



**LEAP MARKET**  
**ISSUERS COMMUNICATION**  
**GUIDANCE ON DISCLOSURES IN INFORMATION MEMORANDUM**  
**(ICN 1/2019)**  
**[Issuance Date: 29 March 2019]**

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**A. INTRODUCTION**

1. The LEAP Market which was officially launched on 25 July 2017, was introduced by Bursa Malaysia Securities Berhad (“the Exchange” or “Bursa Securities”) to provide:-
  - (a) fundraising and profiling avenues to companies, particularly small and medium-sized enterprises (“SMEs”); and
  - (b) investment opportunities to sophisticated investors who are defined under Part I of the Schedule 6 and Schedule 7 of the Capital Market and Services Act 2007 (“CMSA”).
2. The LEAP Market which is a qualified market, operates under a disclosure-based and adviser driven regime. As such, the Exchange does not assess the suitability of a LEAP Market applicant since such assessment and evaluation are to be undertaken by an approved adviser prior to listing. The adviser must also exercise due diligence and be responsible for the preparation of the admission documents including ensuring the quality, accuracy and adequacy of disclosures made.
3. In this connection, an applicant seeking listing on the LEAP Market is required to prepare an Information Memorandum (“IM”) which is the main document describing the business and affairs of the applicant for purposes of listing. Therefore, there is a need to ensure the quality of disclosures particularly pertaining to the quality, investability and sustainability of LEAP applicants. The IM must contain the information prescribed in Appendix 3A of the LEAP Market Listing Requirements (“LEAP LR”) and be submitted to the Exchange together with the listing application.
4. Accordingly, adequate and good standards of disclosures to the market will be the primary focus of the Exchange in exercising its discretion in approving the admission of companies on the LEAP Market. In this regard, the Exchange reviews IMs submitted in conjunction with listing application to ensure that the IMs provide investors with sufficient and accurate disclosure of all relevant information regarding the applicant’s business, prospects, finances and the terms of the securities in order to enable investors to evaluate the risks and merits of the company for the purpose of making their investment decision.
5. Based on the Exchange’s review of the IMs submitted thus far, it is noted that there is a need to enhance the understanding and appreciation of the regulatory intent/objective of the LEAP LR among the advisers and applicants for LEAP Market.

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6. In light of the above, the Exchange issued this ICN 1/2019 to guide advisers and applicants in preparing IMs which will facilitate investors in making informed investment decision. Among others, this ICN 1/2019 provides clarity/ elaboration on the disclosure requirements and expected standard and quality of disclosures in an IM.
7. Applicants and advisers are expected to observe the guidance set out in this ICN 1/2019 to ensure better quality disclosures in IMs.
8. The guidance and recommendations set out in this ICN 1/2019 are not meant to be exhaustive. An applicant and adviser are expected to make their own assessment to ensure that the information provided in the IM is adequate and meaningful, taking into account the applicant's specific business circumstances and the industry it operates in.

**B. GUIDANCE ON DISCLOSURES IN IM**

The key disclosure principle for an IM is that it must contain relevant information that investors would reasonably require to make an informed assessment about a listing applicant before making their investment decision. Hence, applicants and advisers are expected to ensure that adequate and meaningful information is provided in the IM to meet this objective.

As set out in paragraph A(3) above, contents of an IM are prescribed in Appendix 3A of the LEAP LR. This ICN 1/2019 aims to complement the LEAP LR by clarifying and illustrating the application of the LEAP LR disclosure requirements. It also takes into account the common issues we see and seek to address in the market place.

**1. INFORMATION ON THE APPLICANT****Paragraph (a) in Appendix 3A of LEAP LR**

Information on the applicant's principal activities, business model and future plans, including steps taken and to be taken to realise the plans;

- 1.1 Description of an applicant's business must contain sufficient details of the specific facts and circumstances of an applicant to enable investors to assess the potential risks and returns associated with an investment in the applicant.
- 1.2 In describing an applicant's business activities and business model, the applicant and its adviser should, among others, include the following information:
  - (a) Nature of the applicant's operation which include information specific to the industry in which the applicant operates.

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**Guidance**

- (i) Where an applicant is a manufacturing company, the applicant should disclose its manufacturing capabilities (e.g. production capacity and the utilisation rate for its plant/ machine)
- (ii) An applicant whose business is very dependent on foreign workers should disclose relevant information such as key regulatory requirements relating to foreign workers, recruitment quota and any specific compliance requirement of any particular source country, which are material for the applicant's operation.
- (iii) Where the applicant's business is materially dependent on any contract/agreement, such reliance should be clearly explained and relevant information such as the salient terms of such contract/agreement should be disclosed.

