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INTRODUCTION

PART I - OBJECTIVE OF MESDAQ MARKET

1. The principal objective of the MESDAQ Market is to:-
 - (a) provide an avenue for high-growth companies to raise capital; and
 - (b) promote technology intensive industries and hence assist in developing a science and technology base for Malaysia through indigenous research development.

PART II - THESE REQUIREMENTS

2. These Requirements, in general, govern the admission of Applicants wishing to obtain listing of and quotation for their securities on the MESDAQ Market, the disclosure requirements applicable to Applicants and Listed Companies, certain aspects of a Listed Company's corporate proposals, the conduct and responsibilities of Applicants, Listed Companies and their directors, officers, Advisers and Sponsors, and enforcement issues.
3. These Requirements are a key element in meeting MESDAQ Market's aim to:-
 - (a) Provide a fair and well-informed market for securities;
 - (b) Provide an efficient and internationally competitive market;
 - (c) Provide a fair and consistent application of rules and policies; and
 - (d) Protect the interests of investors.

4. The emphasis of these Requirements is on ensuring that full and fair disclosure of information regarding an Applicant or a Listed Company, its securities and corporate proposals is made available to investors to enable them to make informed investment decisions. Accordingly, these Requirements are largely based on the satisfaction of the minimum standards specified therein and the applicable standards of disclosure and not on the detailed regulation of specific aspects of corporate proposals.
5. Notwithstanding Paragraph 4, Applicants should appreciate that compliance with the quantitative criteria for admission in Part II of Chapter 2 herein may not of itself ensure an Applicant's suitability for listing. Applicants should refer to Rule 2.2 to gain an appreciation of the factors which the Exchange will take into consideration in evaluating an Applicant's suitability for listing.
6. Following from Paragraph 4, the Exchange places great importance on the practice and maintenance of high standards of disclosure and the due diligence and responsibilities expected of an Applicant or a Listed Company and its directors, promoters, officers and professional advisers.
7. Apart from complying with the requirements of these Requirements, Applicants and Listed Companies should comply with the following:-
 - (a) Relevant legislation or regulations which regulate the capital markets, including the Securities Industry Act, 1983, the Securities Commission Act, 1993, the Companies Act, 1965 and the Malaysian Code on Take-Overs and Mergers, 1998; and
 - (b) Relevant guidelines and policies issued by other regulatory authorities.

PART III - PRINCIPLES OF THESE REQUIREMENTS

8. The principles on which these Requirements are based include the following:-
- (a) Minimum standards of quality, size and operations of an Applicant or a Listed Company;
 - (b) The full, accurate and timely disclosure of information which may affect the values of securities or influence investment decisions, and any other information in which the holders of securities, investors or the Exchange have a legitimate interest, and the exercise of reasonable care and due diligence in disclosing information;
 - (c) The maintenance of the highest standards of integrity, accountability, corporate governance and responsibility on the part of Applicants, Listed Companies and their directors, promoters, officers, Advisers, Sponsors, other professional advisers and experts;
 - (d) The adoption of practices which protect the interests of holders of securities and the investing public;
 - (e) The consultation of holders of securities on matters of significance;
 - (f) The issuance of securities in circumstances which are fair to new and existing holders of securities; and
 - (g) Adherence to matters of national interest.

PART IV - APPLICATION OF THESE REQUIREMENTS

9. The Exchange will exercise discretion over admission and continued listing in order to maintain the quality of and public confidence in its market. Under such discretion, the Exchange may approve applications for admission unconditionally or subject to such conditions as the Exchange deems fit to impose or reject applications or suspend the trading of securities of particular Listed Companies or terminate their listing based on the provisions of these Requirements.
10. The Exchange also has a discretion whether to insist on strict compliance with these Requirements. In exercising its discretion, the Exchange will take into account the principles on which these Requirements are based. These Requirements necessarily cast a wide net. However, the Exchange does not want to inhibit commercial transactions that do not undermine the principles on which these Requirements are based.
11. An Applicant or a Listed Company should take note of the following:-
 - (a) Guidance Notes

The Exchange may issue Guidance Notes to promote clarity and assist market participants in interpreting these Requirements. The Guidance Notes will set out the Exchange's general approach to a subject or a particular Rule. The Guidance Notes should not be regarded as a definitive statement of the application of these Requirements in every case nor do the Guidance Notes provide legal advice.

(b) Waivers

The Exchange may at any time waive compliance with a Rule or part of a Rule. It may do so on any conditions it deems fit. It may do so on the application of an Applicant or a Listed Company or of its own accord. If the Exchange waives compliance with a Rule or part of a Rule on a condition, the condition must be complied with for the waiver to be effective.

(c) Varying and revoking decisions

The Exchange may at any time vary a decision in any way or revoke it. It may do so on the application of an Applicant or a Listed Company or of its own accord. The Exchange may vary a decision on any conditions it deems fit. An unconditional variation or a revocation has effect from the date specified by the Exchange. If a variation is subject to a condition, the condition must be complied with for the variation to be effective.

(d) Obligation to comply with these Requirements

A Listed Company or any other person to whom these Requirements are directed shall comply with these Requirements for so long as it shall remain on the Official List. This applies even during periods when a Listed Company's securities are suspended from trading.

(e) Giving the Exchange information

An Applicant, a Listed Company or any other person to whom these Requirements are directed must give the Exchange any information, document or explanation that the Exchange requests for, in accordance with the instructions or request of the Exchange.

(f) Complying with the Exchange's requirements

An Applicant, a Listed Company or any other person to whom these Requirements are directed must comply with any requirement the Exchange imposes on it in order to ensure compliance with these Requirements.

12. All documents forwarded to the Exchange shall become and remain the property of the Exchange which may, in its absolute discretion, deal with them as it wishes including copying, storing in a retrieval system, transmitting to the public, publishing or disclosing all or any part of the documents and forwarding copies to any stock exchange, relevant government bodies or authorities or, any expert or consultant acting in a professional capacity for and on behalf of the Exchange. The aforesaid provision does not apply to documents produced for inspection of the Exchange pursuant to Rule 15.11.
13. The Exchange may, from time to time, issue any instruction or directive to or impose any condition on an Applicant, a Listed Company, its directors, Advisers, Sponsors or any other person to whom these Requirements are directed and such person as aforesaid must comply with the said instruction, directive or condition and within such time as may be specified by the Exchange.
14. Without prejudice to any immunity or defence available to the Exchange by statute or in law, neither the Exchange nor any of its members, committees, sub-committees, employees or agents shall be liable in respect of anything done or omitted to be done by such person in good faith:-
 - (a) In connection with the performance or purported performance of any function or duty, or the exercise or intended exercise of any power imposed, conferred or expressed to be conferred under these Requirements or any applicable law; or

- (b) In respect of any decision made or enforcement action taken or notice of publication thereof,

Whether resulting in any loss of profit, costs, damages or damage to reputation or otherwise.

- 15. The Exchange shall have the right to amend all or any of these Requirements pursuant to Section 9 of the Securities Industry Act, 1983 and any such amendment shall be binding on an Applicant, a Listed Company or any other person to whom these Requirements are directed.

PART V - CONCLUSION

- 16. These Requirements contain detailed disclosure requirements as well as a general requirement that all materials, documents and information used in connection with issues of securities and corporate proposals by Applicants and Listed Companies shall not contain any material misstatements or omissions. Under this full disclosure approach, investors, rather than the Exchange, will have the responsibility for evaluating the merits and risks of investing in a particular security. This approach places the onus of evaluating the disclosed information on the investor.

[End of Chapter]

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CHAPTER 1 DEFINITIONS AND INTERPRETATION

PART I - DEFINITIONS

1.1 In these Requirements, the following terms and expressions shall have the following meanings unless otherwise defined in the respective Chapters:-

“Adviser” means such persons who are registered on the Register of Advisers for the MESDAQ Market;

“Applicant” means a public company which is incorporated in Malaysia under the Companies Act and which seeks the Exchange’s approval for admission to the Official List;

“Associate(s) of substantial shareholder/substantial shareholders” means:-

- (a) A company which is a related company of a substantial shareholder;
- (b) A person who is accustomed or is under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of a substantial shareholder;
- (c) A person in accordance with whose directions, instructions or wishes a substantial shareholder is accustomed or is under an obligation, whether formal or informal, to act;
- (d) A company which is, or the directors of which are, accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of a substantial shareholder; and
- (e) A company in accordance with the directions, instructions, or wishes of which, or of the directors of which, a substantial shareholder is accustomed or under an obligation, whether formal or informal, to act;

“Book Closure Date” means the date and time determined by a Listed Company for the purpose of determining persons entitled to dividends, interest, new securities or rights to a priority of application for issues of securities;

“Central Depository” means the Malaysian Central Depository Sdn. Bhd;

“Chief executive officer” means the most senior executive officer who is responsible under the immediate authority of the board of directors for the conduct of the business of an Applicant or a Listed Company;

“Committee” means the committee for the time being of the Exchange in whom the management of the Exchange is vested;

“Companies Act” means the Companies Act, 1965;

“Debt Securities” includes bonds, debentures, loan stocks, notes, redeemable preference shares and any other securities issued by an Applicant or a Listed Company in exchange for loans from the holders of such securities, whether constituting a charge on the assets of the Applicant or the Listed Company or not. Debt securities may or may not be convertible into shares;

“Depositor” means a holder of a securities account established by the Central Depository;

“Director” shall have the meaning given in Section 4 of the Companies Act;

“Exchange” means Kuala Lumpur Stock Exchange;

“Independent director” means a director who is independent of management and free from any business or other relationship which could, or could reasonably be perceived to, materially interfere with the exercise of independent judgement or the ability to act in the best interests of an Applicant or a Listed Company, apart from his fees and shareholding. Without limiting the generality of the foregoing, an independent director is one who:-

- (a) Is not a director of any of the Applicant's or Listed Company's related companies or of any of the Applicant's or Listed Company's substantial shareholders (other than an independent director of any of the foregoing);
- (b) Is not a substantial shareholder of the Applicant or Listed Company, any of its related companies or any of its substantial shareholders;
- (c) Is not a relative of any executive director, manager or substantial shareholder of the Applicant or Listed Company, any of its related companies or any of its substantial shareholders. For this purpose, "relative" includes spouse, parent, child (including adopted child and step-child), brother, sister and the spouse of such child, brother or sister;
- (d) Is not acting as an nominee or representative of any executive director or substantial shareholder of the Applicant or Listed Company, any of its related companies or any of its substantial shareholders;
- (e) Has not been employed in any executive capacity by the Applicant or Listed Company, any of its related companies or any of its substantial shareholders within the last five (5) years;
- (f) Is not retained as a professional adviser by the Applicant or Listed Company, any of its related companies or any of its substantial shareholders, either personally or through his firm; and
- (g) Has not engaged and does not engage in any transactions with the Applicant or Listed Company, any of its related companies or any of its substantial shareholders, whether by himself or with other persons or through a firm of which he is a partner or a company of which he is a director or substantial shareholder, other than transactions which are conducted at arm's length and are immaterial;

"Listed Company" means a company which has been admitted to the Official List and not removed;

"Manager" means any executive officer who is registered as such in the register of directors, managers and secretaries kept pursuant to Section 141 of the Companies Act;

"Market Day" means a day on which the MESDAQ Market is open for trading in securities;

"Member Company" shall have the meaning given in the Rules of the Exchange;

"NDP" means the Government's National Development Policy;

"Official List" means a list specifying all securities which have been admitted for listing on the MESDAQ Market and not removed;

"Options" includes options under an employee share option scheme, convertible securities, warrants, and any other types of options over the unissued securities of an Applicant or a Listed Company;

"Person" includes natural persons as well as bodies corporate;

"Person(s) connected with a director(s)" shall have the meaning given in Section 122A of the Companies Act;

"Promoter" means a person who has an interest directly or indirectly in one or more voting shares in an Applicant, and who can exercise control or influence over the management of the Applicant at the time of the Applicant's admission to the MESDAQ Market;

"Related company", in relation to a company, means:-

- (a) Another company which is a holding company of the first company; or

- (b) Another company which is a subsidiary of the first company; or
- (c) Another company which is a subsidiary of a holding company of the first company;

"Rules of the Exchange" shall have the meaning given in Section 2 of the Securities Industry Act, 1983;

"SC" means the Securities Commission;

"Securities" shall have the meaning given in Section 2 of the Securities Commission Act, 1993;

"Sponsor" means such persons who are registered on the Register of Sponsors for the MESDAQ Market;

"Substantial shareholder" shall have the meaning given in Section 69D of the Companies Act; and

"these Requirements" means the Listing Requirements of the Exchange that are applicable to the MESDAQ Market.

- 1.2 Apart from the above, certain other terms and expressions have also been defined in the respective Chapters. Such definitions shall only apply with respect to the respective Chapters in which they are contained.
- 1.3 The terms and expressions defined in paragraph 1.1 shall also be applicable to any Guidance Notes, unless otherwise defined in the Guidance Notes.

PART II - INTERPRETATION

- 1.4 These Requirements are formulated to meet the principal objective and aims of the MESDAQ Market as stated in the Introduction and are based on the principles stated in the Introduction.
- 1.5 Accordingly, these Requirements are to be interpreted:-
- (a) In a manner which promotes the principal objective of the MESDAQ Market;
 - (b) In accordance with their aims, spirit, intention and purpose;
 - (c) By looking beyond form to substance; and
 - (d) In a way that best promotes the principles on which these Requirements are based.
- 1.6 Every person who is involved in the issue, listing and quotation of securities on the MESDAQ Market, the management of Applicants and Listed Companies and the undertaking of corporate proposals by Applicants and Listed Companies is required to comply with these Requirements and shall take note of the following:-
- (a) Spirit of these Requirements

A person shall observe the spirit and intention as well as the precise wording of these Requirements. In circumstances which are not explicitly covered by these Requirements, the spirit of these Requirements shall apply.
 - (b) Documents

Any document containing information to be provided to the Exchange, holders of securities or the investing public shall be prepared and presented with a reasonable standard of care and due diligence.

(c) Conduct

Any act or omission by a person includes an act or omission caused directly or indirectly by the said person.

(d) Information in writing

- (i) If these Requirements require a person to inform the Exchange of something, that information must be provided in writing unless specifically exempted by the Exchange.
- (ii) The Exchange may require any information or document that is to be provided to the Exchange by an Applicant, a Listed Company, its Advisers or Sponsors to be through an electronic medium as directed by the Exchange and in a manner determined by the Exchange.
- (iii) An Applicant, a Listed Company or its Advisers or Sponsors must pay to the Exchange fees of such amount as may be determined by the Exchange from time to time in relation to the said electronic medium.

(e) Notice by the Exchange

- (i) All notices or written communications required to be sent by the Exchange to a Listed Company under these Requirements shall be sent to the registered office of the Listed Company as contained in the records of the Exchange;
- (ii) Where any notice or written communication is required to be sent under these Requirements, such notice or written communication shall be deemed received in the following circumstances:-

- (a) If sent by post, at the time when the notice or written communication would have been delivered in the ordinary course of the post;
 - (b) If sent by courier, on the second (2nd) day after despatch; and
 - (c) If sent by facsimile transmission, immediately.
 - (iii) Notwithstanding paragraph (ii) above, the Exchange may specify other methods of communication including electronic mail, other electronic medium or advertisement in newspapers, in which event such notice or written communication shall be deemed received immediately.
- (f) Appendices
- (i) The Appendices shall be taken, read and construed as an essential part of these Requirements.
 - (ii) Those of the Appendices which take the form of forms will not be printed and furnished by the Exchange. Applicants and Listed Companies are required to produce their own forms which strictly adhere to the relevant Appendices. The only Appendices which the Exchange will print are Appendices 14A and 14C.
- (g) Schedules
- The Schedules shall be taken, read and construed as an essential part of these Requirements.
- (h) Headings
- Headings in these Requirements are for ease of reference only and do not affect the meaning of these Requirements.

(i) References

- (i) References to Rules, Parts and Chapters unless otherwise stated are to be construed as references to rules, parts and chapters of these Requirements. References to Paragraphs unless otherwise stated are to be construed as references to paragraphs in the Introduction.
- (ii) References to Appendices and Schedules unless otherwise stated are to be construed as references to the appendices and schedules hereto.
- (iii) References to the provisions of statutes and subordinate legislation include such provisions as amended or re-enacted from time to time.
- (iv) References to statutes and subordinate legislation include any consolidations, replacements or revisions of the same.

(j) Gender

Words importing the masculine gender shall include the feminine gender.

(k) Singular and plural

Words importing the singular number shall include the plural number and vice versa.

[End of Chapter]

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CHAPTER 2 ADMISSION**PART I - INTRODUCTION**

- 2.1 An Applicant wishing to obtain listing of and quotation for its securities on the MESDAQ Market must comply with the Rules stated in this Chapter. In addition, the Exchange may impose additional requirements or make admission subject to any special conditions which it considers appropriate.

PART II - ADMISSION CRITERIA**2.2 General**

- 2.2.1 An Applicant should be involved in a single business activity, or in a set of substantially related and complementary business activities. The Exchange will give priority to an Applicant which is involved in technology-based activities. Technology-based activities shall include, but shall not be limited to, those specified in Appendix 2A. The Exchange may from time to time add to, vary or delete the activities specified in Appendix 2A. In every case, the Exchange shall make the determination as to whether or not an Applicant is involved in technology-based activities.
- 2.2.2 In evaluating an Applicant's suitability for listing, the Exchange will take into consideration the Applicant's adherence to quantitative and other requirements set out in the Rules in this Chapter as well as qualitative aspects of the Applicant. Such qualitative aspects include the nature of the Applicant's business operations, the strength, effectiveness and integrity of the Applicant's management and promoters, the prospects of the Applicant's business, the Applicant's research and development capabilities, whether or not there are any conflicts of interests and whether or not the proposal is in the national interest.

2.3 Operating history

- 2.3.1 No minimum period of business operation and no profit record is required for an Applicant which is involved in technology-based activities.
- 2.3.2 An Applicant which is not involved in technology-based activities must have generated operating revenue for at least twelve (12) months at the time of seeking admission and the accounts for the said twelve (12) months must have been audited. However, no profit record is required.

2.4 Issued and paid-up capital

- 2.4.1 An Applicant should have an appropriate capital size which is commensurate with the nature of its business and the size of its operations. However, its issued and paid-up share capital upon listing on the MESDAQ Market shall not be less than RM2 million.
- 2.4.2 The Applicant should apply for the listing of and quotation for the maximum number of ordinary shares that may be listed and quoted taking into account any options under Rule 2.5.1.
- 2.4.3 The ordinary shares of a Listed Company shall be traded in board lots, namely in parcels of 100 units, or any other number of units as the Exchange may prescribe under the Rules of the Exchange.

2.5 Options

- 2.5.1 An Applicant shall be allowed to have options over its ordinary shares provided that the requirements of all the Rules in this Chapter are satisfied assuming no exercise and full exercise of all outstanding options.

2.6 Net tangible assets

- 2.6.1 Generally, the net tangible assets per share of an Applicant upon listing on the MESDAQ Market should not be less than par value. However, the Exchange may in its discretion allow net tangible assets per share to be less than par value.

2.7 Method of offering

- 2.7.1 Any public offering for purposes of admission to the MESDAQ Market shall only be by way of an issue of new shares to the public. No offer for sale will be allowed.
- 2.7.2 In a public issue, a company may choose to allocate its shares by way of a public offer and/or private placement. Where the company chooses a private placement as the method of allocation, specific consent must be sought from the Exchange prior to implementing the public issue via private placement. The Exchange may not permit a private placement as the method of allocation if there is likely to be significant public demand for the shares. Amongst other things, the size of the offering may also be a relevant consideration. Private placement procedures shall be in accordance with Guidance Notes 4.

2.8 Underwriting

- 2.8.1 Underwriting arrangements must be in place before the offering of shares to the public is made, except for those shares in respect of which allocations have been made to certain parties such as Bumiputra investors, directors and employees, or for which certain shareholders have given written irrevocable undertakings to subscribe. Underwriting is allowed to be arranged on a minimum level of subscription basis.

The Applicant should decide the minimum level of subscription depending on factors such as the required level of funding or the extent of public shareholding spread needed. The basis of determining the minimum level of subscription must be disclosed to the Exchange.

2.9 Public shareholding spread

- 2.9.1 The Applicant shall issue its shares such that at least 25% but not more than 49% of its nominal issued and paid-up share capital would be in the hands of the public at the time of the Applicant's admission to the MESDAQ Market. The term "public" has the same meaning assigned to it under SC's "Policies and Guidelines on Issue/Offer of Securities".
- 2.9.2 The Applicant must have at least 200 public shareholders at the time of its admission to the MESDAQ Market.

2.10 Restrictions on promoters

- 2.10.1 The promoters must collectively hold not less than 51% of the nominal issued and paid-up capital of the Applicant upon its admission to the MESDAQ Market.
- 2.10.2 The shares held by the promoters amounting to 45% of the nominal issued and paid-up capital of the Applicant at the date of admission and any interest in such shares may not be sold, transferred or otherwise disposed of for one (1) year from the date of the Applicant's admission to the MESDAQ Market.
- 2.10.3 Thereafter, the promoters may sell, transfer or otherwise dispose of up to a maximum of one-third of their respective shareholdings per annum on a straight line basis of their respective shareholdings under moratorium as referred to in Rule 2.10.2.
- 2.10.4 Where a promoter is a private holding company, the following undertakings shall be given, in the form of Appendix 2J, for a period commencing from the date of the application for listing until the expiry of three (3) years from the date of the Applicant's admission to the MESDAQ Market:-
 - (a) Every individual shareholder of the promoter shall give an undertaking that he will not sell, transfer or otherwise dispose of any part of his interest in the shares held by him in the promoter on the date of the Applicant's admission to the MESDAQ Market; and

(b) Where an individual has an indirect shareholding in the promoter which is held through one or more intermediate private holding companies:-

- (i) Such ultimate individual shareholder of the promoter shall give an undertaking that he will not sell, transfer or otherwise dispose of any part of his interest in the shares held by him in the first of the intermediate private holding companies in the chain between him and the promoter on the date of the Applicant's admission to the MESDAQ Market; and
- (ii) Every one of the intermediate private holding companies shall give an undertaking, duly executed by two (2) of its directors under board resolution, that it will not sell, transfer or otherwise dispose of any part of its interest in the shares held by it in the next intermediate private holding company or promoter, as the case may be, on the date of the Applicant's admission to the MESDAQ Market.

2.10.5 Where the individual shareholder or intermediate private holding company as the case may be, referred to in Sub-Rule 2.10.4 (a) and (b) above fails to comply with the undertaking given to the Exchange that he shall not sell, transfer or otherwise dispose of any part of his interest in the shares held by him directly or indirectly in the promoter at the date stated in the undertaking, the Exchange may take or impose such actions or penalties against the said individual shareholder or intermediate private holding company as it considers appropriate.

2.11 Compliance with NDP

2.11.1 Unless otherwise exempted by the relevant governmental authorities, the Applicant shall comply with the NDP as follows:-

- (a) Where an Applicant has achieved a profit record required for a listing on the Second Board of the Exchange at the time of admission, it must fully comply with the NDP requirement by having a minimum of 30% Bumiputera equity participation upon admission; and
- (b) Where an Applicant does not have the profit record as stated in sub-Rule (a) above at the time of admission, it is encouraged to invite Bumiputera participation, but must also give a written undertaking in its application to fully comply with the said NDP requirement within five (5) years after admission, or within one (1) year after it has achieved the said profit record, whichever is the earlier.

2.12 Public interest

- 2.12.1 Where an Applicant has more than 50% of the total tangible assets situated outside of Malaysia based on the latest audited accounts and/or the Applicant intends to utilise more than 50% of the funds raised in the initial public offering outside Malaysia, the Applicant must be able to demonstrate to the Exchange the benefits accruing to the country from the admission of the Applicant. In evaluating the benefits accruing to the country, the Exchange will consider factors such as, but not limited to, the following:-
- (a) The extent of research & development activities undertaken or to be undertaken in Malaysia and the benefits which will accrue to Malaysia arising from such activities;
 - (b) The extent of transfer of technology to Malaysia;
 - (c) The appointment of Malaysians in key positions in the Applicant; and
 - (d) The size of the shareholdings of Malaysian promoters.

2.13 Utilisation of proceeds

- 2.13.1 An Applicant must have a definite plan and time frame for the utilisation of all the funds raised in the initial public offering.

2.14 Chain listing

- 2.14.1 The Exchange may consider allowing an Applicant which is a subsidiary or associated company of a holding company which is listed on the Exchange, to be listed on the MESDAQ Market if the following criteria are met:-
- (a) The Applicant must be involved in a distinct business of its own and be able to demonstrate that it is independent from the holding company and the other companies in the group, in terms of its operations, including purchases and sales of goods and services, management, management policies and finance;
 - (b) The relationship between the Applicant and the other companies in the group, including the holding company, must not give rise to intra-group competition or conflict of interest situations; and
 - (c) The holding company (excluding the Applicant and existing listed subsidiary/associated companies) must demonstrate that it is able to satisfy the chain listing criteria for the stock exchange on which it is listed.

2.15 Corporate governance

An Applicant shall comply with the Rules in Chapter 13.

2.16 Previous listing application

- 2.16.1 An Applicant which has applied unsuccessfully to be listed on the Main Board or Second Board of the Exchange, or any other stock exchange in Malaysia shall be permitted to seek listing on the MESDAQ Market only after a period of one (1) year from the date of the letter rejecting the Applicant's application or appeal, as the case may be.

PART III - CONFLICTS OF INTERESTS

2.17 Disclosure

- 2.17.1 All reasonable steps must be taken by an Applicant to ascertain whether or not a conflict of interests exists or is likely to exist with related parties. If a conflict of interests exists or is likely to exist, all possible steps must be taken to avoid such conflict of interests. The Applicant must disclose the nature, character and extent of all conflict of interests situations in its application to the Exchange.
- 2.17.2 The Applicant must also promptly disclose to the Exchange any situations or proposed transactions with related parties which may result in conflict of interests situations arising after the submission of its applications to the Exchange.
- 2.17.3 The Applicant shall refer to Rules 6.1 to 6.4 for the definition of "related party" and "related-party transaction", which definitions shall be deemed to apply in respect of Applicants.

PART IV - ADVISERS, UNDERWRITERS AND SPONSORS

2.18 Advisers

An Applicant must seek the services of an Adviser who will make the application for listing to the Exchange on behalf of the Applicant. The Applicant shall refer to Rule 14.10.1 for provisions governing the resignation and termination of Advisers.

2.19 Underwriters

- 2.19.1 All persons who are licensed to underwrite under the provisions of the Securities Industry Act, 1983 or exempt therefrom are eligible to underwrite on the MESDAQ Market.

2.20 Sponsors

- 2.20.1 An Applicant shall secure and maintain the services of a Sponsor for five (5) years after admission. The Applicant's Adviser shall act as its Sponsor for at least one (1) year following the Applicant's admission to the MESDAQ Market. The Applicant shall refer to Rules 14.6.2 and 14.16.1 for provisions governing the resignation and termination of Sponsors.

PART V - APPLICATION PROCEDURE AND ADMISSION PROCESS

2.21 Application procedure

- 2.21.1 All applications for listing shall be jointly addressed to:-

The Executive Chairman
Kuala Lumpur Stock Exchange
Exchange Square
Bukit Kewangan
50200 Kuala Lumpur

And

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

- 2.21.2 The Applicant shall submit three (3) copies each of its application to the Exchange and the SC respectively.
- 2.21.3 Applications must be accompanied by all relevant information and documents which shall include all the information and documents specified in Appendix 2B hereto.

- 2.21.4 The Applicant must have obtained the prior approval of the Foreign Investment Committee, the Ministry of International Trade and Industry, the Malaysian Industrial Development Authority, Bank Negara Malaysia and any other relevant authority as may be applicable, before submitting an application to the Exchange and the SC for their respective approvals.
- 2.21.5 The Applicant and its Adviser have a duty to ensure that all the requirements pertaining to the submission of applications are met. Submissions that do not comply with any of the requirements herein or are deemed unsatisfactory may be returned to the Applicant. In addition, the Exchange and the SC may, at their absolute discretion, request for any further information or document other than those specified in Appendix 2B and the Applicant must provide such further information or document within the time limits specified. When submitting such further information or document, the Applicant or its Adviser shall address their correspondence jointly to the Exchange and the SC and they shall deliver one (1) copy each of such correspondence and the information or documents required to the Exchange and the SC respectively.
- 2.21.6 An Applicant must undertake due diligence in respect of the information contained in the application for listing and all information and supporting documents submitted to the Exchange.
- 2.21.7 The Exchange and the SC must be immediately informed of:-
- (a) Any material change in circumstances that would affect either the Exchange's or the SC's consideration of any application; and

- (b) Any material change or development in circumstances relating to an application occurring subsequent to the Exchange and the SC giving their approval if such change or development, if it had been known to the Exchange and the SC prior to giving their approval, would have affected their decision in respect of the application. In this event, the Exchange and the SC may review their decision and the Applicant or its Adviser shall submit a supplemental application with full justifications and effects for the Exchange's and the SC's review. In addition, where such material change or development occurs prior to the issue of documents to shareholders and/or members of the public, it must be disclosed in such documents.

2.22 Approval

- 2.22.1 The Exchange may approve applications on an unconditional basis or on such terms and conditions as it deems fit, or may reject applications. Where the Exchange's approval is subject to conditions, the Applicant must take appropriate steps to ensure that the conditions are complied with. If a condition is not complied with, the Exchange may either revoke its approval or suspend the Applicant's securities from trading, remove the Applicant from the Official List after the Applicant has been listed and/or take such other actions or penalties as it considers appropriate under these Requirements.

2.23 Admission process

- 2.23.1 An Applicant whose application has been approved by the Exchange and the SC shall follow the following procedures for admission:-
 - (a) The Applicant submits the following documents to the Exchange not less than fourteen (14) days before the date of issue of the prospectus:-

- (i) Memorandum and Articles of Association;
 - (ii) Specimen copy of share certificate and share registrar's letter confirming continuous serial number;
 - (iii) A copy of the underwriting agreement; and
 - (iv) Any other documents as specified by the Exchange;
- (b) The Applicant files the final copy of the prospectus with the Registrar of Companies, the SC and the Exchange;
 - (c) The Applicant publishes a summary of the prospectus in an English and a Bahasa Malaysia newspaper for national circulation and issues the prospectus to the public and the offer period opens. The Applicant furnishes to the Exchange such number of copies of the prospectus as may be specified by the Exchange;
 - (d) The Applicant announces the basis for allotment;
 - (e) The Applicant issues shares pursuant to the allotment;
 - (f) The shares are admitted to the Official List; and
 - (g) The shares are traded on the Exchange three (3) clear Market Days after receipt of all required documents and confirmation from the Central Depository that the securities accounts of the successful applicants have been duly credited.

2.24 Appeal

- 2.24.1 Any Applicant who is aggrieved by the decision of the Exchange may, within a period of thirty (30) days after being notified of such decision, make an appeal. The appeal shall be jointly addressed to the Exchange and the SC.

- 2.24.2 Any listing proposal that has been rejected by the Exchange may be re-submitted only after a lapse of at least one (1) year from the date of the Exchange's letter rejecting the application or appeal, as the case may be.

2.25 Consent

- 2.25.1 The Applicant shall give its written consent to the Exchange and the SC allowing either or both of them to disclose, as they deem fit, any of the information or documents included in the application for listing to relevant government bodies or consultants acting in a professional capacity for and on behalf of the Exchange or the SC.

2.26 Fees

- 2.26.1 (a) An Applicant shall, upon submission of its application for listing to the Exchange, pay to the Exchange a processing fee of such amount as is specified in the Schedule of Fees.
- (b) An Applicant whose application for listing has been approved shall pay to the Exchange an initial listing fee and an annual listing fee of such amount and within such time period as is specified in the Schedule of Fees.
- (c) The Exchange may, in its sole discretion, request an Applicant to pay to the Exchange, in addition to the processing fee, any incidental expenses incurred by the Exchange in relation to any additional work required to be carried out by the Exchange for the purpose of assessing the Applicant's application.
- (d) No refund of any fees paid will be allowed.

[End of Chapter]

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APPENDIX 2A

Technology-based activities

Design, development, production, manufacturing and/or assembly in any of the areas under sections I to XII below:-

I. Advanced electronics and information technology

Components

- Input/output technologies
- Storage and batteries
- Smart cards
- Integrated Circuits
- Micro-processors

Systems and architectures

- Operating systems environments
- Software component architectures
- Computing platforms
- Micro-processor based products
- Security
- Neural networks
- Fuzzy logic systems
- Display systems
- Pattern recognition system and image processing
- Machine vision

Software

- Fuzzy logic systems
- Application development environments
- Database Management systems

- Groupware, workflow, document and knowledge management
- Systems and network management
- Animation, graphics, visualisation, image solutions, computer aided design (CAD), shrink-wrap software

Applications

- Electronic commerce
- Data warehousing
- Corporate applications

Communications

- Transmission media
- Networking systems and protocols
- Internet and intranet

Supporting products and services

- Uninterrupted power supply
- Network equipment/modem, server, etc.

II. Telecommunications

- Telecommunication network
- Cellular/fixed lines services
- International gateway facilities
- Value added interactive voice and data services
- Value added network data services
- Radio paging
- Satellite-based communications
- Maritime and broad band communication
- Equipment, components and parts

III. Equipment/instrumentation, automation and flexible manufacturing systems

- Scientific, laboratory and medical equipment
- Medical implants, devices and prostheses
- Computer process control systems/equipment
- Wireless technology and wireless processes
- Process instrumentation
- Robotics
- Computer numerical control (CNC) machine tools
- High precision cutting/measurement/calibration machines
- Precision moulding
- Powder metallurgy
- Advanced factory machine operations
- Rapid tooling and prototyping

IV. Biotechnology, bioconversion and genetic engineering

- Genetically engineered organisms
- Cell cultures
- Biopolymers
- Metabolytes
- Food and food supplements
- Fine chemicals
- Biodiagnostics
- Waste, waste minimisation and waste treatment
- Waste optimisation/utilisation
- Waste remediation
- Bioconversion processes

V. Healthcare

- Pharmaceuticals
- Medical products
- Diagnostic and imaging
- Telemedicine
- Health management organisations (HMO)

VI. Electro-optics, non-linear optics and optoelectronics

- Optical lenses
- Laser application equipment and peripherals
- Photonics, including fibre-optics communication equipment and peripherals
- Optoelectronics systems components
- Optical systems components
- Photo-copiers
- Semiconductor lasers

VII. Advanced materials

- Polymers, biopolymers and other biomaterials
- Superconductors
- Fine ceramics and advanced ceramics
- High strength composites
- Speciality materials, rare earth elements, smart materials and new alloys
- Magnetic and permanent magnetic materials

VIII. Energy

- Fuel cells
- Advanced batteries
- Solar cells
- Renewable energy
- Hybrid energy technology
- Energy efficiency methods

IX. Aerospace

- Aircraft and aircraft equipment, components, accessories and parts
- Aircraft modification, conversion and refurbishment
- Equipment, components, accessories or parts for satellites and micro satellites
- Equipment, components, accessories or parts for satellite earth observation and aerial surveillance applications

X. Transportation

- Split engines
- High performing engines
- Micro engines
- Transport navigation and tracking systems

XI. Emerging technologies

- Emerging technologies which will be added from time to time

XII. Services

- Education and training relating to application of smart technologies
- Education and training of knowledge workers
- System developers, system integrators, content or solution providers

[End of Appendix]

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APPENDIX 2B

Information and documents to be included in application

1. A duly completed Application Form for Admission (Appendix 2C) and a diskette containing such form;
2. A schedule of compliance with the Admission Criteria in Part II of Chapter 2;
3. The draft of the prospectus which complies with Prospectus Guidelines under Chapter 8;
4. The Memorandum and Articles of Association of the Applicant containing the provisions in Chapter 9;
5. One copy each of the certificate of incorporation, certificate of change of status and certificate of change of name (if any) certified as true by a director or company secretary of the Applicant;
6. Specimen copy of share certificate;
7. A tentative time-table for the implementation of the listing proposal;
8. Copies of approvals, licences and permits obtained from other relevant authorities and status of compliance with conditions attaching (if any). Where the proposal involves the development of landed property, copies of approvals from the relevant authorities;
9. Long form accountants' report;
10. Audited financial statements for the last three (3) financial years and the latest interim audited accounts of the current financial year (if any). In the case where the Applicant or the longest established company in the group, as the case may be, was incorporated less than one (1) year ago, the Applicant shall provide audited financial statements since such incorporation;

11. Latest management accounts;
12. Copies of all shareholders' agreements, major agreements underlying the basis of the Applicant's or the group's business, directors' service agreements and agreements between the Applicant and its Adviser/Sponsor;
13. Where the proposal involves an acquisition, copies of the sale and purchase agreements and all other relevant agreements;
14. Copies of all certificates, applications and agreements pertaining to the Applicant's or the group's technology, intellectual property rights and licences;
15. Valuation reports, including an independent expert's valuation of the Applicant's technology where the Applicant is involved in technology-based activities, if any;
16. An independent technical feasibility report on the Applicant's technology, products and services if the Applicant has less than twelve (12) months of operating revenue generated from the relevant technology, products or services based on the company's latest audited accounts. However, the Exchange may request for such report to be submitted by an Applicant if such report is deemed necessary for the purpose of disclosure and investor protection. The technical feasibility report shall include, inter alia, the following:-
 - (a) Background of expert;
 - (b) Scope of report;
 - (c) Appraisal of the Applicant's or the group's technology;
 - (d) Appraisal of the Applicant's or the group's products, services and processes;
 - (e) Appraisal of relevant agreements, contracts, licences and permits;
 - (f) Comments on capital expenditure plan;

- (g) Comments on operation and performance to date (if applicable);
 - (h) Comments on environmental impact (if applicable);
 - (i) Comments on industry and competitive environment;
 - (j) Risk assessment; and
 - (k) Basis for monitoring of design, development and production by expert (if applicable).
- 17. A five (5) year business development plan. The information to be included in this plan is specified in Appendix 2D;
 - 18. Legal opinions (where necessary);
 - 19. Details of estimated listing expenses;
 - 20. Letter from the Applicant to the Exchange and the SC in the form of Appendix 2E, and certified true extracts of board resolutions;
 - 21. Statutory declarations by directors and promoters of Applicant in the form of Appendix 2F;
 - 22. Statutory declarations by substantial shareholders of Applicant in the form of Appendix 2G or Appendix 2H;
 - 23. Letters from directors and promoters of Applicant in the form of Appendix 2I;
 - 24. Letters from the ultimate individual shareholders and intermediate private holding companies (if applicable) of a Promoter which is a private holding company in the form of Appendix 2J; and
 - 25. Profit and/or cashflow forecasts and/or projections, if any, and letters from Adviser and reporting accountants thereon (Appendices 2K to 2O).

[End of Appendix]

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APPENDIX 2C

Application Form for Admission

(To be printed on the letterhead of the Adviser)

[Date]

The Executive Chairman
Kuala Lumpur Stock Exchange
Exchange Square
Bukit Kewangan
50200 Kuala Lumpur

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

Dear Sirs,

Application for admission to the MESDAQ Market

.....[Name of Adviser]..... has been appointed by
.....[Name of Applicant]..... to make an application and seek
approval, on its behalf, for the initial listing of and quotation for its
securities on the MESDAQ Market.

2. The information supporting the application is detailed as follows:-

Part A : Particulars of Proposal

- (i) Details of Proposal.
- (ii) Approvals obtained from relevant authorities.

<u>Name of Authority</u>	<u>Date of Approval</u>	<u>Approval For</u>	<u>Conditions</u>
--------------------------	-------------------------	---------------------	-------------------

(iii) Approvals pending from relevant authorities.

<u>Name of Authority</u>	<u>Date of Approval</u>	<u>Approval For</u>
--------------------------	-------------------------	---------------------

(iv) Details of the source and application of proceeds in connection with the Proposal.

