitors, external company secretaries, bankers, valuers, underwriters and experts for inclusion in the abridged prospectus of their names and (where relevant) statements and reports in the form and context in which such statements and reports appear, together with a statement that they have not subsequently withdrawn their consent.
- (7) If the abridged prospectus or cover contains photographs or illustrations of properties or assets which do not belong to the corporation, the photographs or illustrations should be accompanied by a statement to the effect that the properties or assets depicted do not belong to the corporation.
- (8) An abridged prospectus should contain a statement that for a period of at least 12 months from the date of issue of the abridged prospectus, the following documents (or copies thereof), where applicable, may be inspected at a specified place in Malaysia:
 - (a) The constituent documents of the corporation;
 - (b) Any trust deed/deed poll;
 - (c) Each material contract disclosed or document referred to in the abridged prospectus and, in the case of contracts not in writing, a memorandum which gives full particulars of the contracts;
 - (d) Directors' existing or proposed service contracts with the corporation or any of the corporation's subsidiaries, excluding contracts expiring or determinable by the employing corporation without payments or compensation (other than statutory compensation) within one year, or an appropriate negative statement;
 - (e) All reports, letters or other documents, valuations and statements by any expert, any part of which is extracted or referred to in the abridged prospectus. Where a summary expert's report is included in the abridged prospectus, the corresponding full expert's report should be available for inspection;
 - (f) Each consent given by experts disclosed in the abridged prospectus;
 - (g) Writ and relevant cause papers for all current material litigation and arbitration disclosed in the abridged prospectus.
 - (h) The audited financial statements of the corporation and its subsidiaries for each of the two financial years preceding the date of the abridged prospectus;
 - (i) Latest audited financial statements of the corporation and its subsidiaries for the current financial year (where applicable);
 - (j) Irrevocable undertaking letter in respect of subscription of the rights issue; and
 - (k) Such information and documents as are specified in Division 4 of Part VI of the CMSA may be inspected by relevant persons specified therein.

DIVISION 6

SUPPLEMENTARY AND REPLACEMENT PROSPECTUS

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Chapter 1

GENERAL

- 1.01 This division shall apply to a supplementary prospectus.
- 1.02 As prescribed under subsection 238(1) of the CMSA, a supplementary/replacement prospectus must be registered with the SC when the issuer becomes aware that—
- (a) a matter has arisen and information on that matter is required to be disclosed in the prospectus if the matter had arisen when the prospectus was prepared;
 - (b) there has been a significant change affecting a matter disclosed in the prospectus;
 - (c) the prospectus contains a material statement or information that is false or misleading; or
 - (d) the prospectus contains a statement or information from which there is a material omission.
- 1.03 The changes requiring a supplementary/replacement prospectus may consist of—
- (a) changes to the body of the original prospectus;
 - (b) changes to experts' reports included in the original prospectus; and/or
 - (c) changes to information in supplementary prospectus (including new reports) previously registered for a particular prospectus.
- 1.04 If a person applies to subscribe for or purchase securities in a corporation and, before issue of securities, a supplementary prospectus is submitted to the SC for registration, then as soon as practicable after registration, the issuer must—
- (a) give a written notice to the applicant or other notices as may be specified by the SC—
 - (i) advising the applicant that a supplementary/replacement prospectus has been registered by the SC;
 - (ii) giving the applicant no less than 14 days from the date of receipt of the notice an opportunity to withdraw his application; and
 - (iii) informing the applicant that, if he withdraws his application, the issuer will immediately pay him any money he has paid to the issuer on account of the application; and

- (b) ensure that the written notice is accompanied by a copy of the supplementary/replacement prospectus.

1.05 A summary advertisement for a supplementary/replacement prospectus must be published in a widely-circulated Bahasa Malaysia newspaper and English newspaper, where relevant, and should state the following:

- (a) That a supplementary/replacement prospectus has been registered;
- (b) The date of the supplementary/replacement prospectus;
- (c) Where a copy of the supplementary/replacement prospectus can be obtained;
and
- (d) That any issue of securities to which the prospectus relates will only be made on receipt of an application form accompanying a copy of the supplementary/replacement prospectus.

Chapter 2

CONTENTS OF A SUPPLEMENTARY PROSPECTUS

- 2.01 A supplementary prospectus should contain details of significant new matters or changes.
- 2.02 A supplementary prospectus should specify the following:
- (a) The full name of the corporation and place of incorporation;
 - (b) Statute under which the corporation was incorporated;
 - (c) Registration number of the corporation;
 - (d) The date of the supplementary prospectus;
 - (e) A statement that it has been registered with the SC and lodged with the Registrar of Companies; and
 - (f) That registration does not indicate that the SC recommends the securities or assumes responsibility for correctness of any statement made or opinion or report expressed in the original prospectus or supplementary prospectus.
- 2.03 Each page of the supplementary prospectus should contain a clear statement in bold type which states that the document is a supplementary prospectus which is to be read in conjunction with the original prospectus (which must be identified in the supplementary prospectus) and any other supplementary prospectuses.
- 2.04 If a supplementary prospectus contains statements or reports by experts not included in the original prospectus—
- (a) it is required to state the date of each statement or report and whether or not it was prepared for incorporation in the supplementary prospectus; and
 - (b) the supplementary prospectus should state that the expert has given and has not withdrawn his consent.
- 2.05 If the information in the supplementary prospectus gives rise to new risk factors not covered in the original prospectus, the supplementary prospectus should contain a description of those new risk factors.
- 2.06 A supplementary prospectus should contain or be accompanied by a new application form that is reasonably identical to the original application form, except that it must—
- (a) refer to the supplementary prospectus which is to accompany the new application form; and

- (b) contain a feature, such as marking, lettering, colour or other feature which distinguishes the form from the application forms accompanying the original prospectus or previous supplementary prospectuses.

2.07 This division shall only apply for supplementary prospectuses which may differ from the requirements under Division 1 – 4 of this part. Disclosure of information in the main body of the supplementary prospectus or reports included in supplementary prospectus must comply with the respective chapters under division 1-4 to which the new material relates.

Chapter 3

CONTENTS OF A REPLACEMENT PROSPECTUS

- 3.01 A replacement prospectus replaces an original prospectus and should contain details of any significant new matter or change.
- 3.02 A replacement prospectus must—
- (a) contain a clear statement (to appear in bold) on the front cover which states that the document is a replacement prospectus and supersedes/replaces the original prospectus; and
 - (b) comply with the content requirements under division 1-4 of this part, as applicable.
- 3.03 Each page of a replacement prospectus should contain a clear statement in bold type that states that the document is a replacement prospectus.
- 3.04 The requirements in this chapter apply only if it differs from the requirements under Division 1 – 4 of this part. Disclosure of information in the main body of the replacement prospectus or reports included in replacement prospectus must comply with the respective chapters under division 1-4 to which the new material relates.

PART II
PROCEDURES FOR REGISTRATION

Chapter 1

PROSPECTUS UNDER DIVISION 1, 3 AND 4 OF PART I

Introduction

- 1.01 An application to register a prospectuses under division 1,3 and 4 of Part I of these guidelines must be in accordance with the submission requirements and procedures set out in this chapter.
- 1.02 The SC will not register a prospectus unless it is in its final/complete form and is accompanied by all required materials/documents. The SC reserves the right to refuse registration and return the prospectus if in its opinion–
- the disclosure in the prospectus is incomplete and inadequate;
 - the prospectus is not in its final/complete form; and/ or
 - the prospectus is not accompanied by all relevant materials/ documents.
- 1.03 The original or certified true copies of all reports¹ and letters contained in the registrable prospectus must be included as accompanying documents in the registration file. For certified true copies, state the identity and position of the person certifying the said documents.
- 1.04 All reports and letters, e.g. reporting accountants' reports and letters, directors' report, and other experts' report, contained in the registrable prospectus must be dated and signed. Advisers should ensure that the directors' report included in the prospectus is dated within the maximum stipulated 14 days as at the intended date of registration.
- 1.05 All accompanying documents furnished, which are in the language other than Bahasa Malaysia or English, should be accompanied by a Bahasa Malaysia or English translation confirmed by the corporation or the adviser as being an accurate translation of the original documents.

Submission of registrable prospectus

- 1.06 A registrable prospectus should be submitted to the SC–
- (a) in relation to an offering and/or listing on the Main Market, concurrently with the corporate proposal seeking approval from the SC under section 212 of the CMSA;

¹ Where the prospectus contains a summary of an expert's report, the corresponding full report should be submitted.

- (b) in relation to an offering and/or listing on the ACE Market, at a practicable date that allows sufficient time for the SC to vet the registrable prospectus;
 - (c) in relation to an offering and/or listing of structured warrants, at least 14 market days prior to the intended date of registration; or
 - (d) in relation to registrable term sheet(s), at least one market day prior to the intended date of registration.
- 1.07 Any application for relief from complying with the required disclosure requirements of a prospectus should be submitted:
- (a) concurrently with submission of prospectuses under sub-paragraphs 1.06(a) and (b); and
 - (b) at least 14 market days prior to the intended date of submission of prospectuses under sub-paragraph 1.06(c).

The relief application must be accompanied with the relevant supporting documents and the appropriate fee.

