Singapore Exchange Securities Trading Limited
Listings Disciplinary Proceeding No: SGX-LDC-2022-002

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

BETWEEN

SINGAPORE EXCHANGE SECURITIES TRADING LIMITED

(the "Exchange")

AND

LUKE HO KHEE YONG
KUSHAIRI BIN ZAIDEL
JOHN ONG CHIN CHUAN
NICK ONG SING HUAT
SEET CHOR HOON

(collectively, the "Relevant Persons")

GROUNDS OF DECISION

13 March 2023

This document constitutes the written grounds of decision of the SGX Listings Disciplinary Committee ("LDC") as required under Catalist Rule 317(1), and is prepared for the Exchange and the Relevant Persons who are parties to SGX-LDC-2022-002 (the "Parties").

This document is confidential and meant to be read by the Parties and their legal representatives only, until such time as this document is published by the Exchange pursuant to Catalist Rule 318(1).

I. CHARGES BROUGHT BY THE EXCHANGE

1. The Exchange brought nine charges against:

   (a) Mr. Luke Ho Khee Yong ("**Mr Ho**"), former Chief Executive Officer ("**CEO**") of Magnus Energy Group Ltd (the "**Company**", and together with its subsidiaries, the "**Group**"); and

   (b) The board of directors of the Company at the material time (the "**Board**"):

      (i) Mr. Kushairi Bin Zaidel, former Independent Director ("**ID**") and Chairman;

      (ii) Mr. John Ong Chin Chuan, former ID;

      (iii) Mr. Ong Sing Huat, former Non-Independent Non-Executive Director; and

      (iv) Ms. Seet Chor Hoon, former ID;

   for contraventions of the Catalist Rules in relation to the disposal of 9,000,000 shares in GCM Resources plc ("**GCM**") via Thames Capital Partners LLC ("**Thames Capital**") by the Company's wholly-owned subsidiary, MEG Global Ventures Pte Ltd ("**MGV**") ("**Transaction 1**"), and the acquisition of a convertible loan from Revenue Anchor Sdn Bhd ("**Revenue Anchor**") pursuant to a deed of assignment between Revenue Anchor and MGV ("**Transaction 2**").

2. Having regard to Catalist Rules 302(5) and 302(6)[4], the Relevant Persons faced identical charges from the Exchange for causing the Company to be in breach of the Relevant Rules, as follows:

Charge	Relevant Rule	Short Description
1st Charge	Catalist Rule 703(4)(a) read with paragraph 27(a) of Appendix 7A	Caused the Company to be in breach of Catalist Rule 703(4)(a) by failing to ensure that the Company's SGXNet announcements dated 8 March 2017, 21 June 2017 and 12 October 2018 were factual and clear as to whether the shares in GCM ("**GCM Shares**") were completely sold by the Company's wholly-owned subsidiary, MGV.
2nd Charge	Catalist Rule 1010	Caused the Company to be in breach of Catalist Rule 1010 by failing to ensure that the Company disclosed the requisite information with respect to the disposal of 9,000,000 GCM Shares.
3rd Charge	Catalist Rule 719(1)	Caused the Company to be in breach of Catalist Rule 719(1) by failing to ensure that the Company had in place a robust and effective system of internal controls with respect to matters concerning Transaction 1.
4th Charge	Catalist Rule 720(1) read with 406(3)(b)	Failed to demonstrate the character and integrity expected of a director or an executive officer of the Company, with respect to matters in relation to Transaction 1.
5th Charge	Catalist Rule 703(1)(a)	Caused the Company to be in breach of Catalist Rule 703(1)(a) by failing to ensure that the Company disclosed that the condition precedent for the deed of assignment between Revenue Anchor and MGV (the "**Deed**") was not fulfilled, which was information known and necessary to be disclosed to avoid the establishment of a false market in the Company's securities. The said condition precedent was not fulfilled as the Company did not obtain consent from GCM for the assignment of debt.
6th Charge	Catalist Rule 703(1)(a)	Caused the Company to be in breach of Catalist Rule 703(1)(a) by failing to ensure that the Company disclosed that GCM did not have the requisite regulatory permits to commence coal production at its major asset in Bangladesh, which was information known and necessary to be disclosed to avoid the establishment of a false market in the Company's securities.
7th Charge	Catalist Rule 1010	Caused the Company to be in breach of Catalist Rule 1010 by failing to ensure that the Company disclosed the requisite information with respect to the Deed.

Charge	Relevant Rule	Short Description
8th Charge	Catalist Rule 719(1)	Caused the Company to be in breach of Catalist Rule 719(1) by failing to put in place a robust and effective system of internal controls to ensure that all requisite and material information relating to Transaction 2 was disclosed in accordance with the Catalist Rules, in particular Chapter 10 of the Catalist Rules.
9th Charge	Catalist Rule 720(1) read with 406(3)(b)	Failed to demonstrate the character and integrity expected of a director or an executive officer of the Company, with respect to matters in relation to Transaction 2.

II. RESOLUTION AGREEMENT

3. In the course of the proceedings, the Exchange and the Relevant Persons agreed on the terms for disposing of the disciplinary actions with "no contest".

4. On 6 February 2023, a resolution agreement signed by the Parties ("**Resolution Agreement**") was submitted to the LDC for the LDC's approval.

5. The Resolution Agreement stated that the Relevant Persons accepted liability for the 1st, 2nd, 3rd, 5th, 6th, 7th and 8th charges, and consented for the LDC to take into consideration the 4th and 9th charges against them for the purposes of determining the sanctions.

6. 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

A. Background

7. The Company was incorporated in March 1983 and was listed on the Catalist Board (formerly known as SGX Sesdaq) from August 1999 onwards. The Group's core business is oilfield equipment supply and services.

8. The continuing sponsor and registered professional at the material time of the offences were Stamford Corporate Services Pte Ltd and Mr. Bernard Lui, respectively. They were the Company's Sponsor and registered professional from April 2013 to 13 April

2020.

9. At all material times, Mr Ho was the CEO. He was first appointed as the Company's chief financial officer in September 2009 and was re-designated to CEO on 2 June 2015.

10. The Company did not have any executive directors at the material time. Mr Ho was the only executive officer and key management of the Company. Mr Ho, together with the Group Financial Controller, Jack Tan, managed all of the operations and business transactions of the Group. The management team was kept small due to cost considerations. As such, by virtue of his position of knowledge of the Group's affairs, Mr Ho's actions and/or inaction would have direct impact and implications on the Group. In this regard, Mr Ho is held to a similar standard as the Board in ensuring that the Company complied with its obligations under the Catalist Rules.

11. The Company has been suspended from trading since 22 August 2019.

B. Key events relating to the Charges

12. On 2 April 2018, Mr. Charles Madhavan ("**Mr Madhavan**") was appointed as the executive managing director of the Company. Shortly after his appointment, the Company announced on 26 May 2018 that Mr Madhavan had resigned from his position due to differences between Mr Madhavan and the management of the Company (the "**Management**") as well as the Board.

13. On 30 May 2018, Mr Madhavan wrote to the Exchange to inform that during his tenure in the Company and from his review of the Company's documents, he had concerns with respect to various transactions undertaken by the Group (the "**Transactions**"), including Transaction 1 and Transaction 2.

14. Arising from the concerns raised in relation to the Transactions, the Exchange posed numerous queries to the Company to obtain further clarity on the Transactions during the period from 30 May 2018 to 11 September 2018.