<u>Source of Proceeds</u>	<u>Number/Amount of Securities to be Issued</u>	<u>Issue Price</u>	<u>Proceeds to the Applicant</u>
---------------------------	---	--------------------	----------------------------------

<u>Details of Utilisation</u>	<u>Amount</u>	<u>Expected Time Frame for Utilisation</u>
-------------------------------	---------------	--

Part B : Particulars of Applicant

(i) Background of Applicant.

- Date and place of incorporation
- Date of commencement of business
- Registration number
- Registered address
- Principal business
- Financial year end

(ii) Details of existing and/or proposed subsidiary and associated companies.

<u>Name</u>	<u>Date and Place of Incorporation</u>	<u>Principal Business</u>	<u>Issued Share Capital</u>	<u>% Owned or to be Owned</u>
-------------	--	---------------------------	-----------------------------	-------------------------------

(iii) Details of Board of Directors.

<u>Name</u>	<u>Nationality</u>	<u>NRIC or Passport Number</u>	<u>Date of Appointment</u>	<u>Designation</u>
-------------	--------------------	------------------------------------	--------------------------------	--------------------

(Note : To provide for both existing and proposed directors. To also indicate under the designation column who is the chief executive officer, executive director, non-executive director or independent director.)

(iv) Details of Promoters.

<u>Name</u>	<u>Nationality or Place of Incorporation</u>	<u>NRIC or Passport or Registration Number</u>	<u>% Owned or to be Owned in Applicant</u>
-------------	--	--	--

(Note : If a promoter is a body corporate, further information is to be provided on the ultimate individual substantial shareholders of the body corporate)

(v) Details of Shareholders.

(a) Shareholding Spread

Before Proposal

<u>Category</u>	<u>Number of Shares</u>	<u>%</u>
-----------------	-------------------------	----------

Substantial shareholders
(to name separately)

Other non-public
shareholders who are not
substantial shareholders
(to name separately)

Public shareholders

(i) Employees

(ii) Other

TOTAL

As at March 2002

After Proposal but Before Exercise of Options (if any)

<u>Category</u>	<u>Number of Shares</u>	<u>%</u>
Substantial shareholders (to name separately)		
Other non-public shareholders who are not substantial shareholders (to name separately)		
Public shareholders		
(i) Employees		
(ii) Others		
TOTAL		

After Proposal and Assuming Exercise of All Outstanding
Options (if any)

<u>Category</u>	<u>Number of Shares</u>	<u>%</u>
Substantial shareholders (to name separately)		
Other non-public shareholders who are not substantial shareholders (to name separately)		
Public shareholders		
(i) Employees		
(ii) Others		
TOTAL		

(b) Equity Structure

Before Proposal

<u>Category</u>	<u>Number of Shares</u>	<u>%</u>
-----------------	-------------------------	----------

MALAYSIAN		
Bumiputera		
Non-Bumiputera		
TOTAL MALAYSIAN		
Foreign		

TOTAL		
-------	--	--

After Proposal but Before Exercise of Options (if any)

<u>Category</u>	<u>Number of Shares</u>	<u>%</u>
-----------------	-------------------------	----------

MALAYSIAN		
Bumiputera		
Non-Bumiputera		
TOTAL MALAYSIAN		
Foreign		

TOTAL		
-------	--	--

After Proposal and Assuming Exercise of All Outstanding Options (if any)

<u>Category</u>	<u>Number of Shares</u>	<u>%</u>
-----------------	-------------------------	----------

MALAYSIAN		
Bumiputera		
Non-Bumiputera		
TOTAL MALAYSIAN		
Foreign		

TOTAL		
-------	--	--

(c) Moratorium on Promoters' Shares

	<u>At the point of Admission</u>		<u>After conversion of existing and proposed options (if any)</u>	
<u>Name of Promoter</u>	<u>Number of shares to be held under moratorium</u>	<u>% of share capital</u>	<u>Number of shares to be held under moratorium</u>	<u>% of share capital</u>

TOTAL

(vi) Financial brief of the Applicant or the proforma group (in the case of a listing via an investment holding company).

	<u>Audited for Financial Year Ended *</u>	<u>Latest Interim For the Period Ended</u>
Turnover (RM'000)		
Profit before tax (RM'000)		
Taxation (RM'000)		
Profit after tax and minority interest (RM'000)		
Extraordinary items (RM'000)		
Paid-up capital (RM'000)		
Shareholders' funds (RM'000)		
Net tangible assets (RM'000)		
Total assets (RM'000)		
Total borrowings (RM'000)		
Earnings per share (sen)		
Net tangible assets per share (sen)		
Gearing (times)		

* To provide for the last three (3) financial years, where available.

Part C : Particulars of Adviser/Sponsor and Share Registrar

(i) Details of Adviser cum Sponsor.

- Date of appointment
- Name
- Registration number
- Address
- Manager and Executive-in-charge
- Contact number

(ii) Details of Share Registrar.

- Date of appointment
- Name
- Registration number
- Address
- Person(s)-in-charge
- Contact number

3. We attach herewith the following information and documents as required under Appendix 2B of the Listing Requirements of the Kuala Lumpur Stock Exchange for the MESDAQ Market:-

[Note : To list all the information and documents which are attached. Explanations are to be provided on those which are not attached.]

4. We also attach herewith a cheque for RM being the processing fee for the application.

For [Name of Adviser]

(Authorised Signatory 1 of
the Adviser)
[Name]
[Designation]

(Authorised Signatory 2 of
the Adviser)
[Name]
[Designation]

[End of Appendix]

As at March 2002

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APPENDIX 2D

Information to be included in five-year business development plan

The five-year business development plan will be used, together with other information and documents in the submission, to evaluate the Applicant's application for admission. Representations made in the plan are to be understood as commitments made in good faith. There is no compulsory presentation format or structure for the plan, save that it must cover the five (5) areas stated below.

1. Proposed business activities
 - (a) Business intent
 - (i) If the Applicant already has an operational business, provide a description of the current business and the direction in which the Applicant proposes to develop it. If the Applicant has yet to commence business operations, provide a description of the business which the Applicant proposes to develop and the time frame for development.
 - (ii) Specify how the business will provide or develop products and/or services, and the types of products and/or services.
 - (iii) Development milestones for the business over the next five (5) years.
 - (b) Product development plan
 - (i) Describe the types of products and/or services the Applicant proposes to offer during the first year after admission to the MESDAQ Market.
 - (ii) Outline the Applicant's product/service development policy, particularly if its plans for introducing specific products and/or services after the first year are unclear.

(iii) Proposed scope of activities:-

- (A) Value of products and/or services, for example, whether it is a leading-edge technology or an innovative service; and
- (B) Value of activities i.e. what the scope and extent is of high value-added activities, such as research and development, design, or headquarters functions.

(c) Location of operations

Where the Applicant currently has:-

- (A) Its tangible assets, intangible assets and human resources, giving a breakdown of the values of its tangible assets and intangible assets as per its latest audited accounts. The valuation of the assets must be independent and a copy of the reports or documentation relating to such valuation must be submitted together with the application for listing; and
- (B) Its operations, including research and development, production, marketing and distribution.

(d) Requirements for operating licences

In general, Applicants needing specialised operating licences will need to have secured them before they can be admitted to the MESDAQ Market. The Applicant should state whether it has obtained such licences, or has applied, or intends to apply, for such licences, and the status of the application.

2. Employment

- (i) Estimate number of employees and organisational structure. Using a simple organisation chart, show expected number of staff and their respective functions during the first five (5) years after admission.

- (ii) Estimate number of skilled employees and functions. Describe the jobs and education/experience requirements for those positions that the Applicant considers to be skilled.
- (iii) Human resources plan - In line with the Applicant's five-year business development plan, indicate roughly the expected increase in the total number of employees and the resulting demand for skilled employees.

3. Technology/knowledge transfer plan

Where more than 50% of the Applicant's issued and paid-up capital is or will be owned by foreign interests:-

- (i) Explain thoroughly how the Applicant will transfer technology and/or knowledge to Malaysia; and
- (ii) State the Applicant's objectives, which can be any of the following:-
 - (A) Technology transfer; or
 - (B) Development of Malaysian human resources; or
 - (C) Value contribution to other companies;

then present specific plans for how the Applicant will effect the transfer, development or contribution, demonstrating that the programme is practical. Include a brief action plan and a five-year timeline.

4. Investors' background

- (i) For corporate shareholders which own or will own 15% or more of the Applicant's issued and paid-up capital, state the following:-
 - (A) Name;
 - (B) History;

- (C) Business activities (scope of activities, types of products/ services offered and geographic markets served);
 - (D) Ownership structure;
 - (E) Management structure;
 - (F) Financial history for the past five (5) years;
 - (G) Whether the shareholder has any existing business activities in Malaysia, and if so, the names and main business activities of the existing companies; and
 - (H) If the shareholder or its holding company is listed on a stock exchange, specify which exchange.
- (ii) For individual shareholders who own or will own 15% or more of the Applicant's issued and paid-up capital, state the following:-
- (A) Name;
 - (B) Nationality;
 - (C) NRIC or passport number;
 - (D) Business interests of relevance, including ownership or directorship of companies;
 - (E) Educational history; and
 - (F) Management history.

5. Development projections

The information given in this section will not be used to assess the Applicant's application but serves to help the Exchange to understand the Applicant's business or proposed business and to set a benchmark for future activities.

(i) Revenue growth

Projected profits and losses for the first five (5) years after admission.

(ii) Capital investment policy

Projected cash flows and level of investment, including how the Applicant plans to source the capital (internally or externally, through equity or debt, domestically or internationally) for the first five (5) years after admission.

(iii) Planning assumptions

Assumptions on which the projections are based, for example, assumptions about the Applicant's competitive position, overall market trends, expected technological changes, and the Applicant's overall development strategy.

[End of Appendix]

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APPENDIX 2E

Letter from Applicant to the Exchange

The Executive Chairman
Kuala Lumpur Stock Exchange
Exchange Square
Bukit Kewangan
50200 Kuala Lumpur

Dear Sirs,

Compliance with the KLSE Listing Requirements for the MESDAQ Market
and Rules of the Kuala Lumpur Stock Exchange

In consideration of Kuala Lumpur Stock Exchange approving the application for admission of ("the Company") to the Official List of the MESDAQ Market ("the Official List") and for official quotation of the securities described in the Company's Application Form for Admission, we hereby acknowledge that the Company shall remain on the Official List, and official quotation of any of the Company's securities shall continue, only during the pleasure of the Exchange, and we hereby undertake and agree to comply with the Listing Requirements of the KLSE for the MESDAQ Market and the Rules of the Exchange which shall be in force from time to time, insofar as the same shall apply to the Company.

The above undertaking has been signed by me as [title] of [name of Company] pursuant to the authority granted to me by the resolution of the Board of Directors of the Company on

Date:

Signature:

Name:

[End of Appendix]

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APPENDIX 2F**Statutory declaration by directors and promoters
(individual) of Applicant**

1. I,(1)....., do solemnly and sincerely declare that I am/will be a #director/promoter of(2)..... which has submitted a proposal seeking the approval of the Kuala Lumpur Stock Exchange and the Securities Commission to undertake a corporate proposal involving the listing of the said company on the MESDAQ Market.
2. I do solemnly and sincerely declare that:-
 - (a) I am not an undischarged bankrupt nor is there any bankruptcy petition pending or threatened against me;
 - (b) I have not conducted myself in any manner which may disqualify me from acting or make me unfit to act as a #director/promoter of a public company;
 - (c) I have not been convicted, either within or outside Malaysia, of any of the following types of offences (if the person is already a director/promoter of the Applicant) within a period of five (5) years immediately preceding the date when I first became a #director/promoter of(2)..... or at any time from that date until the date of this declaration/ (if the person will become a director/promoter of the Applicant) within a period of five (5) years immediately preceding the date of this declaration:-
 - (i) Any offence in connection with the promotion, formation or management of a corporation; or
 - (ii) Any offence involving fraud or dishonesty punishable on conviction with imprisonment for three (3) months or more; or

- (iii) Any offence under Section 132, 132A or 303 of the Companies Act, 1965;
 - (d) I have not been imprisoned for any offence referred to in sub-paragraph (c) above (if the person is already a director/promoter of the Applicant) within a period of five (5) years immediately preceding the date when I first became a #director/promoter of(2)..... or at any time from that date until the date of this declaration/ (if the person will become a director/promoter of the Applicant) within a period of five (5) years immediately preceding the date of this declaration;
 - (e) Apart from the types of offences referred to in sub-paragraph (c) above, I have not been convicted of fraud or any other offence nor has any action (whether civil or otherwise) been taken against me, either within or outside Malaysia, save for what is disclosed in paragraph 3 below;
 - (f) Save for what is disclosed in paragraph 3 below, there have been/are no inquiries and/or investigations made/pending against me by any governmental or regulatory authority or body, either within or outside Malaysia; and
 - (g) I have made full and true disclosure of all material facts and information relevant to the said proposal and have neither concealed nor omitted any material fact or information.
3. I declare that the following action(s)/inquiry(ies)/investigation(s) has(have) been taken or is(are) pending against me and/or I have been convicted of the following offence(s):-

(3)*
.....
.....

4. And I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the above-named)
(1).....)
at)
in the State of)
this.....day of.....200.....)

Before me,

Commissioner for Oaths

Notes:-

- (1) Name of director/promoter and NRIC number
- (2) Name of Applicant
- (3) Nature and type of action(s)/inquiry(ies)/investigation(s) and/or offence(s), if applicable.
- # Delete as appropriate if the person making the declaration is a director but not a promoter, or a promoter but not a director. Do not delete at all if the person is both a director and a promoter.
- * Delete the whole paragraph, if not applicable.

[End of Appendix]

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APPENDIX 2G

Statutory declaration by substantial shareholder (individual) of Applicant

1. I,(1)....., do solemnly and sincerely declare that I am/will be a substantial shareholder of(2)..... which has submitted a proposal seeking the approval of the Kuala Lumpur Stock Exchange and the Securities Commission to undertake a corporate proposal involving the listing of the said company on the MESDAQ Market.
2. I do solemnly and sincerely declare that:-
 - (a) I am not an undischarged bankrupt nor is there any bankruptcy petition pending or threatened against me;
 - (b) Save for what is disclosed in paragraph 3 below, I have not been convicted of fraud or any offence nor has any action (whether civil or otherwise) been taken against me, either within or outside Malaysia; and
 - (c) Save for what is disclosed in paragraph 3 below, there have been/are no inquiries and/or investigations made/pending against me by any governmental or regulatory authority or body, either within or outside Malaysia.
3. I declare that the following action(s)/inquiry(ies)/investigation(s) has(have) been taken or is(are) pending against me and/or I have been convicted of the following offence(s):-

(3)*

.....

.....

App 2G-02

4. And I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the above-named)
(1).....)
at)
in the State of)
this.....day of.....200.....)

Before me,

Commissioner for Oaths

Notes:-

- (1) Name of substantial shareholder and NRIC number
- (2) Name of Applicant
- (3) Nature and type of action(s)/inquiry(ies)/investigation(s) and/or offence(s), if applicable.
- * Delete the whole paragraph, if not applicable.

[End of Appendix]

APPENDIX 2H

Statutory declaration by substantial shareholder and promoters (body corporate) of Applicant

1. I,(1)....., being duly authorised by the Board of Directors of(2)....., do solemnly and sincerely declare that(2)..... is/will be a #substantial shareholder/promoter of(3)..... which has submitted a proposal seeking the approval of the Kuala Lumpur Stock Exchange and the Securities Commission to undertake a corporate proposal involving the listing of(3)..... on the MESDAQ Market.

2. I do solemnly and sincerely declare that:-
 - (a)(2)..... is not insolvent nor is there any winding-up petition pending or threatened against it;

 - (b) Save for what is disclosed in paragraph 3 below,(2)..... is not involved or implicated in any offence or action (whether civil or otherwise), either within or outside Malaysia; and

 - (c) Save for what is disclosed in paragraph 3 below, there have been/are no inquiries and/or investigations made/pending against(2)..... by any governmental or regulatory authority or body, either within or outside Malaysia.

3. I declare that the following action(s)/inquiry(ies)/investigation(s) has(have) been taken or is(are) pending against(2)..... and/or(2)..... has been found guilty of the following offence(s):-
 - (4)*
 -
 -

4. And I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the above-named)
1).....)
at)
in the State of)
this.....day of.....200.....)

Before me,

Commissioner for Oaths

Notes:-

- (1) Name of director of substantial shareholder/promoter and NRIC number
- (2) Name of substantial shareholder/promoter which is a body corporate
- (3) Name of Applicant
- (4) Nature and type of action(s)/inquiry(ies)/investigation(s) and/or offence(s), if applicable.
- # Delete as appropriate if a substantial shareholder is not a promoter or if a promoter is not a substantial shareholder. Do not delete at all if the body corporate concerned is both a substantial shareholder and a promoter.
- * Delete the whole paragraph, if not applicable.

[End of Appendix]

APPENDIX 2I

Letters from directors and promoters of Applicant or Listed Company

The Executive Chairman
Kuala Lumpur Stock Exchange
Exchange Square
Bukit Kewangan
50200 Kuala Lumpur

Dear Sir,

Compliance with Listing Requirements of the Kuala Lumpur Stock Exchange for the MESDAQ Market ("Listing Requirements")

I/We,(1)....., am/are a Director/a Promoter of [Name of Applicant/Listed Company] ("the Company") which #has submitted an application to Kuala Lumpur Stock Exchange ("the Exchange") to be admitted to the Official List of MESDAQ Market ("the Official List")/is listed on the Official List.

In consideration of the Exchange #approving the Company's application for admission to the Official List/allowing the continued listing of the Company on the Official List, I/we hereby undertake and agree to comply with the Listing Requirements which shall be in force from time to time, insofar as the same shall apply to me/us as a #Director/promoter of the Company.

App 2I-02

*The above undertaking has been signed by me as[title]
of.....[name of Promoter] pursuant to the authority granted to
me by the resolution of the Board of Directors of the Promoter on
..... .

Yours faithfully,

[Name]
[Designation]

Date:-

Notes:-

1. Name of director/promoter and NRIC number.
- # Delete as appropriate.
- * To be included in the case where the Promoter is a body corporate.

[End of Appendix]

APPENDIX 2J

Letter from ultimate individual shareholders and intermediate private holding companies (if applicable) of a promoter which is a private holding company

The Executive Chairman
Kuala Lumpur Stock Exchange
Exchange Square
Bukit Kewangan
50200 Kuala Lumpur

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

Dear Sirs,

[Name of Applicant] ("the Company")
Proposed listing on the MESDAQ Market

1. I,(1)....., am/will be the registered and beneficial holder of(2)..... ordinary shares of RM1.00 each in(3)..... ("the Promoter"). The Promoter is a promoter of the Company and is/will be the registered and beneficial holder of(4)..... ordinary shares of RM1.00 each in the Company.*

2. In consideration of Kuala Lumpur Stock Exchange and the Securities Commission approving the Company's application for admission to the Official List of MESDAQ Market ("the Official List") and for official quotation of the securities described in the Company's Application Form for Admission, I hereby undertake not to sell, transfer or otherwise dispose of any part of my interest in all and any shares which I hold in the Promoter on the date of the Company's admission to the Official List, until the expiry of three (3) years from such date of admission.*

Yours faithfully,

[Name]

Notes:-

- (1) Name of ultimate individual shareholder of promoter and NRIC number
 - (2) Number of shares held or to be held in the promoter
 - (3) Name of promoter
 - (4) Number of shares held or to be held by the promoter in the Applicant
- * Where sub-Rule 2.10.4(b) is applicable, paragraph 1 should be modified so as to give an accurate and complete explanation of the shareholding structure, and paragraph 2 should be modified according to the requirements of sub-Rule 2.10.4(b).

[End of Appendix]

APPENDIX 2K

Acceptable form of reporting accountants' letter on profit forecast

The Board of Directors
[Name of Applicant]

Dear Sirs,

We have reviewed the accounting policies and the calculations for the profit forecast of [Name of Applicant], for which the Directors are solely responsible, for the year(s) ending as set out in the accompanying statement in connection with for submission to the Kuala Lumpur Stock Exchange and the Securities Commission, which we have stamped for the purpose of identification. The forecast includes results shown by the unaudited interim accounts for the period

In our opinion, the forecast, so far as the accounting policies and calculations are concerned, has been properly compiled on the basis of assumptions made by the Directors as set out in the accompanying statement, and is presented on a basis consistent with the accounting policies normally adopted by [Name of Applicant].

Yours faithfully,

[Name of reporting accountants]

[End of Appendix]

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APPENDIX 2L

Acceptable form of reporting accountants' letter on profit projections

The Board of Directors
[Name of Applicant]

Dear Sirs,

We have reviewed the accounting policies and the calculations for the profit projections of [Name of Applicant], for which the Directors are solely responsible, for the two (2) years ending as set out in the accompanying statement in connection with for submission to the Kuala Lumpur Stock Exchange and the Securities Commission, which we have stamped for the purpose of identification.

We would emphasise that the projections cover an extended future period for which there are inherent risks and, therefore, should be treated with caution. These projections cannot be regarded as forecasts of profits and we do not express or imply any opinion as to the possibility of their achievement.

Subject to the foregoing, in our opinion, the projections, so far as the accounting policies and calculations are concerned, have been properly compiled on the basis of the assumptions made by the Directors as set out in the accompanying statement, and are presented on a basis consistent with the accounting policies normally adopted by [Name of Applicant].

Yours faithfully,

[Name of reporting accountants]

[End of Appendix]

As at March 2002

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APPENDIX 2M

Acceptable form of reporting accountants' letter on cashflow forecast

The Board of Directors
[Name of Applicant]

Dear Sirs,

We have reviewed the calculations for the cashflow forecast of [Name of Applicant], for which the Directors are solely responsible, for the year(s) ending as set out in the accompanying statement in connection with for submission to the Kuala Lumpur Stock Exchange and the Securities Commission, which we have stamped for the purpose of identification. The forecast includes cashflows shown by the unaudited interim accounts for the period

In our opinion, the forecast, so far as the calculations are concerned, has been properly compiled on the basis of the assumptions made by the Directors as set out in the accompanying statement.

Yours faithfully,

[Name of reporting accountants]

[End of Appendix]

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APPENDIX 2N

Acceptable form of reporting accountants' letter on cashflow projections

The Board of Directors
[Name of Applicant]

Dear Sirs,

We have reviewed the calculations for the cashflow projections of [Name of Applicant], for which the Directors are solely responsible, for the two (2) years ending as set out in the accompanying statement in connection with for submission to the Kuala Lumpur Stock Exchange and the Securities Commission, which we have stamped for the purpose of identification.

We would emphasise that the projections cover an extended future period for which there are inherent risks and, therefore, should be treated with caution. These projections cannot be regarded as forecasts of profits and we do not express or imply any opinion as to the possibility of their achievement.

Subject to the foregoing, in our opinion, the projections, so far as the calculations are concerned, have been properly compiled on the basis of the assumptions made by the Directors as set out in the accompanying statement.

Yours faithfully,

[Name of reporting accountants]

[End of Appendix]

As at March 2002

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APPENDIX 2O

Acceptable form of adviser's letter on profit and/or cashflow forecasts and/or projections

The Executive Chairman
Kuala Lumpur Stock Exchange
Exchange Square
Bukit Kewangan
50200 Kuala Lumpur

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

Dear Sirs,

[Name of Applicant] ("the Company")
Proposed Listing on the MESDAQ Market

We refer to the *#profit and/or cashflow forecasts and/or projections* of the Company for the years ending as contained in this application dated in connection with

We have reviewed the bases and assumptions on the basis of which the said *#profit and/or cashflow forecasts and/or projections* were made and we have carried out discussions with the Board of Directors of the Company on the same, and we are satisfied that the bases and assumptions used are reasonable in the circumstances.

We have also carefully considered the letter dated Addressed to the Company from [Name of Reporting Accountants] regarding the accounting policies and calculations used in arriving at the said *#profit and/or cashflow forecasts and/or projections*.

On the basis of the above, we have exercised all due diligence and we, therefore, consider, and are satisfied, that the said *#profit and/or cashflow forecasts and/or projections* have been compiled by the Directors of the Company after due and careful enquiry.

Yours faithfully,

[Name]

[Designation]

Note:-

- # This letter is to be provided if profit and/or cashflow forecasts and/or projections are included in the application. To delete any words as appropriate where any of the foregoing items are not included in the application.

[End of Appendix]

CHAPTER 3 NEW ISSUES OF SECURITIES**PART I - GENERAL RULES FOR ALL NEW ISSUES****3.1 Application**

- 3.1.1 This Chapter applies to all new issues of securities by a Listed Company, and governs the nature of the disclosures to be made to shareholders before any issue of new securities may be made by a Listed Company.

3.2 Definitions

- 3.2.1 In this Chapter, the following terms shall have the following meanings:-

“Borrowing Company” means a Listed Company which is or will be under a liability, whether present or future, to repay any money received or to be received by it in response to an invitation to the public to subscribe for or purchase Debt Securities of the Listed Company;

“Guarantor Company”, in relation to a Borrowing Company, means a company which has guaranteed or has agreed to guarantee the repayment of any money received or to be received by the Borrowing Company in response to an invitation to the public to subscribe for or purchase Debt Securities of the Borrowing Company; and

“Renounceable”, in relation to an offer of securities, means an offer to existing holders of securities of the relevant class which, if not accepted by any particular holder, may subsequently be offered to any other persons.

3.3 Procedure relating to new issues

- 3.3.1 The procedure stated below shall apply to new issues of securities by a Listed Company, with any necessary modifications as may be applicable:-

- (a) The Listed Company makes an appropriate announcement containing all relevant information to enable holders of securities/investors to make an informed investment decision. The announcement shall include the expected date of application to the Exchange and the SC;
- (b) The Listed Company submits applications to the relevant authorities, other than the Exchange and the SC, for their respective approvals;
- (c) The Listed Company submits two (2) copies each of its application to the Exchange and the SC respectively. Such application shall be accompanied by the following documents:-
 - (i) A duly completed Application Form for New Issues of Securities as set out in Appendix 3A and a letter from the Listed Company in the form of Appendix 3B;
 - (ii) Where applicable, the draft of the circular to shareholders containing all relevant information including the information set out in Appendix 3C to enable shareholders to make an informed decision;
 - (iii) A copy of every letter, report, financial statement, agreement, resolution or other document, any part of which is extracted or referred to in the circular, such copy to be certified as true by a director or company secretary of the Listed Company; and
 - (iv) A copy of the written consent of any expert to the issue of the circular, such copy to be certified as true by a director or company secretary of the Listed Company.

If the Listed Company fails to make an application to the Exchange and the SC by the date specified in the announcement under sub-Rule (a) above, it must publish an advertisement in an English and a Bahasa Malaysia newspaper of national circulation informing the fact of such failure, the reasons therefor and when it expects to make the application;

- (d) The Exchange grants approval-in-principle for the listing of the securities and the SC approves the application for the issue and listing of such securities;
- (e) The Listed Company obtains the approval of its shareholders, if required;
- (f) The Listed Company fixes and informs the Exchange of the Book Closure Date and the entitlement date, where applicable. No Book Closure Date shall be fixed until the issue has been approved by the Exchange and the SC;
- (g) The Listed Company allots and issues the securities; and
- (h) The securities are admitted for quotation on the Exchange three (3) clear Market Days after receipt of all required documents and confirmation from the Central Depository that the securities accounts of the successful applicants have been duly credited.

3.3.2 Where any class of securities exists or is issued which can be converted into another class of securities for which a listing is being sought or has been granted, then application shall be made for the listing of such number of securities of the second-mentioned class as shall arise from the conversion of all the securities of the first-mentioned class, at the time when an application is made for the listing of the second-mentioned class of securities or before the first-mentioned class of securities is issued, as the case may be. Under exceptional circumstances, the Exchange may at its discretion grant a waiver of this requirement or impose such terms and conditions as it deems fit.

- 3.3.3 Application shall be made to list only that part of an issue which is actually issued. If an unissued portion is reserved for subsequent issuance for a specific purpose, application must be made for authority to add such portion to the list "upon official notice of issuance" in the future for that specific purpose. The request for authority to list such subsequent portion should state briefly, but specifically, the purpose and price of issuance, and the listing authorisation for such securities is effective only if they are issued for that purpose. No application may be made for the listing of any unissued portion which is not reserved for subsequent issuance for a specific purpose.

3.4 Due diligence

- 3.4.1 A Listed Company must undertake due diligence in respect of the application for new issue of securities and all information and supporting documents submitted to the Exchange.

3.5 Subsequent changes

- 3.5.1 Rule 3.5.3 shall apply in the event that, at any time after the Exchange and the SC have approved the Listed Company's application for the issue and listing of new securities and before the commencement of trading in such securities:-
- (a) There has been a significant change affecting any matter contained in the application, the circular and/or the prospectus; or
 - (b) A significant new matter has arisen, which would have been required to be disclosed in the application, the circular and/or the prospectus if it had arisen before the application was submitted and/or before the circular and/or the prospectus was/were issued.

- 3.5.2 For the purposes of Rule 3.5.1, “significant” means significant for the purpose of enabling investors to make an informed assessment of the activities, assets and liabilities, financial position, profits and losses, management and prospects of the Listed Company and of the rights attaching to the securities.
- 3.5.3 The Listed Company shall, upon the occurrence of any change or new matter described in Rule 3.5.1, immediately inform the Exchange about the change or new matter. The Exchange will give directions to the Listed Company as to what action should be taken by the Listed Company and whether any publication of the change or new matter is required.

3.6 Shareholders’ approval

- 3.6.1 Without limiting the generality of Section 132D of the Companies Act, a Listed Company shall not issue any ordinary shares or other securities with rights of conversion to ordinary shares if the nominal value of those shares or securities, when aggregated with the nominal value of any such shares or securities which the Listed Company has issued during the previous twelve (12) months, exceeds 10% of the nominal value of the issued ordinary shares at the commencement of the said period of twelve (12) months except where the shares or securities are issued with the prior approval of ordinary shareholders of the precise terms and conditions of the issue.

3.7 Basis of allotment

- 3.7.1 The basis of allotment of securities must, where applicable, be fair and equitable.

3.8 Utilisation of proceeds

3.8.1 Proceeds raised from any issue of securities by a Listed Company must be used for:-

- (a) Specific purposes; and
- (b) In accordance with the plan and time frame for utilisation which were disclosed in the application to the Exchange and the circular.

3.9 Allotments to Directors and connected persons

3.9.1 Except in the case of a rights issue to shareholders, a director of a Listed Company and persons connected with the director shall not participate, directly or indirectly, in an issue of ordinary shares or other securities with rights of conversion to ordinary shares unless the shareholders of the Listed Company have approved the specific allotment to be made to the director or persons connected with him and the director and such connected persons (if applicable) have abstained from voting on the relevant resolutions.

3.9.2 The circular to the shareholders shall state, amongst other things, the following:-

- (a) The number of securities to be so allotted;
- (b) The purpose of the allotment;
- (c) The precise terms and conditions of the allotment; and
- (d) The identity and relationship of the connected persons with the director, if applicable.

3.10 Fees

- 3.10.1 A Listed Company shall pay to the Exchange a perusal fee of such amount as may be determined by the Exchange from time to time and within such time period as is specified in the Schedule of Fees.
- 3.10.2 A Listed Company whose application for listing of new securities has been approved shall pay to the Exchange a listing fee of such amount and within such time period as is specified in the Schedule of Fees.
- 3.10.3 The Exchange may, in its sole discretion, request a Listed Company to pay to the Exchange, in addition to the perusal fee and the listing fee, any incidental expenses incurred by the Exchange in relation to any additional work required to be carried out by the Exchange for the purpose of assessing the Listed Company's application.
- 3.10.4 No refund of any fees paid will be allowed.

PART II - RULE RELATING TO SPECIFIC ISSUES

3.11 Rights issues

- 3.11.1 In addition to complying with the procedure in Rule 3.3, a rights issue must be made in accordance with the following procedures:-
 - (a) The Book Closure Date shall be fixed at least twelve (12) clear Market Days after the date of notification to the Exchange;
 - (b) The Listed Company shall fix the closing date for the receipt of applications and acceptances for the new securities at least twenty two (22) Market Days after the Book Closure Date;

- (c) The Listed Company shall issue the following documents to the persons entitled to the rights issue within five (5) Market Days (or such longer period as the Exchange may approve) after the Book Closure Date:-
 - (i) The notices of provisional allotment; and
 - (ii) The rights subscription forms; and
 - (d) The Listed Company shall allot and/or issue the securities and despatch notices of allotment to the successful applicants within fifteen (15) Market Days of the final application closing date for the rights issue or within such period as may be prescribed by the Exchange.
- 3.11.2 A rights issue must be renounceable.
- 3.11.3 A Listed Company must announce to the Exchange the relevant dates including the dates for acceptance, renunciation, excess application, payment and despatch of the abridged prospectus and the rights subscriptions form in respect of a rights issue, not less than three (3) market days before the despatch of the said abridged prospectus and the rights subscription form.
- 3.11.4 The issue price of each security must not contain a fraction of a sen.
- 3.11.5 The basis for deciding the entitlement must not change during the offer period.
- 3.11.6 The basis of allotment of the securities must be such that odd lots are minimised.
- 3.11.7 Underwriting arrangement should be in place prior to offering of securities to existing shareholders pursuant to a rights issue, except for those shares for which any existing holders of the relevant class of securities have given written irrevocable undertakings to take up their full entitlement. Copies of such undertakings, certified as true by director or company secretary of the Listed Company must be furnished to the Exchange. Underwriting and/or undertakings to subscribe by the securities holders are allowed to be arranged on a minimum level of subscription basis.

The issuer should determine the minimum level of subscription based on various factors such as the funding objectives of the issuer. The basis of determining the minimum level of subscription must be disclosed to the Exchange.

- 3.11.8 The Listed Company shall be required to issue an abridged prospectus which complies with the Prospectus Guidelines under Chapter 8.
- 3.11.9 The abridged prospectus may allow entitled holders of securities to subscribe for a greater number of securities than their entitlement only if the subscriptions in excess of entitlements are to be satisfied out of any shortfall in applications.
- 3.11.10 The abridged prospectus must be circulated to existing holders of securities of the same class as those on offer. A summary of the abridged prospectus must be published in an English and a Bahasa Malaysia newspaper of national circulation.
- 3.11.11 (a) A Listed Company must make available sufficient copies of the rights subscription form at its registered office and share registrar's office to enable the acceptance of the rights.
- (b) A Listed Company must provide to each Member Company a reasonable number of copies of the rights subscription form upon issue of the notices of provisional allotment and the rights subscription forms to the entitled persons.

3.12 Bonus issue

- 3.12.1 In addition to complying with the procedure in Rule 3.3, a bonus issue must be made in accordance with the following procedures:-
 - (a) The Book Closure Date shall be fixed at least twelve (12) clear Market Days after the date of notification to the Exchange; and

- (b) The Listed Company shall allot and/or issue the securities and despatch notices of allotment to the allottees within ten (10) Market Days of the entitlement date or within such period as may be prescribed by the Exchange.

3.12.2 The reserves to be capitalised for the bonus issue must be identified and certified by the Listed Company's auditors to be sufficient to cover the issue.

3.12.3 Reserves arising from the revaluation of assets may only be capitalised if:-

- (a) Such reserves arose from the revaluation of land and buildings. The Exchange does not allow any surplus arising from the revaluation of other fixed assets such as plant and machinery to be capitalised; and
- (b) The revaluation has been made in accordance with Part II of Chapter 11.

3.13 Other issues of securities for cash

3.13.1 All issues of securities for cash other than rights issues shall be made subject to the following rules unless any deviations therefrom have been specifically approved by shareholders in general meeting:-

- (a) An issue shall not be made to, or accepted by, any of the following persons:-
 - (i) A director or shareholder of the Listed Company; or
 - (ii) Persons connected with a director of the Listed Company; or
 - (iii) An associate of a shareholder of the Listed Company. For this purpose, "associate" shall have the same meaning as an associate of a substantial shareholder as defined in Rule 1.1; or

- (iv) A nominee of any person in (i), (ii) or (iii) above; or
- (v) A nominee company, unless the name of the ultimate beneficiary is disclosed; or
- (vi) A person connected with the Adviser, the lead broker or any distributor, being:-
 - (A) A director or substantial shareholder of the Adviser, the lead broker or any distributor; or
 - (B) A person in his capacity as trustee of a private or family trust (other than a pension scheme) the beneficiaries of which include any person in (A) above; or
 - (C) A body corporate which is associated with a person in (A) above by virtue of the said person being a director or substantial shareholder of the body corporate; or
 - (D) A company which is a member of the same group of companies as the Adviser, the lead broker or any distributor; and

- (b) An issue shall not be priced at a discount of more than 5% from the weighted average market price of the securities for the five (5) Market Days prior to placement.

3.13.2 The allocation of securities in a special issue to Bumiputera investors for the purpose of complying with the NDP must be approved by the relevant authorities.

3.14 Schemes for employees

3.14.1 The following Rules apply to new issues of shares or options to employees of a Listed Company and/or its subsidiaries.

- 3.14.2 The scheme must be approved by the shareholders of the Listed Company in general meeting. The resolution must approve a specific scheme and refer either to the scheme itself or to a summary of its principal terms.
- 3.14.3 An option scheme may provide for adjustments of the subscription or option price or the number of shares under the scheme, in the event of a rights issue, bonus issue or other capitalisation exercise, consolidation of shares or capital reduction, for the purpose of giving a participant the same proportion of the capital as that to which he was previously entitled.
- 3.14.4 The scheme must contain the following provisions:-
- (i) The persons to whom the shares or options may be issued;
 - (ii) The total number of shares or options to be issued;
 - (iii) A fixed maximum entitlement for any one participant;
 - (iv) The subscription price of the shares or the exercise price of the options, the basis for determining the same, the amount payable on application or acceptance, and the period in or after which payments or calls are to be made;
 - (v) The duration of the scheme;
 - (vi) The terms of the scheme, including the number of options that a participant would be allowed to exercise annually, the rights of the option holders in the event of a take-over, and the voting, dividend and other rights, including those arising on a liquidation of the Listed Company, attaching to the shares;
 - (vii) The interests of directors of the Listed Company if they are trustees of the scheme or have an interest, whether directly or indirectly, in the scheme; and

(viii) Any provisions for adjustment as described in Rule 3.14.3.

3.14.5 The precise terms of the scheme, if not circulated to the shareholders, must be made available for inspection at the registered office of the Listed Company for at least fourteen (14) days prior to the general meeting at which it is to be considered.

3.15 New issues of Securities for an acquisition

3.15.1 Where applicable, a Listed Company must comply with the Rules in Chapters 4 and 6 in addition to the Rules in this Chapter.

PART III - RULES RELATING TO DEBT SECURITIES

3.16 Minimum number of holders

3.16.1 A Borrowing Company seeking listing for any class of Debt Securities must have at least 100 holders of that class at the time of such listing.

3.17 Financial year

3.17.1 The Borrowing Company and all its related companies shall adopt the same balance sheet date and financial year for the purpose of their audited financial statements.

3.18 Quarterly reports

- 3.18.1 The report to be prepared by the directors of the Borrowing Company pursuant to Section 75(1) of the Securities Commission Act, 1993 shall, in addition to the matters referred to in Section 75(3), (4), (5) and (7) of the Securities Commission Act, 1993, disclose the following information:-
- (a) Whether or not any material trading or capital loss has been sustained by the Borrowing Company or any Guarantor Company;
 - (b) Whether any contingent liabilities have been incurred by the Borrowing Company or any Guarantor Company and if so, the amount thereof and whether or not any contingent liability will or is likely to become enforceable within the next twelve (12) months which will materially affect the Borrowing Company or any Guarantor Company in their ability to repay Debt Securities;
 - (c) Whether or not there has been any change in accounting policy or methods of valuation of assets or liabilities; and
 - (d) Whether or not any circumstances have arisen which will render adherence to the existing method(s) of valuation of assets or liabilities misleading or inappropriate.
- 3.18.2 A copy of the report shall be furnished to the Exchange within one (1) month after the end of the period to which it relates.

