B. SUMMARY OF FOREIGN LAWS AND REGULATIONS

1. LAWS AND REGULATIONS IN RELATION TO A SINGAPORE INCORPORATED COMPANY

The following summarises the salient provisions of the laws of Singapore as at the date of this information sheet. The summaries below are for general guidance only and do not constitute legal advice, nor must they be used as a substitute for, or specific legal advice, on the corporate law of Singapore. The summaries below are not meant to be a comprehensive or exhaustive description of all the obligations, rights and privileges of shareholders of companies imposed or conferred by the corporate law of Singapore. In addition, prospective investors and/or Shareholders should also note that the laws applicable to shareholders may change, whether as a result of proposed legislative reforms to the laws of Singapore or otherwise. Prospective investors and/or Shareholders should consult their own legal advisors for specific legal advice concerning their legal obligations under the relevant laws.

Reporting Obligations of Shareholders

(a) Obligation to notify company of substantial shareholding and change in substantial shareholding – Sections 81 to 84 of the Singapore Companies Act

Under Section 82 of the Singapore Companies Act, a substantial shareholder of a company is required to notify the company of his interests in the voting shares in the company within 2 business days after becoming a substantial shareholder. Section 81(1) provides that a person has a substantial shareholding in a company if he has an interest or interests in one or more voting shares in the company, and the total votes attached to that share, or those shares, is not less than 5% of the total votes attached to all the voting shares in the company.

Sections 83 and 84 provide that a substantial shareholder is also required to notify the company of changes in the percentage level of his shareholding or his ceasing to be a substantial shareholder, within 2 business days after he is aware of such changes. A change in "percentage level" means any change in a substantial shareholder's interest in the company which results in his interest, following such change, increasing or decreasing to the next 1% threshold.

(b) Consequences of non-compliance with notification obligations – Sections 89 and 90 of the Singapore Companies Act

Section 89 of the Singapore Companies Act sets out the consequences of non-compliance with, *inter alia*, Sections 82 to 84. Essentially, a person who fails to comply with the said Sections shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$5,000 and in the case of a continuing offence to a further fine of S$500 every day of the period during which the offence continues after conviction.

Section 90 provides for a defence to a prosecution for failing to comply with, *inter alia,* Sections 82 to 84. It is a defence if the defendant proves that his failure was due to his not being aware of a fact or occurrence the existence of which was necessary to constitute the offence and that he was not so aware on the date of the summons, or he became so aware less than 7 days before the date of the summons. However, a person will conclusively be presumed to have been aware of a fact or occurrence at a particular time (i) of which he would, if he had acted with reasonable diligence in the conduct of his affairs, have been aware at that time or (ii) of which an employee or agent of the person, being an employee or agent having duties or acting in relation to his master's or principal's interest or interests in a share or shares in the company concerned, was aware or would, if he had acted with reasonable diligence in the conduct of his mater's or principal's affairs, have been aware at that time.

(c) Powers of the court with respect to defaulting substantial shareholders – Section 91 of the Singapore Companies Act

Under Section 91 of the Singapore Companies Act, where a substantial shareholder fails to comply with Sections 82 to 84, the Singapore court may, on the application of the Minister of Finance of Singapore, whether or not the failure still continues, make one of the following orders:–

(i) an order restraining the substantial shareholder from disposing of any interest in shares in the company in which he is or has been a substantial shareholder;

(ii) an order restraining a person who is, or is entitled to be registered as, the holder of shares referred to in paragraph (i) from disposing of any interest in those shares;

(iii) an order restraining the exercise of any voting or other rights attached to any share in the company in which the substantial shareholder has or has had an interest;

(iv) an order directing the company not to make payment, or to defer making payment, of any sum due from the company in respect of any share in which the substantial shareholder has or has had an interest;

(v) an order directing the sale of all or any of the shares in the company in which the substantial shareholder has or has had an interest;

(vi) an order directing the company not to register the transfer or transmission of specified shares;

(vii) an order that any exercise of the voting or other rights attached to specified shares in the company in which the substantial shareholder has or has had an interest be disregarded;

(viii) for the purposes of securing compliance with any other order made under Section 91, an order directing the company or any other person to do or refrain from doing a specified act.

Any order made under Section 91 may include such ancillary or consequential provisions as the Singapore court thinks just.

The Singapore court may not make an order under Section 91, other than an order restraining the exercise of voting rights, if it is satisfied that the failure of the substantial shareholder to comply was due to his inadvertence or mistake or to his not being aware of a relevant fact or occurrence, and that in all circumstances, the failure ought to be excused.

