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**CHAPTER 4 SPONSORS****PART A - GENERAL****4.01 Introduction**

This Chapter sets out the requirements that must be complied with by a Sponsor or a Sponsored Corporation.

**PART B - DEFINITIONS****4.02 Definitions**

In this Chapter, the following terms and expressions have the following meanings:

- (a) **“conflict of interests”** in relation to a Sponsor means circumstances or relationships which affect or may affect the ability of a Sponsor to act independently and objectively or where the Sponsor has an interest in the outcome of the proposal which interferes or is likely to interfere with the independence and objectivity of the Sponsor;
- (b) **“Public Document”** means any document issued by a Sponsored Corporation to the public or to the holders of any class of securities in a listed corporation pursuant to these Requirements; and
- (c) **“Qualified Senior Personnel”** means the senior personnel of the Sponsor who have the relevant competency and experience to be designated as Qualified Senior Personnel under the SC’s Principal Adviser Guidelines.

**PART C - ADMISSION OF SPONSORS****4.03 Admission as a Sponsor**

- (1) Any person wishing to act as a Sponsor must -
  - (a) be a person set out in the Approved List of Principal Advisers published on the SC’s website;
  - (b) enter into an agreement with the Exchange, in the form of Appendix 4A, to accept the responsibilities of a Sponsor, to discharge those responsibilities at all times to the satisfaction of the Exchange and to comply with these Requirements and any other rules or regulations issued by the Exchange which are applicable to Sponsors; and
  - (c) satisfy such conditions as may be imposed by the Exchange.
- (2) Fulfilment of the requirements of sub-Rule (1) above does not in itself ensure a person’s admission to the Register of Sponsors for the ACE Market. The Exchange retains an absolute discretion to –
  - (a) admit the person to the Register of Sponsors;
  - (b) subject the admission to such other conditions as the Exchange thinks fit;

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- (c) decline an admission which is contrary to public interest, having particular regard to the need for investor protection; or
  - (d) decline an admission which will or is likely to adversely affect the reputation of the Exchange or the integrity of the market.

#### 4.04 Compliance with agreement

A Sponsor must ensure compliance with the terms of the agreement entered into with the Exchange in connection with its admission as a Sponsor in the Register of Sponsors for the ACE Market.

### PART D – SPONSORS' OBLIGATIONS

#### 4.05 Compliance with these Requirements

A Sponsor must at all times observe and comply with these Requirements and any other guidance note, instruction or directive issued or condition imposed by the Exchange.

#### 4.06 Sound understanding of an applicant

Before sponsoring an applicant, a Sponsor must have a sound understanding and updated knowledge of the applicant, its business, operation, the industry it operates in and any other issues that might affect the business and industry of the applicant.

*[Cross reference: Guidance Note 18]*

#### 4.07 Suitability of an applicant for listing

- (1) A Sponsor must assess the suitability of an applicant seeking admission to the Official List.
- (2) In assessing whether an applicant is suitable for listing, a Sponsor must make all reasonable due diligence enquiries and consider all relevant matters, including the following:
  - (a) the prospects of an applicant's business;
  - (b) the applicant's corporate governance record;
  - (c) the suitability, efficacy and past corporate conduct of the board of directors and key management;
  - (d) the nature and extent of conflict of interests or potential conflict of interests, if any;
  - (e) whether the applicant has sufficient systems, procedures, policies, controls and resources to comply with these Requirements and that its directors understand their obligations under these Requirements;
  - (f) whether the applicant has adequate internal control and risk management systems; and
  - (g) that the admission of the applicant to the Official List does not undermine public interest.
- (3) A Sponsor must conduct, actively participate and oversee the preparation and due diligence process for the Public Document and comply with the SC's Guidelines on Due Diligence Conduct for Corporate Proposals, where applicable.

