

## ENHANCEMENTS TO CONTINUOUS DISCLOSURES

### AMENDMENTS TO MAINBOARD RULES

*Legend: Deletions are struck-through and insertions are underlined.*

#### Definitions and Interpretation

~~“books closure date”~~

~~the date fixed by an issuer for the purpose of determining entitlements to dividends or other distributions or rights of holders of its securities~~

“Code”

~~the Code of Corporate Governance issued by the Committee on Corporate Governance on 4 April 2001, as from time to time amended, modified or supplemented~~

~~“direct interest”~~

~~in relation to a securities holder, securities registered in his own name and securities held in his direct securities account with CDP~~

“Exchange's listing rules”, “Rules” or “this Manual”

the provisions of this Manual (excluding ~~the Best Practices Guide~~, the Code and the Practice Notes) as from time to time amended, modified or supplemented

“financial assistance”

includes:—

- (a) the lending of money, the guaranteeing or providing security for a debt incurred or the indemnifying of a guarantor for guaranteeing or providing security; and
- (b) the forgiving of a debt, the releasing of or neglect in enforcing an obligation of another, or the assuming of the obligations of another

“principal subsidiary”

a subsidiary whose latest audited consolidated pre-tax profits (including discontinued operations that have not been disposed and excluding the ~~minority~~non-controlling interest relating to that subsidiary) as compared with the latest audited consolidated pre-tax profits of the group (including discontinued operations that have not been disposed and excluding the ~~minority~~non-controlling interest relating to that subsidiary) accounts for 20% or more of such pre-tax profits of the group. ~~In determining profits, exceptional and extraordinary items are to be excluded~~

“qualified person”

a person who has the appropriate experience in the type of activity undertaken or to be undertaken by a mineral, oil and gas company, meeting the following minimum requirements:

- (i)(a) is professionally qualified and a member or licensee in good standing of a relevant Recognised Professional Association;

- (b) has at least five years of relevant professional experience in the estimation, assessment and evaluation of:
  - (i) the mineral or minerals, oil or gas that is under consideration; and
  - (ii) the activity which the issuer is undertaking; and
- (c) has not been found to be in breach of any relevant rule or law and is not:
  - (i) denied or disqualified from membership of;
  - (ii) subject to any sanction imposed by;
  - (iii) the subject of any disciplinary proceedings by; or
  - (iv) the subject of any investigation which might lead to disciplinary action by, any relevant regulatory authority or professional association.

**“Recognised Professional Association”**

a self-regulatory organisation of professionals recognised by the Exchange in the mineral, oil or gas industries which:

- (a) admits members on the basis of academic qualifications and experience;
- (b) requires compliance with organisation's professional standards of competence and ethics established; and
- (c) has disciplinary powers to suspend or expel a member.

**“record date”**

the date fixed by an issuer for the purpose of determining entitlements to dividends, rights, allotments or other distributions of holders of its securities

**“SAS”**

~~Singapore Statements of Accounting Standard or the equivalent accounting standards prescribed by law~~

**“SGXNET”**

Singapore Exchange Network, a system network used by listed companies in sending information and announcements to the Exchange or any other system networks prescribed by the Exchange for the purpose of the Exchange making that information available to the market

**Chapter 1 Introduction**

Part III Application of Listing Rules

105

- (2) An issuer admitted to the Exchange's Official List must comply with the listing rules:—
  - (a) ~~in~~ accordance with the spirit, intention and purpose; and

- (b) by looking beyond form to substance.

## Chapter 2 Equity Securities

### Part II General Requirements

202

An issuer may apply for admission to the Official List of the SGX Mainboard ~~or Catalist~~. The listing may be a primary or a secondary listing. The Exchange has absolute discretion concerning the admission of an issuer to the Exchange's Official List (and its removal) and quotation of its equity securities (and their suspension). The Exchange may approve applications for listing unconditionally or subject to condition(s), or may reject applications for listing, as it thinks appropriate. The Exchange also reserves the right to vary any such condition(s) or impose additional conditions.

### Continuing Listing Obligations

209

While an issuer remains on the Official List of SGX Mainboard ~~or Catalist~~, it must comply with the listing rules. If the issuer has a secondary listing on SGX Mainboard ~~or Catalist~~, it must comply with Rule 217.

### Part III SGX Mainboard Listings

210

An issuer applying for listing of its equity securities on the SGX Mainboard must meet the following conditions:—

(1) Shareholding Spread And Distribution

(b)

- (i) For a secondary listing, an issuer must have at least 500 shareholders worldwide. Where the Exchange and the primary home exchange do not have an established framework and arrangement to ~~facilitate~~facilitate the movement of shares between the jurisdictions, the issuer should have at least 500 shareholders in Singapore or 1,000 shareholders worldwide.

(3) Profit Test

With respect to the profit tests in Rule 210(2)(a) and (b), the following shall apply:—

- (a) An issuer must have been engaged in substantially the same business and have been under substantially the same management throughout the period for which the three years operating track record applies.
- (b) If the group made low profits or losses in the two years before the application due to specific factors which were of a temporary nature and such adverse factors have either ceased or are expected to be rectified upon the issuer's listing, the application may still be considered.
- (c) In determining the profits, ~~exceptional or non-recurrent income and extraordinary items~~ generated by activities outside the ordinary course of business must be excluded.

(d) The Exchange will normally not consider an application for listing from an issuer which has changed or proposes to change its financial year end if the Exchange is of the opinion that the purpose of the change is to take advantage of exceptional or seasonal profits to show a better profit record.

(5) Directors And Management

(d) A director will not be independent under any of the following circumstances:

(i) if he is employed or has been employed by the issuer or any of its related corporations ~~for~~in the current or any of the past three financial years;

(ii) if he has an immediate family member who is employed or has been employed by the issuer or any of its related corporations ~~for~~in the current or any of the past three financial years, and whose remuneration is or was determined by the remuneration committee of the issuer; or

(8) Life Science Companies

A life science company that cannot meet the requirements in Rule 210(2), (3) and/or (4)(a) may list its equity securities on the SGX Mainboard if it fulfills the following conditions:

(a) has successfully raised funds from institutional investors, accredited investors as defined in the SFA or such relevant persons as contemplated under sections 274 and 275 of the SFA prior to its IPO, not less than 6 months prior to the date of the listing application;

(b) meets the S\$300 million market capitalisation ~~capitalisation~~ requirement in Rule 210(2)(c);

Part V Listing Requirements for Foreign Issuers

215

Foreign issuers may list on the SGX Mainboard ~~or Catalist~~. The listing may be a primary listing or a secondary listing.

Accounting and Auditing Standards

220

(3) The annual financial statements must be audited by certified public accountants in accordance with Singapore Standards on Auditing, International Standards on Auditing, or US Generally Accepted Auditing Standards, as the case may be.

Part VI Additional Listing Requirements for Property Investment/-Development Companies

222 Property Investment/Development Companies

In addition to the requirements for listing on the SGX Mainboard ~~or Catalist~~, a property investment/development company applying for admission to the Official List must also meet the following requirements:—

(1) Minimum Leasehold Period

Properties that have remaining leases of less than 30 years must not, in aggregate, account for more than 50% of the group's operating profits for the past three years. If the property is located in a

jurisdiction outside Singapore, the Exchange may require or accept a different remaining length of lease as a basis for this rule.

## Part VII Conflicts of Interest

223

An issuer should resolve or ~~eliminate~~mitigate conflict situations prior to listing. The Exchange may accept a proposal to resolve or ~~eliminate~~mitigate conflicts of interest within a reasonable period after listing. Conflicts of interest include situations in which interested persons:—

- (1) Carry on business transactions with the issuer or provide services to or receive services from the issuer or its group;
- (2) Lend to or borrow from the issuer or its group;
- (3) Lease property to or from the issuer or its group; or
- (4) Have an interest in businesses that are competitors, suppliers or customers of the issuer or its group.

## Part VIII Moratorium

### Period of Moratorium

229

The period of moratorium must not be shorter than the following:—

- (2) In the case of SGX Mainboard issuers who satisfy the market ~~capitalization~~capitalisation test in Rule 210(2)(c) or Rule 210(8), ~~or Rule 210(9)~~, the promoters' entire shareholdings at the time of listing for at least 6 months after listing, and at least 50% of original shareholdings (adjusted for any bonus issue ~~or~~, subdivision or consolidation) for the next 6 months.

## Part X Listing Procedures

### Contents of Application

246

The application must include:—

- (2) Prospectus, offering memorandum or introductory document, whichever is applicable. The document should be accompanied by a checklist of compliance with Fifth Schedule or Seventeenth Schedule, Securities and Futures (Offers of Investments) ~~(Shares and Debentures)~~ (Securities and Securities-based Derivatives Contracts) Regulations ~~2005~~2018, or Third Schedule, Securities and Futures (Offers of Investments) (Collective Investment Schemes) Regulations ~~2005~~ and Fourth Schedule, Securities and Futures (Offers of Investments) ~~(Business Trusts)~~ (No.2) Regulations ~~2005~~, as amended from time to time, and where applicable.
- (5)
  - (a) Declaration by each of the applicant's (and where applicable REIT manager's or trustee-manager's) director, executive officer, controlling shareholder, controlling unitholder (where applicable), and officer occupying a managerial position and above who is a relative of any such director or controlling shareholder or controlling unitholder (where

applicable), in the form set out in paragraph 8, Part VII of the Fifth Schedule, Securities and Futures (Offers of Investments)(Shares and Debentures) (Securities and Securities-based Derivatives Contracts) Regulations 2005~~2018~~, as amended from time to time. This rule is not applicable to an application for a secondary listing.

(b) ~~In the case of a reverse takeover under Rule 1015, declaration by the acquired group's directors, executive officers, controlling shareholders, and officers occupying a managerial position and above who are relatives of any director or controlling shareholder, in the form set out in paragraph 8, Part VII of the Fifth Schedule, Securities and Futures (Offers of Investments)(Shares and Debentures) Regulations 2005, as amended from time to time.~~[Deleted]

(c) ~~In the case of a secondary listing, the requirements in (a) and (b) are not applicable.~~[Deleted]

(6) Resumes and particulars of each of the applicant's (and where applicable REIT manager's or trustee-manager's) directors, executive officers, and controlling shareholders and controlling unitholder (where applicable). ~~If, and if the controlling shareholder or controlling unitholder (where applicable) is a company or partnership, resumes and particulars of its each of its directors, executive officers, controlling shareholders, and partners. In the case where such entity is listed on a stock exchange and the relevant information relating to each relevant person is publicly available, this requirement is not applicable, but the issue manager must inform the Exchange of any material changes.~~

Documents to be Submitted ~~on~~ or Before the Closing Date of the Offering, or Where Appropriate, as Soon as Practicable After Issue of the Prospectus, Offering Memorandum or Introductory Document

249

As soon as practicable on or before the closing date of the offering, or after the issue of the prospectus, offering memorandum or introductory document, the following documents must be submitted:-

(4) Confirmation by the issue manager that any allocation and allotment of securities pursuant to a placement has been made in compliance with Rule 232. The Exchange may require a list of the ~~places~~places to be submitted.

Part XI Global Depository Receipts

Treasury Shares

255

~~Chapter 8 will apply to the issue of shares out of treasury. The issuer must submit to the Exchange a confirmation of compliance with the provisions of Chapter 8.~~[Deleted]

Part XII Business Trust

256

(1) An application for the listing of a business trust must comply with Chapter 2 and the following rules of Chapter 4 of the Listing Manual with necessary adaptations:

(a) Rule 404(1);

- (b) Rule 404(2);
  - (c) Rule 404(4);
  - (d) Rule 404(6);
  - (e) Rules 404(8)(c) and 404(8)(d);
  - (f) Rule 405;
  - (g) Rule 407(1);
  - (h) Rule 407(2);
  - (i) Rule 407(3);
  - (j) Rule 407(4) except where it relates to the financial track record of the investment manager and investment adviser;
  - (k) Rule 409; and
  - (l) Rule 410.
- (2) On a continuing listing basis, the business trust is required to comply with all listing rules applicable to equity securities, with necessary adaptations. Rule 748 is applicable to the business trust except Rules 748(1) and 748(3). However, the business trust must comply with the disclosure requirements under the Business Trusts Act (Chapter 31A) of Singapore and the Business Trusts Regulations.

## **Chapter 4 Investment Funds**

### Part II Listing Requirements for Investment Funds

404

An investment fund applying for listing must comply with the following requirements:—

#### Investments

- (3) An investment fund which is denominated in Singapore Dollars (other than a venture capital fund or a hedge fund) must comply with the following:—
- (a) It must limit its investments in companies which are related to the investment fund's substantial shareholders, investment managers or management companies, to a maximum of 10% of gross assets;
  - (b) It must abide by the same investment and borrowing restrictions prescribed by the ~~the~~ Code of on Collective Investment (CIS) Schemes; and
  - (c) It must restrict investments in unlisted securities to 30% of gross assets.

## Real Estate Investment Trust (REIT)

- (8) (a) An application for the listing of a REIT must comply with Chapters 2 and 4 of the Listing Manual. On a continuing listing basis, the REIT is required to comply with all listing rules applicable to equity securities, with necessary adaptations.
- (b) A REIT is not required to comply with the following listing rules:—
- (i) Rules 404(3)(a) and 404(3)(c);
  - (ii) Rule 404(5);
  - (iii) Rule 407(4) relating to the financial track record of the investment manager and investment adviser;
  - ~~(i)(iv)~~ Rule 748(1). ~~However, it must announce its net tangible assets per share or per unit on a quarterly basis via SGXNET; and~~
  - ~~(ii)(v)~~ Rule 748(3). ~~However, it must comply with the disclosure requirements under the Property Fund Guidelines and the Code on Collective Investment Schemes; and~~
  - (vi) Rule 909(4). However, it must comply with the requirements for interested person transactions under the Code on Collective Investment Schemes.
- (c) Acquisition of properties and assets of the REIT must be completed before the commencement of listing.
- (d) Right of first refusal agreements granted by the controlling unitholder to the REIT for the purpose of mitigating conflicts of interest must be valid as long as the conflicts of interest exist.

## Chapter 5 Structured Warrants

### Part IV Other Requirements

508

The following rules apply to all categories of structured warrants:

#### Exercise Settlement

- (8) An issuer must decide on the method for determining the cash settlement price at the time of the launch of an issue. The settlement price must be either:—
- (a) the average of the closing prices of the underlying securities (subject to any adjustment to reflect any ~~capitalization~~ bonus issue, rights issue, distribution or the like) for the 5 market days prior to and including the market day immediately before the relevant exercise/expiry date; or
  - (b) the closing price of the underlying securities on the market day immediately before the exercise/expiry date.

