
CHAPTER 7 TRANSACTIONS**PART A – GENERAL****7.01 Introduction**

This Chapter sets out the requirements that must be complied with in respect of transactions entered into by a listed corporation or its subsidiaries.

PART B – DEFINITIONS**7.02 Definitions**

For the purpose of this Chapter, unless the context otherwise requires -

- (a) **“acquisition or disposal of assets”** includes an option to acquire or dispose of assets;
- (b) **“assets”** means all types of assets including securities and business undertakings;
- (c) **“director”** has the meaning given in section 2(1) of the CMSA and includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon -
 - (i) a director of the listed corporation; or
 - (ii) a chief executive of the listed corporation;
- (d) **“financial assistance”** includes -
 - (i) lending or advancing of money;
 - (ii) guaranteeing, indemnifying or providing collateral for a debt; or
 - (iii) forgiving a debt, releasing or neglecting to enforce a financial obligation of another, or assuming the financial obligations of another;
- (e) **“major shareholder”** includes any person who is or was within the preceding 6 months of the date on which the terms of the transaction were agreed upon, a major shareholder of the listed corporation as defined under Rule 1.01;
- (f) **“percentage ratios”** means the figures, expressed as a percentage, resulting from each of the following calculations:
 - (i) the value of the assets which are the subject matter of the transaction, compared with the net assets of the listed corporation;
 - (ii) net profits of the assets which are the subject matter of the transaction, compared with the net profits attributable to the owners of the listed corporation (before other comprehensive income or loss);
 - (iii) the aggregate value of the consideration given or received in relation to the transaction, compared with the net assets of the listed corporation; or
 - (iv) the total assets which are the subject matter of the transaction compared with the total assets of the listed corporation;

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- (g) “**related party transaction**” means a transaction entered between the listed corporation or its subsidiaries and a related party, other than a transaction of a revenue nature in the ordinary course of business;
- (h) “**related party**” means a director or major shareholder or a person connected with such director or major shareholder;
- (i) “**transaction**”, in relation to -
- (i) Part D of this Chapter, means the acquisition or disposal of assets by a listed corporation or its subsidiaries but excludes transactions of a revenue nature in the ordinary course of business;
 - (ii) Part E of this Chapter, includes -
 - (aa) the acquisition, disposal or leasing of assets;
 - (bb) the establishment of joint ventures;
 - (cc) the provision of financial assistance;
 - (dd) the provision or receipt of services; or
 - (ee) any business transaction or arrangement entered into, by a listed corporation or its subsidiaries; and
 - (iii) Parts D and E of this Chapter, excludes transactions entered into between a listed corporation (or any of its wholly-owned subsidiaries) and its wholly owned subsidiary;
- (j) “**value of the consideration**” includes any liability to be assumed.

PART C – VALUATION AND INFORMATION

7.03 Basis of valuation

- (1) For the purpose of determining the basis of valuation of a transaction, the following applies:
- (a) in any acquisition or disposal of securities, the value is to be assessed by reference to:
 - (i) in the case of unlisted securities, the net asset value represented by such securities; and
 - (ii) in the case of listed securities, the market value represented by such securities;
 - (b) in any acquisition or disposal of assets other than securities, the value is to be assessed by reference to the book value of the assets or, if a valuation has been carried out for the purpose of the acquisition or disposal, the market value of the assets; or
 - (c) where the consideration is in the form of securities, the value of the consideration shall be determined by reference either to the market value of such securities or the net asset value represented by such securities, whichever is higher.

