

COUNTRY GUIDE – Republic of Singapore

(20 December 2013, updated in April 2014)

Important notes: *This guide does not override the Rules and is not a substitute for legal, regulatory, tax, financial or any other advice from qualified professional advisers. If there is any conflict or inconsistency between this guide and the Rules, the Rules prevail. You may consult the Listing Division on a confidential basis for an interpretation of the Rules, or this guide.*

The information contained in this guide on foreign laws, regulations and market practices is based on that provided to us by potential listing applicants, listing applicants, listed issuers or their respective advisers or officials from the relevant jurisdiction. We have not separately verified this information nor have we updated this information since its receipt. We will revise this guide to reflect changes in this information only when notified of these changes.

A new applicant for listing that is incorporated in the Republic of Singapore (“Singapore”) must confirm to the Exchange, with its initial application for listing, that the Singapore laws, regulations and market practices contained in this guide are still applicable, or provide us with details of any changes, and inform us of any other Singapore laws, regulations and market practices that are relevant to its circumstances.

Purpose of this Guide

This guide is one of a series that gives guidance on our treatment of listing applications from overseas issuers incorporated in a particular jurisdiction. The aim of this guide is to enhance applicants' understanding of our expectations, practices, procedures and the criteria we consider when applying the Rules for overseas issuers.

This guide should be read in conjunction with the Joint Policy Statement Regarding Listing of Overseas Companies (27 September 2013)¹. All issuers incorporated in Singapore can apply for one or more “common waivers” and those with, or seeking, a secondary listing² do not need to apply for waivers of certain Rules which are automatically waived for them³.

Summary of our Approach

Subject to Singapore incorporated companies meeting the conditions set out in this guide, we do not consider Singapore's shareholder protection standards to be materially different to our own.

Singapore meets our international regulatory co-operation requirements because it already has adequate measures in place with Hong Kong's Securities and Futures Commission.

We are prepared to accept financial statements that conform to Singapore Financial Reporting Standards from issuers with, or seeking, a dual primary or secondary listing. These must contain a statement of the financial effect of the material differences (if any) from either Hong Kong Financial Reporting Standards or International Financial Reporting Standards.

We expect a Singapore incorporated issuer to prominently and fully disclose in its listing document details of the Singapore taxation regime and how it is applicable to Hong Kong shareholders, including tax on gains from sales of securities.

¹ Available on the HKEx website at:
http://www.hkex.com.hk/eng/rulesreg/listrules/listsptop/listoc/Documents/new_jps_0927.pdf

² JPS, Section 5.

³ JPS, paragraph 88.

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1. Background

- 1.1 Singapore's equivalent to the Hong Kong Companies Ordinance (Cap. 622) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) is the Singapore Companies Act, which sets requirements for Singapore incorporated companies. The Monetary Authority of Singapore ("MAS") is the statutory securities regulator in Singapore (*Updated in April 2014*).

2. Application of this Country Guide

- 2.1 This Country Guide applies to primary and secondary Main Board listing applicants and primary GEM listing applicants incorporated in Singapore. We do not accept applications for secondary listing on GEM.

3. International Regulatory Co-operation Measures

- 3.1 Our Joint Policy Statement Regarding the Listing of Overseas Companies (27 September 2013) ("JPS") states that the statutory securities regulator of an overseas issuer's jurisdiction of incorporation must have adequate arrangements with the Securities and Futures Commission ("SFC") for regulatory co-operation⁴. This requirement is met for issuers incorporated in Singapore as the MAS is a full signatory of the IOSCO MMOU⁵. In addition, in 1997, the MAS signed a Memorandum of Understanding with the SFC to promote mutual assistance by the exchange of information with respect to listed or traded securities on the respective exchanges.
- 3.2 If a listing applicant is incorporated in Singapore but its place of central management and control⁶ is elsewhere, similar international co-operation arrangements must generally also be in place with that jurisdiction.

4. JPS Shareholder Protection Standards

- 4.1 Subject to Singapore incorporated issuers demonstrating⁷ how their practices, as set out below, conform to the JPS requirements, we do not consider Singapore's shareholder protection standards to be materially different to our own⁸. We have set out below details of the differences between these practices and the JPS requirements, save for 'Right to speak and vote at general meetings', since this is a new JPS requirement and we have not yet received

⁴ JPS, paragraphs 42 to 44.

⁵ International Organisation of Securities Commission's Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information.