15. The Company announced their responses to the Exchange's queries pertaining to the Transactions on 12 October 2018 (the "**October 2018 Announcement**"). The Company also committed to the appointment of an independent reviewer to investigate the circumstances behind the Transactions.

16. On 18 April 2019, the Company announced that Provenance Capital Pte. Ltd.

("**Provenance**") had been appointed as its independent reviewer. The focus of Provenance's review would be on the Group's existing processes and internal controls relating to the Transactions.

17. On 23 August 2019, the Company announced that Provenance had completed its independent review and published the report containing Provenance's findings (the "**Report**").

C. Provenance's Findings on Transaction 1 – Disposal of 9,000,000 GCM Shares via Thames Capital

18. As of 28 August 2013, the Company held a balance of 9,000,000 GCM Shares that arose from a subscription agreement entered into between MGV and GCM. GCM is a London-based mining company incorporated in England and Wales that is listed on the Alternative Investment Market of the London Stock Exchange ("**AIM**").

19. On 2 February 2017, the Management obtained board approval to dispose of the 9,000,000 GCM Shares to Thames Capital, a London-based trading firm, for a total consideration of £1,800,000 (approximately S$3,180,000) by way of a directors' resolution in writing dated 2 February 2017. The consideration for the disposal was approximately 20 pence for each GCM share.

20. On 22 February 2017, following the Board's approval for the disposal, the Company (through MGV) entered into an agreement with Thames Capital (the "**Block Sale Agreement**") to dispose of the aforementioned GCM Shares. The agreement was executed by way of a letter that was entitled "Block Sale of 9,000,000 GCM shares for value of £1,800,000". The agreement was for the transfer of 9,000,000 GCM Shares to Thames Capital's trading accounts or such other nominee accounts as instructed, and settlement would be made in due course. The agreement was brief with no other terms and conditions specified.

21. On 9 March 2017, Thames Capital issued a letter (the "**Down Payment Letter**") to MGV stating that they had mutually agreed on a 10% down payment. Thames Capital added that due to compliance requirements under MGV's lock-in agreement with GCM (the "**Lock-in Deed**"), it had arranged a market trade of 3,000,000 shares through GCM's nominated broker at 25 pence per share and duly paid for the trade to MGV's account. The Lock-in Deed restrictions required the GCM Shares to be disposed of in an orderly manner through GCM's nominated brokers during the restricted period if MGV held more than 10% of the prevailing total issued shares by GCM. Thames

Capital informed MGV to credit the proceeds to the account of Patric Lim Hong Koon[1] ("**Patric Lim**") after deducting the 10% down payment. At the instructions of Thames Capital, the Company transferred the balance of £570,000 (£750,000 less 10% down payment of £180,000) to the account of Patric Lim upon receipt of the sales proceeds of £750,000 from the nominated broker.

22. At the instructions of Thames Capital, the Company transferred 9,000,000 GCM Shares to parties who were not party to the Block Sale Agreement, between 8 March and 21 June 2017. Pursuant to the trade of 3,000,000 GCM Shares effected through GCM's nominated broker, Provenance noted that on 20 June 2017, the Company transferred its remaining 6,000,000 GCM Shares to an individual, Ciaran McNamee ("**McNamee**"), at the instructions of Thames Capital. AIM-listed GCM then announced McNamee as a substantial shareholder of GCM holding 6,000,000 GCM shares.

23. On 22 June 2017, Thames Capital confirmed to the Company by way of letter (the "**Trust Letter**") that the 9,000,000 GCM Shares were held in trust for the Company until such time when MGV requested for the return of the GCM Shares or when all the GCM Shares had been sold and proceeds from the sale paid to MGV, where upon the trade arrangement between the Company and Thames Capital was deemed to be terminated.

24. The Company recognised the transfers of GCM Shares executed between 8 March and 21 June 2017 as disposal of these GCM Shares for approximately S$3,100,000 in its audited financial year ended 30 June ("**FY**") 2017, FY2018 and FY2019 financial statements. It was disclosed in the notes to the financial statements that *"[d]uring the financial year ended 30 June 2017, the Group disposed of 9,000,000 quoted equity shares in GCM to a third party for a consideration of approximately S$3,100,000*".

25. In relation to the purported disposal of 9,000,000 GCM Shares, the Company was paid a down payment of £180,000 and further cash payments aggregating £425,000 over a period of time from 5 July 2017 to 31 May 2018, totalling £605,000 out of £1,800,000. However, the majority of the consideration, amounting to £1,195,000 out of £1,800,000 (equivalent to approximately S$2,048,230 out of S$3,100,000), remained outstanding as an amount owing from Thames Capital. The amount was recorded under trade and other receivables in the Company's financial statements and was subsequently impaired in the Company's FY2019 financial statements as the Management had assessed that the default risk on the receivable had increased significantly.

26. With respect to Transaction 1, the Company made two SGXNet announcements under

[1] In the Report, Patric Lim was stated as the sole shareholder of Thames Capital.

Catalist Rules 704(17)(a)[2] and 704(17)(b)[3] on 8 March 2017 and 21 June 2017, respectively.

27. On 8 March 2017, the Company announced that it had disposed of 5.46% of its shareholdings in GCM and the Group's shareholding interest in GCM had fallen to 9.54%. On 21 June 2017, the Company announced that it had disposed of all its shareholdings in an unnamed "quoted company" on 20 June 2017. The Company subsequently clarified to Provenance that the "quoted company" referred to in the announcement of 21 June 2017 referred to GCM.

28. On 12 October 2018, the Company disclosed its responses to queries raised by the Exchange with respect to the Transactions. Extracts pertaining to Transaction 1 from the Company's October 2018 Announcement are set out below:

Query No.	The Exchange's Queries	Company's Responses (Extract)
20	"Please confirm that the Sale was completed in two tranches on 8 March 2017 and 21 June 2017 as announced on the SGXNET."	"Yes, we confirm."
21	"Please confirm that MEG Global Ventures Pte Ltd has received the full consideration of S$3.1 million pursuant to the Sale."	"The Company has received the down payment of S$0.3 million and to date has received a total of S$1.1 million. The balance [S$2.8 million] shall be paid as and when the Shares are sold. As the market is very illiquid, and it will take time for the Shares to be sold." [Emphasis added]
22	"What accounts for the difference between the S$3.1 million Sale consideration and the total receipt of S$1.35 million? The Company states that "During the financial year ended 30 June 2017, the Group disposed of 9,000,000 quoted equity to a third	"… During the disposal period from June 2017, there has been a substantial number of shares issued to the market to third parties that has caused considerable difficulties for the trader to market our block to in the open market. At this juncture, several options are available to the Company: one, to trade slowly to obtain the best

[2] Catalist Rule 704(17)(a) provides that an issuer must immediately announce any sale of shares resulting in the issuer holding less than 10% of the total number of issued shares excluding treasury shares and subsidiary holdings of a quoted company.
[3] Catalist Rule 704(17)(b) provides that an issuer must immediately announce any sale of quoted securities resulting in the issuer's aggregate cost of investment in quoted securities falling below each multiple of 5% of the issuer's latest audited consolidated net tangible assets.

