



LISTING REQUIREMENTS

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ZIMBABWE STOCK EXCHANGE LISTING REQUIREMENTS

Preface To Issue 2

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Preface To Issue 2

The Listing Requirements published on the 1st May 1998 have now been extensively amended after seeking the views of stakeholders to reflect current market practice here and overseas. These Requirements generally portray the position of International Standards including development requirements.

The ZSE will periodically amend these new Listing Requirements, thus ensuring legislative changes and market practice are accounted for, particularly after the long-awaited Securities Exchange Commission Act has been promulgated.

THE CHAIRMAN

ZIMBABWE STOCK EXCHANGE COMMITTEE

8th FEBRUARY 2002

Introduction

Objectives

The ZSE provides facilities for the listing of the securities of companies (domestic or foreign) and provides its users with an orderly market place for trading in such securities and regulates accordingly.

The listings requirements set out in this binder apply to both applicants for listing and presently listed companies. The listing requirements reflect, inter alia, the rules and procedures governing new applications, proposed marketing of securities and the continuing obligations of issuers, and are aimed at ensuring that the business of the ZSE is carried on with due regard to the public interest.

General Principles

It is both impracticable and undesirable to devise requirements and procedures in such detail so as to govern all circumstances which may arise in commercial practice. Accordingly, the following listings requirements fall into two categories:

- (a) certain general principles (“**the General Principles**”) which are set out below and are expected to be observed in all transactions and submissions pertaining to securities listed and to be listed; and
- (b) the main body of the listings requirements (“**the main body**”) which are set out in the following sections and in the practice notes and which are derived from the application of the General Principles and how the Committee seeks to interpret them.

Moreover, the spirit of the General Principles and main body may, by necessary implication, apply to areas or circumstances not expressly covered in the main body.

The Committee has a discretion to modify the application of a requirement contained in the main body in exceptional circumstances for example, when it considers that its strict application would conflict with the General Principles.

Accordingly, persons engaged in commercial practice should be aware that the spirit as well as the precise wording of the General Principles and main body are to be observed at all times.

If there is any doubt as to the interpretation or application of the listings requirements the ZSE must be consulted.

The General Principles are as follows:

- (a) to provide a market for the raising of primary capital, an efficient mechanism for the trading of securities in the secondary market, and to protect investors;
- (b) securities will be admitted to the List only if the Committee is satisfied that the applicant is suitable and that it is appropriate for those securities to be listed.
- (c) full, equal and timeous public disclosure shall be made to all holders of securities and the general public at large regarding the activities of an issuer that are significant;
- (d) holders of relevant securities shall be given full information and afforded adequate opportunity to consider in advance and vote upon substantial changes in the issuer's business operations and matters affecting the company's constitution or shareholders' rights;
- (e) all parties involved in the dissemination of information into the market place, whether directly to holders of relevant securities or to the public, shall observe the highest standards of care in doing so;
- (f) all holders of the same class of securities of an issuer shall enjoy fair and equal treatment in respect of their securities; and
- (g) the listings requirements and in particular the continuing obligations, should promote investor confidence in standards of disclosure, in the conduct of issuers' affairs and in the market place as a whole;
- (h) securities should be brought to the market in a way that is appropriate and which will facilitate an open and efficient market for trading of securities.

Competent authority

Under the provisions of ZSEA a company which desires to have its securities dealt with on a stock exchange must apply for a listing and before it will be granted such listing it must comply with the listings requirements of the Stock Exchange. The Committee is the competent authority responsible for the list of the securities which may be dealt in on the ZSE, applications by the issuers of securities for the inclusion of securities thereto and the annual revision of the list.

When a listings matter is considered at a meeting of the Committee, the relevant sponsoring broker may be accompanied by representatives of the issuer and other advisers, any of whom may, subject to the Committee's consent, address the meeting. The Committee reserves the right to limit the number of persons attending such meetings.

Companies with listings on other stock exchanges

Attention is drawn to the fact that other stock exchanges may have different requirements relating to the issue of securities. Companies with a primary listing on the ZSE which are also quoted on such other exchanges should, therefore ensure that the requirements of both the ZSE and other such exchanges are complied with when submitting draft documents to the Committee for approval.

Where a company's primary listing is on another exchange, the Committee will normally accept the listings requirements of that exchange but reserves the right to request such company to comply with such aspects of the ZSE listings requirements as it may, in its sole discretion, determine.

Definitions

Throughout these listings requirements, unless otherwise stated or the context requires otherwise, the following terms will have the meanings set out below:

Term	Meaning
the Act	the Companies Act [Chapter 24:03] as amended, or any law which may replace it in part or wholly
acquisition issue	an issue of securities in consideration for an acquisition of assets (which shall not include the extinction of liability, obligation or commitment) or an issue of securities for an acquisition of, or merger with, another company in consideration for the securities of that other company
acting in concert	co-operating for a common purpose by two or more persons pursuant to an agreement, arrangement or understanding (whether formal or informal) between them; and associates shall be deemed to be so co-operating
admission or admission to listing	admission of securities to listing on the ZSE and “ admitted ” shall be construed accordingly
applicant	an issuer which is proposing to apply, or is applying, for admission of any of its securities
associate	“ associate ” means in relation to an individual:

- 1 that individual's family and/or
- 2 the trustees (acting as such) of any trust of which the individual's family is a beneficiary or discretionary subject (other than a trust which is either an occupational pension scheme, or an employees' share scheme which does not, in either case, have the effect of conferring benefits on the individual or the individual's family); and/or
- 3 any company in whose equity securities the individual or any person or trust contemplated in 1 or 2 above (taken together) are directly or indirectly beneficially interested (or have a conditional, contingent or future entitlement to become beneficially interested) and where the individual or any person or trust contemplated in 1 or 2 above are (or would on the fulfilment of the condition or the occurrence of the contingency be) able:
- a) to exercise or control the exercise of 35% or more of the votes able to be cast at general meetings on all, or substantially all, matters; or
 - b) to appoint or remove directors holding a majority of voting rights at board meetings on all, or substantially all, matters; and/or
- 4 other corporate body formed under the Act in which any individual and/or member(s) (taken together) of the individual's family are beneficially interested in 35% or more of the members' interest and/or are able to exercise or control the exercise of 35% or more of the votes able to be cast at members meetings on all, or substantially all, matters.

"associate" means in relation to a company:

- 1 any other company which is its subsidiary, holding company or subsidiary of its holding company;
- 2 any company whose directors are accustomed to act in accordance with the company's

	<p>directions or instructions; and</p> <p>3 any company in the capital of which the company, and any other company under 1 or 2 taken together, is (or would on the fulfilment of a condition or the occurrence of a contingency be) interested in the manner described in 3 above.</p>
	<p>For the purpose of 3(a) above, where more than one director of the same listed company is directly or indirectly beneficially interested in the equity securities of another company, then the interests of those directors and their associates will be aggregated when determining whether such a company is an associate of any one director of such listed company</p>
beneficial	<p>“beneficial” in relation to:</p> <p>1 any interest in a security, means the de facto right or entitlement to receive the income payable in respect of that security and/or to exercise or cause to be exercised any or all of the voting, conversion, redemption or other rights attaching to that security; and</p> <p>2 any other interest, means the obtaining of any benefit or advantage, whether in money, in kind, or otherwise, as a result of the holding of that interest</p>
capitalisation issue (or bonus issue)	<p>an issue of fully paid shares capitalised from a company’s share premium, capital redemption reserve or fund reserves (or combination thereof) to existing shareholders of the company in proportion to their shareholdings at a specific date</p>
cash company or cash shell	<p>a listed company (other than an investment entity as envisaged in Section 15) whose assets, to the satisfaction of the Committee consist wholly or mostly of cash because it has disposed of all or a substantial part of its business or otherwise ceased to have a business of sufficient substance to support its market capitalisation</p>
Category 1,2,3 or	<p>an acquisition or disposal by a listed company as</p>

4 transaction	described in Section 9
children	in relation to an individual includes any step child, adopted child or illegitimate child, who has not yet attained the age of 18 years, and any person under the guardianship of the individual
circular	any document or advertisement issued to holders of listed securities by an issuer of securities, but excluding listing particulars, annual reports and accounts, interim reports, proxy forms and dividend vouchers
claw back offer	an issue of securities for cash by an applicant to persons where the securities are then offered by such persons to the applicant's shareholders in proportion to their holdings
clearing house	an association whose main business is the clearing, netting and settlement of transactions on a stock exchange
the Committee	the Committee of the ZSE.
<i>[definition amended by the Committee with effect from the 31st January, 2002.]</i>	
the Constitution	the Constitution of the Republic of Zimbabwe
controlling shareholder	<p>any shareholder, who together with:</p> <p>1 his, or its, associates; and</p> <p>2 any other party with whom such share-holder has an agreement or arrangement or understanding (whether formal or informal) relating to any voting rights attaching to securities of the relevant company; can exercise, or cause to be exercised, 50% or more of the voting rights at meetings of the relevant company, or can appoint or remove, or cause to be appointed or removed, directors exercising more than 50% of the voting rights at directors' meetings of the relevant company</p>
convertible	securities which are convertible into or exchangeable for other securities accompanied

securities	by options to subscribe for or purchase other securities and “conversion” and “convertible” shall be construed accordingly
the daily official list	the afternoon session price list issued by the ZSE
de facto control	a holding or aggregate holding of shares or other securities in a company entitling the holder thereof to exercise, or cause to be exercised, the specified percentage or more of the voting rights at meetings of that company
deferred shares	<i>[definition repealed by the Committee with effect from the 31st January, 2002.]</i>
director	any person occupying the position of director or alternate director of a company, by whatever name he or she may be designated and, in relation to an issuer which is not a company, a person with corresponding powers and duties
equity instruments	securities with restricted or no voting rights but which participate in the distribution of profits in a manner directly linked to the profitability of the company
equity shares	shares comprised in a company’s equity share capital and which carry votes
equity share capital	in regard to a company, its issued share capital excluding any part of that capital which, neither as respects dividends nor as respects capital, carries any right to participate beyond the specified amount in a distribution
equity securities	equity shares, securities convertible into equity shares and equity instruments
external company	a company incorporated outside the Republic of Zimbabwe
external property	property situated outside the Republic of Zimbabwe
GAAP	generally accepted accounting practice within Zimbabwe or, in the case of an external company,

	national generally accepted accounting practice acceptable to the Committee or International Accounting Standards
group	a holding company, not itself being a wholly owned subsidiary, together with all the companies being its subsidiaries
holding company	a company that has one or more subsidiaries
individual's family	the individual's spouse and children
International Accounting Standards	the international Accounting Standards formulated by the International Accounting Standards Committee
International Standards on Auditing	the International Standards on Auditing formulated by the International Auditing Practices Committee of the International Federation of Accountants
an introduction	a method of bringing securities to listing not involving an issue of new securities or any marketing of existing securities because the spread of shareholders already complies with the conditions for listing
IAS	International Accounting Standards
investment entities	investment companies, investment trusts and unit trusts whose principal activity is the investment in securities
issue for cash	<p>an issue of securities for cash (for the extinction of a liability, obligation or commitment) in compliance with paragraphs 5.82 to 5.90:</p> <p>1 to persons who are specifically approved by the shareholders in general meeting in respect of that particular issue; or</p> <p>2 generally approved by shareholders by the giving of a renewable mandate (which should be valid until the company's next annual general meeting provided it shall not extend beyond 15 months) to the directors of the issuer to issue shares for cash subject to these listings</p>

