

CHAPTER 8

Continuing Obligations

This chapter deals with the Issuers continuing obligations and one of its objectives is to implement the relevant provisions of Directive 2004/109/EC of the European Parliament and of the Council of 15 December 2004 on the harmonisation of transparency requirements in relation to information about issuers whose securities are admitted to trading on a regulated market. These requirements do not exclude the ongoing obligations. These requirements do not exclude the ongoing obligations required in other chapters of these Listing Rules.

Introduction

- 8.1 This Chapter establishes requirements in relation to the disclosure of ongoing information about Issuers whose securities are already admitted to trading on a Regulated Market situated or operating within a Member State.
- 8.2 The provisions of this Chapter shall not apply to Units issued by collective investment undertakings other than the closed-end type, or to Units acquired or disposed of in such collective investment undertakings.
- 8.3 Once a Security is authorised as Admissible to listing, the Issuer shall be responsible for ensuring compliance with the continuing obligations of these Listing Rules at all times.
- 8.4 The Issuer shall comply with the continuing obligations to provide information and if it fails to do so, the Listing Authority may itself publish any relevant information it may have in its possession after having heard the representation of the Issuer.
- 8.5 Where Malta is the home Member State, the Listing Authority may subject Issuers to obligations more stringent than those provided for hereafter or to additional obligations, provided that they apply generally to all Issuers or to all Issuers of a given Class.

Company Announcements

- 8.6 The object of a Company Announcement is to bring useful and relevant facts to the attention of the market. Accordingly, Issuers shall be responsible to ensure that a Company Announcement is precise, clear and truthful, and does not contain promotional, ambiguous, irrelevant or confusing material.
- 8.7 An Issuer or a person who has applied for admission to trading on a Regulated Market without the Issuer's consent, where applicable, shall make a Company Announcement in the English or Maltese language without delay through the Recognised Investment Exchange with regards to the following:
 - 8.7.1 price-sensitive facts which arise in its sphere of activity and which are not public knowledge;
 - 8.7.2 any information concerning the Issuer or any of its Subsidiaries necessary to avoid the establishment of a false market in its Securities;
 - 8.7.3 the date fixed for any board meeting of the Issuer at which the declaration or recommendation or payment of a dividend on Securities authorised as Admissible to Listing is expected to be decided, or at which any Announcement of the profits or losses in respect of any year, half-year or other period is to be approved for publication;
 - 8.7.4 any decision by the board of Directors of the Issuer to declare any dividend or other distribution on Securities Admissible to Listing or not to declare any dividend or interest payment on Securities authorised as Admissible to Listing or relating to profits;
 - 8.7.5 any change in the Officers of the Issuer (see Listing Rules 8.18 to 8.21);
 - 8.7.6 the filing of a winding-up application;
 - 8.7.7 any resolution for the merger or amalgamation of the Issuer and any agreement entered into in connection with any acquisition or realisation of assets or any transaction outside the ordinary course of business of the Issuer and/or its Subsidiaries which is likely to materially affect the price of its Securities;

- 8.7.8 the information contained in the notification submitted by the Shareholder in terms of Listing Rule 8.117;
- 8.7.9 the total number of voting rights and capital at the end of each calendar month during which an increase or decrease of such total number has occurred;
- 8.7.10 the proportion of the Issuer's holding in its own Equity Securities, following an acquisition or sale of its own Equity Securities in terms of Listing Rule 12.12. Such Company Announcement shall be made by not later than four trading days following the acquisition or sale;
- 8.7.11 any material change to its capital structure including the structure of its Debt Securities admitted to listing, except that notification of a new issue may be delayed while an offer or underwriting is in progress;
- 8.7.12 Debt Securities authorised as Admissible to Listing:
 - 8.7.12.1 any new issues of Debt Securities;
 - 8.7.12.2 any guarantee or security thereof; and
 - 8.7.12.3 a statement, where applicable, indicating where the audited Annual Accounts of any guarantor in line with the requirements of Listing Rule 9.36 are available to the public.

Without prejudice to the Prevention of Market Abuse Act, Listing Rules 8.7.12.1, 8.7.12.2 and 8.7.12.3 shall not apply to a public international body of which at least one Member State is member.
- 8.7.13 any change in the rights;
 - 8.7.13.1 attaching to the various Classes of shares, including changes in the rights attaching to derivative securities issued by the Issuer itself and giving access to the shares of that Issuer;
 - 8.7.13.2 of holders of securities other than shares, including changes in the terms and conditions of these securities which could indirectly affect those rights, resulting in particular, from a change in loan terms or in interest rates.
- 8.7.14 the effect, if any, of any issue of further Securities on the terms of the exercise of rights under options, warrants and convertible Securities;
- 8.7.15 the results of any new issue or Public Offer of Securities. Where the Shares are subject to an underwriting arrangement the Issuer may at its discretion, delay notifying the Listing Authority until the obligations by the underwriter to take or procure others to take Securities are finally determined or lapse. In the case of an issue or offer of Shares which is not underwritten, notification of the result must be made as soon as it is known;
- 8.7.16 any sale of Shares in another Company resulting in a Company ceasing to be a Subsidiary and any acquisition of Shares of an unquoted Company;
- 8.7.17 all resolutions put to a general meeting of an Issuer which are not Ordinary Business and immediately after such meeting whether or not the resolutions were carried;
- 8.7.18 any change of address of the registered office of the Issuer;

- 8.7.19 any proposed changes to the Memorandum and Articles of Association of the Issuer which in any event must comply with the requirements of this Chapter;
 - 8.7.20 the matters referred to in Listing Rule 1.21 (Discontinuation of Listing);
 - 8.7.21 the matters referred to in Listing Rules 9.35 (preliminary results), 9.40.6 (profit forecast) and 9.42 (half-yearly reports);
 - 8.7.22 where a valuation has been conducted on the fixed assets of the Issuer and/or its Subsidiaries including a copy of the valuation reports or a statement indicating where such report has been made to the public;
 - 8.7.23 a statement indicating where the audited Annual Accounts required in terms of Listing Rule 9.36 have been made available to the public.
- 8.8 The requirements of Listing Rules 8.7 are in addition to any specific requirements regarding Company Announcements contained in these Listing Rules.
- 8.9 Information that is required to be the subject of a Company Announcement must not be given to anyone else before it has been so announced in accordance with Listing Rule 8.7.
- 8.10 An Issuer must take all reasonable care to ensure that any statement or forecast or any other information provided in a Company Announcement is not misleading, false or deceptive and does not omit anything likely to affect the import of such statement, forecast or other information.
- 8.11 Where securities are admitted to trading on a Regulated Market in Malta and Malta is the only host Member or EEA State, an Issuer or a person who has applied for admission to trading on a Regulated Market without the Issuer's consent is obliged to make a Company Announcement in terms of Listing Rules 8.7.8, 8.7.9, 8.7.10 8.7.12 and 8.7.13, and makes such information available to the Officially Appointed Mechanism'
- Dispensation*
- 8.12 If the Issuer considers that announcements and/or disclosure to the public of information required by these Listing Rules might prejudice the Issuer's legitimate interests, the Issuer must seek a dispensation from the relevant requirement by written notice to the Listing Authority to that effect.
- Disclosure in the Annual Report*
- 8.13 The provisions of Listing Rules 8.14 and 8.15 shall apply to accounting periods commencing on or after 20 May 2006.
- 8.14 An Issuer shall include in the Company's Annual Report the following:
- 8.14.1 the structure of their Capital, including securities which are not admitted to trading on a Regulated Market in a Member State, where appropriate with an indication of the different Classes of shares and, for each Class of shares, the rights and obligations attaching to it and the percentage of total share capital that it represents;
 - 8.14.2 any restrictions on the transfer of securities, such as limitations on the holding of securities or the need to obtain the approval of the Company or other holders of securities;
 - 8.14.3 any direct and indirect shareholdings (including indirect shareholdings through pyramid structures and cross-shareholdings) in excess of 5% of the share Capital;

- 8.14.4 the holders of any securities with special control rights and a description of those rights;
 - 8.14.5 the system of control of any employee share scheme where the control rights are not exercised directly by the employees;
 - 8.14.6 any restriction on voting rights, such as limitations of the voting rights of holders of a given percentage or number of votes, deadlines for exercising voting rights, or systems whereby, with the company's cooperation, the financial rights attaching to securities are separated from the holding of securities;
 - 8.14.7 any agreements between shareholders which are known to the Company and may result in restrictions on the transfer of securities and/or voting rights;
 - 8.14.8 the rules governing the appointment and replacement of Board members and the amendment of the Articles of Association;
 - 8.14.9 the powers the Board members, and in particular the power to issue or buy back shares;
 - 8.14.10 any significant agreement to which the Company is a party and which take effect, alter or terminate upon a change of control of the Company following a take overbid, and the effects thereof, except where their nature is such that their disclosure would be seriously prejudicial to the Company (this exception shall not apply where the Company is specifically obliged to disclose such information on the basis of other legal requirements);
 - 8.14.11 any agreements between the Company and its Board Members or employees providing for compensation if they resign or are made redundant without valid reason or if their employment ceases because of a takeover bid.
- 8.15 Board Members shall present an explanatory report to the Annual General Meeting of shareholders on the matters referred to above.

Directors and Senior Officers

- 8.16 A Company Announcement made in terms of 8.7.5 shall contain the following information in respect of any new Director appointed to its board of Directors, or any Senior Officer, unless such details have already been disclosed in Prospectus or other Circular published by the Issuer:
- 8.16.1 the full name (and if relevant, any former name or names), residential address and function in the Issuer and an indication of the principal activities performed by them outside the Issuer where these are significant with respect to the Issuer;
 - 8.16.2 details of all Directorships held by such Director or Senior Officer in any other Listed Company at any time in the previous five (5) years, indicating whether or not the individual is still a Director;
 - 8.16.3 any convictions of such persons in relation to criminal offences punishable by imprisonment or details of any pending criminal proceedings against such persons for such offences;
 - 8.16.4 details of any bankruptcies or individual voluntary arrangements of such person;

- 8.16.5 details of any creditors' voluntary winding-up, winding-up by the court or reconstruction of any Company where such person was a partner or Director with an executive function at the time of or within the twelve (12) months preceding such events;
- 8.16.6 details of any dissolution of any partnerships for reasons of bankruptcy or the existence of grounds of sufficient gravity to warrant dissolution where such person was a partner at the time of or within the twelve (12) months preceding such events;
- 8.16.7 details of any public criticisms of such person by statutory or regulatory authorities (including designated professional bodies) which have not been subsequently withdrawn by the relevant authority or body and whether such person has ever been disqualified by a court from acting as a Director of a Company or from acting in the management or conduct of the affairs of any Company; and
- 8.16.8 whether such person was the subject of any order, judgement or ruling of any court of competent jurisdiction, tribunal or any other regulatory authority in Malta or overseas, permanently or temporarily prohibiting him from acting as an Investment Adviser, dealer in Securities, Director or employee of a Financial Institution and from engaging in any type of business practice or activity; or

if there is no such information to be disclosed regarding Listing Rules 8.16.3 to 8.16.8, an appropriate negative statement to that effect.

- 8.17 The Company Announcement required under Listing Rule 8.7.5 must be made immediately after the Issuer becomes aware of the appointment of the relevant Director or Senior Officer.
- 8.18 The Company Announcement required by Listing Rule 8.7.5 must state the effective date of the change if it is not with immediate effect. If the effective date is not yet known or has not yet been determined, the notification should state this fact. The Issuer must subsequently announce that information when the effective date has been decided.
- 8.19 In the case of an appointment, the Issuer's notification must:
 - 8.19.1 state whether the position is executive or non-executive; and
 - 8.19.2 state the nature of any specific function or responsibility of the position.

Rights of Holders of Securities

- 8.20 An Issuer having Equity Shares authorised as Admissible to Listing must ensure equality of treatment for all holders of such Equity Shares who are in the same position.
- 8.21 A Company having Debt Securities authorised as Admissible to Listing must ensure equality of treatment for all holders of such Securities of the same Class in respect of all rights attaching to such Securities.
- 8.22 An Issuer must obtain the consent of the holders of its Equity Shares before any major Subsidiary Undertaking of the Issuer makes any issue for cash of Equity Securities so as materially to dilute the Issuer's percentage interest in Equity Shares or Equity Securities of that Subsidiary Undertaking. For the purposes of this Listing Rule, a Subsidiary Undertaking which represents twenty-five percent (25%) or more of the aggregate of the Share capital and reserves or profits (after deducting all charges except taxation and excluding extraordinary items) of a Group will be regarded as a major Subsidiary Undertaking.