Query No.	The Exchange's Queries	Company's Responses (Extract)
	party for a consideration of approximately S$3.1 million. As at 30 June 2017, S$2.8 million remains outstanding and management of the Company expects to recover this balance within the next financial year ending 30 June 2018." – How do we reconcile this to the S$1.35 million received?"	possible outcome, two, to request the trading firm to return the 9 million shares and the Company shall refund the S$1.1 million and three, which is worst of all, to instruct the trader to dispose all the shares immediately and take in whatever losses that might be incurred. The Company is in favour of the first option which will be in the best interest of the trading firm and the Company." [Emphasis added]
23	"Who is the legal owner of the shares – the trading firm or the Company? If it is the trading firm, are the shares held in trust for the Company? What are the terms of the trust agreement entered into and what are the rights of the Company as set out in the trust agreement in relation to the shares? How is it recorded in the Company's books and how does it affect the Company's Profit & Loss Statement? So has this hit the Profit & Loss Statement yet?"	"There are no other terms nor agreement entered into … The held in trust letter is an affirmation that the trader has received the Shares and shall proceed to trade out the Shares. The Shares have been recorded as sold … For the avoidance of doubt, the sale is not finalized yet as the disposal of securities is still ongoing and the numbers have not impacted the Profit & Loss Statement as yet." [Emphasis added]
25	"Please provide us with the Sale & Purchase Agreement entered into pursuant to the Sale."	"A sale and purchase agreement is not required for trading of the Shares in the open market. The Company has in place a held in trust letter for the confirmation of the 9 million shares held in the trading firm's possession … The letter serves as confirmation of the trust relationship between the trading firm and the Company …" [Emphasis added]

29. Pursuant to its review, Provenance set out in its Report the following findings in relation to Transaction 1:

(a) Based on public searches from the UK Registrar of Companies, "Thames

Capital Partners LLC" could not be found in the UK Registrar of Companies. Instead, "Thames Capital Partners Limited", a private limited company incorporated in England and Wales on 23 May 2018 with a paid up capital of £1 comprising one share, with Clive Darby, a British national, as its director, and Patric Lim, a British national, as the sole shareholder was noted. The business activity of Thames Capital was not stated in the public search.

(b) Provenance, based on public searches, noted that (i) the Securities Commission of Malaysia had, on 19 April 1999 issued a press release seeking public assistance to contact Datuk Soh Chee Wen ("John Soh") and Patric Lim to execute a warrant of arrest on each of them; and (ii) Patric Lim was compounded with a fine of RM500,000 for the offence of opening accounts at Omega Securities Sdn Bhd and Amsteel Securities Sdn Bhd under the names of nominees for John Soh. Patric Lim was therefore purportedly related to John Soh.

(c) The date of incorporation of Thames Capital Partners Limited on 23 May 2018 was more than one year after the date the Company signed the Block Sale Agreement with Thames Capital Partners LLC on 22 February 2017.

(d) As at the date of the Report (i.e. 21 August 2019), the Company was unable to get a confirmation from Thames Capital on whether the sale of 9,000,000 GCM Shares was in fact completed. As such, it was questionable whether the 9,000,000 GCM Shares were indeed sold.

(e) Provenance added that the Company's announcements were made pursuant to Catalist Rules 704(17)(a) and 704(17)(b) in respect of the portfolio of quoted investments, and the relevant details on the disposal of the GCM Shares were not clear in the announcement.

D. Provenance's Findings on Transaction 2 – Acquisition of a convertible loan from Revenue Anchor Sdn

30. On 28 April 2016, the Company announced that MGV had entered into a deed of assignment (the "**Deed**") with Revenue Anchor, a Malaysia-based investor (the "**2016 Announcement**"). Under the Deed, Revenue Anchor, as the lender to GCM for an outstanding loan of £510,000 (equivalent to approximately S$1,000,000), would assign to MGV the benefits of the £510,000 loan (the "**Assigned Debt**").

31. The Company also disclosed the following in the 2016 Announcement:

(a) On 29 May 2015, GCM announced a convertible loan agreement signed between GCM and Revenue Anchor (the "**Convertible Loan Agreement**") for Revenue Anchor to loan up to £3,000,000 to GCM with no interest payable. Of the £3,000,000 loan amount, only £510,000 was drawn down (i.e. the "**Convertible Loan**").

(b) Revenue Anchor had the right under the Convertible Loan Agreement to convert the outstanding balance of the Convertible Loan anytime at a subscription price of 11 pence per share, provided that Revenue Anchor's interest did not reach or exceed 30% of GCM's issued share capital.

(c) Pursuant to the Deed and the Convertible Loan Agreement, MGV could convert the Assigned Debt into 4,636,363 shares in the issued share capital of GCM (the "**Conversion**"), and it would hold approximately 20.8% of the enlarged capital of GCM following the Conversion.

(d) The assignment and subsequent Conversion presented a good long-term investment opportunity for the Company in GCM, considering the increasing demand for coal in Bangladesh and coal's share of electricity output expecting to increase significantly by the year 2030 in Bangladesh.

32. Prior to the Deed, MGV held 9,427,280 GCM shares, representing 15% equity interest in GCM. Assuming full conversion of the Assigned Debt, MGV's total shareholdings in the capital of GCM would become approximately 20.8% (14,063,643 shares) of the enlarged capital of GCM.

33. Pursuant to its review, Provenance further set out in its Report the following findings in relation to Transaction 2:

(a) GCM's major asset was the coalmine located in the Phulbari region of Dinajpur District, Bangladesh (the "**Phulbari Coalmine**"). Revenue Anchor was one of the financing partners of GCM. The funds raised under the Convertible Loan Agreement was for GCM to fund its Phulbari Coalmine project in Bangladesh. GCM was then in the process of applying for regulatory permits to commence production in the Phulbari Coalmine.

(b) Under the Convertible Loan Agreement, the actual amount of loan extended by Revenue Anchor to GCM was £510,000. Thus, the full payment to GCM under the Convertible Loan Agreement was fully funded only by the Company (through MGV).

(c) Pursuant to the Convertible Loan Agreement between Revenue Anchor and GCM, Revenue Anchor could not transfer, assign, novate, create an interest in or declare a trust over any rights or liabilities under the agreement without the consent of GCM, whose consent could not be unreasonably withheld.

(d) However, consent from GCM was not obtained for the Assigned Debt.

(e) The Company explained to Provenance that it had, through Revenue Anchor, tried to seek consent from GCM for the novation, on the premise that the £510,000 Convertible Loan when converted into the GCM Shares would not have triggered the 30% takeover threshold. However, Revenue Anchor was unsuccessful as GCM notified around 3 July 2016 that shareholders' approval at an extraordinary general meeting would be required to novate any part of the Convertible Loan.

(f) The Company ultimately did not obtain the consent from GCM for the assignment of the Assigned Debt, and hence, the Deed was deemed not effected.

(g) Notwithstanding that consent was not obtained from GCM and the Deed with Revenue Anchor was ineffective, the Company proceeded to pay for the Assigned Debt's consideration of £510,000 in two batches of £390,000 on 28 April 2016 and £120,000 on 3 May 2016.

(h) However, these monies were paid not to Revenue Anchor. At the instructions of Revenue Anchor, £390,000 was paid to Tantalus Rare Earths AG's ("**Tantalus**") HSBC bank account in Duesseldorf, Germany, and £120,000 was paid to Farhash Wafa Salvador's ("**Salvador**") Standard Chartered Bank account in Singapore.

(i) The Company explained to Provenance that it acted according to the payment instructions of Revenue Anchor and Revenue Anchor had confirmed receipt of the monies. The Company did not think it was necessary to enquire about Tantalus or Salvador or the purpose of the remittance of monies to them.