## Adjustments

- (10) The terms of the issue must provide for adjustment to the exercise price and, where appropriate, the number of securities which each structured warrant carries the right to sell or purchase, in the event of any ~~capitalization, bonus~~ issue, rights issue, consolidation, subdivision, distribution or the like relating to the underlying securities.

## Chapter 6 Prospectus, Offering Memorandum and Introductory Document

### Part II Content of Prospectus, Offering Memorandum and Introductory Document

609

- (a) In the case of a reverse takeover where there have been material changes to the group structure of the issuer, or in the case of a listing of a REIT or a business trust, proforma group accounts must be presented in addition to the annual ~~combined~~-audited accounts, where applicable. The proforma financial information must provide investors with information about the impact of the proposed group structure by illustrating how that group structure might have affected the financial information presented in the prospectus, had the group structure been put in place at the commencement of the period being reported on or, in the case of a proforma balance sheet or net asset statement, at the date reported on. Accordingly, the proforma information must include all appropriate adjustments of which the issuer is aware, necessary to give effect to the group structure reported on, or in the case of a proforma balance sheet or net asset statement, at the date reported on.
- (h) ~~The annual combined financial statements must be audited by certified public accountants in accordance with Singapore Standards on Auditing, International Standards on Auditing, or US generally accepted auditing standards (US GASS), as the case may be.~~ [Deleted]

610

The following additional information should be provided in the prospectus, offering memorandum, introductory document and shareholders' circular:—

- (1) A statement to appear prominently on the cover page of the document that an application has been made to Singapore Exchange Securities Trading Limited ("SGX-ST") for permission to list all the securities of the issuer already issued as well as those securities which are the subject of this issue. Such permission will be granted when the issuer has been admitted to the Official List. Acceptance of applications will be conditional upon issue of the securities and upon permission being granted to list all the issued securities of the issuer. Monies paid in respect of any application accepted will be returned if the said permission is not granted<sub>2</sub>.
- (2) A statement that Singapore Exchange Securities Trading Limited ("SGX-ST") assumes no responsibility for the correctness of any of the statements or opinions made or reports contained in this document. Admission to the Official List is not to be taken as an indication of the merits of the issuer or of the securities<sub>2</sub>.
- (3) A statement by ~~the~~ directors and vendors (where the issue involves the sale of vendor shares) in the form set out in Practice Note 12.1.
- (4) In the case of an introductory document or an offering memorandum, a statement as required in ~~paragraph 3(d) of Appendix 8.2~~ Practice Note 12.1; and

## Part III Additional Requirements for Investment Funds

619

Particulars of the investments:—

- (2) Investments with a value of more than five per cent of the fund's gross assets, and at least the ten largest investments, stating in respect of each such investment:—
- (a) a brief description of the business;
  - (b) proportion of the share capital owned;
  - (c) cost;
  - (d) directors' valuation and, in the case of listed investments, market value;
  - (e) dividends or other income received during the year from such investment (indicating any abnormal dividends);
  - (f) dividend cover or underlying earnings; and
  - (g) ~~any extraordinary items; and~~ [Deleted]
  - (h) net assets attributable to the investment.

### Chapter 7 Continuing Obligations

Part I Scope of Chapter

701

This Chapter sets out continuing requirements which an issuer is required to observe once admitted to the Official List. Additional continuing requirements are set out in the following chapters:—

Chapter 8 Changes in Capital

Chapter 9 Interested Person Transactions

Chapter 10 ~~Acquisitions and Realisations~~ Significant Transactions

Chapter 11 Takeovers

Chapter 12 Circulars and Annual Reports

Part II Equity Securities — Immediate Announcements

Announcement of Specific Information

704

In addition to Rule 703, an issuer must immediately announce the following:—

Acquisitions and Realisations

- (17) Any acquisition of:—
- (a) shares resulting in the issuer holding 10% or more of the total voting rights of a quoted company; and

- (b) except for an issuer which is a bank, finance company, securities dealing company or approved financial institution, quoted securities resulting in the issuer's aggregate cost of investment exceeding each multiple of 5% of the issuer's latest audited consolidated net tangible assets. The announcement must state:—
- (i) ~~the aggregate cost of the issuer's~~ aggregate cost of investment in quoted investmentssecurities before and after the acquisition, and such amounts as a percentage of the latest audited consolidated net tangible assets of the issuer;
  - (ii) the total market value of its investment in quoted investmentssecurities before and after the acquisition; and
  - (iii) the amount of any provision for ~~diminution~~diminution in value of ~~investments;~~investment in quoted securities.

An issuer should not include the issuer's holdings in its subsidiaries and associated companies listed or quoted on the Exchange or on a foreign stock exchange when computing its investment in quoted securities.

- (c) ~~shares resulting in a company becoming a subsidiary or an associated company of the issuer (providing the information required by Rule 1010(3) and (5)); and~~[Deleted]
- (d) ~~shares resulting in the issuer increasing its shareholding in a subsidiary or an associated company (providing the information required by Rule 1010(3) and (5)).~~[Deleted]

(18) Any sale of:—

- (a) shares resulting in the issuer holding less than 10% of the total voting rights of a quoted company; and
- (b) except for an issuer which is a bank, a finance company, a securities dealing company or an approved financial institution, 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. The announcement must contain the same information as required under Rule 704(17)(b)(i) to (iii), relating to a sale instead of an acquisition; and
- (c) ~~shares resulting in a company ceasing to be a subsidiary or an associated company of the issuer (providing the information required by Rule 1010(3) and (5)); and~~[Deleted]
- (d) ~~shares resulting in the issuer reducing its shareholding in a subsidiary or an associated company (providing the information required by Rule 1010(3) and (5)).~~[Deleted]

Winding Up, Judicial Management, etc

- (22) ~~Any breach of any loan covenants or any notice received from principal bankers or from the trustee of any debenture holders to demand repayment of loans granted to the issuer or any of its subsidiaries which, in the opinion of the issuer's directors, would result in the issuer facing a cash flow problem.~~[Deleted]

- (23) Where Rule 704(20), (21) or ~~(22)~~(32) applies, a monthly update must be announced regarding the issuer's financial situation, including:—
- (a) the state of any negotiations between the issuer and its principal bankers or trustee; and
  - (b) the issuer's future direction, or other material development that may have a significant impact on the issuer's financial position.

If any material development occurs between the monthly updates, it must be announced immediately. No monthly updates are required for a voluntary liquidation of a dormant subsidiary by the issuer that is announced pursuant to Rule 704(21).

#### Announcement of Results, Dividends, etc

- (25) After the end of each of the first three quarters of its financial year, half year or financial year, as the case may be, an issuer must not announce any:—
- (a) dividend;
  - (b) ~~capitalisation~~bonus issue or rights issue;
  - (c) ~~closing of the books~~record date;

#### ~~Books Closure~~Record Date

- (26) Any intention to fix a ~~books closure date~~record date, stating the date, reason and address of the share registry at which the relevant documents will be accepted for registration. At least 5 market days of notice (excluding the date of announcement and the ~~books closure date~~record date) must be given for any ~~books closure date~~record date. Issuers could consider a longer notice period, where necessary. ~~Subject to the provisions of the Companies Act, the~~The Exchange may agree to a shorter books closure period. In fixing a ~~books closure date~~record date, an issuer must ensure that the last day of trading on a cum basis falls at least 1 day after the general meeting, if a general meeting is required to be held.
- (27) The issuer must not ~~close its books~~fix a record date for any purpose until at least 8 market days after the ~~last day of the previous books closure period~~record date. This rule does not prohibit identical ~~books closure dates~~record dates for different purposes.

#### Use of Proceeds

- (30) The use of the IPO proceeds and any proceeds arising from any offerings pursuant to Chapter 8 as and when such funds are materially disbursed and whether such a use is in accordance with the stated use and in accordance with the percentage allocated in the prospectus or the announcement of the issuer. Where the proceeds are used for general working capital purposes, the issuer must announce a breakdown with specific details on the use of proceeds for working capital. Where there is any material deviation from the stated use of proceeds, the issuer must also announce the reasons for such deviation.

#### ~~Loan agreements~~Agreements / Issue of Debt Securities

- (31) ~~when~~When the issuer or any of its subsidiaries enters into a loan agreement or issues debt securities that contain a specified condition ~~making reference to shareholding interests of any controlling shareholder in the issuer, or places restrictions on any change in control of the issuer,~~ and the breach of this specified condition ~~or restriction will cause a default in respect of the loan~~

agreement or debt securities be an event of default, an enforcement event or an event that would cause acceleration of the repayment of the principal amount of the loan or debt securities, significantly affecting the operations of the issuer or results in the issuer facing a cash flow problem:—

- (a) The details of the specified condition(s) making reference to shareholding interests of such controlling shareholder in the issuer or restrictions placed on any change in control of the issuer; and
- (b) The aggregate level of these facilities that may be affected by a breach of such specified condition or restriction.

For the purpose of Rule 704(31) and Rule 728, a “specified condition” is a condition that makes reference to the shareholding interests of any controlling shareholder of the issuer, REIT manager or trustee-manager, or unitholding interests of any controlling unitholder of the REIT or business trust, as the case may be, or a restriction on any change in control of the issuer, REIT, business trust, REIT manager or trustee-manager, or on any change of the REIT manager or trustee-manager, as the case may be.

- (32) Any breach of the terms of loan agreements or debt issues which may have a significant impact on the operations of the issuer. For any loan agreement or debt securities of the issuer or any of its subsidiaries, any breach of, or occurrence of any event under the terms of, the loan agreement or debt securities if it, in the opinion of the issuer’s directors, may:
  - (a) have a significant impact on the operations of the issuer; or
  - (b) result in the issuer facing a cash flow problem.

#### Restatement of Financial Statements Required by Regulatory Authority

- (33) Any requirement by a regulatory authority to restate or re-file financial statements, indicating clearly the reasons for being required to do so.

#### Public Sanctions

- (34) Any public reprimand or public sanction relating to non-compliance with applicable laws or regulations, including any applicable accounting standards.

### Part III Equity Securities – Periodic Reports

#### Acquisitions and Realisations

##### 706A

- (1) An issuer must make a periodic announcement, in accordance with the timelines prescribed in Rule 705 on the announcement of its financial statements, on:
  - (a) any acquisition of:—
    - (i) shares resulting in a company becoming a subsidiary or an associated company of the issuer; and
    - (ii) shares resulting in the issuer increasing its shareholding percentage in a subsidiary or an associated company; and

(b) any sale of:—

- (i) shares resulting in a company ceasing to be a subsidiary or an associated company of the issuer; and
- (ii) shares resulting in the issuer reducing its shareholding percentage in a subsidiary or an associated company,

for the relevant financial period reported on under Rule 705.

(2) In the announcement required by Rule 706A, the issuer must, in respect of each acquisition or sale of shares, also include:

- (a) 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; and
- (b) in the case of unlisted shares, the net asset value represented by such shares and in the case of listed shares, the market value represented by such shares.

#### Annual Report

707

(1) The time between the end of an issuer's financial year and the date of its annual general meeting (if any) must not exceed four months. An issuer must hold its annual general meeting within four months from the end of its financial year.

709A

The annual financial statements must be audited by certified public accountants in accordance with Singapore Standards on Auditing, International Standards on Auditing, or US Generally Accepted Auditing Standards, as the case may be.

#### Part IV Equity Securities – Other Obligations

##### Directors ~~&~~ Management

720

(3)

- (b) The circumstances under which the Exchange may effect Rule 720(3)(a) include but are not limited to:—
  - (i) Where the issuer is the subject of an investigation into the affairs of the issuer by a special auditor appointed under Rule 704(~~12~~14), or a regulatory or enforcement agency;

##### Share Pledging Arrangements

728

(1) Where any borrowings or loans of the issuer or any of its subsidiaries contains any provisions which makes reference to the shareholding interest of any controlling shareholder(s) specified condition (as defined in Rule 704(31)), the issuer must obtain an undertaking from such controlling shareholder(s) or controlling unitholder, REIT manager or trustee-manager, as the case may be, to

notify the issuer, as soon as it becomes aware, of any share pledging arrangements relating to these shares or these units, as the case may be, and of any event which ~~may result in a breach of the issuer's loan provisions~~ will be an event of default, an enforcement event or an event that would cause acceleration of the repayment of the principal amount of the loan or debt securities.

#### Restriction on Transfers of Securities

729

Where the trading of securities of an issuer is suspended, there must not be any transfers of securities, unless approved by the Exchange.

#### Change in Financial Year End

730C

An issuer must announce any change in its financial year end, stating the reasons for the change.

#### Part V Operational and Trading Matters

##### Proxy Forms

737

Proxy forms must be designed in a manner that will allow a shareholder appointing a proxy to indicate how the shareholder would like the proxy to vote (whether to vote in favour of or against, or to abstain from voting) in relation to each resolution.

##### Documents

743

An issuer must supply the Exchange with ~~30 final printed copies or~~ such number of final printed copies as the Exchange may require from time to time (and one soft copy in such format as the Exchange may require) of the following documents for public release:—

- (1) All periodic and special reports, circulars, etc., released or issued by the issuer for the information of holders of any of the issuer's listed securities;
- (2) The published accounts of the issuer and all documents annexed thereto, as soon as issued.

#### Part VII Investment Funds — Continuing Listing Obligations

748

An investment fund must comply with Chapter 8, Parts I to IV of this Chapter, and the following requirements:—

##### Annual Report

- (3) The annual report of an investment fund must also disclose the following information:—
  - (a) A list of all investments with a value greater than 5% of the investment fund's gross assets, and at least the 10 largest investments stating, with comparative figures where relevant:—

- (i) a brief description of the business;
- (ii) proportion of share capital owned;
- (iii) cost;
- (iv) directors' valuation and in the case of listed investments, market value;
- (v) dividends received during the year (indicating any interim dividends);
- (vi) dividend cover or underlying earnings; and
- (vii) ~~any extraordinary items; and~~ [Deleted]
- (viii) net assets attributable to investments;

## Chapter 8 Changes in Capital

### Part I Scope of Chapter

801

This Chapter deals with issuers changing their capital either by issuing additional equity securities or adjusting existing capital. It also sets out the requirements and procedures for listing additional equity securities.

Unless otherwise stated, the provisions in this Chapter will apply to the issue of shares out of treasury, and the issuer must submit to the Exchange a confirmation of compliance with the relevant provisions of this Chapter.

