

Key Amendments to Section 9 - Transactions

| Par | Text | Rationale |
|-----|---|---|
| | <i>Note: Paragraph references refer to the current Requirements, unless otherwise stated</i> | |
| 1 | Scope of Section | Reduced significantly to deal with core purpose of the Section only. As per definitions, the Scope of Section does not form part of the Listings Requirements. |
| 2 | New Definition: Reverse Takeovers | Reverse takeovers were defined as part of categorisation classifications, which appears out of place. Moved out of Section 9 and now included as a definition. |
| 3 | Consistency timing of categorisation and terms announcements Timing of categorisation and terms announcements have been clarified. Categorisation referred to “prior to the transaction” and “at the time terms of the transaction are announced”. Cat 1 and 2 announcements referred to “after” and “upon” terms being agreed. | Different wording was used as regards timing of categorisation and terms announcements, which have now been clarified: <ul style="list-style-type: none"> • Categorisation: Before the announcement of terms • Announcement: As soon as possible after terms have been agreed. |
| 4 | Paragraph 9.1(b) Categorisation of options Text removed - confusing: <i>“However, in such instance, the categorisation upon exercise will be required to be no less onerous than the classification determined at the date of grant”</i> | Categorisation of options should be simplified, as follows: <ul style="list-style-type: none"> • Not at issuer’s discretion – categorise at time of transaction, as if exercised. • Issuer’s discretion – must categorise at time of exercise. Only premium/consideration for option – categorise at time of transaction. |
| 5 | Ordinary course of business Paragraph 9.1(d)(i) Currently, the ordinary course of business threshold is linked to 30%, equalling a category 1 transaction threshold where shareholders’ approval is required. Considering public comments, it is proposed | The proposed amendment supports consistency in application. |

| | | |
|----|--|--|
| | to link the ordinary course of business threshold for main board issuers in the general segment and AltX issuers, to the category 1 thresholds for those issuers, being 50%. | |
| 7 | <p>Paragraph 9.7(c)</p> <p>Percentage ratios</p> <p>Text removed:</p> <p><i>“the categorisation calculations are inappropriate to the sphere of activity of the issuer”</i></p> | The provision does not add any regulatory value. Sphere of activity should have no impact on categorisation. |
| 8 | <p>Paragraph 9.12</p> <p>Aggregation</p> <p>Text removed:</p> <p><i>“Where acquisitions are entered into during a period of 12 months that cumulatively exceed 100% of either of the percentage ratios, the provisions relating to a reverse take-over will apply.”</i></p> | Rely on reverse takeover provisions. |
| 9 | <p>Paragraph 9.22</p> <p>Category 1 requirements</p> <p>The JSE is proposing enhanced disclosure in relation to the disclosure of service contract to any proposed directors as a result of the transaction, to also require disclosure of any amendments to service contracts and remuneration of existing directors, as a result of the transaction.</p> | The JSE support transparency in relation to benefits awarded to existing directors resulting from a transaction. |
| 10 | <p>Paragraph 9.22</p> <p>PLS and share issuance</p> <p>Text removed:</p> <p><i>“In addition, if the Category 1 transaction results in an issue of securities that, together with any other securities of the same class issued during the previous 3 months, would increase the securities issued by more than 50%, then the issuer must include in the Category 1 circular the information required to</i></p> | Covered under Section 6, paragraph 6.19(h). |

| | | |
|-----------|---|--|
| | <i>be disclosed for a pre-listing statement. :</i> | |
| 11 | <p>Paragraph 9.23</p> <p>Shareholders' approval of Category 1 resulting from aggregation</p> <p>Text removed:</p> <p><i>"The issuer, as enlarged by the acquisition, must be suitable for listing as if it was a new applicant and must satisfy the conditions for listing as set out in Section 4.</i></p> | See new definition of reverse takeover, being treated as a new listing. |
| 12 | <p>Cash Company</p> <p>Text added:</p> <p>Paragraph 3.26</p> <p>The provisions dealing with cash companies have been moved from Section 3 to the new Section 8.</p> <p>New paragraph 9.12</p> <p>The periods for suspension and removal of listing have been extended, from six to twelve (acquisition) and three months to six months (removal).</p> | <p>It is more appropriate to deal with cash companies under transactions, as a disposal transaction will lead to a company being classified as a cash company.</p> <p>The periods have been extended to afford the issuer and shareholders more time to engage on the future prospects of the issuer and to potentially seek opportunities in the market to remain listed.</p> |
| 13 | <p>Paragraph 9.31</p> <p>Text removed</p> <p><i>"A copy of all draft documentation that is sent to the Panel for approval must be submitted to the JSE, together with a letter confirming that the relevant documentation has been submitted to the Panel."</i></p> | The JSE need only be provided with the Panel approval. |
| 14 | <p>Restrictive funding transactions</p> <p>Previous paragraph 9.25</p> <p>Removed restrictive funding arrangements from Section 9, as it is merely a disclosure item in terms of the new Section 10 and has related party implications in terms of the new Section 9.</p> | Restrictive funding arrangements have no bearing on transactions. It only has related party and disclosure implications. |

| | | |
|----|---|--|
| 15 | <p>Supplementary notifications</p> <p>New paragraph 9.22</p> <p>The current provisions of supplementary notifications only deal with the scenario when there is a shareholders' meeting. A new provision has been included to afford clarity on the treatment of a category 2 announcement, where no shareholders' approval is required.</p> <p>It should be noted that there was a different test to trigger a supplementary notification in Section 9, supplementary circular in Section 11 and supplementary PLS in Section 6.</p> <p>Section 9 and 11 referred to a "<i>significant change</i>", whereas Section 6 referred to a "<i>material change</i>".</p> <p>The test has been harmonised as a "<i>material change</i>" and the meaning of "<i>material</i>" are defined the same.</p> | <p>Providing clarity on the treatment of supplementary notifications on a category 2 announcement, where no shareholders' approval is required.</p> <p>Consistency in application.</p> |
| 16 | <p>Category 2 requirements: Beneficial Ownership</p> <p>The information to be announced refers to the vendor and beneficial owner.</p> <p>The Requirements apply to an issuer, its directors and officers, agents and employees. The JSE not the issuer does not have the regulatory reach for a third party to demand that beneficial ownership be disclosed.</p> <p>Issuers and sponsors are required to assess beneficial ownership for related party assessments.</p> <p>The JSE will clarify the approach to beneficial ownership disclosure that it is only required to be disclosed if it is known to the issuer and with the consent of that party.</p> | <p>The JSE reviewed the listings requirements of the Singapore Stock Exchange, Hong Kong Stock Exchange and the London Stock Exchange, and there is no obligation of beneficial ownership disclosure but merely the transacting parties.</p> |
| 17 | <p>Category 1 requirements: Property</p> <p>A provision has been incorporated dealing with information involving immovable</p> | <p>Clarity on the preparation of a valuation report for purposes of a category 1 a transaction.</p> |

| | | |
|----|--|---|
| | <p>freehold or leasehold property:</p> <p><i>"a valuation report must be prepared in terms of 13.16 on properties where they represent 50% or more of total asset value measured against the statement of financial position of the subject matter for the category 1 transaction, unless 13.15 applies"</i></p> | |
| 18 | <p>Appendix to Section 9</p> <p>Contents of Category 1 circular</p> <p>The JSE is proposing to remove the disclosure of vendors on the subject of a category 1 transaction.</p> | <p>Adequate disclosure is being provided on the subject to a category 1 transaction. Further, the JSE has no regulatory reach to the vendor to require that disclosure.</p> |

~END~