(j) On 3 July 2016, the Company obtained a letter of undertaking from Revenue Anchor. In that letter, Revenue Anchor undertook to hold the benefit of the repayment of the Convertible Loan of £510,000 that Revenue Anchor provided to GCM pursuant to the Convertible Loan Agreement and any GCM Shares issued to them in respect thereof up to the sum of £510,000 for the Company

as bare trustee in accordance with the Company's instructions less any related costs.

(k) Notwithstanding that the Company had not obtained the letter of undertaking at the time of the payment to Revenue Anchor, the Company explained to Provenance that the Company made the payment as it was satisfied with the public announcement by GCM (which stated that GCM had a convertible loan owing to Revenue Anchor) that Revenue Anchor was the beneficiary of the Convertible Loan. The Company did not seek any formal or informal legal advice on the matter.

(l) Provenance reported that the letter of undertaking from Revenue Anchor could be interpreted to mean that the Assigned Debt was a plain non-interest bearing loan without the benefits of the underlying equity conversion feature. The Company also did not seek any formal or informal legal advice on the matter.

(m) The Company explained to Provenance that there were some settlement discussions between GCM and Revenue Anchor which were not within the control of the Company, and in July 2018, Revenue Anchor only received 2,418,971 GCM shares from GCM out of the 4,636,363 GCM shares that should have been issued under the Convertible Loan facility, i.e. 52.2% of the originally due GCM shares.

(n) Revenue Anchor subsequently transferred the 2,418,971 GCM shares to the Company as full settlement of the £510,000 owed by it to the Company. The Company eventually disposed of such shares on the AIM market in November 2018 and incurred a loss of S$71,203.

(o) The Company also potentially lost (i) £488,048 on the 2,217,392 GCM shares (at the then market value of 22.01 pence each) which Revenue Anchor claimed it did not receive from GCM and hence, were not transferred to the Company; and (ii) interest income on the Assigned Debt if it had been a straight loan, as it would have been an interest bearing loan at a commercial rate.

IV. RELEVANT PROVISIONS OF THE CATALIST RULES

Disclosure of Material Information

34. Catalist Rule 703(1)(a) states:

"An issuer must announce any information known to the issuer concerning it or any of its subsidiaries or associated companies which is necessary to avoid the establishment of a false market in the issuer's securities."

35. Appendix 7A (Corporate Disclosure Policy) of the Catalist Rules provides at paragraph 4(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."

36. Catalist Rule 703(4) states that:

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

(a) observe the Corporate Disclosure Policy set out in Appendix 7A, and

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

37. Appendix 7A (Corporate Disclosure Policy) of the Catalist Rules provides at paragraph 27(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."

Discloseable Transactions

38. Catalist Rule 1002(1) and (2) state that:

Unless the context otherwise requires:

(1) "transaction" refers to the acquisition or disposal of assets, or the provision of financial assistance, by an issuer or a subsidiary that is not listed on the Exchange or an approved exchange, including an option to acquire or dispose of assets. It excludes a transaction which is in, or in connection with, the ordinary course of its business or of a revenue nature. It also excludes the provision of financial assistance to the issuer, or its subsidiary or associated company.

(2) "assets" includes securities and business undertaking(s).

39. Under Catalist Rule 1004, transactions are classified into the following categories:

(a) non-discloseable transactions;

(b) discloseable transactions;
(c) major transactions; and
(d) very substantial acquisitions or reverse takeovers.

40. To determine the classification, and accordingly, the level of disclosure required for a particular transaction, an issuer is first required to calculate the relative figures of the transaction based on various bases under Catalist Rule 1006. In particular, Catalist Rule 1006(c) provides that "*[a] transaction may fall into category (a), (b), (c) or (d) depending on the size of the relative figures computed on the following bases: … the aggregate value of the consideration given or received, compared with the issuer's market capitalisation based on the total number of issued shares excluding treasury shares.*"

41. Once the relative figures have been calculated, Catalist Rule 1010 provides, inter alia, as follows:

Where any of the relative figures computed on the bases set out in Rule 1006 exceeds 5%, an issuer must, after terms have been agreed, immediately announce the following:

(1) Particulars of the assets acquired or disposed of, including the name of any company or business, where applicable.

(2) A description of the trade carried on, if any.

(3) The aggregate value of the consideration, stating the factors taken into account in arriving at it and how it will be satisfied, including the terms of payment.

(4) Whether there are any material conditions attaching to the transaction including a put, call or other option and details thereof.

(5) The value (book value, net tangible asset value and the latest available open market value) of the assets being acquired or disposed of, and in respect of the latest available valuation, the value placed on the assets, the party who commissioned the valuation and the basis and date of such valuation.

(6) In the case of a disposal, the excess or deficit of the proceeds over the book value, and the intended use of the sale proceeds. In the case of an acquisition, the source(s) of funds for the acquisition.

(7) The net profits attributable to the assets being acquired or disposed of. In the case of a disposal, the amount of any gain or loss on disposal.

(8) The effect of the transaction on the net tangible assets per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the end of that financial year.

(9) The effect of the transaction on the earnings per share of the issuer for the most recently completed financial year, assuming that the transaction had been effected at the beginning of that financial year.

(10) The rationale for the transaction including the benefits which are expected to accrue to the issuer as a result of the transaction.

(11) Whether any director or controlling shareholder has any interest, direct or indirect, in the transaction and the nature of such interests.

(12) Details of any service contracts of the directors proposed to be appointed to the issuer in connection with the transaction.

(13) The relative figures that were computed on the bases set out in Rule 1006.

Internal Controls and Risk Management Systems

42. Catalist Rule 719(1)[4] states:

An issuer should have a robust and effective system of internal controls, addressing financial, operational and compliance risks. The audit committee (or such other committee responsible) may commission an independent audit on internal controls for its assurance, or where it is not satisfied with the systems of internal control.

Directors and Management

43. As a general principle, Catalist Rule 103(6) states, inter alia, that the directors of an issuer shall act in the interests of shareholders as a whole.

44. In addition, Catalist Rule 406(3)(b) states that for a listing applicant seeking admission to Catalist:

[4] Version effective from 29 September 2011 to 31 December 2018.

The character and integrity of the directors, management and controlling shareholders of the issuer will be a relevant factor for consideration.

45. Catalist Rule 720(1) further states, inter alia, that Catalist Rule 406(3) shall be complied with on a continuing basis.

46. Under Catalist Rule 720(1), directors and executive officers of an issuer are also 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 Catalist Rules, and to procure that the issuer shall so comply.

V. CATALIST RULE BREACHES

TRANSACTION 1 – DISPOSAL OF 9,000,000 GCM SHARES VIA THAMES CAPITAL

1st Charge – Caused the Company to be in breach of Catalist Rule 703(4)(a) read with paragraph 27(a) of Appendix 7A by failing to ensure the Company's announcements dated 8 March 2017, 21 June 2017 and 12 October 2018 were factual and clear as to whether the GCM Shares were completely sold by the Company

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

(a) The Company's announcements on 8 March 2017 and 21 June 2017 were made pursuant to Catalist Rules 704(17)(a)[5] and 704(17)(b)[6] in respect of the Company's disposal of its portfolio of quoted investments. However, the Company failed to disclose the relevant key details of the disposal of the 9,000,000 GCM Shares, which included the identity of the counterparty, Thames Capital, the number of GCM Shares sold as well as the aggregate value of the disposal consideration. The announcement on 21 June 2017 also did not disclose that the disposal was related to the GCM shares and only made reference to the disposal of an unidentified "quoted company".

