

# CHAPTER 6

## ISSUING COMPANIES

### Contents

This chapter sets out the procedures and requirements for applications for the listing on the Exchange of the securities of issuing companies as defined in chapter 1. All such issuers must also comply with all relevant provisions of the listing rules in section I.

The provisions of this chapter do not apply to secondary listings of issuing companies, which are regulated by chapter 7. The main headings are:

6.1	Conditions for listing
6.11	equity securities – contents of listing document
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schedule 6A	matters to be provided for in the constitution of an issuing company
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## CONDITIONS FOR LISTING

### Sufficiently liquid market

- 6.1 In the case of equity securities, 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 have an expected initial market capitalisation for all the securities to be listed of at least CI\$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.

In the case of debt securities, if the company's equity securities are not listed on the Exchange, the issuer must have net tangible assets of at least CI\$ 4,100,000

(US\$ 5,000,000), and the nominal amount of each class of debt securities for which listing is sought must be at least CI\$ 1,640,000 (US\$ 2,000,000) or such other amount as the Exchange may from time to time determine. Further issues of debt securities which are uniform in all respects with debt securities of a class already listed on the Exchange are not subject to these limits.

## **History of operations**

- 6.2 Issuing companies must have an adequate operating record under substantially the same management which must be of known character and integrity. For this purpose, an adequate trading record will normally be at least three financial years in the case of equity securities and two years in the case of debt securities but the Exchange may accept a shorter period if the issue is underwritten by an underwriter approved by the Exchange.

## **Financial information**

- 6.3 An applicant for listing must have published audited financial statements which cover the three financial years preceding the application for listing in the case of equity securities or two years in the case of debt securities. In exceptional circumstances the Exchange may accept a shorter period.
- 6.4 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.
- 6.5 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.

## **Transferability**

- 6.6 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**

- 6.7 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. Where the securities of that class are already listed on the
- 6.8 Exchange, the application for listing must relate to all further securities of that class which are proposed to be issued.

**Convertible securities**

- 6.9 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.

**Constitution**

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

## EQUITY SECURITIES - CONTENTS OF LISTING DOCUMENT

**The issuer, its advisers and the listing document**

- 6.11 (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) the name of the listing agent and underwriters or other distributors of the issue; and
  - (iv) 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.
- 6.12 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.
- 6.13 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.

- 6.14 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.
- 6.15 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.

### **Securities, issuance and distribution**

- 6.16 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 issue or offer price of each security and its nominal value;
  - (c) the acceptable methods of payment of the issue or offer price;
  - (d) the procedure for the exercise of any pre-emptive rights and the transferability of any subscription rights;
  - (e) 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;
  - (f) the methods of and the time limits for delivery of the securities;
  - (g) the names, addresses and description of the persons underwriting the issue for the issuer;
  - (h) 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
  - (i) 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.
- 6.17 Where listing is sought for securities with a fixed dividend, particulars of the profits cover for dividends must be stated.

- 6.18 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.
- 6.19 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**

- 6.20 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.
- 6.21 The amount of any outstanding convertible securities and particulars of the conditions governing and the procedures for conversion, exchange or subscription of such securities.
- 6.22 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.
- 6.23 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.
- 6.24 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**

- 6.25 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.
- 6.26 If the group conducts business outside the Cayman Islands, a statement showing a geographical analysis of its trading operations must be given. Where a material proportion of the group's assets are situated outside the Cayman Islands, a description of the amount and situation of such assets and the amount of the assets situated in the Cayman Islands must be given.
- 6.27 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.
- 6.28 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.
- 6.29 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.
- 6.30 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.
- 6.31 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.
- 6.32 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.
- 6.33 With regard to every company the whole of, or a substantial proportion of, whose capital is held or intended to be held (either directly or indirectly) by the issuer, or whose profits or assets make or will make a material contribution to the figures in the accountants' report, 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.
- 6.34 Particulars of the location of the principal establishments of the group.

**Financial information about the group**

- 6.35 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.
- 6.36 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.

- 6.37 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.
- 6.38 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.
- 6.39 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.
- 6.40 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.
- 6.41 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.
- 6.42 A statement by the directors that in their opinion the working capital available to the group is sufficient or, if not, how it is proposed to provide the additional working capital by the directors to be necessary.
- 6.43 A statement by the directors of any material adverse change in the financial or trading position of the group since the end of the period reported on in the accountants' report, or an appropriate negative statement.

