

SGX RegCo 2020 Regulatory Updates

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Regulation (SGX Regco)*

SGX REGCO LISTING COMPLIANCE AGENDA



Nine-Year Threshold for IDs

- Comparison between December 2018 and 2019
- Scenario Analysis

Disclosure-Based Regime

- Quarterly Reporting
- Announcement Matters
- SIAS Investor Education Fund

Valuation Matters

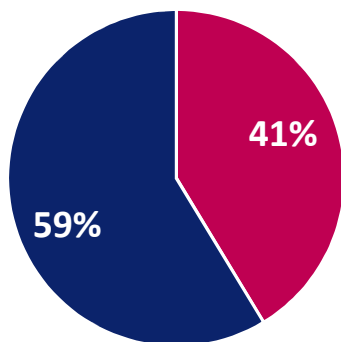
- Valuation Case Studies

Nine Year Threshold for IDs (“9-Year Rule”)



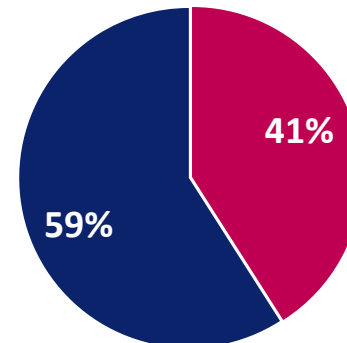
Independent directors are subject to a two-tier vote effective 1 January 2022 or might become a non-independent director. [LR 210(5)(d)]

