Singapore Exchange Securities Trading Limited
Listings Disciplinary Proceeding No: SGX-LDC-2022-001

IN THE MATTER OF A DISCIPLINARY PROCEEDING UNDER THE SGX-ST LISTING MANUAL MAINBOARD RULES

BETWEEN

SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

(Company Registration No. 197300970D)

(the "Exchange")

AND

ASPEN (GROUP) HOLDINGS LIMITED

DATO' MURLY MANOKHARAN

DATO' SERI NAZIR ARIFF BIN MUSHIR ARIFF

IR. ANILARASU AMARANAZAN

OTHER RELEVANT DIRECTORS

(collectively, the "Relevant Persons")[1]

GROUNDS OF DECISION

20 July 2022

[1] The identities of the other relevant directors have been anonymized pursuant to paragraph 61 of this grounds of decision.

This document constitutes the written grounds of decision of the SGX Listings Disciplinary Committee ("LDC") as required under Mainboard Rule 1417(1), and is prepared for the Exchange and the Relevant Persons who are parties to SGX-LDC-2022-001 (the "Parties").

This document is confidential and meant to be read by the Parties and their legal representatives only, until such time as this grounds of decision is published by the Exchange pursuant to Mainboard Rule 1418(1).

I. CHARGES BROUGHT BY THE EXCHANGE

1. The Exchange brought four charges against Aspen (Group) Holdings Limited (Company Registration No. 201634750K), a company listed on the Mainboard of the SGX-ST (the "**Company**", and together with its subsidiaries, the "**Group**") for contraventions of Mainboard Rules 703 and 719(1):

Charge	Relevant Rule	Short Description
1st Charge	Mainboard Rule 703(4), read with paragraph 25(a) of Appendix 7.1	Breached Mainboard Rule 703(4), read with paragraph 25(a) of Appendix 7.1, by releasing the announcement on SGXNET dated 13 April 2021 disclosing that one of the Group's subsidiaries, Aspen Glove Sdn. Bhd. ("**AGSB**") had, on 12 April 2021, entered into the Master Supply Agreement ("**MSA**") with Honeywell International Inc ("**Honeywell**") (the "**MSA Announcement**"), which was non-factual, false, and misleading.
2nd Charge	Mainboard Rule 703(1)(a)	Breached Mainboard Rule 703(1)(a) by failing to promptly disclose the non-consummation of the MSA by Honeywell, a piece of material information known to the Company which was necessary to avoid the establishment of a false market in the Company's securities.
3rd Charge	Mainboard Rule 703(1)(a)	Breached Mainboard Rule 703(1)(a) by failing to promptly disclose that negotiations with Honeywell on the MSA had been officially terminated, a piece of material information known to the Company which was necessary to avoid the establishment of a false market in the Company's securities.
4th Charge	Mainboard Rule 719(1)	Breached Mainboard Rule 719(1) by failing to have in place adequate and effective systems of internal controls and risk management systems.

2. The Exchange brought four charges against Dato' Murly Manokharan ("**Dato' Murly**"), the Group Chief Executive Officer (the "**Group CEO**"), President and Executive Director at the material time, for causing the Company to breach Mainboard Rules 703 and 719(1), by virtue of Mainboard Rules 1402(5) and 1402(6):

Charge	Relevant Rule	Short Description
1st Charge	Mainboard Rule 703(4), read with paragraph 25(a) of Appendix 7.1	Caused the Company to breach Mainboard Rule 703(4), read with paragraph 25(a) of Appendix 7.1, by releasing the MSA Announcement, which was non-factual, false, and misleading.
2nd Charge	Mainboard Rule 703(1)(a)	Caused the Company to breach Mainboard Rule 703(1)(a) by failing to promptly disclose the non-consummation of the MSA by Honeywell, a piece of material information known to the Company which was necessary to avoid the establishment of a false market in the Company's securities.
3rd Charge	Mainboard Rule 703(1)(a)	Caused the Company to breach Mainboard Rule 703(1)(a) by failing to promptly disclose that negotiations with Honeywell on the MSA had been officially terminated, a piece of material information known to the Company which was necessary to avoid the establishment of a false market in the Company's securities.
4th Charge	Mainboard Rule 719(1)	Caused the Company to breach Mainboard Rule 719(1) by failing to have in place adequate and effective systems of internal controls and risk management systems.