3.19 Financial statements

- 3.19.1 In respect of each half-year of the Borrowing Company's financial year and within three (3) months after the expiration of such half-year, the Borrowing Company shall cause to be compiled and audited a consolidated balance sheet and profit and loss account of the Borrowing Company and any Guarantor Company and furnish a copy thereof to the trustee and to the Exchange.

3.19.2 The Borrowing Company shall also submit to the Exchange the following statements at the end of each financial year until full redemption of all Debt Securities:-

- (a) A statement of the total indebtedness of the Borrowing Company's group, broken down into long-term and short-term, interest-bearing and non-interest bearing; and
- (b) A consolidated cashflow statement.

3.20 Important notification

3.20.1 The directors of the Borrowing Company shall notify the trustee and the Exchange immediately upon becoming aware that any condition of the trust deed cannot be fulfilled.

PART IV - RULES RELATING TO OPTIONS

3.21 Overall limit

3.21.1 The number of new shares arising from all outstanding options must not exceed 50% of a Listed Company's issued share capital at all times.

3.22 Duration

3.22.1 The period during which an option may be exercised or converted must not be extended.

3.23 Announcement

3.23.1 A Listed Company shall make an announcement, at the end of each financial year, of the number of options exercised or converted into ordinary shares and the utilisation of the proceeds thereof until all options have been fully exercised or converted or have expired.

3.24 Warrants and other convertible securities

- 3.24.1 Not more than one (1) warrant may be attached to each rights share or RM1.00 nominal/face value of Debt Securities. Each warrant shall give the registered holder the right to subscribe for one (1) share. Warrants must not be expressed in terms of Ringgit value.
- 3.24.2 Where an issue of warrants or other convertible securities is not made by way of rights to shareholders, the number of new shares arising from the exercise/conversion of the warrants/convertible securities for which listing is applied and all such issues made within the preceding twelve (12) months shall be limited to 10% of the Listed Company's existing paid-up capital.
- 3.24.3 Where an issue of warrants or other convertible securities is made by way of rights to shareholders, the number of new shares arising from the exercise/conversion of the warrants/convertible securities for which listing is applied shall be limited to 50% of the Listed Company's enlarged paid-up capital before exercise/conversion.
- 3.24.4 The exercise price of warrants or the conversion price of convertible securities shall be at a premium over the weighted average market price of the underlying shares for the five (5) Market Days prior to the date of fixing of the exercise or conversion price. The exercise or conversion price must be fixed prior to the Book Closure Date.
- 3.24.5 The terms and conditions of an issue of warrants or other convertible securities shall provide for adjustments to the exercise price or conversion price and, where appropriate, the number of warrants or other convertible securities in the event of a rights issue, bonus issue or other capitalisation exercise, consolidation of shares or capital reduction.

[End of Chapter]

APPENDIX 3A

Application form for new issues of Securities

[Date]

The Executive Chairman
Kuala Lumpur Stock Exchange
Exchange Square
Bukit Kewangan
50200 Kuala Lumpur

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

Dear Sirs

Application for proposed issue and listing of additional securities on the
MESDAQ Market

.....[Name of Adviser]..... has been appointed by
.....[Name of Applicant]..... to make an application and seek
approval, on its behalf, for the proposed new issues of securities and the
listing of and quotation for the securities on the MESDAQ Market.

2. The information supporting the application is detailed as follows:-

Part A : Particulars of Proposal

- (i) Details of Proposal.
- (ii) Approvals obtained from relevant authorities.

<u>Name of Authority</u>	<u>Date of Approval</u>	<u>Approval For</u>	<u>Conditions</u>
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(iii) Approvals pending from relevant authorities.

<u>Name of Authority</u>	<u>Date of Approval</u>	<u>Approval For</u>
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(iv) Details of the source and application of proceeds in connection with the Proposal, if applicable.

<u>Source of Proceeds</u>	<u>Number/Amount of Securities to be Issued</u>	<u>Issue Price</u>	<u>Proceeds to the Applicant</u>
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<u>Details of Utilisation</u>	<u>Amount</u>	<u>Expected Time Frame for Utilisation</u>
-------------------------------	---------------	--

Part B : Particulars of Applicant

(i) Details of Board of Directors.

<u>Name</u>	<u>Nationality</u>	<u>NRIC or Passport Number</u>	<u>Date of Appointment</u>	<u>Designation</u>
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(ii) Details of Shareholders.

(a) Substantial Shareholders

Before Proposal

<u>Name of Substantial Shareholders</u>	<u>Number of Shares</u>	<u>%</u>
---	-----------------------------	----------

TOTAL

After Proposal but Before Exercise of Options (if any)

<u>Name of Substantial Shareholders</u>	<u>Number of Shares</u>	<u>%</u>
---	-----------------------------	----------

TOTAL

After Proposal and Assuming Exercise of All Outstanding
Options (if any)

<u>Name of Substantial Shareholders</u>	<u>Number of Shares</u>	<u>%</u>
---	-----------------------------	----------

TOTAL

(b) Equity Structure

Before Proposal

<u>Category</u>	<u>Number of Shares</u>	<u>%</u>
MALAYSIAN		
Bumiputera		
Non-Bumiputera		
TOTAL MALAYSIAN		
Foreign		

TOTAL

After Proposal but Before Exercise of Options (if any)

<u>Category</u>	<u>Number of Shares</u>	<u>%</u>
MALAYSIAN		
Bumiputera		
Non-Bumiputera		
TOTAL MALAYSIAN		
Foreign		

TOTAL

After Proposal and Assuming Exercise of All Outstanding Options (if any)

<u>Category</u>	<u>Number of Shares</u>	<u>%</u>
MALAYSIAN		
Bumiputera		
Non-Bumiputera		
TOTAL MALAYSIAN		
Foreign		

TOTAL

(iii) Financial brief of the Listed Company on consolidated basis.

	Audited for Financial Year Ended	Latest Interim For the Period Ended
Turnover (RM'000)		
Profit before tax (RM'000)		
Taxation (RM'000)		
Profit after tax and minority interest (RM'000)		
Extraordinary items (RM'000)		
Paid-up capital (RM'000)		
Shareholders' funds (RM'000)		
Net tangible assets (RM'000)		
Total assets (RM'000)		
Total borrowings (RM'000)		
Earnings per share (sen)		
Net tangible assets per share (sen)		
Gearing (times)		

Part C : Particulars of Adviser, Sponsor and Share Registrar

(i) Details of Adviser.

- Date of appointment
- Name
- Registration number
- Address
- Manager and executive-in-charge
- Contact number

(ii) Details of Sponsor (if different from Adviser).

- Date of appointment
- Name
- Registration number
- Address
- Manager and executive-in-charge
- Contact number

(iii) Details of Share Registrar.

- Date of appointment
- Name
- Registration number
- Address
- Person(s)-in-charge
- Contact number

3. We attach herewith the following information and documents as required under Rule 3.3.1 of the Listing Requirements of the Kuala Lumpur Stock Exchange for the MESDAQ Market:-

[Note : To list all the information and documents which are attached.]

For [Name of Adviser]

(Authorised Signatory 1 of
the Adviser)
[Name]
[Designation]

(Authorised Signatory 2 of
the Adviser)
[Name]
[Designation]

[End of Appendix]

APPENDIX 3B

Letter from the Listed Company to the Exchange and the SC

The Executive Chairman
Kuala Lumpur Stock Exchange
Exchange Square
Bukit Kewangan
50200 Kuala Lumpur

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

Dear Sirs,

Proposed issue and listing of additional securities on the MESDAQ
Market

On behalf of the Board of Directors of [Name of Listed Company] ("the
Company"), we hereby confirm and declare as follows:-

1. That the Board of Directors has seen and approved the application to be made to the Kuala Lumpur Stock Exchange ("the Exchange") and the Securities Commission relating to the above matter, **including the profit and/or cashflow estimates, forecasts and/or projections for the financial years ending.....* A certified true extract of the board resolution is enclosed herewith;
2. That the Directors individually and collectively accept full responsibility for the accuracy of the information and documents given in the said application; and

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3. That the Directors have taken reasonable care and to the best of their knowledge and belief, there are no other facts or omissions which would make any statement in the said application misleading.

On behalf of the Company, we also hereby give our consent for the Exchange and/or the Securities Commission to disclose, as they deem fit, any of the information or documents included in the said application to relevant government bodies or consultants acting in a professional capacity for and on behalf of the Exchange or the Securities Commission.

Yours faithfully,

[Name]
Director

[Name]
Director

Note:-

- * To include if profit and/or cashflow estimates, forecasts and/or projections are included in the application. To delete any words as appropriate where any of the foregoing items are not included in the application.

[End of Appendix]

APPENDIX 3C

Requirements and content of circular to shareholders

This Appendix sets out the general requirements and information required for all circulars sent by a Listed Company to holders of its listed securities.

Any circular sent by a Listed Company to holders of its securities must:-

1. Provide a clear and adequate explanation of its subject matter;
2. If voting or other action is required, contain all information necessary to allow the holders of the securities to make an informed decision;
3. If voting or other action is required, contain a heading drawing attention to the importance of the document and advising holders of securities who are in any doubt as to what action to take to consult appropriate independent advisers;
4. State that where all the securities have been sold or transferred by the addressee, the circular and any other relevant documents should be passed to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee;
5. Not include any reference to a specific date which has not been agreed in advance with the Exchange on which listed securities will be marked "ex" any benefit or entitlement;
6. Where applicable, include a statement that application has been made for the securities to be admitted to the Official List and, if known, a statement of the following matters:-
 - (a) ranking of the securities in relation to dividend or interest;
 - (b) whether the new securities rank pari passu with any existing listed securities;

- (c) the nature of the document of title;
 - (d) the proposed date of issue; and
 - (e) the treatment of any fractions;
7. Where a person is named in the circular as having advised the issuer or its directors, a statement that such adviser has given and has not withdrawn its written consent to the inclusion of the reference to the adviser's name in the form and context in which it is included;
8. Contain the dates of and parties to all material contracts (not being contracts entered into in the ordinary course of business) entered into within two years immediately preceding the publication of the circular, together with a summary of the principal contents of each contract including particulars of any consideration passing to or from the company or any subsidiary; and
9. Contain a statement that for a period (being not less than 6 months) at the registered office of the Listed Company (or such other centre as the Exchange may determine) the following documents (or copies thereof), where applicable, may be inspected:-
- (a) The Memorandum and Articles of Association;
 - (b) Trust Deed;
 - (c) Each contract disclosed pursuant to item (8) of this appendix or, in case of a contract not reduced into writing a memorandum giving full particulars thereof;
 - (d) Directors' existing or proposed service contracts with the company or any subsidiary, excluding contracts expiring, or determinable by the employing company without payments or compensation (other than statutory compensation) within one year, or an appropriate negative statement;
 - (e) All reports, letters or other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in the circular;

- (f) Written statements signed by the auditors or accountants setting out the adjustments made by them in arriving at the figures shown in their reports and giving the reasons therefor; and
- (g) The audited accounts of the company and its subsidiaries for each of the two financial years preceding the publication of the prospectus together with all notes, certificates or information required by the Companies Act, 1965.

[End of Appendix]

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CHAPTER 4 TRANSACTIONS**PART I - GENERAL****4.1 Definitions**

4.1.1 In this Chapter, the following terms and expressions shall have the following meanings:-

“Code” means the Malaysian Code on Take-Overs and Mergers, 1998;

“Net assets” means, in relation to a company, the aggregate of the company’s share capital and reserves;

“Percentage ratios” means the figures, expressed as a percentage, resulting from each of the following calculations:-

- (a) The value of the net assets acquired or disposed of, compared with the net assets of the Listed Company; or
- (b) Profits (after deducting all charges except taxation and excluding extraordinary items) attributable to the assets acquired or disposed of, compared with profits of the Listed Company; or
- (c) The aggregate value of the consideration given or received, compared with the net assets of the Listed Company; or
- (d) The aggregate value of the consideration given or received, compared with the aggregate market value of all the ordinary shares of the Listed Company.

In all cases, the figures used for comparison are to be taken from the latest published consolidated accounts adjusted to take account of subsequent transactions in the manner described in Rule 4.3.1 but excluding the current transaction under consideration; and

“Transaction” means an acquisition or disposal of assets (including securities) by a Listed Company or any of its subsidiaries. The consideration for a transaction may be cash, securities or some other assets, or a combination of these.

4.2 Valuation

- 4.2.1 In determining the category into which a transaction falls, the following Rules shall apply:-
- (a) In any acquisition or disposal of equity share capital, the value thereof is to be assessed by reference to the book value of the net assets represented by such share capital; and
 - (b) In any acquisition or disposal of assets other than equity share capital, the value of such assets shall be assessed by reference to the consideration. Where the consideration is in the form of equity share capital, the value of the consideration shall be determined by reference either to the market value of such capital or the book value of the net assets represented by such share capital, whichever is higher.
- 4.2.2 In calculating the consideration, the Exchange may require the inclusion of further amounts, for instance, where the purchaser agrees to discharge any liabilities, whether actual or contingent, of the vendors as part of the terms of the transaction.
- 4.2.3 If deferred consideration is or may be payable or receivable by a Listed Company in the future, the consideration is the maximum total consideration payable or receivable under the agreement. If the total consideration is not subject to any maximum, the transaction will normally be treated as a transaction where any percentage ratio exceeds 25% as described in Rule 4.6.1, notwithstanding the class into which it otherwise falls.

PART II - REQUIREMENTS FOR TRANSACTIONS

4.3 Aggregation

- 4.3.1 The Exchange may require transactions which are completed during the twelve (12) months prior to the date of the latest transaction to be aggregated with the latest transaction for the purpose of determining the classification to apply to the latest transaction.
- 4.3.2 Without limiting the generality of Rule 4.3.1, transactions will normally be aggregated in accordance with that Rule if they:-
- (a) Are entered into by a Listed Company with the same party or with parties connected with one another; or
 - (b) Involve the acquisition or disposal of securities or an interest in one particular company; or
 - (c) Together lead to substantial involvement in a business activity which did not previously form a part of a Listed Company's principal activities.
- 4.3.3 If under Rule 4.3.1, aggregation results in a requirement for shareholders' approval under Rule 4.6.1, then that approval is required only for the latest transaction.

4.4 Announcement

- 4.4.1 A transaction where any percentage ratio is 5% or more must be announced to the market. Such an announcement must contain the information set out in Appendix 4A. If the transaction is to be effected through a share swap or exchange of securities, the announcement must contain a statement to that effect.

4.5 Circular

- 4.5.1 If a Listed Company enters into a transaction where any percentage ratio exceeds 15%, the Listed Company must distribute to its shareholders an information circular containing the information set out in Appendix 4B.

4.6 Shareholders' approval

- 4.6.1 If a Listed Company enters into a transaction where any percentage ratio exceeds 25%, the completion of the transaction shall be made conditional upon the approval of shareholders in general meeting. The circular to shareholders must contain the information set out in Appendix 4B.

4.7 Percentage ratios below 5%

- 4.7.1 No announcement is required for a transaction where all the percentage ratios are less than 5% and for which the consideration is cash or unquoted securities. If, however, the Listed Company wishes to make an announcement, the announcement should, to the extent possible, contain the information set out in Appendix 4A.
- 4.7.2 A transaction where all the percentage ratios are less than 5% but in respect of which the consideration is to be satisfied wholly or partly in securities for which listing is sought, must also be made known to the market through an announcement which satisfies the requirements of Appendix 4A.

PART III - TAKE-OVERS AND MERGERS

4.8 Application

- 4.8.1 This Part III applies to all take-overs and mergers, including reverse take-overs.
- 4.8.2 Where an offeror is not a Listed Company but makes a take-over offer on a Listed Company or any of its subsidiaries, the offeror shall comply with the relevant Rules in this Part III and shall be required to submit drafts of all documents to be issued to the holders of securities of the Listed Company to the Exchange for clearance prior to issue.

4.9 Announcements

- 4.9.1 A Listed Company must make accurate and timely announcements of all material information which:-
- (a) The Listed Company could reasonably be expected to disclose; and
 - (b) Relates to any take-over or merger, or proposed take-over or merger, in which the Listed Company or any of its subsidiaries is involved.

Where applicable, such announcements shall contain the information set out in Appendix 4A.

- 4.9.2 Without limiting the generality of Rule 4.9.1:-
- (a) Where a Listed Company receives notice of any person's intention to make a take-over offer in respect of the Listed Company or any of its subsidiaries, the Listed Company shall make an immediate announcement of such notice; and

- (b) Where an offeror extends the time for acceptance of a take-over offer, he shall simultaneously announce the percentage of shares subject to the offer for which he has received acceptances.

4.10 Documents to holders of securities

4.10.1 If a Listed Company is required by any law, subsidiary legislation or these Requirements to notify, or seek the approval of, its shareholders in relation to a proposed take-over or merger, the circular to its shareholders must include:-

- (a) All material information relating to the proposed take-over or merger; and
- (b) A statement that the transaction relates to a proposed take-over or merger.

Where applicable, such circular shall contain the information set out in Appendix 4B.

4.10.2 An offer document shall, in addition to complying with the requirements of the Code and the Companies Act, contain the information set out in Section A of Appendix 4C. Any documents issued by an offeree company in relation to an offer must contain the information set out in Section B of Appendix 4C.

4.10.3 A Listed Company which is the target of a take-over offer shall send to all holders of other classes of shares and convertible securities in the Listed Company, whether or not such shares or securities are subject to the offer, a copy of all documents which the Listed Company is required by law to send to the holders of the shares which are the subject of the offer.

4.11 Notices to the Exchange

- 4.11.1 A Listed Company must file with the Exchange copies of all press releases, documents distributed to the holders of its securities by the Listed Company itself or by an offeror, and documents filed by the Listed Company with any regulatory authorities.
- 4.11.2 Where an unlisted company, person or group submits a take-over offer for the acquisition of a Listed Company's shares, upon announcement by the offeror that he has obtained sufficient acceptances and that he holds directly or indirectly more than 50% of the Listed Company's shares, the offeror shall immediately disclose to the Exchange his plans and intentions in regard to the Listed Company and any other information that the Exchange considers necessary.
- 4.11.3 Upon the completion of a take-over offer of a Listed Company, the Listed Company shall furnish to the Exchange a schedule of the Listed Company's shareholding structure in the following format:-

Category of Shareholders	<u>No of Holders</u>	<u>Total No. of Shares</u>	<u>%</u>
Public shareholders as described in Rule 2.9			
Non-public shareholders			
Directors' collective shareholding			
TOTAL			

- 4.11.4 If, in the Exchange's opinion, a Listed Company has merged, amalgamated or formed an association with an unlisted company, person or group, and as a result the unlisted company, person or group has thereby acquired control of the Listed Company, the Listed Company shall immediately make an application to the Exchange in accordance with Chapter 2 as though the Listed Company were a new Applicant seeking admission to the Official List.

4.12 Suspension and removal

- 4.12.1 The Exchange may, in its absolute discretion, remove a Listed Company from the Official List in either of the following situations:-
- (a) If a take-over or merger has resulted in a fundamental change in the business of the Listed Company; or
 - (b) If acceptances of a take-over offer result in the offeror holding 90% or more of the ordinary shares of the Listed Company.
- 4.12.2 The Exchange may, instead of removing a Listed Company from the Official List under Rule 4.12.1, suspend trading of the securities of the Listed Company for a specified period or until specified conditions are fulfilled.

PART IV - REVERSE TAKE-OVERS

4.13 Definition

- 4.13.1 A reverse take-over is an acquisition by a Listed Company of a business, an unlisted company or assets which satisfies any one or more of the following criteria:-
- (a) Where any percentage ratio amounts to 100% or more; or

- (b) The acquisition would result in a fundamental change in the Listed Company's business; or
- (c) The acquisition would result in a change in 50% or more of the members of the Listed Company's board of directors; or
- (d) Shares are issued as consideration for the acquisition which results in a person or more than one person acting in concert owning a percentage of the ordinary shares of the Listed Company which is sufficient to invoke the requirement for a mandatory general offer under the Code.

4.14 Requirement for the Exchange's approval

- 4.14.1 A Listed Company shall not be permitted to undertake a reverse take-over save and except in the following circumstances and subject to the Exchange's prior approval:-
- (a) Where the reverse take-over represents a rescue operation for the Listed Company and the enlarged group is suitable for listing. In addition, the subject of the acquisition should:-
 - (i) Be profitable;
 - (ii) Provide strong contributions to the Listed Company's profit and cashflow to enable the Listed Company to become profitable in the financial year immediately following the completion of the acquisition; and
 - (iii) Have strong potential for growth; or
 - (b) Where all the following conditions are satisfied:-
 - (i) The subject of the acquisition is not larger than the size of the Listed Company;

- (ii) The subject of the acquisition is in a similar line of business to that of the Listed Company;
- (iii) The enlarged group is suitable for listing;
- (iv) There will be no change in control of the board; and
- (v) The acquisition will not result in a person or more than one person acting in concert owning a percentage of the ordinary shares of the Listed Company which is sufficient to invoke the requirement for a mandatory general offer under the Code.

4.14.2 For the purposes of sub-Rule 4.14.1(a) above, a Listed Company qualifies to be classified as a rescue case if the following criteria are met:-

- (a) The Listed Company has suffered losses in at least the past two (2) financial years, the effect of which has been to reduce its paid-up share capital by more than 50%, and is expected to incur further losses; and
- (b) The going-concern assumption in respect of the Listed Company is uncertain owing to serious financial problems, thus threatening its very viability and/or existence.

A report from an independent firm of public accountants to determine the seriousness of the Listed Company's financial position shall be required to be submitted to the Exchange.

4.15 Procedure for reverse take-over

4.15.1 The following course of action shall be taken in the event of a reverse take-over:-

- (a) The Listed Company announces the reverse take-over;

- (b) Upon receipt of the announcement, the trading in the securities of the Listed Company shall be suspended;
- (c) The Listed Company makes an application to the Exchange in accordance with Chapter 2 as though the Listed Company were a new Applicant seeking admission to the Official List;
- (d)
 - (i) In the event that the Exchange approves the application, the Listed Company will proceed to convene a general meeting to obtain its shareholders' approval for the acquisition and if such approval is obtained, the suspension will be lifted and the Listed Company will proceed to complete the acquisition. If such shareholders' approval is not obtained and the acquisition is aborted, the suspension will also be lifted; or
 - (ii) In the event that the Exchange rejects the application and the acquisition is aborted, the suspension will be lifted; or
 - (iii) In the event that the Exchange rejects the application but the Listed Company proceeds with the acquisition, the Exchange will remove the Listed Company from the Official List.

[End of Chapter]

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APPENDIX 4A

Content of announcement in relation to transactions

For the purpose of Rules 4.4 and 4.7, the following are the minimum information required in an announcement made by a Listed Company in relation to a transaction. It is important that the Listed Company discloses all information which, in its opinion, are material for the shareholders/investors to make an informed investment decision.

General Information to be included, where applicable, in the Announcement of a Transaction:-

1. Name of Listed Company undertaking the transaction;
2. Name of Adviser to the Listed Company;
3. Name of Sponsor of the Listed Company;
4. All relevant approvals required (to specify clearly whether approvals are pending or have been obtained). Where shareholders' prior approval has been granted under the provision of Section 132D of the Companies Act, the date of the General Meeting and the details of the specific resolution;
5. Particulars of the transaction, including a description of the company or assets to be acquired or disposed of, whichever applicable, and the identity of the vendor or purchaser;
6. Financial and other relevant information pertaining to the company and/or assets to be acquired or disposed of;
7. The total consideration, together with the basis of arriving at the consideration and the terms of payment or any arrangement for deferred payment and the manner in which the payment is to be satisfied;

8. The effects of the transaction on the Listed Company including any benefits which are expected to accrue to the Listed Company as a result of the transaction;
9. In the case of an acquisition, the consideration of which is to be satisfied in whole or in part by an issue of securities of the Listed Company, the amount of securities to be issued, the proposed issue price and the basis on which this price is arrived at. In the event the purchase consideration is to be satisfied by cash, the source of funding;
10. In the case of a disposal, the intended application of the sale proceeds, and where shares or other securities are to form part of the consideration, a statement whether such securities are to be sold or retained;
11. Rationale for the transaction;
12. Where a feasibility report in relation to the subject of the transaction has been prepared, the name of the expert and a brief of the conclusion of the report;
13. Estimated time frame for completion of the transaction; and
14. Nature and extent of the interest of the directors, substantial shareholders or persons who are connected or associated with them, if any, in the transaction.

Specific Information in relation to a foreign acquisition

In addition to the above information, the following information is required with regard to acquisition of foreign company and/or assets:-

1. Effects on resultant foreign equity ownership of the Listed Company on completion of the acquisition;
2. The dividend policy of the foreign company;
3. Specific investment risks involved in the foreign acquisition and the appropriate course of action that will be taken to mitigate or manage the risks;

4. Policies on foreign investment and repatriation of profits of the host country; and
5. A statement on whether the agreements, representations and undertakings given by the foreign counter-parties under the relevant laws of domicile are enforceable.

[End of Appendix]

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APPENDIX 4B

Content of circular to shareholders in relation to transactions

For the purpose of Rules 4.5 and 4.6, the following are the minimum information required for a circular notifying shareholders of a general meeting for a transaction. It is important that a Listed Company discloses all material information which in its opinion are material for its shareholders to make an informed investment decision.

1. The circular shall contain the general information stated in Appendix 3C. In addition, it shall include the following additional information:-
 - (a) Particulars of the transaction, including a description of the company or assets to be acquired or disposed of, whichever applicable, and the identity of the vendor or purchaser;
 - (b) Financial and other relevant information pertaining to the company and/or assets to be acquired or disposed of;
 - (c) The total consideration, together with the basis of arriving at the consideration and the terms of payment or any arrangement for deferred payment and the manner in which the payment is to be satisfied;
 - (d) The effects of the transaction on the Listed Company including any benefits which are expected to accrue to the Listed Company as a result of the transaction;
 - (e) In the case of an acquisition, the consideration of which is to be satisfied in whole or in part by an issue of securities of the Listed Company, the amount of securities to be issued, the proposed issue price and the basis on which this price is arrived at. In the event the purchase consideration is to be satisfied by cash, the source of funding;

- (f) In the case of a disposal, the intended application of the sale proceeds, and where shares or other securities are to form part of the consideration, a statement whether such securities are to be sold or retained;
- (g) Rationale for the transaction;
- (h) Where a feasibility report in relation to the substantial transaction has been prepared, the name of the expert and a brief of the conclusion of the report;
- (i) Risks in relation to the transaction;
- (j) In the case of an acquisition, the prospects of the company and/or assets to be acquired;
- (k) The estimated additional financial commitment required of the Listed Company in putting the assets/businesses acquired on-stream;
- (l) Estimated time frame for completion of the transaction;
- (m) Nature and extent of the interest of the directors, substantial shareholders or persons who are connected or associated with them, if any, in the transaction;
- (n) Valuation of the assets, if applicable, and the name of the professional valuers; and
- (o) Legal opinion from a law firm on the ownership of title to the securities and/or assets to be acquired and other relevant legal matters.

2. Where a Listed Company makes an offer involving the exchange of securities for securities of another Listed Company, the offer document and any circular relating thereto which is sent to shareholders of the offeror company must include a statement as to the effect of the bid on the offeror company. Such a statement should set out the effect on the assets, profits and trading position of the offeror company and the effect on other aspects of the offeror's business which may be significant for a proper appraisal of the offer. The statement should also deal with the position following full acceptance of the offer, and where applicable, the position in the event of the receipt of a level of acceptance equal to the minimum upon which the offer may be declared unconditional.
3. Where a Listed Company acquires a controlling interest in another company, the circular shall include an accountants' report verifying the assets, liabilities and financial position of the company to be acquired. Where a Listed Company acquires a controlling interest in another listed company about which sufficient information is available, such acquisition being a material transaction requiring approval of the company in general meeting, the inclusion of an accountants' report in the circular may not be required. In such cases, the Exchange will normally accept the inclusion in the circular of the last published balance sheet and of five (5) years' profits and dividend records taken from the published accounts.
4. In addition to (1), (2) and (3) above, a Listed Company undertaking an acquisition of foreign company and/or assets is required to include the following information:-
 - (a) Effects on resultant foreign equity ownership of the Listed Company on completion of the acquisition;
 - (b) The dividend policy of the foreign company;
 - (c) Specific investment risks involved in the foreign acquisition and the appropriate course of action that will be taken to mitigate the risks;

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- (d) Policies on foreign investment and repatriation of profits of the host country; and
- (e) A statement on whether the agreements, representations and undertakings given by the foreign counter-parties under the relevant laws of domicile are enforceable.

[End of Appendix]

APPENDIX 4C

Content of documents in relation to take-over offer

A. Offer document

1. Every offer document shall contain as a heading the words:-

"If you are in any doubt about this offer, you should consult your stockbroker, bank manager, solicitor or other professional adviser".
2. The document must be dated and include:-
 - (a) The name and address of the offeror; and
 - (b) If appropriate, the name and address of the person or company making the offer on behalf of the offeror.
3. Particulars of securities, consideration and other details must include:-
 - (a) Whether the securities for which the offer is made will be transferred cum or ex any dividend or interest payment;
 - (b) The total consideration payable for the purchase;
 - (c) The period within which and the method by which any cash consideration will be paid;
 - (d) How any securities issued will rank for dividend or interest, capital and redemption;
 - (e) When and how the document of title will be issued; and
 - (f) How any such offer may be accepted and within what period.

4. The document shall contain a statement of all conditions attached to acceptances and, in particular, whether the offer is conditional upon acceptances being received in respect of a minimum number of securities and, if so, that minimum number and the last date on which the offer can be made unconditional.
5. No offer may be conditional upon the payment of compensation for loss of office. If any such payment is proposed, full particulars must be given.
6. A partial offer must be on a pro rata basis and the reason for the failure to make a full offer must be stated.
7. Details of the beneficial interest of the offeror, its directors and persons acting in concert with it shall include:-
 - (a) A statement as to whether the offeror or its directors or any person acting in concert has any beneficial interest, whether direct or indirect, in any of the securities for which the offer is made, giving full particulars. If there is no such interest, then a statement shall be made to that effect; and
 - (b) Details, including dates and consideration, of any transactions in the securities for which the offer is made, which were entered into by the offeror, its directors or any person acting in concert during the period commencing twelve (12) months prior to the announcement of the offer and ending with the latest practicable date prior to the posting of the offer document. If there has been no such transaction, then a statement shall be made to that effect.

If the offeror is an individual, the references to its directors in this paragraph 7 shall not be applicable.

8. The document shall contain a statement as to whether or not any securities acquired in pursuance of the offer will be transferred to any other person, together with the names of the parties to any such agreement and particulars of all securities in the offeree company held by such persons or a statement that no such securities are held.

9. The document shall contain a statement as to whether or not an agreement or arrangement exists between the offeror and any of the directors of the offeree company which has any connection with or is dependent upon the offer, and full particulars of any such agreement or arrangement.
10. The document shall set out the market quotations of securities as follows:-
 - (a) The highest and lowest market quotations for the securities to be acquired and any securities to be offered in exchange, at least for each of the six (6) calendar months immediately before the date of the offer;
 - (b) The closing quotation for the last Market Day before the offer became public knowledge; and
 - (c) The closing quotation for the latest available date prior to posting of the offer document.

Quotations stated in respect of listed securities shall be taken from the Official List of the stock exchange upon which they are listed. If any of the securities are not listed, any information available as to the number of and consideration for transactions which have taken place during the six (6) months preceding the date of the offer document shall be stated together with the source of such information. If there are no such transactions, a statement shall be made to that effect.

11. The document shall state the intentions of the offeror in relation to:-
 - (a) The continuance of the business of the offeree company, explaining any major changes intended to be introduced in the business, including the redeployment of fixed assets of the offeree company, and setting out the long term commercial justification for the proposed offer; and

- (b) The continued employment of the existing employees of the offeree company, setting out the extent of any steps to be taken towards ceasing such employment.
- 12. The document shall contain the particulars of all documents required to be lodged for valid acceptance. If the offer lapses, all such documents must be returned within fourteen (14) days of the closing date of the offer.
- 13. If the offer is for cash or includes an element of cash, the document shall contain a statement by an appropriate party, for example the offeror's bankers or financial adviser, as to what steps have been taken to ensure that the offer will be implemented if all the offerees accept.
- 14. If the offer is for an exchange of securities, the offer document must state:-
 - (a) Whether any financial advantage is expected to accrue to an acceptor;
 - (b) Whether the issue of the new securities requires the passing of a resolution;
 - (c) The first dividend in which the new securities will participate; and
 - (d) If the new securities are not to be identical in all respects with an existing class of listed securities, all points of difference, full particulars of the voting rights attaching thereto and whether application for listing therefor has been or will be made to any stock exchange.
- 15. Whether the offer is for cash or for an exchange of securities, the offeror must give the following information about itself and, to the extent that it is available, about the offeree company:-
 - (a) Names, addresses and occupations of the directors;
 - (b) Principal activities;

- (c) Details, for the last five (5) financial years, of turnover, net profit or loss before and after tax, earnings per share before and after tax, the amount per share paid in dividends, together with a statement of the assets and liabilities shown in the last published audited accounts and particulars of publicly known material changes in the financial position of the company since the last published audited accounts or a statement that there are no such publicly known material changes; and
 - (d) Appropriate details from any interim statement or preliminary announcement made since the last published audited accounts.
- 16. If the total emoluments receivable by the directors of the offeror will be varied in consequence of the acquisition, the document shall contain full particulars of the variation. If there will be no variation, there shall be a statement to that effect.
- 17. If the offer document or any circular sent out in connection therewith, whether by or on behalf of the offeror or the offeree company, includes expressly or by implication a recommendation by a financial adviser or other expert for or against acceptance of the offer, the offer document or such circular shall include a statement that the expert has given and not withdrawn his written consent to the issue of the offer document or circular, as the case may be, and the inclusion therein of his recommendation in the form and context in which it is included.
- 18. The offeror company must make available for inspection at a named place during the currency of the offer, copies of the following documents:-
 - (a) The Memorandum and Articles of Association of the offeror;
 - (b) The offeror's audited consolidated accounts for the last two (2) financial years;
 - (c) All directors' service agreements of more than one (1) year's duration;

- (d) Any report, letter, valuation or other document, any part of which is exhibited or referred to in any document issued by the offeror or with its authority in relation to the offer;
 - (e) Written consents of experts; and
 - (f) All material contracts, not being contracts entered into in the ordinary course of business, entered into not earlier than two (2) years before the commencement of the offer period.
19. The document notifying availability for inspection must set out the dates and parties to the material contracts, together with a summary of the principal terms of each contract.

B. Documents issued by offeree company

1. The documents of the offeree company advising its shareholders of an offer must set out transactions in the securities of the offeror and offeree company as required by the Code together with any rights to subscribe for equity in the offeror company held by the offeree company's directors, and information about the offeror and the offeree company as set out in paragraph 15 of Section A of this Appendix.
2. If the offer contains no recommendation by the offeree company's directors, the documents of the offeree company must state particulars of all known material changes in the offeree company's financial position since the publication of the last balance sheet.
3. If the offer is recommended by the offeree company's directors, the documents of the offeree company must state the directors' recommendations regarding acceptance, the number, description and amount of securities held by or on behalf of the directors of the offeree company in that company and in the offeror company and their intentions in regard to such holdings as regards acceptances and otherwise as may be relevant. Full particulars of any material changes in the financial position or prospects of the offeree company since the date of the last audited accounts must be stated.

4. The offeree company must make available for inspection copies of the documents in relation to itself as set out in paragraph 18 of Section A of this Appendix.

[End of Appendix]

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APPENDIX 4D**Statutory declaration by directors of a company which is the subject of an acquisition**

1. I,(1)....., do solemnly and sincerely declare that I am a director of(2)....., a company which is the subject of the acquisition of(3)..... of its equity interest by(4)..... . The corporate proposal involving the acquisition exercise has been submitted to the Kuala Lumpur Stock Exchange ("the Exchange") and the Securities Commission for approval.
2. I do solemnly and sincerely declare that:-
 - (a) I am not an undischarged bankrupt nor is there any bankruptcy petition pending or threatened against me;
 - (b) I have not conducted myself in any manner which may disqualify me from acting or make me unfit to act as a director of a company;
 - (c) I have not been convicted, either within or outside Malaysia, of any of the following types of offences within a period of five (5) years immediately preceding the date when I first became a director of(2)..... or at any time from that date until the date of this declaration:-
 - (i) Any offence in connection with the promotion, formation or management of a corporation; or
 - (ii) Any offence involving fraud or dishonesty punishable on conviction with imprisonment for three (3) months or more; or
 - (iii) Any offence under Section 132, 132A or 303 of the Companies Act, 1965;

- (d) I have not been imprisoned for any offence referred to in sub-paragraph (c) above within a period of five (5) years immediately preceding the date when I first became a director of(2)..... or at any time from that date until the date of this declaration;
 - (e) Apart from the types of offences referred to in sub-paragraph (c) above, I have not been convicted of fraud or any other offence nor has any action (whether civil or otherwise) been taken against me, either within or outside Malaysia, save for what is disclosed in paragraph 3 below;
 - (f) Save for what is disclosed in paragraph 3 below, there have been/are no inquiries and/or investigations made/pending against me by any governmental or regulatory authority or body, either within or outside Malaysia;
 - (g) Save for the interest which has been disclosed in writing to the Exchange and the Securities Commission, I have no other interest (whether beneficial or otherwise and whether direct or indirect) in(4).....; and
 - (h) I have made full and true disclosure of all material facts and information relevant to the said proposal and have neither concealed nor omitted any material fact or information.
3. I declare that the following action(s)/inquiry(ies)/investigation(s) has(have) been taken or is(are) pending against me and/or I have been convicted of the following offence(s):-
- (5)*
-
-
-
4. And I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the above-named)
(1).....)
at)
in the State of)
this.....day of.....200.....)

Before me,

Commissioner for Oaths

Notes:-

- (1) Name of director and NRIC number
- (2) Name of acquiree company
- (3) Percentage of equity interest to be acquired
- (4) Name of acquirer company
- (5) Nature and type of action(s)/inquiry(ies)/investigation(s) and/or offence(s), if applicable.
- * Delete the whole paragraph, if not applicable.

[End of Appendix]

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APPENDIX 4E

Statutory declaration by substantial shareholders (individual) of a company which is the subject of an acquisition

1. I,(1)....., do solemnly and sincerely declare that I am a substantial shareholder of(2)....., a company which is the subject of the acquisition of(3)..... of its equity interest by(4)..... . The corporate proposal involving the acquisition exercise has been submitted to the Kuala Lumpur Stock Exchange ("the Exchange") and the Securities Commission for approval.

2. I do solemnly and sincerely declare that:-
 - (a) I am not an undischarged bankrupt nor is there any bankruptcy petition pending or threatened against me;
 - (b) Save for what is disclosed in paragraph 3 below, I have not been convicted of fraud or any offence nor has any action (whether civil or otherwise) been taken against me, either within or outside Malaysia;
 - (c) Save for what is disclosed in paragraph 3 below, there have been/are no inquiries and/or investigations made/pending against me by any governmental or regulatory authority or body, either within or outside Malaysia; and
 - (d) Save for the interest which has been disclosed in writing to the Exchange and the Securities Commission, I have no other interest (whether beneficial or otherwise and whether direct or indirect) in(4)..... .

3. I declare that the following action(s)/inquiry(ies)/investigation(s) has(have) been taken or is(are) pending against me and/or I have been convicted of the following offence(s):-

(5)*
.....
.....
.....

4. And I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the above-named)
(1).....)
at)
in the State of)
this.....day of.....200.....)

Before me,

Commissioner for Oaths

Notes:-

- (1) Name of substantial shareholder and NRIC number
- (2) Name of acquiree company
- (3) Percentage of equity interest to be acquired
- (4) Name of acquirer company
- (5) Nature and type of action(s)/inquiry(ies)/investigation(s) and/or offence(s), if applicable.
- * Delete the whole paragraph, if not applicable.

