
RULES GOVERNING THE OFFICIAL LISTING OF SECURITIES



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**THE ROYAL SECURITIES EXCHANGE OF
BHUTAN LTD.**

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CHAPTER 1

INTERPRETATION

Definitions

1.01 In these rules, unless the context otherwise requires -

"the Act" means the Companies Act of the Kingdom of Bhutan, 2000;

"articles" means the articles of incorporation;

"Board" member the governing body of the Exchange comprising persons elected or appointed under the articles of the Royal Securities Exchange of Bhutan Ltd.;

"chief executive" means a person who either alone or together with one or more other persons is or will be responsible under the immediate authority of the board of directors for the conduct of the business of a listed issuer;

"debt securities" means debenture or loan stock, debentures, bonds, notes and other securities or instruments acknowledging, evidencing or creating indebtedness, whether secured or unsecured and options, warrants or similar rights to subscribe or purchase any of the foregoing and convertible debt securities;

"convertible debt securities" means debt securities convertible into or exchangeable for other securities or other property;

"convertible equity securities" means shares convertible into or exchangeable for other securities:

"director" includes any person who occupies the position of a director, by whatever name called;

"equity securities" means shares (including preference shares), convertible equity securities and options, warrants or similar rights to subscribe or purchase shares or convertible equity securities;

"Exchange" means the securities exchange, and its securities market, established by the Royal Securities Exchange of Bhutan Ltd.

"group" means the issuer and its subsidiaries, if any;

"holding company" has the same meaning as in section 2 of the Act;

"issuer" means a company, any of whose equity or debt securities are the subject of an application for listing or quotation, or some of whose equity or debt securities are already listed or quoted;

"listed issuer" in the case of equity securities, means a company some of whose equity securities are already listed, and in the case of debt securities, means a company some of whose equity or debt securities are already listed;

"listing" means the grant of a listing of, and permission to deal in, securities on the Exchange and "listed" shall be construed accordingly;

"Listing Committee" means the Listing Committee appointed by the Board;

"Listing Particulars" means the Listing Particulars referred to in rule 2.09;

"Listing Rules" means the rules governing the official listing of securities herein contained and made by the Royal Securities Exchange of Bhutan Ltd. with the approval of the RMA;

"Listing Undertaking" means the undertaking (in the form set out in Appendix 2) by an issuer to the Exchange specifying the continuing obligations which the issuer undertakes to comply with as a condition of listing;

"new applicant" means, in the case of equity securities, an applicant for listing none of whose equity securities is already listed, and in the case of debt securities, means an applicant for listing none of whose equity or debt securities is already listed;

"prospectus" has the same meaning as in section 2 of the Act;

"reporting accountant" means the professional accountant who is responsible for the preparation of the accountants' report required to be included in the Listing Particulars;

"RMA" means the Royal Monetary Authority of Bhutan;

"subsidiary" has the same meaning as in section 2 of the Act; and

"substantial shareholder" means, in relation to a company, a person who is entitled to exercise, or control the exercise of, 10% or more of the voting power at any general meeting of the company.

1.02 In these rules, references to a document being certified means certified to be a

true copy or extract (as the case may be) by a director, the secretary or other authorised officer of the issuer or by a member of the issuer's auditors or solicitors.

- 1.03 Where the context so permits or requires, words importing the singular number include the plural and vice versa and words importing the masculine gender include the feminine and neuter genders and vice versa.
- 1.04 These rules shall be interpreted, administered and enforced by the Exchange. The decision of the Exchange shall be conclusive and binding on an issuer. The Exchange may issue practice notes and guidance notes, from time to time, to assist issuers or their advisers in interpreting and complying with these rules.

CHAPTER 2

GENERAL AND LISTING COMMITTEE

GENERAL

Introduction

- 2.01 The principal function of the Exchange is to provide a fair, orderly and efficient market for the trading of securities. In furtherance of this, the Board with the approval of the RMA has made these Listing Rules prescribing the requirements for the listing of securities on the Exchange. These comprise both requirements which have to be met before securities may be listed and also continuing obligations with which an issuer must comply once listing has been granted.
- 2.02 It is emphasized that the Listing Rules are not exhaustive and that the Exchange, with the approval of the RMA, may impose additional requirements or make listing subject to special conditions whenever it considers it appropriate. Conversely the Exchange, with the approval of the RMA, may waive, modify or not require compliance with the Listing Rules either generally or to suit the circumstances of a particular case, as a variety of circumstances may exist which require it to make ad hoc decisions.
- 2.03 The Listing Rules may be amended by the Exchange from time to time, subject to the approval of the RMA.
- 2.04 Suitability for listing depends on many factors. Applicants for listing should appreciate that compliance with the Listing Rules may not of itself ensure an applicant's suitability for listing. The Exchange retains a discretion to accept or reject applications and in reaching their decision will pay particular regard to the general principles outlined in rule 2.07. Prospective issuers (including listed companies) are therefore encouraged to contact the Exchange to seek informal and confidential guidance as to the eligibility of a proposed application for listing at the earliest possible opportunity. To avoid any misunderstanding it is emphasized that the Listing Rules are entirely independent of, and without prejudice to, the provisions on contents of prospectuses laid down in the Act, and that compliance with these Listing Rules does not in any way guarantee that the prospectus concerned complies with the relevant requirements of the Act.
- 2.05 These Listing Rules shall not apply to any debt securities issued by the Royal Government of Bhutan any request for the listing of which will be considered by the Exchange on ad hoc basis as and when required.

Procedure

- 2.06 All applications made to the Exchange for listing will be considered by the Listing Committee who will examine the eligibility and suitability of the company for listing. After due consideration the Listing Committee will recommend to the Board whether the company should be admitted or refused admission to the

Official List and the Board will determine the matter and inform the applicant company accordingly.

General principles

2.07 The Listing Rules reflect currently accepted standards and are designed to ensure that investors have and can maintain confidence in the market, and in particular that -

- (1) applicants are suitable for listing;
- (2) the issue and marketing of securities is conducted in a fair, open and orderly manner and that potential investors are given sufficient information to enable them to make a properly informed assessment of the applicant, and of the securities for which listing is sought;
- (3) investors and the public are kept fully informed by listed companies, and in particular that immediate disclosure is made of any information that might reasonably be expected to have a material effect on market activity in, and the prices of, listed securities;
- (4) all holders of listed securities are treated fairly and equally;
- (5) directors of a listed company act in the interests of its shareholders as a whole, particularly where the public represents only a minority of the shareholders; and
- (6) all new issues of equity securities by a listed issuer are first offered to the existing shareholders by way of rights unless they have agreed otherwise.

In these last four respects, the Listing Rules seek to secure for holders of securities, other than controlling interests, certain assurances and equality of treatment.

Listing application

2.08 Companies seeking admission to the Official List of the Exchange must submit an application that complies with Chapter 4.

Listing particulars

2.09 Companies seeking admission to the Official List of the Exchange must issue Listing Particulars which must, in addition to complying with the prospectus requirements of the Act, comply with the content requirements set out in Appendix 1.

Listing Undertaking

2.10 Companies seeking admission to the Official List of the Exchange are required to enter into a Listing Undertaking with the Exchange to comply with the continuing

listing obligations of the Exchange as set out in Chapter 5.

2.11 The forms of Undertaking required are set out in Appendix 2.

Articles of Incorporation

2.12 Companies seeking admission to the Official List of the Exchange are required to incorporate in their articles (Regulations) the various provisions set out in Appendix 3.

Methods of issuing securities to be listed

2.13 Both equity securities and debt securities may be brought to listing by any one of the methods described in rules 2.14 to 2.19, except where otherwise indicated.

Offer for subscription

2.14 An offer for subscription is an offer to the public by or on behalf of a company of its own equity or debt securities for subscription.

Offer for sale

2.15 An offer for sale is an offer to the public by or on behalf of the holders or allottee of equity or debt securities already in issue or agreed to be subscribed.

Placing

2.16 A placing is the obtaining of subscriptions for or the sale of equity or debt securities privately by a company or its intermediary from or to persons selected or approved by the company or its intermediary.

Rights issue

2.17 A rights issue is an offer by way of rights to existing holders of listed equity securities which enables those holders to subscribe cash for equity securities in proportion to their existing holdings.

Capitalisation issue

2.18 A capitalisation issue (bonus issue) is an allotment of further equity securities to existing holders, credited as fully paid up out of the company's reserves or profits, in proportion to their existing holdings without any monetary payment.

Other methods

2.19 Securities may also be brought to listing by the issuance by the company of its securities through-

- (1) the exercise of options, warrants or similar rights to subscribe for or purchase securities;

- (2) an issue of securities on exercise of options granted to or for the benefit of executives and/or employees of the listed company; or
- (3) such other methods as the Exchange may from time to time approve.

Authorised representatives

2.20 Every listed issuer shall appoint two authorised representatives who will act at all times as the issuer's principal channel of communication with the Exchange. The two authorised representatives must be either two directors or a director and the issuer's secretary.

Suspension and cancellation of listing

2.21 Listing is granted subject to the condition that where the Exchange considers it necessary for the protection of the investor or the maintenance of an orderly market, it may at any time suspend dealings in any securities or cancel the listing of any securities in such circumstances and subject to such conditions as it thinks fit, whether requested by the company or not. The Exchange may do so where -

- (1) a company fails, in a manner which the Exchange considers material, to comply with the Listing Rules or its Listing Undertaking;
- (2) the Exchange considers there are insufficient shares of the company in the hands of the public (see rule 3.07)
- (3) the Exchange considers that the company does not have a sufficient level of operations or sufficient assets to warrant the continued listing of its securities; or
- (4) the Exchange considers that the company or its business is no longer suitable for listing.