### Part II General Requirements for an Issue of Securities

#### General Mandate

806

- (1) Approval by an issuer's shareholders under Rule 805(1) is not required if shareholders had, by ordinary resolution in a general meeting, given a general mandate to the directors of the issuer, either unconditionally or on such conditions to issue:—
- ~~(i)~~(a) shares; or
  - ~~(ii)~~(b) convertible securities; or
  - ~~(iii)~~(c) additional convertible securities issued pursuant to Rule 829, notwithstanding that the general mandate may have ceased to be in force at the time the securities are issued, provided that the adjustment does not give the holder a benefit that a shareholder does not receive; or
  - ~~(iv)~~(d) shares arising from the conversion of the securities in (b) and (c), notwithstanding that the general mandate may have ceased to be in force at the time the shares are to be issued.

- (3) For the purpose of Rule 806(2), the total number of issued shares excluding treasury shares and subsidiary holdings is based on the issuer's total number of issued shares excluding treasury shares and subsidiary holdings at the time of the passing of the resolution approving the mandate after adjusting for:—
- (a) new shares arising from the conversion or exercise of convertible securities;
  - (b) new shares arising from exercising share options or vesting of share awards ~~outstanding or subsisting at the time of the passing of the resolution approving the mandate~~, provided the options or awards were granted in compliance with Part VIII of Chapter 8; and
  - (c) any subsequent bonus issue, consolidation or subdivision of shares.

Adjustments in accordance with Rule 806(3)(a) or Rule 806(3)(b) are only to be made in respect of new shares arising from convertible securities, share options or share awards which were issued and outstanding or subsisting at the time of the passing of the resolution approving the mandate.

#### Part IV Issue of Shares, Company Warrants and Convertible Securities for Cash (other than Rights Issue)

812

- (3) Rule 812(1)(a) will not apply provided that:—
- (a) The substantial shareholder:—
    - (i) does not have representation (whether directly or indirectly through a nominee) on the board of the issuer;
    - (ii) does not have control or influence over the issuer in connection with the day-to-day affairs of the issuer and the terms of the placement;
  - (c) The placement is made to more than one place; and
  - (d) The proportion of issued shares of the issuer held by the substantial shareholder immediately after the placement is not more than the proportion of the issued shares of the issuer held by it immediately before such a placement.

#### Part V Rights Issues

814

- (1) An issuer which intends to make a rights issue must announce (having regard to Rule 704(25)) the issue promptly, stating the following:—
- (a) ~~price, terms and purpose of the issue, including the amount of proceeds proposed to be raised from the issue and the intended use of such proceeds on a percentage allocation basis (which could be expressed as a range if the exact allocation has not been determined);~~ on the first page, to be presented in the following format:

<u>Principal Terms of the Issue</u>	<u>Description</u>
<u>Price</u>	
<u>Discount (specifying benchmarks and periods)</u>	
<u>Allotment Ratio</u>	

<u>Use of Proceeds</u>	
<u>Purpose of Issue</u>	

- (b) terms of the issue;
- (c) the amount of proceeds proposed to be raised from the issue;
- (d) the intended use of such proceeds on a percentage allocation basis (which could be expressed as a range if the exact allocation has not been determined);
- (e) where the issue is proposed to be used mainly for general working capital purposes, the issuer must provide reasons for such use taking into account its working capital position;
- (f) whether the issuer's directors are of the opinion that, after taking into consideration:
- (i) the group's present bank facilities, the working capital available to the group is sufficient to meet its present requirements and if so, the directors must provide reasons for the issue; and
- (ii) the group's present bank facilities and the net proceeds of the issue, the working capital available to the group is sufficient to meet its present requirements, unless the directors have opined, pursuant to Rule 814(1)(f)(i) above, that, after taking into consideration the group's present bank facilities, the working capital available to the group is sufficient to meet its present requirements.
- "Present requirements" in this Rule 814(1)(f) includes the transaction which will be funded (in whole or in part) by the net proceeds of the issue;
- ~~(b)~~(g) whether the issue will be underwritten;
- ~~(c)~~(h) the financial circumstances which call for the issue; and
- ~~(d)~~(i) whether it has obtained or will be seeking the approval of the Exchange for the listing and quotation of the new shares arising from the rights issue;
- (j) a statement from the issuer's directors on why the issue is in the interest of the issuer and their basis for forming such views including the factors taken into consideration in arriving at any discount; and
- (k) if the issuer undertakes the issue within 12 months from its previous equity fund raising, the following details of each fund raising exercise undertaken in the past 12 months:
- (i) description of equity funds raised;
- (ii) date of issue of new securities;
- (iii) amount raised (both gross and net);
- (iv) amount utilised and breakdown on use of proceeds; and
- (v) amount not utilised and how it is intended to be used.

The issuer should make a negative statement if there is no such previous equity fund raising.

In addition, an issuer must observe the disclosure requirements in Appendix 8.2.

- (2) If a rights issue involves an issue of convertible securities, the issuer must also comply with Part VI of this Chapter.

815

~~An issuer must announce any significant disbursement of the proceeds raised from the rights issue.~~ [Deleted]

821

No record date must be fixed ~~for the closing of books~~ until the rights issue has been approved by the Exchange.

822

An issuer must issue the following to persons entitled within 3 market days (within 5 market days in the case of a scrip counter), or such longer period as the Exchange may approve, after a ~~books closure date~~ record date:—

- (1) Letter of Entitlement, if any;
- (2) Application Forms for rights shares and excess rights shares ("ARE"). In the case of a rights issue of warrants, warrant and excess warrants application form ("WAF" or "WEWAF");
- (3) Provisional Allotment Letters ("PALs") for shareholders whose names appear on the share register, incorporating item (2) as well as:—
  - (a) Form of Acceptance;
  - (b) Request for Splits;
  - (c) Form of Renunciation;
  - (d) Form of Nomination;
  - (e) Excess Shares Application Form; and
- (4) Such other documents as the Exchange may require.

#### Part VI Issue of Company Warrants and Other Convertible Securities

829

The terms of the issue must provide for:—

- (1) adjustment to the exercise price or conversion price and, where appropriate, the number of company warrants or other convertible securities, in the event of a rights issue, bonus or other capitalisation issues or subdivision or consolidation of shares, setting out the specific formula;
- (2) ~~the expiry of the company warrants or other convertible securities to be announced, and notice of expiry to be sent to all holders of the company warrants or other convertible securities at least 1 month before the expiration date; and~~ the expiry of the company warrants or other convertible securities to be announced, and notice of expiry to be sent to all holders of the company warrants or other convertible securities at least 1 month before the expiration date; and

- (3) ~~Any material alteration or~~ amendment to the terms of the company warrants or other convertible securities after issue to the advantage of the holders of such securities to be approved by shareholders, except where the ~~alterations are~~ amendment is made pursuant to the terms of the issue.

830

An issuer must announce any adjustment or amendment made ~~pursuant to Rule 829(1)~~ to the terms of the issue. In the case of an adjustment, the announcement must state the specific formula, whether the adjustment has been reviewed to be in accordance with the formula, the identity of the reviewer and its relationship to the issuer.

831

- (1) ~~Except where the alterations are made pursuant to the terms of an issue, an~~ An issuer must not:—
- ~~(i)~~ (a) extend the exercise period of an existing company warrant; or
  - ~~(ii)~~ (b) issue a new company warrant to replace an existing company warrant;.
- (2) Except where the adjustments are made pursuant to the terms of the issue, an issuer must not:—
- ~~(iii)~~ (a) change the exercise price of an existing company warrant; or
  - ~~(iv)~~ (b) change the exercise ratio of an existing company warrant.

Part VII Bonus Issues, ~~Capitalisation Issues~~ and Subdivision and Consolidation of Shares

836

An issuer that intends to make a ~~capitalisation~~ bonus issue ~~or a subdivision of shares~~ must promptly make an announcement, stating the following:—

- (1) ~~The~~ terms of the bonus issue ~~or the subdivision~~; and
- (2) ~~Whether~~ whether the Exchange's approval is required and has been obtained.

836A

An issuer that intends to undertake a subdivision or consolidation of shares must:

- (1) promptly make an announcement, stating the terms of the subdivision or consolidation;
- (2) make an application for the listing of the subdivided or consolidated shares in accordance with the requirements for the listing of additional securities in this Chapter; and
- (3) obtain specific shareholder approval for the subdivision or consolidation.

837

No record date must be fixed ~~for the closing of books~~ until the ~~capitalisation~~ bonus issue or subdivision or consolidation of shares has been approved by the Exchange.

838

An issuer must satisfy the Exchange that its daily weighted average price, adjusted for the capitalization bonus issue or subdivision of shares ("adjusted price"), will not be less than S\$0.50. When deciding, the Exchange may take into account an issuer's adjusted price for the month preceding the application date.

839

An issuer making a capitalisation bonus issue or subdivision of shares must state in the shareholder circular (if required) whether it expects to maintain the quantum of dividend declared and paid in the previous year.

## Part VIII Share Option Schemes or Share Schemes

### Terms of Schemes

850

- (1) A scheme must provide for adjustment of the subscription or option price or the number or amount of securities under the scheme not already allotted, in the event of a capitalisation bonus issue and other circumstances (e.g. rights issue, capital reduction, subdivision or consolidation of shares or distribution).
- (2) The adjustment must be made in such a way that a participant will not receive a benefit that a shareholder does not receive.
- (3) The issue of securities as consideration for an acquisition will normally not be regarded as a circumstance requiring adjustment.
- (4) Adjustments other than on a capitalisation bonus issue must be confirmed in writing by the company's auditors to be fair and reasonable.

## Part IX Scrip Dividend Schemes

862

Any scheme which enables shareholders to elect to receive shares in lieu of the cash amount of any dividend must comply with the following:—

- (1) The scheme must be announced via SGXNET. The announcement must state the following:—
  - (d) That a person receiving shares under the scheme may be required to comply with the Takeover Code; ~~and~~
  - (e) The treatment of fractional entitlements arising from the allotment of new shares pursuant to the scheme; and
  - (f) Whether the issue of shares under the scheme will require shareholders' approval under the Companies Act and/or any other applicable statutory requirement, and if so, to disclose whether the issuer is relying on a general mandate that is currently in force or will be obtaining specific shareholders' approval for the issue of new shares under the scheme.
- (3) Notwithstanding Rule 862(2), an issuer may determine that foreign shareholders will not be eligible to participate if ~~(i)~~(a) they have not supplied CDP or the issuer (as the case may be), addresses in

Singapore for services of notices, or ~~(ii)(b)~~ the participation of foreign shareholders will result in a breach of regulations or is not permitted by the relevant authorities of the jurisdictions in which the foreign shareholders are located. In addition, if any foreign shareholding limit computed as at the ~~Books Closure Date ("BCD")~~ record date will be breached (assuming that all foreign shareholders elect for shares), the scheme shall not apply for that dividend and the cash amount of the dividend declared will be paid in the usual way.

- (5) The dividend payment date for a dividend where a share alternative is offered must be ~~not less than 30 market days, but~~ not more than 35 market days, after the BCD record date.

863

An issuer must announce whether or not a scheme is to apply to a particular dividend. Such an announcement must be made promptly after the decision is taken and in any event, no later than the market day following the BCD record date for that particular dividend.

#### Part XI Procedures for Additional Listing Application (Primary Listing)

869

The following sets out the usual steps in the additional listing process (other than rights issues) for an issuer with a primary listing:—

- (6) The issuer fixes and informs the Exchange of the ~~books closure and entitlement~~ record dates, if applicable;

871

- (2) Unless the Exchange prescribes otherwise, the following sets out the usual steps in the additional listing process for a rights issue.

~~(i)(a)~~ The issuer makes an announcement in compliance with Rule 814(1) and submits one copy of the additional listing application. The application must be prepared in compliance with Rule 875 and supported by the documents prescribed in Rule 877 other than the abridged prospectus (or offering circular in the case of a foreign issuer);

~~(ii)(b)~~ The Exchange reviews and decides on the application, and the issuer announces the Exchange's decision promptly;

~~(iii)(c)~~ The issuer obtains shareholder approval (if required), fixes the ~~books closure and entitlement~~ record dates and informs the Exchange;

~~(iv)(d)~~ Upon receipt of the Exchange's in-principle approval for the listing and quotation of the new securities or shareholder approval for the issue of the new securities, whichever is later, the issuer must submit the abridged prospectus (offering circular) to the Exchange. The abridged prospectus (offering circular) must be in final form, as nearly as practicable, identical to the copy that will be lodged with the authority (or foreign authority as the case may be), where applicable;

~~(v)(e)~~ The issuer submits a copy of the abridged prospectus (offering circular) to the Exchange when it has lodged the abridged prospectus (offering circular) with the relevant authority, where applicable. The lodged copy of the abridged prospectus (offering circular) must not be materially different from the copy previously submitted to the Exchange. The issuer must submit a written confirmation to the Exchange to this effect;

- (vi)(f) The Exchange will inform the issuer of any further information that is required to be disclosed. This will be done after ~~lodgment~~lodgement of the abridged prospectus (offering circular) with the relevant authorities, where applicable, but before the commencement of nil-paid rights trading. The issuer has to decide whether to announce this information (not later than 2pm on the market day before commencement of nil-paid rights trading) or issue a supplementary abridged prospectus;
- (vii)(g) If commencement of nil-paid rights trading is expected to be delayed, the issuer must make an announcement to this effect as soon as practicable but not later than 4pm on the market day before the commencement of nil-paid rights trading;
- (viii)(h) After the close of the rights issue, the issuer allots and issues the new securities and the new securities are listed.

#### Contents of Application

875

- (3) ~~Capitalisation~~Bonus issue  
Items 1(a) to (d), 2 and 5.

#### Documents to be Submitted with the Application

877

- (6) If the application involves a ~~capitalisation~~bonus issue, a written confirmation from the company's auditors that the reserves are sufficient to cover the ~~capitalisation~~bonus issue.

#### Part XIII Share Buy-Back

##### Dealing Restriction

884

An issuer may only purchase shares by way of a market acquisition at a price which is not more than 5% above the average closing market price. For this purpose, the average closing market price is:—

- (1) the average of the closing market prices of the shares over the last 5 market days, on which transactions in the share were recorded, before the day on which the purchases are made; and
- (2) deemed to be adjusted for any corporate action that occurs ~~after~~during the relevant 5-day period and the day on which the purchases are made.

### Chapter 9 Interested Person Transactions

#### Part I Scope of Chapter

902

In applying these rules, regard must be given to:—

- (1) the objective of this Chapter; and
- (2) the economic and commercial substance of the interested person transaction, instead of legal form and technicality.

