THE ACE MARKET

Key Changes to the LR
- GN3 Companies
- Cash Companies
- Default in Payment

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Key Changes to GN3 Companies
Statistics of Financially Distressed Companies

- Statistics of GN3 Companies as at 30 June 2009

<table>
<thead>
<tr>
<th></th>
<th>Outstanding</th>
<th>Regularised</th>
<th>De-listed</th>
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<tbody>
<tr>
<td>GN3</td>
<td>6</td>
<td>1</td>
<td>3</td>
</tr>
<tr>
<td>Total</td>
<td>6</td>
<td>1</td>
<td>3</td>
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</table>
GN3 Co. - Change of Prescribed Criteria

- Amendment to shareholders’ equity criterion

**MESDAQ Market**

(a) shareholders’ equity (SE)
- \( \leq 25\% \) of the issued & paid-up capital
- < minimum issued and paid-up capital

**ACE Market**

(a) shareholders’ equity
- \( \leq 25\% \) of the issued & paid-up capital (excluding treasury shares)
GN3 Co. - Change of Prescribed Criteria (Cont’d)

No change to other Prescribed Criteria

- Modified Opinion on Going Concern & SE < 50% of Issued & Paid-up Capital
- Default in Payment in no Solvency Declaration
- Suspended/ Ceased All/ Major Business or Operations
- Insignificant business/ operations (SE < 5% of Issued & Paid-up Capital)
- Winding-up Order of Subsi/Assoc. Company
- Adverse/ Disclaimer Opinion
- R&M appointed for > 50% of total assets
- L1 > SE1 & SE < 50% of Paid-up Capital
- L1 + L2 ≥ SE1 & SE2, (L2 > 50% of L1) & SE2 ≤ 50% of Paid-up Capital
GN3 Co. – Regularisation Flowchart

1. Trigger GN3 Criteria
2. First Announcement
3. Appoint a Sponsor
4. Submit Plan to Bursa Securities
5. Obtain Bursa Securities’ approval
6. Implementation

- Within 3 months
- Within 12 months
- Within 6 - 12 months
GN3 Co. – New Requirements on Regularisation Obligations

Obligation to Regularise

1) Appoint a Sponsor within 3 months from FA date;

2) Submit plan to Bursa & obtain Bursa’s approval within 12 months from FA date; and

3) Complete implementation of the plan within 6 – 12* months from plan approval date.

Regularisation Plan

• Sufficiently comprehensive, capable of resolving all problems, financial or otherwise

• Enable to regularise its financial condition and level of operations

• Fair and reasonable to the company and shareholders & increase shareholder value

* For plan which involves Court proceeding
A GN3 Company must appoint a Sponsor **within 3 months** after being classified as a GN3 Company.

A GN3 Company must retain the services of a Sponsor for at least 3 full financial years after it is no longer considered as a GN3 Company by the Exchange.

The Sponsor appointed to restructure the Company must act as the Sponsor for **at least the first full financial year**.
Failure to Comply with Obligations to Regularise

GN3 Co. – New Requirements on Regularisation Obligations

Bursa Send Notice of Suspension
5 Market Days Suspension Notice
Suspend
De-list Subject to Right to Appeal
Key Changes to Requirements for Cash Companies
What is a Cash Company?

A listed issuer whose assets on a consolidated basis, consist of 70% or more of cash or short term investments, or a combination of both (“Cash Criterion”)
Cash Co. – Regularisation Flowchart

1. Trigger Cash Criteria
2. Notify Bursa Securities in writing
3. Announcement
4. Appoint a Sponsor
5. Submit proposal to acquire a new core business to Bursa Securities
6. Procure approval
7. Implementation

immediately upon receipt of the Exchange’s notice that it is a Cash Company

Within 3 months

Within 12 months

Within 6 - 12 months
Cash Co. – New Requirements

Place > 90% cash & short-dated securities with account opened and operated by a custodian – cannot withdraw except for
- to implement reg. proposal; or
- to distribute to shareholders on pro-rata basis if fails to regularise

Cash Company

Failure to regularise
- May be suspended & delisted
- Must distribute money in account to shareholders on pro-rate basis

Submit Proposal to Acquire New Core Business to Bursa Securities for Approval within 12 months & Implement within 6 – 12 months
Transitional Arrangements for Cash & GN3 Companies
Transitional Arrangements for Cash & GN3 Companies

Existing Cash & GN3 Company may apply to Bursa to regularise its condition under new framework

PROVIDED THAT -

it is still within the stipulated or extended timeframe to submit its proposal or plan to regularise its condition under the GN3 Framework.
Key Changes to Guidance Note 5
Default in Payment
### GN5 – Amendments to Event of Default

**MESDAQ Market**

(a) Default for credit facility is ≥ 5% of PLC’s net assets

(b) Default which has material effect on the price, value or market activity

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**ACE Market**

(a) Default where the total amount outstanding of the defaulted credit facility is ≥ 5% of PLC’s net assets

(b) Clarify that where a PLC has a negative net asset, any amount in default will be considered as material

**General**

- Default not dependent on demand
No change to other Event of Defaults

- Default in payments of interest in respect of loan stocks or bonds, whether listed or unlisted on the Exchange
- Default in principal payments in respect of loan stocks or bonds, whether listed or unlisted on the Exchange
- Default in payments under a debenture
GN5 – Amendments to Definition of Solvency

**MESDAQ Market**

(c) “Solvent” if majority directors forms the opinion that PLC will be able to pay all its debts within 12 months from announcement date

**ACE Market**

(c) “Solvent” if majority directors forms the opinion that PLC will be able to pay all its debts **as and when they fall due** within 12 months from announcement date
“Custodian” means any of the following who is independent of the Cash Company:

(a) a trust company registered under the Trust Companies Act 1949 or incorporated pursuant to the Public Trust Corporation Act 1995 and is in the List of Registered Trustees in relation to Unit Trust Funds issued by the SC; or

(b) a licensed bank or merchant bank as defined in the Banking and Financial Institutions Act 1989.
Thank You