- 8.23 Shareholders shall not be prevented from exercising their rights by proxy, subject to the law of the country in which the Issuer is incorporated.
- Information requirements for Issuers whose shares are admitted to trading on a Regulated Market*
- 8.24 An Issuer shall ensure that all the facilities and information necessary to enable holders of shares to exercise their rights are available in Malta, where Malta is the Home Member State and that the integrity of data is preserved.
- 8.25 The Issuer shall;
- 8.25.1 provide information on the place, time and agenda of meetings, the total number of shares and voting rights and the rights of holders entitled to participate in meetings;
- 8.25.2 make available a proxy form in terms of Listing Rules 10.16 and 10.17, on paper or, where applicable, by electronic means, to each person entitled to vote at a shareholders' meeting, together with the notice concerning the meeting or, on request, after an Announcement of the meeting;
- 8.25.3 at the request of a shareholder, designate as its agent a financial or credit institution through which such shareholder may exercise his financial rights; and
- 8.25.4 publish notices or distribute Circulars concerning the allocation and payment of dividends and the Issuer of new shares, including information on any arrangements for allotment, subscription, cancellation or conversion.
- 8.26 If a Circular is issued to the holders of any particular Class of Security, the Issuer must issue a copy or summary of that Circular to all other holders of its Securities which are authorised as Admissible to Listing unless the contents of that Circular are irrelevant to them.
- 8.27 Where available, airmail or an equivalent service that is no slower must be used when sending documents to holders of Securities authorised as Admissible to Listing residing outside Malta.
- 8.28 All communications to holders of Securities authorised as Admissible to Listing must be made by means of the postal services and airmail services in the case of shareholders residing outside Malta, to the registered address of each holder registered as such on the date when such notice is communicated. Notwithstanding the foregoing, the Issuer's obligation of circulating any information to shareholders other than Annual Accounts shall be duly satisfied if the Issuer sends a notice to the registered address of each Shareholder by means of the postal service advising that such information has been posted on a website designated therein and that such document is available in printed format upon written request made by any shareholder.
- 8.29 Notwithstanding the provisions of Listing Rule 8.28, the Issuer shall use Electronic means to circulate information other than Annual Accounts, provided such a decision is taken in a general meeting and meets at least the following conditions:
- 8.29.1 the use of Electronic means shall in no way depend upon the location of the seat or residence of the Shareholder or, in the cases referred to in Listing Rule 8.116, of the natural or legal persons;
- 8.29.2 identification arrangements shall be put in place so that the shareholders, or the natural or legal persons entitled to exercise or to direct the exercise of voting rights, are effectively informed;

- 8.29.3 shareholders, or in the cases referred to in Listing Rule 8.116, the natural or legal persons entitled to acquire, dispose of or exercise voting rights, shall be contacted in writing to request their consent for the use of Electronic means for conveying information and, if they do not object within a reasonable period of time, their consent shall be deemed to be given. They shall be able to request, at any time in the future, that information be conveyed in writing; and
- 8.29.4 any apportionment of the costs entailed in the conveyance of such information by Electronic means shall be determined by the Issuer in compliance with the principle of equal treatment.

Information requirements & venue for Issuers whose Debt Securities are admitted to trading on a Regulated Market

- 8.30 An Issuer of Debt Securities shall ensure that all the facilities and information necessary to enable Debt Securities holders to exercise their rights are publicly available in Malta, when Malta is the Home Member State and the integrity of data is preserved.
- 8.31 Debt Securities holders shall not be prevented from exercising their rights by proxy, subject to the law of country in which the Issuer is incorporated.
- 8.32 The Issuer shall, where applicable -
 - 8.32.1 publish notices or distribute Circulars concerning the place, time and agenda of meetings of Debt Securities holders, the payment of interest, the exercise of any conversion, exchange, subscription or cancellation rights, and repayment, as well as the right of those holders to participate therein;
 - 8.32.2 make available a proxy form in terms of Listing Rules 10.16 and 10.17 on paper or by electronic means, to each person entitled to vote at a meeting of Debt Securities holders, together with the notice concerning the meeting or, on request, after an Announcement of the meeting; and
 - 8.32.3 at the request of any holder of Debt Securities, designate as its agent a financial or credit institution through which the Debt Securities holder may exercise his financial rights.
- 8.33 If only holders of Debt Securities whose denomination per unit amounts to at least Lm 21,465 or, in the case of Debt Securities denominated in currency other than Lm whose denomination per unit is, at the date of the issue, equivalent to at least Lm 21,465, are to be invited to a meeting, the Issuer may choose as venue any Member or EEA State, provide that all the facilities and information necessary to enable such holders to exercise their rights are made available in that Member or EEA State.
- 8.34 For the purposes of conveying information to Debt Securities holders, the Issuer shall use electronic means, provided such a decision is taken in a general meeting and meets at least the following conditions:
 - 8.34.1 the use of Electronic means shall in no way depend upon the location of the seat or residence of the debt security holder or of a proxy representing that holder;
 - 8.34.2 identification arrangements shall be put in place so that Debt Securities holders are effectively informed;
 - 8.34.3 Debt Securities holders shall be contacted in writing to request their consent for the use of Electronic means for conveying information and if they do not object within a reasonable period of time, not exceeding

fourteen (14) days, their consent shall be deemed to be given. They shall be able to request, at any time in the future, that information be conveyed in writing; and

- 8.34.4 any apportionment of the costs entailed in the conveyance of information by Electronic means shall be determined by the Issuer in compliance with the principle of equal treatment.
- 8.35 The provisions of Listing Rules 8.7.12, 8.32, 8.33 and 8.34 shall not apply to securities admitted to trading on a Regulated Market issued by Member or EEA States or their regional or local authorities.

Corporate Governance

- 8.36 An Issuer whose Securities are listed should endeavour to adopt the Principles outlined in Appendix 8.1. The Principles are not applicable to Collective Investment Schemes.
- 8.37 Issuers shall be required to include in their annual report a statement of compliance providing an explanation of the extent to which they have adopted the Principles.
- 8.38 Issuers shall include in their annual report the effective measures that they have taken to ensure compliance throughout the accounting period with the Principles.
- 8.39 The Issuer's Auditors are to include a report in the annual report on the statement of compliance and the report to shareholders made by Issuer and the board of Directors of the Issuer respectively.

Interests of Directors and Connected Persons

- 8.40 Copies of each Director's service contract must be made available for inspection by any person:
- 8.40.1 at the place of the annual general meeting for at least fifteen (15) minutes prior to and during the meeting; and
- 8.40.2 at the registered office of the Issuer, or in the case of an Oversea Company, at the offices of any Paying Agent in Malta during Normal Business Hours.
- 8.41 Where one (1) Director's service contract covers both Directors and executive Officers, the Issuer must make available for inspection in accordance with Listing Rule 8.40 a memorandum of the terms of the contract which relate to the Directors only.
- 8.42 Directors' service contracts available for inspection must disclose or have attached to them the following information;
- 8.42.1 the name of the contracting parties;
- 8.42.2 the date of the contract, the unexpired term and details of any notice periods;
- 8.42.3 full particulars of the Directors' emoluments, including salary and all other benefits;
- 8.42.4 any commission or profit sharing arrangements;
- 8.42.5 any provision for compensation payable upon early termination of the contract; and

- 8.42.6 details of any other arrangements which are necessary to enable investors to estimate the possible liability of the Issuer upon early termination of the contract.
- 8.43 An Issuer not subject to the CA must notify to the Listing Authority equivalent information to that required under Listing Rule 8.42 so far as such information is known to the Issuer. Any notification under this Listing Rule must be made without delay following the Issuer becoming aware of the relevant information.
- 8.44 An Issuer must require each of its Directors to disclose to it all information which the Issuer needs in order to comply with Listing Rule 8.42 or 8.43 (so far as that information is known to the Director or could with reasonable diligence be ascertained by the Director), as soon as possible and not later than the fifth Business Day following the day on which the existence of the interest to which the information relates comes to the Director's knowledge. An Issuer must require each of its Directors at such times as it deems necessary or desirable to confirm that he has made all due enquiry of his Connected Persons.
- Transactions by Directors and Officers of Issuers*
- 8.45 Subject to Listing Rule 8.46 below, an Issuer must require:
- 8.45.1 its Directors; and
- 8.45.2 any employee of the Issuer or Director or employee of a Subsidiary Undertaking or Parent Undertaking of the Issuer who, because of his office or employment in the Issuer or Subsidiary Undertaking or Parent Undertaking, is likely to be in possession of unpublished price-sensitive information in relation to the Issuer ("Senior Officer")
- to comply with an internal code of dealing which must be no less exacting than those of Listing Rules 8.46 to 8.55 below and must take all proper and reasonable steps to ensure such compliance.
- 8.46 Listing Rule 8.45 does not apply if such dealings are entered into by such persons:
- 8.46.1 in the ordinary course of business by a Securities dealing business; or
- 8.46.2 on behalf of third parties by the Issuer or any other member of its Group.
- 8.47 Issuers may impose more rigorous restrictions upon dealings by Directors and Senior Officers if they so wish.
- 8.48 A Director or senior Officer shall not deal directly or indirectly in any of the Securities of the Issuer of which he is a Director or Senior Officer:
- 8.48.1 at any time when he is in possession of unpublished price-sensitive information in relation to those Securities;
- 8.48.2 prior to the Announcement of matters of an exceptional nature involving unpublished price-sensitive information in relation to the market price of the Securities of the Issuer;
- 8.48.3 on considerations of a short-term nature;
- 8.48.4 without giving advance written notice to the Chairman, or one or more other Directors designated for this purpose. In his own case, the Chairman, or such other designated Director, shall not deal without giving advance notice to the board of Directors of such Company or any other designated Director as appropriate;
- 8.48.5 during such other period as may be established by the Listing Authority from time to time.

- 8.49 The same restrictions apply to dealings by a Director or Senior Officer in the Securities of any other Listed Company when by virtue of his position as a Director or senior Officer of the Issuer, he is in possession of unpublished price-sensitive information in relation to those Securities.
- 8.50 During the period of two (2) months immediately preceding the preliminary notification of the Issuer's annual results and of the notification of the half-yearly results or during a period of one (1) month if the Issuer reports the results on a quarterly basis (except in the final quarter of a Financial Year when the relevant period shall be two (2) months), a Director or Senior Officer shall not purchase any Securities of the Issuer nor shall he sell any such Securities unless the circumstances are exceptional, for example where a pressing financial commitment has to be met and this with the prior written approval of the Listing Authority.
- 8.51 If the approval of the Listing Authority to deal in exceptional circumstances has been granted, the Issuer must notify the Listing Authority of such deals immediately after these have been concluded.
- 8.52 The restrictions on dealings contained in this Chapter shall be regarded as equally applicable to any dealings by any Connected Person or any investment manager acting on behalf of a Director or Senior Officer or on behalf of any Connected Person where either he or any Connected Person has funds under management with that investment manager, whether or not discretionary. It is the duty of the Director or Senior Officer (as far as is consistent with his duties of confidentiality to his Company) to seek to prohibit any such dealing by any Connected Person at a time when he himself is not free to deal.
- 8.53 Where a Director or senior Officer is a sole trustee (other than a bare trustee), the provisions of Listing Rules 8.45 to 8.54 will apply, as if he were dealing on his own account. Where a Director or Senior Officer is a co-trustee (other than a bare trustee), he must advise his co-trustees of the name of the Issuer of which he is a Director or Senior Officer. If the Director is not a beneficiary, a dealing in his Issuer's Securities undertaken by that trust will not be regarded as a dealing by the Director or Senior Officer for the purposes of this Listing Rule, where the decision to deal is taken by the other trustees acting independently of the Director or Senior Officer or by investment managers on behalf of the trustees. The other trustees or the investment managers will be assumed to have acted independently of the Director for this purpose where they:
- 8.53.1 have taken the decision to deal without consultation with, or other involvement of, the Director or Senior Officer concerned; or
 - 8.53.2 if they have delegated the decision making to a committee of which the Director or Senior Officer is not a member.
- 8.54 Any employee of the Issuer or Director or employee of a Subsidiary Undertaking or Parent Undertaking of the Issuer or any other person occupying a position of trust who, because of his office or employment in the Listed Company or Subsidiary Undertaking or Parent Undertaking, is in possession of unpublished price-sensitive information in relation to the Issuer shall comply with the terms of Listing Rule 8.48 as though they were Directors of the Issuer.
- 8.55 No dealings in any Securities may be effected by or on behalf of an Issuer or any other member of its Group at a time when, under the provisions of this Chapter, a Director of the Issuer would be prohibited from dealing in its Securities, unless such dealings are entered into:
- 8.55.1 in the ordinary course of business by a Securities dealing business; or

8.55.2 on behalf of third parties by the Issuer or any other member of its Group.

