

CHAPTER 6

EQUITY SECURITIES

Contents

This chapter sets out the procedures and requirements for applications for the listing on the Exchange of equity securities. All issuers whose equity securities are listed pursuant to this chapter must, unless otherwise agreed by the Exchange, also comply with all relevant provisions of section I of the listing rules.

The provisions of this chapter do not apply to secondary listings of equity securities, which are regulated by chapter 7, or listings of investment funds, which are covered by chapter 9, or equity securities of specialist companies, which are covered by chapter 14. The main headings are:

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CONDITIONS FOR LISTING

Incorporation

- 6.1 An issuer must be duly incorporated or otherwise validly established in a recognised jurisdiction according to the relevant laws of its place of incorporation or establishment and be operating in conformity with its memorandum and articles of association or other constitutional documents.

Sufficiently liquid market

- 6.2 There must be a sufficiently liquid and open market in the equity securities for which listing is sought, which means:
- (a) a new applicant for listing equity securities must normally have an expected initial market capitalisation for all the securities to be listed of at least C\$4,100,000 (US\$5,000,000) but further issues of securities of a class of securities already listed are not subject to this limit; and
 - (b) the minimum percentage of equity securities in public hands, (persons who are not directors or substantial shareholders of the issuer or directors of a substantial shareholder of the issuer or an associate of any of them) must at all times be at least twenty-five per cent. of the class of shares listed, with a minimum of fifty

shareholders. A percentage lower than twenty-five per cent. may be acceptable to the Exchange if the market in the shares will be sufficiently liquid and will operate properly with a lower percentage in view of the large number of shares of the same class and the extent of the distribution to the public.

History of operations

- 6.3 Issuers must have an adequate trading record under substantially the same management which must be of known character and integrity, and which collectively must have appropriate experience and technical expertise to manage the issuer's operations. For the purpose of this rule, an adequate trading record will normally be at least three financial years but the Exchange may accept a shorter period for issuers which meet the Exchange's definition of a start-up, mineral company or shipping company or in exceptional circumstances.

Directors

- 6.4 The board of an issuer must have at least three directors, the majority of whom must be independent.

Financial information

- 6.5 An applicant for listing must have published audited financial statements which cover the three financial years preceding the application for listing. In exceptional circumstances, or for issuers which meet the Exchange's definition of a start-up, mineral company or shipping company the Exchange may accept a shorter period.
- 6.6 In the case of a new applicant the latest financial statements required by the preceding rule must be in respect of a period ended not more than twelve months before the date of the listing document. If more than nine months have elapsed since the date to which the latest audited accounts of the issuer were made up, an interim financial statement made up to a date no earlier than three months prior to the date of the listing document must be included. If the interim financial statement is unaudited, that fact must be stated. The Exchange may, at its discretion, require issuers to have such interim financial statements audited.
- 6.7 In the case of a new applicant the financial statements must be unqualified, unless the qualification is acceptable to the Exchange and has been adequately explained so as to enable investors to make a properly informed assessment of the significance of the matter.
- 6.8 The financial statements referred to above must have been prepared in accordance with International Accounting Standards, United States, Canadian or, United Kingdom Generally Accepted Accounting Principles or other equivalent standard acceptable to the Exchange.

Working capital

- 6.9 An issuer which is applying to list with less than three years trading record must demonstrate to the Exchange that the working capital available to the group, including guaranteed proceeds from any new securities offering, will be sufficient for at least 12 months from the date of listing.

Independent auditor

- 6.10 An applicant must appoint an independent auditor acceptable to the Exchange to carry out the audit of its financial statements.

Transferability

- 6.11 The securities for which listing is sought must be freely transferable except to the extent that any restriction on transferability is approved by the Exchange. Partly paid securities may be regarded as fulfilling this condition, provided that the Exchange is satisfied that their transferability is not restricted, or if it is then such restrictions are approved by the Exchange, and that investors have been provided with all appropriate information to enable dealings in such securities to take place on an open and proper basis.

Whole class to be listed

- 6.12 Where none of the securities of a particular class are listed on the Exchange, the application for listing must relate to all securities of that class, whether already issued or proposed to be issued.
- 6.13 Where the securities of that class are already listed on the Exchange, the application for listing must relate to all further securities of that class which are proposed to be issued.

Convertible securities

- 6.14 Convertible securities may be admitted to listing only if the Exchange is satisfied that investors will be able to obtain the information necessary to form a reasonable opinion as to the value of the securities into which they are convertible. This may require the securities into which they are convertible to be listed on the Exchange or listed on another stock exchange which is recognised for this purpose by the Exchange.

Clearing and settlement

- 6.15 To be admitted to listing on the Exchange, securities must have an ISIN and be eligible for deposit in an acceptable electronic clearing and settlement system including Clearstream, Euroclear, The Depository Trust Company or any acceptable alternative system agreed in advance with the Exchange.

Registrar and paying agent

- 6.16 The issuer must maintain a share transfer agent or registrar and paying agent in a financial centre acceptable to the Exchange. The issuer itself may perform these functions if it can demonstrate to the Exchange that it is capable of doing so.

Constitution

- 6.17 The constitution of the issuer must contain the provision set forth in schedule 6A to this chapter.

Start-ups

- 6.18 An issuer which is a start-up must be able to meet the following requirements:
- (a) Provide a detailed business plan which must identify, as appropriate:
 - (i) strategic objectives;
 - (ii) key products, services and markets;
 - (iii) development milestones;
 - (iv) current and expected market competitors;
 - (v) risks and assumptions upon which the plan is based; and
 - (vi) details of reliance upon any key individuals;
 - (b) Provide an explanation of capital expenditure plans and financial commitments together with the funding requirements of the business for a period of at least two years following the listing and a statement explaining how these requirements will be met from existing resources, any anticipated revenue, and the proceeds of any new securities offering at the time of listing;
 - (c) Where appropriate the Exchange may ask the issuer to provide a report by a suitably qualified independent expert assessing the viability of the issuer's commercial objectives and business plan;
 - (d) Provide a confirmation that the issuer's directors, senior managers and substantial shareholders will not dispose of the issuer's securities for at least 12 months following admission to listing, without the prior approval of the Exchange; and
 - (e) In addition, where the issuer's business relates to the development of innovative technology or products the issuer must demonstrate its ability to attract funds from qualified investors.

Mineral companies

- 6.19 An issuer which is a mineral company must be able to meet the following requirements:
- (a) Demonstrate that where it does not hold controlling interests in a majority of the properties, fields, mines or other assets in which it has invested the issuer has rights to participate actively in their extraction whether by voting or other rights which give it influence in the timing and extraction of resources.
 - (b) Provide a formal legal opinion confirming or otherwise demonstrate the title to or validity and enforceability of any assets, licences or concessions.
 - (c) Provide a confirmation that the issuer's directors, senior managers and substantial shareholders will not dispose of the company's securities for at least 12 months following admission to listing, without the prior approval of the Exchange.

