

ANNEXURE A  
 ENHANCEMENTS TO PROMOTE A MORE TRANSPARENT FRAMEWORK,  
 WITH GREATER CLARITY OF THE ADMISSION CRITERIA  
 [Draft for Consultation – 18 November 2014]

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 UNDER PART 1 OF THE CONSULTATION PAPER

**Proposal 1.1**

**Clarifying the suitability assessment undertaken by Sponsors, as well as companies which are not suitable for listing**

**ACE Market Listing Requirements**

GUIDANCE NOTE 18

ROLES AND RESPONSIBILITIES OF SPONSORS

Details	Cross References
Effective date: 3 August 2009	Rules 3.02(4), 4.06, 4.07 and 6.02(4)
<u>Revision date:</u> 18 November 2014	

1.0-2.0 [No change].

**3.0 Prospects of an Applicant**

3.1 Generally, a Sponsor must consider, amongst others, whether -

- (a) the business is likely to succeed;
- (b) the business has potential for profitable operations and wealth creation;
- (c) the Applicant has adequate resources to realise its potential; and
- (d) the Applicant has a sustainable position in the industry having regard to its competitiveness, availability of alternative products or services, government policies and incentives, and the economy.

3.2 In evaluating the prospects of an Applicant, a Sponsor must be satisfied that the Applicant's business has growth potential, having regard to the Applicant's business plan, which may cover, amongst others, the product development plan, research and development initiatives, intellectual property rights of the Applicant (where applicable) and whether the Applicant has a competitive advantage over its peers.

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- 3.3 Generally, a Sponsor should not regard an Applicant as being suitable for listing if -
- (a) the Applicant's business is loss making;
  - (b) the Applicant's business shows declining profits; or
  - (c) the Applicant suffers from low profitability and without any growth in financial results,
- unless the Sponsor is able to demonstrate to the Exchange that the Applicant has taken steps to improve its financial performance, it has a strategy to revive its business in the future, or there are acceptable justifications on the prospects of the Applicant's business.

4.0-11.0 [No change].

**Proposal 1.2**

**Encouraging pre-IPO consultation with the Exchange**

**CHAPTER 3 - ADMISSION**

**3.01A Pre-admission consultation**

- (1) A potential applicant is strongly encouraged to consult the Exchange prior to its application for admission to the Official List. The consultation with the Exchange may be done with or without a Sponsor.
- (2) The potential applicant who is seeking a consultation with the Exchange should furnish to the Exchange the documents and information set out in Appendix 3A at least 1 week prior to its consultation with the Exchange.

**APPENDIX 3A**

**Contents of pre-admission consultation document**

(Rule 3.01A(2))

- (a) The name of the company.
- (b) The date and place of incorporation.
- (c) The date of commencement of operations.
- (d) The principal activities and the business model of the company, including any permits or licenses required for operations.
- (e) The principal place of business.
- (f) The shareholding structure and group structure (if applicable).

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- (g) The details of the promoters, including their qualification, experience and interest in other businesses.
- (h) The following financial statements, prepared on a consolidated basis (if applicable) for the past 3 financial years or since date of incorporation, if the company has been incorporated for less than 3 years:
- (i) income statement;
- (ii) statement of financial position; and
- (iii) cashflow statement,
- including whether the applicant's financial statements contain any qualified opinion by its auditors in the past.
- (i) The brief future plans of the company.
- (j) The rationale for seeking listing on the Exchange, including amount of funds to be raised and proposed utilisation of proceeds.
- (k) Any other matters for discussion.

[End of Appendix]

**Proposal 1.3**

**Enhancing the disclosure of suitability of an ACE Market applicant by requiring an independent market research report in support of its IPO application**

**GUIDANCE NOTE 15**

**LISTING PROCEDURES FOR INITIAL ADMISSION**

Details	Cross References
Effective date:	3 August 2009                      Rules 3.02, 5.02, 8.18 and 15.03
Revision date:	22 September 2011, 3 January 2012, <u>18</u> <u>November 2014</u>

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**ANNEXURE GN15-A****PART B****Documents to be filed with a listing application**

(paragraph 3.1(b); paragraph 3.1(b) of Guidance Note 16; Rule 5.02(5) of the Listing Requirements)

