

## **MONTEGO FREEPORT LIMITED**

### **DELISTING PROPOSAL**

#### **Why Delist?**

- .. Sale of lots are almost completed
- .. Montego Freeport Limited has fulfilled its purpose of developing the Freeport Peninsula
- .. Operational plans and objectives for the company is now at a minimum
- .. Current operational expense are out of proportion with current activities

#### **Rules of the Jamaica Stock Exchange (JSE)**

1. A listed company may make an application to the Exchange to be delisted. Any such application must be in writing, stating in as much detail as possible the reason for the application, and accompanies by a certified copy of the Board authorizing the application for delisting,
2. In situations where the majority shareholder(s) makes an application to delist, he shall be required to make an offer to buy out the minority shareholders, unless a majority of the minority shareholders present at a general meeting approve the application to delist.
3. The company must be current in all its financial reporting to the Exchange.
4. In the event of a delisting of the company's securities, no portion of the listing fee is refundable. However, if during the calendar year of delisting a company is relisted, no further fee is payable for the balance of that calendar year.

## **Reasons for Delisting**

1. A company going private in a private equity transaction.
2. A company going private following a merger or acquisition.
3. A company considering winding up procedures
4. The avoidance of full disclosure obligations of listed companies
5. Less regulatory reporting obligations.
6. The stock volumes on the Exchange may be too insignificant to warrant participation
6. Cost savings e.g. listing fees and operational expenses

## **Advantages of Delisting**

1. The company is no longer liable to follow the rules of the Exchange.
2. No additional costs of maintaining a listing on the Exchange, such as listing fees.
3. No additional human resource requirement to meet the continuing obligation of the Exchange
4. Less time spent by management in satisfying corporate governance best practice which would give more time for the running of the inside operations of the company

## **Disadvantages of Delisting**

1. The shares will not enjoy the benefits of trading across the floor of the Exchange, therefore, their marketability on the Exchange will be lost.
2. Transfer of shares will no longer be exempt from the payment of transfer tax and stamp duties

3. The company will become less attractive to minority shareholders as they no longer have the possibility of exiting the company under favourable conditions by selling their shares on the Exchange
4. The company will no longer have the ability to raise finance through debt and equity

**If delisted, how would the shares of the Company be traded?**

- .. Shares of the company can be bought and sold through the Registered Stockbrokers
- .. How would the value of the shares be determined?
- .. This would be based on the value of the assets of the company and stockholders' equity

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