

## BURSA MALAYSIA SECURITIES BERHAD

## GUIDANCE NOTE 1

## CLASSIFICATION OF APPLICANTS OR LISTED CORPORATIONS

Details		Cross References
Effective date:	8 May 2006	Rule 8.13
Revision date:	3 August 2009, 3 June 2019	

**1.0 Introduction**

- 1.1 The Exchange classifies all applicants seeking admission on the Official List as well as listed corporations into homogenous group (“**Sectors**”) of a similar industry based on the applicants’ or listed corporations’ core business.
- 1.2 Pursuant to Bursa Malaysia Securities Berhad ACE Market Listing Requirements (“**Listing Requirements**”), an applicant is required to propose its classification into any one of the Sectors (“**Classification**”) and a listed corporation is also required to make a proposal to the Exchange whenever a change to its Classification becomes necessary.
- 1.3 The Classification proposed by an applicant or a listed corporation shall be subject to the approval of the Exchange. The Exchange reserves the right to classify an applicant or listed corporation into a Sector which in the opinion of the Exchange is more appropriate for the applicant or listed corporation.
- 1.4 This Guidance Note sets out the following:
- (a) the Sectors that are prescribed by the Exchange;
  - (b) the criteria in determining and proposing the Classification; and
  - (c) the manner in which an applicant or listed corporation is to inform or notify the Exchange of its proposed Classification or proposal for change in Classification, as the case may be.

**2.0 Sectors prescribed by the Exchange**

- 2.1 The Exchange will prescribe the Sectors for all listed corporations, from time to time. The list of Sectors can be obtained from the Exchange’s official website.

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- 2.2 The Exchange reserves the right to vary the list of Sectors or the criteria when determining the Classification of a listed corporation and in that event, a listed corporation would be notified of its new Classification accordingly.

### **3.0 Classification of listed corporations**

- 3.1 An applicant or a listed corporation must, when filing an application for listing to the Exchange, furnish the Exchange a proposal of its Classification by completing and submitting to the Exchange the Classification/Re-Classification Form (which is available on the Exchange's official website), together with supporting documents.
- 3.2 In determining the Classification of the applicant or listed corporation into any one of the Sectors, an applicant or a listed corporation must examine the amount of contribution made by its various business activities for the past 2 years. A listed corporation will be classified into the Sector which most closely fits its source of revenue or if there are several sources of revenue, the business which consistently generates the highest revenue of the listed corporation. The Classification will also be determined based on either the immediate end use of the product or the industry processes used.
- 3.3 Segmental reporting normally discloses revenue before tax, non-controlling interests, extraordinary items and interest earned or incurred. Unless there is audited evidence that any of these items is specifically attributable to a class of business for which the revenue is disclosed, it will be disregarded in assessing the sources of revenue. Where any part of the listed corporation's business is to earn interest or incur interest, or interest expenses are central to its business, then such interest shall be taken into account in determining the listed corporation's business.
- 3.4 The Exchange will seek to maintain stability in the Classification and will disregard what the Exchange considers to be temporary fluctuations in the fortunes of individual businesses.

### **4.0 Exchange's power to require additional information or instruct change in Classification**

- 4.1 The Exchange may, at its discretion, require an applicant or a listed corporation to provide additional information to the Exchange.
- 4.2 The Exchange may, where the circumstances warrant the same but without assigning any reasons, classify an applicant or change the Classification of a listed corporation into a Sector which, in the opinion of the Exchange, is more appropriate for the applicant or listed corporation.

### **5.0 Changes to listed corporation's Classification**

- 5.1 Where there is a significant change in the business direction or policy in a listed corporation, the listed corporation must, upon completion of the relevant corporate exercise, immediately notify the Exchange of the proposal for change in its Classification by completing and submitting to the Exchange the Classification/Re-Classification Form (which is available on the Exchange's official website), together with supporting documents.

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- 5.2 Where the Classification does not accurately reflect its current core business, the listed corporation must submit to the Exchange a proposal for a change by completing and submitting to the Exchange the Classification/Re-Classification Form (which is available on the Exchange's official website), together with supporting documents.
- 5.3 A listed corporation's Classification may also be reviewed by the Exchange either at its discretion, at the request of the listed corporation pursuant to paragraphs 5.1 and 5.2 above, or of the advisers acting on its behalf.