Audit Committee

- 8.56 The Issuer shall establish and maintain an Audit Committee of at least three (3) members, the majority of whom shall be non-executive Directors. The Committee shall be chaired by a non-executive Director.
- 8.57 The Issuer shall determine the terms of reference, life span, composition, role and function of such committee and shall establish, maintain and develop appropriate reporting procedures.
- 8.58 The Audit Committee's primary purpose is to protect the interests of the company's shareholders and assist the Directors in conducting their role effectively so that the company's decision-making capability and the accuracy of its reporting and financial results are maintained at a high level at all times.
- 8.59 The Issuer shall ensure that the Audit Committee establishes internal procedures and shall monitor these on a regular basis.
- 8.60 The Audit Committee shall establish and maintain access between the internal and external Auditors of the Company and shall ensure that this is open and constructive.
- 8.61 The Audit Committee shall meet, at least, six times a year preferably every two (2) months. The head of Internal Audit should attend the meetings of this Committee.
- 8.62 The main role and responsibilities of the audit committee shall be:
- 8.62.1 to review procedures and assess the effectiveness of the internal control systems, including financial reporting;
 - 8.62.2 to assist the Board of Directors in monitoring the integrity of the financial statements, the internal control structures, the financial reporting processes and financial policies of the company;
 - 8.62.3 to maintain communications on such matters between the Board, management, the independent Auditors and the internal Auditors;
 - 8.62.4 to review the company's internal financial control system and, unless addressed by a separate risk committee or the Board itself, risk management systems;
 - 8.62.5 to monitor and review the effectiveness of the company's internal audit function on a regular basis;
 - 8.62.6 to make recommendations to the Board in relation to the appointment of the external Auditor and to approve the remuneration and terms of engagement of the external Auditor following appointment by the shareholders in general meeting;
 - 8.62.7 to monitor and review the external Auditor's independence, objectivity and effectiveness; and
 - 8.62.8 to develop and implement policy on the engagement of the external Auditor to supply non-audit services.
- 8.63 When the Audit Committee's monitoring and review activities reveal cause for concern or scope for improvement, it shall make recommendations to the Board on action needed to address the issue or make improvements. The Board shall satisfy itself that any issues raised by the Audit Committee and the external Auditor and communicated to the Board have been adequately addressed.

- 8.64 The Issuer shall inform the Listing Authority how the Audit Committee is constituted, who the members are and its terms of reference. The Issuer shall inform the Listing Authority, without delay, of any changes to the above.

Transactions with Related Parties

General

- 8.65 These provisions shall apply so as to ensure that the Issuer draws attention to the possibility that its financial position and profit or loss may be affected or have been affected by the existence of related parties and by transactions and outstanding balances with such parties.

- 8.66 In considering each possible related party relationship, attention should be directed to the substance of the relationship and not merely the legal form.

- 8.67 The following are not necessarily related parties:

8.67.1 two entities simply because they have a Director or other member of key management personnel in common;

8.67.2 two venturers simply because they share joint control over a joint venture;

8.67.3 providers of finance, trade unions, public utilities, and government departments and agencies; simply by virtue of their normal dealings with an entity;

8.67.4 a customer, supplier, franchisor, distributor or general agent with whom an entity transacts a significant volume of business, merely by virtue of the resulting economic dependence; and

8.67.5 where the consideration or value of the related party transaction is in the aggregate Lm 20,000 or less the Issuer is exempt from the Company Announcement, Circular and shareholder's approval requirements contained in this Chapter.

Where the Audit Committee is not acceptable to the Listing Authority

- 8.68 When an Issuer (or any of its Subsidiary Undertakings) proposes to enter into a transaction with a Related Party and either the Audit Committee is not considered by the Listing Authority as independent or is not providing sufficient guarantees/safeguards which protect the rights of the shareholders, then the Issuer shall:

8.68.1 make a Company Announcement which shall contain:

8.68.1.1 the nature and details of the transaction;

8.68.1.2 the name of the Related Party concerned; and

8.68.1.3 details of the nature and extent of the interest of the Related Party in the transaction;

8.68.2 send a Circular to its shareholders containing the information required by Listing Rule 8.69; and

8.68.3 obtain the approval of its shareholders either prior to the transaction being entered into or, if it is expressed to be conditional on such approval, prior to completion of the transaction and, where applicable, ensure that the Related Party itself abstains from voting on the relevant resolution.

- 8.69 Where a meeting of the shareholders has been called to approve a transaction in terms of Listing Rule 8.68.3 and, after the date of the notice of meeting but prior to the meeting itself, a party to that transaction has become a Related Party;
- 8.69.1 the Issuer shall ensure that the Related Party concerned abstains from voting on the relevant resolution; and
- 8.69.2 a further Circular is dispatched, for receipt by shareholders prior to the meeting, containing the details of the transaction which were not contained in the original Circular accompanying the notice of meeting.
- 8.70 The variation or novation of an existing agreement between the Issuer (or any of its Subsidiary Undertakings) and a Related Party will be subject to the provisions of Listing Rule 8.68 whether or not, at the time the original agreement was entered into, that party was a Related Party.

Exemptions

- 8.71 Where the Issuer (or any of its Subsidiary Undertakings) proposes to enter into a transaction with a Related Party it need not be subject to prior approval of the Issuer's shareholders in general meeting and it need not send a Circular to its shareholders if:
- 8.71.1 the Issuer maintains an independent Audit Committee in terms of Listing Rules;
- 8.71.2 it is an Oversea Company with a Secondary Listing;
- 8.71.3 the transaction is an issue of new Securities either:
- 8.71.3.1 for cash by the Issuer (or any of its Subsidiary Undertakings) pursuant to an opportunity which (so far as is practicable) is made available to all holders of the Issuer's Securities (or to all holders of a relevant Class of its Securities) on the same terms; or
- 8.71.3.2 made pursuant to the exercise of conversion or subscription rights attaching to a Class of Securities Admissible to Listing or previously approved by the Issuer's shareholders in general meeting;
- 8.71.4 the transaction:
- 8.71.4.1 involves the receipt of any asset (including cash or Securities of the Issuer or any of its Subsidiary Undertakings) by a Director of the Issuer, its Parent Undertaking or any of its Subsidiary Undertakings; or
- 8.71.4.2 is a grant of an option or other right to a Director of the Issuer, its Parent Undertaking, or any of its Subsidiary Undertakings to acquire (whether or not for consideration) any asset (including cash or new or existing Securities of the Issuer or any of its Subsidiary Undertakings);
- in accordance with the terms of either an employee share scheme or a long-term incentive scheme;
- 8.71.5 the transaction is a grant of credit (including the lending of money or the guaranteeing of a loan) to the Related Party or, on an unsecured basis, by the Related Party:
- 8.71.5.1 upon normal commercial terms; or

- 8.71.5.2 in amount and on terms no more favourable than those offered to employees of the Group generally;
- 8.71.6 the transaction is the grant of an indemnity to a Director of the Issuer (or any of its Subsidiary Undertakings) to the extent not prohibited by Article 148 of the CA, or the maintenance of a contract of insurance to the extent contemplated by that article (whether for a Director of the Issuer or for a Director of any of its Subsidiary Undertakings);
- 8.71.7 the transaction is an underwriting by the Related Party of all or part of an issue of Securities by the Issuer (or any of its Subsidiary Undertakings) and the consideration to be paid by the Issuer (or any of its Subsidiary Undertakings) in respect of such underwriting is no more than the usual commercial underwriting consideration and is the same as that to be paid to the other underwriters (if any);
- 8.71.8 the terms and circumstances of the investment or provision of finance by the Issuer, or any of its Subsidiary Undertakings are, in the opinion of an independent adviser acceptable to the Listing Authority, no less favourable than those applicable to the investment or provision of finance by the Related Party;

Provisions where an Audit Committee exists

- 8.72 These provisions shall apply where the Listing Authority deems that the Issuer has created and maintains an independent Audit Committee which provides sufficient guarantees/safeguards which protect the rights of the shareholders in transactions with a Related Party.
- 8.73 When an Issuer (or any of its Subsidiary Undertakings) proposes to enter into a transaction with a Related Party it shall before entering into such transaction refer the proposed transaction to the Audit Committee for scrutiny and approval.
- 8.74 The Audit Committee shall give due consideration to:
 - 8.74.1 the materiality of the transaction in the context of the Issuer's business;
 - 8.74.2 whether the transaction is in the ordinary course of the Issuer's business or the business of its subsidiary undertaking, as applicable; and
 - 8.74.3 whether the transaction gives rise to preferential treatment to the Related Party
- 8.75 Should the Audit Committee, after considering the proposed Related Party Transactions as laid down in Listing Rule 8.74, deem that the proposed transaction will have a material effect on the Issuer's financial position and profit or loss; the Issuer shall cause a Company Announcement to be published.
- 8.76 A Company Announcement as required by the preceding rule shall contain:
 - 8.76.1 the nature and details of the transaction;
 - 8.76.2 the name of the Related Party concerned; and
 - 8.76.3 details of the nature and extent of the interest of the Related Party in the transaction.

Reporting requirement

- 8.77 The Issuer shall disclose all Related Party transactions *ex post facto* in the Annual Financial Statements.

Related Party Circular

- 8.78 A Circular relating to a transaction with a Related Party must comply with the general requirements relating to Circulars set out in Chapter 11 (Shareholder Circulars) and must also include:
- 8.78.1 in the case of a transaction where the Related Party is a Director, or an associate of a Director, of the Issuer (or its Parent Undertaking or any of its Subsidiary Undertakings or related Subsidiary Undertakings) the information specified by the following Listing Rules in respect of that Director:
 - 8.78.1.1 a statement showing the interest of each Director of the Issuer or a Connected Person of such Director in the Share Capital of the Issuer or any member of the Group distinguishing between beneficial and non-beneficial interests, or an appropriate negative statement;
 - 8.78.1.2 all relevant particulars regarding the nature and extent of any interests of Directors of the Issuer in transactions which are or were unusual in their nature or conditions or significant to the business of the Group, and which were effected by the Group during the current or immediately preceding Financial Year or during an earlier Financial Year and remain in any respect outstanding or unperformed or an appropriate negative statement;
 - 8.78.1.3 the total of any outstanding loans granted by any member of the Group to the Directors of the Issuer and also any guarantees provided by any member of the Group for their benefit.
 - 8.78.2 full particulars of the transaction, including the name of the Related Party concerned and of the nature and extent of the interest of such party in the transaction;
 - 8.78.3 in the case of an acquisition or disposal of an asset, which also falls within Listing Rule 8.95 and for which appropriate financial information is not available, an independent valuation;
 - 8.78.4 a statement by the Directors (other than any Director who is a Related Party, or who is a Director of a Related Party, in respect of the transaction) that the transaction is fair and reasonable so far as the shareholders of the Issuer are concerned and that the Directors have been so advised by an independent adviser acceptable to the Listing Authority;
 - 8.78.5 where applicable, a statement that the Related Party will abstain from voting at the meeting;
 - 8.78.6 if the transaction also falls within Listing Rule 8.95, the information required to be included in that Circular (see Listing Rule 8.107);
 - 8.78.7 details of any other transactions entered into by the Issuer (or any of its Subsidiary Undertakings) with the same Related Party which have not been approved by the shareholders of the Issuer.

Miscellaneous

- 8.79 When further Securities are allotted of the same Class as Securities already authorised as Admissible to Listing, application for authorisation for Admissibility

to Listing for such further Securities must be made not more than one (1) year after allotment or when they become freely transferable.

- 8.80 An Issuer must inform the Listing Authority in writing without delay if it becomes aware that the proportion of any Class of Equity Shares authorised as Admissible to Listing in the hands of the public has fallen below twenty-five percent (25%) of the total issued Share capital of that Class or, where applicable, such lower percentage as the Listing Authority may have agreed.
- 8.81 An Issuer with a Substantial Shareholder must be capable at all times of carrying on its business independently of such Substantial Shareholder and all transactions and relationships between the Issuer and any Substantial Shareholder must be at arm's length and on a normal, commercial basis.
- 8.82 An Issuer must inform the Listing Authority without delay if it has been informed by a Recognised Investment Exchange that listing of any of its Securities authorised as Admissible to Listing will be cancelled or suspended.
- 8.83 Issuers without Equity Securities authorised as Admissible to Listing need not comply with Listing Rule 8.92 to 8.107 (acquisitions and realisations).
- 8.84 Issuers which have only Debt Securities authorised as Admissible to Listing must comply with Chapters 8 and 9 but need not comply with the following Listing Rules of those Chapters:

Listing Rule

8.7.4	Board Decisions
8.7.8	Notification of major holdings
8.7.9	Total number of voting rights
8.7.10	Proportion of the Issuer's holding in own equity
8.18-8.19	Information on Directors and Senior Officers
8.20	Equality of Treatment
8.40	Directors' Service Contracts
8.65-8.78	Related Parties Transactions
9.35	Preliminary Statement of Annual Results
9.40.9	Annual Accounts - Waiver of Emoluments
9.40.10	Annual Accounts - Waiver of Dividends
9.40.18	Annual Accounts Related Party Transactions

- 8.85 Issuers which have only fixed income Shares which are Admissible to Listing must comply with Chapters 8 and 9 but need not comply with the following Listing Rules of those Chapters:

Listing Rule

8.18-8.21	Information on Directors and Senior Officers
8.40	Directors' Service Contracts
8.65-8.78	Transactions with Related Parties
9.40.9	Annual Accounts - Waiver of Emoluments
9.40.10	Annual Accounts - Waiver of Dividends

In the case of Certificates Representing Shares, the Issuer of the Shares must fulfil the continuing obligations set out in this Chapter.

