



QUESTIONS AND ANSWERS RELATING TO AMENDMENTS TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD ("LR") AND THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD FOR THE MESDAQ MARKET ("MMLR") IN RELATION TO ANNOUNCEMENTS AND CIRCULARS ("AMENDMENTS")

[FAQ issued: 31/10/2006]

- 1. Is there any new obligation imposed on a listed issuer / company given that a listed issuer / company is no longer required to send an information circular to shareholders in respect of a non-related party transaction where any one of the percentage ratios is equal to or exceeds 15% ("the Information Circular") under the Amendments?**

Whilst a listed issuer / company is no longer required to issue the Information Circular, the listed issuer / company will be required to ensure that the announcement in respect of such transaction complies with the enhanced disclosure requirements in the amended Appendix 10A. In addition, pursuant to the amended Paragraph 10.05 of the LR / Rule 10.05 of the MMLR, the listed issuer / company is required to send a copy of the announcement to its shareholders not later than 10 market days after the date of the announcement.

- 2. Does the amended Paragraph 10.05 of the LR / Rule 10.05 of the MMLR which no longer requires the issuance of the Information Circular to shareholders apply to transactions entered into prior to 15 November 2006?**

The amended Paragraph 10.05 of the LR / Rule 10.05 of the MMLR shall apply to transactions entered into on or after 15 November 2006. However, a listed issuer / company that has entered into such transaction prior to 15 November 2006 and can comply with the Amendments ie. the enhanced disclosure in Appendix 10A and despatch a copy of such announcement within 10 market days can cease compliance with the issuance of the Information Circular.

- 3. Why does Bursa Securities require a copy of the announcement in respect of a non-related party transaction where any one of the percentage ratios is equal to or exceeds 15% to be sent to shareholders when the listed issuer / company is no longer required to issue the Information Circular?**

Notwithstanding the removal of the requirement to issue the Information Circular, Bursa Securities requires a copy of the announcement in respect of the transaction to be sent to shareholders to ensure that investor protection is not compromised as there are concerns on accessibility of such announcement by the shareholders and investors. In any event, listed issuers / companies (and their shareholders) would still benefit from cost savings as a separate document (ie. the circular) need not be prepared.

Further, it is to be noted that previously a listed issuer / company has up to 2 months from the date of announcement or date the last approval for the proposal is obtained to issue the Information Circular pursuant to Paragraph 8.30 of the LR / Rule 8.38 of the MMLR. However, the enhanced disclosure in the announcement and the requirement to despatch the announcement within 10 market days under the Amendments would ensure that disclosure is made to shareholders and investors on an immediate basis.

- 4. Will a listed issuer / company who has announced a proposed issue or offer of securities or transaction prior to 15 November 2006 but yet to issue the requisite circular to shareholders be required to comply with the amended / enhanced contents in Appendix 6C and Appendix 10B?**

No, the amended / enhanced contents of the requisite circular in Appendix 6C and Appendix 10B would only apply to any new issue of securities or transaction or such other proposals entered into or made on or after 15 November 2006.

- 5. Pursuant to the Amendments, the statement that where all the securities have been sold or transferred by the addressee, the circular and any other relevant document should be passed to the person through whom the sale or transfer was effected, for transmission to the purchaser / transferee is no longer required to be incorporated in circulars issued to shareholders. Will such amendment be prejudicial to the interest of a purchaser / transferee?**

At the outset, it is to be noted that the non-receipt of the circular does not prejudice the purchaser's / transferee's right to attend the general meeting and to speak and vote thereat if the purchaser's / transferee's name appears in the Record of Depositors as at a date not less than 3 market days before the general meeting of the listed issuers pursuant to Paragraph 7.18 of the LR / Rule 7.16 of the MMLR which is required to be incorporated in the articles of association of listed issuers.

In any event, currently, all circulars issued by listed issuers / companies are posted at Bursa Malaysia's website. Hence, a purchaser / transferee who did not receive the circular issued by the listed issuer / company may still procure the relevant information from Bursa Malaysia's website.

Further, the purchaser / transferee would also have notice of the corporate proposal undertaken by the listed issuer / company via :-

- (i) the listed issuer's / companies' announcement issued in accordance with Chapter 9 of the LR / MMLR; and/or
- (ii) notice of meeting announced in accordance with Paragraph 9.19(6) and (7) of the LR / Rule 9.19(6) and (7) of the MMLR (ie. at least 14 days before the general meeting is held, and in the case of a meeting convened to pass a special resolution or to hold an annual general meeting, at least 21 days before such meeting is held) and which is also advertised in at least 1 nationally circulated Bahasa Malaysia or English daily newspaper.

- 6. Pursuant to the amended Part E of Appendix 10A and Appendix 10B of the LR / Part C of Appendix 10B of the MMLR in relation to foreign acquisitions, it is noted that the statements on the expected dividend income to be received and the expected timeframe for repatriation of profits have been removed. Does this mean that a listed issuer / company would not be required to disclose such information in all cases?**

Notwithstanding the removal of the aforesaid statements under the Amendments, a listed issuer / company who is able to provide a firm commitment on these issues should disclose such information.

- 7. Can a listed issuer / company now appoint a foreign valuer to prepare the requisite valuation report on the foreign assets proposed to be acquired under item 6 of Part E, Appendix 10B of the LR / Part C, Appendix 10B of the MMLR?**



Yes. Pursuant to the Amendments, a listed issuer / company may now appoint an independent valuer registered with the relevant professional body in the country where the foreign asset is located independently or jointly with an independent registered valuer in Malaysia to prepare the requisite valuation report. Further, the listed issuer / company must also ensure that the appointment of the valuer including the independent registered valuer in Malaysia fulfils the requirements under the Securities Commission's Guidelines on Asset Valuation in relation to the appointment of valuer for valuation of foreign property assets.

8. **“Conflicts of interest” on the part of the adviser or expert, where appointed which is required to be disclosed in circulars to shareholders pursuant to the Amendments has been defined to mean circumstances or relationships which affect or may affect the ability of the adviser or expert to act independently and objectively or where the adviser or expert has an interest in the outcome of the proposal which interferes or is likely to interfere with its independence and objectivity. What are the factors that should be taken into consideration by the adviser or expert to ascertain whether the “conflict of interest” exists?**

The factors that should be taken into consideration by the adviser or expert to ascertain whether the “conflict of interest” exists or is likely to exist in relation to its role as an adviser or expert are varied and subjective. The adviser or expert must make that assessment and take all reasonable steps to ascertain whether the conflict of interest exists or is likely to exist. Thereafter, full disclosure must be made in the circular of the nature and extent of the conflict of interests.