[End of Appendix]

APPENDIX 4F

Statutory declaration by substantial shareholders (body corporate) of a company which is the subject of an acquisition

1. I,(1)....., being duly authorised by the Board of Directors of(2)....., do solemnly and sincerely declare that(2)..... is a substantial shareholder of(3)....., a company which is the subject of the acquisition of(4)..... of its equity interest by(5)..... . The corporate proposal involving the acquisition exercise has been submitted to the Kuala Lumpur Stock Exchange ("the Exchange") and the Securities Commission for approval.
2. I do solemnly and sincerely declare that:-
 - (a)(2)..... is not insolvent nor is there any winding-up petition pending or threatened against it;
 - (b) Save for what is disclosed in paragraph 3 below,(2)..... is not involved or implicated in any offence or action (whether civil or otherwise), either within or outside Malaysia;
 - (c) Save for what is disclosed in paragraph 3 below, there have been/are no inquiries and/or investigations made/pending against(2)..... by any governmental or regulatory authority or body, either within or outside Malaysia; and
 - (d) Save for the interest which has been disclosed in writing to the Exchange and the Securities Commission,(2)..... has no other interest (whether beneficial or otherwise and whether direct or indirect) in(5)..... .

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3. I declare that the following action(s)/inquiry(ies)/investigation(s) has(have) been taken or is(are) pending against(2)..... and/or(2)..... has been found guilty of the following offence(s):-

(6)*
.....
.....

4. And I make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act, 1960.

Subscribed and solemnly declared)
by the above-named)
(1).....)
at)
in the State of)
this.....day of.....200.....)

Before me,

Commissioner for Oaths

Notes:-

- (1) Name of director of substantial shareholder and NRIC number
- (2) Name of substantial shareholder which is a body corporate
- (3) Name of acquiree company
- (4) Percentage of equity interest to be acquired
- (5) Name of acquirer company
- (6) Nature and type of action(s)/inquiry(ies)/investigation(s) and/or offence(s), if applicable.
- * Delete the whole paragraph, if not applicable.

[End of Appendix]

CHAPTER 5 REORGANISATIONS OF CAPITAL**PART I - SCHEMES OF COMPROMISE, ARRANGEMENT, AMALGAMATION AND RECONSTRUCTION****Notification to the Exchange**

- 5.1 A Listed Company undertaking a scheme of compromise, arrangement, amalgamation or reconstruction under Part VII of the Companies Act must inform the Exchange of each step required to be taken pursuant to such scheme and the full particulars relating to each step. Such information shall include the items specified below. The Listed Company shall so inform the Exchange immediately after the Listed Company becomes aware or is notified of the relevant information or immediately after the occurrence of the relevant event.
- (a) The terms of the scheme;
 - (b) All applications to court, a copy each of which shall be filed with the Exchange;
 - (c) All court orders, a copy each of which shall be filed with the Exchange;
 - (d) The date of lodgment of all court orders with the relevant authorities;
 - (e) All reports made by the Listed Company under Part VII of the Companies Act, a copy each of which shall be filed with the Exchange;
 - (f) All notices, other than circulars, given by the Listed Company or any other person to any holders of securities of the Listed Company or any other company and/or to any creditors of the Listed Company or any other company, a copy each of which shall be filed with the Exchange;

- (g) All resolutions passed by classes of securities holders and/or creditors, a copy each of which shall be filed with the Exchange; and
- (h) The date of lodgment of all resolutions with the relevant authorities.

Circular

- 5.2 Any notice of a meeting required by Part VII of the Companies Act to be given to the holders of securities of the Listed Company and/or its creditors must contain the information specified in Appendix 5A.

Additional Information

- 5.3 The Exchange may require additional information to be disclosed pursuant to Rule 5.1 and/or Rule 5.2 where the Exchange considers it necessary for the holders of securities, investors and/or creditors to be able to make informed decisions.

[End of Chapter]

CHAPTER 6 RELATED-PARTY TRANSACTIONS

PART I - DEFINITIONS

- 6.1 A "related-party transaction" means:-
- (a) Any arrangement or transaction involving the acquisition or disposal of any interest in securities/assets by a Listed Company or any of its subsidiaries from or to a related party; or
 - (b) Any arrangement or transaction in relation to which Section 132E of the Companies Act applies; or
 - (c) Any joint venture or business transaction of any other kind into which a Listed Company or any of its subsidiaries proposes to enter and in which a related party is interested, whether directly or indirectly.
- 6.2 "Related party" means, in relation to transactions under sub-Rules 6.1(a) and (c):-
- (a) A substantial shareholder and includes any person who is or was within the twelve (12) months preceding the date of the related party transaction a substantial shareholder of the Listed Company; or
 - (b) A director who is or was within the twelve (12) months preceding the date of the related party transaction a director of the Listed Company or any of its related companies or associated companies or any associated company of its holding company; or
 - (c) An associate of a related party under (a) or (b) above.
- 6.3 For the purposes of sub-Rule 6.2(c):-
- (a) "Associate" means, in relation to either a director or a substantial shareholder who is an individual:-

- (i) That individual's spouse or child (collectively "family"); or
 - (ii) The trustees (acting as such) of any trust of which the individual or any member of the individual's family is a beneficiary; or
 - (iii) Any company in whose ordinary shares the individual and/or one or more members of the individual's family is/are directly or indirectly interested so that he/they is/are able to exercise or control the exercise of 30% or more of the votes able to be cast at general meetings on all, or substantially all, matters, or to appoint or remove directors holding a majority of voting rights at board meetings on all, or substantially all, matters; and
- (b) "Associate" means, in relation to a substantial shareholder which is a body corporate:-
- (i) Any company which is a related company or an associated company of the substantial shareholder or an associated company of the substantial shareholder's holding company; or
 - (ii) Any company whose directors are accustomed to act in accordance with the substantial shareholder's directions or instructions; or
 - (iii) Any company in the capital of which the substantial shareholder and/or one or more companies under (i) or (ii) above is/are interested in the manner described in (a)(iii) above.
- 6.4 "Related party" means, in relation to transactions under sub-Rule 6.1(b), a director of the Listed Company or its holding company or a person connected with such a director.

PART II - REQUIREMENTS FOR RELATED-PARTY TRANSACTIONS

- 6.5 Each director of a Listed Company shall have a duty to declare to the board of directors any interest that any related party has in any transaction into which the Listed Company or any of its subsidiaries proposes to enter, of which he is aware.
- 6.6 If a Listed Company or any of its subsidiaries has entered or proposes to enter into a related-party transaction, whether directly or indirectly and whether by way of cash or otherwise, the Listed Company shall take the following measures:-
- (a) Make an announcement as soon as practicable. The announcement shall contain, in addition to the information set out in Appendix 4A, a description of the parties to the transaction, their relationships and the nature and extent of their interest in the transaction;
 - (b) Send a circular to its shareholders notifying them of a general meeting to obtain their approval for the related-party transaction, which circular shall contain the information set out in Appendix 6A;
 - (c) Obtain the approval of its shareholders, either prior to the related-party transaction being entered into or prior to the completion of the related-party transaction; and
 - (d) Ensure that the related party abstains from voting on the relevant resolutions.

PART III - EXCEPTIONS TO REQUIREMENTS

6.7 The requirements under Rules 6.5 and 6.6 above shall not apply where a Listed Company or any of its subsidiaries has entered or proposes to enter into a transaction with a related party under any of the following circumstances:-

(a) Where the transaction is an issue of new securities either:-

(i) For cash by the Listed Company or any of its subsidiaries, which issue is made available to all holders of the Listed Company's securities or to all holders of a relevant class of its securities on the same terms; or

(ii) Made pursuant to the exercise of conversion or subscription rights attached to a class of securities; or

(b) Where the transaction:-

(i) Involves the receipt of securities in the Listed Company or any of its subsidiaries by a director of the Listed Company, its holding company or any of its subsidiaries; or

(ii) Is a grant of an option to a director of the Listed Company, its holding company or any of its subsidiaries to acquire (whether or not for a consideration) new securities of the Listed Company or any of its subsidiaries,

In accordance with the respective terms of a share allocation scheme or an employee share option scheme, which does not have the effect of conferring benefits only or mainly on the directors of the Listed Company; or

- (c) Where the transaction is entered into in the ordinary course of business between the Listed Company or any of its subsidiaries and one or more of its wholly-owned subsidiaries.

[End of Chapter]

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APPENDIX 6A

Content of circular to shareholders in relation to related-party transactions

For the purpose of Rule 6.6, the following are additional information required for a Listed Company to be included in the circular to shareholders with regard to related-party transactions. It is important that the Listed Company discloses all information which, in its opinion, are material for the shareholders/investors to make an informed investment decision.

1. The general information stated in Appendix 3C;
2. Where applicable, the information stated in Appendix 4B; and
3. In addition to (1) and (2) above, the following additional information:-
 - (a) The date or proposed date of the transaction, the parties thereto and a description of their relationship, and the nature and extent of the interest of the related party in the transaction. In the case of an associate of a director or substantial shareholder, the associate's name and office(s) held (where applicable), and the nature of the relationship with such director or substantial shareholder;
 - (b) An opinion, in the form of a separate letter by an independent corporate adviser, as to whether the transaction is fair and reasonable so far as the shareholders of the Listed Company are concerned, which opinion must set out the key assumptions made and the factors taken into consideration in forming that opinion;
 - (c) An independent valuation of the securities/assets to be acquired or disposed of;

- (d) A statement by directors (other than any director who is a related party in respect of the transaction) that the transaction is fair and reasonable so far as the shareholders of the Listed Company are concerned, and that if applicable, the directors have been so advised by an adviser; and
- (e) A statement that the related party will abstain from voting on the relevant resolutions, and a declaration of the interest of the related party.

[End of Appendix]

APPENDIX 5A

Content of circular summoning meeting

Where applicable, the explanatory statement/circular shall include the following:-

I. Anticipated time-table of major events

This shall include:-

1. Last date and time for lodging form of proxy for the meeting of the shareholders of the Listed Company to be convened to consider the proposed reorganisation exercise pursuant to an order of the Court ("Court Meeting");
2. Last date and time for lodging form of proxy for the Extraordinary General Meeting;
3. Date and time for the convening of the Extraordinary General Meeting;
4. Date and time for the convening of any other Court Meeting, where applicable;
5. Date and time for books closure; and
6. Expected effective date for the proposed reorganisation exercise.

II. Details of the proposed reorganisation exercise

These shall include:-

1. General information on the formation of any transferee company, where applicable;
2. Details of the proposed scheme;

3. Proposed transfers to the transferee company, where applicable;
4. Proposed listing of the transferee company if not listed on any stock exchange, if applicable; and
5. Total expense of the proposed reorganisation exercise.

III. Rationale for the proposed reorganisation exercise

1. Generally, provide an explanation on how the proposed reorganisation exercise is going to benefit the Listed Company and enable it to achieve its objectives.

IV. Effects of the proposed reorganisation exercise

These shall include:-

1. The effects on the Listed Company of the following:-
 - (a) The group structure before and after proposed reorganisation exercise, where applicable;
 - (b) Share capital;
 - (c) Shareholding structure including shareholders' interest; and
 - (d) Net tangible assets and earnings; and
2. Where applicable, the impact on the liabilities of creditors and debenture holders.

V. Conditions of the proposed reorganisation exercise

1. Details of approvals from the relevant regulatory authorities and the lodgement of the relevant statutory declarations with the relevant regulatory authorities.

VI. Details of the directors' and substantial shareholders' interests

1. Details of the directors' and substantial shareholders' interests and/or entitlements under the proposed reorganisation.

VII. Meetings

These shall include:-

1. Notice of Court Meetings of shareholders/class of shareholders/creditors been convened by the Court; and
2. Notice of the Extraordinary General Meeting/Court Meeting.

VIII. Details of the registration procedures

IX. Quotation on the MESDAQ Market

This shall include:-

1. An explanation to the effect that trading in the securities of the Listed Company will be suspended and that an announcement and a circular will be sent to the shareholders once all the relevant approvals have been obtained; and
2. A statement to the effect that approval in principle has been obtained from the Exchange for the listing of and quotation for the new shares, including shares in the transferee company, where applicable.

X. Directors' recommendation

1. A recommendation that the directors of the Listed Company after careful consideration are of the view that the reorganisation of capital exercise is bona fide and in the interest of the Listed Company.

XI. Details on the transferee company

1. Where applicable, details of the transferee company should be provided and shall include but shall not be limited to the following information:-
 - (a) History and business of the operation;
 - (b) Share capital;
 - (c) Interests of the directors' and substantial shareholders;
 - (d) Details of its subsidiary and associated companies;
 - (e) Details of its profit and dividend record;
 - (f) Material contracts;
 - (g) Material litigation and contingent liabilities; and
 - (h) Substantial and/or significant acquisitions of equity interest/ assets within the past one year.

[End of Appendix]

CHAPTER 7 CONTINUOUS LISTING OBLIGATIONS

PART I - GENERAL

- 7.1 This Chapter sets out the post-admission obligations of a Listed Company, its directors and its Sponsor.
- 7.2 These obligations are divided into two (2) categories:-
- (a) The criteria for continuous listing as enumerated in Part II of this Chapter; and
 - (b) The continuous disclosure obligations in accordance with the full disclosure-based regulation practised by the Exchange, as enumerated in Part III of this Chapter.
- 7.3 Compliance with the criteria for continuous listing ensures that a Listed Company continues at all times to fulfill the conditions governing its admission to the Official List, thus maintaining the high minimum standards prescribed by these Rules for admission.
- 7.4 Continuous full disclosure requires the timely and accurate disclosure of material information to the public. This is to ensure a credible and responsible market in which participants conduct themselves with the highest standards of due diligence and investors have access to timely and accurate information to facilitate price discovery. Hence, all disclosure obligations must be fulfilled in accordance with the spirit of full disclosure underlying these Rules.

PART II - CRITERIA FOR CONTINUOUS LISTING

7.5 Level of operations

- 7.5.1 The level of a Listed Company's operations must, in the Exchange's opinion, be adequate to warrant its continued listing.
- 7.5.2 If 50% or more of a Listed Company's total assets is cash or in a form readily convertible to cash, the Exchange has the right to suspend trading of the Listed Company's securities until it invests those assets or uses them for its business. In deciding whether a Listed Company's total assets are in a form readily convertible to cash, the Exchange will normally not treat inventories and receivables as readily convertible to cash. Depositing cash in a financial institution is not considered as investing or using it for the Listed Company's business.
- 7.5.3 The Listed Company must make an announcement and give notice in writing to all holders of its securities of the details of the investment or use.

7.6 Level of spread

- 7.6.1 A Listed Company must maintain a spread of holdings in its ordinary shares which, in the Exchange's opinion, is sufficient to ensure that there is an orderly and liquid market in such shares.
- 7.6.2 If the Exchange considers that a Listed Company does not fulfill the requirement in Rule 7.6.1, it may require the Listed Company to do the following:-
 - (a) Obtain the required spread within six (6) months after being notified of the requirement or such other period as may be determined by the Exchange; and

- (b) Notify all holders of its securities in writing that if the requisite spread is not obtained within the stipulated period, the Exchange may suspend trading of its securities. This notice must be served on all holders of the Listed Company's securities within ten (10) Market Days after the Listed Company is notified of the Exchange's requirement.

- 7.6.3 The Exchange's requirement is not met if the spread is obtained by artificial means. Examples of obtaining a shareholding spread by artificial means include giving shares away without consideration and using nominees and nominee companies.

PART III - CONTINUOUS DISCLOSURE OBLIGATIONS

- 7.7 A Listed Company must satisfy the Immediate Disclosure Obligations set out in Part IV below in relation to all material information.
- 7.8 A Listed Company must satisfy the Periodic Disclosure Obligations set out in Part VI below.
- 7.9 Both the Immediate and Periodic Disclosure Obligations must be fulfilled within the time limits stipulated by the Exchange, failing which sanctions may be imposed by the Exchange.
- 7.10 Listed Companies should consult the Exchange as early as possible in the event that there is doubt in interpreting or applying the disclosure rules.

PART IV - IMMEDIATE DISCLOSURE OBLIGATIONS

- 7.11 Immediate disclosure of material information must be made to the Exchange and/or to the public in the manner and within the time limit stipulated by the Exchange.

- 7.12 Information is considered material if it is reasonably expected to have a material effect on:-
- (a) Market activity in the securities of a Listed Company; or
 - (b) The price or value of the securities of a Listed Company; or
 - (c) The decision of a holder of securities of a Listed Company or an investor in determining his choice of action.
- 7.13 Without limiting the generality of Rule 7.12, material information may include information which:-
- (a) Relates to a Listed Company's business, assets and liabilities, financial condition or prospects; or
 - (b) Relates to any matter which is stated in any prospectus or abridged prospectus or other publicly released document of a Listed Company; or
 - (c) Relates to any matter which is stated in any quarterly report, annual report or Annual Disclosure Statement which is issued by or on behalf of a Listed Company; or
 - (d) Is necessary for the avoidance of market speculation or the dispelling of market rumours which have resulted in significant market activity and/or fluctuations in the prices of the securities of a Listed Company; or
 - (e) Explains the cause of unusual market activity in the securities of a Listed Company.
- 7.14 The following are examples of events the occurrence of which is material in relation to a Listed Company. These examples are additional to any requirements to make announcements which are imposed by the Rules in other Chapters, and are not exhaustive:-

- (a) An intention to fix a Book Closure Date and the reason therefor, stating the Book Closure Date which shall be at least twelve (12) clear Market Days after the date of notification to the Exchange;
- (b) The declaration of a dividend or any recommendation or decision that a dividend will not be declared;
- (c) The level of subscription in relation to a proposed issue of securities;
- (d) A reorganisation of capital;
- (e) A call of securities for redemption;
- (f) A variation of the rights attaching to a class of securities;
- (g) The entry into a memorandum of understanding. This is material information even though the memorandum may not constitute binding obligations of the parties. Further, whether or not the memorandum constitutes binding obligations of the parties is also material information. In addition, the Listed Company shall make periodic announcements of the status of any memorandum of understanding that it has entered into;
- (h) Any acquisition of shares in another company which results in such company becoming a subsidiary of the Listed Company;
- (i) Any disposal of shares in another company which results in such company ceasing to be a subsidiary of the Listed Company;
- (j) The entry into a joint venture;
- (k) The acquisition or loss of a significant contract;
- (l) Any significant change in the general business direction and plans of the Listed Company;

- (m) A significant change in capital investment plans;
- (n) A new product or discovery which may affect operating profits;
- (o) Any addition or change of intellectual property rights;
- (p) A change in control or a change in management;
- (q) Any appointment, resignation, retirement or termination of directors, company secretaries, auditors or key management or technical personnel;
- (r) Any notice of resignation by or termination of the Sponsor of the Listed Company. The reasons for such resignation or termination must be disclosed;
- (s) Any change in registered office or principal place of business or any office at which any register of securities is kept. The new address, telephone and facsimile numbers and the official hours during which the office or place of business is open must be disclosed;
- (t) Notice of any meeting (other than a meeting convened to pass a special resolution or an annual general meeting), at least fourteen (14) days before such meeting is held, and in the case of a meeting convened to pass a special resolution or to hold an annual general meeting, at least twenty one (21) days before such meeting is held. The notice shall specify the date, time and venue of the meeting and the resolutions to be proposed at the meeting. Immediately after the meeting, the outcome of each resolution must be notified to the Exchange;
- (u) The borrowing of a significant amount of funds;
- (v) Acceleration or default in any credit facility granted to the Listed Company. The amount of the credit facility which is due and owing must be disclosed together with the rate of interest and details of cross-default, if any;

- (w) The appointment of a receiver, manager or a receiver and manager over the assets of the Listed Company;
- (x) The commencement of winding-up proceedings in respect of the Listed Company. This includes voluntary winding-up proceedings. Commencement of winding-up has the meaning given in Sections 219 and 255 of the Companies Act;
- (y) Labour disputes or disputes with sub-contractors or suppliers. The nature of the dispute and the remedy sought must be disclosed;
- (z) The commencement of material litigation or arbitration proceedings or proceedings involving alternative dispute resolution methods by or against the Listed Company. The nature of the dispute and the remedy sought must be disclosed;
- (aa) The insolvency or threatened insolvency of any major customer or supplier;
- (bb) Any valuation of assets of the Listed Company and/or its subsidiaries;
- (cc) Any proposed alteration of the Memorandum of Association or Articles of Association of the Listed Company;
- (dd) Any notices under Section 69E, 69F or 69G of the Companies Act 1965 which the Listed Company has received; and
- (ee) Any material information as listed above with regard to the related companies of the Listed Company. The disclosure obligations are to be fulfilled by the Listed Company, and not its related companies.

7.15 In relation to the declaration of a dividend, a Listed Company shall comply with the following:-

- (a) The Listed Company shall announce the rate and amount per share and the date of payment which shall be within one (1) month from the Book Closure Date. Where a dividend is not taxable in the hands of shareholders, this shall be mentioned in the announcement and on the dividend advice to shareholders. Where there is a variation in an interim or final dividend for the corresponding period in the previous year, the directors shall state the reasons for the variation;
- (b) Once the Book Closure Date has been announced, the Listed Company shall not make any subsequent alterations to the dividend entitlement; and
- (c) All dividends must be paid within three (3) months from the date of declaration or the date on which approval is obtained in a general meeting, whichever is earlier.

7.16 After the end of a Listed Company's financial year, no announcement shall be made of any of the following unless accompanied by a quarterly report as referred to in Rule 7.25 for the fourth quarter:-

- (a) Dividend;
- (b) Bonus or rights issues;
- (c) Book Closure Date;
- (d) Return of capital; or
- (e) Sales or turnover.

- 7.17 The Exchange does not normally consider disclosure of a Listed Company's internal estimates or projections of its earnings or of other data relating to its affairs to be necessary. If such estimates or projections are released, they should be prepared carefully, with a reasonable factual basis, and should be stated realistically, with appropriate assumptions and qualifications. Moreover, if such estimates or projections subsequently appear to have been mistaken, they should be promptly corrected by way of an announcement.

PART V - PREPARATION AND PROCEDURE FOR DISCLOSURE OF INFORMATION

- 7.18 A Listed Company is required to release material information to the public in a manner that will achieve the fullest possible public dissemination.
- 7.19 Disclosures of material information can often be made after trading hours. If, however, it is necessary to make a disclosure before or during trading hours, a Listed Company should notify the Exchange's Listing Division in advance of such disclosure if the information concerned is of a non-routine nature or is expected to have a substantial impact on the market for the securities of the Listed Company. The Exchange, with the benefit of all the facts provided by the Listed Company, will be able to consider whether a temporary trading halt, pending an announcement, would be desirable. Such a halt is not a reflection on the Listed Company or its securities but provides an opportunity for disseminating and evaluating the information released. A halt may also assist in avoiding rumours and market instability, as well as unfairness to some investors which may arise when material information has reached part but not yet all of the investing community.
- 7.20 When submitting information to the Exchange, a Listed Company shall state clearly and specifically whether the information is for public release or for the information of the Exchange only. To avoid any confusion, the following conventions shall apply:-

- (a) An announcement which is meant for public release shall be marked with the following words in bold print at the top of each page of the announcement:-

“This Document is for Immediate Public Release.”

- (b) A document which is meant for the Exchange's information only shall be marked with the following words in bold print at the top of each page of the document:-

“This Document is for the Information of the Exchange Only.”

- 7.21 The Exchange shall have the absolute right to require a Listed Company to publicly announce any information which was meant for the Exchange only but which is, in the Exchange's opinion, sufficiently material to require public release.
- 7.22 Any public disclosure of material information shall be made by an announcement released simultaneously to the Exchange and to the financial newswire services.
- 7.23 All announcements shall be prepared by an appropriate officer of the Listed Company and reviewed by a director of the Listed Company. Where the Listed Company has been admitted to the Official List for less than five (5) years, the announcement must be reviewed and approved by the Sponsor.
- 7.24 The content of an announcement must:-
 - (a) Be factual, clear and succinct;
 - (b) Contain sufficient information to enable an investor to make an informed decision;

- (c) Be balanced and fair. Thus, the announcement should avoid the following:-
 - (i) The omission of important unfavourable facts or the slighting of such facts, for example, by making a vague mention of them at the end of the announcement; or
 - (ii) The presentation of favourable possibilities as certain, or as more probable than is actually the case; or
 - (iii) The presentation of projections without sufficient qualification or without sufficient factual basis; or
 - (iv) Negative statements phrased so as to create a positive implication;
- (d) Avoid over-technical language, and should be expressed to the extent possible in a language comprehensible to the layman;
- (e) Not contain any information which is promotional in nature;
- (f) Not be misleading or deceptive;
- (g) Explain, if the consequences or effects of the information on the Listed Company's future prospects cannot be assessed, why this is so; and
- (h) Clarify and point out any reasonable alternatives where the announcement undertakes to interpret the information disclosed.

PART VI - PERIODIC DISCLOSURE OBLIGATIONS

7.25 A Listed Company must file the following with the Exchange as soon as they are available and in any event not later than the stipulated timeframe:-

- (a) A quarterly report on a consolidated basis, where applicable, not later than 2 months after the end of each quarter of a financial year, comprising the following:-
 - (i) Balance sheet as at the end of the current quarter and a comparative balance sheet as of the end of the immediately preceding financial year;
 - (ii) Income statement for the current quarter and cumulatively for the current financial year to date, with comparative income statement for the comparable quarter (current and year to date) of the immediately preceding financial year; and
 - (iii) Explanatory notes.

The quarterly report shall be made available for inspection by the public at the registered office of the Listed Company; and

- (b) A research report on the Listed Company which is factual and does not contain any recommendation not later than 2 months after the end of each half of a financial year. Such report shall be made available for inspection by the public at the registered office of the Listed Company.

7.26 The Listed Company must ensure that the quarterly report satisfies the following requirements:-

- (a) The accounting policies and presentation applied in the preparation of the information contained in the quarterly report must be consistent with those applied in the latest published annual accounts save and except where:-

- (i) Such policies and presentation are to be changed in the subsequent annual accounts to ensure consistency with the requirements of any relevant legislation and accounting standards, and the changes and the reasons therefor are disclosed in the quarterly report; or
 - (ii) The Exchange otherwise agrees; and
- (b) The quarterly report must include, at the minimum, the information contained in Appendix 7A. Where the requirements of Appendix 7A are unsuitable in view of the nature of the Listed Company's activities or circumstances, the Exchange may require suitable adaptations to be made. If a change in the financial year is proposed, the Exchange must be consulted as to the period to be covered by the quarterly report.

7.27 Within six (6) months after the expiry of its financial year, a Listed Company must issue to its shareholders an annual report which includes the information contained in Appendix 7B. Notwithstanding the above, the annual audited accounts together with the auditors' and directors' reports shall be filed with the Exchange for public release within four (4) months after the expiry of its financial year. Where the audited accounts differ materially from the last cumulative quarterly report of the financial year and/or any forecasts/projections previously made or where any auditor has qualified his report, an explanation of such difference or full details of such qualification shall be given to the Exchange for public release at the same time when the Listed Company files the annual report.

7.28 Within fourteen (14) days after its annual general meeting, a Listed Company must file with the Exchange an Annual Disclosure Statement which includes the information set out in Appendix 7C and/or any other information as may be required by the Exchange.

- 7.29 A Listed Company must comply strictly with the time limits stated herein unless an extension of time has been requested by the Listed Company and approved by the Exchange. The Exchange may suspend trading in the securities of a Listed Company if any quarterly report, annual report or Annual Disclosure Statement is not provided to the Exchange within the stipulated time period. The suspension will continue until such time when the relevant document is received by the Exchange.

PART VII - REQUIREMENTS FOR DOCUMENTS AND INFORMATION

- 7.30 A Listed Company shall not issue a circular or any document (other than a quarterly report or annual report as provided for in Part VI of this Chapter) which is proposed to be sent to the holders of its securities without first having obtained clearance from the Exchange. A Listed Company proposing to issue circulars or other documents to holders of securities other than its own, shall also be required to obtain clearance from the Exchange prior to issuing such circulars or documents. A Listed Company shall submit two (2) copies of the draft of all circulars, prospectuses and such other documents to the Exchange if the approval of the SC is not required and two (2) copies each to the Exchange and the SC respectively if the approval of the SC is required. Upon obtaining such clearance and/or approval, the Listed Company shall immediately file a copy of the final printed circular or prospectus or other document with the Exchange and the SC. In addition, the Listed Company shall furnish to the Exchange such number of copies of the circular or prospectus or other document as may be specified by the Exchange.
- 7.31 A Listed Company shall furnish the following documents to the Exchange as soon as they are available:-
- (a) A copy of any underwriting agreement;

- (b) A copy of any agreement in connection with any acquisition or disposal of assets or any transaction outside the ordinary course of business of the Listed Company or any of its subsidiaries;
- (c) All valuation reports which shall be in the form prescribed in Part II of Chapter 11;
- (d) All documents released or issued by the Listed Company for the information of the holders of any of its securities;
- (e) Copies of all resolutions passed at general meetings of the Listed Company as special business, certified as true by a director or company secretary;
- (f) Copies of all proceedings at the annual general meeting where they contain information additional to that contained in the annual report, certified as true by a director or company secretary;
- (g) The interim audited accounts; and
- (h) Copies of all documents filed with the SC, the Registrar of Companies and any other regulatory authorities.

7.32 A Listed Company shall promptly furnish to the Exchange any information or documents and reply to queries when requested by the Exchange.

- 7.33 (a) An Applicant, a Listed Company, its directors, officers, promoters, Advisers, and Sponsors must ensure that any statement, information or document presented, submitted or disclosed, pursuant to these Requirements:-
- (i) is clear, unambiguous and accurate;
 - (ii) does not contain any material omission and
 - (iii) is not false or misleading.

- (b) An Applicant, a Listed Company, its directors, officers, promoters, Advisers and Sponsors does not commit a breach of sub-Rule 7.33(a) above if such person proves that:-
 - (i) He had made all enquiries as were reasonable in the circumstances; and
 - (ii) After making such enquiries, he had reasonable grounds to believe and did believe until the time of the presentation, submission or disclosure of the statement, information or document to the Exchange that the statement, information or document did fulfil the requirements of sub-Rule 7.33(a).
- (c) Where any statement, information or document referred to in sub-Rule 7.33(a) above has been presented, submitted or disclosed to the Exchange and the person referred to in sub-Rule 7.33(a) above subsequently becomes aware that the statement, information or document may not fulfil the requirements of sub-Rule 7.33(a) above, the person shall forthwith notify the Exchange of the same.

PART VIII - MISCELLANEOUS

- 7.34 Listed Companies must ensure that the results for the financial year does not deviate by 10% or more from any profit forecasts or projections submitted to the Exchange, except where the deviation is caused by factors not deemed foreseeable or within the control of the said Listed Company.

[End of Chapter]

APPENDIX 7A

Quarterly report

Quarterly report on consolidated results for the first/second/third/fourth/.....quarter ended dd/mm/yy. The figures have / have not been audited.

CONSOLIDATED INCOME STATEMENT

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT	PRECEDING YEAR	CURRENT	PRECEDING YEAR
	YEAR	CORRESPONDING	YEAR	CORRESPONDING
	QUARTER	QUARTER	TO DATE	PERIOD
	DD/MM/YYYY	DD/MM/YY	DD/MM/YYYY	DD/MM/YYYY
	RM'000	RM'000	RM'000	RM'000
1(a) Revenue				
(b) Investment income				
(c) Other income				
2(a) Profit/(loss) before finance cost, depreciation and amortisation, exceptional items, income tax, minority interests and extraordinary items				
(b) Finance cost				
(c) Depreciation and amortisation				
(d) Exceptional items				
(e) Profit/(loss) before income tax, minority interests and extraordinary items.				
(f) Share of profits and losses of associated companies.				
(g) Profit/(loss) before income tax, minority interests and extraordinary items.				
(h) Income tax				

As at March 2002

	INDIVIDUAL QUARTER		CUMULATIVE QUARTER	
	CURRENT	PRECEDING YEAR	CURRENT	PRECEDING YEAR
	YEAR	CORRESPONDING	YEAR	CORRESPONDING
	QUARTER	QUARTER	TO DATE	PERIOD
	DD/MM/YYYY	DD/MM/YYY	DD/MM/YYYY	DD/MM/YYYY
	RM'000	RM'000	RM'000	RM'000
(i) (i) Profit/(loss) after income tax before deducting minority interests				
(ii) Less minority interests				
(j) Pre-acquisition profit/(loss), if applicable				
(k) Net profit/(loss) from ordinary activities attributable to members of the company				
(l) (i) Extraordinary items				
(ii) Less minority interests				
(iii) Extraordinary items attributable to members of the company				
(m) Net Profit/(loss) attributable to members of the company				
3 Earnings per share based on 2(m) above after deducting any provision for preference dividends, if any :-				
(i) Basic (based on Ordinary shares) (sen)				
(ii) Fully diluted (based on Ordinary shares) (sen)				

CONSOLIDATED BALANCE SHEET

		AS AT END OF CURRENT QUARTER DD/MM/YYYY RM'000	AS AT PRECEDING FINANCIAL YEAR END DD/MM/YYYY RM'000
1	Property, plant, equipment		
2	Investment property		
3	Investment in associated companies		
4	Long term investments		
5	Goodwill on consolidation		
6	Intangible assets		
7	Other long term assets		
8	Current assets		
	- <i>Inventories</i>		
	- <i>Trade receivables</i>		
	- <i>Short term investments</i>		
	- <i>Cash</i>		
	- <i>Others - provide details</i>		
9	Current liabilities		
	- <i>Trade payables</i>		
	- <i>Other payables</i>		
	- <i>Short term borrowings</i>		
	- <i>Provision for taxation</i>		
	- <i>Proposed dividend</i>		
	- <i>Others - provide details</i>		
10	Net current assets or current liabilities		
11	Shareholders' funds		
	Share capital		
	Reserves		
	- Share premium		
	- Revaluation reserve		
	- Capital reserve		
	- Statutory reserve		
	- Retained profit		
	- Others		
12	Minority interests		
13	Long term borrowings		
14	Other long term liabilities		

As at March 2002

		AS AT END OF CURRENT QUARTER DD/MM/YYYY RM'000	AS AT PRECEDING FINANCIAL YEAR END DD/MM/YYYY RM'000
15	Deferred taxation		
16	Net tangible assets per share (RM)		

Notes

1. A statement that the same accounting policies and methods of computation are followed in the quarterly financial statements as compared with the most recent annual financial statement or, if those policies or methods have been changed, a description of the nature and effect of the change.
2. The nature and amount of each exceptional item.
3. The nature and amount of each extraordinary item.
4. Whether tax figures contain any deferred tax and/or adjustment for under or over-provisions in respect of prior years.
5. The amount of any pre-acquisition profits for the current financial year to date.
6. The amount of profits on any sale of investments and/or properties for the current financial year to date.
7. The following particulars of any purchase or disposal of quoted securities by all companies except closed-end funds, insurance companies, stockbroking companies, financial institutions and such other companies as may be exempted by the Exchange:-
 - (a) Total purchase and sales of quoted securities for the current financial year to date and profit/loss arising therefrom; and
 - (b) Investments in quoted shares as at end of the reporting period:-

As at March 2002

- (i) At cost;
 - (ii) At carrying value/book value; and
 - (iii) At market value.
- 8. The effect of changes in the composition of the company for the current financial year to date including business combination, acquisition or disposal of subsidiaries and long term investments, restructuring and discontinuing operations.
- 9. Status of corporate proposals announced but not completed at the latest practicable date which shall not be earlier than seven (7) days from the date of issue of the quarterly report.
- 10. Explanatory comments about the seasonality or cyclical nature of operations.
- 11. Details of issuance and repayment of debt and equity securities, share buy-backs, share cancellations, shares held as treasury shares and resale of treasury shares for the current financial year to date.
- 12. Group borrowings and debt securities as at the end of the reporting period:-
 - (a) Whether secured or unsecured, and a breakdown between secured and unsecured, if applicable;
 - (b) Breakdown between short term and long term borrowings; and
 - (c) Whether denominated in foreign currency, and a breakdown of the debt/borrowings in each currency, if applicable.
- 13. Details of contingent liabilities at the latest practicable date which shall not be earlier than seven (7) days from the date of issue of the quarterly report.

14. Details of financial instruments with off balance sheet risk at the latest practicable date which shall not be earlier than seven (7) days from the date of issue of the quarterly report, including the following information:-
 - (a) The date of the contract;
 - (b) The face or contract amount (or notional principal amount if there is no face or contract amount); and
 - (c) The nature and terms, including, at minimum, a discussion of:-
 - (i) The credit and market risk of those instruments;
 - (ii) The cash requirements of those instruments; and
 - (iii) The related accounting policies.
15. Details of any pending material litigation at the latest practicable date which shall not be earlier than seven (7) days from the date of issue of the quarterly report.
16. Segment revenue, segment result and segment assets employed for business segments or geographical segments, whichever is the company's primary basis of segment reporting for the current financial year to date.
17. Explanatory comments on any material change in the profit before taxation for the quarter reported on as compared with the preceding quarter.
18. Review of the performance of the company and its principal subsidiaries, setting out material factors affecting the earnings and/or revenue of the company and the group.

A commentary by the directors on the results of the period reported on, identifying any material factors affecting the earnings and/or income of the company and group, together with any significant trend or event in this regard which may have occurred between the end of the reporting period and the latest practicable date which shall not be earlier than seven (7) days from the date of issue of the quarterly report.

19. A commentary on current year prospects, including the factors that are likely to influence the company's prospects.
20. Explanatory notes for any (only applicable to the final quarter):-
 - (a) Variance of actual profit from forecast profit (where the variance exceeds 10%);
 - (b) Shortfall in the profit guarantee.
21. Dividend : To be completed if a decision regarding dividend has been made.
 - (a) An interim/final ordinary dividend has/has not been declared/recommended;
 - (b)
 - (i) Amount per sharesen;
 - (ii) Previous corresponding period sen;
 - (iii) Total dividend for the current financial yearsen;

(state whether amount is before tax, net of tax or tax exempt and if before tax or net of tax, state the tax rate)
 - (c) Date payable; and
 - (d) In respect of deposited securities, entitlement to dividends will be determined on the basis of a record of depositors as at dd/mm/yyyy.

EXPLANATORY NOTES FOR QUARTERLY REPORTING OF FINANCIAL STATEMENTS

1. Particulars of purchase or disposal of quoted securities.

- a. Note 7 of Appendix 7A requires public listed companies (PLCs) to disclose a summary of their dealings in quoted securities for the current financial year to date.

The information to be disclosed will include: -

	RM
Total purchases	XX
Total disposals	XX
Total profit / loss on disposal	XX

- b. Note 7 also requires summary details of all investments in quoted securities at the end of the reporting period. The purpose of this requirement is to highlight the unrealised profits/losses of quoted investments to the investing public. To enable this objective to be met, the information should include: -

	RM
Total investments at cost	XX
Total investments at carrying value/ book value (after provision for diminution in value)	XX
Total investment at market value at end of reporting period	XX

2. Status of corporate proposals

Note 9 of Appendix 7A states that the PLC is required to state the status of all corporate proposals announced but not completed up to the latest practicable date which shall not be earlier than seven (7) days from the date of issue of the quarterly report. Examples of the type of status that can be reported are:-

- the appointment of a merchant bankers to act in respect of the corporate proposal
- the submission of the corporate proposal for approval
- the procurement of the approval from Securities Commission
- the procurement of approval from the Exchange
- the procurement of approval from shareholders, etc.

3. Seasonal or cyclical factors

The effect of Note 10 of Appendix 7A is that if quarterly financial results vary from one quarter to another due to seasonal or cyclical factors, the PLC is required to clarify the favorable/unfavorable factors which have affected the results. The details of the factors must also be highlighted.