31 December 2018
Composition of listed issuers
with IDs serving > 9 years



- 1 or more ID > 9yrs
- Issuers compliant with 9-year rule

31 December 2019
Composition of listed issuers
with IDs serving > 9 years



- 1 or more ID > 9yrs
- Issuers compliant with 9-year rule

9-Year Rule: Scenario Analysis

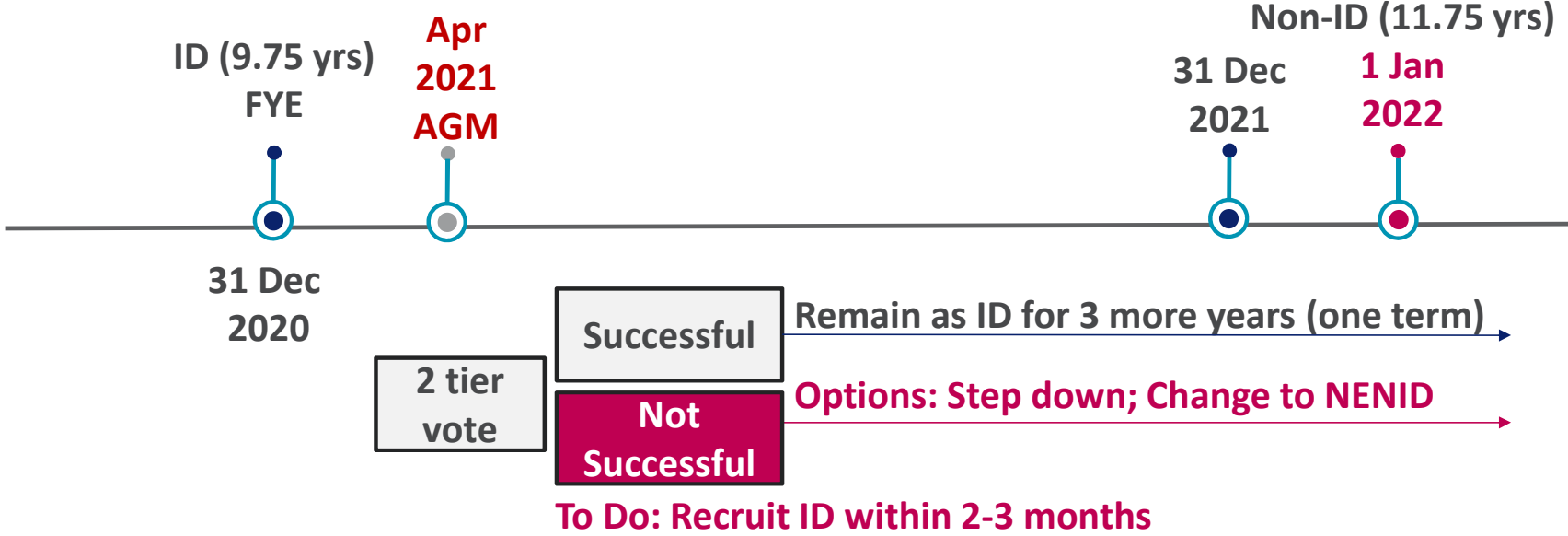


Key Assumptions

- Financial Year end of 31 December
- AGM held in mid-April

Adapted from KPMG slides

9-Year Rule: Scenario Analysis #1

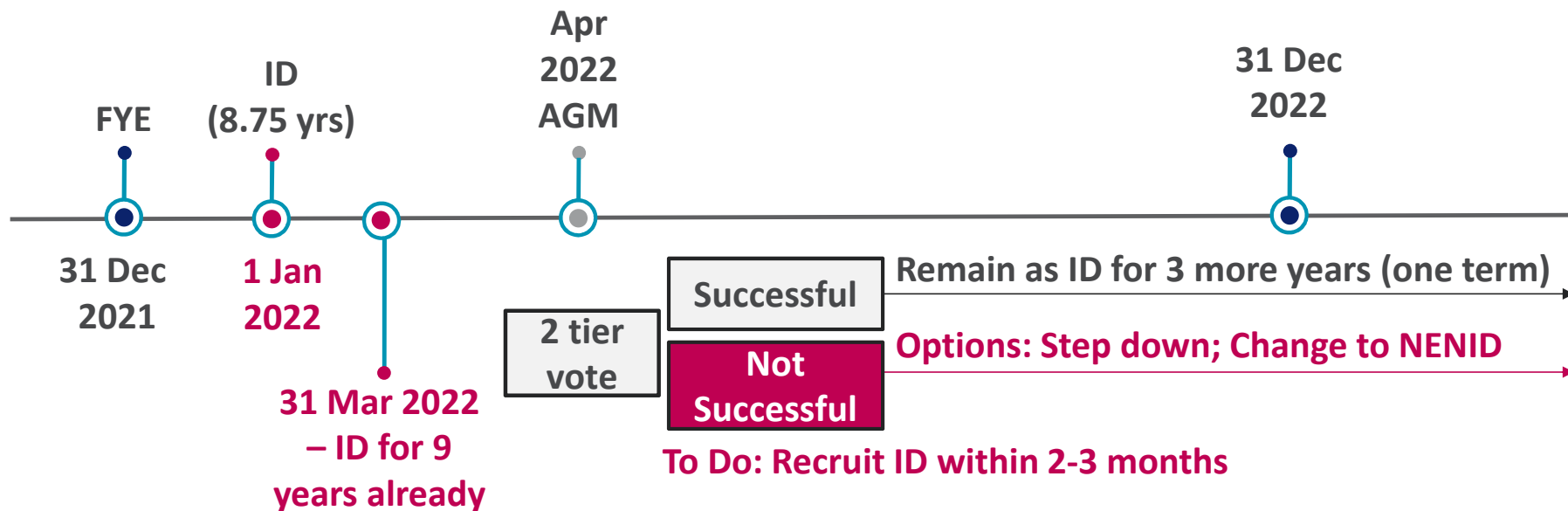


Comments

Director could step down, change to a NENID or seek 2-tier shareholder vote in advance of 1 January 2022 to remain on the Board as an ID.

Adapted from KPMG slides

9-Year Rule: Scenario Analysis #2



Comments

1 Jan 2022: No action needed; could seek 2 tier vote in FY2021 AGM.

FY2022 AGM: Step down, change to NENID OR seek 2 tier vote at AGM to remain as ID.

Adapted from KPMG slides

9-Year Rule: Key Points



Present	Effective 1 January 2022
Comply or explain if one-third of issuer's board does not comprise of independent directors.	Independent directors <u>must comprise at least one-third</u> of the issuer's board.