2.22 Where a company itself seeks suspension, the request for approval for suspension must be made to the Exchange by its authorised representative, and in all cases must be supported by specific reasons. The Exchange may accept the request for suspension in its absolute discretion.

2.23 Where dealings have been suspended, the procedure for lifting the suspension will depend on the circumstances and the Exchange reserves the right to impose such conditions as it considers appropriate. Where the suspension was at the company's request, the company will have been required to announce the reason for the suspension and, where appropriate, the anticipated timing of the lifting of the suspension. In some cases (for example a temporary suspension pending an announcement) the suspension will be lifted as soon as possible after the announcement is made. In other cases the suspension will be continued until any relevant requirements have been met. The continuation of a suspension for a prolonged period without the company taking adequate action to obtain

restoration of listing may lead to the Exchange cancelling the listing.

- 2.24 There may be cases where a listing is cancelled without a suspension intervening. Where the Exchange considers that a company or its business is no longer suitable for listing it will publish an announcement naming the company and specifying the period within which the company must have remedied those matters which have rendered it unsuitable for listing. Where appropriate the Exchange will suspend dealings in the securities of the company. If the company fails to remedy those matters within the period set out in the announcement the Exchange will cancel the listing.

Listing fees

- 2.25 Companies admitted to the Official List of the Exchange Company are required to pay listing fees in accordance with the scales set out in Appendix 4.

LISTING COMMITTEE

Membership

- 2.26 The Board shall initially act as the Listing Committee. The Listing Committee shall consist of 7 members of which 4 shall be appointed by the Board from amongst members and 3 from non-members,
- 2.27 All members of the Listing Committee shall vacate office one year after their appointment unless they are re-appointed.

Functions

- 2.28 The Listing Committee shall have the following functions-
- (1) to examine the eligibility and suitability of applications made to the Exchange for admission to the Official List of the Exchange;
 - (2) to submit a written report to the Board on each such application together with a recommendation as to whether the applicant company should be admitted or refused admission to the Official List of the Exchange;
 - (3) where appropriate, to consider the suspension or cancellation of listings and to make recommendations thereon to the Board.

Proceedings

- 2.29 In the exercise of its powers under this rule the Listing Committee shall be subject to and act in accordance with any direction given to it by the Board for the purposes of this rule.
- 2.30 The Board shall appoint a Chairman, a Vice-Chairman and a Secretary to the Listing Committee who shall act at the direction of the Board in exercising the

functions of that Committee.

Meetings

- 2.31 Meetings of the Listing committee shall be held as often as may be considered necessary by the chairman and at such times and places as the chairman may, subject to rule 2.29, determine.
- 2.32 At a meeting of the Listing Committee -
- (1) the chairman shall chair the meeting; or
 - (2) if the chairman is not present, the vice-chairman shall chair the meeting; or
 - (3) if neither the chairman nor the vice-chairman is present, the members present shall choose one of their number to chair the meeting.
- 2.33 The quorum for a meeting of the Listing Committee shall be 4 members.
- 2.34 Each member of the Listing Committee present at a meeting shall have a vote.
- 2.35 Every question for decision at a meeting of the Listing Committee shall be determined by a majority of votes of the members present and, in the event that voting is equally divided, the chairman of the meeting shall have a casting vote.
- 2.36 The Listing Committee may act notwithstanding a vacancy among its members.

Disclosure of interest

- 2.37 (1) A member of the Listing Committee who has any direct or indirect personal or pecuniary interest in any listing application coming before the Listing Committee shall on each and every occasion declare his interest and thereafter, unless otherwise directed by the chairman of the meeting, shall withdraw from the meeting, take no further part in the proceedings of the Listing Committee in relation to that application or vote in respect of it.
- (2) A declaration, withdrawal or direction referred to in paragraph (1) shall be recorded.
- (3) Unless the chairman of the meeting shall otherwise direct, any decision reached by the Listing Committee on a listing application in respect of which a member has declared an interest in accordance with paragraph (1) shall be recorded in the normal way save that the proceedings of the Listing Committee prior to the making of a decision shall be recorded separately and that record shall be provided only to those members of the Listing Committee who were present at those proceedings.
- (4) Without prejudice to the generality of paragraph (1), a member of the Listing Committee has a disclosable interest if -

- (a) he is a director or officer of the applicant company;
- (b) he is a substantial shareholder of the applicant company or of the holding company of the applicant company;
- (c) he is a substantial shareholder of a competitor of the applicant company;
- (d) he is a major customer or major supplier of the applicant company;
- (e) he is a creditor or debtor of the applicant company; or
- (f) he is a landlord or a tenant of the applicant company.

Confidentiality

2.38 No member of the Listing Committee shall disclose, except to the extent that its disclosure is strictly necessary for the proper discharge of his functions as a member of the Listing Committee, any information that has come to his knowledge in the performance of his functions as a member of the Listing Committee.

CHAPTER 3

QUALIFICATIONS FOR LISTING

Preliminary

- 3.01 This Chapter sets out the basic conditions which have to be met as a pre-requisite to the listing of equity and debt securities. They apply to every method of listing and to both new applicants and listed companies, except where otherwise stated. It is to be noted -
- (1) that these requirements are not exhaustive and the Exchange may impose additional requirements in a particular case;
 - (2) that the Exchange retains an absolute discretion to accept or reject applications for listing, and that compliance with the relevant conditions may not of itself ensure an applicant's suitability for listing.

EQUITY SECURITIES

- 3.02 The company must be incorporated in Bhutan under the Companies Act and must continue to be incorporated to remain listed.
- 3.03 Both the company and its business must, in the opinion of the Exchange, be suitable for listing.
- 3.04 A new applicant must have an adequate trading record under substantially the same management which must be of known character and integrity. This will normally mean that the company should have a trading record of not less than three years; however the Exchange may accept a shorter period in exceptional case.
- 3.05 In the case of a new applicant, the latest financial period reported on by the reporting accountants must not have ended more than six months before the date of the Listing Particulars.
- 3.06 There must be an adequate market in the securities for which listing is sought. This means that the Exchange must be satisfied that there will be sufficient public interest in the business of the company and in the securities for which listing is sought.
- 3.07 There must be an open market in the securities for which listing is sought. This means that -
- (1) the minimum percentage of securities in public hands, (i.e. persons who are not a director, chief executive or substantial shareholder of the company or an associate of any of them) after excluding the securities held by the Government, must be 25%, with a minimum of 25 shareholders; or

- (2) the company must have a share capital with a minimum nominal value of five million Ngultrum, with not less than 12,500 shares held by a minimum of 25 shareholders.
- 3.08 The 25% public shareholding criterion specified in rule 3.07 (1) may be relaxed by the Exchange to permit an initial minimum public shareholding of 15% provided that the company undertakes to increase this to 20% not later than the end of the third year of listing, and to 25% not later than the end of the fifth year of listing.
- 3.09 A new applicant must have an expected market value of the securities issued of not less than five million Ngultrum. Further issues of securities of a class already listed are not subject to these limits. In exceptional cases, a lower expected market capitalisation may be acceptable where the Exchange is satisfied as to marketability.
- 3.10 The securities for which listing is sought must be freely transferable and must not carry any liability for any further payments such as in the case of partially paid securities. The company shall accomplish the benefits of a partially paid issue through the issue of a unit consisting of the security and a right or warrant to subscribe to further securities at a specific price and time, if desired.
- 3.11 Where application for listing is made in respect of any class of security -
- (1) if none of the securities of that class is already listed, the application must relate to all securities of that class issued or proposed to be issued; or
- (2) if some of the securities of that class are already listed, the application must relate to all further securities of that class issued or proposed to be issued.
- 3.12 Listing must be sought for all further issues of securities of a class already listed prior to the issue of securities.
- 3.13 The Par value of the securities listed on the exchange must be equal to Nu. 100 or below. Companies already listed on the exchange and which have securities outstanding with par values in excess of Nu.100 must before June 1, 1998 split such securities so that par value of such securities are equal to or less than Nu.100 per security.**

DEBT SECURITIES

- 3.14 The company must be incorporated in Bhutan under the Act and must continue to be incorporated to remain listed.
- 3.15 If the company's shares are not listed, both the company and its business must, in the opinion of the Exchange, be suitable for listing.
- 3.16 A new applicant must produce audited accounts for the three financial years

- preceding the application for listing. In exceptional cases the Exchange may accept a shorter period.
- 3.17 In the case of a new applicant, the latest financial period reported on by the reporting accountants must not have ended more than nine months before the date of the Listing Particulars.
- 3.18 If the company's shares are not listed, the company must have net tangible assets of at least five million Ngultrum, and the nominal amount of each class of debt securities for which listing is sought must be at least one million Ngultrum (and divided into units of not less than one thousand Ngultrum) or such other amount as the Exchange may from time to time determine. Further issues of debt securities which are uniform in all respects with debt securities of a class already listed are not subject to these limits. In exceptional cases, a lower minimum nominal amount may be accepted where the Exchange is satisfied as to marketability. In the case of options, warrants or similar rights to subscribe or purchase debt securities, the same limits will apply as would apply to the underlying debt securities to be subscribed or purchased.
- 3.19 The debt securities for which listing is sought must be fully negotiable and freely transferable.

CHAPTER 4

APPLICATION PROCEDURES AND REQUIREMENTS

Preliminary

- 4.01 This Chapter sets out the procedures and requirements for applications for the listing of, and permission to deal in, equity and debt securities, whether by new applicants or by listed companies except where otherwise stated.
- 4.02 These requirements are not exhaustive and an applicant for listing must satisfy any additional requirements and supply such further documents and information that the Exchange may require in any particular case or class of case.