- 6.44 Particulars of any litigation or claims of material importance pending or threatened against any member of the group, or an appropriate negative statement.

## **Management**

- 6.45 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.
- 6.46 The full name and professional qualification, if any, of the company secretary of the issuer.
- 6.47 The address of the registered office and, if different, the principal office of the issuer.
- 6.48 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.
- 6.49 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.
- 6.50 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.
- 6.51 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.
- 6.52 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.
- 6.53 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**

- 6.54 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.

## **Documents for inspection**

- 6.55 Details of a reasonable period of time (being not less than fourteen calendar days) during which, at a place in Grand Cayman, the following documents (or copies thereof) may be inspected:
- (a) the constitution of the issuer;
  - (b) each contract disclosed pursuant to rules 6.49, 6.52 and 6.53 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 accounts of the issuer or, in the case of a group, the consolidated audited accounts 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.

## **Rights issues**

- 6.56 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.

# EQUITY SECURITIES - CONTINUING OBLIGATIONS

## **Preliminary**

6.57 This chapter sets out the continuing obligations which each issuing company, 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 accounts**

6.58 The issuer must prepare annual accounts in accordance with International Accounting Standards or such other standards as may be acceptable to the Exchange. The accounts 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 Company has subsidiary undertakings the accounts must be in consolidated form, unless the Exchange otherwise agrees. The Company's own accounts must be published if they contain significant additional information.

6.59 The issuer must send to every member of the issuer a copy of its audited annual accounts, as soon as possible after the accounts have been approved and in any event within six 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 six copies to the Exchange.

## **Information to accompany annual accounts**

6.60 The issuer must include with its annual accounts 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 and of the turnover of its activities outside the Cayman Islands;
- (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 accounts 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.

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

### **Interim reports**

6.62 The issuer must prepare in respect of the first six months of its financial year an interim financial report within two 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 six copies to the Exchange.

6.63 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.

6.64 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**

6.65 As soon as practicable after its approval by or on behalf of the directors, the issuer must deliver a preliminary announcement of the six month interim results to the Exchange, for dissemination by the Exchange.

6.66 As soon as practicable after approval by or on behalf of the directors, the issuer must deliver a preliminary announcement of the results for the full financial year to the Exchange, for dissemination by the Exchange.

6.67 Every preliminary announcement of results must contain at least the information specified in rule 6.62 except for that specified in (l), (m), (n) and (o).

### **Other disclosures**

6.68 If any one or more of the circumstances set out below occurs in relation to a listed issuer then the issuer must, as soon as possible:

- (a) deliver to the Exchange an announcement containing details about the matter, for dissemination by the Exchange; and
- (b) unless the Exchange otherwise directs, within ten days of the occurrence of the relevant disclosable event, send to every member of the issuer a copy of a report on the event. At the same time the issuer must send six copies to the Exchange.

6.69 The circumstances referred to in the preceding rule are as follows:

- (a) the agreement of the terms of a material contract or agreement with another person, where such contract or agreement will have a significant effect on the issuer's turnover, income, assets, liabilities, rights or one or more of the products manufactured, supplied or traded by it;
- (b) any material change in the business policies or business projects of the issuer;
- (c) the making of any material investments outside of the ordinary and usual course of business of the issuer (being any investments equal to or greater than twenty per cent. of the book value of the existing net assets of the group) or the purchase of long term assets for a significant amount. Long term assets include land, buildings, equipment and facilities as well as intangible assets, the depreciation value of which exceeds one financial year, such as patents, patented technology, trademarks,

- copyright, franchises, etc. and other assets not expected to be converted into cash within one year;
- (d) the incurring of any significant debt outside the usual and ordinary course of business of the issuer (being debt with an amount equal to or greater than twenty per cent. of the book value of the existing net assets of the group);
  - (e) any significant trading or non-trading losses (being losses equal to or greater than twenty per cent. of the book value of the existing net assets of the group);
  - (f) there occurs any significant change to the production and trading environment of the issuer (production and trading environment includes obtaining resources and the sale of products);
  - (g) any newly promulgated laws and regulation, policies, directives, or systems announced by any government having a significant impact on the trading and production of the issuer;
  - (h) any significant changes in the composition of the directors or senior management personnel of the issuer (including any change in the chairmanship);
  - (i) 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;
  - (j) any involvement in significant litigation proceedings (where the amount involved is equal to or greater than twenty per cent. of the book value of the existing net assets of the group);
  - (k) any member of the group agreeing to acquire or dispose of assets to or from a director or a substantial shareholder of the issuer, or an associate of either of them, where the amount involved is greater than five per cent. of the book value of the existing net assets of the group;
  - (l) any member of the group agreeing to acquire or dispose of an interest in a company a substantial shareholder of which is a director or substantial shareholder of the issuer, or an associate of either of them, where the amount involved is equal to or greater than five per cent. of the net book value of the existing net assets of the group; and
  - (m) the issue of a material amount of equity securities of any class.
- 6.70 The issuer must, on a confidential basis, inform the Exchange of the details of any board meeting at which the declaration, recommendation or payment of a dividend is expected to be decided or at which any announcement of the profits or losses for any year, half year or other financial period is to be approved for publication, or any other major event which is likely to have an influence on the price of the securities or would affect an investor's