3. The Exchange brought three charges against the Company's Executive Directors ("**EDs**"):

(a) Dato' Seri Nazir Ariff Bin Mushir Ariff ("**Dato' Seri**"), ED and Executive Deputy Chairman; and

(b) Ir. Anilarasu Amaranazan ("**Ir. Anil**"), ED and Group Managing Director;

for causing the Company to breach Mainboard Rules 703 and 719(1), by virtue of Mainboard Rules 1402(5) and 1402(6):

Charge	Relevant Rule	Short Description
1st Charge	Mainboard Rule 703(1)(a)	Caused the Company to breach Mainboard Rule 703(1)(a) by failing to promptly disclose the non-consummation of the MSA by Honeywell, a piece of material information known to the Company which was necessary to avoid the establishment of a false market in the Company's securities.
2nd Charge	Mainboard Rule 703(1)(a)	Caused the Company to breach Mainboard Rule 703(1)(a) by failing to promptly disclose that negotiations with Honeywell on the MSA had been officially terminated, a piece of material information known to the Company which was necessary to avoid the establishment of a false market in the Company's securities.
3rd Charge	Mainboard Rule 719(1)	Caused the Company to breach Mainboard Rule 719(1) by failing to have in place adequate and effective systems of internal controls and risk management systems.

4. The Exchange brought two charges against the other relevant directors of the Company, who were non-executive directors (the "**Other Relevant Directors**"), for causing the Company to breach Mainboard Rules 703 and 719(1), by virtue of Mainboard Rules 1402(5) and 1402(6):

Charge	Relevant Rule	Short Description
1st Charge	Mainboard Rule 703(1)(a)	Caused the Company to breach Mainboard Rule 703(1)(a) by failing to promptly disclose that negotiations with Honeywell on the MSA had been officially terminated, a piece of material information known to the Company which was necessary to avoid the establishment of a false market in the Company's securities.
2nd Charge	Mainboard Rule 719(1)	Caused the Company to breach Mainboard Rule 719(1) by failing to have in place adequate and effective systems of internal controls and risk management systems.

II. RESOLUTION AGREEMENT

5. In the course of the proceedings, the Exchange and the Relevant Persons agreed on the terms for disposing of the disciplinary actions by means of no contest.

6. On 17 June 2022, a resolution agreement signed by the Parties ("**Resolution Agreement**") was submitted to the LDC for the LDC's approval.

7. The Resolution Agreement stated that:

   (a) the Company will accept liability for both the 2nd and 3rd Charges of breaching Mainboard Rule 703(1)(a), and consents for the LDC to take into consideration the 1st and 4th Charges against it for the purposes of determining the sanctions;

   (b) Dato' Murly will accept liability for both the 2nd and 3rd Charges of breaching Mainboard Rule 703(1)(a), and consents for the LDC to take into consideration the 1st and 4th Charges against him for the purposes of determining the sanctions;

   (c) the EDs will accept liability for both the 1st and 2nd Charges of breaching Mainboard Rule 703(1)(a), and consent for the LDC to take into consideration the 3rd Charge against them for the purposes of determining the sanctions; and

   (d) the Other Relevant Directors will accept liability for the 1st Charge of breaching Mainboard Rule 703(1)(a), and consent for the LDC to take into consideration the 2nd Charge against them for the purposes of determining the sanctions.

8. The Resolution Agreement also set out the relevant facts, the Exchange's regulatory concerns and the proposed sanctions which the Parties had agreed on.

III. RELEVANT FACTS

9. Between October 2020 and April 2021, AGSB and Honeywell were in negotiations for the procurement of supplies by Honeywell from AGSB.

10. On 12 April 2021, the Company emailed Honeywell a copy of the MSA signed by the Company's representative.

11. On 13 April 2021, Honeywell emailed the Company stating, *inter alia*, "*[t]hanks a lot. The deposit payment has been requested today to the Buyer/ finance team. It should be back to you pretty quickly.*" In addition, Honeywell requested for certain additional information on the project.

