

## BURSA MALAYSIA SECURITIES BERHAD

## PRACTICE NOTE 29

## SAVING AND TRANSITIONAL PROVISIONS

Details	Cross References
Revision date: 3 August 2009	Paragraph 8.03, 8.04, 13.04, 13.05 and 16.11

**1.0 Introduction**

- 1.1 This Practice Note sets out the requirements that must be complied with by the relevant listed issuers arising from the amendments to paragraphs 8.03 and 8.04, Practice Notes 16 and 17 of the Listing Requirements with effect from 3 August 2009.
- 1.2 This Practice Note applies to the following listed issuers which are subjected to the following Listing Requirements prior to 3 August 2009:
- (a) **PN4 Companies** - paragraph 8.14 and Practice Note No 4/2001 from 15 February 2001 to 2 January 2005 ("**PN 4 Framework**", as set out in Annexure PN29-A);
  - (b) **PN10 Companies** - paragraph 8.16 and Practice Note No 10/2001, from 15 January 2001 to 2 January 2005 ("**PN 10 Framework**" as set out in Annexure PN29-B);
  - (c) **Original PN16 Companies** - paragraph 8.14B and Practice Note No 16/2005 from 3 January 2005 to 4 May 2006 ("**Original PN16 Framework**", as set out in Annexure PN29-C);
  - (d) **Original PN17 Companies** - paragraph 8.14C and Practice Note No 17/2005 from 3 January 2005 to 4 May 2006 ("**Original PN17 Framework**", as set out in Annexure PN29-D);
  - (e) **Amended PN16 Companies** - amended paragraph 8.14B and Practice Note No 16/2005 from 5 May 2006 to 2 August 2009 ("**Amended PN16 Framework**", as set out in Annexure PN29-E); and
  - (f) **Amended PN17 Companies** – amended paragraph 8.14C and Practice Note No 17/2005 from 5 May 2006 to 2 August 2009 ("**Amended PN17 Framework**", as set out in Annexure PN29-F).

**2.0 Saving and Transitional Provisions for PN 4 and PN 10 Companies**

- 2.1 The repeal of PN 4 Framework and PN 10 Framework with effect from 3 January 2005 shall not in any way affect the obligations of the listed issuers which -
- (a) triggered any of the criteria set out in paragraph 2.1 of PN4; or
  - (b) had been determined by the Exchange as having inadequate level of operations to warrant continued trading, listing or both, on the Official List pursuant to PN10 Framework,

before 3 January 2005.

- 2.2 The PN4 and PN10 Companies must continue to comply with their obligations under the PN 4 Framework or PN 10 Framework, as the case may be.

### **3.0 Saving and transitional provision for Original PN16 and PN17 Companies**

- 3.1 The amendments to the Original PN16 Framework and Original PN17 Framework with effect from 5 May 2006 shall not in any way affect the obligations of the listed issuers which -

- (a) had been considered a Cash Company pursuant to paragraph 8.14B; or
- (b) triggered any of the criteria set out in paragraph 2.1 of PN17,

before 5 May 2006.

- 3.2 The Original PN16 and PN17 Companies must continue to comply with their obligations under the Original PN16 and PN17 Framework.

### **4.0 Saving and transitional provision for Amended PN16 and PN17 Companies**

- 4.1 The amendments to the Amended PN16 Framework and Amended PN17 Framework with effect from 3 August 2009 shall not in any way affect the obligations of the listed issuers which -

- (a) had been considered a Cash Company pursuant to paragraph 8.14B; or
- (b) triggered any of the criteria set out in paragraph 2.1 of PN17,

before 3 August 2009.

- 4.2 Subject to paragraph 4.3 below, the Amended PN16 and Amended PN17 Companies must continue to comply with their obligations under the Amended PN16 and Amended PN17 Framework, as the case may be.

- 4.3 Notwithstanding paragraph 4.2 above, an Amended PN16 Company or Amended PN17 Company may apply to the Exchange to regularise its condition under paragraph 8.03 and PN16 or paragraph 8.04 and PN17 of the Listing Requirements which come into effect on 3 August 2009, provided that such Amended PN16 or Amended PN17 Company is still within the stipulated or extended timeframe granted by the Exchange to submit its proposal or plan to regularise its condition under the Amended PN16 or Amended PN17 Framework, as the case may be.

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**ANNEXURE PN29-A****PN4 Framework**

(paragraphs 1.2(a), 2.1 and 2.2)

**[Reproduction of Paragraph 8.14]****“8.14 Financial condition**

- (1) The financial condition of a listed issuer on a consolidated basis must, in the opinion of the Exchange, warrant continued trading and/or listing on the Official List. If the financial condition of a listed issuer on a consolidated basis does not, in the opinion of the Exchange, warrant continued listing on the Official List, the Exchange may de-list such listed issuer.
- (2) The Exchange may prescribe certain criteria in relation to the financial condition of a listed issuer, the fulfillment of which would require the listed issuer and/or its directors to comply with subparagraph (3) below.
- (3) Where a listed issuer fulfils one or more of the criteria prescribed by the Exchange pursuant to subparagraph (2) above, such listed issuer and/or its directors must -
  - (a) regularise its financial condition within such timeframes as may be stipulated by the Exchange;
  - (b) provide such information or document as may be prescribed by the Exchange from time to time, whether for public release or for the Exchange’s information;
  - (c) where it fulfils one or more of the criteria prescribed by the Exchange for the appointment of a monitoring accountant, appoint an independent accounting firm as the monitoring accountant, to perform such functions as may be specified by the Exchange and to report to the Exchange and the listed issuer on a periodic basis; and
  - (d) do all such acts or things as may be directed by the Exchange, from time to time.
- (4) Any cost incurred as a result of the appointment of the monitoring accountant pursuant to subparagraph (3)(c) above shall be borne by the listed issuer.
- (5) None of the above provisions shall be construed to constitute the monitoring accountant as an agent of the Exchange.”

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[Reproduction of Practice Note No 4/2001]

## “KUALA LUMPUR STOCK EXCHANGE

### PRACTICE NOTE NO 4/2001

#### CRITERIA AND OBLIGATIONS PURSUANT TO PARAGRAPH 8.14 OF THE LISTING REQUIREMENTS

Issued in relation to paragraphs 8.14, 16.02 and 16.09 of the Listing Requirements;

And

Pursuant to paragraph 2.08 of the Listing Requirements.

#### 1.0 Introduction

1.1 This Practice Note sets out, amongst others, the following:-

- (a) the criteria in relation to the financial condition of a listed issuer, the fulfilment of one or more of which will require a listed issuer and/or its directors to comply with the provisions of this Practice Note (a listed issuer which fulfils one or more of the aforesaid criteria shall hereinafter be referred to as “an affected listed issuer”);
- (b) the requirements that must be complied with by an affected listed issuer; and
- (c) the actions that may be taken by the Exchange in respect of an affected listed issuer.

1.2 Unless otherwise extended by the Exchange, an affected listed issuer has a maximum timeframe of between 6 to 12 months to implement its plans to regularise its financial condition.

1.3 An affected listed issuer that fails to comply with the obligations set out under this Practice Note may be suspended and/or de-listed.

1.4 The Exchange will accord due process to an affected listed issuer prior to effecting any suspension and/or de-listing.

#### 2.0 Criteria

2.1 Pursuant to paragraph 8.14(2) of the Listing Requirements, the Exchange prescribes the following criteria, the fulfilment of one or more of which will require an affected listed issuer and/or its directors to comply with the provisions of this Practice Note :-

- (a) deficit in the adjusted shareholders' equity of the listed issuer on a consolidated basis;
- (b) receivers and/or managers have been appointed over the property of the listed issuer, or over the property of its major subsidiary or major associated company which property accounts for at least 70% of the total assets employed of the listed issuer on a consolidated basis;
- (c) the auditors have expressed adverse or disclaimer opinion in respect of the listed issuer's going concern, in its latest audited accounts; or

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- (d) special administrators have been appointed over the listed issuer or the major subsidiary or major associated company of the listed issuer pursuant to the provisions of the Pengurusan Danaharta Nasional Berhad Act 1998.