decision to purchase or sell the securities is to be decided upon, at least three business days before the date fixed for such board meeting.

- 6.71 The issuer must immediately inform the Exchange, for dissemination by the Exchange, of:
- (a) any change in the issuer's constitution or its registered or principal office;
  - (b) 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;
  - (c) any change in the general character or nature of the business of the issuer or the group;
  - (d) any change in the capital structure of the issuer or group;
  - (e) any changes to the composition of the board of the issuer. 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;
  - (f) any changes in its auditors;
  - (g) the incurring of any significant debt (being debt with an amount equal to or greater than twenty per cent. of the book value of the existing net assets of the group);
  - (h) any significant trading or non-trading losses (being losses equal to or greater than twenty per cent. of the book value of the existing net assets of the issuer);
  - (i) any significant changes in the holdings or identity of those persons holding in aggregate more than ten per cent. of the issuer's listed securities, where known;
  - (j) any involvement in significant litigation proceedings (where the amount involved is equal to or greater than twenty per cent. of the book value of the existing net assets of the issuer);
  - (k) its 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;
  - (l) any decision to declare, recommend or pay any dividend or to make any other distribution on its listed securities and the rate and amount thereof (the record date for such distribution should be at least seven days after such notification);
  - (m) 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

- (n) any decision to call, repurchase, draw, redeem or offer to buy any of its securities and the total amount thereof.

6.72 In the case of paragraphs (a) to (f) above, the issuer must consult with the Exchange as far in advance as practicable about making the change.

### **Winding-up and liquidation**

6.73 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**

6.74 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**

6.75 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.

## **Approval and distribution of documents**

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

## **Directors' service contracts**

- 6.77 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**

- 6.78 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.

## **Registrar and paying agent**

- 6.79 The issuer must maintain a share transfer agent or registrar and paying agent in the Cayman Islands or other financial centre acceptable to the Exchange. The issuer itself may perform these functions. The issuer must make arrangements acceptable to the Exchange to facilitate the efficient settlement of all trades and the registration of all transfers of its listed securities.

## **Annual fee**

- 6.80 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 which forms part of the appendices to these listing rules.

## **Equivalent information**

- 6.81 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.

## **Exception**

- 6.82 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.

## DEBT SECURITIES - CONTENTS OF LISTING DOCUMENT

### Preliminary

- 6.83 The listing document for debt securities must contain the information set out below.
- 6.84 A copy of the trust deed, debenture or other document constituting or securing the debt securities must be supplied as part of the listing application.

- 6.85 The listing document must include:

- (a) on the inside cover page of the listing document:
- (i) the official name and jurisdiction of incorporation or establishment of the issuer;
  - (ii) the name, nominal value and class of securities being offered by the listing document and the offer price;
  - (iii) the name of the listing agent and underwriters of other distributors of the issue; and

- (iv) 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.

- 6.86 Where the listing document includes a statement made by an expert, a statement:
- (a) specifying the qualifications of such expert and whether such expert or any associate of the expert has any shareholding 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.

