

Making Sense of Prospectuses

Any company offering shares to the public in Singapore must issue a document known as a prospectus. The prospectus contains information that you would need to know in order to make an informed investment decision about the company and its shares. It will give you an indication of the company's area of business, the key investment risks, how the funds raised would be used, its operating track record and business prospects. Read the prospectus carefully and ensure that the company you are considering is suitable for you and meets your investment needs before you invest in it. MoneySENSE explains key terms in the invitation page of a prospectus for an Initial Public Offering (IPO).

THE INVITATION	
Issue Size	: 50,000,000 New Shares (excluding new Shares, which may be issued pursuant to the Over-allotment Option).
Issue Price	: \$0.40 for each New Share
The invitation	: The Invitation comprises an offering of: <ul style="list-style-type: none"> - 5,000,000 Offer Shares, offered to members of the public in Singapore; - 44,000,000 Placement Shares (excluding Reserved Shares), reserved for placement to members of the public and institutional investors in Singapore; and - 1,000,000 Reserved Shares, reserved for our management, employees, Independent Directors and business associates and those who have contributed to the success of the Group.
Over-allotment Option	: We have granted the Lead Manager the Over-allotment Option which is exercisable in whole or in part within 30 days during the period commencing on the Listing date and expiring on the date falling 30 days after the Listing Date, to subscribe and/or procure subscribers for the Additional Shares, solely to cover over-allotments (if any) in the Invitation. Unless we indicate otherwise, all information in this Prospectus assumes that the Lead Manager does not exercise Over-allotment Option.
Stabilisation	: In connection with the Invitation, the Lead Manager may, in its discretion over-allot or effect transactions which stabilise or maintain the market price of the Shares at levels which might not otherwise prevail in the open market, subject to compliance with applicable laws and regulations in Singapore. Such stabilisation, if commenced, may be discontinued at any time at the Lead Manager's discretion.
Purpose of the Invitation	: Our Directors consider that the listing of our Company and the quotation of our Shares on the SGX-ST will enhance our public image locally and overseas and enable us to tap the capital markets for the expansion of our operations. The Invitation will also provide members of the public, our management, employees, Independent Directors and business associates and those who have contributed to our success with an opportunity to participate in the equity of our Company.
Use of proceeds	: The net proceeds from the issue of the New Shares (after deducting estimated issue expenses of \$3 million) is approximately \$17 million, which we intend to utilise in the following manner: <ul style="list-style-type: none"> i) approximately \$10.0 million to finance the expansion of our ABC segment; ii) approximately \$7.0 million to partially finance the acquisition and redevelopment of XYZ; iii) the balance to be used for working capital

This refers to the total number of shares offered by the Company to investors

This refers to the price set by the Company for subscription by investors. For some IPOs, the price may be a range, and the actual price will only be fixed when subscriptions are closed

The over-allotment option grants the Lead Manager the option to purchase additional shares (up to 15% of shares sold) from the Company for a period of 30 days after the effective date. This is for the purpose of covering over-subscriptions

A company can invite retail and institutional investors to subscribe for new or existing shares. Offer Shares are shares available to all eligible investors above 21 years of age. Placement Shares are shares that are placed by the Company / Lead Manager through various placement agents (stock broking firms) for subscription by the latter's clients

A stabilising manager (typically the Lead Manager of an IPO) buys or agrees to buy the relevant shares in order to stabilise or maintain the market price of such shares. It is an important mechanism used by stabilising managers to reduce price fluctuations

The "Purpose of Invitation" states reasons for inviting investors to subscribe for shares in the Company. The "Use of Proceeds" section specifies how the funds raised through the IPO would be used.

Note: Only part of the Prospectus is featured in this illustration.

Key Questions To Ask Before You Invest

- 1) Does the investment fit into your overall financial plan? Do you understand what the company's business is about? Do you understand the Company's past financial performance, how the funds raised would be used and the key investment risks?
- 2) How much can you afford to invest? Invest only if you have spare cash. Do not speculate on IPOs thinking that the trading price of the new shares will always rise when it starts trading. This may not be the case.
- 3) What is your investment time horizon? Do you take a long-term approach to investments and look for capital growth? Or are you looking for companies that offer good dividend payouts as a source of regular income?
- 4) What is your risk appetite? Also consider factors like your age, financial situation and investment goals. Remember that all investments carry risks, and any investment that promises higher returns is almost always accompanied by higher risks. Do not take on more risk than you are comfortable with. Do not put all your money in stocks only. Spread your risks over different types of investments.