Shipping companies

6.20 An issuer which is a shipping company must be able to meet the following requirements:

- (a) Provide a formal legal opinion confirming or otherwise demonstrate the title to each material vessel directly or indirectly leased or owned.
- (b) Provide a confirmation that the issuer's directors, senior managers and substantial shareholders will not dispose of the company's securities for at least 12 months following admission to listing, without the prior approval of the Exchange.

CONTENTS OF LISTING DOCUMENT

The issuer, its advisers and the listing document

6.21 (a) On the inside cover page of the listing document:

- (i) the official name and jurisdiction of incorporation or other formation of the issuer;
- (ii) the name, number and class of securities being offered by the listing document and the offer price;
- (iii) a statement that application has been made to the Exchange for the securities to be admitted to the official list;
- (iv) a statement of the date on which the securities are expected to be admitted to listing, if known;
- (v) the name of the listing agent and underwriters or other distributors of the issue; and
- (vi) a declaration in the following form:

This listing document includes information given in compliance with the listing rules of the Cayman Islands Stock Exchange. The directors collectively and individually accept full responsibility for the accuracy of the information contained in the listing document and confirm, having made reasonable enquiry, that to the best of their knowledge and belief there are no facts the omission of which would make any statement within the listing document misleading. The Cayman Islands Stock Exchange takes no responsibility for the contents of this document, makes no representations as to its accuracy or completeness, and expressly disclaims any liability whatsoever for any loss arising from or in reliance upon any part of this document;

- (b) the address of its principal or registered office;
- (c) the date of incorporation or other establishment of the issuer;
- (d) the names and addresses of the issuer's principal bankers, authorised representatives, stockbroker, attorneys, advisers and registrars and of the listing agent for the issue; and
- (e) the name, address and professional qualifications of the issuer's auditors.

6.22 The provisions, or a sufficient summary of the provisions, of the constitution with regard to:

- (a) any power enabling a director to vote on a proposal, arrangement or contract in which he or any of his associates is materially interested;
- (b) any power enabling the directors to vote remuneration (including pension or other benefits) to themselves or to any members of their body and any other provision as to the remuneration of the directors;
- (c) any power to borrow exercisable by the directors and how such borrowing powers can be varied;
- (d) any requirement for the retirement of directors over a specified age limit;
- (e) any requirement for directors' qualification shares;
- (f) changes in capital;
- (g) any time limit after which entitlement to dividend lapses and an indication of the party in whose favour the lapse operates; and
- (h) arrangements for transfer of the securities and (where permitted by the Exchange) any restrictions on their free transferability.

6.23 Where the listing document includes a statement made by an expert, a statement:

- (a) specifying the qualifications of such expert and whether the expert or any associate of the expert has any securities holding in any member of the group or any associate of the group or the right to subscribe for or to nominate persons to subscribe for securities in any member of the group or associate of the group, and, if so, a full description thereof;
- (b) that the expert has given and has not withdrawn his written consent to the inclusion in the listing document of the expert's statement included in the form and context in which it is included; and

- (c) of the date on which the expert's statement was made and whether or not it was made by the expert knowing it would be incorporated in the listing document.
- 6.24 Particulars of any other stock exchange on which any class or part of any equity or debt securities of the issuer is listed, traded or dealt in or on which listing or permission to deal is being or is proposed to be sought and particulars of the trading, dealing and settlement arrangements on each such exchange and between such exchanges, or an appropriate negative statement.
- 6.25 Particulars of any commissions, discounts, brokerages or other special terms granted within the two years immediately preceding the listing document in connection with the issue or sale of any security of any member of the group, together with the names of any directors, proposed directors, promoters or experts who received any such payment or benefit and the amount or rate of the payment or benefit they received, or an appropriate negative statement.

Risk factors

- 6.26 All material risks associated with investing in the equity securities, including any risks specific to the issuer or its industry. An issuer which is applying to list with less than three years trading record must include on the cover page of the listing document a declaration in the following form:

The issuer is recently established and does not have a substantial trading record. There may be significant risks associated with an investment in the issuer. Investment should only be contemplated by those who are able to evaluate the risks and can afford the loss of their entire investment. Investors who are in any doubt should consult their professional advisers as to the suitability of an investment in the issuer.

Securities, issuance and distribution

- 6.27 The following information, so far as is appropriate, concerning the terms and conditions of the issue of the securities in respect of which the application for listing is made:
- (a) the total amount of the issue and the number of securities offered;
 - (b) the ISIN for each class of security for which listing is sought;
 - (c) the issue or offer price of each security and its nominal value;
 - (d) the acceptable methods of payment of the issue or offer price;
 - (e) the procedure for the exercise of any pre-emptive rights and the transferability of any subscription rights;
 - (f) the period during which the issue or offer of securities will remain open after issue of the listing document, the date and time of opening of the subscription list, and the names of the receiving bankers;

- (g) the methods of and the time limits for delivery of the securities;
 - (h) the names, addresses and description of the persons underwriting the issue for the issuer;
 - (i) the names, addresses and descriptions of the vendors of the securities other than the issuer itself, or, if there are more than ten vendors, the same details for the ten principal vendors (and any interest of any director of the issuer or associate of a director of the issuer in any such vendor) and a statement of the number of other vendors; and
 - (j) if a public or private offer or placement has been or is being made simultaneously on the markets of one or more other countries, and if a tranche of securities has been or is being reserved for certain of these offerings, the details of any such tranche.
- 6.28 Where listing is sought for securities with a fixed dividend, particulars of the profits cover for dividends must be stated.
- 6.29 A statement of the net tangible asset backing for each class of security for which listing is sought, after making allowance for any new securities to be issued, pursuant to the listing document.
- 6.30 An estimate of the expenses and the net proceeds of the issue and a statement as to how such proceeds are intended to be used or applied.

Issuer's capital

- 6.31 The authorised total share capital of the issuer, the amount issued or agreed to be issued pursuant to the listing document, the amount paid up and the nominal value of the shares.
- 6.32 The amount of any outstanding convertible securities and particulars of the conditions governing and the procedures for conversion, exchange or subscription of such securities.
- 6.33 As to the securities to be listed, a description of:
- (a) the voting rights, rights to dividends, rights to redemption or repurchase or to surplus assets on liquidation, winding up or otherwise, and all other significant rights of the holders of such securities;
 - (b) if there is more than one class of equity security, the rights of each class of share as regards the matters set forth above and the creation or issue of further shares of any class or category whatsoever; and
 - (c) a summary of the consents necessary for the variation of such rights.