### **Securities, issuance and distribution**

- 6.87 The estimated expenses of the issue, by whom the same are payable and the estimated net proceeds of the issue.
- 6.88 If known, the date on which dealings will commence.
- 6.89 An estimate of the net proceeds of the issue and a statement as to how such proceeds are intended to be used or applied.
- 6.90 A description of or the text of the terms and conditions of the issue containing:
- (a) the nominal amount of the issue or if this amount is not fixed, a statement to that effect, the nature and number of the debt securities and the denominations;
  - (b) a summary of the rights conferred upon holders and particulars of the security;
  - (c) except in the case of continuous issues, the issue price (or if different, offer price) and redemption prices. A statement of the nominal interest rate and if floating, how is it calculated. If several interest rates are provided for, an explanation of the conditions for changes in the rate. If any issue discount is allowed or premium is payable, a statement describing this. If any expenses of the issue are to be charged to subscribers or purchasers, a statement describing this;
  - (d) details of the currency of the issue and the method of payment of the issue or offer price including a description of any instalment arrangement;
  - (e) details of the arrangements for the amortisation or early redemption of the issue;
  - (f) the names and addresses of the paying agent(s) and any registrar and transfer agent(s) for the debt securities;

- (g) details of the arrangements for transfer of the securities if not in bearer form;
- (h) details of the following time limits:
  - (i) final maturity date and early repayment dates, specifying whether exercisable at the issuer's or the holder's option;
  - (ii) the date from which interest accrues and when the interest payments are due;
  - (iii) prescription period for claims for payment of interest and repayment of principal;
  - (iv) procedures and time limits for delivery of the debt securities, whether there will be temporary documents of title and, if so, the procedures for the delivery and exchange thereof;
  - (v) except in the case of continuous issues, an indication of yield and the method by which it is calculated; and
  - (vi) details of any taxes on the income from the debt securities which is withheld at source and a statement as to whether the issuer assumes responsibility for withholding any such tax at source;
- (i) 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.

6.91 The following legal information:

- (a) a description of the resolutions, authorisations and approvals by virtue of which debt securities are created or issued and of the number of debt securities which have been or will be created or issued (or a maximum and minimum range);
- (b) the nature and scope of any guarantees, securities and commitments intended to ensure that the issue will be duly serviced with regard to both the principal and the interest on the debt securities and an indication of the places where the public may have access to copies of such guarantees, securities and commitments;
- (c) details of the trustee, fiscal agent or other representative of the holders of the debt securities as a whole, if any, the name and function or description and head office of such representative, the conditions under which the representative may be replaced together with an indication of where the public may inspect copies of the documents detailing how the representative is to act;
- (d) a description of any subordination of the issue to any other debts or debt securities of the issuer;

- (e) an indication of any legislation under which the debt securities have been created, the governing law and the competent courts in the event of litigation; and
  - (f) details of any restrictions on the transferability of the debt securities.
- 6.92 Particulars of any alterations in the capital of the issuer 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 otherwise 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 and (if not already fully paid) the dates when any instalments are payable with the amount of all calls or instalments in arrears, or an appropriate negative statement.
- 6.93 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.
- 6.94 Number, book value and nominal value or, in the absence of a nominal value, the accounting par value of any of its own shares (or comparable interests in the case of a partnership or unit trust) which any member of the group has acquired and is holding, if such shares do not appear as a separate item in the balance sheet.

### **The group's activities**

- 6.95 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, assets employed or any other factor, such figures and explanation 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. If the group trades outside the Cayman Islands a statement showing a geographical analysis of its trading operations. Where a material proportion of the group's assets are situated outside the Cayman Islands, a statement giving the best practicable indication of the amount and situation of such assets and the amount of the assets located in the Cayman Islands.
- 6.96 If the issuer is a member of a group, a brief description of 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.

- 6.97 Particulars of any trade marks, patents 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.
- 6.98 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.
- 6.99 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.
- 6.100 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.
- 6.101 Particulars, including location, of the principal investments (if any), including such investments as new plant, factories and research and development, being made or planned by the group.
- 6.102 With regard to every material subsidiary, particulars of the name, date and country of incorporation, general nature of business, issued capital and the proportion held or intended to be held by the issuer.
- 6.103 With regard to the issuer and every material subsidiary, particulars of the location of the principal establishments.

### **Financial information about the group**

- 6.104 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 two 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 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.

6.105 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 two 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 two 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.

6.106 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.

6.107 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.

- 6.108 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.
- 6.109 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 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 of the group.
- 6.110 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.
- 6.111 Particulars of the profits cover for interest payments and of the net assets and net tangible assets.
- 6.112 [Deleted.]
- 6.113 [Deleted.]
- 6.114 A statement by the directors of any material adverse change in the financial or trading position of the group since the end of the period reported on in the accountants' report, or an appropriate negative statement.
- 6.115 Particulars of any litigation or claims of material importance pending or threatened against any member of the group, or an appropriate negative statement.

