

**PRE-ADMISSION CONSULTATION PACK**  
**Submission Process, and Template and Content**

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**1.0 INTRODUCTION**

- 1.1 Unless otherwise defined, all terms used in this document shall have the same meaning as defined under the ACE Market Listing Requirements (“**ACE LR**”).
- 1.2 Rule 4.06A of the ACE LR requires that a Sponsor (as defined under the ACE LR) must consult the Exchange before submitting an application for admission to the Official List. The consultation must comply with the following:
- (a) the consultation must be done with the applicant together with other key advisers as may be specified by the Exchange, after the necessary due diligence has been substantially completed; and
  - (b) the Sponsor must furnish to the Exchange the documents and information as may be specified by the Exchange for purposes of the consultation.
- 1.3 Paragraph 2A.0 of Guidance Note 15 of the ACE LR provides the following:
- (a) An applicant must submit to the Exchange a pre-admission consultation pack at least 1 month prior to the filing of the listing application. The pre-admission consultation pack must be prepared in accordance with the form and content as specified by the Exchange which is made available on the Exchange’s official website.
  - (b) An applicant must submit a new pre-admission consultation pack if a listing application has not been filed with the Exchange within 3 months from the date of submission of the pre-admission consultation pack under subparagraph (a) above.
  - (c) The submission of the pre-admission consultation pack must be accompanied with the relevant prescribed fee. This amount shall form part of the prescribed fees for the listing application.
- 1.4 For the avoidance of doubt, the pre-admission consultation pack does not constitute the entire listing application for admission to the Official List.

**2.0 SUBMISSION PROCESS AND STANDARD**

- 2.1 As stated under paragraph 1.3(a) above, an applicant must submit to the Exchange a pre-admission consultation pack at least 1 month prior to the filing of the listing application and the prospectus registration. An applicant must also submit, together with the Pre-Admission Consultation Pack, presentation slides on a summary of information and matters for discussion. The Exchange may require additional information as it may deem appropriate.
- 2.2 The Exchange envisages a meeting with the Sponsor(s), applicant and adviser(s) to take place approximately 10 market days, after receipt of the complete pre-admission consultation pack. The Exchange will thereafter inform the Sponsor whether it can proceed with the submission of the listing application.

- 2.3 The pre-admission consultation pack is intended to enable the Sponsor(s) to highlight and discuss all material issues and concerns in relation to the proposal together with the resolution or proposed resolution of these issues and concerns to the Exchange. Therefore, it is important for the Sponsor and relevant experts or other advisers to substantially complete the necessary due diligence in order to identify and provide adequate information on material issues in the pre-admission consultation pack.
- 2.4 In addition, the Exchange expects the Sponsor and other relevant parties to meet the standards and obligations as set out under Rule 2.18 of the ACE LR as well as the Guidelines on Submission of Corporate and Capital Market Product Proposals issued by the Securities Commission Malaysia, in the preparation of the pre-admission consultation pack.
- 2.5 For application relating to a proposal which will result in a significant change in the business direction or policy of a listed corporation on the ACE Market, the pre-admission consultation pack must also include information on the target asset or enlarged group, where applicable.
- 2.6 Where any of the required information is not applicable, the Sponsor(s) should provide a negative statement under the relevant categories.

### **3.0 TEMPLATE AND CONTENT OF PRE-ADMISSION CONSULTATION PACK**

- 3.1 The pre-admission consultation pack must contain, at a minimum, the following information:

#### **GENERAL INFORMATION**

(1) **Details of applicant's advisers**

Identities and contact details of the advisers involved, and the respective persons/partner-in-charge.

(2) **Business overview**

- (a) Principal activity including a description of the business model and operations;
- (b) Principal place of business;
- (c) Principal market in which it operates;
- (d) Breakdown of revenue contribution by segments indicating main revenue contributor; and
- (e) Description of the top five (5) major customers and major suppliers, and their individual contributions for each financial year and financial period under review.

(3) **Information on promoters, directors (including proposed directors), key senior management and key technical personnel**

- (a) Name;

- (b) Principal activity and other background information;
- (c) Nationality or country and date of incorporation;
- (d) A brief background on their qualification, experience and roles and responsibilities; and
- (e) The nature of any association or family relationship between promoters, directors (including proposed directors), substantial shareholders, key senior management and key technical personnel.

**(4) Corporate and shareholding structure**

- (a) Illustrations of the corporate and shareholding structures, including list of substantial shareholders, and their shareholdings before and after the proposal; and
- (b) Details of ultimate beneficial owners, if shares are held through nominees or corporations.