2.2 For the purposes of this Practice Note:-

- (a) "adjusted shareholders' equity" is defined as the residual interest in the assets of a listed issuer on a consolidated basis after deducting all its liabilities, based on the listed issuer's audited accounts or unaudited accounts. The components of adjusted shareholders' equity will include the following:
- (i) share capital;
  - (ii) share premium account;
  - (iii) capital redemption reserves;
  - (iv) revaluation reserves;
  - (v) translation reserves;
  - (vi) retained profit/accumulated loss; and
  - (vii) other reserves and/or any other components as determined by the Exchange.

For the purposes of this definition, redeemable preference shares and negative goodwill or reserves on consolidation shall be excluded from the determination of adjusted shareholders' equity. In addition, in determining the components of "other reserves and/or any other components", in the absence of any provisions in the approved accounting standards and/or the Companies Act 1965, the Exchange will take into consideration the application of the generally accepted accounting principles and the best current practices and the Exchange's treatment of this component shall prevail; and

- (b) "a major subsidiary" means a subsidiary which contributes 70% or more of the profits before tax or total assets employed of the listed issuer on a consolidated basis.

### 3.0 Obligations of an affected listed issuer

3.1 An affected listed issuer must comply with the following obligations:-

- (a) provide such information or document as prescribed in paragraph 4.1 below;
- (b) regularise its financial condition within the time schedule stipulated in paragraph 5.1 below; and
- (c) appoint a monitoring accountant, where it fulfils the criteria set out in paragraph 6.1 below.

### 4.0 Disclosure obligations of the affected listed issuer

4.1 An affected listed issuer must comply with the following disclosure requirements. An affected listed issuer must:-

- (a) within 7 market days from the date of this Practice Note or from the date a listed issuer fulfils one or more of the criteria prescribed pursuant to paragraph 8.14(2) of the Listing Requirements, whichever shall be the later, announce the following ("the First Announcement"):-

- (i) the listed issuer is an affected listed issuer pursuant to this Practice Note;
  - (ii) the obligations of the listed issuer pursuant to this Practice Note;
  - (iii) the consequences of non-compliance with such obligations; and
  - (iv) the status of the listed issuer's plan to regularise its financial condition or the status of its endeavours to formulate such a plan, whichever is applicable, or where neither a plan nor any endeavour to formulate such a plan has been undertaken, an appropriate negative statement to such effect;
- (b) announce the status of its plan to regularise its financial condition on a monthly basis until further notice from the Exchange;
  - (c) announce its compliance or failure to comply with a particular obligation imposed pursuant to this Practice Note, as and when such obligation becomes due; and
  - (d) submit monthly reports to the Exchange ("the Monthly Reports") in the manner set out in paragraph 4.2 below, accompanied by statutory declarations as provided in paragraph 4.5 below.

4.2 The Monthly Reports must include the following:-

- (a) details of all related party transactions entered into by an affected listed issuer and its subsidiaries in the month reported, irrespective of the value of the transactions and regardless of whether or not such transactions were entered into in the ordinary course of business, and such other transactions as may be required by the Exchange, from time to time; and
- (b) details of the outstanding balance(s) due to an affected listed issuer and its subsidiaries by the substantial shareholders and directors of the listed issuer (if any).

4.3 The details of the transactions to be disclosed shall include the following:-

- (a) the date(s) of the transaction(s);
- (b) the description of the transaction(s);
- (c) the parties to the transaction(s);
- (d) the relationship of the parties with the substantial shareholder or director of the affected listed issuer (where applicable);
- (e) the rationale for entering into the transaction(s);
- (f) the consideration for the transaction(s); and
- (g) whether the transaction(s) were on normal commercial terms.

4.4 The Monthly Reports must be submitted to the Exchange within 10 market days from the end of the month reported upon and must continue to be submitted until further notice from the Exchange.

4.5 The affected listed issuer must submit statutory declaration(s) duly executed by its board of directors or 2 directors duly authorized by the board of directors together with the Monthly Reports, in the prescribed format which is attached as Appendix PN4/2001-A.

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**5.0 Time schedule to regularise financial condition**

- 5.1 An affected listed issuer must comply with the following time schedule:-
- (a) an affected listed issuer must make an announcement to the Exchange of a plan to regularise its financial condition within 6 months from the date of the First Announcement. This announcement must fulfil the requirements of the Exchange set out in paragraph 5.2 (“the requisite announcement”);
  - (b) an affected listed issuer which has made an announcement of a plan to regularise its financial condition must submit its plan to regularise its financial condition to the relevant authorities for approval, including the Commission (where applicable), within 2 months from the date of the requisite announcement or the date of the First Announcement (whichever applicable); and
  - (c) an affected listed issuer which has made the said announcement and submitted its plan to regularise its financial condition to the relevant authorities, in accordance with paragraphs 5.1(a) and (b), must obtain all approvals necessary for the implementation of such plan within 4 months from the date of submission of such plan for approval.
- 5.2 The requisite announcement must satisfy the following conditions:-
- (a) it must be a detailed plan, the implementation of which will enable an affected listed issuer to regularise its financial condition; and
  - (b) it must be announced by a merchant bank or a Member Company approved by the Commission to act as an adviser in the same manner as advisers under the Commission’s Policies and Guidelines on Issue/ Offer of Securities and include a timeline for the completion of the plan.
- 5.3 An affected listed issuer must ensure that prior to the making of the requisite announcement :-
- (a) all agreements to be entered into with third parties as part of the plan to regularise the financial condition, have been duly executed by all parties to such agreements; and
  - (b) where the plan involves a compromise or arrangement with the listed issuer’s creditors, an affected listed issuer has taken reasonable steps to procure the agreement-in-principle of such creditors.
- 5.4 An affected listed issuer must implement its plans to regularise its financial condition within the timeframes stipulated in paragraph 5.1 above.
- 5.5 An affected listed issuer which has made an announcement of a plan to regularise its financial condition on or prior to the date of this Practice Note and subsequently announces that its plan has been aborted, may be given a period of up to 6 months from the date of the First Announcement to make another requisite announcement of a plan to regularise its financial condition provided that the announcement to abort is made within 2 months from the date of the First Announcement.
- 5.6 The Exchange reserves the discretion to extend the timeframes given to an affected listed issuer pursuant to paragraph 5.1 above, upon its request, if the circumstances justify the same.
- 6.0 Monitoring accountant**
- 6.1 An affected listed issuer which fulfils one or more of the following criteria must appoint an independent accounting firm as a monitoring accountant (“the monitoring accountant”) within

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2 weeks from the date of the First Announcement, to perform the functions set out in paragraph 6.2 below:-

- (a) the latest group audited accounts of the affected listed issuer are qualified in any one or more of the following respects:-
  - (i) the auditors were unable to determine that all relevant transactions have been recorded due to incomplete accounting records; or
  - (ii) the auditors were unable to obtain sufficient information and explanations from the directors with regard to the latest group audited consolidated accounts; or
- (b) the latest audited accounts have not been issued and the issuance has been delayed for more than 6 months from the date the audited accounts are due to be issued.

6.2 The functions of the monitoring accountant shall include the following:-

- (a) vetting and reviewing all payments and receipts of the affected listed issuer;
- (b) reviewing the movement of all assets of the affected listed issuer;
- (c) reporting on any legal action involving the affected listed issuer and its subsidiaries;
- (d) visiting the operations of an affected listed issuer, as and when considered necessary;
- (e) reporting on the above to the Exchange and the listed issuer once every 2 months, highlighting in particular, any irregularities; and
- (f) reporting any irregularity in the listed issuer to any other relevant regulator, including but not limited to the Commission and the Registrar of Companies, where appropriate.

