

Our Ref: IS/TAC(ro)/LD07/17 [LR transitional provision-GN3/Rule 8.03A]

10 March 2017

The Company Secretary
(Listed Corporations)

Via email

Dear Sir/Madam,

TRANSITIONAL REQUIREMENT ON COMPUTATION OF ISSUED SHARE CAPITAL FOR PURPOSES OF DETERMINING THE FINANCIAL CONDITION AND LEVEL OF OPERATIONS OF A LISTED CORPORATION UNDER THE ACE MARKET LISTING REQUIREMENTS ("ACE LR")

1. BACKGROUND

- 1.1 We refer to our letter dated 2 February 2017 ("**Letter**") which sets out the application of key provisions of the ACE LR that are affected by the Companies Act 2016 ("**CA 2016**"), in particular, the terms and concepts arising from the migration to no par value regime.
- 1.2 Pursuant to section 618(2) of the CA 2016 which sets out the transitional provisions relating to the abolition of par value, any amount standing to the credit of a company's share premium account and capital redemption reserve (collectively the "**said amounts**") shall become part of the company's share capital upon commencement of the no par value requirements (i.e. 31 January 2017).
- 1.3 Subject to compliance with the conditions contained in sections 618(3) and (4) of the CA 2016, a company may utilise the said amounts for the purposes prescribed in the said sections within a period of 24 months from 31 January 2017 ("**transitional period**").

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2. TRANSITIONAL REQUIREMENT ON COMPUTATION OF ISSUED SHARE CAPITAL

2.1 In view of the CA 2016 transitional provisions above, we have modified the computation of “**issued and paid-up share capital**” for purposes of determining whether a listed corporation has triggered one or more of the prescribed criteria relating to its financial condition and level of operations in the following manner:

No.	References in ACE LR	Affected Criteria	Modification
(a)	Paragraph 2.1(a), Guidance Note 3	Shareholders’ equity of the listed corporation is 25% or less of the issued and paid-up capital of the listed corporation.	Computation of issued share capital shall be based on the total issued share capital of the listed corporation less the said amounts remaining at the material time (i.e. the balance of the unutilised share premium and capital redemption reserve amounts consolidated into the issued share capital, at the material time)
(b)	Paragraph 2.1(b), Guidance Note 3	The listed corporation has incurred loss in any 1 full financial year commencing on or after its listing, which equal to or exceed the amount of its shareholders’ equity at the end of the said financial year and the shareholders’ equity is equal to or less than 50% of the issued and paid-up capital of the listed corporation at the end of the said financial year.	
(c)	Paragraph 2.1(c), Guidance Note 3	The listed corporation has incurred aggregated losses in any 2 consecutive full financial years commencing on or after its listing (“ said financial period ”) –	

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No.	References in ACE LR	Affected Criteria	Modification
		<p>(i) which exceed the amount of its shareholders' equity at the end of the said financial period;</p> <p>(ii) the loss incurred in the second full financial year of the said financial period is 50% or more of the loss incurred in the first full financial year of the said financial period; and</p> <p>(iii) the shareholders' equity is equal to or less than 50% of the issued and paid-up capital of the listed corporation at the end of the said financial period.</p>	
(d)	Paragraph 2.1(g), Guidance Note 3	Auditors have highlighted a material uncertainty related to going concern or expressed a qualification on the listed corporation's ability to continue as a going concern in the listed corporation's latest audited financial statements and the shareholders' equity of the listed corporation is 50% or less of the issued and paid-up capital of the listed corporation.	

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No.	References in ACE LR	Affected Criteria	Modification
(e)	Rule 8.03A(7)(b)	The business or operations which generates revenue on a consolidated basis that represents 5% or less of the issued and paid-up capital (excluding any redeemable preference shares and treasury shares) of the listed corporation based on its latest annual audited or unaudited financial statements, defined as “ insignificant business or operations ”.	

- 2.2 The requirement in paragraph 2.1 above is only applicable during the transitional period i.e. from 31 January 2017 to 31 January 2019.
- 2.3 After 31 January 2019, all computation of **issued share capital** shall be based on the enlarged issued share capital i.e. the total issued share capital which **includes** the said amounts remaining at the material time.

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3. CONTACT PERSONS

If you have any queries on the above, please do not hesitate to contact the following persons from Listing Advisory & Development, Listing at 03-2034 7766:

- (a) Ms. Tiffany Yan Wei Mee;
- (b) Pn. Razalina Suriati Abdullah; or
- (c) Ms. Sim Wai Ling.

Thank you.

Yours faithfully,



INDERJIT SINGH
Senior Executive Vice President
Listing
Regulation