Any person who contravenes or fails to comply with an order made under Section 91 that is applicable to him shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$5,000 and, in the case of a continuing offence, to a further fine of S$500 for every day of the period during which the offence continues after conviction.

Prohibited Conduct In Relation to Trading in the Securities of the Company

(a) Prohibitions against false trading and market manipulation – Section 197 of the Securities and Futures Act 2001 (the "SFA")

Under Section 197(1) of the SFA, no person shall do any thing, cause any thing to be done or engage in any course of conduct, if his purpose, or any of his purposes, for doing that thing, causing that thing to be done or engaging in that course of conduct, as the case may be, is to create a false or misleading appearance of (i) active trading in any capital markets products on an organised market; or (ii) with respect to the market for, or the price of, any capital markets products traded on an organised market.

In addition, pursuant to Section 197(1A) of the SFA, no person shall do any thing, cause any thing to be done or engage in any course of conduct that creates, or is likely to create, a false or misleading appearance of active trading in any capital markets products on an organised market, or with respect to the market for, or the price of, any capital markets products traded on an organised market, if:

(A) he knows that doing that thing, causing that thing to be done or engaging in that course of conduct, as the case may be, will create, or will be likely to create, that false or misleading appearance; or

(B) he is reckless as to whether doing that thing, causing that thing to be done or engaging in that course of conduct, as the case may be, will create, or will be likely to create, that false or misleading appearance.

Under Section 197(2), a person must not maintain, inflate, depress, or cause fluctuations in, the market price of any capital markets products by (i) means of any purchase or sale of any capital markets products that does not involve a change in the beneficial ownership of the capital market products; or (ii) by any fictitious transaction or device.

Under Section 197(3), it is presumed that a person's purpose, or one of a person's purposes, is to create a false or misleading appearance of active trading in capital markets products on an organised market if the person:

(A) effects, takes part in, is concerned in or carries out, directly or indirectly, any transaction of purchase or sale of the capital markets products, being a transaction that does not involve any change in the beneficial ownership of the capital markets products;

(B) makes or causes to be made an offer to sell the capital markets products at a specified price, where the person has made or caused to be made or proposes to make or to cause to be made, or knows that a person associated with the person has made or caused to be made or proposes to make or to cause to be made, an offer to purchase the same number, or substantially the same number, of the capital markets products at a price that is substantially the same as the first-mentioned price; or

(C) makes or causes to be made an offer to purchase the capital markets products at a specified price, where the person has made or caused to be made or proposes to make or to cause to be made, or knows that a person associated with the person has made or caused to be made or proposes to make or to cause to be made, an offer to sell the same number, or substantially the same number, of the capital markets products at a price that is substantially the same as the first-mentioned price.

Section 197(4) provides that the presumption under Section 197(3) may be rebutted if the defendant establishes that the purpose or purposes for which he did the act was not, or did not include, the purpose of creating a false or misleading appearance of active trading in the capital markets products on the organised market.

Section 197(5) provides that a purchase or sale of capital market products does not involve a change in the beneficial ownership if any of the following persons has an interest in the capital markets products after the purchase or sale: (a) a person who had an interest in the capital markets products before the purchase or sale; or (b) a person associated with the person mentioned in (a).

Section 197(6) provides a defence to proceedings against a person for contravention of Section 197(2) in relation to a purchase or sale of capital markets products that did not involve a change in the beneficial ownership of the capital markets products. It is a defence if the defendant establishes that the purpose or purposes for which he purchased or sold the capital markets products was not, or did not include, the purpose of creating a false or misleading appearance with respect to the market for, or the price of, the capital markets products.

(b) Prohibition against securities and securities-based derivatives contracts market manipulation – Section 198 of the SFA

Under Section 198(1) of the SFA, a person must not effect, take part in, be concerned in or carry out directly or indirectly, two or more transactions in securities, or securities-based derivatives contracts, of a corporation, being transactions that have, or are likely to have, the effect of raising, lowering, maintaining or stabilising the price of securities, or securities-based derivatives contracts, as the case may be, of the corporation on an organised market, with the intent to induce other persons to subscribe for, purchase or sell securities, or securities-based derivatives contracts, as the case may be, of the corporation or of a related corporation.

Section 198(3)(a) provides that transactions in securities or securities-based derivatives contracts of a corporation includes (i) a reference to the making of an offer to purchase or sell such securities or securities-based derivatives contracts, as the case may be; and (ii) a reference to the making of an invitation, however expressed, that directly or indirectly invites a person to offer to purchase or sell such securities or securities-based derivatives contracts, as the case may be.

