

QUESTIONS AND ANSWERS RELATING TO AMENDMENTS TO THE LISTING REQUIREMENTS OF BURSA MALAYSIA SECURITIES BERHAD (“LR”) ON PROVISION OF FINANCIAL ASSISTANCE AND PUBLIC SHAREHOLDING SPREAD

1. Can a listed company or any of its subsidiaries commence or continue to lend or advance monies to third party(ies) pursuant to its moneylending business?

Pursuant to paragraph 8.23(1)(ii) of the LR, a listed company or any of its subsidiaries can provide such financial assistance where it is made pursuant to or where it is necessary to facilitate the ordinary course of business of the listed company or its subsidiaries. As such loans/advances made to a third party by the listed company or any of its subsidiaries in the ordinary course of its moneylending business is permitted. However, unless the listed company or its wholly owned subsidiary is exempted under paragraph 8.23(3), the conditions set out in paragraph 8.23 of the LR must be satisfied and in particular, sub-paragraph 8.23(2). In this relation, the board of directors of the listed company would have to oversee the moneylending operations and the management of credit risk of the moneylending company including ensuring adequate policies and procedures are in place in relation to the matters set out in sub-paragraph 8.23(2)(a)(ii)(aa)-(dd).

In addition to this, the listed company will have to make the relevant quarterly announcements for each of the moneylending company no later than 7 market days after the end of each quarter of the financial year as prescribed under sub-paragraph 8.23(2)(e) of the LR.

2. What are “problem credits” as referred to in sub-paragraph 8.23(2)(a)(ii)(dd) of the LR?

The terminology of “problem credits” means such problems arising from, amongst others, the borrower’s non-compliance with the terms of the financial assistance including failure to meet repayment of principal/interest or collateral obligations. It is to be noted that the assessment as to what are “problem credits” by the listed company/board of directors should not be limited to actual occurrence of default only but may include possible defaults such as signs of the borrower having difficulties in complying with the terms of the financial assistance (e.g.making or requesting for partial or late payments).

3. Are all listed companies which are subject to the requirements in paragraph 3.1 of Practice Note No. 11/2001 also have to make the quarterly disclosures stipulated in the new paragraph 8.23(2)(e) ?

No, paragraph 8.23(2)(e) is only applicable where a listed company and/or its subsidiary lends or advances money in the ordinary course of its business as a moneylender.

4. What are the actions that may be taken against a listed issuer which fails to comply with the required shareholding spread?

Where a listed issuer fails to comply with the required shareholding spread and no further extension of time is granted by Bursa Securities, Bursa Securities may suspend and/or de-list the listed issuer pursuant to paragraph 8.15(3) of the LR. However, where appropriate, Bursa Securities may take such enforcement action and impose such other penalty(ies) as it deems fit against the listed company pursuant to paragraph 16.17 of the LR instead.