	requirements and to any other restrictions set out in the mandate
issuer	any company, any class of whose securities has been admitted or is, or is proposed to be, the subject of an application for admission
intangible assets	non-monetary assets without physical substance including but not limited to goodwill, patents, trade marks, brand names, copyrights, franchises, licences, know-how and publication titles
listed company	a company, any class of whose securities is listed
official List	the list maintained by the ZSE of companies whose securities it has admitted to listing
listing	the admission of a security to the List and "listed" shall be construed accordingly
listing particulars	a statement by a company seeking a listing and issued for the purpose of giving information to the public with regard to the company and containing particulars specified in the listings requirements, by the law, or both
listings requirements	the listings requirements as from time to time amended by the ZSE (whether by way of practice note or otherwise) contained herein (including the " Introduction "), save that the section headings, paragraph headings and the introductory text to each section headed "Scope of Section" do not form part of the listings requirements, and are for guidance and ease of reference only and are not to be construed as affecting the substance or interpretation of the listings requirements
market value	in relation to a listed security, the ruling price for that security
material	information which if omitted or misstated could influence the economic decisions of users and includes a change in or constituent of a particular factor which may be regarded in the circumstances as being material and which would

	probably exceed 10% in value.
memorandum and articles of association	memorandum of association and articles of association or equivalent instrument constituting or defining the constitution of a company
merger issue	see “ acquisition issue ”
new applicant	an applicant, no class of whose securities is already listed
offer for sale	an invitation to the public by, or on behalf of, a third party to purchase securities of the issuer already in issue or to be issued and may be in the form of an invitation to tender at or above a stated price
offer for subscription	an invitation to the public by, or on behalf of, an issuer to subscribe for securities of the issuer not yet in issue or allotted, and may be in the form of an invitation to tender at or above a stated price
placing	a marketing of securities already in issue but not listed, or not yet in issue, to specified persons or to clients of the sponsoring broker or any securities house assisting in the placing, which does not involve an offer to the public or to existing holders of the applicant’s securities generally and which takes place immediately before the applicant is listed
practice notes	practice notes issued from time to time by the Committee to clarify or expand upon these listings requirements
pre-listing statement	the statement required to be issued by companies in terms of Section 6 and which includes a prospectus
prospectus	the prospectus to be issued in accordance with the Act
publish in the press	make available to the public as a paid press announcement in accordance with paragraphs 3.46 and 3.47
pyramid	companies classified by the Committee and

companies	pyramid companies in accordance with the criteria set out in paragraphs 14.4 and 14.5
renounceable offer	an invitation by a listed company to its shareholders to subscribe by way of rights for securities in the applicant where the listed company has received the right to subscribe for those securities in the applicant but renounces all or part of that right to its shareholders
The Republic of Zimbabwe	the Republic of Zimbabwe constituted under the Constitution
rights offer	an offer to existing holders of securities to subscribe for or purchase further securities in proportion to their holdings made by means of the issue of a renounceable letter or other negotiable documents which may be traded (as either "fully paid" or "nil paid" rights) for a period before payment for the securities is due
the Rules of the ZSE	the rules made by the Committee from time to time
the ruling price	the price at which the last sale of a security took place, or, if higher the closing bid price, or, if lower, the closing offer price as published in the daily official list on the relevant day
scrip dividend	for the purposes of these listings requirements: bonus (or capitalisation) shares which a shareholder elects to receive in lieu of a cash dividend where the shareholder is given a right to make such an election
secretary	includes any official of a company, by whatever name he may be designated, including a company, who, or which, is performing the duties normally performed by a secretary of a company
securities	includes stocks, shares, debentures (issued by a company having a share capital), units of stocks issued in place of shares, and options on stocks or shares or on such debentures or units, and rights thereto, but does not include:

	1 shares in a private company; or
	2 stocks or shares in a public company which cannot be acquired or transferred without the consent or approval of the directors or any representatives of the company, other than such consent or approval required by, under or by virtue of any law, or any options on or rights to such stocks and shares
significant	any matter or element which is significant for the purpose of making an informed assessment of any transaction or listed security
sponsoring broker	a member of the ZSE appointed by a listed company in accordance with Section 2
the State	the government of the Republic of Zimbabwe
subscribed capital	the portion of the capital of a company which has been subscribed for by shareholders
subsidiary	a subsidiary company as defined in the Companies Act
substantial	a change in or constituent of a particular factor which may be regarded in the circumstances as being substantial and which, as a rule of thumb, would normally exceed 30% in value
temporary documents of title	allotment letters, split receipts, letters of acceptance, letters of rights, scrip certificates and any other temporary documents of title
vendor consideration issue	see " acquisition issue "
vendor consideration placing	a marketing on behalf of vendors of securities which are to be issued to them in consideration for an acquisition
weighted average	the total value of the securities traded divided
traded price	by the total number of securities traded
ZSE	The Zimbabwe Stock Exchange

Section 1
Authority of the Committee

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Authority of the Committee

SCOPE OF SECTION

This section sets out the authority of the Committee regarding its powers to list, suspend and terminate listings and its powers to enforce the listing requirements.

The main headings are:

- 1.1 General powers of the Committee
- 1.4 Suspension
- 1.9 Termination
- 1.13 Annual revision of the List
- 1.14 Power of censure
- 1.16 Power to require information
- 1.18 Publication
- 1.22 Special case: cash companies (cash shells)

General Powers of the Committee

1.1 Subject to the provisions of ZSEA the Committee shall have the sole power:

- (a) subject to the listings requirements, to grant, review and suspend or terminate a listing of securities;
- (b) to prescribe from time to time the minimum listings requirements with which an applicant shall comply before each security issued by such applicant is granted a listing;
- (c) to prescribe from time to time the minimum listings requirements with which a listed company shall comply while a security issued by it remains listed;
- (d) to suspend, alter or rescind a listings requirement prescribed before or after a listing has been granted and to prescribe additional listings requirements from time to time either by way of amendment to these listing requirements or by way of the issue of practice notes; and
- (e) to prescribe the circumstances under which a listing of a security shall or may be suspended or terminated.

1.2 Listings are granted subject to the listings requirements and an application must comply with the listings requirements. In addition, the Committee may grant a listing subject to any additional condition(s) which it considers appropriate, in which event the applicant will be informed of and shall have the right to make representation to the Committee but thereafter will be required to comply with any such condition(s).

1.3 Nothing contained in this section shall be deemed to limit the powers of the Committee to those contained herein, and the Committee may at any time exercise any further powers granted to it in terms of ZSEA. Where the Committee exercises a discretion in terms of these listings requirements, it shall be its sole discretion.

Suspension

Unilateral suspension

1.4 The Committee may, subject to the provisions of ZSEA, if it is of the opinion that it is desirable to do so and/or if the listed company has failed to comply with the listings requirements, suspend the listing of securities in a listed company and may impose such conditions as it may in the circumstances deem appropriate for the lifting of such suspension.

[second para repealed by the Committee with effect from the 31st January, 2002.]

1.5 When the listing of securities in a listed company is under threat of suspension, the affected company shall be afforded the opportunity of making representations to the Committee in support of the continued listing of such securities prior to the Committee making any decision to suspend such listing.

1.6 When the listing is suspended and the affected company fails to take adequate action to obtain the restoration thereof within 90 days, the Committee will terminate the listing as set out below.

[amended by the Committee with effect from the 31st January, 2002.]

Suspension on request

1.7 The Committee may grant a request for suspension of any listed securities in the following circumstances:

- (a) where a listed company is placed under provisional liquidation or in judicial management or subject to an application for a scheme of arrangement or reconstruction under the Act, or
- (b) where written request is made by the directors of a listed company and it is apparent that there are two levels of information in the market and the Committee considers that this situation cannot be remedied by the immediate publication of an announcement to clarify the situation.

Requirements after suspension

1.8 If a listed company's securities are suspended, it must, unless the Committee decides otherwise:

- (a) continue to comply with all the Listings Requirements applicable to it;

(b) submit to the ZSE a quarterly progress report pertaining to the current state of the affairs of the company and any proposed action by the company; and

(c) advise shareholders on a quarterly basis concerning the current status of the affairs of the company and any proposed action by the company, including the expected date on which the suspension is to be lifted.

[para 1.8 inserted by the Committee with effect from the 31st January, 2002.]

Termination

Unilateral termination

1.9A The Committee may, if it is of the opinion that it is desirable to do so and/or if the listed company has failed to comply with the listing requirements, remove from the list any securities previously included therein; provided that the listing of such securities shall first have been suspended in accordance with the above provisions.

1.9B When the listing of securities in a listed company is under threat of termination, the affected company shall be afforded the opportunity of making representation to the Committee in support of the continued listing of such securities prior to the Committee making any decision to terminate such listing.

Termination on request

1.10A A listed company may, at any time, make written application to the Committee for a deletion of its securities from the list from which time and date it wishes to deletion to be effective and the reasons for the request. The Committee may grant the request for termination if it deems this to be desirable; and it may deem such securities shall only be removed from the list where the listed company's shareholders in general meeting have approved such removal, and

1.10B. The issuer must send a circular to its shareholders stating the details and reasons for the proposed termination. The circular must comply with the requirements of paragraph 11.1 (contents of all circulars).

1.10C The Committee may grant the request for termination, provided the following requirements are met:

(i) shareholders approval is obtained in a general meeting for the termination of the listing prior to the company making written application for such removal; and

(ii) the reasons for termination must be stated in the application.

1.10D Where shareholders approval is required, unless the Committee otherwise decides a 75% vote of the votes of all shareholders present or represented by proxy at the general meeting, excluding any controlling shareholder, its associates and any party acting in concert, must be cast in favour of such resolution.

1.10E Shareholders approval for the termination of the listing need not be sought and a circular need not be sent to the holders of securities whose listing is intended to be terminated:

(i) where, following a take-over offer, the securities have become subject to sections 191 and 194 of the Companies Act, and notice has been given by the offeror of its intention to cancel the listing of the securities in these circumstances in the initial offer document or any subsequent circular sent to the holders of the securities; or

(ii) upon or following the completion of any transaction in connection with which a circular has been sent to holders of the securities containing notice of the intention to terminate the listing of the securities on or after the completion of the transaction, provided that the date for cancellation of the listing is not less than 20 business days after the date of issue of the relevant circular.

[paras 10 B to E inserted by the Committee with effect from the 31st January, 2002.]

Redemption either wholly or in part; removal from the List of redeemable preference shares or debentures

1.11 Written application for the removal of redeemable preference shares or debentures of the corresponding portion thereof from the list as and from the date of the closing of the registers or from the date on which the redemption or repayment, as the case may be, took place (if preference shares or debentures are redeemed by drawings) must be made to the Committee at least 30 days before the date of redemption.

1.12 The application must be accompanied by a copy of the proposed announcement and/or circular to be issued to the redeemable preference shareholders or debenture holders thereby notifying them of the redemption.

Annual revision of the List

1.13 In terms of Section 16 of ZSEA a company's listing shall be reviewed by the Committee annually.

Power of censure

1.14 If the Committee considers that a listed company has contravened the listing requirements in any way, it may (without derogating from the powers of suspension and/or termination of the Committee), censure that company by way of a written warning, or by public censure and publication.

[amended by the Committee with effect from the 31st January, 2002.]

1.15 Unless the Committee considers that maintenance of the smooth operation of the market or, the protection of investors otherwise requires, the Committee will give advance notice to the parties involved of any action which it proposes to take and will give them opportunity to make representations to the Committee.

