

CHAPTER 6
PROSPECTUS, OFFERING MEMORANDUM AND INTRODUCTORY
DOCUMENT

PART I SCOPE OF CHAPTER

601 This Chapter sets out the requirements of a prospectus, offering memorandum and introductory document. Apart from complying with Part II of this Chapter, investment funds and life science companies [and mineral, oil and gas companies](#) must also comply with the requirements in Part III and Part IV [and Part V](#) respectively.

PART II CONTENT OF PROSPECTUS, OFFERING MEMORANDUM AND INTRODUCTORY DOCUMENT

602 A prospectus must comply with:

- (a) the SFA and any other relevant laws; and
- (b) the additional disclosure requirements specified in this Listing Manual.

603 An offering memorandum or introductory document must include information in sufficient detail to enable the targeted investors to have a full and proper understanding of the applicant's business, financial conditions, prospects, and risks.

604 The Exchange may require additional information to be disclosed in a particular case.

605 Where the securities of an issuer are listed, or will be simultaneously listed, on another stock exchange which is its home exchange, the issuer may incorporate the information required in this Chapter by reference to a recent prospectus or equivalent document lodged with, or to be simultaneously lodged with, the home exchange or regulatory body.

606 The Exchange will have regard to the IOSCO Document when considering the adequacy of disclosure.

607 Where an issuer is seeking a secondary listing by way of an introduction pursuant to Rule 235, the introductory document should comply with the prospectus disclosure requirements in the SFA. Where there are differences between the prospectus disclosure requirements in the SFA and that of its home exchange, the issuer may consult the Exchange to resolve the specific issues.

608 Where an issuer is seeking a primary listing by way of an introduction pursuant to Rule 235 or where an issuer is seeking a listing through a reverse takeover pursuant to Rule 1015, the introductory document or the shareholders' circular must comply with the prospectus disclosure requirements in the SFA, with the necessary adaptations.

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- (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.
 - (b) The proforma income statement or statement of comprehensive income should be presented for the latest 3 financial years and for the most recent interim period (if applicable) as if the restructured group had been in existence at the beginning of the period reported on. The proforma statement of financial position should be presented as at the date to which the most recent proforma income statement or statement of comprehensive income has been made up. In the event a REIT or business trust is unable to present the required proforma financial information, the Exchange may request for the provision of profit estimates, forecasts and/or projections as satisfaction of this Rule.
 - (c) The accountants' report must include details of any transfers to and from any reserves if those transfers are not reflected in the proforma results in respect of each of the financial years reported on.
 - (d) The reporting accountants must express an opinion as to whether the proforma group accounts are properly prepared and consistent with both the format and accounting policies adopted by the issuer in its financial statements, and whether the adjustments are appropriate for the purposes of preparing the proforma financial statements.
 - (e) The proforma information must:-
 - (i) clearly state that it is prepared for illustrative purposes only based on certain assumptions and after making certain adjustments to show the financial position and results of the issuer had the proposed group structure been in place during the relevant period;
 - (ii) clearly state that because of its nature, it may not give a true picture of the issuer's actual financial position or results;
 - (iii) identify the basis upon which it is prepared and the source of each item of information and adjustment; and
 - (iv) be based upon information from audited accounts.

- (f) The issuer should use the most appropriate reporting currency in presenting financial information, taking into account the functional currencies of its businesses, the reporting currency for publication of future financial statements, and other factors relevant to a full and proper understanding by investors of the group's financial condition, risks and prospects.
- (g) Where there has been a material change to the company's accounting policies, a summary of the significant changes in the accounting policies and the reasons for and quantitative impact of such changes on the issuer's financial results should be provided.
- (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.

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;
- (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;
- (3) A statement by 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; and
- (5) An opinion of the board, with the concurrence of the audit committee on the adequacy of the internal controls, addressing financial, operational and compliance risks.
- (6) A statement by the issuer's audit committee that, after making all reasonable enquiries, and to the best of their knowledge and belief, nothing has come to the attention of the audit committee members to cause them to believe that the person appointed as the chief financial officer (or its equivalent rank) does not have the competence, character and integrity expected of a chief financial officer (or its equivalent rank) of a listed issuer.

