

APPENDIX 2

RELATED PARTY TRANSACTION REQUIREMENTS

MAIN MARKET LISTING REQUIREMENTS

CHAPTER 1 – DEFINITIONS AND INTERPRETATION

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	<p>(c) in relation to a trustee-manager, director <u>or major shareholder</u> of the trustee-manager, <u>major shareholder of the trustee-manager</u> or major unit holder of a business trust, <u>or</u></p> <p>(d) <u>in relation to a Manager, director or major shareholder of the Manager,</u></p> <p>(each person mentioned under (a), (b), <u>and</u> (c) <u>and</u> (d) above is referred to as “said Person”),</p> <p>means such person who falls under any one of the following categories:</p> <ul style="list-style-type: none"> (i) a family member of the said Person; (ii) a trustee of a trust (other than a trustee for a share scheme for employees or pension scheme) under which the said Person, or a family member of the said Person, is the sole beneficiary; (iii) a partner of the said Person, or a partner of a person connected with that said Person; (iv) a person who is accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person; (v) a person in accordance with whose directions, instructions or wishes the said Person is accustomed or is under an obligation, whether formal or informal, to act; (vi) a body corporate or its directors which/who is/are accustomed or under an obligation, whether formal or informal, to act in accordance with the directions, instructions or wishes of the said Person; (vii) a body corporate or its directors whose directions, instructions or wishes the said Person is accustomed or under an obligation, whether formal or informal, to act; (viii) a body corporate in which the said Person, or persons connected with him are entitled to exercise, or control the exercise of, not less than 15% of the votes attached to voting shares in the body corporate; or (ix) a body corporate which is a related corporation.
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CHAPTER 10 – TRANSACTIONS

Paragraph 10.02	<p>Definitions</p> <p>For the purpose of this Chapter, unless the context otherwise requires -</p> <ul style="list-style-type: none"> (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 - <ul style="list-style-type: none"> (i) a director of the listed issuer, its subsidiary or holding company; or (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; <ins>and</ins> (iv) in relation to a business trust, a director or chief executive of the trustee-manager, its subsidiary or holding company; <ins>and</ins> (v) <ins>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 Manager, its subsidiary or holding company;</ins> (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 – <ul style="list-style-type: none"> (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; <ins>and</ins> (ii) in relation to a business trust, a major shareholder of the trustee-manager, its subsidiary or holding company; <ins>and</ins> (iii) <ins>in relation to a closed-end fund, in addition to a major shareholder of the closed-end fund, a major shareholder of the Manager, its subsidiary or holding company;</ins>
Paragraph 10.06	<p>Requirements for transactions with percentage ratio of 5% or more</p> <ul style="list-style-type: none"> (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 <ins>RM250,000</ins>RM500,000.

Paragraph 10.07	<p>Requirements for transactions with percentage ratio of 25% or more</p> <ul style="list-style-type: none"> (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 - <ul style="list-style-type: none"> (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 <u>RM250,000</u>/<u>RM500,000</u>.
Paragraph 10.08	<p>Related party transactions</p> <ul style="list-style-type: none"> (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 - <ul style="list-style-type: none"> (a) the value of the consideration of the transaction is less than <u>RM250,000</u>/<u>RM500,000</u>; or (b) it is a Recurrent Related Party Transaction. <p>The listed issuer must include the information set out in Appendices 10A and 10C in the announcement.</p> (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 - <ul style="list-style-type: none"> (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 - <ul style="list-style-type: none"> (a) comment as to - <ul style="list-style-type: none"> (i) whether the transaction is fair and reasonable so far as the shareholders are concerned; and

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	<ul style="list-style-type: none"> (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. <p>(4) Subject to subparagraph (9) below, for a related party transaction <u>other than a Recurrent Related Party Transaction</u>, 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 -</p> <ul style="list-style-type: none"> (a) <u>ensure that advise the listed issuer whether</u> such transaction –(i) –is carried out on fair and reasonable terms and conditions, and not to the detriment of minority shareholders of the listed issuer; and (ii)(aA) <u>ensure that such transaction</u> 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. <p>(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.</p> <p>(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.</p> <p>(7) (a)—In a meeting to obtain shareholder or unit holder approval –</p> <ul style="list-style-type: none"> (ia) the interested director, major shareholder or person connected with a director or major shareholder a related party with any interest, direct or indirect ("interested major shareholder" or "interested person connected with a director or major shareholder related party"), must not vote on the resolution in respect of the related party transaction; and (b) <u>an interested related party who is –</u> (i) <u>in the case of a corporation, a director or major shareholder;</u>
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	<p>(ii) <u>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; or</u></p> <p>(iii) <u>in the case of a closed-end fund, a director or major shareholder of the closed-end fund, the Manager or a director or major shareholder of the Manager,</u></p> <p><u>must ensure that persons connected with it abstain from voting on the resolution in respect of the related party transaction; and</u></p> <p>(ii) <u>where it involves the interest of an interested the interested related party is a person connected with –</u></p> <p>(i) <u>in the case of a corporation, a director or major shareholder, such director or major shareholder;</u></p> <p>(ii) <u>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; or</u></p> <p>(iii) <u>in the case of a closed-end fund, a director or major shareholder of the closed-end fund, the Manager or a director or major shareholder of the Manager,</u></p> <p><u>such persons stated in subparagraphs (i), (ii) or (iii) above, as the case may be, must not vote on the resolution in respect of the related party transaction. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transaction.</u></p> <p>(b) <u>In relation to a business trust, in addition to the parties referred to in subparagraph (a) above, the trustee manager, a major unit holder or person connected with the trustee manager or major unit holder ("interested trustee manager or major unit holder" or "interested person connected with the trustee manager or a major unit holder"), with any interest, direct or indirect, must not vote on the resolution approving the related party transaction.</u></p> <p>(7A) A listed issuer must ensure that any vote of shareholders taken at the general meeting on the resolution approving the transaction is taken on a poll.</p> <p>(8) An interested director in a related party transaction, must inform the board of directors of the listed issuer or its subsidiary, or in relation to a business trust, the board of directors of the trustee-manager, as the case may be, 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.</p> <p>(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 -</p>
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	<ul style="list-style-type: none"> (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 - <ul style="list-style-type: none"> (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 - <ul style="list-style-type: none"> (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.
	<p>(10) Subparagraphs <u>(1)</u>, (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 <u>RM250,000</u><u>RM500,000</u>.</p> <p>(11) The following transactions are not normally regarded as related party transactions:</p> <ul style="list-style-type: none"> (a) the payment of dividend, issue of securities by the listed issuer <u>or any of its subsidiaries</u> by way of a bonus issue or for cash (subject to paragraph 6.06), <u>the grant of options and the issue of securities arising from the exercise of options under a Share Issuance Scheme implemented by the listed issuer or any of its subsidiaries (subject to compliance with Chapter 6)</u>, subdivision of shares, consolidation of shares, <u>or</u> reduction in the par value of shares <u>or subscription of securities on a pro rata basis</u>; (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 – <ul style="list-style-type: none"> (i) shareholdings in the other person which is less than <u>1%5%</u> 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;

