

# LEGAL UPDATE

A DREW &amp; NAPIER PUBLICATION

## RULE UPDATE

### NEW SECURITIES LISTING RULES AND RULE REVISIONS

The Singapore Exchange Limited (the “**SGX**”) has announced the issuance of new securities listing rules and changes to existing rules which will take effect from **24 March 2009**. The new rules and rule amendments were finalised following a public consultation carried out by the SGX in July 2008. Please click [here](#) to view that consultation document.

(Note: As the text of the new rules and amendments is yet to be published, it is unclear as to whether there are any changes from the draft proposals contained in the consultation paper.)

With these new rules and amendments, the SGX aims to encourage diversity in the capital markets, increase efficiency of fundraising exercises, strengthen corporate governance and enhance transparency. Key changes include the following:

- listing rules for life science companies without financial track records;
- revised initial public offering (“**IPO**”) shareholder distribution requirements;
- removal of limit on convertibles in companies’ capital structure;
- disclosure of details relating to profit guarantees or profit forecasts;
- enhanced disclosure when issuing shares, warrants or convertible securities for cash;
- disclosure of use of proceeds of IPOs;
- approval of the Singapore Exchange Securities Trading Limited (the “**SGX-ST**”) for fundamental changes to business purpose; and
- disqualification of directors.

#### Listing rules for life science companies without financial track record

New admission rules and continuing listing requirements for life science companies (“**LSCs**”) without track records will be introduced. Among other things, LSCs must have adequate working capital for their present requirements as well as for at least 12 months after listing.

Please click [here](#) to view our summary of the proposed rules for the listing of LSCs based on the July 2008 consultation paper.

#### MAIN OFFICE

20 Raffles Place  
#17-00 Ocean Towers  
Singapore 048620

t +65 6535 0733

f +65 6535 4906

mail@drewnapier.com  
www.drewnapier.com

Co. Reg. No. 200102509E

### Revised IPO shareholder distribution requirements

Currently, Rule 210 of the Listing Manual of the SGX-ST (the “**SGX-ST Listing Manual**”) provides that any company applying for a mainboard primary listing on the SGX-ST must have at least 1000 public shareholders after the IPO. For a secondary listing, the issuer must have at least 2000 shareholders worldwide.

The new rules reduce these minimum requirements so as to provide issuers with more flexibility to target their respective investor groups. Mainboard primary listings will only require at least 500 public shareholders and secondary listings 1000 shareholders worldwide or 500 shareholders in Singapore. Secondary listed companies in respect of which the SGX-ST and the primary home exchange have an established arrangement to facilitate movement of shares will only need at least 500 public shareholders.

### Removal of limit on convertibles in companies’ capital structure

The SGX will remove the limitation in the current Rule 825 of the SGX-ST Listing Manual which states that the number of new shares arising from the exercise or conversion of outstanding company warrants or other convertible securities must, in aggregate, not exceed 50% of the total number of issued shares (excluding treasury shares). Instead, issuers will be required to seek shareholders’ approval if the number of new shares exceeds the limit imposed under their general mandate and to disclose the recommendations of the board of directors on the issue of the warrants or convertible securities.

### Disclosure of details relating to profit guarantees or profit forecasts

In relation to mergers, acquisitions and reverse takeovers, the SGX will require issuers to disclose details of any profit guarantees or forecasts provided by the vendor. Issuers will also be required to make immediate disclosure if the guaranteed profit has or has not been met. Any material variations to the terms of the agreement will have to be disclosed as well.

### Enhanced disclosure when issuing shares, warrants or convertible securities for cash

Issuers which propose to issue shares, company warrants or other convertible securities for cash will be required to promptly disclose the terms and purpose of the issue. Information about: (a) the identity of the placement agent; (b) the amount of proceeds proposed to be raised from the issue; and (c) the intended use of proceeds on a percentage allocation basis, are some of the items to be disclosed. If no placement agent is appointed, the places’ names and the number of shares issued to them will have to be disclosed.

### Disclosure of use of proceeds of IPOs

Issuers will have to immediately announce the use of proceeds from equity fundraising as and when the funds are materially disbursed. If there is any deviation from the use that was previously announced, this must be disclosed too. Status updates on the use of proceeds must also be made in the issuer’s annual report.

