

SPRING Singapore's New SME Definition and Incentives Criteria

New SME Definition

The previous SME Definition is as follows:

Company's fixed assets investment (net book value) not more than S\$15 million **AND** employment size not more than 200 workers (services sector)

With effect from 1 April 2011, the new SME Definition will be as follows:

Company's annual sales turnover of not more than S\$100 million **OR** employment size not more than 200 workers

New SME Incentives Criteria

Previous criteria:

- Minimum 30% local equity; **AND**
- Company's Group FAI (net book value) not more than S\$15 million; **AND**
- Company's Group employment size not more than 200 workers (Services)

With effect from 1 April 2011, the new SME Incentives Criteria will be as follows:

- Minimum 30% local shareholding **AND** Existing
- Company's Group annual sales turnover not more than S\$100 million; **OR**
Company's Group employment size not more than 200 workers

Group Tracing

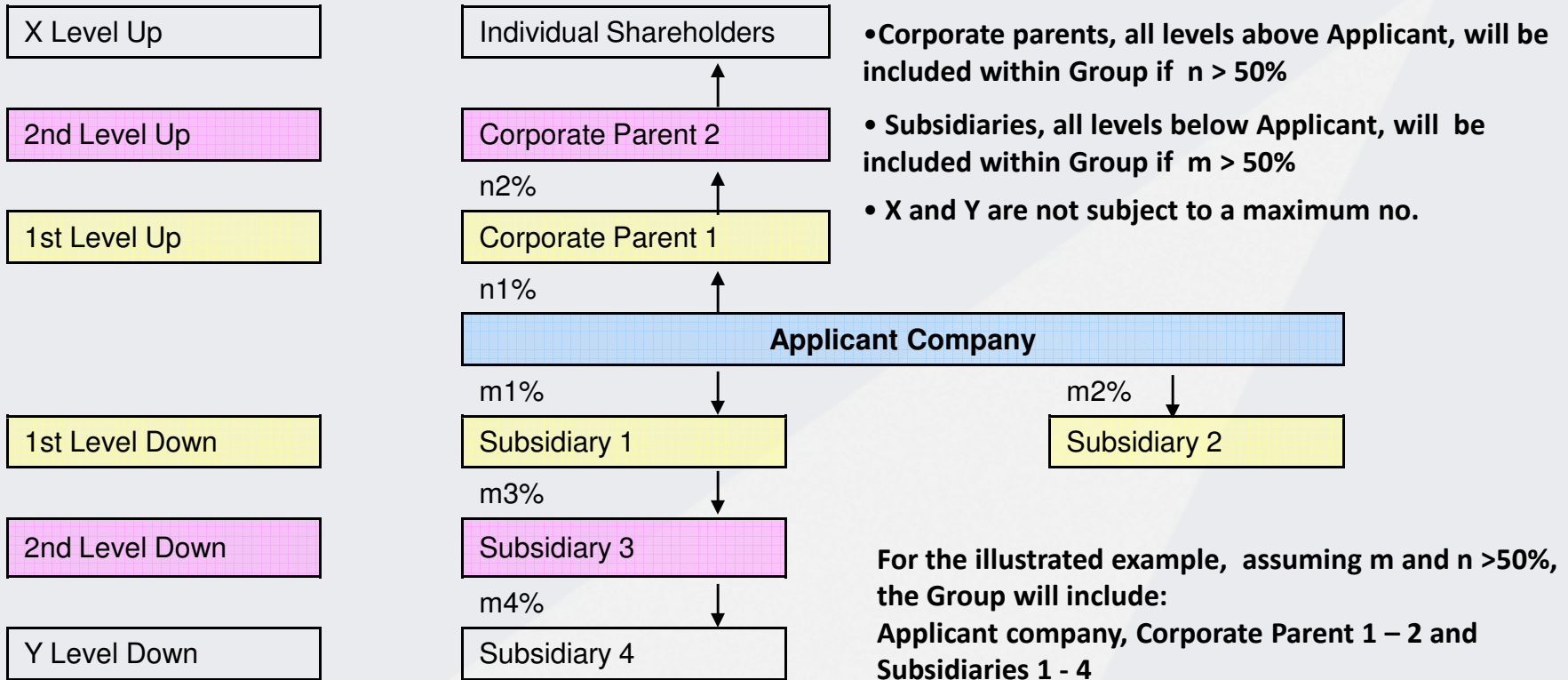
Current Group tracing:

- Up to **3 levels** for corporate shareholder(s) holding $\geq 20\%$ of total shareholding
- **1 level** down for subsidiary(s) where applicant holds $>50\%$ of total shareholding

New Group tracing:

- **All levels** up for corporate shareholder(s) holding $>50\%$ of total shareholding of the applicant company and any subsequent corporate parents
- **All levels** down for subsidiary(s)