- 6.34 Particulars of any alterations in the capital of any member of the group within the two years immediately preceding the issue of the listing document, including:
- (a) where any such capital has been issued or is proposed to be issued as fully or partly paid up other than in cash, particulars of the consideration for which the same has been or is proposed to be issued and in the latter case the extent to which they are so paid up; and
 - (b) where any such capital has been issued or is proposed to be issued for cash, particulars of the price and terms upon which the same has been or is proposed to be issued, details of any discounts or other special terms granted, or an appropriate negative statement.
- 6.35 A statement showing the name, so far as is known to the issuer or any director of the issuer, of each person who is, directly or indirectly, interested in five per cent. or more of the nominal value of any class of securities carrying rights to vote in all circumstances at general meetings of any member of the group and the amount of each person's interest in such securities, together with particulars of any options in respect of such capital, or, if there are no such persons, an appropriate negative statement.
- 6.36 Particulars of any capital of any member of the group which is under option, including the consideration for which the option was or will be granted, and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement. Where options have been granted to all the members or debenture holders or to any class thereof, or to employees under a share scheme, it shall be sufficient to state the details of the total grant without giving the names and addresses of the grantees.

The group's activities

- 6.37 A brief history and the general nature of the business of the group and, in cases where two or more activities are carried on which are material in terms of profits or losses, the assets employed in each line of business or any other factors, figures and explanations as are necessary to demonstrate the relative importance of each such activity and details of the main categories of products sold or services performed and an indication of any significant new products or activities.
- 6.38 A geographical analysis of the group's trading operations and assets which are material in relation to its business.
- 6.39 If the issuer is a member of a group, a brief description of that group covering the issuer's position within that group, and, if a subsidiary, the names of and the number of shares held (directly or indirectly) by each holding company of the issuer.
- 6.40 Particulars of any trade marks, patents, copyrights or other intellectual or industrial property rights which are material in relation to the group's business and, where such factors are of fundamental importance to the group's business or profitability, a statement regarding the extent to which the group is dependent on such factors.

- 6.41 Information concerning the policy of the group on the research and development of new products and processes over the past three financial years where significant.
- 6.42 Particulars of any interruptions in the business of the group which may have or have had a significant effect on the financial position in the last twelve months.
- 6.43 The number of people employed by the group and changes therein in the last financial year, if such changes are material in the context of the group, with, if possible, a breakdown of persons employed by main categories of activity.
- 6.44 Particulars, including location, of the principal investments of the group, including such investments as new plant, factories and research and development, being made or planned by the group.
- 6.45 With regard to every material subsidiary, particulars of the name, date and country of incorporation, general nature of business, issued capital and the proportion thereof held or intended to be held.
- 6.46 Particulars of the location of the principal establishments of the group.

Financial and other information

- 6.47 A statement as at the most recent practicable date (which must be stated) of the following on a consolidated basis:
- (a) the total amount of any debt securities of the group issued and outstanding, and authorised or otherwise created but unissued, and term loans, distinguishing between guaranteed, unguaranteed, secured (whether the security is provided by the issuer or by third parties) and unsecured loans, or an appropriate negative statement;
 - (b) the total amount of all other borrowing or indebtedness of the group including bank overdrafts, liabilities under acceptances (other than normal trade bills), acceptance credits or hire purchase commitments, distinguishing between guaranteed, unguaranteed, secured and unsecured borrowing and debt, or an appropriate negative statement;
 - (c) all mortgages and charges of the group, or an appropriate negative statement; and
 - (d) the total amount of any contingent liabilities or guarantees of the group, or an appropriate negative statement.
- 6.48 Unless an accountants' report is required pursuant to the following rule, a comparative table of financial information. The comparative table must:
- (a) be prepared on a consolidated basis;
 - (b) cover the three financial years immediately preceding the application for listing;

- (c) be extracted without material adjustment from audited financial statements;
- (d) include the following financial information, presented in a form consistent with that which would be adopted in the issuer's annual financial statements:
 - (i) income statement;
 - (ii) balance sheet;
 - (iii) cash flow statement;
 - (iv) accounting policies; and
 - (v) notes covering, as a minimum, the last two financial years;
- (e) be accompanied by a letter from the directors confirming that the financial information has been extracted without material adjustment from the audited financial statements, and that such financial statements have been independently audited and prepared in accordance with International Accounting Standards, United States, Canadian or United Kingdom Generally Accepted Accounting Principles or other equivalent standard acceptable to the Exchange.

6.49 A report by reporting accountants must be prepared in accordance with the requirements of schedule 6B in the following circumstances:

- (a) where any material change has taken place to the group structure or business in the three financial years immediately preceding the application for listing or during the period from the end of the period to which the last audited financial statements relate to the date of application for listing;
- (b) where any material change has been made to the accounting policies, or any material adjustment has been made or is required to be made to the published audited financial statements during the periods referred to in paragraph (a) above; or
- (c) where the auditors' report on the consolidated financial statements of the issuer for any of the last three financial years has been qualified.

The Exchange must be consulted in cases where the issuer is uncertain as to whether an accountants' report is required.

6.50 A statement showing the sales turnover figures or gross trading income of the group during the three financial years immediately preceding the issue of the listing document which should contain an explanation of the method used for computation of such turnover or income and a reasonable breakdown between the more important trading activities.

- 6.51 Where the issuer has, since the date to which the latest published annual financial statements have been made up, acquired or disposed of an undertaking or assets which would be classified as material by the Exchange, a pro forma net assets statement showing the effect of the acquisition or disposal on the net assets of the issuer is required.
- 6.52 A statement of any material adverse change in the financial or trading position of the group since the date to which the latest audited accounts of the issuer were made up, or since the end of the period reported on in the accountants' report, or since incorporation or an appropriate negative statement.
- 6.53 General information on the trend of the business of the group since the date to which the latest audited accounts of the issuer were made up or since incorporation.
- 6.54 A statement as to the financial and trading prospects of the group for at least the current financial year, together with any material information which may be relevant thereto, including all special trade factors or risks (if any) which are not mentioned elsewhere in the listing document and which are unlikely to be known or anticipated by the general public, and which could materially affect the profits.
- 6.55 Where a profit forecast appears in the listing document, a statement of the principal assumptions upon which it is based. The accounting policies and calculations for the forecast must be examined and reported on by the reporting accountants and their report must be set out. The reporting accountants and the listing agent must report in addition that they have satisfied themselves that the forecast has been stated by the directors after due and careful enquiry, and such reports must be set out.
- 6.56 A statement by the directors that in their opinion the working capital available to the group is sufficient for its present requirements (normally at least 12 months from the date of the listing document) or, if not, how it is proposed to provide the additional working capital considered by the directors to be necessary.