SGX REGCO LISTING COMPLIANCE AGENDA



Disclosure-Based Regime

- Quarterly Reporting
- Announcement Matters
- SIAS Investor Education Fund

Quarterly Reporting

No Quarterly Reporting



Quarterly Reporting



Notice of Compliance
to do QR!

FINANCIAL STATEMENTS

... as required
by SGX per
Appendix 7.2

- Disclaimer of opinion**
- Qualified opinion**
- Breach of Listing Rules**
- Audit matters which affect the veracity of financial statements**

AUDITOR



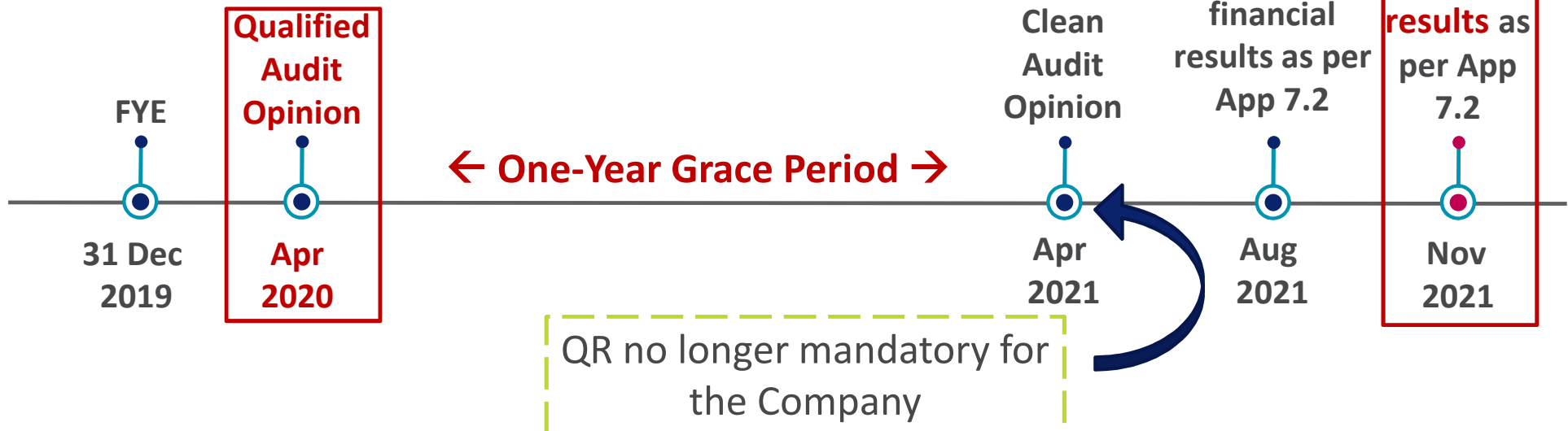
Quarterly Reporting



Which companies need to do QR?

- Modified audit opinion
- Material uncertainty relating to going concern
- SGX has regulatory concerns

