



2008-10

Summary of Proposed Amendments to the Listing Rules

On 10 July 2008, the Singapore Exchange Ltd issued a consultation paper on proposed new rules to achieve the following objectives:

- To allow for more alternatives to widen the range of companies and product types listed on the Exchange
- To enable better disclosure and increase transparency for the benefit of investors
- To maintain relevance with industry needs and development

The table below sets out the key proposed changes.

	Proposed requirements and rules to comply
Life science companies with no financial track records	<ul style="list-style-type: none"> • Demonstrate ability to attract funds from professional investors and generate revenue prior to IPO • Market capitalization of at least S\$30 million 6 months prior to listing • A three-year record of operations in laboratory research and development • After listing, quarterly disclosures on the use of the funds have to be provided by the company
Investment funds	<ul style="list-style-type: none"> • Can be a public securities fund or a private securities fund • Public securities fund must restrict investments in unlisted securities to 10% of gross assets • “blind pool funds¹” can now be listed on the Exchange • Shareholding requirement of 500 public shareholders
Fundamental change in principal activities	<ul style="list-style-type: none"> • Shareholders approval to be obtained • If an issuer intends to set up investment funds or undertake business relating to fund management, it will have to satisfy the listing requirements for investment funds • If an issuer proposes to change its business into one which may be contrary to public interests, the Exchange reserves the right for such change to be subject to the Exchange’s approval
New companies to be listed on SGX (IPOs and secondary listing)	<ul style="list-style-type: none"> • For IPOs, shareholding distribution revised to a minimum of 500 public shareholders (from 1000) • For secondary listings, minimum of 500 public shareholders worldwide (from 2000)
Issuer listed close to deadline of financial results reporting	<ul style="list-style-type: none"> • Exchange will grant the issuer 30 days from its date of listing to announce its financial results or hold its Annual General Meeting should the relevant deadline fall within 30 days after its date of listing

¹ Refers to an investment fund whose assets comprise primarily cash and where no specific use of its assets has been identified at the time of listing but with stated investment strategies.

Waivers	<p>In the event of a waiver, the following details will need to be disclosed</p> <ul style="list-style-type: none"> • Details of the waiver granted • Reasons for seeking the waiver • Conditions (if any) imposed by the Exchange
Issue of shares, warrants and convertibles	<ul style="list-style-type: none"> • Disclosure on restrictions placed on placement agents • Where there is no placement agent, issuer has to explain how the placees were identified and number of shares placed to them • To disclose the percentage of placement proceeds allocated for each stated use • To require an issuer issuing new capital at a discount of more than 10% to disclose the basis of determining the discount and the identity of placees who will be allocated more than 10% of the placement. • To remove the requirement that limits the number of new shares arising from exercise or conversion of warrants or convertibles to 50% of total number of issued capital
Acquisition and profit guarantee	<p>Timely disclosure of details for profit guarantees</p> <p>Additional disclosure requirements such as:</p> <ul style="list-style-type: none"> • factors considered by the board of directors when accepting the profit guarantee(s), • basis for the profit guarantee, compensation provisions, safeguards to ensure the issuer's right of recourse and enforceability, • opinion of the vendor's auditors regarding the profit guarantee, • a financial adviser's opinion • immediate disclosure when the guaranteed profit level has or has not been met including material variations to the terms of agreement.
Reverse takeover	<ul style="list-style-type: none"> • Impose minimum issue price of S\$0.20 per share • Require an issuer to make an immediate announcement when a proposed major transaction, very substantial transaction or reverse takeover is not completed or has been rescinded, disclosing the reasons, the legal recourse and the financial impact on the issuer.

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