(1) An applicant must file the following documents in support of a listing application:

- (kA) a copy of the independent market research report, which must cover the background of the expert, overview of the applicant's business, appraisal of the applicant's business, commentary on the historical growth rate and growth prospects of the applicant's business, products and services, as well as commentary on the overall industry where the applicant operates in;

**Proposal 1.4**

**Codifying the moratorium requirements applicable where a listed corporation acquires an asset which results in a significant change in the business direction or policy**

**CHAPTER 3 – ADMISSION****3.19 Moratorium on promoter's shares**

(1) Subject to sub-Rule (1A) below, a moratorium will be imposed on the sale, transfer or assignment of shares held by promoters of an applicant as follows:

- (a) The moratorium applies to the entire shareholdings of the promoters of an applicant for a period of 6 months from the date of admission to the Exchange.
- (b) Upon the expiry of the 6-month period stated above, the listed corporation must ensure that the promoters' aggregate shareholdings amounting to at least 45% of the nominal issued and paid-up ordinary share capital of the listed corporation remain under moratorium, for another period of 6 months.

(c) Thereafter, subject to sub-Rule (d) below, the promoters may sell, transfer or assign ~~up to a maximum of 1/3rd per annum (on a straight line basis) of~~ the shares held under moratorium- as follows:

(i) In respect of the following promoters, all of the remaining shares held under moratorium –

(aa) a registered Venture Capital Management Corporation referred to under the SC's Guidelines for the Registration of Venture Capital Corporations and Venture Capital Management Corporations, as amended from time to time;

(bb) a private equity firm that makes investments on behalf of its members and is registered with the SC or an equivalent foreign regulatory authority; or

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- (cc) an angel investor accredited by the Malaysian Business Angels Network.
- (ii) In respect of all other promoters, up to a maximum of 1/3rd per annum (on a straight-line basis) of the shares held under moratorium.
- (d) Where a listed corporation has not generated 1 full financial year of operating revenue based on the latest audited financial statements, the promoters may only sell, transfer or assign ~~up to a maximum of 1/3rd per annum (on a straight-line basis) of~~ the shares held under moratorium in the manner set out under sub-Rule (c) above after the listed corporation has generated 1 full financial year of operating revenue based on its latest audited financial statements.
- (e) Where the promoters also own securities which are convertible or exercisable into ordinary shares of the applicant, the promoters' shareholdings to be placed under moratorium should amount to 45% of the enlarged issued and paid-up ordinary share capital of the applicant assuming full conversion or exercise of such securities owned by the promoters.
- (1A) Sub-Rule (1) above does not apply to the promoters of an applicant which qualifies for admission to the Main Market of the Exchange as at the date of submission of the listing application to the Exchange. For such promoters, they are not allowed to sell, transfer or assign their entire shareholdings in the applicant for a period of 6 months from the date of admission to the Exchange. Thereafter, the promoters may sell, transfer or assign their shares held under moratorium.
- (1B) If a listed corporation meets the admission criteria for listing on the Main Market of the Exchange during the moratorium period stipulated in sub-Rule (1) above, its promoters may apply to the Exchange to be exempted from continued compliance with sub-Rules (1)(b) and (c) above.
- (2) Where the promoter is an unlisted corporation, all direct and indirect shareholders of the unlisted corporation (whether individuals or other unlisted corporations) up to the ultimate individual shareholders must give undertakings to the Exchange that they will ~~comply with the moratorium-not sell, transfer or assign their securities in the unlisted corporation for the period stipulated in sub-Rules (1) or (1A) above, as the case may be.~~
- (2A) Where a listed corporation acquires an asset which results in a significant change in the business direction or policy of the listed corporation –
- (a) the moratorium requirements in sub-Rules (1) or (1A) above, as the case may be, will be imposed on the listed corporation's shares received by the vendor as consideration; and
- (b) where the vendor is an unlisted corporation, all the direct and indirect shareholders of the vendor (whether individuals or other unlisted corporations) up to the ultimate individual shareholders must give undertakings to the Exchange that they will not sell, transfer, or assign any of their securities in the vendor for the period stipulated in sub-Rules (1) or (1A) above, as the case may be.
- (3) Notwithstanding sub-Rules (1) or (1A) above, the promoters are allowed to transfer the shares which are subjected to moratorium, to facilitate the price stabilization mechanism.
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- (4) Where the applicant undertakes the price stabilization mechanism as part of the listing scheme and the promoter's shares to be held under moratorium had been borrowed by the stabilising manager, the stabilising manager and the applicant must submit a written confirmation that such shares are returned to the promoter and placed under moratorium within 5 market days after –
- (a) the end of the stabilisation period of 30 calendar days commencing from the first day of trading on the Exchange; or
  - (b) the day on which the over-allotment option is exercised in full,
- whichever is the earlier.