(b) Accordingly, the Company's SGXNet announcements dated 8 March 2017 and 21 June 2017 were not clear from the outset that the Company had disposed of 9,000,000 GCM Shares for the consideration of approximately S$3,100,000 pursuant to the Block Sale Agreement.

[5] Refer to footnote 2.
[6] Refer to footnote 3.

(c) The Company's responses in the October 2018 Announcement (as shown in paragraph 28 above) were confusing due to contradictory information disclosed as to whether the GCM Shares had been sold or if they were held on trust.

(d) The Company confirmed in query 20 of the October 2018 Announcement that it had completely sold its GCM Shares in two batches on 8 March 2017 and 21 June 2017. However, this contradicted the Company's responses to queries 21, 23 and 25 of the same announcement, where it had disclosed that the sale of GCM Shares was still ongoing and the GCM shares were held in trust with an unidentified trading firm.

(e) The Company's responses in queries 21, 23 and 25 of the October 2018 Announcement that the sale of GCM Shares was still ongoing further contradicted the Company's full recognition of the sale of 9,000,000 GCM Shares in its audited FY2017, FY2018, and FY2019 financial statements, which resulted in the total consideration of approximately S$3,100,000 being recorded as receivables since FY2017.

(f) Based on the above, the information provided in the Company's SGXNet announcements on 8 March 2017, 21 June 2017, 12 October 2018, and the Company's FY2017, FY2018 and FY2019 financial statements was inconsistent and misleading as to whether the 9,000,000 GCM Shares were completely sold by the Company.

(g) Provenance likewise reported that it found the announcements unclear as to whether the 9,000,000 GCM Shares were completely sold by the Company, despite being given the full context of Transaction 1 by the Company.

(h) The Board, being privy to the Block Sale Agreement, the Down Payment Letter and the Trust Letter, believed that the SGXNet announcements dated 8 March 2017 and 21 June 2017 were factual and sufficiently clear in establishing that the Company had fully disposed of the 9,000,000 GCM Shares, and that the Company would receive the sales proceeds after Thames Capital had sold the GCM Shares on the market. However, information relating to the Block Sale Agreement, the Down Payment Letter and the Trust Letter was not publicly disclosed. As such, the public was not privy to the arrangements between the Company and Thames Capital and consequently, not apprised of their internal discussions. In the foregoing circumstances, the public would find the Company's announcements unclear and confusing.

(i) Accordingly, the Company's announcements on 8 March 2017, 21 June 2017 and 12 October 2018 were not factual and clear as to whether the 9,000,000 GCM Shares were completely sold by the Company, in breach of Catalist Rule 703(4)(a), read with paragraph 27(a) of Appendix 7A of the Catalist Rules.

48. In light of the foregoing, the LDC finds that, pursuant to Catalist Rule 302(5), the Relevant Persons had breached Catalist Rule 703(4), read with paragraph 27(a) of Appendix 7A.

2nd Charge – Caused the Company to be in breach of Catalist Rule 1010 by failing to ensure that the Company disclosed requisite information with respect to the disposal of 9,000,000 GCM Shares

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

(a) The Company, through MGV, entered into the Block Sale Agreement with Thames Capital to dispose of 9,000,000 GCM Shares for a total consideration of £1,800,000 based on 20 pence for each GCM Share. Based on the foreign exchange rate as at 22 February 2017, the total consideration value amounted to approximately S$3,180,000. The Company's market capitalisation at the material time (as at 22 February 2017) was approximately S$7,830,000. Accordingly, the aggregate value of the consideration under the Block Sale Agreement represented approximately 40.6% of the Company's market capitalisation at the material time. As the relative figure of 40.6% computed on the bases set out in Catalist Rule 1006(c) exceeds 5%, the Block Sale Agreement constituted a discloseable transaction under Catalist Rule 1010.

(b) Catalist Rule 1010 requires immediate disclosure of specific information relating to discloseable transactions after the terms of the transaction have been agreed. Information that was required to be disclosed under Catalist Rule 1010 included the identity and background information of Thames Capital, the aggregate value of consideration and how it would be satisfied, material terms and conditions of the disposal, the excess or deficit of proceeds over book value and intended use of such sale proceeds, net profit (or loss) from disposal, effects of the Block Sale Agreement on the Company's earnings per share ("**EPS**"), rationale for the Block Sale Agreement, whether the Company's director(s) or controlling shareholder(s) had any direct or indirect interest in the Block Sale Agreement, and bases of the Block Sale Agreement calculated in accordance with Catalist Rule 1006. However, none of the information required

under Catalist Rule 1010 was disclosed by the Company.

(c) Further, the point in time where disclosure was required under Catalist Rule 1010 was not at the disposal of the GCM shares. Instead, the disclosure should have been made as soon as the terms of the Block Sale Agreement had been agreed upon, which the Board would have knowledge of since they had approved the Company's entry into such agreement on 22 February 2017.

(d) In any case, the Exchange noted that the requisite information under Catalist Rule 1010 pertaining to the Block Sale Agreement was never disclosed by the Company at any point in time.

(e) Accordingly, the Company had failed to disclose the requisite information with respect to the disposal of 9,000,000 GCM Shares under the Block Sale Agreement, in breach of Catalist Rule 1010.

50. In light of the foregoing, the LDC finds that, pursuant to Catalist Rule 302(6), the Relevant Persons had breached Catalist Rule 1010, by failing to ensure that the requisite information pertaining to the Block Sale Agreement was disclosed.

3rd Charge – Caused the Company to be in breach of Catalist Rule 719(1) by failing to ensure that the Company had in place a robust and effective system of internal controls with respect to matters concerning Transaction 1

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

(a) Provenance reported that the Company's existing policy entitled "Corporate Disclosure Operation & Policy" at the material time was "relatively brief" and it merely replicated certain provisions of the Catalist Rules and Appendix 7A on the Corporate Disclosure Policy.

(b) The Company also had no policy tailored to Chapter 10 requirements nor procedures for classifying transactions undertaken by the Group and complying with the requirements for discloseable and major transactions.

(c) In addition, Provenance reported that the Company's policy entitled "Investment" at the material time was also relatively brief and general. In particular, Provenance stated the following findings which were applicable to Transaction 1:

(i) Monies were transferred to unknown third parties (i.e. Patric Lim) instead of contractual parties. Payment was not supported by invoices and the purpose of payment was not specified. The Company did not think it was necessary to enquire further on the payees or purpose of the remittance of monies to them.

(ii) There was also no acknowledgement from the third parties who received the monies (i.e. Patric Lim) or shares (i.e. McNamee).

(iii) Certain contractual parties are entities with low paid-up capital and of unknown business activities, shareholders and background. Specifically, Provenance reported that business activity of Thames Capital was not stated in the public search results and "Thames Capital Partners LLC" could not be found in the UK Registrar of Companies.

(iv) Certain investments were subsequently impaired and recovery from the contractual parties was uncertain as the contractual parties were not responding to or engaging actively with the Company. In particular, Provenance reported that the Company had requested for a statement of stock trading from Thames Capital as it was difficult to tell how many GCM Shares were arranged to be sold by Thames Capital and at what price per GCM Share. However, Thames Capital did not respond to the Company with the statement.

(v) Provenance further reported that the Company was also unable to get a confirmation from Thames Capital on whether the sale of the 9,000,000 GCM Shares was in fact completed.

(d) Taking into account the above findings, the Company's investment policy was not robust and effective in addressing any compliance risks relating to investments undertaken by the Company. Evidently, the assets of the Group were not properly tracked and monitored. This could be seen when the Company was unable to obtain any response from Thames Capital on (i) its request for a statement of stock trading; or (ii) whether the sale of the entire 9,000,000 GCM Shares was completed.