- (7) Where as required by any relevant law applicable to the issuer and/or any of its principal subsidiaries, any legal representative(s) (or person(s) of equivalent authority, however described) has been appointed or designated with sole powers to represent, exercise rights on behalf of, and enter into binding obligations on behalf of, the issuer or that principal subsidiary:
- (a) Identity of the legal representative(s) (or person(s) of equivalent authority);
 - (b) Powers and responsibilities of the legal representative(s) (or person(s) of equivalent authority);
 - (c) Any risks in relation to the appointment, including concentration of authority and impediments to their removal; and
 - (d) A description of the processes and procedures put in place to mitigate the risks in relation to the appointment and an opinion by the board on the adequacy of these processes and procedures.
- (8) A statement by the issuer whether any of the independent directors of the issuer sits on the board of its principal subsidiaries that are based in jurisdictions other than Singapore.
- (9) In the case of debt securities, the following information must also be provided:-
- (a) Principal terms and conditions of issue to be publicly offered, including issue price, redemption price, form, rate of interest, guarantees constituted in favour of holders of debt securities and maturity date;
 - (b) Financial covenants of the issuer, including those concerning capital increases (in the case of convertible debt securities issues) and issues of other forms or series of debt securities;
 - (c) Definition of events constituting defaults and effect upon acceleration of maturity of debt securities;
 - (d) Provisions for modifications of terms and conditions of debt securities to be publicly offered; and
 - (e) Name and provisions concerning functions, rights and obligations of representative of debt securities holders.

PART III ADDITIONAL REQUIREMENTS FOR INVESTMENT FUNDS

611 Apart from complying with applicable law and Part II of this Chapter, a prospectus issued by an investment fund must also contain the additional information set out in this Part. An offering memorandum or introductory document issued by an investment fund in connection with a listing on the Exchange must also contain the information required in this Part. If the investment fund is a unit trust, references to "share" mean "unit" and the items must be adapted accordingly so that the equivalent information is given.

- 612 The document must include a statement that “an application has been made to the Singapore Exchange Securities Trading Limited ("SGX-ST") for permission to list all the shares of the investment fund, including shares which are the subject of this issue and the Exchange assumes no responsibility for the correctness of any of the statements made or opinions expressed in this prospectus and admission to the Official List is not an indication of the merits of the investment fund or its shares.
- 613 In relation to the investment fund, state the following:-
- (1) The name of the investment fund;
 - (2) The date and place of incorporation or formation;
 - (3) The name and address of the principal registered office, auditors, administration agent and each office at which a share register is kept;
 - (4) The full title or designation, amount, class and par value of the shares applied for listing and whether fully paid;
 - (5) The date of application;
 - (6) The names, addresses, experience and directorship of directors of the investment fund (in the case of a unit trust, the management company);
 - (7) Brief description of its history and formation;
 - (8) Brief description of its constitution;
 - (9) Details of its shareholders;
 - (10) A statement of any costs of establishing the investment fund which are to be paid by the investment fund, together with an estimate of the size and the period over which the costs are to be amortised;
 - (11) Details of the distribution policy and the approximate dates on which distributions will be made. Also, a statement that dividends will only be paid to the extent that they are covered by income received from underlying investments and by share of profits of associated companies which are received by the investment fund and are available for distribution;
 - (12) Details of the principal taxes levied on the investment fund's income and capital (including taxes withheld at source on distributions received by the investment fund) and taxes deducted on distributions to shareholders (if any);
 - (13) A summary of the borrowing powers of the investment fund, if any, stating that at no time will it exceed a certain amount and stating the circumstances under which borrowings might take place;