### Fundamental change of principal business subject to the SGX-ST's approval

The SGX-ST reserves the right to subject an issuer's change in its principal business to the SGX-ST's approval if: (i) the integrity of the market is adversely affected; or (ii) it is in the interest of the public to do so.

### Disqualification of Directors

A director who has been disqualified from acting as a director in other jurisdictions will have to resign from his directorships in companies listed on the SGX-ST under the revised Rule 720 of the SGX-ST Listing Manual.

### References

Please click [here](#) to refer to the SGX News Release dated 3 March 2009.

If you have any queries on this update, or wish to discuss how it may potentially affect you or your business, please feel free to contact the corporate and finance lawyers in Drew & Napier LLC (please refer to the Directors' Profiles on our [website](#)), or any of the following lawyers:

#### **Gary Pryke**

Director (Corporate & Finance)  
T: +65 6531 4104  
E: [gary.pryke@drewnapier.com](mailto:gary.pryke@drewnapier.com)

#### **Sandy Foo**

Director (Corporate & Finance)  
T: +65 6531 4118  
E: [sandy.foo@drewnapier.com](mailto:sandy.foo@drewnapier.com)

#### **Sin Boon Ann**

Director (Corporate & Finance)  
T: +65 6531 2206  
E: [boonann.sin@drewnapier.com](mailto:boonann.sin@drewnapier.com)

#### **Yeo Wee Kiong**

Director (Corporate & Finance)  
T: +65 6531 2500  
E: [weekiong.yeo@drewnapier.com](mailto:weekiong.yeo@drewnapier.com)

#### **Petrus Huang**

Director (Corporate & Finance)  
T: +65 6531 2208  
E: [petrus.huang@drewnapier.com](mailto:petrus.huang@drewnapier.com)

#### **Marcus Chow**

Director (Corporate & Finance)  
T: +65 6531 2790  
E: [marcus.chow@drewnapier.com](mailto:marcus.chow@drewnapier.com)

#### **Ralph Lim**

Director (Corporate & Finance)  
T: +65 6531 2362  
E: [ralph.lim@drewnapier.com](mailto:ralph.lim@drewnapier.com)

*The content of this article does not constitute legal advice and should not be relied on as such. Specific advice should be sought about your specific circumstances.*

## OUR BUSINESS GROUPS AND PRACTICE AREAS

**BANKING**

**David Ang**  
T +65 6531 2236  
F +65 6535 4864  
E david.ang@drewnapier.com

**Valerie Kwok**

T +65 6531 2222  
F +65 6535 4864  
E valerie.kwok@drewnapier.com

**Sandy Foo**

T +65 6531 4118  
F +65 6535 4864  
E sandy.foo@drewnapier.com

**BIOMEDICAL SCIENCES**

**Tony Yeo**  
T +65 6531 2512  
F +65 6220 0324  
E tony.yeo@drewnapier.com

**BUILDING & CONSTRUCTION**

**Tan Liam Beng**  
T +65 6531 4139  
F +65 6533 3591  
E liambeng.tan@drewnapier.com

**CAPITAL MARKETS**

**Sin Boon Ann**  
T +65 6531 2206  
F +65 6535 4906  
E boonann.sin@drewnapier.com

**Petrus Huang**

T +65 6531 2208  
F +65 6535 4906  
E petrus.huang@drewnapier.com

**CHINA BUSINESS GROUP**

**David Chin**  
T +65 6531 2304  
F +65 6535 1952  
E david.chin@drewnapier.com

**COMPETITION LAW**

**Cavinder Bull, SC (contentious)**  
T +65 6531 2416  
F +65 6533 3591  
E cavinder.bull@drewnapier.com

**Lim Chong Kin (non-contentious)**

T +65 6531 4110  
F +65 6535 4864  
E chongkin.lim@drewnapier.com

**CORPORATE**

**David Ang**  
T +65 6531 2236  
F +65 6535 4864  
E david.ang@drewnapier.com

**OTHER OFFICES****Drewmarks Patents & Designs (Malaysia) Sdn Bhd**

9th floor  
Bangunan Getah Asli  
(Menara)  
148 Jalan Ampang  
50450 Kuala Lumpur,  
Malaysia  
T +603 2162 2522/2162 2529  
F +603 2162 2804  
E drewmark@tm.net.my

