



## LISTING RULE AMENDMENTS 1 SEPTEMBER 2006

The following sets out the relevant listing rules amendments, which come into effect from 1 September 2006<sup>1</sup>. The purpose of the amendment is provided.

### Definitions and Interpretation

1.1 To introduce a new term as follows.

Term	Meaning
<u>"OFR Guide"</u>	<u>Guide for the operating and financial review issued by the Council on Corporate Disclosure and Governance.</u>

**Purpose of amendment:** To introduce a new term for which reference is made in the Listing Manual.

### Listing Rule 113

1.2 Listing Rule 113 be amended as follows.

- (1) The requirement to have an issue manager ends once the issuer is admitted to listing, although it is recommended that the issuer retain the services of the issue manager for at least one year following its listing.
- (2) Regardless of whether an issuer continues the sponsorship after listing, it must comply with the following disclosure requirements:-
  - (a) For two years after listing, the issuer must prominently include a statement that the initial public offering of its shares was sponsored by [name of issue manager] in all announcements made by it (on SGXNET or otherwise) and in all information documents issued by it to shareholders.
  - (b) Unless exceptional circumstances exist, "prominently" in Rule 113(2)(a) means in print no smaller than the main text of the announcement, and positioned on the

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<sup>1</sup> With exception:-

- (a) Rule 1207(4) will be effective for all AGMs on or after 1 January 2007; and
- (b) Rule 720 will be effective from 1 January 2008.

front page of the announcement. However, the statement must not be drafted or positioned in such a way as to imply that the issue manager endorses the current transaction (unless the issue manager is involved in the transaction).

- (3) The sponsor is not required to be involved in all matters relating to the issuer's compliance with the listing rules. However, the Exchange encourages issuers to consider engaging their sponsors to assist them post listing.

**Purpose of amendment:** To codify the practice of requiring issuers to include the name of their IPO sponsors in all the announcements and information documents issued by them. Also, the amendment extends the sponsorship disclosure requirement from one year to two years after listing.

### **Listing Rule 210(5)(a)**

- 1.3 Listing Rule 210(5)(a) be amended as follows.

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

(5) **Directors and Management**

- (a) The directors and executive officers should have appropriate experience and expertise to manage the group's business. As a pre-quotations disclosure requirement, an issuer must release a statement via SGXNET or in the prospectus, offering memorandum or introductory document identifying for each director, whether the person has prior experience (and what) or, if the director has no prior experience as a director of a listed company, whether the person has undertaken training in the roles and responsibilities of a director of a listed company.

**Purpose of amendment:** Rule 210(5)(a) will be amended to codify the practice of requiring issuers to announce the directors' prior experience or training prior to listing.

### **Listing Rule 221**

- 1.4 Listing Rule 221 be amended as follows.

221 A foreign issuer must have at least two independent directors, ~~at least one of whom must be~~ resident in Singapore.

**Purpose of amendment:** To ensure sufficient local representation on the board of a foreign issuer and the ability to take steps in the event of a problem.

### **Listing Rule 243**

- 1.5 Listing Rule 243 be amended as follows.

243 ~~Unless the Exchange prescribes otherwise, the following sets out the usual main steps in the listing process:-~~

- ~~(1) The applicant submits to the Listings Department, one copy of the listing~~

~~application prepared in compliance with Rules 245 and 246.~~

- ~~(2) The Exchange considers the application and may issue approval in-principle to list (with or without conditions).~~
- ~~(3) Where a prospectus or offering memorandum is required to be issued, pursuant to the provisions in the Companies Act or any other equivalent provisions, the applicant lodges and registers the final copy of the prospectus or offering memorandum with the Registrar of Companies and Businesses or any competent authority (if applicable) and the Exchange. The applicant then issues the prospectus, offering memorandum or introductory document.~~
- ~~(4) If the listing entails an offer of securities to the public, the applicant invites applications to subscribe for or purchase the securities. After the offer closes, the applicant announces the outcome of the offer, and where appropriate, the level of subscription and the basis of allocation and allotment, and the subscription rate reflecting the true level of demand for the offer. In computing the subscription rate, subscriptions by connected persons and the persons mentioned in Rule 240 must be excluded.~~
- ~~(5) On satisfaction of the conditions expressed in the approval in-principle, the issuer is admitted to the Official List at the discretion of the Exchange. Trading of its listed securities commences on a date determined by the Exchange either on a deferred settlement basis or ready basis or such other basis as the Exchange may approve.~~

An applicant may consult the Exchange to resolve specific issues prior to the submission of an application. Unless the Exchange prescribes otherwise, the following sets out the usual main steps in the listing process:-

- (1) The applicant submits (to the Listings Function) one copy of the listing application prepared in compliance with Rules 245 and 246;
- (2) The Exchange considers whether the application satisfies the listing requirements and will decide whether to issue an eligibility-to-list letter (with or without conditions). Listing will not be permitted until all conditions set out in the eligibility-to-list letter have been satisfied;
- (3) Where a prospectus or offering memorandum is required to be issued, the applicant lodges the prospectus or offering memorandum with the relevant authority (if applicable) and submits a copy to the Exchange. The lodged copy of the prospectus should not be materially different from the prospectus or offering memorandum on which the eligibility-to-list letter was issued. The applicant must submit a written confirmation to the Exchange to this effect. If there are material differences, the Exchange may withdraw the eligibility-to-list letter;
- (4) The Exchange will inform the applicant of any further information (additional to what is prescribed) that is required to be disclosed prior to commencement of trading. The applicant decides whether to include this information in its prospectus or offering memorandum, or to make pre-quotation disclosure through an announcement to the Exchange. Pre-quotation disclosure must be made not later than the market day before trading commences. Preferably, it should be made before the launch of the offer;
- (5) If the listing entails an offer of securities to the public, the applicant invites applications to subscribe for or purchase the securities. After the offer closes, the

applicant announces the outcome of the offer, and where appropriate, the level of subscription and the basis of allocation and allotment, and the subscription rate reflecting the true level of demand for the offer. In computing the subscription rate, subscriptions by connected persons and the persons mentioned in Rule 240 must be excluded;

- (6) On satisfaction of the conditions expressed in the eligibility-to-list letter, the issuer is admitted to the Official List at the discretion of the Exchange. Trading of its listed securities commences on a date determined by the Exchange either on a deferred settlement basis or ready basis or such other basis as the Exchange may approve.