(e) Furthermore, no legal action was taken against Thames Capital for the outstanding amount of approximately S$2,048,230 owing from Thames Capital. Instead, such amount was impaired in the Company's FY2019 financial statements and recognised as a loss after the Management assessed that the

default risk on the outstanding amount had increased significantly when there was no further payment from Thames Capital since 31 May 2018.

(f) As a result, the Company was unable to recover approximately two-thirds of the proceeds (amounting to approximately S$2,048,230) from Transaction 1, to the detriment of its shareholders.

(g) The Board was obliged to make reasonable enquiries to satisfy themselves that (i) Transaction 1 was properly disclosed in accordance with the Catalist Rules; and (ii) the assets of the Group were properly safeguarded in accordance with robust systems and policies in place. There ought to have been proper procedures in place to ensure that significant transactions were only undertaken after sufficient due diligence on the background and track record of the counterparties, and payments were only remitted to contractual parties with proper documentation.

(h) As the CEO at the material time, Mr Ho was responsible for ensuring (i) due disclosure; and (ii) proper execution of Transaction 1, in accordance with the Catalist Rules. As he was in a position of knowledge of the Group's affairs, Mr Ho was reasonably held to a similar standard as the Board (which comprised only non-executive directors) and similarly expected to ensure that the Company complied with its obligations under the Catalist Rules.

(i) However, the Relevant Persons failed to discharge their duties and responsibilities, which resulted in the Company's breach of Catalist Rule 1010 and monies amounting to approximately S$2,048,230 to become unrecoverable due to the lack of robust and effective internal controls as well as poor execution of Transaction 1.

(j) Accordingly, the Relevant Persons had failed to put in place a robust and effective system of internal controls to ensure the following:

(i) the requisite information relating to the disposal of GCM Shares was duly disclosed in accordance with Catalist Rule 1010; and

(ii) the Group's assets with respect to Transaction 1 were properly safeguarded,

and thereby caused the Company to be in breach of Catalist Rule 719(1).

52. In light of the foregoing, the LDC finds that, pursuant to Catalist Rule 302(6), the

Relevant Persons had breached Catalist Rule 719(1).

4th Charge – Failed to demonstrate the character and integrity expected of a director or an executive officer of the Company with respect to matters in relation to Transaction 1

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

(a) The Relevant Persons had failed to use all reasonable endeavours and diligence in the discharge of their duties to act in the interests of the Company and its shareholders, taking into consideration the following:

(i) No basic due diligence, such as public searches, was conducted by the Relevant Persons to satisfy themselves on the background and track record of Thames Capital prior to the Company entering into the Block Sale Agreement to the Company's entry into the Block Sale Agreement. In this regard, the Board did not make any further checks or searches after Mr Ho had shown to the Board a copy of the Block Sale Agreement which appeared to be properly signed off on the letterhead of Thames Capital, and therefore did not suspect that Thames Capital did not exist. Consequently, the Company entered into an agreement with Thames Capital, which was a non-existent entity at the material time.

(ii) The assets of the Group were not properly tracked and monitored as Provenance had reported that the Company was unable to get a confirmation from Thames Capital on whether the sale of the entire 9,000,000 GCM Shares was in fact completed.

(iii) The proceeds received from the nominated brokers from the sale of 3,000,000 GCM Shares were remitted to Patric Lim's account at the mere instructions of Thames Capital. By paying £570,000 out of the sale proceeds of 3,000,000 GCM Shares to Patric Lim, this contradicted the contents of the Company's disclosure in the earlier announcements made pursuant to Catalist Rules 704(17)(a) and (b) where it stated that 3,000,000 GCM Shares were sold. Instead of depositing the proceeds from the sale of 3,000,000 GCM Shares belonging to the Company into the Company's bank accounts, such sale proceeds were remitted to Patric Lim. There was no acknowledgement of receipt of such proceeds by Patric Lim or Thames Capital.

(iv) The GCM Shares were transferred on 8 March 2017 and 20 June 2017 to unknown parties who were not part of the Block Sale Agreement (i.e. McNamee) at the mere instructions of Thames Capital. There was also no acknowledgement of receipt of such shares by McNamee or Thames Capital.

(v) When the Company's agreement with Thames Capital eventually turned sour, the Relevant Persons also failed to enforce Thames Capital's obligation to make the agreed payment of £1,800,000 (equivalent to approximately S$3,100,000) for the Company's sale of 9,000,000 GCM Shares pursuant to the Block Sale Agreement. No legal action was taken against Thames Capital for the outstanding amount of approximately S$2,048,230. While the Relevant Persons claimed that they had contemplated taking legal action but for the Company's lack of funds, it is noted that this contemplation took place more than two years after the transfer of the GCM Shares and the disposal proceeds not being forthcoming.

(vi) The majority of the consideration from Transaction 1 remained outstanding since 31 May 2018. Such amount amounting to approximately S$2,048,230 was subsequently impaired and recognised as a loss in the Company's FY2019 financial statements when there was no further payment, response or update from Thames Capital. In this regard, the Company only recovered around one third of the consideration, i.e. £605,000 (equivalent to approximately S$1,100,000), to the detriment of its shareholders.

54. In light of the foregoing, the LDC finds that the Relevant Persons had breached Catalist Rule 720(1), read with Catalist Rule 406(3)(b). That is, they failed to demonstrate the character and integrity expected of a director or an executive officer of the Company by failing to use all reasonable endeavours and diligence in the discharge of their duties to act in the interests of the Company and its shareholders.

TRANSACTION 2 – DEED OF ASSIGNMENT BETWEEN REVENUE ANCHOR AND MGV

5th Charge – Caused the Company to be in breach of Catalist Rule 703(1)(a) by failing to ensure the Company disclosed that the condition precedent for the Deed between Revenue Anchor and MGV was not fulfilled, which was information known and necessary to be disclosed to avoid the establishment of a false market in the Company's securities

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

(a) The requirement to obtain consent from GCM for the Assigned Debt was a condition precedent of the Deed. The failure to comply with such a condition precedent would mean that Revenue Anchor breached the terms of its Convertible Loan Agreement with GCM when assigning the Assigned Debt to the Company. Provenance also reported that the failure to comply with the condition precedent would deem the Deed ineffective, resulting in the Company not being able to obtain the benefits of the equity conversion feature of the Deed.

(b) The Company however failed to disclose this material fact that such a condition precedent of the Deed was not yet fulfilled when the Company announced in the 2016 Announcement that it had entered into the Deed.

(c) The breach was further exacerbated when the outcome of the non-fulfilment of such condition precedent was cast in stone but there was still no disclosure of the same. The Relevant Persons would have known by 3 July 2016 that GCM had declined to provide its requisite consent to satisfy the condition precedent when they obtained the letter of undertaking from Revenue Anchor. However, the Relevant Persons failed to disclose the Company's failure to comply with the condition precedent even after 3 July 2016.

(d) In failing to disclose the non-fulfilment of the condition precedent of the Deed, a false market was potentially created at the material time as the market had traded under the impression that the Company still effectively held the benefits of the equity conversion feature and the Deed would present a good long-term investment opportunity for the Company in GCM, as set out in the 2016 Announcement.

(e) Accordingly, the Company had breached Catalist Rule 703(1)(a) by failing to disclose the non-fulfilment of the condition precedent of the Deed, a piece of material information known and necessary to be disclosed to avoid the establishment of a false market in the Company's securities.