**Proposal 1.5**

**Clarifying the sponsorship requirements applicable to a listed corporation which undertakes a corporate proposal which will result in a significant change in the business direction or policy**

## CHAPTER 3 – ADMISSION

### 3.21 Sponsors

- (1) Subject to sub-Rules (1A) and (2) below, an applicant must secure and maintain the services of a Sponsor for at least 3 full financial years after its admission to the Official List. The applicant's Sponsor who submitted its application for admission to the Exchange shall act as its Sponsor for at least 1 full financial year following the applicant's admission to the Official List. The applicant shall refer to Rule 4.19 for provisions governing the resignation and termination of Sponsors.
- (1A) Sub-Rule (1) above does not apply to an applicant which qualifies for admission to the Main Market of the Exchange as at the date of submission of listing application to the Exchange.
- (1B) A listed corporation may apply to the Exchange to be exempted from continued compliance with sub-Rule (1) above if the listed corporation meets the admission criteria for listing on the Main Market of the Exchange during the period referred to in sub-Rule (1).
- (2) In relation to an applicant which has yet to generate operating revenue during the period referred to in sub-Rule (1) above, the applicant must extend the services of the Sponsor to at least 1 full financial year after the applicant has generated operating revenue.
- (3) For the avoidance of doubt, sub-Rules (1), (1A), (1B) and (2) above are also applicable to a listed corporation that undertakes a corporate proposal which will result in a significant change in the business direction or policy of a listed corporation.

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**Proposal 1.6**

Further amendments to Guidance Note 15 arising from proposed amendments in relation to a listed corporation which undertakes a corporate proposal which will result in a significant change in the business direction or policy

**GUIDANCE NOTE 15****LISTING PROCEDURES FOR INITIAL ADMISSION**

Details	Cross References
Effective date:	3 August 2009
Revision date:	22 September 2011, 3 January 2012, <u>18 November 2014</u>
	Rules 3.02, 5.02, 8.18 and 15.03

**ANNEXURE GN15-A****PART A****Listing application for admission of securities**

(paragraph 3.1(a); paragraph 3.1(a) of Guidance Note 16; Rule 5.02(5) of the Listing Requirements)

Please tick wherever applicable. If not applicable, please indicate "N/A"  
 [You may tick more than one box, where applicable]

# Delete as appropriate

5.	PROPOSALS RESULTING IN SIGNIFICANT CHANGE IN BUSINESS DIRECTION OR POLICY OF THE LISTED CORPORATION ("RTO")	
5G	<b>Other confirmations</b>	<p>We confirm that:</p> <p>(a) The core business of the applicant is not the holding of investments in other listed corporations (Rule 3.04 of the LR).</p> <p>(b) The applicant has sufficient working capital available for its present requirements and <del>for</del></p> <p style="text-align: center;"><u>(i) in the case of an IPO, for</u> at least 12 months from the date of its prospectus for an IPO; <u>or</u></p>

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		<p style="text-align: center;"><u>(ii) in the case of an RTO, for at least 12 months from the date of its circular to shareholders seeking their approval to undertake the RTO.</u></p> <p>(c) The applicant complies with the requirement on management continuity pursuant to Rule 3.06 of the LR.</p> <p>(d) The public shareholding spread based on the enlarged issued and paidup capital of the applicant will be in compliance with Rule 3.10 of the LR.</p>
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**PART B****Documents to be filed with a listing application**

(paragraph 3.1(b); paragraph 3.1(b) of Guidance Note 16; Rule 5.02(5) of the Listing Requirements)

(1) An applicant must file the following documents in support of a listing application:

(a)-(f) [no change];

