

BURSA MALAYSIA SECURITIES BERHAD

GUIDANCE NOTE NO. ~~7/2006~~7**REQUIREMENTS ON APPLICATION OF PERCENTAGE RATIOS AND
AGGREGATIONS OF TRANSACTIONS PRINCIPLE OF AGGREGATION FOR
TRANSACTIONS**

<u>Details</u>	<u>Cross References</u>
<u>Effective date:</u> <u>3 July 2006</u>	<u>Rule 10.12</u>
<u>Revision date:</u> <u>3 August 2009</u>	

~~Issued in relation to Chapter 10 of the Listing Requirements for the MESDAQ Market;~~~~And~~~~Pursuant to Rules 2.07 and 2.09 of the Listing Requirements for the MESDAQ Market.~~**1.0 Introduction**

1.1 Chapter 10 of the Listing Requirements sets out the requirements that must be complied with in respect of transactions (whether related party transactions or otherwise) entered into by a listed company or its subsidiaries. Pursuant to Rule 10.14~~2~~ of the Listing Requirements, the Exchange may aggregate separate transactions and treat such transactions as if they were one transaction in certain circumstances (hereinafter referred to as "the **Rule of Aggregation**").

1.2 This Guidance Note sets out the ~~following~~ consideration which the Exchange takes into account when applying the Rule of Aggregation.

(a) ~~— (Deleted)~~

(b) ~~— the principles of aggregation.~~

~~2.0 — (Deleted)~~

3.02.0 Principles of aggregation

3.1~~2.1~~ Pursuant to Rule 10.11 of the Listing Requirements, the Exchange may aggregate separate transactions and treat such transactions as if they were one transaction in certain circumstances (hereinafter referred to as "the **Rule of Aggregation**"). In this respect, ~~t~~he Exchange generally considers the following principles in applying the Rule of Aggregation:

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- (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, ~~shall~~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, ~~shall~~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 shareholders' 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 ~~shall~~must include the information prescribed under the Listing Requirements.

Illustration 1:**Facts:**

~~Listed company~~Listed corporation, Z Bhd started to conduct business with a non-related party, Mr B in 2005. 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 2005	1%
Transaction 2	February 2005	4%
Transaction 3	Early March 2005	1%
Transaction 4	End March 2005	5%
Transaction 5	April 2005	6%
Transaction 6	November 2005	10%

Based on the above facts, the application of the principles set out in subparagraphs (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 Rule 10.0406 of the Listing Requirements. The announcement must include information on Transaction 1 which ~~shall~~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 the 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;

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- (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 ~~shall~~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. ~~As the aggregate percentage ratio for Transactions 1 to 5 is 17%, an announcement together with a despatch of a copy of the announcement must be made in accordance with Rule 10.05 of the Listing Requirements. In this respect, information on Transactions 1, 2, 3 and 4 must be included in the said announcement which shall include the information prescribed under Appendix 10A of the Listing Requirements; and~~
- (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%, shareholders' 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 ~~shall~~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 2005. In this case, shareholders' approval had been sought for Transaction 6 in November 2005.

Based on the above facts and the application of the principles set out in subparagraph (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 shareholders' approval has been sought for Transaction 6 based on aggregation with Transactions 1 to 5.

Illustration 3:

Facts:

~~Listed company~~Listed corporation A Bhd entered into the following transactions with a related party, Mdm Y in 2005:

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Transactions	Date of Transactions	Relevant Percentage Ratio
Transaction 1	February 2005	3%
Transaction 2	April 2005	2%

Based on the above and applying the principles set out in subparagraphs (a) and (b), Transaction 2 will be aggregated with Transaction 1 thus requiring Transaction 2 to comply with Rule 10.08(2) of the Listing Requirements. In this respect, information on Transaction 1 must be included in the circular issued which ~~shall~~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 2005	3%

In this case, the parties subsequently entered into Transaction 3 in October 2005. Transaction 3 will not be aggregated with Transactions 1 and 2 as shareholders' approval for Transaction 2 has been obtained based on aggregation with Transaction 1. Transaction 3 on its own must be announced pursuant to Rule 10.08(1) of the Listing Requirements.

4.0 — Effective Date

4.1 — ~~This Guidance Note takes effect on 3 July 2006.~~