

BURSA MALAYSIA SECURITIES BERHAD

PRACTICE NOTE NO 3/2001

DISCLOSURE IN RELATION TO INTERNET-RELATED BUSINESSES OR E-COMMERCE ACTIVITIES

Issued in relation to paragraphs 9.03 and 9.16 of the Listing Requirements;

And

Pursuant to paragraphs 2.08 and 2.19 of the Listing Requirements.

1.0 Introduction

- 1.1 Announcements made by listed issuers must at all times comply with the continuing disclosure requirements as set out in Chapter 9 of the Listing Requirements. Under this Chapter, listed issuers must make timely, adequate and accurate disclosure of material information to the investing public.
- 1.2 Accordingly, pursuant to paragraphs 9.03 and 9.16 of the Listing Requirements, where listed issuers make an announcement in relation to internet-related businesses or e-commerce activities including any arrangement, transaction or venture or proposed arrangement, transaction or venture in respect thereof (hereinafter collectively referred to as “the Venture”), adequate and accurate disclosure of all material information must be made.
- 1.3 In this connection, this Practice Note sets out the minimum information that should be included, where applicable, in the announcements made in respect of the Ventures. The requirements provided herein are in addition to the requirements of Chapter 10 of the Listing Requirements, where applicable.
- 1.4 Nothing in this Practice Note shall be read to restrict the generality of paragraphs 9.03 and 9.16 of the Listing Requirements.

2.0 Details of the announcement

- 2.1 The minimum information that should be included, where applicable, in the announcements made in respect of the Ventures is as follows:-

- (a) the details of the relevant business model, including:-
- (i) a detailed description of the nature of the internet-related business/e-commerce activity ventured into by the listed issuer; e.g. service provider, infrastructure provider, content provider, software applications service provider or retailer;
 - (ii) the source and nature of revenue to be derived from the Venture; i.e. fees, commission, advertisements, subscriptions etc;
 - (iii) the target market of the products and/or services offered, including an estimated size of the market;
 - (iv) strategic alliances or partnerships, if any, including the background, expertise and contribution of such ally or partner to the Venture; and
 - (v) the assumptions and bases thereto in developing the business model of the Venture;
- (b) the details of the stage of development of the Venture and if already operating, details on the existing level of operations, including:-
- (i) the track record of the Venture; i.e. the number of years in operation and the revenue generated;
 - (ii) the current stage of development of the Venture; i.e. conceptual, developmental etc;
 - (iii) the outcome of any feasibility studies undertaken with respect to the Venture and the name(s) of the consultants conducting the same, if any; and
 - (iv) the expected period of time for the Venture to become operational;
- (c) a description of the risks and rewards involved in undertaking the Venture, including:-
- (i) in the event the internet-related business or e-commerce activity is a result of an acquisition of an interest in a company, an explanation of the bases and assumptions used in deriving the purchase consideration and whether the valuation has been reviewed by an independent party;
 - (ii) the financial impact of the Venture, including the period within which the Venture is expected to generate revenue and profit;
 - (iii) the capital commitments and source of financing to undertake the Venture until such time when operations commence and revenue is generated;
 - (iv) the financial and business risks with respect to the Venture; and
 - (v) the business prospects of the Venture, including the key assumptions; and
- (d) the details of the technical capability and competence in the Venture, including the key personnel or technical experts or consultants vital to the Venture, including their qualifications and experience.

3.0 Disclosure of progress

3.1 Subsequent to the initial announcement, a listed issuer undertaking the Venture must also submit to the Exchange for public release a report on the status of the progress of the Venture, as follows:-

- (a) simultaneously with the listed issuer's quarterly report pursuant to paragraph 9.22 of the Listing Requirements and in any event not later than 2 months after the end of each quarter of a financial year; or
- (b) upon the occurrence of a material event or development in relation to the said Venture,

whichever is earlier.

3.2 The obligation imposed pursuant to paragraph 3.1 above shall no longer be applicable to a listed issuer undertaking the Venture upon the occurrence of any one of the following circumstances:-

- (a) when the Venture is aborted; or
- (b) when operations commence and revenue is generated.

4.0 Effective Date

4.1 This Practice Note takes effect on 1 June 2001.