- (14) Particulars on what reports will be sent to registered shareholders and when they will be sent; and
 - (15) A warning that an investment in the investment fund is subject to abnormal risks, if the nature of the investment policy so dictates.
- 614 In relation to the investment manager, investment adviser, administration agent and custodian, state the following:-
- (1) The names, addresses and share capital;
 - (2) Dates and places of incorporation;
 - (3) Brief description of their history and formation;
 - (4) A description of the relevant experience of the investment manager and investment adviser and their directors and principal officers;
 - (5) Terms and duration of their appointments and basis of their remuneration;
 - (6) A statement that the custodian, investment manager, any of their connected persons and any director of the investment fund and investment manager are prohibited from voting their own shares at, or being part of a quorum for, any meeting to approve any matter which it has a material interest in the business to be conducted; and
 - (7) A statement as to whether or not the investment manager or any of the directors of the investment fund or any of their associates is or will become entitled to receive any part of any brokerage charged to the fund, or any part of any fees, allowances, benefits, etc received on purchases charged to the investment fund.
- 615 In respect of the investment manager, state the following:-
- (1) Information on other investment funds managed; and
 - (2) Names, addresses and description of its directors.
- 616 In respect of the investment adviser, information on other investment managers it advises.

- 617 Details of the investment objectives, including capital and income objectives and the investment policy, including a summary of the restrictions which will be observed on the investment of the investment fund's assets and the intended diversification of assets by country or region and, in the case of a newly-formed investment fund, a statement that such an investment policy will be adhered to for at least three years following the issue of the prospectus, offering memorandum or introductory document, unless otherwise agreed by the shareholders of the investment fund by a special resolution in general meeting. The investment fund should also disclose the extent to which it intends to invest in options, warrants, commodities, futures contracts, unlisted securities and precious metals and must include an appropriate negative statement if it intends not to invest in any such investments.
- 618 Details of the investment fund's foreign exchange policy and in particular, details of any foreign exchange controls or restrictions of relevance to the investment fund or its investment policy or objectives.
- 619 Particulars of the investments:-
- (1) In the case of an existing investment fund with limited spread of holdings, a full description of their principal 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;
 - (g) any extraordinary items; and
 - (h) net assets attributable to the investment.
 - (3) An analysis of any provision for diminution in value of investments, naming the investments against which provision has been made and stating for each investment:-

- (a) cost;
 - (b) provision made; and
 - (c) book value.
- (4) In the case where the market value of the assets is not available, e.g. unquoted securities, disclose the method of computing the market value of such assets. Also, state how frequently the net asset value of the investment fund is determined.
- (5) In the case of newly-formed investment funds not adopting a policy of spreading their investments widely, the identity of the initial investments to be undertaken (which should account for the majority of the assets), together with a full description.
- 620 Calculations of the value of net assets of the investment fund.
- 621 For a unit trust, the following additional information is required:-
- (1) Name and address of the trustee who must not have any material conflict of interest with its position;
 - (2) Basis of the trustee's remuneration;
 - (3) Indemnities (if any) of trustees and managers;
 - (4) Arrangements for removing the managers; and
 - (5) Termination of the trust.
- 622 The following information must be included with respect to the buying and selling of units in the unit trust:-
- (1) Price of issue of units and how it is to be calculated.
 - (2) Income distribution arrangements.
 - (3) Registration and issue of certificates.
 - (4) Price of realisation of units and how it is to be calculated.

PART IV ADDITIONAL REQUIREMENTS FOR LIFE SCIENCE COMPANIES

- 623 Apart from complying with applicable law and Part II of this Chapter, a prospectus or an offering memorandum or introductory document issued by a life science company in connection with a listing on the Exchange, should contain the additional information set out in Practice Note 6.2.

PART V **ADDITIONAL REQUIREMENTS FOR MINERAL, OIL AND GAS COMPANIES**

624 Apart from complying with applicable law and Part II of this Chapter, a prospectus or an offering memorandum or introductory document issued by a mineral, oil and gas company in connection with a listing on the Exchange, should contain the additional information set out in Practice Note 6.3.