12. However, no executed copy of the MSA by Honeywell, nor any confirmation by Honeywell that the MSA had been officially executed, was provided to the Company.

13. Nonetheless, on 13 April 2021, the Company proceeded to release the MSA Announcement on SGXNET, which stated, *inter alia*, the following:

"*The Board of Directors (the "Board") of Aspen (Group) Holdings Limited (the "Company", and together with its subsidiaries, the "Group") wishes to announce that the Company's subsidiary, Aspen Glove Sdn. Bhd. ("AGSB") has, on 12 April 2021, entered into a Master Supply Agreement (the "Agreement") with Honeywell International Inc ("Honeywell") to sell part of Phase 1(b) production capacity from July 2021 to June 2023 for a consideration of USD210 million (RM868 million).*"

14. A corresponding press release was concurrently issued, with the headline that the Company was, *inter alia*, "*[p]rojected to achieve a total annual production capacity of approximately 14.4 billion pieces of gloves per annum progressively from 1Q2022*".

15. Subsequently on 13 April 2021, after the release of the MSA Announcement, Honeywell emailed the Company requesting the Company to stop circulation of the MSA Announcement in local newspapers and any other media.

16. On 14 April 2021, Honeywell emailed the Company attaching a letter from their Chief Litigation Counsel dated 13 April 2021, which stated, *inter alia*, that Honeywell did not execute the MSA nor authorise the issuance of any press release related thereto. In addition, Honeywell further demanded, *inter alia*, that the Company initiate the immediate retraction of any and all press releases the Company had issued relating to its negotiations with Honeywell concerning the MSA.

17. On 15 April 2021, following various correspondence between the Company and Honeywell, it was agreed by both parties just past midnight that the Company should "*draft an appropriate retraction to be sent to all media outlets that have picked up Aspen Glove's 12 April press release*" for Honeywell's review by 16 April 2021 (Friday), 10.00pm (Malaysia time).

18. The Company subsequently worked to accommodate the various requests of Honeywell's legal department and tried to stop circulation of the MSA Announcement in local newspapers and any other media. By 16 April 2021, two local newspapers had taken down articles on the MSA Announcement. According to the Company, the Company believed that once it removed the press releases in the media, it would then have clarity as to whether an agreement between AGSB and Honeywell would eventually be signed, and thus be able to make an appropriate announcement at that stage, to clarify the MSA Announcement.

19. During this period, the Company did not withdraw or retract the MSA Announcement and the corresponding press release from SGXNET.

20. As the Company was unable to remove all the press releases in the media, Honeywell then emailed the Company on 21 April 2021 to reiterate their initial request for a retraction to be issued, and for the factually inaccurate articles to be retracted, and that if the Company needed to issue a public statement in order for the remaining news outlets to update the earlier inaccurate articles then it must do so.

21. The draft retraction announcement was sent to Honeywell for review in the early morning of 22 April 2021.

22. On 23 April 2021, the Company's Head of Legal & Corporate Affairs emailed the Board to update on the non-consummation of the MSA by Honeywell and the status of the matter. In addition, two versions of the draft announcement were attached to the email, one to disclose the non-consummation, and the other to additionally update on the regularisation of the MSA. Notwithstanding this, the email stated that "*the Company will proceed to issue the Clarification Announcement in due course to rectify the factual error. In the meantime, the Company is also working towards regularising the MSA with Honeywell. The Company will issue another announcement once it is formalised*", and that "*[t]he Company will keep the Board updated in the event of any change to the above expected events*".

23. On 24 April 2021, following further negotiations between the Company and Honeywell, the draft retraction announcement by the Company was finalised and thereafter released by the Company on SGXNet (the "**Retraction Announcement**"). The Retraction Announcement stated, *inter alia*, that "*Honeywell has not consummated the Agreement on 12 April 2021*", and the Company wished to retract the MSA Announcement "*as a result of communication oversight between the parties to the Agreement*". The Retraction Announcement further clarified that "*AGSB believed that Honeywell's execution of the Agreement was imminent given that 12 April 2021 was noted as the effective date in the unexecuted Agreement*" and "*AGSB was notified that the Agreement was not signed by Honeywell on 12 April 2021 and remains unsigned*". Lastly, it stated that "*The Company will update the shareholders via SGXNET as and when there are any material updates in relation to the above*."