Equity Securities

Application

- 4.03 Each application for listing shall consist of the following-
- (1) a formal letter of application signed by a duly authorised officer of the company and which complies with the requirements of rules 4.04, 4.05 and 4.06;
 - (2) the various supporting documents specified in rule 4.07;
 - (3) Listing Particulars that comply with the content requirements set out in Appendix 1; and
 - (4) the appropriate listing fees (see Appendix 4).

Letter of application

- 4.04 A formal letter of application for listing shall, in substantially the order given below, cover the information there indicated-

- (1) Title Page
 - (a) the name of the applicant and the date of incorporation;
 - (b) the address of the principal registered office and the address of each office at which a share register is kept;
 - (c) the date of application and a formal request for the listing of, and for permission to deal in, the securities in respect of which application is made, specifying the amount, class and par value and whether they are to be fully paid;
 - (d) the proposed method of listing;

- (e) the estimated market value of the class of securities of the applicant; and
- (f) the estimated market capitalisation of the securities for which listing is sought.

(2) Capitalisation

A list in tabular form of -

- (a) the designation or title of each class of share;
- (b) the number of shares authorised;
- (c) the number of shares issued;
- (d) the par value;
- (e) the amount of fully paid up shares;
- (f) the names of directors and officers of the company and their respective shareholdings;
- (g) so far as is known, or can be ascertained after reasonable enquiry, the names of substantial shareholders of the company and their respective shareholdings.

(3) History and Nature of Business

A short introductory paragraph describing the general nature of the business and products of the applicant. A brief history of the company from inception to the date of the application. A description of the business now conducted by the company and its subsidiaries, including principal products manufactured or services performed, principal markets for products and raw materials, method of marketing, annual output for the preceding 3 financial years and for the current financial year to the latest date available.

(4) Summary of earnings

A summary of earnings, on a consolidated basis if the applicant has subsidiaries, for the last 3 financial years, showing sales, earnings before charges for depreciation, interest and income tax, the amount of each of those charges, net income before extraordinary items, extraordinary items, net income and earnings per share.

(5) Tabulation of Balance Sheet

A tabulation of its balance sheet for each of the last 3 financial years (on a consolidated basis if the company has subsidiaries). The tabulation should include a calculation of the net worth per share for each of the 3 financial years.

(6) Employees

A statement as to the total number of persons regularly employed and, if subject to seasonal fluctuations, the maximum and minimum numbers

employed during the preceding 12 months.

(7) Subsidiaries

A tabular list of all subsidiaries showing in respect of each such company

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- (a) the name of the company;
- (b) a brief statement of the nature of its business and its relationship to the operations of the entire enterprise; and
- (c) capital share issues by classes, showing the par value, amount authorised, amount issued and the amount owned by the holding company.

(8) Dividend record

State the number of consecutive years in which dividends have been paid.

State the amount of dividend (per share and in the aggregate) paid by the applicant (and its subsidiaries) for each of the 3 preceding years. Indicate whether dividends have been paid on a quarterly, semi-annual or annual basis. State the record date, payment date and the date of declaration with respect to each dividend paid during the past 2 years.

(9) Properties

Describe briefly the general character of the properties of the applicant and its subsidiaries, including -

- (a) location;
- (b) land area;
- (c) number of buildings;
- (d) aggregate floor area of buildings;
- (e) whether property owned or leased, and if leased, state total rental paid for each of the 3 preceding financial years and average term of years.

(10) Litigation

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

(11) Management

- (a) the full name, residential or business address and description (being his qualifications or area of expertise or responsibility) of every director or proposed director (or any such person who performs an important administrative, management or supervisory function) and particulars of the principal functions performed by

each of them within the group if significant to the group.

- (b) the nature of any family relationship between the persons mentioned in (a);
- (c) a brief account of the business experience of each of these persons during the last 5 years;
- (d) indicate any other directorships held by each director or proposed director;
- (e) state if any director or proposed director has been convicted in any criminal proceeding or has had a bankruptcy petition filed against him or any partnership in which he was a partner or any body corporate of which he was a director.

Bankers, etc.

4.05 The application shall also contain -

- (a) the names and addresses of the company's principal bankers, authorised representatives and solicitors;
- (b) the name, address and professional qualification of the company's auditors.

Declaration

4.06 A letter of application must include a declaration, stated to be to the best of the company's knowledge, information and belief -

- (1) that all the qualifications for listing set out in Chapter 3 of the Listing Rules have, in so far as applicable and required to be met and fulfilled prior to application, been met or fulfilled in relation to the company and the securities of the company the subject of the application;
- (2) that all information required to be included in the Listing Particulars pursuant to Appendix 1 has been included; and
- (3) that there are no other facts bearing on the company's application for listing and permission to deal in such securities which, in the company's opinion, should be disclosed to the Exchange.

Supporting documents

4.07 In support of its letter of application for listing, the applicant must lodge with the Exchange at the same time the following documents -

- (1) in the case of a new applicant, a certified copy of its certificate of incorporation;

- (2) a certified copy of its articles and all amendments to date;
- (3) the annual report and accounts for each of the 3 completed financial years of the company or group immediately preceding the issue of the Listing Particulars or such shorter period as may be accepted by the Exchange ;
- (4) a certified copy of -
 - (a) the resolution of the company in general meeting authorising the issue of all securities for which listing is sought; and
 - (b) the resolution(s) of the board of directors authorising the issue and allotment of such securities, the making of the application for listing and the signing of the Listing Undertaking and approving and authorising the issue of the Listing Particulars.
- (5) A Listing Undertaking, unless previously supplied in connection with a previous listing, in the form in Appendix 2, duly signed for and on behalf of the company;
- (6) a certified copy of any resolution of the company in general meeting or of the board of directors authorising any alterations in the share capital of the company, or any mergers or amalgamations, within the period of 5 years preceding the date of the application for listing; and
- (7) such other documentation as may be required by the Listing Committee.

Listing Particulars

4.08 The Listing Particulars, which must be published, must contain all the specific items of information set out in Appendix 1.

Corporate disclosure policy

4.09 In addition to the detailed requirements set out in Appendix 1 the Listing Particulars must, as an overriding principle, contain such particulars and information which, according to the particular nature of the issue and the securities for which listing is sought, is necessary to enable an investor to make an informed assessment of the activities, assets and liabilities, financial position, management and prospects of the issuer and of its profits and losses and of the rights attaching to such securities.

Debt Securities

Application of rules 4.03 to 4.08 as amended

4.10 Rules 4.03 to 4.08, which relate to applications for the listing of and for permission to deal in equity securities, shall apply with the necessary

modifications to applications for the listing of, and for permission to deal in, debt securities subject to the following variations and additions -

- (1) rule 4.04(1)(e) shall refer to the total capitalisation of the applicant;
- (2) rule 4.04(1)(f) shall refer to the nominal amount of securities for which listing is sought; and
- (3) in addition to the supporting documents specified in rule 4.07, a copy of the trust deed or other document securing or constituting the debt securities must be supplied unless this has previously been supplied.

CHAPTER 5

CONTINUING LISTING OBLIGATIONS

A. DISCLOSURE

Corporate disclosure policy

5.01 Generally and apart from compliance with all the specific requirements of this Chapter, the issuer shall keep the Exchange, members of the issuer and other holders of its listed securities informed as soon as reasonably practicable of any information relating to the group that -

- (1) is necessary to enable them and the public to appraise the financial position of the group;
- (2) is necessary to avoid the establishment of a false market in its securities; and
- (3) might reasonably be expected materially to affect Market activity in and the price of its securities.

Closure of books

5.02 The issuer shall publish in the news papers notice of the closure of its register of members at least 14 calendar days before such closure.

Notice of AGM

5.03 The issuer shall publish in the newspapers notice of every annual general meeting.

B. ANNUAL ACCOUNTS

Distribution of directors' report and annual accounts

5.04 The issuer shall send to every member of the issuer a copy of the directors' report and its annual accounts (which must be prepared in accordance with the requirements of the Act), not less than 21 calendar days before the date of the issuer's annual general meeting.

Information to accompany directors' report and annual accounts

5.05 The issuer shall include in its directors' report and accounts -

- (1) a description of the principal activities of the group and, where two or more such activities are so described, a statement giving in respect of each such activity the turnover;
- (2) a geographical analysis of consolidated turnover; and of its subsidiaries outside Bhutan;

- (3) a statement showing -
- (i) the name of every subsidiary, its principal country of operation, its country of incorporation and its main business; and
 - (ii) particulars of the issued share capital and debt securities of every subsidiary;

Provided that if, in the opinion of the directors of the issuer and with approval of the Exchange, the number of them is such that compliance with this paragraph would result in particulars of excessive length being given, compliance with this paragraph shall not be required except in the case of subsidiaries carrying on a business the results of the carrying on of which, in the opinion of the directors, materially affected the amount of the profit or loss of the group or the amount of the assets of the group; and

- (4) a statement as at the end of the relevant financial showing-
- (i) the interests of each director and chief executive of the issuer in the equity or debt securities of the issuer or any subsidiary; and
 - (ii) the details of any right to subscribe for equity or debt securities of the issuer granted to any director or chief executive of the issuer, and of the exercise of any such right.

- (5) the statement required by paragraph (4) must -
- (i) distinguish between beneficial and non-beneficial interests; and
 - (ii) specify the company in which securities are held, the class to which those securities belong and the number of such securities held.