Example: Audit Opinion Released in April



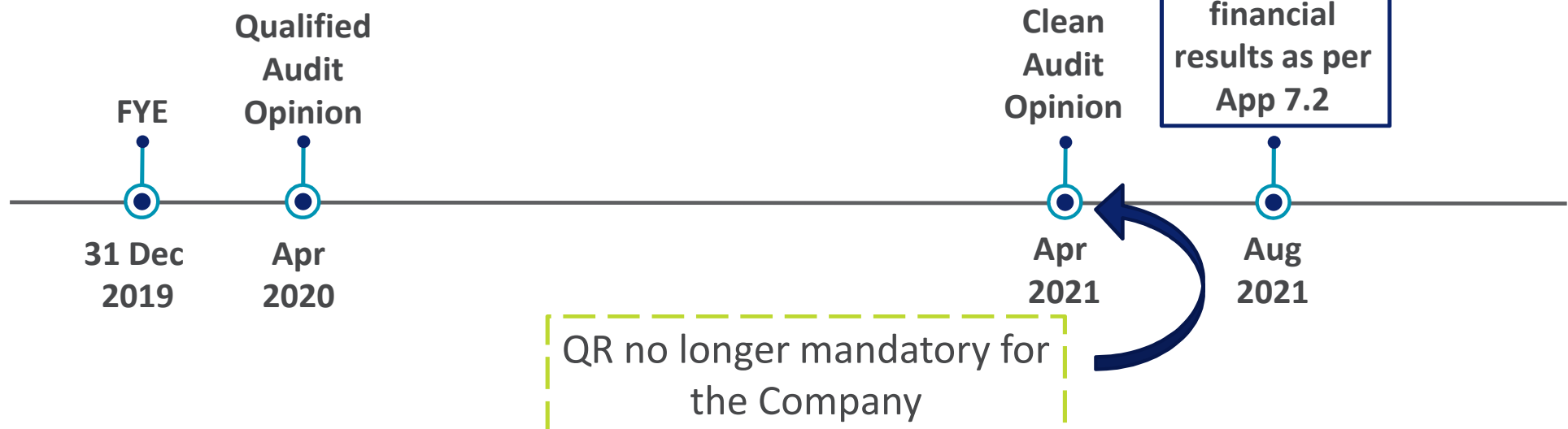
Quarterly Reporting



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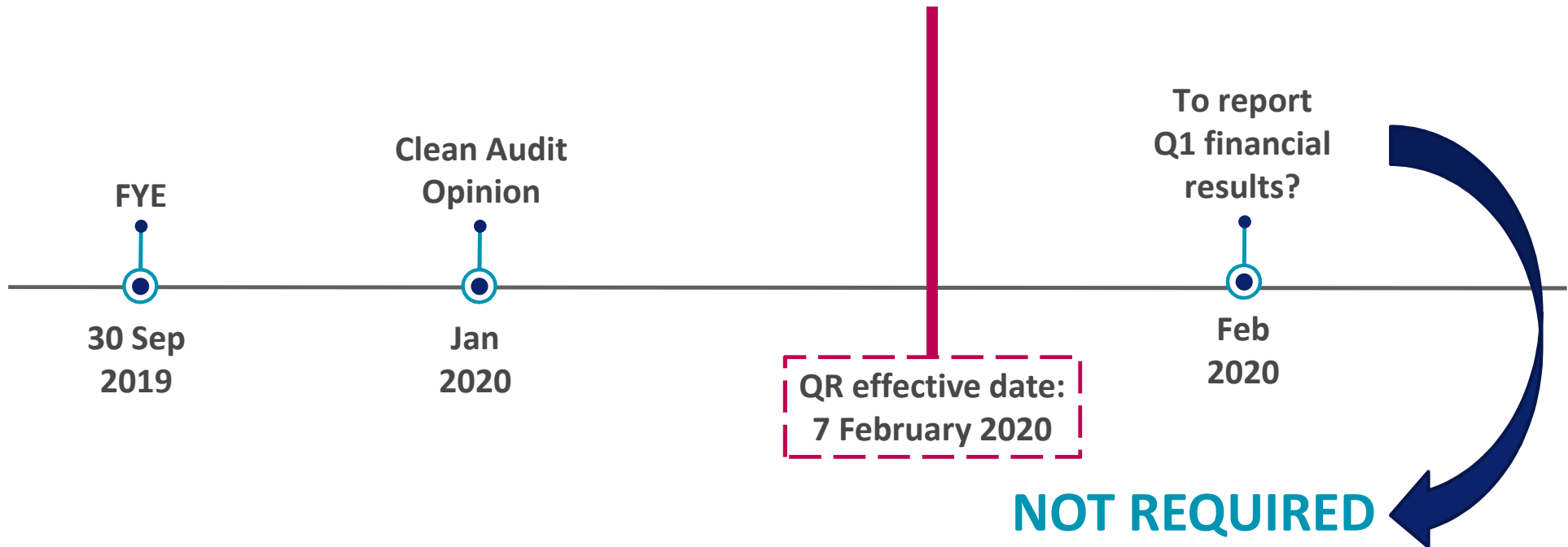
Example: Audit Opinion Released in April



Quarterly Reporting



FYE September companies: Q1 (Oct-Dec) reporting due on 14 February



Quarterly Reporting



Companies which receive modified opinions to provide, in each of their quarterly reports,

(a) updates on their efforts to resolve each audit issue; and

(b) a confirmation from the Board that the impact of the audit issues on the financial statements have been adequately disclosed.