**Purpose of amendment:** To incorporate the procedures prescribed by Transitional Note 2 into Rules 243 and 244.

#### **Listing Rule 244**

1.6 Listing Rule 244 be amended as follows.

~~244 The Exchange will normally decide on an application that is complete in all material aspects, within six weeks of the date of submission. In the case of an application for secondary listing, the decision can normally be expected within 3 weeks of receipt of an application that is complete in all material aspects. However, the time taken may be longer depending on the circumstances.~~

The Exchange will decide whether to issue an eligibility-to-list letter as soon as practicable after receipt of a complete application. If the applicant makes material amendments to the prospectus, the time may start to run from the date the material amendment is notified to the Exchange. On a case-by-case basis, the Exchange may agree to vary the procedures or time indicated if an issue involves a concurrent dual listing or international offering. Any proposed variation in procedures and timetable must be agreed with the Exchange before the submission of the application.

**Purpose of amendment:** To incorporate the procedures prescribed by Transitional Note 2 into Rules 243 and 244.

#### **Listing Rule 246(4)**

1.7 Listing Rule 246(4) be amended as follows.

246 The application must include:-

- (4) Confirmation by the issue manager that:-

- (a) having made due and careful enquiry, the issuer satisfies the admission requirements;
- (b) all documents required by the listing rules to be included in the application has been or will be supplied to the Exchange;
- (c) any other matters known to the issue manager which should be taken into account have been disclosed in the prospectus or otherwise in writing; ~~and~~
- (d) if any further information becomes available before listing, it will inform the Exchange; and
- (e) the directors of an applicant have been informed of their obligations under the listing rules as well as the relevant Singapore laws and regulations.

**Purpose of amendment:** To require the issue manager to provide a confirmation that the directors of an applicant have been informed of their obligations under the listing rules as well as the relevant Singapore laws and regulations.

#### **Listing Rule 246(12)**

1.8 A new sub-rule 246(12) be introduced as follows.

246 The application must include:-

- (12) Confirmation by the applicant that it has obtained all requisite approvals, and is in compliance with laws and regulations, that would materially affect its business operations.

**Purpose of amendment:** To require the applicant to provide a confirmation that it has obtained all requisite approvals, and is in compliance with laws and regulations, that would materially affect its business operations.

#### **Listing Rule 309(4)**

1.9 Listing Rule 309(4) be amended as follows.

309 A trust deed required by Rule 308(5) must include the following provisions:-

- (4) Within three months of the expiration of the full year and the half year, the issuer must provide the trustee the consolidated profit and loss account and balance sheet (which must be prepared in accordance with the approved accounting standards) of the issuer and of any guarantor company. The accounts relating to the full year must be audited.

**Purpose of amendment:** Where an issue of debt securities is also offered to retail investors, the issuer must report its post-listing financial results in accordance with the approved accounting standards.

#### **Listing Rule 310**

1.10 Listing Rule 310 be amended as follows.

310 The following sets out the usual steps in the listing process for debt securities:-

- (1) The issuer submits the listing application which comprises the following:-
  - (a) Prospectus, offering memorandum or introductory document prepared in compliance with Rules 312 to 313; and
  - (b) Supporting documents set out in Rule 314.
- (2) The Exchange decides on the application and may grant approval in principle for the application (with or without conditions).
- (3) On satisfaction of any conditions expressed in the Exchange's approval in principle, the debt securities are admitted to the Official List.

An applicant may consult the Exchange to resolve specific issues prior to the submission of an application. Unless the Exchange prescribes otherwise, the following sets out the usual main steps in the listing process.

- (1) The applicant submits (to the Listings Function) one copy of the listing application. The listing application comprises the prospectus, offering memorandum or introductory document prepared in compliance with Rules 312 to 313 and, the supporting documents set out in Rule 314. The prospectus, offering memorandum or introductory document which forms part of the listing application must be in final form;
- (2) The Exchange considers whether the application satisfies the listing requirements and will decide whether to issue an eligibility-to-list letter for listing (with or without conditions). Listing will not be permitted until all conditions set out in the eligibility letter have been satisfied;
- (3) Where a prospectus, offering memorandum or introductory document is required to be issued, the applicant lodges the prospectus, offering memorandum or introductory document with the relevant authority (if applicable) and submits a copy to the Exchange. The lodged copy of the prospectus, offering memorandum or introductory document should not be materially different from the prospectus, offering memorandum or introductory document on which the eligibility-to-list letter was issued. The applicant must submit a written confirmation to the Exchange to this effect. If there are material differences, the Exchange may withdraw the eligibility-to-list letter;
- (4) The Exchange will inform the applicant of any further information that is required to be disclosed prior to commencement of trading. The applicant decides whether to include this information in its prospectus, offering memorandum or introductory document, or to make pre-quotation disclosure through an announcement to the Exchange. Pre-quotation disclosure must be made not later than the market day before commencement of trading of the debt securities;
- (5) On satisfaction of the conditions expressed in the eligibility-to-list letter, the issuer's debt securities will be listed and quoted on the Exchange.

**Purpose of amendment:** To incorporate the procedures prescribed by Transitional Note 2 into Rules 310 and 311.

### **Listing Rule 311**

1.11 Listing Rule 311 be amended as follows.

- 311 ~~The Exchange will normally decide on an application that is complete within one week of submission.~~

The Exchange will decide whether to issue an eligibility-to-list letter as soon as practicable after receipt of a complete application. If the applicant makes material amendments to the prospectus, offering memorandum or introductory document, the time may start to run from the date the material amendment is notified to the Exchange.

**Purpose of amendment:** To incorporate the procedures prescribed by Transitional Note 2 into Rules 310 and 311.

#### Listing Rule 315(5)

- 1.12 Listing Rule 315(5) be amended as follows.