- (6) in the event of operating results shown by the accounts for the period under review differing materially from any published forecasted by the issuer, an explanation for the difference;

- (7) a statement by the directors as to the reasons for any significant departure from applicable standard accounting practices in Bhutan;

- (8) a statement as at the end of the financial year showing a regards, firstly, bank loans and overdrafts and, secondly, other borrowings of the group, the aggregate amounts repayable -

- (i) on demand or within a period not exceeding one year;
- (ii) within a period of more than one year but not exceeding two years;
- (iii) within a period of more than two years but not exceeding five years;
- (iv) within a period of more than five years;

- (9) in respect of the financial year, a statement of the amount of interest capitalised by the group during the year;

- (10) a statement as to the period unexpired of any service contract, which is not determinable by the employer within one year without payment of compensation (other than statutory compensation), of any director proposed for election at the forthcoming annual general meeting or, if there are no service contracts, a statement of that fact;
- (11) particulars of any contract of significance subsisting during or at the end of the financial year in which a director of the issuer is or was materially interested, either directly or indirectly, or, if there has been no such contract, a statement of that fact;
- (12) particulars of any contract of significance between the issuer, or one of its subsidiary companies, and a controlling shareholder or any of its subsidiaries;
- (13) particulars of any contract of significance for the provision of services to the group by a controlling shareholder or any of its subsidiaries;
- (14) particulars of any arrangement under which a director has waived or agreed to waive any emoluments;
- (15) particulars of any arrangement under which a shareholder has waived or agreed to waive any dividends;
- (16) a summary, in the form of a comparative table, of the results and of the assets and liabilities of the group, for the last five financial years.

5.06 If the relevant annual accounts do not give a true and fair view of the state of affairs and profit or loss of the issuer or group, more detailed and/or additional information must be provided.

C. INTERIM REPORTS AND PRELIMINARY ANNOUNCEMENTS

Interim reports etc.

- 5.07 (1) The issuer shall prepare in respect of the first six months of each financial year of the issuer, unless that financial year is of six months or less, an interim report containing at least the information required by paragraph (2) and not later than four months after the end of that period of six months, the issuer shall -
- (i) publish in the newspapers an announcement containing the information required by paragraph (2) to be contained in the interim report, the day after approval by or on behalf of the board;
 - (ii) supply the Exchange and the RMA immediately on publication with the names of the relevant newspapers and the date of the publication; and
 - (iii) as soon as reasonably practicable after such publication, send to every member a copy of the interim report.
- (2) Each interim report referred to in paragraph (1) shall contain at least the

following information stated in respect of the group and such information must be published in the newspapers in accordance with paragraph (1)

- (i) operating revenue;
- (ii) profit (or loss) before taxation and extraordinary items, including the share of the profit (or loss) of associated companies with separate disclosure of any items included therein which are exceptional because of size and incidence;
- (iii) taxation on profits (Bhutan and overseas) in each case indicating basis of computation with separate disclosure of the taxation on share of associated companies' profits;
- (iv) profit (or loss) attributable to minority interests;
- (v) profit (or loss) attributable to shareholders before extraordinary items;
- (vi) extraordinary items (net of taxation);
- (vii) profit (or loss) attributable to shareholders;
- viii rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby (or an appropriate negative statement);
- (ix) transfers to and from reserves;
- (x) earnings per share calculated on the basis of profits before extraordinary items;
- (xi) comparative figures of the matters specified in (i) to (x) inclusive for the corresponding previous period;
- (xii) a statement as at the end of the relevant period showing -
 - (a) the interest of each director and chief executive of the issuer in the equity or debt securities of the issuer and any subsidiary; and
 - (b) the details of any right to subscribe for equity or debt securities of the issuer granted to any director or chief executive of the issuer and of the exercise of such right, or if there is no such interest or no such right that has been granted or exercised, a statement of that fact;
- xiii) the statement required by paragraph (xii) must -
 - (a) distinguish between beneficial and non-beneficial interests; and

- (b) specify the company in which securities are held, the class to which those securities belong and the number of such securities held;
 - (xiv) an explanatory statement relating to the activities of the group and profit (or loss) during the relevant period which must include any significant information enabling investors to make an informed assessment of the trend of the activities and profit (or loss) of the group together with an indication of any special factor which has influenced those activities and the profit (or loss) during the period in question, and enable a comparison to be made with the corresponding period of the preceding financial year and must also, as far as possible, refer to the prospects of the group in the current financial year; and
 - (xv) any supplementary information which in the opinion of the directors of the issuer is necessary for a reasonable appreciation of the results for the six month period.
- (3) Where the accounting information given in an interim report has not been audited that fact must be stated. If The accounting information contained in an interim report has been audited by the issuer's auditor, his report thereon including any qualifications must be set out in the interim report.
- (4) Any preliminary announcement of results for the full year must also contain the information required by paragraph (2).

D. NOTIFICATION

Board meetings

5.08 The issuer shall, on a confidential basis, inform the Exchange of the details of the declaration, recommendation or payment of a dividend is expected to be decided or at which any announcement of the profits or losses for any year, half-year or other period is to be approved for publication or any other major event that is likely to have an influence on the price of the securities or would affect an investors decision to purchase or sell the securities is to be decided upon, at least three clear business days in advance of the date fixed for such board meeting.

After board meetings

5.09 The issuer shall inform the Exchange immediately after approval by or on behalf of the board of -

- (1) any decision to declare, recommend or pay any dividend or to make any other distribution on its listed securities and the rate and amount thereof;

- (2) any decision not to declare, recommend or pay any dividend which would otherwise have been expected to have been declared, recommended or paid in due course;
- (3) any preliminary announcement of profits or losses for any year half-year or other period;
- (4) any proposed change in the capital structure, including any redemption of its listed securities; and
- (5) any decision to change the general character or nature of the business of the issuer or group.

Changes

5.10 The issuer shall inform the Exchange immediately of any decision made in regard to

- (1) any proposed alteration of the issuer's articles;
- (2) any changes in its Board of Directors, and shall procure and lodge with the Exchange as soon as practicable after their appointment a signed undertaking in the form set out in Appendix 2, from each new director;
- (3) any change in the rights attaching to any class of listed securities and any change in the rights attaching to any shares into which any listed debt securities are convertible or exchangeable; and
- (4) any changes in its secretary, auditors or registered address.

Basis of allotment

5.11 The issuer shall inform the Exchange of the basis of allotment of securities offered to the public for subscription or sale or an open offer and of the results of any rights issue and, if applicable, of the basis of any acceptance of excess applications, not later than the opening of trading on the morning of the business day next after the allotment letters or other relevant documents of title are posted.

Winding-up and liquidation

5.12 (1) The issuer shall inform the Exchange on the happening of any of the following events as soon as the same shall come to the attention of the issuer -

- (a) the presentation of any winding-up petition, or equivalent application in the country of incorporation or other establishment, or the making of any winding-up order or the appointment of a provisional liquidator in respect of the issuer, its holding company or any major subsidiary;
- (b) the passing of any resolution by the issuer, its holding company or

any major subsidiary that it be wound-up by way of members' or creditors' voluntary winding-up;

- (c) the entry into possession of or the sale by any mortgagee of a portion of the issuer's assets which in aggregate value represents an amount in excess of (15%) of the consolidated net tangible assets of the group;
 - or
 - (d) the making of any judgement, declaration or order by any court or tribunal of competent jurisdiction whether on appeal or at first instance, which may diversly affect the issuer's enjoyment of any portion of its assets which in aggregate value represents an amount in excess of (15%) of the consolidated net tangible assets of the group.
- (2) For the purposes of paragraph (1) a "major subsidiary" means a subsidiary representing (15%) or more of the consolidated net tangible assets or pre-tax trading profits of the group.

Minimum required public holdings

- 5.13 (1) The issuer shall inform the Exchange immediately if it becomes aware that the number of listed securities which are in the hands of the public has fallen below the relevant required minimum percentage.
- (2) Once the issuer becomes aware that the number of listed securities in the hands of the public has fallen below 25% the relevant prescribed minimum percentage the issuer shall take steps to ensure compliance at the earliest possible moment.

E. PRE-EMPTIVE RIGHTS

Pre-emptive rights

- 5.14 (1) Except in the circumstances mentioned in paragraph (3) the directors of the issuer shall obtain the consent of shareholders in general meeting prior to -
- (a) allotting, issuing or granting -
 - (i) shares;
 - (ii) securities convertible into shares; or
 - (iii) options, warrants or similar rights to subscribe of any shares or such convertible Securities; and
 - (b) any major subsidiary of the issuer making any such allotment, issue or grant so as materially to dilute the percentage equity interest of the issuer and its shareholders in such subsidiary;
- (2) Notwithstanding paragraph (3)(b), the directors of the issuer shall obtain

the consent of the share holders in general meeting prior to allotting any voting shares if such allot effectively alter the control of the issuer.

- (3) No such consent as is referred to in paragraph (1) shall be required –
 - (a) for the allotment, issue or grant of such securities pursuant to an offer made to the shareholders of the issuer, and, where appropriate, to holders of other equity securities of the issuer entitled to be offered them, pro rata (apart from fractional entitlements) to their existing holdings ; or
 - (b) if, but only to the extent that, the existing shareholders of the issuer have by ordinary resolution in general meeting given a general mandate to the directors of the issuer, either unconditionally or subject to such terms and conditions as may be specified in the resolution, to allot or issue such securities or to grant any offers, agreements or options which would or might require securities to be issued, allotted or disposed of, whether during the continuance of such mandate or thereafter, subject to a restriction that the aggregate number of shares allotted or agreed to be allotted must not exceed ten % of the existing issued share capital of the issuer.
- (4) A general mandate given under paragraph 5.14(3)(b) shall only continue in force until -
 - (a) the conclusion of the first annual general meeting of the issuer following the passing of the resolution at which time it shall lapse unless, by ordinary resolution passed at that meeting, the mandate is renewed, either unconditionally or subject to conditions; or
 - (b) revoked or varied by ordinary resolution of the shareholders in general meeting whichever occurs first.
- (5) For the purposes of sub-paragraph (1)(b) a "major subsidiary" has the same meaning as in paragraph 5.12(2).