(c) Prohibition against the manipulation of the market price of securities by the dissemination of misleading information and the dissemination of information about illegal transactions – Sections 199 and 202 of the SFA

Section 199 of the SFA prohibits the making of false or misleading statements. Under this provision, a person shall not make a statement, or disseminate information, that is false or misleading in a material particular and is likely (a) to induce other persons to subscribe for, amongst others, securities or securities-based derivatives contracts; (b) to induce the sale or purchase of amongst others, securities or securities-based derivatives contracts, by other persons; or (c) to have the effect (whether significant or otherwise) of raising, lowering, maintaining, or stabilising the market price of amongst others, securities or securities-based derivatives contracts, if, when he makes the statement or disseminates the information, (1) he either does not care whether the statement or information is true or false; or (2) he knows or ought reasonably to have known that the statement or information is false or misleading in a material particular.

Section 202 of the SFA prohibits the circulation or dissemination of information about illegal transactions. This provision prohibits the circulation or dissemination (or authorising or being concerned in the circulation or dissemination) of any statement or information to amongst others, any of the following effects:

(A) the price of any securities or securities-based derivatives contract, of a corporation will, or is likely, to rise or fall or be maintained by reason of any transaction entered into or to be entered into or other act or thing done or to be done in relation to the securities or securities-based derivatives contracts, of that corporation (or of a related corporation) which to the person's knowledge was entered into or done in contravention of section 197, 198, 199, 200 or 201, or if entered into or done would be in contravention of section 197, 198, 199, 200 or 201; or

(B) the price of a class of derivatives contracts will, or is likely to, rise or fall or be maintained by reason of any transaction entered into or to be entered into, or other act or thing done or to be done, in relation to that class of derivatives contracts by one or more persons which to the person's knowledge was entered into, or done, in contravention of section 197, 200, 201, 201A or 201B, or if entered into, or done, would be in contravention of section 197, 200, 201, 201A or 201B.

This prohibition applies where the person who is circulating or disseminating the information or statements: (i) is the person, or associated with the person, who has entered into or purports to enter into any such transaction, or has done or purports to do any such act or thing; or (ii) is the person, or associated with the person, who has received or expects to receive, directly or indirectly, any consideration or benefit for circulating or disseminating or authorising or being concerned in the circulation or dissemination of, the statement or information.

(d) Prohibition against fraudulently inducing persons to deal in capital markets products – Section 200 of the SFA

Under Section 200(1) of the SFA, no person shall (a) by making or publishing any statement, promise, or forecast that he knows or ought reasonably to have known to be misleading, false, or deceptive; (b) by any dishonest concealment of material facts; (c) by the reckless making or publishing of any statement, promise, or forecast that is misleading, false, or deceptive; or (d) by recording or storing in, or by means of, any mechanical, electronic, or other device information that he knows to be false or misleading in a material particular, induce or attempt to induce another person to deal in capital markets products.

Section 200(2) states that in any proceedings against a person for a contravention of Section 200(1) constituted by recording or storing information as mentioned in sub-paragraph (d) of Section 200(1), it is a defence if it is established that, at the time when the defendant so recorded or stored the information, he had no reasonable grounds for expecting that the information would be available to any other person.

(e) Prohibition against employment of manipulative and deceptive devices – Section 201 of the SFA

Section 201 of the SFA prohibits a person from, directly or indirectly, in connection with the subscription, purchase or sale of any capital markets products: (i) employing any device, scheme, or artifice to defraud; (ii) engaging in any act, practice, or course of business which operates as a fraud or deception, or is likely to operate as a fraud of deception, upon any person; (iii) the making of any statement he knows to be false in any material particular; or (iv) omitting to state a material fact necessary to make statements, in the light of circumstances under which they were made, not misleading.

(f) Prohibition against bucketing – Section 201A of the SFA

Section 201A(1) of the SFA provides that a person must not knowingly execute, or hold himself out as having executed, an order for the purchase or sale of a derivatives contract, without having effected in good faith a purchase or sale of that derivatives contract in accordance with the order or with the business rules and practices of an organised market on which the derivatives contract is to be purchased or sold.

(g) Prohibition against manipulation of price of derivatives contracts and cornering – Section 201B of the SFA

Under Section 201B of the SFA, a person must not, directly or indirectly, (a) manipulate or attempt to manipulate the price of a derivatives contract traded on an organised market, or of any underlying thing which is the subject of such derivatives contract; or (b) corner, or attempt to corner, any underlying thing which is the subject of a derivatives contract.

Prohibitions Against Insider Trading – Sections 216, 218 and 219 of the SFA

Pursuant to Section 218(1) of the SFA, where:

(i) a person who is connected to a corporation possesses information concerning that corporation that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of securities or securities-based derivatives contracts of that corporation; and

(ii) the connected person knows or ought reasonably to know that: (A) the information is not generally available; and (B) if it were generally available, it might have a material effect on the price or value of those securities or securities-based derivatives contracts of that corporation, amongst others, sub-section (2) of Section 218 of the SFA (as further described below) shall apply.

