

THE MAIN MARKET

Key Changes to the LR

- PN17 Companies**
- Cash Companies**
- Default in Payment**

6 July 2009

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Key Changes to Requirements for PN17 Companies

Statistics of Financially Distressed Companies

- **Statistics of Amended PN17, PN17 and PN4 companies as at 31 May 2009**

PN	Outstanding	Regularised	De-listed
Amended PN17	40	7	34
PN17	2	13	7
PN4	1	87	40
Total	43	107	81

PN17 Co. - Change of Prescribed Criteria

- Amendment to shareholders' equity criterion

Existing Criteria

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

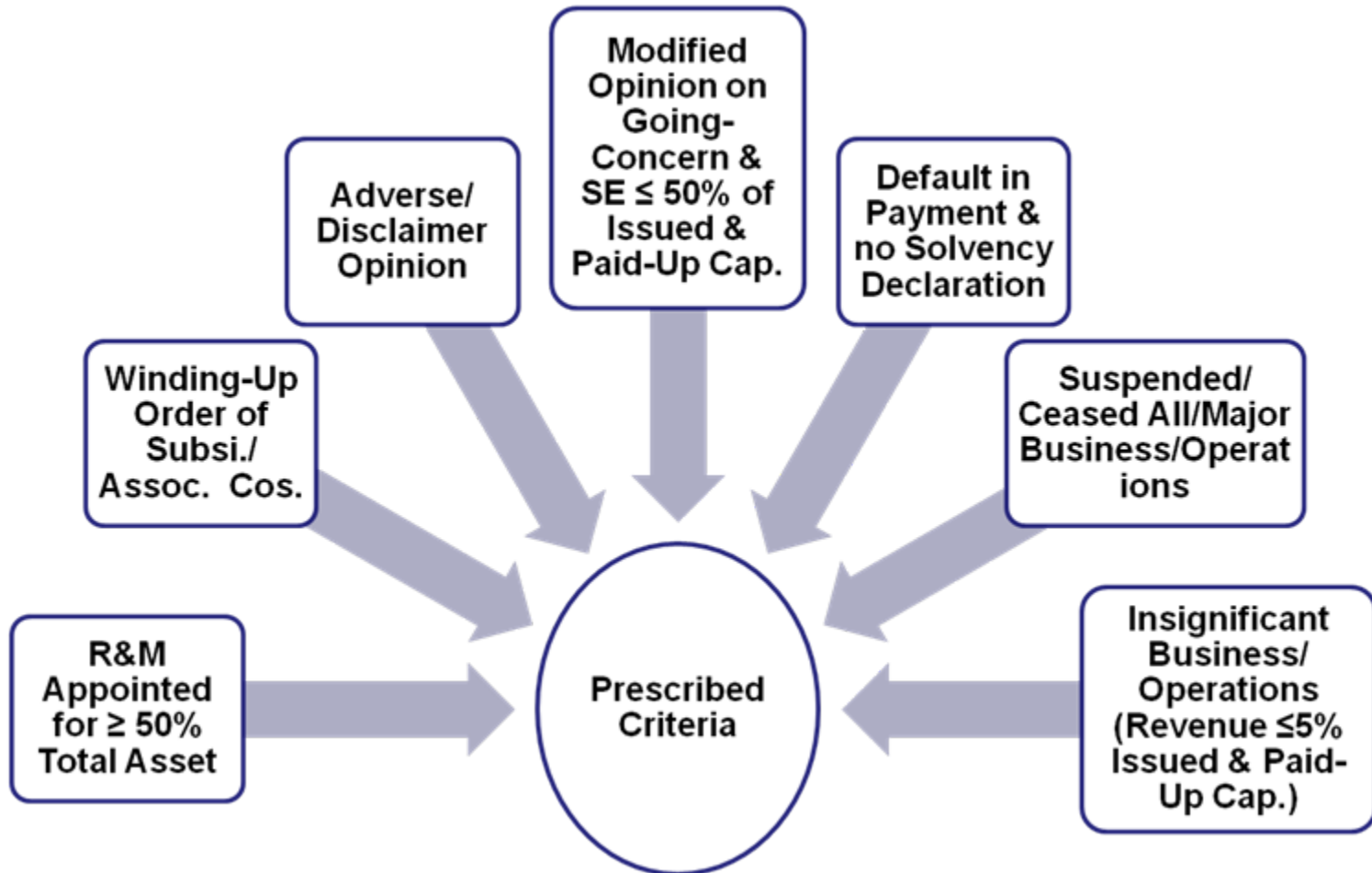


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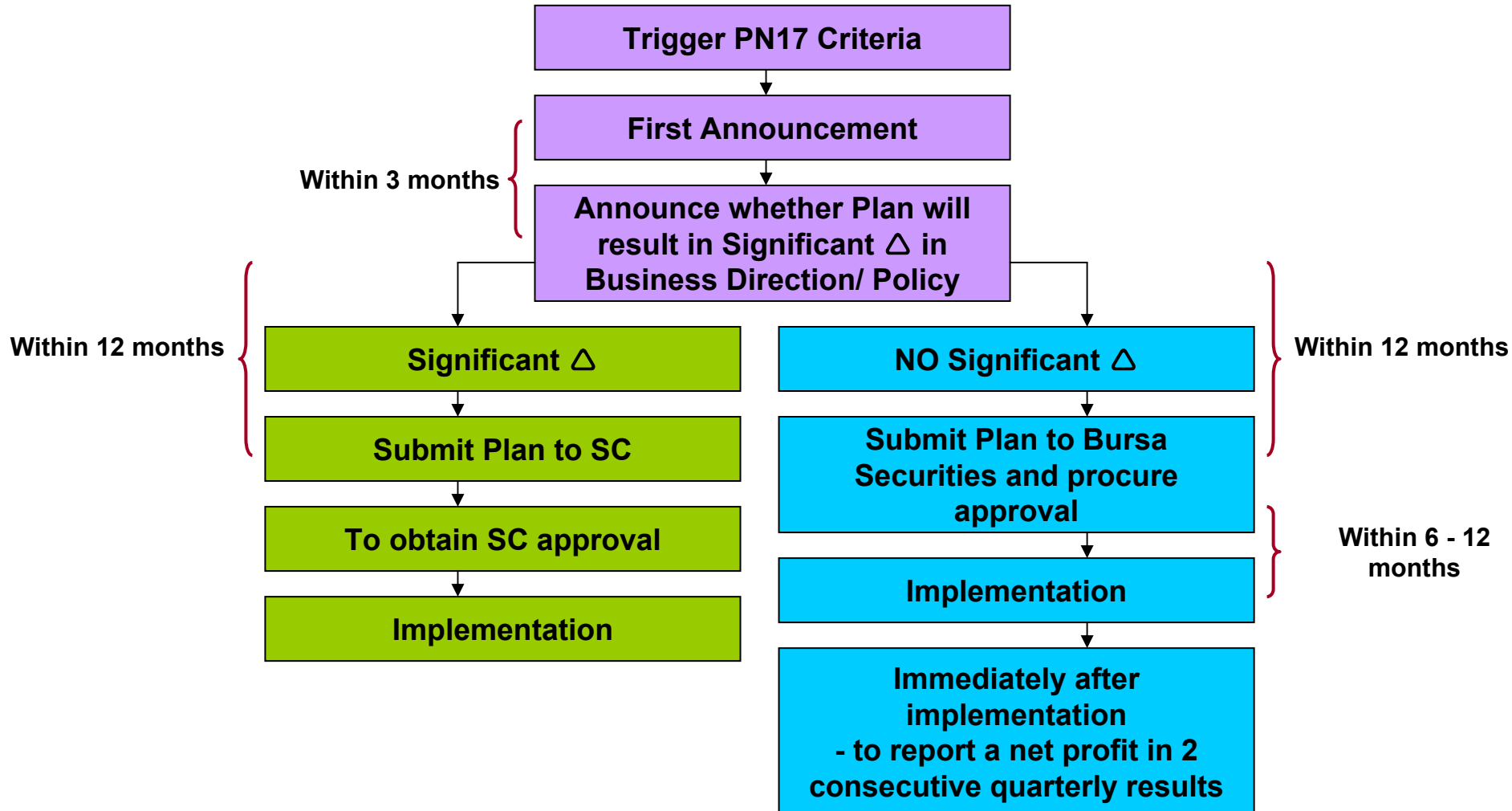
- (a) shareholders' equity
- $\leq 25\%$ of the issued & paid-up capital (**excluding treasury shares**)
 - $<$ RM40 million

PN17 Co. - Change of Prescribed Criteria (Cont'd)

■ No change to other Prescribed Criteria



PN17 Co. – Regularisation Flowchart



PN17 Co. – New Requirements on Regularisation Obligations

Disclosure



Announce within 3 months from FA - whether the reg. plan will result in a significant change in business direction/policy

If reg. plan will result in significant change in the business direction or policy –

- (a) submit plan to SC for approval, within 12 months from FA date; and
- (b) complete implementation within timeframe prescribed by SC.