6.3 None of the above provisions shall be construed to constitute the monitoring accountant as the agent of the Exchange.

## **7.0 Uplifting of suspension**

7.1 The Exchange may uplift the suspension on trading of securities of an affected listed issuer which is suspended, upon its written request, provided that such listed issuer:-

- (a) is not subject to the appointment of a receiver and/or managers pursuant to paragraph 2.1(b);
- (b) is not subject to winding-up proceedings;
- (c) has not failed to issue its latest annual report for more than 12 months from the end of its financial year or has not failed to issue its quarterly report pursuant to paragraph 9.22 of the Listing Requirements for 2 consecutive financial quarters;
- (d) is able to provide adequate reasons, which in the opinion of the Exchange, would justify the uplifting of the suspension; and
- (e) it complies with the other requirements of the Exchange pursuant to this Practice Note.

**8.0 Compliance with requirements**

8.1 Any affected listed issuer which fails to comply with any of the obligations imposed on it by the Exchange under this Practice Note, may be regarded as a listed issuer whose financial condition does not warrant continued trading and/or listing.

**9.0 Effective Date**

9.1 This Practice Note takes effect on 15 February 2001.”

Appendix PN4/2001-A

STATUTORY DECLARATION

I/We, .....[NRIC No(s)/Passport No(s).....], the director(s) of .....[name of listed issuer] ("the listed issuer") do solemnly and sincerely declare as follows:-

- 1. The transactions reported in the Monthly Report for the month of ..... constitute all of the related party transactions entered into by the listed issuer and its subsidiaries in the month concerned;
- 2. Save as disclosed, I/we affirm that all transactions entered into by the listed issuer and its subsidiaries in the month concerned were in the ordinary course of business of the listed issuer and its subsidiaries and on terms not more favourable than those generally available to the public;
- 3. Save as disclosed, to the best of my/our knowledge, the controlling shareholders or the directors have not benefited in any way from the transactions of the listed issuer and its subsidiaries; and
- 4. I/We have, at all times, in the month concerned, acted in the best interests of the listed issuer.

And I/we make this solemn declaration conscientiously believing the same to be true, and by virtue of the provisions of the Statutory Declarations Act 1960.

Subscribed and solemnly declared by the above-named

.....)  
at .....)  
in the State of .....)  
this .....day of....., .....

Before me,

.....  
(Signature of President of Sessions Court,  
Magistrate, Commissioner for Oaths)"

[ End of Annexure ]

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**ANNEXURE PN29-B****PN10 Framework**

(paragraphs 1.2(b), 2.1 and 2.2)

**[Reproduction of Paragraph 8.16]****“8.16 Level of operations**

- (1) The level of operations of a listed issuer must, in the opinion of the Exchange, be adequate to warrant continued trading and/or listing on the Official List.
- (2) A listed issuer whose level of operations is, in the opinion of the Exchange, inadequate to warrant continued trading on the Official List may have trading in its securities suspended. Any suspension imposed by the Exchange shall remain in force for a period of 6 months or such other period as may be determined by the Exchange.
- (3) If at the end of the period of suspension, the level of operations of the listed issuer is still inadequate to warrant continued listing, the Exchange may de-list such listed issuer.”

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[Reproduction of Practice Note No 10/2001]

## “KUALA LUMPUR STOCK EXCHANGE

### PRACTICE NOTE NO 10/2001

#### LEVEL OF OPERATIONS

Issued in relation to paragraph 8.16 of the Listing Requirements;

And

Pursuant to paragraphs 2.08 and 2.19 of the Listing Requirements.

#### 1.0 Introduction

1.1 A listed issuer must maintain a level of operations which, in the opinion of the Exchange, is adequate to warrant continued trading and/or listing on the Official List as set out under paragraph 8.16 of the Listing Requirements.

1.2 In this connection, this Practice Note enumerates the following in relation to a listed issuer:-

- (a) circumstances which may be an indication that a listed issuer has a level of operations that is inadequate to warrant continued trading and/or listing on the Official List (such level of operations shall hereinafter be referred to as “inadequate level of operations”); and
- (b) the obligations of such listed issuer.

1.3 It must be noted that the circumstances set out under paragraphs 2.1 and 2.2 of this Practice Note are by no means exhaustive.

1.4 Nothing in this Practice Note shall be read to restrict the generality of paragraph 8.16 of the Listing Requirements.

#### 2.0 Determination of adequacy of level of operations

2.1 The following are some of the circumstances, the occurrence of any one of which, may lead the Exchange to determine a listed issuer as having inadequate level of operations pursuant to paragraph 8.16 of the Listing Requirements:-

- (a) where the assets of the listed issuer on a consolidated basis consist of 70% or more of cash and/or short term investments (hereinafter referred to as "Cash Company"). As a minimum requirement, the listed issuer must make a determination as to whether it is or has become a Cash Company when it disposes its assets and/or business on a group basis or prepares its financial statements or accounts.

For the purpose of this paragraph, "short term investments" means investments which are by their nature readily realisable and intended to be held for 12 months or less including interests (equity or otherwise) in companies;

- (b) the listed issuer has suspended or ceased:-
  - (i) all of its business or its major business; or

- (ii) its entire or major operations,
- for any reasons whatsoever including, amongst others, due to or as a result of:-
- (aa) the cancellation, loss or non-renewal of a licence, concession or such other rights necessary to conduct its business activities;
- (bb) the disposal of the listed issuer's business or major business; or
- (cc) a court order or judgment obtained against the listed issuer prohibiting the listed issuer from conducting its major operations on grounds of infringement of copyright of products etc.

For the purpose of this paragraph, "major" means such proportion that contributes or generates 70% or more of the listed issuer's revenue on a consolidated basis based on its latest annual audited accounts; or

- (c) the listed issuer has an insignificant business or operations. For the purpose of this paragraph, "insignificant business or operations" means 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) of the listed issuer (hereinafter referred to as "Capital") based on its latest annual audited accounts.

For the purpose of computation, where there is/are a change/changes to the Capital in that financial year, the weighted average Capital for that financial year shall be used. The weighted average Capital means the total amount of the Capital at the beginning of the financial year, adjusted by the amount of increase or reduction in the Capital during that financial year multiplied by a time-weighting factor. The time-weighting factor is the number of days that the specific Capital is outstanding as a proportion of the total number of days in that financial year.

Example - Weighted Average of Capital		Issued and Paid up Capital (RM)
1 January 2000	Balance	60,000,000
1 June 2000	Issue of 10,000,000 new shares for cash	70,000,000
1 Dec 2000	Issue of 12,000,000 new shares for cash	82,000,000
Computation of weighted average:		
$(60,000,000 \times 151/365) + (70,000,000 \times 183/365) + (82,000,000 \times 31/365) = 66,882,185$		

- 2.2 Where a listed issuer falls within any one of the circumstances set out in paragraph 2.1 above, the Exchange will make a determination as to whether the listed issuer has inadequate level of operations after consideration of all relevant facts and circumstances relating to the listed issuer's business and operations as well as the prevailing macro-economic conditions. If the Exchange determines the listed issuer as having inadequate level of operations, the Exchange will notify the listed issuer of this determination (hereinafter referred to as "the Notice").

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### 3.0 Exceptions

- 3.1 Paragraph 2.1(a) shall not be applicable to companies whose activities are regulated by any written law relating to banking, finance companies or insurance and are subject to supervision by Bank Negara Malaysia, Member Companies, closed-end funds, property trust funds and infrastructure project companies which have not completed their infrastructure project(s).
- 3.2 Paragraph 2.1(c) shall not be applicable to closed-end funds, property trust funds and infrastructure project companies which have not completed and commenced operations on their infrastructure project(s).
- 3.3 For the purpose of paragraphs 3.1 and 3.2 above, "infrastructure project" shall be as defined in the Commission's Guidelines for Public Offerings of Securities of Infrastructure Project Companies.