56. In light of the foregoing, the LDC finds that, pursuant to Catalist Rule 302(5), the Relevant Persons breached Catalist Rule 703(1)(a).

6th Charge – Caused the Company to be in breach of Catalist Rule 703(1)(a) by failing to

ensure the Company disclosed that GCM did not have the requisite regulatory permits to commence coal production at its major asset in Bangladesh, which was information known and necessary to be disclosed to avoid the establishment of a false market in the Company's securities

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

(a) Provenance reported that the funds raised from the Convertible Loan was for GCM to fund its Phulbari Coalmine project in Bangladesh.

(b) However, the Company failed to disclose that GCM was only in the process of applying for regulatory permits to commence production at the Phulbari Coalmine and had not obtained such requisite permits. The Phulbari Coalmine project was a major asset of GCM, and accordingly, it was essential for GCM to obtain such permits.

(c) The Company disclosed in the 2016 Announcement that "*[t]he assignment and subsequent Conversion presents a good long-term investment opportunity for the Company in GCM, taking into account the increasing demand for coal in Bangladesh and the coal's share of electricity output is expected to increase significantly by the year 2030 in Bangladesh*." [Emphasis added]

(d) In failing to disclose that GCM did not have the requisite permits to commence its revenue-generating coal production at its major asset in Bangladesh, a false market was potentially created at the material time as the market had traded under the impression that the Deed would present a good long-term investment opportunity for the Company in GCM taking into account the prospects of GCM's coal business in Bangladesh, as set out in the 2016 Announcement. However, in actual fact, GCM did not have the requisite permits to commence its coal production at the Phulbari Coalmine in Bangladesh.

(e) Considering that the Company had announced GCM's application for regulatory permits in its SGXNet announcement dated 30 August 2013 when it first invested in GCM, in the absence of any disclosure or update on the status of the permits, an investor may have been unclear as to whether such requisite regulator permits had already been obtained in 2016 given the passage of time and, in particular, the Company's intent to increase its shareholdings in GCM through the Deed.

(f) Accordingly, the Company had breached Catalist Rule 703(1)(a) by failing to disclose that GCM did not have the requisite regulatory permits to commence coal production at its major asset in Bangladesh, a piece of material information known and necessary to be disclosed to avoid the establishment of a false market in the Company's securities.

58. In light of the foregoing, the LDC finds that, pursuant to Catalist Rule 302(5), the Relevant Persons breached Catalist Rule 703(1)(a).

7th Charge – Caused the Company to be in breach of Catalist Rule 1010 by failing to ensure that the Company disclosed the requisite information with respect to the Deed

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

(a) The Deed involving Revenue Anchor's assignment of the Convertible Loan to the Company (through MGV) would fall under Chapter 10 of the Catalist Rules as it was deemed an acquisition of an option to acquire assets, i.e. shares in GCM, by the Company. As such, the rules under Chapter 10 of the Catalist Rules had to be complied with at the material time.

(b) The consideration for the Company's acquisition of the Convertible Loan pursuant to the Deed was £510,000, which was equivalent to approximately S$1,000,000. The Company's market capitalisation at the material time (as at 31 December 2015) was approximately S$6,100,000. Accordingly, the aggregate value of the consideration pursuant to the Deed represented approximately 16.4% of the Company's market capitalisation. As the relative figure of 16.4% computed on the bases set out in Catalist Rule 1006(c) exceeded 5%, the acquisition of the Convertible Loan from Revenue Anchor pursuant to the Deed constituted a discloseable transaction pursuant to Catalist Rule 1010.

(c) Information that was required to be disclosed in respect of the Deed includes the description of the trade carried out by GCM, material terms and conditions of the Deed, net profit attributable to GCM, the effects of the Deed on the Company's net tangible assets per share and EPS, and bases of the Deed calculated in accordance with Catalist Rule 1006.

(d) However, none of the information required under Catalist Rule 1010 was disclosed by the Company. The 2016 Announcement only set out certain

information such as the aggregate value of consideration, the rationale for the Company's entry into the Deed and the interest of the Company's director(s) or controlling shareholder(s) in the Deed.

(e) Accordingly, the Company had failed to disclose the requisite information pertaining to the Deed, in breach of Catalist Rule 1010.

60. In light of the foregoing, the LDC finds that, pursuant to Catalist Rule 302(6), the Relevant Persons breached Catalist Rule 1010.

8th Charge – Caused the Company to be in breach of Catalist Rule 719(1) by failing to put in place a robust and effective system of internal controls to ensure that all requisite and material information relating to Transaction 2 was disclosed in accordance with the Catalist Rules

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

(a) Provenance reported that the Company's policy entitled "Corporate Disclosure Operation & Policy" at the material time was relatively brief and merely replicated certain provisions of the Catalist Rules and Appendix 7A on the Corporate Disclosure Policy.

(b) The Company had no policy tailored to Chapter 10 requirements nor procedures for classifying transactions undertaken by the Group and complying with the requirements for discloseable and major transactions.

(c) Accordingly, the Defendants had failed to put in place a robust and effective system of internal controls to ensure that all requisite and material information relating to Transaction 2 was disclosed in accordance with the Catalist Rules, in particular Chapter 10 of the Catalist Rules, and thereby caused the Company to be in breach of Catalist Rule 719(1).

62. As such, the LDC finds that, pursuant to Catalist Rule 302(5), the Relevant Persons had breached Catalist Rule 719(1).

9th Charge – Failed to demonstrate the character and integrity expected of a director or an executive officer of the Company with respect to matters in relation to Transaction 2

63. Regarding the facts of this case, the Resolution Agreement stated, and the LDC noted

that:

(a) The Relevant Persons had failed to use all reasonable endeavours and diligence in discharge of their duties to act in the interests of the Company and its shareholders, taking into consideration that:

(i) The Company's investment objective on the Assigned Debt was to own all the 4,636,363 GCM shares when the Convertible Loan was converted into GCM shares at 11 pence each, based on the Company's rationale to invest in the Assigned Debt as disclosed in the 2016 Announcement. However, the Relevant Persons failed to enforce the Company's rights to the entire 4,636,363 GCM Shares, thereby causing the Company to lose potential profits of £488,048 on the 2,217,392 GCM shares (at the then market value of 22.01 pence each) which Revenue Anchor claimed it did not receive and hence, were not transferred to the Company.

(ii) The Company also lost interest income on the Assigned Debt, as if it had been a straight loan, it would have been an interest-bearing loan at a commercial rate.

(iii) Due to the Relevant Persons' failure in the proper execution and enforcement of rights pertaining to Transaction 2 as set out above, the Company suffered a realised loss of S$71,203 as well as potential loss on interest income and equity value of the GCM shares it should have received.

(b) Provenance also identified certain weaknesses and shortfalls pertaining to Transaction 2:

(i) Notwithstanding that consent was not obtained from GCM and the Deed with Revenue Anchor was ineffective, the Company proceeded to pay for the Assigned Debt in May 2016.

(ii) Monies ought to have been disbursed only to approved parties under the terms of the Deed and not to unknown parties at the instructions of Revenue Anchor, i.e. Tantalus and Salvador, and the Relevant Persons did not enquire about Tantalus or Salvador or the purpose of the remittance of monies to them, and disbursed such monies at the mere

instructions of Revenue Anchor.

