

APPENDIX 2
RELATED PARTY TRANSACTION REQUIREMENTS
ACE MARKET LISTING REQUIREMENTS

CHAPTER 10 - TRANSACTIONS	
Rule 10.06	<p>Requirements for transactions with percentage ratio of 5% or more</p> <p>(1) Where any one of the percentage ratios of a transaction is 5% or more, the listed corporation must announce the transaction to the Exchange as soon as possible after terms of the transaction have been agreed. The listed corporation must include the information set out in Appendix 10A in the announcement.</p> <p>(2) The listed corporation must also furnish the Exchange, in a separate letter, the percentage ratios applicable to such transaction.</p> <p>(3) Sub-Rules (1) and (2) do not apply to a transaction where the value of the consideration of the transaction is less than RM100,000RM200,000.</p>
Rule 10.07	<p>Requirements for transactions with percentage ratio of 25% or more</p> <p>(1) Where any one of the percentage ratios of a transaction is 25% or more, in addition to the requirements of Rule 10.06, the listed corporation must -</p> <p style="padding-left: 20px;">(a) appoint a Sponsor or Adviser, as the case may be, before the terms of the transaction are agreed upon;</p> <p style="padding-left: 20px;">(b) issue a circular which includes the information set out in Appendix 10B to its shareholders; and</p> <p style="padding-left: 20px;">(c) seek shareholder approval of the transaction in a general meeting.</p> <p>(2) The listed corporation's Sponsor or Adviser, as the case may be, must submit a copy of the circular to the Exchange together with a checklist showing compliance with Appendix 10B.</p> <p>(3) Sub-Rules (1) and (2) do not apply to a transaction where the value of the consideration of the transaction is less than RM100,000RM200,000.</p>
Rule 10.08	<p>Related party transactions</p> <p>(1) Where any one of the percentage ratios of a related party transaction is 0.25% or more, listed corporation must announce the related party transaction to the Exchange as soon as possible after terms of the transaction have been agreed, unless -</p>

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	<p>(a) the value of the consideration of the transaction is less than RM100,000<u>RM200,000</u>; or</p> <p>(b) it is a Recurrent Related Party Transaction.</p> <p>The listed corporation must include the information set out in Appendices 10A and 10C in the announcement.</p> <p>(2) Subject to the provisions of sub-Rules (9) and (10) below, where any one of the percentage ratios of a related party transaction is 5% or more, in addition to sub-Rule (1), a listed corporation must -</p> <p>(a) send a circular which includes the information set out in Appendix 10B and Appendix 10D to the shareholders. The circular must also be submitted to the Exchange together with a checklist showing compliance with Appendix 10B and Appendix 10D;</p> <p>(b) obtain its shareholder approval of the transaction in a general meeting; and</p> <p>(c) (i) appoint an independent adviser; and</p> <p style="padding-left: 2em;">(ii) engage the services of a Sponsor or Adviser, as the case may be,</p> <p style="padding-left: 2em;">before the terms of the transaction are agreed upon.</p> <p>(3) (a) The independent adviser referred to in sub-Rule (2)(c) above must -</p> <p style="padding-left: 2em;">(i) be a person from the Register of Sponsors; and</p> <p style="padding-left: 2em;">(ii) if appointed during the Sponsorship Period, be a person other than the listed corporation's Sponsor.</p> <p>(b) The independent adviser must, in relation to the transaction -</p> <p style="padding-left: 2em;">(i) comment as to -</p> <p style="padding-left: 4em;">(aa) whether the transaction is fair and reasonable so far as the shareholders are concerned; and</p> <p style="padding-left: 4em;">(bb) whether the transaction is to the detriment of minority shareholders; and</p> <p style="padding-left: 2em;">such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion;</p> <p style="padding-left: 2em;">(ii) advise minority shareholders on whether they should vote in favour of the transaction; and</p>
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	<p>(iii) take all reasonable steps <u>to</u> satisfy itself that it has a reasonable basis to make the comments and advice in sub-Rules (i) and (ii) above.</p> <p>(4) It is the duty and responsibility of the Sponsor or Adviser referred to in sub-Rule 2(c)(ii) above to -</p> <p>(a) ensure that advise the listed corporation whether such transaction -(i)- is carried out on fair and reasonable terms and conditions, and not to the detriment of minority shareholders of the listed corporation ; and</p> <p>(#)(aA) <u>ensure that such transaction</u> complies with the relevant laws, regulations or guidelines, where applicable; and</p> <p>(b) ensure full disclosure of all information required to be disclosed in the announcement and circular.</p> <p>(5) The Exchange has the discretion not to allow an independent adviser to continue to act or be appointed as an independent adviser if, in its opinion, the adviser is deemed not to be independent.</p> <p>(6) A director with any interest, direct or indirect ("interested director") must abstain from board deliberation and voting on the relevant resolution in respect of the related party transaction.