24. On 29 April 2021, the Company released an announcement on SGXNET to respond to certain queries raised by the Exchange in relation to the Retraction Announcement (the "**First Response Announcement**"). The First Response Announcement stated that "*[t]he Company was subsequently made aware by Honeywell that Honeywell did not execute the MSA and that there are internal approvals required before such a step could be taken*".

25. On 30 April 2021, pursuant to follow up emails from the Company, Honeywell emailed the Company stating that "*Honeywell has decided not to proceed with further negotiations with [AGSB] at this time and will not be entering into a master supply agreement*".

26. On 4 May 2021, the Company emailed Honeywell attaching a letter dated 3 May 2021, which, *inter alia*, requested Honeywell to "*reconsider its position and to continue with the supply of the product to Honeywell as agreed under the MSA so that AGSB can avoid grave losses and prevent the deterioration of its business relationships with the many suppliers it had engaged in view of the accelerated Phase 1(b) of the MSA*".

27. On 8 May 2021, Honeywell emailed the Company attaching a letter dated 7 May 2021, which stated, *inter alia*, that "*[i]n any event, Honeywell's decision not to enter into the MSA with Aspen Glove is final, and we consider this matter closed.*"

28. On 11 May 2021, the Company emailed Honeywell attaching a letter dated 10 May 2021, which stated, *inter alia*, that "*we accept [Honeywell's] final decision not to proceed with the matter any further … and consider this matter as closed", and that "[w]e will no longer reserve our Phase 1b for Honeywell*".

29. The Company did not announce the cessation of all negotiations on the MSA to the market.

30. On 17 May 2021, the Company released an announcement on SGXNET to provide a business update on the Group's healthcare and property development businesses. While the announcement included updates on AGSB's glove production operations and a statement that "*[t]he Company will update shareholders via SGXNET when there are material developments to AGSB's operations as and when appropriate*", there was no mention in the announcement of the fact that the MSA negotiations with Honeywell had been officially terminated, and that part of the Phase 1(b) production capacity would no longer be reserved for Honeywell as intended under the MSA.

31. On 4 June 2021, pursuant to further queries from the Exchange on the status of the Company's discussions with Honeywell, the Company released an announcement on SGXNET to update, *inter alia*, that "*the previous discussions in relation to the MSA between AGSB and Honeywell were called off and the MSA was not consummated by Honeywell.*" Following that, the Company's share price fell by approximately 8.29%, from the closing price of S$0.205 on 4 June 2021 to S$0.188 on 7 June 2021, or 23.27% from the closing price of $0.245 on 13 April 2021 (when the MSA Announcement was made).

IV. RELEVANT PROVISIONS OF THE MAINBOARD RULES

Disclosure of information

32. Mainboard Rule 703(1) states:

> *"An issuer must announce any information known to the issuer concerning it or any of its subsidiaries or associated companies which:—*
>
> *(a) is necessary to avoid the establishment of a false market in the issuer's securities; or*
>
> *(b) would be likely to materially affect the price or value of its securities."*

33. Appendix 7.1 (Corporate Disclosure Policy) of the Listing Manual provides at paragraph 3(a) that, *inter alia*, "*[a] false market may exist if information is not made*

available that would, or would be likely to, influence persons who commonly invest in securities in deciding whether or not to subscribe for, or buy or sell the securities."

34. Mainboard Rule 703(4) states:

"In complying with the Exchange's disclosure requirements, an issuer must:

(a) observe the Corporate Disclosure Policy set out in Appendix 7.1 of the Manual, and

(b) ensure that its directors and executive officers are familiar with the Exchange's disclosure requirements and Corporate Disclosure Policy."

35. Appendix 7.1 (Corporate Disclosure Policy) of the Listing Manual provides at paragraph 25(a) that "*[t]he content of a press release or other public announcement is as important as its timing … Each announcement should be factual, clear and succinct*".