4. Group borrowings and debt securities

In respect of Note 12 of Appendix 7A, it is suggested that the above information be furnished in tabular form to provide for clarity and ease of reference. The total amount should correspond with the balance figures, for example the amounts of long term borrowings and short term borrowings stated in the balance sheet.

Where the conversion rate of the foreign currency to Ringgit is not at the rate prevailing at the end of the reporting period, this must be clearly highlighted and the policy for the currency translation must be consistent with the PLC's accounting policy.

5. Contingent liabilities and segment reporting

Notes 13 and 16 of Appendix 7A require the PLC to comply with the disclosure requirements of the respective approved Accounting Standards in respect of contingent liabilities and segmental reporting.

6. Off balance sheet financial instruments

Note 14 of Appendix 7A requires all off balance sheet financial instruments for which positions have not been squared/closed at the end of the reporting period and those which have been entered into after the end of the reporting period, to be disclosed. Each of the instruments should be listed as per disclosure requirements of Note 14 of Appendix 7A. Examples of off balance sheet financial instruments are as follows: -

- stock options (call or put)
- stock index futures
- currency futures or currency swaps
- interest rates futures
- commodities futures

7. Material litigation

Note 15 of Appendix 7A requires all material litigation of the group (including major associated companies) which have not been settled or struck off up to the latest practicable date which shall not be earlier than seven (7) days from the date of the issue of the quarterly report, whether previously announced or not, to be disclosed in a summary form. The actions that the PLC has taken to resolve the matters must also be indicated.

8. Material changes in the quarterly results compared to the results of the preceding quarter

Note 17 of Appendix 7A not only requires the PLC to highlight the material changes in the results but also the operational or economic factors that could have had an effect on the current quarterly results.

[End of Appendix]

APPENDIX 7B

Annual report

The annual audited accounts as contained in the annual report shall be prepared in accordance with the approved accounting standards set by the Malaysian Accounting Standards Board and the relevant provisions of the Companies Act, 1965. Further, the Exchange requires the following information to be included in the annual report:-

1. The address and telephone number of the registered office of the Listed Company;
2. The address of each office at which a register of securities is kept;
3. The name of the secretary of the Listed Company;
4. The name, address and telephone number of the Sponsor of the Listed Company;
5. In the Chairman's Statement:-
 - (a) A brief of the industry trend and development;
 - (b) For technology companies, a brief of total research and development expenses spent for the year, an update on the research facilities and the technology development;
 - (c) A discussion and analysis of the group's performance during the year and the material factors underlying its results and financial position. It should emphasize trends and identify significant events or transactions during the year under review; and
 - (d) Where applicable, a brief of the utilisation of proceeds raised from any corporate proposal;

6. A statement as at the end of the financial year, showing interest of each director in the Listed Company, or in a related corporation, appearing in the register maintained under the provisions of the Companies Act;
7. If there is any significant departure from the approved accounting standards in Malaysia, a statement made by the directors of the reasons for departure;
8. If the results for the period under review differ by 10% or more from any published forecast or estimate by the company for that period, an explanation for the difference;
9. All material contracts involving directors' interests, either still subsisting at the end of the financial year or, if not then subsisting, entered into since the end of the previous financial year, providing, in the case of a loan, without limiting the generality of the foregoing:-
 - (a) The names of the lender and the borrower;
 - (b) The relationship between the borrower and the director (if the director is not the borrower);
 - (c) The purpose of the loan;
 - (d) The amount of the loan;
 - (e) The interest rate;
 - (f) The terms as to payment of interest and repayment of principal; and
 - (g) Security provided;
10. If the financial year is the first year in which a Listed Company adopts equity accounting, in the notes to the accounts, the principles adopted, the amount of the increase or decrease in profits, losses and the amount of assets or reserves resulting from the adoption of equity accounting;

11. A statement made up to a date not earlier than six (6) weeks from the date of issue of the annual report indicating the date of such statement and setting out:-

- (a) The names of the substantial shareholders and the number of equity securities in which they have an interest as shown in the Listed Company's register of substantial shareholders;
- (b) The number of holders of each class of equity securities and the voting rights attaching to each class;
- (c) A distribution schedule of each class of equity security setting out the number of holders and percentage in the following categories:-

	No. of Shareholders	%
Less than 100 shares		
100 to 999 shares		
1,000 to 4,999 shares		
5,000 to 10,000 shares		
10,001 to 100,000 shares		
100,001 to 1,000,000 shares		
Above 1,000,000 shares		
TOTAL		

; and

- (d) The names of the 20 largest holders of each class of equity securities and the number and percentage of equity securities of each class held by them; and
12. Detailed particulars of properties, to be set out as follows in respect of each property:-
- (a) The address;
 - (b) A brief description (e.g. land or buildings, approximate areas, etc);
 - (c) Existing use (e.g. shops, offices, factories, residential, etc);

- (d) Tenure (i.e. freehold or leasehold, providing details);
- (e) Terms of tenant's leases (including repairing obligations);
- (f) Approximate age of the buildings; and
- (g) Present capital value in existing state.

[End of Appendix]

APPENDIX 7C

Annual disclosure statement

The Annual Disclosure Statement contains five (5) parts. A Listed Company and the reporting accountants (where applicable) are required to complete all relevant sections and submit the statement to the Exchange not later than fourteen (14) days after the Annual General Meeting.

PART A : General Information

This Part is to be completed by all Listed Companies.

1. Relevant Dates

Date of this submission	:	<input type="text"/>
Financial Year End	:	<input type="text"/>
Date of Annual General Meeting	:	<input type="text"/>
Date of Listing on the MESDAQ Market	:	<input type="text"/>

2. Company Particulars

Name	:	<input type="text"/>
Registration Number	:	<input type="text"/>
Registered Address	:	<input type="text"/>
Stock Number	:	<input type="text"/>

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3. Sponsor

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4. Auditors

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5. Company Registrar

Name	:	<input type="text"/>
Address	:	<input type="text"/>
Person(s)-in-charge	:	<input type="text"/>
Contact number	:	<input type="text"/>

PART B : Admission To the MESDAQ Market or Other Corporate Proposal

A Listed Company is required to complete this Part if it has undertaken a corporate proposal involving fund raising and/or the preparation and disclosure of profit forecasts and/or projections. The Listed Company is required to complete this Part until the completion of the utilisation of proceeds or the expiry of the period covered by the forecasts and/or projections, whichever is the later.

1. Relevant Dates

Date of application	:	<input type="text"/>
Date of approval granted by the MESDAQ Market	:	<input type="text"/>

2. Types of Issues

<input type="checkbox"/>	Public issue
<input type="checkbox"/>	Bonus issue
<input type="checkbox"/>	Rights issue
<input type="checkbox"/>	New issues as a result of transaction(s)
<input type="checkbox"/>	Other issues, please specify_____

3. Adviser

Name :

Address :

Manager and Executive-in-charge :

Contact number :

4. Reporting Accountants

Name :

Address :

Person(s)-in-charge :

Contact number :

5. Profit Performance of the Listed Company

Financial Year Ended	Consolidated Profit		Deviation	
	Forecast/ Projection RM'000	Actual RM'000	RM'000	%

Reasons for deviation (if applicable)

6. Utilisation of Proceeds**(a) Proceeds Raised**

Types of Issue	Number/ Amount of Securities Issued	Issue Price (RM)	Total Proceeds Raised (RM'000)
Public issue			
Rights issue			
Other issues, please specify _____			
TOTAL			

(b) Utilisation

Purpose	Proposed Utilisation RM'000	Actual Utilisation RM'000	Deviation		Explanations
			Amount RM'000	%	
(i)					
(ii)					
(iii)					
(iv)					
(v)					
TOTAL					

As at March 2002

PART C : Shareholding Structure

This Part is to be completed by all Listed Companies.

1. Moratorium on Shareholding (if applicable)

Name of Shareholders	At the point of Admission		Existing	
	Number of share held under moratorium	% of share capital	Number of shares held under moratorium	% of share capital
TOTAL				

2. Equity Structure

Category	No. of Shares	%
MALAYSIAN		
Bumiputera		
Non-Bumiputera		
TOTAL MALAYSIAN		
Foreign		
TOTAL		

As at March 2002

3. Category of Shareholders

Category	No. of Holders		No. of Shares		%	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Individual - Directors - Others						
Body Corporate - Financial institutions - Investment trust - Commercial companies						
Government Institutions						
Nominees						
Others						
TOTAL						

4. Shareholders Distribution

Category	No. of Holders		No. of Shares		%	
	Malaysian	Foreign	Malaysian	Foreign	Malaysian	Foreign
Less than 100 shares						
100 to 999 shares						
1,000 to 4,999 shares						
5,000 to 10,000 shares						
10,001 to 100,000 shares						
100,001 to 1,000,000 shares						
Above 1,000,000 shares						
Directors' Share-holdings						
TOTAL						

As at March 2002

PART D : Declaration

This Part is to be completed by all Listed Companies.

DECLARATION

The Board of Directors of(Name of the Listed Company)..... hereby declares to the Exchange :

1. That all information set out in this statement is in accordance with the books and records of the company. All explanations provided herein are, to the best of the Board's knowledge and belief, accurate and correct; and
2. That the company and its management shall provide utmost co-operation in the event the Exchange requests for additional information or assistance from the company to clarify any matters in relation to the affairs of the company for the purpose of this statement.

On behalf of the Board

(Names of authorised signatories of the Listed Company)

PART E : Confirmation

If paragraph 5 of Part B is applicable to the Listed Company, this Part is to be completed and signed by the reporting accountants.

CONFIRMATION

We hereby confirm to the Exchange that the information set out in paragraph 5 of Part B in this statement is in accordance with the books and records of the company.

For [Name of reporting accountants]....

(Authorised signatory)

Name

Firm Number

Date

[End of Appendix]

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CHAPTER 8 CONTENTS OF PROSPECTUSES

PART I - DEFINITIONS

- 8.1 In this Chapter, the following terms shall have the following meanings:-

“Company” means an Applicant making an initial public offering or a Listed Company making an issue of securities, as the case may be;

“Group” means the group of companies comprising the Company and its subsidiary and associated companies; and

“Prospectus Guidelines” means the procedures and guidelines on contents of prospectuses issued by the SC from time to time.

PART II - GENERAL

- 8.2 A prospectus should contain the information set out in the Prospectus Guidelines. The Exchange and/or the SC may require additional information to be disclosed in a particular case. An offering memorandum or introductory document issued in connection with a listing on the Exchange should also contain the information set out in the Prospectus Guidelines.

PART III - FORECASTS AND PROJECTIONS

- 8.3 Profit and cashflow forecasts and projections are optional and are to be included only if the Company so wishes. Where a Company provides profit and/or cashflow forecasts/projections, the Company shall comply with the provisions on future financial information in the Prospectus Guidelines.

PART IV - REPORTS

- 8.4 The company shall disclose in the prospectus a general description of the Company's five-year business development plan.
- 8.5 Where a Company is required to submit to the Exchange an independent technical feasibility report under Chapter 2 of these Requirements, excerpts from or summaries of opinions expressed and conclusions recorded in the technical feasibility report shall be disclosed in the prospectus.

[End of Chapter]

CHAPTER 9 ARTICLES OF ASSOCIATION**PART I - GENERAL**

- 9.1 The Articles of Association of all Applicants and Listed Companies must contain the various provisions as set out in this Chapter. Only in very exceptional circumstances will the Exchange grant exemption from compliance with any of these provisions.

PART II - CAPITAL**9.2 Issue of shares to directors**

No director shall participate in an issue of shares to employees unless shareholders in general meeting have approved the specific allotment to be made to such director and unless he holds office in an executive capacity.

9.3 Issue of preference shares

The total nominal value of issued preference shares shall not exceed the total nominal value of issued ordinary shares at any time.

9.4 Power to issue further preference shares

Whether the Listed Company has power to issue further preference capital ranking equally with, or in priority to, preference shares already issued.

9.5 Rights of other classes of shares

The rights attaching to shares of any class other than ordinary shares shall be expressed.

9.6 Rights of preference shareholders

- (a) The holder of a preference share must be entitled to a right to vote in each of the following circumstances and in no others:-
 - (i) When the dividend or part of the dividend on the share is in arrears for more than six (6) months;
 - (ii) On a proposal to reduce the Listed Company's share capital;
 - (iii) On a proposal for the disposal of the whole of the Listed Company's property, business and undertaking;
 - (iv) On a proposal that affects rights attached to the share;
 - (v) On a proposal to wind up the Listed Company; and
 - (vi) During the winding up of the Listed Company.
- (b) The holder of a preference share must be entitled to a return of capital in preference to holders of ordinary shares when the Listed Company is wound up.
- (c) A holder of a preference share must be entitled to the same rights as a holder of an ordinary share in relation to receiving notices, reports and audited accounts, and attending meetings.

9.7 Capital paid on shares in advance of calls

Capital paid on shares in advance of calls may carry interest but shall not confer a right to participate in profits.

9.8 Issue of new shares to members

Subject to any direction to the contrary that may be given by the Listed Company in general meeting, all new shares shall, before issue, be offered to such persons as at the date of the offer are entitled to receive notices from the Listed Company of general meetings in proportion, as nearly as the circumstances admit, to the amount of the existing shares to which they are entitled. The offer shall be made by notice specifying the number of shares offered, and limiting a time within which the offer, if not accepted, will be deemed to be declined, and, after the expiration of that time, or on the receipt of an intimation from any person to whom the offer is made that he declines to accept the shares offered, the directors may dispose of those shares in such manner as they think most beneficial to the Listed Company. The directors may likewise so dispose of any new shares which (by reason of the ratio which the new shares bear to the shares held by persons entitled to an offer of new shares) cannot, in the opinion of the directors, be conveniently offered under this Article.

PART III - FORFEITURE AND LIEN**9.9 Lien on shares and dividends**

A Listed Company's lien on shares and dividends from time to time declared in respect of such shares shall be restricted to:-

- (a) Unpaid calls and instalments upon the specific shares in respect of which such moneys are due and unpaid;
- (b) If the shares were acquired under an employee share option scheme, amounts which are owed to the Listed Company for acquiring them; and

- (c) Such amounts as the Listed Company is required by law to pay, and has paid, in respect of the shares of a holder or deceased former holder.

In each case, the lien extends to reasonable interest and expenses incurred because the amount is not paid.

9.10 Sale of forfeited shares

If any shares are forfeited and sold, any residue after the satisfaction of the unpaid calls and accrued interest and expenses, shall be paid to the person whose shares have been forfeited, or his executors, administrators or assignees or as he directs.

PART IV - TRANSFER AND TRANSMISSION

9.11 Transfers of securities

The transfer of any listed security or class of listed security of the Listed Company, shall be by way of book entry by the Central Depository in accordance with the rules of the Central Depository and, notwithstanding Sections 103 and 104 of the Companies Act and any exemption that may be made from compliance with sub-Section 107C(1) of the Companies Act, the Listed Company shall be precluded from registering and effecting any transfer of the listed securities.

PART V - VARIATION OF PREFERENCE SHAREHOLDERS' RIGHTS

- 9.12 The repayment of any preference capital other than redeemable preference capital, or any other alteration of preference shareholders' rights, may only be made pursuant to a special resolution of the preference shareholders concerned, provided always that where the necessary majority for such a special resolution is not obtained at the meeting, consent in writing, if obtained from the holders of three-fourths of the preference capital concerned within two (2) months of the meeting, shall be as valid and effectual as a special resolution carried at the meeting.

PART VI - BORROWING POWERS

9.13 Scope to be expressed

The scope of the borrowing powers of the board of directors must be expressed.

9.14 Restriction

The directors shall not borrow any money or mortgage or charge any of the Listed Company's or its subsidiaries' undertaking, property or uncalled capital, or issue debentures or other securities, whether outright or as security, for any debt, liability or obligation of an unrelated third party.

PART VII - MEETINGS

9.15 Notices of meetings

The notices convening meetings shall specify the place, day and hour of the meeting, and shall be given to all shareholders at least fourteen (14) days before the meeting or at least twenty one (21) days before the meeting where any special resolution is to be proposed or where it is an annual general meeting. Any notice of a meeting called to consider special business shall be accompanied by a statement regarding the effect of any proposed resolution in respect of such special business. At least fourteen (14) days' notice, or twenty one (21) days' notice in the case where any special resolution is to be proposed or where it is the annual general meeting, of every such meeting shall be given by advertisement in the daily press and in writing to each stock exchange upon which the Listed Company is listed including the Exchange.

9.16 Record of Depositors

- (a) The Listed Company shall request the Central Depository in accordance with the Rules of the Central Depository, to issue a Record of Depositors to whom notices of general meetings shall be given by the Listed Company.
- (b) The Listed Company shall also request the Central Depository in accordance with the Rules of the Central Depository, to issue a Record of Depository, as at a date not less than three (3) market days before the general meeting (hereinafter referred to as "the General Meeting Record of Depositors").
- (c) Subject to the Securities Industry (Central Depositories) (Foreign Ownership) Regulations, 1996 (where applicable), a depositor shall not be regarded as a member entitled to attend any general meeting and to speak and vote thereat unless his name appears in the General Meeting Record of Depositors.

PART VIII - VOTING AND PROXIES

9.17 Voting rights of members

A member of a Listed Company shall be entitled to be present and to vote at any general meeting in respect of any share or shares of which he is the registered holder and upon which all calls due to the Listed Company have been paid.

9.18 Voting rights on a show of hands

On a resolution to be decided on a show of hands, each holder of an ordinary share, and each holder of a preference share who has a right to vote, must be entitled to one (1) vote.

9.19 Voting rights of proxy

A proxy shall be entitled to vote on a show of hands on any question at any general meeting.

9.20 More than two proxies

A shareholder may appoint more than two (2) proxies to attend at the same meeting. Where a shareholder appoints two (2) or more proxies, he shall specify the proportion of his shareholding to be represented by each proxy.

9.21 Voting rights of shares of different monetary denominations

Where the capital of a Listed Company consists of shares of different monetary denominations, voting rights shall be prescribed in such a manner that a unit of capital in each class, when reduced to a common denominator, shall carry the same voting power when such right is exercisable.

PART IX - DIRECTORS

9.22 Directors' power to fill casual vacancies and appoint additional directors

Where provisions are made for the directors to appoint a person as a director either to fill a casual vacancy, or as an addition to the board, any director so appointed shall hold office only until the next following annual general meeting of the Listed Company and shall then be eligible for re-election.

9.23 Remuneration of directors

Fees payable to non-executive directors shall be by way of a fixed sum, and not by way of a commission on or percentage of profits or turnover. Salaries payable to executive directors may not include a commission on or percentage of turnover.

9.24 Increase in directors' remuneration

Fees payable to directors shall not be increased except pursuant to a resolution passed at a general meeting, where notice of the proposed increase has been given in the notice convening the meeting.

9.25 Directors' interest in contracts

A director shall not vote in respect of any contract or proposed contract or arrangement in which he has directly or indirectly a personal interest.

9.26 Election of directors

An election of directors shall take place each year. All directors except a managing director shall retire from office at least once every three (3) years, but shall be eligible for re-election.

9.27 Vacation of office of director

The office of a director shall become vacant should he become of unsound mind or bankrupt during his term of office.

9.28 Notice of intention to appoint director

No person not being a retiring director shall be eligible for election to the office of director at any general meeting unless some member intending to propose him for election has, at least eleven (11) clear days before the meeting, left at the registered office of the Listed Company a notice in writing duly signed by the nominee, giving his consent to the nomination and signifying his candidature for the office or the intention of such member to propose him for election, provided that in the case of a person recommended by the directors for election, nine (9) clear days' notice only shall be necessary, and notice of each and every candidature for election to the board of directors shall be served on the registered holders of shares at least seven (7) days prior to the meeting at which the election is to take place.

9.29 Term of managing director

Where a managing director is appointed for a fixed term, the term shall not exceed five (5) years.

9.30 Managing director subject to board

A managing director shall be subject to the control of the board.

9.31 Proceedings in case of vacancies

The continuing directors may act notwithstanding any vacancy in their body, but if and so long as their number is reduced below the minimum number fixed by or pursuant to the Articles of the Listed Company, the continuing directors may, except in an emergency, act only for the purpose of increasing the number of directors to such minimum number, or to summon a general meeting of the Listed Company.

9.32 Appointment of alternate directors

A director may appoint a person approved by a majority of his co-directors to act as his alternate, provided that any fee paid by the Listed Company to the alternate shall be deducted from that director's remuneration.

9.33 Chairman's casting vote

The chairman of a board meeting shall not have a casting vote where:-

- (a) Two (2) directors form a quorum and only such a quorum is present at the meeting; or
- (b) Only two (2) directors are competent to vote on the question at issue.

9.34 Sale/disposal of assets by directors

Any sale or disposal by the directors of a substantial portion of the Listed Company's main undertaking or property shall be subject to the prior approval of shareholders in general meeting.

PART X - ACCOUNTS

- 9.35 The interval between the close of a financial year of a Listed Company and the issue of the annual report relating to it shall not exceed six (6) months.

PART XI - WINDING UP

9.36 Distribution of assets

The basis on which shareholders will participate in a distribution of assets on a winding up shall be expressed.

9.37 Liquidator's commission

On the voluntary liquidation of a Listed Company, no commission or fee shall be paid to a liquidator unless it shall have been approved by shareholders. The amount of such payment shall be notified to all shareholders at least seven (7) days prior to the meeting at which it is to be considered.

PART XII - ALTERATION OF ARTICLES

- 9.38 Listed Companies shall not add to, amend or delete any of their existing Articles which have previously been approved by the Exchange unless prior written approval has been sought and obtained from the Exchange for such addition, amendment or deletion.

[End of Chapter]

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CHAPTER 10 CERTIFICATES AND REGISTERS

PART I - DEFINITION

- 10.1 In this Chapter, the term “the Company” shall refer to an Applicant or a Listed Company, as may be applicable.

PART II - REGISTERS

- 10.2 A Company shall furnish to the Exchange or any Member Company upon request an extract of any of its registers of securities showing full details on or between the named date or dates of all entries relating to the registration of securities entered or deleted under any particular name, the relevant certificate numbers and the names into which or from which any particular securities have been transferred.
- 10.3 A Company shall permit its securities to be transferred from one register to another without restriction.

PART III - AUDIT

- 10.4 A Listed Company must provide the Exchange, upon request, with an external auditor’s certificate to the effect that the issue of securities is in accordance with the requirements set out in Rules 3.11.1(d) and 3.12.1(b), where applicable.

PART IV - FORM AND CONTENT OF CERTIFICATES

- 10.5 Certificates should be designed so that forgery and/or alteration are readily detectable. The printing of certificates must be entrusted to security printers recognised by the Exchange. The paper used must be first class bond or banknote paper containing a watermark of the printer or the Company and such other additional security features as the Exchange may determine from time to time.
- 10.6 The size of certificates shall be determined by the Exchange from time to time.
- 10.7 A Company must ensure that the number of securities represented by a certificate is clearly shown in words and figures on the face of the certificate or in such other manner as may be approved by the Exchange.

PART V - PROXY FORMS

- 10.8 A Company shall design its proxy forms in a manner which will allow a holder of securities appointing a proxy to indicate how he would like his proxy to vote in relation to each resolution.

[End of Chapter]

CHAPTER 11 ACCOUNTING STANDARDS AND VALUATION OF ASSETS

PART I - ACCOUNTING STANDARDS

- 11.1 An Applicant or a Listed Company shall comply with approved accounting standards and generally accepted accounting principles in the preparation of its financial records and financial statements.
- 11.2 All financial records and financial statements must be prepared by professional accountants who are qualified under the Accountants Act, 1967. The information to be disclosed must be in accordance with the approved accounting standards set by the Malaysian Accounting Standards Board.

PART II - VALUATION OF ASSETS

11.3 Application

Where any provision of these Requirements requires or permits the valuation or revaluation of any assets, that valuation or revaluation, as the case may be, must be conducted in accordance with this Part.

11.4 When a valuation is required

- 11.4.1 In the case of an acquisition of land and buildings, or of a company whose assets consist solely or mainly of land and buildings, where there is a requirement for shareholders' approval under Chapter 4, valuations of and information on such land and buildings must be included in the circular to be issued to shareholders in connection with such acquisition.

- 11.4.2 In the case of an acquisition of land and buildings, or of a company whose assets consist solely or mainly of land and buildings, from a related party, valuations of and information on such land and buildings must be included in any circular to be issued to shareholders in connection with such acquisition.

11.5 Valuer

- 11.5.1 A valuation must be conducted by a valuer who:-

- (a) Is registered with the Board of Valuers, Appraisers and Estate Agents, Malaysia as a registered valuer; and
- (b) Is independent of:-
 - (i) The Applicant whose property he is valuing, in the case of an application for listing; or
 - (ii) The Listed Company whose property he is valuing, in the case of any revaluation subsequent to listing; or
 - (iii) Both the vendor and the purchaser, in the case of an acquisition.

The Applicant, the Listed Company, the vendor and the purchaser (where the vendor and the purchaser are companies) as mentioned above shall be referred to as "the Company" in Rule 11.5.2 hereunder. Where a vendor or a purchaser is an individual, such vendor or purchaser shall be referred to as "the Individual" in Rule 11.5.2 hereunder, and a company in which such vendor or purchaser is entitled to exercise, or control the exercise of, not less than 15% of the votes attached to the voting shares shall be referred to as a "company controlled by the Individual".

11.5.2 For the purposes of sub-Rule 11.5.1(b), a valuer shall be regarded as independent if:-

(a) Where the valuer is a firm or a company:-

- (i) The valuer is not a related company of the Company;
- (ii) The valuer is not a substantial shareholder of the Company or any of its related companies, or of any company controlled by the Individual;
- (iii) None of the partners, directors and officers of the valuer is a director, officer, employee or substantial shareholder of the Company or any of its related companies, or of any company controlled by the Individual;
- (iv) None of the partners, directors and officers of the valuer is a relative of any director, manager or substantial shareholder of the Company or any of its related companies, or of any company controlled by the Individual. For this purpose, "relative" includes spouse, parent, child (including adopted child and step-child), brother, sister and the spouse of such child, brother or sister;
- (v) Neither the valuer nor any of its partners, directors or officers has any significant financial interest in the Company or any of its related companies, or any company controlled by the Individual; and
- (vi) The Company, its related companies and their respective directors and managers do not, or the Individual does not, have any significant financial interest in the valuer;

- (b) Where the valuer is a sole proprietor:-
- (i) Neither the valuer nor any of his employees is a director, officer, employee or substantial shareholder of the Company or any of its related companies, or of any company controlled by the Individual;
 - (ii) Neither the valuer nor any of his employees is a relative of any director, manager or substantial shareholder of the Company or any of its related companies, or of any company controlled by the Individual. For this purpose, "relative" includes spouse, parent, child (including adopted child and step-child), brother, sister and the spouse of such child, brother or sister;
 - (iii) Neither the valuer nor any of his employees has any significant financial interest in the Company or any of its related companies, or any company controlled by the Individual; and
 - (iv) The Company, its related companies and their respective directors and managers do not, or the Individual does not, have any significant financial interest in the valuer.

11.6 Valuation of foreign assets

- 11.6.1 In a valuation of foreign assets, a joint valuer who is registered professionally in the country where the assets are located may be employed, if necessary. Both valuers are then jointly and severally responsible for the valuation carried out.

11.7 Valuation standards

- 11.7.1 A valuation must comply with the approved valuation standards applicable in Malaysia or in the country in which the subject property is situated or with the International Valuation Standards.

11.8 Disclosure

- 11.8.1 A valuation report must disclose all relevant information which has been relied upon in carrying out the valuation.
- 11.8.2 Where a valuation has been conducted on the assets of a Listed Company and/or its subsidiaries, a copy of each valuation report must be submitted to the Exchange and made available for inspection at the registered office of the Listed Company for a period of three (3) months.

11.9 Content of valuation report

- 11.9.1 Without limiting the generality of Rules 11.7.1 and 11.8.1, a valuation report must contain the matters specified in Appendix 11A.

11.10 Content of valuation certificate

- 11.10.1 A valuation certificate must contain the matters specified in the Prospectus Guidelines under Chapter 8.

11.11 Effective date of valuation

- 11.11.1 The effective date as at which the property was valued must not be more than six (6) months before the date of issue of the relevant circular or prospectus.

[End of Chapter]

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APPENDIX 11A

Content of valuation report

For the purposes of Rule 11.9, the following are matters which must be contained in a valuation report:-

1. Client and instructions The Report must be addressed to the client and state the nature of the instructions.
2. Purpose of valuation The purpose of the valuation as agreed with the client, must be stated clearly and unambiguously.
3. Material date of valuation This may be the same date as the date of the Report, or an earlier date but not more than twelve (12) months from the date of receipt of the submission.
4. Identification of the property This must be stated in a clear manner by reference to the lot number, address and the reference of the title.
5. Inspection and referencing The date of inspection together with the name(s) of the person(s) involved and the extent of the inspection, including reference to any part thereof which was not possible must be clearly stated in the Report. The valuer must make it clear if the valuation has been made without there being the opportunity to carry out an adequate inspection.

For purpose of referencing, 'The Uniform Method of Measurement of Buildings' issued by the Institution of Surveyors, Malaysia shall be used.

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| 6. Interest to be valued | The legal interest in the property asset must be properly ascertained and stated clearly in the Report and particularly in the case of joint venture interests where the valuer is required to give a description of the equity and profit sharing arrangements of the parties to the agreement. |
| 7. Title details | While the valuer may state the basic details related to the title, tenure, restrictions, conditions, easements, rights of way etc., certified copies of the titles must be provided. Any legal interpretations on any matter in the title which may have a direct or indirect influence on the value of the property must be certified by a member of the legal profession. |
| 8. Description of property | <p>A clear, adequately detailed and factual description of the property asset must include the following:-</p> <ul style="list-style-type: none">(a) Location and accessibility of the property. For identification of the property, a site and a location plan should be provided;(b) Age, description, use, accommodation, construction details of buildings, amenities and services. Adequate photographs that will indicate the external and internal conditions of the building must be provided; |

- (c) Dimensions and areas of land and buildings, together with the approved building plans and the certified copy of the Certificate of Fitness. The valuer must disclose the buildings or extensions that have not obtained approval from relevant authorities;
- (d) State of repair and condition. If there are doubts as to the state of repair, a report prepared by a qualified building surveyor or engineer may be provided; and
- (e) Site stability, especially buildings on ex-mining land, swampy sites or hill slopes. Where relevant, the valuer shall state whether a geotechnical survey and/or an environmental impact assessment are/is required and attach such reports if available.

9. Neighbourhood

A description of the surrounding development, availability of communications, amenities and utilities should be provided.

10. Planning provisions

Planning proposals and existing permissions should be dealt with in detail in the Report. Any conditions attached to relevant planning approvals which may affect value should be given due consideration. Where reference is made to the existence of any approvals, certified copies of such approvals must form part of the Report.

11. Assumptions
- Assumptions used in the valuation must be realistic, relevant and valid and adequately substantiated by reference to physical, functional and market factors. Assumptions that planning permission, conversion approval and subdivided titles and available but not materialised at the time of valuation will not be acceptable.
- Where a valuation based on an assumption is made, an "as is" valuation reflecting its existing state, condition and status must also be provided.
12. Acquisition details
- The following details of the acquisition of the subject property within two (2) years from the date of valuation must be stated in the Report:-
- (a) Date of acquisition
 - (b) Cost of acquisition; and
 - (c) Total cost expended on property after acquisition.
13. Basis of valuation
- The definition of the basis of valuation must be provided in full. The basis must be in accordance with the purpose of valuation and the categorisation of the property asset.
14. Method of valuation
- The valuer shall use at least two (2) methods of valuation and describe briefly the methods used. Where only one method is used, an explanation should be given.

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| 15. Evidence of value | <p>Adequate sale data, comparable market evidence, analysis and reconciliation relevant to the method of valuation must be provided to support the opinion.</p> <p>All sale comparables must be shown on a plan in relation to the subject property.</p> <p>The sources and nature of information relied upon in the valuation must be provided.</p> |
| 16. Property market condition | <p>The valuer shall discuss in general the prevailing market condition. This shall include the supply and demand situations affecting the area and the property sector or industry concerned as well as future indicated trends which may affect the value of the property.</p> <p>In the presentation of a valuation of foreign assets, the report should also provide some brief information on the economic, social and political background of the country where the properties are located.</p> |
| 17. Opinion of value | <p>The opinion of value in words, as well as figures, is required to be provided in the main body of the Report.</p> |

In the valuation of foreign assets, the opinion of value must also be reported in Malaysian Ringgit. The exchange rate adopted must be stated and must be based on the official exchange as at the date of valuation. The valuer must also state whether allowance has been made in respect of existing or proposed local legislation relating to taxation on the realisation of the property asset.

18. Certification and authentication

The name, address, qualifications and registration number of the valuer and the joint valuer, where applicable, and his/their organisation(s).

The Report must be signed or jointly signed and dated by the valuer(s).

19. Appendix

The following may be included as appendices:-

- (a) Detailed workings and adjustments;
- (b) Plans (site, location, layout, building);
- (c) Maps;
- (d) Photographs;
- (e) Certified copies of documents;
- (f) Expert's report; and
- (g) Declaration of independence by valuer.

[End of Appendix]

CHAPTER 12 DEALINGS IN SECURITIES**PART I - DEFINITIONS**

12.1 In this Chapter, the following terms and expressions shall have the following meanings:-

“Closed Period” means any of the periods stipulated in sub-Rules 12.3(a) and (b);

“Dealing” includes any one or more of the following actions, whether undertaken as principal or as agent:-

- (a) Acquiring or disposing of Securities or any interest in Securities;
- (b) Subscribing for or underwriting Securities;
- (c) Making or offering to make with any person, or inducing or attempting to induce any person to enter into or to offer to enter into:-
 - (i) Any agreement for or with a view to acquiring or disposing of Securities or any interest in Securities;
 - (ii) Any agreement for or with a view to subscribing for or underwriting Securities; or
 - (iii) Any agreement the purpose or avowed purpose of which is to secure a profit to any of the parties from the yield of Securities or by reference to fluctuations in the values of Securities; and
- (d) Granting, accepting, acquiring, disposing of, exercising or discharging an option (whether for the call or put or both) or any other right or obligation, present or future, conditional or unconditional, to acquire or dispose of Securities or any interest in Securities;

“Deal” shall be construed in accordance with the meaning of “dealing” as defined above;

“One (1) full Market Day” excludes the day on which an announcement is made. Therefore, for the purposes of Rule 12.3 and 12.7(c), regardless of what time the Exchange receives an announcement on a given day, dealings can only commence after one (1) full Market Day from the day on which the announcement is made;

“Price-sensitive information” means information that “on becoming generally available would or would tend to have a material effect on the price or value of securities” as referred to in Section 89B of the Securities Industry Act, 1983;

“Principal Officer”, in relation to a Listed Company, includes the chief executive officer who is not a director, chief financial officer and any other employee who has access or is privy to price-sensitive information in relation to the Listed Company; and

“Securities” means the securities of any Listed Company.

PART II - APPLICATION

12.2 The Rules in this Chapter apply to the following categories of dealings:-

(a) Dealings in the Securities of a Listed Company by the following categories of persons:-

(i) A director of the Listed Company; and

(ii) A Principal Officer of the Listed Company; and

(b) Dealings in the Securities of other Listed Companies by the following categories of persons:-

(i) A director of a Listed Company; and

(ii) A Principal Officer of a Listed Company,

when, by virtue of his position as such director or Principal Officer, he is in possession of price-sensitive information in relation to such Securities.

PART III - GENERAL RESTRICTION ON DEALINGS

12.3 Subject to Rule 12.5 below, the directors and Principal Officers referred to in Rule 12.2 (referred to as "Affected Persons" in this Chapter) must not engage in dealings during the following Closed Periods:-

(a) During the period commencing from the time information is obtained up to one (1) full Market Day after the announcement to the Exchange of a matter that involves price-sensitive information in relation to the Securities concerned; and

(b) During the period commencing from one (1) month prior to the targeted date of announcement to the Exchange of the quarterly results, up to one (1) full Market Day after the announcement of a Listed Company's results for the financial quarter.

12.4 Notwithstanding Rule 12.3 above, Affected Persons must not deal in Securities as long as they are in possession of price-sensitive information.

PART IV - EXEMPTIONS

- 12.5 The following categories of dealings are exempted from the restrictions in Rules 12.3 and 12.4:-
- (a) Exercise of options or rights under an employee share or share option scheme;
 - (b) Exercise of warrants;
 - (c) Conversion of convertible Securities;
 - (d) Acceptance of entitlements under an issue or offer of Securities, where such issue or offer is made available to all holders of a Listed Company's Securities, or to all holders of a relevant class of its Securities, on the same terms;
 - (e) Undertakings to accept, or the acceptance of, a take-over offer; and
 - (f) Undertakings to accept, or the acceptance of, Securities as part of a merger by way of scheme of arrangement.
- 12.6 For the avoidance of doubt, it is hereby stated that subsequent dealings in any Securities obtained as a result of the dealings stated in Rule 12.5 are not exempted from the restrictions in Rules 12.3 and 12.4.

PART V - PROCEDURES FOR DEALINGS DURING CLOSED PERIODS

12.7 Notwithstanding the provisions of Rule 12.3, Affected Persons may deal in Securities during a Closed Period subject to such Affected Persons complying with the following conditions:-

- (a) Prior to the proposed dealing, the Affected Person must give notice of intention to deal in writing to the company secretary of the Listed Company whose Securities are the subject of a proposed dealing (referred to as "the Affected Company") and the Affected Company must make an immediate announcement to the Exchange of such notice. The notice and announcement shall state, amongst other things:-
 - (i) The Affected Person's current holdings of Securities in the Affected Company; and
 - (ii) The Affected Person's intention to deal in the Securities of the Affected Company during a closed period;
- (b) The proposed dealing can only be effected after one (1) full Market Day of the announcement being made pursuant to sub-Rule (a) above;
- (c) The Affected Person must give notice of the dealing to the company secretary of the Affected Company not later than one (1) full Market Day following the dealing. The Affected Company must make an immediate announcement to the Exchange of such notice. The notice and announcement shall state, amongst other things:-
 - (i) The date on which the dealing occurred;
 - (ii) The consideration for the dealing; and

- (iii) The number of Securities involved in the dealing, both in absolute terms and as a percentage of all issued Securities of that class in the Affected Company;
- (d) A Listed Company shall maintain a proper record of all notices received by it pursuant to sub-Rule (c) above; and
- (e) The company secretary of a Listed Company must, at each meeting of the board of directors, table a summary of dealings notified to the Listed Company since the last board meeting.

PART VI - PROCEDURES FOR DEALINGS OUTSIDE CLOSED PERIODS

- 12.8 Where an Affected Person deals in the Securities of his own Listed Company outside Closed Periods, the Affected Person, the Listed Company and the company secretary of the Listed Company must comply with the following requirements:-
- (a) The Affected Person must, within fourteen (14) days after the dealing has occurred, give notice of the dealing in writing to the company secretary of the Affected Company and the Affected Company must make an immediate announcement to the Exchange of such notice. The notice and announcement shall include the information set out in sub-Rule 12.7(c);
 - (b) The Listed Company must maintain a proper record of all notices received by it pursuant to sub-Rule(a) above; and
 - (c) The company secretary of the Listed Company must, at each meeting of the board of directors, table a summary of dealings notified to the Listed Company since the last board meeting.

[End of Chapter]

CHAPTER 13 CORPORATE GOVERNANCE**PART I - PRINCIPLES**

- 13.1 The Rules in this Chapter are based on the principles of accountability, integrity, professionalism, transparency and corporate responsibility.

PART II - DIRECTORS

- 13.2 A Listed Company must have at least two (2) independent directors with an appropriate mix of skills and experience.
- 13.3 The selection and appointment of independent directors shall be a matter for the board as a whole.
- 13.4 Individual directors must be able to obtain professional advice which is independent of management and available at the Listed Company's expense, as is necessary in the furtherance of their duties, through an agreed procedure laid down formally by board resolution or in the Articles of Association, for example, subject to the approval of an appropriate board committee or the chairman if he is an independent director.
- 13.5 Every director of a Listed Company must ensure that he undergoes continuous training to equip himself to effectively discharge his duties as a director and for that purpose he must ensure that he attends such training programmes as may be prescribed by the Exchange from time to time.

