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**QUESTIONS AND ANSWERS IN RELATION TO AMENDMENTS TO  
BURSA MALAYSIA SECURITIES BERHAD MAIN MARKET LISTING REQUIREMENTS  
RELATING TO BUSINESS TRUST  
(As at 25 March 2013)**

***Definition of “public” in relation to a business trust***

1. **Under paragraph 1.01 of the Main LR, the definition of “public” in relation to business trust excludes subsidiary entity as defined under the SC’s Business Trust Guidelines. What is a subsidiary entity?**

Under paragraph 2.01 of the SC’s Business Trust Guidelines, “**subsidiary entity**” is defined to mean any corporation or other entity where:

- (a) the trustee-manager (acting in its capacity as trustee-manager of the business trust) –
- (i) controls the composition of the board of directors of the corporation or board of persons of the entity which performs similar function as with a board of directors of a corporation, (“**Board**”);
  - (ii) controls more than half the voting shares of the corporation or voting rights of the entity; or
  - (iii) holds more than half of the issued share capital of the corporation (excluding preference shares) or its equivalent in the case of the entity; or
- (b) the corporation or entity is a subsidiary entity of another corporation or entity which is a subsidiary entity of the business trust.

Based on the above definition, apart from a corporation, a subsidiary entity of a business trust may include, among others, the following:

- a collective investment scheme;
- a management company of a collective investment scheme whose board of directors is controlled by the trustee-manager; or
- a subsidiary of the trustee-manager.

2. The facts in relation to Illustration 1 below are as follows:

- *A Sdn Bhd* is a trustee-manager of *C Trust*, a business trust listed on the Main Market.
- *A Sdn Bhd* has a wholly-owned subsidiary, *B Sdn Bhd*, a management company who manages a collective investment scheme, *CIS M*.
- *Mr. K* is a director of *A Sdn Bhd* and *B Sdn Bhd*.
- *Corporation K* and *CIS M* are subsidiary entities of *C Trust* as defined under the SC's Business Trust Guidelines.
- *Mr. L* is a director in *Corporation K*.
- Both *A Sdn Bhd* and *B Sdn Bhd* hold less than 5% in *C Trust*.

Based on the facts above and Illustration 1 below, who are excluded from the definition of “public” under paragraph 1.01(e) of the Main LR in relation to *C Trust*, the listed business trust?

