

APPENDIX 3

REGULARISATION PLANS FOR FINANCIALLY DISTRESSED LISTED ISSUERS AND
 FRAMEWORK FOR LISTED ISSUERS WITH INADEQUATE LEVEL OF OPERATIONS

MAIN MARKET LISTING REQUIREMENTS

CHAPTER 8 – CONTINUING LISTING OBLIGATIONS

Paragraph 8.03A

Level of operations

- (1) A listed issuer must maintain an adequate level of operations to warrant continued trading or listing on the Official List.
- (2) The following are circumstances which indicate that a listed issuer may not have a level of operations that is adequate to warrant continued trading or listing on the Official List:
- (a) 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 reason 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
- (b) the listed issuer has an insignificant business or operations.
- (3) Subject to subparagraphs (5) and (6) below, a listed issuer that triggers subparagraphs (2)(a) or (2)(b) above (“**affected listed issuer**”) must comply with the following, failing which the Exchange may suspend the trading of listed securities of such listed issuer or de-list the listed issuer, or both:
- (a) immediately announce to the Exchange of its condition and provide such information from time to time for public release in accordance with the disclosure obligations set out in paragraph 4.0 of Practice Note 17, with the necessary modifications;

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	<p>(b) <u>regularise its condition by complying with the requirements set out in paragraph 8.04(3) and paragraph 5.0 of Practice Note 17, with the necessary modifications; and</u></p> <p>(c) <u>comply with such other requirements or do such other acts or things as may be prescribed or required by the Exchange.</u></p> <p>(4) <u>Where the Exchange approves the regularisation plan of an affected listed issuer pursuant to subparagraph (3)(b) above, such approval may be unconditional or subject to such conditions, as it deems fit. If the regularisation plan is rejected by the Exchange, the affected listed issuer may appeal against the decision of the Exchange within 30 days from the date of its rejection.</u></p> <p>(5) <u>An affected listed issuer need not comply with the requirements set out in subparagraph (3) above provided that -</u></p> <p>(a) <u>the affected listed issuer is able to demonstrate to the satisfaction of the Exchange that its remaining business is viable, sustainable and has growth prospects, supported with appropriate justifications; and</u></p> <p>(b) <u>in the view of the Exchange, its level of operations warrant continued trading or listing on the Official List.</u></p> <p>(6) <u>An affected listed issuer intending to rely on subparagraph (5) above must announce the following to the Exchange:</u></p> <p>(a) <u>immediately upon the affected listed issuer triggering subparagraphs (2)(a) or (2)(b) above, a statement to that effect and that it has made an application to the Exchange pursuant to subparagraph (5) above; and</u></p> <p>(b) <u>immediately upon its receipt of the Exchange's decision on its application, the Exchange's decision and the conditions imposed (if any).</u></p> <p>(7) <u>For the purposes of this paragraph, unless the context otherwise requires –</u></p> <p>(a) <u>in relation to subparagraph (2)(a) above, "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 financial statements;</u></p> <p>(b) <u>"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 and treasury shares) or the unit holders capital of the listed issuer ("Capital") based on its latest annual audited or unaudited financial statements.</u></p>
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For the purpose of computation, the following applies:

- (i) “revenue on a consolidated basis” comprises 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 must 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

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

Computation of weighted average:

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

- (8) Subparagraph (2)(b) above is not applicable to closed-end funds, real estate investment trusts, exchange-traded funds, infrastructure project corporations which have not completed and commenced operations on their infrastructure project(s) and special purpose acquisition companies.

[Cross reference: Practice Notes 17 and 29]