Adequate and effective internal controls and risk management systems

36. Mainboard Rule 719(1) states:

"An issuer should have adequate and effective systems of internal controls (including financial, operational, compliance and information technology controls) and risk management systems. The audit committee may commission an independent audit on internal controls and risk management systems for its assurance, or where it is not satisfied with the systems of internal controls and risk management."

Responsibility to ensure compliance with the Listing Manual

37. Under Listing Rule 720(1), directors and executive officers of an issuer are required to provide personal undertakings that they shall, inter alia, use their best endeavours to comply with the requirements of the Exchange pursuant to or in connection with the Listing Manual, and to procure that the issuer shall so comply.

38. With regard to the completeness and accuracy of disclosures made by an issuer, Listing Rule 114(3) provides as follows:

"*The directors and executive officers of the issuer (or where applicable REIT manager or trustee-manager) following admission, are responsible for ensuring that the information submitted to the Exchange (including information submitted in all applications and information contained in all SGXNET announcements) is complete and accurate in all material respects, and not misleading.*"

V. MAINBOARD RULE BREACHES

Breach of Mainboard Rule 703(4), read with paragraph 25(1) of Appendix 7.1, by the Company and Dato' Murly

39. Regarding the facts of this case, the Resolution Agreement stated, and the LDC noted that:

    (a) when the Company released the MSA Announcement on 13 April 2021 disclosing that its subsidiary, AGSB had, on 12 April 2021, entered into the MSA with Honeywell, the MSA had only been executed by AGSB, and not Honeywell. Notably, the Company had not received a copy of the MSA signed by Honeywell, and the MSA was thus not validly executed and binding on the parties;

    (b) the MSA Announcement released by the Company disclosing that AGSB had entered into the MSA with Honeywell when the MSA had not in fact been executed by Honeywell was non-factual, false and misleading; and

    (c) Dato' Murly was aware that the Company had neither received the countersigned MSA from Honeywell, nor Honeywell's confirmation that the MSA had been official executed, but nonetheless decided to release the MSA Announcement.

40. As such, the LDC finds that the Company had breached Mainboard Rule 703(4), read with paragraph 25(a) of Appendix 7.1, and that Dato' Murly had caused the Company to breach Mainboard Rule 703(4), read with paragraph 25(a) of Appendix 7.1.

Breach of Mainboard Rule 703(1)(a) by the Company, Dato' Murly and the EDs by failing to promptly disclose the non-consummation of the MSA by Honeywell

41. Regarding the facts of this case, the Resolution Agreement stated, and the LDC noted that:

    (a) while the Company was put on notice on 14 April 2021 of Honeywell's legal position that the MSA had not been legally executed by Honeywell, the Retraction Announcement was only released on 24 April 2021, resulting in a total delay of eight business days before the MSA Announcement was retracted;

    (b) the fact that the MSA had not been executed at the time of the MSA Announcement was material information and required immediate clarification, as a false market was potentially created in the Company's securities;

    (c) Dato' Murly was copied in the relevant emails, and each of the EDs was made aware of Honeywell's letter, shortly after AGSB had received the same; and

(d) while Dato' Murly and the EDs were aware on 14 April 2021 of Honeywell's legal position that it had not executed the MSA, they nonetheless did not immediately announce the said information.

42. As such, the LDC finds that the Company had breached Mainboard Rule 703(1)(a) for failing to promptly disclose the non-consummation of the MSA by Honeywell, a piece of material information known to the Company which was necessary to avoid the establishment of a false market in the Company's securities, and that Dato' Murly and the EDs had caused the Company to breach Mainboard Rule 703(1)(a).