Power to require information

1.16 The Committee may require a listed company to disclose to it within a period specified by it, such information at the company's disposal as the Committee may determine, and if the Committee is satisfied, after such company has had an opportunity of making representations to it, that the disclosure of that information to the registered holders of the securities in question will be in the

public interest, the Committee may by notice in writing require such company so to disclose that information within the period specified in the notice.

1.17 The Committee may require a listed company to provide for the publication or dissemination of any further information not specified in the listings requirements in such form and within such time limits as it considers appropriate. The listed company must comply with such requirement, and, if it fails to do so, the Committee may publish the information after having heard the representations of the listed company or after having granted the listed company the opportunity to make such representations.

Publication

1.18 The Committee, may in its absolute discretion and in such manner as it may deem fit, notify or cause to be notified to the public that it has:

- (a) investigated dealings in the listed security;
- (b) censured the listed company;
- (c) suspended the listing of any security; and/or
- (d) terminated the listing of any security.

1.19 In the notice referred to in paragraph 1.18, the Committee shall notify, or cause to be notified to the public, the reasons for such investigation, censure, suspension or termination (as the case may be), and in the case of an investigation, so much of its conclusions or findings as it may, in its absolute discretion, deem necessary.

1.20. No listed company or its directors or officers shall have any cause of action against the Committee or any member thereof, or against any person employed by the ZSE or the Committee for damages arising out of the publication of any statement made in terms of paragraph 1.18, unless such publication was made either grossly, negligently or with the wilful intention of injuring the listed company, its directors or officers.

1.21 The Committee may at any time in its absolute discretion publish or cause, permit or authorise the proprietor or publisher of any newspaper or other periodical publication to publish any statement made in terms of paragraphs 1.18 and 1.19.

Special case: cash companies (cash shells)

1.22 Should the cash company fail, within six months after the Committee has written to a cash company, to acquire viable assets which meet the conditions for listing, as set out in [Section 4](#), its listing may be suspended after being granted a hearing by the Committee.

1.23 The cash company will be granted a hearing by the Committee, prior to the time when the company's listing is to be suspended, and failing the completion of the acquisition of viable assets by the listed company which conform to the conditions for listing, as set out in [Section 4](#), within a three month period from the date of suspension, the company's listing will be terminated.

[amended by the Committee with effect from the 31st January, 2002.]

Section 2

Sponsoring Brokers

SCOPE OF SECTION

This section sets out the requirements relating to sponsoring brokers. A sponsoring broker is required to be appointed in certain circumstances by issuers. Such sponsoring broker must undertake to the Committee to accept certain responsibilities. If the sponsoring broker fails to carry out these responsibilities, the Committee may take one or more of the steps referred to in paragraph 2.14. The Committee encourages the appointment of a sponsoring broker fully experienced in market practice to give advice on a continuing basis regarding the application of the listings requirements (in particular, the continuing obligations set out in [Section 3](#)).

The main headings are:

- 2.1 Qualifications
- 2.2 Appointment
- 2.4 Responsibilities of a sponsoring broker
- 2.13 Direct access
- 2.14 Action against a sponsoring broker

Qualifications

2.1 A sponsoring broker must undertake to the ZSE in the form set out in Schedule 16 to accept the responsibilities of a sponsoring broker and discharge those responsibilities at all times to the satisfaction of the Committee.

Appointment

2.2 An issuer must appoint a sponsoring broker when:

- (a) the issuer makes an application for listing which requires the production of listing particulars;
- (b) it wishes to submit documentation to the Committee pertaining to any of the matters detailed in paragraph 16.2;
- (c) after a breach of the listings requirements, the Committee notifies the issuer that the appointment of a sponsoring broker is required to give advice on the application of the listings requirements;
- (d) a sponsoring broker is required by the listings requirements to report to the Committee in relation to any transaction or matter; and
- (e) so requested by the Committee.

2.3 The Committee may, where it deems that the proposed transaction, so requires, require an issuer to appoint a joint sponsoring broker.

Any changes in sponsoring broker must be notified to the Committee.

[amended by the Committee with effect from the 31st January, 2002.]

Responsibility of a sponsoring broker

Nature of responsibilities

2.4 The responsibilities of the sponsoring broker to the ZSE referred to in the undertaking contained in Schedule 16 are as set out in paragraphs 2.5 to 2.12. Failure to carry out these responsibilities may result in the Committee taking one or more of the steps referred to in paragraph 2.14.

2.5 A sponsoring broker who places reliance on the advice of advisers to the issuer should be satisfied as to the credentials and abilities of such advisers.

2.6 The sponsoring broker must:

(a) for each issuer in respect of which it acts as sponsor in accordance with the Listings Requirements, submit to the ZSE at an early stage (and in any event, no later than the date on which any documents in connection with the issuer are submitted to the ZSE) a confirmation in the form set out in Schedule 17;

(b) provide to the ZSE any information or explanation known to it in such form and within such time limit as the ZSE may reasonably require for the purpose of verifying whether the Listings Requirements are being and have been complied with by it or by an issuer;

(c) facilitate all correspondence between the issuer and the ZSE, including minutes of meetings with the issuer and financial advisers;

(d) submit all documentation required in terms of paragraph 16.2 to the ZSE;

(e) ensure that the issuer is guided and advised as to the application of the Listings Requirements;

(f) ensure the correctness and completeness of all documentation submitted to the ZSE. Documentation submitted to the ZSE must first be assessed for its correctness;

(g) satisfy itself as to the credentials and abilities of the advisers to the issuer on which it places reliance;

(h) carry out any activities so requested by the Committee; and

(i) discharge its responsibilities with due care and skill.

[amended by the Committee with effect from the 31st January, 2002.]

Applications for listings

2.7 In the case of any application for listing which requires the production of listing particulars, the sponsoring broker must complete a declaration in the form issued by the Committee confirming that it has satisfied itself to the best of its knowledge and belief, having made due and careful enquiry of the issuer and its advisers that:

- (a) all the documents required by the listings requirements to be included in the application for listing have been supplied to the Committee;
- (b) all other relevant requirements of the listings requirements have been complied with; and
- (c) there are no matters, other than those disclosed in the listing particulars or otherwise in writing to the Committee, which should be taken into account by the Committee in considering the suitability for listing of the securities for which application is being made.

Directors

2.8 The sponsoring broker must be satisfied, before any application for listing is made which requires the production of listing particulars, that the directors of the issuer:

- (a) have had explained to them by the sponsoring broker or other appropriate professional adviser that the nature of their responsibilities and obligations as directors of a listed company under the listings requirements; and
- (b) in particular, understand what is required of them to enable holders of the issuer's listed securities and the public to appraise the position of the issuer and to avoid the creation of a false market in its securities once they are listed.

Financial reporting procedures

2.9 In the case of a new applicant, the sponsoring broker must, before the application for listing is made, report to the Committee in writing that it has obtained written confirmation from the issuer and/or its advisers that the directors have established procedures which provide a reasonable basis for them to make proper judgements as to the financial position and prospects to the issuer and its group and be satisfied that this confirmation has been given after due and careful enquiry by the issuer.

Profit forecast

2.10 Where a profit forecast or estimate (*see paragraph 8.28*) appears in listing particulars, a Category 1 circular or any circular containing proposals to be put to shareholders in general meeting concerning a refinancing or reconstruction of the issuer or its group, the sponsoring broker must report in writing to the Committee that it has made due and careful enquiry of the issuer and/or its advisers that the forecast or estimate has been properly made.

Other responsibilities

2.11 The sponsoring broker is responsible for the following in relation to any application for listing which requires the production of listing particulars:

- (a) communications with the Committee;
- (b) lodging with the Committee all documents supporting the application; and
- (c) seeking the Committee's approval of listing particulars.

More than one sponsoring broker

2.12 Where more than one sponsoring broker has been appointed, the issuer must establish which sponsoring broker has primary responsibility, or how responsibility is to be allocated for any specific application for listing which requires the production of listing particulars, and the continuation of the sponsoring brokers engagement.

[amended by the Committee with effect from the 31st January, 2002.]

Direct Access

2.13A A sponsoring broker must be present at all formal discussions with the Committee regarding an issuer.

2.13B. Notwithstanding the provisions of this section, the Committee may, in appropriate circumstances, communicate directly with the issuer or with an adviser of the issuer, in addition to its sponsor, to discuss either matters of principle, which may arise prior to the submission of draft documents, or the interpretation of the Listings Requirements.

Where discussions take place without the sponsoring broker being involved the issuer must ensure that the sponsoring broker is informed in writing (by the issuer or adviser concerned) of the matters discussed as soon as practicable.

[amended by the Committee with effect from the 31st January, 2002.]

Action against a sponsoring broker

2.14 If the Committee considers a sponsoring broker to be in breach of its responsibilities, it may:

- (a) censure the sponsoring broker;
- (b) take such other disciplinary action that may be appropriate under the Rules of the ZSE;
- (c) publish, or cause to be published, by whatever means the Committee may decide, what action it has taken and the reasons for that action.

2.15 The ZSE administration will normally deal, in the first instance, with any breach by a sponsoring broker of its responsibilities. Where there has been a breach by a sponsoring broker of its responsibilities, the ZSE will refer the matter to the Committee.

2.16 Where the Committee proposes to take any of the steps described in paragraph 2.14, the sponsoring broker will be:

- (a) given advance notice of the Committee's proposed action;
- (b) entitled to appeal to the Committee either in writing or in person, or both;
- (c) advised of the Committee's decision as soon as practicable after it is made; and
- (d) advised in writing of the reasons for any decision that is unfavourable to the sponsoring broker.

2.17 In case of an appeal to the Committee:

(a) representatives of the sponsoring broker and its advisers may attend and any of them may address the Committee, subject to (b) below; and

(b) the Committee is (without prejudice to the powers referred to in paragraph 1.1) the final decision-making body of the ZSE for the purpose of paragraphs 2.14 to 2.17.

2.18 The Committee is (without prejudice to the powers referred to in paragraph 1.1) the final decision-making body of the ZSE for the purposes of paragraphs 2.14 to 2.17.

Section 3 Continuing Obligations

SCOPE OF SECTION

This section sets out certain of the continuing obligations which a listed company is required to observe once any of its securities have been admitted to listing.

Additional continuing obligations are set out in the following sections:

[**Section 8**](#) Financial information

[**Section 9**](#) Transactions

[**Section 10**](#) Transactions with related parties

[**Section 11**](#) Circulars and press announcements

[**Section 16**](#) Documents to be submitted to the Committee

[**Section 18**](#) Dual Listings

Additional and alternative requirements relating to continuing obligations are set out in [**Sections 12, 13, 14**](#) and [**15**](#) respectively dealing with mineral companies, property companies, pyramid companies and investment entities.

Observance of the continuing obligations is essential to the maintenance of an orderly market in securities and to ensure that all users of the market have simultaneous access to the same information. Failure by a listed company to comply with any applicable continuing obligation may result in the Committee taking any or all of the steps described in [**Section 1**](#).

The main headings are:

3.1 Compliance with the listings requirements

3.3 General obligation of disclosure

3.11 Disclosure of periodic financial information

3.27 Notification relating to capital

3.28 Rights as between holders of securities

- 3.39 Shareholder spread
- 3.45 Communication with shareholders
- 3.62 Directors/ Miscellaneous obligations

Compliance with the listings requirements

- 3.1 Every company whose securities are listed shall comply with the listings requirements.
- 3.2 Where there is an overlap between any requirements or dispensations that may be required by or granted in terms of any law, or by any statutory body or organ, a listed company must, notwithstanding such other requirements or dispensations, nonetheless comply with these listings requirements.