	<p>(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 <u>5%10%</u> in that other corporation other than via the listed issuer;</p> <p>(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 <u>or an equivalent foreign regulatory authority as the Exchange deems appropriate</u>;</p> <p>(f) directors fees and remuneration, and employment remuneration;</p> <p>(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 -</p> <p>(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</p> <p>(ii) all material terms including the prices or charges are applied consistently to all customers or classes of customers;</p>
	<p>For the purposes of this subparagraph -</p> <p>(i) "goods" excludes securities;</p> <p>(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;</p> <p>(iii) "Exempted Transactions" means the following:</p> <p>(aa) provision or usage of public utility services such as water, electricity, telecommunications, <u>broadcasting services</u>, 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</p> <p>(bb) such other types of transactions that may be prescribed by the Exchange from time to time;</p> <p>(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;</p>

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	<ul style="list-style-type: none"> (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; (j) a contract that is awarded by way of a public tender - <ul style="list-style-type: none"> (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, <u>and</u> the value of at least the 3 closest bids or if not applicable, such lesser number of bids received, <u>and an explanation of the basis for selecting the winning bid</u>; and (ii) in relation to the successful listed bidder or its subsidiaries provided that - <ul style="list-style-type: none"> (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 <u>5%10%</u> 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 - <ul style="list-style-type: none"> (i) common major shareholders; or (ii) a person connected with a major shareholder being a major shareholder of the other person, <p>provided that the following conditions are satisfied:</p>
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	<ul style="list-style-type: none"> (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 - <ul style="list-style-type: none"> (A) a statutory institution who is managing funds belonging to the general public; (B) a closed end fund, unit trust or investment fund (but excluding an investment holding company); 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 <u>or an equivalent foreign regulatory authority as the Exchange deems appropriate</u>, and the said insurance corporation is managing its insurance funds (together with its own shareholders' funds or otherwise). For the purposes of this subparagraph, "insurance funds" has the meaning given in section 2 of the Insurance Act, 1996; (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 <u>unlisted</u> subsidiaries <u>not listed on any stock exchange</u>, of debt securities and/or redeemable preference shares issued <u>or guaranteed</u> by or <u>on behalf of</u> the Government of Malaysia, Bank Negara Malaysia, <u>and/or</u> a State Government <u>or an equivalent foreign regulatory authority as the Exchange deems appropriate</u>; or
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	<p>(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 -</p> <ul style="list-style-type: none"> (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. <p>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.</p>
Paragraph 10.09	<p>Recurrent Related Party Transactions</p> <p>(1) Notwithstanding paragraph 10.08(1)(b) above, a listed issuer must immediately announce a Recurrent Related Party Transaction as follows:</p> <ul style="list-style-type: none"> (a) in relation to a listed issuer with an issued and paid-up capital of RM60 million and above - <ul style="list-style-type: none"> (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 an issued and paid-up capital which is less than RM60 million - <ul style="list-style-type: none"> (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. <p>(2) A listed issuer may seek a mandate from its shareholders for Recurrent Related Party Transactions subject to the following:</p> <ul style="list-style-type: none"> (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;

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	<ul style="list-style-type: none"> (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 <u>relevant related party must comply with the requirements set out in paragraph 10.08(7) above</u> interested director, interested major shareholder or interested person connected with a director or major shareholder; and where it involves the interest of an interested person connected with a director or major shareholder, such director or major shareholder, must not vote on the resolution to approve the transactions. An interested director or interested major shareholder must ensure that persons connected with him abstain from voting on the resolution approving the transactions; (dA) in relation to a business trust, in addition to the parties referred to in subparagraph (d) above, the interested trustee manager or major unit holder or interested person connected with the trustee manager or a major unit holder, must not vote on the resolution approving the transaction; and[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. <p style="margin-top: 10px;">[Cross reference: Practice Note 12]</p>
	<p>(3) Where a listed issuer has procured a shareholder mandate pursuant to subparagraph (2) above, the provisions of paragraph 10.08 will not apply.</p>

[End of Appendix 2]