(iii) Written confirmation ought to have been obtained from the Company's legal advisor on important aspects of Transaction 2, including legal advice on (i) the enforceability and validity of the Deed as well as (ii) the letter of undertaking from Revenue Anchor to ascertain the interpretation of understanding of whether the amount owing from Revenue Anchor was a plain interest free loan and without the benefits of the equity conversion feature.

(iv) The Relevant Persons ought to have followed up closely on the Company's investment to ensure that the Company's interests were protected.

(c) Provenance's report suggested that there was a lack of due care and diligence in the Relevant Persons' execution of their duties and obligations for Transaction 2 in the interests of the Company's shareholders at the material time. The Company would not have suffered losses from Transaction 2 if the Relevant Persons had conducted the requisite due diligence prior to the entry into the Deed, engaged proper legal advice and performed proper execution and enforcement of rights pertaining to Transaction 2.

64. In light of the foregoing, the LDC finds that the Relevant Persons, in breach of Catalist Rule 720(1) read with 406(3)(b), had failed to demonstrate the character and integrity expected of a director or an executive officer of the Company by failing to use all reasonable endeavours and diligence in the discharge of their duties to act in the interests of the Company and its shareholders.

VI. THE EXCHANGE'S REGULATORY CONCERNS

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

66. In a disclosure-based regime, shareholders and investors would rely on factual and clear information in the public domain to make their investment decisions. While there may be no intention on the part of the Relevant Persons to mislead the public, the market had traded under false premises for a significant period of time. Moreover, the public would have continued to do so had it not been for Mr Madhavan's whistle-blowing that led to the subsequent independent review by Provenance and revelations about Transaction 1 and Transaction 2.

67. Investor confidence is affected when there is a lack of corporate transparency and accountability by directors and executive officers of listed issuers. There is thus a need for corresponding visible enforcement of the Exchange's regulatory regime for the investing public to be assured that appropriate enforcement actions are being taken to deal with the misconduct or lapses by the Relevant Persons.

Regarding the former CEO, Mr Ho

68. Mr Ho had failed to exercise due diligence in the discharge of his duties. As the only executive officer and key management of the Company at the material time, and despite knowing that the Board had placed reliance on him, he failed to ensure that the Company made proper disclosure of pertinent information relating to Transaction 1 and Transaction 2.

69. Through Mr Ho's actions (or lack thereof), he had exhibited a lack of sufficient care and diligence for the risks involved when handling the execution of Transaction 1 and Transaction 2:

(a) In respect of Transaction 1, had Mr Ho taken the effort to conduct a simple public search on Thames Capital, he would have found the same adverse findings by Provenance as highlighted in paragraph 29. This is basic due diligence, expected in any commercial transaction, for a proper consideration of the counterparty's credibility and appropriateness as a transacting partner (such as its ability to complete its obligations). Consequently, the Company entered into a transaction with a non-existent entity.

(b) Despite the materiality of the Block Sale Agreement and the background of Thames Capital, Mr Ho still recommended that the Company enter into the Block Sale Agreement without proper due diligence on the substance of the agreement nor highlighting this to the Board.

(c) Mr Ho also failed to address the Board's concerns about the collectability of the amounts owing by Thames Capital. According to Mr Ho, the Company did not pursue enforcement as it had received assurance from Thames Capital, and the Company did in fact receive payment of various amounts from Thames Capital between 4 July 2017 to 31 March 2018. However, the fact remains that he did not take action to reclaim the GCM Shares at the material time and instead only assured the Board that Thames Capital required more time for the payment.

(d) In respect of Transaction 2, Mr Ho explained that he had received assurances from various parties that consent from GCM would be forthcoming. He also believed the Company's rights under the Deed were preserved notwithstanding the failure to obtain GCM's consent, because of a letter of undertaking issued by Revenue Anchor on 3 July 2016. However, Mr Ho did not seek written legal confirmation on these important aspects of the transaction, i.e. the enforceability and validity of the Deed as well as the letter of undertaking from Revenue Anchor to ascertain whether the amount owing from Revenue Anchor was a plain interest-free loan and without the benefits of the equity conversion feature.

(e) Despite knowing that consent had yet to be obtained from GCM, Mr Ho had allowed payments to be made for the Assigned Debt (without raising any red flags to the Board) and to unknown parties at the instructions of Revenue Anchor, without any enquiries on the identity of Tantalus and Salvador or the purpose of the remittance of monies to them.

70. While the Provenance Report made no findings that Mr Ho had acted dishonestly or had sought to prefer his own interests or that of other third parties in relation to Transaction 1 and Transaction 2, Mr Ho had fallen short of his duty to ensure compliance with the Catalist Rules and departed from the reasonable standard of conduct and diligence expected of his position as CEO of the Company. In this regard, there is a need to impose public sanctions to publicly condemn Mr Ho's conduct, as well as to deter others from engaging in similar misconduct.

Regarding the Board

71. As a starting point, each director (whether executive, non-executive, or independent) has a solemn and non-delegable duty of due diligence to ensure their company's compliance with the Catalist 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 and due diligence in evaluating all facts and advice provided, to make considered decisions on the application of the Catalist Rules.

72. In this case, the Board was composed of non-executive and mostly independent directors who were not engaged in the day-to-day operations of the Company. While the Board may place some reliance on Mr Ho to handle most of the Company's day-to-day affairs, they were still 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 Mr Ho and the Management

cannot be considered sufficient in and of itself in all circumstances.

73. Moreover, had the Board insisted that there be proper procedures in place to ensure that significant transactions were only undertaken after sufficient due diligence on the background and track record of the counterparties, and payments were only remitted to contractual parties with proper documentation, such procedures could have detected the pertinent issues inherent in Transaction 1 and Transaction 2.

74. In light of the above, the Board had been negligent in the discharge of their duties. That being said, the Exchange noted that Provenance did not make any finding that the Board deliberately breached the Rules, or were reckless in the discharge of their duties, or that the Board had acted dishonestly or had sought to prefer his/her own interest or that of other third parties in relation to Transaction 1 and Transaction 2. All four members of the Board also did not have any prior records of any corporate misconduct.

75. As noted in paragraph 10 above, due to cost considerations, the Board had faced difficulties at the material time as they were only able to rely on a small management team to provide the Board with the necessary information and/or documents in relation to Transaction 1 and Transaction 2 to ensure that sufficient due diligence was done in significant transactions and to ensure that the Company made proper disclosures in accordance with the Catalist Rules. The same practical difficulties were also noted by Provenance in their report. In the circumstances, the Exchange was of the view that a public reprimand and a signed written undertaking not to seek any directorship on the board of directors, or role as a key executive officer (as defined in the SGX listing rules) of issuers whose securities are listed on the SGX Mainboard or Catalist for a one year period was appropriate.

VII. SANCTIONS IMPOSED BY THE LDC ON THE RELEVANT PERSONS

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

Mr Ho

(a) A public reprimand is issued to Mr Ho.

(b) In addition, Mr Ho shall provide a signed written undertaking to the Exchange not to seek any directorship on the board of directors, or role as a key executive

officer (as defined in the SGX listing rules) of issuers whose securities are listed on the SGX Mainboard or Catalist for a period of two years from the date of these grounds of decision.

The Board

(c) A public reprimand is issued to each member of the Board.

(d) In addition, each member of the Board shall provide a signed written undertaking to the Exchange not to seek any directorship on the board of directors, or role as a key executive officer (as defined in the SGX listing rules) of issuers whose securities are listed on the SGX Mainboard or Catalist for a period of one year from the date of these grounds of decision.

END