**(5) Historical financial information of the applicant for the relevant financial years and financial period under review**

- (a) Revenue;
- (b) Other income;
- (c) Gross profit and gross profit margin;
- (d) Profit or loss before tax and profit margin;
- (e) Profit or loss attributable to non-controlling interest and equity holders of the parent;
- (f) Current ratio and gearing ratio;
- (g) Total assets and net assets;
- (h) Cash flow from operating activities;
- (i) Cash and cash equivalents;
- (j) Trade receivables and trade payables turnover period (excluding retention sum);
- (k) Dividends declared and/or paid, including the source of funds for the payment of such dividends;
- (l) Any other key measures relevant to the applicant's business (e.g. inventory turnover period, same store sales growth, etc); and
- (m) Any material fluctuation from year to year/period to period in relation to the key financial information above.

## **PARTICULARS OF THE PROPOSAL**

### **(6) Details of the proposal**

- (a) Any pre-listing or internal restructuring exercise, (for acquisitions, to state the purchase consideration and basis in arriving at the purchase consideration) and the expected timeline for completion of the pre-listing or internal restructuring exercise;
- (b) Particulars of the initial public offering (“**IPO**”) or any other intended proposal. For proposal which results in a significant change in business direction or policy of a listed corporation on the ACE Market, to state how the proposal will result in a significant change in business direction or policy of the listed corporation.
- (c) Indicative issue or offer price;
- (d) Particulars of other required approvals obtained or pending in relation to the proposal, where applicable, and the expected timeframe to obtain these approvals;
- (e) If pre-IPO dividends are proposed to be paid, details including the amount, source of funds and timing of payment of such pre-IPO dividends;
- (f) Indicative total proceeds to be raised, including proposed utilisation of proceeds segregated into each principal intended use and the timeframe for such utilisation;
- (g) Indicative market capitalisation; and
- (h) Proposed timeline for submission of proposal.

### **(7) Details of previous proposal**

- (a) Information on any submission of previous material corporate proposals by the applicant or any corporation within the group to a stock exchange or securities regulator within and outside Malaysia since incorporation; and
- (b) For applicant that was previously privatised (within and/or outside Malaysia) and now seeking a re-listing, to provide –
  - (i) an explanation on the difference between the privatisation value and indicative market capitalisation for the IPO; and
  - (ii) the rationale for privatisation and re-listing.

## **COMPLIANCE WITH THE FOCUS AREAS**

### **(8) Compliance with paragraph 3.03 of the ACE LR**

To demonstrate how the requirements are met.

**(9) Related party transaction (“RPT”)**

- (a) Statement whether the RPTs material to the group were carried out on arms’ length basis and based on terms and conditions which were not unfavourable to the applicant, and the basis for the statement.
- (b) Where RPTs were not transacted at arm’s length basis, details of the RPT (including nature and extent) and the procedures undertaken to ensure that these transactions will be carried out on an arm’s length basis in the future.

**(10) Conflict of interest (“COI”)**

- (a) Statement whether all existing and potential COI situations have been resolved, eliminated or mitigated.
- (b) Where there are COI situations that have not been resolved, eliminated or mitigated, -
  - (i) the proposed measures, procedures or arrangements to address these COI situation(s); and
  - (ii) an extract of the proposed disclosures in the prospectus or shareholders’ circular.

**(11) Corporate governance**

- (a) Statement on compliance with the relevant laws, regulations, rules and requirements governing conduct of the business of the group, including compliance of property assets owned or rented by the group.
- (b) Where there has been material non-compliance incident, sufficient details including -
  - (i) the nature and extent of the non-compliance;
  - (ii) the rectification measures taken or to be taken including estimated time and cost;
  - (iii) the penalties imposed or potential maximum penalty which may be imposed;
  - (iv) the degree of impact or potential impact to the group’s business operations or financial performance, and state whether the non-compliances have or could have any material adverse impact to the business operations and financial condition of the group; and
  - (v) an extract of the proposed disclosures in the prospectus or shareholders’ circular, where applicable.

The following template may be used as a guidance to tabulate the non-compliance incident:

Nature of non-compliance	Status as at the latest practicable date	Estimated time for rectification	Estimated cost to rectify	Potential maximum penalty	Impact to business operations or financial condition
<b>Example:</b>					
No Certificate of Completion and Compliance (“CCC”)	A rented warehouse located at Klang, Selangor have yet to be issued with CCC.	3 months from date of application	RM10,000	RM250,000 or imprisonment for a term not exceeding 10 years or both.	<p>No material impact to the group’s business operations and financial condition because the warehouse is mainly used for storage of used equipment, hardware and overhaul of used equipment owned by the group.</p> <p>The book value of the equipment stored in the warehouse is less than x% of the group’s total asset value.</p> <p>The cost to rectify and the possible penalty to be imposed by the authority is less than y% of the group’s PBT.</p>

Sponsor to consider and provide information on the non-compliances which individually may not be not material, but when assessed collectively, would be material, as well as to state whether there is any material adverse impact to the business operations and financial condition of the group.