- (b) Principal markets of applicant's products/services;
- (c) Marketing activities and distribution channels
- (d) Main categories of products sold or services performed

**Guidance**

Where applicable, description of the products should include information such as:-

- (i) the product differentiation;
- (ii) the target market segments etc.

- 1.3 In making disclosures of the applicant's future plans (such as expanding into new markets or securing new customers etc), an applicant and adviser should avoid stating information which are still uncertain. If disclosure of such information is necessary (in limited or exceptional circumstances), it should be accompanied by a statement to draw investors' attention to the uncertainty.

### ILLUSTRATION 1

#### Facts:

ABC Berhad has tendered for a contract to supply its product to Country X. It also intends to expand its business into Country Y. However, it has not finalised details of its expansion plan into Country Y.

ABC Berhad should disclose that it has tendered for a contract to supply its products to Country X and provide the status of its tender. This is to provide clarity on the latest development of the company's plan to expand its business into Country X.

With regards to Country Y, given that ABC Berhad's expansion plan is still premature, any disclosure relating to such expansion plan should be accompanied with statement highlighting the status and potential uncertainties.

## 2. RISK FACTORS

### Paragraph (f) in Appendix 3A of LEAP LR

The risk factors in relation to the applicant's business including any dependencies on customers or suppliers and internal control weaknesses, if any.

- 2.1 Disclosure on risk factors should provide meaningful cautionary statement to investors to help them understand the key risks of the applicant that they should focus on.
- 2.2 An applicant and its adviser should avoid disclosing risk factors in a vague or generic manner or simply providing boilerplate risks or disclosures. Instead, the risk disclosure should be specific and tailored to the applicant's circumstances.
- 2.3 Examples of some key risk areas includes:
  - (a) Dependencies on key suppliers or customers

Dependency on key suppliers or customers is a common key risk for any company. Whilst having major suppliers/customers does not necessarily mean that an applicant is reliant on them, an adviser is expected to ensure that there is adequate disclosure to clarify the applicant's circumstances.

**ILLUSTRATION 2**Facts:

ABC Berhad has 2 major customers which contributed more than 80% of its total revenue.

- ❖ ABC Berhad should disclose its dependency or reliance on the major customers. In this regard, the following information should be included as part of ABC Berhad's risk factors:-
  - (i) the quantum of revenue contribution by each of the customers; and
  - (ii) the consequences or impact to ABC Berhad if it loses such major customers
- ❖ Where there is no reliance on those major customers, adequate explanation and justifications for the non-reliance should be provided.

- (b) Risks which are inherent to the applicant's business

Example:

Where an applicant's business operation is substantially transacted in foreign currency, it is necessary to disclose the risks associated with foreign currency fluctuations and the impact of such risk on the applicant.

**3. COMPETITIVE ANALYSIS AND PROSPECT****Paragraph (g) in Appendix 3A of LEAP LR****Competitive analysis and prospect of the applicant's business**

- 3.1 Information on an applicant's competitive analysis and prospect should enable investors to understand the applicant's existing business strengths and its growth potential.
- 3.2 An applicant and its adviser may be guided by the following when disclosing competitive analysis and prospects in the IM.

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DO'S	DON'TS:
<ul style="list-style-type: none"> <li>• Disclose the applicant's comparative advantages.</li> <li>• Discuss the applicant's business strategy as part of its growth plan.</li> </ul> <p><b><u>Examples of key areas to be covered under competitive analysis and prospects</u></b></p> <ul style="list-style-type: none"> <li>• Applicant's strengths in terms of amongst others, products, operations, competitive advantage and market outlook;</li> <li>• Where available, the market share;</li> <li>• Applicant's competitive strategies;</li> <li>• Prospects of the industry in which the applicant operates; and</li> <li>• Growth potential of the applicant.</li> </ul>	<ul style="list-style-type: none"> <li>• Avoid giving undue prominence to positive information that may potentially mislead investors.</li> <li>• Avoid making representations which are not justified by actual development or adequate justification.</li> </ul> <p><b><u>Example</u></b></p> <p>The reference to certain products/services which is biased or exaggerated such as a statement stating that <i>“the software developed by the Group can be used in any industry”</i>.</p> <p>However, in actual fact, the software would need to be tailored for a specific industry and at present, the Group has not made such changes to the software to enable it to be applied for the specific industries mentioned in the IM.</p>

#### 4. FINANCIAL INFORMATION

**Paragraph (i) in Appendix 3A of LEAP LR**

The consolidated or combined historical audited financial information of the applicant for the last 2 financial years (or from date of incorporation if incorporated less than 2 financial years) together with management discussion and analysis.