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- (2) For the purpose of computation of indicators of materiality (including the percentage ratios), the following applies:
- (a) in the case of total assets, net assets and net book value of assets, the figures should be taken from the most recent of the following:
 - (i) the latest published or announced audited financial statements of the listed corporation or audited consolidated financial statements of the listed corporation, if the listed corporation has subsidiaries;
 - (ii) the adjustments to take into account subsequent completed transactions in respect of which adequate information has already been issued to shareholders and the adjustments have been reviewed by the listed corporation's external auditors; or
 - (iii) the statement of financial position in its latest published or announced interim financial report provided that the report has been reviewed by the listed corporation's external auditors;
 - (b) in the case of net profits, the figures as stated in the following:
 - (i) the latest published or announced audited financial statements of the listed corporation or audited consolidated financial statements of the listed corporation, if the listed corporation has subsidiaries; or
 - (ii) the unaudited 12 months' results provided that the results have been reviewed by the listed corporation's external auditors.

PART D – DISCLOSEABLE TRANSACTIONS

7.04 Requirements for transactions with percentage ratio of 10% or more

- (1) Where any one of the percentage ratios of a transaction is 10% 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 Part A of Appendix 7A in the announcement.
- (2) Sub-Rule (1) does not apply to a transaction where the value of the consideration of the transaction is less than RM250,000.

7.05 Requirements for transactions with percentage ratio of 25% or more

Where any one of the percentage ratios of a transaction is 25% or more, in addition to the requirements of Rule 7.04, the listed corporation must -

- (a) issue a circular to its shareholders which includes information set out in Part A of Appendix 7A; and
- (b) convene a general meeting and obtain shareholder approval for the transaction.

PART E – RELATED PARTY TRANSACTIONS**7.06 Requirements for related party transactions**

- (1) Where any one of the percentage ratios of a related party transaction is 5% or more, a listed corporation must announce the related party transaction to the Exchange as soon as possible after terms of the transaction have been agreed, unless the value of the consideration of the transaction is less than RM250,000. The listed corporation must include the information set out in Part A of Appendix 7A in the announcement.
- (2) Where any one of the percentage ratios of a related party transaction is 10% or more, the listed corporation must:
 - (a) issue a circular to its shareholders which includes information set out in Part A of Appendix 7A; and
 - (b) convene a general meeting and obtain shareholder approval for the transaction.
- (3) 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.
- (4) In a meeting to obtain shareholder approval, an interested related party and any other interested shareholder must not vote on the resolution in respect of the related party transaction.
- (5) 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.
- (6) The board of directors of the listed corporation, excluding interested directors, must ensure that a related party transaction is in the best interest of the listed corporation, fair, reasonable, on normal commercial terms and not detrimental to the interest of the minority shareholders.
- (7) The following transactions are not normally regarded as related party transactions:
 - (a) the issue of securities by the listed corporation for cash, bonus issue, the grant of options and the issue of securities to a related party pursuant to a share issuance scheme (subject to compliance with Chapter 5), subscription of securities on a pro rata basis, subdivision of shares, consolidation of shares or payment of dividend;
 - (b) 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 -
 - (i) shareholdings in the other person which is less than 10% other than via the listed corporation; and
 - (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;
 - (c) directors' fees and remuneration, and employment remuneration; or

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- (d) 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 20% other than via the listed corporation.

PART F – SIGNIFICANT CHANGE IN THE BUSINESS DIRECTION OR POLICY

7.07 Significant change in the business direction or policy of a listed corporation

Where a transaction will result in a significant change in the business direction or policy of the listed corporation, the listed corporation must -

- (a) appoint an Approved Adviser before the terms of the transaction are agreed upon;
- (b) announce to the Exchange the information set out in both Parts A and B of Appendix 7A;
- (c) issue a circular to its shareholders which includes information set out in both Parts A and B of Appendix 7A; and
- (d) convene a general meeting and obtain shareholder approval for the transaction.

PART G – MAJOR DISPOSAL OF ASSETS RESULTING IN LISTED CORPORATIONS NO LONGER SUITABLE FOR LISTING

7.08 Major Disposal

A listed corporation which intends to undertake a disposal of all or substantially all of a listed corporation's assets which may result in the listed corporation being no longer suitable for continued listing on the LEAP Market ("**Major Disposal**") must -

- (a) announce to the Exchange the information set out in Part A of Appendix 7A;
- (b) issue a circular to its shareholders which includes information set out in Part A of Appendix 7A; and
- (c) convene a general meeting and obtain shareholder approval of at least 75% of the total number of issued shares held by the shareholders present and voting either in person or by proxy at the meeting for such Major Disposal.