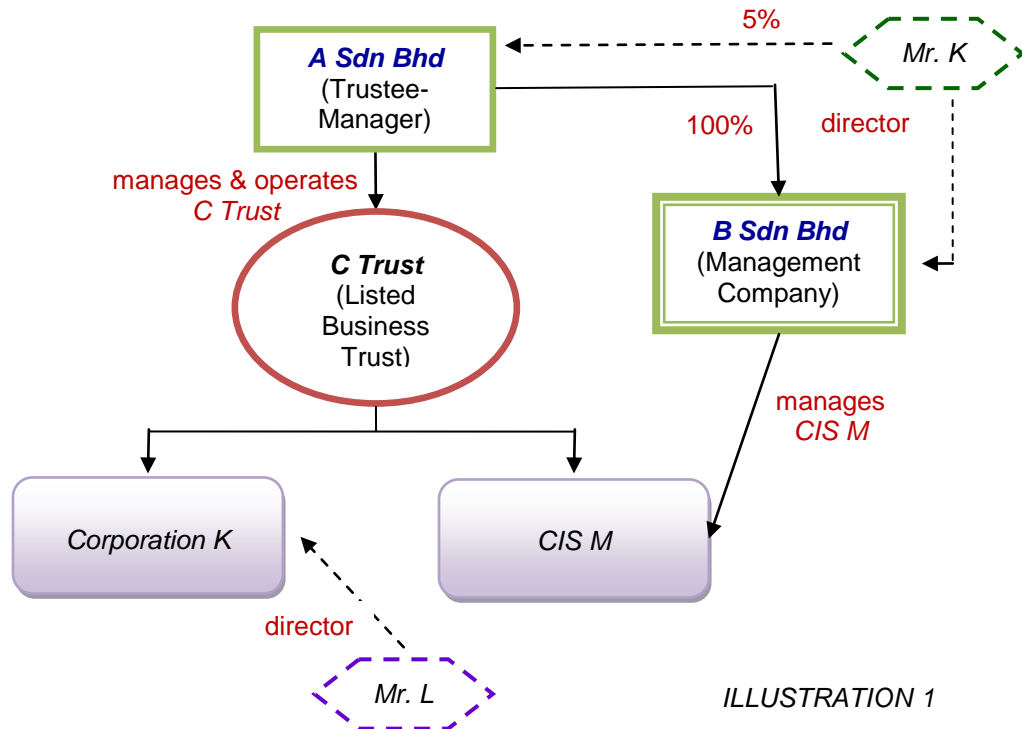


ILLUSTRATION 1

**APPENDIX 2**  
**QUESTIONS & ANSWERS**  
**Main LR amendments relating to business trust**

The following are excluded from the definition of public in relation to *C Trust*, the listed business trust:

Entity	Basis
(a) A Sdn Bhd	the trustee-manager
(b) Corporation K	a subsidiary entity
(c) CIS M	a subsidiary entity
(d) B Sdn Bhd	a subsidiary entity
(e) Mr. K	a director and substantial shareholder of the trustee-manager
(f) Mr. L	a director of a subsidiary entity

***Prescribed events which require immediate announcement***

3. **Paragraph 9.53(1)(f) of the Main LR requires a trustee-manager to immediately announce any material modification to the deed. How does the trustee-manager determine whether a modification is material or otherwise?**

In assessing whether the modification is material, the trustee-manager should apply the materiality test as set out in paragraph 9.03 of the Main LR.

4. **In disclosing the fees or remuneration paid to the trustee-manager in the annual report of a business trust under paragraph 4(a) in Part C, Appendix 9C of the Main LR, the trustee-manager must include the details of the fees paid to it. What are the details that should be disclosed?**

The details that should be disclosed include, among others, the breakdown of the fees payable to the trustee-manager such as management fee, trustee fee or performance fee, the rate payable, the frequency of payment and whether such fees are paid in cash or in kind.

5. **Paragraph 6 in Part C, Appendix 9C of the Main LR prescribes that the annual report of the business trust must include the disclosure of the manager's fee to average total asset ratio together with any other ratios that may be appropriate for the specific business of the business trust in its 5 year financial highlights. What are the other ratios envisaged under this requirement?**

This may include management fee to operating cash flow ratio.

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**PN17 Framework & Regularisation Plan**

6. **ABC Trust is a PN17 Business Trust. As part of its proposal to regularize its condition, ABC Trust proposes to do the following:**

(a) **Scenario 1**

**ABC Trust proposes to issue new securities via a rights issue as part of its regularization plan. Which regulator should ABC Trust submit its regularization plan to?**

ABC Trust should submit its regularisation plan to Bursa Securities for approval pursuant to paragraph 8.04(3)(a)(i)(bb) of the Main LR as it involves only a rights issue.

(b) **Scenario 2**

**ABC Trust proposes to undertake a proposal which results in a significant change in the business direction or policy of ABC Trust together with a rights issue as part of its regularisation plan. Which regulator should ABC Trust submit its regularisation plan to?**

ABC Trust should submit its regularisation plan to SC for approval pursuant to paragraph 8.04(3)(a)(i)(aa) of the Main LR. So long as the regularisation plan involves a proposal which requires the SC's approval, such regularisation plan must be submitted to the SC. Hence, in addition to the existing requirement for submission to the SC of a regularisation plan which will result in a significant change in the business direction or policy of the business trust, any regularisation plan which involves the new issue of units other than a rights issue, must also be submitted to the SC for approval.

7. **Under paragraph 5.3 of Practice Note 17, a PN17 Business Trust must, among others, record either a net profit or positive operating cash flow in 2 consecutive quarterly results immediately after the completion of the implementation of the regularisation plan. If a PN17 Business Trust records positive cash flow but negative profits, would the PN17 Business Trust be considered as complying with this obligation to regularise its condition?**

Yes. So long as any one of the requirement is fulfilled (whether it records a net profit or positive operating cash flow), the PN17 Business Trust is deemed to have complied with the requirement.

[ End ]