</p> <p>(7) In a meeting to obtain shareholder approval _</p> <p>(a) the interested director, major shareholder or person connected with a director or major shareholder a related party with any interest, direct or indirect ("interested related party major shareholder" or "interested person connected with a director or major shareholder") <u>must not vote on the resolution in respect of the related party transaction; and</u></p> <p>(b) <u>an interested related party who is a director or major shareholder must ensure that persons connected with it abstain from voting on the resolution in respect of the related party transaction; and</u></p> <p>(bc) where it involves the interest of an interested <u>the interested related party is a</u> person connected with a director or major shareholder, such director or major shareholder <u>must not vote on the resolution in respect of the related party transaction.</u></p> <p>must not vote on the resolution approving the transaction. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transaction.</p> <p>(7A) A listed corporation must ensure that any vote of shareholders taken at the general meeting on the resolution approving the transaction is taken on a poll.</p>
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	<p>(8) An interested director in a related party transaction, must inform the board of directors of the listed corporation or its subsidiary, as the case may be, the details of the nature and extent of his interest, including all matters in relation to the proposed transaction that he is aware or should reasonably be aware of, which is not in the best interest of the listed corporation or its subsidiary, as the case may be.</p> <p>(9) Where any one of the percentage ratios of a related party transaction entered into between a subsidiary of a listed corporation and another person, is 5% or more and there are no other interested relationships except for a related party having an interest in the transaction who is -</p> <p>(a) a director or major shareholder of such subsidiary or the holding company of such subsidiary (other than the listed corporation or the holding company of the listed corporation) ("said director" or "said major shareholder"); or</p> <p>(b) a person connected with the said director or said major shareholder; the listed corporation is exempted from -</p> <p style="padding-left: 40px;">(i) issuing a circular to shareholders;</p> <p style="padding-left: 40px;">(ii) obtaining shareholder approval of the transaction in general meeting; and</p> <p style="padding-left: 40px;">(iii) appointing an independent adviser or engaging the service of a Sponsor or Adviser;</p> <p style="padding-left: 40px;">provided that the board of directors of the listed corporation -</p> <p style="padding-left: 80px;">(aa) approves the transaction before the terms of transaction are agreed upon; and</p> <p style="padding-left: 80px;">(bb) ensures that the transaction is fair and reasonable to the listed corporation, and is in the best interests of the listed corporation.</p> <p>(10) Sub-Rules (1), (2), (3), (4) and (9) do not apply to a related party transaction where the value of the consideration of the transaction is less than RM100,000 <u>RM200,000</u>.</p> <p>(11) The following transactions are not normally regarded as related party transactions:</p> <p>(a) the payment of dividend, issue of securities by the listed corporation <u>or any of its subsidiaries</u> by way of a bonus issue or for cash (subject to Rule 6.07), <u>the grant of options and the issue of securities arising from the exercise of options under a Share Issuance Scheme implemented by the listed corporation or any of its subsidiaries (subject to compliance with Chapter 6)</u>, subdivision of shares, consolidation of shares, or reduction in the par value of shares <u>or subscription of securities on a pro rata basis</u>;</p> <p>(b) [deleted]</p>
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	<p>(c) a transaction between the listed corporation or any of its subsidiaries and another person, where there are no other interested relationships except for common directorships provided that the directors who have common directorships have -</p> <p>(i) shareholdings in the other person which is less than 4%<u>5%</u> other than via the listed corporation; and</p> <p>(ii) no other interest such as commission or other kinds of benefits received from the listed corporation or any of its subsidiaries or the other person in relation to the said transaction;</p> <p>(d) an acquisition or disposal by the listed corporation or any of its subsidiaries from or to a third party of an interest in another corporation where the related party holds less than 5%<u>10%</u> in that other corporation other than via the listed corporation;</p> <p>(e) the provision or receipt of financial assistance or services, upon normal commercial terms and in the ordinary course of business, from a corporation whose activities are regulated by any written law relating to banking, finance corporations or insurance and are subject to supervision by Bank Negara Malaysia <u>or an equivalent foreign regulatory authority as the Exchange deems appropriate</u>;</p> <p>(f) directors' fees and remuneration, and employment remuneration;</p> <p>(g) a transaction between a listed corporation or any of its subsidiaries and another person for the provision or receipt of goods or services which are Exempted Transactions where -</p> <p>(i) the goods or services are purchased, sold or rendered based on a non-negotiable fixed price or rate which is published or publicly quoted; and</p> <p>(ii) all material terms including the prices or charges are applied consistently to all customers or classes of customers.