Management

- 6.57 The full name, nationality, residential or business address and description (being his qualifications and area of expertise or responsibility) of every director or proposed director and of every general manager.
- 6.58 A statement as to whether each director is independent and details of any potential conflicts of interest which may arise.
- 6.59 The full name and professional qualification, if any, of the company secretary of the issuer.
- 6.60 The address of the registered office and, if different, the principal office of the issuer.
- 6.61 A statement showing the interest, whether legal, beneficial or both, of each director of the issuer in the equity or debt securities of the group.

- 6.62 Particulars of directors' existing or proposed service contracts with any member of the group (excluding contracts expiring or determinable by the employer within one year without payment of compensation), or an appropriate negative statement.
- 6.63 The aggregate of the remuneration paid and benefits in kind granted to the directors of the issuer by any member of the group in respect of the last completed financial year.
- 6.64 An estimate of the aggregate remuneration payable to, and benefits in kind receivable by, the directors or any proposed directors of the issuer by any member of the group in respect of the current financial year under the arrangements in force at the date of the listing document.
- 6.65 Full particulars of any contract or arrangement to which any member of the group is a party in effect at the date of the listing document in which any director of the issuer or any associate of that director is materially interested and which is significant in relation to the business of the group, or an appropriate negative statement.

Material contracts

- 6.66 The dates of and parties to all material contracts (being contracts not entered into in the ordinary course of business) entered into by any member of the group within the two years immediately preceding the date of the listing document, together with a summary of the principal contents of such contracts and particulars of any consideration passing to or from any member of the group in connection with such contracts.

General information

- 6.67 Particulars of any litigation or claims of material importance pending or threatened against any member of the group, or an appropriate negative statement.
- 6.68 The date of the issuer's financial year end and details of any arrangements for the preparation and distribution of its annual and interim financial statements.

Documents for inspection

- 6.69 A statement that for a reasonable period of time (being not less than fourteen calendar days from the date of the listing document or the period during which the issue or offer of securities will remain open, whichever is longer) during which, at a place in the Cayman Islands or such other place as the Exchange may agree or require, the following documents (or copies thereof), where applicable, may be inspected, without charge:
- (a) the constitutional documents of the issuer;
 - (b) each contract disclosed pursuant to rules 6.62, 6.65 and 6.66 or, in the case of a contract not reduced into writing, a memorandum giving full particulars thereof;
 - (c) all reports, letters or other documents, balance sheets, valuations and statements by any expert or any part of which is referred to in the listing document; and

- (d) the audited statements of the issuer or, in the case of a group, the consolidated audited statements of the issuer and its subsidiaries for each of the three financial years immediately preceding the issue of the listing document, or since incorporation, if shorter, together with any interim financial statements published subsequently.

Rights issues

6.70 In the case of a rights issue the listing document must also contain the following information:

- (a) the pro rata entitlement;
- (b) the last date on which transfers will be recognised for participation in the issue;
- (c) the rights, powers and privileges of the shares with respect to dividends, voting, repurchase, redemption and the right to surplus assets on liquidation or winding-up of the issuer;
- (d) whether the shares rank equally in all respects with any existing listed securities;
- (e) how any fractional shares will be treated; and
- (f) how shares not taken up will be dealt with and the time in which the offer may be accepted.

Start-ups

6.71 An issuer which is a start-up must include in the listing document:

- (a) A summary of its business plan, including any key assumptions or sensitivities;
- (b) Any independent expert report prepared further to rule 6.18(c), and details of any material changes since its date of preparation; and
- (c) Details of the arrangements in place further to rule 6.18(d) to restrict the disposal of certain shareholdings.

6.72 Where the issuer's business relates to the development of innovative technology or products the listing document must include the following additional information:

- (a) Details of the technology or product being developed;
- (b) The expected advantages of the product being developed including any technical information;
- (c) The nature and effectiveness of any research and development being undertaken;

- (d) The development and status of the product including any internal or external validations including relevant academic studies in relation to the product or technology;
- (e) For products undergoing validation any material information relating to the prospects of the successful completion of such validation;
- (f) All material information regarding the registration and ownership of the intellectual property rights relating to the technology or products;
- (g) The current or expected market competitors;
- (h) The basis of any claimed market potential; and
- (i) The future strategy of the company regarding the generation of significant revenues from the product including whether the company intends to implement the strategy itself or with others; where the company intends to undertake such activities itself its plans in relation to manufacturing and marketing the product; where the company intends to collaborate with others details including the financial effects, and details of any geographical or segmental variations.

Mineral companies

6.73 Issuers which are mineral companies must include the following information in the listing document:

- (a) Details of the mineral resources and (where applicable) mineral reserves;
- (b) The expected period of working of the mineral reserves;
- (c) An indication of the periods and main terms of any licences or concessions and the economic conditions for working those licences or concessions;
- (d) Indications of the progress of actual workings and details of planned future workings;
- (e) An explanation of any exceptional factors that have influenced (a) to (d) above;
- (f) With regards to the requirement under rule 6.19(b) a summary of the legal opinion or other evidence confirming the title to or validity and enforceability of any assets, licences or concessions;
- (g) A statement as to whether the issuer meets the minimum operating standards required by the jurisdiction(s) in which it operates;
- (h) Details of certificates or other documents issued under any applicable codes required to be observed by the issuer in relation to its operations under any applicable law and a statement that such documents will be included with the documents made available for inspection under rule 6.69;

- (i) With regards to the statement required under rule 6.30 there must be a detailed explanation of the intended application of any proceeds to the issuer's business and development objectives.
- (j) Details of the arrangements in place further to rule 6.19(c) to restrict the disposal of certain shareholdings.

6.74 Except where such a report has been included in a previously published listing document the listing document must also contain a report from a suitably qualified independent mineral expert, prepared in accordance with a recognised mineral reporting standard, which will normally cover as a minimum:

- (a) The basis and assumptions on which the report and valuation have been prepared;
- (b) The valuation standards used;
- (c) Status, independence, knowledge and skills of the mineral expert;
- (d) Details of the work and any site inspections undertaken by the independent expert and limitations of available information or access;
- (e) The nature of the evidence used in the estimation of reserves including a detailed analysis of drilling and sampling and the names of the organisations that carried out the investigations and analysis.
- (f) The nature and extent of the rights of exploration and extraction and a description of the properties to which the rights attach with details of the duration and other principal terms and conditions of the concessions;
- (g) A detailed description of mineral resources and reserves (with reference to maps and plans) covering geological characteristics of the occurrence of reserves, the types of deposits, their dimensions and grade distribution, and an estimate of the volumes of reserves;
- (h) Commentary, where appropriate, on the issuer's methods of exploration and extraction, production schedules, progress of workings and forecast extraction rates;
- (i) Available and required plant and equipment (including an estimate of the maintenance, running and acquisition costs);
- (j) Any special factors that may affect exploration or extraction including environmental factors, accessibility and availability of utilities or other essential services; and
- (k) Valuation of mineral assets.