- 315 After the issuer receives approval in-principle from the Exchange, the following documents must be submitted before the listing of the debt securities:-

- (5) In the case of a foreign debt issuer, the names and addresses of its representatives ~~in Singapore~~, with whom the Exchange may liaise in respect of future correspondence regarding the debt securities. The representatives must be easily contactable by the Exchange; and

**Purpose of amendment:** To require the issuer's representatives to be easily contactable instead of being situated in Singapore.

#### Listing Rule 704

- 1.13 Listing Rule 704 be amended to include a new sub-Rule (7)(i) as follows.

704(7) Any appointment or resignation of any director, chief executive officer, general manager or other executive officer of equivalent rank, company secretary, registrar or auditors of the issuer. The announcement of an appointment of any director, chief executive officer, general manager or other executive officer of equivalent rank must contain the following details: -

- (i) Information on whether the person has prior experience (and what) or, if the director has no prior experience as a director of a listed company, whether the person has undertaken training in the roles and responsibilities of a director of a listed company. (applicable only to the appointment of directors).

**Purpose of amendment:** To extend the proposal of requiring issuers to announce the directors' prior experience or training, to all existing issuers.

#### Listing Rule 705

- 1.14 Listing Rule 705 be amended to include a new sub-rule (4) as follows.

705(4) In the case of an announcement of interim financial statements (quarterly or half-yearly, as

applicable), an issuer's directors must provide a confirmation that, to the best of their knowledge, nothing has come to the attention of the board of directors which may render the interim financial results to be false or misleading. In order to make this confirmation, Directors would not be expected to commission an audit of these financial statements. The confirmation may be signed by 2 directors on behalf of the board of directors.

**Purpose of amendment:** To strengthen accountability for interim financial results by requiring a "negative assurance" confirmation from the issuer's directors.

#### Listing Rule 707

1.15 Listing Rule 707 be amended as follows.

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.

(2) An issuer must issue its annual report to shareholders and the Exchange at least 14 days before the date of its annual general meeting.

**Purpose of amendment:** To clarify that the timeframe for the holding of annual general meeting (as set out in Paragraph 10 of Appendix 2.2) applies to both Singapore and foreign incorporated issuers.

#### Listing Rule 710

1.15 Listing Rule 710 be amended as follows.

710 An issuer must:-

(1) describe its corporate governance practices with specific reference to the principles of the Code in its annual report. It must disclose any deviation from any guideline of the Code together with an appropriate explanation for such deviation in the annual report; ~~and~~

(2) ~~state in its annual report whether and how it has complied with the section on dealings in securities in the Best Practices Guide.~~

**Purpose of amendment:** To rationalize and consolidate the provisions relating to dealings in securities in Rule 1207.

#### Listing Rule 717

1.16 Listing Rule 717 be amended as follows.

717 An issuer must disclose in the annual report the names of the accounting firms(s) for the following:-

(1) its significant ~~Singapore-incorporated~~ subsidiaries and ~~significant~~ associated companies; ~~and~~



~~(2) significant foreign incorporated subsidiaries and associated companies.~~

**Purpose of amendment:** Amended so that an issuer does not need to disclose in its annual report the names of accounting firms for Singapore-incorporated subsidiaries that are not significant. Such disclosure will only be required for subsidiaries and associated companies (whether Singapore- or foreign-incorporated) that are significant.

#### **Listing Rule 720**

1.17 Listing Rule 720 be amended as follows.

##### **Board Composition**

720 An issuer must comply with Rule 210(5) and Rule 221 (if applicable) on a continuing basis.

**Purpose of amendment:** To extend the requirements in Rules 210(5) and 221 as continuing listing obligations.

#### **Listing Rule 747(2)**

1.18 Listing Rule 747 be amended as follows.

747 A debt issuer must announce:-

(2) the details of any interest payment(s) to be made (except for fixed rate notes listed solely on the Bonds Market)

**Purpose of amendment:** To clarify that the exception in Rule 747(2) applies only to fixed rate notes listed on the Bonds Market.

#### **Listing Rule 887**

1.19 A new Listing Rule 887 will be introduced as follows.

##### **PART XIV REAL ESTATE INVESTMENT TRUST**

887(1) Any issue of new units by a REIT may be made without the prior specific approval of unitholders in a general meeting if:-

(i) the issue (together with any other issue of units in the same financial year) would not exceed 10% of the number of units in issue ; or

(ii) the following requirements are complied with:-

(a) unitholders have given a general mandate, by ordinary resolution in a general meeting, for the issue of a number of units not exceeding 50% of the number of units in issue, of which the aggregate number of units issued other than on a pro rata basis to existing unitholders must not be more than 20% of the number of units in issue ; and

(b) the issue (together with any other issue of units in the same financial year, from the time the mandate is passed) does not exceed 50% of the number of units in issue, of which the aggregate number of units issued other than on a pro rata basis to existing unitholders must not be more than 20% of the number of units in issue.

(2) For the purpose of Rule 887(1)(i) and (ii), the percentage of the number of units in issue is based on the number of units in issue at the end of the last financial year.

(3) The general mandate referred to in Rule 887(1)(ii)(a) may remain in force until the earlier of the following:-

(i) the end of the financial year in which the mandate is passed; or

(ii) it is revoked or varied by ordinary resolution of the unitholders in a general meeting.

**Purpose of amendment:** To set out the requirements with respect to placements of new units by REITs.

### **Listing Rule 1007**

1.20 Listing Rule 1007 be amended as follows.

1007(1) If any of the relative figures computed pursuant to Rule 1006 is a negative figure, this Chapter may still be applicable to the transaction at the discretion of the Exchange, and issuers should consult the Exchange.

(2) Where the disposal of an issuer's interest in a subsidiary is undertaken in conjunction with an issue of shares by that subsidiary, the relative figures in Rule 1006 must be computed based on the disposal and the issue of shares.

**Purpose of amendment:** To apply the materiality tests in Rule 1006 to the total dilution effect arising from both the disposal of shares in a subsidiary and the issue of shares by that subsidiary.