Obligation to Regularise



If reg. plan will not result in significant change in the business direction or policy –

- (a) submit plan to Bursa & obtain Bursa's approval within 12 months from FA date;
- (b) complete implementation of the plan within 6 – 12* months from plan approval date; and

Must record net profit in 2 consecutive quarterly results immediately after completion - quarterly results subject to limited review by external auditor

* For plan which involves Court proceeding

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

Regularisation Obligations

Failure to Comply with Obligations to Regularise



Bursa Send Notice of Suspension

5 Market Days Suspension Notice

Suspend

De-list Subject to Right to Appeal

Trigger Prescribed Criteria Within 3 Years After De-classified as PN17 Co.



Must undertake a reg. plan which will result in a significant change in its business direction or policy

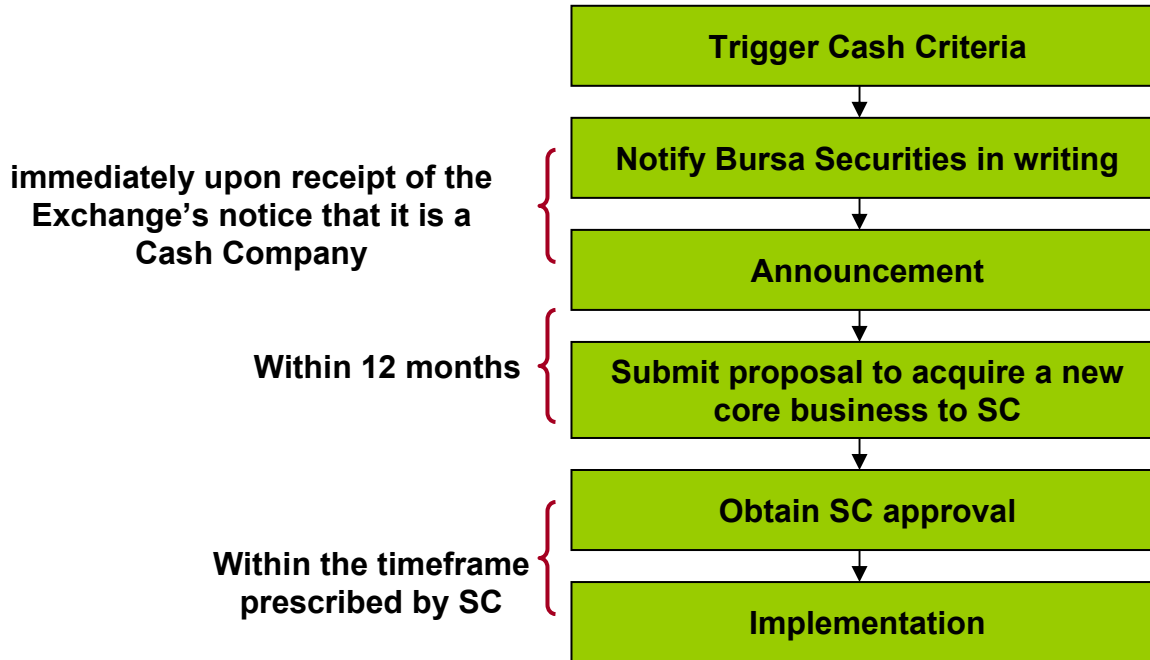
Key Changes to Requirements for Cash Companies

What is a Cash Company?

Criteria

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



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 SC for Approval within **12 months** & Implement within SC's timeline

Transitional Arrangements for Cash & PN17 Companies

Transitional Arrangements for Cash & PN17 Companies

Existing Cash & PN17 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 Amended PN17 Framework.