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Paragraph 8.04	<p>Financial condition and level of operations</p> <p>(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 or listing on the Official List.</p> <p>(2) The Exchange may prescribe certain criteria in relation to the financial condition and level of operations of a listed issuer ("Prescribed Criteria"). When a listed issuer triggers any of the Prescribed Criteria ("PN17 Issuer"), it must comply with such requirements as may be prescribed by the Exchange, failing which the Exchange may suspend the trading of listed securities of such listed issuer or de-list it, or both.</p> <p>(3) A PN17 Issuer must -</p> <p style="margin-left: 20px;">(a) regularise its condition in the following manner:</p> <p style="margin-left: 40px;">(i) within 12 months from the date it announces that it is a PN17 Issuer:</p> <p style="margin-left: 60px;">(aa) submit a regularisation plan to the SC if the plan will result in a significant change in the business direction or policy of the PN17 Issuer; or</p> <p style="margin-left: 60px;">(bb) submit a regularisation plan to the Exchange if the plan will not result in a significant change in the business direction or policy of the PN17 Issuer, and obtain the Exchange's approval to implement the plan; and</p> <p style="margin-left: 40px;">(ii) implement the plan within the timeframe stipulated by the SC or the Exchange as the case may be;</p> <p style="margin-left: 20px;">(b) provide such information as may be prescribed by the Exchange from time to time for public release; and</p> <p style="margin-left: 20px;">(c) do such other acts or things as may be required by the Exchange.</p> <p>(4) Where the Exchange approves the regularisation plan of a PN17 Issuer, such approval may be unconditional or subject to such conditions, as it deems fit. If the regularisation plan is rejected by the Exchange, the PN17 Issuer may appeal against the decision of the Exchange within 4 month <u>30 days</u> from the date of its rejection.</p> <p>(5) If a PN17 Issuer fails to comply with any part of its obligations under subparagraph (3)(a) above <u>within the timeframes permitted by the Exchange</u>, the Exchange shall -</p> <p style="margin-left: 20px;">(a) suspend the trading of the PN17 Issuer's listed securities on the next market day after 5 market days from <u>6th market day after</u> the date of notification of suspension by the Exchange; and</p>
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	<p>(b) de-list such PN17 Issuer subject to the latter's right to appeal against the de-listing under subparagraph (6) below.</p> <p>(6) <u>Unless otherwise specified, Aa</u> PN17 Issuer which intends to appeal against a de-listing under this paragraph 8.04 must submit its appeal to the Exchange within 5 market days from the date of notification of de-listing by the Exchange.</p> <p>(7) Where there is an appeal <u>against de-listing has been</u> submitted to the Exchange, the Exchange shall stay the de-listing of the PN17 Issuer concerned pending consideration of the appeal. However, the Exchange shall suspend the trading of the PN17 Issuer's listed securities on the <u>next 6th</u> market day after 5 market days from the date of notification of suspension by the Exchange even though the decision of the appeal is still pending.</p> <p>(8) For a PN17 Issuer to be no longer considered a PN17 Issuer, the PN17 Issuer must –</p> <p>(a) complete the implementation of its regularisation plan; and</p> <p>(b) submit an application to the Exchange to demonstrate that it is no longer a PN17 Issuer, together with all the necessary documentary evidence.</p> <p>The fact that a PN17 Issuer has ceased to trigger the Prescribed Criteria before it completes the implementation of its regularisation plan, would not entitle it to be no longer considered as a PN17 Issuer for the purpose of this subparagraph.</p> <p>(9) If a PN17 Issuer triggers any one or more of the Prescribed Criteria within 3 years after it is no longer considered a PN17 Issuer, such PN17 Issuer must undertake a regularisation plan which will result in a significant change in its business direction or policy and submit the plan to the SC for approval. The PN17 Issuer must also comply with all requirements set out in this paragraph 8.04.</p> <p><i>[Cross reference: Practice Notes 17 and 29]</i></p>
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PRACTICE NOTE 17 – CRITERIA AND OBLIGATIONS OF PN17 ISSUERS

