
CHAPTER 5 NEW ISSUES OF SECURITIES**PART A – GENERAL****5.01 Introduction**

This Chapter sets out the requirements and procedures that must be complied with by a listed corporation, for any new issue of securities.

PART B – GENERAL REQUIREMENTS FOR NEW ISSUE OF SECURITIES**5.02 General requirements**

This part applies to all new issues of securities by a listed corporation such as placements, rights issues, bonus issues and issuances of convertible securities, where applicable.

5.03 Application of monies paid pursuant to new issue of securities into a trust account

A listed corporation must ensure that all monies received from any investor or securities holder pursuant to a new issue of securities must be placed in the Trust Account in accordance with Rule 3.10(1).

5.04 General mandate for issue of securities

- (1) A listed corporation must obtain prior shareholder approval to issue shares or convertible securities unless the shareholders had, by resolution in a general meeting, given a general mandate to the directors of the listed corporation, either unconditionally or subject to such conditions as may be specified in the resolution, to issue shares or other convertible securities.
- (2) In seeking the shareholders' general mandate for an issue of shares or convertible securities, the listed corporation must ensure that the aggregate number of shares or convertible securities issued must be not more than 100% of the total number of issued shares, of which the aggregate number of shares and convertible securities issued other than on a pro rata basis to existing shareholders must be not more than 50% of the total number of issued shares.
- (3) A listed corporation may issue shares or convertible securities to a director, major shareholder or chief executive of the listed corporation or person connected to them ("**interested parties**") under a general mandate on a non-pro rata basis provided that –
 - (a) the general mandate expressly authorises the issuance of shares or convertible securities to interested parties;
 - (b) the aggregate number of shares or convertible securities issued to the interested parties must be not more than 10% of the total number of issued shares; and
 - (c) such issuance of shares or convertible securities is approved by the board of directors and done in the best interests of the listed corporation.
- (4) Where the listed corporation seeks to obtain a general mandate from its shareholders pursuant to sub-Rule (1) above, the statement accompanying the proposed resolution must, at least, contain information relating to the amount of proceeds raised from the previous mandate, the details on the utilisation of such proceeds, the intended purpose and utilisation of proceeds from the general mandate sought.

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- (5) A general mandate shall remain in force until the earlier of the following:
- (a) the conclusion of the first annual general meeting of the listed corporation following the passing of the resolution where the mandate may be renewed, either unconditionally or subject to conditions; or
 - (b) it is revoked or varied by ordinary resolution of the shareholders in general meeting.

5.05 Announcement to the Exchange

- (1) A listed corporation must announce to the Exchange, a proposed new issue of securities and include the information set out in Appendix 5A in its announcement.
- (2) Where a listed corporation is undertaking an issuance and placement of securities in stages over a period of time, the listed corporation must, upon placement of the securities, immediately announce to the Exchange, the number and issue price of the securities.

5.06 Circular

A listed corporation must include sufficient information in the circular which the shareholders would reasonably expect to find in a circular of that nature for the purpose of making an informed decision in respect of a new issue of securities, including the information set out in Appendix 5A.

5.07 Listing of new securities

- (1) A listed corporation must submit a listing application under this Chapter to the Exchange through an Adviser.
- (2) A listed corporation and its Adviser must comply with the relevant listing procedures and requirements relating to a new issue of securities as may be prescribed by the Exchange.
- (3) The Exchange reserves its discretion over the listing of new issue of securities on the LEAP Market, and may refuse to list such securities or impose any conditions as it deems fit.
- (4) The following sets out the steps in the listing of a new issue of securities by a listed corporation, with the necessary modifications, as may be applicable:
 - (a) the listed corporation immediately announces the new issue of securities to the Exchange upon the approval of the board of directors of the listed corporation;
 - (b) the listed corporation obtains shareholder approval, if required;
 - (c) the listed corporation fixes the relevant books closing and entitlement dates, where applicable and immediately announces such dates to the Exchange;
 - (d) the listed corporation files with the Exchange the documents as set out in the form prescribed by the Exchange for the listing and quotation of the new issue of securities at least 2 market days prior to the issuance and allotment of the securities;
 - (e) the listed corporation issues and allots the securities;
 - (f) the listed corporation announces to the Exchange, at least 1 market day prior to the admission and quotation of the new issue of securities, the following:
 - (i) details of the corporate proposal;

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- (ii) total number of securities issued under each proposal and the issue price of the securities, if any;
 - (iii) date of listing and quotation; and
 - (iv) latest share capital of the listed corporation after the proposal indicating the number of securities (in unit and RM); and
- (g) the securities are admitted to the LEAP Market and quoted on the Exchange on the next market day following the announcement made under sub-Rule (4)(f) above.
- (5) Notwithstanding sub-Rule (4) above, in the case of a bonus issue of securities by a listed corporation which is not conditional upon any other corporate proposal or if it is conditional upon another corporate proposal but that other corporate proposal has been completed or becomes unconditional, the listed corporation, in announcing the books closing date, must also announce that the securities will be admitted to the LEAP Market and quoted on the Exchange on the next market day after the books closing date.
- (6) A listed corporation must ensure that all new issues of securities for which listing is sought are by way of crediting the securities accounts of the allottees with such securities. For this purpose, the listed corporation must notify the Depository of all such particulars required by the Depository to make the appropriate entries in the securities accounts of the allottees at least 1 market day prior to the admission and quotation of the new issue of securities.

PART C – REQUIREMENTS RELATING TO PLACEMENT

5.08 Placees' details

As soon as practicable after the placement of securities and before the listing of such new issue of securities, the listed corporation's Adviser must submit the details of the placees in the manner as may be prescribed by the Exchange.