- 1.08 The SC may publish the registrable prospectus on the SC website in order to provide an opportunity for the public to view and provide any comments on the information disclosed in the prospectus (prospectus exposure).
- 1.09 For the registration of a prospectus, the principal adviser must ensure that the registrable prospectus is accompanied by the following documents:
- (a) Cover letter signed by two authorised persons of the principal adviser specifying the following:
 - (i) Application to register the prospectus together with a completed compliance schedule;
 - (ii) A confirmation that the due diligence working group has seen and verified that the prospectus complies with the minimum disclosure requirements as laid down in the CMSA and this guidelines; and
 - (iii) A confirmation that the accompanying documents in the registration file are complete, duly signed and dated;
 - (b) Three registrable copies of the prospectus in English;
 - (c) Submission and registration fees as prescribed by the SC's fees regulations;
 - (d) Directors' responsibility statement for the prospectus and, where applicable, the offerors' and promoters' responsibility statement. In the case of promoters or

offerors which consist of corporation(s), a board resolution authorising the signatory, who signed on behalf of a corporation, must be submitted together with the promoters' or offerors' responsibility statements. If an agent or alternate director signs the responsibility statement on behalf of a director, there should be clear reference made to the responsibility statement of such fact;

- (e) Original written authorisations by directors appointing any agent to sign the responsibility statement on their behalf;
- (f) Original copies of all letters of consent from any person who has made a statement included in the prospectus or on which a statement made in the prospectus is based. The consent letter is to be addressed to the issuer/offeror;
- (g) Memorandum and Articles of Association (M&A) and the certificate of incorporation. If the original copy is not submitted, a copy of the M&A, certified by the company secretary, is acceptable. Where the issuer is foreign-incorporated, provide a certified copy of the certificate of registration and certified copies of constituent documents of the foreign corporation that may affect shareholders' rights and protection, and directors' powers;
- (h) Certified copies of all material contracts or documents referred to in the prospectus. For contracts not in writing, a memorandum which gives full particulars of the contracts. Copies of all material contracts submitted during registration must be certified by the due diligence lawyers;
- (i) Original or certified copies of the audited financial statements of the corporation and its subsidiaries for the last three to five financial years (or such shorter period that the corporation/group has been in operation), preceding the date of prospectus. Copies of the audited financial statements must be certified by the auditor;
- (j) Original or certified copies of the latest audited financial statements of the corporation and its subsidiaries for the current financial period (where applicable). Copies of the audited financial statements must be certified by the auditor;
- (k) Original or certified copies of any expert's reports disclosed in the prospectus. These reports should be in English and Bahasa Malaysia. Where an expert does not possess the capability to prepare a report in Bahasa Malaysia, the corporation should provide a Bahasa Malaysia translation of the expert's report, subject to the following:
 - (i) The translated report in the Bahasa Malaysia prospectus must be accompanied by a statement that "the translated report is based on the original expert's report in the English prospectus"; and
 - (ii) The corporation or the adviser must provide a letter of undertaking to the SC assuming liability for the translated expert's report;

- (l) Copy of the application form in English, for prospectuses submitted under sub-paragraph 1.06(c);
- (m) Letter of confirmation from the principal adviser that the electronic copy of the prospectus is the same as the registrable prospectus submitted to the SC, save for the requirement under sub-paragraph 1.09(n); and
- (n) Soft copy (in English) of the registrable prospectus in 'pdf' format. For prospectuses submitted under sub-paragraphs 1.06(a) and (b), the soft copy should include the following statement in bold and a prominent colour on the cover page – “This document has not been registered by the Securities Commission Malaysia (SC). The information in this document may be subject to further amendments before being registered by the SC. Under no circumstances shall this document constitute an offer for subscription or purchase of, or an invitation to subscribe for or purchase securities”.

For prospectuses submitted under sub-paragraph 1.06(c), only the English version is required for the documents referred to in sub-paragraphs (b) and (k) above. In addition, the following documents under sub-paragraphs 1.12(e) and (h) (English newspaper only) are required to be submitted at this stage.

Confirmation of registration for prospectuses submitted under sub-paragraphs 1.06(a) and (b)

- 1.10 The principal adviser should provide a confirmation of registration together with any relevant updated pages and the documents required under paragraph 1.12 to the SC before 12.30 p.m. at least 7 market days prior to the intended date of registration.
- 1.11 Prior to providing the confirmation of registration, the following must be clearly resolved:
 - (a) Any outstanding issue regarding applications for relief from and/or clarification under Division 1; and
 - (b) Any pending matters arising from the section 212 approval, including among others, application for variation to the terms/ conditions of approval, extension of time, etc.
- 1.12 The following documents are to be submitted to the SC upon confirmation of registration:
 - (a) A confirmation that all relevant conditions of approval, to be complied with before issuance of the prospectus, have been met;
 - (b) Registrable copies of the prospectus (printer's proof) (two copies each in Bahasa Malaysia and English and in two separate registration files) for registration with the SC and lodgement with the Registrar of Companies respectively, together with a confirmation from the principal adviser that the printer's proof is an accurate reproduction of the registrable prospectus and any required amendments;
 - (c) Letter of confirmation from the principal adviser that the printed copy of the prospectus is the same as the registrable prospectus registered with the SC;

- (d) Letter of confirmation from the principal adviser that the consents provided under paragraph 1.09(f) have not been withdrawn;
- (e) Copy of letter of approval from any other relevant authority (e.g. Ministry of International Trade and Industry, Bursa Malaysia Securities and Bank Negara Malaysia);
- (f) Certified copy of the underwriting agreement;
- (g) Copy of the application form in English and Bahasa Malaysia;
- (h) Copy of the summary advertisement of the prospectus. For a summary advertisement of a prospectus in a language other than that used in the prospectus, the principal adviser or the corporation should provide a confirmation that the advertisement is a true and accurate summary of the prospectus; and
- (i) For any revision to the registrable prospectus including the incorporation of comments received from prospectus exposure, the following are to be provided to the SC:
 - (i) Soft copy of the revised and final and complete form of the registrable prospectus in 'pdf' format;
 - (ii) Letter of compliance from the principal adviser stating that the due diligence working group is aware of all comments raised and that the group has seen and confirmed the revisions made to the registrable prospectus; and
 - (iii) Letter of confirmation (updated) from the principal adviser that the electronic copy of the prospectus is the same as the registrable prospectus registered with the SC.

Term sheet(s)

- 1.13 Any application for relief from complying with the required disclosure requirements should be resolved prior to the intended date of submission of the registrable term sheet(s).
- 1.14 For the registration of term sheet(s), the principal adviser/issuer must ensure that the registrable term sheet(s) is accompanied by the following documents:
 - (a) Cover letter signed by two authorised persons of the principal adviser specifying the following:
 - (i) Application to register the term sheet(s) together with a completed compliance schedule;
 - (ii) A confirmation that the due diligence working group has seen and

verified that the term sheet(s) complies with the minimum disclosure requirements as laid down in the CMSA and the *Prospectus Guidelines*;

- (iii) A confirmation that the accompanying documents in the registration file are complete, duly signed and dated; and
 - (iv) A confirmation that all relevant conditions of approval, to be complied with before issuance of the term sheet(s), have been met.
-
- (b) Registrable copies of the term sheet(s) (two copies in English and in two separate registration files) for registration with the SC and lodgment with the Registrar of Companies respectively;
 - (c) Directors' responsibility statement for the term sheet(s);
 - (d) Original written authorisations by directors appointing any agent to sign the responsibility statement on their behalf;
 - (e) Original copies of all letters of consent from any person who has made a statement included in the term sheet(s) or on which a statement made in the term sheet(s) is based. The consent letter is to be addressed to the issuer;
 - (f) Copy of letter of approval from any other relevant authority (e.g. Ministry of International Trade and Industry, Bursa Malaysia Securities and Bank Negara Malaysia);
 - (g) Certified copies of all material contracts or documents referred to in the term sheet(s). For contracts not in writing, a memorandum which gives full particulars of the contracts. Copies of all material contracts submitted during registration must be certified by the due diligence lawyers;
 - (h) Original or certified copies of any expert's reports disclosed in the term sheet(s);
 - (i) Copy of the summary advertisement of the term sheet(s) to be included in a widely distributed English newspaper;
 - (j) Letter of confirmation from the principal adviser that the electronic copy of the term sheet(s) is the same as the registrable term sheet(s) submitted to the SC;
 - (k) Soft copy (in English) of the registrable term sheet(s) in 'pdf' format; and
 - (l) Copy of the application form in English, if applicable.

Supplementary prospectus and replacement prospectus

- 1.15 For registration of a supplementary prospectus, the registrable prospectus should be submitted to the SC as soon as practicable and at least three market days prior to the intended registration date.
- 1.16 For registration of a replacement prospectus, paragraph 1.10 should apply.
- 1.17 For registration of a supplementary or replacement prospectus, the principal adviser should include the documents required under paragraph 1.09 and 1.14 above and a list highlighting the original statements from the previously registered prospectus and the amended statements.

Post registration

- 1.18 The principal adviser should provide the SC with three printed copies each of the English and Bahasa Malaysia prospectuses upon issuance.