All correspondence with the ZSE must be directed through a sponsoring broker.

[amended by the Committee with effect from the 31st January, 2002.]

General obligation of disclosure

- 3.3 An issuer must, without delay, subject to approval by the Committee, publish a press announcement giving details of:

- (a) circumstances or events that have or are likely to have a material effect on the financial results, the financial position or cash flow of the issuer and/or information necessary to enable holders of the issuer's listed securities and the public to avoid the creation of a false market in its listed securities; and
- (b) any new developments in its sphere of activity which are not public knowledge and which may by virtue of the effect of those developments on its assets and liabilities or financial position or on the general course of its business, lead to material movements in the ruling price of its listed securities.

Save where otherwise expressly provided, the requirements of this paragraph are in addition to any specific requirements regarding notification contained in the listings requirements.

Confidentiality

- 3.4 Information that is required to be published according to paragraph 3.3 must not be given to a third party before it has been published except as permitted by paragraphs 3.5 to 3.8.

- 3.5 An issuer may give information in strict confidence to its advisers and to persons with whom it is negotiating with a view to effecting a transaction or raising finance; these persons may include prospective underwriters of an issue of securities, providers of funds or loans or the placees of the balance of a rights issue not taken up by shareholders. In such cases, the issuer must advise, preferable in writing, the recipients of such information that it is confidential and that they must not deal in the company's securities before the relevant information has been made available to the public.

3.6 Information required by and provided in confidence to, and for the purposes of, a government department, the Reserve Bank or any other statutory or regulatory body or authority need not be published.

3.7 Where the information relates to a proposal by the issuer which is subject to negotiations with employees or trade union representatives the issuer may defer publication of the information until such time as an agreement has been reached as to the implementation of the proposal.

3.8 Where it is proposed to announce at any meeting of holders of listed securities information which might have a material effect of the ruling price of the listed company's securities, arrangements must be made for publication of that information as soon as possible after the announcement at the meeting.

Cautionary Statements

3.9 An issuer must publish, by way of a cautionary announcement, complying with 11.36 as soon as possible after it is in possession of any material price sensitive information which could lead to material movements in the ruling price of its securities if at any time the necessary degree of confidentiality cannot be maintained, or that confidentiality has or may have been breached. An issuer that has published a cautionary announcement must publish updates as per 11.37.

Exception

3.10 If the directors of the listed company consider that disclosure to the public of information required to be published in paragraph 3.3 might prejudice the listed company's legitimate interests, the ZSE Committee may grant a dispensation from the requirement to make the information public.

Disclosure of periodic financial information

Dividends and interest

3.11 Announcements of dividends and/or interest payments on listed securities should be notified to the holders of the relevant security immediately upon declaration by means of a circular and by a press announcement. Three copies of the press announcement must be delivered to the ZSE at least 14 days prior to the last day to register. [Where dividends and/or interest payments are announced otherwise than by way of a press announcement, the ZSE shall be notified in writing of such dividend and/or interest payment on the same day that holders of the relevant security are notified.] The declaration announcement/circular must contain the following information:

- (a) the last day to register;
- (b) the date on which the dividend/interest will be paid; and
- (c) the cash amount that will be paid for the dividend/interest.

[amended by the Committee with effect from the 31st January, 2002.]

3.12 Notification of non-declaration of dividends or payment of interest must be published either in the interim or preliminary report, the annual financial statements or by way of a press announcement.

3.13 A listed company declaring a final dividend prior to the publication of the annual financial statements or preliminary report must ensure that the dividend notice given to shareholders contains a statement of the ascertained or estimated consolidated profits before taxation of the listed company and its subsidiaries for the year, and also particulars of any amounts appropriated from reserves, capital profits, accumulated profits of past years, or other special sources, to provide wholly or partly for the dividend.

3.14 At least 14 days notice must be given to shareholders and the Committee prior to the last day to register for the dividend or interest.

3.15 The last day to register should be a Friday, or if that day is a public holiday, the previous business day.

3.16 Payment of dividend and interest must be effected within 6 weeks after the last day to register
[amended by the Committee with effect from the 31st January, 2002.]

3.17 Where a dividend/interest declaration is expressed as a percentage the cent equivalent must be shown in parenthesis.

3.18 The Committee must be notified of any late declarations of dividend and the matter resolved with it.

Interim and preliminary reports

Interim reports

3.19 Interim reports shall be published in the press and be distributed to all shareholders as early as possible after the expiration of the first 6 month period of a financial year, but not later than 3 months after that date. Where the financial period covers 15 months or longer, interim reports shall be published in the press in respect of the first and second 6 months of this period. [Section 8.45](#) to 8.47 deal with the requirements in greater detail.

Preliminary reports

3.20 If a listed company has not distributed annual financial statements to all shareholders within 3 months of its financial year-end, it must publish in the press and distribute to all shareholders a preliminary report even if the information is unaudited at that time.

Procedure for non-compliance

3.21 Where a listed company fails to comply with paragraphs 3.19 and/or 3.20:

(a) on the day following the due date of issue of the listed company's interim/preliminary report, a letter reminder will be sent by post or facsimile to the listed company requesting that it rectify the situation and advising that it has been granted a period of one month, from the date of such reminder, in which to issue its interim/preliminary report, failing which the company's listing will be suspended and a special meeting of the Committee will be convened to consider the continued suspension or termination of the company's listing;

- (b) failing compliance within 14 days of despatch of the reminder to the listed company, the Committee will publish a press announcement informing shareholders that the listed company has not issued its interim/preliminary report and cautioning shareholders that the listing of the listed company's securities are under the threat of suspension and possible termination;
- (c) On the date of publication of the announcement, the Companies Listing will be annotated on the board to indicate that it has failed to submit its interim/final/preliminary report timeously.

[inserted by the Committee with effect from the 31st January, 2002.]

- (d) the listed company will be invoiced the cost of publication of the press announcement which invoice will be payable on presentation; and
- (e) where the listing is suspended, the lifting of the suspension will only be effected upon receipt by the Committee of the listed company's interim/preliminary report.

Requirement for review by auditors

3.22 The following provisions apply in respect of unaudited interim reports, unaudited quarterly reports (applicable to mineral companies) and unaudited preliminary reports:

- (a) subject to (b), unaudited interim reports are not required to be reviewed by a listed company's auditors;
- (b) unaudited interim reports shall be reviewed by a listed company's auditors if the company's auditors have disclaimed their opinion, or produced an adverse opinion, on the company's latest financial statements, unless the Committee otherwise decides;
- (c) unaudited preliminary reports shall be reviewed by a listed company's auditors;
- (d) in the case of a listed mineral company, its unaudited financial reports are not required to be reviewed by its auditors, unless otherwise requested by the Committee;
- (e) when conducting a review of an unaudited interim or preliminary report, the auditor shall follow the guidelines issued by the Institute of Chartered Accountants;
- (f) if an interim or preliminary report has been reviewed by an auditor, this and the name of the auditor shall be stated in the published interim or preliminary report. Although the report of the auditor need not be included in the published interim or preliminary report, details of the nature of such qualification or disagreement shall also be stated therein. If the report of the auditor is not included in the published interim or preliminary report, it shall state that the report of the auditor is available for inspection at the company's registered office; and
- (g) if during the course of a review of a preliminary report, the auditor becomes aware of any unresolved matter which could result in the qualification of the auditor's report on the annual financial statements for the period under review, that fact shall be stated.

Annual financial statements

3.23 Every listed company shall, within six months after the end of each financial year at least twenty one (21) clear days before the date of the annual general meeting, distribute to all shareholders; submit to the ZSE in accordance with paragraph 16.21:

- (a) a notice of annual general meeting; and
- (b) the annual financial statements for the relevant financial year which financial statements will have been reported upon by the company's auditors. These accounts must be distributed to shareholders at least 14 days before the AGM.

[amended by the Committee with effect from the 31st January, 2002.]

Procedure for non-compliance

3.24 The following procedure shall prevail for a listed company which fails to comply with paragraph 3.23 above:

(a) five months after the listed company's financial year end, the Committee may issue to the listed company a letter of reminder by post, or facsimile, advising that it still has one month within which to submit its annual financial statements, failing which its listing may be suspended until such time as the annual financial statements have been submitted;

(b) six months after the listed company's financial year end the company's listing will be annotated on the board to indicate that it had failed to submit its annual financial statements timeously;

[amended by the Committee with effect from the 31st January, 2002.]

(c) the Committee will publish a press announcement informing shareholders that the listed company has not submitted its annual financial statements and cautioning shareholders that the listing of the Listed company's shares is under threat of suspension and possible termination;

(d) if the listed company has not complied with paragraph 3.23 by the end of the seventh month after its financial year end the company's listing will be suspended by the Committee and the Committee will be convened to consider the continued suspension or termination of the company's listing;

(e) the listed company will be invoiced the cost of publication of the paid announcement; and

(f) the listed company's suspension will be lifted upon receipt by the Committee of the listed company's annual financial statements.

3.25 Discretionary authority shall vest with the Committee to waive the requirement for automatic suspension of a company's listing where it has not submitted its annual financial statements timeously.

Qualified or disclaimed auditor's opinion

3.26 The following procedure shall prevail for a listed company whose financial statements have been the subject of an audit qualification or disclaimer: a special meeting of the Committee will be

convened within twenty one days of receipt of such financial statements to consider the continued listing, or suspension and possible subsequent termination of the company's listing.

The company's listing will be annotated on the board indicating an audit qualification.

[amended by the Committee with effect from the 31st January, 2002.]

Notification relating to capital

3.27 A listed company must, without delay (unless otherwise indicated), publish a press announcement containing details of the following information relating to its capital:

Alteration to capital structure

(a) any proposed change in its capital structure (for example any increase in the level of authorised or issued securities) other than allotments of new shares of terms in paragraphs 5.95 to 5.97 and save that an announcement of a new issue may be delayed while marketing or underwriting is in progress (see also paragraph 3.5):

Changes of rights attaching to securities

(b) any proposed change in the rights attaching to any class of listed securities or to any securities into which any listed securities are convertible;

Basis of allotment

(c) the basis of allotment of listed securities offered generally to the public for cash and/or claw back offers to shareholders; in the case of public offers an additional press announcement must appear before dealings commence;

Temporary documents of title

(d) any extension of time granted for the currency of temporary documents of title;

Issues affecting conversion rights

(e) the effect, if any, of any issue of further securities on the terms of the exercise of rights under options and convertible securities; and

Results of new issues

(f) the results of any new issue of listed securities or of a public offering of existing securities must be made as soon as it is known. The issuer may, at its discretion, delay such publication until the obligation by the underwriter to take or procure others to take securities is finally determined or lapses.

Rights as between holders of securities

Equality of treatment

3.28 A listed company must ensure that all holders of any class of its securities receive fair and equal treatment.

[amended by the Committee with effect from the 31st January, 2002.]

Voting Rights

3.29 A listed company shall not issue any securities with a voting right differing from other securities of the same class.

Pre-emptive rights

3.30 Unless shareholders otherwise permit, a listed company proposing to issue equity securities for cash must first offer those securities by rights offer to existing equity shareholders in proportion to their existing holdings (see also paragraphs 3.32 and 3.33). Only to the extent that the securities are not taken up by such persons under the offer may they then be issued for cash to others or otherwise than in the proportion mentioned above.