Practice Note 17	<p>CRITERIA AND OBLIGATIONS OF PN17 ISSUERS</p> <p>1.0 Introduction</p> <p>1.1 This Practice Note sets out, amongst others, the following:</p> <p>(a) the criteria in relation to the financial condition <u>and level of operations</u> of a listed issuer, which if triggered will give rise to an obligation for the listed issuer to comply with the provisions of this Practice Note; and</p> <p>(b) the requirements that must be complied with by a PN17 Issuer, including a PN17 Business Trust.</p>
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	<p>2.0 Criteria</p> <p>2.1 Pursuant to paragraphs 8.04(2) of the Listing Requirements, where a listed issuer triggers any one or more of the following Prescribed Criteria it must comply with the provisions of paragraph 8.04 and this Practice Note:</p> <p>(a) the shareholders' equity of the listed issuer on a consolidated basis is 25% or less of the issued and paid-up capital (excluding treasury shares) of the listed issuer and such shareholders' equity is less than RM40 million;</p> <p>(b) receivers 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;</p> <p>(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;</p> <p>(d) the auditors have expressed an adverse or disclaimer opinion in the listed issuer's latest audited financial statements;</p> <p>(e) the auditors have expressed an emphasis of matter on the listed issuer's ability to continue as a going concern in the listed issuer's latest audited financial statements and the shareholders' equity of the listed issuer on a consolidated basis is 50% or less of the issued and paid-up capital (excluding treasury shares) of the listed issuer; <u>or</u></p> <p>(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 <u>Practice Note 4 paragraph 9.19A of the Listing Requirements</u> and the listed issuer is unable to provide a solvency declaration to the Exchange;</p> <p>(g) the listed issuer has suspended or ceased-</p> <p style="padding-left: 20px;">(i) all of its business or its major business; or</p> <p style="padding-left: 20px;">(ii) its entire or major operations,</p> <p style="padding-left: 20px;">for any reasons whatsoever including, amongst others, due to or as a result of-</p> <p style="padding-left: 20px;">(aa) the cancellation, loss or non-renewal of a licence, concession or such other rights necessary to conduct its business activities;</p> <p style="padding-left: 20px;">(bb) the disposal of the listed issuer's business or major business; or</p>
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	<p style="text-align: center;">(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; [deleted]</p> <p style="text-align: center;">(h) the listed issuer has an insignificant business or operations. [deleted]</p> <p>2.1A In relation to a listed issuer which is a business trust, where the business trust triggers any one or more of the following Prescribed Criteria (“PN17 Business Trust”) instead of the Prescribed Criteria in paragraph 2.1 above, it must comply with the provisions of paragraph 8.04 and this Practice Note:</p> <p>(a) the unit holders’ fund (excluding non-controlling interest) on a consolidated basis is negative;</p> <p>(b) receivers or managers have been appointed over the asset of the business trust, which asset accounts for at least 50% of the total assets employed of the business trust on a consolidated basis;</p> <p>(c) a winding up of a business trust’s subsidiary or associated company which accounts for at least 50% of the total assets employed of the business trust on a consolidated basis;</p> <p>(d) the auditors have expressed an adverse or disclaimer opinion in the business trust’s latest audited financial statements; or</p> <p>(e) a default in payment of loans or credit facilities of a business trust or its major subsidiary or major associated company, as announced by the trustee-manager pursuant to Practice Note 4 paragraph 9.19A of the Listing Requirements and the trustee-manager is unable to provide a solvency declaration to the Exchange;</p> <p>(f) the trustee-manager has suspended or ceased all of the business trust’s business or its major business; or the business trust’s entire or major operations, for any reasons whatsoever including, amongst others, due to or as a result of –</p> <p style="text-align: center;">(aa) the cancellation, loss or non-renewal of a licence, concession or such other rights necessary to conduct the business trust’s business activities;</p> <p style="text-align: center;">(bb) the disposal of the business trust’s business or major business; or</p>
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	<p style="text-align: center;">(cc) — a court order or judgment obtained against the trustee-manager prohibiting the trustee-manager from conducting the business trust's major operations on grounds of infringement of copyright of products etc; or[deleted]</p> <p style="text-align: center;">(g) the business trust has an insignificant business or operations. [deleted]</p> <p>2.2 For the purposes of this Practice Note, unless the context otherwise requires -</p> <p>(a) “shareholders’ equity” refers to the equity attributable to equity holders of the listed issuer;</p> <p>(b) “total assets employed” must be based on the listed issuer’s latest audited or unaudited financial statements;</p> <p>(c) in relation to paragraphs 2.1(g) and 2.1A(f), “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 financial statements; [deleted]</p> <p>(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 and treasury shares) or the unit holders capital of the listed issuer (“Capital”) based on its latest annual audited or unaudited financial statements.[deleted]</p> <p style="text-align: center;">For the purpose of computation, the following applies:</p> <p style="text-align: center;">(i) — “revenue on a consolidated basis” comprises 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</p> <p style="text-align: center;">(ii) — where there is/are a change/changes to the Capital in that financial year, the weighted average Capital for that financial year must 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.</p>