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- (4) A Sponsor must consider and advise on the competency and suitability of other advisers involved in the listing of the applicant.
  - (5) The Exchange may ask a Sponsor to demonstrate its compliance with sub-Rules (2) to (4) above.

*[Cross reference: Guidance Note 18]*

#### **4.08 Conflicts of interests involving a Sponsor**

- (1) A Sponsor must take all reasonable steps to ascertain whether a conflict of interests exists or is likely to exist in relation to its role as a Sponsor to the applicant. Where a conflict of interests exists or is likely to exist, all possible steps must be taken to avoid or resolve such conflict of interests. A Sponsor must make full disclosure to the applicant's board of directors and in the Public Document of the nature and extent of the conflict of interests and the steps taken to address such conflicts. Where a conflict of interests cannot be resolved satisfactorily, a Sponsor must not act for an applicant or listed corporation.
- (2) A Sponsor must have controls, procedures and other safeguards to maintain its independence and avoid conflict of interests.
- (3) A Sponsor must ensure that none of its directors, principal officers or persons connected with any such director or principal officer holds the position of a director of an applicant or a Sponsored Corporation for whom it acts as a Sponsor.
- (4) A Sponsor must not sponsor an applicant or a listed corporation if it holds 5% or more of the total number of issued shares of the applicant or listed corporation. However, an asset management company licensed by the SC or a venture capital company registered with the SC and operated by the Sponsor is not subject to this restriction.
- (5) A Sponsor must ensure that any director or employee of a Sponsor who is privy to confidential information regarding a Sponsored Corporation or other listed corporation does not use such information to trade for his own benefit or for the benefit of a person connected with such director or employee. For this purpose, a Sponsor may consider implementing policies, procedures and controls to monitor the trading activities of its directors and employees.

#### **4.09 Guiding the Sponsored Corporation and its directors**

A Sponsor sponsoring a Sponsored Corporation must, where applicable -

- (a) maintain regular contact with the Sponsored Corporation, including being available at all times to advise and guide the Sponsored Corporation and its directors of their responsibilities and obligations, and to ensure their compliance on an on-going basis with these Requirements and all relevant legislation and guidelines issued by regulatory authorities;
- (b) advise the Sponsored Corporation on the appointment of a suitable accounting firm to meet the Sponsored Corporation's audit obligations, valuers and other experts; and
- (c) advise the Sponsored Corporation if the trading of the Sponsored Corporation's listed securities will or should be halted or suspended.

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**4.10 Documents by a Sponsored Corporation**

- (1) A Sponsor must review any Public Document to be submitted or disclosed by its Sponsored Corporation to the Exchange to ensure compliance by the Sponsored Corporation except -
- (a) the annual audited financial statements issued by the Sponsored Corporation;
  - (b) announcements made by the Sponsored Corporation as referred to under Rule 9.17(2)(a); or
  - (c) where the Sponsored Corporation has appointed an entity other than the Sponsor to be an Adviser for the purpose of preparation or submission of the Public Document to the Exchange.
- (2) A Sponsor must ensure that any Public Document that it makes, prepares or submits or any information that it provides, whether solely or jointly with a Sponsored Corporation complies with these Requirements.

**4.11 Act with due care and skill**

A Sponsor must use due care and skill at all times when acting for any Sponsored Corporation, including taking the following actions:

- (a) exercising due care and skill when advising or guiding a Sponsored Corporation;
- (b) maintaining regular contact with the Sponsored Corporation including holding discussions with its directors on a regular basis and attending its shareholders' meeting where possible;
- (c) seeking necessary assistance and consultation from other appropriately qualified and suitable professionals when required; and
- (d) subject to Rule 4.27(2) below, not allowing its name to be associated with any application required to be submitted to the Exchange pursuant to these Requirements on behalf of a Sponsored Corporation (referred to as "**Application**") or with any Public Document to be issued in connection with a corporate proposal, unless the Sponsor is satisfied that, based on all available information and to the best of its knowledge and belief, the Application or the Public Document constitutes a full and true disclosure of all material facts about the corporate proposal.