- 8.86 In addition, any change of the Issuer of the Certificates must be submitted to the Listing Authority. The replacement Issuer appointed must satisfy the applicable conditions for Admissibility set out in Chapter 3 of these Listing Rules.
- 8.87 Where Malta is the home Member State, the Issuer or any person having requested, without the Issuer's consent the admission of its securities to trading on a regulated

market, shall supply the Listing Authority with an original and an electronic copy of:

- 8.87.1 all periodicals, special report and Circulars released or issued by the Issuer for the information of holders of any of the Issuer's Securities;
- 8.87.2 the Company Announcements issued in terms of Listing Rules 8.7.9, 8.7.10 and 8.7.13;
- 8.87.3 the published audited Annual Financial Report(see Listing Rules 9.36 to 9.40) of the Issuer and all documents required by law to be annexed thereto, as soon these have been made available to the public;
- 8.87.4 the published Half-yearly Financial Report (see Listing Rule 9.42) of the Issuer;
- 8.87.5 the interim Directors statement (see Listing Rule 9.51)

Memorandum and Articles of Association

- 8.88 The Articles of Association of all Issuers seeking authorisation for Admissibility to listing must conform with the provisions set out in Appendix 8.3 and obtain the prior authorisation by the Listing Authority. Only in very exceptional circumstances will the Listing Authority grant exemption from compliance with any of the provisions.
- 8.89 An Issuer shall not amend its Memorandum and Articles of Association unless prior written authorisation has been sought and obtained from the Listing Authority.
- 8.90 The Issuer shall communicate the draft amendments to its Memorandum and Articles of Association to the Regulated Market to which its securities have been admitted to trading.
- 8.91 If authorisation for the amendment to the Memorandum and Articles of Association is granted by the Listing Authority, the Issuer must send a Circular to its shareholders which shall:
 - 8.91.1 include an explanation of the effect of the proposed amendments;
 - 8.91.2 include either the full terms of the proposed amendments, or a statement that the full terms will be available for inspection:
 - 8.91.2.1 from the date of dispatch of the Circular until the close of the relevant general meeting at the registered or head office of the Issuer or such other place in Malta as the Listing Authority may determine; and
 - 8.91.2.2 at the place of the general meeting for at least fifteen (15) minutes prior to and during the meeting; and
 - 8.91.2.3 comply with the relevant requirements of Listing Rule 11.1 (contents of all Circulars).

Acquisitions and Realisations

- 8.92 In order to classify acquisitions and realisations the following criteria will be used:
 - 8.92.1 the value of the assets acquired or disposed of, compared with the assets of the acquiring or disposing Company;
 - 8.92.2 net profits, after deducting all charges except taxation and excluding extraordinary items, attributable to the assets acquired or disposed of compared with the net profits of the acquiring or disposing Company;

- 8.92.3 the aggregate value of the consideration given or received, compared with the assets market capitalisation of the acquiring or disposing Company;
- 8.92.4 Equity Share Capital issued by the Issuer as consideration for the acquisition, compared with the Equity Share Capital already in issue of the Issuer.
- 8.93 Where Share capital of an unlisted Company is being acquired by an Issuer on a basis which would not result in the former becoming a Subsidiary, or where assets not representing a business are being acquired, the Listing Authority should be consulted concerning the requirement to report on profits and losses.
- 8.94 If any of the tests in Listing Rule 8.92 amount to five percent (5%) or more, a Company Announcement is required without delay after the terms of the transaction are agreed.
- 8.95 If any of the tests in Listing Rule 8.92 amount to thirty-five percent (35%) or more, a Circular to shareholders is required in addition to a Company Announcement.
- 8.96 If any of the tests in Listing Rule 8.92 amount to one hundred percent (100%) or more (reverse takeover), advance consultation with the Listing Authority is required. In these cases it will normally be necessary to publish a Circular to be sent to shareholders in addition to a Company Announcement and be subject to prior approval of the Issuer's shareholders in general meeting.
- 8.97 Solely for the purpose of determining the classification of a transaction, involving any acquisition or disposal of Equity Share Capital, the value of such capital is to be assessed by reference to the book value of the net assets excluding goodwill and other intangibles and after deducting loan capital and amounts set aside for future taxation, represented by such capital. In any acquisition or disposal of assets other than Equity Share Capital, the value of such assets is to be assessed by reference to the consideration.
- 8.98 Where the consideration is in the form of Equity Share Capital, the Listing Authority may determine the value of the consideration by reference either to the market value of such Equity Share Capital or the book value of the net assets represented by such Equity Share Capital as defined above.
- 8.99 "The assets of the acquiring or disposing company" means in relation to an acquisition of assets other than an interest in an Undertaking the consideration or, if greater, the book value of the net assets as defined above and in relation to a disposal of assets other than an interest in an Undertaking means the book value of such assets. In all cases the figures used for Companies will be taken from the latest published Consolidated Accounts adjusted to take account of subsequent transactions in the manner described in Listing Rule 8.102 below.
- 8.100 The requirements outlined above cover transactions where the consideration is satisfied by cash, Shares or other Securities or some other asset, or a combination of these. The Listing Authority may be prepared to vary the required information in marginal transactions.
- 8.101 In deciding whether a Circular should be sent to shareholders, the Listing Authority may aggregate acquisitions or realisations that have taken place since either the publication of the last Accounts, or the issue of the last Circular, whichever is the later during the twelve (12) months prior to the date of the latest transaction. Such aggregated transactions may then be treated as if they were one transaction if they were all completed within a short period of time, and the total of transactions not falling within Listing Rule 8.96 is in excess of one hundred percent (100%) as defined above. For these purposes, the value of transactions in respect of which

adequate information has already been issued to shareholders will be included in the net tangible assets or profits of the acquiring or disposing Company for comparison with the transaction or transactions under consideration. In case of doubt as to aggregation, the Listing Authority should be consulted at an early stage.

- 8.102 Without prejudice to the generality of Listing Rule 8.101 transactions will normally only be aggregated in accordance with that provision if they:
- 8.102.1 are entered into by the Issuer with the same party or with parties connected with another;
 - 8.102.2 involve the acquisition or disposal of Securities or an interest in one particular Company; or
 - 8.102.3 together lead to substantial involvement in a business activity which did not previously form a part of the Company's principal activities.
- 8.103 If, under Listing Rule 8.101 aggregation results in a class test in excess of one hundred percent (100%), which would require Shareholder approval, then that approval is required only for the latest transaction.
- 8.104 Notwithstanding Listing Rule 8.101 where acquisitions are entered into since either the publication of the last Accounts or the issue of the last Circular, whichever is the later which cumulatively exceed one hundred percent (100%) in any of the percentage ratios, the provisions outlined in Listing Rule 8.96 (class test in excess of one hundred percent (100%)) may apply.
- 8.105 If, at any time subsequent to any Company Announcements made pursuant to Listing Rule 8.94 to 8.96 the Issuer has become aware that there has been a significant change affecting any matter contained in the Announcement such changes shall be identified by the Issuer by means of another Company Announcement.
- 8.106 In Listing Rules 8.105, "significant" means significant for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the rights attaching to any Securities forming part of the consideration. It will include a change in the terms of the transaction such that the percentage ratios are affected and the transaction reclassified into a higher category.
- 8.107 The Circular referred to in Listing Rules 8.95 and 8.96 must comply with the general requirements relating to Circulars set out in Chapter 11 (Shareholder Circulars) of these Listing Rules and must be submitted to the Listing Authority for authorisation prior to its publication. It must also comply with the following requirements and include the following information:
- 8.107.1 the information given in the Company Announcement ;
 - 8.107.2 the information required by Appendix 8.2;
 - 8.107.3 in the case of an acquisition of an interest in an Undertaking which will result in consolidation of the net assets of that Undertaking or a disposal of an interest in an Undertaking which will result in the net assets no longer being consolidated, the information required by Listing Rules 9.11 to 9.13;
 - 8.107.4 in the case of a transaction not falling within 8.107.3 above, the financial information requested by the Listing Authority (see Listing Rule 9.8) together with confirmation that the Directors consider that the value to the Issuer justifies the price paid or received by it;

- 8.107.5 a declaration by its Directors in the following form (with appropriate modifications):
 “All the Directors of the Company, whose names appear on page [], accept responsibility for the information contained in this document. To the best of the knowledge and belief of the Directors who have taken all reasonable care to ensure that such is the case the information contained in this document is in accordance with the facts and does not omit anything likely to affect the import of such information.”;
- 8.107.6 a statement of the effect of the acquisition or disposal on the earnings or assets and liabilities of the Group;
- 8.107.7 where a statement or report attributed to a person as an Expert is included in a Circular which does not comprise Prospectus, a statement that it is included, in the form and context in which it is included, with the consent of that person.

Transactions Involving Substantial Shareholdings

- 8.108 This Listing Rule shall regulate the activities of an Issuer whenever it is advised or otherwise becomes aware of an impending share negotiation or transaction involving a Substantial Shareholding.

Substantial Shareholding shall for the purposes of this Rule mean the entitlement to exercise or control the exercise of ten percent (10%) or more of the votes able to be cast at general meetings or the entitlement to appoint a majority of Directors on the board of Directors of an Issuer.

- 8.108.1 All parties to an offer for an acquisition or disposal of a Substantial Shareholding in an Issuer as well as the Issuer must use every endeavour to prevent the creation of a false market in the securities of the Issuer. All parties involved in an offer for an acquisition or disposal of a Substantial Shareholding in an Issuer and the Issuer must take care that statements are not made which may mislead shareholders or the market.
- 8.108.2 Without prejudice to Listing Rule 8.7, an Issuer must promptly make a Company Announcement:
- 8.108.2.1 when the board of Directors of the Issuer is advised or otherwise becomes aware that a purchaser is being sought for a Substantial Shareholding in the Issuer;
- 8.108.2.2 when the Issuer is the subject of rumour and speculation;
- 8.108.2.3 when the board of Directors of the Issuer is advised or otherwise becomes aware of a firm intention to acquire or dispose of a Substantial Shareholding in the Issuer;
- 8.108.2.4 when the board of Directors of the Issuer is advised or otherwise becomes aware that an offer has been made to acquire or dispose of a Substantial Shareholding in the Issuer.
- 8.108.3 Without prejudice to any applicable privacy or secrecy obligations in terms of law, an Issuer may furnish in confidence to a bona fide offeror and the corresponding bona fide transferor such information including unpublished price-sensitive information as may be necessary to enable the bona fide offeror, the bona fide transferor and their advisers to make, confirm, withdraw or modify the offer, provided that such

disclosure of information may only be furnished subject to the following conditions:

- 8.108.3.1 the express consent of the Company in general meeting by an ordinary resolution of the Company unless the memorandum or articles of the Company require an extraordinary resolution, to make such disclosure of information to bona fide offerors. Such consent may, but need not, be limited to a specific prospective offeror(s);
 - 8.108.3.2 the signing of a confidentiality agreement signed by the prospective transferor and the prospective offeror(s) to prevent the disclosure and use of the information furnished, other than for the purpose of the acquisition of the Substantial Shareholding in the Issuer;
 - 8.108.3.3 an undertaking from the prospective offeror(s) whereby they bind themselves not to deal in the Issuer's shares or any derivative instrument relating thereto, whether directly or indirectly, for a period of one year following completion of the transaction or termination thereof or discontinuance or withdrawal, other than to complete the transaction that prompted the disclosure of information hereunder;
 - 8.108.3.4 an undertaking from the prospective transferor that it acknowledges that the information received from the Issuer cannot be used or communicated other than for the purposes of a transaction in the shares that are the subject of the offer, whether wholly or in part, whether with the prospective offeror(s) or otherwise, and that it cannot deal in other shares of the Issuer for a period of one year following completion of the transaction or termination thereof or discontinuance or withdrawal.
- 8.108.4 When the transaction that prompted the furnishing of information in confidence is completed the Issuer shall make a Company Announcement disclosing the outcome of negotiations relating to the acquisition or disposal of a Substantial Shareholding in the Issuer, including the price at which the Substantial Shareholding was acquired or disposed of.
- 8.108.5 When the transaction that prompted the furnishing of information in confidence is not completed and the Issuer is advised or otherwise becomes aware of such non completion, the Issuer shall make a Company Announcement disclosing the outcome of negotiations.
- 8.108.6 In the event that the transaction that prompted the furnishing of information in confidence is completed, a purchaser which has had access to information in confidence in terms of this Listing Rule shall be prohibited from acquiring further securities in the Issuer or from disposing of securities in the Issuer, whether directly or indirectly for a period of one year from the date of acquisition.
- 8.108.7 In the event that the transaction that prompted the furnishing of information in confidence is not completed, a bona fide offeror which has had access to information in confidence in terms of this Listing Rule shall be prohibited from acquiring securities in the Issuer, whether directly or indirectly, for a period of one year following termination thereof or discontinuance or withdrawal, other than to

complete the transaction that prompted the disclosure of information hereunder.

- 8.108.8 Regardless of the outcome of the transaction, the purchaser or the bona fide offeror, as the case may be, shall, immediately following completion of the transaction or termination thereof or discontinuance or withdrawal, notify the Issuer to that effect and return all the information furnished by the Issuer and shall take prompt action to cancel, delete or destroy such information furnished by the Issuer that cannot be returned.

Notification of the acquisition or disposal of major holdings to which voting rights are attached.