3.31 To the extent permitted by the Registrar of Companies and subject to the prior approval of the Committee, a listed company needs to comply with paragraph 3.30 with respect to securities which the directors of the listed company consider necessary or expedient to exclude from the offer on account of either legal problems under the laws, or the requirements of a regulatory body, of any territory.

Waiver of pre-emptive rights

3.32 To the extent that shareholders of a listed company give their authorisation by ordinary resolution, issues by a listed company of equity securities for cash made otherwise than to existing shareholders in proportion to their existing holdings will, subject to the requirements of paragraphs 5.78 to 5.86, be permitted for a fixed period of time thereafter in accordance with that authority.

3.33 However, in exceptional circumstances (such as rescue operations), the Committee, in its sole discretion, may allow a waiver of shareholders' pre-emptive rights that does not comply with the requirements of paragraphs 5.78 to 5.86. The Committee, in its sole discretion, may require the publication of such information relating to this waiver as it may deem appropriate.

Issues by major subsidiary other than on listing .

3.34 A listed company must obtain a consent (determined in accordance with paragraph 5.82 or 5.83) of its shareholders before any major subsidiary of the listed company makes any issue for cash of equity securities so as materially to dilute the listed company's percentage interest in the equity securities of that subsidiary. For the purposes of this paragraph and paragraphs 3.35 and 3.36, a subsidiary which represents 30% or more of the aggregate of the share capital and reserves (excluding any minority interests, unrealised reserves not supported by a valuation, prepared in the last 6 months by an independent professional expert acceptable to the Committee and intangible assets) or profits (after deducting all charges except taxation and excluding extraordinary items) of the listed company's group will be regarded as a major subsidiary.

3.35 The obligation to obtain the consent of shareholders set out in paragraph 3.34 does not apply if the major subsidiary is itself listed and so must comply with paragraph 3.30. In such case, the listed company must ensure that its equity interests in the major subsidiary are not materially diluted through any new cash issue by such subsidiary of equity securities unless such dilution is necessary

for the listed subsidiary to satisfy the minimum spread requirements. In the case of a rights issue, if the listed company does not propose to take up its rights, an arrangement must be made for the rights to be offered first to its shareholders so that they can avoid a material dilution in their effective percentage equity interests.

3.36 The obligation to obtain the consent of shareholders set out in paragraph 3.34 does not apply if the major subsidiary is unlisted and the issue takes the form of a rights issue to shareholders including the listed company. If the listed company does not propose to take up its rights, an arrangement must be made for the rights to be offered first to its shareholders so that they can avoid a material dilution in their effective percentage equity interests.

Options for cash

3.37 Where options over securities (excluding executive and staff share schemes) are granted for cash, it is required that such options shall be issued to all shareholders on the share register as at the business day immediately prior to the date of the grant of the listing in proportion to their shareholding in the listed company. Where the procedure is not to be adopted, the Committee's consent should be obtained.

3.38 The total number of options granted or issued may not, except in the case of a mineral company (as defined in [Section 12](#)), exceed 20% of the listed company's issued capital unless offered to all shareholders in proportion to their existing shareholdings.

Shareholder spread

3.39 All listed companies are required to ensure that a minimum percentage of each class of securities is held by the public as described in paragraphs 4.25(d) and (e).

3.40 If the percentage of a class of securities held by the public does not comply with the minimum spread requirements: the Committee may suspend or terminate the listing of a company in accordance with [Section 1](#), the Committee may allow a reasonable time to restore the percentage, unless this is precluded by the need to maintain the smooth operation of the market or in order to protect investors.

3.41 A listing will not generally be granted to any issue of securities that would reduce the percentage level of securities held by the public.

3.42 If any listed company does not comply with the minimum spread requirements, any application to list new securities will be granted only if, as a result of the issue, the minimum spread requirements will be achieved as far as possible given the size of the issue.

3.43 Notwithstanding the above, the Committee may allow a reduction in the minimum spread requirements if it considers such a reduction is in the best interests of the listed company and does not unduly prejudice investors, for example in a rescue situation.

Notification

3.44 A listed company must inform the Committee, in writing, without delay, when it becomes aware that the proportion of any class of listed securities in the hands of the public has fallen below the said minimum spread requirements.

The listed company must disclose in their annual financial statements the number of shareholders and percentages held by the public.

[amended by the Committee with effect from the 31st January, 2002.]

Communication with shareholders

Prescribed information to shareholders

3.45 A listed company must ensure that all the necessary facilities and information are available to enable holders of securities to exercise their rights. In particular it must:

- (a) inform holders of securities of the holding of meetings which they are entitled to attend;
- (b) enable them to exercise their rights to vote, where applicable; and
- (c) publish notices in the press or distribute circulars in terms of the listings requirements.

Publication

Press announcements

3.46 All press announcements must be published in English in two national English language newspapers.

3.47 The press announcement is encouraged to be published in English in Bulawayo.

3.48 Where the registered office of the listed company is situated outside the Republic of Zimbabwe, the requirements of the Committee should be ascertained.

Circulars and pre-listing particulars

3.49 Circulars and pre-listing statements must be printed in English and be distributed to all shareholders.

3.50 Provision must be made for the translation of circulars and pre-listing statements into other official languages where deemed necessary by the Committee or the listed company.

Harare transfer office or a receiving and certification office

3.51 All listed companies are required to maintain a transfer office or a receiving office either in Harare or Bulawayo. Certification must be completed within 24 hours of receipt of transfer documents by the transfer office.

Transfer offices for other stock exchanges

3.53 If a listed company has applied for and been granted permission for its securities to be listed on another stock exchange, it is required to ensure that the securities will be accepted for transfer, without delay, if presented in any of the centres in which the securities are listed.

The company must obtain shareholders approval at a general meeting and Exchange Control approval to list securities on another stock exchange.

[amended by the Committee with effect from the 31st January, 2002.]

Proxy forms

3.53 A proxy form must be sent, together with the notice convening a meeting of holders of listed securities, to each person entitled to vote at such meeting.

Other classes of security

3.54 If a circular, listing particulars or press announcement is dispatched to the holders of any particular class of security, the listed company must dispatch a copy or summary of such document to the holders of all other listed securities in such company unless the contents of such document are irrelevant to them.

Communications with holders of bearer securities

3.55 If there is a need to communicate with holders of listed bearer securities the listed company must publish a press announcement referring to the communication and giving an address or addresses from which copies can be obtained.

Documents of title

3.56 Share certificates and all other documents of title emanating from listed companies must be sent by registered post or by hand.

[amended by the Committee with effect from the 31st January, 2002.]

Temporary documents of title

3.57 Listed companies shall not introduce “temporary documents of title” in Zimbabwe as normal routine until and unless they shall have received the Committee’s approval and shall have furnished such information and documents as may be required by the Committee.

3.58 Listed companies which have received such approval shall not place a time limit on the acceptance by them of any “temporary documents of title” for the purpose of issuing definitive certificates.

3.59 Listed companies which have received such approval shall:

- (a) cancel the share certificates lodged with or being issued by them, and against which a “temporary document of title” has been issued, immediately they are in a position to do so; and
- (b) issue definitive share certificates within 21 days after presentation to them of the temporary document of title” duly signed and completed by the transferee.

3.60 No listed company may make a charge for the registration and/or transfer of its securities in the Republic of Zimbabwe.

Receipts

3.61 Receipts must be issued for all securities lodged with the listed company, whether for registration or otherwise.

Directors/ Miscellaneous obligations

Redemption of listed redeemable preference shares

3.62 A redemption of listed redeemable preference shares in terms of the Act must be authorised and conducted in accordance with the listed company's memorandum and articles of association and the provisions of the Act.

3.63 A circular must be sent to holders of the securities containing the information set out in paragraph 11.30 unless waived in terms of paragraph 11.31.

3.64 Written application must be submitted to the Committee for removal from the List of the securities to be redeemed as from a specified time and date.

Transfer from one section of the List to another section, where applicable

3.65 Written application must be submitted to the Committee, stating the reasons for the request for the company to be transferred from one section of the List to another section. Details must be given regarding the assets employed in and income derived from the various activities of the applicant and its subsidiaries. These details must be expressed in value and on a percentage basis.

3.66 In addition, the following requirements will apply:

- (a) the transfer of an applicant from one section of the List to another section must always take place on the first business day of the week; and
- (b) the written application in respect of the transfer must be accompanied by a director's resolution authorising such transfer.

Listings and other fees

3.67 A listed company must pay the listing and other fees including its annual charge for listing, as set out in [Section 17](#), as soon as such payment becomes due.

Directors

3.68(i) All directors, other than managing directors, must retire by rotation at least once in every three years. No more than half of the directors may be appointed as managing directors.

3.68(ii) A company must notify the ZSE of any change to the board of directors including:

- a) the appointment of a new director;
- b) the resignation, removal or retirement of a director; and

c) changes to any important functions or executive responsibilities of a director; without delay and no later than by the end of the business day following the decision or receipt of notice about the change by the company. No such notification is required where a director retires and is re-appointed by a shareholders' general meeting.

3.68(iii) The notification required by paragraph 3.68(ii) must state the effective date of the change if it is not with immediate effect. If the effective date is not yet known or has not yet been determined, the notification should state this fact, and the company must notify the ZSE when the effective date has been decided.

3.68(iv) A listed company must submit to the ZSE a director's declaration in respect of any new director in the form specified in Schedule 19 (a "director's declaration") within 14 days of the appointment becoming effective.

[subparas (ii) to (iv) inserted by the Committee with effect from the 31st January, 2002.]

Dealing in Securities by Directors of Listed Companies.

3.69(i) Directors must not deal in shares during the period one month prior to the end of the reporting period and the preliminary announcement of the company's interim and year-end results. Directors may not deal in their listed securities when in possession of unpublished price-sensitive information. Directors must advise the Chairman and receive his clearance before trading in the shares. The Chairman must receive the board's approval for any trading in its listed company's shares. Where a director is a trustee he should obtain board approval for trading in the shares. In cases including trading by senior employees, board approval is encouraged during the periods prior to publication of results and price-sensitive periods. All purchases and sale of shares by directors, directly or indirectly, as beneficial owners to be notified to the ZSE within 72 hours of the completion of the transactions.

[amended by the Committee with effect from the 31st July 1999 and further from the 31st January, 2002.]

3.69(ii) An issuer must provide ZSE with the following information:-

(a) a list of all transactions in securities of the issuer by or on behalf of a director (held directly, indirectly, beneficially, non-beneficially or by an immediate family member of such director) of the issuer or any associate of such director; and

(b) such notice shall contain the following information:

- (i) the date on which the transaction was effected;
- (ii) the price, amount and class of securities concerned;
- (iii) the nature of the transaction; and
- (iv) the nature and the extent of the director's interest in the transaction.

3.69(iii) Any notification required under paragraph 3.69(ii) must be made without delay and in any event not later than the end of business on the day following the receipt of the information by the issuer.

3.69(iv) The company shall require each of its directors to disclose to it all information which the company needs in order to comply with the above (insofar as that information is known to the director or could with reasonable diligence be ascertained by the director).

Such information should be disclosed as soon as possible and in any event no later than 48 hours following the day on which the existence of the interest to which the information relates comes to the company's attention.

[subpsras (ii) to (iv) inserted by the Committee with effect from the 31st January, 2002.]