The latest consolidated or combined audited financial statement must be audited by an auditor who is registered with the Audit Oversight Board. If the issuance date of the IM is later than 6 months after the end of the most recent financial year, an interim financial report must be provided.

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#### 4.1 Financial Report

Disclosure of consolidated or combined historical audited financial information of the applicant for the last 2 financial years and provision of interim financial report.

- (a) We noted instances of misinterpretation by applicants and advisers of the requirement for disclosure of audited financial statements for the last 2 financial years and provision of interim financial report “*if the issuance date of the IM is later than 6 months after the end of the most recent financial year*”. This requirement was often misinterpreted as allowing submission of an unaudited report of the latest financial year although the IM is issued after 4 months from the applicant’s most recent financial year end. See the example below.

#### ILLUSTRATION 3

##### Facts:

Date of issuance of IM: 30 May 2018

Disclosure of combined/consolidated financial reports in IM:

Audited financial report		Unaudited financial report
FYE 31.12.2015	FYE 31.12.2016	FYE 31.12.2017

##### How to decide whether disclosed financial statements should be audited

- (a) In complying with the requirement for disclosure of the latest consolidated or combined historical audited financial information of the applicant for the last 2 financial years and the provision of an interim financial report, an applicant should take into consideration the expected issuance date of the IM.
- (b) If the IM is issued after 4 months from the most recent financial year end (“FYE”), the applicant is generally expected to ensure that the consolidated/combined historical audited financial information **comprises the audited financial information of the most recent FYE**. This is to be in line with the requirement imposed on all listed corporations to announce their annual audited financial statements within 4 months from their year-end. See the illustration below.
- (i) Most recent FYE of applicant: 31 December 2017
- (ii) Date of issuance of IM: 30 May 2018 (i.e. after 4 months from the most recent FYE)

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Required disclosure of combined/ consolidated financial reports in IM:

Audited financial report (for the last 2 financial years)		Unaudited interim financial report
FYE 31.12.2016	FYE 31.12.2017	Not required because the IM is issued less than 6 months from the most recent FYE.

- (c) If the IM is issued after 6 months from the most recent FYE, in addition to the audited financial statements, the applicant must also provide an interim report covering the additional period of more than 6 months after the most recent FYE. See the illustration below.
- (i) The most recent FYE of applicant: 31 December 2017
- (ii) Date of issuance of IM: 30 September 2018 (more than 6 months from the most recent FYE)

Required disclosure of combined/ consolidated financial reports in IM:

Audited financial report (for the last 2 financial years)		Unaudited interim financial report
FYE 31.12.2016	FYE 31.12.2017	Financial Period Ending ("FPE") 30.06.2018

#### 4.2 Management discussion and analysis (MD&A)

- (a) The objective of a MD&A is to enable shareholders and investors to understand and assess the applicant's financial condition, changes and trends in financial condition and results of operations for each financial year/financial period covered in the disclosure of financial information in the IM.
- (b) In discussing the areas where significant changes and trends were noted, sufficient explanation on material fluctuations in the financial statements should be given.



**Guidance*****Materiality of the fluctuation of a financial information/item***

- Deciding on what is material is an exercise of judgement and it should be made based on factors which are specifically relevant to the applicant. Hence applying a uniform quantitative threshold in all situations and circumstances should be avoided.
- Consideration should be given to, amongst others, whether the explanation on the fluctuation would influence the investment decision of an investor.
- Circumstances which should be considered include the following:-
  - (i) size and nature of the items;
  - (ii) whether there is any anomaly (e.g. debtors/ creditors/ inventory turnover) which is not within the normal turnover period of the applicant.

- (c) The applicant and adviser should avoid explaining the fluctuations of the financial information in a generic manner which does not provide meaningful justifications for the fluctuations.

**Guidance*****Analysis of any material fluctuation***

Where a fluctuation is determined to be material, the focus should be on the analysis of the factors that caused such fluctuation to occur. Examples of the required information include the following:-

- (i) where there is a material increase in revenue, discussion on whether the overall increase is attributable to increase in price or increase in the volume of goods and services being sold and the reason for such increase;
- (ii) where there is a significant increase in profit, reason for the increase should include any unusual or infrequent event or transaction or any significant change that has materially affected the amount of reported profit and should be accompanied with explanation whether the increase is one-off in nature and where applicable, a cautionary statement that such increase may not be sustainable.
- (iii) any matters that affect the applicant's sales, e.g. material product returns/recall requests from customers;

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- (iv) discussion on key financial ratios including receivables, payables and inventory turnover;
- (v) any known trends or uncertainties that have or will have a material impact on revenue or profit.