**4.12 Liaison with the Exchange**

A Sponsor must liaise with the Exchange on matters concerning the Sponsor's responsibilities and other matters which should be brought to the Exchange's attention. In this regard, a Sponsor must among others -

- (a) [deleted]
- (b) notify the Exchange immediately when it believes or becomes aware that a matter reported by it to the board of directors of its Sponsored Corporation has not been satisfactorily resolved resulting in a breach of these Requirements;
- (c) notify the Exchange if there is any change to its Qualified Senior Personnel;
- (d) notify the Exchange when it receives any written warning or disciplinary inquiry from any other regulatory authority; and
- (e) notify the Exchange of any material adverse change in its financial or operating position.

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**4.13 Appropriate and adequate systems, procedures, policies and resources**

A Sponsor must, on a continuous basis, have adequate systems, procedures, policies and resources to discharge its obligations under these Requirements.

**4.14 Record-keeping**

- (1) A Sponsor must maintain and retain sufficient information about its sponsorship or advisory activities and a record of -
  - (a) the due diligence enquiries on an applicant or listed corporation;
  - (b) key discussions, advice and decision-making processes in relation to the Sponsored Corporation and the basis for the advice and decisions; and
  - (c) compliance with these Requirements which are applicable to Sponsors, any conditions imposed by the Exchange on the Sponsor and all applicable legislation and guidelines issued by regulatory authorities.
- (2) Records required to be maintained under sub-Rule (1) above may be inspected by a person appointed by the Exchange and must be produced promptly to that person on request.
- (3) All records made by a Sponsor in accordance with sub-Rule (1) above may be stored in any form, but must be capable of prompt reproduction in hard printed form in either Bahasa Malaysia or English.

**4.15 Cooperation**

A Sponsor must cooperate and render every assistance to any investigation, enquiry or query conducted by the Exchange on any matter relating to these Requirements or the Rules of the Exchange.

**4.16 Proposal by a Sponsored Corporation**

- (1) Subject to sub-Rule (3) below, where a Sponsored Corporation undertakes a corporate proposal prescribed by the Exchange to require the services of an Adviser and the Sponsored Corporation appoints the Sponsor to act on its behalf, the Sponsor, having made reasonable due diligence enquiries (including complying with the SC's Guidelines on Due Diligence Conduct for Corporate Proposals, where applicable) and having considered all relevant matters, must do the following:
  - (a) assess and be satisfied with the suitability and competency of other professionals and consultants involved in the corporate proposal;
  - (b) review the Public Documents relating to the corporate proposal to ensure compliance with these Requirements;
  - (c) ensure that the execution of the corporate proposal is in compliance with these Requirements, guidelines issued by the relevant regulatory authorities and other applicable laws; and
  - (d) ensure that any difference in the effect of the corporate proposal on minority shareholders compared to other shareholders, is clearly disclosed in the Public Documents.

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- (2) Where an Adviser is appointed to act on the corporate proposal prescribed by the Exchange to require the services of an Adviser by a listed corporation during or after the Sponsorship Period, the Adviser must review and be satisfied with the adequacy of disclosure set out in any Public Document to be submitted or disclosed by the listed corporation to the Exchange in relation to such corporate proposal. The Adviser must also comply with the following provisions, where applicable and with the necessary modifications:
- (a) sub-Rule (1) above;
  - (b) Rule 4.08;
  - (c) Rule 4.09(b);
  - (d) Rule 4.10;
  - (e) Rule 4.11;
  - (f) Rule 4.12(b);
  - (g) Rule 4.13;
  - (h) Rule 4.14; and
  - (i) Rule 4.15.
- (3) Where a Sponsored Corporation appoints another Adviser to undertake a corporate proposal during the Sponsorship Period, the Sponsor is not required to comply with sub-Rule (1) above.