</p> <p>For the purposes of this sub-Rule -</p> <p>(i) "goods" excludes securities;</p> <p>(ii) "classes of customers" excludes such class by reason solely or otherwise that the customers are related parties of the listed corporation or its subsidiaries;</p> <p>(iii) "Exempted Transactions" means the following:</p>
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	<p>(aa) provision or usage of public utility services such as water, electricity, telecommunications, broadcasting services, postal or courier services, insurance, unit trusts, stockbroking services, public transport, education, medical services, provision or usage of tolled highways, hotel facilities and recreational services, provision or consumption of fuel on retail or food and beverage at eateries, provision or purchase of goods at retail outlets such as supermarkets, hypermarkets or departmental stores; and</p> <p>(bb) such other types of transactions that may be prescribed by the Exchange from time to time;</p> <p>(h) the entry into or renewal of tenancy of properties of not more than 3 years, the terms of which are supported by an independent valuation;</p> <p>(i) a contract that is awarded by or on behalf of the Government of Malaysia or a State Government to the listed corporation or its subsidiary provided that the listed corporation immediately announces the contract to the Exchange and includes the information set out in Appendices 10A and 10C in the announcement;</p> <p>(j) a contract that is awarded by way of a public tender -</p> <p>(i) in relation to the listed awarder or its subsidiaries provided that the listed corporation immediately announces to the Exchange the terms of the awarded contract, and the value of at least the 3 closest bids or if not applicable, such lesser number of bids received, and an explanation of the basis for selecting the winning bid; and</p> <p>(ii) in relation to the successful listed bidder or its subsidiaries provided that -</p> <p>(aa) the awarder is listed or is a subsidiary of a listed corporation;</p> <p>(bb) majority of the directors and members of the audit committees of the listed corporations (whether as the bidder or the awarder or the holding companies of the bidder or awarder subsidiaries) are different; and</p> <p>(cc) the listed bidder immediately announces the contract to the Exchange and includes the information set out in Appendices 10A and 10C in the announcement;</p>
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	<p>(k) a transaction between a listed corporation or any of its subsidiaries and another person which involves the sharing of services or facilities provided by one of more of such parties or other similar arrangements whereby the consideration merely involves reimbursement or sharing of costs in proportion to the utilisation of the services or facilities;</p> <p>(l) a transaction between the listed corporation or any of its subsidiaries and another person where there are no other interested relationships except for the related party having shareholdings in the other person which is less than 5%<u>10%</u> other than via the listed corporation;</p> <p>(m) a transaction between the listed corporation or any of its subsidiaries and another person where there are no other interested relationships except for -</p> <p style="padding-left: 20px;">(i) common major shareholders; or</p> <p style="padding-left: 20px;">(ii) a person connected with a major shareholder being a major shareholder of the other person, provided that the following conditions are satisfied:</p> <p style="padding-left: 40px;">(aa) the major shareholder and/or the person connected with the major shareholder is/are not the largest shareholder of the listed corporation;</p> <p style="padding-left: 40px;">(bb) the major shareholder and/or the person connected with the major shareholder is/are not a party to the said transaction, initiator, agent or involved in any other manner in the said transaction;</p> <p style="padding-left: 40px;">(cc) the major shareholder does not have any representative in an executive capacity on the board of directors of the listed corporation or any of its subsidiaries; and</p> <p style="padding-left: 40px;">(dd) the major shareholder is -</p> <p style="padding-left: 80px;">(A) a statutory institution who is managing funds belonging to the general public;</p> <p style="padding-left: 80px;">(B) a closed end fund, unit trust or investment fund (but excluding an investment holding corporation); or</p> <p style="padding-left: 80px;">(C) an insurance corporation whose activities are regulated by any written law relating to insurance and are subject to supervision by Bank Negara Malaysia <u>or an equivalent foreign regulatory authority as the Exchange deems appropriate</u>, and the said insurance corporation is managing its insurance funds (together with its own shareholders' funds or otherwise). For the purposes of this sub-Rule, "insurance funds" has the meaning given in section 2 of the Insurance Act 1996;</p>