Such report must be dated within 6 months of the listing document and the listing document must include details of any material changes to the information contained in the report.

Mineral exploration companies

- 6.75 Mineral exploration companies which also undertake the commercial extraction of mineral resources on a significant scale may also be required to comply with rules 6.73 and 6.74. The Exchange should be consulted at an early stage.

Shipping companies

- 6.76 Issuers which are shipping companies must include the following information in the listing document:
- (a) An overview of the fleet (if appropriate) and a detailed summary of each material vessel directly or indirectly managed, leased, owned or to be acquired by the issuer including cost, individual value, vessel type, dimensions, capacity, place of registration, ship owning company (as appropriate), financing terms, insurance arrangements and any other relevant details such as costs of scheduled improvement works;
 - (b) With regards to the requirement under rule 6.20 (a) a summary of the legal opinion or other evidence confirming the title to each material vessel leased or owned;
 - (c) A statement as to whether the issuer and each material vessel owned, operated or leased (whether directly or indirectly) by the issuer, meet and will continue to meet the minimum standards required by the flag state of the vessel and under all international treaties, conventions and other laws applicable to the owner and/or the vessel (as relevant);
 - (d) Details of certificates or other documents issued under any applicable codes required to be observed by each material vessel or in relation to its operation under any applicable law and a statement that such documents will be included with the documents made available for inspection under rule 6.69;
 - (e) With regards to the disclosure required under rule 6.26 there must be disclosure of risks specifically relating to the redeployment of vessels, contract extensions, piracy on vessels' regular or proposed routes and taxation of vessels in foreign waters;
 - (f) Details of any external ship management company or entity managing its vessels (including details of its experience and the value of vessels under its management) and any representative agent or other maritime services provider; and
 - (g) With regards to the disclosure required under rule 6.66 there must be a summary of the principal contents of any ship management contract, crew management agreement and charter agreement or other contract for the use of material vessels.

- 6.77 The listing document must also contain a report and valuation from a suitably qualified independent valuation expert (which must be a member of the Institute of Chartered Shipbrokers or other body agreed in advance with the Exchange) of any material vessel directly or indirectly leased, owned or to be acquired. The report must detail separately any vessel to be financed through the issue of securities, and will normally cover as a minimum:
- (a) Status, independence, knowledge and skills of the valuation expert;
 - (b) The basis and assumptions on which the report and valuation have been prepared;
 - (c) The valuation method used;
 - (d) Details of the work and any physical inspections undertaken by the valuation expert, the dates of such inspections and limitations of available information or access;
 - (e) The effective date of valuation for each material vessel;
 - (f) Valuation of each material vessel; and
 - (g) An explanation of the differences between the valuation figure and the equivalent figure included in the issuer's latest audited annual financial statements.

Such report must be dated within 1 year of the listing document and the listing document must include details of any material changes to the information contained in the report.

- 6.78 A report and valuation is not required where such a report has been included in a previously published listing document provided there is disclosure in the listing document of any material changes to such report.

EXCEPTIONS

- 6.79 Where an issuer is a start-up or mineral company such issuer need only include the information required by rules 6.47 to 6.51 insofar as it is available.

LISTING APPLICATION PROCEDURES

- 6.80 The listing document must be formally approved by the Exchange before publication. Such approval will only be given if the Exchange considers that the information in the listing document is complete.

- 6.81 The following documents must be submitted to the Exchange in either hardcopy or electronic format, together with the initial listing fee and the annual fee in respect of the first year, which are calculated in accordance with the schedule of fees published on the Exchange's website, before formal approval is given:
- (a) an application for admission to listing, in the form set out in Appendix 1A to these listing rules;
 - (b) copy of the listing document in final form;
 - (c) a declaration by the issuer in the form set out in Appendix 2A to these listing rules;
 - (d) a declaration for each director and proposed director of the issuer, unless such a declaration has previously been filed with the Exchange in the form set out in Appendix 3A to these listing rules;
 - (e) a declaration by the listing agent, in the form set out in Appendix 4 to these listing rules;
 - (f) a letter from the issuer or duly authorised representative confirming which of the listing requirements, if any, do not apply;
 - (g) a letter from the issuer or duly authorised representative requesting, where relevant, non-publication of certain information, giving reasons for such request;
 - (h) a shareholders' statement in the form set out in Appendix 5 to these listing rules; and
 - (i) such other documents as may be required by the Exchange.
- 6.82 The Exchange may, at any time before or after the admission to listing, require the issuer to produce to the Exchange a copy of any of the documents listed in rule 2.26 where applicable.

CONTINUING OBLIGATIONS

Preliminary

- 6.83 This chapter sets out the continuing obligations which each issuer, whose equity securities are the subject of an application for listing, or are already listed on the Exchange, must undertake to comply with as a condition of being granted, and of maintaining, a listing.

Annual financial statements

- 6.84 The issuer must prepare annual financial statements in accordance with International Accounting Standards or such other standards as may be acceptable to the Exchange. The financial statements must be independently audited and reported on in accordance with International Standards on Auditing or such other standards as may be acceptable to the Exchange. If the issuer has subsidiary undertakings the financial statements must be in consolidated form, unless the Exchange otherwise agrees. The issuer's own financial statements must be published if they contain significant additional information.
- 6.85 The issuer must make available to every member of the issuer a copy of its audited annual financial statements, as soon as possible after the financial statements have been approved and in any event within nine months of the end of the financial period to which they relate and not less than fourteen calendar days before the date of the issuer's annual general meeting. In exceptional circumstances the Exchange may grant an extension of this time limit. At the same time the issuer must send a copy to the Exchange.

