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**CHAPTER 10 TRANSACTIONS****PART A – GENERAL****10.01 Introduction**

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

**PART B – DEFINITIONS****10.02 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) **“asset”** 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 issuer, its subsidiary or holding company;
  - (ii) a chief executive of the listed issuer, its subsidiary or holding company;
  - (iii) in relation to a SPAC, a member of the SPAC’s management team;
  - (iv) in relation to a business trust, a director or chief executive of the trustee-manager, its subsidiary or holding company;
  - (v) in relation to a closed-end fund, in addition to a director or chief executive of the closed-end fund, a director or chief executive of the Managers, its subsidiary or holding company; and
  - (vi) in relation to a REIT, a director or chief executive of the management company;
- (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) **“joint venture”** means a contractual arrangement between 2 or more parties to undertake a specific business project subject to joint control in which the parties meet the costs of the project and receive a share of any resulting output;
- (eA) **“Major Disposal”** means a disposal of all or substantially all of a listed issuer’s assets which may result in the listed issuer being no longer suitable for continued listing on the Official List;

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- (f) **“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 –
- (i) a major shareholder of the listed issuer as defined under paragraph 1.01 or any other corporation which is its subsidiary or holding company;
  - (ii) in relation to a business trust, a major shareholder of the trustee-manager, its subsidiary or holding company;
  - (iii) in relation to a closed-end fund, in addition to a major shareholder of the closed-end fund, a major shareholder of the Managers, its subsidiary or holding company; and
  - (iv) in relation to a REIT, a major shareholder of the management company;
- (fA) **“major unit holder”** in relation to a business trust or a REIT 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 unit holder of the business trust or REIT as defined under paragraph 1.01;
- (g) **“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 issuer;
  - (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 issuer (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 issuer;
  - (iv) the number of shares issued by the listed issuer as consideration for an acquisition, compared with the total number of shares previously in issue (excluding treasury shares);
  - (v) the aggregate value of the consideration given or received in relation to the transaction, compared with the market value of all the ordinary shares of the listed issuer (excluding treasury shares);
  - (vi) the total assets which are the subject matter of the transaction compared with the total assets of the listed issuer;
  - (vii) in respect of joint ventures, business transactions or arrangements, the total project cost attributable to the listed issuer compared with the total assets of the listed issuer or in the case where a joint venture corporation is incorporated as a result of the joint venture, the total equity participation of the listed issuer in the joint venture corporation (based on the eventual issued capital of the joint venture corporation) compared with the net assets of the listed issuer. The value of the transaction should include shareholders’ loans and guarantees to be given by the listed issuer;
  - (viii) the aggregate original cost of investment of the subject matter of the transaction divided by the net assets of the listed issuer, in the case of a disposal and where the acquisition of the subject matter took place within last 5 years; or
  - (ix) in respect of a transaction entered into by a REIT, the value of the transaction, compared with the total asset value of the REIT;

- (h) **“property development corporation”** means a corporation whose core business is in –
- (i) development or redevelopment of real estate; or
  - (ii) real estate with development potential,
- and includes those rights to develop pursuant to a joint venture agreement, privatisation agreement or some other forms of joint arrangement;
- (i) **“property investment corporation”** means a corporation whose core business is in –
- (AA) the holding of landed or strata properties in the commercial, residential, industrial or agricultural sector (collectively referred to as **“investment properties”**) for letting and retention as investments; or
  - (BB) the purchase of investment properties for subsequent sale;
- (j) **“Recurrent Related Party Transaction”** means a related party transaction which is recurrent, of a revenue or trading nature and which is necessary for day-to-day operations of a listed issuer or its subsidiaries;
- (k) **“related party transaction”** means a transaction entered into by the listed issuer or its subsidiaries which involves the interest, direct or indirect, of a related party;
- (l) **“transaction”**, in relation to -
- (i) Part D of this Chapter, means the acquisition or disposal of assets by a listed issuer or its subsidiaries and includes any of the following actions undertaken by a listed issuer:
    - (aa) disposing of; or
    - (bb) granting, accepting, exercising or discharging an option or any other right or obligation, present or future, conditional or unconditional, to dispose of, a listed issuer’s developmental rights, all or substantially all its rights, benefits, or control in an asset, 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 issuer or its subsidiaries; and
  - (iii) Parts D and E of this Chapter, excludes transactions entered into between a listed issuer (or any of its wholly-owned subsidiaries) and its wholly-owned subsidiary;
- (m) **“value of the consideration”** includes any liability to be assumed; and

- (n) “**very substantial transaction**” means a disposal or acquisition of an asset where any of the percentage ratios is 100% or more, except an acquisition which will result in a significant change in the business direction or policy of a listed corporation.

## PART C – VALUATION AND INFORMATION

### 10.03 Basis of valuation

- (1) For the purpose of determining the value of the assets referred to in paragraph 10.02(g)(i), the following applies:
- (a) in an acquisition of equity interest in a corporation which would not result in such equity interest being accounted for using the equity method, the value is to be assessed by reference to the cost of investment;
  - (b) in an acquisition of equity interest in a corporation which would result in -
    - (i) such equity interest being accounted for using the equity method; or
    - (ii) such corporation being consolidated into the group financial statements (“**consolidation**”),the value is to be assessed by reference to the book value of the net assets represented by such equity interest;
  - (c) in a disposal of equity interest in a corporation where before the disposal such equity interest was not accounted for using the equity method, the value is to be assessed by reference to the carrying amount of the investment;
  - (d) in a disposal of equity interest in a corporation where before the disposal -
    - (i) such equity interest was accounted for using the equity method; or
    - (ii) such corporation was included in consolidation,the value is to be assessed by reference to the book value of the net assets represented by such equity interest; or
  - (e) in any acquisition of assets other than equity interest, the value of such assets is to be assessed by reference to the consideration. In the case of any disposal of assets other than equity interest, the value of such assets must be assessed by the consideration or the net book value of those assets, whichever is the greater.
- (2) For the purposes of determining the net profits of the assets which are the subject matter of the transaction referred to in paragraph 10.02(g)(ii) in relation to -
- (a) an acquisition of equity interest in a corporation which would result in –
    - (i) such equity interest being accounted for using the equity method; or
    - (ii) such corporation being included in consolidation,the net profits refer to the profits after tax attributable to the owners of the corporation (before other comprehensive income or loss) represented by such equity interest being acquired;

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- (b) a disposal of equity interest of a corporation where, before the disposal –
- (i) such equity interest was accounted for using the equity method; or
  - (ii) such corporation was included in consolidation,
- the net profits refer to the profits after tax attributable to the owners of the corporation (before other comprehensive income or loss) represented by such equity interest being disposed;
- (c) an acquisition of equity interest in a corporation which would not result in such equity interest being accounted for using the equity method, the net profits are to be assessed by reference to the dividend income derived from such investment based on the last financial year end of such corporation; and
- (d) a disposal of equity interest of a corporation where, before the disposal, such equity interest was not accounted for using the equity method, the net profits are to be assessed by reference to the dividend income derived from such investment based on the last financial year end of such corporation.
- (3) The market value of the issued shares of the corporation will be determined as the weighted average market price for the issued shares for the 5 market days before the date on which the terms of the transaction were agreed upon.
- (4) For the purpose of computation of indicators of materiality (including the percentage ratios) in this Chapter, the following applies:
- (a) the figures used must, in the case of total assets, net assets, net book value of assets and net profits, be figures shown in the latest published or announced audited financial statements of the listed issuer or audited consolidated financial statements of the listed issuer, if the listed issuer has subsidiaries;
  - (b) the total assets, net assets and net book value of assets may be adjusted to take into account subsequent completed transactions in respect of which adequate information has already been issued to shareholders and where the adjustments have been reviewed by the listed issuer's external auditors and a copy of the external auditors' review report is furnished to the Exchange;
  - (c) the listed issuer may use the total assets, net assets, net book value of assets included in the statement of financial position in its latest published or announced interim financial report provided that the report has been reviewed by the listed issuer's external auditors and a copy of the external auditors' review report is furnished to the Exchange;
  - (d) the listed issuer may use the net profits based on the unaudited 12 months results provided that the results have been reviewed by the listed issuer's external auditors and a copy of the external auditors' review report is furnished to the Exchange; and
  - (e) the figures used must, in the case of cost of investment or carrying amount of the investment referred to in subparagraph (1) above, be based on –
    - (i) the latest published or announced audited financial statements of the listed issuer or audited consolidated financial statements of the listed issuer, if the listed issuer has subsidiaries; or

- (ii) the latest published or announced interim financial report of the listed issuer provided that the report has been reviewed by the listed issuer's external auditors and a copy of the external auditors' review report is furnished to the Exchange.
- (5) In the case of an acquisition or disposal by the grant or exercise of an option, the consideration for the acquisition or disposal is the total of the issue price of the option and its exercise price.
- (6) If deferred consideration is or may be payable or receivable by a listed issuer or its subsidiary in the future, the consideration to be taken into account is the maximum total consideration payable or receivable under the transaction.
- (7) In circumstances where any one of the percentage ratios produces an anomalous result or where the percentage ratios are inappropriate to the sphere of the activity of the listed issuer, or for any other reason that the Exchange deems fit, the Exchange may -
  - (a) disregard the results or percentage ratio; and/or
  - (b) substitute or apply other relevant indicators of size.
- (8) The calculation set out in subparagraph 10.02(g)(v) is only applicable in respect of -
  - (a) transactions involving consideration in the form of listed equity shares; or
  - (b) transactions where all the other percentage ratios produce anomalous results or are inapplicable.
- (9) In relation to any acquisition or disposal of equity interest in a corporation, the calculation set out in subparagraph 10.02(g)(vi) is only applicable where -
  - (a) the acquisition would result in such corporation being included in consolidation; or
  - (b) before the disposal, such corporation was included in consolidation.
- (10) For the purposes of this paragraph, unless the context otherwise requires, the following words or expressions have the meanings given under the approved accounting standards of the Malaysian Accounting Standards Board:
  - (a) equity method;
  - (b) carrying amount; and
  - (c) consolidation.

#### 10.04 Valuation

- (1) A listed issuer must ensure that a valuation is conducted where -
  - (a) a transaction involves an acquisition or disposal of any real estate or any corporation which owns real estate; and
  - (b) any one of the percentage ratios of the transaction is -
    - (i) 25% or more, for a transaction falling under Part D; or
    - (ii) 5% or more, for a related party transaction falling under Part E.

