

FAQs on Transformation of SESDAQ to Catalist

Q: How will CPF Investment Scheme (CPFIS) investors who have invested in SESDAQ companies be affected when Catalist is introduced?

A: CPFIS investors who have invested in SESDAQ companies, before these companies are transferred to Catalist on 17 Dec 2007, can continue to hold and invest in these companies subject to the prevailing CPFIS rules and limits on investing in stocks.

Q: How many members and how much CPF monies are currently invested in SESDAQ companies?

A: As of end Sep 2007, CPFIS investors have invested \$159 million in 151 SESDAQ companies. This is 3.5% of the total of \$4.5 billion invested in stocks.

Q: Will CPF Board include new companies that list on Catalist?

A: CPF Board will be monitoring developments of Catalist before considering whether to include under CPFIS new companies listings.

Q: How long will CPF Board be monitoring the developments of Catalist and what are the reasons for not including new companies that are listing on Catalist immediately after they are listed?

A: With the different regulatory approach for the Catalist companies i.e. Exchange-regulated but Sponsor-supervised market vs Exchange-regulated-and-supervised market, and as the companies listing on the Catalist are more likely to be in their earlier stages of development with limited track record, CPF Board is of the view that it would be prudent for us and members to have some time to peruse actual experience over the next 2 to 3 years, whether retirement savings are suitable to be invested in the new companies on Catalist.

Q: If more time is needed to assess suitability of investing retirement savings in companies on Catalist, why have CPF Board allowed members to continue to invest in the SESDAQ companies that will come under the new regulatory regime?

A: Existing SESDAQ companies have been included under CPFIS based on the Exchange-regulated-and-supervised market regulatory regime, which members are familiar with. These companies also already have some track record. Hence members are allowed to continue investing in the SESDAQ companies that come under the new regulatory regime.

The Singapore Exchange (SGX) has given these SESDAQ companies at least

2 years, from the beginning of the announcement of the first batch of Sponsors expected to be announced in 1st quarter 2008, to upgrade to the Main Board or comply with Catalist's requirements, after which these companies could be delisted. CPFIS investors invested in existing SESDAQ companies are advised to be vigilant, rigorously assess the risks and rewards in making their investments and be prudent with their retirement savings.