For the purposes of this Chapter, the following definitions apply:—

- (3) ~~“financial assistance” includes:~~
- ~~(a) the lending or borrowing of money, the guaranteeing or providing security for a debt incurred or the indemnifying of a guarantor for guaranteeing or providing security; and~~
  - ~~(b) the forgiving of a debt, the releasing of or neglect in enforcing an obligation of another, or the assuming of the obligations of another. [Deleted]~~
- (4)
- (a) In the case of a company, "interested person" means:—
    - (i) a director, chief executive officer, or controlling shareholder of the issuer; or
    - (ii) an associate of any such director, chief executive officer, or controlling shareholder.
  - (b) In the case of a REIT, "interested person" shall have the meaning ~~defined~~ described to the term “interested party” in the Code on Collective Investment Schemes issued by the MAS, ~~namely:—~~
    - (i) a director, chief executive officer or controlling shareholder of the REIT manager;
    - (ii) the REIT manager, trustee or controlling unitholder of the REIT; or
    - (ii) an associate of any of the persons or entities in (i) or (ii) above,

as each such term is defined in the Code on Collective Investment Schemes.
  - (c) In the case of a business trust, "interested person" means:—
    - (i) a director, chief executive officer, or controlling shareholder of the trustee-manager of the business trust;
    - (ii) the trustee-manager or controlling unitholder of the business trust; or
    - (iii) an associate of any of the persons or entities in (i) or (ii) above.
  - (d) In the case of an investment fund which is not a REIT or business trust, "interested person" means:—
    - (i) a director, chief executive officer or controlling shareholder of the investment manager(s) (or any equivalent) of the investment fund;
    - (ii) the investment manager(s) (or any equivalent), the trustee or controlling unitholder of the investment fund; or

(iii) ~~any~~ an associate of any of the persons or entities in (i) or (ii) above.

(4A) The Exchange may deem any person or entity to be an interested person if the person or entity has entered into, or proposes to enter into: (a) a transaction with an entity at risk; and (b) an agreement or arrangement with an interested person in connection with that transaction.

(4B) "primary interested person" means a person or an entity in Rule 904(4)(a)(i), Rule 904(4)(b)(i), Rule 904(4)(b)(ii), Rule 904(4)(c)(i), Rule 904(4)(c)(ii), Rule 904(4)(d)(i) or Rule 904(4)(d)(ii).

(6) "transaction" includes:

(c) the provision or receipt of goods or services;

whether or not in the ordinary course of business, and whether or not entered into directly or indirectly (for example, through one or more interposed entities).

(8) "net profits" means profit or loss including discontinued operations that have not been disposed and before income tax and non-controlling interests.

### Part III General Requirements

#### 905

(1) An issuer must make an immediate announcement of any interested person transaction of a value equal to, or more than, 3% of the group's latest audited net tangible assets.

(2) If the aggregate value of all transactions entered into with the same interested person during the same financial year amounts to 3% or more of the group's latest audited net tangible assets, the issuer must make an immediate announcement of the latest transaction and all future transactions entered into with that same interested person during that financial year.

(3) Rule 905(1) and (2) does not apply to any transaction below \$100,000.

(4) If the group's latest audited net tangible assets is negative, the issuer should consult the Exchange on the appropriate benchmark to calculate the relevant thresholds in Rule 905(1) and 905(2), which may be based on its market capitalisation.

(5) While transactions below \$100,000 are not normally aggregated under Rule 905(3), the Exchange may aggregate any such transaction entered into during the same financial year and treat them as if they were one transaction in accordance with Rule 902.

#### 906

(1) An issuer must obtain shareholder approval for any interested person transaction of a value equal to, or more than:—

(a) 5% of the group's latest audited net tangible assets; or

(b) 5% of the group's latest audited net tangible assets, when aggregated with other transactions entered into with the same interested person during the same financial year. However, a transaction which has been approved by shareholders, or is the subject of aggregation with another transaction that has been approved by shareholders, need not be included in any subsequent aggregation.

- (2) Rule 906(1) does not apply to any transaction below \$100,000.
- (3) If the group's latest audited net tangible assets is negative, the issuer should consult the Exchange on the appropriate benchmark to calculate the relevant threshold in Rule 906(1), which may be based on its market capitalisation.
- (4) While transactions below \$100,000 are not normally aggregated under Rule 906(2), the Exchange may aggregate any such transaction entered into during the same financial year and treat them as if they were one transaction in accordance with Rule 902.

907

An issuer must disclose the aggregate value of interested person transactions entered into during the financial year under review in its annual report. The name of the interested person, nature of relationship and the corresponding aggregate value of the interested person transactions entered into with the same interested person must be presented in the following format:—

Name of interested person	<u>Nature of relationship</u>	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than \$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than \$100,000)
---------------------------	-------------------------------	---	---

908

In interpreting the term "same interested person" for the purpose of aggregation in Rules 905 ~~and~~, 906 ~~and~~ 907, the following applies:—

- (1) Transactions between (a) an entity at risk and a primary interested person; and (b) an entity at risk and an associate of that primary interested person, are deemed to be transactions between an entity at risk with the same interested person.

Transactions between (i) an entity at risk and a primary interested person; and (ii) an entity at risk and another primary interested person, are deemed to be transactions between an entity at risk with the same interested person if the primary interested person is also an associate of the other primary interested person.

- ~~(1)~~(2) Transactions between an entity at risk and interested persons who are members of the same group are deemed to be transactions between the entity at risk with the same interested person.

- ~~(2)~~ If an interested person, (which is a member of a group) is listed, its transactions with the entity at risk need not be aggregated with transactions between the entity at risk and other interested persons of the same group, provided that the listed interested person and other listed interested persons have boards the majority of whose directors are different and are not accustomed to act on the instructions of the other interested persons ~~and their associates~~ and have audit committees whose members are completely different.

As an example, Entity-At-Risk A, Listed B, ~~and~~ Listed C and Unlisted D are all subsidiaries of Ultimate ~~DE~~. Listed B, Listed C and Ultimate ~~DE~~ have boards, the majority of whose directors are different and are not accustomed to act on the instructions of Ultimate ~~DE~~ and its associates and have audit committees whose members are completely different. Transactions between Entity-At-Risk A and Listed B need not be aggregated with transactions between Entity-At-Risk A and Listed C or with transactions between Entity-At-Risk A and Ultimate ~~DE~~. Transactions between Entity-At-Risk A and Ultimate E must be aggregated with transactions between Entity-At-Risk A and Unlisted D.

909

The value of a transaction is the amount at risk to the issuer. This is illustrated by the following examples:—

- (1) In the case of a partly-owned subsidiary or associated company, the value of the transaction is the issuer's effective interest in that transaction;
- (2) In the case of a joint venture, the value of the transaction includes the equity participation, shareholders' loans and guarantees given by the entity at risk; ~~and~~
- (3) In the case of borrowing of funds from an interested person, the value of the transaction is the interest payable on the borrowing. In the case of lending of funds to an interested person, the value of the transaction is the interest payable on the loan and the value of the loan; and
- (4) In the case that the market value or book value of the asset to be disposed of is higher than the consideration from an interested person, the value of the transaction is the higher of the market value or book value of the asset.

#### Part V Exceptions

915

The following transactions are not required to comply with Rules 905, 906 and 907:—

- (1) A payment of dividends, a subdivision or consolidation of shares, an issue of securities by way of a bonus issue, a preferential offer, or an off-market acquisition of the issuer's shares, made to all shareholders on a pro-rata basis, including the exercise of rights, options or company warrants granted under the preferential offer.

#### Part VI Announcement Requirements

917

An announcement under Rule 905 must contain all of the following information:—

- (1) Details of the interested person transacting with the entity at risk, and the nature of that person's interest in the transaction.
- (2) Details of the transaction including, where applicable, the book value, the net profits attributable to the assets and the latest available open market value, relevant terms of the transaction, and the bases on which the terms were arrived at.

## Part VIII General Mandate

920

- (1) An issuer may seek a general mandate from shareholders for recurrent transactions of a revenue or trading nature or those necessary for its day-to-day operations such as the purchase and sale of supplies and materials, but not in respect of the purchase or sale of assets, undertakings or businesses. A general mandate is subject to annual renewal.
  - (b) A circular to shareholders seeking a general mandate must include:—
    - (i) unless the Exchange requires otherwise, the class of names of the interested persons with which whom the entity at risk will be transacting;

## **Chapter 10 ~~Acquisitions and Realisations~~ Significant Transactions**

### Part I Scope of Chapter

1001

This Chapter sets out the rules for significant transactions by issuers, principally acquisitions and realisations and the provision of financial assistance. It does not matter whether the consideration paid or received is cash, shares, other securities, other assets, or any combination of these. This Chapter also describes how transactions are classified, what the requirements are for announcements, and whether a circular and shareholder approval is required.

### Part II Definitions

1002

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~~ exchange, including an option to acquire or dispose of assets. It excludes ~~an acquisition or disposal~~ 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).
- (3)
  - (a) "net assets" means total assets less total liabilities.
  - (b) "net profits" means profit or loss including discontinued operations that have not been disposed and before income tax, and minority non-controlling interests and extraordinary items.
- (4) "market value" means the weighted average price of the issuer's shares transacted on the market day preceding the date of the sale and purchase agreement.

- (5) "market capitalisation" of the issuer is determined by multiplying the number of shares in issue by the weighted average price of such shares transacted on the market day preceding the date of the sale and purchase agreement.
- (6) "financial assistance" excludes the transactions described in Rule 915(9) and Rule 915(10).
- (7) "value of the financial assistance" means the monetary value of the relevant loan, guarantee, debt, indemnity, security provided or obligation.

### Part III Basis of Valuation

1003

In determining the basis of valuation of a transaction, the Exchange will apply the following rules:—

- (1) In any acquisition or disposal of shares, the value will be assessed by reference to:—
- (a) in the case of unlisted shares, the net asset value represented by such shares; and
  - (b) in the case of listed shares, the market value represented by such shares.
- (2) In any acquisition or disposal of assets other than shares, the value will be assessed by reference to the book value of the assets or, if a valuation has been carried out for the purpose of the acquisition or disposal, the market value of the assets.
- (3) Where the consideration is in the form of shares, the value of the consideration shall be determined by reference either to the market value of such shares or the net asset value represented by such shares, whichever is higher.
- (4) In any provision of financial assistance:
- (a) for Rule 1006(a), the reference to "net asset value of the assets to be disposed of" shall mean the aggregate value of the financial assistance; and
  - (b) for Rule 1006(c), the reference to "aggregate value of the consideration given or received" shall mean the aggregate value of the financial assistance.

### Part IV Classification of Transactions

1007

- (1) If any of the relative figures computed pursuant to Rule 1006 ~~is~~involves a negative figure, this Chapter may still be applicable to the transaction in accordance with the applicable circumstances in Practice Note 10.1, or if not so provided, at the discretion of the Exchange, and in which case, issuers should consult the Exchange.

## Part VI Discloseable Transaction

### 1010

Where any of the relative figures computed on the bases set out in Rule 1006 exceeds 5% but does not exceed 20%, an issuer must, after terms have been agreed, immediately announce the following:—

- (1) Particulars of the ~~assets acquired or disposed of~~ transaction, including the name of any company or business, where applicable;
- (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. In the case of financial assistance, the aggregate value of the financial assistance and any interest payable on the financial assistance;
- (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;
- (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;

### 1011

Where a sale and purchase agreement is entered into, or a valuation is conducted on the ~~assets to be acquired~~, the issuer must include a statement in the announcement that a copy of the relevant agreement, or valuation, report is available for inspection during normal business hours at the issuer's registered office for 3 months from the date of the announcement.

### 1013

- (2) With reference to Rule 1013(1), where the transaction is a major transaction, a very substantial acquisition or a reverse takeover, the shareholders' circular must contain the information in Rule 1013(1) and the following:—
  - (a) A confirmation from the auditors ~~of the business/assets to be acquired~~ that they have reviewed the bases and assumptions, accounting policies and calculations for the profit guarantee or the profit forecast, and ~~their opinion on the bases, assumptions, policies and calculations~~ that the basis of preparation of the profit guarantee or the profit forecast is consistent with the accounting policies of the issuer; and
  - (b) A statement by the financial advisor to the issuer as to whether or not they are of the view that the transaction is on normal commercial terms and is not prejudicial to the interest of the issuer and its shareholders.

## Part VII Major Transactions

### 1014

- (2) A major transaction must be made conditional upon approval by shareholders in general meeting. A circular containing the information in Rules 1010, 1011, 1012 and 1013 must be sent to all shareholders. If no valuation is available for an acquisition or disposal of assets (other than shares), the issuer must provide an explanation on why it did not commission a valuation. This rule does not apply in the case of an acquisition of profitable assets if the only limit breached is Rule 1006(b).

If the major transaction relates to an acquisition or disposal of mineral, oil or gas asset of a mineral, oil or gas company, the circular to shareholders must contain ~~(i)~~(a) a qualified person's report that is prepared by an independent qualified person; and ~~(ii)~~(b) a statement that no material changes have occurred since the effective date of the qualified person's report. The effective date of the qualified person's report must not be more than 6 months from the date of publishing the circular. In the case of a major acquisition, the circular to shareholders must contain a valuation report prepared by an independent qualified person in accordance with the VALMIN Code, SPE-PRMS or an equivalent standard that is acceptable to the Exchange. The effective date of the valuation report must not be more than 6 months from the date of publishing the circular and the contents of the qualified person's report must comply with the requirements as set out in paragraph 5 of Practice Note 6.3. The valuation report may form part of the qualified person's report. In ascertaining whether or not the issuer is required to seek shareholders' approval for the transaction, the issuer should refer to the general principles set out in Practice Note 10.1. Where the issuer is unclear, the issuer should consult and clarify with the Exchange as soon as possible.

- (5) Notwithstanding Rule 1014(2), where a disposal of assets is one where any of the relative figures as computed on the bases set out in Rule 1006 exceeds 75%, the issuer must appoint a competent and independent valuer to value the assets to be disposed.

#### Part VIII Very Substantial Acquisitions or Reverse Takeovers

1015

- (2) For very substantial acquisition, the target business to be acquired must be profitable and meets the requirement in Rule 210(4)(a), and the enlarged group must comply with the requirements in Rule 210(5) and (6). The issuer must appoint a competent and independent valuer to value the ~~target business assets~~. The Exchange may approve the very substantial acquisition unconditionally or subject to condition(s), or may reject, as it thinks appropriate.
- (3) For reverse takeover, the incoming business and the enlarged group must comply with the following requirements:—
- (c) The requirements specified in Rules 227, 228 and 229 are applicable to:—
- (i) persons who are existing controlling shareholders or who will become controlling shareholders of the issuer as a result of the asset acquisition; and
- (ii) associates of any person in (i).

This is also applicable to very substantial acquisition.

