

GEN – General – Calgro M3 Holdings Limited

Censure imposed by the Johannesburg Stock Exchange (“JSE”) on Calgro M3 Holdings Limited (“Calgro M3”)

The JSE wishes to inform stakeholders of the following findings in respect of Calgro M3:

1. The JSE has found Calgro M3 to be in breach of the following paragraphs of the JSE’s Listings Requirements:
 - (a) paragraph 3.65 of the Listings Requirements which requires an issuer to announce all dealings by directors by no later than 24 hours after receiving all required dealings information from a director;
 - (b) paragraph 5.69(b) of the Listings Requirements which requires an issuer, in respect of specific repurchases, to ensure that approval is given in terms of a special resolution by shareholders excluding any votes by shareholders and its associates participating in such specific repurchase;
 - (c) paragraphs 11.23 and 11.25 of the Listings Requirements which requires an issuer to publish an announcement containing the full terms of a specific repurchase and to then disseminate a circular to shareholders seeking shareholder approval on the specific repurchases within 60 days of the aforementioned announcement; and
 - (d) section 14.2, read in context with section 14.1(e) and 14.1(f), of Schedule 14 of the Listings Requirements which requires an issuer to seek prior approval from shareholders, excluding all the votes attached to all equity securities owned or controlled by persons who are existing participants in the scheme, when altering a share scheme.

2. Calgro M3 announced on 27 September 2018 that pursuant to a board resolution of 30 August 2018, Calgro M3 decided to cancel the executive share scheme initially approved by shareholders in July 2015 (“executive share scheme”) due to the negative impact that IFRS 15 and IFRS 9 has had on Calgro M3’s net debt/equity ratio and the Company’s future gearing ability.

As a result of the cancellation of the executive share scheme, Calgro M3 would have had to buy back shares originally issued to participants of the executive share scheme, which participants included certain directors of Calgro M3. In order to execute the buy back of shares and the cancellation of the executive share scheme, Calgro M3 decided to amend the share scheme without any shareholder approval, and enter into cancellation agreements with participants. Such buy back of shares amounted to a specific repurchase of shares and dealings by directors in terms of the Listings Requirements, which specific repurchase of shares required shareholder approval by special resolution, and which dealings by directors required disclosure within 24 hours by Calgro M3 of the directors agreeing to sell their shares to Calgro M3. Calgro M3 failed to seek the approval of shareholders for the buy back of shares. Calgro M3 failed to disseminate a directors’ dealings announcement within 24 hours by Calgro M3 of the directors agreeing to sell their shares to Calgro M3.

Consequently, as the buy back of shares amounted to a specific repurchase of shares that required shareholder approval in terms of the Listings Requirements, a SENS announcement containing the full terms of the share buybacks was necessitated by Calgro M3 but was never done. Consequently, Calgro M3 ought to have disseminated a circular to shareholders seeking shareholder approval for the share buybacks within 60 days of the aforementioned SENS announcement and failed to do so.

Furthermore the amendment to cancel the executive share scheme impacted rights attaching to the securities in the scheme and the basis upon which awards under the scheme were made, and as a result of the materiality of these amendments, shareholder approval ought to have been sought and Calgro M3 failed to do so.

3. The JSE has decided to impose this public censure against Calgro M3 in relation to the aforementioned transgressions of the Listings Requirements.

5 November 2019