

SGX RegCo has issued a regulatory column on 22 April 2020 (Please click [here](#)) to guide issuers on its expectations on the disclosures of issuers during the COVID-19 outbreak and the resultant government measures on their businesses. A key takeaway from this regulatory column is that it is deemed necessary for issuers to provide transparent and timely disclosures during this period, and broad-stroke explanations on the company's outlook due to the decline in general economic activity would be deemed inadequate and of little utility to their shareholders.

A summary of the regulatory column is provided below.

Making Disclosures During Uncertain Times

- 1. Quantifiable.** Shut down of stores, plants and offices, if quantifiable, should be disclosed. Such as proportions of units that are shut down vis-à-vis the operating units due to COVID-19. At the very least, issuers must be transparent about such decisions including providing data on operations that have been suspended or curtailed.
- 2. Non-Quantifiable.** On ongoing developments and that is not quantifiable, issuers should still make disclosures to reflect its current state of affairs and outlook. In particular, assessment of the steps taken by the Board to address the effects of COVID-19 and how its operating and financial conditions may change. Updates can be provided when there are subsequent material developments.
 - a. When information is insufficient to disclose the financial impact with certainty.** Issuers should provide a detailed explanation of the non-disclosure and sufficient information to enable investors to independently assess the financial impact after taking into consideration the variables disclosed.
 - b. Avoid generic statements that do not give any clarity of the specific impact on their operations and financial situation.** Issuers should not publish a generic statement that they expect their financial results to be materially impacted due to COVID-19 without providing an assessment on how their operations would be affected.

Board Oversight

- 1. Plans that give rise to material information.** Boards should keep in mind whether their plans to deal with the effect of COVID-19 on their business will give rise to material information that must be disclosed.
- 2. Effectiveness of internal controls.** Boards and auditors should have (i) heightened vigilance on the effectiveness of internal controls such as cash balances and accounts receivables, and (ii) robust systems put in place so they are promptly alerted of changes to the issuer's business and financial condition amid the evolving situation.

Guidance on whether Disclosure is Required

Please refer to **Table 1** in page 2 below for guidance from SGX RegCo on key areas of disclosure due to the impact of COVID-19 on operations. To note that the list of key areas is not exhaustive and issuers should consider the necessary disclosures that are relevant for their industry and circumstances.

Business Updates

- With the extension of time granted to publish issuers' annual reports, issuers should take steps to minimise information gaps regarding their state of affairs. Issuers should publish regular business updates during this period on their performance and the announcements can contain key operating metrics or top-line financials.
- The financial or non-financial indicators in such updates should (i) communicate the impact of COVID-19 on the issuers' current performance and future plans, and (ii) provide mitigating measures to manage emerging threats arising from the COVID-19 situation.

Table 1

This list of key areas is not exhaustive. Issuers should consider the necessary disclosures that are relevant for their industry and circumstances.

No.	Key Areas of Impact due to COVID-19	Queries to determine disclosure
1	Impact of COVID-19 on operations.	<ul style="list-style-type: none"> ▪ Is there <u>material</u> disruption to issuer’s supply chains and demand? ▪ Are there <u>material</u> operational constraints and measures to overcome these challenges?
2	Compliance with COVID-19 restrictions	<ul style="list-style-type: none"> ▪ Breach of any COVID-19 restrictions which may lead to penalty by the relevant authorities?
3	Impact of COVID-19 on issuer’s earning prospects	<ul style="list-style-type: none"> ▪ Expect material changes to previous prospect statements, or significant improvement or deterioration to its near-term financial results? ▪ If the prospect’s statement is revised in view of the highly uncertain situation, the issuer must provide detailed explanations: <ul style="list-style-type: none"> (i) Reasons for revising its prospect’s statement, and (ii) Explain how COVID-19 has impacted the relevant quarter or half yearly performance. ▪ Is there a withdrawal of previous earning guidance? If so, issuers must provide a detailed explanation on the reasons and impact to performance for the relevant period leading to the withdrawal.
4	Impact of COVID-19 on issuers’ liquidity	<ul style="list-style-type: none"> ▪ Are there any material uncertainty concerning the issuer’s ability to fulfill its near-term obligations? ▪ Are there any material adverse impact to the issuer’s sources of cash or liquidity (e.g. deferral of a significant payment from a major customer)? ▪ Are there material uncertainty on the issuer’s ability to meet its debt covenants or to service its debt obligations? Does the issuer plan to take any material action to raise funds or conserve its liquidity? ▪ Is the issuer making any changes to its dividend policy?
5	Impact of COVID-19 on issuers’ balance sheet	<ul style="list-style-type: none"> ▪ Does the issuer expect material impairments to its assets? ▪ How is the issuer safeguarding its key assets and value drivers? ▪ Are there material changes to capital expenditure previously planned for? ▪ Are there changes in accounting estimates or assumptions that would materially affect previously disclosed forecast or estimates as well as financial results?
6	Impact of COVID-19 on issuers’ contractual obligations	<ul style="list-style-type: none"> ▪ Has the issuer or any of its counter-parties exercised temporary relief, force majeure clauses or termination of contractual obligations for material contracts? ▪ Are there any threats to the issuer’s contractual rights or ability to fulfill its obligations for material contracts? ▪ Are there material contractual terms that have been waived or newly imposed?
7	Threats to viability	<ul style="list-style-type: none"> ▪ Are there significant threats to the issuer’s ability to operate as a going concern? ▪ Does the issuer anticipate making significant changes to its business plans in order to manage its near-term costs?
8	Impact of governmental measures	<ul style="list-style-type: none"> ▪ How have the issuer’s key businesses been affected by national and/or international measures taken by countries to address the impact of COVID-19? ▪ Do budgetary support measures have an impact on the operations and business plans of the issuer?

Useful References:**SGX Regulatory Column**

<https://www.sgx.com/media-centre/20200422-regulators-column-what-sgx-expects-issuers-disclosures-during-covid-19>

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