⁶ JPS, paragraph 45.

⁷ We list the key shareholder protection standards with which applicants must demonstrate equivalence in Section 1 of the JPS.

⁸ Notes to Main Board Rules 19.05(1) and 19.30(1) and JPS, paragraphs 27 and 28.

any submissions describing the differences. Where we have in the past accepted a practice, we have stated this below.

Proceedings at general meetings

- 4.2 **Notice of general meetings**: Under the JPS, an overseas company must give its members reasonable written notice of general meetings⁹. Under Singapore laws, the notice period for convening a general meeting or class meeting, other than one for the passing of a special resolution¹⁰, is not less than 14 days and one that requires a special resolution is 21 days.

In determining the “reasonableness” of the notice period for general meetings, the Exchange will take into consideration (i) the provisions under the Hong Kong Companies Ordinance (Cap. 622) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) as from time to time in force as applicable to Hong Kong incorporated companies, (ii) the shareholding structure of the company, and (iii) company and transaction specific facts and circumstances (*Updated in April 2014*).

The Exchange has previously accepted the notice requirement for convening general meetings under Singapore laws.

- 4.3 **Right to speak and vote at general meetings**: The JPS requires that all members must have the right to speak and vote at a general meeting, except in cases where members have a material interest in a transaction or arrangement, in which case they are required, by the Rules, to abstain from voting to approve the transaction or arrangement¹¹. Singapore incorporated listing applicants must demonstrate how they will comply with this requirement, which may necessitate an amendment to their constitutional documents.

5. Practical and Operational Matters

- 5.1 Reference is made to Section 4 of the JPS which contains guidance on an overseas issuer’s ability to comply with Hong Kong’s rules and regulations; the eligibility of securities; cross-border clearing and settlement; Hong Kong depositary receipts; taxation; and stock name identifications. Applicants are encouraged to notify the Listing Division if they envisage difficulties in complying with such matters, where applicable.

⁹ JPS, paragraph 37.

¹⁰ A resolution requiring to be passed by no less than three-quarters majority vote at a general meeting.

¹¹ JPS, paragraph 38.

6. Constitutional Documents

- 6.1 Applicants should contact Listing Division if Singapore laws or the applicants' constitutional documents cannot meet the standards under Appendix 3 to the Main Board Rules/ Appendix 6 to GEM Rules.

7. Accounting and Auditing Related Requirements

- 7.1 We normally require the accountants' reports and financial statements of overseas issuers seeking a primary or secondary listing to conform to the Hong Kong Financial Reporting Standards ("HKFRS") or the International Financial Reporting Standards ("IFRS")¹².

Our Approach

- 7.2 As set out in the JPS, Singapore Financial Reporting Standards ("SFRS") and Singapore Standards on Auditing are acceptable to the Exchange¹³. We have previously allowed Singapore incorporated issuers seeking a dual-primary or secondary listing on the Exchange to use SFRS for their accountants' reports and all subsequent financial statements, and for these to be audited to Singapore Standards on Auditing. However, this was on the condition the issuer includes a statement of the financial effect of the material differences (if any) from HKFRS or IFRS, in its accountants' reports and subsequent financial statements, and it must revert to HKFRS or IFRS if it is no longer listed in a jurisdiction that allows SFRS.

8. Taxation

- 8.1 Singapore laws do not impose tax on capital gains. However, gains arising from the disposal of ordinary shares of a Singapore incorporated company may be construed to be of an income nature and subject to Singapore tax if the gains arise from activities which the Controller of Income Tax of Singapore considers as the carrying on of a trade or business in Singapore.

Our Approach

- 8.4 We expect a Singapore incorporated issuer to disclose the following prominently in its listing document:
- (a) the rate of tax investors in its securities will have to pay;

¹² Main Board Rules 4.11 to 4.13, 19.13, 19.39 and Notes 2.1 and 2.4 to paragraph 2 of Appendix 16. See also JPS, paragraphs 56 to 62.

¹³ JPS, paragraphs 50 and 59.

- (b) details of any treaty between Singapore and Hong Kong that may affect the tax payable;
- (c) the effect of holding the issuer's shares through CCASS or outside CCASS on any tax payable (where applicable); and
- (d) the procedures for claiming any tax relief or exemptions.

8.5 We expect appropriate disclosure of taxation in at least the "Summary" and "Risk Factors" sections of the issuer's listing document and any sections summarising Singapore laws and regulations.