- (c) Any matter which may cast doubt on the integrity of the directors or proposed directors, together with –
  - (i) the Sponsor’s views on the suitability of the directors or proposed directors; and
  - (ii) an extract of the proposed disclosures in the prospectus or shareholders’ circular, where appropriate.
- (d) Details of any departure from recommendations of the Securities Commission Malaysia’s Malaysian Code on Corporate Governance (“MCCG”). Where there is a departure, to provide:
  - (i) an explanation for the departure;
  - (ii) the alternative practice it has adopted, and how the alternative practice achieves the intended outcome; and
  - (iii) for Larger Companies (as defined under the MCCG), details of actions which they have taken or intend to take and the timeframe required to achieve the application of the prescribed practice.

**(12) Public interest and interest of investors**

Whether the proposal would be contrary to public interest and/or detrimental to the interest of investors, and how these concerns will be addressed.

**MATTERS TO HIGHLIGHT**

Sponsor(s) should provide sufficient details on the following matters to highlight under subparagraphs (13) to (19) below, including how issues or concerns highlighted are addressed or will be addressed. The Sponsor(s) should also provide its view on the impact of such issue(s) to the group's business operations or financial condition as well as an extract of the proposed disclosures in the prospectus or shareholders' circular, where relevant. Each matter highlighted should be concise and in plain English.

**Business Model**

**(13) Intellectual property / licenses / approvals**

- (a) Whether there is any intellectual property, key license or approval which would materially affect the business or operations but:
  - (i) has not been obtained or the application for renewal is pending approval; or
  - (ii) the remaining validity period is less than 12 months.
- (b) Where such intellectual property, key licenses or approvals are pending, details including the status of the application as well as the expected timeframe to obtain the relevant approvals.
- (c) Where the remaining validity of the intellectual property, key license or approval is less than 12 months, explanation and quantification (where applicable) on the impact in the event that any of the key licenses are not renewed, or intellectual property or approvals are not obtained.

**(14) Material contracts**

Statement whether there are any concerns on material contracts (which includes contract the group's business or profitability is materially dependent on and material contract not in the corporation's ordinary course of business), including those which could have a material adverse impact to the group's business operations or financial condition. If so, to provide sufficient details including the following:

- (a) nature and purpose of the contract;
- (b) parties to the contract;
- (c) tenure of the contract and whether it is renewable;
- (d) salient terms including contract value, exclusivity of the contract, termination, withdrawal and penalty clauses as well as conditions attached, where applicable;
- (e) contribution to the group's revenue and/or profits on a yearly basis; and

- (f) the extent to which the group is dependent on the contracts, to highlight whether there is any concern arising from the group's material dependency on such contracts.

**(15) Dependency on major customers and major suppliers**

Whether there is any significant dependency on major customers and major suppliers of the group and whether there is any concern on concentration risks.

**Financial Position and Liquidity**

**(16) Going concern and viability**

Any issues on the group's financial condition or liquidity (e.g. net current liability position, high gearing, expiry of tax incentives, director's personal guarantee, etc).

**Compliance History**

**(17) Audits or inspections by regulatory authorities**

Details of any on-going regulatory audits or inspections as at the date of submission, and Sponsor's statement whether they are aware of any potential adverse findings arising from such regulatory audits or inspections.

**(18) Allegations or complaints**

(a) Statement whether the Sponsor, as at the date of the submission, are aware of any allegations or complaints against the applicant or any corporation within the group, directors, proposed directors, key executive officers or promoters of the applicant, which may affect the group's business operations and financial condition.

(b) If there are such allegations or complaints, statement from the Sponsor whether all allegations or complaints have been adequately addressed.

**(19) Other matters**

Any other key matters, including matters that could affect the proposal, or could have a material adverse impact to the group's business operations or financial condition.

Any other significant matters relating to property assets, where applicable.

**WAIVER APPLICATION**

**(20) Waiver sought or to be sought from the Exchange**

Details of any departure from the ACE LR and for the waiver sought for such departure, the following information for each waiver:

- (a) key facts or issue;
- (b) waiver sought or to be sought;

- (c) justifications; and
- (d) mitigation for the waiver (if relevant), including, an extract of the proposed disclosures of the mitigation in the prospectus or shareholders' circular, where applicable.

[End]