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- (2) For the purposes of subparagraph (1) above, a valuation is required for an acquisition or disposal of a corporation which owns real estate –
- (a) if the corporation is a property development or property investment corporation, the valuation must be conducted on all material real estate; and
  - (b) if the corporation is not a property development or property investment corporation, a valuation is only required if the real estate is to be revalued or has been revalued and the revalued amount is used, whether wholly or partly, as the basis in determining the purchase or disposal consideration.
- (3) Where a valuation is required under subparagraphs (1) and (2) above, the listed issuer must -
- (a) submit to the Exchange 2 copies of the valuation report on the real estate concerned and a copy of the valuer's undertaking letter in the form of Appendix 6D immediately after the listed issuer announces the transaction (if available) or as soon as the valuation report is ready. In any event, the listed issuer must submit the valuation report together with the valuers undertaking letter to the Exchange at least 1 month before it submits its draft circular in relation to the transaction to the Exchange; and
  - (b) ensure that the date of valuation which forms the basis of the valuation certificate included in the circular is not more than 6 months before the date of the circular issued to shareholders.
- (4) A listed issuer and its valuer must ensure that the valuation report submitted pursuant to subparagraph (3) above complies with these Requirements and the SC's Asset Valuation Guidelines.
- (5) If the listed issuer or the valuer becomes aware of any circumstance or significant change which has or will have material effect on the content, validity or accuracy of its valuation report before the date of issuance of the circular, the valuer and the listed issuer must cause the valuation report to be updated. If the listed issuer fails to do so, the valuer must withdraw its consent to the inclusion of the valuation report in the circular.
- (6) Notwithstanding subparagraphs (1), (2) and (3) above, the Exchange may at its discretion and whenever it deems appropriate, at the cost of the listed issuer -
- (a) obtain a second opinion on the valuation report submitted by the listed issuer from another valuer appointed by the Exchange; or
  - (b) require a listed issuer to conduct a valuation or obtain a second opinion on the valuation of the asset proposed to be acquired or disposed in respect of any transaction other than the transaction referred to in subparagraph (1) and (2) above.
- (7) A listed issuer and its valuer must comply with the instruction, directive or condition imposed by the Exchange and within such timeframe as may be specified by the Exchange.
- (8) The Exchange may refer any valuation report received by the Exchange to the SC for review. The listed issuer and its valuer must provide the Exchange or the SC on a timely basis, any information or assistance required in relation to the valuation report.
- (9) For the purposes of subparagraphs (3)(a), (4), (5) and (8) above, a "valuation report" includes a valuation certificate.

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**PART D – ACQUISITIONS AND DISPOSALS****10.05 Requirements for transactions with percentage ratio below 5%**

- (1) Subject to paragraph 10.08(1), where all the percentage ratios of a transaction are less than 5% and the consideration is satisfied in cash or unquoted securities, no announcement of the transaction to the Exchange is required.
- (2) If the listed issuer wishes to voluntarily announce the transaction to the Exchange, the listed issuer must include –
  - (a) the details of the consideration;
  - (b) the particulars of the transaction; and
  - (c) a statement that the directors, major shareholders or person connected with them have no interest, direct or indirect, in the transaction.
- (3) Where the consideration for the transaction is satisfied wholly or partly in securities for which listing is being sought, the listed issuer must immediately announce the transaction in accordance with paragraph 10.06.

**10.06 Requirements for transactions with percentage ratio of 5% or more**

- (1) Where any one of the percentage ratios of a transaction is 5%, or more, the listed issuer must announce the transaction to the Exchange as soon as possible after terms of the transaction have been agreed. The listed issuer must include the information set out in Appendix 10A in the announcement.
- (2) The listed issuer must also furnish the Exchange, in a separate letter, the percentage ratios applicable to such transaction.
- (3) Subparagraphs (1) and (2) do not apply to a transaction where the value of the consideration of the transaction is less than RM500,000.

**10.07 Requirements for transactions with percentage ratio of 25% or more**

- (1) Where any one of the percentage ratios of a transaction is 25% or more, in addition to the requirements of paragraph 10.06, the listed issuer must –
  - (a) issue a circular which includes the information set out in Appendix 10B to its shareholders; and
  - (b) seek shareholder approval of the transaction in a general meeting.
- (2) The listed issuer must submit the draft circular to the Exchange together with a checklist showing compliance with Appendix 10B.
- (3) Subparagraphs (1) and (2) do not apply to a transaction where the value of the consideration of the transaction is less than RM500,000.



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**PART E – RELATED PARTY TRANSACTIONS****10.08 Related party transactions**

(1) Where any one of the percentage ratios of a related party transaction is 0.25% or more, a listed issuer must announce the related party transaction to the Exchange as soon as possible after terms of the transaction have been agreed, unless -

- (a) the value of the consideration of the transaction is less than RM500,000; or
- (b) it is a Recurrent Related Party Transaction.

The listed issuer must include the information set out in Appendices 10A and 10C in the announcement.

(2) Subject to subparagraphs (9) and (10) below, where any one of the percentage ratios of a related party transaction is 5% or more, in addition to subparagraph (1), a listed issuer must -

- (a) send a circular which includes the information set out in Appendix 10B and Appendix 10D to the shareholders. The draft circular must be submitted to the Exchange together with a checklist showing compliance with Appendices 10B and 10D;
- (b) obtain its shareholder approval of the transaction in general meeting; and
- (c) appoint an independent adviser who is a corporate finance adviser within the meaning of the SC's Principal Adviser Guidelines, before the terms of the transaction are agreed upon.

(3) The independent adviser must, in relation to the transaction -

- (a) comment as to -
  - (i) whether the transaction is fair and reasonable so far as the shareholders are concerned; and
  - (ii) whether the transaction is to the detriment of minority shareholders,and such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion;
- (b) advise minority shareholders on whether they should vote in favour of the transaction; and
- (c) take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in subparagraphs (a) and (b) above.

(4) Subject to subparagraph (9) below, for a related party transaction other than a Recurrent Related Party Transaction, where any one of the percentage ratios is 25% or more, in addition to subparagraph (2) above, the listed issuer must, before the terms of the transaction are agreed upon, appoint a main adviser, who is a Principal Adviser. The Principal Adviser must -

- (a) advise the listed issuer whether such transaction is carried out on fair and reasonable terms and conditions, and not to the detriment of minority shareholders of the listed issuer;

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- (aA) ensure that such transaction complies with the relevant laws, regulations or guidelines, where applicable;
- (b) ensure full disclosure of all information required to be disclosed in the announcement and circular; and
- (c) confirm to the Exchange after the transaction has been completed and all the necessary approvals have been obtained, that it has discharged its responsibility with due care in regard to the transaction.
- (5) The Exchange has the discretion not to allow an independent adviser to continue to act or be appointed as an independent adviser if, in its opinion, the adviser is deemed not to be independent.
- (6) 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.
- (7) In a meeting to obtain shareholder or unit holder approval -
- (a) a related party with any interest, direct or indirect ("**interested related party**"), must not vote on the resolution in respect of the related party transaction;
- (b) an interested related party who is –
- (i) in the case of a corporation, a director or major shareholder;
- (ii) in the case of a business trust, a trustee-manager, a director or major shareholder of the trustee-manager or major unit holder of the business trust;
- (iii) in the case of a closed-end fund, a director or major shareholder of the closed-end fund, the Managers or a director or major shareholder of the Managers; or
- (iv) in the case of a REIT, a management company, a trustee, a director or major shareholder of the management company or major unit holder of the REIT,
- must ensure that persons connected with it abstain from voting on the resolution in respect of the related party transaction; and
- (c) where the interested related party is a person connected with -
- (i) in the case of a corporation, a director or major shareholder;
- (ii) in the case of a business trust, a trustee-manager, a director or major shareholder of the trustee-manager or major unit holder of the business trust;
- (iii) in the case of a closed-end fund, a director or major shareholder of the closed-end fund, the Managers or a director or major shareholder of the Managers; or
- (iv) in the case of a REIT, a management company, a trustee, a director or major shareholder of the management company or major unit holder of the REIT,
- such persons stated in subparagraphs (i), (ii), (iii) or (iv) above, as the case may be, must not vote on the resolution in respect of the related party transaction.
- (7A) [Deleted]

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- (8) An interested director in a related party transaction, must inform the relevant board of directors approving the transaction, 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 issuer or its subsidiary, as the case may be.
- (9) Where any one of the percentage ratios of a related party transaction entered into between a subsidiary of a listed issuer and another person, is 5% or more and there are no other interested relationships except for a related party having an interest in the transaction who is -
- (a) a director or major shareholder of such subsidiary or the holding company of such subsidiary (other than the listed issuer or a holding company of the listed issuer) (“**said director**” or “**said major shareholder**”); or
  - (b) a person connected with the said director or said major shareholder,
- the listed issuer is exempted from -
- (i) issuing a circular to shareholders;
  - (ii) obtaining shareholder approval of the transaction in general meeting; and
  - (iii) appointing a main adviser and independent adviser, as the case may be;
- provided that the board of directors of the listed issuer -
- (aa) approves the transaction before the terms of transaction are agreed upon; and
  - (bb) ensures that the transaction is fair and reasonable to the listed issuer and is in the best interests of the listed issuer.
- (10) Subparagraphs (2), (3), (4) and (9) do not apply to a related party transaction where the value of the consideration of the transaction is less than RM500,000.
- (11) The following transactions are not normally regarded as related party transactions:
- (a) the issue of securities by the listed issuer for cash (subject to paragraph 6.06), the issue of securities by way of bonus issue, the grant of options and the issue of securities arising from the exercise of options under a Share Issuance Scheme (subject to compliance with Chapter 6), subscription of securities on a pro rata basis, subdivision of shares, consolidation of shares or payment of dividend;
  - (b) [deleted]
  - (c) a transaction between the listed issuer 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 5% other than via the listed issuer; and
    - (ii) no other interest such as commission or other kinds of benefit received from the listed issuer or any of its subsidiaries or the other person in relation to the said transaction;

