

Chapter 3

DETAILS OF RIGHTS ISSUE

Purpose of rights issue

- 3.01 An abridged prospectus must provide the following information:
- (a) Details on the purpose of the rights issue;
 - (b) The minimum level of subscription in order to satisfy the objectives of the rights issue, and the basis for determining the minimum level of subscription; and
 - (c) The price of the rights issue and the basis for determining the price.

Use of proceeds

- 3.02 An abridged prospectus must disclose the estimated gross proceeds of the rights issue categorised into each principal intended use and the timeframe for full utilisation of such proceeds. If the anticipated proceeds will not be sufficient to fund all the proposed purposes, the order of priority of such purposes must be given, as well as the amount and sources of other funds needed. Disclose also how the proceeds will be used pending their eventual utilisation for the proposed purposes.
- 3.03 Where the proceeds are being used directly or indirectly to acquire an asset, disclose-
- (a) a brief description of the asset and its particulars;
 - (b) the rationale of the acquisition or proposed acquisition including the benefit which is expected to accrue to the fund;
 - (c) the particulars of all liabilities, including contingent liabilities and guarantees to be assumed as a result of the acquisition;

- (d) the amount payable in cash or securities to the vendor and, where there is more than one vendor, to specify separately the amount payable to each vendor and the premium paid or payable;
 - (e) the status of the acquisition or proposed acquisition; and
 - (f) where the asset is a real estate:
 - (i) the market value and valuation date of the real estate; and
 - (ii) a valuation certificate that complies with the *Asset Valuation Guidelines*.
- 3.04 Where any material part of the proceeds is to be used to discharge, reduce or retire indebtedness, describe the interest rate and maturity of such indebtedness. For indebtedness incurred within the last 12 months, how the proceeds of such indebtedness were used.
- 3.05 An analysis of expenses incurred in connection with the rights issue.

Approval and condition

- 3.06 An abridged prospectus must contain details of approval by any relevant authority in relation to the rights issue including its terms and conditions, date of approval and status of compliance by the fund of such condition.

For any specific relief obtained from compliance with relevant securities laws, guidelines and other regulatory requirement, to disclose the details of the relief granted.