- 8.109 Where the Home Member State is Malta and as soon as a shareholder acquires 5% or more of the Issuer's shares to which voting rights are attached, the Issuer shall immediately inform the shareholder of his obligation to notify the Issuer and the Listing Authority of any changes in major holdings in terms of Listing Rules 8.110 to 8.128.
- 8.110 Any Shareholder who acquires or disposes shares to which voting rights are attached and where the Home Member State is Malta, shall notify the Issuer and the Listing Authority of the proportion of voting rights of the Issuer held by such Shareholder as a result of the acquisition or disposal where that proportion reaches, exceeds or falls below the thresholds of 5%, 10%, 15% 20%, 25%, 30%, 50%, 75% and 90%.
- 8.111 The voting rights shall be calculated on the basis of all the shares to which voting rights are attached even if the exercise thereof is suspended.
- 8.112 This information shall also be given in respect of all the shares which are in the same Class and to which voting rights are attached.
- 8.113 The Issuer and the Listing Authority shall also be notified in terms of Listing Rule 8.110 when the proportion reaches, exceeds or falls below the thresholds specified in the same Listing Rule, as a result of events changing the breakdown of voting rights.
- 8.114 The threshold referred to in Listing Rule 8.110 shall be calculated on the basis of the information made available to the public by the Issuer at the end of each calendar month, of the total number of voting rights and capital, during which an increase or decrease of such total number has occurred.
- 8.115 Where the Issuer is incorporated in a third country, the notification shall be made for equivalent events.
- 8.116 The notification requirement defined in Listing Rule 8.110 shall also apply to a natural or legal person who;
- 8.116.1 is entitled to acquire, to dispose of, or to exercise voting rights in any of the following cases or a combination of them:
- 8.116.1.1 voting rights held by a third party with whom that person or entity has concluded an agreement, which obliges them to adopt, by concerted exercise of the voting rights they hold, a lasting common policy towards the management of the Issuer in question;
- 8.116.1.2 voting rights held by a third party under an agreement concluded with that person or entity providing for the temporary transfer for consideration of the voting rights in question;

- 8.116.1.3 voting rights attaching to shares which are lodged as collateral with that person or entity, provided the person or entity controls the voting rights and declares its intention of exercising them;
 - 8.116.1.4 voting rights attaching to shares in which that person or entity has the right of usufruct;
 - 8.116.1.5 voting rights which are held, or may be exercised within the meaning of Listing Rule 8.116.1.1 to 8.116.1.4 above, by an undertaking controlled by that person or entity;
 - 8.116.1.6 voting rights attaching to shares deposited with that person or entity which the person or entity can exercise at its discretion in the absence of specific instructions from the shareholders;
 - 8.116.1.7 voting rights held by a third party in its own name on behalf of that person or entity;
 - 8.116.1.8 voting rights which that person or entity may exercise as a proxy where the person or entity can exercise the voting rights at its discretion in the absence of specific instructions from the shareholders.
- 8.116.2 holds directly or indirectly, financial instruments that result in an entitlement to acquire, on such holder's own initiative alone, under a formal agreement, shares already issued and to which voting rights are attached, of an Issuer whose shares are admitted to trading on a regulated market.
- 8.117 The notification required under Listing Rule 8.110 and 8.116 shall include the following information:
- 8.117.1 the resulting shareholding position in terms of voting rights;
 - 8.117.2 the chain of Controlled Undertakings through which voting rights are effectively held, if applicable;
 - 8.117.3 the date on which the threshold was reached or crossed;
 - 8.117.4 the identity of the shareholder, even if that Shareholder is not entitled to exercise voting rights under the conditions laid down in Listing Rule 8.116, and of the natural person or legal entity entitled to exercise voting rights on behalf of that shareholder.
- 8.118 The notification to the Issuer shall be effected as soon as possible, but not later than four trading days following the date on which the shareholder, or the natural or legal person representing the shareholder:
- 8.118.1 learns of the acquisition or disposal or of the possibility of exercising voting rights, or on which, having regard to the circumstances, should have learned of it, regardless of the date on which the acquisition, disposal or possibility of exercising voting rights takes effect; or
 - 8.118.2 is informed about the events changing the breakdown of voting rights.
- 8.119 Notwithstanding Listing Rule 8.118, a Shareholder shall notify the Issuer by not later than 1 May 2007, of the proportion of voting rights and capital it holds in accordance with Listing Rule 8.110 and 8.116 with Issuers at that date, unless it has already made a notification containing equivalent information.

- 8.120 An undertaking shall be exempted from notifying the Issuer of any changes in its holding as required under Listing Rule 8.110 if the notification is made by the Parent Undertaking or, where the Parent Undertaking is itself a Controlled Undertaking, by its own parent undertaking.
- 8.121 The Parent Undertaking of a management Company shall not be required to aggregate its holdings with the holdings managed by the management Company under the conditions laid down in Directive 85/611/EEC, provided such management Company exercises its voting rights independently from the parent undertaking.
- 8.122 Where the parent undertaking, or another Controlled Undertaking of the parent undertaking, has invested in holdings managed by such management Company and the management Company has no discretion to exercise the voting rights attached to such holdings and may only exercise such voting rights under direct or indirect instructions from the parent or another Controlled Undertaking of the parent undertaking, the holdings of the Parent Undertaking shall be aggregated with its holdings through the management company.
- 8.123 The Parent Undertaking of an investment firm authorised under Directive 2004/39/EC shall not be required to aggregate its holdings with the holdings which such investment firm manages on a client-by-client basis within the meaning of Art 4(1), point 9, of Directive 2004/39/EC provided that:
- 8.123.1 the investment firm is authorised to provide such portfolio management under point 4 of Section A of Annex I to Directive 2004/39/EC;
- 8.123.2 it may only exercise the voting rights attached to such shares under instructions given in writing or by Electronic means or it ensures that individual portfolio management services are conducted independently of any other services under conditions equivalent to those provided for under Directive 85/611/EEC by putting into place appropriate mechanisms; and
- 8.123.3 the investment firm exercises its voting rights independently from the parent undertaking.
- 8.124 Where the parent undertaking, or another Controlled Undertaking of the parent undertaking, has invested in holdings managed by such investment firm and the investment firm has no discretion to exercise the voting rights attached to such holdings and may only exercise such voting rights under direct or indirect instructions from the parent or another Controlled Undertaking of the parent undertaking, the holdings of the Parent Undertaking shall be aggregated with its holdings through the investment firm.
- 8.125 Upon receipt of the notification in terms of Listing Rule 8.110 but no later than three trading days thereafter, the Issuer shall make the notification available to the public and shall make a Company Announcement including all the information contained in the notification.
- 8.126 Notwithstanding Listing Rule 8.125 an Issuer shall disclose the information received in accordance with Listing Rule 8.119 by not later than 1 June 2007.
- 8.127 Listing Rule 8.110 shall not apply to:
- 8.127.1 shares acquired for the sole purpose of clearing and settling within the usual short settlement cycle, or to Custodians holding shares in their Custodian capacity provided such Custodians can only exercise the voting rights attached to such shares under instructions given in writing or by electronic means.

- 8.127.2 acquisitions or disposal of a major holding reaching or crossing the 5% threshold by a Market Maker acting in its capacity of a market maker, provided that the Market Maker is authorised by its Home Member State and it neither intervenes in the management of the Issuer concerned nor exerts any influence on the Issuer to buy such shares or back the share price.
- 8.127.3 shares provided to or by the members of the European System of Central Banks in carrying out their functions as monetary authorities, including shares provided to or by members of the European System of Central Banks under a pledge or repurchase or similar agreement for liquidity granted for monetary policy purposes or within a payment system.

Provided that the above shall apply with regards to transactions lasting for a short period and the voting rights attaching to such shares are not exercised.

- 8.128 Where Malta is the home Member State, voting rights held in the trading book, as defined in Article 2(6) of Council Directive 93/6/EEC, of a credit institution or investment firm shall not be counted for the purposes of Listing Rule 8.110 provided that:

- 8.128.1 the voting rights held in the trading book do not exceed 5%; and
- 8.128.2 the credit institution or investment firm ensures that the voting rights attaching to shares held in the trading book are not exercised nor otherwise used to intervene in the management of the Issuer.

- 8.129 Where an Issuer is admitted to trading in Malta but its registered office is not in a Member or EEA State, the Listing Authority may exempt that Issuer from the requirements of the following Listing Rules:

Listing Rules

- | | |
|-----------|--|
| 9.36-9.40 | Audited Annual Accounts |
| 9.42-9.49 | Half-yearly report |
| 9.51-9.53 | Interim Directors statement |
| 8.7.8 | Notification of major holdings |
| 8.7.9 | Total number of voting rights |
| 8.7.10 | Proportion of the Issuer's holding in own equity |
| 8.24-8.35 | Information requirements |

Provided that the Listing Authority considers that the Issuer is subject to equivalent legal requirements.

- 8.130 The Issuer, as referred to in Listing Rule 8.129, shall file the equivalent information subject to the provisions of Chapters 8 and 9.
- 8.131 The Issuer shall be exempted from preparing its Annual Financial Report and half-yearly financial report in accordance with Listing Rules 9.36 and 9.42 respectively, prior to the Financial Year starting on or after 1 January 2007, as long as such Issuer prepares its Annual Financial Report and half-yearly financial report in accordance with internationally accepted standards referred to in Article 9 of Regulation (EC) No 1606/2002.
- 8.132 The Listing Authority shall require that information disclosed in a non Member or EEA State, which may be of importance for the public in the Member or EEA State is disclosed in terms of Listing Rules 8.134 to 8.141 and 8.7.

- 8.133 Undertakings whose registered office is not in a Member or EEA State which would have required an authorization in accordance with Article 5(1) of Directive 85/611/EEC or, with regard to portfolio management under point 4 of section A of Annex I to Directive 2004/39/EC if it had its registered office or, only in the case of an investment firm, its head office within the Community, shall also be exempted from aggregating holdings with the holdings of its Parent Undertaking under the requirements laid down in Listing Rules 8.121 to 8.124 provided that they comply with equivalent conditions of independence as management companies or investment firms.

Uses of Languages

- 8.134 When Malta is the Home Member State and securities are admitted to trading only in Malta, Regulated Information shall be disclosed in the English or Maltese language.
- 8.135 When Malta is the Home Member State and securities are admitted to trading in Malta and in one or more host Member or EEA State, the Regulated Information shall be disclosed:
- 8.135.1 in the English or in the Maltese language; and
 - 8.135.2 depending on the choice of the Issuer, either in a language accepted by the regulatory authorities of those host Member or EEA States or in a language customary in the sphere of international finance.
- 8.136 When securities are admitted to trading in Malta as the host Member State, the Regulated Information shall be disclosed either in English or Maltese or in a language customary in the sphere of international finance.
- 8.137 When Malta is the Home Member State and securities are admitted to trading on a Regulated Market in one or more host Member or EEA States excluding Malta, the Regulated Information shall be disclosed either in English or Maltese or in a language customary in the sphere of international finance, depending on the choice of the Issuer.
- 8.138 Where securities are admitted to trading on a Regulated Market without the Issuer's consent, the obligation under Listing Rules 8.134 to 8.137 shall be incumbent not upon the Issuer, but upon the person who, without the Issuer's consent, has requested such admission.
- 8.139 Shareholders and the natural or legal persons referred to in Listing Rules 8.110 and 8.116 shall notify information to an Issuer in a language customary in the sphere of international finance. In this case, the Issuer is not required to provide the Listing Authority with a translation of such notification.
- 8.140 Where securities whose denomination per unit amounts to at least Lm 21,465 or, in the case of Debt Securities denominated in a currency other than Lm equivalent to at least Lm 21,465 at the date of the issue, are admitted to trading on a Regulated Market in one or more Member or EEA States, Regulated Information shall be disclosed to the public either in English or Maltese language or in a language customary in the sphere of international finance, at the choice of the Issuer or of the person who, without the Issuer's consent, has requested such admission.
- 8.141 If an action concerning the content of Regulated Information is brought before a court or tribunal in Malta, responsibility for the payment of costs incurred in the translation of that information for the purposes of the proceedings shall be decided in accordance with the Maltese law.

