

Our Ref: IS/RO/fz/LD17/20 [AdditionalReliefMeasures/Covid-19]

16 April 2020

The Company Secretary
(ACE Market Listed Corporations)

Via email

Dear Sir/Madam,

ADDITIONAL TEMPORARY RELIEF MEASURES TO LISTED CORPORATIONS:

- (A) FURTHER EXTENSION OF TIME FOR SUBMISSION OF QUARTERLY AND ANNUAL REPORTS;
- (B) INCREASED GENERAL MANDATE LIMIT FOR NEW ISSUE OF SECURITIES; AND
- (C) FURTHER RELIEF MEASURES TO LISTED CORPORATIONS WITH UNSATISFACTORY FINANCIAL CONDITION

(A) **INTRODUCTION**

1. Bursa Malaysia Securities Berhad (“the Exchange”) is committed to assist and support listed corporations in these trying and challenging times due to the COVID-19 pandemic. Hence, further to our letters to listed corporations dated 17, 24 and 26 March 2020, the Exchange is pleased to announce additional relief measures for listed corporations to ease compliance and facilitate their capital raising in a timely and cost-effective manner.

(B) **BACKGROUND**

2. The Government had, on 10 April 2020, announced the second extension of the Movement Control Order (“MCO”) for another 2 weeks, from 15 April until 28 April 2020 (“Extended MCO Period”), throughout the country.
3. On our part, the Exchange continues to assess if any further relief measures are necessary to aid and facilitate listed corporations in sustaining their business or easing their compliance with our rules, amid the unprecedented uncertainty surrounding the recovery of the COVID-19 outbreak and MCO.
4. In this regard, the Exchange has introduced additional relief measures for listed corporations as set out below.

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(C) **FURTHER EXTENSION OF TIME FOR SUBMISSION OF QUARTERLY REPORTS AND ANNUAL REPORTS**

- 5. The Exchange notes that since the entire month of April 2020 is subject to the MCO and Extended MCO Period, listed corporations with financial statements due by 31 May 2020, may not have sufficient time to prepare and issue their financial statements. Further, auditors are unable to perform the onsite audit on listed corporations, resulting in potential delay in finalising the audited financial statements for listed issuers
- 6. In view of the above, the Exchange will grant an extension of time **until 30 June 2020** for the issuance of the following:
 - (a) quarterly reports (“QR”) and annual reports that include annual audited financial statements and the auditors’ and directors’ reports (“AR”) which are due by 31 May 2020; and
 - (b) QRs and ARs due by 30 April 2020 (which had been extended to 31 May 2020 via our letter to listed corporations dated 26 March 2020).
- 7. Notwithstanding the extension in **paragraph 6** above, the Exchange would like to remind listed corporations of the following:
 - (a) listed corporations must continue to comply with the continuing disclosure obligations under the ACE Market Listing Requirements (“ACE LR”), including the obligation to make immediate announcement of any material information under Rule 9.03; and
 - (b) if the preparation of the QR and AR is not adversely affected by the extended MCO and COVID-19 pandemic, and listed corporations are able to issue the said reports within the prescribed timelines under the ACE LR, they must continue to do so without any undue delay.

This is to ensure that shareholders and investors continue to receive material and financial information in a timely manner.

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(D) INCREASED GENERAL MANDATE LIMIT FOR NEW ISSUE OF SECURITIES

- 8. The Exchange recognises the need for listed corporations to raise funds quickly and efficiently during this challenging time, to ensure the long-term sustainability and interest of the listed corporations and their shareholders.
- 9. Hence, the Exchange will, as an interim measure, allow a listed corporation to seek a higher general mandate under Rule 6.04 of the ACE LR of not more than 20%¹ of the total number of issued shares (excluding treasury shares) for issue of new securities (“20% General Mandate”) provided that the following are being complied with:
 - (a) the listed corporation procures its shareholder approval for the 20% General Mandate at a general meeting;
 - (b) the listed corporation complies with all the relevant applicable legal requirements, including its constitution or relevant constituent document; and
 - (c) in addition to the existing disclosures required in the statement accompanying the proposed resolution under Rule 6.04(3) of the ACE LR, the listed corporation must also disclose the views from its board of directors’ that the 20% General Mandate is in the best interest of the listed corporation and its shareholders, as well as the basis for such views.
- 10. The 20% General Mandate may be utilised by a listed corporation to issue new securities until 31 December 2021. After that, the 10% limit under Rule 6.04(1) of the ACE LR will be reinstated.
- 11. The listed corporation must also continue to comply with all the other requirements for new issue of securities under the ACE LR.
- 12. The Exchange seeks to give listed corporations additional fund-raising flexibility through the 20% Mandate to meet their funding requirements such as working capital and operational expenditure, expeditiously and efficiently, during this challenging time.

¹ Instead of 10% under the existing requirement under Rule 6.04(1) of the ACE LR.