**PT Drewmarks Konsultama**

Correspondence address  
20 Raffles Place  
#17-00 Ocean Towers  
Singapore 048620  
T +65 6531 2503/6531 2504  
F +65 6533 0694  
E ip@drewnapier.com

**Drewmarks Philippines Inc.**

Correspondence address  
20 Raffles Place  
#17-00 Ocean Towers  
Singapore 048620  
T +65 6531 2503/6531 2504  
F +65 6533 0694  
E ip@drewnapier.com

**DrewCorp Services Pte Ltd**

20 Raffles Place  
#09-01 Ocean Towers  
Singapore 048620  
ROC No. 200102492H  
T +65 6531 2266  
F +65 6533 1542/6533 7649  
E services@drewcorpsservices.com

**CORPORATE (cont'd)**

**Gary Pryke**  
T +65 6531 4104  
F +65 6535 4864  
E gary.pryke@drewnapier.com

**Sin Boon Ann**

T +65 6531 2206  
F +65 6535 4906  
E boonann.sin@drewnapier.com

**Yeo Wee Kiong**

T +65 6531 2500  
F +65 6535 4864  
E weekiong.yeo@drewnapier.com

**CORP INSOLVENCY & RESTRUCTURING**

**Sushil Nair**  
T +65 6531 2410  
F +65 6533 9029  
E sushil.nair@drewnapier.com

**Manoj Sandrasegara**

T +65 6531 4156  
F +65 6533 9029  
E manoj.sandra@drewnapier.com

**EMPLOYMENT & IMMIGRATION**

**Indranee Rajah, SC**  
T +65 6531 4100  
F +65 6532 7149  
E indranee.rajah@drewnapier.com

**FAMILY & MATRIMONIAL**

**Randolph Khoo**  
T +65 6531 2418  
F +65 6532 7149  
E randolph.khoo@drewnapier.com

**FUND MANAGEMENT, REIT & PRIVATE**

**EQUITY**  
**Petrus Huang**  
T +65 6531 2208  
F +65 6535 4906  
E petrus.huang@drewnapier.com

**INSURANCE & REINSURANCE**

**Gary Pryke**  
T +65 6531 4104  
F +65 6535 4864  
E gary.pryke@drewnapier.com

**IP**

**Morris John (Patents)**  
T +65 6531 2503  
F +65 6533 0694  
E mj@drewnapier.com

**Dedar Singh Gill (Trade Marks)**

T +65 6531 2507  
F +65 6533 0694  
E dedar.singh@drewnapier.com

**INT'L ARBITRATION**

**Jimmy Yim, SC**  
T +65 6531 2504/2505  
F +65 6533 9029  
E jimmy.yim@drewnapier.com

**LITIGATION**

**Jimmy Yim, SC**  
T +65 6531 2504/2505  
F +65 6533 9029  
E jimmy.yim@drewnapier.com

**Indranee Rajah, SC**

T +65 6531 4100  
F +65 6532 7149  
E indranee.rajah@drewnapier.com

**PROJECT FINANCE**

**Gary Pryke**  
T +65 6531 4104  
F +65 6535 4864  
E gary.pryke@drewnapier.com

**Valerie Kwok**

T +65 6531 2222  
F +65 6535 4864  
E valerie.kwok@drewnapier.com

**Sandy Foo**

T +65 6531 4118  
F +65 6535 4864  
E sandy.foo@drewnapier.com

**PROPERTY**

**David Chin**  
T +65 6531 2304  
F +65 6535 1952  
E david.chin@drewnapier.com

**SHIPPING & INT'L TRADE**

**Ian Koh**  
T +65 6531 2436  
F +65 6533 3591  
E ian.koh@drewnapier.com

**TAX & PRIVATE CLIENT SERVICES**

**Ong Sim Ho**  
T +65 6531 2250  
F +65 6535 4864  
E simho.ong@drewnapier.com

**TMT**

**Lim Chong Kin**  
T +65 6531 4110  
F +65 6535 4864  
E chongkin.lim@drewnapier.com

**TRANSNATIONAL & CROSS-BORDER WORK**

**Julian Kwek**  
T +65 6531 2485  
F +65 6533 9029  
E julian.kwek@drewnapier.com