- (d) In this regard, the adviser and the applicant are expected to, amongst others, discuss the following under the MD&A section:-
- (i) Overview of operations including the nature and condition of the business, its risk factors and business operations, and the prevailing economic situation.
  - (ii) Analysis of operation results including analysis of revenue and profit/loss from each operating segment, categorised by products and market/geographical location.
  - (iii) Commentary on material changes to financial information (e.g. revenue, cost of sales, gross profit and gross profit margin, profit after tax and profit after tax margin etc.) for the last 2 years and if applicable, the period covered in the interim financial report.
  - (iv) Review of financial position and cash flows. Where the applicant is in net current liabilities position/negative operating cashflow position and/or negative cash balances, information on adequacy of working capital.
  - (v) Discussion on key financial ratios, which include debtors, creditors and inventory turnover, current ratio and gearing ratio.
  - (vi) Significant factors affecting the applicant's financial position and results of operation such as foreign exchange rate fluctuation, competition risk etc.

#### **ILLUSTRATION 4**

##### Facts:

XYZ Berhad recorded negative operating cash flows in its unaudited 3-months FPE 31 March 2018. XYZ Berhad also had a negative cash and cash equivalents during the same period. In addition, there was a significant increase in the trade receivables balance in FYE 31 December 2017 and FPE 31 March 2018.

XYZ Berhad should disclose the following in the IM:

- ❖ the sufficiency of the applicant's working capital for the next 12 months in light of the negative cashflow;
- ❖ factors which contributed to the negative operating cash flows;
- ❖ analysis of its trade receivables e.g. turnover, reasons for the increase, recoverability of debt etc.; and

- ❖ information on the status of subsequent collection of trade receivables as at Latest Practicable Date (“LPD”) where a substantial amount of the outstanding trade receivables exceeded the normal credit period.

#### ILLUSTRATION 5

##### Facts:

XYZ Berhad’s net profit for FYE 31 December 2018 only increased by 8% even though the company’s revenue increased by 33%.

In explaining the fluctuation in the financial performance for FYE 2018, XYZ should discuss the following, where applicable:

- ❖ any exceptional factors which may have contributed to the decline in profit such as rising cost of materials, one-off relocation expenses, higher operational costs etc.
- ❖ information whether the decline was due to some specific circumstances such as poor performance of a business segment and the reason for such poor performance.

DO’S	DON’TS
<p>Information provided should enable investors to have more in-depth understanding of -</p> <ul style="list-style-type: none"> <li>• the factors which influenced the lower percentage increase in profit; and</li> <li>• the impact of the factors and lower profit growth to the company.</li> </ul>	<p>Avoid providing information which does not add value such as:-</p> <p><i>“percentage increase in profit is lower than the percentage increase in revenue due to increase in cost”.</i></p>

## 5. CONFLICT OF INTEREST (“COI”)

### Paragraph (j) in Appendix 3A of LEAP LR

Any COI situation involving direct and indirect interest of directors and substantial shareholders.

5.1 In preparing disclosure on COI, an adviser must consider any interests, including indirect interests of directors and substantial shareholders, that may be in conflict with the interests of investors. In doing so, the adviser must conduct proper due diligence when assessing the suitability of an applicant for listing as stipulated under Rule 4.10(2)(c) of the LEAP LR.

5.2 However, we have noted instances where negative statements (i.e. statement that there is no COI) were made even though the directors/substantial shareholders were involved in businesses which were similar to that of the applicant, with little or no explanation on the basis and justification of such negative statement. In this regard, our expectations are illustrated below.

### ILLUSTRATION 6

#### Facts:

ABC Berhad’s core operation is trading. Product X is one of the main products sold by ABC Berhad. One of ABC Berhad’s directors is also involved in trading of Product X, via his private company.

- ❖ ABC Berhad should disclose the following in the IM:
  - information on the director’s involvement in the trading of Product X through his private company; and
  - statement whether the COI arising from the director’s interest in similar business with that of ABC Berhad has been sufficiently resolved, eliminated or mitigated
- ❖ If ABC Berhad states that all potential COI have been sufficiently resolved, eliminated or mitigated, it should describe how the COI was addressed;
- ❖ If ABC Berhad believes that the director is not in a COI situation, it should explain the basis of such opinion.