F. APPROVAL OF DOCUMENTS

Approval of documents

- 5.15 In addition to the specific requirements set out in these rules, the issuer shall submit to the Exchange, for approval -
- (a) copies of drafts, before they are issued, of any announcements or advertisements relating to the issue of new or further securities (other than pursuant to a capitalisation issue or a scrip dividend scheme) or any announcements or advertisements the subject matter of which may involve a change in or relate to or affect arrangements regarding trading in its listed securities (including a suspension of dealings);
 - (b) copies of drafts, before they are issued, of any documents issued in connection with takeovers, mergers or offers;

- (c) copies of drafts, before they are issued, of any proposed amendments to its articles.

G. GENERAL

Directors' service contracts

- 5.16 The issuer shall procure that no service contract of 10 years or longer duration shall be granted by the issuer or any of its subsidiaries to any director or proposed director of the issuer or to any director or proposed director of any subsidiary without the prior approval of the shareholders of the issuer in a general meeting at which the relevant director did not vote on the matter.

Subsequent listings

- 5.17 The issuer shall apply for the listing of any further securities which are of the same class as securities already listed, prior to their issue, and shall not issue such securities unless it has applied for the listing of those securities and the Exchange has approved the application.

Proxy forms

- 5.18 The issuer shall send with the notice convening a meeting of holders of listed securities to all persons entitled to vote at the meeting proxy forms, with provision for two-way voting on all resolutions intended to be proposed thereat.

Equality of treatment

- 5.19 The issuer shall ensure equality of treatment for all holders of securities of the same class who are in the same position.

Sufficient operations

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

Response to enquiries

- 5.21 The issuer shall respond promptly to any enquiries made of the issuer by the Exchange or the RMA concerning unusual movements in the price or trading volume of its listed securities or any other matters by giving such relevant information as is available to the issuer or, if appropriate, by issuing a statement to the effect that the issuer is not aware of any matter or development that is or may be relevant to the unusual price movement or trading volume of its listed securities and shall respond promptly to any enquiries made of the issuer by the Exchange or the RMA.

Variation

5.22 The Exchange shall be entitled to require the publication of further information by, and impose additional requirements on the issuer, where it considers that circumstances so justify, but will allow representations by the issuer before imposing any additional requirements on it which are not imposed on listed companies generally.

Insider dealing

5.23 Insider dealing has the same meaning as in article 28 of the Financial Institutions Act. Insiders must not trade on the basis of material information which is not known to the investing public. Furthermore, insiders should refrain from trading, even after material information has been released to the press and other media, for a period sufficient to permit thorough public dissemination and evaluation of the information.

APPENDIX 1

REQUIRED CONTENTS OF LISTING PARTICULARS

PART A - EQUITY SECURITIES

General information about the issuer, its advisers and the Listing Particulars

1. The full name, and address of the registered office, of the issuer.
2. A statement as follows -

"These Listing Particulars includes particulars given in compliance with the Rules Governing the Official Listing of Securities on the Exchange of the Royal Securities Exchange of Bhutan Ltd. for the purpose of giving information with regard to the issuer. The directors collectively and individually accept full responsibility for the accuracy of the information contained in these Listing Particulars and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading".
3. The names and addresses of the issuer's principal bankers, sponsor, authorised representative, stockbroker, advisers and registrars and of the advisers to the issue.
4. The name, address and professional qualifications of the issuer's auditors.
5. The date of incorporation.
6. The provisions, or a sufficient summary of the provisions, of the articles with regard to -
 - (1) any power enabling a director to vote on a proposal, arrangement or contract in which he is materially interested;
 - (2) any power enabling the directors to vote remuneration (including pension or other benefits) to themselves or any members of their body and any other provision as to the remuneration of the directors;
 - (3) borrowing powers exercisable by the directors and how such borrowing powers can be varied;
 - (4) retirement or non-retirement of directors under an age limit;
 - (5) directors' qualification shares;
 - (6) changes in capital;
 - (7) any time limit after which entitlement to dividend lapses and an indication of the party in whose favour the lapse operates; and
 - (8) arrangements for transfer of the securities and (where permitted) any restrictions on the free transferability.
7. Where the Listing Particulars include a statement purporting to be made by an expert, a statement -

- (1) specifying the qualifications of such expert and whether such expert has any shareholding in any member of the group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the group, and, if so, a full description thereof;
- (2) that the expert has given and has not withdrawn his written consent to the issue of the Listing Particulars with the expert's statement included in the form and context in which it is included; and
- (3) of the date on which the expert's statement was made and whether or not it was made by the expert for incorporation in the Listing Particulars.

Information about the securities for which listing is sought and the terms and conditions of their issue and distribution

8. A statement that application has been made to the Exchange for the listing of, and permission to deal in, the securities.
9.
 - (1) The nature and amount of the issue including the number of securities which have been or will be created and/or issued and a full description of, including a summary of the terms attaching to, the securities for which listing is sought.
 - (2) The following information, so far as is appropriate, concerning the terms and conditions of the issue of the securities in respect of which the application for listing is made -
 - a) the total amount of the issue and the number of securities offered, where applicable, by category;
 - (b) the issue price or offer price of each security, stating the nominal value of each security;
 - (c) the methods of payment of the issue or offer price;
 - (d) the procedure for the exercise of any right of preemption and the transferability of subscription rights;
 - (e) the period during which the issue or offer of securities will remain open after issue of the Listing Particulars, the date and time of opening of the subscription list, and the names of the receiving bankers;
 - (f) the methods of and the time limits for delivery of the securities;
 - (g) the names, addresses and description of the persons underwriting the issue for the issuer;
 - (h) in the case of an offer for sale of securities, the names, addresses

and descriptions of the vendor(s) of the securities or, if there are more than ten vendors, such details of the ten principal vendors and a statement of the number of other vendors and particulars of any beneficial interest possessed by any director of the issuer in any securities so offered for sale; and

(i) the method of listing.

10. Where listing is sought for securities with a fixed dividend, particulars of the profits cover for dividend.
11. A statement of the net tangible asset backing for each class of security for which listing is sought, after making allowance for any new securities to be issued, as detailed in the Listing Particulars.
12. If known, the date on which dealings will commence.

Information about the issuer's capital

13.
 - (1) The authorised share capital of the issuer, the amount issued or agreed to be issued, the amount paid up, the nominal value and a description of the shares.
 - (2) The amount of any outstanding convertible debt securities and particulars of the conditions governing and the procedures for conversion, exchange or subscription of such securities.
14.
 - (1) The voting rights of shareholders.
 - (2) If there is more than one class of share, the rights of each class of share as regards voting, dividend, capital redemption, and the creation or issue of further shares ranking in priority to or pari passu with each class other than the lowest ranking equity.
 - (3) A summary of the consents necessary for the variation of such rights.
15. Particulars of any alterations in the capital of any member of the group within the two years immediately preceding the issue of the Listing Particulars, including -
 - (1) where any such capital has been issued or is proposed to be issued as fully or partly paid up otherwise than in cash, particulars of the consideration for which the same has been or is proposed to be issued and in the latter re so paid up; and
 - (2) where any such capital has been issued or is proposed to be issued for cash, particulars of the price and terms upon which the same has been or is proposed to be issued, details of any discounts or other special terms granted, or an appropriate negative statement.
16. Particulars of any capital of any member of the group which is under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee, or an

appropriate negative statement: Provided that where options have been granted or agreed to be granted to all the members or debenture holders or to any class thereof, or to employees under a share scheme, it shall be sufficient, so far as the names and addresses are concerned, to record that fact without giving the names and addresses of the grantees.

General Information about the group's activities

17. (1) A brief history and the general nature of the business of the group and, in cases where two or more activities are carried on which are material in terms of profits or losses, assets employed or any other factor, such figures and explanation as are necessary to demonstrate the relative importance of each such activity and details of the main categories of products sold and/or services performed and an indication of any significant new products and/or activities. If the group trades outside Bhutan a statement showing a geographical analysis of its trading operations. Where a material proportion of the group's assets are situated outside Bhutan, a statement giving the best practicable indication of the amount and situation of such assets and the amount of the assets situated in Bhutan.
- (2) If the issuer is a member of a group, a brief description of that group covering the issuer's position within that group and, if a subsidiary, the names of and the number of shares held (directly or indirectly) by each holding company of the issuer.
- (3) Particulars of any trade marks, patents or other intellectual or industrial property rights which are material in relation to the group's business and, where such factors are of fundamental importance to the group's business or profitability, a statement regarding the extent to which the group is dependent on such factors.
- (4) Information concerning the policy of the group on the research and development of new products and processes over the past five financial years where significant.
- (5) Particulars of any interruptions in the business of the group which may have or have had a significant effect on the financial position in the last 12 months.
- (6) The number of people employed by the group and changes therein in the last financial year, if such changes are material in the context of the group, with, if possible, a breakdown of persons employed by main categories of activity.
- (7) Particulars, including location, of the principal investments (if any), including such investments as new plant, factories and research and development, being made or planned by the group.

18. (1) In regard to every company the whole of, or a substantial proportion of, whose capital is held or intended to be held (either directly or indirectly) by the issuer, or whose profits or assets make or will make a material contribution to the figures in the accountants' report or the next published accounts, particulars of the name, date and country of incorporation, general nature of business, issued capital and the proportion thereof held or intended to be held.
- (2) In regard to the group, particulars of the location of the principal establishments.