Chapter 2

PROSPECTUS UNDER DIVISION 2 OF PART I

- 2.01 An application to register a prospectus under division 2 of Part I of these guidelines must be in accordance with the submission requirements and procedures set out in this chapter.
- 2.02 The SC will not register a prospectus unless it is in its final/complete form and is accompanied by all required materials/documents. The SC reserves the right to refuse registration and return the prospectus if in its opinion–
- the disclosure in the prospectus is incomplete and inadequate;
 - the prospectus is not in its final/complete form; and/ or
 - the prospectus is not accompanied by all relevant materials/ documents.
- 2.03 The original or certified true copies of all reports¹ and letters contained in the registrable prospectus must be included as accompanying documents in the registration file. For certified true copies, state the identity and position of the person certifying the said documents.
- 2.04 All reports and letters, e.g. reporting accountants' reports and letters, and other experts' report, contained in the registrable prospectus must be dated and signed.
- 2.05 All accompanying documents furnished, which are in the language other than Bahasa Malaysia or English, should be accompanied by a Bahasa Malaysia or English translation confirmed by the corporation or the adviser as being an accurate translation of the original documents.

Submission of registrable prospectus

- 2.06 A registrable prospectus should be submitted to the SC–
- (a) in relation to an offering and/or listing on the Main Market, concurrently with the corporate proposal seeking approval from the SC under section 212 of the CMSA; or
 - (b) in relation to an offering and/or listing on the ACE Market, at a practicable date that allows sufficient time for the SC to vet the registrable prospectus.
- 2.07 Any application for relief from complying with the required disclosure requirements of a prospectus should be submitted at least 14 market days prior to the intended date of submission of the registrable prospectus. The relief application must be

accompanied with the relevant supporting documents and the appropriate fee.

2.08 For the registration of a prospectus, the principal adviser must ensure that the registrable prospectus is accompanied by the following documents:

- (a) Cover letter signed by two authorised persons of the principal adviser specifying the following:
 - (i) Application to register the prospectus together with a completed compliance schedule;
 - (ii) A confirmation that the due diligence working group has seen and verified that the prospectus complies with the minimum disclosure requirements as laid down in the CMSA and this guidelines;
 - (iii) A confirmation that the accompanying documents in the registration file are complete, duly signed and dated; and
 - (iv) A confirmation that all relevant conditions of approval to be complied with before issuance of the prospectus have been met;
- (b) Registrable copies of the prospectus in English, in two hardcopies and one electronic copy. The electronic copy must be in text-searchable format (PDF-text) and scanned with OCR (optimal character recognition) and saved as PDF-text files;
- (c) Submission and registration fees as prescribed by the SC's fees regulations;
- (d) Directors' responsibility statement for the prospectus. If an agent or alternate director signs the responsibility statement on behalf of a director, there should be clear reference made to the responsibility statement of such fact;
- (e) Original written authorisations by directors appointing any agent to sign the responsibility statement on their behalf;
- (f) Original copies of all letters of consent from any person who has made a statement included in the prospectus or on which a statement made in the prospectus is based. The consent letter is to be addressed to the issuer;
- (g) Memorandum and Articles of Association (M&A) and the certificate of incorporation. If the original copy is not submitted, a copy of the M&A, certified by the company secretary, is acceptable; Where the issuer is foreign-incorporated, provide a certified copy of the certificate of registration and certified copies of constituent documents of the foreign corporation that may affect shareholders' rights and protection, and directors' powers ;
- (h) Certified copies of all material contracts or documents referred to in the prospectus. For contracts not in writing, a memorandum which gives full particulars of the contracts. Copies of all material contracts submitted during registration must be certified by the due diligence lawyers
- (i) Original or certified copies of any expert's reports disclosed in the

prospectus. These reports should be in English;

- (j) Copy of the application form in English;
- (k) Letter of confirmation from the principal adviser that the electronic copy of the prospectus is the same as the registrable prospectus submitted to the SC, save for the requirement under sub-paragraph 2.08(l); and
- (l) Soft copy (in English) of the registrable prospectus in 'pdf' format. The soft copy should include the following statement in bold and a prominent colour on the cover page:

"This document has not been registered by the Securities Commission Malaysia (SC). The information in this document may be subject to further amendments before being registered by the SC. Under no circumstances shall this document constitute an offer for subscription or purchase of, or an invitation to subscribe for or purchase securities".

Confirmation of registration for prospectuses

- 2.09 The principal adviser should provide a confirmation of registration together with any relevant updated pages and the documents required under paragraph 2.08 to the SC before 12.30 p.m. at least 7 market days prior to the intended date of registration.
- 2.10 Prior to providing the confirmation of registration, the following must be clearly resolved:
 - (a) Any outstanding issue regarding applications for relief from and/or clarification under Division 2; and
 - (b) Any pending matters arising from the section 212 approval, including among others, application for variation to the terms/ conditions of approval, extension of time, etc.
- 2.11 The following documents are to be submitted to the SC upon confirmation of registration:
 - (a) A confirmation that all relevant conditions of approval, to be complied with before issuance of the prospectus, have been met;
 - (b) Registrable copies of the prospectus (printer's proof) (two copies each in Bahasa Malaysia and English and in two separate registration files) for registration with the SC and lodgement with the Registrar of Companies respectively, together with a confirmation from the principal adviser that the printer's proof is an accurate reproduction of the registrable prospectus and any required amendments;
 - (c) Letter of confirmation from the principal adviser that the printed copy of the

prospectus is the same as the registrable prospectus registered with the SC;

- (d) Letter of confirmation from the principal adviser that the consents provided under paragraph 2.08(f) have not been withdrawn;
- (e) Copy of letter of approval from any other relevant authority (e.g. Ministry of International Trade and Industry, Bursa Malaysia Securities and Bank Negara Malaysia);
- (f) Certified copy of the underwriting agreement;
- (g) Copy of the application form in English and Bahasa Malaysia;
- (h) Copy of the summary advertisement of the prospectus to be included in a widely distributed national newspaper. For a summary advertisement of a prospectus in a language other than that used in the prospectus, the principal adviser or the corporation should provide a confirmation that the advertisement is a true and accurate summary of the prospectus; and
- (i) For any revision to the registrable prospectus, the following are to be provided to the SC:
 - (i) Soft copy of the revised and final and complete form of the registrable prospectus in 'pdf' format;
 - (ii) Letter of compliance from the principal adviser stating that the due diligence working group is aware of all comments raised and that the group has seen and confirmed the revisions made to the registrable prospectus; and
 - (iii) Letter of confirmation (updated) from the principal adviser that the electronic copy of the prospectus is the same as the registrable prospectus registered with the SC.

Pricing supplement(s)

2.12 For the registration of pricing supplement(s), the principal adviser/issuer must ensure that the registrable principles supplement(s) is accompanied by the following documents:

- (a) Cover letter signed by two authorised persons of the principal adviser specifying the following:
 - (i) Application to register the pricing supplement(s);
 - (ii) A confirmation that the due diligence working group has seen and verified
- (b) Letter of confirmation from the principal adviser that the electronic copy of

the pricing supplement(s) is the same as the registrable pricing supplement(s) submitted to the SC; and

- (c) Soft copy (in English) of the registrable pricing supplement(s) in 'pdf' format.

Supplementary prospectus and replacement

- 2.13 For registration of a supplementary prospectus, the registrable prospectus should be submitted to the SC as soon as practicable and at least three market days prior to the intended registration date.
- 2.14 For registration of a replacement prospectus, paragraph 2.09 should apply.
- 2.15 For registration of a supplementary or replacement prospectus, the principal adviser should include the documents required under paragraph 2.08 and 2.11 above and a list highlighting the original statements from the previously registered prospectus and the amended statements.

Post registration

- 2.16 The principal adviser should provide the SC with three printed copies each of the English prospectuses upon issuance.

Chapter 3

ABRIDGED PROSPECTUS

Introduction

- 3.01 An application to register an abridged prospectus must be in accordance with the submission requirements and procedures set out in this chapter.
- 3.02 The SC will not register an abridged prospectus unless it is in its final/ complete form and is accompanied by all required materials/ documents. The SC reserves the right to refuse registration and return the abridged prospectus if in its opinion:
- (a) the disclosure in the abridged prospectus is incomplete and inadequate;
 - (b) the abridged prospectus is not in its final/complete form; and/ or
 - (c) the abridged prospectus is not accompanied by all relevant materials/ documents.
- 3.03 The original or certified true copies of all reports² and letters contained in the registrable abridged prospectus must be included as accompanying documents in the registration file. For certified true copies, state the identity and position of the person certifying the said documents.
- 3.04 All reports and letters, e.g. reporting accountants' reports and letters, directors' report, and other experts' reports, contained in the registrable abridged prospectus must be dated and signed.
- 3.05 All accompanying documents furnished, which are in the language other than Bahasa Malaysia or English, should be accompanied by a Bahasa Malaysia or English translation confirmed by the corporation or the adviser as being an accurate translation of the original documents.

Submission of registrable abridged prospectus

- 3.06 The registrable abridged prospectus should be submitted to the SC before 12.30 p.m. at least three market days prior to the intended date of registration.³

² Where the abridged prospectus contains a summary of an expert's report, the corresponding full report should be submitted.

³ Advisers should submit the abridged prospectus at least three market days before the book-closure date for the offering.