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- 13. The Exchange takes cognisance that the COVID-19 pandemic and the unprecedented measures imposed by the Government through the MCO and Extended MCO Period may adversely affect both the operations and financial conditions of listed corporations. Therefore, it is important for listed corporations to focus on sustaining their businesses and operations.
- 14. Hence, the Exchange will be granting affected listed corporations relief from complying with the obligations under Rule 8.04 and Guidance Note 3 (“GN3”) of the ACE LR (“GN3 Relief Measures”).
- 15. The GN3 Relief Measures will be available to a listed corporation (“Affected Listed Corporation”) that triggers any of the following criteria under GN3 of the ACE LR (“Suspended Criteria”) from 17 April 2020 to 30 June 2021 (“Relief Period”):
 - (a) its shareholders’ equity is 25% or less of its share capital of the listed corporation;²
 - (b) it has incurred loss in any 1 full financial year (“FY”) commencing on or after its listing, which is equal to or exceed the amount of its shareholders’ equity at the end of the said FY and its shareholders’ equity is equal to or less than 50% of its share capital at the end of the said FY;³
 - (c) it has incurred aggregated losses in any 2 consecutive full FYs commencing on or after its listing (“said financial period”) -
 - (i) which exceed the amount of its shareholders’ equity at the end of the said financial period;
 - (ii) the loss incurred in the 2nd full FY of the said financial period is 50% or more of the loss incurred in the 1st full FY of the said financial period; and
 - (iii) its shareholders’ equity is equal to or less than 50% of its share capital at the end of the said financial period;⁴

² Paragraph 2.1(a) of GN3 of the ACE LR.

³ Paragraph 2.1(b) of GN3 of the ACE LR.

⁴ Paragraph 2.1(c) of GN3 of the ACE LR.

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- (d) auditors have highlighted a material uncertainty related to going concern or expressed a qualification on the listed corporation's ability to continue as a going concern in its latest audited financial statements and its shareholders' equity on a consolidated basis is 50% or less of its share capital (excluding treasury shares)⁵; and
 - (e) default in payment by the listed corporation, its major subsidiary or major associated company, as the case may be, as announced pursuant to Rule 9.19A of the ACE LR and the listed corporation is unable to provide a solvency declaration to the Exchange⁶.
16. Under the GN3 Relief Measures -
- (a) an Affected Listed Corporation that triggers any of the Suspended Criteria during the Relief Period will not be classified as a GN3 listed corporation and will not be required to comply with the obligations pursuant to Rule 8.04 and GN3 of the ACE LR for a period of 12 months from the date of triggering the criteria;
 - (b) the Affected Listed Corporation will still be required to make an immediate announcement that it has triggered the Suspended Criteria and the relief provided ("**Relief Announcement**"); and
 - (c) upon the expiry of the 12 months from the Relief Announcement, the Affected Listed Corporation must re-assess its condition and announce whether it continues to trigger any of the criteria in GN3 of the ACE LR ("**said Announcement**"); and
 - (f) if the Affected Listed Corporation continues to trigger any of the criteria in GN3 of the ACE LR, it will then be classified as a GN3 listed corporation and must comply with all the obligations under Rule 8.04 and GN3 of the ACE LR, including the obligation to submit a regularisation plan to the Exchange within 12 months from the said Announcement.

Please see **Annexure A** for an illustration of the GN3 Relief Measures.

⁵ Paragraph 2.1(g) of GN3 of the ACE LR.

⁶ Paragraph 2.1(h) of GN3 of the ACE LR.

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17. The Exchange had, on 26 March 2020, granted extension of time for financially distressed listed corporations under GN3 to submit their regularisation plan (from the existing 12 months to 24 months from the date they first announce they triggered the GN3 criteria). This applies to listed corporations which trigger the criteria in 2019 and 2020.

To aid understanding and provide clarity on the measures granted so far, we set out below a snapshot of the measures granted to listed corporations with unsatisfactory financial condition:

Triggering Criteria and Period	Listed corporation triggers the Suspended Criteria between 2 January 2019 and 16 April 2020 (both dates inclusive)	Listed corporation triggers the Suspended Criteria between 17 April 2020 and 30 June 2021 (both dates inclusive)	Listed corporation triggers the GN3 criteria other than the Suspended Criteria between 2 January 2019 and 31 December 2020 (both dates inclusive)
Relief Measure Applicable	The listed corporation is classified as a GN3 listed corporation but accorded with a longer timeframe of 24 months (instead of the existing 12 months) for submission of regularisation plan as provided in our letter dated 26 March 2020.	The listed corporation will not be classified as a GN3 listed corporation and the GN3 Relief Measures as set out in paragraph 16 above are applicable.	The listed corporation will be classified as a GN3 listed corporation but accorded with a longer timeframe of 24 months (instead of the existing 12 months) for submission of regularisation plan as provided in our letter dated 26 March 2020.

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- 18. The Exchange will continue to monitor the situation and will determine if further measures are required.
- 19. In the meantime, if you have any queries on the above, please do not hesitate to contact Listing Advisory, Listing Department at 03-2034 7766.

Thank you.

Yours faithfully,



REGULATION

An illustration of a scenario where PLC A triggers one of the Suspended Criteria on 30 April 2020