### 4.0 Obligations of the listed issuer

- 4.1 A listed issuer that falls within any one of the circumstances set out in paragraph 2.1 must notify the Exchange in writing of the same immediately.
- 4.2 Where the Exchange determines a listed issuer as having inadequate level of operations and issues the Notice to the listed issuer (hereinafter referred to as "an affected listed issuer"), the affected listed issuer must comply with the following:-
- (a) provide such information as prescribed in paragraph 5.1 below;
  - (b) comply with the obligations set out in paragraph 6.1 below within the time frames stipulated therein; and
  - (c) do such other acts or things as may be required by the Exchange.

### 5.0 Disclosure obligations of the affected listed issuer

- 5.1 An affected listed issuer must comply with the following disclosure requirements. An affected listed issuer must:-
- (a) within 7 market days from the Notice announce the following to the Exchange (hereinafter referred to as the "Initial Announcement"):-
    - (i) that the affected listed issuer has inadequate level of operations and details relating to the same;
    - (ii) the obligations of an affected listed issuer pursuant to this Practice Note;
    - (iii) the consequences of non-compliance with the aforesaid obligations; and
    - (iv) the status of the affected listed issuer's proposal, if any, to ensure an adequate level of operations or the status of its endeavours/steps to formulate such a proposal, whichever is applicable, or where neither a proposal nor any endeavour to formulate such a proposal has been undertaken, an appropriate negative statement to such effect;
  - (b) announce the status of its proposal to ensure an adequate level of operations simultaneously with its quarterly report pursuant to paragraph 9.22 of the Listing Requirements and in any event not later than 2 months after the end of each quarter of a financial year until further notice from the Exchange; and

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- (c) announce its compliance or non-compliance with a particular obligation imposed pursuant to this Practice Note, as and when such obligation becomes due.

## **6.0 Obligation to ensure adequate level of operations**

6.1 Except as otherwise prescribed by the Exchange, an affected listed issuer must comply with the following obligations within the timeframes stipulated hereunder:-

- (a) an affected listed issuer must within 9 months from the date of the Initial Announcement make an announcement to the Exchange of a detailed proposal, the implementation of which will enable the affected listed issuer to ensure a level of operations that is adequate to warrant continued trading and/or listing on the Official List. This announcement must fulfil the requirements set out in paragraph 6.3 (hereinafter referred to as the "Requisite Announcement");
- (b) an affected listed issuer which has announced a detailed proposal to ensure an adequate level of operations must submit the same to the relevant authorities for approval within 2 months from the date of the Requisite Announcement or the date of the Initial Announcement (where the detailed proposal was made on or before the effective date of this Practice Note); and
- (c) an affected listed issuer which has submitted the detailed proposal to the relevant authorities, in accordance with subparagraph (b) above, must obtain all approvals necessary for the implementation of such detailed proposal within 4 months from the date of submission of such detailed proposal for approval.

6.2 The Exchange reserves the discretion to extend the timeframes given to the affected listed issuer pursuant to paragraph 6.1 above, upon its request, if the circumstances justify the same.

6.3 In respect of the Requisite Announcement, an affected listed issuer must ensure that it is made by a merchant bank or a Member Company approved by the Commission to act as an adviser in the same manner as advisers under the Commission's Policies and Guidelines on Issue/Offer of Securities and include a timeline for the completion of the proposal. Prior to the making of the Requisite Announcement, the listed issuer must ensure that all agreements to be entered into with third parties as part of the proposal have been duly executed by all parties to such agreements.

## **7.0 Suspension and de-listing**

7.1 If an affected listed issuer fails to comply with any of the obligations imposed on it by the Exchange pursuant to this Practice Note, the Exchange may have trading in the affected listed issuer's securities suspended and subsequently de-list the affected listed issuer.

## **8.0 Effective Date**

8.1 This Practice Note takes effect on 1 July 2001."

[ End of Annexure ]

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**ANNEXURE PN29-C****Original PN16 Framework**

(paragraphs 1.2(c), 3.1 and 3.2)

**[Reproduction of Paragraph 8.14B]****“8.14B Cash Companies**

- (1) A listed issuer that is considered a “Cash Company” by the Exchange must comply with such requirements as may be prescribed by the Exchange, failing which the Exchange may de-list such listed issuer.
- (2) 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, must immediately notify the Exchange of the same in writing (referred to as “the Cash Criterion” in this Part E). The Exchange will make a determination as to whether such listed issuer should be considered a Cash Company pursuant to subparagraph (1) above. A listed issuer considered as a Cash Company by the Exchange will be notified by the Exchange (referred to as “the Notice” in this Part E).
- (3) For the purposes of subparagraph (2) above, the following shall apply:-
  - (a) a listed issuer must, as a minimum requirement, make a determination as to whether it triggers the Cash Criterion when it disposes its assets or business on a group basis or prepares its financial statements or accounts; and
  - (b) “short term investments” means investments which are by their nature readily realisable and intended to be held for 12 months or less including interests (equity or otherwise) in companies.
- (4) A Cash Company must comply with the following additional requirements:-
  - (a) regularise its condition in the following manner:-
    - (i) submit a proposal to regularise its condition to the relevant authorities for approval or, where the relevant authorities’ approvals are not required, obtain all other approvals necessary for the implementation of the proposal within such timeframe as may be stipulated by the Exchange; and
    - (ii) implement its proposal to regularise its condition within the timeframe stipulated by the relevant authorities or where no timeframe has been stipulated or allowed by the relevant authorities, within the timeframe stipulated by the Exchange,
  - (b) provide such information as may be prescribed by the Exchange from time to time for public release; and
  - (c) do such other acts or things as may be required by the Exchange.
- (5) For the purpose of subparagraph (4)(a) above, a “proposal to regularise its condition” refers to a proposal, the implementation of which will result in the Cash Company no longer being considered a Cash Company by the Exchange (referred to as “the Proposal” in this Part E).
- (6) A Cash Company which fails to comply with subparagraph (4)(a) above or whose Proposal is rejected by the relevant authorities, may have its listed securities suspended and subsequently de-listing procedures commenced against the Cash Company.

- (7) Subparagraphs (1) and (2) above shall not be applicable to listed issuers whose activities are regulated by any written law relating to banking, finance companies or insurance and are subject to supervision by Bank Negara Malaysia, Participating Organisations, closed-end funds, real estate investment trust, infrastructure project companies which have not completed their infrastructure project(s) and such other category of listed issuers as may be stipulated by the Exchange. For the purpose of this subparagraph, "infrastructure project" shall be as defined in the Commission's Policies and Guidelines on Issue/Offer of Securities."

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[Reproduction of Practice Note No 16/2005]

## BURSA MALAYSIA SECURITIES BERHAD

### PRACTICE NOTE NO. 16/2005

#### CASH COMPANIES

Issued in relation to paragraphs 8.14B, 16.02 and 16.09 of the Listing Requirements;

And

Pursuant to paragraphs 2.08 and 2.19 of the Listing Requirements.

#### 1.0 Introduction

- 1.1 Paragraph 8.14B(1) of the Listing Requirements states that a listed issuer that is considered a Cash Company must comply with such requirements as may be prescribed by the Exchange.
- 1.2 In this connection, this Practice Note sets out the requirements that must be complied with by a Cash Company.
- 1.3 Nothing in this Practice Note shall be read to restrict the generality of paragraph 8.14B of the Listing Requirements.
- 1.4 The provisions of this Practice Note are in amplification and not in derogation of the obligations of a listed issuer as contained in the Listing Requirements.