### **Listing Rule 1015**

1.21 Listing Rule 1015 be amended to include a new sub-Rule (8) as follows.

1015(8) Rule 113(2) applies to an issuer which is the subject of a very substantial acquisition or a reverse takeover, with the necessary adaptations.

**Purpose of amendment:** To codify the sponsorship disclosure requirement for reverse takeovers.

### **Listing Rule 1207**

1.22 Listing Rule 1207 be amended to include a new sub-Rule (18) as follows.

1207 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:-

**Dealings in Securities**

(18) A statement whether and how the issuer has complied with the following best practices on dealings in securities:-

(a) A listed issuer should devise and adopt its own internal compliance code to provide guidance to its officers with regard to dealing by the listed issuer and its officer in its securities;

(b) An officer should not deal in his company's securities on short-term considerations; and

(c) A listed issuer and its officers should not deal in the listed issuer's securities during the period commencing two weeks before the announcement of the company's financial statements for each of the first three quarters of its financial year, or one month before half year or financial year, as the case may be, and ending on the date of announcement of the relevant results.

**Purpose of amendment:** To consolidate the provisions relating to dealings in securities in Rule 1207.

#### **Listing Rule 1207(4)**

1.23 Listing Rule 1207(4) be amended as follows.

(a) A review, in as much detail as ~~possible~~ appropriate, of the operating and financial performance of the issuer and its principal subsidiaries in the last financial year.

(b) The review must include each of the following:-

(i) Any development subsequent to the release of the issuer's preliminary financial statement, which would materially affect the issuer's operating and financial performance; ~~must be identified.~~

~~(b)(ii)~~ (ii) An analysis of the business outlook;

~~(c)(iii)~~ (iii) Prospectus-type information relating to the background of directors and key management staff; and

~~(d)(iv)~~ (iv) Prospectus-type information relating to risk management policies and processes.

(c) Issuers are encouraged (but not required) to follow the OFR Guide when preparing their reviews.

**Purpose of amendment:** To support the recommendation of CCDG.

#### **Appendix 2.2 (Paragraph 10)**

1.24 Appendix 2.2 (Paragraph 10) be amended as follows.

The interval between the close of an ~~company's~~ issuer's financial year and the date of ~~the company's~~ its annual general meeting (if any) shall not exceed four months. ~~↔~~

~~(a) five months in the case of a company whose financial year commences before 1 January 2003; and~~

~~(b) four months in the case of a company whose financial year commences on or after 1 January 2003.~~

**Purpose of amendment:** To rationalize the rule as the commencement of financial year has become irrelevant.

### Appendix 7.1 (Paragraph 21)

1.25 Appendix 7.1 (Paragraph 21) be amended as follows.

~~If Material information needs to 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 an hour after the release of the material information, or such other period as the Exchange considers it appropriate. 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 an hour after the announcement has been released to the Exchange. Where material announcements are broadcast before 7.30am, between 12.30pm and 1pm, or after 5.05pm, a trading halt or a temporary suspension will not be necessary.~~

**Purpose of amendment:** To make it clear that issuers are required to release material announcements during trading hours.

### Practice Note 1.1

1.26 Practice Note 1.1 will be deleted in its entirety.

**Purpose of amendment:** Listing fees and other related charges, which are for services provided, will be removed from the Listing Manual and be made available to the public via the SGX website. It will ease the administrative procedures involved should there be any minor amendments to be made to listing fees schedule, e.g. adding listing fees for new products.

### Practice Note 2.1 (Paragraph 6)

1.27 Paragraph 6 in Practice Note 2.1 will be deleted in its entirety.

#### ~~6. Sponsorship Disclosure~~

~~6.1 Rule 111 states that an applicant must appoint an issue manager who will act as the sponsor for its listing on the Exchange. Rule 113 says that the sponsorship ends with the listing, although the rule adds that the Exchange recommends that the applicant retain the sponsor's services after listing.~~

~~6.2 Regardless of whether an issuer continues the sponsorship after listing, it must comply with the following disclosure requirement as a condition of listing:~~

- ~~a. For one year after listing, the issuer must prominently include a statement that the initial public offering of its shares was sponsored by [name of issue manager]~~
- ~~• In all announcements made by it (on MASNET or otherwise), and~~
  - ~~• In all information documents issued by it to shareholders.~~

~~b. Unless exceptional circumstances exist, "prominently" means in print no smaller than the main text of the announcement, and positioned on the front page of the announcement. However, the statement must not be drafted or positioned in such a way as to imply the issue manager endorses the current transaction (unless the~~

issue manager is involved in the transaction).

~~6.3 Reverse takeovers must satisfy initial listing requirements, so the requirement in paragraph 6.2 extends to reverse takeovers, with necessary adaptation.~~

~~6.4 The sponsor is not required to be involved in all matters relating to the issuer's compliance with the listing rules. However, the Exchange encourages issuers to consider engaging their sponsors to assist them post-listing.~~

**Purpose of amendment:** The requirements in paragraph 6 will be incorporated in Rules 113 and 1015.

### Practice Note 2.1 (Paragraph 7)

1.28 Paragraph 7 in Practice Note 2.1 will be deleted in its entirety.

#### ~~7. Director Disclosure~~

~~7.1 Rule 210(5) says that directors (and executive officers) should have appropriate experience and expertise to manage the group's business. The Exchange encourages new directors (who do not have prior experience as a director of a public listed company in Singapore) to undertake training in the roles and responsibilities of a director of a listed company.~~

~~7.2 As part of the pre-quotation required of an issuer, a statement must be released on MASNET identifying, for each director, whether the person has prior experience (and what) or, if the person is a new director, whether the person has undertaken training in the roles and responsibilities of a director of a listed company.~~

**Purpose of amendment:** The requirements in paragraph 7 will be incorporated in Rule 210(5)(a).

### Practice Note 2.1 (Paragraph 8)

1.29 Paragraph 8 in Practice Note 2.1 will be re-numbered as paragraph 6 and amended as follows.

#### **86. FOREIGN APPLICANT'S CONNECTION TO SINGAPORE**

~~8-1~~ 6.1 The Exchange looks at the connection to Singapore of every foreign applicant. This is to ensure sufficient local representation and the ability to take steps in the event of a problem. Rule 221 ~~says that a foreign issuer must have at least two independent directors, at least one of whom must be resident in Singapore~~ requires a foreign issuer to have a certain minimum number of resident directors. To meet the objective of sufficient connection, residence means either citizenship or permanent residence status.