- 3.07 Prior to submitting the registrable abridged prospectus, the following must be clearly resolved:
- (i) Any outstanding issue regarding applications for relief from and/or clarification under division 3; and
 - (ii) Any pending matter arising from the approval of the relevant authorities, if any.
- 3.08 Any application for relief from complying with the required disclosure requirements of the abridged prospectus should be submitted at least 14 market days prior to the intended date of submission of the registrable abridged prospectus. The relief application must be accompanied with the relevant supporting documents and the appropriate fee.

Documents to be submitted

- 3.09 For the registration of an abridged prospectus, the principal adviser must ensure that the registrable abridged prospectus is accompanied by the following documents:
- (a) Cover letter signed by two authorised persons of the principal adviser specifying the following:
 - (i) Application to register the abridged prospectus together with a completed compliance schedule;
 - (ii) A confirmation that the due diligence working group has seen and verified that the abridged prospectus complies with the minimum disclosure requirements as laid down in the CMSA and the *Prospectus Guidelines – Abridged Prospectus*;
 - (iii) A confirmation that the accompanying documents in the registration file are complete, duly signed and dated; and
 - (iv) A confirmation that all relevant conditions of approval to be complied with before issuance of the abridged prospectus have been met;
 - (b) Registrable copies of the abridged prospectus (printers' proof) in two separate registration files (for registration with the SC and lodgment with the Registrar of Companies respectively);
 - (c) Submission and registration fees as prescribed by the SC's fees regulations;
 - (d) Directors' responsibility statement for the abridged prospectus;
 - (e) If an agent or alternate director signs the responsibility statement on behalf of a director there should be clear reference made to the responsibility statement of such fact;

- (f) Original written authorisations by directors appointing any agent to sign the responsibility statement on their behalf;
- (g) Original copies of all letters of consent from any person who has made a statement included in the abridged prospectus or on which a statement made in the abridged prospectus is based. The consent letter is to be addressed to the issuer/offeror;
- (h) Copy of letter of approval from any other relevant authorities (e.g. Ministry of International Trade and Industry, Bursa Malaysia Securities and Bank Negara Malaysia);
- (i) Certified copies of all material contracts disclosed or documents referred to in the abridged prospectus. For contracts not in writing, a memorandum which gives full particulars of the contracts. Copies of all material contracts submitted during registration must be certified by the due diligence lawyers;
- (j) Certified copy of the underwriting agreement;
- (k) Copy of the rights subscription and excess application form;
- (l) Letter of confirmation from the principal adviser that the printed copy of the abridged prospectus is the same as the registrable abridged prospectus registered with the SC;
- (m) Letter of confirmation from the principal adviser that the electronic copy of the abridged prospectus is the same as the registrable abridged prospectus registered with the SC;
- (n) Soft copy of the registrable abridged prospectus in 'pdf' format;
- (o) Copy of the summary advertisement of the abridged prospectus to be included in a widely distributed newspaper. For a summary advertisement of a prospectus in a language other than used in the prospectus, the principal adviser or the corporation should provide a confirmation that the advertisement is a true and accurate summary of the abridged prospectus; and
- (p) Copy of the circular to shareholders.

Post registration

- 3.10 The principal adviser should provide the SC with three print copies of the abridged prospectus upon issuance.
- 3.11 The corporation/principal adviser should submit the following information to the SC, two market days before the listing of the rights shares:
 - (a) The final basis for the allotment of excess shares as endorsed by the board of directors;

- (b) Explanation for the change in the final basis of allotment (if any); and
- (c) Summary information on the total number of excess shares available for allocation, total number of applicants and list of the successful applicants (stating the names, number of excess rights shares applied for and the number of excess shares allotted)

Chapter 4

Supplementary prospectus and replacement prospectus

- 4.01 For registration of a supplementary prospectus, the registrable supplementary prospectus must be submitted to the SC as soon as practicable and at least three market days prior to the intended registration date.
- 4.02 For registration of a replacement prospectus, it must be submitted to the SC before 12.30 p.m. at least three market days prior to the intended date of registration.
- 4.03 For registration of a supplementary or replacement prospectus, the principal adviser should include the documents required under paragraph 2.10 of chapter 2 above and a list highlighting the original statements from the previously registered prospectus and the amended statements.

Division 1

Plain Language Guide for Prospectus

PURPOSE

This division seeks to provide guidance on the usage of plain language in preparing a prospectus under these guidelines.

1.0 INTRODUCTION

The language and readability of disclosure documents, such as prospectuses, can be improved. This guide provides tips on how to create simple and friendly prospectuses using plain English. Prospectuses that are written in plain English will be easier for investors to understand. It is important that investors are able to grasp the vital information in prospectuses so that they can use that information to make informed investment decisions. Investors will be encouraged to read prospectuses written in a clear, concise manner, using language that is simple and easily understood.

By using plain English, preparers of prospectuses will be able to get their message across more easily and in a friendlier way. Therefore, we need to move away from the current prospectus drafting style which uses a legalistic approach, and contains too much jargon and too many long sentences, while still ensuring that information is fully disclosed.

The shift to plain English requires a new style of thinking and writing. This may take some time and effort but the benefits will be worthwhile. When drafting, keep the audience in mind and remember that not everyone is legally or financially trained. The language used should be pitched at a level the intended audience can understand.

2.0 LIABILITY FOR PROSPECTUS CONTENTS

Section 3.0 provides examples to illustrate the principles of plain English. These examples are not exhaustive and you may use your own style of drafting plain English documents. However, always bear in mind that prospectuses are offer documents and you, as a party involved in the preparation of prospectuses and/or member of the due diligence working group, must ensure that these prospectuses meet all regulatory requirements, namely the *CMSA* and the *Prospectus Guidelines*.

The use of plain English should not reduce your liability or obscure your responsibility to investors. Your duty to disclose relevant and important information remains paramount as does your role to ensure that there is no false or misleading statement, or material omission that would make any statement false or misleading in a prospectus.

3.0 PROPOSED NEW STYLE

3.01 Overview

Here, we highlight some common problems in the current style of drafting prospectuses.

Current Style	New Style
Reference to generic names such as “the Company” or the name of the company	Use personal pronouns
Long sentences	Draft clear and concise sentences
Abstract words	Use common everyday words
Superfluous words	Avoid superfluous words
Passive voice	Use active voice
Nouns	Change nouns to verbs
Legal and financial jargon	Use less legal and financial jargon

Current Style	New Style
Negative sentences	Use positive sentences and not multiple negatives
Numerous defined terms	Use defined terms sparingly
Unreadable design and layout	Use an effective layout

You may wish to refer to other websites given at the end of this document for a more comprehensive understanding of the use of plain English.

3.02 Use personal pronouns

The current style of drafting a prospectus is in the third party where reference is made to “the Company” or the name of the company. Instead, the prospectus should be drafted as if the issuer is speaking directly to the potential investor using personal pronouns, such as “we”, “us” and “our” and referring to the investors as “you”. In other words, the prospectus should come across as a medium for

the issuer to communicate directly with the investors. Adopting personal pronouns for the issuer does not reduce the liability of the parties involved in the preparation of the prospectus.

The pronouns should be used consistently to ensure that readers are clear about the identities of the parties mentioned in a prospectus. To avoid confusion, explain at the outset who or whom the pronouns refer to. For example, “we” should refer only to the issuer, i.e. the company, and not the group of companies, promoters, directors or advisers.

Your audience comes from diverse backgrounds, and they may view and understand things differently. When you use personal pronouns, there is greater clarity in your message in addition to sounding more personal and friendly. This is because:

- Personal pronouns aid your reader’s comprehension, as they clarify what applies to your reader and what applies to you;
- They allow you to directly address your reader, creating an appealing tone that will keep your reader reading;
- They help you to avoid abstractions and to use common everyday words;
- They keep your sentences short; and
- First- and second-person pronouns are not gender-specific, allowing you to avoid the “he” or “she” pronouns. The pronouns to use are first-person plural (we, us, our/ours) and second-person singular (you, your/yours).

For example, a common qualification found in prospectuses is:

The following prospectus summary is only a summary of the salient information about the company and the public issue. Investors should read and understand the entire prospectus prior to deciding whether to invest in the public issue shares. The following information is qualified in its entirety and should be read in conjunction with the more detailed information and financial statements appearing elsewhere in this prospectus.

The above paragraph may be drafted in plain English as:

This is a summary of the salient information in the prospectus. It does not contain all the information that may be important to you. You should read and understand the entire prospectus carefully before you decide to invest in this public issue of shares.

3.03 Draft clear and concise sentences

For example, a common disclaimer found in prospectuses is:

No person is authorised to give any information or to make any representation not contained herein in connection with the Issue/Offer and if given or made, such information or representation must not be relied upon as having been authorised by the Company and/or the Offerors. Neither the delivery of this prospectus nor any Issue/Offer in connection with this prospectus shall, under any circumstances, constitute a representation or create any implication that there has been no change in the affairs of the Company since the date hereof.

The above paragraph may be drafted in plain English as:

We have not authorised any person to give any information or represent us in relation to this Issue/Offer. Bear in mind also that this prospectus shall not represent or imply that there have been no change in the Company's affairs since the issuance of this prospectus.