#### 2.0 Disclosure obligations of a Cash Company

- 2.1 A Cash Company must comply with the following disclosure requirements. A Cash Company must:-
- (a) within 7 market days from the Notice (as defined in paragraph 8.14B(2)) announce the following to the Exchange (hereinafter referred to as the "Initial Announcement"):-
- (i) that the listed issuer is a Cash Company;
  - (ii) the obligations of a Cash Company pursuant to this Practice Note;
  - (iii) the consequences of non-compliance with the aforesaid obligations; and
  - (iv) the status of the Cash Company's proposal to comply with the obligations set out in paragraph 8.14B(4)(a) of the Listing Requirements, or the status of its endeavours/steps to formulate such a proposal, whichever is applicable, or where neither a proposal nor any endeavour to formulate such a proposal has been undertaken, an appropriate negative statement to such effect;
- (b) announce the status of its proposal referred to in subparagraph (a)(iv) above and the number of months to the end of the relevant timeframes referred to in paragraph 3.1 or 3.2 below, as may be applicable, simultaneously with the announcement of its quarterly report pursuant to paragraph 9.22 of the Listing Requirements and in any

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event not later than 2 months after the end of each quarter of a financial year until further notice from the Exchange; and

- (c) announce its compliance or non-compliance with a particular obligation imposed pursuant to this Practice Note on an immediate basis.

### **3.0 Obligation to Regularise**

3.1 A Cash Company must submit the Proposal, as defined in paragraph 8.14B(5) of the Listing Requirements, to the relevant authorities for approval, or where the relevant authorities' approvals are not required, obtain all other approvals necessary for the implementation of the Proposal within 12 months from the date of the Initial Announcement.

3.2 A Cash Company must also implement the Proposal within the timeframe stipulated by the relevant authorities or where no timeframe has been stipulated or allowed by the relevant authorities, within the timeframe stipulated by the Exchange.

### **4.0 Effective Date**

4.1 This Practice Note takes effect on 3 January 2005."

[ End of Annexure ]

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**ANNEXURE PN29-D**

**Original PN17 Framework**  
(paragraphs 1.2(d), 3.1 and 3.2)

**[Reproduction of Paragraph 8.14C]****“8.14C Financial condition and level of operations**

- (1) The financial condition and level of operations of a listed issuer on a consolidated basis must, in the opinion of the Exchange, warrant continued trading and/or listing on the Official List, failing which the Exchange may de-list such listed issuer.
- (2) The Exchange may prescribe certain criteria in relation to the financial condition and level of operations of a listed issuer (referred to as “the Prescribed Criteria” in this Part E), the fulfilment of one or more of which would require the listed issuer (referred to as “the Affected Listed Issuer” in this Part E) to comply with the following additional requirements:-
  - (a) regularize its condition in the following manner (referred to as “the Obligation to Regularise” in this Part E):-
    - (i) submit a plan to regularize its condition to the relevant authorities for approval or, where the relevant authorities’ approvals are not required, obtain all other approvals necessary for the implementation of the plan within such timeframe as may be stipulated by the Exchange (referred to as “Submission Timeframe” in this Part E); and
    - (ii) implement its plan to regularize its condition within the timeframe stipulated by the relevant authorities or where no timeframe has been stipulated or allowed by the relevant authorities, within the timeframe stipulated by the Exchange (referred to as “Implementation Timeframe” in this Part E),  
  
(the Submission Timeframe and Implementation Timeframe shall be referred to collectively as “the Stipulated Timeframes” in this Part E);
  - (b) provide such information as may be prescribed by the Exchange from time to time for public release; and
  - (c) do such other acts or things as may be required by the Exchange.
- (3) For the purpose of subparagraph (2)(a) above, a “plan to regularise its condition” refers to a plan, the implementation of which will result in the Affected Listed Issuer no longer triggering any of the Prescribed Criteria (referred to as “the Regularisation Plan” in this Part E).
- (4) An Affected Listed Issuer which fails to comply with the Obligation to Regularise shall have all its listed securities suspended from trading on the 5<sup>th</sup> market day after expiry of the Submission Timeframe or Implementation Timeframe, as the case may be, and de-listing procedures shall be commenced against such Affected Listed Issuer.
- (5) Where an Affected Listed Issuer has submitted its Regularisation Plan to the relevant authorities for approval prior to the expiry of the Submission Timeframe but whose Regularisation Plan is rejected by the relevant authorities, the following shall apply:-
  - (a) if the rejection takes place after the expiry of the Submission Timeframe, the Affected Listed Issuer shall have all its listed securities suspended from trading on the 5<sup>th</sup> market day after the Affected Listed Issuer’s announcement of the relevant

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- authorities' rejection and de-listing procedures shall be commenced against such Affected Listed Issuer; or
- (b) if the rejection takes place prior to the expiry of the Submission Timeframe, the Affected Listed Issuer shall have all its listed securities suspended from trading on the 5<sup>th</sup> market day after expiry of the Submission Timeframe and de-listing procedures shall be commenced against such Affected Listed Issuer unless either:-
- (i) the Affected Listed Issuer submits a new or revised Regularisation Plan to the relevant authorities for approval within the Submission Timeframe; or
  - (ii) the Affected Listed Issuer appeals against the rejection of the relevant authorities and the appeal is pending upon expiry of the Submission Timeframe.
- (6) In the case of an Affected Listed Issuer falling within the circumstances described under subparagraph (5)(b)(ii) above and the appeal lodged by the Affected Listed Issuer with the relevant authorities is unsuccessful, the Affected Listed Issuer shall have all its listed securities suspended from trading on the 5<sup>th</sup> market day after the Affected Listed Issuer's announcement of the relevant authorities' rejection of the appeal and de-listing procedures shall be commenced against such Affected Listed Issuer."

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[Reproduction of Practice Note No 17/2005]

## BURSA MALAYSIA SECURITIES BERHAD

### PRACTICE NOTE NO. 17/2005

#### CRITERIA AND OBLIGATIONS PURSUANT TO PARAGRAPH 8.14C OF THE LISTING REQUIREMENTS

Issued in relation to paragraphs 8.14C, 16.02 and 16.09 of the Listing Requirements;

And

Pursuant to paragraph 2.08 and 2.19 of the Listing Requirements.

#### 1.0 Introduction

1.1 This Practice Note sets out, amongst others, the following:-

- (a) the criteria in relation to the financial condition and level of operations of a listed issuer, the fulfillment of one or more of which will require a listed issuer to comply with the provisions of this Practice Note (a listed issuer which fulfils one or more of the aforesaid criteria shall hereinafter be referred to as “an Affected Listed Issuer”); and
- (b) the requirements that must be complied with by an Affected Listed Issuer.

1.2 Nothing in this Practice Note shall be read to restrict the generality of paragraph 8.14C of the Listing Requirements.

1.3 The provisions of this Practice Note are in amplification and not in derogation of the obligations of a listed issuer as contained in the Listing Requirements.

#### 2.0 Criteria

2.1 Pursuant to paragraph 8.14C(2) of the Listing Requirements, the Exchange prescribes the following criteria, the fulfillment of one or more of which will require an Affected Listed Issuer to comply with the provisions of this Practice Note :-

- (a) deficit in the adjusted shareholders' equity of the listed issuer on a consolidated basis;
- (b) receivers and/or managers have been appointed over the property of the listed issuer, or over the property of its major subsidiary or major associated company which property accounts for at least 70% of the total assets employed of the listed issuer on a consolidated basis;
- (c) the auditors have expressed adverse or disclaimer opinion in respect of the listed issuer's going concern, in its latest audited accounts;
- (d) the listed issuer has suspended or ceased:-
  - (i) all of its business or its major business; or

- (ii) its entire or major operations,  
for any reasons whatsoever including, amongst others, due to or as a result of:-
  - (aa) the cancellation, loss or non-renewal of a licence, concession or such other rights necessary to conduct its business activities;
  - (bb) the disposal of the listed issuer's business or major business; or
  - (cc) a court order or judgment obtained against the listed issuer prohibiting the listed issuer from conducting its major operations on grounds of infringement of copyright of products etc; or
- (e) the listed issuer has an insignificant business or operations.