~~8-2~~ 6.2 The assessment of an applicant's connection to Singapore is made on a case-by-case basis, and depends on all the circumstances. In addition to Rule 221, the Exchange may ask the applicant to also install company secretarial functions here, ~~or add a second resident director.~~

**Purpose of amendment:** Consequential upon the amendment to Rule 221.

### Practice Note 2.1

1.30 A new paragraph will be added to Practice Note 2.1 as follows.

**7. COMPLIANCE ADVISER**

7.1 The Exchange may require an applicant to appoint a compliance adviser for a specified period of time after listing.

7.2 The Exchange may require an issuer to appoint a compliance adviser if it breaches the listing rules, particularly if the breaches are repeated or give rise to concerns about the issuer's compliance arrangements.

7.3 The compliance adviser is expected to advise the board on the applicable rules and regulations. The Exchange would normally accept a lawyer, a corporate finance adviser or other professional parties, who are familiar with the rules and regulations applicable to a listed company, to be a compliance adviser.

**Purpose of amendment:** To give the Exchange power to require the appointment of a compliance adviser on a selective and "need-to" basis.

**Practice Note 13.1 (Paragraph 2.1)**

1.31 Practice Note 13.1 (Paragraph 2.1) be amended as follows.

Our trading hours is from 9.00 am to 12.30 pm and 2.00 pm to 5.00 pm. Opening Routine is a 30-minute session before trading commences at 9.00 am, i.e. 8.30 am to 9.00 am. Closing Routine will run for 6 minutes after 5.00 pm, i.e. 5.00 pm to 5.06 pm. ~~Issuers should preferably release material price sensitive announcements before 7.30 am or after 5.05 pm.~~

**Purpose of amendment:** To make it clear that issuers are required to release material announcements during trading hours.

**Best Practices Guide**

1.32 Best Practices Guide be deleted as follows.

**BEST PRACTICES GUIDE**

**INTRODUCTION**

~~1. This booklet is issued by the SGX-ST (formerly Stock Exchange of Singapore) to provide guidance on the principles and best practices in corporate governance and dealings by listed issuers and their directors and employees in the securities of the listed issuers. Listed issuers should devise their own codes of best practices, and in doing so, they are encouraged to refer to these guides to best practices in assessing the appropriateness of their own codes. Compliance with these guides on best practices is not mandatory, but listed issuers should note that they and their directors and employees continue to be subject to requirements set out in applicable law. The Exchange believes that by observing these best practices, listed issuers will raise the standard of corporate governance, thereby promoting investor confidence in their management, and in the fairness and integrity of the securities market.~~

~~2. The Exchange may, from time to time, revise or issue further guides on best practices in these and other areas.~~

**DEALINGS IN SECURITIES**

1. ~~It is an offence under the Securities Industry Act for a listed issuer or its officers (defined in the law to include the listed issuer's directors and employees) to deal in the listed issuer's securities as well as securities of other listed issuers when the officers are in possession of unpublished material price-sensitive information in relation to those securities. While a listed issuer and its officers should be free to deal in the securities of the listed issuer and securities of the other listed issuers, those who engage in dealings should be mindful of the law on insider dealing, and ensure that their dealings would not contravene the law.~~
2. ~~The SGX-ST considers it desirable that each listed issuer should devise and adopt its own internal compliance code to provide guidance to its officers with regard to dealing by the listed issuer and its officers in its securities. The Exchange believes that proper adherence to these best practices would promote a fair market, thereby enhancing investor confidence in the market.~~
3. ~~Listed issuers should remind their officers that the law on insider dealing is applicable at all times, notwithstanding that their internal codes may provide certain window periods for them or their officers to deal in their securities.~~
4. ~~Guidance on Best Practices~~
  - (a) ~~An officer should not deal in his company's securities on short-term considerations.~~
  - (b) ~~A listed issuer and its officers should not deal in the listed issuer's securities during the period commencing two weeks before the announcement of the company's financial statements for each of the first three quarters of its financial year, or one month before half year or financial year, as the case may be, and ending on the date of announcement of the relevant results.~~

**Purpose of amendment:** To rationalize and consolidate the provisions relating to dealings in securities in Rule 1207.

**Transitional Practice Note 2**

1.33 Transitional Practice Note 2 be deleted as follows.

**SGX-ST Listing Rules  
Transitional Practice Note 2  
Transitional arrangements regarding  
Equity Securities Listing Procedures**

Details	Cross references	Enquiries
Issue date: 14 June 2002	Listing Rules 109(2), 245 & 246	Please contact Issuer Regulation Department:- 6-236-8896 Daisy Tan 6-236-8887 June Sim 6-236-8264 Lorraine Chay 6-236-8895 Siew Wun Mui 6-236-8880 Tang Yeng Yuen
Effective date: 1 July 2002		

**1. Introduction**

- 1.1 ~~With effect from 1 July 2002, the Exchange will have regard to the Fifth Schedule of the Securities & Futures (Offers of Investments)(Shares and Debentures) Regulations 2002 and Practice Note 6.1<sup>†</sup> when considering the adequacy of disclosure.~~