PART III - RESTRICTION ON DIRECTORSHIPS

- 13.6 A director of an Applicant or a Listed Company shall not hold more than twenty-five (25) directorships in companies, of which :-
- (a) the number of directorships in Listed Companies shall not be more than ten (10); and
 - (b) the number of directorships in companies other than Listed Companies shall not be more than fifteen (15).
- 13.7 For the purposes of Rule 13.6:-
- (a) "Companies" shall mean companies incorporated or registered as foreign companies under the Companies Act 1965;
 - (b) "Listed Companies" shall mean companies listed on the Exchange; and
 - (c) Directorships held in companies which are non-profit organisations including, but not limited to charitable organisations and sports organisations are excluded from the computation of the number of directorships.

PART IV - AUDIT COMMITTEE

13.8 Composition

- 13.8.1 A Listed Company must establish and maintain an Audit Committee with at least three (3) members of which the majority shall comprise independent directors. The chairman of the Audit Committee must be an independent director. The chief executive officer shall not be a member of the Audit Committee.

13.9 Terms of reference

- 13.9.1 The Audit Committee must have written terms of reference which deal clearly with its authority and duties. The roles, responsibilities and rights of the Audit Committee must be specifically defined so as to provide appropriate guidance to Audit Committee members.

13.10 Duties and rights

- 13.10.1 Without limiting the generality of Rule 13.9, the duties of the Audit Committee shall include a review of:-

- (a) The nomination of external auditors;
- (b) The adequacy of existing external audit arrangements, with particular emphasis on the scope and quality of the audit;
- (c) The effectiveness of the internal audit function (if any);
- (d) The effectiveness of the internal control and management information systems;
- (e) The financial statements of the Listed Company with both the external auditors and management;
- (f) The external auditors' audit report;
- (g) Any management letter sent by the external auditors to the Listed Company and the management's response to such letter;
- (h) Any letter of resignation from the Listed Company's external auditors;
- (i) The assistance given by the Listed Company's officers to the external auditors;

- (j) All areas of significant financial risk and the arrangements in place to contain those risks to acceptable levels; and
- (k) All related-party transactions and potential conflict of interests situations.

13.10.2 Without limiting the generality of Rule 13.9, the Audit Committee shall:-

- (a) Have explicit authority to investigate any matters within its terms of reference;
- (b) Have the resources which it needs to perform its duties;
- (c) Have full access to any information which it requires in the course of performing its duties;
- (d) Have unrestricted access to the chief executive officer and the chief financial officer;
- (e) Have direct communication channels with the external auditors and internal auditors (if any);
- (f) Be able to obtain independent professional or other advice in the performance of its duties at the cost of the Listed Company; and
- (g) Be able to invite outsiders with relevant experience to attend its meetings if necessary.

13.10.3 Management shall provide the fullest co-operation in providing information and resources to the Audit Committee, and in implementing or carrying out all requests made by the Audit Committee.

13.11 Rights of auditors

- 13.11.1 The external auditors and internal auditors (if any) have the right to appear and be heard at any meeting of the Audit Committee and shall so appear when required by the Audit Committee.
- 13.11.2 Upon the request of the external auditors or internal auditors (if any), the chairman of the Audit Committee shall convene a meeting of the Committee to consider any matters that the auditors believe should be brought to the attention of the directors or shareholders.

13.12 Functional independence

- 13.12.1 The Audit Committee shall function independently of the other directors and officers of the Listed Company and its group. Such other directors and officers may attend any particular Audit Committee meeting only at the Audit Committee's invitation, specific to the relevant meeting.
- 13.12.2 Other than as provided herein, an Audit Committee may regulate its own procedures including the calling of meetings, the notice to be given of such meetings, the voting and proceedings thereat, the keeping of minutes and the custody, production and inspection of such minutes.

13.13 Retirement and resignation

- 13.13.1 A member of the Audit Committee who wishes to retire or resign should provide sufficient written notice to the Listed Company so that a replacement may be appointed before he leaves. In the event of any vacancy in the Audit Committee, the Listed Company shall fill the vacancy within two (2) months, but in any case not later than three (3) months.

PART V - AUDITORS

- 13.14 A Listed Company shall appoint a suitable accounting firm to act as its external auditors. In determining the suitability of an accounting firm as auditors, regard should be given to the adequacy of the experience and resources of the firm and the persons assigned to the audit, taking into account the firm's audit engagements, the size and complexity of the Listed Company's group to be audited, and the number and experience of supervisory and professional staff assigned to the particular audit.

PART VI - UNDERTAKING TO COMPLY AND COOPERATE

- 13.15 Every director and promoter of an Applicant or a Listed Company shall give the Exchange a written undertaking in the form of Appendix 2I. In the case of appointments made at any time after the submission of an Applicant's application for listing or after the admission of an Applicant to the Official List, the Applicant or Listed Company, as the case may be, shall ensure that a letter of undertaking in the form of Appendix 2I is furnished to the Exchange immediately upon such appointment.

[End of Chapter]

CHAPTER 14 ADVISERS AND SPONSORS**PART I - GENERAL**

- 14.1 Any person wishing to act as an Adviser or a Sponsor must comply with the Rules in this Chapter.
- 14.2 In the exercise of its discretion, the Exchange may vary the application of any of the Rules in this Chapter in respect of any Adviser or Sponsor or any class of Advisers or Sponsors, or may exempt any Adviser or Sponsor or any class of Advisers or Sponsors from the requirements of any of the Rules in this Chapter.

PART II - DEFINITIONS

- 14.3 In this Chapter, the following terms and expressions shall have the following meanings:-

“Conflict of interests” means either of the following situations:-

- (a) In relation to an Adviser, where the Adviser and/or one or more persons connected with the Adviser singularly holds or collectively hold an interest or interests in one or more voting shares in an Applicant/Listed Company which the Adviser is advising and the nominal amount of that share, or the aggregate of the nominal amounts of those shares, is 10% or more of the aggregate of the nominal amounts of all the voting shares in the Applicant/Listed Company; or
- (b) In relation to an Adviser or a Sponsor, where the Adviser or Sponsor has a financial or other relationship with the Applicant/Listed Company/Sponsored Company, or the Adviser has an interest in the outcome of any application made or to be made pursuant to Rule 14.5.1, which in the Exchange’s opinion will be likely to interfere with the independence and objectivity of the Adviser or Sponsor;

“Listed Company” means a company listed on the MESDAQ Market which is undertaking or proposing to undertake a corporate exercise in relation to which a particular Adviser is advising or proposing to advise the company, as the context may require;

“Persons connected with the Adviser” means:-

- (a) A director or substantial shareholder of the Adviser; or
- (b) A person in his capacity as trustee of a private or family trust (other than a pension scheme) the beneficiaries of which include any person in (a) above; or
- (c) A body corporate which is associated with a person in (a) above by virtue of the said person being a director or substantial shareholder of the body corporate; or
- (d) A company which is a member of the same group of companies as the Adviser;

“Public Document” means any document which is issued to the public or to the holders of any class of securities in a Listed Company in connection with a proposal for listing or a proposal for any corporate exercise subsequent to listing and includes prospectuses and circulars; and

“Sponsored Company” means a company listed on the MESDAQ Market which is sponsored by any particular Sponsor or which a Sponsor wishes to sponsor, as the context may require.

PART III - RULES GOVERNING ADVISERS

14.4 Admission as an Adviser

14.4.1 (a) Any person wishing to act as an Adviser must:-

- (i) Be a merchant bank which is licensed under the Banking And Financial Institutions Act, 1989 or a Member Company which has been approved by the SC to act as an adviser in the same manner as advisers in the SC's Policies and Guidelines on Issue/Offer of Securities; and
- (ii) Have entered into an agreement with the Exchange, in the form of Appendix 14A, to accept the responsibilities of an Adviser, to discharge those responsibilities at all times to the satisfaction of the Exchange and to comply with these Requirements and any other rules or regulations issued by the Exchange which are applicable to Advisers.

- (b) An Adviser which has entered into an agreement with the Exchange as referred to in sub-Rule 14.4.1(a)(ii) will be admitted to the Register of Advisers for the MESDAQ Market.

14.4.2 Where an Adviser fails to comply with the agreement entered into with the Exchange in connection with its admission as an Adviser in the Register of Advisers for the MESDAQ Market, the Exchange may take or impose such actions or penalties against the Adviser as it considers appropriate.

14.5 Application for listing and other corporate exercises

14.5.1 An Adviser makes the following types of applications to the Exchange:-

- (a) An application for listing on behalf of an Applicant; and
- (b) An application on behalf of a Listed Company in relation to any corporate exercise which the Listed Company proposes to undertake.

14.5.2 In relation to the applications described in Rule 14.5.1, the responsibilities of the Adviser are:-

- (a) To prepare the application;
- (b) To prepare any Public Document which is required in connection with the proposal which is the subject of the application;
- (c) To confirm to the Exchange in writing, in the form of Appendix 14B, that in relation to the application:-
 - (i) The directors of the Applicant or the Listed Company have received advice and guidance (from the Adviser or other appropriate professional adviser) as to the nature of their responsibilities and obligations to ensure compliance by the Applicant or the Listed Company with these Requirements and all relevant legislation and guidelines issued by regulatory authorities; and
 - (ii) To the best of the knowledge and belief of the Adviser, all relevant requirements of these Requirements and all relevant legislation and guidelines issued by regulatory authorities have been complied with;

- (d) To lodge with the Exchange the application and all supporting documentation;
- (e) To deal with the Exchange on all matters arising in connection with the application; and
- (f) To provide the Exchange with such information in such form and within such time limits as the Exchange may require.

14.5.3 In amplification of the obligations stated in Rule 14.5.2, it is hereby stated that an Adviser should not allow its name to be associated with any application described in Rule 14.5.1 or with any Public Document to be issued in connection with any proposal which is the subject of such application unless the Adviser is satisfied that, based on all available information and to the best of its knowledge and belief, the application or the Public Document constitutes a full and true disclosure of all material facts about the proposal concerned.

14.5.4 For the purpose of fulfilling the obligations to the Exchange under Rules 14.5.2 and 14.5.3, an Adviser shall exercise due diligence.

14.5.5 In discharging its responsibilities under Rule 14.5.2, an Adviser must be fair and objective, particularly where the Adviser is also an underwriter of an Applicant or a Listed Company.

14.6 Underwriting and sponsorship

14.6.1 An Adviser must be part of the syndicate of underwriters underwriting the shares offered under the initial public offering or any corporate exercise subsequent to listing which it advises unless exempted by the Exchange.

- 14.6.2 An Adviser must also act as the Sponsor of an Applicant upon the Applicant's admission to the MESDAQ Market. The Adviser shall undertake to the Applicant to act as its Sponsor for one (1) year after admission and the Applicant shall undertake to the Adviser to engage its services as a Sponsor for one (1) year after admission. During the said period of one (1) year, the Adviser shall not be entitled to resign as the Sponsor, nor shall the Applicant be entitled to terminate the Adviser's appointment as the Sponsor, unless permitted by the Exchange. Such resignation and termination of appointment shall be allowed subsequent to the expiry of the said period of one (1) year and shall be effected in accordance with the provisions of Rule 14.16.1.

14.7 Conflicts of interests

- 14.7.1 Rules 14.7.2 to 14.7.4 shall apply in respect of applications for listing and Rules 14.7.5 to 14.7.7 shall apply in respect of applications for corporate exercises subsequent to listing. Rules 14.7.8 and 14.7.9 shall apply in respect of both types of applications.
- 14.7.2 An Adviser shall disclose the following information in the application for listing submitted to the Exchange:-
- (a) Any dealings or arrangements between the Adviser and any director, person connected with a director, officer, shareholder, promoter, related company or associated company of an Applicant or the Applicant itself;
 - (b) Any interest in the equity of the Applicant held by the Adviser and/or any persons connected with the Adviser; and
 - (c) Any amounts owed by the Applicant and/or any related company of the Applicant to the Adviser, other than amounts owed by way of professional fees.

- 14.7.3 In the event that any dealing, arrangement, interest or amount as described in Rule 14.7.2 arises at any time after the making of the application for listing up to the date of admission of the Applicant to the Exchange or there is any change in any such dealing, arrangement, interest or amount which has previously been disclosed to the Exchange pursuant to Rule 14.7.2 or this Rule, the Adviser shall similarly make disclosure in writing to the Exchange forthwith. A copy of the Adviser's disclosure statement to the Exchange shall be furnished by the Adviser to the board of directors of the Applicant.
- 14.7.4 In addition to the requirements in Rules 14.7.2 and 14.7.3, an Adviser must take all reasonable steps to ascertain whether a conflict of interests exists or is likely to exist in relation to its role as Adviser to an Applicant. All possible steps must be taken to avoid such conflicts of interests. An Adviser which is in a conflict of interests situation must make full disclosure in writing to the Exchange and the board of directors of the Applicant of the nature and extent of the conflict of interests, and in the event that the conflict of interests cannot be resolved to the satisfaction of the Exchange, the Adviser must resign.
- 14.7.5 An Adviser shall disclose the following information in an application for any corporate exercise submitted to the Exchange on behalf of a Listed Company and in any Public Document issued in connection with such exercise:-
- (a) Any dealings or arrangements between the Adviser and any director, person connected with a director, officer, shareholder, promoter, related company or associated company of the Listed Company or the Listed Company itself;
 - (b) Any interest in the equity of the Listed Company held by the Adviser and/or any persons connected with the Adviser; and

- (c) Any amounts owed by the Listed Company and/or any related company of the Listed Company to the Adviser, other than amounts owed by way of professional fees.

- 14.7.6 In the event that any dealing, arrangement, interest or amount as described in Rule 14.7.5 arises at any time after the making of the application for the corporate exercise until the completion of the implementation of the exercise or there is any change in any such dealing, arrangement, interest or amount which has previously been disclosed to the Exchange pursuant to Rule 14.7.5 or this Rule, the Adviser shall similarly make disclosure in writing to the Exchange forthwith and in any Public Document issued in connection with the exercise. A copy of the Adviser's disclosure statement to the Exchange shall be furnished by the Adviser to the board of directors of the Listed Company.
- 14.7.7 In addition to the requirements in Rules 14.7.5 and 14.7.6, an Adviser must take all reasonable steps to ascertain whether a conflict of interests exists or is likely to exist in relation to its role as Adviser to a Listed Company. All possible steps must be taken to avoid such conflicts of interests. An Adviser which is in a conflict of interests situation must make full disclosure in writing to the Exchange and the board of directors of the Listed Company of the nature and extent of the conflict of interests, and in the event that the conflict of interests cannot be resolved to the satisfaction of the Exchange, the Adviser must resign.
- 14.7.8 In all cases where an Adviser is in doubt as to whether or not it is in a conflict of interests situation, it shall promptly consult the Exchange.
- 14.7.9 In the event that any dealing, arrangement, interest or amount as described in Rule 14.7.2 or 14.7.5 exists in relation to an Applicant or a Listed Company, the Adviser must disregard such dealing, arrangement, interest or amount when advising the Applicant or Listed Company.

14.8 Suitability and clients' understanding

- 14.8.1 An Adviser must take reasonable steps to ensure that it does not advise or recommend an Applicant or a Listed Company to enter into any transaction including an application for listing or any corporate exercise unless:-
- (a) The transaction is suitable for the Applicant or Listed Company concerned having regard to the facts disclosed by the Applicant or Listed Company and other relevant facts about the Applicant or Listed Company of which the Adviser is, or reasonably should be, aware; and
 - (b) The Adviser has taken reasonable steps to enable the Applicant or Listed Company to understand the nature of the risks involved in the transaction.

14.9 Fees

- 14.9.1 An initial admission fee of such amount as is stipulated in the Schedule of Fees is payable by each Adviser to the Exchange upon admission to the Register of Advisers.
- 14.9.2 In addition to the initial admission fee, each Adviser shall pay to the Exchange an annual fee of such amount and within such time period as is stipulated in the Schedule of Fees.
- 14.9.3 All initial admission and annual fees payable to the Exchange are non-refundable, including in the event that an Adviser ceases to be registered on the Register of Advisers for any reason whatsoever after having paid the annual fee.

14.10 Resignation and termination

14.10.1 The following provisions shall apply with respect to the resignation and termination of Advisers:-

- (a) An Adviser shall give two (2) months' notice in writing to an Applicant or a Listed Company and to the Exchange and the SC if it wishes to resign at any time before the Applicant is listed or the implementation of the Listed Company's proposed corporate exercise is completed, in which notice the Adviser shall state its reasons for resignation;
- (b) Similarly, the Applicant or Listed Company shall give two (2) months' notice in writing to the Adviser and to the Exchange and the SC if it wishes to terminate the Adviser's appointment at any time before the Applicant is listed or the implementation of the Listed Company's proposed corporate exercise is completed, in which notice the Applicant or Listed Company shall state its reasons for terminating the Adviser's appointment; and
- (c) In the event of either (a) or (b) above, the Applicant or Listed Company will have to find a replacement Adviser within the notice period. If the Applicant or Listed Company fails to find a replacement Adviser within the notice period, it shall not be permitted to take any step in furtherance of its proposed listing or proposed corporate exercise until it has found a replacement Adviser. In addition, in the case of a Listed Company, the Listed Company must make an announcement of the suspension of its proposed corporate exercise until it has found a replacement Adviser. The replacement Adviser must immediately notify the Exchange in writing of its appointment.

PART IV - RULES GOVERNING SPONSORS

14.11 Admission as a sponsor

14.11.1 Subject to Rule 14.6.2, the Sponsor of a Sponsored Company may be but need not be the same party as the Adviser who brought the Sponsored Company onto the MESDAQ Market. However, the Exchange encourages Advisers to continue to act as Sponsors to the companies which they have brought onto the MESDAQ Market after the expiry of one (1) year from the date of the companies' admission to the MESDAQ Market.

14.11.2 (a) Any person wishing to act as a Sponsor must:-

- (i) Be a merchant bank which is licensed under the Banking And Financial Institutions Act, 1989 or a Member Company which has been approved by the SC to act as an adviser in the same manner as advisers in the SC's Policies and Guidelines on Issue/Offer of Securities; and
- (ii) Have entered into an agreement with the Exchange, in the form of Appendix 14C, to accept the responsibilities of a Sponsor, to discharge those responsibilities at all times to the satisfaction of the Exchange and to comply with these Requirements and any other rules or regulations issued by the Exchange which are applicable to Sponsors.

(b) A Sponsor which has entered into an agreement with the Exchange as referred to in sub-Rule 14.11.2(a)(ii) will be admitted to the Register of Sponsors for MESDAQ Market.

14.11.3 Where a Sponsor fails to comply with the agreement entered into with the Exchange in connection with its admission as a Sponsor in the Register of Sponsors for the MESDAQ Market, the Exchange may take or impose such actions or penalties against the Sponsor as it considers appropriate.

- 14.11.4 If the Sponsor is admitted to the Register of Advisers, the fees paid by it under Rule 14.15.2 shall be deducted from the fees payable by Advisers under Rules 14.9.1 and 14.9.2.

14.12 Application

- 14.12.1 For the avoidance of doubt, it is hereby stated that the responsibilities of Sponsors as stated hereunder shall be applicable to:-

- (a) Sponsors which are not Advisers; and
- (b) Sponsors which are also Advisers, when they are acting as Sponsors.

14.13 On-going advice

- 14.13.1 The responsibilities of a Sponsor are:-

- (a) To advise and guide the directors of a Sponsored Company as to their responsibilities and obligations to ensure compliance by the Sponsored Company on an on-going basis with these Requirements and all relevant legislation and guidelines issued by regulatory authorities;
- (b) To be co-signatory for all correspondences between a Sponsored Company and the Exchange;
- (c) To act as a point of contact between a Sponsored Company and the Exchange;
- (d) To provide the Exchange with such information concerning a Sponsored Company in such form and within such time limits as the Exchange may require; and
- (e) To ensure that at least one (1) primary research report is produced in respect of a Sponsored Company every six (6) months and to furnish such reports to the Exchange.

- 14.13.2 In amplification of the obligations stated in sub-Rules 14.13.1(a) to (d), it is hereby stated that a Sponsor should not make any announcement, statement or correspondence or provide any information, whether solely or jointly with a Sponsored Company, unless the Sponsor is satisfied that, based on all available information and to the best of its knowledge and belief, such announcement, statement, correspondence or information constitutes a full and true disclosure of all material facts concerning the subject thereof.
- 14.13.3 For the purpose of fulfilling the obligations to the Exchange under sub-Rules 14.13.1(a) to (d) and Rule 14.13.2, a Sponsor shall exercise due diligence.
- 14.13.4 In discharging its responsibilities under Rule 14.13.1, a Sponsor must be fair and objective, particularly where the Sponsor is also an underwriter of a Sponsored Company.

14.14 Conflicts of interests

- 14.14.1 A Sponsor must immediately disclose the following information to the Exchange, the board of directors of the Sponsored Company and all holders of securities of the Sponsored Company:-
- (a) Any dealings or arrangements between the Sponsor and any director, person connected with a director, officer, shareholder, promoter, related company or associated company of the Sponsored Company or the Sponsored Company itself;
 - (b) Any interest in the equity of the Sponsored Company acquired or held by the Sponsor and/or any persons connected with the Sponsor; and
 - (c) Any amounts owed by the Sponsored Company and/or any related company of the Sponsored Company to the Sponsor, other than amounts owed by way of professional fees.

- 14.14.2 In addition to the requirement in Rule 14.14.1 above, a Sponsor must take all reasonable steps to ascertain whether a conflict of interests exists or is likely to exist in relation to its role as Sponsor to a Sponsored Company. All possible steps must be taken to avoid such conflicts of interests. However, where conflicts of interests cannot be avoided, a Sponsor who is or is likely to be in a conflict of interests situation must:-
- (a) Immediately make full disclosure in writing to the Exchange, the board of directors of the Sponsored Company and all holders of securities of the Sponsored Company of the nature and extent of the conflict of interests; and
 - (b) Comply with such conditions as may be imposed by the Exchange, which may include the resignation of the Sponsor.
- 14.14.3 The Exchange reserves the right not to allow a Sponsor to act as such where the Sponsor is in a conflict of interests situation in relation to a particular Sponsored Company or to require a Sponsor which is in a conflict of interests situation to resign.
- 14.14.4 In all cases where a Sponsor is in doubt as to whether or not it is in a conflict of interests situation, it shall promptly consult the Exchange.
- 14.14.5 In the event that a Sponsor is in a conflict of interests situation in relation to its role as Sponsor to a Sponsored Company, or any dealing, arrangement, interest or amount as described in Rule 14.14.1 exists in relation to a Sponsored Company, the Sponsor must disregard such conflict of interests, dealing, arrangement, interest or amount when performing sponsorship duties and functions as stated in Rule 14.13 in relation to the Sponsored Company.

14.15 Fees

- 14.15.1 An Adviser is not required to pay any other fees in addition to the initial admission fee and annual fee provided for in Rules 14.9.1 and 14.9.2, in connection with its admission to or continuing registration on the Register of Sponsors.
- 14.15.2 A Sponsor which is not an Adviser shall pay to the Exchange:-
- (a) An initial admission fee of such amount as is stipulated in the Schedule of Fees upon admission to the Register of Sponsors; and
 - (b) An annual fee of such amount and within such time period as is stipulated in the Schedule of Fees.
- 14.15.3 All initial admission and annual fees payable to the Exchange are non-refundable, including in the event that a Sponsor ceases to be registered on the Register of Sponsors for any reason whatsoever after having paid the annual fee.

14.16 Resignation and termination

- 14.16.1 The following provisions shall apply with respect to the resignation and termination of Sponsors:-
- (a) The Sponsor shall give two (2) months' notice in writing to the Sponsored Company and to the Exchange if it wishes to resign, in which notice the Sponsor shall state its reasons for resignation. Similarly, the Sponsored Company shall give two (2) months' notice in writing to the Sponsor and to the Exchange if it wishes to terminate the Sponsor's appointment, in which notice the Sponsored Company shall state its reasons for terminating the Sponsor's appointment. In either case, the Sponsored Company will have to find a replacement Sponsor within the notice period. The replacement Sponsor must immediately notify the Exchange in writing of its appointment; and

- (b) If the Sponsored Company fails to find a replacement Sponsor within the two-month notice period and it ceases to have a Sponsor upon the expiry of the said period, the Exchange will suspend trading in its securities. If the Sponsored Company still has not found a replacement Sponsor at the end of two (2) months after the expiry of the notice period, it will be removed from the Official List.

PART V - RULES GOVERNING ADVISERS AND SPONSORS

14.17 Inducements

- 14.17.1 An Adviser or a Sponsor must take reasonable steps to ensure that neither it nor any of its employees or agents offers, gives, solicits or accepts any inducement which is likely to conflict with any duties of the recipient or the Adviser or the Sponsor owed to any Applicant, Listed Company or Sponsored Company.

14.18 Sufficiency and supervision of staff

- 14.18.1 (a) An Adviser or a Sponsor must ensure that it has a sufficient number of staff and other resources available at all times to properly discharge its responsibilities.
- (b) An Adviser or a Sponsor shall at all times exercise strict supervision over its employees with a view to preventing any contravention of its Internal Code of Conduct, these Requirements, any other rules or regulations issued by the Exchange which are applicable to Advisers or Sponsors, any conditions imposed by the Exchange on the Adviser or Sponsor and all applicable legislation and guidelines issued by regulatory authorities.

14.19 Segregation of functions ("Chinese walls")

14.19.1 An Adviser or a Sponsor which assumes more than one function whether as Adviser, Sponsor, underwriter or dealer must maintain proper segregation of those functions within its organisation to prevent the following:-

- (a) The flow of confidential information between the different parts of its organisation which perform each function; and
- (b) Any conflict of interests which may arise as a result.

14.19.2 For the purposes of sub-Rule 14.19.1(a), "confidential information" means information:-

- (a) Of a precise nature which has not been made public; and
- (b) Relating to:-
 - (i) One or more Listed Companies/Sponsored Companies; or
 - (ii) Any securities of any Listed Company/Sponsored Company mentioned in (i) above; and
- (c) Which, if it were made public, would be likely to have a material effect on the price of such securities.

14.19.3 An Adviser or a Sponsor shall make appropriate provisions in its Internal Code of Conduct for the purpose of complying with Rule 14.19.1.

14.20 Insider trading

14.20.1 An Adviser or a Sponsor must not effect an own account transaction when it or its associate is prohibited from effecting that transaction by the statutory restrictions on insider trading.

14.20.2 For the purposes of Rule 14.20.1:-

- (a) An own account transaction means a transaction which is effected or arranged by the Adviser or the Sponsor on its own account or on the account of an associate acting on its own account;
- (b) An associate means:-
 - (i) A company in the same group as the Adviser or the Sponsor; or
 - (ii) An officer, employee or agent of the Adviser or the Sponsor or of a company in the same group as the Adviser or the Sponsor; or
 - (iii) A person whose business or personal relationship with the Adviser or the Sponsor or an associate of the Adviser or the Sponsor as described in (i) and (ii) above might reasonably be expected to give rise to common interests between them which may involve a conflict of interests in dealings with third parties.

14.20.3 An Adviser or a Sponsor must use its best endeavours to ensure that it does not knowingly effect a transaction for an Applicant, a Listed Company, a Sponsored Company or any other client or customer which it knows is prohibited by the statutory restrictions on insider trading.

14.21 Personal dealings

14.21.1 An Adviser or a Sponsor must take reasonable steps, including the establishment and maintenance of appropriate procedures under its Internal Code of Conduct, to ensure that its officers and employees act in conformity with:-

- (a) Their own and their employer's relevant responsibilities under their employer's Internal Code of Conduct, these Requirements, any other rules or regulations issued by the Exchange which are applicable to their employer, any conditions imposed by the Exchange on their employer and all applicable legislation and guidelines issued by regulatory authorities;
- (b) The requirements of the statutory restrictions on insider trading; and
- (c) Appropriate arrangements on propriety in personal dealings.

14.22 Fair and clear communications

- 14.22.1 An Adviser or a Sponsor may make an oral or written communication with another person which is designed to promote the provision of advisory or sponsorship services only if it can show that it believes on reasonable grounds that the communication is fair and not misleading.
- 14.22.2 An Adviser or a Sponsor must take reasonable steps to ensure that any written agreement, communication, notification or information which it gives or sends to an Applicant, a Listed Company or a Sponsored Company is presented clearly and fairly.

14.23 Compliance review

- 14.23.1 An Adviser or a Sponsor must undertake annually a review of its advisory and/or sponsorship business to enable it to determine the effectiveness of its compliance and monitoring procedures, and must report to the Exchange the main conclusions of this review within four (4) months of its financial year end or other review period as agreed with the Exchange.

14.24 Records

- 14.24.1 An Adviser or a Sponsor must take reasonable steps, including the establishment and maintenance of appropriate procedures, to ensure that sufficient information is recorded and retained about its advisory and/or sponsorship business and compliance with its Internal Code of Conduct, these Requirements, any other rules or regulations issued by the Exchange which are applicable to Advisers or Sponsors, any conditions imposed by the Exchange on the Adviser or Sponsor and all applicable legislation and guidelines issued by regulatory authorities, for a period of three (3) years.
- 14.24.2 Records required to be maintained under Rule 14.24.1 may be inspected by a person appointed by the Exchange and must be produced promptly to that person on request.
- 14.24.3 All records made by an Adviser or a Sponsor in accordance with Rule 14.24.1 may be stored in any form, but must be capable of prompt reproduction in hard printed form in either Bahasa Malaysia or English.

14.25 Direct access

- 14.25.1 Notwithstanding the provisions of Rules 14.5 and 14.13, the Exchange will be able, at its discretion, to communicate directly with an Applicant, a Listed Company or a Sponsored Company and/or with an adviser of an Applicant, a Listed Company or a Sponsored Company, in addition to the Adviser or Sponsor, to discuss either matters of principle or the interpretation of these Requirements or any applicable legislation or guidelines issued by regulatory authorities. For the purposes of this paragraph, "adviser" includes firms of public accountants, law firms and such other parties apart from the Adviser or Sponsor, as the case may be, who provide advice to an Applicant in connection with an application for listing or to a Listed Company in connection with an application for any corporate exercise subsequent to listing or to a Sponsored Company in a professional capacity.

- 14.25.2 Where discussion takes place without the Adviser or Sponsor being involved, the Applicant, Listed Company or Sponsored Company, as the case may be, must ensure that the Adviser or Sponsor is informed in writing (by the Applicant, Listed Company, Sponsored Company or adviser concerned) of the matters discussed as soon as practicable.

14.26 Designation

- 14.26.1 Advisers will be able, but not required, to state on their business documentation that they are “an Adviser and Sponsor registered with the Exchange”.
- 14.26.2 Sponsors which are not Advisers will be able, but not required, to state on their business documentation that they are “a Sponsor registered with the Exchange”.

PART VI - ENFORCEMENT

14.27 Continuing eligibility

- 14.27.1 The performance of each Adviser and each Sponsor may be reviewed by the Exchange on at any time. This review will consider the conduct of the Adviser or Sponsor during the past year. If the Exchange considers that the integrity and reputation of its Exchange may have been impaired as a result of the conduct or judgment of an Adviser or a Sponsor, the Exchange will impose such penalties under Chapter 15 as it shall deem fit on the Adviser or Sponsor.
- 14.27.2 When considering the conduct of Advisers and Sponsors, the Exchange will have regard to the following:-
- (a) The conduct of Applicants, Listed Companies or Sponsored Companies for which the Adviser or Sponsor acts;

- (b) The conduct of the Adviser or Sponsor in its dealings with the Exchange in connection with the MESDAQ Listing Requirement;
- (c) The compliance or otherwise by the Adviser or Sponsor with its Internal Code of Conduct, these Requirements, any other rules or regulations issued by the Exchange which are applicable to Advisers or Sponsors, any conditions imposed by the Exchange on the Adviser or Sponsor and all applicable legislation and guidelines issued by regulatory authorities;
- (d) The continuing fulfilment or otherwise by the Adviser or Sponsor of the criteria enumerated in Rule 14.4.1 or Rule 14.11.2, as the case may be;
- (e) The possibility and/or existence of conflicts of interests; and
- (f) Changes to the composition of corporate finance executive staff in the case of an Adviser or changes to the composition of sponsorship executive staff in the case of a Sponsor which is not an Adviser, during the past twelve (12) months. "Sponsorship executive staff" means suitably qualified and experienced executives who are dedicated to the performance of the functions of a Sponsor.

14.28 Cessation of activities

- 14.28.1 In the event that an Adviser or a Sponsor ceases to be registered on the relevant Register(s) for any reason whatsoever including voluntary cessation and removal by the Exchange, the Adviser or Sponsor shall, upon such cessation, immediately cease from all advisory and/or sponsorship activities.

14.29 Informing the SC

- 14.29.1 The Exchange shall promptly inform the SC of the cessation of registration of any Adviser or Sponsor and the reasons for such cessation.

14.30 Cooperation

- 14.30.1 An Adviser or a Sponsor shall cooperate and render every assistance to any investigation, enquiry or query conducted by the Exchange on any matter relating to these Requirements or the Rules of the Exchange.

[End of Chapter]

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APPENDIX 14A

Agreement between Adviser and the Exchange

Date :

Parties :

- (a) Kuala Lumpur Stock Exchange ("the Exchange"); and
- (b) [Name of Adviser] ("the Adviser")*.

Article 1 Interpretation

Terms used and not separately defined herein shall have the meanings ascribed thereto in the Listing Requirements of the Kuala Lumpur Stock Exchange for the MESDAQ Market ("the Listing Requirements") and Articles of Association.

Article 2 Undertakings

In consideration of the Exchange admitting the Adviser to the Exchange's Register of Advisers, the Adviser hereby undertakes to:-

- 2.1 Accept the responsibilities of an Adviser and discharge those responsibilities at all times to the satisfaction of the Exchange;
- 2.2 Comply with and be bound in all respects by:-
 - (a) All the provisions of the securities laws applicable to the Exchange;
 - (b) Any laws and guidelines issued by regulatory authorities which are applicable to the Adviser;
 - (c) The Adviser's Internal Code of Conduct;

- (d) The Memorandum and Articles of Association of the Exchange;
- (e) The Listing Requirements and any other rules or regulations of the Exchange which now are or may hereinafter be in force in so far as they are applicable to or affect Advisers; and
- (f) Any special conditions which may be imposed by the Exchange on the Adviser at any time and from time to time;

2.3 Ensure that it has proper procedures to:-

- (a) Ensure compliance with all the laws, guidelines, code, rules, regulations and conditions mentioned in Article 2.2(a) to (f) above by all its officers, employees and agents; and
- (b) Ensure compliance with the Listing Requirements by all its clients;

2.4 Cooperate and render every assistance to any investigation, enquiry or query conducted by the Exchange on any matter relating to the Listing Requirements or the Rules of the Exchange; and

2.5 Conduct its business as an Adviser in accordance with ethical and professional business practices.

Article 3 Representations, Warranties and Agreements

The Adviser represents, warrants and agrees with the Exchange that:-

- 3.1 The Adviser is duly authorised and has obtained all external and internal approvals, permits, licences and authorisations to enter into this Agreement, and to perform all of its obligations under or pursuant to this Agreement; and
- 3.2 This Agreement constitutes legal, valid and binding obligations of the Adviser and is enforceable in accordance with its terms.

Article 4 Indemnities

The Adviser agrees that:-

- 4.1 Neither the Exchange nor any of its officers, employees or agents (including any director or member of any committee of the Exchange) shall be liable to the Adviser for any act or omission to act by such officers, employees or agents, whether or not acting within the scope of his or her employment or functions in the Exchange, except only if and to the extent that the Exchange or any of such officers, employees or agents, as the case may be, is proved to have been acting with gross negligence or wilful misconduct; and
- 4.2 The Adviser shall fully indemnify and hold the Exchange harmless from and against any costs, losses, damages or claims incurred by or asserted against the Exchange as a consequence of or in connection with any act or omission to act by the Adviser in the conduct of its activities as an Adviser, or as a consequence of any breach by the Adviser of any of the obligations assumed by it under this Agreement.

Article 5 Effective Date

This Agreement shall not enter into force until it has been executed by both parties hereto.

App 14A-04

IN WITNESS WHEREOF the parties hereto have set their signatures unto this Agreement on the date stated above.

For the Exchange:-

Authorised Signatory
[Name]
[Designation]

Witness
[Name]
[Designation]

For the Adviser:-

Authorised Signatory
[Name]
[Designation]

Witness
[Name]
[Designation]

Note:-

- * An Adviser shall enter into a separate agreement with the Exchange as a Sponsor. Such agreement is in the form of Appendix 14C.

[End of Appendix]

APPENDIX 14B

Adviser's confirmation to the Exchange and SC

[Date]

The Executive Chairman
Kuala Lumpur Stock Exchange
Exchange Square
Bukit Kewangan
50200 Kuala Lumpur

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

Dear Sirs,

[Name of Applicant/Listed Company] ("The Company")
Application for listing on the MESDAQ Market/Application for
[description of corporate exercise]

As Adviser to the Company in relation to the above-mentioned application, we hereby confirm that in relation to the above-mentioned application:-

1. The directors of the Company have received advice and guidance from us and [names of other professional advisers, if applicable] as to the nature of their responsibilities and obligations to ensure compliance by the Company with Listing Requirements of the Kuala Lumpur Stock Exchange for the MESDAQ Market and all relevant legislation and guidelines issued by regulatory authorities; and

2. To the best of our knowledge and belief, all relevant requirements of Listing Requirements of the Kuala Lumpur Stock Exchange for the MESDAQ Market and all relevant legislation and guidelines issued by regulatory authorities have been complied with.

Yours faithfully,

[Name]
[Designation]

[End of Appendix]

APPENDIX 14C

Agreement between Sponsor and the Exchange

Date :

Parties :

- (a) Kuala Lumpur Stock Exchange ("the Exchange"); and
- (b) [Name of Sponsor] ("the Sponsor").

Article 1 Interpretation

Terms used and not separately defined herein shall have the meanings ascribed thereto in Listing Requirements of the Kuala Lumpur Stock Exchange for the MESDAQ Market ("the Listing Requirements") and Articles of Association.

Article 2 Undertakings

In consideration of the Exchange admitting the Sponsor to the Exchange's Register of Sponsors, the Sponsor hereby undertakes to:-

- 2.1 Accept the responsibilities of a Sponsor and discharge those responsibilities at all times to the satisfaction of the Exchange;
- 2.2 Comply with and be bound in all respects by:-
 - (a) All the provisions of the securities laws applicable to the Exchange;
 - (b) Any laws and guidelines issued by regulatory authorities which are applicable to the Sponsor;
 - (c) The Sponsor's Internal Code of Conduct;
 - (d) The Memorandum and Articles of Association of the Exchange;

- (e) The Listing Requirements and any other rules or regulations of the Exchange which now are or may hereinafter be in force in so far as they are applicable to or affect Sponsors; and
- (f) Any special conditions which may have been imposed by the Exchange on the Sponsor at any time and from time to time;

2.3 Ensure that it has proper procedures to:-

- (a) Ensure compliance with all the laws, guidelines, code, rules, regulations and conditions mentioned in Article 2.2(a) to (f) above by all its officers, employees and agents; and
- (b) Ensure compliance with the Listing Requirements by all its clients;

2.4 Co-operate and render every assistance to any investigation, enquiry or query conducted by the Exchange on any matter relating to the Listing Requirements or the Rules of the Exchange; and

2.5 Conduct its business as a Sponsor in accordance with ethical and professional business practices.

Article 3 Representations, Warranties and Agreements

The Sponsor represents, warrants and agrees with the Exchange that:-

- 3.1 The Sponsor is duly authorised and has obtained all external and internal approvals, permits, licences and authorisations to enter into this Agreement, and to perform all of its obligations under or pursuant to this Agreement; and
- 3.2 This Agreement constitutes legal, valid and binding obligations of the Sponsor and is enforceable in accordance with its terms.