The applicable period of moratorium in Rule 229 will commence upon resumption of trading of the securities.

- (4) The issuer must submit the following:—
- (a) A compliance checklist for Rule 210 or Rule 222, whichever is applicable;
- (b) A compliance checklist for the information required in Rule 1015(5); ~~and~~
- (c) For reverse takeovers, Declaration declaration by each of the enlarged group's (and where applicable REIT manager's or trustee-manager's) director, executive officer, controlling

shareholder, and ~~executive officer of the acquired company(ies)~~ controlling unitholder (where applicable), including ~~and~~ officers occupying a managerial position and above who is a relative of any such director or, controlling shareholder or controlling unitholder (where applicable), in the form set out in paragraph 8, Part 47 of the Fifth Schedule, Securities and Futures (Offers of Investments) (Shares and Debentures) (Securities and Securities-based Derivatives Contracts) Regulations 2005/2018, as amended from time to time. For very substantial acquisitions, ~~declaration by each new director, controlling shareholder, and executive officer must be submitted.~~ this requirement applies only to each new relevant person; and

(d) For reverse takeovers, resumes and particulars of each of the enlarged group's (and where applicable REIT manager's or trustee-manager's) director, executive officer, controlling shareholder and controlling unitholder (where applicable), and if the controlling shareholder or controlling unitholder (where applicable) is a company or partnership, resumes and particulars of each of its director, executive officer, controlling shareholder and partner. In the case where such entity is listed on a stock exchange and the relevant information relating to each relevant person is publicly available, this requirement is not applicable, but the Exchange must be informed of any material changes.

(5) In relation to the assets to be acquired, the shareholders' circular must contain the following:—

- (a) Information required by Rules 1010, 1011, 1012, 1013 and Part II of Chapter 6 of the Listing Manual, where applicable;
- (b) An accountants' report on the assets to be acquired and the enlarged group. Rule 609 applies to the accountant's report;
- (c) A statement by the directors in the form set out in ~~Rule 610(3)~~ Practice Note 12.1; and
- (d) A statement by the financial adviser(s) in the form set out in ~~paragraph 3(d) of Appendix 8.2~~ Practice Note 12.1.

## Chapter 12 Circulars, Annual Reports and Electronic Communications

### Part II Circulars

1206

Any circular sent by an issuer to its shareholders must:—

- (4) comply with specific circular requirements in the Listing Manual;  
For example:—

<b>Corporate Action</b>	<b>Rules requiring specific information to be disclosed in the circulars to the shareholders</b>
(b) <del>Capitalisation Bonus</del> Issues and Subdivision of <del>shares</del> <u>Shares</u>	Rule 839
(h) <del>Acquisitions</del> <u>and</u> <del>Realisations</del> <u>Significant</u> <u>Transactions</u>	Rule 1014

The annual report must contain enough information for a proper understanding of the performance and financial conditions of the issuer and its principal subsidiaries, including at least the following:—

General Information

- (5) (a) The annual audited accounts (consolidated);
- (b) The audited balance sheet (unconsolidated) of the issuer;
- (c) The cashflow statement (consolidated);
- (d) A statement whether or not the financial statements are prepared in accordance with the prescribed accounting standards and audited in accordance with the prescribed auditing standards; and
- (e) Disclosure of the nature and financial effect of, and justification for any deviation from the prescribed accounting standards, together with the auditors' confirmation of their agreement to the deviation and a statement by the auditors that the deviation is necessary to present "true and fair" financial statements.
- (9) A statement (made up to a date not more than 1 month before the date of the notice of the annual general meeting or summary financial statement, whichever is earlier) indicating the date of such statement and setting out:—
- (b) a distribution schedule of each class of equity securities (including convertible securities) other than share options referred to in Rule 1207~~(15)~~(16), setting out the number of holders in the following categories:—
- 1–99
  - 100–1,000
  - 1,001–10,000
  - 10,001–1,000,000
  - 1,000,0001 and above

~~Directors' and Key Executives' Remuneration~~

- (12) ~~The issuer should make disclosure as recommended in the Code of Corporate Governance, or otherwise disclose and explain any deviation from the recommendation.~~~~[Deleted]~~
- (13) ~~The remuneration must include all forms of remuneration from the issuer and any of its subsidiaries. In deciding whether an item or benefit is to be included in the remuneration, regard shall be given to the taxability of that item.~~~~[Deleted]~~
- (14) ~~The value of an item or benefit must be disclosed as the original cost or value of the amount or benefit, and not the taxable value to the recipient.~~~~[Deleted]~~
- (15) ~~If a person served in the capacity of a director or key executive for any part of a financial period, disclosure is required of the person's actual remuneration for the period that the person had served as a director or key executive.~~~~[Deleted]~~

## Use of Proceeds

- (20) If applicable, a status report on the use of IPO proceeds and any proceeds arising from any offerings pursuant to Chapter 8 and whether the use of proceeds is in accordance with the stated use and is in accordance with the percentage allocated in the prospectus or the announcement of the issuer. Where the proceeds are used for general working capital purposes, the issuer must announce a breakdown with specific details on the use of proceeds for working capital. Where there is any material deviation from the stated use of proceeds, the issuer must also announce the reasons for such deviation.

## Chapter 13 Trading Halt, Suspension and Delisting

### Part III Suspension of Trading

1304

If the trading of the listed securities of an issuer is suspended under Rule 1303(3), it must:—

- (1) submit a proposal (or proposals) to the Exchange with a view to resuming trading in its securities ("resumption proposals") within 12 months of the date of suspension. If no resumption proposals are received to enable trading to resume within 12 months of the date of suspension, the Exchange may remove the issuer from the Official List; and
- (2) implement the resumption proposals within 6 months from the date the Exchange indicates that it has no objection to the resumption proposals. If the resumption proposals have not been implemented within the 6 months, the Exchange may remove the issuer from the Official List. The issuer is expected to provide monthly valuation of its assets and utilisation of cash and updates of milestones in completing the relevant transactions to the market via SGXNET.

## Appendix 2.2 Articles of Association

- (8) Voting and Proxies
- (d) An instrument of proxy shall be deemed to confer authority to demand or join in demanding a poll.
  - (e) A proxy shall be entitled to vote ~~on a show of hands~~ on any matter at any general meeting.
- (10) ~~Accounts~~ Annual General Meeting
- ~~The interval between the close of an issuer's financial year and the date of its annual general meeting (if any) shall not exceed four months.~~ An issuer must hold its annual general meeting within four months from the end of its financial year.

## Appendix 7.1 Corporate Disclosure Policy

### Part II Issuers' Obligations under Rule 703

#### 8. Some Events Requiring Disclosure Under Rule 703

Under Rule 703, the following events, while not comprising a complete list of all the situations which may require disclosure, are likely to require immediate disclosure:—

- (k) The ~~borrowing~~ provision or receipt of a significant amount of funds/financial assistance;

- (p) A tender offer for another company's securities;~~and~~
- (q) A valuation of the real assets of the group that has a significant impact on the group's financial position and/or performance. A copy of the valuation report must be made available for inspection at the issuer's registered office during normal business hours for 3 months from the date of the announcement-;
- (r) Involuntary striking-off of the issuer's subsidiaries;
- (s) An investigation on a director or an executive officer of the issuer;
- (t) Loss of a major customer or a significant reduction of business with a major customer; and
- (u) Major disruption to supply of critical goods or services.

#### Part VI Clarification or Confirmation of Rumours or Reports

- 16 If rumours indicate that material information has been leaked, a frank and explicit announcement is required. This is because one of the conditions for withholding information, i.e. confidentiality of the information, is no longer fulfilled. If rumours are in fact false or inaccurate, they should be promptly denied or clarified. A statement to the effect that the issuer knows of no corporate developments that could account for the unusual market activity can have a salutary effect. In addition, a reasonable effort should be made to bring the announcement to the attention of the party that initially distributed the information (in the case of an erroneous newspaper article, for example, by sending a copy of the announcement to the newspaper's financial editor, or in the case of an erroneous market letter, by sending a copy to the broker responsible for the letter). If rumours are correct or there are developments, an immediate statement to the public as to the state of negotiations or corporate plans in the rumoured area must be made. Such statements are essential despite the business inconvenience which may result, even if the matter had yet to be presented to the issuer's board of directors for consideration.

#### Part VIII Policy on Thorough Public Dissemination

21. Material information must be disclosed when it arises, even if during trading hours. The Exchange will expect the issuer to request a trading halt to facilitate the dissemination of the material information during trading hours. As a guide, a trading halt requested for dissemination of material information will last at least ~~half an hour~~30 minutes after the release of the material information, or such other period as the Exchange considers it appropriate. The request for a trading halt, and the request for the lifting of a trading halt, must be announced. There must be at least 15 minutes of dissemination time for an announcement on the request for the lifting of trading halt, before trading resumes. The issuer may request a temporary suspension if it is unable to release the material information by the end of the trading halt. Otherwise, the Exchange will consider whether a temporary suspension in trading of the issuer's securities is necessary to enable the material information to be properly disseminated. As a guide, the temporary suspension may last ~~half an hour~~30 minutes after the announcement has been released to the Exchange, or such other period as the Exchange considers it appropriate. The request for a suspension in trading, and the request for the resumption of trading from suspension, must be announced. There must be at least 30 minutes of dissemination time for an announcement on the request for the resumption of trading from suspension, before trading resumes.

#### Part X Policy on Insider Trading

29. Issuers should make insiders (and others who have access to material information on the issuer before it is publicly disclosed) aware that trading in the issuer's securities while in possession of

undisclosed material information or tipping such information is an offence under Singapore's securities laws and may also give rise to civil liability. Issuers are advised to refer to ~~the Best Practices Guide~~ Rule 1207(19) which provides guidance on the principles and best practices with regard to dealings by the ~~directors and employees~~ issuer and its officers ~~of the issuers in their respective~~ the issuer's securities.

## Appendix 7.2 Financial Statements and Dividend Announcement

### Part I Information Required for Quarterly (Q1, Q2 & Q3), Half-Year and Full Year Announcements

1. In the case of Q1, Q2 and Q3 announcements, issuers may present the following statements in any format provided that the same format is used for each quarter. In the case of half-year and full year announcements, issuers must present the following statements in the form presented in the issuer's most recently audited annual financial statements:—

(a)

(ii) The following items (with appropriate breakdowns and explanations), if significant, must either be included in the income statement or in the notes to the income statement for the current financial period reported on and the corresponding period of the immediately preceding financial year:—

- (A) Investment income
- (B) Other income including interest income
- (C) Interest on borrowings
- (D) Depreciation and amortisation
- (E) Allowance for doubtful debts and bad debts written off
- (F) Write-off for stock obsolescence
- (G) Impairment in value of investments
- (H) Foreign exchange gain/loss (where applicable)
- (I) Adjustments for under or overprovision of tax in respect of prior years
- (J) Profit or loss on sale of investments, properties, and/or plant and equipment
- (K) ~~Exceptional items~~[Deleted]
- (L) ~~Extraordinary items~~[Deleted]

(d)

(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, subdivision, consolidation, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding

convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

Part II Additional Information Required for Full Year ~~Announcement~~ Announcement

18. A breakdown of sales as follows:—

	Latest Financial Year	Previous Financial Year	% increase/ (decrease)
	\$'000 Group	\$'000 Group	Group
(a) Sales reported for first half year			
(b) Operating profit/loss after tax before deducting <del>minority</del> <u>non-controlling</u> interests reported for first half year			
(c) Sales reported for second half year			
(d) Operating profit/loss after tax before deducting <del>minority</del> <u>non-controlling</u> interests reported for second half year			

**Appendix 8.1 Contents of Application for Listing Additional Securities**

**3. Financial Position**

(c) State whether the directors are of the opinion that, after taking into consideration:—

(i) the group's present bank facilities, the working capital available to the group is sufficient to meet its present requirements and if so, the directors must provide reasons for the issue; and

(ii) the group's present bank facilities and the net proceeds of the issue, the working capital available to the group is sufficient to meet its present requirements, unless the directors have opined, pursuant to paragraph 3(c)(i) above, that, after taking into consideration the group's present bank facilities, the working capital available to the group is sufficient to meet its present requirements.

"Present requirements" in this Appendix 8.1 includes the transaction which will be funded (in whole or in part) by the net proceeds of the issue.

6. Rights Issues

(b) A time-table showing the following dates:—

(i) ~~Books closure date~~ Record date to determine rights entitlement;

8. Issue of Shares for Cash Under Part IV of Chapter 8

(c) Where the end-placee(s) is not procured by a placement agent, to provide the following information:—

(i) background of the end placee(s);

(ii) rationale for the subscription; and

(iii) confirmation that the end placee(s) and its(their) directors and substantial shareholders (if applicable) have no connections (including any business relationship) with the issuer and its directors and substantial shareholders.

**Appendix 8.2 Disclosure Requirements for Rights Issues or Bought Deals**

(3) The following information must be included in the abridged prospectus or offering circular, where applicable, OR announced separately before trading of nil-paid rights commences:—

(a) On the cover page of abridged prospectus or offering circular:—

Either (i) and (ii), or (iii) as applicable:—

(i) a statement that the issuer has made an application to SGX-ST for permission to list the securities which are the subject of the rights issue or bought deal and that acceptance of applications will be conditional upon issue of the securities and SGX-ST's approval being granted to list the securities;

(ii) a statement that monies paid in respect of any application accepted will be returned if permission is not granted;

(iii) a statement that approval in-principle has been obtained from SGX-ST for listing of new securities arising from the rights issue or bought deal, which will commence after all securities certificates have been issued and the allotment letter from the CDP has been dispatched.

Both (iv) and (v):—

~~(iii)~~(iv) a statement that the approval in-principle granted by SGX-ST is not to be taken as an indication of the merits of the issue, the issuer, its subsidiaries or the securities.

~~(iv)~~(v) a statement that SGX-ST assumes no responsibility for the accuracy of any of the statements made, reports contained and opinions expressed in this document.

## Practice Note 1.2 Oversight of Issuers

### 4. Regulatory Approach

#### 4.3 Under this approach, IR will make the following changes to its functions:—

Function	Current Procedure	New Procedure
1. Review of shareholders' circulars	Review every circular of every issuer before it is issued.	Limited review of circulars where the disclosure is fairly standard (namely employee share option scheme, share buy-back, <del>capitalization</del> <u>bonus issue, sub-division or consolidation</u> of shares and scrip dividend). If, on limited review, the document is clearly deficient, a full review will be carried out. Full review for all other circulars.