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**6. RELATED PARTY TRANSACTIONS (“RPTs”)**

**Paragraph (k) in Appendix 3A of LEAP LR**

Any RPT entered or proposed to be entered into by the applicant or its subsidiaries in the last financial year and the subsequent period up to the latest practicable date prior to initial listing application.

- 6.1 The IM must include information on material RPTs entered or proposed to be entered into by an applicant. In this regard, the applicant and adviser may be guided by the threshold set out under Rule 7.06(1) of the LEAP LR<sup>1</sup> in determining the materiality of the RPT to be disclosed in the IM.
- 6.2 Under Rule 7.02(g) of the LEAP LR, RPT means a transaction entered between the listed corporation or its subsidiaries and a related party, other than a transaction of a revenue nature in the ordinary course of business. As such, RPT should also include any financial assistance provided by the applicant for the benefit of a related party.
- 6.3 The following sets out what an applicant and its adviser should undertake and avoid when making disclosures on RPTs.

DO'S	DON'TS
<ul style="list-style-type: none"> <li>• Describe the transaction and the amount for each of the financial year/ financial period.</li> <li>• Include details of the related parties and the relationship between the related parties.</li> <li>• State whether the RPTs were carried out on an arm's length basis or otherwise and justifications for such statement.</li> </ul>	<ul style="list-style-type: none"> <li>• Disclosure of RPTs in an aggregate amount with no specific details of the transactions</li> <li>• Exclusion of transactions which involve related parties' indirect interests</li> <li>• Incomplete list of related parties involved in a RPT</li> </ul>

<sup>1</sup> Rule 7.06(1) of the LEAP LR provides that where any one of the percentage ratios of a RPT is 5% or more, a listed corporation must announce the RPT to the Exchange as soon as possible after terms of the transaction have been agreed, unless the value of the consideration of the transaction is less than RM250,000.

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**7. DETAILS OF PROMOTERS, SUBSTANTIAL SHAREHOLDERS, DIRECTORS AND KEY MANAGEMENT**

**Paragraph (l) in Appendix 3A of LEAP LR**

The details of promoters<sup>2</sup>, substantial shareholders, directors and key management of the applicant:

- (i) name, nationality, age, profession, qualification and past experiences; and
- (ii) interests outside the group at present and past 3 years.

7.1 The following sets out the common shortcomings that the Exchange has noted in relation to this disclosure requirement together with guidance on how to address them:

- (a) Incomplete or inaccurate information on the promoter as persons connected to the controlling shareholder were often not included as promoter even though they have shareholdings in the applicant.

**Guidance**

Advisers are expected to have in place robust and effective processes towards identification and determination of any person connected to a controlling shareholder. This may include establishing processes to assess the nature of any association or family relationship with the controlling shareholder(s).

- (b) Lack of disclosure on the indirect interest of promoters, substantial shareholders, directors and key management of the applicant (“Relevant Parties”) outside the group.

**Guidance**

Advisers and applicants should disclose the following:

- details of the Relevant Parties’ indirect interests outside the group e.g. information on directors’ running other business activities or ventures through their involvement as shareholders, directors or key management in other companies, or an appropriate negative statement;
- where the Relevant Parties have interests in companies outside the group, the principal activities of such companies.

<sup>2</sup> Pursuant to the LEAP LR, a promoter includes a controlling shareholder, a person connected to a controlling shareholder and an executive director who is a substantial shareholder of an applicant or listed corporation.

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## 8. UTILISATION OF PROCEEDS

### Paragraph (m) in Appendix 3A of LEAP LR

A description of the proposed utilisation for the total amount of funds to be raised including the proposed timeframe for such proposed utilisation upon listing.

8.1 In making the disclosure, an applicant and its adviser should be guided as follows:

#### Guidance

- (a) Information on the proposed utilisation of proceeds should include a breakdown of their intended use.

Example of disclosure:

Utilisation of proceeds	Estimated timeframe for utilisation	RM	%
Construction of new factory	24 months from listing	5,000,000	50
Acquisition of machinery for new factory	24 months from listing	2,500,000	25
Working capital	12 months from listing	1,000,000	10
Listing expenses	1 month from listing	1,500,000	15

- (b) Disclosure should also be made on how the proceeds will be used, pending the actual utilisation according to their intended purpose.