3.04 Use common everyday words

“Foray”, “peripherals”, “paraphernalia”, “excitation”, “sequential”, “miniaturisation”
... when you read these words, can you understand them immediately? Do you try to form a picture of what they mean but at the end, they remain vague? Most people may have no idea what these words mean. Furthermore, such uncommon words may have different meanings for different people.

As such, use common everyday words in your examples so that your reader is not perplexed but can better digest the complex information important for making investment decisions.

Replace unnecessary complex words with simpler ones, for example–

- “end” instead of “terminate”;
- “explain” rather than “elucidate”; and
- “use” instead of “utilise”.

When a shorter and simpler synonym exists, use it.

3.05 Avoid superfluous words

There is a tendency to use superfluous words. Such words may lend an air of importance, but in fact, are less precise. You can often find a simpler word to use, for example:

Superfluous	Simple
In the event that	If
Despite the fact that	Although
In light of	Because, since

Sometimes, superfluous words are used when one is unsure of a more concise alternative word. The tendency is to let loose several words, hoping at least one of them conveys the intended meaning. This may work sometimes, but more often it only confuses the reader. Therefore, identify and use a single word or phrase to capture an intended meaning.

For example, a statement that normally appears at the beginning of the Information Summary section of prospectuses is:

The following summary information is only a summary of the salient information about ABC Berhad.

A simpler way to say this is:

This summary highlights some salient information about us.

3.06 Use active voice

Readers tend to understand sentences that are written in the active voice more quickly and easily as compared to those written in the passive voice. The passive voice often fails to emphasise who will take the action.

Examples include:

Passive	Active
The stock is bought by the investors.	The investors buy the stock.
The application for the public issue will close at the time and date as stated above or such other date or dates as the Directors of the Company and the Managing Director may in their absolute discretion mutually decide.	Our Managing Director and Directors may mutually decide, at their absolute discretion, to extend the closing time and date that are stated above to any later date or dates.

3.07 Change nouns to verbs

These examples show how substituting nouns with strong verbs can enhance sentences:

Nouns	Verbs
An application will be made to Bursa Malaysia Securities within 3 market days.	We will apply to Bursa Malaysia Securities within 3 market days.
The Court's decision will be obtained on 29 February 2004.	The Court will decide on 29 February 2004.

3.08 Use less legal and financial jargon

“Notwithstanding”, “*ab initio*”, “*inure*”, “*res gestae*”, “*herein*” ... such jargon confuses readers. Instead, use common words to get your points across. Where there is no plain English alternative, explain what the term means when you first use it.

For example, this is commonly found in prospectuses:

The Managing Underwriter and Underwriters as defined and referred thereto in Section 1 of this Prospectus have thereby agreed to undertake to underwrite the 7,000,000 Public Issue Shares to be issued to the following parties, namely the Malaysian Public, the Directors, eligible employees and business associates of ABC Berhad, as well as the 18,000,000 Offer Shares to be offered to the Malaysian Public and Identified Placees. Save and as otherwise provided hereafter in this Prospectus, all capitalised terms shall bear the same meanings as prescribed in the Underwriting Agreement referred thereto.

You may draft it in plain English as follows:

The Managing Underwriter and Underwriters have agreed to underwrite the 7,000,000 Public Issue Shares to be issued to the Malaysian Public, the Directors, eligible employees and business associates of ABC Berhad, as well as the 18,000,000 Offer Shares to be offered to the Malaysian Public and Identified Placees. Unless otherwise stated, all capitalised terms have the same meanings as defined in the Underwriting Agreement.

If you have been in the financial or legal industry for some time, you may not realise that you are using legal or financial jargon, and it may take time to change. Of course, it is quite impossible to eliminate all legal and financial terms in drafting an offer document. In instances where there is no plain English alternative, consider explaining the term to aid investors' comprehension. Elaboration of technical terms would also help to enhance investor education.

3.09 Use positive sentences and not multiple negatives

Positive sentences are normally shorter and easier to understand, as compared to their negative counterparts.

For example, a negative sentence is:

Persons other than preference shareholders may not receive these dividends.

The above sentence may be written in a positive way as:

Only preference shareholders may receive these dividends.

You should also try to avoid multiple negative phrases, especially when a single word that means the same thing can be used.

For example, such a sentence is:

Our services are **not unlike** that of multinational corporations providing the same services.

The above sentence may be written as:

Our services are **similar** to those of multinational corporations providing the same type of services.

3.10 Use defined terms sparingly

Use defined terms sparingly. Often found in legal documents, terms are usually defined and listed down in the “definition” section at the beginning of a document. Although this is customary, it may discourage readers from getting beyond the first page. The need to memorise the terms and to flip through pages over and over again is overwhelming and some readers eventually give up reading. As a plain English expert says,

“Do not let a shortcut for the writer become a roadblock for the reader.”

3.11 Use an effective layout

Use tables, bulleted lists, diagrams and graphs to reduce text and increase clarity.

Tables are often clearer and quicker in conveying information than long text.

For example:

Our consultancy services cover the European market, Middle East market, Australian market, North American market and the local domestic market. The marketing team handling the European market and Middle East market is located in our Penang office, and for the Australian market, North American market and the local domestic market, our marketing team based in KL is responsible.

Our Penang marketing team accounts for 60% of our revenue, whilst the remaining 40% is derived from the KL marketing team.

A more effective layout is:

Details of our consultancy services are:

Marketing teams	Markets covered	% of revenue
Penang	Europe and Middle East	60
KL	Australia, North America and local domestic	40

Where possible and appropriate, use bullets to list information. Such a format makes it easier for readers to absorb a large amount of information at a glance, rather than perusing long and often repetitive sentences.

For example:

The criteria of allocation for eligible employees is based on the job position of the employee, his length of service with the Company, whether he is a union member and that he has attained the age of 18 years.

A more effective presentation is:

The criteria for allocation for eligible employees is:

- job position;
- length of service;
- whether a union member; and
- at least 18 years old.

The use of charts and graphs are encouraged as it enhances the depth of investor analysis and enables an investor to make better investment decisions.

For example:

RM'000/Year	2001	2002	2003	2004	2005(F)
Revenue	20,000	25,000	34,000	43,000	55,000
PAT after MI	4,200	5,400	7,600	8,900	12,400

The following graph, which is plotted using the figures above, clearly shows the widening gap between revenue and profit after tax and minority interest (PAT after MI). In addition, other graphs which indicate the trend in profit margins or operating expenses can also be used to confirm the above finding.

Most, if not all, prospectuses are printed in black and white. You can improve visual appearance and avoid monotony by the clever use of layout tools such as—

- different fonts and font sizes; and
- borders and shadings.

However, such graphic enhancements should not distract the reader's attention or reduce the legibility of the text.

4.0 REFERENCES

We see easy-to-read offering documents in many international financial markets, such as in the United States of America, Canada and Hong Kong. For reference and to further understand the use of plain English, we encourage you to browse through international websites such as—

- <http://www.sec.gov>
(US Securities and Exchange Commission);
- <http://www.sfc.hk/sfc/html/EN/>
(Securities and Futures Commission, Hong Kong); and
- <http://www.bcsc.bc.ca>
(British Columbia Securities Commission, Canada).

Division 2

ELECTRONIC PROSPECTUSES AND ELECTRONIC APPLICATION FORMS

Division 2: Electronic Prospectuses And Application

1.0 PURPOSE

- 1.01 This division provides guidance to persons who intend to—
- (a) issue, circulate or distribute electronic prospectuses and electronic application forms; and/or
 - (b) provide for Internet securities application.

2.0 SCOPE

- 2.01 Any person who seeks to—
- (a) issue, circulate or distribute electronic prospectuses and electronic application forms is required to comply with sections 3.0 and 5.0 of this division; or
 - (b) provide for Internet securities application is required to comply with sections 3.0, 4.0 and 5.0 of this division.
- 2.02 For the avoidance of doubt, the issuance, circulation or distribution of electronic prospectuses and electronic application forms shall include hyperlinks to such electronic prospectuses and electronic application forms.
- 2.03 This division is intended to facilitate the provision of facilities for the activities set out in paragraph 1.01, which are to be carried out via new channels of communication. This division will complement the existing manual and paper-based channels, as well as the ESA system which operates via automated teller machines or other such media as may from time to time be permitted.
- 2.04 The SC may, where it deems appropriate, allow any exemption and/or variation from this division.

3.0 ELECTRONIC PROSPECTUSES AND ELECTRONIC APPLICATION FORMS

Issuance, circulation or distribution of electronic prospectuses and electronic application forms by the issuer

- 3.01 Issuers will only be allowed to issue, circulate or distribute electronic prospectuses and electronic application forms provided that they are accompanied by a notice

stating that the electronic prospectuses and electronic application forms are issued, circulated and distributed for informational purposes only.

Form and content of electronic prospectus

- 3.02 The e-host must ensure that the electronic prospectus issued, circulated or distributed is a copy of the corresponding prospectus that has been registered by the SC.
- 3.03 The SC will not undertake the pre-vetting of the electronic prospectus on the basis that the electronic prospectus is a copy of the prospectus that has been registered. The electronic prospectus constitutes a “copy” of the corresponding prospectus when it is a reproduction of the registered printed prospectus, containing the same information and appearing in the same sequence.
- 3.04 The following enhancements or differences in the electronic prospectus are permitted:
- (a) Search functions for searching defined expressions in the electronic prospectus;
 - (b) Hypertext links within the electronic prospectus;
 - (c) Zoom facility for enlarging or reducing the information displayed;
 - (d) Prompts to assist the applicant to use and find information in the electronic prospectus;
 - (e) Audio version of the prospectus; and
 - (f) Facility to print out a hardcopy version or download into an electronic storage medium.