Amalgamations

General

- 8.142 Companies other than Oversea Companies are bound to adhere to the provisions in Title II Part VIII of the CA entitled, Amalgamation of Companies.
- 8.143 Where the Directors of an Issuer are having discussions with a Company, person or Group which may lead to an offer being made it is important that everyone concerned maintains secrecy in order to avoid disturbances in the price level of the Issuer's Shares.
- 8.144 Where an Issuer receives a notice of intention to make an amalgamation offer, the Directors shall advise each Recognised Investment Exchange on which the Issuer's Securities are Admitted to Trading or Listing and the Listing Authority of such notice.
- 8.145 An offeree Company shall send to all holders of other Classes of Shares and convertible notes in the Issuer, whether or not such Securities are covered by the amalgamation offer, a copy of all documents which it is required by law to send to the holders of the Shares subject to the amalgamation offer.
- 8.146 Where an offeror extends the time for acceptance of an amalgamation offer, he shall simultaneously announce the percentage of Shares subject to the amalgamation for which he has received acceptances.
- 8.147 If an Issuer has amalgamated or, in the opinion of the Listing Authority, formed an association with an unlisted Company, person or group, and as a result the unlisted Company, person or Group has thereby acquired control of the Issuer, the Issuer shall immediately lodge with the Listing Authority all information and documents which are then currently required from any Issuer seeking authorisation for Admissibility.
- 8.148 Where an amalgamation offer is made for the acquisition of not less than ninety percent (90%) of an Issuer's Securities authorised as Admissible to Listing, upon the Announcement by the offeror that acceptances have been received from the holders of the said ninety percent (90%) of the Issuer's Securities, Admissibility of all such Securities shall be cancelled.
- 8.149 Where an unlisted Company, person or Group submits an amalgamation offer for the acquisition of an Issuer's Securities, upon the Announcement by the offeror that he has obtained sufficient acceptances and that he holds directly or indirectly more than fifty percent (50%) of the offeree Company's Securities, the offeror shall disclose immediately to the Listing Authority, his plans and intentions in regard to the offeree Company and any other information that the Listing Authority considers necessary.
- 8.150 Where an offeror is a Listed Company but not an Oversea Company the requirements of these Listing Rules relating to amalgamations should be complied with.

Offer Documents

- 8.151 In addition to complying with Title II, Part VIII of the CA entitled Amalgamation of Companies, all offer documents in connection with amalgamations must contain the following particulars:
- 8.151.1 the date of the document, the name and address of the offeror and if appropriate of the person or Company making the offer on behalf of the offeror;

- 8.151.2 precise particulars of the Securities for which the offer is made, whether they will be transferred cum or ex any dividend or interest payment, the total consideration payable for the purchase, the period within which and the method by which any cash consideration will be paid, how any Securities issued will rank for dividends or interest, capital and redemption and when and how the document of title will be issued and how any such offer may be accepted and within what period;
- 8.151.3 a statement of all conditions attached to acceptances and in particular whether the offer is conditional upon acceptances being received in respect of a minimum number of Securities and, if that is so, that minimum number and the last date on which the offer can be made unconditional. No offer may be conditional upon the payment of compensation for loss of office; if any such payment is proposed, full particulars must be given. A partial offer must be on a pro rata basis and the reason for the failure to make a full offer given;
- 8.151.4 a statement as to whether the offeror or its Directors or any person acting in concert has any beneficial interest - whether direct or indirect - in any of the Securities for which the offer is made, giving full particulars. If there is no such interest, a statement should be made to this effect. Details, including dates and costs, must be given of any transactions in the Securities for which the offer is made, entered into by any of these persons during the period commencing twelve (12) months prior to the Announcement of the offer and ending with the latest practicable date prior to the posting of the offer documents, or an appropriate negative statement made;
- 8.151.5 a statement as to whether or not any Securities acquired in pursuance of the offer will be transferred to any other person, together with the names of the parties to any such agreement and particulars of all Securities in the offeree Company held by such person, or a statement that no such Securities are held;
- 8.151.6 a statement as to whether or not any agreement or arrangement exists between the offeror and any of the Directors of the offeree Company having any connection with or dependence upon the offer, and full particulars of any such agreement or arrangement;
- 8.151.7 the market quotation, if any, for any Securities to be offered in exchange and in addition for the Securities to be acquired, which quotations in the case of quoted Securities should be taken from a Recognised List;
- 8.151.8 the intentions of the offeror regarding its policy :
 - 8.151.8.1 for the continuance of the business of the offeree Company explaining any major changes intended to be introduced in the business, including the redeployment of fixed assets of the offeree and setting out the long term commercial justification for the proposed offer; and
 - 8.151.8.2 for the continued employment of the existing employees of the offeree Company, setting out the extent of any steps to be taken towards terminating such employment;

- 8.151.9 particulars of all documents required to be lodged for valid acceptance. If the offer lapses all such documents must be returned within fourteen days of the closing date of the offer;
- 8.151.10 if the offer is for cash and is made on behalf of the offeror, a statement in the offer document as to what steps have been taken to ensure that the offer will be implemented if all the offerees accept;
- 8.151.11 if the offer is for the exchange of Securities the offer document must state the nature and particulars of the offeror Company's business, its net profit before and after tax and rate percent of dividends on the Securities offered and the total amount absorbed thereby for the past three (3) years, whether any financial advantage is expected to accrue to an acceptor, whether the issue of the new Securities requires the passing of a resolution, the first dividend in which they will participate and particulars of all material changes in the offeror Company since the date of its last published Accounts together with a statement of the assets and liabilities stated in those Accounts. If the new Securities are not to be identical in all respects with an existing Security Admissible to Listing, all points of difference, full particulars of the voting rights attaching thereto and whether application for authorisation for Admissibility to Listing has been or will be made to the Listing Authority must be stated;
- 8.152.12 if the offer contains no recommendation by the offeree Company's Directors the offer document must state particulars of any known material change in the offeree Company's financial position since the publication of the last balance sheet;
- 8.152.13 if the total Emoluments receivable by the Directors of the offeror will be varied in consequence of the acquisition, full particulars of the variation; if there is no variation a statement to that effect;
- 8.152.14 if the offer document or any Circular sent out in connection therewith, whether by or on behalf of the offeror Company or the offeree Company, includes expressly or by implication a recommendation by a financial adviser or other Expert for or against acceptance of the offer, the Listing Authority may require the document, unless issued by the Expert in question, to include a statement that the Expert has given and not withdrawn his written consent to the issue of the document and the inclusion therein of his recommendation in the form and context in which it is included;
- 8.152.15 if the offer is recommended by the offeree's Directors the offer documents must state the offeree Directors' recommendations regarding acceptance, the number, description and amount of Securities held by or on behalf of the Directors of the offeree Company in it and in the offeror Company and their intentions in regard to such holdings as regards acceptance and otherwise as may be relevant. Full particulars of any material change in the financial position or prospects of the offeree Company since the date of the last Accounts must be stated;
- 8.151.16 every offer document shall contain as a heading the words:
"Should you require any advice in relation to this offer you should consult your stockbroker, bank manager or other licensed professional adviser";

8.151.17 the Memorandum and Articles of Association, the Accounts for the last three (3) complete Financial Years of the offeror, any professional valuation of assets referred to in the offer document and all material contracts must be made available for inspection at the Listing Authority during the duration of the offer.

APPENDIX 8.1

THE CODE OF PRINCIPLES OF GOOD CORPORATE GOVERNANCE

OBJECTIVES

These principles are designed to enhance the legal, institutional and regulatory framework for good governance in the Maltese corporate sector. They thus complement the current provisions already in force in the Companies Act. Hence, Malta provides a comprehensive corporate governance framework based on the guidelines provided by the Organization for Economic Cooperation and Development.

These principles are targeting companies whose securities are admitted to listing on a Recognized Investment Exchange but are not applicable to Collective Investment Schemes. Companies are urged to adopt these principles so as to provide proper incentives for the Board and management to pursue objectives that are in the interests of the Company and its shareholders. The principles should facilitate effective monitoring thereby encouraging firms to use resources more efficiently.

The adoption of these principles is expected:

- § to provide more transparent governance structures and improved relations within the market which should enhance market integrity and confidence;
- § to ensure proper transparency and disclosure of all dealings or transactions involving the Board, any Director, senior managers or Officers in a position of trust or other related party; and
- § to protect shareholders from the potential abuse of those entrusted with the direction and management of the Company by the setting up of structures that improve accountability to them.

In an increasingly globalized world economy where competition is intense, the adoption of good corporate governance principles can make an actual difference to how companies are viewed both domestically and within the international scenario.

THE BOARD

PRINCIPLE ONE: Every Listed Company should be headed by an effective board, which should lead and control the company.

- 1.1 The board should be composed of persons who are fit and proper to direct the business of the company. The concept of fit and proper requires Directors to be honest, competent and solvent persons.
- 1.2 Directors are stewards of a company's assets and their behaviour should be focused on adding value to those assets by working with management to build a successful Company and enhance Shareholder value.
- 1.3 The shareholders, as the owners of the company, have the jurisdiction and discretion to appoint or remove Directors on the board. The

process of appointment should be transparent and conducted at properly constituted general meetings where the views of the minority can be expressed.

1.4 All Directors are required to provide leadership, integrity and judgment in directing the company.

1.5 All Directors should:

1.5.1 exercise prudent and effective controls which enables risk to be assessed and managed in order to achieve continued prosperity of the company;

1.5.2 be accountable for all actions or non-actions arising from discussion and actions taken by them or their delegates;

1.5.3 determine the company`s strategic aims and the organizational structure;

1.5.4 regularly review management performance and ensure that the Company has the appropriate mix of financial and human resources to meet its objectives and improve the economic and commercial prosperity of the company;

1.5.5 set the company`s values and standards in order to enhance and safeguard the interests of shareholders and third parties;

1.5.6 act with integrity and due diligence while discharging their duties as Directors and in particular in the decision and policy-making process of the company, which should be reflected in all company`s dealings and at every level of the organization;

1.5.7 exercise accountability to shareholders and be responsible to relevant stakeholders.

1.6 Leadership can only come about if the Directors, individually and collectively, are of the appropriate calibre, with the necessary skills and experience to contribute effectively to the decision making process.

1.7 Directors therefore should:

1.7.1 acquire a broad knowledge of the business of the company;

1.7.2 be aware of and be conversant with the statutory and regulatory requirements connected to the business of the Company;

1.7.3 allocate sufficient time to perform their responsibilities; and

1.7.4 regularly attend meetings of the board..

- 1.8 In cases when a Director is unable to agree with a decision of the board because a proposed course of action is not deemed to be consonant with his statutory or fiduciary duties and responsibilities and all reasonable steps have been taken to resolve the issue, the Director may feel that resignation may be a better alternative to submission. In such instances, the shareholders are entitled to an honest account of any such disagreements between Directors.

CHAIRMAN AND CHIEF EXECUTIVE

PRINCIPLE 2: There should be a clear division of responsibilities at the head of the Company between the running of the board and the executive responsibility for the running of the company's business. No one individual or small group of individuals should have unfettered powers of decision.

- 2.1 The Chairman has a pivotal role to play in helping the board achieve its full potential. He should allow every Director to play a full and constructive role in the affairs of the company. The separation of the roles of the Chairman and Chief Executive avoids concentration of authority and power in one individual and differentiates leadership of the board from the running of the business.
- 2.2 It is desirable that as a matter of best practice the position of the Chairman and that of the Chief Executive should be occupied by separate individuals. Where the Chairman and the Chief Executive Officer are not different individuals, the Company should provide an explanation to the market and to its shareholders through a Company Announcement for the decision to combine the two roles.
- 2.3 The Chairman is responsible to:
- 2.3.1 lead the board and set its agenda;
 - 2.3.2 ensure that the Directors of the Board receive precise, timely and objective information so that they can take sound decisions and effectively monitor the performance of the company;
 - 2.3.3 ensure effective communication with shareholders;
 - 2.3.4 encourage active engagement by all members of the board for discussion of complex or contentious issues.

NON-EXECUTIVE DIRECTORS

PRINCIPLE 3: The board should be composed of executive and a number of non-executive Directors (including independent non-executives).

- 3.1 The board should ensure that it is composed of members who, as a whole, have the required diversity of knowledge, judgment and experience to properly complete their tasks.

- 3.2 It is desirable that Listed Companies should have a minimum number of non-executive Directors sitting on the board in order to ensure a balance such that no individual or small group of individuals can dominate the board's decision making. The exact composition and balance on a board will depend on the circumstances and business of each enterprise but it is recommended that at least one third of board members are non-executive and the majority of these should be independent.
- 3.3 The Company should appoint non-executive Directors of sufficient calibre whose independence and standing would offer a balance to a possible concentration of authority and power of the Chairman. Where the roles of the Chairman and Chief Executive Officer are combined, it is important that the non-executive Directors are able to bring an independent judgment to bear on the various issues brought before the company.
- 3.4 Non-executive Directors should be free from any business or other relationship which could interfere materially with the exercise of their independent and impartial judgment.
- 3.5 A Director is considered to be independent when he is free from any business, family or other relationship - with the company, its controlling Shareholder or the management of either - that creates a conflict of interest such as to jeopardize exercise of his free judgment.
- 3.6 Each Director should apply to his duties the necessary time and attention, and should undertake to limit the number of any Directorships held in other companies to such an extent that the proper performance of his duties is assured.
- 3.7 Non-executive Directors are expected to take an active role in:
 - 3.7.1 constructively challenging and help developing proposals on strategy;
 - 3.7.2 monitoring the reporting of performance;
 - 3.7.3 scrutinizing the performance of management in meeting agreed goals and objectives; and
 - 3.7.4 satisfying themselves on the integrity and financial information and that financial controls and risk management systems are well established.

THE RESPONSIBILITIES OF THE BOARD

PRINCIPLE 4: The board has the first level responsibility of executing the four basic roles of corporate governance namely; accountability, monitoring, strategy formulation and policy development.

- 4.1 The board should regularly review and evaluate corporate strategy, major operational and financial plans, risk policy, performance objectives and monitor implementation and corporate performance

within the parameters of all relevant laws, regulations and codes of best business practice.