Pursuant to Section 218(2) of the SFA, a connected person must not (whether as principal or agent):

(i) subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, amongst other things, the securities or securities-based derivatives contracts mentioned in Section 218(1); or

(ii) procure another person to subscribe for, purchase or sell, or to enter into an agreement to subscribe for, purchase or sell, amongst other things, the securities or securities-based derivatives contracts mentioned in Section 218(1).

A person is connected to a corporation if:

(i) the person is an officer of that corporation or of a related corporation;

(ii) the person is a substantial shareholder in that corporation or in a related corporation; or

(iii) the person occupies a position that may reasonably be expected to give the person access to information of a kind to which this section applies by virtue of: (A) any professional or business relationship existing between the person (or the person's employer or a corporation of which the person is an officer) and that corporation or a related corporation; or (B) being an officer of a substantial shareholder in that corporation or in a related corporation.

Pursuant to Section 219(1) of the SFA, where:

(i) a person who is not a connected person referred to in Section 218 of the SFA (referred to in this section as the insider) possesses information that is not generally available but, if the information were generally available, a reasonable person would expect it to have a material effect on the price or value of, among other things, securities or securities-based derivatives contracts; and

(ii) the insider knows that: (A) the information is not generally available; and (B) if it were generally available, it might have a material effect on the price or value of those securities or securities-based derivatives contracts, as the case may be,

amongst others, sub-section (2) of Section 219 of the Singapore Securities and Futures Act (as further described below) shall apply.

Pursuant to Section 219(2) of the SFA, the insider must not (whether as principal or agent):

(i) subscribe for, purchase or sell, or enter into an agreement to subscribe for, purchase or sell, amongst other things, any such securities or securities-based derivatives contracts, as the case may be; or

(ii) procure another person to subscribe for, purchase or sell, or to enter into an agreement to subscribe for, purchase or sell, amongst other things, any such securities or securities-based derivatives contracts, as the case may be.

For an alleged contravention of Section 218 or 219, Section 220 makes it clear that it is not necessary for the prosecution or claimant to prove that the accused person or defendant intended to use the information referred to in Section 218(1)(a) or (1A)(a) or 219(1)(a) in contravention of Section 218 or 219, as the case may be.

Section 216 of the SFA sets out when a reasonable person would be taken to expect information to have a material effect on the price or value of, among others things, securities or securities-based derivatives contracts, if the information would, or would be likely to, influence any of the following persons in deciding whether or not to subscribe for, buy or sell those securities or securities-based derivatives contracts: (a) the persons who commonly invest in securities or securities-based derivatives contracts; or (b) any one or more classes of persons who constitute the persons mentioned in (a).

Penalties – Sections 232, 204, and 221 of the SFA

Section 232 of the SFA provides that whenever it appears to the Monetary Authority of Singapore ("**Monetary Authority**") that any person has contravened the provisions relating to prohibited conduct in relation to trading in the securities of the Company and insider trading (as described above), the Monetary Authority may, with the consent of the Public Prosecutor, bring an action in a court against the offender to seek an order for a civil penalty in respect of that contravention. If the court is satisfied on the balance of probabilities that the person has contravened a provision, the court may make an order against him for the payment of a civil penalty of a sum not exceeding the greater of the following: (a) three times the amount of the profit that the person gained as a result of the contravention or the amount of loss that the person avoided as a result of the contravention; or (b) S$2 million. The civil penalty must not be less than: (i) in the case where the person is a corporation, S$100,000; and (ii) in any other case, S$50,000.

Under Section 204 of the SFA, any person who contravenes Sections 197, 198, 199, 200, 201, 201A, 201B or 202 is guilty of an offence and shall be liable on conviction to a fine not exceeding S$250,000 or to imprisonment for a term not exceeding seven years or to both. Section 204 further provides that no proceedings shall be instituted against a person for the offence after: (a) a court has made an order against him for the payment of a civil penalty under Section 232; or (b) the person has entered into an agreement with the Monetary Authority to pay, with or without admission of liability, a civil penalty under Section 232(5), in respect of the contravention.

Under Section 221 of the SFA, any person who contravenes Section 218 or 219 shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$250,000 or to imprisonment for a term not exceeding seven years or to both. Section 221 further provides that no proceedings shall be instituted against a person for an offence in respect of a contravention of Section 218 or 219 after: (a) a court has made an order against him for the payment of a civil penalty under Section 232; or (b) the person has entered into an agreement with the Monetary Authority to pay, with or without admission of liability, a civil penalty under Section 232(5), in respect of that contravention.