Companies quoted on another stock exchange

3.70 A listed company whose securities are listed on any other stock exchange must ensure that equivalent information is made available at the same time to the market of each exchange on which the company's securities are listed unless prohibited by or in terms of the rules or requirements of any other stock exchange.

Information to be processed by the ZSE

3.71 Listed companies shall ensure that information which is provided to the ZSE for processing is the same as that provided to other parties such as transfer secretaries.

**Section 4
Conditions for Listing**

SCOPE OF SECTION

This section sets out the conditions for listing. The main headings are:

- 4.1 Introduction
- 4.6 Conditions applicable to all markets
- 4.22 Public shareholders
- 4.25 Criteria for each market

Additional and alternative requirements relating to conditions for listing are set out in [Sections 12, 13, 14](#) and [15](#) respectively dealing with mineral companies, property companies, pyramid companies, redevelopment and investment entities.

Introduction

4.1 Listings or additional listings are granted subject to the listings requirements.

4.2 All applications for listing are to be submitted to the Committee through a sponsoring broker.

Discretion of the Committee

4.3 It must be emphasised that, notwithstanding these requirements, the Committee may, in its overriding discretion, grant a listing to an applicant which does not fulfill the requirements set out below or refuse a listing to an applicant which does not comply with these listings requirements on the ground that, in the Committee's opinion, the grant or refusal of the listing is in the interests of the investing public. Applicants which wish to apply for a listing, but which do not meet all of the objective criteria prescribed by these listings requirements for the grant of a listing are therefore invited to discuss their intended applications with the Committee.

4.4 The items below are not exhaustive and where unusual features are present in the applicant an approach to the Committee by the sponsoring broker is advised.

4.5 Applicants are required to submit to the Committee, at an early date, any matter or unusual feature appertaining to the listing not specifically provided for in the listings requirements. This procedure will obviate any difficulties that may arise after applicants have finalised transactions without the Committee's approval and which may be in conflict with the listings requirements.

Conditions applicable to all markets

Relating to the applicant

Applicant to be duly constituted

4.6 The applicant must be duly incorporated or otherwise validly established under the law of the country of incorporation or establishment, and must be operating in conformity with its memorandum and articles of association and all laws of its country of incorporation or establishment.

Directors.

4.6A The directors and senior management of an applicant must have collectively appropriate expertise and experience for the management of the group's business. Details of such expertise and experience must be disclosed in any listing particulars prepared by the company (see paragraph 7.B.1, 7.B.2 and 7.B.3).

An applicant must submit to the Committee before listing, a director's declaration in respect of each of the directors of the applicant in the form specified in Schedule 19 (a "**director's declaration**"). The applicant must ensure that each of the directors is free of any conflict of interest between the duties he owes to the company and his/her private interest.

[inserted by the Committee with effect from the 31st January, 2002.]

Listing of subsidiary companies

4.7 Whenever a company intends making an offer of securities of a subsidiary or procures that the subsidiary issues securities in order to obtain a listing in respect of such subsidiary, those securities to be issued which are not retained by the holding company must be renounced in favour of its shareholders by way of a renounceable offer (see paragraph 5.31) except in circumstances with

which the Committee agrees. The company will be required to hold an extraordinary meeting to agree to waiver pre-emptive rights by a vote of 85% in favour of the resolution.

Financial information

4.8 The following are the requirements relating to financial information:

- (a) the financial statements must have been drawn up in accordance with the applicants national law and must be prepared and independently audited in accordance with standards regarded by the Committee as appropriate for listed companies. Indications of compliance with this requirement would be financial statements prepared, in all significant respects, in accordance with GAAP or International Accounting Standards;
- (b) the auditors must have reported on the financial statements without any qualification which in the opinion of the Committee is significant for the purposes of listing; and
- (c) any profit forecast of an applicant must be accompanied by a report complying with paragraph 8.31 by the applicant's auditors or reporting accountants.

Relating to the securities

Status of the securities

4.9 The securities for which a listing is sought must be issued in conformity with the law of the applicant's country of incorporation or establishment and in conformity with the applicant's memorandum and articles of association and all authorisations needed for their creation and issue under such law or documents must have been duly given. No application will be considered until the memorandum and articles of association of the applicant or, if applicable, the Debenture Trust Deed have been approved by the Committee.

4.10 Where a new applicant already has securities listed on another stock exchange, it must be in compliance with the requirements of that exchange and the relevant laws of that country.

Transferability of securities

4.11 The securities for which listing is sought must be fully paid up and freely transferable.

Securities excluded from listing

4.12 The Committee will not grant a listing in respect of issues of non-voting equity securities.

Low and high voting instruments

4.13 The Committee will not grant a listing of shares or securities which the Committee considers constitute equity instruments, with high or low votes.

4.14 A low voting security is considered as one which, subject to compliance with the provisions of the Act, confers on its holder, both at the proposed time of listing of the instrument and subsequently, reduced voting rights in comparison with the voting rights conferred on the holders of equity securities of the issuer already listed. The voting rights may be reduced either with respect to

the number of votes per security or with respect to matters on which the holders of the securities may vote, or otherwise.

4.15 A high voting security, on the other hand, is considered as one which, subject to compliance with the provisions of the Act, confers on its holder, both at the proposed time of listing the instrument and subsequently, enhanced voting rights in comparison with the voting rights conferred on the holders of equity securities of the issuer already listed. The voting rights may be enhanced either with respect to the number of votes per security or with respect to the matters on which the holders of the securities may vote, or otherwise.

4.16 The Committee will generally not grant a listing of such low voting or high voting securities even if a majority of the votes of the members present in person or by proxy, other than the controlling shareholder and its/his associates (if relevant), are cast in favour of the resolution to approve the creation and issue of such securities. Consideration would be required of the following:

- (a) in the case of the creation of low voting securities, the circular relating to the creation of low voting securities contains a warning that they may trade at a discount to the ordinary shares; the cover of such circular contains a warning that such securities will have reduced votes and accordingly will reduce their holders' influence over the affairs of the company;
- (b) in the case of the creation of high voting securities, the circular relating to the creation of such securities contains a warning that they may trade at a premium to the ordinary shares; the cover of such circular contains a warning that such securities will have enhanced votes and accordingly will increase their holders' influence over the affairs of the company.

Convertible securities

4.17 In addition to any other listings requirements affecting convertible securities, the Committee will not grant a listing to convertible securities unless there are sufficient unissued securities in the applicant's authorised capital into which the convertible securities could convert at the time such convertible securities are issued. The applicant must further undertake to the ZSE that it will at all times maintain sufficient unissued securities to cater for the eventual conversion.

Deferred shares –

[repealed by the Committee with effect from the 31st January, 2002.]

Unlisted securities

4.18 In the event of an applicant not being granted a listing for additional securities issued or if for any reason certain securities were delisted:

- (a) the certificates must be stamped "*Unlisted securities*" and the stamp must be perpetuated for all future registrations;
- (b) the share register must signify that the securities are unlisted; a statement regarding the unlisted securities must appear in the applicant's annual financial statements; and
- (c) any additional securities issued will be subject to the same requirements.

4.19 Where votes are required by shareholders pertaining to the Listing Requirements, the votes of unlisted shares will not be counted.

[new para inserted by the Committee with effect from the 31st January, 2002.]

Undertakings

4.20 An applicant must give a general undertaking, complying with Schedule 7, to the ZSE in the form of a resolution of directors certified by its chairman that it will comply with the listings requirements as amended from time to time.

4.21 The directors of an applicant shall individually undertake to the ZSE that they have exercised their fiduciary duties with due regard to the provisions of the memorandum and articles of association of the applicant and that they will honour their responsibility for the applicant's compliance with the listings requirements, as amended from time to time.

Public Shareholders

4.22 For the purposes of paragraphs 4.25(b) and (e), securities will not be regarded as being held by the public if they are beneficially held, whether directly or indirectly, by:

- (a) the directors of the applicant or any of its subsidiaries;
- (b) an associate of a director of the applicant or any subsidiaries;
- (c) the trustees of any employees' share scheme or pension fund established for the benefit of any director or employees of the applicant and its subsidiaries;
- (d) any person who, by virtue of any agreement, has the right to nominate a person to the board of directors of the applicant; or
- (e) any person who is interested in 10% or more of the securities of the relevant class unless the Committee determines that, in all the circumstances, such person can be included in the public for the purposes of paragraphs 4.25(d) and (e).

4.23 Notwithstanding 4.22(a) to (e) above, securities will be regarded as being held by the public if any person who is interested in 10% or more of securities of the relevant class:

- (a) is a fund manager or portfolio manager managing more than one fund or portfolio, where each fund or portfolio is interested in less than 10% of the relevant securities, provided that this exemption shall not apply where the fund or portfolio manager is, in relation to any such fund or portfolio, acting in concert with any person who holds relevant securities which, together with those held by the fund or portfolio in question, represent 10% or more of the relevant securities;
- (b) is the registered holder of securities which are the subject of a depository receipt program and no depository receipt holder, together with any person with whom they may be acting in concert, holds depository receipts representing 10% or more of the securities concerned, save where the holder is a fund or portfolio manager as contemplated in sub-paragraph (a) above; or

(c) is a nominee shareholder and none of the beneficial shareholders which that nominee represents, together with any person with whom they may be acting in concert, is interested in 10% or more of the securities concerned, unless the beneficial shareholder is a fund or portfolio manager as contemplated in sub-paragraph (a) above.

4.24 The Committee may, in its sole discretion, require the listed company to provide it with a declaration that, to the best of the knowledge and belief of the directors, any beneficial shareholders of the company whose shares are registered in the names of one or more nominees, do not include any person who may be acting in concert with any other person insofar as it may affect their classification as public shareholders.

Criteria for each market

4.25 An applicant seeking a listing on the Board must satisfy the following criteria:

- (a) a subscribed capital (including reserves but excluding minority interests, revaluations of assets that are not supported by a valuation by an independent professional expert acceptable to the Committee prepared within the last six months and intangible assets) of at least fifty million dollars;
- (b) not less than 10 million equity shares in issue;
- (c) a satisfactory profit history for the preceding five financial years, if applicable ;
- (d) 30% of each class of equity shares shall be held by the public, unless otherwise agreed with the Committee. Where the issuer has had a private placement prior to the initial public offering, at least 20% of the total issued shares must be offered to the public. Generally the public consist of individuals and institutional investors holding less than 5% of the shares in issue. Where in doubt the Committee must be consulted.

[amended by the Committee with effect from the 31st January, 2002.]

(e) the number of public shareholders of listed securities shall be at least:

- (i) 300 of equity shares
- (ii) 25 for preference shares; and
- (iii) 10 for debentures; and

(f) the minimum initial issue price of securities shall not be less than 100 cents per security, unless agreed otherwise with the Committee.

[amended by the Committee with effect from the 31st January, 2002.]

Section 5

Methods and Procedures of Bringing Securities to Listing

SCOPE OF SECTION

This section describes the different methods and procedures by which securities may be brought to listing.

Additional and alternative requirements relating to methods of bringing securities to listing are set out in [Sections 12](#), [13](#), [14](#) and [15](#) respectively dealing with mineral companies, property companies, pyramid companies and investment entities and dual listings.

