

SINGAPORE



SGX proposes new Mainboard listing criteria and introduction of SPACs

The Singapore Exchange Limited (“SGX”) is proposing changing the Mainboard listing criteria and introducing a separate listing framework for Special Purpose Acquisition Companies (“SPACs”). This article looks at some of the changes proposed.

Revision of the SGX-ST Mainboard Listing Criteria

The revision of the Mainboard listing criteria are to distinguish more clearly between the larger and more established companies on the Mainboard and the fast-growing companies on Catalist, and to strengthen Singapore’s position as a capital market of choice.

Under the proposed revision, a prospective issuer seeking a Mainboard listing must satisfy one of the following two quantitative criteria:-

- Criterion 1: A prospective issuer must be profitable in the latest financial year (pre-tax profit based on the latest full year consolidated audited accounts, excluding exceptional or non-recurrent income and extraordinary items), have an operating track record of three years and a market capitalisation of not less than S\$150 million based on the issue price and post-invitation issued share capital; or
- Criterion 2: A prospective issuer must have generated operating revenue (either actual or pro forma) in the latest financial year and a market capitalisation of not less S\$300 million based on the issue price and post-invitational issued share capital

The proposed criteria will apply to both initial public offerings (“IPOs”) and reverse take-over (“RTOs”) applications alike. Issuers on the Catalist seeking a transfer to Mainboard must meet Criterion 1.

The qualitative criteria for listing, such as strength and integrity of management, will remain the same. SGX also proposes to raise the minimum issue price in an IPO or a RTO application from S\$0.20 to S\$0.50. The implementation of the proposed new listing criteria is expected to be in the fourth quarter of 2010.

Listing framework for SPACs

SGX has seen an increasing interest in the introduction of SPACs in Singapore. SGX is proposing a separate listing framework for such companies with appropriate safeguards. These are shell companies with no prior operating history to raise capital through an IPO to enter into future undetermined business combination. Business combination may take the forms of a merger, share exchange, asset acquisition, share purchase or reorganisation involving one or more operating businesses or assets.

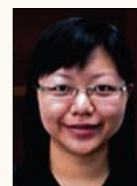
In addition to the usual quantitative criteria for listing, the proposed criteria for listing a SPAC are as follows:-

- the prospective SPAC must have a minimum market capitalisation of S\$150 million based on the issue price and post-invitation issued share capital; and
- at least 25% of a SPAC’s total number of issued shares must be held by at least 300 public shareholders.

Please access the SGX consultation paper which is available on the SGX website, www.sgx.com under “SGX Corporate Home” for further details.

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