Breach of Mainboard Rule 703(1)(a) by the Relevant Persons by failing to promptly disclose that negotiations with Honeywell on the MSA had been officially terminated

43. Regarding the facts of this case, the Resolution Agreement stated, and the LDC noted that:

(a) between 30 April 2021 to 8 May 2021, Honeywell had communicated to the Company its final decision not to proceed with further negotiations with AGSB and not to enter into the MSA, which was accepted by the Company on 11 May 2021. However, the Company did not announce the cessation of all negotiations on the MSA to the market until 4 June 2021, in response to queries by the Exchange;

(b) at the point of the Retraction Announcement and First Response Announcement, the future of the MSA was unclear to the market, and while the Company announced that the MSA had remained unsigned there was an impression given that the execution of the MSA by Honeywell was merely delayed and pending Honeywell's internal approvals. This was borne out by media reports about the Company;

(c) the fact that negotiations with Honeywell had been officially terminated, as unequivocally communicated by Honeywell to the Company on 8 May 2021 and accepted by the Company on 11 May 2021, was material information that in the absence of its disclosure, potentially created a false market in the Company's securities during this period as the market continued to trade under the impression that the deal with Honeywell was still extant;

(d) the materiality of the information that negotiations with Honeywell had been terminated is further evidenced by the fact that when it was eventually disclosed to the market on 4 June 2021, the market reacted adversely, with the Company's share price immediately falling by approximately 8.29% on 7 June 2021, from the closing price of S$0.205 on 4 June 2021 to S$0.188 on 7 June 2021, or 23.27% from the closing price of $0.245 on 13 April 2021 (when the MSA Announcement was made);

(e) Dato' Murly and the EDs were contemporaneously aware of the fact that negotiations with Honeywell had been officially terminated, but did not

immediately announce the material information until pressed by the Exchange on 3 June 2021;

(f) while the Other Relevant Directors were not directly informed of the fact that negotiations with Honeywell had been officially terminated until 4 June 2021, as non-executive directors, they ought to have made reasonable enquiries with the management team and been kept apprised of the material developments. In particular:

i. following the repercussions from the release of the MSA Announcement, the Retraction Announcement and the First Response Announcement, the Other Relevant Directors were put on notice that the Company was undergoing potentially material developments with regard to negotiations with Honeywell on the MSA, particularly from 23 April 2021 when they were made aware of the fact that the MSA Announcement was non-factual, false and misleading. In such circumstances, they were obliged to monitor the situation closely to ensure the Company's compliance with its disclosure obligations under the Listing Manual but they did not do so; and

ii. given the developments surrounding the MSA Announcement at the material time, the Other Relevant Directors should not have solely relied on the management team to run the affairs of the Company in relation to the negotiations with Honeywell. Once the Other Relevant Directors became aware of the Retraction Announcement, a higher level of attention and direction was warranted from the entire Board. However, the Other Relevant Directors did not attempt to make any reasonable enquiries with the management team or ask to be updated on the negotiations with Honeywell. If they had done so, they would have been apprised of the fact that negotiations with Honeywell had been officially terminated. The Other Relevant Directors' failures therefore effectively disabled themselves from ensuring the Company's compliance with its disclosure obligations under the Listing Manual. Accordingly, they were similarly responsible for the Company's failure to promptly disclose this material information.

44. As such, the LDC finds that the Company had breached Mainboard Rule 703(1)(a) for failing to promptly disclose that negotiations with Honeywell on the MSA had been officially terminated, a piece of material information known to the Company which was necessary to avoid the establishment of a false market in the Company's securities, and that Dato' Murly, the EDs and the Other Relevant Directors had caused the Company to breach Mainboard Rule 703(1)(a).

Breach of Mainboard Rule 719(a) by the Relevant Persons

45. In the context of Mainboard Rule 719(1), the LDC agrees with the statements in the Resolution Agreement that:

(a) the making of any SGXNET announcement should be a considered decision by the Board for the following reasons:

i. Mainboard Rule 114(3) states that the directors and executive officers of an issuer are responsible for ensuring that the information submitted to the Exchange (including information contained in all SGXNET announcements) is complete and accurate in all material respects, and not misleading; and

ii. all SGXNET announcements have the potential to materially impact the market, or influence persons who commonly invest in securities in deciding whether or not to subscribe for, or buy or sell, the issuer's securities;

(b) accordingly, the Company's internal processes concerning the release of SGXNET announcements should minimally require the approval of the Board, particularly SGXNET announcements concerning the disclosure of material information. Such matters should not be left to the management team without proper escalation to the entire Board, nor be delegated to a single director or the Company Secretary to attend to the release of an announcement;

(c) the Company should have clear and established policies, as well as appropriate systems of internal checks and controls, that are adequate and effective in ensuring that all material matters, which may potentially require disclosure by the Company pursuant to the Mainboard Rules, are escalated to the entire Board in a timely manner, for the directors' collective consideration and assessment, to ensure compliance with the Company's listing obligations; and

(d) the abovementioned processes are important in a disclosure-based regime where investors rely on the information disclosed in SGXNET announcements to make informed decisions with regard to trading in the Company's securities.