New Group Tracing



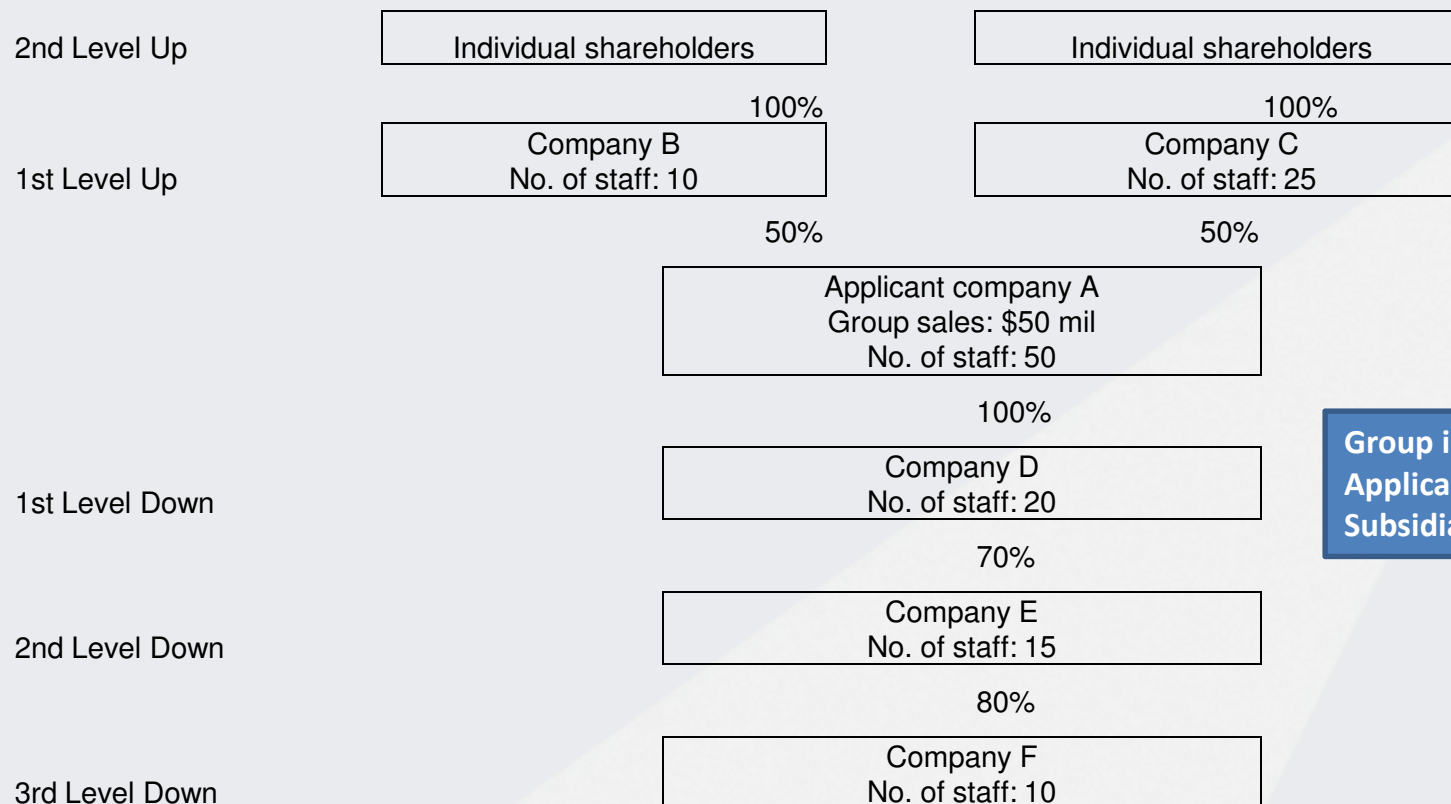
Group T/O:

Group Consolidated T/O of Ultimate Corporate Parent, which refers to Corporate Parent 2 (includes T/O of Corporate Parent 1, Applicant and Subsidiaries 1 – 4)

Group Employment Size:

Summation of Employment size of Applicant Company, Corporate Parent 1 – 2 and Subsidiaries 1 – 4

