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**BURSA MALAYSIA SECURITIES BERHAD**
**GUIDANCE NOTE 4****PROVISION OF FINANCIAL ASSISTANCE**

Details		Cross References
Effective date:	22 May 2006	Rule 8.25
Revision date:	3 August 2009, 27 January 2015, 13 July 2015	

**1.0 Introduction**

1.1 Rule 8.25 of the Listing Requirements provides that a listed corporation or its subsidiaries not listed on any stock exchange may lend or advance any money, or guarantee, indemnify or provide collateral for a debt ("**provision of financial assistance**") to categories of persons set out in Rule 8.25(1)(i) to (iii). One of the categories of persons is the following:

“(ii) persons to whom the provision of financial assistance -

(aa) is necessary to facilitate the ordinary course of business of the listed corporation or its subsidiaries; or

(bb) pursuant to the ordinary course of business of the listed corporation or its subsidiaries,

such as the provision of advances to its sub-contractors or advances made to clients in the ordinary course of its moneylending business;”

1.2 This Guidance Note sets out the following:

(a) clarification of certain requirements under Rule 8.25 of the Listing Requirements ("**Requirements**"); and

(b) the disclosure obligations of a listed corporation in providing financial assistance pursuant to Rule 8.25(1)(ii) of the Listing Requirements.

1.3 This Guidance Note must be read in conjunction with Rule 8.25 of the Listing Requirements.

**2.0 Clarification on Requirements**

2.1 The following clarifications apply for the purpose of Rule 8.25(1)(ii) of the Listing Requirements:

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### 2.1.1 Ordinary course of business

A transaction in the "ordinary course of business" means a transaction which would reasonably be expected to be carried out by the listed corporation and its subsidiaries given the particular business the listed corporation and its subsidiaries are involved in. The fact that the transaction is envisaged in the memorandum of association of the listed corporation and its subsidiaries is not a conclusive factor of determination.

As an example, in respect of a listed corporation involved in manufacturing activities ("**Manufacturing Company**"), the following transactions, which are by no means exhaustive, are considered to be in the ordinary course of business of the Manufacturing Company:

- (a) the purchase of materials and supplies for its manufacturing activities;
- (b) the sale of products either directly or through appointed distributors;
- (c) the purchase and/or lease of machines, equipment, vehicles and spares for its operations and office supplies;
- (d) the treatment and disposal of waste from its plants; and
- (e) the construction of plant and/or other infrastructure facilities for its operations.

### 2.1.2 Necessary to facilitate

In determining what constitutes "necessary to facilitate the ordinary course of business", the listed corporation must take into account whether the provision of financial assistance is essential to the listed corporation or its subsidiaries entering into, proceeding with and/or completing a transaction to the extent that if such financial assistance were not rendered, it would result in the listed corporation or its subsidiaries being unable to enter into, proceed with and/or complete such transaction.

Examples of what is necessary to facilitate the ordinary course of business, which is by no means exhaustive, are as follows:

- (a) provision of corporate guarantee or performance bond to a third party in favour of a main contractor in order for a listed corporation to secure work as a sub-contractor; and
- (b) provision of advances or collateral to or in favour of sub-contractors of the listed corporation to enable them to commence and/or complete the work for the listed corporation.

- 2.2 Subscription to or acquisition of debt securities and/or redeemable preference shares which are regulated by any written law and are subject to supervision by the SC, Bank Negara Malaysia or an equivalent foreign regulatory authority as the Exchange deems appropriate, by a listed corporation or its subsidiaries not listed on any stock exchange, are not considered as provision of financial assistance within Rule 8.25 of the Listing Requirements. However, where such subscription or acquisition is a related party transaction, the listed corporation must comply with Rule 10.08 of the Listing Requirements.

**3.0 Disclosure obligations**

- 3.1 A listed corporation must announce the financial assistance rendered or made by the said listed corporation or its subsidiaries not listed on any stock exchange pursuant to Rule 8.25(1)(ii) of the Listing Requirements for each quarter of its financial year, if any, simultaneously with its quarterly report pursuant to Rule 9.22 of the Listing Requirements and in any event not later than 2 months after the end of each quarter of a financial year. The listed corporation must include in its announcement the information set out in Annexure GN4-A.
- 3.2 Paragraph 3.1 above does not apply to provision of financial assistance in respect of the business of share financing, share margin financing or hire purchase carried out by a listed corporation or its subsidiaries not listed on any stock exchange in the ordinary course of business, or such other similar business that may be determined by the Exchange.
- 3.3 Where a listed corporation and/or its subsidiary lends or advances money in the ordinary course of its business as a moneylender pursuant to Rule 8.25(1)(ii) of the Listing Requirements, the listed corporation must include in its announcement referred to in paragraph 3.1 above the information prescribed under Appendix 8D of the Listing Requirements.

Annexure GN4-A  
Contents of announcement for provision of financial assistance

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**ANNEXURE GN4-A**

**Contents of announcement in relation to provision of financial assistance**  
(paragraph 3.1)

- (1) The aggregate amount of financial assistance provided during the reporting quarter by type (i.e. advances, guarantees etc).
- (2) The financial impact of the financial assistance provided, on the listed corporation as a group.

[End of Annexure]