Civil Liability – Section 234 of the SFA

Section 234 of the SFA provides that a person who has contravened any of the provisions relating to prohibited conduct in relation to trading in the securities of the Company and insider trading (as described above) shall, if he had gained a profit or avoided a loss as a result of that contravention, whether or not he had been convicted or had a civil penalty imposed on him in respect of that contravention, be liable to pay compensation to any person who:

(a) had been dealing in capital markets products of the same description contemporaneously with the contravention; and

(b) had suffered loss by reason of the difference between:

    (i) the price at which the capital markets products were dealt in or traded contemporaneously with the contravention; and

    (ii) the price at which the capital markets products would have been likely to have been so dealt in or traded at the time of the contemporaneous dealing or trading if:

        (1) in the case where the contravening person had acted in contravention of Section 218 or 219, the information mentioned had been generally available; or

        (2) in any other case, the contravention had not occurred.

Duty not to provide false statements to approved exchange, licensed trade repository, approved clearing house, recognized clearing house, authorized benchmark administrator, exempt benchmark administrator and Securities Industry Council – Section 330 of the SFA

Under Section 330 of the SFA, any person who, with intent to deceive, makes or provides, or knowingly and wilfully authorises or permits the making or provision of, any false or misleading statement or report to any approved exchange, licensed trade repository, approved clearing house, recognized clearing house, authorised benchmark administrator or exempt benchmark administrator, or to any officers thereof relating to, inter alia, dealing in securities shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$50,000 or to imprisonment for a term not exceeding 2 years or to both.

Section 330 further provides that any person who, with intent to deceive, makes or provides or knowingly and wilfully authorises or permits the making or provision of, any false or misleading statement or report to the Securities Industry Council or any of its officers, relating to any matter or thing required by the Securities Industry Council in the exercise of its functions under the SFA shall be guilty of an offence and shall be liable on conviction to a fine not exceeding S$50,000 or to imprisonment for a term not exceeding 2 years to both.

Extra-territoriality of the SFA

Section 339(1) of the SFA provides that where a person does an act partly in and partly outside Singapore, which, if done wholly in Singapore, would constitute an offence against any provision of the SFA (which would include the provisions highlighted above), that person shall be guilty of that offence as if the act were carried out by that person wholly in Singapore and may be dealt with as if the offence were committed wholly in Singapore.

Section 339(2) provides that where:

(i) a person does an act outside Singapore which has a substantial and reasonably foreseeable effect in Singapore; and

(ii) that act would, if carried out in Singapore, constitute an offence under the provisions of the SFA in relation to, *inter alia*, trading in the securities of the Company and insider trading (as described above),

that person shall be guilty of that offence as if the act were carried out by that person in Singapore, and may be dealt with as if the offence were committed in Singapore.

In addition, for the purposes of an action under Section 232 or 234 of the SFA, where a person:

(i) does an act partly in and partly outside Singapore which, if done wholly in Singapore, would constitute a contravention of any of the provisions relating to prohibited conduct in relation to trading in the securities of the Company and insider trading (as described above); or

(ii) does an act outside Singapore which has a substantial and reasonably foreseeable effect in Singapore and that act, if carried out in Singapore, would constitute a contravention of any of the provisions relating to prohibited conduct in relation to trading in the securities of the Company and insider trading (as described above),

the act committed by that person shall be treated as being carried out by that person in Singapore.

Take-Over Obligations

Under Rule 14 of the Singapore Take-Over Code, where any person acquires, whether by a series of transactions over a period of time or not, an interest, whether individually or together with parties acting in concert, in 30% or more of the voting rights in a relevant corporation (the "**Offeree**"), or, if such person holds, either on his own or together with parties acting in concert with him, between 30% and 50% (both inclusive) of the Offeree's voting rights, and if he (or parties acting in concert with him) acquires additional voting rights amounting to more than 1% of the total voting rights in the Offeree within a 6-month period, must, except with the consent of the Securities Industry Council in Singapore, extend a takeover offer for the remaining voting shares in accordance with the provisions of the Singapore Take-Over Code.