## Practice Note 2.1 Equity Securities Listing Procedure

### 2. Exchange's Procedure

2.1 When the Securities & Futures (Offers of Investments) (Shares and Debentures) Regulations 2002 came into effect on 1 July 2002, the Exchange's approach in reviewing new listing applications changed. The Exchange moved from a merit-based regime towards a disclosure-based regime. Hence, we now concentrate on reviewing the listing application for compliance with the listing requirements (including specific numerical standards and qualitative factors such as the integrity of the management and controlling shareholders of the listing applicants) and disclosure (for trading in the secondary market). The Exchange does not judge (and has never judged) whether the investment would be a good one for investors.

## Practice Note 5.1 Term Sheet for Structured Warrants

### 3. Disclosure in Term Sheet

3.1 As a guide, the term sheet submitted to the Exchange and used in connection with the marketing of the structured warrants should include the following information:—

- (11) Summary information on the issuer and the guarantor (if any), including key financial information, credit rating and whether they are supervised by a monetary or securities regulatory authority.

## Practice Note 6.1 Disclosure Requirements: Pre-listing Information and Transitional Arrangements

### 1. Introduction

1.1 The Fifth Schedule of the Securities & Futures (Offers of Investments) (~~Shares and Debentures~~) (Securities and Securities-based Derivatives Contracts) Regulations ~~2005~~ 2018 stipulates prospectus disclosure requirements. In addition to complying with these regulations, the Exchange may require additional information to be disclosed, either to enable the Exchange to determine whether an issuer meets the SGX-ST's admission criteria, or to provide sufficient information for the secondary market as set out under the Exchange's continuing listing rules. To assist issuers, this Practice Note lists some of the disclosures that the Exchange will consider when reviewing an application. It is not an exhaustive list.

3. Disclosure Showing Compliance with Continuing Listing Rules
4. Transitional Arrangements
  - 4.1 Rule 606(7)(j) sets out the requirement that the latest audited financial statements should be made up to a date not more than 9 months before the time of issue of the IPO prospectus or offering memorandum and where the latest audited accounts have been made up to a date more than 6 months before such time, the unaudited financial statements for a period of up to not more than 3 months prior to the date of the document shall be included. With effect from 1 July 2002, the Exchange will waive Rule 606(7)(j) if the issuer satisfies the requirements under paragraphs ~~1011, 2527 & 2630~~ of Part ~~IX~~ of the Fifth Schedule of the Securities & Futures (Offers of Investments)(~~Shares and Debentures~~) (Securities and Securities-based Derivatives Contracts) Regulations 2005~~2018~~.

### Practice Note 7.6 Sustainability Reporting Guide

- 3.1 ~~Under the Code of Corporate Governance issued on 2 May 2012, the Board is collectively responsible for the long term success of the issuer. It provides strategic direction and specifically considers sustainability issues as part of its strategic formulation. The Code states as its preamble that sustainability, together with accountability and transparency, is a tenet of good governance. It provides that the Board is collectively responsible for the long-term success of the issuer, and the Board's role includes setting strategic objectives which should include appropriate focus on sustainability.~~ Consistent with its role, the Board should determine the ESG factors identified as material to the business and see to it that they are monitored and managed. The Board's close interaction with management will enable the Board to satisfy itself on the way sustainability governance is structured and functioning through the various levels of management. The Board has ultimate responsibility for the issuer's sustainability reporting. If any question is raised regarding the issuer's sustainability reporting, the Board should make sure it is addressed.

### Practice Note 8.1 Rights Issue Timetable

The following is the expected timetable for a renounceable rights issue:—

	<del>books closure</del> <b>No of market days after <u>record date</u> (D)</b>
(a) To despatch SRAFs to shareholders who hold shares in their securities accounts with CDP, and to despatch PALs to CDP and to shareholders whose names appear on the register	D+3
(b) Commencement of trading of nil-paid rights	D+3
(c) Latest day for trading of nil-paid rights	<del>on</del> <u>On</u> or after D+9
(d) Last day for receipt and acceptance of SRAFs	<del>on</del> <u>On</u> or after D+13

The following is the expected timetable for a non-renounceable rights issue:—

	<del>books closure</del> <b>No of market days after <u>record date</u> (D)</b>
(a) To dispatch SRAFs to shareholders who hold shares in their securities accounts with CDP, and to dispatch PALs to CDP and to shareholders whose names appear on the register	D-+3
(b) Last day for receipt and acceptance of SRAFs	On or after D+9

## Practice Note 8.3 Rights Issue Limit

Details	Cross-References
Issue date: 13 March 2017	Listing Rule 107
Effective date: 13 March 2017	Listing Rule 806(2)

### 1. Introduction

- 1.1 This Practice Note provides guidance on the provisional waiver in relation to the limit on the aggregate number of shares and convertible securities that an issuer may issue on a pro rata basis pursuant to a general mandate under Rule 806(2).
- 1.2 The purpose of this temporary waiver is to widen the available fund-raising avenues of issuers that may be facing challenges amid current uncertainties and the tightening of financial conditions.

### 2. Waiver

- 2.1 Listing Rule 107 states that the Exchange may waive or modify compliance with a listing rule (or part of a rule) either generally or to suit the circumstances of a particular case, unless the listing rule specifies that the Exchange will not waive it. The Exchange may grant a waiver subject to such conditions, as it considers appropriate. If the Exchange waives a listing rule (or part of a rule) subject to a condition, the condition must be satisfied for the waiver to be effective. Where a waiver is granted, the issuer must announce the waiver, the reasons for seeking the waiver and the conditions, if any, upon which the waiver is granted as soon as practicable.
- 2.2 Listing Rule 806(2) states that a general mandate must limit the aggregate number of shares and convertible securities that may be issued. The limit must be not more than 50% of the total number of issued shares excluding treasury shares ("Rights Issue Limit"), of which the aggregate number of shares and convertible securities issued other than on a pro rata basis to existing shareholders must be not more than 20% of the total number of issued shares excluding treasury shares.
- 2.3 In accordance with Rule 107, the Exchange has decided to modify the requirement under Rule 806(2) to provisionally raise the Rights Issue Limit from 50% to 100% ("Enhanced Rights Issue Limit") subject to conditions set out in paragraph 3 of this Practice of Note. The Enhanced Rights Issue Limit will take effect from the effective date of this Practice Note until 31 December 2018 by which date the shares issued pursuant to the Enhanced Rights Issue Limit must be listed.
- 2.4 For compliance with the disclosure requirement under Rule 107, it is sufficient that the issuer makes reference to this Practice Note when announcing a rights issue which utilises the Enhanced Rights Issue Limit.

### 3. Conditions

- 3.1 The Enhanced Rights Issue Limit is for the purpose of financing the issuers' business needs.
- 3.2 The Enhanced Rights Issue Limit is not applicable to a non-renounceable rights issue.

~~3.3. Without prejudice to other requirements under the Listing Rules, an issuer (including business trusts and real estate investment trusts) may utilise the Enhanced Rights Issue Limit subject to compliance with:~~

- ~~(1) applicable legal requirements including but not limited to provisions in the Companies Act and Business Trusts Act requiring issuers to seek shareholders' approval;~~
- ~~(2) disclosure requirements in respect of use of proceeds under Rule 704(30) and Rule 1207(20);~~
- ~~(3) in the case of business trusts and real estate investment trusts, provisions of trust deeds; and~~
- ~~(4) limitations in any existing mandate from shareholders.~~

~~3.4. The issuer must disclose that its board is of the view that the Enhanced Rights Issue Limit is in the interests of the issuer and its shareholders.~~

~~3.5. The issuer must notify the Exchange by email to [enhancedrights@sgx.com](mailto:enhancedrights@sgx.com) of the following when a general mandate with an Enhanced Rights Issue Limit has been approved by shareholders:~~

- ~~(1) name of the issuer; and~~
- ~~(2) date on which such general mandate is approved by shareholders.~~

~~3.6. In its announcement of a rights issue utilising the Enhanced Rights Issue Limit, the issuer must state the following in a separate section:~~

- ~~(1) that it is utilising the Enhanced Rights Issue Limit;~~
- ~~(2) the extent of discount from closing price immediately preceding the announcement;~~
- ~~(3) a statement from the issuer's directors on why the rights issue is in the interests of the issuer and their basis for forming such views including justification on the extent of any discount; and~~
- ~~(4) if the issuer undertakes the rights issue within one year from its previous equity fund raising, details for each fund raising exercise as follows:~~
  - ~~(a) description of equity funds raised;~~
  - ~~(b) date of issue of new securities;~~
  - ~~(c) amount raised (both gross and net);~~
  - ~~(d) amount utilised and breakdown on use of proceeds; and~~
  - ~~(e) amount not utilised and how it is intended to be used.~~

~~The issuer should make a negative statement if there is no such previous equity fund raising.~~

#### **4. Conclusion**

- 4.1. Issuers will be able to finance its business needs through utilising the Enhanced Rights Issue Limit during the validity period of the waiver.
- 4.2. The Exchange will continue to closely monitor disclosures of the issuer with respect to rights issues which utilise the Enhanced Rights Issue Limit. ~~[Deleted]~~

#### **Practice Note 10.1 ~~Shareholder Approval for Major Transactions~~ Acquisitions and Realisations**

<b>Details</b>	<b>Cross References</b>
Issue date: 5 July 2002	<del>Listing Rule 1014</del> <u>Chapter 10</u>
Effective date: 8 July 2002 29 September 2011 <u>7 February 2020</u>	
Revised on: 24 March 2009 14 September 2011 <u>9 January 2020</u>	

#### **1. Introduction**

- 1.1. This Practice Note sets out the circumstances under which the Exchange may grant a waiver of the requirement for shareholder approval of any major transactions.
- 1.2. This Practice Note sets out general principles only. The Exchange invites companies, REITs and business trusts to consult on a particular transaction if it wants certainty with respect to the application of the rules.

#### **2. Major Transactions**

- 2.1. A major transaction is one where any of the relative figures as computed on the bases set out in Rule 1006 exceeds 20%. Pursuant to Rule 1014, a major transaction must be made conditional upon approval by shareholders in general meeting and a circular containing the information in Rule 1010, 1011, 1012 and 1013 must be sent to all shareholders.
- 2.2. Rule 1006 sets out the following bases for computing the relative size of a transaction:
- (a) The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets.
  - (b) The net profits attributable to the assets acquired or disposed of, compared with the group's net profits.
  - (c) The aggregate value of the consideration given or received, compared with the issuer's market capitalisation.
  - (d) The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue.

~~2.3 Rule 1002(1) states that, unless the context otherwise requires, "transaction" refers to the acquisition or disposal of assets 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 an acquisition or disposal which is in, or in connection with, the ordinary course of its business or of a revenue nature.~~

### ~~3. Transactions in, or in Connection with, the Ordinary Course of an Issuer's Business~~

~~3.1 In determining whether a transaction can be regarded as in the ordinary course of an issuer's business, the Exchange will have regard to the issuer's existing core business. This is elaborated in paragraphs 3.2 and 3.3 below.~~

#### ~~3.2 Acquisitions~~

~~3.2.1 Shareholder approval is not required if an acquisition will result in an expansion of an issuer's existing core business. The Exchange takes the view that it should not in normal circumstances require an issuer to seek shareholder approval if the expansion is by way of an acquisition of a similar business, when other means to expand its business that are open to the issuer would not require shareholder approval.~~

~~3.2.2 However, should the acquisition change the risk profile of the issuer, shareholders should have an opportunity to have their say on the proposed acquisition. This is so notwithstanding that the acquisition will not change the main business of the issuer.~~

~~3.2.3 In determining whether an acquisition would change an issuer's risk profile, the Exchange will have regard to the following:—~~

~~(a) whether the acquisition will increase the scale of the issuer's existing operations significantly. An acquisition is regarded as increasing the scale of operations significantly if any of the relative figures computed on the bases set out in Rule 1006(c) and 1006(d) is 100% or more. Rule 1015 requires shareholder approval to be obtained for such an acquisition regardless of whether the acquisition is treated as in the issuer's ordinary course of business. Such an acquisition may be treated as a very substantial acquisition;~~

~~(b) whether the acquisition will result in a change in control of the issuer. Rule 1015 requires shareholder approval to be obtained if the acquisition will result in a change in control of the issuer regardless of whether the acquisition is treated as in the issuer's ordinary course of business. Such an acquisition may be treated as a reverse takeover;~~

~~(c) whether the acquisition will have a significant adverse impact on the issuer's earnings, working capital and gearing;~~

~~(d) the extent to which the acquisition will result in an expansion of the issuer's business to a new geographical market and/or a new business sector; and~~

~~(e) the extent to which the intended expansion has been foreshadowed and investors have had an opportunity to vote at previous general meetings on:~~

~~(i) the issuer's proposal; or~~

(ii) ~~waiving their rights to approve the issuer's proposal.~~

~~3.2.4 The above factors are neither exhaustive nor conclusive.~~

### ~~3.3 Disposals~~

~~3.3.1 The disposal of an issuer's core business (or a substantial part of its core business) will usually result in a material change to the nature of the issuer's business. Thus, shareholders should have an opportunity to consider the future direction of the issuer, and Rule 1014 will be applied.~~

~~3.3.2 However, in exceptional circumstances, the Exchange may waive Rule 1014 if the intended disposal has been foreshadowed and investors have had the opportunity to vote at previous general meetings on:~~

~~(i) the issuer's proposal to dispose of specific assets or businesses; or~~

~~(ii) waiving their rights to approve the issuer's proposal.~~

~~3.3.3 Further, where an issuer proposes to dispose of a non-core business or a non-core asset (for example, a vacant factory) without affecting the nature of its main business, it is reasonable in normal circumstances to expect shareholders not to be overly concerned about the disposal. The Exchange may grant a waiver under such circumstances.~~

~~3.4 In the Exchange's review whether shareholders' approval is required for a transaction, the Exchange will also take into consideration the following:—~~

~~(a) an opinion from the board of directors that there has been no material change in the risk profile of the issuer arising from the transaction, including the basis for their opinion; and~~

~~(b) a confirmation by an independent financial adviser acceptable to the Exchange that the directors' opinion and their basis have been stated by the directors after due and careful enquiry.~~

~~Where the opinion and confirmation of the directors and the independent financial adviser are submitted, or required by the Exchange, and a waiver is granted, the issuer must announce such opinion and confirmation and their basis via SGXNET.~~

### ~~3.5 REIT and Property Trust~~

~~Where the disposal of property is executed in conjunction with a view to reinvest the disposal proceeds into an acquisition of another property, it is reasonable to expect that the risk profile of the issuer will not change provided that:—~~

~~(i) The property to be acquired has identified and is within its investment mandate including being in a similar sector that the issuer has been investing in and similar jurisdictions where its current portfolio of properties are located; and~~

~~(ii) A legally binding agreement for the acquisition of the property has been signed.~~

~~Under such circumstances, the Exchange may grant a waiver of Rule 1014(3).~~

3.6 — Issuers should consult the Exchange as early as possible about whether a proposed transaction must comply with the rules.