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- (d) an acquisition or disposal by the listed issuer or any of its subsidiaries from or to a third party of an interest in another corporation where the related party holds less than 10% in that other corporation other than via the listed issuer;
  - (e) the provision or receipt of financial assistance or services, upon normal commercial terms and in the ordinary course of business, from a corporation whose activities are regulated by any written law relating to banking, finance corporations or insurance and are subject to supervision by Bank Negara Malaysia or an equivalent foreign regulatory authority as the Exchange deems appropriate;
  - (f) directors fees and remuneration, and employment remuneration;
  - (g) a transaction between a listed issuer or any of its subsidiaries and another person for the provision or receipt of goods or services which are Exempted Transactions where-
    - (i) the goods or services are purchased, sold or rendered based on a non-negotiable fixed price or rate which is published or publicly quoted; and
    - (ii) all material terms including the prices or charges are applied consistently to all customers or classes of customers;

For the purposes of this subparagraph -

- (i) "**goods**" excludes securities;
- (ii) "**classes of customers**" excludes such class by reason solely or otherwise that the customers are related parties of the listed issuer or its subsidiaries;
- (iii) "**Exempted Transactions**" means the following:
  - (aa) provision or usage of public utility services such as water, electricity, telecommunications, broadcasting services, postal or courier services, insurance, unit trusts, stockbroking services, public transport, education, medical services, provision or usage of tolled highways, hotel facilities and recreational services, provision or consumption of fuel on retail or food and beverage at eateries, provision or purchase of goods at retail outlets such as supermarkets, hypermarkets or departmental stores; and
  - (bb) such other types of transactions that may be prescribed by the Exchange from time to time;
- (h) the entry into or renewal of tenancy of properties of not more than 3 years, the terms of which are supported by an independent valuation;
- (i) a contract that is awarded by or on behalf of the Government of Malaysia or a State Government to the listed issuer or its subsidiary provided that the listed issuer immediately announces the contract to the Exchange and includes the information set out in Appendices 10A and 10C in the announcement;

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- (j) a contract that is awarded by way of a public tender -
- (i) in relation to the listed awarder or its subsidiaries provided that the listed issuer immediately announces to the Exchange the terms of the awarded contract, the value of at least the 3 closest bids or if not applicable, such lesser number of bids received, and an explanation of the basis for selecting the winning bid; and
  - (ii) in relation to the successful listed bidder or its subsidiaries provided that -
    - (aa) the awarder is listed or is a subsidiary of a listed issuer;
    - (bb) majority of the directors and members of the audit committees of the listed issuers (whether as the bidder or the awarder or the holding companies of the bidder or awarder subsidiaries) are different; and
    - (cc) the listed bidder immediately announces the contract to the Exchange and includes the information set out in Appendices 10A and 10C in the announcement;
- (k) a transaction between a listed issuer or any of its subsidiaries and another person which involves the sharing of services or facilities provided by one or more of such parties or other similar arrangements whereby the consideration merely involves reimbursement or sharing of costs in proportion to the utilisation of the services or facilities;
- (l) a transaction between the listed issuer 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 10% other than via the listed issuer;
- (m) a transaction between the listed issuer or any of its subsidiaries and another person where there are no other interested relationships except for -
- (i) common major shareholders; or
  - (ii) a person connected with a major shareholder being a major shareholder of the other person,
- provided that the following conditions are satisfied:
- (aa) the major shareholder and/or the person connected with the major shareholder is/are not the largest shareholder of the listed issuer;
  - (bb) the major shareholder and/or the person connected with the major shareholder is/are not a party to the said transaction, initiator, agent or involved in any other manner in the said transaction;
  - (cc) the major shareholder does not have any representative in an executive capacity on the board of directors of the listed issuer or any of its subsidiaries; and
  - (dd) the major shareholder is -
    - (A) a statutory institution who is managing funds belonging to the general public;

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- (B) a closed end fund, unit trust or investment fund (but excluding an investment holding corporation); or
  - (C) an insurance corporation whose activities are regulated by any written law relating to insurance and are subject to supervision by Bank Negara Malaysia or an equivalent foreign regulatory authority as the Exchange deems appropriate, and the said insurance corporation is managing its insurance fund (together with its own shareholders' funds or otherwise). For the purposes of this subparagraph, "**insurance fund**" has the meaning given in section 2 of the Financial Services Act 2013;
- (n) a transaction between the listed issuer and another person where there are no other interested relationships except for a related party who is a director or major shareholder of a subsidiary of the listed issuer or person connected with such director or major shareholder having an interest in the transaction;
  - (o) a transaction between a subsidiary of a listed issuer ("**transacting subsidiary**") and another person where there are no other interested relationships except for a related party who is a director or major shareholder of a subsidiary of the listed issuer (other than the transacting subsidiary or holding companies of the transacting subsidiary) or a person connected with such director or major shareholder having an interest in the transaction;
  - (p) subscription to or acquisition by a listed issuer or its subsidiaries not listed on any stock exchange, of debt securities and/or redeemable preference shares issued or guaranteed by the Government of Malaysia, Bank Negara Malaysia, a State Government or an equivalent foreign regulatory authority as the Exchange deems appropriate; or
  - (q) a disposal by a listed issuer or any of its subsidiaries of an interest in an investee corporation where a related party is also a major shareholder or person connected with a major shareholder of the investee corporation (other than via the listed issuer), provided that -
    - (i) the related party, person connected with the related party or both, are not a party, initiator or agent to the said disposal; and
    - (ii) the disposal is effected on the Exchange where the counterparty's identity is unknown to the listed issuer or its subsidiaries (as the case may be) at the time of the disposal.

For the purpose of this subparagraph (q), a "**disposal**" includes a disposal by a listed issuer or any of its subsidiaries of an interest in an investee corporation on a pro-rata basis or arising from an acceptance of a take-over offer, except that subparagraph (q)(ii) above will not be applicable in such instances.

#### 10.09 Recurrent Related Party Transactions

- (1) Notwithstanding paragraph 10.08(1)(b) above, a listed issuer must immediately announce a Recurrent Related Party Transaction as follows:
  - (a) in relation to a listed issuer with a share capital of RM60 million and above -
    - (i) the consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transactions is RM1 million or more; or

- 
- (ii) the percentage ratio of such Recurrent Related Party Transaction is 1% or more,  
  
whichever is the higher; or
  - (b) in relation to a listed issuer with a share capital which is less than RM60 million -
    - (i) the consideration, value of the assets, capital outlay or costs of the Recurrent Related Party Transaction is RM1 million or more; or
    - (ii) the percentage ratio of such Recurrent Related Party Transaction is 1% or more,  
  
whichever is the lower.
- (2) A listed issuer may seek a mandate from its shareholders for Recurrent Related Party Transactions subject to the following:
- (a) the transactions are in the ordinary course of business and are on terms not more favourable to the related party than those generally available to the public;
  - (b) the shareholder mandate is subject to annual renewal and disclosure is made in the annual report of the aggregate value of transactions conducted pursuant to the shareholder mandate during the financial year where the aggregate value is equal to or more than the threshold prescribed under subparagraph (1) above;
  - (c) the listed issuer's circular to shareholders for the shareholder mandate includes the information as may be prescribed by the Exchange. The draft circular must be submitted to the Exchange together with a checklist showing compliance with such information;
  - (d) in a meeting to obtain shareholder or unit holder mandate, the relevant related party must comply with the requirements set out in paragraph 10.08(7) above;
  - (dA) [deleted]
  - (e) the listed issuer immediately announces to the Exchange when the actual value of a Recurrent Related Party Transaction entered into by the listed issuer, exceeds the estimated value of the Recurrent Related Party Transaction disclosed in the circular by 10% or more and must include the information as may be prescribed by the Exchange in its announcement.
- [Cross reference: Practice Note 12]*
- (3) Where a listed issuer has procured a shareholder mandate pursuant to subparagraph (2) above, the provisions of paragraph 10.08 will not apply.

## **PART F – VERY SUBSTANTIAL TRANSACTION AND SIGNIFICANT CHANGE IN THE BUSINESS DIRECTION OR POLICY**

### **10.10 Very substantial transaction**

Where a transaction is a very substantial transaction, a listed issuer must include additional information set out in Part G of Appendices 10A and 10B, respectively, in the announcement of the transaction to the Exchange and the circular issued to the shareholders.

**10.11 Significant change in the business direction or policy of a listed issuer**

- (1) Where a transaction will result in a significant change in the business direction or policy of the listed issuer, the listed issuer must first procure the SC's approval for the transaction and comply with the SC's Equity Guidelines.
- (2) The listed issuer must include the additional information set out in Part H of Appendix 10A, in the announcement of the transaction to the Exchange.
- (2A) [Deleted]
- (3) [Deleted]

**PART F(A) – MAJOR DISPOSAL OF ASSETS RESULTING IN LISTED ISSUERS NO LONGER SUITABLE FOR LISTING****10.11A Major Disposal**

- (1) A listed issuer which intends to undertake a Major Disposal must:
  - (a) appoint a main adviser, who is a Principal Adviser, before the terms of the Major Disposal are agreed upon;
  - (b) appoint an independent adviser who is a corporate finance adviser within the meaning of the SC's Principal Adviser Guidelines;
  - (bA) ensure that a valuation is conducted on all its material real estate, if the total net book value of all the listed issuer's real estate contributes 50% or more to the total assets of the listed issuer on a consolidated basis;
  - (c) include additional information set out in Part I of Appendix 10A and Part J of Appendix 10B respectively, in the announcement of the Major Disposal to the Exchange, and the circular issued to the shareholders or unit holders; and
  - (d) convene a general meeting and obtain shareholder or unit holder approval of at least 75% of the total number of issued shares or units held by the shareholders or unit holders present and voting either in person or by proxy at the meeting for such Major Disposal.
- (2) The main adviser must, in relation to the Major Disposal -
  - (a) ensure that the Major Disposal complies with the relevant laws, regulations or guidelines, where applicable; and
  - (b) ensure full disclosure of all information required to be disclosed in the announcement and circular.
- (3) The independent adviser must, in relation to the Major Disposal –
  - (a) comment as to whether the Major Disposal and its related proposals (if any) are fair and reasonable in so far as the shareholders or unit holders are concerned. Such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration in forming that opinion. In arriving at such opinion, the independent adviser should comply with the relevant provisions relating to an independent adviser's recommendation in Schedule 2, Part III of the Rules on Take-Overs, Mergers and Compulsory Acquisitions;



- 
- (b) advise the shareholders or unit holders on whether they should vote in favour of the Major Disposal and its related proposals (if any); and
  - (c) take all reasonable steps to satisfy itself that it has a reasonable basis to make the comments and advice in subparagraphs (a) and (b) above.
- (4) If in the Exchange's opinion, an independent adviser is not independent, the Exchange may disallow such independent adviser to be appointed or continue to act as an independent adviser.
- (5) In the event a valuation is required to be conducted on all its material real estate pursuant to subparagraph (1)(bA) above, the listed issuer or its valuer, or both, as the case may be, must comply with paragraphs 10.04(3) to 10.04(8), where applicable.