46. Regarding the facts of this case, the Resolution Agreement stated, and the LDC noted that:

(a) based on the Company's Standard Operating Procedures Manual – Listing Compliances issued on 16 November 2020 (the "**Former SOP**"), which was in force during the relevant period of the Charges:

i. draft SGXNET announcements are approved by only the Group CEO, and subsequently sent to the Company's compliance advisor for comments and clearance;

ii. thereafter, permission from the Group CEO is obtained for the release of the announcements, before being sent to the Company's compliance advisor for comments and clearance for release; and

iii. following clearance from the Company's compliance advisor, the Company Secretary is instructed to release the announcements on SGXNET;

(b) the Former SOP, in and of itself, fell short of the standard required under Mainboard Rule 719(1), for the following reasons:

i. the Former SOP neither envisaged nor required the Board's involvement and approval in the entirety of the process for releasing SGXNET announcements. Consequently, the release of the MSA Announcement was wholly delegated to, and instructed for release by, the Group CEO. The rest of the Board had no opportunity to ensure that the MSA Announcement was factual and not misleading; and

ii. there were no formal internal policies in place requiring the escalation of material matters by the management team to the Board. Consequently, material matters including (i) Honeywell's letter dated 13 April 2021 stating that it did not execute the MSA, and (ii) Honeywell's email dated 30 April 2021 and letter dated 7 May 2021 indicating that negotiations on the MSA had been officially terminated, were not promptly escalated to the rest of the Board for their collective consideration and assessment to ensure compliance with the Company's disclosure obligations. Notably, matters (i) and (ii) were only made known to the rest of the Board on 23 April 2021 and 4 June 2021 respectively;

(c) the inadequacies of the Former SOP likely contributed to the occurrence of the 1st, 2nd and 3rd Charges against the Company; and

(d) due to the inadequacies of the Former SOP, the Other Relevant Directors were not made aware of material developments surrounding the MSA and were not involved in making collective and timely informed decisions to ensure the Company's compliance with its disclosure obligations under the Mainboard Rules.

47. As such, the LDC finds that the Company had breached Mainboard Rule 719(1) for failing to have in place adequate and effective systems of internal controls and risk management systems, and that Dato' Murly, the EDs and the Other Relevant Directors had caused the Company to breach Mainboard Rule 719(1).

VI. THE EXCHANGE'S REGULATORY CONCERNS

48. The LDC noted the Exchange's regulatory concerns which are set out in this section.

Regarding the Company

49. In a disclosure-based regime, shareholders and investors rely on accurate and timely information in the public domain to make their investment decisions. This case began with the premature disclosure of material information, which was non-factual at the relevant time, with the harm being perpetuated by a series of subsequent failures to disclose material information in a timely manner. This resulted in market participants trading in the Company's securities on an uninformed basis. While there may not have been an intention on the part of the Company to mislead the public, nor any wilful concealment of facts or deliberate delays in making the relevant disclosures, the fact remains that the market had suffered as a result of the breaches.

50. Chiefly, the breaches potentially resulted in losses suffered by minority shareholders and investors. This is most clearly demonstrated by the Company's share price immediately falling by approximately 8.29% when the announcement was made on 4 June 2021 that the deal was called off, and the potentially heightened trading interest in the Company's securities, with the market reacting to each of the key announcements released by the Company in relation to the MSA.