The main headings are:

- 5.1 Methods open to applicants
- 5.4 Introductions
- 5.10 Placings
- 5.14 Offers for sale or subscription
- 5.27 Renounceable offers
- 5.38 Rights offers
- 5.54 Claw-back offers
- 5.57 Capitalisation issues
- 5.66 Scrip dividend and cash dividend elections
- 5.78 Issues for cash
- 5.88 Acquisition or merger issues
- 5.93 Vendor consideration placings
- 5.95 Exercise of options to subscribe for securities (including options in terms of executive and staff share schemes)
- 5.98 Issues with participating or conversion rights
- 5.99 Repurchase of Securities
- 5.120 Reduction of Share Capital.
- 5.123 General

Methods open to applicants

Without equity securities already listed

5.1 New applicants may bring equity securities to listing by way of:

- (a) an introduction;
- (b) a placing; or
- (c) by the methods referred to in paragraph 5.2 below.

With or without equity securities already listed

5.2 New applicants or those with equity securities already listed may bring securities (whether or not of a class already listed) to listing by any of the following methods:

- (a) an offer for sale;
- (b) an offer for subscription;
- (c) an issue with participating or conversion rights; or
- (d) a renounceable offer.

With equity securities already listed

5.3 Only applicants with equity securities already listed may bring securities (whether or not of a class already listed) to listing by any of the following methods:

- (a) a rights offer;
- (b) a claw-back offer/issue;
- (c) a capitalisation issue;
- (d) an issue for cash;
- (e) an acquisition of merger issue (or vendor consideration issue);
- (f) a vendor consideration placing;
- (g) an exercise of options to subscribe for securities (including options in terms of executive and staff share schemes); and such other method as may be approved by the Committee either generally or in any particular case.
- (h) a conversion of securities of one class into securities of another class;

[new para inserted by the Committee with effect from the 31st January, 2002.]

Introductions

Description

5.4 An introduction is a method of bringing securities to listing not involving an issue of new securities or any marketing of existing securities because the spread of shareholders already complies with the conditions for listing (see [Section 4](#)).

Specific requirements

5.5 For an introduction:

- (a) the Committee will require to see a certified copy of the share register; and
- (b) the applicant must comply with the conditions for listing as set out in [Section 4](#).

5.6 An applicant may not bring securities to listing by way of an introduction if there is a pre-existing intention by holders (other than public shareholders) to dispose of a material number of their securities.

[subpara(b) repealed by the Committee with effect from the 31st January, 2002.]

5.7 In the case of an applicant whose listing has been suspended or terminated:

- (a) because it was a cash company (see paragraphs 1.22 to 1.24), or
- (b) in connection with a reverse take-over (see paragraph 9.28);

and which is seeking to return to listing, the Committee may not permit an introduction but may require some marketing of the applicant's securities.

Documents to be submitted to the Committee

5.8(i) The Part I and all available Part II documents described in paragraphs 16.10 to 16.12 must be submitted and approved by the Committee prior to listing being granted. The remainder of Part II documents must be submitted as soon as possible thereafter and in any event not later than 28 days of the date of listing.

5.8.(ii) The Part III documents described in paragraph 16.13 must be submitted as soon as possible and in any event not later than 28 days of the date of listing.

[further amended by the Committee with effect from the 31st January, 2002.]

Documents to be published

5.9 The documents to be published on the day listing commences regarding an introduction are set out in paragraphs 11.3 to 11.5.

Placings

Description

5.10 A placing is a marketing of securities already held in issue but not listed or not yet in issue, to specified persons or to clients of the sponsoring broker or any other party assisting in the placing, which does not involve an offer to the public or to existing holders of the applicant's securities generally and which takes place immediately before the applicant is listed.

Specific requirements

5.11 The applicant must comply with the conditions for listing as setout in [Section 4](#) and the Companies Act.

[amended by the Committee with effect from the 31st January, 2002.]

Documents to be submitted to the Committee

5.12A. The Part I and all available Part II documents described in paragraphs 16.10 to 16.12 must be submitted and approved by the Committee prior to listing being granted. The remainder of Part II documents must be submitted as soon as possible thereafter and in any event not later than 28 days of the date of listing.

5.12B The Part III documents described in paragraph 16.13 must be submitted as soon as possible and in any event not later than 28 days of the date of listing.

[further amended by the Committee with effect from the 31st January, 2002.]

Documents to be published

5.13 The documents to be published on the day listing is granted as set out in paragraph 11.6.

Offers for sale or subscription

Description

5.14 An offer for sale is an invitation to the public by, or on behalf of, a third party to purchase securities of the issuer already in issue or to be issued and may be in the form of an invitation to tender at or above a stated price.

5.15 An offer for subscription is an invitation to the public by, or on behalf of, an issuer to subscribe for securities of the issuer not yet in issue or allotted and may be in the form of an invitation to tender at or above a stated price.

Specific requirements

5.16 An offer for subscription by a listed company is regarded as being an issue for cash and must comply with the requirements of paragraphs 5.78 to 5.86.

5.17 An offer for sale by a listed company of securities in the issuer must be made by way of a renounceable offer to the shareholders of the listed company which will be open for three weeks and the listed company must give the Committee an undertaking that it will not dispose of those securities whilst the renounceable offer is open.

[amended by the Committee with effect from the 31st January, 2002.]

Underwriting/Commissions

5.18 An offer for sale or subscription will be underwritten.

5.19 The underwriter must satisfy the Committee that it can meet its commitments.

5.20 Any underwriting commission paid to a shareholder of the company should not be above the current market rate payable to independent underwriters. In the event of charges for private placements the level of charges should be a maximum of current underwriting levels.

[amended by the Committee with effect from the 31st January, 2002.]

Commission payable

5.21 The rate of commission payable by applicants on applications submitted by members and non-member institutions of the ZSE on issues by means of an offer for sale or subscription is a minimum of 0,5%.

[amended by the Committee with effect from the 31st January, 2002.]

Over-subscriptions

5.22 In the event of an over-subscription the formula for the basis of allotment must be calculated in such a way that a person will not, in respect of his application, receive an allocation of a lesser number of securities than any other subscriber who applied for a lesser number.

Where the initial listing is oversubscribed the stockbroker/issuer must ensure subscription monies are paid back to the subscriber before the shares are listed.

[subpara inserted by the Committee with effect from the 31st January, 2002.]

*Documents to be submitted to the Committee
Listed companies*

5.23 The documents detailed in paragraph 16.14 should be submitted to the Committee at the relevant times as specified within paragraph 5.26 below.

New applicants

5.24A The Part I and all available Part II documents described in paragraphs 16.10 to 16.12 must be submitted and approved by the Committee prior to listing being granted. The remainder of Part II documents must be submitted as soon as possible thereafter and in any event not later than 28 days of the date of listing.

5.24B The Part III documents described in paragraph 16.13 must be submitted as soon as possible and in any event not later than 28 days of the date of listing.

[further amended by the Committee with effect from the 31st January, 2002.]

Documents to be published

5.25 The documents to be published regarding an offer for sale or subscription are outlined in paragraphs 11.7 to 11.9 and must be published at the relevant times as specified in paragraph 5.26 below.

Timetable

5.26 The following sets out the timetable for offers for sale or subscription. It should be noted that the dates after the closing of the offer are indicative and may be advanced as long as the sequence of events is not disturbed:

Timetable — guide

Day	Event
(D+0)	Publication of press announcement and/or pre-listing statement.
	Pre-listing statement available
	Offer opens.
	(all Part I documentation must have been submitted to and approved by the Committee.)
	Listing will have been granted subject to approval of Part II documentation and the results of the offer meeting the requirements for shareholder spread.)
(D+21)	Offer closes (earliest date - being a Friday)
	(All Part II documentation must have been submitted to and approved by the Committee.)
(D+24)	Results of offer submitted to the Committee.
(D+27)	Results announcement published by applicant giving date of commencement of dealing in securities if listing has been

	granted or appropriate negative statement.
(D+28)	Latest date for documents of title posted.
(D+33)	Securities listed (if listing granted) Last date for refund cheques.
(D+61)	Part III documents to have been submitted to the Committee.
	<i>[Table amended by the Committee with effect from the 31st January, 2002.]</i>

Renounceable offers

Description

5.27 A renounceable offer is an invitation, by a listed company to its shareholders, to subscribe, by way of rights, for securities in the applicant where the listed company has received the right to subscribe for those securities in the applicant but renounces all or part of that right to its shareholders.

Specific requirements

5.28 The applicant must comply with the conditions for listing set out in [Section 4](#).

Ability to trade

5.29 The right by shareholders of the listed company to subscribe for securities in the applicant must be made by means of the issue of a renounceable offer or other negotiable document which may be traded (as “*nil paid*” rights) for a period of at least 3 weeks before payment is due.

Shareholder spread

5.30 The issued share capital of the applicant and the letters of allotment issued to implement the renounceable offer will be listed at the same time.

5.31 Accordingly, the listed company making the renounceable offer and the applicant will be required to prove to the Committee that the applicant will comply with the minimum spread requirements (see paragraphs 4.25(d) and (e) following the close of the renounceable offer.

General

5.32 The requirements of a rights offer (see paragraphs 5.38 to 5.53) will apply to a renounceable offer so far as they are applicable.

Documents to be submitted to the Committee

5.33 The documents detailed in paragraph 16.15 should be submitted to the Committee according to the timetable set out below.

Documents to be published

5.34 The applicant is required to publish two press announcements and a pre-listing statement according to the timetable set out below.

5.35 The listed company is required to:

- (a) publish two press announcements giving details of the renounceable offer;
- (b) publish press announcements or issue circulars in accordance with [Section 9](#) or paragraph 3.46; and
- (c) despatch letters of allotment to its shareholders.

5.36 The press announcements and pre-listing statement should comply with the requirements of paragraphs 11.10 to 11.12.

Timetable

5.37 This timetable is for guidance only and may need to be altered, for instance, if the listed company is required to obtain the approval of its shareholders to the renounceable offer or where the offer is made by the applicant directly to the listed company's shareholders. The ZSE should be consulted in all cases to approve a proposed timetable.

	Event	
Day	Applicant	Listed Company
Friday (D+0)	First press announcement of intention to list. (All Part I documentation must have been submitted to the Committee)	First press announcement giving last date for registration of the offer subject to ZSE approval.
Monday (D+10)	(All Part II documentation is submitted to the Committee)	Second press announcement giving the terms of the renounceable offer.
Tuesday (D+11)	(Formal approval by the Committee to the listing of the issued securities)	(Formal approval by the Committee to the listing of the letters of allotment)
Wednesday (D+12)	Second press announcement giving salient dates for listing, when and from where pre-listing statements can be obtained.	Third press announcement giving salient dates of the renounceable offer, when and from where pre-listing statements can be obtained.
Friday (D+14)	Pre-listing statements available.	Last day to register for renounceable offer. Pre-listing available
Monday (D+17+	Issued securities listed on ZSE (9.00am).	Letter of allotment listed on ZSE (9.00 am).
Wednesday (D+19)		Last day for receipt of postal registrations. Renounceable offer opens (9.00 am).
Friday (D+21)		Pre-listing statements and letter of allotment posted to shareholders.
Wednesday (D+40)		Last day for dealing letters in letters of allotment (14.30)
Thursday (D+41)		Last day for splitting of letters of allotment (09h30). The securities that are the subject of the renounceable offer are listed as the renounceable offer is fully underwritten.

Friday (D+42)		Renounceable offer closes (14h30) (earliest date).
Wednesday (D+47)		Last date for postal acceptances (14h30).
Thursday (D+48)	Proceeds of issue received by applicant	Proceeds of renounceable offer paid to applicant.
Friday (D+49)	New share certificates posted.	Final press announcement giving results of renounceable offer.
Friday (D+77)	Part III documents to have been submitted to the Committee	Refund cheques (if any) posted.