"Parties acting in concert" are individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Certain persons are presumed (unless presumption is rebutted) to be acting in concert with each other. Such persons are:–

(a) the following companies:

  (i) a company;

  (ii) the parent company of (i);

  (iii) the subsidiaries of (i);

  (iv) the fellow subsidiaries of (i);

  (v) the associated companies of (i) to (iv);

(vi) companies whose associated companies include any of (i) to (v). (If a company has ownership or control of 20% or more, but not more than 50%, of the voting rights of another company, the latter company is an associated company of the first); and

(vii) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

(b) a company with any of its directors, together with their close relatives, related trusts as well as companies controlled by any of the directors, their close relatives and related trusts;

(c) a company with any of its pension funds and employee share schemes;

(d) a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis (but only in respect of the investment account which such person manages);

(e) a financial or other professional advisor, including a stockbroker, with its client in respect of the shareholdings of the adviser and persons controlling, controlled by or under the same control as the advisor;

(f) directors of a company (together with their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for their company may be imminent;

(g) partners; and

(h) the following persons and entities:

(i) an individual;

(ii) the close relatives and related trusts of (i);

(iii) any person who is accustomed to act in accordance with the instructions of (i);

(iv) companies controlled by any of (i) to (iii); and

(v) any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the above for the purchase of voting rights.

In the event that any of the above mentioned thresholds is reached, the person acquiring an interest must make a public announcement stating, inter alia, the terms of the offer and its identity. The Offeror must post an offer document not earlier than 14 days and not later than 21 days from the date of the offer announcement. An offer must be kept open for at least 28 days after the date on which the offer document was posted.

The offeror may vary the offer by, *inter alia*, offering more for the shares or by extending the period in which the offer remains open. If a variation is proposed, the offeror is required to give a written notice to the offeree company and its shareholders, stating the modifications made to the matters set out in the offer document. The revised offer must be kept open for at least another 14 days from the date of posting of the written notification of the revision to shareholders. Where the consideration is varied, shareholders who agree to sell before the variation are also entitled to receive the increased consideration.

A mandatory offer must be in cash or be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror during the offer period and within the 6 months prior to its commencement under Rule 14 of the Singapore Take-Over Code.

Under the Singapore Take-Over Code, where effective control of a company is acquired or consolidated by a person, or persons acting in concert, a general offer to all other shareholders is normally required. An offeror, the offeree company and their respective advisers must treat all shareholders of the same class in an offeree company equally. A fundamental requirement is that shareholders in the company subject to the takeover offer must be given sufficient information, advice and time to enable them to reach an informed decision on the offer.

The Singapore Take-Over Code is non-statutory in that it does not have the force of law. Therefore, as provided in Section 139(8) of the SFA, a failure of any party concerned in a take-over offer or a matter connected therewith to observe any of the provisions of the Singapore Take-Over Code shall not of itself render that party liable to criminal proceedings, but any such failure may, in any proceedings whether civil or criminal, be relied upon by any party to the proceedings as tending to establish or to negate any liability which is in question in the proceedings. However, Securities Industry Council is not prohibited from invoking such sanctions (including public censure) as it may decide in relation to breaches of the Singapore Take-Over Code by any party concerned in a take-over offer or a matter connected therewith. In addition, Section 139 of the SFA states that where Securities Industry Council has reason to believe that any party concerned in a take-over offer, or any person advising on a take-over offer, is in breach of the provisions of the Singapore Take-Over Code or is otherwise believed to have committed acts of misconduct in relation to such take-over offer or matter, the Securities Industry Council has the power to enquire into the suspected breach or misconduct.

Specific requirements and sanctions in relation to take-overs are set out in Section 140 of the SFA as follows:

(a) A person who has no intention to make an offer in the nature of a take-over offer must not give notice or publicly announce that he intends to make a take-over offer.

(b) A person must not make a take-over offer or give notice or publicly announce that he intends to make a take-over offer if he has no reasonable or probable grounds for believing that he will be able to perform his obligations if the take-over offer is accepted or approved, as the case may be.

(c) A contravention of any of the above will make the relevant person (and, where the person is a corporation, every officer of that corporation) guilty of an offence (and shall on conviction, be liable to a fine not exceeding S$250,000 or to imprisonment for a term not exceeding 7 years or to both).

Following the conclusion of an offer, pursuant to Section 215 of the Singapore Companies Act, if an offeror acquires 90.0% of the shares of the offeree company, it may, by notice to the dissenting shareholders, sell its shares to it. In calculating the 90% threshold, shares held or acquired by the offeror, its related corporations and their respective nominees are excluded. The notice must be sent within two months of the satisfaction of the 90% threshold. The shareholder whose shares are thus to be acquired may apply to Court for an order that the offeror is not entitled to acquire the shares, or specifying different acquisition. Where an offeror could acquire the holdings of minority shareholders but does not, a minority shareholder may serve a notice requiring the offeror to do so within three (3) months from the date of receipt of notice from offeror of the fact that the offeror has acquired 90% of the shares of the offeree company. The offeror is then obliged to acquire the shareholder's shares on the same terms as the other shares were acquired during the offer.