51. Given that the repercussions of the deal with Honeywell was played out in the public eye, there is a need for corresponding visible enforcement of the Exchange's regulatory regime, in order for the investing public to be assured that appropriate enforcement actions are being taken to deal with the misconduct by the Company and the Board. In this regard, it is noted that:

    (a) from the point of the MSA Announcement on 13 April 2021, the market was closely following the unfolding events until the Company's final clarification announcement on 4 June 2021 that the deal with Honeywell was called off; and

    (b) the Company's deal with Honeywell had attracted media attention, being reported by various media outlets such as the Singapore Business Review, the Edge Markets, the Straits Times, and the Business Times.

Regarding the Board

52. As a starting point, each director (whether executive, non-executive, or independent) has a solemn and non-delegable duty of due care and diligence to ensure compliance with the Mainboard Rules. Directors have, both collectively and individually, a continuing duty to stay abreast of the issuer's affairs to enable them to properly discharge their duties. In every circumstance, each director must exercise his or her own individual judgement in evaluating all facts and advice provided, in order to make considered decisions on the application of the Mainboard Rules, and not leave matters to be resolved by their co-directors or the management team.

The Group CEO and the EDs

53. As executive directors who were contemporaneously aware of the relevant facts surrounding the Charges against the Company, it is imperative that Dato' Murly and the EDs take responsibility for the breaches that ensued, with public sanctions to censure their conduct and provide assurance to the investing public that breaches of the Mainboard Rules are met with appropriate and robust regulatory action against the individuals responsible.

54. At all material times, Dato' Murly was at the helm of the Company, leading the day-to-day operations of the Group and leading the decisions made on the actions (and omissions) made by the Company, which had resulted in breaches by the Company.

55. While the EDs should not have relied solely on Dato' Murly to make the decisions on the matters surrounding the breaches by the Company, it is noted that the EDs have different roles to play in the Company, with Dato' Seri being in-charge of the Group's overall strategy, and Ir. Anil being primarily in charge of the Group's property development business. Accordingly, there is no further need to impose restrictive covenants on them.

56. As the Company has indicated that Dato' Murly is integral to the Company and its business development, and that he is also a co-founder of the Company along with Dato' Seri, calling for their resignations would be disproportionate, and may have the unintended effect of jeopardising the operations of the Group to the detriment of shareholders. Moreover, the breaches did not appear to imply any character or integrity issues on the part of the Group CEO and the EDs.

The Other Relevant Directors

57. As non-executive directors, while the Other Relevant Directors may place some reliance on Dato' Murly and the EDs to handle most of the Company's day-to-day affairs, there is a limit to which such reliance is reasonable.

58. In this case, the Other Relevant Directors were put on notice that the Company was undergoing material developments that required close monitoring to ensure compliance with the Mainboard Rules, but failed to adequately discharge their duties as directors of the Company by failing to make reasonable enquiries with the management team and by failing to seek to be kept apprised of the situation with Honeywell.

59. The Other Relevant Directors were required to make their own independent assessment, and make reasonable enquires as and when necessary, if they were to fulfil their duties properly. Passively relying on information volunteered by the management team cannot be considered sufficient in and of itself in all circumstances.

VII. SANCTIONS IMPOSED BY THE LDC ON THE RELEVANT PERSONS

60. Having considered the Resolution Agreement and the Exchange's regulatory concerns included therein, the LDC has unanimously decided to impose the following sanctions on the Relevant Persons:

The Company

(a) a public reprimand is issued to the Company;

Dato' Murly

(b) a public reprimand is issued to Dato' Murly;

(c) Dato' Murly shall provide a signed written undertaking to the Exchange not to be appointed to any position in any SGX-listed issuer (apart from the Company) for a period of six months from the date of this Grounds of Decision; and

(d) Dato' Murly shall undertake a mandatory education or training programme on listing rule obligations;

The EDs

(e) a public reprimand is issued to each of the EDs; and

(f) the EDs shall undertake a mandatory education or training programme on listing rule obligations; and

The Other Relevant Directors

(g) a private warning is issued to each of the Other Relevant Directors.

61. As the sanctions imposed on the Other Relevant Directors involve a private warning, the LDC directs that their identities be anonymised when this grounds of decision is published pursuant to Mainboard Rule 1418(1).

END