
CHAPTER 13 ARRANGEMENTS AND RECONSTRUCTIONS**PART A – GENERAL****13.01 Introduction**

This Chapter sets out the requirements that must be complied by a listed corporation which intends to undertake a scheme of compromise, arrangement, amalgamation, or reconstruction.

PART B – SCHEMES OF COMPROMISE, ARRANGEMENT, AMALGAMATION AND RECONSTRUCTION**13.02 Immediate announcements**

- (1) A listed corporation which is undertaking a scheme of compromise, arrangement, amalgamation or reconstruction ("**proposed Scheme**") must immediately announce the proposed Scheme to the Exchange. The listed corporation must also immediately announce to the Exchange the information set out in Appendix 13A as and when the same becomes available.
- (2) A listed corporation must also immediately announce to the Exchange any material development in the proposed Scheme.

13.03 Contents of explanatory statement/circular

- (1) A listed corporation must ensure that any explanatory statement/circular required by Subdivision 2 of Division 7 of Part III of the Companies Act to be given to the holders of securities of the listed corporation includes the information set out in Appendix 13B.
- (2) The draft explanatory statement/circular must be submitted to the Exchange together with a checklist showing compliance with Appendix 13B.

PART C – SUBDIVISION OF SHARES**13.04 Application of Chapter 6 and Specified Subdivision**

- (1) A listed corporation which intends to subdivide its shares must comply with Chapter 6, as if the subdivision were a bonus issue, where applicable and with the necessary modifications.

[Cross reference: Practice Note 28]

- (2) [Deleted]
- (3) For the purpose of this paragraph, unless the context otherwise requires, a "**Specified Subdivision**" is a subdivision of shares which -
 - (a) is not conditional upon any other corporate proposal; or
 - (b) is conditional upon another corporate proposal but –
 - (i) that other corporate proposal is a bonus issue; or
 - (ii) that other corporate proposal has been completed or become unconditional.

13.05 [Deleted]

13.06 [Deleted]

13.07 [Deleted]

13.08 [Deleted]

13.09 [Deleted]

13.10 [Deleted]

13.11 [Deleted]

13.12 [Deleted]

13.13 [Deleted]

PART D – CONSOLIDATION OF SHARES

13.14 Specified Consolidation

- (1) For purposes of this Part D, unless the context otherwise requires, a “**Specified Consolidation**” is a consolidation of shares which –
- (a) is not conditional upon any other corporate proposal; or
 - (b) is conditional upon another corporate proposal but -
 - (i) that other corporate proposal is a bonus issue; or
 - (ii) that other corporate proposal has been completed or become unconditional.
- (2) [Deleted]

13.15 Ranking of consolidated shares

The consolidated shares must rank pari passu in all respects with each other.

13.16 Application for consolidation of shares

- (1) The listed corporation must file with the Exchange an application which includes the information set out in Part A of Appendix 13C and in addition, with regard to a proposed Specified Consolidation, Part B of Appendix 13C. The application must be filed not later than 1 month from the date of the listed corporation’s announcement pertaining to the proposed consolidation.
- (2) The Exchange will exercise discretion over the approval for the consolidation of the listed corporation’s shares and may approve or reject applications for the consolidation of such shares by listed corporations, as it deems fit.
- (3) Where the Exchange approves an application for the consolidation of shares by the listed corporation, such approval may be unconditional or subject to such conditions, as it deems fit.

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- (4) Where the proposed consolidation is a non-Specified Consolidation, the listed corporation which has obtained approval for consolidation of shares must file with the Exchange an application for quotation of the consolidated shares, which must be accompanied by the documents specified in Part C of Appendix 13C and such other documents as may be specified in the approval-in-principle granted by the Exchange.