#### **4. — Relative Figures**

4.1 — Under Rule 1014, the profit test does not apply to an acquisition of profitable assets as shareholders are not expected in normal circumstances to be concerned if the assets to be acquired are profit contributors. Similarly, shareholders generally would not be concerned if the assets to be disposed of are non-core or loss-making. Thus, for such disposals, the Exchange may grant a waiver of Rule 1014 from the requirement to seek shareholder approval for the disposal.

4.2 — In some cases, tests based on assets and profits may not give a meaningful indication of the significance of the transaction to the issuer. This can happen where, for example, the issuer or the asset to be acquired is loss-making; or the issuer or the asset to be acquired has a negative net asset value. The limit of 20% in Rule 1013 cannot be applied in such circumstances. The Exchange will assess the significance of the transaction on a case by case basis, and we encourage issuers to consult the Exchange as early as possible.

#### **5. — Voting**

##### **5.1 — Undertaking From Substantial Shareholder(s) Regarding Voting**

5.1.1 — The Exchange will not grant a waiver from the requirement for shareholder approval solely on the basis that the substantial shareholders of the issuer have undertaken to vote in favour of the transaction. As a general rule, shareholders should be given the opportunity to have their say on the issuer's proposal.

##### **5.2 — Separate Resolution**

5.2.1 — If a transaction requires more than one approval, the issuers should consider whether separate resolutions on the different aspects of the proposal are put to shareholders. One matter that the Exchange will consider when clearing a circular to shareholders is whether the resolutions have been constructed in a way that allows shareholders to properly exercise their voting rights.

#### **6. — Cost and Inconvenience of Convening a Shareholder Meeting**

6.1 — The Exchange would not in normal circumstances regard only the cost and inconvenience of convening a meeting as sufficient reasons to grant a waiver.

#### **7. — Consideration**

7.1 — For the purposes of determining the relative figure of Rule 1006(c), the aggregate value of consideration given or received should include:—

7.1.1 — Any deferred consideration that may be payable or receivable by the issuer in the future (the consideration is the maximum total consideration payable or receivable under the agreement); and

7.1.2 — Further amounts related to the transaction.

7.2 — Issuers should consult the Exchange as early as possible about whether further amounts relating to the transaction are part of "consideration". For example, loans or guarantees extended by

purchaser, the discharge of any liabilities (whether actual or contingent), or the provision of other forms of security, may be deemed to be part of "consideration".

## Shareholder Approval For Major Transactions

~~7.3~~ Substantive factors should be disclosed to justify the aggregate value of the consideration. For the avoidance of doubt, a statement that the consideration was on a "willing buyer willing seller" basis is not sufficient.

### **1. Introduction**

1.1 This Practice Note sets out, in relation to acquisitions and realisations, the following:

- (a) the types of acquisitions and disposals that are regarded to be in, or in connection with, the ordinary course of an issuer's business;
- (b) the considerations to apply in computing the relative figures under Rule 1006;
- (c) the applicability of Chapter 10 where any of the relative figures computed pursuant to Rule 1006 involves a negative figure;
- (d) the factors to be taken into account in arriving at the consideration value of a transaction for the purposes of Chapter 10;
- (e) the considerations to apply where a transaction requires shareholders' approvals for inter-conditional proposals; and
- (f) the circumstances under which the Exchange may grant a waiver of the requirement for shareholders' approval of any major transactions.

1.2 Issuers and their professional advisers may consult the Exchange on the application of the rules in respect of a particular transaction, if necessary. Issuers and their professional advisers are required to furnish the Exchange with the full facts and information on the matters consulted.

1.3 Notwithstanding the classification of the transaction, the Exchange may, in appropriate circumstances, exercise its powers under Chapter 14 to impose additional requirements on the transaction, including to require that the issuer appoint an independent professional, or that the transaction be made conditional upon the approval of shareholders or the Exchange.

1.4 In this Practice Note, "issuer" refers to the issuer or a subsidiary that is not listed on the Exchange or primary listed on an approved exchange, unless the context otherwise requires.

### **2. Acquisitions and Disposals in, or in Connection with, the Ordinary Course of an Issuer's Business**

2.1 Rule 1002(1) states, among others, that, unless the context otherwise requires, "transaction" refers to the acquisition or disposal of assets by an issuer or a subsidiary that is not listed on the Exchange or on an approved exchange, including an option to acquire or dispose of assets. It excludes an acquisition or disposal which is in, or in connection with, the ordinary course of its business or of a revenue nature.

2.2 An acquisition that is regarded to be in, or in connection with, the ordinary course of an issuer's business, is not subject to the requirements under Chapter 10 (except for Part VIII on very substantial acquisitions or reverse takeovers).

2.3 An acquisition can be regarded to be in, or in connection with, the ordinary course of an issuer's business, if:

(a) the asset to be acquired is part of the issuer's existing principal business; and

(b) the acquisition does not change the issuer's risk profile.

2.4 Existing principal business: An asset is part of the issuer's existing principal business if the acquisition of the asset is required to be reported under the applicable accounting standards within a specific reportable operating segment (excluding any miscellaneous "any other segment" category) that:

(a) contributes more than 20% of the issuer's net profits or total assets; and

(b) has been reported in the issuer's latest audited financial statements.

2.5 Change of risk profile: The following are indications that an acquisition would change the risk profile of an issuer:

(a) notwithstanding Rule 1002(3)(c), a proposed acquisition will result in reduction of the issuer's net profits or net asset value by 20% or more, based on the latest audited financial statements, and assuming that the proposed acquisition had been effected at the end of that financial year;

(b) the asset proposed to be acquired is loss-making or is in a net liability position;

(c) the proposed acquisition will have a significant adverse impact on the issuer's gearing;

(d) the proposed acquisition will result in an expansion into a new jurisdiction that will expose the issuer to significant new risks; or

(e) in the case of a mineral, oil and gas company, a proposed acquisition will result in an expansion into a new resource or commodity type, or into a new jurisdiction. The exploration and extraction methods of different types of minerals, oil and gas are different. Minerals, oil and gas resources are also necessarily situated in specific geographical areas, which may be subject to specific licensing or regulatory regimes. An expansion into a new resource or commodity type, or into a new jurisdiction, is likely to require a reconsideration of the applicable risks.

These indicators are neither exhaustive nor conclusive.

2.6 A disposal of an issuer's business (or a substantial part of its business) will usually not be considered to be in the ordinary course of business. In respect of REITs and property trusts, Rule 1014(3) provides that a disposal of property is considered to be in the ordinary course of business, provided that the relative figures as computed on the bases set out in Rule 1006 do not exceed 50% based on the aggregate value of all disposals in the last twelve months. Notwithstanding that the disposal of the property may be within the 50% threshold, the REIT or property trust will need to comply with Rule 1010 to immediately announce information relating to the disposals. However, where the

disposal of the property is executed in conjunction with a view to reinvest the disposal proceeds into an acquisition of another property, the Exchange may grant a waiver of Rule 1014(3) provided that:

- (a) the property to be acquired has been identified and is within the issuer's investment mandate, including being in a similar sector that the issuer has been investing in and located in a similar jurisdiction where its current portfolio of properties is located; and
- (b) a legally binding agreement for the acquisition of the property has been signed.

### **3. Computation of Relative Figures under Rule 1006**

3.1 Rule 1006 sets out the following bases for computing the relative size of a transaction:

- (a) Rule 1006(a): The net asset value of the assets to be disposed of, compared with the group's net asset value. This basis is not applicable to an acquisition of assets;
- (b) Rule 1006(b): The net profits attributable to the assets acquired or disposed of, compared with the group's net profits;
- (c) Rule 1006(c): 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;
- (d) Rule 1006(d): The number of equity securities issued by the issuer as consideration for an acquisition, compared with the number of equity securities previously in issue; and
- (e) Rule 1006(e): The aggregate volume or amount of proved and probable reserves to be disposed of, compared with the aggregate of the group's proved and probable reserves. This basis is applicable to a disposal of mineral, oil or gas assets by a mineral, oil and gas company, but not to an acquisition of such assets.

3.2 For the purposes of computing the relative figures of Rule 1006, an issuer shall consider the following:

- (a) in computing the net asset value of a business to be disposed of under Rule 1006(a), if there is a capitalisation, or a waiver or write-off of a loan (in full or in part) extended by the issuer to the business, the amount of the loan, waiver or write-off shall be added to the net asset value of the business; and
- (b) in computing the aggregate value of consideration given or received under Rule 1006(c):
  - (i) any deferred consideration that may be payable or receivable by the issuer in the future shall be included in the aggregate value of consideration (i.e., the consideration is the maximum total consideration payable or receivable under the agreement);
  - (ii) any additional amounts related to the transaction, including loans or guarantees extended by the purchaser or the provision of other forms of security, shall be included in the aggregated value of consideration;

- (iii) any additional liabilities (whether actual or contingent) to be assumed by the purchaser or waived by the seller under the terms of the transaction shall be included in computing the aggregate value of consideration. For example, in the case of a disposal of a business at a nominal consideration but which obliges the purchaser to repay a loan, or the seller to waive or write-off a loan, that was extended to the business, the value of consideration shall include the amount of the loan; and
- (iv) if a business to be acquired has negative net asset value, the absolute value of the negative net asset value shall be taken into account in computing the aggregate value of consideration. For example, in the case of an acquisition at a nominal value of a business with negative net asset value, the value of consideration shall include the absolute value of the negative net asset value of the business.

#### **4. Negative Relative Figures under Rule 1006**

4.1 In some cases, tests based on assets under Rule 1006(a) and profits under Rule 1006(b) may involve a negative figure in the numerator, denominator or both, which may not give a meaningful indication of the significance of the transaction to the issuer. Such situations arise where a transaction concerns any of the following:

- (a) an issuer with a negative net asset value;
- (b) a disposal of an asset with negative net asset value;
- (c) a loss-making issuer; and
- (d) an acquisition or a disposal of a loss-making asset.

By way of example, (i) the disposal of an asset with negative net asset value by an issuer with a negative net asset value; or (ii) the acquisition or disposal of a loss-making asset by a loss-making issuer, will result in a negative relative figure computed pursuant to Rule 1006(a) and Rule 1006(b) respectively.

4.2 Under Rule 1007(1), if any of the relative figures computed pursuant to Rule 1006 involves a negative figure, Chapter 10 may still be applicable to the transaction in accordance with the applicable circumstances in this Practice Note 10.1.

4.3 In the following situations, unless Rule 703, Rule 905 or Rule 1009 applies, no announcement and shareholders' approval of the transaction is required:

- (a) the acquisition of a loss-making asset by an issuer (whether profitable or loss-making), where:
  - (i) the absolute relative figure computed on the basis of each of Rule 1006(c) and Rule 1006(d) amounts to 5% or less; and
  - (ii) the net loss attributable to the asset to be acquired amounts to 5% or less of the consolidated net profit or net loss of the issuer (in each case taking into account only the absolute values);

- (b) the acquisition of a profitable asset by a loss-making issuer, where:
- (i) the absolute relative figure computed on the basis of each of Rule 1006(c) and Rule 1006(d) amounts to 5% or less; and
  - (ii) the net profit attributable to the asset to be acquired amounts to 5% or less of the consolidated net loss of the issuer (taking into account only the absolute value);
- (c) the disposal of an asset by an issuer (where either or both the asset or the issuer has negative net asset value), where:
- (i) the absolute relative figure computed on the basis of each of Rule 1006(b), Rule 1006(c) and (if applicable) Rule 1006(e), amounts to 5% or less; and
  - (ii) if the disposal will result in a loss on disposal, the loss on disposal amounts to 5% or less of the consolidated net profit or net loss of the issuer (in each case taking into account only the absolute values);
- (d) the disposal of a profitable asset by a loss-making issuer, where:
- (i) the absolute relative figure computed on the basis of each of Rule 1006(a), Rule 1006(c) and (if applicable) Rule 1006(e) amounts to 5% or less; and
  - (ii) the net profit attributable to the asset to be disposed of and, if the disposal will result in a loss on disposal, the sum of such net profit and the loss on disposal, amounts to 5% or less of the consolidated net loss of the issuer (in each case taking into account only the absolute value); and
- (e) the disposal of a loss-making asset by an issuer (whether profitable or loss-making), where:
- (i) the absolute relative figure computed on the basis of each of Rule 1006(a), Rule 1006(c) and (if applicable) Rule 1006(e) amounts to 5% or less; and
  - (ii) if the disposal will result in a loss on disposal, the loss on disposal amounts to 5% or less of the consolidated net profit or net loss of the issuer (in each case taking into account only the absolute values).

However, if the issuer wishes to announce the transaction, the announcement must include the information required under Rule 1008(2).

4.4 In the following situations, an issuer must, in relation to the transaction, immediately announce the information required in Rule 1010, Rule 1011, Rule 1012 and Rule 1013, where applicable:

- (a) the acquisition of a loss-making asset by an issuer (whether profitable or loss-making), where:
- (i) the absolute relative figure computed on the basis of each of Rule 1006(c) and Rule 1006(d) does not exceed 20%; and
  - (ii) the net loss attributable to the asset to be acquired exceeds 5% but does not exceed 10% of the consolidated net profit or net loss of the issuer (in each case taking into account only the absolute values);

- (b) the acquisition of a profitable asset by a loss-making issuer, where:
  - (i) the absolute relative figure computed on the basis of each of Rule 1006(c) and Rule 1006(d) does not exceed 20%; and
  - (ii) the net profit attributable to the asset to be acquired exceeds 5% of the consolidated net loss of the issuer (taking into account only the absolute value);
- (c) the disposal of an asset by an issuer (where either or both the asset or the issuer has negative net asset value), where:
  - (i) the absolute relative figure computed on the basis of each of Rule 1006(b), Rule 1006(c) and (if applicable) Rule 1006(e) does not exceed 20%; and
  - (ii) if the disposal will result in a loss on disposal, the loss on disposal exceeds 5% but does not exceed 10% of the consolidated net profit or net loss of the issuer (in each case taking into account only the absolute values);
- (d) the disposal of a profitable asset by a loss-making issuer, where:
  - (i) the absolute relative figure computed on the basis of each of Rule 1006(a), Rule 1006(c) and (if applicable) Rule 1006(e) does not exceed 20%; and
  - (ii) the net profit attributable to the asset to be disposed of and, if the disposal will result in a loss on disposal, the sum of such net profit and the loss on disposal, exceeds 5% but does not exceed 10% of the consolidated net loss of the issuer (in each case taking into account only the absolute value); and
- (e) the disposal of a loss-making asset by an issuer (whether profitable or loss-making), where:
  - (i) the absolute relative figure computed on the basis of each of Rule 1006(a), Rule 1006(c) and (if applicable) Rule 1006(e) does not exceed 20%; and
  - (ii) if the disposal will result in a loss on disposal, the loss on disposal exceeds 5% but does not exceed 10% of the consolidated net profit or net loss of the issuer (in each case taking into account only the absolute values).