Use of hyperlinks

- 3.05 The electronic prospectus will not be allowed to contain embedded hyperlinks to other information contained in other parts of the Internet site on or electronic storage medium in which the electronic prospectus appears, or to third-party information. The SC will consider the presence of such hyperlinks as an indication of the adoption or endorsement of the hyperlinked information, and their inclusion in the electronic prospectus, therefore, does not represent a “copy” of the prospectus registered by the SC.
- 3.06 Hyperlinks in the electronic prospectus to other Internet sites are only permitted in the following circumstances:
- (a) Hyperlinks to Internet sites of application providers where the applicant may apply for the securities; and
 - (b) Hyperlinks to Internet sites of other e-hosts, in relation to the electronic prospectus in question. Such hyperlinks must comply with the requirements in 3.07.

- 3.07 Hyperlinks from other Internet sites or other parts of the electronic storage medium to the electronic prospectus are allowed provided that the hyperlinks direct the applicant either to the beginning or the first page of the electronic prospectus or a page which displays the contents of the electronic prospectus in its entirety.

Electronic application form

- 3.08 Electronic application forms must be accompanied by a copy of the prospectus that has been registered by the SC.
- 3.09 In determining whether the electronic application form is accompanied by an electronic prospectus, the e-host may take the following measures:
- (a) Issue, circulate or distribute the electronic application form and the electronic prospectus in the same electronic document file; and/or
 - (b) Use any form of electronic mechanism by which—
 - (i) the applicant can gain access to the electronic application form only if he or she has access first to the electronic prospectus; and/or
 - (ii) some other form of verification which can otherwise verify that the applicant has viewed the electronic prospectus before completing the electronic application form.

Complete and unaltered prospectus

- 3.10 The e-host must take adequate and appropriate measures to ensure that the electronic prospectus and electronic application form are prevented from unauthorised tampering or alteration.
- 3.11 The measures that are taken to ensure that the electronic prospectus and electronic application form are prevented from unauthorised tampering or alteration must not in any way hinder the applicant from downloading the documents into an electronic storage medium or printing out a hardcopy of the same.
- 3.12 The e-host must take remedial action as soon as is reasonably practicable to rectify any breach of security or systems failure – such breach includes but is not limited to the inability to access the electronic prospectus – and reported to the SC within 24 hours of such remedial action being taken.
- 3.13 The e-host must retain a copy of the format and information displayed to an applicant when accessing an electronic prospectus and electronic application form in a durable and legible medium for seven years.
- 3.14 The SC may have access to and/or request for copies of the records required under paragraph 3.13.

Access to the electronic prospectus and electronic application form

- 3.15 The e-host must provide clear and simple instructions as to how an applicant can hyperlink to, as well as access, view or download the electronic prospectus and the electronic application form.
- 3.16 In the event access to the electronic prospectus or electronic application form requires a particular software to access, view or download, the e-host must provide the applicant with such software or the address of the Internet site where such software may be obtained free of charge.

Advertisement, promotional and other informational materials

- 3.17 The e-host must ensure that the electronic prospectus is presented in a way that the applicant will make his or her investment decision on the basis of the prospectus, and not on the basis of the advertisement, promotional material or other informational material.
- 3.18 The e-host must clearly demarcate the electronic prospectus and electronic application form in a designated area so as not to create any confusion between the advertisement, promotional material or other informational material and the electronic prospectus.
- 3.19 The e-host must include a statement in the designated area to inform the applicant that any other information that falls outside of the designated area does not form part of the electronic prospectus and that the securities are offered solely on the basis of the information contained in the electronic prospectus.
- 3.20 As a guide, the following must be complied with:
 - (a) Advertisement, promotional material or other informational material must not appear on the same page/document as the electronic prospectus and electronic application form;
 - (b) Hyperlinks must not be embedded within the body of the electronic prospectus or electronic application form which allow links to the advertisement, promotional material or other informational material; and
 - (c) The size of the advertisement, promotional material or other informational material is not disproportionate to the size of the prospectus so as to draw attention to the advertisement, promotional material or other informational material, or away from the electronic prospectus.
- 3.21 The issuance, circulation or distribution of the electronic prospectus and electronic application form must also comply with the *Guidelines on Advertising* issued on 18 September 2000.

Supplementary/replacement Prospectuses

- 3.22 A supplementary/replacement prospectus that has been registered by the SC, and the accompanying application form must be issued, circulated or distributed in the same manner as that utilised for the original prospectus. Therefore, if the applicant is given access to the original prospectus and application form through the Internet or electronic storage medium, then the applicant should similarly be given access to the supplementary/replacement prospectus and the accompanying application form through the Internet or electronic storage medium.
- 3.23 If the supplementary prospectus and the accompanying application form are intended to be issued, circulated or distributed electronically unlike the original prospectus, the original prospectus must be issued, circulated or distributed together with the supplementary prospectus and the accompanying application form.
- 3.24 Hyperlinks from the supplementary prospectus to the original prospectus will be allowed provided that the hyperlink directs the investor to the specific changes or additions made to the original prospectus.

Notices

- 3.25 The e-host must prominently display the following notices to accompany the issuance, circulation or distribution of electronic prospectuses and electronic application forms.
- 3.26 In determining whether the notices are sufficiently prominent, the overall layout and size of the notices in relation to the electronic prospectus and electronic application form must be taken into account.
- 3.27 If the e-host is not the issuer or its adviser, the issuer and its adviser must provide to the e-host the text for the notices required by this paragraph with the electronic prospectus and electronic application form.

Notice of availability and location of paper/printed prospectus

- 3.28 The electronic prospectus and electronic application form must be accompanied by a statement that paper/printed prospectuses and application forms are also available. The statement shall also inform the applicant of the location where copies of the paper/ printed prospectus and application form can be obtained.

Notice of specifications for manual submission

- 3.29 The electronic prospectus and electronic application form must be accompanied by a statement that in the event the applicant wishes to print a hardcopy of the electronic application form for manual or postal transmission, such application

must comply with specifications set by the relevant recipient of the securities application in relation to, without limitation, the following matters:

- (a) Size, width, length and colour of the envelope within which the electronic application form is to be transmitted; and
- (b) The address of the relevant recipient to whom the application is to be transmitted.

Notices in relation to securities offerings accessible overseas

3.30 The electronic prospectus and electronic application form must be accompanied by a notice containing a jurisdictional disclaimer to the effect that the securities offer is only intended to be made available in Malaysia or to any person in Malaysia.

Notice of close of application

3.31 The issuance, circulation or distribution of the electronic prospectus and electronic application form must be accompanied by a notice stating the following:

- (a) The closing date of the application period; and
- (b) That no securities will be allotted or issued on the basis of that electronic prospectus after the closing date.

3.32 Upon the close of the application period as prescribed in the prospectus, such electronic prospectus may continue to be issued, circulated or distributed electronically, provided that it must be accompanied by a notice stating that the electronic prospectus is made available for purely informational and archiving purposes.

Notice as to the person responsible for the issuance, circulation or dissemination of the electronic prospectus and electronic application form

3.33 The electronic prospectus and electronic application form must be accompanied by a notice informing the applicant as to—

- (a) the identity of the person responsible for the Internet site or electronic storage medium on or in which the electronic prospectus and the electronic application form are posted or contained; or
- (b) the identity of the person responsible for the Internet site providing a hyperlink to the electronic prospectus.

If that person is not the issuer, the notice must also state the person's relationship to the issuer.

4.0 INTERNET SECURITIES APPLICATION

Notices

- 4.01 The application provider must prominently display the following notices to accompany the facility providing for Internet securities application.
- 4.02 In determining whether the notices are sufficiently prominent, the overall layout and size of the notices accompanying the facility providing for Internet securities application must be taken into account.

Notice as to the risk of using the internet

- 4.03 The facility for Internet securities application must be accompanied by a notice, warning the applicant of the inherent risks of conducting transactions through the Internet and that an applicant wishing to apply for securities through the Internet assumes such risks.

Notice as to alternative methods of securities application

- 4.04 The facility for Internet securities application must be accompanied by a notice informing the applicant of alternative methods of transmitting securities application other than via the facility for Internet securities application.

Notice as to the person responsible for the facility for internet securities application

- 4.05 The facility for Internet securities application must be accompanied by a notice disclosing—
- (a) the relationship between the application provider and issuer; and
 - (b) the role played by the application provider in the application process.

Notice as to the procedures for withdrawal of securities application made when supplementary/replacement prospectus is Issued

- 4.06 The facility for Internet securities application must be accompanied by a notice informing the applicants of the mechanisms or procedures for the withdrawal of a securities application resulting from the issuance of a supplementary/replacement prospectus.

Notice on security of system

- 4.07 The facility for Internet securities application must be accompanied by a notice informing the applicant on the measures taken to protect the confidentiality and security of the information provided by the applicant through the application provider's website.