2.2 For the purposes of this Practice Note:-

- (a) "adjusted shareholders' equity" is defined as the residual interest in the assets of a listed issuer on a consolidated basis after deducting all its liabilities, based on the listed issuer's latest audited or unaudited accounts. The components of adjusted shareholders' equity will include the following:
  - (i) share capital;
  - (ii) share premium account;
  - (iii) capital redemption reserves;
  - (iv) revaluation reserves;
  - (v) translation reserves;
  - (vi) retained profit/accumulated loss; and
  - (vii) other reserves and/or any other components as determined by the Exchange.

For the purposes of this definition, redeemable preference shares and negative goodwill or reserves on consolidation shall be excluded from the determination of adjusted shareholders' equity. In addition, in determining the components of "other reserves and/or any other components", in the absence of any provisions in the approved accounting standards and/or the Companies Act 1965, the Exchange will take into consideration the application of the generally accepted accounting principles and the best current practices and the Exchange's treatment of this component shall prevail;

- (b) "total assets employed" shall be based on the listed issuer's latest audited or unaudited accounts;
- (c) "a major subsidiary" means a subsidiary which contributes 70% or more of the profits before tax or total assets employed of the listed issuer on a consolidated basis.
- (d) in relation to paragraph 2.1(d), "major" means such proportion that contributes or generates 70% or more of the listed issuer's revenue on a consolidated basis based on its latest annual audited or unaudited accounts; and
- (e) "insignificant business or operations" means 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) of the listed issuer (hereinafter referred to as "Capital") based on its latest annual audited or unaudited accounts.

For the purpose of computation, the following shall apply:-

- (i) "revenue on a consolidated basis" shall comprise of the revenue of the listed issuer, its subsidiaries, as well as revenue from the listed issuer's associated companies, calculated on a proportionate basis, based on the listed issuer's equity holding in the associated companies; and
- (ii) where there is/are a change/changes to the Capital in that financial year, the weighted average Capital for that financial year shall be used. The weighted average Capital means the total amount of the Capital at the beginning of the financial year, adjusted by the amount of increase or reduction in the Capital during that financial year multiplied by a time-weighting factor. The time-weighting factor is the number of days that the specific Capital is outstanding as a proportion of the total number of days in that financial year.

Example – Weighted Average of Capital for financial year ended 31 December 2xx1

		Issued and Paid up Capital (RM)
1 January 2xx1	Balance	60,000,000
1 June 2xx1	Issue of 10,000,000 new shares for cash	70,000,000
1 Dec 2xx1	Issue of 12,000,000 new shares for cash	82,000,000

Computation of weighted average:

$$(60,000,000 \times 151/365) + (70,000,000 \times 183/365) + (82,000,000 \times 31/365) = 66,882,185$$

- 2.3 Paragraph 2.1 (e) shall not be applicable to closed-end funds, real estate investment trust and infrastructure project companies which have not completed and commenced operations on their infrastructure project(s). For the purpose of this paragraph, "infrastructure project" shall be as defined in the Commission's Policies and Guidelines on Issue/Offer of Securities.

### 3.0 Disclosure obligations of the Affected Listed Issuer

- 3.1 Pursuant to paragraph 8.14C(2)(b) of the Listing Requirements, an Affected Listed Issuer must comply with the following disclosure requirements:-

- (a) within 7 market days from the date a listed issuer fulfils one or more of the criteria prescribed pursuant to paragraph 8.14C(2) of the Listing Requirements, announce the following ("the First Announcement"):-
  - (i) the listed issuer is an Affected Listed Issuer pursuant to this Practice Note;
  - (ii) the obligations of the listed issuer pursuant to this Practice Note;
  - (iii) the consequences of non-compliance with such obligations; and

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- (iv) the status of the listed issuer's plan to comply with the Obligation to Regularise (as defined in paragraph 8.14C(2)(a) of the Listing Requirements) or the status of its endeavours to formulate such a plan, whichever is applicable, or where neither a plan nor any endeavour to formulate such a plan has been undertaken, an appropriate negative statement to such effect;
  - (b) announce the status of its plan as referred to in paragraph (a)(iv) above and the number of months to the end of the relevant timeframes referred to in paragraph 4.1 or 4.2 below, as may be applicable, on a monthly basis (hereinafter referred to as the "Monthly Announcement") until further notice from the Exchange; and
  - (c) announce its compliance or non-compliance with a particular obligation imposed pursuant to this Practice Note on an immediate basis.
- 3.2 The Monthly Announcements must be made on the first market day of each month beginning with the month following the date of the First Announcement.

#### **4.0 Obligation to Regularise**

- 4.1 An Affected Listed Issuer must submit the Regularisation Plan as defined in paragraph 8.14C(3) of the Listing Requirements to the relevant authorities for approval or, where the relevant authorities' approvals are not required, obtain all other approvals necessary for the implementation of the Regularisation Plan within 8 months from the date of the First Announcement (i.e. the Submission Timeframe).
- 4.2 An Affected Listed Issuer must implement the Regularisation Plan within the timeframe stipulated by the relevant authorities or where no timeframe has been stipulated or allowed by the relevant authorities, within the timeframe stipulated by the Exchange (i.e. the Implementation Timeframe).

#### **5.0 Effective Date**

- 5.1 This Practice Note takes effect on 3 January 2005.

[ End of Annexure ]

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**ANNEXURE PN29-E****Amended PN16 Framework**  
(paragraphs 1.2(e), 4.1, 4.2 and 4.3)**[Reproduction of Paragraph 8.14B]****“8.14B Cash Companies**

- (1) A listed issuer that is considered a “Cash Company” by the Exchange must comply with such requirements as may be prescribed by the Exchange, failing which the Exchange may de-list such listed issuer.
- (2) 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, must immediately notify the Exchange of the same in writing (referred to as “the Cash Criterion” in this Part E). The Exchange will make a determination as to whether such listed issuer should be considered a Cash Company pursuant to subparagraph (1) above. A listed issuer considered as a Cash Company by the Exchange will be notified by the Exchange (referred to as “the Notice” in this Part E).
- (3) For the purposes of subparagraph (2) above, the following shall apply:-
  - (a) a listed issuer must, as a minimum requirement, make a determination as to whether it triggers the Cash Criterion when it disposes its assets or business on a group basis or prepares its financial statements or accounts; and
  - (b) “short term investments” means investments which are by their nature readily realisable and intended to be held for 12 months or less including interests (equity or otherwise) in companies.
- (4) A Cash Company must comply with the following additional requirements:-
  - (a) regularize its condition in the following manner:-
    - (i) submit a proposal to regularize its condition to the Commission, and the other relevant authorities, for approval (collectively referred to as the “Approving Authority” in this Part E) within such timeframe as may be stipulated by the Exchange; and
    - (ii) implement its proposal to regularize its condition within the timeframe stipulated by the relevant Approving Authority;
  - (b) provide such information as may be prescribed by the Exchange from time to time for public release; and
  - (c) do such other acts or things as may be required by the Exchange.
- (5) For the purpose of subparagraph (4)(a) above, a “proposal to regularise its condition” refers to a proposal that is substantive and falls within the ambit of section 212 of the CMSA (referred to as “the Proposal” in this Part E).
- (6) A Cash Company which fails to comply with subparagraph (4)(a) above or whose Proposal is rejected by the Approving Authority, may have its listed securities suspended and subsequently de-listing procedures commenced against the Cash Company.

- (7) Subparagraphs (1) and (2) above shall not be applicable to listed issuers whose activities are regulated by any written law relating to banking, finance companies or insurance and are subject to supervision by Bank Negara Malaysia, Participating Organisations, closed-end funds, real estate investment trusts, exchange traded funds, infrastructure project companies which have not completed their infrastructure project(s) and such other category of listed issuers as may be stipulated by the Exchange. For the purpose of this subparagraph, "infrastructure project" shall be as defined in the Commission's Guidelines on the Offering of Equity and Equity-Linked Securities.
- (8) Where a Cash Company has completed the implementation of its Proposal, it must submit an application to the Exchange together with all the necessary documentary evidence to show that it is no longer a Cash Company."