## PART G – OTHER REQUIREMENTS

### 10.12 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) Without prejudice to the generality of subparagraph (1) above, transactions which may be aggregated in accordance with that subparagraph include 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.

*[Cross reference: Practice Note 14]*

### 10.13 Diversification in operations carried on by a listed issuer

- (1) A listed issuer must obtain its shareholder approval in a general meeting for any transaction or business arrangement which might reasonably be expected to result in either -
- (a) the diversion of 25% or more of the net assets of the listed issuer to an operation which differs widely from those operations previously carried on by the listed issuer; or
  - (b) the contribution from such an operation of 25% or more of the net profits of the listed issuer.

In assessing the extent of diversification or the amount of contribution to the net profits, consideration should be taken of any associated transactions or loans effected or intended and of contingent liabilities or commitments.

- (2) For the purpose of subparagraph (1) above, 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 and the total percentage ratio of assets allocated for the diversification is 25% or more.

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**PART H – [DELETED]****10.14 [Deleted]****PART I – ACQUISITION OR DISPOSAL INVOLVING MOG ASSETS****10.15 Acquisition or disposal involving MOG Assets**

In addition to the requirements set out in this Chapter, a listed issuer which intends to undertake an acquisition or disposal involving MOG assets as defined by the Exchange where any one of the percentage ratios of the transaction is 25% or more, must also comply with such other requirements as may be prescribed by the Exchange.

*[Cross reference: Practice Note 32]*

**PART J – SPECIFIC REQUIREMENTS RELATING TO REITS****10.16 Disposal of developed real estate after completion of property development activities**

- (1) If a REIT intends to dispose any real estate developed by the REIT within 2 years from the date of completion of the development, it must -
  - (a) obtain the trustee's consent for the disposal;
  - (b) announce the disposal and include the information set out in Appendix 10A in the announcement;
  - (c) issue a circular which includes the information set out in Appendix 10B to its unit holders;
  - (d) seek unit holders' approval for the disposal in a general meeting by way of a special resolution; and
  - (e) comply with the valuation requirements in paragraphs 10.04(3) to 10.04(9).
- (2) If the disposal involves the interest of a related party, the REIT must, in addition to subparagraph (1) above, do the following:
  - (a) if the percentage ratio of the transaction is 5% or more and the value of the consideration of the transaction is RM500,000 or more, appoint an independent adviser who is a corporate finance adviser within the meaning of the SC's Principal Adviser Guidelines, before the terms of the transaction are agreed upon;
  - (b) if the percentage ratio of the transaction is 25% or more and the value of the consideration of the transaction is RM500,000 or more, in addition to the independent adviser, appoint a main adviser who is a Principal Adviser, before the terms of the transaction are agreed upon;
  - (c) ensure that the announcement and circular include the information set out in Appendices 10C and 10D respectively; and
  - (d) comply with paragraphs 10.08(6) to 10.08(8).
- (3) The independent adviser and the main adviser appointed pursuant to subparagraph (2) above must comply with paragraphs 10.08(3) and 10.08(4) respectively.

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**10.17 Lease arrangement**

A REIT which invests in a real estate through a lease arrangement must ensure the following:

- (a) the lease arrangement satisfies the applicable requirements stipulated in the SC's Guidelines on Listed REITs;
- (b) the requirements in this Chapter are complied with as if the entry into the lease arrangement is a transaction;
- (c) the requirements in paragraph 10.04 are complied with where a valuation is conducted on the lease arrangement that requires unit holders' approval; and
- (d) the announcement and circular to unit holders must include the information set out in Part C(A) of Appendices 10A and 10B respectively.

[End of Chapter]

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**APPENDIX 10A****Contents of announcement in relation to transactions**

(paragraphs 10.06(1), 10.08(1), 10.08(11)(i) and (j), 10.11A(1)(c), 10.16 and 10.17)

**Part A****General information to be included, where applicable, in announcement of transactions****DETAILS OF THE TRANSACTION**

- (1) The details of the transaction including the following:
  - (a) the date on which the terms of the transaction were agreed upon;
  - (b) the manner in which the consideration will be satisfied including the terms of any arrangement for payment on a deferred basis;
  - (c) where the consideration is in the form of shares, the weighted average market price for the shares for the 5 market days before the date on which the terms of the transaction were agreed upon;
  - (d) particulars of the assets being acquired or disposed of; and
  - (e) a description of the business carried on.
- (2) The financial information on the assets which are the subject matter of the transaction, including the net profits attributable to the assets and net assets or net book value of the assets.
- (3) In the case of an acquisition -
  - (a) where the consideration is to be satisfied in whole or in part by an issue of securities of the listed issuer -
    - (i) the number and type of securities to be issued;
    - (ii) the ranking of the securities;
    - (iii) whether listing will be sought for the securities; and
    - (iv) the issue price, basis of determining the issue price and justification for the pricing of the securities;
    - (v) [deleted]
    - (vi) [deleted]
  - (b) where the consideration is to be satisfied in whole or in part by way of transfer of treasury shares, the information as set out in Part B of Appendix 12C (if applicable);
  - (c) where the purchase consideration is to be satisfied by cash, the source of funding and its breakdown;
  - (d) particulars of all liabilities, including contingent liabilities and guarantees to be assumed by the listed issuer, arising from the transaction; and

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- (e) the name of the vendor including the names of its directors and substantial shareholders together with their respective direct and/or indirect shareholdings, if the vendor is a corporation.
- (4) In the case of a disposal -
- (a) where shares or other securities are intended to form part of the consideration -
    - (i) the number and type of securities to be issued;
    - (ii) the ranking of the securities;
    - (iiA) whether listing will be sought for the securities;
    - (iii) the issue price, basis of determining the issue price and justification for the pricing of the securities;
    - (iv) a statement as to whether such securities are to be sold or retained;
    - (v) the principal activities, share capital and number of issued shares of the corporation in which the securities are or will be held; and
    - (vi) the names of the directors and substantial shareholders of the corporation in which the securities are or will be held;
  - (b) the original cost of investment and the date of such investment;
  - (c) the name of the purchaser including the names of its directors and substantial shareholders together with their respective direct and/or indirect shareholdings, if the purchaser is a corporation;
  - (d) particulars of -
    - (i) any liabilities, including contingent liabilities, in relation to the disposal which remain with the listed issuer, together with the details and justification for such arrangements; and
    - (ii) any guarantees given by the listed issuer to the purchaser or target company; and
  - (e) if the disposal is expected to result in the listed issuer becoming a Cash Company or a PN17 Issuer, a statement to that effect.

**BASIS OF AND JUSTIFICATION FOR THE CONSIDERATION**

- (5) The total consideration, together with –
- (a) the basis of arriving at the consideration, other than on a “willing buyer willing seller” basis. If it was based on net assets, the year the net assets were taken into consideration, quantifying the net assets and stating whether it was based on audited financial statements; and
  - (b) the justification for the consideration.

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- (6) If the consideration is based on or involves a profit guarantee -
- (a) a statement as to whether the profit guarantee provided is realistic, taking into consideration the historical performance and future prospects of the corporation or asset to be acquired; and
  - (b) details of the listed issuer's right of recourse in the event the profit guarantee is not met.

**RATIONALE AND BENEFITS OF THE TRANSACTION**

- (7) The rationale for the transaction including any benefit which is expected to accrue to the listed issuer from the business, financial and operational perspective.

**UTILISATION OF PROCEEDS**

- (8) Where the sale consideration is to be satisfied in cash, the intended application of the sale proceeds and the breakdown, including the timeframe for full utilisation of proceeds.

**PROSPECTS**

- (9) The prospects of the assets or interests to be acquired.

**RISKS OF THE TRANSACTION**

- (10) The risks in relation to the transaction including risk factors of the assets or interests to be acquired.

**EFFECTS OF THE TRANSACTION**

- (11) The effect of the transaction on the listed issuer, which includes the effect of the transaction on the earnings per share, net assets per share, gearing, share capital and substantial shareholders' direct and/or indirect shareholding of the listed issuer, in tabular form.
- (12) In the case of a disposal, the expected gains or losses to the group.

**APPROVAL / CONSENT REQUIRED**

- (13) A statement on whether the transaction is subject to approval of the shareholders and the relevant government authorities together with the following information:
- (a) in the case of shareholder approval, the highest percentage ratio applicable to the transaction pursuant to paragraph 10.02(g) of these Requirements; and
  - (b) in the case of approval from the relevant government authorities, the estimated time frame for submission of the application to such authorities.

**INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED**

- (14) A statement on whether the directors, major shareholders 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.

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**DIRECTORS STATEMENT / RECOMMENDATION**

- (15) A statement by the board of directors, excluding interested directors, stating whether the transaction is in the best interests of the listed issuer. Where a director disagrees with such statement, a statement by the said director setting out the reasons and the factors taken into consideration in forming that opinion.

**ESTIMATED TIME FRAME FOR COMPLETION**

- (16) The estimated time frame to complete the transaction.

**ADDITIONAL INFORMATION IF PERCENTAGE RATIO IS 25% OR MORE**

- (17) Where any one of the percentage ratios is 25% or more, the following information must be included:
- (a) if a feasibility report in relation to the transaction has been prepared, the name of the expert who prepared the report, a brief conclusion of the report, and a statement on the time and place where such report may be inspected;
  - (b) [deleted]
  - (c) for depleting or specialised businesses such as timber concessions, information on the reserves, extraction rates and returns;
  - (d) where another corporation is acquired or disposed of, or where shares or other securities in another corporation are to be received as consideration for a disposal, the following information in respect of the other corporation:
    - (i) the general nature of business conducted by the corporation and its subsidiaries including -
      - (aa) commencement date of the business operation;
      - (bb) principal products manufactured or services rendered; and
      - (cc) principal markets for the products or services;
    - (ii) the audited financial information (past 3 years or since incorporation, whichever is the later) and the latest interim results, if available, stating turnover, profit before tax and profit after tax and non-controlling interest; and
    - (iii) where there is any material fluctuation in turnover or profits in any of the years, an explanation for the fluctuation.