13.17 Procedures relating to a non-Specified Consolidation

The following procedures apply to a non-Specified Consolidation, with the necessary adaptations, as may be applicable:

- (a) listed corporation immediately announces to the Exchange upon the approval of the listed corporation's board of directors being given for the consolidation;
- (b) listed corporation submits application to the Exchange for the consolidation of shares;
- (c) listed corporation obtains the Exchange's approval for the consolidation of shares;
- (d) listed corporation obtains its shareholder approval;
- (e) listed corporation immediately announces to the Exchange the books closing date;
- (f) listed corporation issues the consolidated shares;
- (g) listed corporation files with the Exchange an application for quotation together with supporting documents; and
- (h) the consolidated shares are listed and quoted on the Exchange 2 market days after receipt of the application for quotation together with the requisite documents and/or confirmations and the same have been found to be complete in all respects.

13.18 Procedures relating to a Specified Consolidation

The following procedures apply to a Specified Consolidation by the listed corporation, with the necessary adaptations, as may be applicable:

- (a) listed corporation immediately announces to the Exchange upon the approval of the listed corporation's board of directors being given for the consolidation;
- (b) listed corporation submits application to the Exchange for the Specified Consolidation;
- (c) listed corporation obtains the Exchange's approval for the Specified Consolidation;
- (d) listed corporation obtains its shareholder approval;
- (e) listed corporation immediately announces to the Exchange the books closing date and the date of listing and quotation of the consolidated shares;
- (f) listed corporation issues consolidated shares;
- (g) listed corporation announces to the Exchange the books closing date on the number and type of shares to be consolidated on such date; and
- (h) the consolidated shares are listed and quoted on the Exchange on the next market day following the books closing date.

13.19 Convertible securities

- (1) Where a listed corporation has previously procured approval-in-principle for the listing of shares arising from the exercise or conversion of its convertible securities (“**conversion shares**”), no further application for an approval-in-principle need to be made by the listed corporation for listing of conversion shares that are adjusted as a result of consolidation of shares undertaken by the listed corporation.
- (2) Where a listed corporation intends to issue warrants or other convertible securities arising from adjustments due to a consolidation of shares (“**consequential securities**”), the listed corporation must comply with the provisions of Part I of Chapter 6, where applicable, in addition to those set out in this Chapter.

13.20 Announcement to the Exchange

- (1) The listed corporation must include in the announcement to the Exchange relating to the proposed consolidation the information set out in Appendix 13D.
- (2) In relation to a Specified Consolidation, a listed corporation must -
 - (a) include the date of listing and quotation of the consolidated shares in the announcement of the books closing date; and
 - (b) announce on the books closing date, the number and type of the shares to be consolidated.

13.21 Circular in relation to consolidation of shares

- (1) The listed corporation must ensure that the circular to be sent to its shareholders to obtain shareholder approval for the proposed consolidation includes the information set out in Appendix 13E.
- (2) The listed corporation must submit the draft circular to the Exchange together with a checklist showing compliance with Appendix 13E.

13.22 Fixing of books closing date for consolidation of shares

The listed corporation must not fix a books closing date for the purpose of consolidating its shares until -

- (a) the proposed consolidation has been approved by the Exchange; and
- (b) the approval of the shareholders in general meeting in respect of the proposed consolidation has been obtained.

13.23 Allotment of securities, despatch of notices of allotment and application for quotation in respect of consolidated shares

- (1) Within 4 market days of the books closing date for the proposed consolidation or such other period as may be prescribed by the Exchange, a listed corporation must -
 - (a) issue the consolidated shares;
 - (b) despatch notices of allotment of the consolidated shares to the shareholders; and
 - (c) make an application for the quotation of the consolidated shares.

(2) Subparagraph (1) above does not apply to a Specified Consolidation.

[End of Chapter]

Appendix 13A
Contents of announcement for the proposed Scheme

APPENDIX 13A**Contents of announcement in relation to the proposed Scheme**
(paragraph 13.02(1))

- (1) The date of the restraining order (where applicable).
- (2) The duration of the restraining order (where applicable).
- (3) A list of corporations (listed corporation and its subsidiaries) which are involved in the proposed Scheme.
- (4) The details of the proposed Scheme.
- (5) All steps proposed to be taken for the completion of the proposed Scheme.
- (6) The effects of the proposed Scheme, including the effect on -
 - (a) where applicable, the group structure before and after the proposed Scheme;
 - (b) the share capital;
 - (c) the substantial shareholding structure;
 - (d) the net assets per share and the earnings per share of the group; and
 - (e) the gearing position.
- (7) The approvals required from the relevant authorities and the conditions imposed by such authorities (if any).
- (8) The details of the interests of the directors, major shareholders and/or persons connected with them in the proposed Scheme.
- (9) Where applicable, the details of the transferee corporation which must include but not be limited to the history and business of the operation.