Information to accompany annual financial statements

- 6.86 The issuer must include with its annual financial statements a report by the directors on the operations of the issuer and such directors' report must include:
- (a) a description of the principal activities of the group and, where two or more such activities are so described, a statement giving in respect of each such activity the turnover and contribution to trading results attributable to it;
 - (b) a geographical analysis of consolidated turnover;
 - (c) a statement showing:
 - (i) the name of every subsidiary, its principal country of operation, its country of incorporation and its main business; and
 - (ii) particulars of the issued share capital and debt securities of every subsidiary provided that if, in the opinion of the directors of the issuer and with approval of the Exchange, the number of them is such that compliance with this paragraph would result in particulars of excessive length being given, compliance with this paragraph shall not be required except in the case of subsidiaries carrying on a business the results of which, in the opinion of the directors, materially affected the amount of the profit or loss of the group or the amount of the assets of the group;
 - (d) a statement as at the end of the relevant financial year showing:
 - (i) the interests of each director of the issuer in the equity or debt securities of the group; and

- (ii) the details of any right to subscribe for equity or debt securities of the group granted to any director of the issuer, and of the exercise of any such right;
- (e) the statement required by paragraph (d) above must:
 - (i) distinguish between beneficial and non-beneficial interests; and
 - (ii) specify the company in which securities are held, the class to which those securities belong and the number of such securities held;
- (f) in the event the operating results shown by the financial statements for the period under review differ materially from any previously published forecast made by the issuer, an explanation for the difference;
- (g) a statement by the directors as to the reasons for any significant departure from standard accounting practices;
- (h) a statement as at the end of the financial year showing as regards bank loans, overdrafts and other borrowings of the group, the aggregate amounts repayable:
 - (i) on demand or within one year;
 - (ii) within more than one year but less than two years;
 - (iii) within two years but less than five years; and
 - (iv) within a period of more than five years;
- (i) in respect of the financial year, a statement of the amount of interest capitalised by the group during the year;
- (j) a statement as to the unexpired period of any service contract of any director proposed for election at the forthcoming annual general meeting or, if there are no service contracts, a statement of that fact;
- (k) particulars of any material contract in effect during or at the end of the financial year in which a director of the issuer or any associate of a director is or was materially interested, either directly or indirectly, or an appropriate negative statement;
- (l) particulars of any material contract between the issuer, or one of its subsidiary companies, and a controlling shareholder or any of its subsidiaries;
- (m) particulars of any contract of significance for the provision of services to the group by a controlling shareholder or any of its subsidiaries;
- (n) particulars of any arrangement under which a director has waived or agreed to waive any emoluments;

- (o) particulars of any arrangement under which a shareholder has waived or agreed to waive any dividends; and
- (p) a summary, in the form of a comparative table, of the results and of the assets and liabilities of the group, for the last five financial years or since establishment, if later.

6.87 If the auditors' report on the relevant annual financial statements is qualified, the Exchange may require more detailed or additional information to be provided.

Interim reports

6.88 An issuer must prepare in respect of the first six months of its financial year an interim financial report within three months of the end of the relevant six month period. A copy of such report must be sent to every member of the issuer. At the same time the issuer must send a copy to the Exchange.

6.89 Each interim report referred to above shall contain at least the following information stated in respect of the group:

- (a) operating revenue;
- (b) profit or loss before extraordinary items, including the share of the profit or loss of associated companies with separate disclosure of any items included therein which are exceptional because of size and incidence;
- (c) overseas taxation on profits indicating basis of computation, with separate disclosure of the taxation on share of associated companies' profits;
- (d) profit or loss attributable to minority interests;
- (e) profit or loss attributable to shareholders before extraordinary items;
- (f) extraordinary items net of taxation;
- (g) profit or loss attributable to shareholders;
- (h) rates of dividend paid or proposed to be paid on each class of shares with particulars of each such class and the total amount to be paid or an appropriate negative statement;
- (i) transfers to and from reserves;
- (j) earnings per share calculated on the basis of profits before extraordinary items;
- (k) comparative figures of the matters specified in paragraphs (a) to (j) above for the corresponding previous period;

- (l) a statement as at the end of the relevant period showing:
 - (i) the interest of each director of the issuer in the equity or debt securities of the group; and
 - (ii) the details of any right to subscribe for equity or debt securities of the group granted to any director of the issuer and of the exercise of such right, or if there is no such interest or no such right that has been granted or exercised, an appropriate negative statement;
- (m) the statement required by paragraph (l) above must:
 - (i) distinguish between beneficial and non-beneficial interests; and
 - (ii) specify the company in which securities are held, the class to which those securities belong and the number of such securities held;
- (n) an explanatory statement relating to the activities of the group and profit (or loss) during the relevant period, which must include any significant information enabling investors to make:
 - (i) an informed assessment of the trend of the activities and profit (or loss) of the group, together with an indication of any special factors which have influenced those activities and the profit (or loss) during the period in question;
 - (ii) a comparison with the corresponding period of the preceding financial year; and
 - (iii) an informed assessment of the prospects of the group for the current financial year;
- (o) any supplementary information which in the opinion of the directors of the issuer is necessary for a reasonable understanding and assessment of the results for the period.

6.90 Where the accounting information given in an interim report has not been audited that fact must be stated. If the accounting information contained in an interim report has been audited by the issuer's auditors, their report including any qualifications must be set out therein.

Preliminary announcements of results

6.91 As soon as practicable after its approval by or on behalf of the directors, and in any event within two months of the end of the period to which it relates, the issuer must deliver a preliminary announcement of the six month interim results to the Exchange, for dissemination by the Exchange.

- 6.92 As soon as practicable after approval by or on behalf of the directors, and in any event within four months of the financial year end, the issuer must deliver a preliminary announcement of the results for the full financial year to the Exchange, for dissemination by the Exchange.
- 6.93 Every preliminary announcement of results must contain at least the information specified in rule 6.89 except for that specified in (l), (m), (n) and (o).

New developments

- 6.94 The issuer must notify the Exchange, for release, of any new developments or changes which are not public knowledge which may reasonably be expected to affect materially the market activity in or the price of the listed securities.
- 6.95 Where matters are in the course of negotiation and subject to strict confidentiality amongst insiders, the issuer must notify the Exchange once the negotiations have reached a state of reasonable certainty but may request that the Exchange delays announcement of the matters until conclusion of the negotiations or until the issuer or the Exchange has reason to believe there has been breach of such confidentiality.

Fundamental change of business

- 6.96 Where an issuer proposes to enter into a transaction or series of transactions that may result in a fundamental change in its business including, but not limited to, a reverse takeover representing at least 100%, or a significant disposal representing at least 75% by reference to any of the class tests set out in the appendices to these rules, the issuer must send an explanatory circular to its shareholders and obtain their approval of the proposed transaction in a general meeting. The issuer must consult the Exchange in advance regarding the contents of the shareholder circular.
- 6.97 Transactions resulting in a fundamental change of business are likely to affect the issuer's suitability for listing and therefore the Exchange must be consulted at the earliest opportunity.

Transactions with related parties

- 6.98 Where an issuer proposes to enter into a transaction or series of transactions with a related party and the transaction represents at least 5% by value with reference to any of the class tests set out in the appendices to these rules, the issuer must deliver to the Exchange an announcement containing details about the transaction(s), giving a confirmation from all directors who are not involved in the transaction that, based on the advice of the issuer's listing agent or another competent independent advisor, the terms of the transaction are fair and reasonable insofar as the issuer's shareholders are concerned.
- 6.99 Where the proposed transaction referred to in rule 6.98 represents at least 25% by value with reference to any of the class tests set out in the appendices to these rules, the issuer must send an explanatory circular to its shareholders and obtain their prior approval of the proposed

transaction in a general meeting. The issuer must consult the Exchange in advance regarding the contents of the shareholder circular.