Financial information about the group and the prospects of the group

19. (1) A report by the reporting accountants prepared in accordance with Appendix 5.
 - (2) A statement of whether or not the accountants' report is qualified by the reporting accountants and if so, such qualifications must be produced in full and the reasons for such qualification given.
20. A statement as at the most recent practicable date (which must be stated) of the following on a consolidated basis -
- (1) the total amount of any debt securities of the group issued and outstanding, and authorised or otherwise created but unissued, and term loans, distinguishing between guaranteed, unguaranteed, secured (whether the security is provided by the issuer or by third parties) and unsecured, or an appropriate negative statement;
 - (2) the total amount of all other borrowings or indebtedness in the nature of borrowing of the group including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, distinguishing between guaranteed, unguaranteed, secured and unsecured borrowings and debt, or an appropriate negative statement;
 - (3) all mortgages and charges of the group, or an appropriate negative statement; and
 - (4) the total amount of any contingent liabilities or guarantees of the group, or an appropriate negative statement.
21. A statement showing the sales turnover figures or gross trading indent group during the 3 financial years immediately preceding the issue of the Listing Particulars which should contain an explanation of the method used for computation of such turnover or income and a reasonable breakdown between the more important trading activities.
22. (1) General information on the trend of the business of the group since the

date to which the latest audited accounts of the issuer were made up.

- (2) a statement as to the financial and trading prospects of the group for at least the current financial year, together with any material information which may be relevant thereto, including all special trade factors or risks (if any) which are not mentioned elsewhere in the Listing Particulars and which are unlikely to be known or anticipated by the general public, and which could materially affect the profits.
 - (3) where a profit forecast appears in the Listing Particulars the principal assumptions, including commercial assumptions, upon which it is based, must be stated. The accounting policies and calculations for the forecast must be examined and reported on by the reporting accountants and their report must be set out. The reporting accountant, financial adviser or sponsor, in the case of a new applicant, must report in addition that they have satisfied themselves that the forecast has been stated by the directors after due and careful enquiry, and such report must be set out.
23. A statement by the directors that in their opinion the working capital available to the group is sufficient or, if not, how it is proposed to provide the additional working capital thought by the directors to be necessary.
 24. A statement by the directors of any material adverse change in the financial or trading position of the group since the end of the period reported on in the accountants' report, or an appropriate negative statement.
 25. Particulars of any litigation or claims of material importance pending or threatened against any member of the group, or an appropriate negative statement.

Information about the issuer's management

26. The full name, nationality, residential or business address and description (being his qualifications or area of expertise or responsibility) of every director or proposed director.
27. The full name and professional qualification, if any, of the secretary of the issuer.
28. The address of the registered office and, if different, the head office and transfer office.
29. (1) A statement showing the interest (distinguishing between beneficial and non-beneficial interests) of each director and chief executive of the issuer in the equity or debt securities of the issuer or any associated corporation.

(2) A statement showing the name, so far as is known to any director or chief executive of the issuer, of each person, other than a director or chief executive of the issuer, who is, directly or indirectly, interested in ten percent or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of

the group and the amount of each person's interest in such securities, together with particulars of any options in respect of such capital, or, if there are no such interests, an appropriate negative statement.

30. (1) Particulars of directors' existing or proposed service contracts with any member of the group (excluding contracts expiring or determinable by the employer within one year without payment of compensation), or an appropriate negative statement.
 - (2) The aggregate of the remuneration paid and benefits in kind granted to the directors of the issuer by any member of the group in respect of the last completed financial year under any description whatsoever.
 - (3) An estimate of the aggregate remuneration payable to, and benefits in kind receivable by, the directors or any proposed directors of the issuer by any member of the group in respect of the current financial year under the arrangements in force at the date of the Listing Particulars.
31. Full particulars of any contract or arrangement subsisting at the date of the Listing Particulars in which a director of the issuer is materially interested and which is significant in relation to the business of the group, or an appropriate negative statement.

Use of proceeds

32. In the case of issue of new shares, details of the intended use of the proceeds of the issue.

Material contracts

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

Documents for inspection

34. Details of a reasonable period of time (being not less than 14 calendar days) during which, and a place in Bhutan at which, the following documents (or copies thereof) where applicable may be inspected -
- (1) the articles of incorporation of the issuer;
 - (2) each contract disclosed pursuant to paragraphs 30(1) and 33 or, in the case of a contract not reduced into writing, a memorandum giving full particulars thereof;
 - (3) all reports, letters or other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in

the Listing Particulars;

- (4) a written statement signed by the reporting accountants setting out the adjustments made by them in arriving at the figures shown in their report and giving the reasons therefor;
- (5) the audited accounts of the issuer or, in the case of a group, the consolidated audited accounts of the issuer and its subsidiaries for each of the two financial years immediately preceding the issue of the Listing Particulars

PART B - DEBT SECURITIES

General information about the issuer, its advisers and the Listing Particulars

1. The full name and nationality of the issuer.
2. A statement as follows -

"These Listing Particulars includes particulars given in compliance with the Rules Governing the Official Listing of Securities on the Exchange of the Royal Securities Exchange of Bhutan Ltd. for the purpose of giving information with regard to the issuer. The directors collectively and individually accept full responsibility for the accuracy of the information contained in these Listing Particulars and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading."
3. The names and addresses of the issuer's principal bankers, sponsor, authorised representative, stockbroker, solicitors and registrars and of the solicitors to the issue.
4. The name, address and professional qualifications of the issuer's auditors;
5. The date of incorporation;
6. Where the Listing Particulars include a statement purporting to be made by an expert, a statement -
 - (1) specifying the qualifications of such expert and whether such expert has any shareholding in any member of the group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the group, and, if so, a full description thereof;
 - (2) that the expert has given and has not withdrawn his written consent to the issue of the listing document with the expert's statement included in the form and context in which it is included; and
 - (3) of the date on which the expert's statement was made and whether or not it was made by the expert for incorporation in the Listing Particulars.

Information about the securities for which listing is sought and the terms and conditions of their issue and distribution

7. A statement that application has been made to the Exchange for the listing of, and permission to deal in, the securities.
8. The estimated amount of the expenses of the issue and of the application for listing and by whom the same are payable.
9. If known, the date on which dealings will commence.

Information concerning the debt securities

10. An estimate of the net proceeds of the issue and a statement as to how such proceeds are intended to be applied.
11. A description of or the text of the terms and conditions of the issue containing -
 - (1) the nominal amount of the issue or if this amount is not fixed, a statement to that effect, the nature and number of the debt securities and the denomination(s);
 - (2) a summary of the rights conferred upon holders and particulars of the security;
 - (3) except in the case of continuous issues, the issue price (or if different, offer price) and redemption prices and the nominal interest rate and if floating, how is it calculated; if several interest rates are provided for, an indication of the conditions for changes in the rate. If any issue discount is allowed or premium is payable, a statement describing this. If any expenses of the issue are specifically charged to subscribers or purchasers, a statement describing this;
 - (4) details of the method of payment of the issue (or if different, offer) price including a description of any instalment arrangement;
 - (5) details of the arrangements for the amortisation or early redemption of the issue, including procedures to be adopted;
 - (6) the names and addresses of the paying agent(s) and any registrar and transfer agent(s) for the debt securities in Bhutan;
 - (7) details of the arrangements for transfer of the securities (if not in bearer form);
 - (8) details of the following time limits -
 - (a) final repayment date and early repayment dates, specifying there exercisable at the issuer's or the holder's option;

- (b) the date from which interest accrues and the interest payments due;
 - (c) prescription period for claims for payment of interest and repayment of principal; and
 - (d) procedures and time limits for delivery of the debt securities, whether there will be temporary documents of title and, if so, the procedures for the delivery and exchange thereof; and
- (9) except in the case of continuous issues, an indication of yield. The method whereby that yield is calculated should also be described in summary form.

12. The following legal information -

- (1) an indication of the resolutions, authorisations and approvals by virtue of which debt securities have been or will be created and/or issued and of the number of debt securities which have been or will be created and/or issued, if predetermined;
- (2) the nature and scope of the guarantees, securities and commitments intended to ensure that the issue will be duly serviced with regard to both the principal of and the interest on the debt securities and an indication of the places where the public may have access to copies of such guarantees, securities and commitments;
- (3) details of the trustee, fiscal agent or of any other representative for the debt securities holders as a whole, the name and function or description and head office of such representative of the debt securities holders, the conditions under which the representative may be replaced together with an indication of where the public may inspect copies of the documents detailing how the representative is to act;
- (4) a description of any subordination of the issue to other debts of the issuer already incurred or to be incurred;
- (5) an indication of any legislation under which the debt securities have been created, the governing law and of the competent courts in the event of litigation; and
- (6) details of any restrictions on the free transferability of the debt securities (e.g. provisions requiring transfers to be approved).

13. Particulars of any alterations in the capital of any member of the group within the two years immediately preceding the issue of the Listing Particulars, including -

- (1) where any such capital has been issued or is proposed to be issued as

fully or partly paid up otherwise than in cash, particulars of the consideration for which the same has been or is proposed to be issued and in the latter case the extent to which they are so paid up; and

- (2) where any such capital has been issued or is proposed to be issued for cash, particulars of the price and terms upon which the same has been or is proposed to be issued, details of any discounts or other special terms granted and (if not already fully paid) the dates when any instalments are payable with the amount of all calls or instalments in arrear, or an appropriate negative statement.
14. Particulars of any capital of any member of the group which is under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement: Provided that where options have been granted or agreed to be granted to all the members or debenture holders or to any class thereof, or to employees under a share scheme, it shall be sufficient, so far as the names and addresses are concerned, to record that fact without giving the names and addresses of the grantees.
 15. Number, book value and nominal value or, in the absence of a nominal value, the accounting par value of any of its own shares which any member of the group (being a company) has acquired and is holding, if such shares do not appear as a separate item in the balance sheet.