PART D – REQUIREMENTS RELATING TO A RIGHTS ISSUE

5.09 Additional requirements

A listed corporation can undertake a non-renounceable rights issue, provided that the aggregate number of securities issued must not be more than 100% of its total number of issued shares.

5.10 Announcements on a rights issue

- (1) A listed corporation must separately notify its shareholders in writing of any announcement made on a proposed rights issue pursuant to sub-Rule 5.05(1) as soon as practicable after such announcement is being made to the Exchange.
- (2) A listed corporation must, on the same day of announcing its books closing date for a rights issue, announce all the other important relevant dates relating to such rights issue as may be prescribed by the Exchange from time to time. The listed corporation must also announce and attach the notices of provisional allotment and rights subscription forms at the same time.
- (3) A listed corporation must undertake due care and diligence when announcing the relevant dates relating to a rights issue. A listed corporation must immediately announce to the Exchange any change to the important relevant dates as announced pursuant to sub-Rule (2) above and state the reasons for such change.

5.11 Issue of notices of provisional allotment

A listed corporation must issue to the persons entitled within 2 market days, or such other period as the Exchange may approve after the books closing date -

- (a) the notices of provisional allotment; and
- (b) the rights subscription forms.

5.12 Allotment of securities, despatch of notices of allotment and filing of documents in respect of a rights issue

Within 8 market days after the final applications closing date for a rights issue or such other period as may be prescribed or allowed by the Exchange, a listed corporation must –

- (a) issue and allot the rights securities;
- (b) despatch notices of allotment to the allottees; and
- (c) file the documents required as set out in the form prescribed by the Exchange for such rights securities.

PART E – REQUIREMENTS IN RELATION TO A BONUS ISSUE**5.13 Bonus issues**

- (1) A listed corporation intending to undertake a bonus issue must consult the Exchange, prior to making any announcement to the Exchange on the same. The consultation with the Exchange may be done with or without an Adviser.
- (2) If a listed corporation undertakes a bonus issue by way of capitalisation, it must ensure it has sufficient reserves to cover the capitalisation issue.

5.14 Ranking of bonus issue securities

The bonus issue securities must rank pari passu in all respects with the existing securities of the same class upon listing.

PART F – REQUIREMENTS RELATING TO AN ISSUE OF CONVERTIBLE SECURITIES**5.15 Convertible securities**

- (1) A listed corporation must announce to the Exchange, a proposed new issue of convertible securities and include the information set out in Appendix 5A in its announcement.
- (2) Prior to an issue of convertible securities, the listed corporation must file the documents with the Exchange for the listing and quotation of securities which will be issued pursuant to conversion of the convertible securities, as set out in the form prescribed by the Exchange.

5.16 Listing of securities arising from conversion

- (1) A listed corporation must announce to the Exchange upon conversion of convertible securities that it has issued the securities.

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- (2) The securities which are issued pursuant to conversion of the convertible securities will be admitted to the LEAP Market and quoted on the Exchange on the next market day following the announcement made in sub-Rule (1) above.

5.17 Maximum number of new shares allowed from exercise of warrants

A listed corporation must ensure that the number of new shares which will arise from all outstanding warrants, when exercised, does not exceed 50% of the total number of issued shares of the listed corporation (before the exercise of the warrants) at all times.

5.18 Deed poll and trust deed

A deed poll or trust deed must not include any provision for the extension or shortening of tenure of the convertible securities.

5.19 No alteration or adjustment to the terms

A listed corporation must ensure that no alteration or adjustment is made to the terms of the convertible securities during the tenure of the securities, unless such alteration or adjustment is provided upfront in the deed poll or trust deed governing the securities.

5.20 Allotment of securities, despatch of notices of allotment and filing of documents in respect of conversion or exercise

Within 8 market days after the date of receipt of a subscription form together with the requisite payment or such other period as may be prescribed or allowed by the Exchange, a listed corporation must -

- (a) issue and/or allot the securities arising from the conversion or exercise of the convertible security;
- (b) despatch a notice of allotment to the holder of the convertible security; and
- (c) file the documents required as set out in the form prescribed by the Exchange for such securities.

[End of Chapter]

Appendix 5A

Contents of announcement and circular to securities holders for new issue of securities

APPENDIX 5A**Contents of announcement and circular to securities holders in relation to a new issue of securities**
(Rules 5.05(1), 5.06 and 5.15(1))

- (1) The number and type of securities to be issued. In an issuance of convertible securities, the terms of the convertible securities, if any.
- (2) The ranking of the new issue of securities and whether listing will be sought.
- (3) The issue price of the new issue of securities, the basis of determining the issue price and justification for the pricing.
- (4) The persons to whom the new issue of securities will be allotted or issued.
- (5) A description of the proposed utilisation of the total amount of funds to be raised from the issuance of securities including the proposed timeframe for such proposed utilisation, where applicable.
- (6) The effect of the new issue of securities on -
 - (a) the share capital (to show effect for each proposal);
 - (b) the net assets per share based on the latest audited consolidated financial statements (to show effect for each proposal); and
 - (c) the earnings per share of the group.
- (7) The approvals required for the new issue.
- (8) Whether the directors, major shareholders or persons connected with them have any interest, direct or indirect, in the issue.
- (9) In the case of a bonus issue -
 - (a) the details of the reserves to be capitalised for the bonus issue; and
 - (b) a statement that the reserves required for capitalisation of the bonus issue complies with Rule 5.13(2).
- (10) Where the issuance of securities or proceeds are utilized for acquisition of assets or interests and such acquisition falls within the ambit of Chapter 7 of these Requirements and announcement is required pursuant to Chapter 7 of these Requirements, the relevant information on the transaction as required under Appendix 7A of these Requirements.
- (11) Any other information which is necessary for securities holders and investors to make an informed investment decision.

[End of Appendix]