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	<p>Example – Weighted Average of Capital for financial year ended 31 December 2xx1</p> <table border="0"> <tr> <td></td> <td></td> <td style="text-align: right;">Issued and Paid-up Capital (RM)</td> </tr> <tr> <td>1 January 2xx1</td> <td>Balance</td> <td style="text-align: right;">60,000,000</td> </tr> <tr> <td>1 June 2xx1</td> <td>Issue _____ of 10,000,000 new shares for cash</td> <td style="text-align: right;">70,000,000</td> </tr> <tr> <td>1 _____ December 2xx1</td> <td>Issue _____ of 12,000,000 new shares for cash</td> <td style="text-align: right;">82,000,000</td> </tr> </table> <p>Computation of weighted average:</p> $\del{(60,000,000 \times 151/365) + (70,000,000 \times 183/365) + (82,000,000 \times 31/365) = 66,882,185} (e) “net profit” means the net profit after minority interest and excludes one off items, such as the following: (i) interest waiver; (ii) negative goodwill credited to statement of profit and loss and other comprehensive income; (iii) gain/loss arising from sale of investment in associated companies/ subsidiaries or land and building; and (iv) restructuring cost; (f) “unit holders’ fund” refers to the fund attributable to unit holders of the business trust. 2.3 Paragraph 2.1(h) is not applicable to closed-end funds, real estate investment trusts, exchange-traded funds, infrastructure project corporations which have not completed and commenced operations on their infrastructure project(s) and special purpose acquisition companies.[Deleted] 3.0 Regularisation Plan[Deleted] 3.1 Pursuant to paragraph 8.04(3) of the Listing Requirements, a PN17 Issuer must regularise its condition by undertaking a regularisation plan. In this regard, a PN17 Issuer and its Principal Adviser must ensure that the regularisation plan- $			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 _____ December 2xx1	Issue _____ of 12,000,000 new shares for cash	82,000,000
		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											
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	<p>(a) is sufficiently comprehensive and capable of resolving all problems, financial or otherwise that had caused the PN17 Issuer to trigger the Prescribed Criteria;</p> <p>(b) enables the PN17 Issuer to regularise its financial condition and level of operations, such that the PN17 Issuer no longer triggers any of the Prescribed Criteria; and</p> <p>(c) is fair and reasonable to the PN17 Issuer and its securities holders and will increase value for its securities holders.</p> <p>4.0 Disclosure obligations of the PN17 Issuer</p> <p>4.1 Pursuant to paragraph 8.04(3)(b) of the Listing Requirements, a PN17 Issuer must announce to the Exchange -</p> <p>(a) on an immediate basis ("First Announcement") upon the PN17 Issuer triggering one or more of the Prescribed Criteria -</p> <p style="padding-left: 40px;">(i) that the listed issuer is a PN17 Issuer pursuant to this Practice Note;</p> <p style="padding-left: 40px;">(ii) the listed issuer's obligations pursuant to this Practice Note;</p> <p style="padding-left: 40px;">(iii) the consequences of non-compliance with such obligations; and</p> <p style="padding-left: 40px;">(iv) the status of the listed issuer's regularisation plan 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;</p> <p>(b) within 3 months from the First Announcement, on whether the regularisation plan will result in a significant change in the business direction or policy of the PN17 Issuer;</p> <p>(c) the status of its regularisation plan and the number of months to the end of the relevant timeframes referred to in paragraphs 5.1, or 5.2 <u>or 5.3</u> below, as may be applicable, on a monthly basis ("Monthly Announcement") until further notice from the Exchange;</p> <p>(d) its compliance or non-compliance with a particular obligation imposed pursuant to this Practice Note, on an immediate basis;</p> <p>(e) details of the regularisation plan which announcement must fulfill the requirements set out in paragraph 4.2 below ("Requisite Announcement"); and</p>
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	<p>(f) where the PN17 Issuer fails to regularise its condition, the dates of suspension and de-listing of its listed securities, immediately upon notification of suspension and de-listing by the Exchange.</p>
	<p>4.2 The Requisite Announcement must -</p> <p>(a) contain details of the regularisation plan and sufficient information to demonstrate that the PN17 Issuer is able to comply with all the requirements set out under paragraph 5.4 below 3.1 above after implementation of the regularisation plan;</p> <p>(b) include a timeline for the complete implementation of the regularisation plan; and</p> <p>(c) be announced by the PN17 Issuer's Principal Adviser.</p>
	<p>4.3 Before a PN17 Issuer makes the Requisite Announcement, it must ensure that -</p> <p>(a) 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</p> <p>(b) where the regularisation plan involves a compromise or arrangement with the PN17 Issuer's creditors, the PN17 Issuer has taken reasonable steps to procure the agreement-in-principle of such creditors.</p>
	<p>4.4 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.</p>
	<p>5.0 Obligation to Regularise</p>
	<p>5.1 If a PN17 Issuer undertakes a regularisation plan which will result in a significant change in the business direction or policy of the PN17 Issuer, it must –</p> <p>(a) submit the plan to the SC for approval, within 12 months from the date of the First Announcement; and</p> <p>(b) complete the implementation of the plan within such timeframe as may be prescribed by the SC.</p>
	<p>5.2 If a PN17 Issuer undertakes a regularisation plan which will not result in a significant change in the business direction or policy of the PN17 Issuer, it must –</p>