General information about the group's activities

16. (1) The general nature of the business of the group and, in case where two or more activities are carried on which are material in terms of profits or losses, assets employed or any other factor, such figures and explanation as are necessary to demonstrate the relative importance of each such activity and details of the main categories of products sold and/or services performed and an indication of any significant new products and/or activities. If the group trades outside Bhutan a statement showing a geographical analysis of its trading operations. Where a material proportion of the group's assets are situated outside Bhutan, a statement giving the best practicable indication of the amount and situation of such assets and the amount of the assets situated in Bhutan;
- (2) If the issuer is a member of a group, a brief description of that group covering the issuer's position within that group and, if a subsidiary, the names of and the number of shares held (directly or indirectly) by each holding company of the issuer.
- (3) Particulars of any trade marks, patents or other intellectual or industrial property rights which are material in relation to the group's business and, where such factors are of fundamental importance to the groups business or profitability, a statement regarding the extent to which the group is dependent on such factors.

- (4) Information concerning the policy of the group on the research and development of new products and processes over the past 3 financial years where significant.
 - (5) Particulars of any interruptions in the business of the group which may have or have had a significant effect on the financial position in the last 12 months.
 - (6) The number of people employed by the group and changes therein in the last financial year, if such changes are material in the context of the group, with, if possible, a breakdown of persons employed by main categories of activity.
 - (7) Particulars, including location, of the principal investments (if any), including such investments as new plant, factories and research and development, being made or planned by the group.
17. (1) In regard to every material subsidiary, particulars of the name, date and country of incorporation, general nature of business, issued capital and the proportion held or intended to be held by the issuer.
- (2) In regard to the issuer and every material subsidiary, particulars of the location of the principal establishments.

Financial information about the group and the prospects of the group

18. A consolidated capitalization statement and indebtedness statement for the issuer made up to a recent date acceptable to the Exchange (normally not earlier than three months prior to the issue of the Listing Particulars) giving information on short, medium and long-term debt (distinguishing between actual and contingent liabilities and including details of any debt securities issued and, if appropriate, the terms and conditions of any conversion, exchange or subscription rights) and shareholders' equity (including an indication of authorised and issued share capital by class, if appropriate, and the amount paid-up) duly adjusted to reflect the issue of the debt securities for which listing is sought accompanied by particulars of any material changes since that date, or an appropriate negative statement.
19. A statement showing the sales turnover figures or gross trading income of the group during the 3 financial years immediately preceding the issue of the Listing Particulars which should contain an explanation of the method used for computation of such turnover or income and a reasonable breakdown between the more important trading activities.
20. (1) General information on the trend of the business of the group since the date to which the latest audited accounts of the issuer were made up.
- (2) A statement as to the financial and trading prospects of the group for at

least the current financial year, together with any material information which may be relevant thereto, including all special trade factors or risks (if any) which are not mentioned elsewhere in the Listing Particulars and which are unlikely to be known or anticipated by the general public, and which could materially affect the profits.

- (3) Where a profit forecast appears in the Listing Particulars the principal assumptions, including commercial assumptions, upon which it, is based, must be stated, the accounting policies and calculations for the forecast must be examined and reported on by the reporting accountants and their report must be set out. The reporting accountants financial adviser, in the case of a new applicant, must report in addition that they have satisfied themselves that the forecast has been stated by the directors after due and careful enquiry, and such report must be set out.
 - (4) Particulars of the profits cover for interest payments and of the net tangible assets.
21. (1) A report by the reporting accountants prepared in accordance with Appendix 5. If more than nine months have elapsed since the date to which the latest published audited accounts of the issuer were made up, an interim financial statement covering at least the first six months must be included in the Listing Particulars or appended to it. If the interim financial statement is unaudited, this fact must be stated.
- (2) A statement of whether or not the accountants' report is qualified by the reporting accountants and if so, such qualifications must be produced in full and the reasons for such qualification given.
22. A statement by the directors of any material adverse change in the financial or trading position of the group since the end of the period reported on in the accountants' report, or an appropriate negative statement.
23. Particulars of any litigation or claims of material importance pending or threatened against any member of the group, or an appropriate negative statement.

Information about the issuer's management

24. The full name, residential or business address and description (being his qualifications or area of expertise or responsibility) for every director or proposed director.
25. The full name and professional qualification, if any, of the secretary of the issuer.
26. The address of the registered office and, if different, the head office and transfer office.
27. (1) A statement showing the interest (distinguishing between beneficial and

non-beneficial interests) of each director and chief executive of the issuer in the equity or debt securities of the issuer or any associated corporation.

- (2) A statement showing the name, so far as is known to any director or chief executive of the issuer, of each person, other than a director or chief executive of the issuer, who is, directly or indirectly, interested in ten per cent or more of the nominal value of any class of share capital carrying rights to vote in all circumstances at general meetings of any member of the group and the amount of each person's interest in such securities, together with particulars of any options in respect of such capital, or, if there are no such interests, an appropriate negative statement.
28. Full particulars of any contract or arrangement subsisting at the date of the Listing Particulars in which a director of the issuer is materially interested and which is significant in relation to the business of the group, or an appropriate negative statement.

Contracts pertaining to the issue

29. The dates of and parties to all documents pertaining to the issue entered into by any member of the group within the two years immediately preceding the issue of the Listing Particulars, together with a summary of the principal contents of such contracts.

Documents for inspection

30. Details of where annual and any interim reports are available and how often interim reports are published.
31. Details of a reasonable period of time (being not less than 14 calendar days) during which, and a place in Bhutan at which, the following documents (or copies thereof) where applicable may be inspected -
- (1) the articles of the issuer;
 - (2) any trust deed, fiscal agency agreement or other document constituting the debt securities;
 - (3) all reports, letters or other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in the Listing Particulars;
 - (4) a written statement signed by the reporting accountants setting out the adjustments made by them in arriving at the figures shown in their report and giving the reasons therefor;
 - (5) the audited accounts of the issuer or, in the case of a group, the consolidated audited accounts of the issuer and its subsidiaries for each

of the two financial years immediately preceding the issue of the Listing Particulars.

APPENDIX 2

LISTING UNDERTAKING

Form of Listing Undertaking required to be entered into by a company in support of its application for admission to the Official List of the Royal Securities Exchange of Bhutan Ltd.

"TO : The Royal Securities Exchange of Bhutan Ltd.
FROM: ("the Company")

In consideration of the Royal Securities Exchange of Bhutan Ltd. ("the Exchange") granting the Company's application for admission to the Official List of the Exchange ("the Official List"), and for permission to deal in the securities specified in the Company's application, the Company HEREBY ACKNOWLEDGES that it shall remain on the Official List, and that trading in the Company's listed securities shall continue, only during the pleasure of the Exchange, and the Company HEREBY UNDERTAKES AND AGREES to comply with the listing rules from time to time issued by the Exchange and in particular undertake and agree to comply with the continuing listing obligations of the Exchange as set out in Chapter 5 of the Rules Governing the Official Listing of Securities.

Dated this day of 2000 .

Signature: Name:

Signed for and on behalf of the company as authorised thereto by resolution of the board of directors dated

Director's Undertaking

Form of Undertaking required to be entered into by each director of a company in support of the company's application for admission to the Official List of the Royal Securities Exchange of Bhutan Ltd.

To: The Royal Securities Exchange of Bhutan Ltd.

I..... director of.....(the "Company") hereby undertake that in the exercise of my powers and duties as such a director, I shall:-

- (a) comply to the best of my ability with the Listing Rules of The Royal Securities Exchange of Bhutan Ltd "Rules Governing the Official Listing of Securities" from time to time in force (the "Listing Rules)and
- (b) use my best endeavours to procure that any alternate of mine shall so comply; and
- (c) use my best endeavours to ensure that the Company complies with the Listing Rules from time to time.

Date this day of 200 .

Signature:_____ Name_____

APPENDIX 3

ARTICLES OF INCORPORATION (REGULATIONS)

The articles of incorporation of all companies seeking admission to the Official List of the Exchange must conform with the following provisions. This Appendix does not apply to an issuer that has only debt securities listed.

As regards transfer and registration

1. (1) That transfers and other documents relating to or affecting the title to any shares shall be registered and where any fee is charged, such fee shall not exceed 25 Ngultrum per item.
- (2) That fully paid shares shall be free from any restriction on the right of transfer (except when permitted by the Exchange) and shall also be free from all lien.

As regards definitive certificates

2. (1) That all certificates for capital shall be under seal, which shall only be affixed with the authority of the directors.
- (2) Where power is taken to issue share warrants to bearer, that no new share warrant shall be issued to replace one that has been lost, unless the issuer is satisfied beyond reasonable doubt that the original has been destroyed.

As regards dividends

3. (1) That any amount paid up in advance of calls on any share may carry interest but shall not entitle the holder of the share to participate in respect thereof in a dividend subsequently declared.
- (2) Where power is taken to forfeit unclaimed dividends, that power shall not be exercised until six years or more after the date of declaration of the dividend.

As regards directors

4. (1) That, subject to such exceptions specified in the articles as the Exchange may approve, a director will not vote on any contract or arrangement or any other proposal in which he has a material interest.
- (2) That any person appointed by the directors to fill a casual vacancy on or as an addition to the board shall hold office only until the next following annual general meeting of the issuer, and shall then be eligible for re-election.
- (3) That, where not otherwise provided by law, the shareholders in general meeting shall have power by special resolution to remove any director

(including a managing or other executive director, but without prejudice to any claim for damages under any contract) before the expiration of his period of office.

- (4) That the minimum period required of notice to the issuer of the intention to propose a person for election as a director, and notice to the issuer by such person of his willingness to be elected, will be at least 7 days and that the latest date for lodgement of such notices will be not more than seven days prior to the date of the meeting appointed for such election.

As regards accounts

5. That a printed copy of the directors' report, accompanied by the balance sheet (including every document required by law to be annexed thereto) and profit and loss account shall, at least 21 days before the date of the general meeting, be delivered or sent by post to the registered address of every member.