Example 1

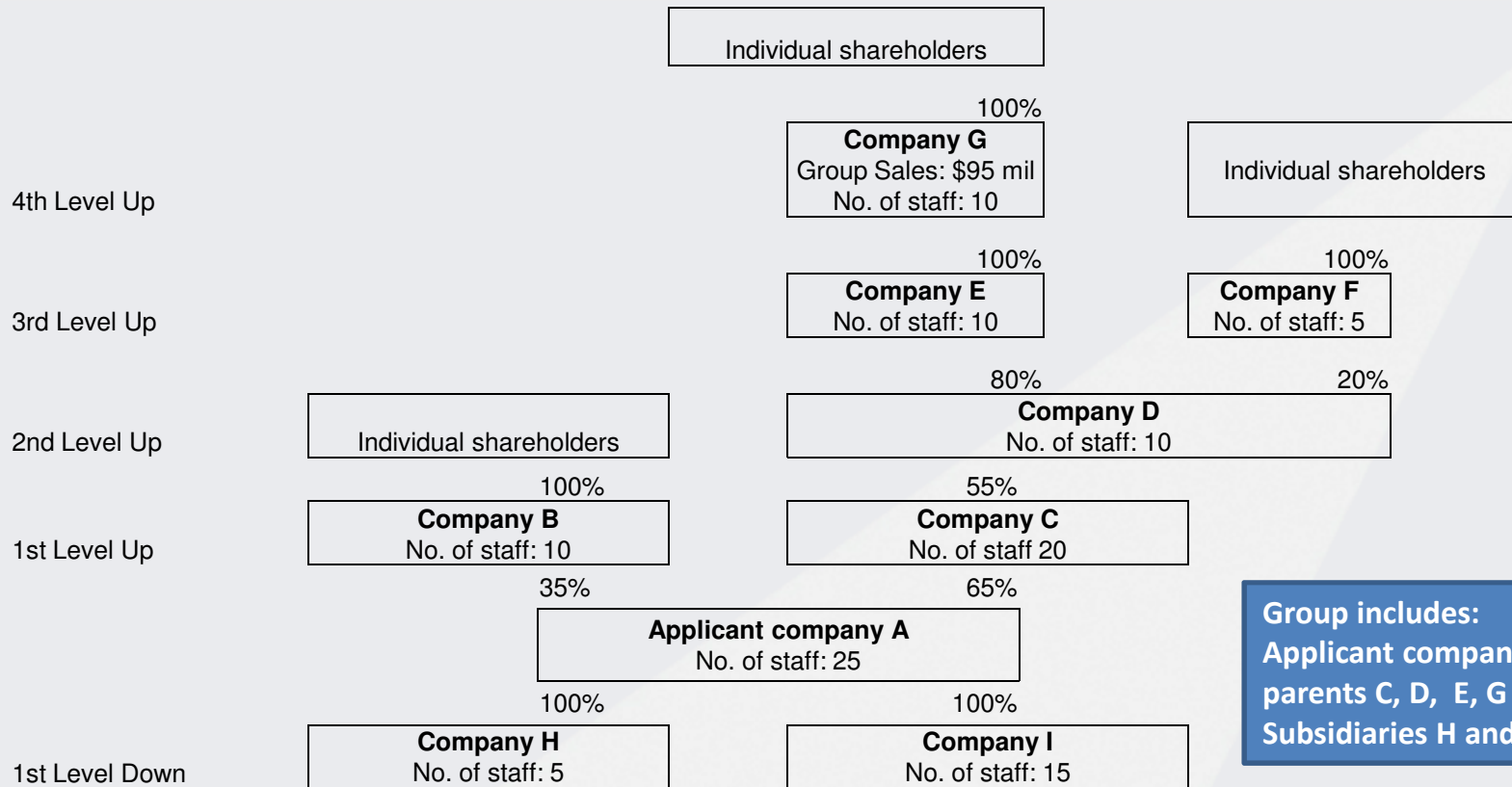


**Group includes:
Applicant company A and
Subsidiaries D, E and F**

Group T/O:
Group Consolidated T/O of Company **A** = \$50 mil
(includes T/O of **Applicant A** and Subsidiaries **D, E** and **F**)

Group Employment Size:
Summation of E.S of **Applicant** and Subsidiaries **D, E** and **F** = 50 + 20 + 15 + 10 = 95

Example 2



Group includes:
Applicant company A, Corporate parents C, D, E, G and Subsidiaries H and I

Group T/O:

Group Consolidated T/O of Company **G** = \$95 mil
(includes T/O of Corporate Parents **C, D, E, Applicant** and Subsidiaries **H and I**)

Group Employment Size:

Summation of E.S of Corporate Parents **C, D, E, G, Applicant** and Subsidiaries **H and I**
= 20 + 10 + 10 + 10 + 25 + 5 + 15 = 95

Verification of Group annual sales

S/No.	Applicant's Corporate Structure	What to verify?
1	<ul style="list-style-type: none"> - No corporate shareholder holding >50% shareholding - No subsidiaries 	Latest company sales of Applicant
2	<ul style="list-style-type: none"> - Has corporate shareholder holding >50% shareholding 	Latest Group sales of Applicant's Ultimate Parent
3	<ul style="list-style-type: none"> - No corporate shareholder holding >50% shareholding - Has subsidiaries 	Latest Group sales of Applicant

Other points to note

1. Companies exempted from financial statements consolidation must submit their individual financial statements and provide a declaration and breakdown of its Group annual sales turnover.

Thank You