**FURTHER / ADDITIONAL INFORMATION**

- (18) Any other information which is necessary to enable an investor to make an informed investment decision.

**APPENDICES**

- (19) The salient features of the agreement and valuation report, if any, and the time and place where such documents may be inspected.

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**Part B****Additional specific information to be included in relation to joint-ventures**

- (1) The details of the joint-venture partners.
- (2) The breakdown of the total capital and investment outlay in the joint-venture.
- (3) The eventual share capital and number of issued shares of the joint-venture corporation.
- (4) The number and type of the shares. Where there is more than one type of shares or securities issued, the following:
  - (a) the differences between the different types of shares or securities;
  - (b) whether convertible; if so, the rate and period;
  - (c) whether redeemable; if so, the rate and period; and
  - (d) the tenure.
- (5) The equity interest held and to be held by the respective parties.
- (6) The name of the joint-venture corporation.
- (7) The source(s) of funds for financing the investment in the joint-venture corporation, and the breakdown.
- (8) If no joint-venture corporation will be set up, the terms of cost and profit sharing and the estimated total cost of project.

**Part C****Additional specific information to be included in relation to a transaction which involves an acquisition or disposal of real estate**

- (1) A description of each real estate including -
  - (a) the postal address or identification (lot, title number, relevant mukim, district and state) of the real estate;
  - (b) a brief description (e.g. whether land or building, approximate area, etc.);
  - (c) the existing and proposed use (e.g. shops, offices, factories, residential, etc.). If currently let out or is proposed to be let out, the details of the rentals and the rental income or expected rental income per month or per annum. If the real estate to be disposed is currently used as a factory, the effect of a disposal on the operations;
  - (d) the approximate age of the buildings;
  - (e) the terms of the tenure; if leasehold, the expiry date of the lease;
  - (f) whether any valuation was carried out on the real estate; if so, the name of the independent registered valuer, date and method of valuation and quantification of the market value;



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- (g) the net book value based on latest audited financial statements; and
  - (h) the encumbrances, if any.
- (2) If the real estate acquired or disposed of is an estate or plantation, the following additional information:
- (a) the present and future usage;
  - (b) the type of estate or plantation;
  - (c) the maturity of the trees; and
  - (d) the production for the past 3 years.
- (3) Where the real estate consists of buildings, the following:
- (a) the amount of lettable space;
  - (b) the amount of lettable space available for letting and the occupancy; and
  - (c) the percentage of occupancy.
- (4) Where the real estate is in the process of being developed or is intended to be developed, the following additional details:
- (a) the details of development potential, i.e. name of the project, type of development - residential, industrial or commercial, number of units in respect of each type of development;
  - (b) the total development cost;
  - (c) the expected commencement and completion date(s) of development;
  - (d) the gross development value;
  - (e) the stage or percentage of completion;
  - (f) the sources of funds to finance the development cost; and
  - (g) whether relevant approvals for the development have been obtained and date(s) obtained.
- (5) Where the real estate is acquired by a REIT, the following additional specific information:
- (a) in the case of an acquisition of real estate where the REIT does not have majority ownership and control, the risks associated with holding such real estates; or
  - (b) in the case of an acquisition of real estate under construction or vacant land for development –
    - (i) the aggregate value of the real estate under construction and the estimated property development cost, compared with the total asset value of the REIT, expressed as a percentage;

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- (ii) the expected yield arising from the developed real estate compared with the total yield of the REIT, expressed as a percentage, together with the assumptions made in determining the expected yield; and
- (iii) the impact of the acquisition of real estate on the expected yield of the REIT.

**Part C(A)****Additional specific information to be included in relation to a transaction entered into by a REIT which involves an investment in real estate through a lease arrangement**

- (a) Salient terms and conditions of the lease arrangement including the tenure of the lease to be held by the REIT.
- (b) Details of the lessor.
- (c) If the REIT enters into a lease arrangement which is not possible to be registered or recognised by the relevant land authority, the statement must include the following information:
  - (i) confirmation that the real estate of the lease arrangement is ancillary to a real estate of the REIT, either existing or proposed to be acquired;
  - (ii) the value of the lease arrangement compared with the value of the real estate of the REIT that it is ancillary to, expressed as a percentage; and
  - (iii) if the value of the lease arrangement exceeds 5% of the value of the real estate of the REIT that it is ancillary to, a statement that the lease arrangement is subject to SC's prior consent and the estimated time frame for submission of the application to the SC.
- (d) Confirmation from the board of directors of the management company that –
  - (i) the lease arrangement is in the best interests of unit holders; and
  - (ii) the interests of the unit holders are protected with respect to the risk relating to the REIT not being the registered proprietor of the real estate and a legal opinion has been obtained for this purpose.

**Part C(B)****Additional specific information to be included in relation to a transaction entered into by a REIT with income support arrangement**

- (a) Detailed terms of the income support arrangement, including how the income support is priced into the purchase consideration of the real estate (where applicable), and the tenure or remaining tenure of the income support, as the case may be.
- (b) The expected yields with and without the income support arrangement.
- (c) Payments receivable or received from the income support arrangement.

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**Part D****Additional specific information to be included in relation to acquisitions or disposals of construction corporations**

- (1) A description of the current projects undertaken by the corporation – type of construction, name of the project, owner of the project, and value.
- (2) The expected commencement and completion date(s) of construction.
- (3) The contract value of the recent major projects completed and current projects on hand.

**Part E****Additional specific information to be included in relation to acquisitions or disposals of infrastructure project asset/ business or corporations involved in infrastructure projects**

- (1) The pertinent details of the concession/license, including but not limited to -
  - (a) nature of the concession/license (e.g. Build-Operate-Transfer, Build-Transfer-Operate, Build-Own-Operate, etc.);
  - (b) life/duration and exclusivity/non-exclusivity of the concession/license;
  - (c) salient terms and conditions of the concession/license;
  - (d) infrastructure project corporation's rights, interest and major obligations under the concession/license; and
  - (e) Acts/regulations under which the concession/license is granted;
- (2) The nature of relationship with the concession giver/licensor.
- (3) The details of financing requirements and sources of funding.

**Part F****Additional specific information to be included in relation to foreign acquisitions where any one of the percentage ratios is 25% or more**

- (1) The financial and other relevant information pertaining to the corporation and/or assets to be acquired including a summary of the key audited financial data of the assets or interests to be acquired for the past 3 financial years or since the date of incorporation or commencement of operations, whichever is the later. The financial data must include, but not be limited to, turnover, pre-tax profit, after-tax profit, shareholders' funds and total borrowings.
- (2) The policies on the foreign investments and repatriation of profits of the host country.

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**Part G****Additional specific information to be included in relation to very substantial transactions**  
(paragraph 10.10)

- (1) A summary of the key audited financial data of the assets of business or interests to be acquired for the past 3 financial years or since the date of incorporation or commencement of operations, whichever is the later. The financial data must include, but not be limited to, shareholders' funds and total borrowings.
- (2) The financial effects on proforma net assets (based on the latest audited financial statements) of the listed issuer on completion of the acquisition or restructuring exercise.
- (3) For assets or interests to be acquired which do not have any profitability track record (as in certain privatisation cases), the information must include -
  - (a) the total cost needed to put on-stream the operation of the assets or interests and the proportion to be assumed or guaranteed by the listed issuer;
  - (b) the expected date on which the profit contribution will accrue to the listed issuer; and
  - (c) the expected returns to be derived,together with the appropriate assumptions used. Information provided should be verified and confirmed by independent experts.

**Part H****Additional specific information to be included in relation to significant change in business direction or policy of a listed issuer**  
(paragraphs 10.11 & 10.14)

- (1) The following additional audited financial information of the assets or interests to be acquired for the past 3 to 5 financial years (depending on the profit test or infrastructure project corporation test used for compliance with the SC's Equity Guidelines) or since the date of incorporation or commencement of operations, whichever is the later:
  - (a) basic and diluted earnings per share;
  - (b) total current assets and total current liabilities;
  - (c) total assets and total liabilities;
  - (d) net assets or net liabilities;
  - (e) issued capital and reserves;
  - (f) total borrowings;
  - (g) current ratio; and
  - (h) gearing ratio.
- (2) The pro forma effects of the proposed acquisition or restructuring exercise on the net assets and gearing (based on the latest audited financial statements) of the listed issuer on completion of the acquisition or restructuring exercise.

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- (3) For assets or interests which do not have any profitability track record (as in certain privatisation cases), the information must include, but not be limited to, the total cost needed to put on-stream the operation of the assets or interests and the proportion to be assumed or guaranteed by the listed issuer, the expected date on which profit contribution will accrue to the listed issuer and the expected returns to be derived, together with appropriate assumptions used.
  - (4) If the transaction results in a change in the controlling shareholder of the listed issuer, or in relation to a listed business trust, a change in the controlling unit holder of the listed business trust or controlling shareholder of the trustee-manager for the listed business trust, a statement to that effect and the following information in respect of the new shareholder or unit holder:
    - (a) the name;
    - (b) the date and place of incorporation;
    - (c) the names of directors and substantial shareholders or substantial unit holders and their respective shareholdings or unit holdings; and
    - (d) the principal business.
  - (5) If the transaction results in a change in the board of directors of the listed corporation, the following information in respect of the new board of directors:
    - (a) name and nationality; and
    - (b) occupation and qualification.
  - (6) Background of the vendors who are substantial shareholders or substantial unit holders of the assets or interests to be acquired:
    - (a) name;
    - (b) date and place of incorporation;
    - (c) principal activities;
    - (d) substantial shareholders or substantial unit holders and directors and their respective shareholdings or unit holdings.

**Part I****Additional specific information to be included in relation to Major Disposals**

(paragraph 10.11A(1)(c))

- (1) Identity of the independent adviser, the date of its appointment and a statement explaining the role of the independent adviser.
- (2) Identity of the ultimate offeror as defined in the Take-Overs and Mergers Code as if the Major Disposal were the proposed take-over offer.
- (3) A statement whether the board of directors is seeking other alternative bids.