Example of disclosure:

“Pending the utilisation of the proceeds to be raised from the excluded offer, the funds will be placed with licensed institutions as deposits.”

- (c) Where applicable, disclosure of the proposed utilisation of proceeds should also include information on how the applicant intends to deal with potential shortfall or excess from the expected total proceeds.

Example of disclosures:

#### ***Shortfall in total proceeds***

“If the actual cost of the capital expenditure exceeds the amount originally allocated from the proceeds raised from the excluded offer, the deficit will be funded from the internally-generated funds and/or bank borrowings.”

***Excess in total proceeds***

“If the actual cost of the capital expenditure is lower than the amount originally allocated from the proceeds raised from the excluded offer, the excess will be reallocated for working capital purposes.”

- 8.2 For categories of the intended utilisation of the proceeds, brief description of each category should be disclosed.

**Guidance**

***Examples of information required***

- (a) If the proposed utilisation is earmarked for capital expenditure
- information on the assets/businesses to be acquired and their cost;
  - where the capital expenditure is intended to enhance the applicant’s production capabilities, details of current capacity and expected improvement
- (b) If the proceeds will be used to repay borrowings
- information on the amount of outstanding loans, their maturity and interest rates

**9. DETAILS OF MORATORIUM**

**Paragraph (o) in Appendix 3A of LEAP LR**

The details of moratorium on promoters and other shareholders, where applicable

- 9.1 We noted that disclosures relating to details of moratorium imposed on promoters and other shareholders tend to be quite brief and general. As such, the following sets out the guidance on what information should be included in the disclosure of moratorium details:

**Guidance**

***Details on any moratorium on shares***

- (a) the name of the parties whose shares are under moratorium;
- (b) the number of shares under moratorium for each party;



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- (c) the percentage of each party's moratorium shares based on the enlarged issued capital; and
- (d) the terms of the moratorium including the commencement and expiry of the moratorium.

**10. OTHER DISCLOSURES - DETAILS ON PRE-LISTING INVESTORS**

**Paragraph (u) in Appendix 3A of LEAP LR**

Any other material information

- 10.1 We noted that disclosures on pre-listing investors were lacking in material information such as the price and date of acquiring the shares in the applicant. As such, to enable investors to make an informed investment decision, the following information on pre-listing investors should be included in the IM:

**Guidance**

- (a) Where the pre-listing investor holds at least 5% of the equity interest in the listed corporation upon listing:-
  - (i) the name of the pre-listing investor;
  - (ii) the date of acquisition;
  - (iii) the number of shares acquired;
  - (iv) the percentage of shares held; and
  - (v) the price acquired.
- (b) Where the pre-listing investor holds less than 5% of the equity interest in the listed corporation items (ii), (iii) and (v) above.

For this purpose, “**pre-listing investor**” refers to an investor (other than a promoter) who acquired an applicant's shares at a discount to the issue price at any time in the 12 months prior to submission of the listing application.

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## 11. GENERAL GUIDANCE

11.1 In preparing the IM, an adviser must:-

- (a) exercise due diligence<sup>3</sup> and make reasonable enquiries before making the disclosures required; and
- (b) apply the disclosure requirements based on the applicant's individual circumstances.

11.2 An adviser is expected to ensure adequate disclosure on an applicant's policies and procedures, including description on the adequacy of internal controls and risk management systems to ensure compliance with the LEAP LR.

### Guidance

#### *Disclosure Policy*

- (a) Ensure that disclosures comply with the standard prescribed in Rule 2.09(1)<sup>4</sup> of the LEAP LR
- (b) Ensure that all documents which are included as part of the IM (such as Independent Market Reports, Accountants Report etc.) are the final copies;
- (c) Present information in a reader-friendly format using plain and simple language so that it can be easily understood by investors e.g. use short sentences, tables and diagrams whenever possible.
- (d) Present information in a consistent and concise manner through-out the IM.
- (e) Choose terms which are commonly used or understood in a standardized manner.
- (f) Where usage of technical terms is necessary, properly define such terms including all abbreviation used.

[ End ]

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<sup>3</sup> Please refer to Rule 3.01(4) of the LEAP LR.

<sup>4</sup> Rule 2.09(1) of the LEAP LR: An applicant, a listed corporation, an adviser or a director of an applicant or a listed corporation must ensure that any application, proposal, statement, information or document ("Document") presented, submitted or disclosed pursuant to these Requirements -

- (a) is clear, unambiguous and accurate;
- (b) does not contain any material omission; and
- (c) is not false or misleading