

Chapter 3

DETAILS OF OFFERING

- 3.01 Details of the units being issued or offered must be disclosed, including the following:
- (a) The number and type of units proposed to be issued or offered to different groups of investors;
 - (b) Classes of units and rights attaching to the units regarding voting, distribution, liquidation and any special right;
 - (c) Where there is or is to be more than one class of units of the fund in issue, like particulars must be given for each additional class;
 - (d) If, in conjunction with the public offering, units of the same or another class are sold or subscribed privately, the nature of such sale or subscription and the number and characteristics of the issue concerned, including details of underwriting/undertaking arrangements, if any; and

- (e) For any offering where there are excess units to be allocated, a statement that the allocation of the excess units will be made on a fair and equitable manner.

3.02 Details about the pricing of units, including the following:

- (a) Prices offered to different classes of investors; and
- (b) Bases for determination of the offering price.

3.03 Where a management company intends to allocate units to eligible directors, employees and/or other persons under a preferential allocation scheme, to disclose the following:

- (a) A brief description of the criteria of allocation of the units;
- (b) The total number of persons eligible for the allocation; and
- (c) Where the directors of the management company are eligible for the allocation scheme, the number of units which will be allocated to each individual director.

3.04 Where applicable, the following information must be disclosed:

- (a) Where the offer is not fully underwritten on a firm commitment basis, state the minimum level of subscription in order to satisfy the objectives of the offering;
- (b) The estimated gross proceeds from the offering 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 proposed purposes, the order of priority of each purpose 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;
- (c) If the management company has no specific plans for the proceeds, it must also discuss the principal reasons for the offering;
- (d) If any material part of the proceeds is used to discharge, reduce or retire indebtedness, describe the interest rate and maturity of such indebtedness, and, for indebtedness incurred within the past year, the uses to

which the proceeds of such indebtedness were put; and

- (e) If any material part of the proceeds is used for general working capital, briefly describe the items; and
- (f) An analysis of the following:
 - (i) Expenses incurred in connection with the issuance and distribution of the units being offered that are payable by, or on behalf of, the fund;
 - (ii) If any units are to be offered by the selling unit holder, expenses to be paid by, or on behalf of such selling unit holder; and
 - (iii) Expenses specifically charged to the subscriber or purchaser of the units being offered.

3.05 Where applicable, the prospectus must contain details of underwriting agreements, including–

- (a) the level of underwriting arrangement, together with the justifications for such arrangement;

- (b) name of the underwriter together with the number of units underwritten by each underwriter;
- (c) amount of underwriting commissions; and
- (d) summary of the salient terms which may allow the underwriters to withdraw from their obligations under the agreement after the commencement of the offer.