Other disclosures

- 6.100 In addition to any notification pursuant to the general requirement in rule 6.94 the issuer must notify the Exchange (as far in advance as practicable to allow for any necessary consultation with the Exchange) for announcement, of any of the following matters:
- (a) any changes in the composition of the board of directors or significant changes to the senior management personnel of the issuer (including any change in the chairmanship). The issuer must procure and lodge with the Exchange as soon as practicable after their appointment a signed declaration and undertaking for each new director in the form set out in the appendices to these listing rules;
 - (b) any change in the issuer's constitution or its registered or principal office;
 - (c) any change in the rights of any class of listed securities. Where the listed securities are convertible this requirement will also apply to any change in the rights of any class of securities into which the listed securities are convertible;
 - (d) any change in the capital structure of the issuer or group;
 - (e) any significant changes in the holdings or identity of those holders of equity securities holding in aggregate more than five per cent. of the issuer's shares, so far as the directors are aware;
 - (f) any new issues of equity or debt securities;
 - (g) any changes in the issuer's auditor. The issuer must not appoint a new auditor without seeking the Exchange's prior approval;
 - (h) the issuer's securities ceasing to be listed on another stock exchange or if it is the subject of disciplinary action by another stock exchange or any other securities regulatory body;
 - (i) any decision to declare, recommend or pay any dividend or to make any other distribution on the issuer's listed securities and the rate and amount thereof (the record date for such distribution should be at least seven days after such notification);
 - (j) any decision not to declare, recommend or pay any dividend which would otherwise have been expected to have been declared, recommended or paid in the normal course of events; or
 - (k) any decision to call, repurchase, draw, redeem or offer to buy any of the issuer's securities and the total amount thereof.

Winding-up and liquidation

- 6.101 The issuer must inform the Exchange, for dissemination by the Exchange, of any of the following events as soon as they come to the attention of the issuer:
- (a) the presentation of any winding-up petition, or the making of any winding-up order or the appointment of a provisional liquidator in respect of the issuer, its holding company or any major subsidiary;
 - (b) the passing of any resolution by the issuer, its holding company or any major subsidiary that it be wound up by way of members' or creditors' voluntary winding-up, or the occurrence of any event or termination of any period of time which would cause a winding-up;
 - (c) the entry into possession of or the sale by any mortgagee of a portion of the issuer's assets which in aggregate value represents an amount in excess of fifteen per cent. of the book value of the existing net assets of the group; or
 - (d) the making of any judgement, declaration or order by any court or tribunal of competent jurisdiction, whether on appeal or at first instance, which may adversely affect the issuer's enjoyment of any portion of its assets which in aggregate value represents an amount in excess of fifteen per cent. of the book value of the net assets of the group.

Minimum required public holdings

- 6.102 The issuer must inform the Exchange immediately if it becomes aware that the percentage of listed securities which are in the hands of the public or the minimum number of shareholders required by these rules falls below the minimum levels required by these rules. The issuer must take steps to restore compliance at the earliest possible moment.

Sufficient operations

- 6.103 The issuer must carry out, directly or indirectly, a sufficient level of operations or have tangible assets of sufficient value or intangible assets for which a sufficient potential value can be demonstrated to the Exchange to warrant the continued listing on the Exchange of the issuer's securities.

Distribution of documents

- 6.104 The issuer must send a copy to the Exchange of every circular sent to shareholders and all documents relating to take-overs, mergers, consolidations and offers, notices of meetings, forms of proxy, reports, announcements or other similar documents, promptly after they are issued.

Directors' service contracts

- 6.105 The issuer must ensure that no service contract of ten years' duration or longer will be granted by the issuer or any of its subsidiaries to any director or proposed director of the issuer or to any director or proposed director of any subsidiary without the prior approval of the shareholders of the issuer in a general meeting at which the relevant director does not vote on the matter.

Subsequent listings

- 6.106 The issuer must apply to the Exchange for the listing of any further securities of the same classes as securities already listed on the Exchange prior to their issue, and must not issue such securities unless it has applied for the listing of those securities and the Exchange has approved the application.

Annual fee

- 6.107 Issuers whose securities are listed on the Exchange are required to pay an annual fee to the Exchange in accordance with the schedule of fees published on the Exchange's website, as updated from time to time.

Equivalent information

- 6.108 Where securities listed on the Exchange are also listed on another stock exchange, the issuer must ensure that copies of all documents required to be filed and information required to be notified to the Exchange are simultaneously made available to such other stock exchange.

Start-ups

- 6.109 Within the first two years following admission to listing, a company which has listed under the provisions of rule 6.18 must prepare and deliver to the Exchange, for dissemination, a quarterly update of its activities for each quarter of its financial year. The update must be delivered to the Exchange within one month of the end of each quarter and shall contain financial and non-financial operating data relating to the business operations of the issuer and progress made towards meeting its business objectives. Financial data need not be audited but any unaudited financial data must be clearly identified as such.

Mineral Companies and Mineral Exploration Companies

- 6.110 Where there is a material change to any of the matters referred to in the report described in rule 6.74 appropriate details must be delivered to the Exchange for dissemination.
- 6.111 A quarterly report prepared further to rule 6.109 by a mineral exploration company which is also a start-up should include a drilling update covering as appropriate:
- (a) depth of zones tested;
 - (b) drilling intervals;

- (c) rock formations encountered;
- (d) average grades of mineralisation; and
- (e) any gases or liquids recovered.

Drilling updates must make a distinction between any measured, indicated and inferred resources and proven and probable reserves. The drilling update must include a statement as to whether any information has been reviewed by an independent mineral expert.

Lock-up arrangements

- 6.112 Issuers must notify the Exchange regarding any exemption or variation to share lock-up arrangements referred to in rules 6.18(d) or 6.19(c).

Model Code

- 6.113 Issuers must require every person discharging managerial responsibilities, including directors to comply with the Model Code and to take all proper and reasonable steps to secure their compliance.
- 6.114 No dealings in any securities may be effected by or on behalf of an issuer or any other member in its group at a time when, under the provisions of the Model Code, a director of the company would be prohibited from dealing in its securities, unless such dealings are entered into:
- (a) in the ordinary course of business by a securities dealing business; or
 - (b) on behalf of third parties by the company or any other member of its group.