[End of Appendix]

Appendix 13B
Contents of explanatory statement/circular for the proposed Scheme

APPENDIX 13B**Contents of explanatory statement/circular in relation to the proposed Scheme**
(paragraph 13.03(1))

- (1) 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.
- (2) A statement that Bursa Malaysia Securities Berhad takes no responsibility for the contents of the explanatory statement/circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the document.
- (3) The purpose of the document.
- (4) The date of the restraining order (where applicable).
- (5) The duration of the restraining order (where applicable).
- (6) A list of the corporations (listed corporation and its subsidiaries) which are involved in the proposed Scheme.
- (7) The details of the proposed Scheme.
- (8) All steps proposed to be taken for the completion of the proposed Scheme.
- (9) The effects of the proposed Scheme, including the effect on -
 - (a) where applicable, the group structure before and after the proposed Scheme;
 - (b) the share capital;
 - (c) the substantial shareholding structure;
 - (d) the net assets per share and the earnings per share of the group; and
 - (e) the gearing position.
- (10) The approvals required from the relevant authorities and the conditions imposed by such authorities (if any).
- (11) The details of the interests of the directors, major shareholders and/or persons connected with them in the proposed Scheme.
- (12) Where applicable, the details of the transferee corporation which must include but not limited to -
 - (a) the history and business of the operation;
 - (b) the share capital;
 - (c) the information on directors, substantial shareholders and their shareholdings in the transferee;

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Contents of explanatory statement/circular for the proposed Scheme

- (d) the details of its subsidiaries and associated companies;
 - (e) the details of its profit and dividend record; and
 - (f) the accountants' report on the transferee corporation and the corporations to be acquired.
- (13) A statement by the board of the directors as to whether the proposed Scheme is in the best interests of the listed corporation.
- (14) Where voting is required, a recommendation from the board of directors as to the voting action that securities holders should take.
- (15) An appendix containing the following information:
- (a) a responsibility statement by the directors that the explanatory statement/circular has been seen and approved by the directors of the listed corporation and that they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries to the best of their knowledge and belief there are no other facts the omission of which would make any statement in the explanatory statement/circular misleading;
 - (b) where a person is named in the explanatory statement/circular as having advised the listed corporation or its directors, a statement that such adviser has given and has not withdrawn its written consent to the inclusion of the adviser's name and/or letter (where applicable) in the form and context in which it is included;
 - (c) a statement of all material contracts (not being contracts entered into in the ordinary course of business), entered into by the listed corporation and/or its subsidiaries and the transferee (where applicable) within 2 years immediately preceding the date of the explanatory statement/circular. The following particulars must be disclosed in respect of each such contract:
 - (i) the date of the contract;
 - (ii) the parties of the contract;
 - (iii) the general nature; and
 - (iv) the consideration and the mode of satisfaction;
 - (d) a statement of all material litigation, claims or arbitration involving the listed corporation and/or any of its subsidiaries and the transferee (where applicable) including those pending or threatened against such corporations. The following particulars must be disclosed:
 - (i) the background;
 - (ii) the date of the suit;
 - (iii) the names of the plaintiff(s) and defendant(s);
 - (iv) the estimate of the maximum exposure to liabilities;

Appendix 13B

Contents of explanatory statement/circular for the proposed Scheme

- (v) the directors'/solicitors' opinion of the outcome; and
 - (vi) the status;
- (e) a statement that from the date of the explanatory statement/circular to the date of meeting, the following documents (or copies of the documents) in respect of the listed corporation and the transferee, where applicable, may be inspected at the registered office of the listed corporation:
- (i) the constitution;
 - (ii) the audited financial statements of the listed corporation/group and transferee (where applicable) for the past 2 financial years preceding the publication of the explanatory statement/circular and the latest unaudited results since the last audited financial statements;
 - (iii) all reports, letters or other documents, statement of financial condition, valuations and statements by any expert, any part of which is extracted or referred to in the explanatory statement/circular; and
 - (iv) the letters of consent referred to in subparagraph(b) above;
 - (v) the material contracts referred to in subparagraph (c) above; and
 - (vi) the relevant cause papers in respect of the material litigation referred to in subparagraph (d) above.
- (16) Any other information which the securities holders and their advisers would reasonably expect to find in an explanatory statement/circular of that nature for the purpose of making an informed decision.