## ~~2. Arrangements~~

- ~~2.1 The following procedures will be adopted for listing applications submitted to the Exchange from the date on which the Securities & Futures (Offers of Investments) (Shares and Debentures) Regulations 2002 comes into effect.~~
- ~~2.2 An applicant may consult the Exchange to resolve specific issues prior to the submission of an application. Unless the Exchange prescribes otherwise, the following sets out the usual main steps in the listing process.~~
- ~~2.2.1 The applicant submits (to the Listings Department) one copy of the listing application prepared in compliance with Rules 245 and 246;~~
- ~~2.2.2 The Exchange considers whether the application satisfies the listing requirements and will decide whether to issue an eligibility to list letter (with or without conditions). Listing will not be permitted until all conditions set out in the eligibility to list letter have been satisfied;~~
- ~~2.2.3 Where a prospectus or offering memorandum is required to be issued, the applicant lodges the prospectus or offering memorandum with the relevant authority (if applicable) and submits a copy to the Exchange. The lodged copy of the prospectus should not be materially different from the prospectus or offering memorandum on which the eligibility to list letter was issued. The applicant must submit a written confirmation to the Exchange to this effect. If there are material differences, the eligibility to list letter will be void;~~
- ~~2.2.4 The Exchange will inform the applicant of any further information that is required to be disclosed prior to commencement of trading. The applicant decides whether to include this information in its prospectus or offering memorandum, or to make pre-quotation disclosure through an announcement to the Exchange. Pre-quotation disclosure must be made not later than the market day before trading commences. Preferably, it should be made before the launch of the offer;~~
- ~~2.2.5 If the listing entails an offer of securities to the public, the applicant invites applications to subscribe for or purchase the securities. After the offer closes, the applicant announces the outcome of the offer, and where appropriate, the level of subscription and the basis of allocation and allotment, and the subscription rate reflecting the true level of demand for the offer. In computing the subscription rate, subscriptions by connected persons and the persons mentioned in Rule 240 must be excluded;~~
- ~~2.2.6 On satisfaction of the conditions expressed in the eligibility to list letter, the issuer is admitted to the Official List at the discretion of the Exchange. Trading of its listed securities commences on a date determined by the Exchange either on a deferred settlement basis or ready basis or such other basis as the Exchange may approve.~~
- ~~2.3 The Exchange will normally decide whether to issue an eligibility to list letter within 21 days after receipt of a complete application. If the applicant makes material amendments to the prospectus, the time may start to run from the date the material amendment is notified to the Exchange. On a case-by-case basis, the Exchange may agree to vary the procedures or time indicated if an issue involves a concurrent dual listing or international offering. Any proposed variation in procedures and timetable must be agreed with the Exchange before the submission of the application.~~

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~~<sup>†</sup>Practice Note 6.1 deals with pre-quotation information. The Exchange will be issuing Practice Note 6.1 shortly.~~

**Purpose of amendment:** The deletion is proposed consequential on the transfer of the information in Transitional Practice Note 2 to Rules 243 and 244.



**Transitional Practice Note 3**

1.34 Transitional Practice Note 3 be deleted as follows.

**SGX-ST Listing Rules  
Transitional Practice Note 3  
Transitional arrangements regarding  
Debt Securities Listing Procedures**

<i>Details</i>	<i>Cross references</i>	<i>Enquiries</i>
Issue date: 14 June 2002	Listing Rules 109(2) & 310	Please call Issuer Regulation Department:- 6-236-8896 Daisy Tan 6-236-8887 June Sim 6-236-8885 Yik Chih Hoe 6-236-8895 Siew Wun Mui 6-236-8880 Tang Yeng Yuen
Effective date: 1 July 2002		

**1. Introduction**

1.1 With effect from 1 July 2002, the Exchange will have regard to the Seventh Schedule of the Securities & Futures (Offers of Investments)(Shares and Debentures) Regulations 2002 when considering the adequacy of disclosure. If the debt securities are to be offered primarily to sophisticated investors or institutional investors without a prospectus, the offering memorandum or introductory document submitted to the Exchange must be in final form containing information that such investors would customarily expect to see in such documents.

**2 Arrangements**

2.1 The following procedures will be adopted for listing applications of debt securities submitted to the Exchange from the date on which the Securities & Futures (Offers of Investments)(Shares and Debentures) Regulations 2002 comes into effect.

2.2 An applicant may consult the Exchange to resolve specific issues prior to the submission of an application. Unless the Exchange prescribes otherwise, the following sets out the usual main steps in the listing process:-

2.2.1 The applicant submits (to the Listings Department) one copy of the listing application prepared in compliance with Rule 310. The prospectus, offering memorandum or introductory document which forms part of the listing application must be in final form;

2.2.2 The Exchange considers whether the application satisfies the listing requirements and will decide whether to issue an eligibility to list letter for listing (with or without conditions). Listing will not be permitted until all conditions set out in the eligibility letter have been satisfied;

2.2.3 Where a prospectus, offering memorandum or introductory document is required to be issued, the applicant lodges the prospectus, offering memorandum or introductory document with the relevant authority (if applicable) and submits a copy to the Exchange. The lodged copy of the prospectus, offering memorandum or introductory document should not be materially different from the prospectus, offering memorandum or introductory document on which the eligibility to list letter was issued. The applicant must submit a written confirmation to the Exchange to this effect. If there are material differences, the eligibility to list letter will be void;

- ~~2.2.4 The Exchange will inform the applicant of any further information that is required to be disclosed prior to commencement of trading. The applicant decides whether to include this information in its prospectus, offering memorandum or introductory document, or to make pre- quotation disclosure through an announcement to the Exchange. Pre- quotation disclosure must be made not later than the market day before commencement of trading of the debt securities;~~
- ~~2.2.5 On satisfaction of the conditions expressed in the eligibility to list letter, the issuer's debt securities will be listed and quoted on the Exchange;~~
- ~~2.2.6 The Exchange will normally decide whether to issue an eligibility to list letter within one week after receipt of a complete application. If the applicant makes material amendments to the prospectus, offering memorandum or introductory document, the time may start to run from the date the material amendment is notified to the Exchange.~~

**Purpose of amendment:** The deletion is proposed consequential on the transfer of the information in Transitional Practice Note 2 to Rules 310 and 311.

#### **New Practice Note 7.4**

- 1.35 To publish new Practice Note 7.4 as follows.

