

The CCS Newsletter

New Developments

in Corporate Secretarial By Shirley Lim (Director)

SGX requires companies seeking delisting to provide reasonable exit offer to shareholders

Companies seeking delisting must provide exit offer to shareholders.

The delisting requirements are as follows:-

1. A company may seek to delist from the Exchange
2. The company's directors are obligated to ensure the delisting complies with listing rules
3. Delisting is a major corporate decision that impacts the interests of shareholders

The Exchange would only consider a delisting application if:-

1. It is approved by at least 75% of shareholders present and voting on a poll for the delisting resolution with not more than 10% voting on a poll against the resolution.
2. A reasonable exit alternative, which should normally be in cash, is offered to shareholders, and
3. An independent financial adviser ("IFA") is appointed to advise on the exit offer.

The board should take into account the interests of shareholders and ensure that the exit alternative is not prejudicial to shareholders as a whole. In making the recommendation for a delisting of a company, the board of directors is responsible for ensuring that the exit alternative for the delisting proposal is reasonable to all shareholders.

The board is required to appoint financial advisers to provide an independent view on the reasonableness of the exit alternative. In doing so, the board of directors should satisfy itself that the appointed IFA has the requisite experience and expertise and that the IFA applies its professional expertise and judgment in the assessment of all relevant factors.

The board is required to make sure that the IFA's opinion is clear and unequivocal. For example, opinions qualified by diverse investment horizons do not meet the requirements of the rules.



The IFA's opinion on the reasonableness of the exit offer must be included in the company's submission to the Exchange and clearly disclosed in the shareholders' circular. The IFA's advice should be given to shareholders as early as possible in order to provide them sufficient time to make an informed decision on the delisting proposal.

The listing rules stipulate that the exit offer should normally be in cash. If an exit offer is in the form of securities or assets, a cash alternative is required and that the cash offer must be reasonable as attested by the IFA. The purpose of a cash alternative is to allow shareholders to exit their investment without incurring additional costs or bearing additional risks.

Shareholders' approval is not required for exit offers made under directed delistings. However, such exit offers are required to meet the same standards as voluntary delistings including providing a reasonable cash alternative.

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Changes to categorisation of SGXNet announcements



In an effort to foster a transparent and well-informed marketplace, Singapore Exchange Limited (SGX) has introduced changes to the categorization of SGXNet announcements from 10 January 2010. The changes comprise four new information categories and revisions to two existing announcement categories.

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The new SGXNet announcement templates are as follows:

(i) Regulatory actions by SGX and other authorities

This new template will help keep investor better informed of regulatory actions taken by SGX and other authorities against an issuer, its directors or key management. These could include any investigations, disciplinary decisions, reprimands and other related issues pertaining to the affairs of the issuer. Issuers should also use this template to provide updates and announce the outcome of these regulatory actions.

(ii) Responses to SGX queries

Issuers will use this template to disclose clarifications in response to SGX queries. The queries may pertain to financial statements, annual reports, media reports and other announcements. This will make it easier for investors to monitor companies' disclosure and compliance with listing rules.

(iii) Change in capital

The new announcement template will be used to announce all changes in capital arising from (a) corporate actions under Chapter 8 of the Listing Manual such as rights issue, bonus issue, placement, issue of convertible securities and share consolidation and subdivision; and (b) sale, transfer, cancellation and use of treasury shares and grant of share options pursuant to Mainboard Listing Rules 704(26) and (27) and Catalist Rules 704(29) and (30).

Issuers can better categorise capital-raising exercises and highlight any additional listing of shares, while investors will find it easier to view announcements related to changes in capital.

Issuers should also use this template to disclose all related announcements such as approval-in-principle received from SGX-ST, use of proceeds, adjustment to conversion price, lodgment and despatch of the offering circular, etc.

(iv) Schedule of meetings

With this new template, issuers will find it more convenient to announce details of their annual general meetings (AGMs). It will also make it easier for shareholders and investors to search for scheduled meetings. Details of the AGMs submitted via the template will appear on the AGM Schedules web page under the SGX Marketplace website.

(v) Financial statement and related announcement

The template "Financial Statement and Dividend Announcement" is revised to "Financial Statement and Related Announcement" to allow issuers to disclose related announcements pertaining to the financials of the company. These include presentation slides, press releases on results, profit guidance, auditors' comments on accounts, notification of results release, discrepancies between unaudited accounts and audited accounts, etc.