[End of Appendix]

Appendix 13C
Contents of application for consolidation of shares
& quotation of consolidated shares

APPENDIX 13C**Part A****Contents of an application for consolidation of shares**
(paragraph 13.16(1))

- (1) Title Page showing -
 - (a) the name of the listed issuer;
 - (b) the full title or designation of the listed issuer's existing shares and shares proposed for consolidation;
 - (c) the date of application and formal request for consolidation, specifying the amount and the title of the shares after the consolidation, and whether the shares are fully paid; and
 - (d) the purpose of consolidation.
- (2) A table showing before and after the consolidation, the following:
 - (a) the designation or title of each class of shares;
 - (b) [deleted]
 - (c) the number of shares issued; and
 - (d) [deleted]
 - (e) the ranking of the shares.
- (3) The details of the proposed consolidation.
- (4) The details of approvals from the other relevant authorities in relation to the proposed consolidation, if applicable.
- (5) A confirmation from the listed issuer whether the proposed consolidation of shares will be approved by way of ordinary resolution in accordance with its constitution or special resolution.
- (6) [deleted]
- (7) The dates of meeting of directors and shareholders at which the consolidation of shares was authorised and the date of approval(s) of the relevant authorities.
- (8) A statement as to whether there has been any important development affecting the listed issuer or its business since the latest annual report of the listed issuer. If so, a description of such development.
- (9) The expected timeframe for completion of the proposed consolidation.
- (10) A statement whether the consolidation is conditional upon any other corporate proposal including -
 - (a) the details of such other corporate proposals; and

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Contents of application for consolidation of shares
& quotation of consolidated shares

- (b) the estimated timeframe for completion of the other corporate proposals.

Part B

Additional contents of an application for consolidation of shares which is a Specified Consolidation

(paragraph 13.16(1))

The following documents:

- (1) an undertaking that the consolidated shares will rank pari passu in all respects with each other;
- (2) an undertaking that all notices of allotment will be issued and despatched to the shareholders as expeditiously as possible and in any event, not later than 4 market days after the date of listing and quotation of the consolidated shares;
- (3) an undertaking that all conditions imposed by the relevant authorities, if any, which are required to be met before the listing and quotation of the consolidated shares will be met;
- (4) an undertaking that there are no circumstances or facts which have the effect of preventing or prohibiting the issuance, listing and/or quotation of the consolidated shares including any order, injunction or any other directive issued by any court of law; and
- (5) an undertaking to immediately inform the Exchange upon becoming aware, after submission of the application, that the listed issuer has failed to meet any of the above undertakings referred to in subparagraphs (1) to (3) above or of any circumstances or facts referred to in subparagraph (4) above.

Part C

Contents of an application for quotation of consolidated shares where the consolidation is a non-Specified Consolidation

(paragraph 13.16(4))

- (1) The number and type of the existing and proposed consolidated shares.
- (2) A confirmation that all notices of allotment have been issued and despatched to the shareholders.
- (3) A confirmation from the listed issuer that the Depository is ready to credit the consolidated shares to the accounts of the shareholders, after receiving the allotment information for crediting of the consolidated shares.
- (4) A confirmation that the consolidated shares will rank pari passu in all respects with each other.
- (5) A certified true copy of the relevant resolution passed by shareholders in general meeting.

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- (6) A confirmation that all conditions imposed by the relevant authorities, if any, which are required to be met before the listing and quotation of the consolidated shares have been met.

- (7) A confirmation that there are no circumstances or facts which have the effect of preventing or prohibiting the issuance, listing and/or quotation of the consolidated shares including any order, injunction or any other directive issued by any court of law.