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	<p>(a) submit to the Exchange the plan and obtain the Exchange's approval to implement the plan within 12 months from the date of the First Announcement;</p> <p>(b) complete the implementation of the plan within 6 months from the date the plan is approved by the Exchange. However, for cases which involve court proceedings, a PN17 Issuer has up to 12 months from the date the plan is approved by the Exchange, to complete the implementation of the plan; and</p> <p>(c) record a net profit in 2 consecutive quarterly results immediately after the completion of the implementation of the plan. In this regard, the PN17 Issuer must ensure that the relevant quarterly results are subjected to a limited review by an external auditor before they are announced to the Exchange.</p> <p>5.3 In relation to a PN17 Business Trust, if the PN17 Business Trust undertakes a regularisation plan which will not result in a significant change in the business direction or policy of the PN17 Business Trust, it must –</p> <p>(a) comply with the requirements in paragraph 5.2(a) and (b) above; and</p> <p>(b) record either a net profit or positive operating cash flow in 2 consecutive quarterly results immediately after the completion of the implementation of the plan. In this regard, the PN17 Business Trust must ensure that the relevant quarterly results are subjected to a limited review by an external auditor before they are announced to the Exchange.</p> <p><u>5.4 Pursuant to paragraph 5.2 above, a PN17 Issuer and its Principal Adviser must ensure that a regularisation plan which will not result in a significant change in the business direction or policy of the PN17 Issuer</u> :-</p> <p><u>(a) is sufficiently comprehensive and capable of resolving all problems, financial or otherwise that had caused the PN17 Issuer to trigger the Prescribed Criteria;</u></p> <p><u>(b) enables the PN17 Issuer to regularise its financial condition such that the PN17 Issuer no longer triggers any of the Prescribed Criteria; and</u></p> <p><u>(c) is fair and reasonable to the PN17 Issuer and its securities holders and will increase value for its securities holders.</u></p> <p><u>5.5 In complying with the requirements under paragraph 5.4 above, the PN17 Issuer and its Principal Adviser must demonstrate to the satisfaction of the Exchange, the following:</u></p>
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	<p>(a) <u>the regularisation plan is able to strengthen the financial position of the PN17 Issuer including its securities holders' equity, gearing, net asset position, cash flow position, and address its accumulated losses position;</u></p> <p>(b) <u>the steps taken or proposed to be taken are comprehensive and capable of addressing the issues that had caused the PN17 Issuer to trigger the Prescribed Criteria, such that the PN17 Issuer will -</u></p> <p style="padding-left: 20px;">(i) <u>no longer trigger any of the Prescribed Criteria upon implementation of the regularisation plan; and</u></p> <p style="padding-left: 20px;">(ii) <u>not trigger any of the Prescribed Criteria in the near future;</u></p> <p>(c) <u>the core business activities of the PN17 Issuer post-implementation of the regularisation plan is viable, sustainable and has growth prospects to warrant continued trading or listing on the Official List. In this respect, the PN17 Issuer must provide sufficient information in support of its regularisation plan, including -</u></p> <p style="padding-left: 20px;">(i) <u>a detailed business plan of its core business activities;</u></p> <p style="padding-left: 20px;">(ii) <u>profitability of the core business. Generally, low profit margin or loss making business will raise concerns on the viability of the core business. In the case of a PN17 Business Trust, the ability to generate profits or positive operating cash flow from the core business;</u></p> <p style="padding-left: 20px;">(iii) <u>sufficiency of resources and strength and expertise of the key management, to achieve its business plan and expected level of operations;</u></p> <p style="padding-left: 20px;">(iv) <u>industry prospects;</u></p> <p style="padding-left: 20px;">(v) <u>competitive advantage; and</u></p> <p style="padding-left: 20px;">(vi) <u>market position; and</u></p> <p>(d) <u>the ability of the PN17 Issuer to immediately generate net profits or positive operating cash flow (in the case of a PN17 Business Trust) in 2 consecutive quarterly results immediately after the completion of the implementation of the regularisation plan.</u></p> <p>5.6 <u>A PN17 Issuer and its Principal Adviser must review the PN17 Issuer's risk management and internal control system, and submit to the Exchange the results of such review together with its action plans to address the weaknesses identified.</u></p>