- 4.2 The board should clearly define its level of power and ensure that it is known by all Directors and the senior management of the company. Delegation of authority to management should also be clear and unequivocal. Independently of any powers and functions that the Directors may from time to time validly delegate to management, it remains a fundamental responsibility of Directors to monitor effectively the implementation of strategy and policy by management.
- 4.3 The board should apply high ethical standards and take into account the interests of stakeholders. Its members should act:
 - 4.3.1 responsibly for exercising independent objective judgment with the highest degree of integrity; and
 - 4.3.2 on a fully informed basis in good faith with due diligence, and in the best interests of the Company and the shareholders.
- 4.4 The board should:
 - 4.4.1 define in clear and concise terms, the company`s strategy, policies, management performance criteria and business policies which can be measured in a precise and tangible manner;
 - 4.4.2 establish a clear internal and external reporting system so that the board has continuous access to accurate, relevant and timely information such that the board can discharge its duties, exercise objective judgment on corporate affairs and take pertinent decisions to ensure that an informed assessment can be made of all issues facing the board. In terms of Listing Rules 8.56 – 8.64 the board is required to establish an Audit Committee to review and assess the effectiveness of the internal control systems, including financial reporting;
 - 4.4.3 continuously assess and monitor the company`s present and future operations opportunities, threats and risks in the external environment and current and future strengths and weaknesses;
 - 4.4.4 recognise and support enterprise and innovation within the management of the company. The board should examine how best to motivate Company management;
 - 4.4.5 seek to establish an effective decision-making process in order to develop the Company`s business efficiently;
 - 4.4.6 evaluate the management`s implementation of corporate strategy and financial objectives. The strategy, processes and policies adopted for implementation should be regularly reviewed by the board using key performance indicators so that corrective measures can be taken to address any

- deficiencies and ensure the future sustainability of the enterprise;
- 4.4.7 ensure that the Company has appropriate policies and procedures in place to assure that the Company and its employees maintain the highest standards of corporate conduct, including compliance with applicable laws, regulations, business and ethical standards;
 - 4.4.8 recognise that the company's success depends upon its relationship with all groups of its stakeholders, including employees, suppliers, customers and the wider community in which the Company operates. The board should maintain an effective dialogue with such groups in the best interests of the Company and monitor the application by management of its policies;
 - 4.4.9 strike a balance between enterprise and control in the company; and
 - 4.4.10 develop a succession policy for the future composition of the board of Directors and particularly the executive component thereof, for which the Chairman should hold key responsibility.
- 4.5 Upon being appointed to the board and throughout the term of their appointment, Directors should ensure that they have sufficient and adequate information about the company, its affairs and their fiduciary duties, responsibilities and liabilities. It is desirable that periodic information sessions are organized to ensure that Directors are familiar with, inter alia;
- 4.5.1 their statutory and fiduciary duties;
 - 4.5.2 the company's operations and prospects;
 - 4.5.3 the skills and competence of senior management;
 - 4.5.4 the general business environment; and
 - 4.5.5 the board's expectations.
- 4.6 The board must understand and fully appreciate the business risk issues and key performance indicators affecting the ability of the Company to achieve its objectives.
- 4.7 The board should assess regularly any circumstances, whether actual or potential, that could expose the Company or its Directors to risk, and take appropriate action.
- 4.8 The business risk and key performance indicators should be benchmarked against industry norms so that the company's performance can be effectively evaluated.

- 4.9 The board shall require management to constantly monitor performance and report, at least quarterly, fully and accurately on the key performance indicators to its satisfaction.
- 4.10 The board shall ensure that the financial statements of the Company and the annual audit thereof have been completed within the stipulated time periods.

BOARD MEETINGS

PRINCIPLE 5: The board should meet sufficiently regularly to discharge its duties effectively. Ample opportunity must be given to all board members during meetings to convey their opinions and discuss issues set on the board agenda so that they honour their responsibilities at all times.

- 5.1 The board should set procedures to determine the frequency, purpose, conduct and duration of meetings and meet regularly, at least once every quarter, in line with the nature and demands of the company's business.
- 5.2 The Chairman is primarily responsible for the efficient working of the board. He must ensure that all relevant issues are on the agenda supported by all available information.
- 5.3 The board agenda should strike a balance between long-term strategic and shorter-term performance issues.
- 5.4 The attendance of board members should be reported to shareholders at Annual General Meetings.
- 5.5 Notice of the dates of the forthcoming meetings together with the supporting material should be circulated well in advance to the Directors so that they have ample opportunity to appropriately consider the information prior to the next scheduled board meeting. Advance notice should be given of ad hoc meetings of the board to allow all Directors sufficient time to re-arrange their commitments in order to be able to participate.
- 5.6 Conduct of board by the Chairman meetings should facilitate and encourage the presentation of views pertinent to the subject matter and should give all Directors every opportunity to contribute to relevant issues on the agenda.
- 5.7 After each board meeting and before the next meeting, minutes that faithfully record attendance and decisions should be prepared and should be made available to all Directors as soon as practicable after the meeting.

INFORMATION AND PROFESSIONAL DEVELOPMENT

PRINCIPLE 6: The board should:

- appoint the Chief Executive Officer;
- actively participate in the appointment of senior management;

- ensure that there is adequate training in the Company for management and employees; and
 - establish a succession plan for senior management.
- 6.1 Boards should actively consider the establishment and implementation of appropriate schemes to recruit, retain and motivate high quality executive officers and the management team.
- 6.2 All new Directors should be offered a tailored induction programme on joining the board which covers to the extent necessary the company's organization and activities and his responsibilities as a Director.
- 6.3 Board members should continually update and refresh their skills, competencies and capabilities to properly complete their tasks. The Company must provide the necessary resources for the Directors' regular professional development including obtaining independent advice at the company's expense.
- 6.4 The Chief Executive Officer should ensure that systems are in place:
- 6.4.1 to provide for the development of the management and employees generally and to provide for adequate training in the company;
 - 6.4.2 to ensure staff receive adequate and relevant training so that the Company remains competitive;
 - 6.4.3 to provide additional training for individual Directors;
 - 6.4.4 to monitor management and staff morale;
 - 6.4.5 to establish a succession plan for senior management; and
 - 6.4.6 for all Directors to be supplied with precise, timely and clear information to enable board members to disseminate information to effectively contribute to board decisions.
- 6.5 The Chief Executive Officer should participate in the recruitment and appointment of senior management.

EVALUATION OF THE BOARD'S PERFORMANCE

PRINCIPLE 7: The board should undertake a formal and rigorous annual evaluation of its own performance and that of its committees and individual Directors.

- 7.1 The board should appoint a committee chaired by a non-executive Director in order to regularly carry out a performance evaluation of its role.
- 7.2 The committee is to report directly to the Chairman who should act on the results of the performance evaluation process in order to ascertain the strengths and to address the weaknesses of the board members and

to report to the board and, where appropriate, to the Annual General Meeting.

- 7.3 As part of the disclosure requirements in the annual report, the board should provide adequate information about its internal organization and including an indication of the extent to which the self-evaluation of the board has led to any material changes in the company's governance structures and organization.

REMUNERATION COMMITTEES

PRINCIPLE 8: The board should set up formal and transparent procedures for developing policies on executive remuneration and for fixing the remuneration packages of individual Directors.

- 8.1 The board of Directors should establish Remuneration Committees composed of independent non-executive Directors with no personal financial interest other than as shareholders in the company, one of whom should chair the Committee. No Director should be involved in deciding his or her own remuneration.
- 8.2 Remuneration Committees have as their prime role the function of devising the appropriate packages needed to attract, retain and motivate executive Directors with the right qualities and skills for the proper management of the company.
- 8.3 Remuneration Committees should however avoid paying more than is necessary to secure the executive Directors with the appropriate skills and qualities.
- 8.4 The Remuneration Committee should judge where to position their Company relative to other companies in the marketplace. These comparisons should be exercised with care, in view of the risk of an upward ratchet of remuneration levels with no corresponding improvement in performance. Moreover, they should also be sensitive to pay and employment conditions elsewhere in the group, especially when determining annual salary increases.
- 8.5 The Remuneration Committee should carefully consider what compensation commitments their Directors' terms of appointment would entail in the event of early termination. The aim should be to avoid rewarding poor performance. They should take a robust line on reducing compensation to reflect departing Directors' obligations in order to mitigate loss.
- 8.6 The Remuneration Committee's main duties are:
- 8.6.1 to make proposals to the board on the remuneration policy for executive Directors;
 - 8.6.2 to make proposals to the board on the individual remuneration to be attributed to executive Directors, ensuring that they are consistent with the remuneration policy adopted by the

- Company and the evaluation of the performance of the Directors concerned;
- 8.6.3 to monitor the level and structure of remuneration of the non-executive Directors on the basis of adequate information provided by the executive or managing Directors;
 - 8.6.4 to prepare a report in the annual report about its activities, providing information regarding its membership, the number of meetings held, the attendance over the year, its main activities, and a “Remuneration Statement”. The “Remuneration Statement” shall contain details of individual Directors` remuneration packages and the remuneration policy of the Company including profit-sharing, share options and pension benefits, as well as specific arrangements relating to the disclosure of information on performance.
- 8.7 The Committee:
- 8.7.1 should consult the Chairman and/or the Chief Executive Officer about proposals relating to the remuneration of other executive Directors;
 - 8.7.2 may avail itself of remuneration consultants, who may be useful in providing the necessary information on market standards for remuneration systems; and
 - 8.7.3 should be responsible for establishing the selection, appointing and setting the terms of reference for any remuneration consultants who advise the Committee.
- 8.8 The board itself, subject to the approval of shareholders in general meeting, should determine the aggregate Emoluments of the Directors, including that of the members of the Remuneration Committee.
- 8.9 Shareholders shall have the right to approve the aggregate remuneration payable and the criteria applied to establish the remuneration of the Directors but not the remuneration paid to each individual Director.
- 8.10 The Company should provide shareholders with the information regarding the remuneration paid by the Company to individual Directors, both executive and non-executive, in the preceeding Financial Year in order to help shareholders appreciate whether the remuneration is appropriate in the light of the overall performance of the Company.

RELATIONS WITH SHAREHOLDERS AND WITH THE MARKET

PRINCIPLE 9: The board shall serve the legitimate interests of the company, account to shareholders fully and ensure that the Company communicates with the market effectively. The board should as far as possible be prepared to enter into a satisfactory dialogue with institutional shareholders and market intermediaries based on the mutual understanding of objectives. The board shall use the general meeting to communicate with shareholders.

- 9.1 The Company should provide the market with regular, timely, accurate, comprehensive and comparable information in sufficient detail to enable investors to make informed investment decisions.
- 9.2 Communication with the market is crucial for Listed Companies and the integrity of the market itself. The board should ensure that long-term strategic decisions are communicated where Directors consider these to be in the best interests of the company.
- 9.3 Listed Companies should hold a meeting with shareholders and other interested parties. Under exceptional circumstances affecting the Company other meetings may become necessary and should be considered.
- 9.4 The board should endeavour to protect and enhance the interests of both the Company and its shareholders, present and future. The Chairman should ensure that the views of shareholders are communicated to the board as a whole.
- 9.5 The board should:
- 9.5.1 always ensure that all holders of each Class of capital are treated fairly and equally; and
 - 9.5.2 act in the context that its shareholders are constantly changing and, consequently, decisions should take into account the interests of future shareholders as well.
- 9.6 Shareholders must appreciate the significance of participation in the general meetings of the Company and particularly in the election of Directors. They should continue to hold Directors to account for their actions, their stewardship of the company's assets and the performance of the company.
- 9.7 The agenda for general meetings of shareholders and the conduct of such meetings must not be arranged in a manner to frustrate valid discussion and decision-taking.
- 9.8 A detailed explanatory memorandum must a Company all proposals put before an extraordinary general meeting or proposals considered as extraordinary business and it must be provided well in advance of the meeting, at least fifteen (15) days before, with adequate time within which shareholders can evaluate it.
- 9.9 Provision must be made for shareholders who do not attend a general meeting to appoint a proxy of their choice to attend and vote on any matter either in favour of, or against, any proposal presented at a general meeting of shareholders, or to abstain.
- 9.10 Minority shareholders should be able to call special meetings on matters of importance to the company. However a minimum threshold of share ownership, as established in the Memorandum or

Articles of Association of the company, should be set up before a group or an individual may call a special meeting.

- 9.11 Procedures should be established to resolve conflicts between minority shareholders and controlling shareholders. To resolve conflicts, there should be some mechanism, disclosed under Company practice, to trigger arbitration.
- 9.12 Minority shareholders should be allowed to formally present an issue to the board of Directors if they own a predefined threshold of shares.
- 9.13 The Company should consider making available for inspection to its shareholders for a period of not less than fifteen (15) days particulars of service contracts and particulars of any contract in which a Director of the Company is materially interested and which is significant in relation to the business of the Company and its subsidiaries taken as a whole.
- 9.14 The Company should disclose the total of any outstanding loans granted by the Company or any of its subsidiaries or the parent of such Company to the Directors of the Company and of any guarantees provided for their benefit.
- 9.15 Directors must not make improper use of information acquired by them by virtue of their position as a Director.
- 9.16 The board should consider whether, from time to time, disclosure should be made by the Company to other stakeholders other than its shareholders, but in other respects treating them equally as regards content and timeliness.