QR Announcement Requirements:

1

Financial Statements for
the quarter ended
DD MMM 2020

2

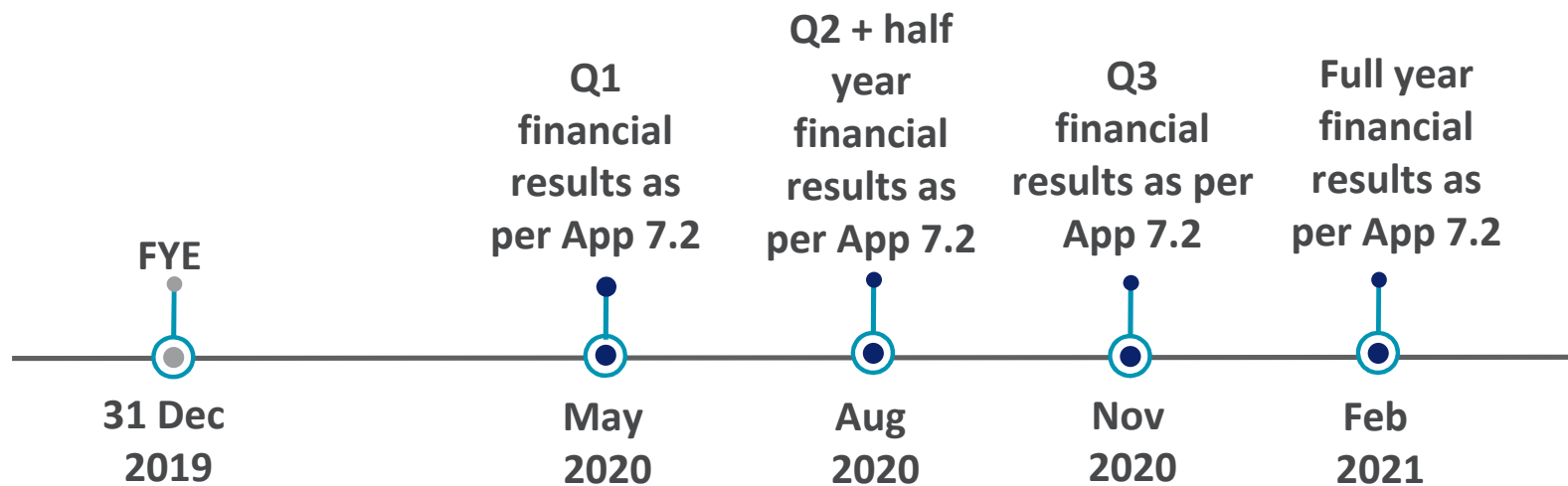
Update on efforts

3

Board confirmation

Voluntary Quarterly Reporting

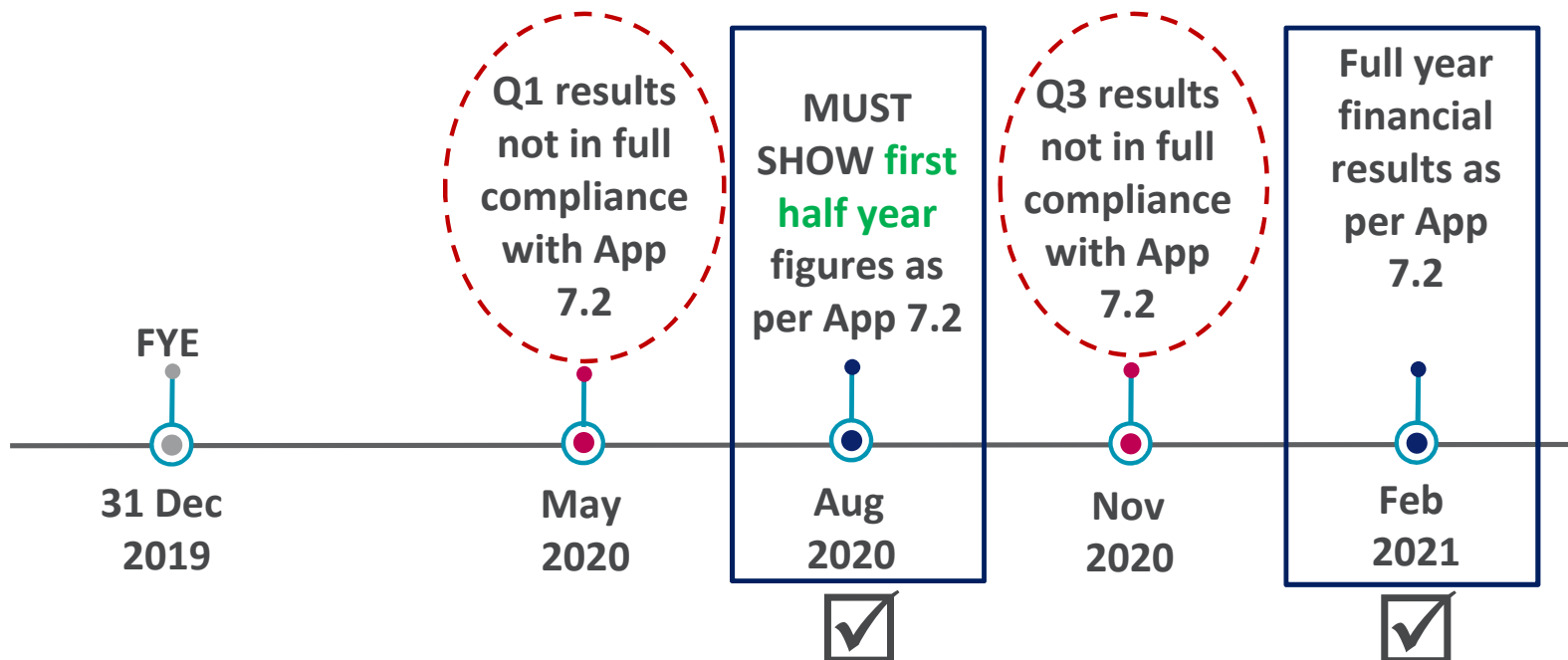
Scenario #1: Issuer follows Appendix 7.2 for ALL quarters