7.09 Aggregation of transactions

- (1) The Exchange may aggregate separate transactions and treat such transactions as if they were one transaction if the terms of such transactions were agreed upon within a period of 12 months.
- (2) Transactions which may be aggregated in accordance with sub-Rule (1) above includes the following:
 - (a) transactions entered into with the same party or with parties connected with one another;
 - (b) transactions involving the acquisition or disposal of securities or interests in one particular corporation/asset; or

- (c) transactions involving the acquisition or disposal of various parcels of land contiguous to each other.

[End of Chapter]

APPENDIX 7A**Contents of announcement and circular to securities holders in relation to transactions**
(Rules 7.04, 7.05, 7.06, 7.07 and 7.08)**Part A****General information to be included, where applicable, in the announcement and circular to securities holders in relation to transactions**

- (1) The details of the transaction including particulars of the assets being acquired or disposed of.
- (2) The historical financial information pertaining to the assets.
- (3) The total consideration, together with -
 - (a) the basis of arriving at the consideration, other than on a “willing buyer willing seller” basis;
 - (b) the justification for the consideration; and
 - (c) the mode of consideration.
- (4) The financial effects and business impact of the transaction.
- (5) In the case of an acquisition -
 - (a) details of the vendor;
 - (b) in the event the consideration is satisfied by cash, the source of funding and its breakdown;
 - (c) in the event the consideration is satisfied by an issue of securities of the listed corporation, the details of such issue; and
 - (d) the particulars of all liabilities, including contingent liabilities and guarantees to be assumed by the listed corporation arising from the acquisition.
- (6) In the case of a disposal -
 - (a) the expected gains or losses to the group;
 - (b) where the sale consideration is to be satisfied in cash, the intended application of the sale proceeds and the breakdown, including the timeframe for the full utilisation of proceeds;
 - (c) where securities are intended to form part of the consideration, details of such securities and information of the corporation (including business and financial information) in which the securities are or will be held and a statement as to whether such securities are to be sold or retained;
 - (d) details of the purchaser; and
 - (e) particulars of all liabilities to be assumed by the purchaser arising from the transaction.

Appendix 7A
Contents of announcement and circular for transactions

- (7) The rationale for the transaction including the prospects of assets to be acquired.
- (8) Whether the transaction is subject to the approval of shareholders and the relevant government authorities, the conditions imposed and status of compliance.
- (9) Whether the directors and/or major shareholders and/or persons connected with a director or major shareholder have any interest, direct or indirect, in the transaction and the nature and extent of their interests.
- (10) A statement by the board of directors, excluding interested directors, stating whether the transaction is in the best interest of the listed corporation, fair, reasonable, on normal commercial terms and not detrimental to the interest of the minority shareholders, and its recommendation including the basis of such recommendation.
- (11) Any other information which is necessary for the securities holders and investors to make an informed investment decision.

Part B**Additional specific information to be included in relation to significant change in business direction or policy of a listed corporation**

(Rule 7.07)

- (1) If the transaction results in a change in the controlling shareholder(s) and/or board of directors of the listed corporation, details in respect of -
 - (a) the new controlling shareholder(s) and new board of directors;
 - (b) the new controlling shareholder(s)' interest and new directors' interest in all other corporations or businesses, and the principal activities of such corporations or nature of such businesses.
- (2) If a conflict of interest exists or is likely to exist -
 - (a) full disclosure of the nature and extent of the conflict of interest or potential conflict of interest;
 - (b) the parties to the conflict; and
 - (c) measures taken for resolving, eliminating, or mitigating the situations of conflict of interest.

[End of Appendix]