[End of Appendix]

Appendix 13D
Contents of announcement
for proposed consolidation of shares

APPENDIX 13D**Contents of announcement in relation to a proposed consolidation of shares**
(paragraph 13.20)

- (1) The number and type of the existing and proposed consolidated shares.
- (2) The ranking of the proposed consolidated shares.
- (3) The reasons for and purpose of the proposed consolidation.
- (4) The details of the proposed consolidation.
- (5) The effect of the proposed consolidation on -
 - (a) the total number of issued shares and shares to be issued pursuant to existing share option schemes or shares to be issued pursuant to the exercise and/or conversion of existing convertible securities;
 - (b) the net assets per share based on the latest audited consolidated financial statements; and
 - (c) the earnings per share of the group.
- (6) The approvals required for the proposed consolidation of shares and the estimated time frame for submission of the application to the relevant authorities.
- (7) Whether a suspension will be imposed on the trading of the shares in view of the proposed consolidation.

[End of Appendix]

Appendix 13E
Contents of circular for
proposed consolidation of shares

APPENDIX 13E**Contents of circular in relation to a proposed consolidation of shares**

(paragraph 13.21(1))

- (1) A heading drawing attention to the importance of the circular and advising holders of shares who are in any doubt as to what action to take to consult appropriate independent professional advisers.
- (2) A statement that Bursa Malaysia Securities Berhad takes no responsibility for the contents of the circular, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the circular.
- (3) The purpose of the circular.
- (4) The reasons for and purposes of the proposed consolidation of shares.
- (5) The details of the proposed consolidation and date on which the proposed consolidation of shares was announced.
- (6) The number and type of the existing and proposed consolidated shares.
- (7) The listed issuer's share price adjusted for the consolidation.
- (8) The ranking of the proposed consolidated shares and treatment of any fractions.
- (9) The details of any other intended corporate exercise/scheme which have been announced but not yet completed before the printing of the circular.
- (10) The effects of the proposed consolidation on -
 - (a) the total number of issued shares and shares to be issued pursuant to existing share option schemes or shares to be issued pursuant to the exercise and/or conversion of existing convertible securities;
 - (b) the net assets per share based on the latest audited consolidated financial statements; and
 - (c) the earnings per share of the group.
- (11) The expected timeframe for completion of the proposed consolidation.
- (12) The monthly highest and lowest market prices of the listed shares transacted for the 12 months preceding the date of the circular and the last transacted price immediately before the announcement of the consolidation of shares and as at the latest practicable date before the printing of the circular.
- (13) The approvals required for the proposed consolidation of shares and dates on which such approvals were obtained and conditions of the approvals.
- (14) A statement by the board of directors stating whether the exercise is in the best interest of the listed issuer.
- (15) A recommendation from the board of directors as to the voting action that shareholders should take.

Appendix 13E
Contents of circular for
proposed consolidation of shares

- (16) An appendix containing the following information:
- (a) a responsibility statement by the directors that the circular has been seen and approved by the directors of the listed issuer and that they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries to the best of their knowledge and belief there are no other facts the omission of which would make any statement in the circular misleading;
 - (b) where a person is named in the circular as having advised the listed issuer or its directors, a statement that such adviser or expert has given and has not withdrawn its written consent to the inclusion of the adviser's or expert's name and/or letter (if applicable) in the form and context in which it is included; and
 - (c) a statement that from the date of the circular until the date of the general meeting the following documents (or copies of the documents) may be inspected at the registered office of the listed issuer:
 - (i) the constitution of the listed issuer;
 - (ii) the audited financial statements of the listed issuer and/or group for the past 2 financial years and the latest unaudited results since the last audited financial statements;
 - (iii) all reports, letters or other documents, statement of financial position, valuations and statements by any expert, any part of which is extracted or referred to in the circular; and
 - (iv) the letters of consent referred to in subparagraph (b) above.
- (17) Any other information which the shareholders and their advisers would reasonably expect to find in a circular of that nature for the purpose of making an informed decision.

[End of Appendix]

APPENDIX 13F

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