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[Reproduction of Practice Note No. 16/2005]

## “BURSA MALAYSIA SECURITIES BERHAD

### PRACTICE NOTE NO. 16/2005

#### CASH COMPANIES

Issued in relation to paragraphs 8.14B, 16.02 and 16.09 of the Listing Requirements;

And

Pursuant to paragraphs 2.08 and 2.19 of the Listing Requirements.

#### 1.0 Introduction

- 1.1 Paragraph 8.14B(1) of the Listing Requirements states that a listed issuer that is considered a Cash Company must comply with such requirements as may be prescribed by the Exchange.
- 1.2 In this connection, this Practice Note sets out the requirements that must be complied with by a Cash Company.
- 1.3 Nothing in this Practice Note shall be read to restrict the generality of paragraph 8.14B of the Listing Requirements.
- 1.4 The provisions of this Practice Note are in amplification and not in derogation of the obligations of a listed issuer as contained in the Listing Requirements.

#### 2.0 Disclosure obligations of a Cash Company

- 2.1 A Cash Company must comply with the following disclosure requirements. A Cash Company must:-
- (a) immediately upon receipt of the Notice (as defined in paragraph 8.14B(2)) announce the following to the Exchange (hereinafter referred to as the "Initial Announcement"):-
- (i) that the listed issuer is a Cash Company;
  - (ii) the obligations of a Cash Company pursuant to this Practice Note;
  - (iii) the consequences of non-compliance with the aforesaid obligations; and
  - (iv) the status of the Cash Company's proposal to comply with the obligations set out in paragraph 8.14B(4)(a) of the Listing Requirements, or the status of its endeavours/steps to formulate such a proposal, whichever is applicable, or where neither a proposal nor any endeavour to formulate such a proposal has been undertaken, an appropriate negative statement to such effect;
- (b) announce the status of its proposal referred to in subparagraph (a)(iv) above and the number of months to the end of the relevant timeframes referred to in paragraph 3.1 or 3.2 below, as may be applicable, simultaneously with the announcement of its quarterly report pursuant to paragraph 9.22 of the Listing Requirements and in any

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event not later than 2 months after the end of each quarter of a financial year until further notice from the Exchange;

- (c) announce its compliance or non-compliance with a particular obligation imposed pursuant to this Practice Note on an immediate basis; and
- (d) announce details of the Proposal as referred to in paragraph 8.14B(5) of the Listing Requirements which announcement must fulfill the requirements set out in paragraph 2.2 below (hereinafter referred to as “the Requisite Announcement”).

2.2 The Requisite Announcement must satisfy the following conditions:-

- (a) the announcement must contain details of the Proposal and a timeline for the complete implementation of the Proposal; and
- (b) it must be announced by a corporate finance adviser that may act as a principal adviser under the Commission’s Guidelines on Principal Advisers for Corporate Proposals.

2.3 A Cash Company must ensure that prior to the making of the Requisite Announcement, all agreements to be entered into with third parties as part of the Proposal, have been duly executed by all parties to such agreements.

### **3.0 Obligation to Regularise**

3.1 A Cash Company must submit a Proposal, as referred to in paragraph 8.14B(5) of the Listing Requirements, to the relevant Approving Authority as referred to in paragraph 8.14B(4)(a)(i) of the Listing Requirements for approval within 12 months from the date of the Initial Announcement.

3.2 A Cash Company must also implement the Proposal within the timeframe stipulated by the relevant Approving Authority.

### **4.0 Effective Date**

4.1 This Practice Note takes effect on 3 January 2005.

[ End of Annexure ]

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**ANNEXURE PN29-F****Amended PN17 Framework**  
(paragraphs 1.2(f), 4.1, 4.2 and 4.3)**[Reproduction of Paragraph 8.14C]****“8.14C Financial condition and level of operations**

- (1) The financial condition and level of operations of a listed issuer on a consolidated basis must, in the opinion of the Exchange, warrant continued trading and/or listing on the Official List, failing which the Exchange may de-list such listed issuer.
- (2) The Exchange may prescribe certain criteria in relation to the financial condition and level of operations of a listed issuer (referred to as “the Prescribed Criteria” in this Part E), the fulfilment of one or more of which would require the listed issuer (referred to as “the Affected Listed Issuer” in this Part E) to comply with the following additional requirements:-
  - (a) regularise its condition in the following manner (referred to as “the Obligation to Regularise” in this Part E):-
    - (i) submit a plan to regularise its condition to the Commission, and the other relevant authorities for approval, (collectively referred to as the “Approving Authority” in this Part E) within such timeframe as may be stipulated by the Exchange (referred to as “Submission Timeframe” in this Part E); and
    - (ii) implement its plan to regularise its condition within the timeframe stipulated by the relevant Approving Authority (referred to as “Implementation Timeframe” in this Part E),  
  
(the Submission Timeframe and Implementation Timeframe shall be referred to collectively as “the Stipulated Timeframes” in this Part E);
  - (b) provide such information as may be prescribed by the Exchange from time to time for public release; and
  - (c) do such other acts or things as may be required by the Exchange.
- (3) For the purpose of subparagraph (2)(a) above, a “plan to regularise its condition” refers to a plan that is substantive and falls within the ambit of section 212 of the CMSA (referred to as “the Regularisation Plan” in this Part E).
- (4) An Affected Listed Issuer which fails to comply with the Obligation to Regularise shall have all its listed securities suspended from trading on the 5<sup>th</sup> market day after expiry of the Submission Timeframe or Implementation Timeframe, as the case may be, and de-listing procedures shall be commenced against such Affected Listed Issuer.
- (5) Where an Affected Listed Issuer has submitted its Regularisation Plan to the Approving Authority for approval prior to the expiry of the Submission Timeframe but whose Regularisation Plan is rejected by the Approving Authority, the following shall apply:-
  - (a) if the rejection takes place after the expiry of the Submission Timeframe, the Affected Listed Issuer shall have all its listed securities suspended from trading on the 5<sup>th</sup> market day after the Affected Listed Issuer’s announcement of the Approving Authority’s rejection and de-listing procedures shall be commenced against such Affected Listed Issuer; or

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- (b) if the rejection takes place prior to the expiry of the Submission Timeframe, the Affected Listed Issuer shall have all its listed securities suspended from trading on the 5<sup>th</sup> market day after expiry of the Submission Timeframe and de-listing procedures shall be commenced against such Affected Listed Issuer unless either:-
- (i) the Affected Listed Issuer submits a new or revised Regularisation Plan to the Approving Authority for approval within the Submission Timeframe; or
  - (ii) the Affected Listed Issuer appeals against the rejection of the Approving Authority and the appeal is pending upon expiry of the Submission Timeframe.
- (6) In the case of an Affected Listed Issuer falling within the circumstances described under subparagraph (5)(b)(ii) above and the appeal lodged by the Affected Listed Issuer with the Approving Authority is unsuccessful, the Affected Listed Issuer shall have all its listed securities suspended from trading on the 5<sup>th</sup> market day after the Affected Listed Issuer's announcement of the Approving Authority's rejection of the appeal and de-listing procedures shall be commenced against such Affected Listed Issuer.
- (7) Where an Affected Listed Issuer has completed the implementation of its Regularisation Plan, it must submit an application to the Exchange together with all the necessary documentary evidence to show that it no longer triggers any of the Prescribed Criteria.”

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[Reproduction of Practice Note No. 17/2005]

## “BURSA MALAYSIA SECURITIES BERHAD

### PRACTICE NOTE NO. 17/2005

#### CRITERIA AND OBLIGATIONS PURSUANT TO PARAGRAPH 8.14C OF THE LISTING REQUIREMENTS

Issued in relation to paragraphs 8.14C, 16.02 and 16.09 of the Listing Requirements;  
And  
Pursuant to paragraph 2.08 and 2.19 of the Listing Requirements.