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<u>Annexure PN17-A</u>	<p><u>5.7 A PN17 Issuer must ensure that the submission to the Exchange under paragraphs 5.2(a) and 5.3(a) above is accompanied by the following:</u></p> <p>(a) <u>a cover letter signed by 2 authorised signatories of the Principal Adviser, containing details of the proposals, any approval, clearance or waiver sought, and such other information as may be prescribed by the Exchange from time to time;</u></p> <p>(b) <u>a draft circular to securities holders containing the relevant information prescribed in the Listing Requirements, such as Appendix 6B or Appendix 10B, where applicable, and the additional information set out in Annexure PN17-A;</u></p> <p>(c) <u>the listing application(s) together with the relevant submission documents as required under Chapter 6 of the Listing Requirements; and</u></p> <p>(d) <u>any other supporting documents, including experts' reports, where relevant.</u></p> <p><u>Additional contents of circular for regularisation plan undertaken by a PN 17 Issuer</u> <u>(paragraph 5.7(b))</u></p> <p>(1) <u>The historical financial information of the PN17 Issuer for the last 5 years or since listing, whichever is later, based on the audited or unaudited financial statements. This includes:</u></p> <p>(a) <u>the turnover;</u></p> <p>(b) <u>the gross profit/loss;</u></p> <p>(c) <u>the net profit/loss;</u></p> <p>(d) <u>the shareholders' funds or unit holders funds, as the case may be;</u></p> <p>(e) <u>the borrowings; and</u></p> <p>(f) <u>the key ratios such as gross profit margin and gearing.</u></p> <p>(2) <u>A commentary on the performance of the PN17 Issuer for the past 5 years or since listing, whichever is later. The commentary should include an analysis and discussion of significant and specific factors contributing to exceptional performance in any of the financial years under review and significant changes in the financial performance on a year-to-year basis, whether favourable or adverse.</u></p> <p>(3) <u>A description of the business plan including information on the viability and profitability of the business and sufficiency of resources to achieve the plan and expected level of operations.</u></p>
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	<p>(4) <u>An analysis of the business post implementation of the regularisation plan including -</u></p> <p style="padding-left: 20px;">(a) <u>the nature and operational environment of the PN17 Issuer's business such as the introduction of new asset or business, new products, new markets or new contracts, to address the operational issues faced by the PN17 Issuer;</u></p> <p style="padding-left: 20px;">(b) <u>industry overview and description of the growth prospects of the PN17 Issuer's business in light of the industry outlook; and</u></p> <p style="padding-left: 20px;">(c) <u>the risk factors affecting the PN17 Issuer and its business, together with the mitigating factors.</u></p> <p>(5) <u>The reasons or issues which caused the PN17 Issuer to trigger any of the Prescribed Criteria, the steps taken or to be taken (whether short term or long term) to address such reasons or issues.</u></p> <p>(6) <u>Where the proposal includes an injection of new asset or business, the following information where applicable:</u></p> <p style="padding-left: 20px;">(a) <u>in relation to the new asset or business -</u></p> <p style="padding-left: 40px;">(i) <u>name, qualification and experience of the directors, chief executive and key management; and</u></p> <p style="padding-left: 40px;">(ii) <u>details of the substantial securities holders; and</u></p> <p style="padding-left: 20px;">(b) <u>in relation to the PN17 Issuer -</u></p> <p style="padding-left: 40px;">(i) <u>name, qualification and experience of the proposed new directors to the board; and</u></p> <p style="padding-left: 40px;">(ii) <u>details of the proposed new substantial securities holders.</u></p> <p>(7) <u>A commentary by the PN17 Issuer's board of directors on whether the PN17 Issuer is able to record a net profit or positive operating cash flow (in the case of a PN17 Business Trust) in 2 consecutive quarterly results immediately after the completion of the implementation of the plan.</u></p> <p>(8) <u>A statement by the directors as to whether, in their opinion, the working capital available to the PN17 Issuer will be sufficient for a period of 12 months from date of the circular. If not, how the additional working capital which is deemed to be necessary will be obtained.</u></p> <p>(9) <u>The profit and cash flow estimate, forecast or projection, and the assumptions together with a copy of the reporting accountant's letter, if such information is provided to the Exchange in the submission.</u></p>
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	<p>(10) The results of the risk management and internal control review together with the action plans to address the weaknesses identified.</p> <p>[End of Annexure]</p>
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[End of Appendix 3]