
BURSA MALAYSIA SECURITIES BERHAD
GUIDANCE NOTE NO. 5/2006**DEFAULT IN PAYMENT**

<u>Details</u>	<u>Cross References</u>
<u>Effective date:</u> 8 May 2006	<u>Rules 9.03, 9.04(l) and 9.16</u>
<u>Revision date:</u> 3 August 2009	

~~Issued in relation to Rules 9.03, 9.04(l) and 9.16 of the Listing Requirements;~~

~~And~~

~~Pursuant to Rules 2.09 and 2.20 of the Listing Requirements.~~

1.0 Introduction

1.1 This Guidance Note enumerates some circumstances upon which a listed corporation must ~~announce an event of default of interest or principal payments for loans under is issued to highlight the obligation of a listed company to make immediate announcements in the event of default of interest and/or principal payments in respect of loans pursuant to Rules 9.03 and 9.04(l) of the Listing Requirements.~~

1.2 ~~This Guidance Note is issued to enumerate some circumstances upon which a listed company is required to make such announcements under Rules 9.03 and 9.04(l) of the Listing Requirements. It is to be noted that the circumstances enumerated set out in this Guidance Note are not exhaustive of all circumstances upon which the listed company is required to make such announcements.~~

1.3 ~~Nothing in this Guidance Note shall be read to restricts~~ the generality of Rules 9.03, 9.04(l) and 9.16 of the Listing Requirements.

2.0 ~~Circumstances~~Events of default

2.1 The following are some ~~situations~~ events of default ("Defaults") ~~the occurrence of upon which a listed company listed corporation shall be is required to make an immediately announcement to the Exchange under Rules 9.03 and 9.04 of the Listing Requirements, irrespective of whether a demand has been made to the listed corporation, its subsidiaries or associated companies, as the case may be:~~

- (a) ~~default in payments of interest in respect of loan stocks or bonds, whether listed or unlisted on the Exchange irrespective of whether a demand has been made;~~
- (b) ~~default in principal payments in respect of loan stocks or bonds, whether listed or unlisted on the Exchange;~~

- (c) default in payments under a debenture;
- (d) default in payments of either interest, ~~or~~ principal sums or both in respect of a credit facility where the total amount outstanding of the defaulted credit facility is 5% or more of the net assets of the listed company listed corporation based on the latest published or announced financial statements; or

~~which is reasonably expected to have a material effect on the price, value or market activity of any of the listed company securities; or~~

~~the decision of a holder of securities of the listed company or an investor in determining his choice of action~~

- (e) default in payments of either interest or principal sums or both in respect of a credit facility, which is reasonably expected to have a material effect on the price, value or market activity of any of the ~~listed company~~ listed corporation's securities or the decision of a listed corporation's securities holder ~~of securities of the listed company~~ or an investor in determining his choice of action. For the purpose of this subparagraph, where a listed corporation has a negative net asset, any amount in default will be considered as material.

- 2.2 The ~~d~~Defaults referred to above may be that of the ~~listed company~~ listed corporation, its subsidiaries or associated companies.

3.0 Details of the announcement

- 3.1 ~~In the event of default in payments in circumstances stipulated under paragraph 2.1 above, the~~ A listed corporation must include the following information when announcing a Default to the Exchange ~~announcement to be made under Rule 9.16 of the Listing Requirements shall include specifically the following information:-~~

- (a) the date of dDefault;
- ~~(a)~~(b) the reasons for the ~~d~~Default in payments;
- ~~(b)~~(c) the measures by the ~~listed company~~ listed corporation to address the ~~d~~Default in payments;
- ~~(c)~~(d) the financial and legal implications in respect of the ~~d~~Default in payments including the extent of the ~~listed company~~ listed corporation's liability in respect of the obligations incurred under the agreements for the indebtedness;
- ~~(d)~~(e) the business, financial and operational impact of the Default on the listed corporation;
- (f) in the event the dDefault is in respect of secured loan stocks or bonds, the lines of action available to the guarantors or security holders against the listed company listed corporation;
- ~~(e)~~(g) in the event the ~~d~~Default is in respect of payments under a debenture, to specify whether the ~~d~~Default will empower the debenture holder to appoint a receiver or receiver and manager;
- ~~(f)~~(h) whether the ~~d~~Default in payment constitutes an event of default under a different agreement for indebtedness (cross default) and the details for such other default thereof, where applicable;

- ~~(g)~~(i) where the ~~dDefault in payment~~ is in respect of a subsidiary or associated company, a confirmation as to whether the subsidiary or associated company is a major subsidiary or major associated company, as the case may be;
- ~~(h)~~(j) where the ~~dDefault in payment~~ is in respect of a ~~listed company~~ listed corporation, major subsidiary or major associated company, as the case may be:—
- (i) a statement as to whether the ~~listed company~~ listed corporation is solvent (hereinafter referred to as the “**Solvency Declaration**”). For this purpose, a ~~listed company~~ listed corporation is regarded as being “solvent” if —the majority directors have formed the opinion that the ~~listed company~~ listed corporation will be able to pay all its debts as and when they fall due in full within a period ~~not exceeding~~ of 12 months from the date of the announcement; and
- (ii) ~~In the event the listed company~~ if the listed corporation is solvent, a statement that the listed corporation undertakes to provide to the Exchange, the Solvency Declaration duly executed by ~~the its~~ board of directors of ~~the listed company~~, in respect of the listed corporation within 3 market days from the ~~announcement date of the announcement~~. For this purpose, a ~~listed company~~ listed corporation will be able to pay all its debts in full within a period ~~not exceeding 12 months from the date of the announcement~~; and
- ~~(i)~~(k) any other information that the Exchange may require from time to time.

3.2 ~~After the announcement in paragraph 2.1, the listed company~~ listed corporation must announce to the Exchange ~~shall thereafter be required to —~~

- (a) ~~make periodic announcements on a monthly basis of the current status of the~~ ~~dDefault~~ and the steps taken by the ~~listed company~~ listed corporation to address the ~~dDefault on a monthly basis~~ until such time when the ~~dDefault~~ is remedied; ~~and~~
- (b) ~~immediately upon the listed corporation becoming aware of the circumstance which may render the Solvency Declaration inaccurate.~~

4.0 Solvency declaration

4.1 ~~In relation to paragraph 3.1(j)(ii), a listed corporation must ensure that its board of directors executes and submits to the Exchange, the Solvency Declaration within 3 market days from the date when the listed corporation announces a Default to the Exchange under paragraph 2.1.~~

4.0 Effective Date

4.1 ~~This Guidance Note takes effect on 8 May 2006~~