As regards rights

6. (1) That adequate voting rights will, in appropriate circumstances, be secured to preference shareholders.
- (2) That the quorum for a separate class meeting (other than an adjourned meeting) to consider a variation of the rights of any class of shares shall be the holders of at least one-third of the issued shares of the class.

As regards notices

7. That where power is taken to give notice by advertisement such advertisement shall be published in the newspapers.

As regards capital structure

8. That the structure of the share capital of the issuer be stated and where such capital consists of more than one class of share it must also be stated how the various classes shall rank for any distribution by way of dividend or otherwise.

As regards non-voting or restricted voting shares

9. (1) That, where the capital of the issuer includes shares which do not carry voting rights, the words "non-voting" must appear in the designation of such shares.
- (2) That, where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting".

As regards alteration of articles

10. Companies admitted to the Official List shall not delete, amend or add to any of their existing articles, which have previously been approved by the Exchange, unless prior written approval has been sought and obtained from the Exchange for such deletion, amendment or addition.

APPENDIX 4

LISTING FEES

1. Initial Listing Fee

- (1) In the case of an issue of equity securities by a new applicant, an initial listing fee of Nu.**250,000/-** shall be payable on the application for listing.
- (2) In the case of an issue of debt securities by a new applicant, an initial listing fee of Nu.**250,000/-** shall be payable on the application for listing.
- (3) A new applicant shall pay the initial listing fee, in advance, at the same time as it submits its formal letter of application in accordance with rule 4.03(4).

2. Annual Listing Fee

- (1) In addition to the initial listing fee, an annual listing fee shall be payable based on the Issuer's Paid Up Capital at the following progressive range:
 - i) Nu. **15,000/-** per annum for paid up capital up to Nu. 5 million as Quoting Fee
 - ii) Nu. **22,500/-** per annum for paid up capital up to Nu. 10 million
 - iii) Nu. **30,000/-** per annum for paid up capital up to Nu. 20 million
 - iv) Nu. **37,000/-** per annum for paid up capital up to Nu. 50 million
 - v) Nu. **45,000/-** per annum for paid up capital above Nu. 50 million
- (2) The RMA shall pay the Exchange an annual fee of Nu.**2,500,000/-** for listing of RMA Bills on the Exchange. The RSEB may however revise the fee once every three years.
- (3) Annual listing fees shall be payable during the month of January every year.
- (4) Annual listing fees for Bonds
 - a. Maturity period up to one year = Nu. **37,500/-** per annum
 - b. Maturity period up to five years = Nu. **30,000/-** per annum
 - c. Maturity period up to ten years = Nu. **22,500/-** per annum
 - d. Maturity period more than ten years = Nu. **15,000/-** per annum

3. Subsequent Issue Fee

- (1) Where a listed issuer makes a subsequent issue of equity securities, a subsequent issue fee of Nu.**25,000/-** shall be charged.
- (2) This charge does apply to the issue of securities on the exercise of

options, warrants or conversion rights under convertible securities, the grant or issue of which have been approved by the Exchange, or to a capitalisation issue including the issue of securities under a scrip dividend scheme.

- (3) Central Depository fees charged on allocation of Bonus issue at the rate of 0.00025 on the issue price of the Securities or market price for the Securities issued or minimum fee of Nu.25,000/-.

APPENDIX 5

ACCOUNTANTS REPORTS

Preliminary

1. This Appendix sets out the detailed requirements for accountants' reports on the profits and losses, assets and liabilities of, and other financial information on, an issuer which must be contained in Listing Particulars.

Reporting accountants

2. Accountants' reports must be prepared by professional accountants who are qualified for appointment as auditors of a company and who are independent of the issuer.

Basic contents

3. An accountants' report must include -

Three year history of results

- (1) The results of the issuer or, if the issuer is a holding company, the consolidated results of the issuer and its subsidiaries in respect of each of the 3 financial years immediately preceding the issue of the Listing particulars or such shorter period as may be acceptable to the Exchange.
- (2) The results of any business or subsidiary acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited accounts of the issuer have been made up (on the same basis, where the subsidiary is itself a holding company, as in (1) above) in respect of each of the 3 financial years immediately preceding the issue of the Listing Particulars or in respect of each of the financial years since commencement of such business or the incorporation or of such subsidiary (as the case may be) if this occurred less than 3 years prior to such issue, or such shorter period as may be acceptable to the Exchange.
- (3) The report on results under paragraphs (1) and (2) must disclose separately the following information -
 - (a) operating revenue;
 - (b) profit (or loss) before taxation and extraordinary items, including the share of the profit (or loss) of associated companies, with separate disclosure of any items included therein which are exceptional because of size and incidence;
 - (c) taxation on profits (Bhutan and foreign) in each case indicating the basis of computation, with separate disclosure of the taxation on share of associated companies' profits;

- (d) profit (or loss) attributable to minority interests;
- (e) profit (or loss) attributable to shareholders before extraordinary items;
- (f) extraordinary items (net of taxation);
- (g) profit (or loss) attributable to shareholders; and
- (h) rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby and any waivers of dividend except that the accountants' report need not disclose this information if the accountants' report relates to an issue of debt securities.

Assets and Liabilities

- (4) The assets and liabilities of the issuer and, if the issuer is itself a holding company, the consolidated assets and liabilities of the issuer and its subsidiaries in each case as at the date to which the latest audited accounts of the issuer have been made up.
- (5) The assets and liabilities of any business or subsidiary acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited accounts of the issuer have been made up (on the same basis, where the subsidiary is itself a holding company, as in (3) above) in each case as at the date to which the latest audited accounts of such business or subsidiary (as the case may be) have been made up;

Other

- (6) the earnings per share and the basis of computation in respect of each of the financial years referred to in (1) and (2) above except that the accountants' report need not include this information if, in the opinion of the reporting accountants, such information is not meaningful having regard to the purpose of the accountants' report or if the accountants' report relates to an issue of debt securities
- (7) transfers to and from any reserves arising on -
 - (a) consolidation or acquisition (i.e. the write off of goodwill/establishment of a capital reserve);
 - (b) the revaluation of assets; or
 - (c) the translation of accounts denominated in foreign currencies, if those transfers are not reflected in the results of each of the financial years referred to in (1) and (2) above;
- (8) a statement of the indebtedness as at the end of the period reported on showing, as regards bank loans and overdrafts and separately as regards other

borrowings of the issuer (or of the issuer and its subsidiaries, including any company which will become a subsidiary by reason of any acquisition falling within paragraphs 3(2) and (4), the aggregate amounts repayable -

- (a) on demand or within a period not exceeding one year;
 - (b) within a period of more than one year but not exceeding 2 years;
 - (c) within a period of more than 2 years but not exceeding 5 years;
and
- (9) the details of the principal accounting policies which have been applied in respect of the period reported on;
- (10) a statement of any significant subsequent events which have occurred to any business or company or within any group covered by the accountants' report since the end of the period reported on or, if there are not such events, a statement of that fact; and
- (11) any other matters which appear to the reporting accountants to be relevant having regard to the purpose of the accountants' report.
4. In all cases the accountants' report must -
- (a) state whether or not the accounts for the period reported on have been audited and, if so, by whom; and
 - (b) state whether or not any audited accounts have been made up since the end of the last financial period reported on;
 - (c) express an opinion as to whether or not the relevant information gives, for the purposes of the accountants' report, a true and fair view of the results for the period reported on and of the assets and liabilities at the end of that period;
 - (d) state that it has been prepared in accordance with paragraph 6 below;
 - (e) name the reporting accountants; and
 - (f) be dated.

Disclosure

5. The information to be disclosed in respect of paragraphs 3 and 4 must conform to the accounting standards and guidelines formulated by an accounting body approved by the RMA.

Accounting standards

6. The financial history of results and the statement of assets and liabilities included

in the accountants' report must be drawn up in conformity with accounting standards and guidelines formulated by an accounting body approved by the RMA.

7. Any significant departure from such accounting standards must be disclosed and explained and, if it is both relevant and practical, the financial effects of such departure quantified.
8. The relevant standards will be those current in relation to the last financial year reported on and, wherever possible, appropriate adjustments should be made to show profits for all periods in accordance with such standards.

Statement of adjustments

9. (1) In preparing the accountants' report, the reporting accountants should make such adjustments (if any) as are in their opinion appropriate for the purposes of the accountants' report and state therein that all adjustments considered necessary have been made, or (where appropriate) that no adjustments were considered necessary. Where adjustments are made, a written statement (the statement of adjustments) must be made available for public inspection, and should be signed by the reporting accountants (see paragraph 34(4) of Part A and paragraph 31(4) of Part B of Appendix 1).
- (2) The statement of adjustments must set out, for each of the years reported upon, each adjustment made and be sufficiently detailed so as to reconcile the figures in the accountants' report with the corresponding figures in the audited accounts and must give the reasons therefore.

Other reports

10. Where the reporting accounts refer to reports, confirmations or opinions of valuers, accountants or other experts, the names, addresses and professional qualifications of such other persons or firms should be stated in the report. In any case, the Listing Particulars will be required to include a statement that such other persons or firms have given and have not withdrawn their written consent to its issue with the inclusion of such references in the form and context in which they are included.

Qualified reports

11. Where the reporting accountants qualify their accountants' report, they should refer to all material matters about which they have reservations. All reasons for the qualification should be given and its effect quantified if this is both relevant and practical. A qualified accountants' report in respect of a new applicant may be acceptable where the qualification does not relate to a matter of significance to investors but will not be acceptable where the qualification does relate to a matter of significance to investors.

General

12. It is emphasised that these requirements are not exhaustive and that further information may be required, or the required information varied, by the Exchange where it considers it necessary. In cases of doubt or difficulty the reporting accountants should consult the Exchange through the issuer's authorised representative.

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