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- (4) Where the consideration for the Major Disposal is by way of cash or partly in cash, a statement whether the acquirer has sufficient financial resources to undertake the acquisition.

[End of Appendix]

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**APPENDIX 10B****Contents of circular to shareholders in relation to transactions**  
(paragraphs 10.07(1), 10.08(2)(a), 10.11A(1)(c), 10.16 and 10.17)**Part A****General information to be included, where applicable, in the circular to shareholders in relation to transactions****COVER PAGE**

- (1) If voting or other action is required, a heading drawing attention to the importance of the document and advising holders of securities who are in any doubt as to what action to take to consult appropriate independent advisers.
- (2) A statement that Bursa Malaysia Securities Berhad takes no responsibility for the contents of the circular, valuation certificate and report, if any, makes no representation as to its accuracy or completeness and expressly disclaims any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of the circular. In relation to an Exempt Circular, a statement that Bursa Malaysia Securities Berhad has not perused the circular before its issuance.

**INTRODUCTION**

- (3) The purpose of the circular.

**DETAILS OF THE TRANSACTION**

- (4) The details of the transaction, including the following:
  - (a) the date on which terms of the transaction were agreed upon and the date on which the transaction and any revision to it was announced;
  - (b) how the consideration will be satisfied including the terms of any arrangement for payment on a deferred basis;
  - (c) where the consideration is in the form of shares, the weighted average market price for the shares for the 5 market days before the date on which the terms of the transaction were agreed upon; and
  - (d) a description of the corporation or assets to be acquired or disposed of, as the case may be.
- (5) The audited financial and other relevant information pertaining to the assets, including the net profits attributable to the assets and net assets or the net book value of the assets.
- (6) In the case of an acquisition -
  - (a) where the consideration is to be satisfied in whole or in part by an issue of securities of the listed issuer -
    - (i) the number and type of securities to be issued;
    - (ii) the ranking of the securities;

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- (iii) the issue price, basis of determining the issue price and the justification for the pricing of the securities; and
  - (iv) [deleted]
  - (v) [deleted]
  - (vi) the highest and lowest prices of such securities as transacted on the Exchange for the preceding 12 months including the last transacted price before the announcement on the transaction and on the latest practicable date before the printing of the circular;
- (b) where the consideration is to be satisfied in whole or in part by way of transfer of treasury shares, the information as set out in Part B of Appendix 12C (if applicable);
  - (c) where the purchase consideration is to be satisfied wholly or partly by cash, the source(s) of funding and the breakdown;
  - (d) a statement as to whether the corporation or assets will be acquired free from encumbrances;
  - (e) the particulars of all liabilities, including contingent liabilities, and guarantees to be assumed by the listed issuer arising from the acquisition;
  - (f) the estimated additional financial commitment required in putting the assets acquired on-stream; and
  - (g) the name of the vendor including the names of its directors and substantial shareholders together with their respective direct and/or indirect shareholdings, if the vendor is a corporation.
- (7) In the case of a disposal -
- (a) where shares or other securities are intended to form part of the consideration -
    - (i) the number and type of securities to be issued;
    - (ii) the ranking of the securities;
    - (iii) whether listing will be sought for the securities;
    - (iv) the issue price, the basis of determining the issue price and the justification for the pricing of the securities; and
    - (v) a statement as to whether such securities are to be sold or retained;
  - (b) the original cost of investment and the date of such investment;
  - (c) the name of the purchaser including the names of its directors and substantial shareholders together with their respective direct and/or indirect shareholdings, if the purchaser is a corporation;



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- (d) particulars of -
    - (i) any liabilities, including contingent liabilities, in relation to the disposal which remain with the listed issuer, together with the details and justification of such arrangements; and
    - (ii) any guarantees given by the listed issuer to the purchaser or target company; and
  - (e) if the disposal is expected to result in the listed issuer becoming a Cash Company or a PN17 Issuer, a statement to that effect.
- (8) The valuation of the assets as at the latest practicable date, if applicable, and the name of the independent registered valuers.

**BASIS OF AND JUSTIFICATION FOR THE CONSIDERATION**

- (9) The total consideration, together with -
- (a) the basis of arriving at the consideration, other than on a “willing buyer willing seller” basis. If it was based on net assets, the year the net asset was taken into consideration, quantifying the net assets and stating whether it was based on audited financial statements; and
  - (b) the justification for the consideration.
- (10) If the consideration is based on or involves a profit guarantee -
- (a) a statement as to whether the profit guarantee provided is realistic, taking into consideration the historical performance and future prospects of the corporation or asset to be acquired;
  - (b) details of the listed issuer’s right of recourse in the event the profit guarantee is not met.

**RATIONALE AND BENEFITS OF THE TRANSACTION**

- (11) The rationale for the transaction including any benefit which is expected to accrue to the listed issuer from the business, financial and operational perspective.

**UTILISATION OF PROCEEDS**

- (12) The following information if the sale consideration is to be satisfied in cash:
- (a) the intended application of the sale proceeds and the breakdown;
  - (b) the timeframe for the full utilisation of proceeds; and
  - (c) if the proceeds are to be used for -
    - (i) reducing borrowings, the quantification of the total borrowings of the group as at the latest practicable date before printing of the circular and the savings in interest payment or expense per annum arising from the repayment;
    - (ii) investments, details of the investments. If these have not yet been identified, a statement of how the proceeds will be utilised in the meantime, pending identification of the investments; and

- (iii) working capital, the details and breakdown.

**PROSPECTS, OUTLOOK AND FUTURE PLAN**

- (13) In relation to the assets or interests to be acquired -
- (a) the outlook of the industry where the assets or interests to be acquired operates together with the prospects in light of the outlook and competition; and
  - (b) [deleted]
  - (c) a description of the listed issuer's future plans for the assets or interests and steps to be taken (including time frame and financial resources required to be committed) to realise such plans.

**RISKS OF THE TRANSACTION**

- (14) The risks in relation to -
- (a) the transaction;
  - (b) the assets or interests to be acquired (as well as the corporation whose securities are to be received as consideration for the disposal); and
  - (c) the overall industry where the assets or interests to be acquired operates,
- which had or could materially affect, directly or indirectly, the business, operating results and financial condition of the listed issuer and the mitigating factors.

**EFFECTS OF THE TRANSACTION**

- (15) The effects of each transaction on the following, in tabular form:
- (a) the share capital, and substantial shareholders' direct and/or indirect shareholdings based on the latest practicable date;
  - (b) the net assets per share and gearing based on the latest audited consolidated financial statements for the most recently completed financial period, assuming that the transaction had been effected at the end of that financial period; and
  - (c) the earning per share based on the latest audited consolidated financial statements for the most recently completed financial period, assuming that the transaction had been effected at the beginning of that financial period.
- (16) In the case of a disposal -
- (a) the expected gains or losses to the group;
  - (b) the subject matter's contribution to the group's net profit based on the latest audited financial statements; and
  - (c) a description of the strategy or business plan to address the loss of the contribution from the subject matter.

**APPROVAL / CONSENT REQUIRED**

- (17) A statement on whether the transaction is subject to the approval of shareholders and the relevant government authorities together with the following information:
- (a) in the case of shareholder approval, the highest percentage ratio applicable to the transaction pursuant to paragraph 10.02(g) of these Requirements; and
  - (b) in the case of approval from the relevant government authorities, the conditions imposed and the status of compliance.

**CONDITIONALITY OF TRANSACTION**

- (18) The details of any other intended corporate exercise/scheme which have been announced but not yet completed before the printing of the circular and whether the transaction is conditional or inter-conditional upon such and/or any other corporate exercise/scheme.

**INTEREST OF DIRECTORS, MAJOR SHAREHOLDERS AND PERSONS CONNECTED**

- (19) A statement on whether the directors, major shareholders 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.

**DIRECTORS STATEMENT / RECOMMENDATION**

- (20) A statement by the board of directors, excluding interested directors, stating whether the transaction is in the best interests of the listed issuer. Where a director disagrees with such statement, a statement by the said director setting out the reasons and the factors taken into consideration in forming that opinion.
- (21) A recommendation from the directors, excluding interested directors, as to the voting action shareholders should take, and the basis of such recommendation.

**TENTATIVE TIMETABLE FOR IMPLEMENTATION**

- (22) The tentative timetable for the implementation of the transaction.

**FURTHER / ADDITIONAL INFORMATION**

- (23) Where a feasibility report in relation to the acquiree corporation and assets has been prepared, the name of the expert who prepared the report and a brief conclusion of the report. Incorporate the letter from the expert, and make available for inspection the report and letter.
- (24) Any other information which the security holders and their advisers would reasonably expect to find in a circular of that nature for the purpose of making an informed decision.
- (25) For depleting or specialised businesses such as timber concessions, information on the breakdown of assets/inventories, reserves, extraction rates and returns.

**APPENDICES**

- (26) The salient features of the agreement relating to the transaction.