Article 4 Indemnities

The Sponsor agrees that:-

- 4.1 Neither the Exchange nor any of its officers, employees or agents (including any director or member of any committee of the Exchange) shall be liable to the Sponsor for any act or omission to act by such officers, employees or agents, whether or not acting within the scope of his or her employment or functions in the Exchange, except only if and to the extent that the Exchange or any of such officers, employees or agents, as the case may be, is proved to have been acting with gross negligence or wilful misconduct; and
- 4.2 The Sponsor shall fully indemnify and hold the Exchange harmless from and against any costs, losses, damages or claims incurred by or asserted against the Exchange as a consequence of or in connection with any act or omission to act by the Sponsor in the conduct of its activities as a Sponsor, or as a consequence of any breach by the Sponsor of any of the obligations assumed by it under this Agreement.

Article 5 Effective Date

This Agreement shall not enter into force until it has been executed by both parties hereto.

App 14C-04

IN WITNESS WHEREOF the parties hereto have set their signatures unto this Agreement on the date stated above.

For the Exchange:-

Authorised Signatory
[Name]
[Designation]

Witness
[Name]
[Designation]

For the Sponsor:-

Authorised Signatory
[Name]
[Designation]

Witness
[Name]
[Designation]

[End of Appendix]

CHAPTER 15 COMPLIANCE AND ENFORCEMENT

PART I - GENERAL

- 15.1 The Exchange requires compliance with its rules and regulations by all Listed Companies and their directors, promoters and officers, and all Advisers and Sponsors unless a waiver has been specifically granted by the Exchange in the exercise of its discretion.
- 15.2 Without prejudice to the powers of the Exchange under the Rules in this Chapter, it shall have the power to require the directors, promoters, officers, Adviser and Sponsor of a Listed Company to attend personally before the Exchange or any committee or sub-committee established by the Exchange or any employee of the Exchange to provide any document, information and/or explanation for any purpose deemed appropriate by the Exchange and the Exchange may record statements from such persons.
- 15.3 An act, omission or failure of any officer, employee, agent or other person acting on behalf of any Listed Company, Adviser or Sponsor is deemed to be the act, omission or failure of the Listed Company, Adviser or Sponsor.

PART II - PENALTIES

- 15.4 In the event of any breach of these Requirements by any Applicant, Listed Company or its directors, officers, Advisers, Sponsors or any other person to whom these Requirements are directed, the Exchange may take or impose such actions or penalties as it considers appropriate.

- 15.5 The types of enforcement penalties that the Exchange may impose include any one or more of the following:-
- (a) In relation to the directors, promoters and officers of a Listed Company:-
 - (i) Issue of a letter directing the person in default to rectify the breach, which direction shall remain in force until it is revoked;
 - (ii) Issue of a caution letter;
 - (iii) Issue of a reprimand letter;
 - (iv) Moratorium on or prohibition of dealings in the Listed Company's securities by the relevant director(s), promoter(s) or officer(s) and any person(s) connected with them;
 - (v) Prohibition on the use of the facilities of the Exchange;
 - (vi) A fine of such amount as may be determined by the Exchange from time to time;
 - (vii) Issue of public reprimand or censure; and
 - (viii) Any other action which the Exchange may deem appropriate;
 - (b) In relation to Listed Companies:-
 - (i) Issue of a letter directing the Listed Company to rectify the breach, which direction shall remain in force until it is revoked;
 - (ii) Issue of a caution letter;
 - (iii) Issue of a reprimand letter;
 - (iv) Non-acceptance of applications for corporate proposals;

- (v) A fine of such amount as may be determined by the Exchange from time to time;
 - (vi) Issue of public reprimand or censure;
 - (vii) Suspension of trading in the Listed Company's securities;
 - (viii) Removal from the Official List; and
 - (ix) Any other action which the Exchange may deem appropriate; and
- (c) In relation to Advisers and Sponsors:-
- (i) Issue of a letter directing the Adviser or Sponsor to rectify the breach, which direction shall remain in force until it is revoked;
 - (ii) Issue of a caution letter;
 - (iii) Issue of a reprimand letter;
 - (iv) Non-acceptance of applications in the case of Advisers;
 - (v) A fine of such amount as may be determined by the Exchange from time to time;
 - (vi) Issue of public reprimand or censure;
 - (vii) Suspension of any or all rights attaching to registration on such terms and for such period as the Exchange thinks fit; and
 - (viii) Removal from the Register of Advisers and/or the Register of Sponsors. In the case of an Adviser, removal from either the Register of Advisers or the Register of Sponsors for any reason whatsoever will automatically result in removal from both Registers.

- 15.6 The measures set out in Rule 15.5 are cumulative and the imposition of any one or more of them does not preclude the Exchange from later taking such further actions or penalties against a Listed Company, a director, promoter or officer of a Listed Company, an Adviser or a Sponsor as the Exchange thinks fit on the same facts or further facts, including removal from the Official List, the Register of Advisers and/or the Register of Sponsors, as the case may be.
- 15.7 The exercise of the powers in Rules 15.5 and 15.6 does not in any way prejudice the other rights of the Exchange against an Applicant, a Listed Company, a director, promoter or officer of a Listed Company, an Adviser or a Sponsor.

PART III- ENFORCEMENT PROCEEDINGS

15.8 Definitions

- 15.8.1 In Parts III and IV of this Chapter, a “person in default” means a Listed Company, a director, promoter or officer of a Listed Company, an Adviser or a Sponsor who has committed a breach or is alleged to have committed a breach of these Requirements.

15.9 Committee or sub-committee to decide

- 15.9.1 The Exchange shall appoint a committee or sub-committee to discharge the exercise of its powers under Rules 15.4 and 15.5 against a person in default.
- 15.9.2 The person in default who is the subject of enforcement proceedings by the Exchange may request for an oral hearing before the Exchange, make submissions, and procure the attendance of witnesses to answer the case made against him by the Exchange.

15.9.3 The committee or sub-committee established by the Exchange is not bound by rules of evidence in its proceedings.

15.10 Notice to the SC

15.10.1 The Exchange shall give notice to the SC of any disciplinary action taken against any person in default.

15.11 Power to obtain documents

15.11.1 The Exchange may, for investigation purposes:-

- (a) by notice in writing require an Applicant, a Listed Company, its directors, officers, employees, Advisers, Sponsors, or any other person to whom these Requirements are directed, to produce for inspection any documents, books, papers, registers, records or accounts (whether recorded in documentary or electronic form) (referred to collectively as "Information") that are held by the person concerned or to which the person concerned has control or access over;
- (b) Inspect and make copies of, or take notes from, such Information;
- (c) Retain such Information for such periods as the Exchange deems fit; or
- (d) Disclose or forward such Information to such authorities as the Exchange deems fit.

PART IV - FAILURE TO PAY FEES OR MONIES

- 15.12 In the event of any failure to pay any fees or monies as may be required by these Requirements, the Exchange shall be entitled to do the following:-
- (a) Make a demand in writing for the payment, within fourteen (14) days from the date of such demand, of such fees or monies together with interest thereon at the rate stipulated in the Schedule of Fees calculated from the date such fees or monies are due and payable until the date of payment; and
 - (b) In default of full payment as demanded:-
 - (i) Take all such actions and proceedings as may be necessary to recover such fees or monies together with interest thereon at the rate stipulated in the Schedule of Fees calculated from the date such fees or monies are due and payable until the date of payment, regardless of whether payment is made before or after judgment; and
 - (ii) Impose any penalty under Part III of this Chapter without prejudice to the Exchange's rights under (i) above.
- 15.13 In the event that an Adviser or a Sponsor is removed from the relevant Register(s) pursuant to sub-Rule 15.12(b)(ii) above, it may be re-admitted to the relevant Register(s) after it has paid all outstanding fees or monies together with interest thereon at the rate stipulated in the Schedule of Fees calculated from the date such fees or monies are due and payable until the date of payment. Upon readmission, the Adviser or Sponsor shall not be required to pay the initial fee again.

PART V - SUSPENSION

The Exchange's right to suspend

- 15.14 The Exchange may at any time suspend trading of a Listed Company's securities either at the Listed Company's request or as determined by the Exchange.

Suspension as determined by the Exchange

- 15.15 The Exchange may at any time suspend trading of a Listed Company's securities if, in the Exchange's opinion, any of the following applies:-
- (a) There has been a breach of these Requirements by a Listed Company; or
 - (b) Where, in the opinion of the Exchange, it is necessary or expedient in the interest of maintaining an orderly and fair market in the Listed Company's securities; or
 - (c) In the event of any substantial corporate exercise or capital restructuring of the Listed Company; or
 - (d) The Exchange has a right or discretion to suspend trading of the Listed Company's securities under any provision of these Requirements; or
 - (e) The suspension is appropriate or necessary for some other reason as may be determined by the Exchange or any other relevant authority.
- 15.16 The Exchange may at any time lift the suspension on trading of the Listed Company's securities upon satisfactory compliance and resolution of all matters sufficient to justify the lifting of the suspension and to provide an orderly and fair market.
- 15.17 The lifting of a suspension on a Listed Company's securities will commence on such Market Day and at such time as shall be determined by the Exchange.

PART VI - REMOVAL

The Exchange's right to remove

- 15.18 The Exchange may at any time remove a Listed Company from the Official List either at the Listed Company's request or as determined by the Exchange.

Removal at a Listed Company's request

- 15.19 The Exchange has a discretion as to whether to grant a Listed Company's request for removal from the Official List. In a request for removal, a Listed Company must provide the following information:-

- (a) The full and detailed reasons for the removal;
- (b) Confirmation and verification of the authority of the representative of the Listed Company making the request;
- (c) Any other information necessary to inform the market about the removal; and
- (d) Any other information or explanation as may be required by the Exchange.

The Exchange may require terms and conditions to be satisfied by the Listed Company prior to acting on the request for removal.

Removal as determined by the Exchange

- 15.20 The Exchange may remove a Listed Company from the Official List if, in the Exchange's opinion, any of the following applies:-
- (a) There has been a breach of these Requirements; or

- (b) There has been a continuous suspension of the Listed Company's securities for one (1) year, subject to the Exchange having a discretion to remove the Listed Company from the Official List earlier or not to apply this Rule; or
- (c) The Exchange has a right to remove the Listed Company from the Official List as provided under any provision of these Requirements; or
- (d) The removal is appropriate or necessary for some other reason as may be determined by the Exchange or any other relevant authority.

15.21 Where the Exchange removes a Listed Company from the Official List, the company may reapply for listing following its shareholders' approval. Such reapplication is to be treated as a new application for listing.

Informing the SC

15.22 The Exchange shall inform the SC of the removal of any Listed Company from the Official List and the reasons therefor.

[End of Chapter]

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SCHEDULE OF FEES

1. It is the obligation of an Applicant, a Listed Company, an Adviser and a Sponsor to pay to the Exchange of such amount within such time period as specified in this Schedule.
2. The Exchange reserves the right to add to, vary or delete any of the fee from the Schedule from time to time, as it deems fit.
3. Any late payment of fees shall result in late payment charges calculated based on 10% per annum on daily rest basis.
4. No refund of any fees paid will be allowed.

A. Applicant and Listed Company

Types	Amount	Time Period for Payment
Admission Fees Processing Fee Initial Listing Fee	RM30,000 RM2,500	Upon submission of application. Within 30 calendar days from the date of invoice which will be issued subsequent to approval for admission.
Fees for Subsequent Proposal Perusal Fee	see Note	Within 30 calendar days from the date of invoice which will be issued subsequent to clearance of documents.

Types	Amount	Time Period for Payment
Additional Listing Fee	RM2,500 (for each class of securities)	Within 30 calendar days from the date of invoice which will be issued subsequent to approval for additional listing.
Annual Listing Fee For Listed Company	RM2,500	Payable annually in advance no later than 31st January of each calendar year.

Note : For the perusal of documents, the Exchange will charge a fee as determined from time to time.

B. Adviser and Sponsor

Types	Amount	Time Period for Payment
Initial Admission Fee		
Adviser	RM250,000	Upon admission.
Sponsor	RM50,000	Upon admission.
Annual Fee		
Adviser	RM50,000	Payable annually in advance no later than 31st January of each calendar year.
Sponsor	RM5,000	Payable annually in advance no later than 31 January of each year.

[End of Schedule]

KUALA LUMPUR STOCK EXCHANGE

GUIDANCE NOTES 1

CORPORATE DISCLOSURE POLICY

PART I - WITHHOLDING OF MATERIAL INFORMATION IN APPROPRIATE CIRCUMSTANCES

1.1 When material information may be withheld

Occasionally circumstances arise in which, provided that complete confidentiality is maintained, a Listed Company may temporarily refrain from publicly disclosing material information. The following circumstances where disclosure can be withheld are limited and constitute an infrequent exception to the normal requirement of immediate public disclosure. Thus, in cases of doubt, the presumption must always be in favour of disclosure.

- (a) When immediate disclosure would prejudice the ability of the Listed Company to pursue its corporate objectives.

Although public disclosure is generally necessary to protect the interests of investors, circumstances may occasionally arise where disclosure would prejudice a Listed Company's ability to achieve a valid corporate objective. Public disclosure of a plan to acquire certain assets, for example, could result in an increase in the Listed Company's cost of the desired acquisition or could prevent the Listed Company from carrying out the plan at all. In such circumstances, if the unfavourable result to the Listed Company outweighs the undesirable consequences of non-disclosure, disclosure may properly be deferred to a more appropriate time.

- (b) When the facts are in a state of flux and a more appropriate moment for disclosure is imminent.

Occasionally corporate developments give rise to information which, although material, is subject to rapid change. If the situation is about to stabilise or resolve itself in the near future, it may be proper to withhold public announcement until a firm announcement may be made, since successive public announcements concerning the same subject but based on changing facts may confuse or mislead the public rather than enlighten it.

For example, in the course of a successful negotiation for the acquisition of another company, the only information known to each party at the outset may be the willingness of the other to hold discussions. Shortly thereafter, it may become apparent to the parties that it is likely that an agreement can be reached. Finally, agreement in principle may be reached on specific terms. In such circumstances, a Listed Company need not issue a public announcement at each stage of the negotiations, describing the current state of constantly changing facts, but may await agreement in principle on specific terms. If, on the other hand, progress in the negotiations should stabilise at some point, disclosure should then be made if the information is material.

1.2 Confidentiality and monitoring of market activity

Whenever material information is being temporarily withheld, the strictest confidentiality must be maintained, and the Listed Company must be prepared to make an immediate public announcement, if necessary. During this period, market activity in the Listed Company's securities must be closely watched, since unusual market activity frequently signifies that a "leak" may have occurred.

1.3 Rumours

If rumours concerning such information should develop, immediate public disclosure becomes necessary. Listed Companies are referred to Part III of these Guidance Notes on "Clarification or Confirmation of Rumours and Reports".

1.4 Insider trading

Immediate public disclosure of such information must be effected if the Listed Company should learn that insider trading has taken or is taking place while the information is being temporarily withheld. In unusual cases, where the insider trading is insignificant and did not have any influence on the market and measures sufficient to halt the insider trading and prevent its recurrence are taken, exceptions may be made which should be discussed with the Exchange.

1.5 How to maintain confidentiality

Information that is to be kept confidential should be confined, to the extent possible, to the highest echelons of management and disclosed to officers, employees and others only on a "need to know" basis. Distribution of paperwork and other data should be kept to a minimum. Where the information has to be disclosed to officers, employees and others, their attention should be drawn to its confidential nature and to the restrictions that apply to its use, including the fact that they must not deal in the Listed Company's securities before the relevant information has been made available to the public. It may be appropriate to require each person who gains access to the information to report any dealings which he effects in the Listed Company's securities to the Listed Company.

If solicitors, accountants, merchant bankers and other advisers are consulted, steps should be taken to ensure that they maintain similar precautions within their respective organisations to maintain confidentiality.

In general, it is recommended that a Listed Company remind its employees on a regular basis of its policies on confidentiality.

PART II - PUBLIC DISSEMINATION

1.6 Dissemination through the media

In addition to making a public announcement to the Exchange and the financial newswire services, Listed Companies may wish to broaden the distribution of material information to other news or broadcast media and to business and financial publications. The information in question should always be given to the media in such a way as to promote publication as promptly as possible, i.e. by telephone or facsimile, in both cases on an "immediate release" basis. Listed Companies should take note that some of these media may refuse to publish information given by telephone until it has been confirmed in writing or may require written confirmation after its publication.

1.7 Meetings with securities analysts, journalists and holders of securities

The Exchange recommends that Listed Companies observe an "open door" policy in dealing with analysts, journalists, holders of securities and others. However, under no circumstances should disclosure of material corporate developments be made on an individual or selective basis to analysts, holders of securities or other persons unless such information has previously been fully disclosed and disseminated to the public. In the event that material information is inadvertently disclosed on the occasion of any meeting with analysts, holders of securities or others, it must be publicly disseminated as promptly as possible.

The Exchange also believes that even any appearance of preference or partiality in the release or explanation of information should be avoided. Thus, at meetings with analysts or other special groups, where the procedure of the group sponsoring the meeting permits, representatives of the newswire services, the press and other media should be permitted to attend.

PART III - CLARIFICATION OR CONFIRMATION OF RUMOURS AND REPORTS

1.8 Policy on clarification

Whenever a Listed Company becomes aware of a rumour or report, whether true or false, that contains information which has had, or is likely to have, an effect on the price of the Listed Company's securities or would be likely to have a bearing on investment decisions, the Listed Company is required to publicly clarify the rumour or report as promptly as possible.

1.9 Types of rumours and reports

A public circulation by any means, whether by an article published in a newspaper, by a broker's market letter, or by word-of-mouth information, whether true or false, which has not been substantiated by the Listed Company and which has had, or is likely to have, an effect on the price of the Listed Company's securities or would be likely to have a bearing on investment decisions, must be clarified or confirmed.

1.10 Response

In the case of a material rumour or report containing erroneous information which has been circulated, the Listed Company must prepare an announcement denying the rumour or report and setting forth facts which are sufficient to clarify any misleading aspects of the rumour or report. In the case of a material rumour or report containing information which is correct, an announcement setting forth the facts must be prepared for public release.

In addition, in the case of a false rumour or report, a reasonable effort should be made to bring the announcement to the attention of the particular group that initially distributed it, for example, in the case of an erroneous newspaper article, by sending a copy of the announcement to the newspaper's financial editor, or in the case of an erroneous market letter, by sending a copy to the broker responsible for the letter.

In the case of a rumour or report predicting future sales, earnings or other data, no response from the Listed Company is ordinarily required. However, if such a rumour or report is manifestly based on erroneous information, or is wrongly attributed to any source within the Listed Company, the Listed Company should respond promptly to the supposedly factual elements of the rumour or report in the same manner as to other false rumours and reports of a supposedly factual nature. Moreover, if a rumour or report contains a prediction that is clearly erroneous, the Listed Company should issue an announcement to the effect that the Listed Company itself has made no such prediction and currently knows of no facts that would justify making such a prediction.

PART IV - RESPONSE TO UNUSUAL MARKET ACTIVITY

1.11 Policy on enquiry and clarification

Whenever unusual market activity takes place in a Listed Company's securities, the Listed Company shall make enquiry to determine whether rumours or other conditions requiring corrective action exist, and if so, take whatever action is appropriate. If, after the Listed Company's enquiry, the unusual market activity remains unexplained, it would be appropriate for the Listed Company to announce that there has been no material development in its business and affairs which has not been previously disclosed nor, to its knowledge, any other reason to account for the unusual market activity.

1.12 Significance of unusual market activity

Where unusual market activity, in price movement, trading activity, or both, occurs without any apparent publicly available information which would account for the activity, it may signify trading by persons who are acting either on unannounced information or on a rumour or report, whether true or false, about the Listed Company. Sometimes, unusual market activity may not be traceable to either insider trading or a rumour or report. Nevertheless, the market activity itself may be misleading to investors, who are likely to assume that a sudden and appreciable change in the price of the Listed Company's securities must reflect a parallel change in its business or prospects. Similarly, unusual trading volume, even when not accompanied by a significant change in price, tends to encourage rumours and give rise to excessive speculative trading activity which may be unrelated to actual developments in the Listed Company's affairs.

1.13 Response

First, the Listed Company must attempt to determine the reason for the market activity, in particular, by considering whether any information about its affairs which would account for the activity has recently been publicly disclosed, whether there is any information of this type that has not been publicly disclosed (in which case the unusual market activity may signify that a "leak" has occurred), and whether the Listed Company is the subject of a rumour or report.

If the Listed Company determines that the market activity results from material information that has already been publicly disseminated, generally no further announcement is required, although if the market activity indicates that such information may have been misinterpreted, it may be helpful to issue a clarifying announcement.

If the market activity results from the “leak” of previously undisclosed information, the information in question must promptly be publicly disseminated. If the market activity results from a false rumour or report, Part III of these Guidance Notes must be complied with.

Finally, if the Listed Company is unable to determine the cause of the market activity, the Listed Company must make a public announcement to the effect that there have been no undisclosed recent developments affecting the Listed Company or its affairs which would account for the unusual market activity.

PART V - UNWARRANTED PROMOTIONAL DISCLOSURE

1.14 Prohibition

A Listed Company must not engage in promotional disclosure activity which exceeds that which is necessary to enable the public to make informed investment decisions.

1.15 Definition and types

Any disclosure activity beyond that which is necessary to inform investors and explicable essentially as an attempt to influence the prices of securities is considered to be unwarranted and promotional.

Such activity includes inappropriately worded news releases, public announcements which are not justified by actual developments in a Listed Company's affairs, exaggerated reports or predictions, flamboyant wording and other forms of overstated or over-zealous disclosure activity which may mislead investors and cause unwarranted price movements and activity in a Listed Company's securities.

Although the distinction between legitimate public relations activities and such promotional activity is one that must necessarily be drawn from the facts of a particular case, the following are frequent earmarks of unwarranted promotional activity:-

- (a) A series of public announcements which are unrelated in volume or frequency to the materiality of actual developments in a Listed Company's business and affairs;
- (b) Premature announcement of products which are still in the development stage with unproven commercial prospects;
- (c) Promotions and expense-paid trips, or the seeking out of meetings or interviews with analysts and financial writers, which could have the effect of unduly influencing market activity in the Listed Company's securities and are not justified in frequency or scope by the need to disseminate information about actual developments in the Listed Company's business and affairs;
- (d) Press releases or other public announcements of a one-sided or unbalanced nature; and
- (e) Company or product advertisements which in effect promote the Listed Company's securities.

PART VI - INSIDER TRADING

1.16 Prohibition

Insiders must not trade on the basis of material information which is not known to the investing public. Moreover, insiders must refrain from trading, even after material information has been released to the press and other media, for a period sufficient to permit thorough public dissemination and evaluation of the information.

The reader is referred to the relevant sections in the Companies Act, 1965 and the Securities Industry Act, 1983 for a more in-depth understanding of the statutory restrictions on insider trading.

1.17 Insiders

All persons who come into possession of material inside information, before its public release, are considered insiders for the purposes of the Exchange's disclosure policy. Such persons include controlling shareholders, directors, officers and employees, and frequently also include solicitors, accountants, merchant bankers, public relations advisers and other advisers and consultants. The immediate family members of insiders, and those under the control of insiders, may also be regarded as insiders. Where negotiations for acquisitions or other corporate deals are concerned, the above relationships apply to the other parties to the negotiations as well. Finally, for the purposes of the Exchange's disclosure policy, insiders also include "tippees" who come into possession of material inside information.

1.18 Inside information

Inside information is that which has not been publicly released and which is intended for use solely for a corporate purpose and not for any personal use and which the Listed Company withholds.

1.19 Insider trading

Insider trading refers not only to the purchase or sale of a Listed Company's securities, but also to the purchase or sale of puts, calls, or other options with respect to such securities. Such trading is deemed to be done by an insider whenever he has any beneficial interest, direct or indirect, in such securities or options, regardless of whether they are actually held in his name.

Included in the concept of insider trading is tipping, or revealing inside information to outsiders to enable such outsiders to trade in the Listed Company's securities on the basis of undisclosed information.

1.20 When insiders may begin to trade

This depends both on how thoroughly and how quickly after its release the information is published by the newswire services and the press. In addition, following the dissemination of the information, insiders must refrain from trading until the public has had an opportunity to evaluate it thoroughly. Where the effect of the information on investment decisions is readily understandable, as in the case of earnings, the required waiting period will be shorter than where the information must be interpreted before its bearing on investment decisions can be evaluated.

While the waiting period is dependent on the circumstances, the Exchange recommends that, as a basic policy, when dissemination is made in accordance with these Requirements and these Guidance Notes, insiders should wait for at least twenty four (24) hours after the general publication of the information in a national medium. Where publication is not so widespread, a minimum waiting period of forty eight (48) hours is recommended. Where publication does not occur, or if it should otherwise appear appropriate, it may be desirable to obtain a legal opinion before insiders can trade.

1.21 Steps to prevent insider trading

A Listed Company can establish, publish and enforce effective procedures applicable to the purchase and sale of its securities by its directors, officers, employees and other insiders, which are designed not only to prevent improper trading, but also to avoid any question of the propriety of insider purchases or sales. One such procedure might require corporate insiders to restrict their purchases and sales of the Listed Company's securities to periods following the release of financial statements or other releases setting forth the financial condition and status of the Listed Company. Another could involve the purchase of a Listed Company's securities on a regular periodic basis by an agent over which neither the Listed Company nor any insider has any control.

PART VII - PREPARATION OF ANNOUNCEMENTS

1.22 Persons responsible

Since skill and experience are important to the preparation and editing of accurate, fair and balanced public announcements, the Exchange recommends that a limited group of individuals within a Listed Company be given this assignment on a continuing basis. Furthermore, since a press announcement usually has to be prepared and released as quickly as possible, the group charged with this assignment should be large enough to handle problems that arise suddenly and unexpectedly.

1.23 Review by solicitors

Review of press releases and other public announcements by solicitors is often desirable and necessary, depending on the importance and complexity of the announcement.

[End of Guidance Notes]

KUALA LUMPUR STOCK EXCHANGE

GUIDANCE NOTES 2

CORPORATE GOVERNANCE

PART I - PURPOSE AND DEFINITION

- 2.1 These Guidance Notes represent the recommended best practice which the Exchange would expect Listed Companies to adopt.
- 2.2 In these Guidance Notes, "Officer", in relation to a Listed Company, means directors, company secretaries, managers and promoters.

PART II - GENERAL DUTIES OF BOARD

- 2.3 The board of directors of a Listed Company should explicitly assume responsibility for the stewardship of the Listed Company and, as part of the overall stewardship responsibility, should meet regularly and retain full and effective control over the Listed Company including assuming responsibility for the following matters:-
- (a) The adoption of a corporate strategy;
 - (b) Succession planning, including appointing, training and monitoring management;
 - (c) A public communications programme for the Listed Company;
 - (d) The integrity of the Listed Company's internal control and management information systems; and

- (e) The identification of areas of significant business risk, and putting arrangements in place to manage them.
- 2.4 The board should have a formal schedule of matters specifically reserved to it for decision to ensure that the control and direction of the Listed Company are firmly in its hands.

PART III- GENERAL DUTIES OF OFFICERS

- 2.5 The Exchange places great importance on the role of Officers in the performance of their duties. The Exchange will not tolerate any compromise on the integrity or public accountability of Officers.
- 2.6 In the interest of shareholders, Officers should be appointed to their positions based on their merits.
- 2.7 In the exercise of his powers and the performance of his duties, an Officer shall at all times observe the following code of practice:-
 - (a) Have a clear understanding of the aims and objectives, capabilities and capacity of the Listed Company;
 - (b) Ensure that the Listed Company is properly managed and effectively controlled;
 - (c) Stay abreast of the affairs of the Listed Company and be kept informed of the Listed Company's compliance with relevant legislation, regulations and contractual requirements;
 - (d) Exercise his powers for the purposes for which they were conferred and for the benefit of the Listed Company;
 - (e) Act honestly and responsibly in the exercise of his powers and the discharge of his duties;

- (f) Act bona fide and in the best interests of public shareholders;
- (g) Exercise independent judgment in the interests of all shareholders;
- (h) Devote time and effort to effectively discharge his duties and functions as may be reasonably required by the Listed Company;
- (i) Exercise a degree of care and diligence that a reasonable person in a similar position in the Listed Company would do under the circumstances;
- (j) Strive for professional competency and endeavour to raise the competency of management and employees;
- (k) Strive to assist the Listed Company towards its proper objectives within the tenets of moral responsibility, efficiency and effectiveness;
- (l) Not divert to his own advantage any business opportunity that the Listed Company is pursuing;
- (m) Not cause improper use of information or powers to gain, directly or indirectly, an advantage for himself or any other person or to cause detriment to the Listed Company;
- (n) Not use or disclose to any person, other than in the course of performing his duties, any confidential information obtained by reason of his office;
- (o) Comply with all disclosure requirements under any relevant legislation, rules or regulations;
- (p) Adopt an objective and positive attitude and give the utmost co-operation when dealing with the Exchange, any other regulatory authority or the Listed Company's Sponsor; and

- (q) Be conscious of the interests of employees, creditors and customers of the Listed Company.
- 2.8 All Officers must appreciate the nature of their responsibilities and be expected to honour their obligations.

PART IV - DIRECTORS

- 2.9 In addition to the duties specified in Note 2.7 above, a director shall also have the following duties:-
- (a) Devote time and effort to attending board and shareholders' meetings, to know what is required of the board and each of its directors, and to discharge those functions;
 - (b) Insist on being kept informed on all matters of importance to the Listed Company in order to be effective in corporate management;
 - (c) Limit his directorship of companies to a number to which he can best devote his time and effectiveness. Subject to Rule 13.6, each director shall be his own judge of his abilities and how best to manage his time effectively in a company in which he holds directorship;
 - (d) Promptly disclose all direct and indirect interests in any contract or proposed contract with the Listed Company;
 - (e) Ensure that adequate safety measures are provided to employees and workers at work places;
 - (f) Ensure the effective and responsible use of natural resources; and

- (g) Ensure that the activities and operations of the Listed Company do not harm the environment or the interests and well-being of society at large.
- 2.10 Independent directors shall represent the interests of the public shareholders at all times. They shall bring an independent judgment to bear on issues of strategy, performance and resources, including key appointments and standards of conduct.
- 2.11 The fees of independent directors should reflect the time which they commit to the Listed Company.
- 2.12 All directors should have access to the advice and services of the company secretary and the Sponsor.
- 2.13 Every Listed Company, as an integral element of the process for appointing new directors, should provide an orientation and education programme for new recruits to the board.

PART V - DUTIES OF BOARD AS TO REPORTING AND CONTROL

- 2.14 In the annual report, the directors should:-
 - (a) Present a balanced and understandable assessment of the Listed Company's financial position;
 - (b) Explain their responsibility for preparing the accounts next to a statement by the auditors about their reporting responsibilities; and
 - (c) Report on the effectiveness of the Listed Company's system of internal controls.
- 2.15 The board should ensure that an objective and professional relationship is maintained with the external auditors.

PART VI - INTERNAL AUDIT, COMPANY SECRETARY AND MANAGERS

- 2.16 Listed Companies are encouraged to form internal audit departments which will report directly to the Audit Committee.
- 2.17 In addition to the duties specified in Note 2.7, a company secretary shall also have the following duties:-
- (a) Have a clear understanding of the powers and restrictions as provided in the Memorandum and Articles of Association of the Listed Company;
 - (b) Be knowledgeable of the law of meetings, meeting procedures, voting procedures and proxy provisions and be responsible for the proper administration of meetings;
 - (c) Disclose to the board or an appropriate public officer any information within his knowledge that he honestly believes suggests that a fraud is being or is likely to be practised by the Listed Company or by any of its directors or employees;
 - (d) Limit his secretaryship of companies to a number to which he can best and fully devote his time and effectiveness;
 - (e) Assist and advise the directors to ensure that at all times the Listed Company maintains an effective system of internal control for keeping proper registers and accounting records;
 - (f) Be impartial in his dealings with shareholders and directors and without fear or favour, use his best endeavours to ensure that the directors and the Listed Company comply with all relevant legislation, rules, regulations and contractual obligations;

- (g) Advise the board so that no policy is adopted by the Listed Company that will antagonise or offend any shareholders of the Listed Company;
- (h) Be aware of all disclosure, reporting and other requirements imposed by legislation and these Requirements; and
- (i) Be present or represented at meetings and not allow himself or his representative to be excluded or withdrawn from meetings in a way that prejudices his professional responsibilities as secretary of the Listed Company.

2.18 Managers must demonstrate adequate expertise and capability, and other material aspects of management, so as to ensure the effective operation of the Listed Company, and provide continuity in management as well as satisfactory succession in the future.

[End of Guidance Notes]

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KUALA LUMPUR STOCK EXCHANGE

GUIDANCE NOTES 3

ALLOCATION OF SECURITIES TO DIRECTORS AND EMPLOYEES AND/OR OTHER PERSONS

PART I - PURPOSE AND APPROVAL

- 3.1 The company may make an allocation of securities to directors, employees and/or other persons who have contributed to its success.
- 3.2 The Exchange would expect the listing candidates to adopt these Guidance Notes in dealing with allocation of securities to directors and employees and/or other persons during the initial public offering.
- 3.3 The criteria for allocation and final list of breakdown of entitlements should be submitted to the Exchange for approval.

PART II - GENERAL PRINCIPLE AND POLICY

3.4 Number of shares offered

The total number of securities that could be allocated to such persons under a share allocation scheme undertaken in conjunction with the company's listing exercise should be within the limit of 10% of the enlarged issued capital of the company.

3.5 Public spread

The eligible employees/persons pursuant to (other than the directors, persons connected with directors, substantial shareholders and their associates as referred to Rule 2.9.1 of these Requirements) the scheme could be included as part of the minimum 200 public shareholders at the time of admission to the MESDAQ Market.

3.6 Frequency

The company is allowed to offer its securities under a share allocation scheme only once in its corporate life.

3.7 Financing arrangement

The company is also encouraged to arrange for financing for the employees to take up their allocation.

3.8 Unsubscribed allocation

Securities allocated to, but not subscribed by, any director, employee or other persons must be offered to the general public as part of the public offering. The Adviser is expected to actively participate in advising the eligible employees on the allocation of the securities.

PART III - ELIGIBILITY

3.9 Related companies

Generally, only directors and employees of the company, its subsidiary/subsidiaries and immediate holding company, as defined under the Companies Act (provided that these companies are not dormant), could be allocated securities reserved for directors and employees under a flotation exercise.

3.10 Specific criteria

The company's Board of Directors is given the discretion (albeit not absolute) to determine the allocation but the basic eligibility criteria that need to be complied with are as follows:-

(a) Allocation to directors

All executive and non-executive directors are entitled to the securities allocation irrespective of whether they are foreign or Malaysian.

(b) Allocation to employees

An employee must be at least eighteen (18) years of age and must be confirmed in service, with a serving period of at least three (3) months on the date of allocation. Or, if the subsidiary or immediate holding company has been in operation for less than three (3) months, the employee must be employed throughout the operating life of the company.

All employees are entitled to the securities allocation irrespective of whether they are foreign or Malaysian.

(c) Allocation to other persons

Allocation of securities may be made to persons who have contributed to the company's success (such as suppliers, distributors, dealers or customers) throughout a period of at least three (3) months.

3.11 Government nominees/employees

Company directors who represent the Government or Government institutions/agencies and Government employees who are serving in the public service scheme as defined under Article 132 of the Federal Constitution may not be eligible for the allocation.

3.12 Cut off date

For the purpose of ascertaining the employees' eligibility for allocations, the cut-off date shall be any time up to the date of the prospectus, as determined by the company's Board of Directors.

[End of Guidance Notes]

KUALA LUMPUR STOCK EXCHANGE

GUIDANCE NOTES 4

PLACEMENT PROCEDURES IN RELATION TO PUBLIC OFFERINGS

PART I - PURPOSE AND DEFINITION

- 4.1 These Guidance Notes represent a set of minimum procedures to be adhered to by a company, its Advisers and placement agents applicable to public offerings where a company chooses to obtain the subscription for or the sale of securities by the company to persons selected by the company.
- 4.2 In these Guidance Notes, "retail investors" shall mean investors applying for 10,000 shares or less and "institutional/high net worth investors" shall mean investors applying for more than 10,000 shares.
- 4.3 In these Guidance Notes "independent placement agents" shall mean placement agents who do not have financial or any other relationship with the applicant company which in the Exchange's opinion will likely interfere with the independence and objectivity of the placement agent.

PART II - PROCEDURE FOR APPLICATION AND ACCEPTANCE

- 4.4 Advisers should ensure that the private placement procedures for application and acceptance are clearly spelt out in the prospectus.
- 4.5 The company may determine the length of the application period. However, placement of shares shall only be finalised not less than five (5) market days after the issue of prospectus.

- 4.6 The application period, opening and closing dates of the application must be disclosed in the prospectus.
- 4.7 The application period may be extended at the discretion of the company's directors subject to the approval of the Exchange being obtained prior to the extension. The possibility of an extension of the application period must be clearly stated in the prospectus. In cases involving more than one (1) placement agent, the application period must be extended consistently between all the placement agents.

PART III - BASIS OF ALLOCATION AND ANNOUNCEMENTS

- 4.8 There shall be a fixed basis of allocation to retail investors. In cases involving more than one (1) placement agent, this basis must be consistently applied between all the placement agents.
- 4.9 Allocation of shares to institutional investors is at the discretion of the placement agent. However, there must be clear criteria and basis of allocation for institutional investors.
- 4.10 An announcement shall be made in compliance with Rule 2.23.1 on the basis of allocation to retail investors. In addition, before trading of securities commences, the company shall disclose by way of an announcement the level of indications of interest for the shares in issue.

PART IV - ALLOCATIONS

4.11 Allocation of shares solely via private placement

- (a) The total number of shares available for private placement are to be divided into two (2) pools, namely, pool "A" and pool "B". This is to ensure that there will be a mix of retail investors on the one part and institutional/high net worth investors on the other.
- (b) The shares in pool "A" shall be allocated on an equitable basis to retail investors. The basis of allocation for pool "A" shall be determined and disclosed to the Exchange upon close of the application period. In addition, an announcement on the basis of allocation must be made under Note 4.9. In cases involving more than one (1) placement agent, the basis of allocation shall be applied consistently between all the placement agents.
- (c) The shares in pool "B" shall be allocated to institutional/high net worth investors. The basis of allocation is at the discretion of the placement agent.
- (d) An applicant shall make only one (1) application to each placement agent. Multiple applications within pools or between pools shall be rejected.
- (e) In cases involving more than one (1) placement agent and where applications are made to more than one (1) agent, the agents shall have the discretion subject to Note 4.11(d) to either accept or reject the application.

4.12 Allocation of shares via both placement and public offer

- (a) Where an offering includes both private placement and public offer, an initial indication of the size for each tranche is required.

- (b) Procedures set out for allocations under the two different tranches must be clearly explained and disclosed in the prospectus.
- (c) Upon close of the application period, in the case of an undersubscription in the public offer, shares may be transferred from the public offer tranche and allocated by way of private placement. The placement agent must inform the Exchange of the reason for transfer and demonstrate that there is a demand for shares under the private placement tranche. In such a situation, the closing period may be extended consistently for both the public offer tranche and the private placement tranche subject to the approval of the Exchange to allow the placement agents to complete allocations of the undersubscribed portion by way of private placement only after exhausting all applications under the public offer tranche at the close of the extended period.
- (d) Applicants may apply for shares under the private placement tranche or the public offer tranche or both. An applicant who has been successfully allocated shares under the public offer may also, at the discretion of the placement agent, be allocated shares under the private placement and vice versa.
- (e) Multiple applications made under the public offer tranche shall be rejected.
- (f) An applicant shall make only one (1) application to each placement agent. Multiple applications within each placement agent shall be rejected.
- (g) In cases involving more than one (1) placement agent and where applications are made to more than one (1) agent, the agents shall have the discretion subject to Note 4.12(d) to either accept or reject the application.

