

Practice Note No. 17/2005 (30/11/2004)

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:

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

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;

-- 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;

-- the auditors have expressed adverse or disclaimer opinion
in respect of the listed issuer's going concern, in its
latest audited accounts;

-- the listed issuer has suspended or ceased:

- (b) all of its business or its major business; or 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 the listed issuer has an insignificant business or operations.

2.2 For the purposes of this Practice Note:

"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;

-- "total assets employed" shall be based on the listed issuer's latest audited or unaudited accounts;

-- "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.

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

"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:

"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

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 70,000,000
new shares for cash

1 Dec 2xx1 Issue of 12,000,000 82,000,000 new shares for cash

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, property trust 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 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:

- 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"):
- the listed issuer is an Affected Listed Issuer pursuant to this Practice Note;
- the obligations of the listed issuer pursuant to this Practice Note;
- the consequences of non-compliance with such obligations; and
- 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;
- 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

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 Regularization 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.