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- (27) Where another corporation is acquired or disposed of, or where shares or other securities in another corporation are to be received as consideration for a disposal, the following information in respect of the other corporation:
- (a) the date and place of incorporation;
  - (b) the share capital and number of issued shares;
  - (c) the number and type of the shares making up the share capital. Where there is more than one type of shares or securities in issue, the following:
    - (i) the differences between the different types of securities;
    - (ii) whether convertible; if so, the rate and period;
    - (iii) whether redeemable; if so, the rate and period; and
    - (iv) the tenure;
  - (d) the following details of its subsidiaries and associated companies:
    - (i) the name;
    - (ii) the date and place of incorporation;
    - (iii) the share capital;
    - (iv) the percentage of effective interest of the corporation; and
    - (v) the principal activities;
  - (e) a brief history of the corporation or business for the past 3 years or since inception, whichever is the later, and if reorganised as a result of merger, consolidation or reorganisation, similarly the history of the predecessor corporations;
  - (f) the general nature of business conducted by the corporation and its subsidiaries including -
    - (i) commencement date of the business operation;
    - (ii) principal products manufactured or services performed;
    - (iii) size and location of the factories;
    - (iv) principal markets for the products and raw materials;
    - (v) percentage of sales broken down between domestic and foreign;
    - (vi) annual production capacity and output for the past 3 years and
    - (vii) if significant, the amount spent on and number of persons employed in research and development;
  - (g) the details of material commitments and contingent liabilities incurred or known to be incurred by the acquiree corporation and impact on profits or net assets upon becoming enforceable;

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- (h) the type of assets owned;
  - (i) the particulars of directors including name, nationality, designation and their direct and indirect shareholdings;
  - (j) the particulars of substantial shareholders including name, nationality, country of incorporation and their direct and indirect shareholdings;
  - (k) the financial information based on the audited financial statements (past 3 years or since incorporation, whichever is the later) and the latest interim results, if available, stating -
    - (i) the turnover;
    - (ii) the profit before tax but after non-controlling interest;
    - (iii) the profit after tax and non-controlling interest;
    - (iv) [deleted]
    - (v) the net earnings per share;
    - (vi) the paid-up capital;
    - (vii) the shareholders' funds;
    - (viii) the net assets;
    - (ix) the net assets per share;
    - (x) the current ratio;
    - (xi) total borrowings including all interest-bearing debts; and
    - (xii) the gearing ratio.
  - (l) the commentary on past performance, which should include analysis and/or discussion of -
    - (i) significant and specific factors contributing to exceptional performance in any of the financial years under review and significant changes in the financial performance on a year-to-year basis, whether favourable or adverse;
    - (ii) accounting policies adopted which are peculiar to the corporation/ business because of the nature of the business or the industry it involves in, as well as the effects of such policies on the determination of income or financial position; and
    - (iii) any audit qualification for the financial statements in any of the financial years under review; and
  - (m) the latest audited financial statements together with the notes and the auditors' report (not required if accountant's report is provided).
- (28) Where the percentage ratio is 50% or more, a directors' report on the unlisted corporation to be acquired.

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(29) Other information as follows:

- (a) a responsibility statement by the directors that the circular has been seen and approved by the directors of the listed issuer and that they collectively and individually accept full responsibility for the accuracy of the information given and confirm that after making all reasonable enquiries to the best of their knowledge and belief there are no other facts the omission of which would make any statement in the circular misleading;
- (b) details of material commitments and contingent liabilities incurred or known to be incurred by the listed issuer;
- (c) where a person is named in the circular as having advised the listed issuer or its directors, a statement -
  - (i) that such adviser has given and has not withdrawn its written consent to the inclusion of the adviser's name and/or letter (if applicable) in the form and context in which it is included; and
  - (ii) by the adviser as to whether conflict of interest exists or is likely to exist in relation to its role as an adviser. If a conflict of interest exists or likely to exist in relation to its role as an adviser, to provide full disclosure of the nature and extent of the conflict of interest or potential conflict of interest, the parties to the conflict, and measures taken for resolving, eliminating, or mitigating the situations of conflict of interest.

For this purpose, "**conflict of interest**" means circumstances or relationships which affect or may affect the ability of the adviser to act independently and objectively or where the adviser has an interest in the outcome of the proposal which interferes or is likely to interfere with its independence and objectivity;

- (d) a statement of all material contracts (not being contracts entered into in the ordinary course of business) entered into by the corporation to be acquired or disposed of and the corporation whose shares or convertible securities are to be issued as consideration for the disposal by the listed issuer within 2 years immediately preceding the date of the circular. The following particulars must be disclosed in respect of each such contract:
  - (i) the date of the contract;
  - (ii) the parties of the contract;
  - (iii) the general nature; and
  - (iv) the consideration and mode of satisfaction;
- (e) a statement of all material litigation, claims or arbitration involving the corporation/assets to be acquired or disposed of and the corporation whose shares or convertible securities are to be issued as consideration for the disposal by the listed issuer including those pending or threatened against such corporations. The following information must be disclosed:
  - (i) the background;
  - (ii) the date of the suit,

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- (iii) the names of the plaintiff(s) and defendant(s),
  - (iv) the estimate, of the maximum exposure to liabilities;
  - (v) the directors/solicitors' opinion of the outcome; and
  - (vi) the status;
- (f) a statement that for a period from the date of the circular to the date of the extraordinary general meeting, the following documents (or copies of the documents) in respect of the listed issuer, the corporation which is the subject of the transaction, and the corporation whose shares or convertible securities are to be issued as consideration for the disposal by the listed issuer, where applicable, may be inspected at the registered office of the listed issuer -
- (i) the constitution;
  - (ii) the audited financial statements for each of the 2 financial years preceding the publication of the circular and the latest unaudited results since the last audited financial statements;
  - (iii) all reports, letters or other documents, statement of financial position, valuations and statements by any adviser, any part of which is extracted or referred to in the circular;
  - (iv) the letters of consent referred to in subparagraph (c) above;
  - (v) the material contracts referred to in subparagraph (d) above; and
  - (vi) the relevant cause papers in respect of material litigation referred to in subparagraph (e) above.
- (30) Any other information which the security holders and their advisers would reasonably expect to find in a circular of that nature for the purpose of making an informed decision.

**Part B****Additional specific information to be included in circular to shareholders in relation to joint-ventures**

- (1) The details of the joint-venture partners.
- (2) The current share capital and number of issued shares.
- (3) The terms of the joint-venture agreement.
- (4) The breakdown of the total capital and investment outlay in the joint-venture.
- (5) The eventual share capital and number of issued shares of the joint-venture corporation.
- (6) The number and type of the shares making up the share capital. Where there is more than one type of shares or securities issued, the following:

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- (a) the differences between the different types of shares or securities;
  - (b) whether convertible; if so, the rate and period;
  - (c) whether redeemable; if so, the rate and period; and
  - (d) the tenure.
- (7) The equity interest held by the respective parties.
  - (8) The name of the joint-venture corporation.
  - (9) The source(s) of funds for financing the investment in the joint-venture corporation, and the breakdown.
  - (10) If no joint-venture corporation will be set up, the terms of cost and profit sharing and the estimated total cost of project.

**Part C****Additional specific information to be included in relation to a transaction which involves an acquisition or disposal of real estate**

- (1) A description of each real estate including -
  - (a) the postal address or identification (lot, title number, relevant mukim, district and state) of the real estate;
  - (b) a brief description (e.g. whether land or building, approximate area, etc.);
  - (c) the existing and proposed use (e.g. shops, offices, factories, residential, or vacant etc.); if currently let out or is proposed to be let out, the details of the rentals and the rental income or expected rental income per month or per annum. If the real estate to be disposed is currently used as a factory, the effect of a disposal on the operations;
  - (d) the gross development value;
  - (e) the terms of the tenure; if leasehold, the expiry date of the lease;
  - (f) a valuation certificate which must comply with the SC's Asset Valuation Guidelines. The valuation report and valuation certificate must be made available for inspection;
  - (g) a quantification of the market value of the real estate as appraised by the independent registered valuer;
  - (h) the net book value based on the latest audited financial statements; and
  - (i) the encumbrances, if any.
- (2) If the real estate acquired or disposed of is an estate or plantation, the following additional information:
  - (a) the present and future usage;
  - (b) the type of estate or plantation;



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- (c) the maturity of the trees;
  - (d) the production for the past 3 years; and
  - (e) the profit contribution or revenue and expense account of the estate for the past 3 years.
- (3) Where the real estate to be acquired or disposed of consist of buildings the following additional information:
- (a) the number of storeys, gross built-up and net lettable or useable areas;
  - (b) the area to be self-occupied and let out respectively; and
  - (c) the percentage of occupancy.
- (4) Where the real estate is in the process of being or is intended to be developed, the following additional details:
- (a) the details of development potential, i.e. name of the project, type of development - residential, industrial or commercial, number of units in respect of each type of development;
  - (b) the total development cost;
  - (c) the expected commencement and completion date(s) of development;
  - (d) the expected profits to be derived;
  - (e) the stage or percentage of completion;
  - (f) the sources of funds to finance the development cost;
  - (g) whether relevant approvals for the development have been obtained and date(s) obtained;
  - (h) whether for sale or rental. If for sale, the percentage of sales or number of units sold to-date. If for rental, the expected rental income per annum; and
  - (i) whether planning consent has been obtained and if so, whether there are any conditions attached to such consent.
- (5) Where the real estate is acquired by a REIT, the following additional specific information:
- (a) in the case of an acquisition of real estate where the REIT does not have majority ownership and control, the risks associated with holding such real estates; or
  - (b) in the case of an acquisition of real estate under construction or vacant land for development –
    - (i) the aggregate value of the real estate under construction and the estimated property development cost, compared with the total asset value of the REIT, expressed as a percentage;

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- (ii) the expected yield arising from the developed real estate compared with the total yield of the REIT, expressed as a percentage, together with the assumptions made in determining the expected yield; and
- (iii) the impact of the acquisition of real estate on the expected yield of the REIT.

**Part C(A)****Additional specific information to be included in relation to a transaction entered into by a REIT which involves an investment in real estate through a lease arrangement**

- (a) Salient terms and conditions of the lease arrangement including the tenure of the lease to be held by the REIT.
- (b) Details of the lessor.
- (c) If the REIT enters into a lease arrangement which is not possible to be registered or recognised by the relevant land authority, the statement must include the following information:
  - (i) confirmation that the real estate of the lease arrangement is ancillary to a real estate of the REIT, either existing or proposed to be acquired;
  - (ii) the value of the lease arrangement compared with the value of the real estate of the REIT that it is ancillary to, expressed as a percentage; and
  - (iii) if the value of the lease arrangement exceeds 5% of the value of the real estate of the REIT that it is ancillary to, confirmation that the REIT has obtained the SC's prior consent, the conditions imposed (if any) and status of compliance.
- (d) Confirmation from the board of directors of the management company that the lease arrangement is in the best interests of unit holders.
- (e) Legal opinion on whether the interests of unit holders are protected with respect to the risk relating to the REIT not being the registered proprietor of the real estate.

**Part C(B)****Additional specific information to be included in relation to a transaction entered into by a REIT with income support arrangement**

- (a) Detailed terms of the income support arrangement, including how the income support is priced into the purchase consideration of the real estate (where applicable), and the tenure or remaining tenure of the income support, as the case may be.
- (b) The expected yields with and without the income support arrangement.
- (c) Payments receivable or received from the income support arrangement.