(fA) a letter of undertaking duly executed by the following persons that they will comply with the moratorium requirements for the periods set out in Rule 3.19 of the Listing Requirements:

(i) in the case of an IPO, each promoter of the applicant, or where the promoter is an unlisted corporation, all the direct and indirect shareholders of the promoter (whether individuals or other unlisted corporations) up to the ultimate individual shareholders; or

(ii) in the case of an RTO, the vendor of the assets, or where the vendor is an unlisted corporation, all the direct and indirect shareholders of the vendor (whether individuals or other unlisted corporations) up to the ultimate individual shareholders;

(g)-(k) [no change];

(kA) a copy of the independent market research report, which must cover the background of the expert, overview of the applicant's business, appraisal of the applicant's business, commentary on the historical growth rate and growth prospects of the applicant's business, products and services, as well as commentary on the overall industry where the applicant operates in;

(l) [no change];

(m) ~~details of a~~ declaration by the applicant or where it is an RTO, a declaration by the vendor of the assets (if it is a corporation) that it -



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- (i) ~~has never been charged with, convicted or compounded for any conviction or charge with~~ any offence under ~~the~~ securities laws, corporations laws or any other laws involving fraud or dishonesty in a court of law, ~~on the applicant,~~ for the last 10 years ~~before the submission~~prior to the submission of the application; and
- (ii) ~~has never had~~ any action ~~by the Exchange on the applicant taken against it~~ for any breach of the Listing Requirements or rules issued by the Exchange, the Rules of Bursa Malaysia Securities Berhad (“Rules of the Exchange”), for the past 5 years ~~prior to the submission of the application;~~prior to the submission of the application.
- (n) confirmation by directors of the applicant, or where it is an RTO, confirmation by directors of the listed corporation, directors of the acquiree corporation and vendor of the assets (if it is an individual) that they -
- (i) are not undischarged bankrupts nor are they presently ~~subjected~~ to any proceedings under bankruptcy laws;
- (ii) have never been charged with, convicted for or compounded for any offence under securities laws, corporations laws or any other laws involving fraud or dishonesty in a court of law;
- (iii) have ~~had no never had any~~ action taken against them for any breach of the Listing Rrequirements or rules issued by the Exchange, for the past ~~five~~ 5 years prior to the submission of the application; and
- (iv) have not been subjected to any inquiry or investigation by any government or regulatory authority or body for the past ~~five~~ 5 years prior to the submission of the application;
- (nA) the following details of all existing and proposed substantial shareholders of the applicant:
- (i) for individuals, their NRIC/passport number, age and current address; and
- (ii) for corporations, their registration number and current address;
- (nB) the NRIC/passport number, current address and nationality of the directors, chief executive and key management of the applicant and its subsidiaries;
- (o)-(q) [no change].
- (2) [No change].

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**ANNEXURE GN15-B**

**Undertaking by an applicant**

(paragraph 4.1; paragraph 4.1 of Guidance Note 16)

To  
Bursa Malaysia Securities Berhad  
Exchange Square  
Bukit Kewangan  
50200 Kuala Lumpur

Dear Sirs,

Compliance with ACE Market Listing Requirements and Rules of Bursa Malaysia Securities Berhad (“**Bursa Securities**”)

In consideration of Bursa Securities approving the \*application for admission of ..... (“**Corporation**”) to the Official List of Bursa Securities (“**Official List**”) and for official quotation of the securities described in the Corporation’s listing application, / \*corporate proposal which will result in a significant change in the business direction or policy of ..... (“**Corporation**”), WE ACKNOWLEDGE that the Corporation shall remain on the Official List, and official quotation of any of the Corporation’s securities shall continue only during the pleasure of Bursa Securities.

WE FURTHER UNDERTAKE AND AGREE to comply with Bursa Securities ACE Market Listing Requirements and the Rules of Bursa Securities, including any amendment as may be made from time to time, insofar as the same apply to the Corporation.

\*\*This Undertaking is deemed to have been made in Malaysia and the construction, validity and performance of this Undertaking are governed in all respects by the laws of Malaysia and WE irrevocably submit to the jurisdiction of the Malaysian Courts.

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

Date:

Signature:

Name:

\*\* Applicable to a foreign applicant only.

**[End of Annexure A]**