Submission of application forms and confirmations

- 4.08 An applicant must be required to provide the following confirmations prior to submitting an Internet securities application:

- (a) That the applicant has read the prospectus and fully understood its contents;
- (b) That the applicant has read and agreed to be bound by the terms and conditions of the Internet securities application;
- (c) That this is the only application that the applicant is submitting;
- (d) That the applicant is eligible to apply for the securities, e.g. that he has attained 18 years of age and that he is a citizen of Malaysia; and
- (e) That the applicant gives consent to the person providing the facility for Internet securities application to disclose information pertaining to the applicant to the relevant entities involved in the application process, as well as to the SC.

- 4.09 The applicant must receive a confirmation of receipt of the Internet securities application upon submission of the electronic application form. The applicant must be able to download the confirmation into an electronic storage medium or print out a hardcopy for his or her own record. The application provider must provide clear and simple instructions as to how an applicant can print or download the confirmation.

- 4.10 Appropriate steps or mechanisms must be put in place to reject any application forms that are submitted or monies paid after the close of the application period.

- 4.11 Where a supplementary/replacement prospectus has been registered by the SC in relation to a securities offering for which a facility for Internet securities application was made available, the facility for Internet securities application must contain—

- (a) a mechanism by which the Internet securities application made in relation to an original prospectus can be withdrawn by the applicant; and/or
- (b) a notification informing the applicant of the procedures for the withdrawal of an Internet securities application resulting from the issuance of a supplementary prospectus.

Systems security and integrity

- 4.12 The application provider must put in place adequate and appropriate systems, and security measures to ensure the reliability, availability, integrity and confidentiality of the securities application or other related information or transactions transmitted via the facility for Internet securities application including, without limitation, measures to ensure the following:
- (a) Proper audit trails to track access, transactions and changes made to applicant data which includes, but is not limited to, information relating to applicant data, such as applicant's name, address, account number, contact details and traffic data, such as the date, time, size, duration, webpage visited and content of communication;
 - (b) System capacity, performance and resilience;
 - (c) Back-up systems and procedures to cater for possible outages, transmission delays, disruptions and/or system capacity problems;
 - (d) Confidentiality, protection and privacy of any personal information transmitted by the applicant;
 - (e) Detection and prevention of unauthorised access to the system;
 - (f) Proper documentation and formalised policies and procedures pertaining to the system; and
 - (g) Proper controls including access control, input output control and physical control.
- 4.13 The application provider must take remedial action as soon as is reasonably practicable to rectify any breach of security or systems failure, such breach includes but is not limited to the inability to access the electronic prospectus that is posted on the Internet site and/or to the securities application facility, and reported to the SC within 24 hours of such remedial action being taken.
- 4.14 The application provider must retain a copy of the format and information displayed to an applicant when submitting an Internet securities application in a durable and legible medium for seven years.
- 4.15 The SC may—
- (a) conduct examination on and/or audit of the facility for Internet securities application and related systems;
 - (b) have access to and/or request for copies of the audit logs on all Internet securities application transmitted through the facility for Internet securities application;
 - (c) have access to and/or request for copies of the records required under paragraph 4.14; and

- (d) have access to and/or request for such other information as it deems necessary.

5.0 SUBMISSIONS TO THE SC

Documents to be provided to the SC

- 5.01 Prior to the provision of the facilities set out in paragraph 1.01, the e-host and application provider must provide the SC with—
- (a) a written declaration by the internal auditors of the e-host or application provider, in accordance with Appendix 1, on the reliability, availability, integrity and confidentiality of the systems and controls providing for these facilities in relation to an—
 - (i) e-host, measures to ensure compliance with paragraph 3.10, in respect of the issuance, circulation or distribution of the electronic prospectus and electronic application form; or
 - (ii) application provider, measures to ensure compliance with—
 - paragraphs 3.10 and 4.12, in respect of the issuance, circulation or distribution of the electronic prospectus and providing the facility for Internet securities application; or
 - paragraph 3.07 and 4.12, in respect of providing a hyperlink to the electronic prospectus and providing the facility for Internet securities application; and
 - (b) a written declaration by the director or authorised person in accordance with Appendix 2 stating that the e-host or application provider has complied with and will continue to comply with these guidelines.
- 5.02 The following must be provided by the adviser to the SC for registration of the prospectus:
- (a) The address of the Internet sites on which the electronic prospectus and electronic application form will be made available and/or a copy of the electronic storage medium containing the electronic prospectus and electronic application form;
 - (b) The date on which the electronic prospectus will be first posted on the relevant Internet site, or will be first issued, circulated or distributed via the electronic storage medium; and
 - (c) Such other information as maybe required by the SC.

5.03 All documents sent to the SC for these guidelines should be addressed to:

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

(Attn: Corporate Finance and Investments)

APPENDIX 1

DECLARATION BY INTERNAL AUDITOR

Date: *(date of lodgement)*

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

Dear Sir
(name of the e-host or application provider)

Declaration Letter by Internal Auditors on Systems and Controls for the Electronic Prospectuses and Internet Securities Application

****** We, the internal auditors of *(name of the e-host)*, hereby declare that we have exercised due diligence and made reasonable enquiries to ensure that the systems and controls providing for the issuance, circulation or distribution of the electronic prospectus and electronic application form comply with paragraph 3.10 of the *Electronic Prospectuses and Application Guidelines*.

****** We, the internal auditors of *(name of application provider)*, hereby declare that we have exercised due diligence and made reasonable enquiries to ensure that the systems and controls providing for the issuance, circulation or distribution of the electronic prospectus and electronic application form, and facilities providing for Internet securities application, comply with paragraphs 3.10 and 4.12 of the *Electronic Prospectuses and Application Guidelines*.

****** We, the internal auditors of *(name of application provider)*, hereby declare that we have exercised due diligence and made reasonable enquiries to ensure that the systems and controls providing a hyperlink to the electronic prospectus and facilities providing for Internet securities application, comply with paragraphs 3.07 and 4.12 of the *Electronic Prospectuses and Application Guidelines*.

We also undertake to immediately provide the SC with all such information or confirmation as the SC may from time to time require in relation to the systems and controls providing for the electronic prospectus and/or Internet securities application.

We declare that we will ensure continuous compliance with the stated requirements and conditions imposed by the SC under these guidelines, as well as any other requirements as may from time to time be specified by the SC with respect to the systems and controls of the facilities.

The above declaration has been signed by me as the internal auditor of *(name of the e-host or application provider)*.

Yours faithfully,

.....

Signature

Name:

Designation: (Head, Internal Audit or its equivalent)

Date:

Name: (*name of the e-host or application provider*)

Address: (*address of the e-host or application provider*)** delete where appropriate

APPENDIX 2

DECLARATION BY DIRECTOR OR AUTHORISED PERSON

Date: *(date of lodgement)*

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

Dear Sir
(name of the e-host or application provider)

Declaration Letter for the Electronic Prospectuses and Internet Securities Application

We, *(name of the e-host or application provider)*, hereby declare that we shall ensure that the electronic prospectus provided on the Internet site at *(address of the Internet site)* or electronic storage medium *(details of the type of electronic storage medium)* is a copy of the prospectus that has been duly registered by the SC.

We, hereby declare that we shall exercise due diligence and make reasonable enquiries to ensure that *(name of the e-host or application provider)* fully complies with the requirements in (**section(s) 3.0 and/or 4.0) of the *Electronic Prospectuses and Application Guidelines*.

We also undertake to immediately provide the SC all such information or confirmation as the SC may from time to time require.

We declare that we will ensure continuous compliance with the stated requirements and conditions imposed by the SC under these guidelines, as well as any other requirements as may from time to time be specified by the SC.

The above declaration has been signed by me as *(**director/authorised person)* of *(name of the e-host or application provider)*.

Yours faithfully,

.....
Signature

Name:

Designation:

Date:

Name: *(name of the e-host or application provider)*

Address: *(address of the e-host or application provider)*

** delete where appropriate

Division 3: Advertising Guidelines

1.0 PURPOSE

1.01 This division sets out the policy of the SC on the advertising of securities offerings regulated under section 241 of the CMSA. This division is to be read together with section 241 of the CMSA.

1.02 Section 241 of the CMSA and this division sets a clear distinction between pre-prospectus and post-prospectus advertising. The pre-prospectus period is before a prospectus is registered with the SC and covers two periods--

- (a) before submission of a prospectus to the SC; and
- (b) after submission of the prospectus until registration by the SC;

The post-prospectus period refers to a period after registration of a prospectus by the SC.

1.03 The restrictions in advertising contained in the CMSA are aimed for the prospectus, and not advertising, to be the primary basis of investment decisions. Pre-prospectus advertising campaigns should not encourage investors to make investment decisions before a prospectus is available. Once an investment decision is made, the influence of a subsequent prospectus is diminished.

1.04 Standard disclosures such as company profiles or corporate matters and information on directors of the company, are not subjected to the advertising provisions of the CMSA and this division. The guiding principle is that this division will apply to notices that issue, offer to subscribe for or purchase securities, or refer to a prospectus or an issue, intended issue, offer, intended offer, invitation or intended invitation in respect of securities, or another notice that refers to a prospectus.