**SGX-ST Listing Rules**  
**Practice Note 7.4**  
**Guide for Operating and Financial Review**

<u>Details</u>	<u>Cross references</u>	<u>Enquiries</u>
<u>Issue date: [ ] 2006</u>	<u>Listing Rule 1207(4)</u>	<u>Please contact Issuer Regulation:-</u> <u>6-236-8872 Linda Ong</u> <u>6-236-8887 June Sim</u> <u>6-236-8264 Lorraine Chay</u> <u>6-236-8895 Siew Wun Mui</u> <u>6-236-8880 Tang Yeng Yuen</u> <u>6-236-8892 Ashley Seow</u>
<u>Effective date: 1 July 2006</u>		

#### **1. Introduction**

- 1.1 This Practice Note publishes the guide provided by the Council on Corporate Disclosure and Governance on the Operating and Financial Review in an annual report.
- 1.2 Issuers are encouraged to follow the OFR Guide, but it is not compulsory.

#### **2. OFR Guide**

- 2.1 The OFR Guide is enclosed.

**Purpose of amendment:** To support the recommendation of CCDG.

GUIDE FOR  
OPERATING AND FINANCIAL  
REVIEW

## **CONTENTS**

<u>Introduction.....</u>	<u>1</u>
<u>Objectives and Tenets of the Operating and Financial Review.....</u>	<u>2</u>
<u>Principles and Guidelines.....</u>	<u>3</u>

## **INTRODUCTION**

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1 The objective of the Operating and Financial Review (“OFR”) in annual reports is to provide users with an understanding of the company by providing an analysis of the company’s businesses as seen through the eyes of the directors and management. The OFR serves to facilitate assessment of the company’s business and business objectives, its principal drivers of performance, the dynamics of the business, and the performance and financial condition of the company.

2 Companies listed on the Singapore Exchange (“SGX”) are currently required to include a discussion of their operating and financial performance and business outlook under the SGX listing rules<sup>1</sup>. This Guide provides a set of best practice guidance to listed companies in the preparation of the OFR in their annual reports, which will complement and supplement the financial statements.

3 The approach taken in this Guide is to set out general guidance, in the form of **Principles** and **Guidelines**, on the OFR, rather than to prescribe a set of mandatory rules or requirements. Adherence with the Guide is voluntary. The **Principles** set out in the Guide should be regarded as fundamental to the preparation of a good OFR. The **Guidelines** elaborate on how those principles can be applied.

4 Listed companies are encouraged to apply these best practices for disclosure of information in their OFRs. It is recognised that not all items in the guidelines may be relevant to all companies, as companies vary by size, industry group and other factors. The guidance should also not be regarded as a comprehensive list of the matters that might be considered by the directors and management to be relevant to an assessment of the company. The OFR should focus on those matters that are considered significant to that company as a whole. It is for the directors and management to decide how best to apply the framework of this Guide to the particular circumstances of the company.

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<sup>1</sup> Rule 1207(4) of the Listing Manual of the Singapore Exchange.

## **OBJECTIVES AND TENETS OF THE OPERATING AND FINANCIAL REVIEW**

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1 The objective of the OFR is to provide users with a good understanding of the company by providing a historical and prospective analysis of the company's businesses as seen through the eyes of the directors and management. The OFR should assist the user's assessment of its performance and understanding of the future direction of the company. The OFR should focus on matters of significance to the company as a whole.

2 The focus of the OFR is on explanations and analysis. It should contain analytical description, rather than replicate information in the financial statements. It should discuss and interpret the performance and financial condition of the company, in the context of opportunities and risks impacting the operations of the company and known or reasonably expected changes in the environment in which it operates. The OFR should discuss known trends and factors relevant to forming a view as to likely future performance. An explanation of the trends and uncertainties known to be facing the company would not require a forecast of the outcome of such uncertainties. Rather, the explanation should be sufficient to permit readers of the financial report to form their own judgements of the outcomes of such uncertainties.

3 The benefits of particular disclosures should be balanced against any potential commercial risks to the company from the disclosure of commercially sensitive information. This Guide does not expect that disclosure be made by listed companies of information of a commercially prejudicial or sensitive nature that a reasonable person would not expect to be disclosed, for example where:-

- a) the information concerns a trade secret;
- b) the information concerns an incomplete proposal or negotiation; or
- c) information comprises matters of supposition and is insufficiently definite to warrant disclosure.

4 Information and analysis contained in the OFR should, as far as possible, be neutral and free from bias, dealing even-handedly with both good and bad aspects. The directors and management should ensure that material information is not omitted. Where the information in the OFR relates to financial information, it should be consistent with information in the audited financial statements. This should not be taken to mean that an audit of the OFR is required.

## **PRINCIPLES AND GUIDELINES**

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### **A) Presentation of the OFR**

#### **Principle 1**

1 The OFR should focus on matters that are relevant to investors. It should be easy for users of financial reports to understand.

#### Guidelines

1.1 The OFR should be written in a style that is clear and readily understood. It should avoid the use of technical language as far as possible. Figures and graphics may be useful to assist understanding of discussions in the OFR.

1.2 To facilitate reference to OFR disclosures by users of the annual report, it could be useful to include the key discussions of the OFR in a distinct, stand-alone section of the annual report. However, companies may decide that, in the context of the format of their annual report, it would be preferable to incorporate some of the discussion within other sections of the annual report, such as the Chairman's statement or the Chief Executive Officer's statement.

1.3 While the approach adopted for the presentation of the OFR may evolve over time, or differ from that adopted by other companies, disclosure should be sufficient for the user to be able to compare the information presented in the OFR of the company with that in previous periods, and with information about other companies in the same industry or sectors, where practical.

## **B) Company Overview, Objectives and Strategy**

### **Principle 2**

2 The OFR should describe the nature of the company, its objectives and broad strategies, and explain the main areas of operation of the company's business, as context for the discussion and analysis of performance and financial position. The discussion in the OFR should cover the group business of the listed company, including its principal subsidiaries.

#### Guidelines

2.1 The OFR should discuss the objectives for the business and broadly, management's strategy for achieving them. Objectives may be defined in terms of financial performance. Non-financial objectives may also be discussed, where relevant.