#### 1.0 Introduction

1.1 This Practice Note sets out, amongst others, the following:-

- (a) the criteria in relation to the financial condition and level of operations of a listed issuer, the fulfillment of one or more of which will require a listed issuer to comply with the provisions of this Practice Note (a listed issuer which fulfils one or more of the aforesaid criteria shall hereinafter be referred to as “an Affected Listed Issuer”); and
- (b) the requirements that must be complied with by an Affected Listed Issuer.

1.2 Nothing in this Practice Note shall be read to restrict the generality of paragraph 8.14C of the Listing Requirements.

1.3 The provisions of this Practice Note are in amplification and not in derogation of the obligations of a listed issuer as contained in the Listing Requirements.

#### 2.0 Criteria

2.1 Pursuant to paragraph 8.14C(2) of the Listing Requirements, the Exchange prescribes the following criteria (hereinafter referred to as the “Prescribed Criteria”), the fulfillment of one or more of which will require a listed issuer to comply with the provisions of paragraph 8.14C and this Practice Note :-

- (a) the shareholders’ equity of the listed issuer on a consolidated basis is equal to or less than 25% of the issued and paid-up capital of the listed issuer and such shareholders’ equity is less than the minimum issued and paid-up capital as required under paragraph 8.16A(1) of the Listing Requirements ;
- (b) receivers and/or managers have been appointed over the asset of the listed issuer, its subsidiary or associated company which asset accounts for at least 50% of the total assets employed of the listed issuer on a consolidated basis;
- (c) a winding up of a listed issuer’s subsidiary or associated company which accounts for at least 50% of the total assets employed of the listed issuer on a consolidated basis;
- (d) the auditors have expressed an adverse or disclaimer opinion in the listed issuer’s latest audited accounts;

- 
- (e) the auditors have expressed a modified opinion with emphasis on the listed issuer's going concern in the listed issuer's latest audited accounts and the shareholders' equity of the listed issuer on a consolidated basis is equal to or less than 50% of the issued and paid-up capital of the listed issuer;
  - (f) a default in payment by a listed issuer, its major subsidiary or major associated company, as the case may be, as announced by a listed issuer pursuant to Practice Note No 1/2001 and the listed issuer is unable to provide a solvency declaration to the Exchange.
  - (g) the listed issuer has suspended or ceased:-
    - (i) all of its business or its major business; or
    - (ii) its entire or major operations,for any reasons whatsoever including, amongst others, due to or as a result of:-
    - (aa) the cancellation, loss or non-renewal of a licence, concession or such other rights necessary to conduct its business activities;
    - (bb) the disposal of the listed issuer's business or major business; or
    - (cc) a court order or judgment obtained against the listed issuer prohibiting the listed issuer from conducting its major operations on grounds of infringement of copyright of products etc; or
  - (h) the listed issuer has an insignificant business or operations.

2.2 For the purposes of this Practice Note, unless the context otherwise requires:-

- (a) the components of "shareholders' equity" shall be as prescribed under the approved accounting standards of the Malaysian Accounting Standards Board;
- (b) "total assets employed" shall be based on the listed issuer's latest audited or unaudited accounts ;
- (c) in relation to paragraph 2.1(g), "major" means such proportion that contributes or generates 70% or more of the listed issuer's revenue on a consolidated basis based on its latest annual audited or unaudited accounts ; and
- (d) "insignificant business or operations" means 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) of the listed issuer (hereinafter referred to as "Capital") based on its latest annual audited or unaudited accounts .

For the purpose of computation, the following shall apply:-

- (i) "revenue on a consolidated basis" shall comprise of the revenue of the listed issuer, its subsidiaries, as well as revenue from the listed issuer's associated companies, calculated on a proportionate basis, based on the listed issuer's equity holding in the associated companies; and
- (ii) where there is/are a change/changes to the Capital in that financial year, the weighted average Capital for that financial year shall be used. The weighted average Capital means the total amount of the Capital at the beginning of the financial year, adjusted by the amount of increase or reduction in the Capital

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during that financial year multiplied by a time-weighting factor. The time-weighting factor is the number of days that the specific Capital is outstanding as a proportion of the total number of days in that financial year.

Example - Weighted Average of Capital for financial year ended 31 December 2xx1

		Issued and Paid up Capital (RM)
1 January 2xx1	Balance	60,000,000
1 June 2xx1	Issue of 10,000,000 new shares for cash	70,000,000
1 Dec 2xx1	Issue of 12,000,000 new shares for cash	82,000,000

Computation of weighted average:

$$(60,000,000 \times 151/365) + (70,000,000 \times 183/365) + (82,000,000 \times 31/365) = 66,882,185$$

- 2.3 Paragraph 2.1 (h) shall not be applicable to closed-end funds, real estate investment trusts, exchange traded funds and infrastructure project companies which have not completed and commenced operations on their infrastructure project(s). For the purpose of this paragraph, "infrastructure project" shall be as defined in the Commission's Guidelines on the Offering of Equity and Equity-Linked Securities.

### **3.0 Disclosure obligations of the Affected Listed Issuer**

- 3.1 Pursuant to paragraph 8.14C(2)(b) of the Listing Requirements, an Affected Listed Issuer must comply with the following disclosure requirements:-

- (a) announce the following, on an immediate basis (hereinafter referred to as "the First Announcement") upon the Affected Listed Issuer fulfilling one or more of the Prescribed Criteria:-
- (i) that the listed issuer is an Affected Listed Issuer pursuant to this Practice Note;
  - (ii) the obligations of the listed issuer pursuant to this Practice Note;
  - (iii) the consequences of non-compliance with such obligations; and
  - (iv) the status of the listed issuer's plan to comply with the Obligation to Regularise (as defined in paragraph 8.14C(2)(a) of the Listing Requirements) or the status of its endeavours to formulate such a plan, whichever is applicable, or where neither a plan nor any endeavour to formulate such a plan has been undertaken, an appropriate negative statement to such effect;
- (b) announce the status of its plan as referred to in paragraph (a)(iv) above and the number of months to the end of the relevant timeframes referred to in paragraph 4.1 or 4.2 below, as may be applicable, on a monthly basis (hereinafter referred to as the "Monthly Announcement") until further notice from the Exchange;
- (c) announce its compliance or non-compliance with a particular obligation imposed pursuant to this Practice Note on an immediate basis; and

- (d) announce details of the Regularisation Plan as referred to in paragraph 8.14C(3) of the Listing Requirements which announcement must fulfill the requirements set out in paragraph 3.1A below (hereinafter referred to as "the Requisite Announcement").

3.2 The Requisite Announcement must satisfy the following conditions:-

- (a) the announcement must contain details of the Regularisation Plan and a timeline for the complete implementation of the Regularisation Plan; and
- (b) it must be announced by a corporate finance adviser that may act as a principal adviser under the Commission's Guidelines on Principal Advisers for Corporate Proposals 3.1B. An Affected Listed Issuer must ensure that prior to the making of the Requisite Announcement:-
- (i) all agreements to be entered into with third parties as part of the Regularisation Plan, have been duly executed by all parties to such agreements; and
- (ii) where the Regularisation Plan involves a compromise or arrangement with the Affected Listed Issuer's creditors, the Affected Listed Issuer has taken reasonable steps to procure the agreement-in-principle of such creditors.

3.3 The Monthly Announcements must be made on the first market day of each month beginning with the month following the date of the First Announcement.

#### **4.0 Obligation to Regularise**

4.1 An Affected Listed Issuer must submit a Regularisation Plan as referred to in paragraph 8.14C(3) of the Listing Requirements to the Approving Authority as referred to in paragraph 8.14C(2)(a)(i) of the Listing Requirement for approval within 8 months from the date of the First Announcement (i.e. the Submission Timeframe)

4.2 An Affected Listed Issuer must implement Regularisation Plan within the timeframe stipulated by the relevant Approving Authority.

#### **5.0 Effective Date**

5.1 This Practice Note takes effect on 3 January 2005."

[ End of Annexure ]