2.0 PRE-PROSPECTUS ADVERTISING

2.01 Subsection 241(4) of the CMSA provides that, in pre-prospectus advertising, notices which seek to carry out any of the acts referred to in subsection 241(1) will--

- (a) require the consent of the SC; and
- (b) be required to contain no more than the information listed in subsection 241(4)(b)(i) to (ix) of the CMSA.

2.02 These restrictions essentially require that the SC's consent be obtained before any information can be disseminated for any proposed offering of securities.

2.03 Pre-prospectus advertising may be divided into two main periods:

- (a) Before submission of a prospectus to the SC; and

- (b) After submission of the prospectus until registration by the SC.

Before submission of a prospectus to the SC

- 2.04 During this period, an impending offer of securities can be referred to but the provisions of subsection 241(4)(b)(i) to (ix) of the CMSA must be adhered to very closely. No other information may be disseminated during this period, either verbally or in writing.

After submission of a prospectus until registration by the SC

- 2.05 The SC recognises the need for issuers to carry out preparatory work associated with a proposed offer of securities. During this period, issuers may disclose a wider range of information. In this regard, the consent of the SC is deemed to be given in the following circumstances:

(a) *Presentations*

- (i) The presentations, both oral and written, are to be made by the issuer;
- (ii) Any other person (such as the principal adviser or the lead manager) making the presentation must be authorised by the issuer to conduct the presentation;
- (iii) The relief is not available to licensed dealers, exempt dealers, licensed investment advisers, licensed fund managers, exempt fund managers and their representatives acting on their own behalf;
- (iv) The presentations may be attended only by the categories of persons set out in Schedules 6 and 7 of the CMSA, members of the press and financial analysts;
- (v) Any written material circulated at these presentations may contain the information set out in subsection 241(4)(b)(i) to (ix) of the CMSA and information on the profiles of the promoters, directors and issuer; and
- (vi) Information provided in oral form may include, in addition to the information set out in sub-paragraph (v) above, the proposed utilisation of funds, statistics about the offering including pro forma net tangible assets/net assets, earnings per share, price-earnings ratio, the historical performance of the issuer and forward looking statements backed by proper assumptions.

(b) *Announcements made upon obtaining underwriting mandate*

- (i) The persons who can make such announcements are the parties to the underwriting agreement;
- (ii) The announcements shall pertain to agreements which are to be or have

been signed; and

- (iii) Any written information on the offer may contain the information set out in subsection 241(4)(b)(i) to (ix) of the CMSA and information on the profiles of the promoters, directors and issuer.

(c) *Announcements made upon the joint signing of underwriting agreements*

- (i) The persons who can make such announcements are the parties to the agreement;
- (ii) The announcements shall be confined to agreements which are to be or have been signed; and
- (iii) Any written information relating to the offer may contain the information set out in subsection 241(4)(b)(i) to (ix) of the CMSA and information on the profiles of the promoters, directors and issuer.

(d) *Concise statements*

Any notice which refers to a proposed issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase, securities may contain the information set out in subsection 241(4)(b)(i) to (ix) of the CMSA and information on the profiles of the promoters, directors and issuer.

2.06 It is not intended for such pre-prospectus restrictions to inhibit the free flow of non-promotional information to raise public awareness of a securities offering.

2.07 In granting the SC's blanket consent on the abovementioned activities, it is crucial that these activities are not conducted in a way that encourage retail investors to make investment decisions without the benefit of a prospectus.

Therefore, issuers should not attempt to induce such investors into investing in proposed offers of securities without adequate disclosures being made. For this reason, the prospectus, rather than the advertising campaign of the issuer, should be treated as the source of all relevant information for the proposed issue or offer of securities.

3.0 POST-PROSPECTUS ADVERTISING

3.01 The post-prospectus period refers to the time after the prospectus has been registered with the SC and lodged with the Registrar of Companies.

3.02 Any information disseminated after the registration of the prospectus, either verbally or in writing, is allowed if the information is contained in the prospectus. However, the condition is that in the interest of investor protection, an issue of, offer for subscription or purchase of, or invitation to subscribe for or purchase, securities must be accompanied by a prospectus together with a set of application forms to be completed by the investor.

4.0 GENERAL PRINCIPLES

- 4.01 Information contained in advertisements must be consistent with information contained in the prospectus.
- 4.02 The language used must be clear, concise and effective. The contents must not be false, biased or misleading, and the issuer must have reasonable grounds to believe that this is the case.
- 4.03 The advertisement should advise investors—
- (a) to read and understand the contents of the prospectus before investing;
 - (b) of the date of the prospectus and specify where a copy of the prospectus can be obtained;
 - (c) of the risks specific to the securities referred to in the advertisement; and
 - (d) to make their own risk assessment and seek professional advice, where necessary.
- 4.04 Advertisements must not, in any way, mislead a prospective investor.
- 4.05 Information on the risks of investing in the securities should be prominent and legible. The font size of the text should be proportionate to the font size that predominates the advertisement and must not be presented in a style designed to reduce its impact.
- 4.06 Advertisements should not contain language, artwork or graphics that are inaccurate or inconsistent with the prospectus for the proposed offer of securities.
- 4.07 It is the responsibility of issuers to ensure that the advertisements comply with all other relevant laws and regulations.

5.0 RESTRICTIONS IN RELATION TO SOPHISTICATED INVESTORS

- 5.01 Section 241 of the CMSA which contains restrictions in advertising is not intended to apply to sophisticated investors (please refer to Schedule 6, Part B and Schedule 7, Part B of the CMSA). Therefore, issuers may be able to carry out certain activities in preparation for or in view of a placement exercise which may otherwise not be in compliance with the advertising restrictions under section 241 of the CMSA, provided that the notices are directed towards the persons who are set out in Schedules 6 or 7 of the CMSA. For example, in the case of a bond issue, where the bonds are issued on a “when issued” basis and the issuer or the adviser/lead manager wants to obtain a certain degree of feedback from potential investors to determine the level of pricing or potential investors’ level of commitment. Such an exercise, if directed at Schedule 6 or Schedule 7 categories of investors, will not be regarded as falling within the advertising restrictions under section 241 of the CMSA.

6.0 POST-BALLOTING SPEECHES

- 6.01 Announcements by principal advisers or issuers as to whether the issue was undersubscribed or oversubscribed, and the extent of the undersubscription or oversubscription is allowed to be made without having to obtain the SC's prior approval.

7.0 REPORTS ON AFFAIRS OF LISTED CORPORATION

- 7.01 The restrictions in relation to advertising set out in subsection 241(1) of the CMSA do not apply to a number of situations which include those set out in paragraph 241(7)(a) of the CMSA which states the following:

"Subsection 241(1) shall not apply to the issuing or publishing of a report that relates to the affairs of a corporation, a unit trust scheme or a prescribed investment scheme, that is listed on a stock exchange which is or has been published only to that stock exchange by or on behalf of the corporation, unit trust scheme or prescribed investment scheme."

Therefore, it should be noted that announcements, reports and notices made to the relevant stock exchange in compliance with its listing requirements, for purposes of dissemination to the public, will be regarded as exempt from the advertising restrictions under section 241 of the CMSA.

PART IV
PRACTICE NOTES

Practice Note 1

BASIS FOR PRICING OF SECURITIES

Introduction

- 1.01 This practice note is published to clarify the requirements of paragraph 6.02(b) of division 1 and paragraph 7.02(b) of division 2, of Part I, relating to the pricing of securities and bases for determining the issue/offer price.

Criteria

- 1.02 For prospectus disclosure purposes, the bases used for determining the pricing of securities should be elaborated on. Generalised statements should be avoided. Examples of factors that are commonly cited in pricing determination may include, but are not limited, to the following:

No.	Factors	Details
1.	Prevailing market condition	State the prevailing market condition and how this affects the valuation.
2.	Financial and operating	Disclose the EPS and PE multiple based on figures derived from the historical audited accounts, e.g. "... <i>the group's net EPS of X sen computed based on the latest audited after tax profit of RMXXX for financial year ended dd/mm/yy, the enlarged issued and paid-up share capital of XXX shares, and the net PE multiple of approximately X times...</i> ".
3.	(Proforma) consolidated net tangible assets per share and/or net assets per share (or liabilities as to the case may be)	Disclose the quantum, e.g. net assets per share of X sen based on the latest audited net assets as at dd/mm/yy of RMXXX and the enlarged issued and paid-up share capital of XXX shares.
4.	Earnings potential and future prospects	Disclose the future EPS and PE multiple applied, e.g. "... <i>the forecast net EPS of X sen computed based on the forecast after tax profit of RMXXX for financial year ending dd/mm/yy, the enlarged issued and paid-up share capital of XXX shares, and the forecast net PE multiple of approximately X times...</i> ".

No.	Factors	Details
5.	Market valuation of similar companies	Name the comparable companies, their respective principal activities, valuations and the board/sector on which they are listed (where applicable).
6.	Intellectual property and technology	State how the ownership of a intellectual property/ technology impacts the valuation. The value arising thereof shall be clearly visible as a statement of mere ownership may not translate into a better valuation of the share price.
7.	Quality of management	Elaborate on credibility and experience, and how these factors impact the performance of the corporation/group and thus, its valuation.

Where appropriate, cross-references should be made to the relevant and specific sections of the prospectus.