## **Management**

- 6.116 The full name, residential or business address and description (being his qualifications or area of expertise or responsibility) of every director or proposed director of the issuer.
- 6.117 The full name and professional qualification, if any, of the company secretary of the issuer.
- 6.118 The address of the registered office and, if different, the head office of the issuer.
- 6.119 A statement showing the interest (distinguishing between beneficial and non-beneficial interests) of each director of the issuer in the equity or debt securities of the group.
- 6.120 A statement showing the name, so far as is known to any director of the issuer, of each person, other than a director of the issuer, who is, directly or indirectly, interested in five per cent. or more of the nominal value of any class of share capital 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 interests, an appropriate negative statement.

- 6.121 Full particulars of any contract or arrangement subsisting at the date of the listing document in which a director of the issuer is materially interested and which is significant in relation to the business of the group, or an appropriate negative statement.

### **Contracts pertaining to the issue**

- 6.122 The dates of and parties to all contracts pertaining to the issue entered into by any member of the group within the two years immediately preceding the issue of the listing document, together with a summary of the principal contents of such contracts.

### **General information**

- 6.123 Details of where annual and any interim financial reports are available and how often interim reports are published.
- 6.124 The names of the newspapers in which any notices to the holders of the debt securities will be published.
- 6.125 The names of all stock exchanges on which a listing has been, is being or will be sought for the debt securities.
- 6.126 The names, addresses and descriptions of the persons underwriting or guaranteeing the issue for the issuer and where not all of the issue is underwritten or guaranteed, a statement of the portion not covered.
- 6.127 If a public or private offer or placing has been or is being made simultaneously on the markets of two or more countries and if a tranche has been or is being reserved for certain of these, details of any such tranche.

### **Documents for inspection**

- 6.128 Details of a reasonable period of time (being not less than fourteen calendar days) during which, and a place in Grand Cayman, at which the following documents or copies thereof where applicable may be inspected:
- (a) the constitution of the issuer;
  - (b) any trust deed, fiscal agency agreement or other document constituting the debt securities;
  - (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 accounts of the issuer or, in the case of a group, the consolidated audited accounts of the group for each of the two financial years immediately preceding the issue of the listing document.

6.129 If the document of title to any listed debt securities is in bearer form, the time and place in Grand Cayman where copies of the accounts of the issuer and auditors' report and directors' report thereon may be obtained without charge, must be published in the newspapers. Where another company provides a guarantee for the debt security or where the debt security is convertible, exchangeable or carries subscription rights which are exercisable into the securities of another company, copies of the accounts of that other company and of the auditors' report and directors' report thereon must also be available and advertised in the newspapers.

## DEBT SECURITIES - CONTINUING OBLIGATIONS

### **Distribution of annual accounts**

6.130 The issuer must send the trustee or fiscal agent and every holder of its listed debt securities a copy of its annual accounts (which must be prepared in accordance with International Accounting Standards and must be audited in accordance with International Auditing Standards) not less than fourteen calendar days before the date of the issuer's annual general meeting. At the same time the issuer must send six copies to the Exchange promptly after they are issued.

### **Information to accompany annual accounts**

- 6.131 The issuer must include with its annual accounts 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 for each such activity the turnover and contribution to trading results attributable to it;
  - (b) a geographical analysis of consolidated turnover and of the turnover of its subsidiaries outside the Cayman Islands;
  - (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) the 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 issuer or any subsidiary; 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 of operating results shown by the accounts for the period under review differing materially from any 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, firstly, bank loans and overdrafts and, secondly, 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) details of the classes and numbers of any convertible debt securities, options, warrants or similar rights issued or granted by the group during the financial year, together with the consideration received by the group;

- (k) particulars of any exercise made during the financial year of any conversion or subscription rights under any convertible debt securities, options, warrants or similar rights issued or granted at any time by the group;
  - (l) particulars of any redemption or purchase or cancellation by the group of its redeemable debt securities and the amount of such securities outstanding after any such redemption, purchase or cancellation has been made. Any such statement must distinguish between those listed securities which are purchased by the issuer and those which are purchased by a subsidiary of the issuer; and
  - (m) 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.
- 6.132 If the auditors' report on the relevant annual accounts is qualified, the Exchange may require more detailed or additional information to be provided.

### **Decisions to not make interest payments**

- 6.133 Any decision not to make any interest payment on the listed debt securities must be disclosed to the Exchange for dissemination by the Exchange as soon as reasonably practicable after the decision has been made.