Exception

- 6.115 Where in the opinion of any issuer, disclosure of any matter required by the listing rules would be unduly detrimental to the issuer, the issuer may apply for a waiver from the relevant requirement. The information together with a statement of the reasons why the issuer believes the information should not be disclosed at that time must be provided to the Exchange on a strictly confidential basis. The Exchange may at any time order that an announcement be delivered to it for dissemination by the Exchange.

SCHEDULE 6A -

MATTERS TO BE PROVIDED FOR IN THE CONSTITUTION OF A COMPANY ISSUING EQUITY SECURITIES

This schedule sets out the matters which must be provided for in the constitution of a company issuing equity securities.

Capital structure

6A.1 Where there is more than one class of equity security, the articles must state the name of each class and the absolute, relative, contingent and other rights of the class as to voting, dividends, return of capital and other matters.

Non-voting equity securities

6A.2 Where there are equity securities which do not carry voting rights, the words "non-voting" must appear in the designation of such equity securities.

Restricted voting equity securities

6A.3 Where there are equity securities with different voting rights, the designation of each class of equity securities, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting".

Preference shares

6A.4 Where preference shares are listed, they must carry voting rights in at least the following circumstances:

- (a) when dividends on such shares are more than six months in arrears; and
- (b) on any resolution for the winding-up of the company.

Restrictions on transfer

6A.5 Fully paid equity securities must be free from all liens and from any restriction on the right of transfer, except those which have been subject to the prior agreement of the Exchange and which are disclosed.

Untraceable members

6A.6 Where the constitution of a company gives it the power to cease sending dividend warrants by post if such warrants have been returned undelivered or left uncashed the power may not be exercised until either such warrants have been so returned or left uncashed on two consecutive

occasions or, following one such occasion, reasonable enquiries have failed to establish any new address of the registered holder.

6A.7 Where power is taken in the constitution to sell the equity securities of a member who is untraceable, the power may not be exercised unless:

- (a) during a period of six years at least three dividends in respect of the equity securities in question have become payable and no dividend during that period has been claimed; and
- (b) on or after expiry of the six years the company has given notice, by advertisement published in the newspapers and also in a newspaper circulating in the area in which the last known address of the member or the address at which service of notices may be effected in the manner authorised by the articles is located, of its intention to sell the shares and has informed the Exchange of such intention.

Forfeiture

6A.8 Where power is taken in the issuer's constitution to forfeit unclaimed dividends, the power must not be exercisable until six years or more after the date the dividend became due for payment to be forfeited.

Annual general meeting

6A.9 The constitution must require an annual general meeting to be held in each calendar year with no longer than 15 months between such meetings.

Directors

6A.10 The constitution must prohibit a director from voting on any contract or arrangement or any other proposal in which he has an interest which is a material interest and must state that such director may not be counted in the quorum present at the meeting. The constitution may provide for exceptions to the prohibition against voting on such matters where the interest arises in respect of a resolution on any of the following matters:

- (a) the giving of any security or indemnity either:
 - (i) to the director for money lent or obligations incurred or undertaken by him at the request of or for the benefit of the issuer or any associate of the issuer; or
 - (ii) to a third party for a debt or obligation of the issuer or any of its subsidiaries for which the director has himself assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (b) any proposal concerning an offer of securities of or by the issuer or any other company which the issuer may promote or be interested in for subscription or purchase where

- the director is or is to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (c) any proposal concerning dealings with any other company in which the director is interested, whether directly or indirectly, as an officer, executive or shareholder, or in which the director has a beneficial interest in shares of that company, provided that he, together with any of his associates, is not beneficially interested in five per cent. or more of the issued shares of any class of such company or of any third company through which his interest is derived;
 - (d) any proposal or arrangement concerning the benefit of employees of the issuer or its subsidiaries including:
 - (i) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which he may benefit; or
 - (ii) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to the directors and employees of the issuer or any of its subsidiaries and does not provide in respect of any director any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
 - (e) any contract or arrangement in which the director is interested in the same manner as other holders of shares or debentures or other securities of the issuer by virtue only of his interest in shares or debentures or other securities of the issuer.

Casual vacancies

6A.11 Any person appointed by the directors to fill a casual vacancy on, or as an addition to, the board must retire from office at, or at the end of, the next following annual general meeting of the company, and will then be eligible to stand for election.

Election of directors

6A.12 Where any person, other than a director retiring at the meeting or a person recommended by the directors, is to be proposed for re-election or election as a director, notice (of a period specified by the constitution which must be not less than seven days and not more than forty-two days) must be given to the company of the intention to propose him and of his willingness to serve as a director.

SCHEDULE 6B - ACCOUNTANTS' REPORTS

Reporting accountants

6B.1 The accountants' reports must be prepared by independent accountants who are qualified to act as auditors.

Contents of accountants' reports

6B.2 An accountants' report must:

- (a) cover the issuer and its subsidiary and associate undertakings;
- (b) be extracted from the audited financial statements and adjusted as considered necessary by the reporting accountants;
- (c) where the accounts have not been prepared in accordance with International Accounting Standards, United States, United Kingdom or Canadian generally accepted accounting principles or other standards acceptable to the Exchange, any significant departure from International Accounting Standards must be disclosed and explained and its financial effect quantified;
- (d) include the following financial information, presented in a form consistent with that which would be adopted in the issuer's annual financial statements, covering the three financial years immediately preceding the application for listing:
 - (i) income statement;
 - (ii) balance sheet;
 - (iii) cash flow statement;
 - (iv) accounting policies; and
 - (v) notes covering, as a minimum, the last two financial years;
- (e) contain an opinion by the accountants as to whether or not, for the purposes for which it was prepared, it gives a true and fair view of the financial matters set out therein;
- (f) if the opinion in paragraph (e) above is qualified, refer to all material matters about which the accountants have reservations, give all reasons for the qualifications and, if both relevant and practicable, quantify its effect; and
- (g) in the case of a new applicant, not contain a qualification unless the Exchange is satisfied that the qualification is acceptable to the Exchange and has been adequately

explained so as to enable the investors to make a properly informed assessment of the significance of the matter.

Statement of adjustments

- 6B.3 The accountants' report must contain only such adjustments to the previously published figures as the accountants consider necessary. A written statement of the adjustments, signed by the accountants, must be prepared and submitted to the Exchange for each period to which the report relates, in such form and detail and with such explanation as will show how the reported figures reconcile to the corresponding information in the published accounts. The statement of adjustments must be made available for inspection in accordance with rule 6.69.

Material acquisitions and disposals made during the period under review

- 6B.4 Where the issuer has acquired at any time during the three financial years immediately preceding the application for listing an undertaking or assets which would be classified as material by the Exchange, financial information on the undertaking or assets covering the last three years must be included in an accountants' report, although may be presented separately for the pre-acquisition period.