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**Part D****Additional specific information to be included in relation to acquisitions or disposals of construction corporations**

- (1) A description of current projects undertaken by the corporation - date of award, type of construction, name of the project, owner of the project, location of the project and value.
- (2) The expected commencement and completion date(s) of construction of projects on hand or in progress.
- (3) A description of recent major projects completed - date of commencement and completion of construction, type of construction, contract value and project owner.
- (4) A confirmation on whether the project owner is a director, substantial shareholder of the acquire corporation or persons connected with them in respect of current and past projects undertaken / completed.

**Part E****Additional specific information to be included in relation to acquisitions or disposals of infrastructure project asset/business or corporations involved in infrastructure projects**

- (1) The pertinent details of the concession/license, including but not limited to -
  - (a) nature of the concession/license (e.g. Build-Operate-Transfer, Build-Transfer-Operate, Build-Own-Operate, etc.);
  - (b) life/duration and exclusivity/non-exclusivity of the concession/license;
  - (c) salient terms and conditions of the concession/license;
  - (d) infrastructure project corporation's rights, interest and major obligations under the concession/license; and
  - (e) acts/regulations under which the concession/license is granted.
- (2) The nature of relationship with concession giver/licensor.
- (3) The details of any construction risk.
- (4) The dependence on concession giver/ licensor.
- (5) The details of financing requirements and sources of funding.

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**Part F****Additional specific information to be included in relation to foreign acquisitions where any one of the percentage ratios is 25% or more**

- (1) The expert's report on policies on the foreign investments, taxation and repatriation of profits of the host country.
- (2) Where an accountant's report is required pursuant to Part G of this Appendix, the report must be prepared by a firm of public accountants registered in Malaysia, in accordance with the approved accounting standards of the Malaysian Accounting Standards Board.
- (3) A valuation report on the foreign assets proposed to be acquired prepared by a qualified valuer, the appointment of which complies with the SC's Asset Valuation Guidelines in relation to the appointment of valuer for valuation of foreign property assets.
- (4) The expert's report, prepared by industry experts, on the fairness of the total purchase consideration for the foreign securities or assets proposed to be acquired.
- (5) A legal opinion from a reputable law firm on -
  - (a) the ownership of title to the securities or assets in the foreign jurisdiction;
  - (b) the enforceability of agreements, representations and undertakings given by foreign counter-parties under relevant laws of domicile; and
  - (c) other relevant legal matters.

**Part G****Additional specific information to be included in relation to very substantial transactions**

(paragraph 10.10)

- (1) The proforma consolidated statement of financial position together with the notes and the auditors' letter showing effects before and after the transaction based on the listed issuer's -
  - (a) published or announced audited financial statements for the latest financial period ended; or
  - (b) latest published or announced interim financial report which must be reviewed by external auditors.

Where an interim report referred to in subparagraph 1(b) above is used, a statement that the interim report has been reviewed by external auditors.

- (2) A summary of the key audited financial data of the assets of business or interests to be acquired for the past 3 financial years or since the date of incorporation or commencement of operations, whichever is the later. The financial data must include, but not be limited to, shareholders' funds and total borrowings.

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- (3) An accountant's report on the unlisted corporation to be acquired which must include the following:
- (a) the statement of profit and loss and other comprehensive income (or its equivalent) in respect of each of the 3 financial years immediately preceding the last date to which the financial statements were made up; and
  - (b) the statement of financial position (or its equivalent) for each of the past 3 financial years immediately preceding the last date to which the financial statements were made up.

The report will not be required if the percentage ratio for the very substantial transaction is triggered due to aggregation of the transactions of the unlisted corporation under paragraph 10.12, but where individually, the percentage ratio of each transaction is less than 100%.

- (4) For assets or interests to be acquired which do not have any profitability track record (as in certain privatisation cases), the information must include, but not be limited to -
- (a) the total cost needed to put on-stream the operation of the assets or interests and the proportion to be assumed or guaranteed by the listed issuer;
  - (b) the expected date on which the profit contribution will accrue to the listed issuer; and
  - (c) the expected returns to be derived,

together with the appropriate assumptions used. The listed issuer must ensure that the information provided is verified and confirmed by independent experts.

- (5) In the case of a disposal, a statement on the listed issuer's future activities and direction after the disposal of the asset.

**Part H**

[Deleted]

**Part I**

[Deleted]

**Part J****Additional specific information to be included in relation to Major Disposals**  
(paragraph 10.11A(1)(c))

- (1) A statement by the board of directors stating whether the Major Disposal is fair and reasonable and in the best interest of the listed issuer, together with the reasons and factors taken into consideration in forming that opinion.
- (2) A statement by the board of directors setting out the following:
  - (a) detailed description of the future plans of the listed issuer;

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- (b) whether it is the listed issuer's intention to maintain its listing status;
  - (c) the intended application of the sale proceeds and the breakdown, including the timeframe for the full utilisation of proceeds; and
  - (d) implications of Practice Note 16, if applicable.
- (3) A separate letter by the independent adviser incorporating -
- (a) its opinion as to whether the Major Disposal and its related proposals (if any) are fair and reasonable in so far as the shareholders or unit holders are concerned. Such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration, in forming that opinion. In arriving at such opinion, the independent adviser should comply with the relevant provisions relating to an independent adviser's recommendation in Schedule 2, Part III of the Rules on Take-Overs, Mergers and Compulsory Acquisitions; and
  - (b) its advice to the shareholders or unit holders on whether they should vote in favour of the Major Disposal and its related proposals (if any).
- (4) The independent advice circular must include the following:
- (a) the industry and its outlook in which the listed issuer has its core or major business activities;
  - (b) the prospects of the listed issuer in light of its industry outlook and competition; and
  - (c) in the case of a securities exchange offer –
    - (i) the industry and its outlook in which the acquirer has its core or major business activities; and
    - (ii) the prospects of the acquirer in light of its industry's outlook and competition.
- (5) Where the consideration for the Major Disposal is by way of cash or partly in cash, a statement by the board of directors and commentary by the independent adviser as to whether the acquirer has sufficient financial resources to undertake the acquisition.
- (6) A statement by the board of directors on the listed issuer's intention to deal with its treasury shares and the impact of such dealing on the shareholders or unit holders' entitlement pursuant to the Major Disposal, if any.

[End of Appendix]

**Appendix 10C**  
**Additional contents of announcement**  
**for related party transactions**

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**APPENDIX 10C****Additional contents of announcement in relation to related party transactions**

(paragraphs 10.08(1) and 10.08(11)(i) and (j))

- (1) If the transaction requires the prior shareholder approval, a statement that the director, major shareholder and/or person connected with a director or major shareholder, which have any interest, direct or indirect, in the transaction will abstain from voting in respect of their direct and/or indirect shareholdings. Where the person connected with a director or major shareholder has interest, direct or indirect, in the transaction, a statement that the director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings. Further, a statement that such interested director and/or major shareholder has/have undertaken that he/they will ensure that the persons connected with him/them will abstain from voting on the resolution approving the issue at the general meeting. In the case of an interested director, a statement that the interested director has abstained and/or abstain from deliberating and voting on the relevant resolution at the board meeting.
- (2) If the listed issuer is required to appoint an independent adviser, a statement explaining the role of the independent adviser.
- (3) A statement setting out the following:
  - (a) whether the audit committee of the listed issuer is of the view that the transaction is -
    - (i) in the best interest of the listed issuer;
    - (ii) fair, reasonable and on normal commercial terms; and
    - (iii) not detrimental to the interest of the minority shareholders,together with the basis for its views;
  - (b) where the audit committee has sought an independent advice in forming its views, a statement to that effect; and
  - (c) where the views of the audit committee are different from the opinion of the independent adviser, if any, the reasons for the difference.
- (4) In relation to a transaction which falls within paragraph 10.08(9), a statement by the board of directors of the listed issuer setting out the following:
  - (a) whether the board or directors is of the view that the transaction is -
    - (i) in the best interest of the listed issuer;
    - (ii) fair, reasonable and on normal commercial terms; and
    - (iii) not detrimental to the interest of the minority shareholders,together with the basis for its views (collectively referred to as "**Statement**");

**Appendix 10C**  
**Additional contents of announcement**  
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- (b) where the board of directors has sought an independent advice in forming its views, a statement to that effect;
  - (c) where the views of the board of directors are different from the opinion of the audit committee or independent adviser (if any) the reasons for the difference; and
  - (d) where a director disagrees with the Statement, a statement by the director setting out the reasons and the factors taken into consideration in forming that opinion.
- (5) In the case of an acquisition, the original cost of investment to the vendor and the date of such investment.
- (6) The total amount transacted with the same related party for the preceding 12 months.

[End of Appendix]



**Appendix 10D**  
**Additional contents of circular**  
**for related party transactions**

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**APPENDIX 10D****Additional contents of circular to shareholders in relation to related party transactions**  
(paragraph 10.08(2)(a))

- (1) The interested parties' direct and indirect shareholdings in the listed issuer.
- (2) A statement that the interested directors have abstained and/or will abstain from board deliberation and voting on the relevant resolution.
- (3) A statement that the director, major shareholder and/or person connected with a director or major shareholder, which have any interest, direct or indirect, in the transaction will abstain from voting in respect of their direct and/or indirect shareholdings. Where the person connected with a director or major shareholder has interest, direct or indirect, in the transaction, a statement that the director or major shareholder concerned will also abstain from voting in respect of his direct and/or indirect shareholdings. Further, a statement that such interested director and/or major shareholder has/have undertaken that he/they will ensure that the persons connected with him/them abstain from voting on the resolution approving the issue at the general meeting.
- (4) The total amount transacted with the same related party for the preceding 12 months.
- (5) A separate letter by an independent adviser incorporating -
  - (a) an opinion as to whether the transaction is fair and reasonable so far as the shareholders are concerned and whether the transaction is to the detriment of minority shareholders and, such opinion must set out the reasons for, the key assumptions made and the factors taken into consideration, in forming that opinion; and
  - (b) advice to minority shareholders on whether they should vote in favour of the transaction.
- (6) A statement setting out whether the audit committee of the listed issuer is of the view that the transaction is -
  - (a) in the best interest of the listed issuer;
  - (b) fair, reasonable and on normal commercial terms; and
  - (c) not detrimental to the interest of the minority shareholders,together with the basis for its views.

[End of Appendix]