PART V - IDENTITY OF PLACEES

4.13 The 25% public spread requirement under Rule 2.9.1 must be complied with. Ultimate placees must satisfy the definition of "public" and shares must not be placed to parties specified under Rule 3.13.1(a). Letters of undertaking to this effect, the list of placees and their details and a summary and analysis of the distribution will be required to be submitted to the Exchange. The summary shall include a breakdown of allocation: -

- (a) to employees and the public;
- (b) to Bumiputras and non-Bumiputras;
- (c) to Malaysian citizens and foreigners;
- (d) to retail, institutional and high net worth investors; and
- (e) number of shares applied for and allocated (retail and institutional)

The summary of allocation as stated above inclusive of only the retail portion of Note 4.13(e) shall form part of the announcement as required under Note 4.10.

4.14 Trading of securities shall not commence until the Exchange receives to its satisfaction the letters of undertaking, the list of placees together with their details and a summary and analysis of the distribution.

PART VI - RESTRICTIONS

- 4.15 Neither the Adviser, broker nor any placement agent may under normal circumstances, retain any material amount of shares being placed for its own account. Where there is sufficient demand from investors, neither the Adviser, broker nor any placement agent may retain more than 5% of its respective portion of the total placement.
- 4.16 Not more than 20% of the total placement shall be allocated to discretionary managed portfolios under the management of the same portfolio manager.

PART VII - GENERAL CONDITIONS

- 4.17 Placement of shares must be carried out through independent placement agents.
- 4.18 Proper book running procedures and complete book running records must be kept by all placement agents. These records shall be made available for inspection by the Exchange at all times.
- 4.19 Firm underwriting arrangement must be in place.

[End of Guidance Notes]

KUALA LUMPUR STOCK EXCHANGE

GUIDANCE NOTES 5

ADMISSION OF TECHNOLOGY INCUBATORS

PART I - PURPOSE AND DEFINITION

5.1 These Guidance Notes represent a set of minimum requirements for the admission of technology incubators to Official List of the MESDAQ Market and a set of minimum standards which the Exchange expects listed technology incubators to adopt.

5.2 In these Guidance Notes, the following terms shall have the following meanings:-

“Applicant” means a public company incorporated in Malaysia under the Companies Act that is a technology incubator which seeks the Exchange’s approval for admission to the Official List.

“Early-stage companies” means unlisted companies from the seed stage up to pre- initial public offering stage of development.

“Investee companies” means high-growth or technology companies under the investments of a technology incubator and precludes companies involved in:-

- (a) Property-development;
- (b) Construction; or
- (c) Traditional banking and financial services.

“Investment” or “Investing” means an investment of not less than 5% of the issued and paid-up share capital of each investee company at the time of initial investment.

“Technology incubator” means a company that is engaged primarily in the business of:-

- (a) Investing in early-stage companies; and
- (b) Providing value-added services to those said companies.

“Value-added services” means the services provided by a technology incubator which contributes to the development and growth of its investee companies. Such services may include:-

- (a) Physical operating space; and/or
- (b) Shared support services and equipment; and/or
- (c) Hands-on management assistance (e.g. financial, legal, advertising, marketing etc.); and/or
- (d) Other services that may be deemed to be adding value to the investee companies.

However, the technology incubator is to emphasise on the provision of other value-added services in addition to the mere provision of physical space to its investee companies.

PART II - ADMISSION CRITERIA

5.3 General

- 5.3.1 An Applicant's investments should display clear business focus. Its investee companies should be involved in a set of related or complementary business activities.

5.4 Issued and paid-up capital

- 5.4.1 An Applicant should have an appropriate capital size which commensurate with the nature of its business and the size of its operations. Notwithstanding, an Applicant's issued and paid-up share capital upon listing on the Exchange shall be not less than RM20 million.

5.5 Operating history

- 5.5.1 An Applicant must have been in operation for at least twelve (12) months at the time of seeking admission and the accounts for the said twelve (12) months must have been audited.
- 5.5.2 At the time of admission, an Applicant should at least have potential investments in advance stages of negotiations which are expected to be finalised upon listing.

5.6 Public interest

- 5.6.1 An Applicant shall comply with the Public Interest provisions under Rule 2.12.

5.7 Level of investments

- 5.7.1 A listed technology incubator must at all times maintain at least 50% of its total investments in early-stage companies which are involved in technology-based activities as specified under Appendix 2A of these Requirements.

5.8 Management and advisory teams and sponsors

- 5.8.1 An Applicant's management and advisory teams and promoters shall comprise businessmen and professionals who are capable of providing the appropriate skills and experience in managing technology incubators, assist investee companies to scale and reduce time-to-market.

5.9 Conflicts of interests and related-party transactions

- 5.9.1 An Applicant shall comply with the requirements of these Requirements with regard to conflict of interests and related-party transactions.
- 5.9.2 In addition, an Applicant's Audit Committee is expected to review all related-party transactions between the Applicant and its investee companies. Continuous disclosure on conflict of interests and related-party transactions must be made in the Applicant's reports to the Exchange and the public with its Audit Committee commenting on those transactions.

PART III - EXEMPTIONS AND REPORTING REQUIREMENTS

5.10 Exemptions

- 5.10.1 Applicants are exempted from complying with the requirements of Chain Listing under Rule 2.14 and on maintaining a certain level of operation under Rule 7.5.1.

5.11 Reporting requirements

- 5.11.1 In amplification of the disclosure obligations mentioned in Chapter 7 of these Requirements, an Applicant is expected to:-
 - (a) On a quarterly basis, not later than 2 months after the end of each quarter of its financial year, provide status reports on its operations and the operations of its investee companies to the Exchange and the public; and
 - (b) On an immediate basis, disclose to the Exchange and the public any acquisition and/or disposal of shares in investee companies including details on:-
 - (i) The principal activity of the investee company and a summary of its business plans;

- (ii) The track record, if any, of the investee company, i.e. the number of years in operation and the revenue and profit generated;
- (iii) The current stage of development of the investee company;
- (iv) Details of the technical capability and competence, including details of key personnel or technical experts or consultants vital to the investee company, including, their qualifications and experience;
- (v) The business prospects of the investee company and their underlying assumptions;
- (vi) The outcome of any feasibility studies undertaken with respect to the investee company and the identity of consultants undertaking the study;
- (vii) The capital commitments and main source of financing for the investee company;
- (viii) The financial and business risks with respect to the investee company;
- (ix) The financial impact of investing in the investee company, including the period within which the investee company is expected to generate revenue and profit;
- (x) Rationale for the acquisition or disposal;
- (xi) The bases and assumptions used in valuing the investee company;
- (xii) Whether the valuation of the investee company has been reviewed by any independent party; and
- (xiii) The type of value added services to be provided to the investee company.

[End of Guidance Notes]

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KUALA LUMPUR STOCK EXCHANGE

GUIDANCE NOTES 6

EMPLOYEE SHARE OPTION SCHEME

PART I - PURPOSE AND DEFINITION

- 6.1 These Guidance Notes represent a set of minimum requirements for a company implementing share option schemes for employees.
- 6.2 In these Guidance Notes, "company" shall mean a Listed Company, which has already been admitted to the Official List of MESDAQ Market or an applicant seeking admission to the Official List of MESDAQ Market.

PART II - APPROVAL

- 6.3 An employee share option scheme, a summary of which must be circulated to the shareholders, must be approved by the shareholders in a general meeting.

PART III - CRITERIA FOR EMPLOYEE SHARE OPTION SCHEMES

- 6.4 The number of options offered under the scheme shall not exceed 30% of the issued capital of the company at any one time.

- 6.5 There should be equitable allocation to the various grades of eligible employees, such that not more than 50% of the shares available under the scheme should be allocated, in aggregate, to directors and senior management. In addition, not more than 25% of the shares available under the scheme shall be allocated to any individual person.

PART IV - PRICING

- 6.6 The price payable for the shares under the scheme shall be:-
- (a) For a listed company, based on the 5-day weighted average market price of the underlying shares at the time the option is granted, with a discount of not more than 10% if deemed appropriate; and
 - (b) For companies offering employee share options as part of its listing proposal, not less than the initial public offer price.
- 6.7 A scheme may provide for adjustments of the subscription or option price or the number of shares (excluding options already granted) under the scheme, in the event of a rights issue, bonus issue or other capitalisation issue, consolidation of shares or capital reduction. Such adjustments should give a participant the same proportion of the capital as that to which he/she was previously entitled. The issue of securities as consideration for an acquisition, for example, will not be regarded as a circumstance requiring such adjustments.

PART V - ELIGIBILITY

- 6.8 Only staff and executive directors of the group are eligible to participate in the scheme, the group being the company and its subsidiary/subsidiaries as defined under the Companies Act (provided they are not dormant). In this connection, executive directors are those involved in the day to day management and on the payroll of the company.
- 6.9 The company's Board of Directors is given the discretion (albeit not absolute) to determine the share-allocation criteria. A set of criteria on staff eligibility and allocation should be clearly specified and all employees made aware of it through, for example, posting on a notice board or notification in writing to the employees. Verification of allocation is required to be carried out by a firm of public accountants as part of its annual audit exercise and this should be disclosed in the annual report.

PART VI - TIME LIMIT

- 6.10 An employee share option scheme shall be for a duration of not more than ten (10) years.

PART VII - SUBSEQUENT EMPLOYEE SHARE OPTION SCHEMES

- 6.11 A company may establish a new employee share option scheme after the expiry date of the current scheme or upon termination of the current scheme. However, the new scheme shall be subject to the approval of the SC and the Exchange.

PART VIII - IMPLEMENTATION OF EMPLOYEE SHARE OPTION SCHEMES

- 6.12 An employee share option scheme can be launched or implemented by a company upon receipt of relevant approvals from the SC, the Exchange and shareholders, the fulfillment of any conditions attached thereto and upon the Adviser for the scheme submitting to the SC and the Exchange the following:-
- (a) Final copy of the By-laws of the scheme; and
 - (b) Confirmation letter from the Adviser that the company:-
 - (i) Has fulfilled the SC's and the Exchange's conditions of approval for the scheme and that the By-laws do not contravene any of the provision of these guidelines; and
 - (ii) Has obtained other relevant approvals for the scheme and has fulfilled any conditions imposed therein.
- 6.13 The date of the confirmation letter submitted by the Adviser would signify the effective date for the launch or implementation of the scheme.

PART IX - LISTING AND QUOTATION

- 6.14 Blanket approval may be granted for the listing of and quotation for the additional shares arising from the scheme.
- 6.15 As a general policy, unlisted public companies are not encouraged to establish share option schemes for employees if they plan to seek listing and quotation on the Exchange. If an unlisted public company with an employee share option scheme currently in operation submits to the Exchange and the SC an application for flotation, all options under the scheme would have to be exercised or terminated prior to flotation. Companies may, as part of its flotation exercise, establish an employee share option scheme to be approved by the existing shareholders of the company prior to flotation. Disclosure of the option granted to each participant of the scheme together with a summary of the major terms of the scheme approved by the shareholders including but not limited to the potential diluting effect on the shareholdings upon listing and the impact on the earnings per share arising from the exercise of such outstanding options must be made in the prospectus.

PART X - TERMINATION OF EMPLOYEE SHARE OPTION SCHEMES

- 6.16 A company is allowed to terminate an employee share option scheme in midstream if the By-laws of the scheme contain a provision that empowers the company to terminate the scheme.
- 6.17 Prior to the termination of a scheme, the company must satisfy all the following conditions:-
- (a) To obtain approval of the SC and the Exchange for the termination of the existing scheme;

- (b) To obtain the consent of its shareholders at a general meeting, wherein at least a majority of the shareholders present should vote in favour of the termination; and
- (c) To obtain the written consent of all option-holders who have yet to exercise their options, either in part or in whole.

6.18 In seeking to obtain the approval of the SC and the Exchange and the consent of shareholders and option-holders for the termination of the scheme, the company must provide sufficient information on the following matters:-

- (a) Reasons for termination (whether or not the reasons are specified in the termination clause of the By-laws):-
- (b) Whether or not the termination of the scheme would be in the best interest of the company; and
- (c) Any other information that would justify termination of the scheme.

PART XI - REPORTING REQUIREMENTS

6.19 In relation to each scheme, the company must inform the Exchange of the grant on any option, the exercise of any option and the allotment and issue of shares pursuant to the exercise of the option.

6.20 Companies to disclose in the annual report in respect of each of its directors and other participants in aggregate, the particulars of outstanding options, date of grant, exercise period, price and the number of options exercised and/or lapsed.

[End of Guidance Notes]

KUALA LUMPUR STOCK EXCHANGE

GUIDANCE NOTES 7

RESTRICTION ON DIRECTORSHIPS

PART I - DEFINITIONS

7.1 The provisions of these Guidance Notes must be read in conjunction with Rules 13.6 and 13.7 of these Requirements.

7.2 In these Guidance Notes, the following terms shall have the following meanings:-

“associated companies” shall have the meaning given to “associates” under the approved accounting standards of Malaysian Accounting Standards Board.

“family-owned companies” means private limited companies where the person has an interest or interests in voting shares of the company, the aggregate of the nominal amounts of which is not less than 20% of the nominal amounts of all the voting shares in the company. In this regard, “interest in shares” shall have the meaning given in section 6A of the Companies Act.

“non-profit organisations” means organisations whose objectives are not for profit such as charitable organisations, sports organisations, trade associations, social organisations or training organisations which are not for profit.

“the said Restriction” means the restriction pursuant to Rule 13.6 of these Requirements whereby a director may only hold not more than 10 directorships in Listed Companies and not more than 15 directorships in companies other than Listed Companies (hereinafter referred to as “non-Listed Companies”).

PART II - METHOD OF COMPUTATION

- 7.3 The calculation of the number of directorships that may be held by a director of a Listed Company pursuant to the said Restriction shall be as follows:-
- (a) As referred to in Rule 13.7(c) of these Requirements, a directorship in a non-profit organisation shall be excluded from the computation of the number of directorships held pursuant to the said Restriction;
 - (b) A directorship in a Listed Company shall be counted as one (1) directorship in a Listed Company and shall not be aggregated with the directorship held in any other company;
 - (c) Directorships held in the non-Listed Companies shall be aggregated in the following manner:-
 - (i) In relation to a listed group of companies, the following shall be aggregated and counted as one (1) directorship in a non-Listed Company:-
 - (aa) Directorships held in any of the Listed Company's subsidiaries, except where such subsidiaries are Listed Companies or are also subsidiaries of the Listed Company's listed subsidiaries;
 - (bb) Directorships held in the Listed Company's immediate non-listed associated companies; and
 - (cc) Directorships held in the immediate non-listed associated companies of the companies referred to in subparagraph (c)(i)(aa) above; and

- (ii) Directorships held in family-owned companies shall be aggregated and counted as one (1) directorship in a non-Listed Company; and
- (d) For the avoidance of doubt, a directorship in a non-Listed Company that does not fall within paragraph (c) above shall be counted as one (1) directorship in a non-Listed Company and shall not be aggregated with the directorship held in any other company.

PART III - ILLUSTRATIONS

7.4 The following are illustrations of the application of Note 7.3 above:-

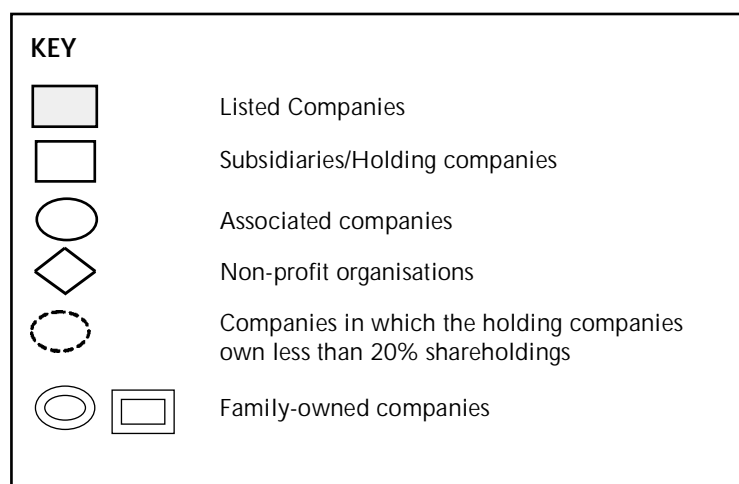
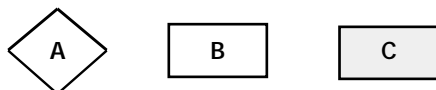


Illustration 1 (of Notes 7.3(a) and (b))

Facts:



Mr X is the director of A to C. Mr X has no shareholdings in A to C.

Computation:

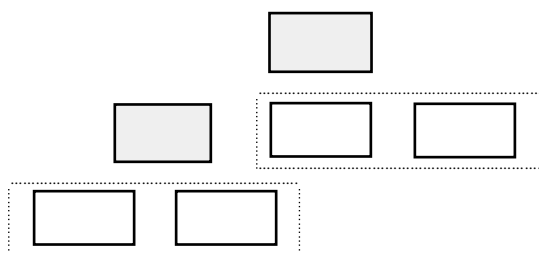
The number of directorships held by Mr X is one (1) directorship in a Listed Company and one (1) directorship in a non-Listed Company.

Basis:

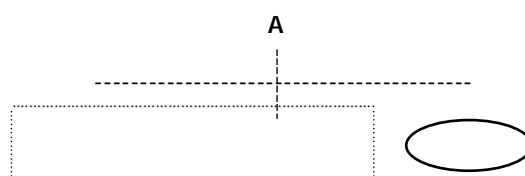
- The directorship in A is excluded from the computation as A is a non-profit organisation.
- The directorship in B is counted as one (1) directorship in a non-Listed Company.
- The directorship in C is counted as one (1) directorship in a Listed Company.

Illustration 2 (of Note 7.3(c)(i))

Facts:



Mr X is a director of A to F. Mr X has no shareholdings in A to F.



Computation:

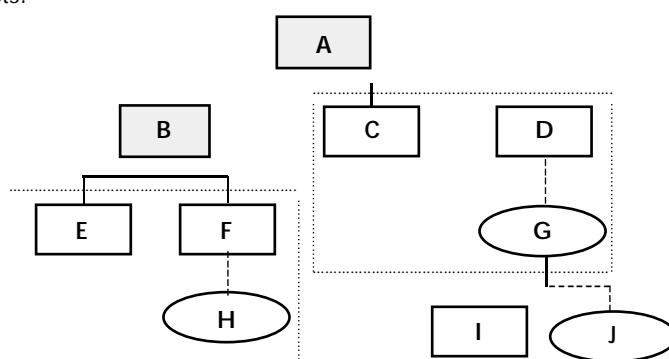
The number of directorships held by Mr X is one (1) directorship in a Listed Company and four (4) directorships in non-Listed Company.

Basis:

- Directorship in A is counted as one (1) directorship in a Listed Company.
- Directorships in B and C are aggregated and counted as one (1) directorship in non-Listed Company because they are immediate non-listed associated companies of a Listed Company, i.e. A.
- Directorship in D is counted separately as one (1) directorship in a non-Listed Company because it is neither an associated company nor a subsidiary of a Listed Company, i.e. A.
- Directorships in E and F are counted separately as two (2) directorships in non-Listed Company because they are not the immediate non-listed associated companies of a Listed Company, i.e. A.

Illustration 4 (of Note 7.3(c)(i)(cc))

Facts:



Mr X is a director of A to J. Mr X has no shareholdings in A to J.

C - a subsidiary of A
D - a subsidiary of A
E - a subsidiary of B
F - a subsidiary of B
G - 30% owned by D
H - 20% owned by F
I - 60% owned by G
J - 30% owned by G

Computation:

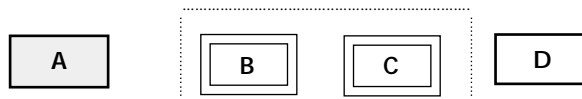
The number of directorships held by Mr X is two (2) directorships in Listed Companies and four (4) directorships in non-Listed Companies.

Basis:

- Directorships in A and B are counted separately as two (2) directorships in Listed Companies.
- Directorships in C, D and G are aggregated and counted as one (1) directorship in non-Listed Company because C and D are non-listed subsidiaries of a Listed Company and G is an immediate non-listed associated company of D.
- Directorships in E, F and H are aggregated and counted as one (1) directorship in a non-Listed Company because E and F are non-listed subsidiaries of a Listed Company and H is an immediate non-listed associated company of F.
- Directorships in I and J are counted separately as two (2) directorships in non-Listed Companies because they are not immediate non-listed associated companies of D.

Illustration 5 (of Note 7.3(c)(ii))

Facts:



Mr X is a director of A to D.

B - 20% shareholdings owned by Mr X

C - 50% shareholdings owned by Mr X

D - 15% shareholdings owned by Mr X

Computation:

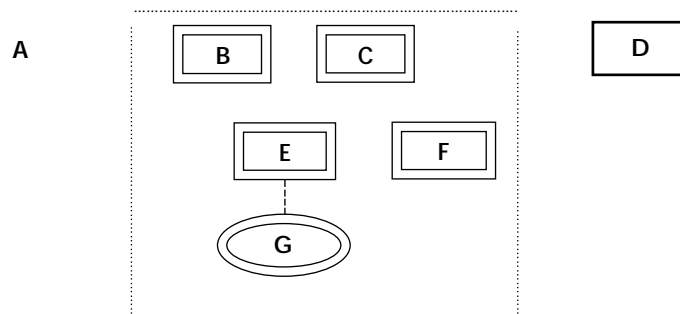
The number of directorships held by Mr X is one (1) directorship in a Listed Company and two (2) directorships in non-Listed Companies.

Basis:

- Directorship in A is counted as one (1) directorship in a Listed Company.
- Directorships in B and C are aggregated and counted as one (1) directorship in a non-Listed Company because they are family-owned companies.
- Directorship in D is counted separately as one (1) directorship in a non-Listed Company because it is not a family-owned company.

Illustration 6 (of Note 7.1(c)(ii))

Facts:



Mr X is a director of A to G. Mr X has no shareholdings in A to G unless otherwise stated below.

- B - 20% shareholdings owned by Mr X
- C - 50% shareholdings owned by Mr X and his wife
- D - 15% shareholdings owned by Mr X
- E - a subsidiary of C
- F - a subsidiary of C
- G - 40% owned by E

Computation:

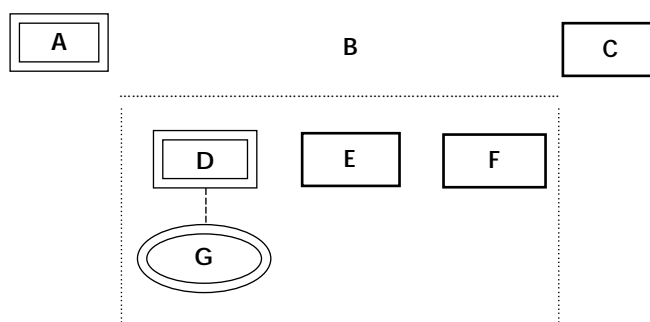
The number of directorships held by Mr X is one (1) directorship in a Listed Company and two (2) directorships in non-Listed Companies.

Basis:

- Directorship in A is counted as one (1) directorship in a Listed Company.
- Directorships in B, C, E, F and G are aggregated and counted as one (1) directorship in a non-Listed Company because they are family-owned companies.
- Directorship in D is counted separately as one (1) directorship in a non-Listed Company because it is not a family-owned company.

Illustration 7 (of Notes 7.3(c)(i) and (ii))

Facts:



Mr X is a director of A to G. Mr X has no shareholdings in A to G unless otherwise stated below.

- A - 20% shareholdings owned by Mr X
- C - 15% shareholdings owned by Mr X
- D - 21% shareholdings owned by Mr X
- E - a subsidiary of B
- F - a subsidiary of B
- G - 30% shareholdings owned by D

Computation:

The number of directorships held by Mr X is one (1) directorship in a Listed Company and three (3) directorships in non-Listed Companies.

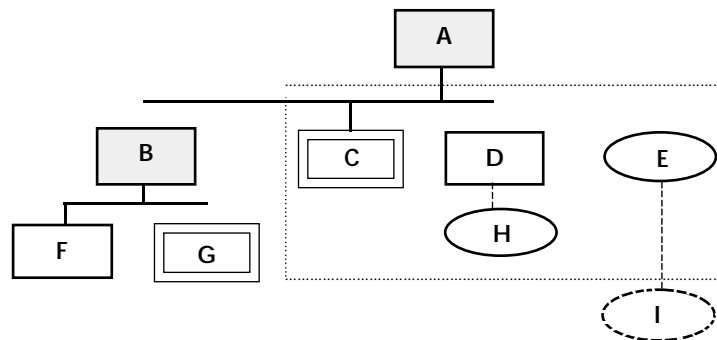
Basis:

- Directorship in B is counted as one (1) directorship in a Listed Company.
- Directorships in E and F are aggregated and counted as one (1) directorship in a non-Listed Company because they are non-listed subsidiaries of a Listed Company, i.e. B.

- Directorships in D and G may either be aggregated with the directorship in A or with the directorships in E and F, and be counted as one (1) directorship in a non-Listed Company. For the purpose of this illustration, the directorships in D and G are aggregated with E and F on the basis that D is non-listed subsidiary of a Listed Company, i.e. B, and G is the immediate non-listed associated company of D.
- Directorships in A and C are counted separately as two (2) directorships in non-Listed Companies.

Illustration 8

Facts:



Mr X is a director of A to I. Mr X has no shareholdings in companies A to L unless stated otherwise below.

C - 20% shareholdings owned by Mr X

D - a subsidiary of A

E - 20% shareholdings owned by A

F - a subsidiary of B

G - 20% shareholdings owned by Mr X and his wife

H - 20% shareholdings owned by D

I - 15% shareholdings owned by E

Computation:

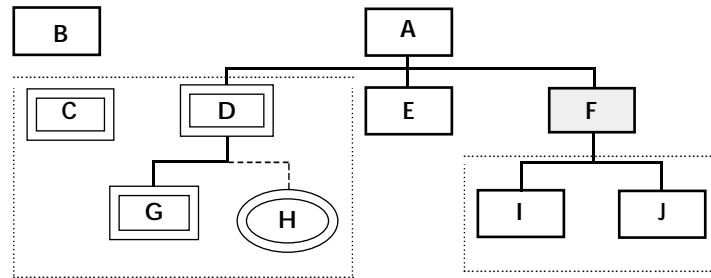
The number of directorships held by Mr X is two (2) directorships in Listed Companies and three (3) directorships in non-Listed Companies.

Basis:

- Directorships in A and B are counted separately as two (2) directorships in Listed Companies.
- Directorships in C, D, E and H are aggregated and counted as one (1) directorship in non-Listed Company because C and D are non-listed subsidiaries of a Listed Company, i.e. A, E is an immediate non-listed associated company of A and H is an immediate non-listed associated company of D.
- Directorships in F and G are aggregated and counted as one (1) directorship in a non-Listed Company because F and G are non-listed subsidiaries of a Listed Company, i.e. B.
- Directorship in I is counted separately as one (1) directorship in a non-Listed Company because it is not an immediate non-listed associated company of a Listed Company or its non-listed subsidiaries.
- Although C and G are family-owned companies, they need not be aggregated separately and counted as one (1) directorship in a non-Listed Company because they have already been aggregated with the other non-listed subsidiaries of A and B respectively.

Illustration 9

Facts:



Mr X is a director of A to J. Mr X has no shareholdings in companies A to J unless stated otherwise below.

- B - 15% shareholdings owned by Mr X
- C - 70% shareholdings owned by Mr X and his wife
- D - 40% shareholdings owned by Mr X
- E - a subsidiary of A
- G - a subsidiary of D
- H - 20% shareholdings owned by D
- I - a subsidiary of F
- J - a subsidiary of F

Computation:

The number of directorships held by Mr X is one (1) directorship in a Listed Company and five (5) directorships in non-Listed Companies.

Basis:

- Directorship in F is counted as one (1) directorship in a Listed Company.
- Directorships in C, D, G and H are aggregated and counted as one (1) directorship in non-Listed Company because C, D, G and H are family-owned companies.

- Directorships in I and J are aggregated and counted as one (1) directorship in a non-Listed Company because I and J are non-listed subsidiaries of a Listed Company, F.
- Directorships in A, E and B are counted separately as three (3) directorships in non-Listed Companies.

[End of Guidance Notes]

KUALA LUMPUR STOCK EXCHANGE

GUIDANCE NOTES 8

REQUESTS FOR SUSPENSION

PART I - INTRODUCTION

- 8.1 Suspension in the trading of securities (hereinafter referred to as "suspension") may be effected pursuant to Rule 15.14 of these Requirements subject to the relevant requirements set out in these Guidance Notes.
- 8.2 These Guidance Notes are issued to notify Listed Companies of the operational procedures in respect of requests for suspension made by Listed Companies.
- 8.3 For the purposes of computation of the period of suspension, the day the suspension is effected will be counted as one market day of suspension if it is effected at 9.00 a.m. If it is effected after 9.00 a.m. the day suspension is effected will not be counted as one (1) market day of suspension.

PART II - SUSPENSION REQUESTED BY THE LISTED COMPANY

- 8.4 Any request for suspension shall be made to the Exchange in writing in the form of Appendix GN8-A and shall include the following information:-
 - (a) Full and detailed reasons for the suspension, to enable the Exchange to determine whether to allow the request for suspension;

- (b) An announcement for public release containing the request and the reasons for it together with any additional information necessary to keep the market informed;
 - (c) Whether the request for suspension is being made under Notes (a), (b) or (c) of Note 8.7 of these Guidance Notes;
 - (d) The period of suspension requested for;
 - (e) That the Listed Company is not aware of any reason why its securities should not be suspended;
 - (f) The Listed Company's past twelve (12) months' record of suspensions in tabular form as set out in Appendix GN8-B; and
 - (g) Any other information as may be requested by the Exchange.
- 8.5 The signatory of the written request must be a person of senior management such as the company secretary, managing director or chief executive officer who is duly empowered by the board of directors of the Listed Company for that purpose.
- 8.6 The Exchange will only consider a request for suspension where the information requested pursuant to Note 8.4 has been fully and completely provided.

PART III - SITUATIONS WHICH MAY WARRANT SUSPENSION

8.7 Upon a request made by a Listed Company, a suspension may be allowed by the Exchange, at its discretion, on the basis of the following reasons:-

(a) Where the Listed Company requires time to prepare and release an announcement relating to a material transaction, such as:-

(i) A reverse take-over;

(ii) A back door listing/significant change in business direction; or

(iii) Any other corporate exercise which the Exchange considers to be material;

(b) Where the Listed Company intends to:-

(i) Make a material announcement; or

(ii) Hold a press conference to make a material announcement,

Before the close of trading; or

(c) Any other reason which, in the opinion of the Exchange, justifies a suspension.

8.8 Without limiting the aforesaid, any announcement relating to any of the following matters will be regarded as a material announcement for the purposes of Note 8.7(b) above:-

(a) Periodic financial results;

(b) Bonus issues or fund raising exercises;

- (c) A transaction under Chapters 4 and 6 of these Requirements, where the percentage ratio calculated is equal to or exceeds 25%;
 - (d) A change in the dominant shareholders of the Listed Company; or
 - (e) A notice of take-over being served on a Listed Company which the public has no prior knowledge of.
- 8.9 Listed Companies are reminded that in relation to a corporate exercise where the facts are in a state of flux and disclosure cannot as yet be made of the said corporate exercise, the Listed Company should not make requests for suspension.
- 8.10 The directions contained in this Guidance Note are in clarification of and not in derogation of any obligations of Listed Company under these Requirements, including the disclosure obligations of the Listed Company under these Requirements.

PART IV - PERIODS OF SUSPENSION

- 8.11 In the event the Exchange grants a suspension for the reasons stated in Note 8.7, the periods of suspension that may be approved by the Exchange are as stated below:-
- (a) Where the reason for suspension falls within the ambit of Note 8.7(a), for a period of up to three (3) market days only;
 - (b) Where the reason for suspension falls within the ambit of Note 8.7(b), for a period of up to one (1) market; and
 - (c) Where the reason for suspension falls within the ambit of Note 8.7(c), the suspension shall be for such period as deemed appropriate by the Exchange.

PART V - ANNOUNCEMENTS

- 8.12 In the event a suspension is granted by the Exchange in relation to Note 8.7(a), the Listed Company must comply with the following, where applicable:-
- (a) Where the suspension granted by the Exchange is for two (2) market days, the Listed Company must make the relevant announcement to the Exchange on the 1st market day of suspension; or
 - (b) Where the suspension granted by the Exchange is for three (3) market days, the Listed Company must make the relevant announcement to the Exchange no later than the 2nd market day of suspension; and
 - (c) In both cases, the market day following the making of the announcement shall be for the purpose of disseminating such announcement.
- 8.13 In the event a suspension is granted by the Exchange in relation to Note 8.7(b), the Listed Company must make the relevant announcement to the Exchange on the day suspension is requested to take effect.
- 8.14 In the event a suspension is granted by the Exchange in relation to Note 8.7(c), the Listed Company must make the relevant announcement to the Exchange on such date as may be specified by the Exchange.

PART VI - SUSPENSION

- 8.15 Where the Exchange decides to allow a suspension, such suspension will be imposed immediately upon the decision being made, even if it may be prior to the date suspension is requested to commence.
- 8.16 Therefore, to ensure that suspension is effected in a timely manner, a Listed Company should submit its written request for suspension on the market day preceding the date suspension is requested to commence, before 2.00 p.m. For example, if A Bhd intends to have its securities suspended on Wednesday for 3 days, it should submit its written request for suspension on Tuesday, before 2 p.m. Where the submission is made at 12.00 p.m. on Tuesday and the Exchange decides on Tuesday to allow the suspension, suspension will be effected immediately on Tuesday itself, but the computation of the period of suspension will not take into account the suspension on Tuesday. An announcement pursuant to Note 8.12(b) must be made by A Bhd on or before Tuesday.
- 8.17 However, if a Listed Company submits its written request for suspension two (2) or more market days prior to the date suspension is requested to commence, and where suspension is allowed, the computation of the period of suspension shall include the day of suspension where suspension is effected at 9.00 a.m. For example, B Bhd intends to have its securities suspended on Wednesday for a period of three (3) days. Instead of submitting the written request on Tuesday morning, it submits its request at 2.00 p.m. on Monday. Where the Exchange decides at 4.00 p.m. on Monday to allow the suspension will include the suspension on Tuesday. Hence, suspension will be lifted on Friday, instead of Monday, as intended by B Bhd. B Bhd must make an announcement pursuant to Note 8.12(b) on or before Wednesday and not on Thursday.

- 8.18 In the event the Exchange considers that the reasons given in support of a request for suspension do not warrant such suspension, it will inform the Listed Company and the Listed Company may be required to issue an immediate announcement which contains sufficient information to enable an investor to make an informed decision. For the avoidance of doubt, such announcement may, at the discretion of the Exchange, be required to be made as soon as practicable or within a time to be prescribed by the Exchange, which in any event, will not be longer than one (1) market day from notification.

[End of Guidance Notes]

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Appendix GN8-A

Request for Suspension

Name of Listed Company: _____

Date of request: _____

Period of suspension: _____ day/s From: _____ a.m./p.m. _____

To: _____ a.m./p.m. _____

Full and detailed reasons for suspension:

Expected date of announcement to the Exchange: _____

We hereby confirm that the above information is true and further that:-

- (a) The request for suspension is under Note 8.7(a) / 8.7(b) / 8.7(c)* of Guidance Notes 8 on Requests for Suspension;

- (b) The announcement for public release containing the request for suspension and the reasons for it, together with any additional information necessary to keep the market informed is attached herewith;
- (c) We are not aware of any reason why the securities of our company should not be suspended; and
- (d) Our past twelve (12) months' record of suspension in tabular form is attached herewith.

Signed by,

* Delete where not applicable

Appendix GN8-B

PAST 12 MONTHS' RECORD OF SUSPENSION

Date of Request	Reason for suspension	Suspension Period Requested (Date & No of Days)	Suspension Period Allowed by the Exchange (Date & No of Days)	Extension of Suspension Requested (Date & No of Days)	Extension of Suspension Allowed by the Exchange (Date & No of Days)	Total Number of Days of Suspension	Date of full announcement
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KUALA LUMPUR STOCK EXCHANGE

GUIDANCE NOTES 9

TRAINING FOR DIRECTORS

PART I - INTRODUCTION

- 9.1 These Guidance Notes prescribe the requirements of the Exchange in relation to training programmes that must be attended by directors of a Listed Company or an Applicant seeking listing on the MESDAQ Market (herein after referred to as "the Directors") in compliance with these Requirements.
- 9.2 Pursuant to Rule 13.5 of these Requirements Directors must attend training programmes that are prescribed by the Exchange from time to time.
- 9.3 In furtherance of Rule 13.5 of these Requirements, the Exchange has prescribed that Directors attend the following training programmes:-
- (a) The Mandatory Accreditation Programme ("MAP"); and
 - (b) The Continuing Education Programme ("CEP") on an annual basis.
- 9.4 The MAP will be organised by the Research Institute of Investment Analysts Malaysia ("RIIAM"), an affiliate company of the Exchange or such other body as may be approved by the Exchange.

PART II - MANDATORY ACCREDITATION PROGRAMME

- 9.5 A Director must comply with the following requirements in relation to the MAP:-
- (a) A Director must attend the MAP consisting of a total of 9 modules. After completion of the MAP to the satisfaction of RIIAM, a certificate will be issued to the Director to confirm his completion of the MAP;
 - (b) A Director who is a director of one or more Listed Companies at the date these Guidance Notes take effect (hereinafter referred to as "the Effective Date") must complete the MAP within 4 months from the Effective Date;
 - (c) A Director who is appointed for the first time as a director of a Listed Company after the Effective Date must complete the MAP within 4 months from the date of appointment;
 - (d) A Director of an Applicant seeking listing on the MESDAQ Market after the Effective Date must complete the MAP within 4 months from the date of listing of the Applicant unless he falls within the category set out in Note 9.5(b) above in which case the period in Note 9.5(b) shall apply; and
 - (e) Unless otherwise stipulated by the Exchange, only a Director who has been issued a certificate by RIIAM for completion of the MAP within the timeframes stipulated in Notes 9.5(b), (c) or (d) above will be deemed to have completed the MAP.
- 9.6 The course content and duration of the MAP may be varied by RIIAM at any time deemed necessary provided that a Director who has already been issued with a certificate for completing the MAP or any part thereof prior to the date of variation will not be affected by the variation.

- 9.7 All Directors are advised to follow the time schedules prepared by RIIAM for directors of each Listed Company to attend the MAP. RIIAM will be contacting the Directors on the time schedules for the MAP.

PART III - CONTINUING EDUCATION PROGRAMME

- 9.8 A Director must attend the CEP on an annual basis upon completion of the MAP.
- 9.9 Further details regarding the CEP will be issued by the Exchange at a subsequent date.

PART IV - DUTY OF LISTED COMPANIES

- 9.10 Listed Companies must notify their directors of the requirement to attend the MAP and subsequently on an annual basis, the CEP.

PART V - FAILURE TO COMPLY WITH RULE 13.5 OF THESE REQUIREMENTS

- 9.11 A Director who does not attend the MAP or CEP within the timeframes stipulated will be in breach of these Requirements and enforcement action may be taken against him pursuant to Rule 15.4 of these Requirements.

PART VI - RIIAM

- 9.12 Directors may contact RIIAM for further details regarding the MAP or CEP at the telephone number and address stated below:-

Research Institute of Investment Analysts Malaysia
6th Floor, Exchange Square
Bukit Kewangan
50200 Kuala Lumpur
Tel: (603) 2026 7099
Fax: (603) 2026 3701
e-mail: suib@klse.com.my

[End of Guidance Notes]