Key Changes to Practice Note 1 Default in Payment

PN1 – Amendments to Event of Default

- General - default not dependent on demand

Existing Provisions

(a) Default for credit facility is $\geq 5\%$ of PLC's net assets

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

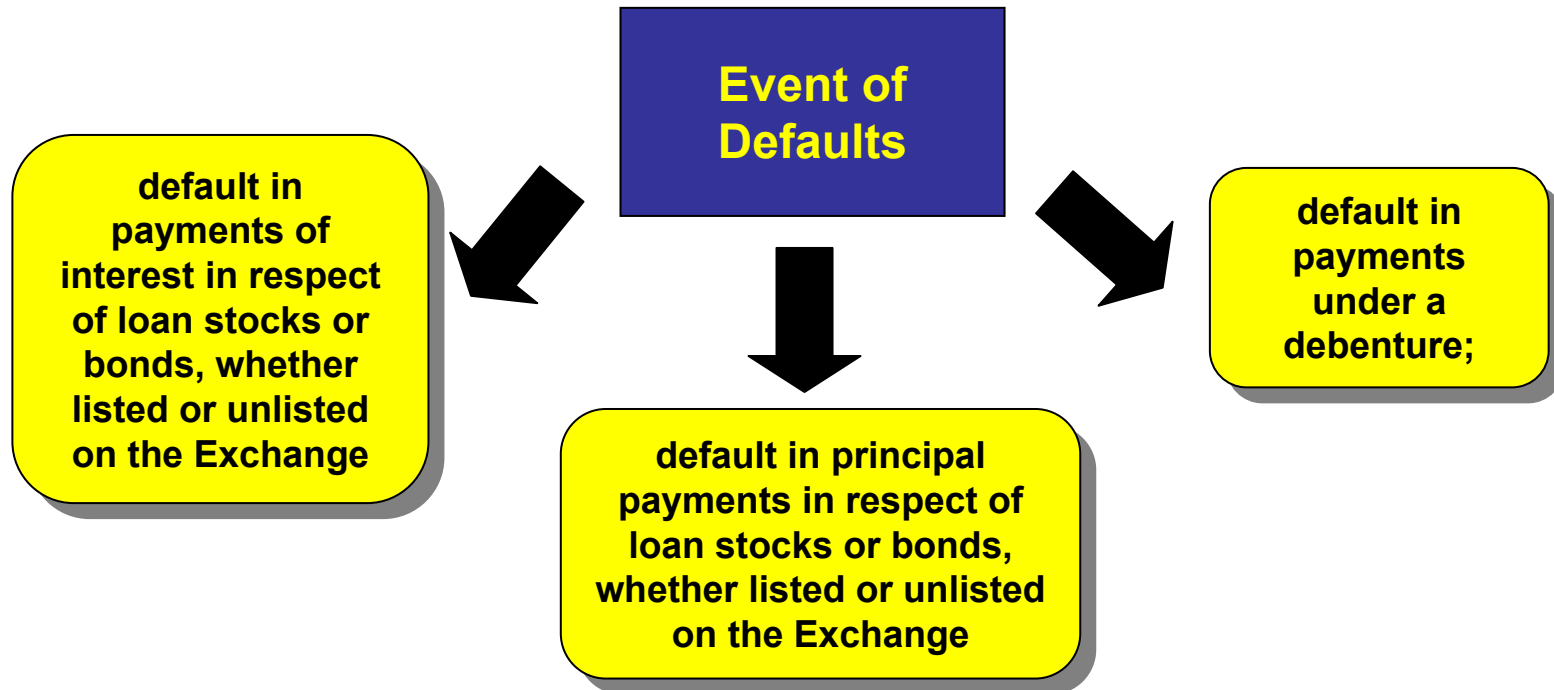
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(a) Default where the total amount outstanding of the defaulted credit facility is $\geq 5\%$ of PLC's net assets

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

PN1 – Amendments to Event of Default

- No change to other Event of Defaults



PN1 – Amendments to Definition of Solvency

Existing Provisions

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



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(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

PN17 Co. - Definition of “net profit”

Net profit after minority interest and excludes one off items, such as -

- (i) interest waiver;**
- (ii) negative goodwill credited to income statement;**
- (iii) gain/loss arising from sale of investment in associated companies/subsidiaries or land and building; and**
- (iv) restructuring cost.**



Cash Co. – Definition of “Custodian”

“**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