

## BURSA SECURITIES MALAYSIA BERHAD

## PRACTICE NOTE 14

## PRINCIPLE OF AGGREGATION FOR TRANSACTIONS

Details		Cross References
Effective date:	1 January 2003	Paragraph 10.12
Revision date:	3 August 2009	

**1.0 Introduction**

- 1.1 Pursuant to paragraph 10.12 of the Listing Requirements, the Exchange may aggregate separate transactions and treat such transactions as if they were one transaction in certain circumstances ("**Rule of Aggregation**").
- 1.2 This Practice Note sets out the considerations which the Exchange takes into account when applying the Rule of Aggregation.

**2.0 Principles of aggregation**

- 2.1 The Exchange generally considers the following principles in applying the Rule of Aggregation:
- (a) a transaction will be aggregated with an earlier transaction for the purpose of determining the obligations applicable in respect of the latest transaction except in the following circumstances:
- (i) a transaction that has been announced earlier pursuant to Chapter 10 of the Listing Requirements, will not be aggregated with the latest transaction when determining whether an announcement is required; and
- (ii) a transaction which has been approved by shareholders or which was the subject of aggregation with a transaction which has been approved by shareholders pursuant to Chapter 10 of the Listing Requirements, will not be aggregated with the latest transaction when determining whether any obligations are applicable; and
- (b) if the aggregation of transactions results in a requirement for shareholder approval under Chapter 10 of the Listing Requirements, then that approval is required only for the latest transaction. The earlier transaction(s) would only require disclosure in the circular which must include the information prescribed under the Listing Requirements.

**Illustration 1:****Facts:**

Listed issuer, Z Bhd started to conduct business with a non-related party, Mr B in 2002. The transactions entered into between Z Bhd and Mr B during the year are as follows:

Transactions	Date of Transactions	Relevant Percentage Ratio
Transaction 1	January 2002	1%
Transaction 2	February 2002	4%
Transaction 3	Early March 2002	1%
Transaction 4	End March 2002	5%
Transaction 5	April 2002	6%
Transaction 6	November 2002	10%

Based on the above facts, the application of the principles set out in sub-paragraphs (a) and (b) above is as follows:

- (i) Transaction 2 will be aggregated with Transaction 1 to determine the obligations that are applicable. As the aggregate percentage ratio of Transactions 1 and 2 is 5%, Transaction 2 must be announced pursuant to paragraph 10.06 of the Listing Requirements. The announcement must include information on Transaction 1 which must include the information set out in Appendix 10A of the Listing Requirements;
- (ii) Transactions 1 and 2 will be aggregated with Transaction 3 to determine the obligations that are applicable. However for purposes of determining whether an announcement is required, Transactions 1 and 2 will be excluded from aggregation with Transaction 3 as they have already been announced. As the percentage ratio of Transaction 3 is only 1%, no announcement is required. As the aggregate percentage ratio for Transactions 1 to 3 is 6%, no other obligation is triggered;
- (iii) Transaction 4 will be aggregated with Transactions 1 to 3 to determine the obligations that are applicable. However for purposes of determining whether an announcement is required, Transactions 1 and 2 will be excluded from aggregation with Transaction 4 as they have already been announced. As the aggregate percentage ratio for Transactions 3 and 4 is 6%, an announcement is required. The announcement must include information on Transaction 3 which must include the information set out in Appendix 10A of the Listing Requirements. As the aggregate percentage ratio of Transactions 1 to 4 is 11%, no other obligation is triggered;
- (iv) Transaction 5 will be aggregated with Transactions 1 to 4 to determine the obligations that are applicable. However, for purposes of determining whether an announcement is required, Transactions 1 to 4 will be excluded from aggregation with Transaction 5 as they have all been announced. As the percentage ratio for Transaction 5 is 6%, Transaction 5 on its own requires an announcement; and

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- (v) Transaction 6 will be aggregated with Transactions 1 to 5 to determine the obligations that are applicable. However for purposes of determining whether an announcement is required, Transactions 1 to 5 will be excluded from aggregation with Transaction 6 as they have all been announced. As the percentage ratio for Transaction 6 is 10%, Transaction 6 on its own requires an announcement. As the aggregate percentage ratio for Transactions 1 to 6 is 27%, shareholder approval is required in respect of the latest transaction, i.e. Transaction 6. In this respect, information on Transactions 1, 2, 3, 4 and 5 must be included in the circular issued which must include the information set out in Appendix 10B of the Listing Requirements.

**Illustration 2:****Facts:**

In addition to the facts set out in Illustration 1, Z Bhd entered into Transaction 7 with Mr B in December 2002. In this case, shareholder approval had been sought for Transaction 6 in November 2002.

Based on the above facts, and the application of the principles set out in sub-paragraph (a) above, Transactions 1 to 6 will be excluded from aggregation with Transaction 7 for purposes of determining whether any obligation is triggered as they have all been announced and shareholder approval has been sought for Transaction 6 based on aggregation with Transactions 1 to 5.

**Illustration 3:****Facts:**

Listed issuer A Bhd entered into the following transactions with a related party, Mdm Y in 2002:

Transactions	Date of Transactions	Relevant Percentage Ratio
Transaction 1	February 2002	3%
Transaction 2	April 2002	2%

Based on the above and applying the principles set out in sub-paragraph (a) and (b), Transaction 2 will be aggregated with Transaction 1 thus requiring Transaction 2 to comply with paragraph 10.08(2) of the Listing Requirements. In this respect, information on Transaction 1 must be included in the circular issued which must include the information prescribed under Appendix 10B and Part A of Appendix 10D of the Listing Requirements.

Transactions	Date of Transactions	Relevant Percentage Ratio
Transaction 3	October 2002	3%

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In this case, the parties subsequently entered into Transaction 3 in October 2002. Transaction 3 will not be aggregated with Transactions 1 and 2 as shareholder approval for Transaction 2 has been obtained based on aggregation with Transaction 1. Transaction 3 on its own must be announced pursuant to paragraph 10.08(1) of the Listing Requirements.