



Catalist for Growing Local and International Companies

(compiled by Tracy Lim)

Catalist, a new listing platform was created by the Singapore Exchange ("SGX") on 26 November 2007. It is transformed from SESDAQ, the current second Board of SGX.

Sponsors

Sponsors play a critical role in this new regime. Sponsors will be qualified as Full Sponsors or Continuing Sponsors. Full Sponsors will decide on the suitability of companies listing on Catalist and it is no longer reviewed by SGX. A Full Sponsor which brings a company to list must remain as its Sponsor for **at least three years** after IPO. All Sponsors are responsible for advising companies on rule compliance and reviewing all company announcements and circulars after IPO.

The Issuer

Companies with no track or earnings record may list on Catalist. There is no restriction on the size of companies seeking a listing on Catalist. Instead of a prospectus, listing applicants must issue an Offer Document. The Offer Document will be lodged on the Catalist website for public comment. Post-IPO, companies must retain a Sponsor at all times; if not they face delisting. Local companies listing on Catalist must have at least two independent directors sitting on the board. As for foreign companies, one of these must be local resident. There is no quantitative requirement for raising funds at the initial public offering. However, companies need to comply with the following shareholding spread requirements:-

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- post-invitation, 15% of the share capital must be in public hands;
- the number of public shareholders must be at least 200; and
- the overall distribution of shareholdings should provide an orderly secondary market in the securities when trading commences, and must not lead to a corner situation in the securities.

Promoters will be subject to several constraints on the sale of their shares. They must not sell their shares if (i) they collectively own less than 50% of issued capital at IPO; or (ii) such sale will cause their collective shareholding to fall below 50% of issued capital at the time of listing. A moratorium over all their shares will be imposed on the promoters for a period of first 6 months after the IPO and subsequently, a continued moratorium for another 6 months over half of their shares.

Transition to Catalyst

Current SESDAQ companies will continue to be governed by the existing rules. They will have at least 2 years to find a sponsor and comply with the rules of Catalyst, failing to do so, they may be delisted.

To assist in the transition of SESDAQ companies to Catalyst, SGX is waiving the annual listing fees for the first three years. During this period, these companies will simply pay continuing fees to their sponsors and the annual listing fees of \$15,000 to \$50,000 will kick in only from the 4th year onwards. **BSL**

Did You Know?

Tax Alert - Section 94A(3)

The Inland Revenue Authority of Singapore has introduced a new section 94A(3) of the Singapore Income Tax Act to impose heavier penalties for failure to file tax returns for 2 years or more. It states as follows:

“Any person who fails or neglects without reasonable excuse to comply with section 62 or 71 in respect of any year of assessment for 2 years or more shall be guilty of an offence and shall be liable on conviction to:

(a) a penalty equal to double the amount of tax which the Comptroller assesses him to be liable for that year of assessment after determining, to the best of the Comptroller's judgment, the amount of his chargeable income; and

(b) a fine not exceeding \$1,000

and in default of payment to imprisonment for a term not exceeding 6 months.”

The new section takes effect from the Year of Assessment 2009. Taxpayers who have not filed their income tax returns for Years of Assessment 2007 or prior years by Year of Assessment 2009 will be caught, and be potentially liable for penalties of two times the estimated tax as assessed by the Comptroller for the respective outstanding years of assessment. **BSL**

Writer's Caveat

These articles have merely attempted to provide a broad overview on the subject matters. It is not in any way intended to be comprehensive and no specific action should be taken on the basis of the above without consulting your professional advisors.

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BSL Corporate Services Pte Ltd (Company Reg. No. 199705883C)
220 Orchard Road #05-01 Midpoint Orchard
Singapore 238852
Tel: 65 6235 3388 Fax: 65 6235 3178
Email: main@bslcs.com.sg URL: <http://www.bslcs.com.sg>

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