

SGX-ST Listing Rules

Practice Note 8.3

Rights Issue Limit

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

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 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.