INSTITUTIONAL SHAREHOLDERS

PRINCIPLE 10: Institutional shareholders have a responsibility to make considered use of their votes.

- 10.1 Institutional shareholders have the knowledge and expertise to analyse market information and make their independent and objective conclusions of the information available. Their role in the market is to be perceived by individual investors as being a very significant one. Accordingly, institutional shareholders are expected to conduct themselves in an appropriate manner in the market and act as a more effective check on Listed Companies.
- 10.2 Institutional shareholders should take steps to ensure that their voting objectives are being translated into practice. They should work towards the adherence to very general principles of good governance without taking the reins from the hands of the company's board and management.
- 10.3 The term 'institutional shareholders' should be interpreted widely and includes any person who by profession, whether directly or indirectly, takes position in investments as principal; or Manager or holds funds for or on behalf of others and includes Custodians, banks, financial

institutions, fund managers, stockbrokers, investment managers and others.

CONFLICTS OF INTEREST

PRINCIPLE 11: Directors` primary responsibility is always to act in the interest of the Company and its shareholders as a whole irrespective of who appointed them to the board.

- 11.1 A Director should avoid conflicts of interest at all times and shall not accept a nomination if he is aware that he has an actual conflict of interest.
- 11.2 Should an actual or potential conflict arise during the tenure of a Directorship, a Director must disclose and record the conflict in full and in time to the board and the board shall determine whether or not that Director should participate in the discussion. In any event, the Director shall refrain from voting on the matter. In certain circumstances it may be appropriate for the board to disclose in a public document that an actual conflict or potential conflict of interest has arisen.
- 11.3 The personal interests of a Director must never take precedence over those of the Company and its shareholders.
- 11.4 A Director having a continuing material interest that conflicts with the interests of the company, should take effective steps to eliminate the grounds for conflict. In the event that such steps do not eliminate the grounds for conflict then the Director should consider resigning.
- 11.5 Each Director should declare to the Company his or her interest in the share capital of the Company distinguishing between beneficial and non-beneficial interest and should only deal in such shares as allowed by law.

CORPORATE SOCIAL RESPONSIBILITY

PRINCIPLE 12: Directors should seek to adhere to accepted principles of corporate social responsibility in their day-to-day management practices of their company.

- 12.1 Corporate Social Responsibility is the continuing commitment by business entities to behave ethically and contribute to economic development while improving the quality of life of the work force and their families as well as of the local community and society at large. Being socially responsible means not only fulfilling legal expectations but also going beyond compliance and investing “more” into human capital, the environment and the relations with stakeholders.
- 12.2 It is encouraged that Listed Companies take up initiatives aimed at augmenting investment in human capital, health and safety issues, and managing change, while adopting environmentally responsible practices related mainly to the management of natural resources used in the production process.

- 12.3 Listed Companies are expected to act as corporate citizens in the local community, work closely with suppliers, customers, employees and public authorities.
- 12.4 Listed Companies are encouraged to go through material relating to the theme of corporate social responsibility and keep abreast with initiatives being taken in the local and international scenario.

APPENDIX 8.2
[Listing Rule 8.107]

The following table identifies the information required to be included in a Circular required pursuant to Listing Rules 8.95 and 8.96 in respect of the Listed Company and the Undertaking the subject of the transaction.

1. The name, registered office and, if different, head office of the Issuer

2. A statement that the following documents or certified copies thereof will be available for inspection at the Company's registered office, head office or such other place in Malta as the Listing Authority may agree, for at least fourteen (14) days from the date of publication of the Listing Particulars or for the duration of any offer to which the Listing Particulars relate, if longer:
 - 2.1 the Memorandum and Articles of Association or other constitutive document of the Issuer;
 - 2.2 any contract or written agreement concerning the Issuer and which is referred to in the Prospectus;
 - 2.3 material contracts and Directors' service contracts or in the case of a contract not reduced into writing, a memorandum giving full particulars thereof;
 - 2.4 all reports, letters and other documents, valuations and statements by any Expert any part of which is reproduced or referred to in the Listing Particulars including any written consents from experts;
 - 2.5 the audited Annual Accounts of the Issuer, or, in the case of a Group, the consolidated audited Accounts of the Issuer and its Subsidiary Undertakings for each of the three (3) Financial Years preceding the publication of the Listing Particulars together with, in the case of a Company incorporated in Malta, all notes, certificates or information required by Part V, Title I, Chapter X of the CA;
 - 2.6 in the case of an issue of Securities in connection with a merger, the division of a Company, the transfer of all or part of an Undertaking's assets and liabilities, or a takeover offer, or as consideration for the transfer of assets other than cash, the documents describing the terms and conditions of such operations, together, where appropriate, with any opening balance sheet, if the Issuer has not prepared its own or consolidated audited Annual Accounts (as appropriate); and
 - 2.7 written statements signed by the Accountants setting out the adjustments made by them in arriving at the figures shown in any Accountants' Report and giving the reasons therefor.

3. In so far as is known to the Issuer, the name of any person other than a Director of the Issuer who, directly or indirectly, owns five percent (5%) or more of the Issuer's capital, together with the amount of each such person's ownership or, if there are no such persons, an appropriate negative statement.

4. A summary of the principal contents (including particulars of dates, parties, terms and conditions, general nature of contract, the name of the receiving notary, where applicable, and any consideration passing to or from the Issuer or any other member of the Group) of:

4.1 each material contract (not being a contract entered into in the ordinary course of business) carried on or intended to be carried on by any member of the Group or any such material contract entered into not more than two (2) years immediately preceding the date of issue of the Prospectus; and

4.2 any other contract (not being a contract entered into in the ordinary course of business) entered into by any member of the Group which contains any provision under which any member of the Group has any obligation or entitlement which is material to the Group as at the date of the Prospectus

5. Information on any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer is aware) which may have or have had in the recent past (covering at least the previous twelve (12) months) a significant effect on the Group's financial position or an appropriate negative statement.
6. A description of any significant change in the financial or trading position of the Group which has occurred since the end of the last Financial Year for which either audited financial statements or interim financial statements have been published, or an appropriate negative statement.
7. Particulars of any arrangement under which future dividends are waived or agreed to be waived.
8. A statement showing the interest of each Director of the Issuer or a Connected Person of such Director in the Share Capital of the Issuer or any member of the Group distinguishing between beneficial and non-beneficial interests, or an appropriate negative statement.
9. All relevant particulars regarding the nature and extent of any interests of Directors of the Issuer in transactions which are or were unusual in their nature or conditions or significant to the business of the Group, and which were effected by the Group:
 - 9.1 during the current or immediately preceding Financial Year; or
 - 9.2 during an earlier Financial Year and remain in any respect outstanding or unperformed;
 - 9.3 or an appropriate negative statement.
10. Details of Directors' existing or proposed service contracts with the Issuer or any Subsidiary, excluding contracts expiring, or determinable by, the employing Company without payment of compensation within one 1 year, or an appropriate negative statement.
11. A statement as to the Group's financial and trading prospects 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 Particulars and which are unlikely to be known or anticipated by the general public, and which could materially affect the profits of the Issuer.

and in the case of acquisitions:

12. A statement that:

12.1 the relevant Securities do not fall within a category or description specified in any regulation made by the Minister in accordance with the provisions of the FMA as not being Admissible to a Recognised List;

12.2 application has been or will be made to one or more Recognised Investment Exchanges for the relevant Securities to be Admitted to Listing and Trading thereon once the Securities are authorised as Admissible to Listing by the Listing Authority (see Listing Rule 5.7),

12.3 or any other statement that may be permitted by the Listing Authority to reflect the circumstances of each particular case.

13. A statement whether or not all the Securities are being offered or made available in whole or in part to the public.
14. Where Shares are issued in connection with any merger, division of a Company, takeover offer, acquisition of an Undertaking's assets and liabilities or transfer of assets:
 - 14.1 a statement of the aggregate value of the consideration for the transaction and how it was or is to be satisfied; and
 - 14.2 if the total Emoluments receivable by the Directors of the Issuer will be varied in consequence of the transaction, full particulars of the variation; if there will be no variation, a statement to that effect.
15. A profit forecast for the twelve (12) months ending after the end of the Financial Year. Where the Issuer prepares consolidated Annual Accounts, the profit forecast must be prepared on a consolidated basis.
16. The principal assumptions upon which the Issuer has based its forecast must be stated (see Listing Rule 9.21); where so required by Listing Rule 9.19, the forecast must be examined and reported on by the Accountants and their report must be set out; there must also be set out a report from the Sponsor confirming that the forecast has been made after due and careful enquiry by the Directors (see Listing Rule 2.15).

APPENDIX 8.3
ARTICLES OF ASSOCIATION

Section	Description
1.	Directors
2.	Accounts
3.	Capital
4.	Dividends
5.	Transfers
6.	Borrowing Powers
7.	Notice of Meetings
8.	Winding - Up
9.	Alteration of Articles
10.	Proxy

Directors

- 1.1 All Directors of an Applicant shall be individuals.
- 1.2 Subject to such exceptions specified in the Articles of Association as the Listing Committee may approve, a Director shall not vote on any contract or arrangement or any other proposal in which he has a material interest.
- 1.3 An election of Directors shall take place every year. All Directors, except a Managing Director, shall retire from office once at least in each three (3) years, but shall be eligible for re-election.
- 1.4 The office of a Director shall become vacant should he become of unsound mind, is convicted of any crime punishable by imprisonment, or declared bankrupt during his term of office.
- 1.5 The maximum annual aggregate Emoluments as well as any increase of such Emoluments of the Directors shall be established pursuant to a resolution passed at a general meeting of an Issuer where notice of the proposed aggregate Emoluments and any increase has been given in the notice convening the meeting.
- 1.6 Any person appointed by the Directors to fill a casual vacancy or as an addition to the board will hold office only until the next following annual general meeting of the Issuer, and will be eligible for re-election.
- 1.7 An Issuer must give at least fourteen (14) days notice to its shareholders to submit names for the election of Directors. Notice to the Issuer proposing a person for election as a Director, as well as the latter's acceptance to be nominated as Director shall be given to the Issuer not less than fourteen (14) days prior to the date of the meeting appointed for such election.

Accounts

2. A printed copy of the profit and loss account and balance sheet including any Directors' report attached thereto, will, at least fourteen (14) days prior to the general meeting of the Issuer, be delivered or sent by post to every member and/or stockholder or holder of Securities in the Issuer.

Capital

- 3.1 The share capital structure, the ranking of any different Classes or Shares for all distributions, and the specific rights of each Class of Shares must be stated.
- 3.2 The Issuer shall not issue Shares such that such issue would dilute a substantial interest without prior approval of the shareholders in general meeting.
- 3.3 Unless the shareholders approve in a general meeting, or as otherwise permitted under the Listing Rules, no Director shall participate in an issue of Shares to employees.
- 3.4 Preference shareholders shall have the same rights as ordinary shareholders as regards receiving notices, reports and balance sheets, and attending general meetings of the Issuer.
- 3.5 Preference shareholders shall also have the right to vote at any general meeting of the Issuer convened for the purpose:
 - 3.5.1 of reducing the capital of the Issuer; or
 - 3.5.2 winding up of the Issuer; or
 - 3.5.3 where the proposition to be submitted directly affects their rights and privileges; or
 - 3.5.4 when the dividend on their Shares is in arrears by more than six (6) months.

Dividends

4. Any amount paid up in advance of calls on any Share may carry interest but will not entitle the holder of the Share to participate in respect of such amount in any dividend.

Transfers

5. There shall be no restriction on the right to transfer Securities which are authorised as Admissible to Listing.

Borrowing Powers

6. The scope of the borrowing powers of the Board of Directors shall be expressed.

Notice of Meetings

- 7.1 A general meeting of an Issuer shall be deemed not to have been duly convened unless at least fourteen (14) days' notice has been given to all shareholders in writing, wherein is stated the place, date and hour of the meeting and in case of special business, the general nature of that business.
- 7.2 Any notice of the meeting called to consider extraordinary business shall be accompanied by a statement regarding the effect and scope of any proposed resolution in respect of such extraordinary business.

Winding-Up

- 8.1 The basis on which shareholders would participate in a distribution of assets on a winding-up shall be expressed.
- 8.2 On the voluntary liquidation of an Issuer, no commission or fees shall be paid to a liquidator unless it shall have been approved by shareholders. The amount of such payment shall be notified to all shareholders at least seven (7) days prior to the meeting at which it is to be considered.

Alteration of Articles

9. Issuers whose Securities are authorised as Admissible to Listing shall not delete, amend or add to any of their existing Articles of Association, which have previously been authorised by the Listing Authority, unless prior written authorisation has been sought and obtained from the Listing Authority for such deletion, amendment or addition.

Proxy

10. An Issuer is required to design proxy forms in a manner which will allow a Shareholder of an Issuer to indicate how he/she would like his proxy to vote in relation to each resolution.