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	<p>(n) a transaction between the listed corporation and another person where there are no other interested relationships except for a related party who is a director or major shareholder of a subsidiary of the listed corporation or person connected with such director or major shareholder having an interest in the transaction;</p> <p>(o) a transaction between a subsidiary of a listed corporation (“transacting subsidiary”) and another person where there are no other interested relationships except for a related party who is a director or major shareholder of a subsidiary of the listed corporation (other than the transacting subsidiary or holding companies of the transacting subsidiary) or a person connected with such director or major shareholder having an interest in the transaction;</p> <p>(p) subscription to or acquisition by a listed corporation or its unlisted subsidiaries <u>not listed on any stock exchange</u>, of debt securities and/or redeemable preference shares issued <u>or guaranteed</u> by or on behalf of the Government of Malaysia, Bank Negara Malaysia, and/or a State Government <u>or an equivalent foreign regulatory authority as the Exchange deems appropriate</u>; or</p> <p>(q) a disposal by a listed corporation or any of its subsidiaries of an interest in an investee corporation where a related party is also a major shareholder or person connected with a major shareholder of the investee corporation (other than via the listed corporation), provided that -</p> <p>(i) the related party, person connected with the related party or both, are not a party, initiator or agent to the said disposal; and</p> <p>(ii) the disposal is effected on the Exchange where the counterparty's identity is unknown to the listed corporation or its subsidiaries (as the case may be) at the time of the disposal.</p> <p>For the purpose of this sub-Rule (q), a “disposal” includes a disposal by a listed corporation or any of its subsidiaries of an interest in an investee corporation on a pro rata basis or arising from an acceptance of a take-over offer, except that sub-Rule (q)(ii) above will not be applicable in such instances.</p>
<p>Rule 10.09</p>	<p>Recurrent Related Party Transactions</p> <p>(1) Notwithstanding Rule 10.08(1)(b) above, a listed corporation must immediately announce a Recurrent Related Party Transaction as follows:</p> <p>(a) in relation to a listed corporation with an issued and paid-up capital of RM60 million and above -</p>

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	<p>(i) the consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transactions is RM1 million or more; or</p> <p>(ii) the percentage ratio of such Recurrent Related Party Transaction is 1% or more, whichever is the higher; or</p> <p>(b) in relation to a listed corporation with an issued and paid-up capital which is less than RM60 million -</p> <p>(i) the consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transaction is RM1 million or more; or</p> <p>(ii) the percentage ratio of such Recurrent Related Party Transaction is 1% or more, whichever is the lower.</p> <p>(2) A listed corporation may seek a mandate from its shareholders for Recurrent Related Party Transactions subject to the following:</p> <p>(a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;</p> <p>(b) the shareholder mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholder mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under sub-Rule (1) above;</p> <p>(c) the listed corporation's circular to shareholders for the shareholder mandate includes the information as may be prescribed by the Exchange. The circular must be submitted to the Exchange together with a checklist showing compliance with such information;</p> <p>(d) in a meeting to obtain a shareholder mandate, the <u>relevant related party must comply with the requirements set out in Rule 10.08(7) above</u>interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution to approve the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; and</p>
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	<p>(e) the listed corporation immediately announces to the Exchange when the actual value of a Recurrent Related Party Transaction entered into by the listed corporation, exceeds the estimated value of the Recurrent Related Party Transaction disclosed in the circular by 10% or more and must include the information as may be prescribed by the Exchange in its announcement.</p> <p><i>[Cross reference: Guidance Note 8]</i></p> <p>(3) Where a listed corporation has procured a shareholder mandate pursuant to sub-Rule (2) above, the provisions of Rule 10.08 will not apply.</p>
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[End of Appendix 2]