Share Capital

The power to issue shares in a company is usually vested with the directors of that company subject to any restrictions in the constitution of that company. However, pursuant to Section 161 of the Singapore Companies Act, notwithstanding anything to the contrary in the constitution of a company, prior approval of the company at a general meeting is required to authorise the directors to exercise any power of the company to issue shares, or the share issue is void under Section 161 of the Singapore Companies Act. Such approval need not be specific but may be general and, once given, will only continue in force until the conclusion of the next annual general meeting or the expiration of the period within which the next annual general meeting is required by law to be held, whichever is the earlier, provided that such approval has not been previously revoked or varied by the company in a general meeting.

Pursuant to Section 64A of the Singapore Companies Act, and subject to the approval of the shareholders of a public company incorporated in Singapore by special resolution, different classes of shares in the public company may be issued if the issue of the class(es) of shares is provided for in the constitution of the company, and the constitution of the company sets out in respect of each class of shares the rights attached to that class of shares. Such class(es) of shares may confer special, limited or conditional voting rights, or not confer any voting rights.

Minority Protection

The rights of minority shareholders of Singapore-incorporated companies are protected under Section 216 of the Singapore Companies Act, which gives the Singapore courts a general power to make any order, upon application by any shareholder of the Company, as they think fit to remedy any of the following situations:

(a) the affairs of the Company are being conducted or the powers of the Board of Directors are being exercised in a manner oppressive to, or in disregard of the interests of, one or more of the shareholders, including the applicant; or

(b) the Company takes an action, or threatens to take an action, or the shareholders pass a resolution, or propose to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of the shareholders, including the applicant.

Singapore courts have wide discretion as to the reliefs they may grant and those reliefs are in no way limited to those listed in Singapore Companies Act itself. Without prejudice to the foregoing, Singapore courts may:

(i) direct or prohibit any act or cancel or vary any transaction or resolution;

(ii) regulate the conduct of the affairs of the Company in the future;

(iii) authorise civil proceedings to be brought in the name of, or on behalf of, the Company by a person or persons and on such terms as the court may direct;

(iv) provide for the purchase of a minority shareholder's shares by the other shareholders or by the Company and, in the case of a purchase of shares by the Company, a corresponding reduction of its share capital;

(v) order the amendment of the company's constitution; or

(vi) provide that the Company be wound up.

Members' Requisition to Convene Extraordinary General Meetings

Section 176 of the Singapore Companies Act provides that members of a company holding not less than 10.0% of the total number of paid up shares of a company carrying the right to vote at general meetings or, in the case of a company not having a share capital, members representing not less than 10% of the total voting rights of all members having a right to vote at general meetings, may requisition for an extraordinary general meeting in accordance with the provisions of the Singapore Companies Act. The directors must convene the meeting to be held as soon as practicable, but in any case not later than two months after the receipt by the company of the requisition.

Section 183 of the Singapore Companies Act provides that (a) any number of members representing not less than 5.0% of the total voting rights of all the members having at the date of requisition a right to vote at a meeting to which the requisition relates or (b) not less than 100 members holding shares on which there has been paid up an average sum, per member, of not less than S$500, may requisition the company to give to members entitled to receive notice of the next annual general meeting notice of any resolution which may properly be moved and is intended to be moved at that meeting, and circulate to members entitled to have notice of any general meeting any statement of not more than 1,000 words with respect to the matter referred to in any proposed resolution or the business to be dealt with at that meeting.

2. SINGAPORE TAXATION

General

Scope of Tax

Corporate taxpayers who are Singapore tax residents are subject to Singapore income tax on all income accruing in or derived from Singapore or income derived from outside Singapore (i.e. foreign-sourced income) which is received/deemed received in Singapore (unless specifically exempt from income tax).

Foreign-sourced income in the form of dividends, branch profits, and services income received or deemed received in Singapore by Singapore tax resident companies are exempt from Singapore income tax if the following conditions are met:

(a) the income is subject to tax of a similar character to income tax under the law of the jurisdiction from which such income is received;

(b) at the time the income is received in Singapore, the highest rate of tax of a similar character to income tax (by whatever name called) levied in the jurisdiction from which the income is received is at least 15%; and

(c) the Comptroller of Income Tax is satisfied that the tax exemption would be beneficial to the recipient of the foreign-sourced income.

Pursuant to a tax concession granted with effect from 30 July 2004, the above foreign income exemption has been extended to include the above foreign-sourced income which is exempted from tax (i.e. underlying and withholding tax) in the foreign jurisdiction as a result of a tax incentive granted by that foreign jurisdiction for carrying out substantive business activities in that foreign jurisdiction.

