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## Rights issue with excessive dilution

### Observations

| Description                        | Details  |
|------------------------------------|--|
| (a) Existing share price           | \$0.006  |
| (b) Proposed rights issue          | <ul style="list-style-type: none"> <li>• 8 rights shares for every 1 existing share</li> <li>• Shareholders' approval will be sought</li> <li>• Obtained undertaking from controlling shareholder (21%) to vote in favor.</li> </ul> |
| (c) Rights issue price             | \$0.001<br>(83% discount to prevailing / 37% discount to ex-rights)  |
| (d) Theoretical ex-rights price    | \$0.0016   |
| (e) Value of nil-paid rights       | \$0.0006<br>Computed based on: (d) – (c)   |
| (f) Minimum possible trading price | \$0.001  |

# Case Study 3 (cont.)

## Rights issue with excessive dilution

### Concerns and Recommended Practices

- Concern 1: Will shareholders be prejudiced?
  - Given that the value of the nil-paid rights, at \$0.0006 is even lower than the minimum price possible for trading, there is no certainty whether any trading of the nil-paid rights will take place.
  - Shareholders who do not take up their entitlements will be excessively diluted and will not be able to realize value by monetizing the nil-paid rights.
  - The Exchange is of the view that the terms are prejudicial to shareholders if the rights issue were to proceed on the current proposed terms.
  
- Concern 2: Is this a bonus issue of shares disguised as a rights issue?
  - The Board will need to justify.
  - Rule 838 states that a bonus issue of shares must satisfy the Exchange that its daily weighted average price, adjusted for capitalisation issue or subdivision of shares will not be less than \$0.20 (Catalist) / \$0.50 (Mainboard). A rights issue of shares at steep discount may be treated as a bonus issue of shares and be subject to Rule 838.

# Case Study 4

## Fund raising be put on hold pending clarity on state of affairs

| <b>Observations</b>   | <b>Concerns and Recommended Practices</b>  |
|---|--|
| <ul style="list-style-type: none"> <li>➤ Listco's auditor issued a disclaimer of opinion due to:               <ul style="list-style-type: none"> <li>• Purported unverifiable transactions;</li> <li>• Internal control weaknesses and corporate governance matters</li> </ul> </li> <li>➤ Listco appointed special reviewer to carry out an independent review of the issues raised by the auditors.</li> <li>➤ Listco has previously proposed a rights issue.</li> </ul> | <ul style="list-style-type: none"> <li>➤ Should Listco's fund raising activities be put on hold?</li> <li>➤ Fund raising activities should be put on hold pending clarity on state of affairs in the company.</li> <li>➤ Should continued trading in Listco's securities be allowed?</li> <li>➤ Factors for consideration:               <ul style="list-style-type: none"> <li>➤ Has all material information been disclosed?</li> <li>➤ Do the irregularities / transactions in question pertain to key operations of the Listco?</li> <li>➤ Has full impact been quantified and announced?</li> <li>➤ Is Listco able to operate as a going concern?</li> <li>➤ Is state of affairs Listco clear?</li> </ul> </li> <li>➤ Board's justification for continued trading must be announced.</li> </ul> |

# SUSTAINABILITY REPORTING -OVERVIEW

- ❖ Introduced in June 2016
- ❖ Effective for all listed companies for all financial years ending on, or after, 31 December 2017
- ❖ To provide sufficient time for preparation, an issuer in its first year of reporting may report within 12 months of the end of its financial year.
- ❖ Key components of the sustainability report:
  - Material ESG factors
  - Policies, practices and performance
  - Targets
  - Sustainability reporting framework
  - Board statement



# SUSTAINABILITY REPORTING

## -EXAMPLES OF BOARD STATEMENTS

### Example 1:

Recognising the importance of sustainability, the Executive Committee (EMCO) leads sustainability efforts at Company. The EMCO reports directly to **the Board**, which has considered sustainability issues as part of its strategic formulation, determined the material ESG factors and overseen the management and monitoring of these factors.

### Example 2:

The key material environmental, social and governance factors for Company have been identified and reviewed by **the Chairman and the CEO**. The board of directors of Company (Board) oversees the management and monitoring of these factors and takes them into consideration in the determination of the Group's strategic direction and policies. Sustainability is a part of Company's wider strategy to create long term value for all its stakeholders.

# GUIDEBOOK ON HANDLING OF CONFIDENTIAL INFORMATION AND DEALINGS IN SECURITIES



# GUIDEBOOK ON HANDLING OF CONFIDENTIAL INFORMATION AND DEALINGS IN SECURITIES

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- ❖ Launched in December 2017
- ❖ Recommended principles and guidelines to help companies and their advisers in:-
  - retaining control over the flow of confidential information;
  - appropriately restricting staff dealing in the company's securities; and
  - creating a culture of compliance
- ❖ Suggestions on arrangements that companies and their advisors can put in place to more effectively deter insider trading

# GUIDEBOOK ON HANDLING OF CONFIDENTIAL INFORMATION AND DEALINGS IN SECURITIES

- ❖ Areas covered by the guide include:
  - arrangements for ensuring that confidential information generated and/or received remains confidential until it is reasonably expected to be disclosed under the relevant laws, regulations and the Listing Rules;
  - how to minimise the risks of accidental leakage of confidential information;
  - characteristics of effective trading restrictions on dealings in securities; and
  - how to promote strong awareness of the importance of appropriate handling and control of confidential information.

# THANK YOU