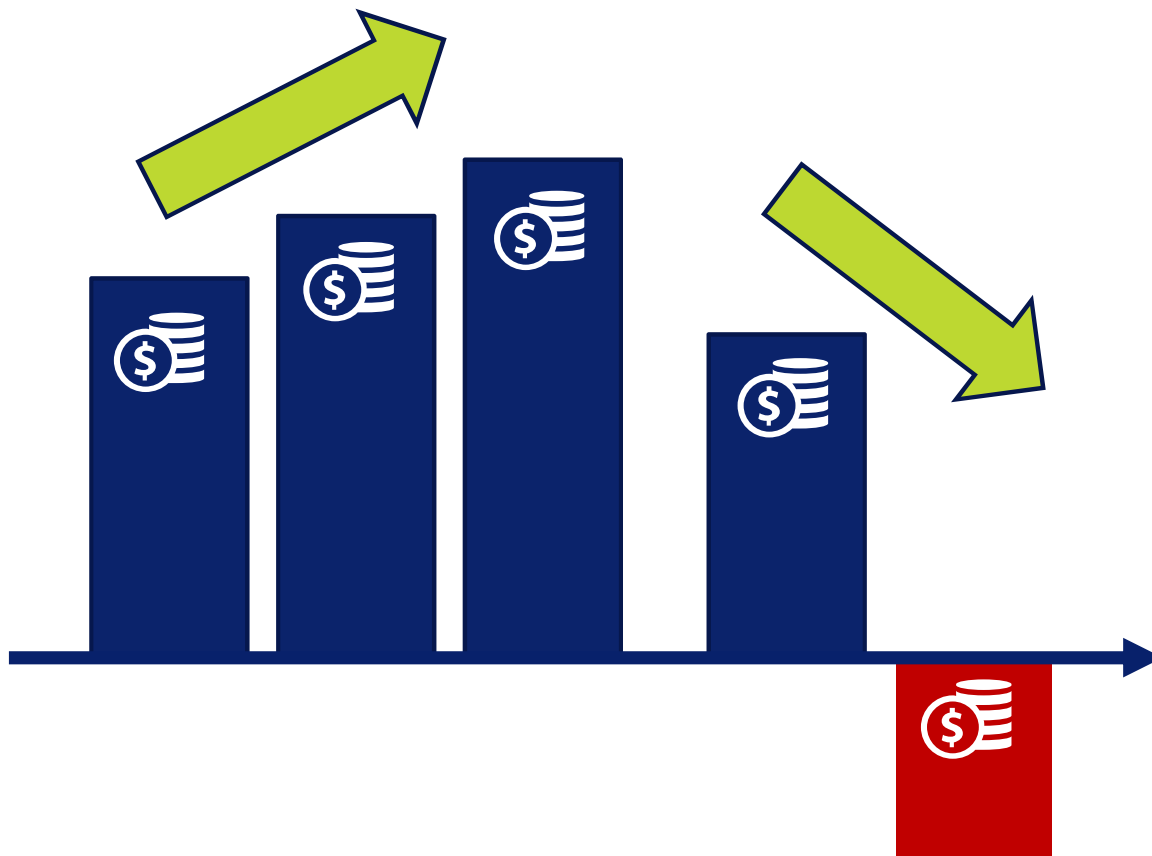
Voluntary Quarterly Reporting



Scenario #2: Issuer choose NOT to follow Appendix 7.2

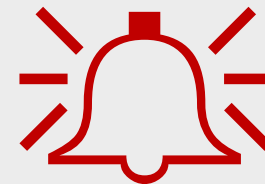


Announcement Matters – Change in the Issuer's Near-Term Earnings Prospects



Considerations

- Change in *prospects statement*
- Changes in *public information*
- Material changes in *business condition*



Profit Warning



Update
Announcement

Announcement Matters – Material Transaction / Letter of Demand

Material Transaction



- Issuer committed to a material transaction = **DISCLOSE**
- Transaction is subject to conditions precedent that have yet to occur = **DISCLOSE**
- Subsequent material developments on the transaction = **DISCLOSE**

Letter of Demand



- Does the amount or action stated in the letter of demand pose a **material impact**?

Negotiations may be ongoing or the outcome of the lawsuit is not yet known.



DISCLOSE

unless the claim/action is reasonably assessed to be bound to fail

Announcement Matters – Sufficient Information

Information that Allows Investors to Evaluate is Key

- e.g. Financial impact (EPS, NTA per share)



- If issuer is unable to provide financial impact with certainty, board is to explain for non-disclosure and sufficient information be provided to enable investors to independently assess using the variables disclosed.

No Generic or Boilerplate Statements



“cautiously optimistic of its prospects”



“double digit performance”



To state facts/circumstances that has affected or may affect performance



To provide insightful analysis on impact

Announcement Matters – Analyst Briefings / Media Interviews



As you may see, we are constantly improving our performance!



Open Door Policy



By the way, we have recently secured some major contracts.