*[Cross reference: Guidance Note 19]*

#### **4.17 Significant change in business direction or policy of a listed corporation**

Where applicable, a Sponsor must comply with Part D of this Chapter, in particular Rules 4.06, 4.07 and 4.08 above when sponsoring a listed corporation that undertakes a proposal which will result in a significant change in the business direction or policy of a listed corporation, as if it were an applicant seeking admission to the Official List.

### **PART E – ENDING A SPONSORSHIP OR REMOVAL FROM THE REGISTER OF SPONSORS**

#### **4.18 Sponsorship**

A Sponsor who makes an application for listing on behalf of an applicant in accordance with these Requirements must also act as the Sponsor of an applicant upon the applicant's admission to the ACE Market for at least 1 full financial year following the applicant's admission to the ACE Market. During the said period of 1 year, the Sponsor cannot resign, neither can the applicant terminate the Sponsor's appointment. Such resignation and termination of appointment is allowed subsequent to the expiry of the said period of 1 year provided that it is effected in accordance with Rule 4.19 below.

#### **4.19 Resignation and termination**

- (1) After 1 full financial year following the listed corporation's admission to the Official List, a Sponsor which intends to resign as a Sponsor must –
- (a) if a replacement Sponsor has been found, notify the Exchange of the proposed resignation, together with the detailed reasons for the resignation; or

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- (b) if no replacement Sponsor has been found, seek the Exchange's prior approval for the proposed resignation, together with the detailed reasons for the resignation.
  - (2) A Sponsored Corporation which intends to terminate the appointment of its Sponsor must comply with sub-Rule (1) above, as though it is the Sponsor mentioned in the sub-Rule.
  - (3) Generally, the Exchange will not grant its approval in an application made under sub-Rule (1)(b) above unless there are exceptional circumstances which warrant the consideration of the Exchange.
  - (4) A Sponsored Corporation must immediately announce the decision of the Exchange on its application made under sub-Rule 1(b) above.
  - (5) In the event the Exchange grants its approval pursuant to sub-Rule (3) above but the Sponsored Corporation fails to find a replacement Sponsor within 3 months from the date of the Exchange's approval and it ceases to have a Sponsor upon the expiry of the said period, the Exchange shall suspend trading in its securities. The Exchange shall automatically de-list the Sponsored Corporation from the Official List if it still has not found a replacement Sponsor at the end of 2 months after the expiry of the said 3 months period.

#### **4.20 Replacing a Sponsor**

If a Sponsor resigns or is terminated in accordance with Rule 4.19 above –

- (a) the replacement Sponsor must immediately notify the Exchange of its appointment and if the resignation, termination or removal takes place during the processing of a listing application, resubmit on behalf of the Sponsored Corporation, a listing application and the declarations and undertakings required by this Chapter; and
- (b) all parties must take all necessary steps and provide their full assistance and co-operation to ensure a smooth and proper transition of existing work of the departing Sponsor to the new Sponsor, including providing all relevant documents, information and records.

#### **4.21 Removal of a Sponsor from the Register of Sponsors**

- (1) The Exchange may remove a Sponsor from the Register of Sponsors in the following circumstances:
  - (a) upon the Sponsor's request;
  - (b) if the Sponsor fails to comply with these Requirements; or
  - (c) in the Exchange's opinion, the removal is in the interest of the public or the Exchange.
- (2) If the Exchange acts under sub-Rule (1)(a) above, it may disallow the entity from being re-admitted as a Sponsor for a specified period or indefinitely.
- (3) A Sponsor removed pursuant to this Rule 4.21 will not be absolved but will remain responsible under these Requirements for all its actions, conduct, omission or breaches during its tenure as a Sponsor.

#### **4.22 Cessation of activities**

If a Sponsor ceases to be registered on the Register of Sponsors for any reason whatsoever including voluntary cessation or removal by the Exchange, the Sponsor must, unless otherwise directed by the Exchange, immediately cease all sponsorship activities in relation to the Sponsored Corporation.