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(vi) Acquisitions and disposals

The template "Announcement of Acquisitions & Realisations of Assets" is re-named "Acquisitions and Disposals". Issuers will be able to highlight to shareholders whether the acquisitions and disposals are interested person transactions under Chapter 9 of the Listing Manual, non-mandatory disclosure, discloseable, major transactions, very substantial acquisitions or reverse takeovers under Chapter 10 of the Listing Manual or changes in company's interest in quoted securities, associated companies or subsidiaries under Chapter 7 of the Listing Manual.

Issuers should also use this template for announcements related to acquisitions and disposals such as approval-in-principle obtained from SGX-ST and completion of acquisitions and disposals. The SGX has said that any announcement that is inappropriately categorized will have to be re-filed under the appropriate template.

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New Council to review Code of Corporate Governance in Singapore

The Monetary Authority of Singapore (MAS) will set up a specialized corporate governance council to review the adequacy of the current corporate governance guidelines. The move is aimed at enhancing investors' confidence in Singapore-listed companies.

The new council's first task will be a review of the Code of Corporate Governance. The code was last reviewed in 2005 by the now defunct Council on Corporate Disclosure and Governance (CCDG). But unlike the CCDG which had the extra role of prescribing accounting standards, the new council will focus solely on corporate governance.

A good balance of directors with a range of skills and relevant experience is an essential foundation for good corporate governance. Hence the three key aspects of corporate governance that would be under review are the quality and composition of boards, remuneration practices and risk management.

Remuneration practices have attracted the most public attention in the wake of the financial crisis and some jurisdictions such as Australia and the US are even considering legislation to empower shareholders to have a more direct role in setting remuneration. Firms should ensure that remuneration packages of executives and boards align with the long-term interest of the firm and not just reward staff for short-term gains.



As for risk management, boards should be fully apprised of the level of risk the company is facing and it must be managed on an enterprise-wide basis.

The MAS will announce the members of the Corporate Governance Council and its terms of reference early next year. Both private and public sector professionals will be roped in to serve as members of the council.

ACRA launches the first XBRL-Enabled interactive financial analysis tool on the financials of Singapore companies



The Accounting and Corporate Regulatory Authority (ACRA) launched **Open Analytics** - an online financial analysis tool leveraging on the eXtensible Business Reporting Language (XBRL) financial statements filings with ACRA on 14 January 2010. The business community will now be able to access financial information of Singapore companies in an interactive and dynamic manner through Open Analytics to enhance their decision-making process.

Directors, management and shareholders can compare performance against peers to identify improvement opportunities. For banks, Open Analytics provides the financial information of the companies they extend credit to for regular credit risk assessments against the respective industries, particularly for small and medium entities. Entrepreneurs and investors can identify untapped niche areas and hidden gems in the Singapore corporate space. Analysts can use Open Analytics to monitor and analyse trend performance of companies or any specific industry sector.

Open Analytics is the result of a pioneering public private between ACRA and WHK Horwarth, an Australian financial services firm, as part of ACRA's Business Financials in XBRL (BizFinx) initiative. Open Analytics enables analyzing large volumes of standardized financial data submitted in XBRL and using the dynamic business intelligence to benchmark companies' performance. The introduction of Open Analytics represents a shift from the focus of XBRL as a reporting language, to one in which it is an enabler for a more effective and efficient dissemination mechanism to enhance financial information flow to the business community, both locally and internationally.

About Complete Corporate Services Pte Ltd

Accounting Solutions Division

The Accounting Solutions Division provides various types of assistance depending on your needs.

- Setting up of accounting systems and procedures
- Update and Maintenance of your Accounting Records and Reports
- Payroll Administration

Taxation Services Division

The Division offers a broad range of both direct and indirect taxation services, providing you with up to date information and advice to achieve tax effective solutions.

- Tax Compliance Services
- Tax Advisory Services

Corporate Secretarial Division

The Corporate Secretarial Services Division can offer the following services depending on your needs:

- Formation of Companies and Singapore Branches (foreign companies)
- Acting as Corporate Secretaries and Secretarial Agents for private or public limited companies
- Registration of a Business Name, Limited Liability Partnership and Representative offices
- Liquidation

Executive Search Division

We can assist in the search for suitable candidates to hold executive positions in client companies.

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Over the last 20 years, we have grown to be a substantial outsource accounting, corporate secretarial and tax consulting group. In conjunction with our associates located in major cities around the world, we ensure that clients' expectations are met in full. Regardless of the size of client, our philosophy remains constant - to provide personalised professional service.

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