Announcement Matters – Publication of Promotional Material



1

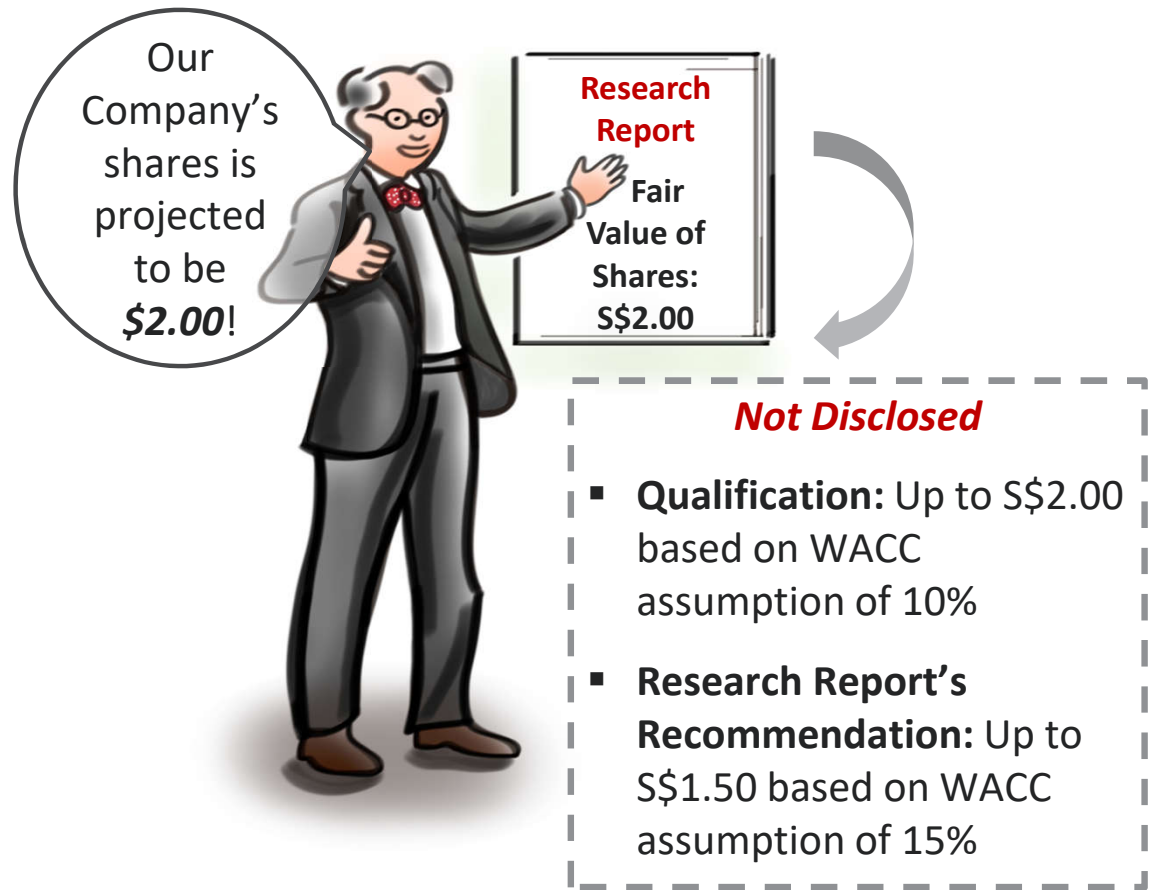
Factual

2

No Promotional Jargon

3

Balanced and Fair



SIAS Investor Education Fund



Institutional investors

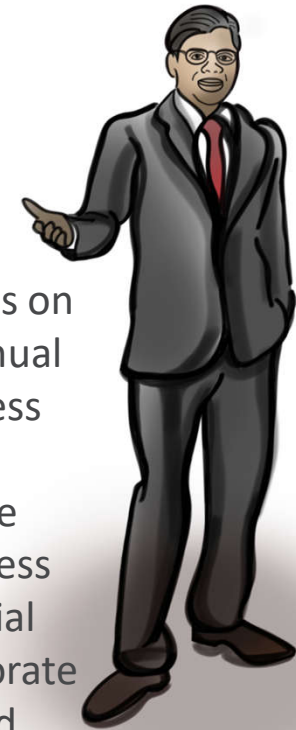


Retail investors



SIAS

Issuance of queries on listed issuers' Annual Reports to address shareholders' concerns on the company's business strategy, financial information, corporate governance and sustainability



IMPORTANT NOTICE



“SGX, I assure you of management’s competence based on this painting.”

Independent
Director

Thank You!