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**PART F – REVIEW OF PERFORMANCE AND CONDUCT OF SPONSORS****4.23 Annual review by the Sponsor**

A Sponsor must undertake an annual review of its sponsorship activities to enable it to determine the effectiveness of its role as a Sponsor and compliance with its obligations under these Requirements. Where any inadequacies are detected, the Sponsor must take steps to address the inadequacies and to enable the effective discharge of its role as a Sponsor.

**4.24 Review by the Exchange and other powers**

- (1) The Exchange may at any time review the performance or conduct of each Sponsor. If the Exchange considers that the Sponsor has not performed its duties satisfactorily, the Exchange may impose such conditions or requirements on the Sponsor or take any other action as the Exchange deems fit.
- (2) When reviewing the performance and conduct of Sponsors, the Exchange may have regard to -
  - (a) the conduct of Sponsored Corporations for which the Sponsor acts;
  - (b) the conduct of the Sponsor in its dealings with the Exchange in connection with these Requirements;
  - (c) the compliance or otherwise by the Sponsor with these Requirements, any other rules or regulations issued by the Exchange which are applicable to Sponsors, any conditions imposed by the Exchange on the Sponsor and all applicable legislation and guidelines issued by regulatory authorities;
  - (d) the continuing fulfilment or otherwise by the Sponsor of the requirement enumerated in Rule 4.03 above;
  - (e) the possibility or existence of conflicts of interests; and
  - (f) changes to the Qualified Senior Personnel, during the past 12 months.

**PART G – RULES GOVERNING SPONSORED CORPORATIONS IN DEALING WITH SPONSORS****4.25 Appointment of Adviser to undertake a proposal**

Where a Sponsored Corporation appoints an Adviser to undertake a corporate proposal prescribed by the Exchange to require the services of an Adviser during the Sponsorship Period, the Sponsored Corporation must obtain the prior written consent of the Sponsor for such appointment, and such consent must not be unreasonably withheld by the Sponsor.

*[Cross reference: Guidance Note 19]*

**4.26 Engagement and consultation with Sponsor**

- (1) A Sponsored Corporation must consult and seek the advice of its Sponsor on a timely basis in the following circumstances:
  - (a) where it contemplates a corporate proposal or transaction, which if carried out, would require a listed corporation, at the minimum, to announce the proposal or transaction to the Exchange;

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- (b) where it contemplates a new issue of securities;
  - (c) where it contemplates a change to the utilisation of proceeds raised by the Sponsored Corporation from the issuance of securities that deviates by 5% or more from the original utilisation of proceeds; or
  - (d) in such other circumstances as may be prescribed by the Exchange.
- (2) The Sponsored Corporation must take into account the advice of its Sponsor in considering the proposal or transaction referred to in sub-Rule (1) above.

#### **4.27 Review of Public Document**

- (1) A Sponsored Corporation must ensure that its Sponsor reviews any Public Document to be submitted or disclosed by the Sponsored Corporation to the Exchange, to ensure compliance with these Requirements, except in relation to such matters or circumstances set out in Rule 4.10(1) above.
- (2) During the Sponsorship Period, a Sponsored Corporation must include a statement that its admission to the Official List was sponsored by the Sponsor in all its Public Documents. The statement must be in print no smaller than the main text and positioned on the front page of the Public Document.

#### **4.28 Provision of information and assistance to Sponsors**

A Sponsored Corporation must provide its Sponsor all necessary and reasonable assistance to enable the Sponsor to perform its obligations under these Requirements including:

- (a) provide its Sponsor, on a timely basis, all relevant information within the Sponsored Corporation's possession;
- (b) provide its Sponsor access to all its information, books, records, personnel and premises;
- (c) immediately inform its Sponsor of any material change of information or status when it becomes aware of such change; and
- (d) ensure that its directors, subsidiaries, employees and where possible, its substantial shareholders, associated companies or any other relevant parties of the Sponsored Corporation provide assistance and co-operation to its Sponsor.