2.2 Depending on the nature of the business, discussion of the company's business and operations might cover areas such as:-

- the industries, locations and markets in which the company operates;
- its main products and services, business processes and distribution methods, and intellectual property;
- the structure of the company and main operating facilities; and
- any significant changes to the legal, social, political and regulatory environments that influence the company.

### **Principle 3**

3 The key financial and non-financial performance indicators used by management to assess the company and its performance should be discussed.

#### Guidelines

3.1 The OFR would normally include a range of financial and non-financial measures used to measure the company's performance. Comparability would be enhanced if the measures disclosed are accepted and widely used within the industry sector or more generally. Where practical, performance indicators should be compared with previous periods to outline trends.

3.2 The measures used should be defined, and the basis for calculation explained. Comparative amounts should be disclosed. Material changes in the financial measures disclosed, including significant changes in the underlying accounting policies applied, should be identified and explained. Comparative amounts should be restated on the new basis, where practical.

## **C) Operating Review**

### **Principle 4**

4 The OFR should discuss the significant features of performance for the period covered by the financial report, focusing on the overall company as well as those business or geographic segments that are relevant to an understanding of the performance as a whole.

#### Guidelines

4.1 The OFR should identify and explain the main factors that affect the activities and performance of the company, and in particular discuss those that either have varied in the past or are expected to change in the future. Discussion of past performance should be supplemented by known trends and factors that are likely to affect future performance.

4.2 Key components of the result of operations should be discussed, including major sources of revenues, where appropriate. The OFR should also discuss any significant changes in capital employed. The OFR should discuss the results in comparison with prior periods and any projections publicly disclosed by the company.

4.3 The OFR should set out the analysis of any significant effect on performance of changes in the industry or the environment in which the company operates and of developments within the company, for example:-

- changes in market conditions;
- the introduction or announcement of new products and services;
- new activities, discontinued activities and other acquisitions and disposals;
- asset impairments; and
- results of any material acquisition, and extent to which published expectations at the time of acquisition have been realised.

4.4 The analysis should cover any other special factors that have affected performance in the period under review, even where the effect cannot be quantified. Where unusual or infrequent events or transactions have affected the result for a period, the OFR should discuss their nature and impact on the company. The discussion should comment on the impact on future operations of significant post-balance sheet events. The OFR should enable users to assess the significance of the ongoing and core activities of the company and the sustainability of performance relating to those activities.

#### **Principle 5**

5 The OFR should discuss the dynamics and risk factors of the business.

#### Guidelines

5.1 This should include a discussion identifying the significant opportunities, risks and threats facing the business, together with a commentary on the strategies and processes applied to managing them, and in qualitative terms, the nature of their potential impact on performance. Known factors and influences that may have a material effect on future performance and financial position, particularly within the 12 months from the date when the financial statements are authorised for issue, should be discussed.

5.2 A commentary on the strengths and resources of the business that should assist the company in the pursuit of its objectives would be useful. This could include items that are not reflected in the balance sheet, e.g corporate reputation and brand equity, licences, patents, copyrights and trademarks, and research and development.

### **Principle 6**

6 The OFR should comment on investments and measures to maintain and enhance the position and profitability of the company.

#### Guidelines

6.1 The nature of activities and expenditure by the company to maintain and enhance the position and profitability of the company should be discussed. It could include description of major projects that involve capital expenditure being undertaken by the company. Qualitative information as to the benefits expected from such activities and expenditure could be given.

### **D) Financial Review**

### **Principle 7**

7 The OFR should identify and explain significant matters which affect the company's financial condition. It should discuss the capital structure and capital management policies of the company, its treasury policy, the dynamics of the company's financial position and its funding and liquidity position.

#### Guidelines

7.1 The OFR should contain a discussion of the capital structure of the company, including the maturity profile of its debt, type of financial instruments used and currency and interest rate exposures. This could include comments on the company's debt rating and relevant ratios such as interest cover and debt/equity ratios. The purpose and effect of major financing transactions undertaken up to the date the financial statements are authorised for issue should be explained.

7.2 The discussion should cover the capital funding and treasury policies and objectives that are significant to the company's performance. The types of items that might be discussed include:-

- the currencies in which borrowings are made and in which cash and cash equivalents are held;
- maturity profile of borrowings and extent of fixed-rate borrowings;
- mix between equity and debt financing;
- significant investments held;
- risk management policies;
- hedging policies and the use of financial instruments for hedging;
- use of special purpose entities and other off-balance sheet arrangements; and
- capital management, including share buy-backs and capital restructuring.

7.3 To assist understanding of the cash flow and liquidity position of the company, the cash generated from operations, and other cash flows during the period under review should be discussed. The OFR should comment on any special factors that influenced cash flows in the current period and any known factors that may have a significant effect on future cash flows.

7.4 The company's liquidity and funding at the end of the period under review should be discussed. Discussion of significant funding requirements for capital expenditure and servicing of borrowings would be useful. The OFR could also comment on the level of borrowings, the seasonality of borrowing requirements, undrawn financing facilities and the maturity profile of both borrowings and undrawn committed borrowing facilities.

7.5 Where the company has entered into covenants with lenders which could have the effect of restricting the use of credit facilities and a material breach of a covenant has occurred or is expected to occur, the measures taken or proposed to remedy the situation should be disclosed.

7.6 To facilitate the user's understanding of the financial statements, it would be useful for the OFR to identify and discuss the critical accounting policies, estimates and judgements made that are key to the interpretation of the company's financial statements. Such information would be particularly relevant for areas where subjective judgements are involved or for companies with complex financial structures.

### **Principle 8**

8 The OFR should discuss the overall return attributable to shareholders, including distributions and share repurchases.

#### **Guidelines**

8.1 All forms of shareholder returns, including share buy-backs, dividend distribution, other forms of return of capital and shareholder plans should be discussed and their effects should be explained. The OFR should also include a commentary on the various factors (including profitability) contributing to the dividend for the financial year, including the overall dividend policy.