4.5 In relation to Rule 1010(13), notwithstanding that a relative figure computed on the bases set out in Rule 1006 is negative, the issuer must still announce its value.

4.6 If the transaction does not fall within all the situations in paragraphs 4.3 and 4.4, Rule 1014 shall apply to the transaction. By way of example, unless the disposal of a loss-making asset with negative net asset value falls within paragraphs 4.3(c), 4.3(e), 4.4(c) and 4.4(e), Rule 1014 shall apply to the transaction.

## **5. Factors taken into Account in Arriving at Consideration Value**

5.1 Where the relative figures under Rule 1006 exceeds 5%, Rule 1010, Rule 1014 and Rule 1015 require the issuer to announce certain information about the transaction. Among others, the issuer must announce the aggregate value of the consideration, stating the factors taken into account in arriving at it and how it will be satisfied.

5.2 Substantive factors should be disclosed to justify the aggregate value of the consideration. The mere fact that the consideration was arrived at on a “willing buyer willing seller” basis is not a sufficient factor.

## **6. Shareholders’ Approvals for Inter-conditional Proposals**

6.1 If a transaction requires shareholders’ approvals for inter-conditional proposals, the issuer should consider whether separate resolutions on the different aspects of the proposal are to be voted on by shareholders.

6.2 In reviewing circulars to be sent to shareholders, the Exchange will consider whether the resolutions have been constructed in a manner that allows shareholders to properly exercise their voting rights.

## **7. Waiver of Shareholders’ Approval for Major Transactions**

7.1 A major transaction is one where any of the relative figures as computed on the bases set out in Rule 1006 exceeds 20%. Under Rule 1014, a major transaction must be made conditional upon approval by shareholders in general meeting and a circular containing the information in Rule 1010, Rule 1011, Rule 1012 and Rule 1013 must be sent to all shareholders.

7.2 Where an issuer seeks a waiver from the requirement for shareholders’ approval, the issuer must submit an opinion from its board of directors that there has been or will be no material change in the risk profile of the issuer arising from the transaction, including the basis for its opinion.

7.3 The Exchange may grant the waiver in the following circumstances:

(a) a proposed transaction has been foreshadowed or investors have had the opportunity to consider and vote in favour of the proposal at a previous general meeting; and

(b) a proposed disposal involves a non-core asset. This is because a non-core asset is not likely to affect the nature of the issuer’s principal business. A non-core asset is one that meets all of the following criteria:

(i) it is not critical to the principal business activity of the issuer;

(ii) it is ancillary to the principal business activity of the issuer; and

(iii) it is not an existing principal business (as described in paragraph 2.4) of the issuer.

7.4 The Exchange will not grant a waiver from the requirement for shareholders’ approval solely on the basis that the substantial shareholders of the issuer have undertaken to vote in favour of the transaction. As a general rule, shareholders should be given the opportunity to vote on the issuer’s proposal.

7.5 The Exchange would not in normal circumstances regard only the cost and inconvenience of convening a meeting as sufficient reasons to grant a waiver.

7.6 Under Rule 107, where a waiver is granted, the issuer must announce the waiver, the reasons for seeking the waiver and the conditions, if any, upon which the waiver is granted as soon as practicable.

## Practice Note 12.1 Responsibility Statements for Directors, Vendors and Financial Advisers

Details	Cross References
Issue date: 14 September 2011	Listing Rules <u>610(3)</u> , <u>610(4)</u> , <u>1015(5)(c)</u> , <u>1015(5)(d)</u> ,
Effective date: 29 September 2011	1205 and <u>1206(6)</u>
	<u>Appendix 8.2</u>

1. This Practice Note provides guidance on the wordings for the responsibility statements for directors, vendors and financial advisers.

2. Responsibility Statement for Directors and Vendors

2.1 For the purposes of Rule 610(3), Rule 1015(5)(c) and Rule 1205, the following directors' [or vendors'] responsibility statement should be included in circulars:

"The [directors/vendors] collectively and individually accept full responsibility for the accuracy of the information given in this circular and confirm after making all reasonable enquiries that, to the best of their knowledge and belief, this circular constitutes full and true disclosure of all material facts about the [describe proposed action], the issuer and its subsidiaries, and the [directors/vendors] are not aware of any facts the omission of which would make any statement in this circular misleading, [and where the circular contains a profit forecast, the directors are satisfied that the profit forecast has been stated after due and careful enquiry]. Where information in the circular has been extracted from published or otherwise publicly available sources or obtained from a named source, the sole responsibility of the [directors/vendors] has been to ensure that such information has been accurately and correctly extracted from those sources and/or reproduced in the circular in its proper form and context."

3. Responsibility Statement for Financial Advisers

3.1 For the purposes of Rule 610(4), Rule 1015(5)(d), Rule 1206(6) and Appendix 8.2, the following financial adviser's responsibility statement should be included in circulars:

"To the best of the financial adviser's knowledge and belief, this circular constitutes full and true disclosure of all material facts about the [describe proposed action], the issuer and its subsidiaries, and the financial adviser is not aware of any facts the omission of which would make any statement in the document misleading; [and where the document contains a profit forecast, it is satisfied that the profit forecast has been stated by the directors after due and careful enquiry]."

## Practice Note 13.1 ~~Procedures for~~ Trading Halt and Suspension

Details	Cross References	Enquiries
<p>Issue date: 3 Nov 2003 7 Jun 2006 1 Aug 2011 14 September 2011 12 October 2017 <u>9 January 2020</u></p> <p>Effective date: 10 Nov 2003 1 Sep 2006 1 Aug 2011 29 September 2011 13 November 2017 3 June 2019 <u>7 February 2020</u></p>	<p>Listing Rules 1301, 1302, 1303 and paragraph 21 of Appendix 7.1.</p>	<p>Please contact <del>Securities</del> Market Control: — 6236-8820 Hotline</p>

### 1. Introduction

1.1 This Practice Note provides guidance ~~on the procedures for~~ in connection with trading halts and suspensions.

### 4. Procedures for Lifting of Trading Halt and Resumption of Trading from Suspension

4.1 For both trading halt and suspension, trading can resume only on the quarter-hour between 8.30 am to 4.45pm for lifting of trading halt and between 9.00 am to 4.45pm for resumption of trading from suspension.

4.2 Issuers must allow at least 30 minutes of dissemination time after a material announcement is made and before trading resumes.

4.3 For trading halt, issuers must allow at least 15 minutes of dissemination time for an announcement on the request for the lifting of trading halt, before trading resumes. By way of example, if an issuer makes a request for trading halt announcement at 10:00 am and releases the material information at 10:16 am, if there is no further release of material information, the issuer may also make a request for lifting of trading halt announcement at 10:16 am. However, trading may only resume at 11:00 am. If an issuer wishes to resume trading at 11:00 am, the latest time which the issuer is required to make the request for lifting of trading halt announcement is 10:45 am.

4.4 For suspension, issuers must allow at least 30 minutes of dissemination time for an announcement on the request for the resumption of trading from suspension, before trading resumes. By way of example, if an issuer makes a request for suspension announcement at 3:00 pm and releases the material information at 3:14 pm, if there is no further release of material information, the issuer may also make a request for the resumption of trading from suspension announcement at 3:14 pm. However, trading may only resume at 3:45 pm. If an issuer wishes to resume trading at 3:45 pm, the latest time which the issuer is required to make the request for the resumption of trading from suspension announcement is 3:15 pm.

4.34.5 Issuers are to observe the following guidelines when requesting for a lifting of trading halt or resumption of trading from suspension:—

(a) During trading hours and mid-day break

Please call and alert Market Control before releasing the request via SGXNET.

(b) Before or after trading hours

Please call and alert Market Control between 7.30 am and 8.30 am although the SGXNET request can be released anytime after the close of the previous market day and before 8.30am on the day of the lifting of trading halt or resumption of trading from suspension.

4.44.6 Issuers whose securities have been halted or suspended and wish to resume trading upon commencement of trading on a market day are advised to disclose both their material announcement and SGXNET request for resumption of trading ~~before 8.30am or before 12:30 pm,~~ as the case may be pursuant to paragraphs 4.2, 4.3 and 4.4 of this Practice Note.

## 6. Disclosure Obligations

6.1 While the listed securities of an issuer is suspended from trading, shareholders must be kept updated regularly on material developments, particularly on efforts undertaken to allow the listed securities to resume trading. Accordingly, except as provided in Rule 1303(2) and Rule 1303(3), issuers whose listed securities are suspended from trading should provide half-yearly updates on their developments via SGXNET. If there has been no material updates since the previous update, it is still salutary to state so in the issuer's subsequent update. Such announcements inform shareholders that the circumstances in the last material update continue to apply and that there is no material development of which they should take note.

## **Transitional Practice Note 1 Transitional Arrangements Regarding Continuing Listing Rules**

<b>Details</b>	<b>Cross References</b>
Issue date: 14 June 2002	Listing Rule 109(2)
Effective date: 1 July 2002	

### ~~1. Introduction~~

~~1.1. On 10 May 2002 the Exchange published the New SGX-ST Listing Manual. It will take effect on 1 July 2002. Listing Rule 109(2) of the New Listing Manual says:~~

~~"The Exchange may, from time to time, publish transitional arrangements in relation to any amended or new rule."~~

~~1.2. This Practice Note is published to establish transitional arrangements that will have effect under Listing Rule 109(2).~~

### ~~2. Arrangements~~

~~To allow for a smooth transition to the New SGX-ST Listing Manual, the following transitional arrangements will be adopted:—~~

<b>Listing Rule</b>	<b>Subject</b>	<b>Transitional Arrangement</b>
229	Moratorium	The Exchange will allow moratorium provisions to comply with Rule 229 where the prospectus is issued on or after 1 July 2002 even though approval in-principle has been granted under the current rules.
705	Financial Statements	Results released after 1 July 2002 must use the new reporting template set out in Appendix 7.2. Issuers, whose compilation of accounts were in progress at the time the New Listing Manual was issued, may complete their compilation of accounts in the reporting template set out in the current rules so long as the accounts are released before 1 July 2002. Individual hardship cases could be considered for waiver but would need exceptional circumstances.
806(3)	Method of Calculation of Percentage of Issued Share Capital in connection with the Share Issue Mandate	<p>For the purposes of listing of new shares issued on or after 1 July 2002 under a share issue mandate, the Exchange will regard the maximum number of shares that may be issued under the mandate in accordance with this rule.</p> <p>This is regardless of when issuers obtained their share issue mandate, and regardless of whether the share issue mandate would permit more shares to be issued.</p> <p>As the method of calculation changes from 1 July 2002 (from previous practice), shares issued before 1 July 2002 in accordance with the mandate will not be regarded as being in breach of this rule after 1 July 2002 by reason only of a change in method of calculation.</p>
838	Ex-Bonus Share Price	This requirement applies to bonus issues to be completed on or after 1 July 2002 regardless of when they were announced.
884(2)	Average Market Price for Share Buy-Back	This requirement applies to all shares bought back on or after 1 July 2002 regardless of when the share buy back mandate was first implemented and notwithstanding that the shareholders' resolution may permit an average market price under current rules.
905(2)	Interested Person Transaction Aggregation for Announcement	For the purposes of this rule, from 1 July 2002, an issuer must aggregate any transaction with the same interested person in the current financial year regardless of whether it occurs before or after 1 July 2002.
906(1)(b) read with 921(4)(a)	Interested Person Transaction Aggregation for Shareholder Approval	For the purposes of this rule, from 1 July 2002, an issuer must aggregate any transaction with the same interested person in the current financial year regardless of whether it occurs before or after 1 July 2002. However, a transaction (whether it occurs before or after 1 July 2002) which has been approved by shareholders need not be included in the aggregation.
921(4)(a)	Interested Person Transaction IFA's Opinion	This rule will apply to transactions that occur on or after 1 July 2002.
907 read with	Interested Person Transaction	For any interested person transaction conducted before 1 July 2002, issuers need only comply with the disclosure required in Column 3 of the table set out in this rule although they are

<del>920(1)(a)(i)</del>	<del>Annual Report Disclosure</del>	<del>encouraged to include such information in Columns 1 and 2 as they have access to. Any interested person transaction conducted after 1 July 2002 will need to be disclosed in accordance with this rule. These arrangements apply irrespective of the date of the financial year-end.</del>
<del>920(1)(b)</del>	<del>Interested Person Transaction Mandate – Information in Documents to Shareholders</del>	<del>The current rules will continue to apply for IPT mandates approved by shareholders in general meetings that are held before 1 September 2002.  Rule 920(1)(b) will apply to any mandate, whether by renewal or otherwise, approved by shareholders in general meetings that are held on or after 1 September 2002. The information can be included in the notice of meeting or the annual report or as a separate circular as the issuer chooses.</del>
<del>920(2)</del>	<del>Interested Person Transaction Mandate – IPO Prospectuses</del>	<del>Current practice is to treat the inclusion in a prospectus of the information in current Clause 9A10(2)(b) as sufficient for shareholder approval in a new listing. This practice will continue for prospectuses lodged with the Registrar of Companies and Businesses before 1 July 2002. The information required in Rule 920(1)(b) is required in any prospectus lodged with the Authority on or after 1 July 2002 if the issuer wants to take advantage of this rule.</del>
<del>1015</del>	<del>Reverse Takeovers</del>	<del>Up until 1 July 2002, the Exchange will consider granting waivers for any reverse takeover if it can be established that the circumstances justify not complying with this rule, such as by reason of a substantial amount of work having been done before the New Listing Manual was published on 10 May 2002. No waiver will be granted after 1 July 2002.</del>
<del>1304(1)</del>	<del>Suspension</del>	<del>The 12-month period (for submission, or if previously submitted for implementation of proposal(s)) commences on 1 July 2002.</del>

~~4. Circulars and documents for shareholder approval after 1 July 2002, or documents to be sent to shareholders after 1 July 2002, should comply with the New Listing Manual even though they have been lodged with the Exchange for clearance before 1 July 2002.~~

~~5. SGX may amend, modify or supplement the above transitional arrangements. [Deleted]~~