### **Purchase, redemption or cancellation of issuer's own securities**

- 6.134 Any purchase, redemption or cancellation by the issuer, or any member of the group, of its listed debt securities must be disclosed to the Exchange, for dissemination by the Exchange, as soon as possible after such purchase, redemption or cancellation. The announcement should also state the amount of the relevant debt securities outstanding after such operations. For this purpose, purchases of debt securities may be aggregated and an announcement must be made when five per cent. of the outstanding amount of a debt security has been acquired. If the issuer or any member of the group purchases further amounts of that security an announcement should be made whenever an additional one per cent. has been acquired.

### **Board meetings**

- 6.135 The issuer must inform the Exchange immediately after approval by or on behalf of the board, for dissemination by the Exchange, of:
- (a) any decision not to make any interest payment on any of the group's debt securities;
  - (b) any proposed new issue of debt securities by the issuer and, in particular, any guarantee or security in respect thereof;
  - (c) any change in the issuer's constitution or its registered or principal office;
  - (d) any proposed change in the capital structure of the issuer or the group;

- (e) 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 right of any class of securities into which the listed securities are convertible;
- (f) any decision to change the general character or nature of the business of the issuer or the group;
- (g) any changes to the composition of the board of the issuer. 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;
- (h) any change in the rights attaching to any class of listed debt securities (including any change in the rate of interest carried by a debt security) and any change in the rights attaching to any shares into which any listed debt securities are convertible or exchangeable; and
- (i) any changes in its auditors, and the issuer must consult with the Exchange as far in advance as practicable about the any item listed above.

### **Conversion information about other companies**

6.136 Where listed debt securities carry rights of conversion or exchange into or subscription for the share capital of another company, or are guaranteed by another company, the issuer must ensure that adequate information is at all times publicly available about the other company and about any changes in the rights attaching to the shares to which such rights of conversion, exchange or subscription relate. This must include the availability of the annual report and accounts of the other company together with any interim financial reports and any other information necessary for a realistic valuation of such listed debt securities to be made.

### **Proposed drawings and closure of books**

6.137 The issuer must inform the Exchange for dissemination by the Exchange, in advance of all proposed drawings to effect partial redemptions, and, in the case of registered debt securities, the date on which the issuer proposes to close the books for the purpose of making a drawing. The Exchange must be informed immediately of the amount of the debt securities outstanding after any such drawing has been made, for dissemination by the Exchange.

### **Winding-up and liquidation**

6.138 The issuer must inform the Exchange, for dissemination by the Exchange, on any of the following events as soon as the same shall come to the attention of the issuer:

- (a) the presentation of any winding-up petition, or equivalent application, 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.

### **Approval and distribution of other documents**

6.139 The issuer must send six copies to the Exchange, at the same time as they are issued, of the following documents:

- (a) all communications to holders of its listed debt securities; and
- (b) any interim financial reports prepared by the issuer.

6.140 The issuer must send to the Exchange six copies of all notices of meetings, forms of proxy, reports, announcements or other similar documents at the same time as they are issued.

### **Registrar and paying agent**

6.141 The issuer must maintain a registrar or a paying agent in the Cayman Islands or other financial centre acceptable to the Exchange until the debt securities are finally redeemed. The issuer itself may perform these functions. The issuer must make arrangements acceptable to the Exchange to facilitate the efficient settlement of all trades and, where applicable, the registration of all transfers of its listed securities.

### **Annual fee**

6.142 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 which forms part of the appendices to these listing rules.

### **Equivalent information**

6.143 Where the 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.

## **Exception**

- 6.144 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 submitted 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 AN ISSUING COMPANY

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

### **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 an issuing 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.

### **Directors**

- 6A.9 The constitution may 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.10 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.11 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 6.54.

### **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 must be given covering the last three years. Where applicable, the post acquisition information should be included in the accountant's report on the issuer and its subsidiary and associate undertakings referred to above. Pre-acquisition information on the undertaking or assets may be provided in the form of a comparative table as set out rule 6.34 unless a report by reporting accountants is required pursuant to rule 6.35.
- 6B.5 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.
- 6B.6 In the case of a new applicant for listing, where the auditors' or accountants' report on the consolidated financial statements for the last three financial years of any undertaking acquired by the issuer during the period under review has been qualified, the applicant will be regarded as unsuitable for listing 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.