[ End of Chapter ]

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**APPENDIX 4A****Agreement between Sponsor and the Exchange**  
(Rule 4.03(1)(b))

Date:

Parties:

- (a) Bursa Malaysia Securities Berhad (“the Exchange”); and
- (b) [Name of Sponsor] (“the Sponsor”).

**Article 1 Interpretation**

Terms used and not separately defined herein shall have the meanings ascribed thereto in Bursa Malaysia Securities Berhad ACE Market Listing Requirements (“the Listing Requirements”).

**Article 2 Undertakings**

In consideration of the Exchange admitting the Sponsor to the Exchange’s Register of Sponsors, the Sponsor hereby undertakes to -

- 2.1 accept the responsibilities of a Sponsor and discharge their roles and responsibilities in accordance with the Listing Requirements at all times to the satisfaction of the Exchange;
- 2.2 comply with and be bound in all respects by -
  - (a) all the provisions of the securities laws applicable to the Sponsor;
  - (b) any laws and guidelines issued by regulatory authorities which are applicable to the Sponsor;
  - (c) the Listing Requirements and any other rules or regulations of the Exchange which now are or may hereinafter be in force in so far as they are applicable to or affect Sponsors; and
  - (d) any special conditions which may have been imposed by the Exchange on the Sponsor at any time and from time to time;
- 2.3 ensure that it has proper procedures in place to ensure compliance with -
  - (a) all the laws, guidelines, code, rules, regulations and conditions mentioned in Article 2.2(a) to (d) above by all its officers, employees and agents; and
  - (b) the Listing Requirements by all its clients;
- 2.4 co-operate and render every assistance to any investigation, enquiry or query conducted by the Exchange on any matter relating to the Listing Requirements or the Rules of the Exchange; and
- 2.5 conduct its business as a Sponsor in accordance with ethical and professional business practices.

**Appendix 4A**  
**Agreement between Sponsor and the Exchange**

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**Article 3 Representations, Warranties and Agreements**

The Sponsor represents, warrants and agrees with the Exchange that -

- 3.1 the Sponsor is duly authorised and has obtained all external and internal approvals, permits, licences and authorisations to enter into this Agreement, and to perform all of its obligations under or pursuant to this Agreement; and
- 3.2 this Agreement constitutes legal, valid and binding obligations of the Sponsor and is enforceable in accordance with its terms.

**Article 4 Indemnities**

The Sponsor agrees that -

- 4.1 neither the Exchange nor any of its officers, employees or agents (including any director or Board member of the Exchange) shall be liable to the Sponsor for any act or omission to act by such officers, employees or agents, whether or not acting within the scope of his or her employment or functions in the Exchange, except only if and to the extent that the Exchange or any of such officers, employees or agents, as the case may be, is proved to have been acting with gross negligence or wilful misconduct; and
- 4.2 the Sponsor shall fully indemnify and hold the Exchange harmless from and against any costs, losses, damages or claims incurred by or asserted against the Exchange as a consequence of or in connection with any act or omission to act by the Sponsor in the conduct of its activities as a Sponsor, or as a consequence of any breach by the Sponsor of any of the obligations assumed by it under this Agreement.

**Article 5 Effective Date**

This Agreement shall not enter into force until it has been executed by both parties hereto.

**IN WITNESS WHEREOF** the parties hereto have set their signatures unto this Agreement on the date stated above.

For the Exchange:

\_\_\_\_\_  
Authorised Signatory  
[Name]  
[Designation]

\_\_\_\_\_  
Witness  
[Name]  
[Designation]

For the Sponsor:

\_\_\_\_\_  
Authorised Signatory  
[Name]  
[Designation]

\_\_\_\_\_  
Witness  
[Name]  
[Designation]

[ End of Appendix ]