A non-Singapore tax resident corporate taxpayer is liable to Singapore income tax on income accruing in or derived from Singapore. A non-Singapore tax resident corporate taxpayer is also liable to Singapore income tax on income derived from outside Singapore which is received or deemed to have been received in Singapore but generally only where such taxpayer is considered to be operating in or from Singapore.

For individuals, all foreign-sourced income received in Singapore is generally exempt from income tax, except for income received through a partnership in Singapore if the Inland Revenue Authority of Singapore is satisfied that the tax exemption would be beneficial to the individual.

Rates of Tax

The prevailing corporate tax rate is 17%. With effect from the year of assessment 2020, the first S$200,000 of a company's normal chargeable income is exempt from tax as follows: (i) 75% of up to the first S$10,000 of chargeable income; and (ii) 50% of up to the next S$190,000.

For certain private companies, 75.0% of the first S$100,000 of normal chargeable income and 50.0% of the next S$100,000 of normal chargeable income is exempted from tax, subject to meeting the relevant conditions.

The remaining chargeable income (after deducting the applicable tax exemption of the first S$200,000 of chargeable income) will be taxed at the prevailing corporate tax rate, currently at 17.0%.

Singapore tax-resident individuals are subject to tax on their taxable income at the progressive rates ranging from 0% to 22%, after deductions of qualifying personal reliefs where applicable. Non-resident individuals, subject to certain exceptions and conditions, are subject to Singapore income tax on income accruing in or derived from Singapore at the rate of 22% currently. Singapore employment income may be taxable at a flat rate of 15% or the progressive rates as a tax resident, whichever is higher.

Tax Residency

A company is regarded as a tax resident in Singapore if the control and management of its business is exercised in Singapore (e.g. Boards of Directors meetings are held in Singapore).

An individual is regarded as a tax resident in Singapore in a year of assessment if, in the preceding year, he was physically present or has exercised employment in Singapore (other than as a director of a company) for 183 or more days, or if he ordinarily resides in Singapore, except for temporary absences.

Dividend Distributions

Under the one-tier corporate tax system ("**One-tier System**") in Singapore, the tax paid by companies on their corporate profits is final and dividends paid by Singapore tax resident companies are exempt from Singapore income tax in the hands of all Shareholders regardless of their tax residency and whether the Shareholder is a company or an individual. There will be no tax credits attached to such dividends.

The Company is under the One-tier System. Thus, its dividends will be tax exempt to all Shareholders.

There is no withholding tax on dividend payments to resident or non-resident Shareholders.

Gains on Disposal of Ordinary Shares

Singapore does not impose tax on capital gains. However, gains arising from the disposal of the ordinary shares that are construed to be of an income nature will be subject to tax, especially if the gains arise from activities which the Comptroller of Income Tax considers as the carrying on of a trade or business in Singapore. Hence, any profits from the disposal of ordinary shares are not taxable in Singapore unless the seller is regarded as having derived gains of an income nature, in which case the gains on disposal of the ordinary shares would be taxable.

Stamp Duty

No stamp duty is payable on the subscription and issuance of the Shares.

Where existing Shares evidenced in certificated form are acquired in Singapore, stamp duty is payable on the instrument of transfer of the Shares at the rate of 0.2% of the consideration for, or market value of, the Shares, whichever is higher. The purchaser is liable for stamp duty, unless otherwise agreed.

No stamp duty is payable if no instrument of transfer is executed (such as in the case of scripless shares, the transfer of which does not require an instrument of transfer to be executed) or if the instrument of transfer is executed outside of Singapore. However, stamp duty may be payable if the instrument of transfer which is executed outside Singapore is subsequently brought into Singapore.

Estate Duty

With effect from 15 February 2008, Singapore estate duty has been abolished.

Goods and Services Tax ("GST")

The sale of the Company's ordinary shares by an investor belonging in Singapore through a member of the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") or to another person belonging in Singapore is exempt from GST.

Where the Company's ordinary shares are sold by a GST-registered investor to a person belonging outside Singapore, the sale is a taxable supply subject to GST at zero-rate if certain conditions are met. Any GST incurred by a GST-registered investor in the making of this supply in the course or furtherance of a business, subject to the Goods and Services Tax Act 1993 of Singapore, may be recovered from the Comptroller of GST.

Services such as brokerage, handling, and clearing charges rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale, or holding of shares will be subject to GST at the standard rate (currently at 7%). Similar services rendered to an investor belonging outside of Singapore may be zero-rated if certain conditions are met.

Exchange Controls

As at the date of this information sheet, there are no exchange control restrictions in effect in Singapore.