

ADDENDUM TO PRACTICE DIRECTION NO. 4 OF 2005

1. Following the issue of Practice Direction 4 No. of 2005 on 30 April 2005, ACRA received feedback from companies and their professional advisers that companies which have foreign parent corporations that are not required to disclose directors' interest in their countries of origin, have difficulties in complying with Section 201(6)(g) of the Companies Act ("the Act"). This is because directors of many such companies are also employees of their foreign parent companies and those directors have expressed concerns in disclosing their interest as required by the Act when they are not required to do so in their own countries. We have also obtained feedback that where a company is a wholly owned subsidiary with direct and intermediate holding companies and an ultimate holding company in countries outside Singapore, disclosure of interests held by the directors in the ultimate holding company is of little or no value to the general public in Singapore.

2. ACRA has reviewed the feedback and wishes to highlight that the key purpose of requiring disclosure of directors' interest within the corporate group is to help shareholders check against insider trading by directors and other instances where directors may leverage on their position in the firm for their own personal gain. However, ACRA acknowledges the concerns raised and will conduct a comprehensive review on the issue of disclosure of directors' interest and other relevant disclosure requirements in the Act.

3. As an interim measure, ACRA is willing to consider to granting exemption to a wholly owned subsidiary that seeks exemption under section 202 of the Act, for its directors to disclose their shareholdings in the company itself, the parent company and any other entities envisaged in section 201(6)(g) of the Act, if it can be shown that such non-disclosure will not prejudice the rights of shareholders or affect their ability to make decisions.

Issued on 10 March 2006 as an addendum to Practice Direction No. 4 of 2005.

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Chief Executive and Registrar of Companies

Accounting and Corporate Regulatory Authority (ACRA)

SINGAPORE