Rights Offers

Description

5.38 A rights offer is an offer to existing holders of securities to subscribe for or purchase further securities in proportion to their holdings made by means of the issue of a renounceable letter or other negotiable document which may be traded (as “*nil paid*” rights) for two weeks before payment for the securities is due.

[amended by the Committee with effect from the 31st January, 2002.]

Specific requirements

5.39 Letters of application, allocation or acceptance are to be issued for the rights offer and must be renounceable. The Committee may in exceptional circumstances waive this requirement.

Underwriting

5.40 A rights offer must be underwritten.

5.41 The underwriter must satisfy the Committee that it can meet its commitments.

5.42 Any underwriting commission paid to a shareholder of the company should not be above the current market rate payable to independent underwriters.

Excess security applications

5.43 In a rights offer which includes the right to apply for excess securities, the right to apply for excess securities must be transferable upon renunciation of a letter of allocation.

5.44 In respect of applications for excess securities, the pool of excess securities should be allocated equitably, taking cognisance of the number of securities held by the shareholder (including those taken up as a result of the rights offer) and the excess securities applied for by such shareholder and may be used to round holdings up to multiples of 100 securities.

Ratio for rights offers

5.45 The ratio should not give rise to fractions of securities that have more than two decimal places.

General

5.46 Rights offers priced at above the ruling price require the approval of the Committee.

[amended by the Committee with effect from the 31st October, 2001]

5.47 Unless circumstances are such as to warrant a concession being granted by the Committee, the Committee requires the letters of allocation to be listed.

5.48 In respect of the letter of allocation, only **Form A** (Form of Renunciation) requires the signature of the renouncee. **Form B** (Registration application form) and **Form C** (Application for split forms) must not be required to be signed.

Documents to be submitted to the Committee

5.49 The documents detailed in paragraph 16.15 should be submitted to the Committee at the relevant times as specified within the timetable set out in paragraph 5.53 below.

Documents to be published/circulated.

5.50 Press announcements should be published giving the following information, respectively:

- (a) the last date for shareholders to register to participate in the rights offer;
- (b) the terms of the rights offer;
- (c) the salient dates relating to the rights offer; and
- (d) the results of the rights offer.

5.51 In addition a circular or pre-listing statement should be sent to shareholders.

5.52 The press announcements, rights offer circular or pre-listing statement should comply with the requirements of paragraphs 11.13 to 11.18 and should be issued according to the timetable set out below.

Timetable

5.53 The following timetable is a guide and applicable to a listed company making a rights offer.

Day	Event
Friday (D+0)	Latest date for the first press announcement giving the last day for registration for the rights.
Monday (D+10)	Second press announcement giving the terms of the rights offer including the statement referred to in paragraph 5.40.
Wednesday (D+12)	Third press announcement giving the salient dates for the rights offer. (All documentation described in paragraph 16.15 must have been submitted to and approved by the Committee).
Friday (D+14)	Last day to register for the rights offer.
Monday (D+17)	Securities listed ex rights.

[amended by the Committee with effect from the 31st January, 2002.]

Day	Event
Wednesday (D+19)	Last day for receipt of postal registrations.
Friday (D+21)	Circular and/or pre-listing statement and letters of allocation posted to shareholders registered for the rights offer.
Monday (D + 24)	Letters of allocation listed
Wednesday (D+40)	Last day for dealing in letters of allocation.

Thursday (D+41)	Last day for splitting letters of allocation (14h30). Securities that are the subject of the rights offer listed (if granted).
Friday (D+42)	Offer closes (14h30) (earliest date).
Wednesday (D+47)	Last day for postal acceptances of the rights offer.
Friday (D+49)	Fourth press announcement giving the results of the rights offer.

[amended by the Committee with effect from the 31st January, 2002.]

Claw-back offers/issues

Description

5.54 A claw-back offer is an issue of securities for cash by an applicant to persons where the securities are then offered by such persons to the applicant's shareholders in proportion to their holdings.

Specific requirements

5.55 The securities must be offered to the applicant's shareholders, by way of a renounceable letter or other negotiable document which must be listed (as "fully paid" or "nil paid" rights), for a period of at least 3 weeks, before payment for the securities is due.

5.56 The requirements of paragraphs 5.38 to 5.53 in respect of rights offers also apply to claw-back offers.

Capitalisation issues

Description

5.57 A capitalisation issue is an issue of fully paid shares capitalised from the company's share premium, capital redemption reserve fund or reserves (or combinations thereof) to existing shareholders of the company in proportion to their shareholdings at a specific date.

5.58 The Committee will not approve any announcement, advertisement or circular in which a capitalisation issue is in any way described or presented as a dividend when shareholders are not entitled to elect to receive a cash dividend.

Specific requirements

5.59 Shareholders' approval must be obtained by the applicant to give effect to the capitalisation of the share premium or reserves where the articles of association do not permit the directors to do so without the approval of the shareholders.

Ratio for capitalisation issues

5.60 The ratio should not give rise to fractions of securities that have more than two decimal places.

5.61 Where the ratio is proposed to be other than that of whole securities per 100, the Committee will require the transfer secretaries to treat applications from nominee companies as stated in paragraphs 5.124 and 5.125.

Documents to be submitted to the Committee

5.62 The documents detailed in paragraph 16.16 should be submitted to the Committee at the relevant times as specified within those paragraphs.

Documents to be published

5.63 A press announcement must be published and a circular must be sent to shareholders.

5.64 The press announcement and circular must comply with paragraphs 11.19 to 11.22 and be issued according to the timetable set out below:

Timetable

5.65 The timetable for a capitalisation issue as a guide is set out below:

Day	Event
Friday (D+0)	Publication of press announcement.
Friday (D+14)	Record date for participation in capitalisation issue. Lodge application for listing the maximum number of securities that could be issued.
Monday (D+17)	Securities listed ex-entitlement. Circular made available. Maximum number of securities that could be issued listed (if granted)
Wednesday (D+ 19)	Last day for postal registration.
Friday (D+21)	Post circular to shareholders. Securities allotted and listed. Lodge signed application for listing detailing actual number of securities issued. Securities allotted and listed. Share certificates posted to shareholders.

[Table amended by the Committee with effect from the 31st January, 2002.]

Note : Should a cash underpin for the capitalisation shares be offered by a third party, the requirements of paragraphs 5.70 to 5.77 must be adapted accordingly.

Scrip dividend and cash dividend elections

Description

5.66 A scrip dividend comprises capitalisation shares which shareholders are afforded the right to elect to receive in lieu of cash dividends. Dividend and dividend yield statistics issued by the ZSE will reflect the full amount of the dividend before shareholder election.

5.67 A cash dividend election arises where a capitalisation issue is declared and shareholders are afforded the right to elect to receive a cash dividend in lieu of the capitalisation (or bonus) shares.

5.68 In either case the grant of the right of election must not be prohibited by the articles of association.

5.69 The Committee will not approve an announcement or circular in which a capitalisation issue is in any way described or presented as a dividend when shareholders are not entitled to elect to receive a cash dividend.

Specific requirements

5.70 A form of election must be despatched with the circular containing the following:

- (a) a statement that the election may be made in respect of all or part of the securities held or deemed to be held at the close of business on the record date. (Fractions will be paid out in cash);
- (b) the ratio of entitlement; and
- (c) a statement if no late postal elections will be accepted.

5.71 Shareholders' approval must be obtained by the applicant to give effect to the capitalisation of the share premium or reserves where the articles of association do not permit the directors to do so without the approval of the shareholders.

Ratio for fractional scrip dividends

5.72 The ratio should not give rise to fractions of securities that have more than two decimal places.

5.73 Where the ratio is proposed to be other than that of whole securities per 100, the Committee will require the following:

- (a) the date of payment of the scrip dividend must be at least three weeks, and at most six weeks, from the last day to register;
- (b) the transfer secretaries must treat applications from nominee companies as stated in paragraphs 5.124 and 5.125; and
- (c) fractions of securities should be paid in cash or rounded up.

Documents to be submitted to the Committee

5.74 The documents detailed in paragraph 16.16 should be submitted to the Committee at the relevant times as specified within those paragraphs.

Documents to be published

5.75 For a scrip dividend or a cash dividend election two press announcements must be published and a circular sent to shareholders.

5.76 The press announcements and circular must comply with paragraphs 11.19 to 11.22 and be issued according to the timetable set out below:

Timetable

5.77 The timetable as a guide for a scrip dividend is set out below:

Day	Event
Friday (D+0)	Publication of first press announcement.
Monday (D+10)	Publication of second press announcement.
Friday (D+14)	Record date for participation in scrip dividend (All documentation described in paragraph 16.16 must have been submitted to and approved by the Committee)
Monday (D+17)	Securities listed ex-entitlement. Circular made available. Maximum number of securities that could be issued listed (if granted).
Friday (D+21)	Post circular to shareholders.
Friday (D+42)	Last day for election.
Monday (D+45)	Press announcement of results of issue. Lodge signed application for listing detailing actual number of securities issued.
Wednesday (D+47)	Securities allotted and listed. Share certificates and dividend warrants posted to shareholders.

[Table amended by the Committee with effect from the 31st January, 2002]

Issues for cash

Description

5.78 An issue for cash is an issue of securities for cash (or the extinction of a liability, obligation or commitment) in compliance with paragraphs 5.79 to 5.86:

- (a) to persons who are specifically approved by shareholders in general meeting in respect of that particular issue; or
- (b) generally approved by shareholders by the giving of a renewable mandate (which should be valid until the company's next annual general meeting provided it shall not extend beyond 15 months) to the directors of the issuer to issue shares for cash subject to the requirements of the ZSE and to any other restrictions set out in the mandate.

Specific requirements

5.79 An applicant may only issue for cash securities with voting rights where those securities are of a class already issued and subject to the following:

- (a) the issue must be made to public shareholders as defined in paragraph 4.22 and of a class already in issue;
- (b) issues in the aggregate in any one financial year may not exceed 25% of the applicant's issued share capital of that class (in this calculation, the securities of a particular class will be aggregated with the securities which are compulsorily convertible into securities of that class; and in the case of the issue of compulsorily convertible securities, aggregated with the securities of that class into which they are compulsorily convertible);

[amended by the Committee with effect from the 31st January, 2002.]

and

- (c) the maximum discount permitted:

- (i) where shareholders' approval is sought in terms of paragraph 5.78(a) will be subject to shareholders approval;
- (ii) where shareholders' approval is sought in terms of paragraph 5.78(b) will be 10% of the weighted average traded price of those securities over the 30 days prior to the date that the price of the issue is determined or agreed by the directors of the applicant. The Committee should be consulted for a ruling if the applicant's securities have not traded in such 30 day period.

5.80 The number of securities of a class which may be issued in terms of paragraph 5.78 shall be based on the number of securities of that class in issue at the date of such application.

[amended by the Committee with effect from the 31st January, 2002.]

5.81 The Committee may, if it is satisfied that the applicant is in severe financial difficulty or that there are other exceptional circumstances, waive some or all of the requirements contained in paragraphs 5.79, 5.80, 5.82 and 5.83, in relation to an issue of shares for cash.

Voting

5.82 An 85% majority of votes cast is required by shareholders present or represented by proxy at the general meeting to approve the resolution regarding the waiver of pre-emptive rights where 35% or more of the applicant's issued securities are held by the public (see paragraph 4.22).

5.83 If the applicant has less than 35% of its securities held by the public, a 90% majority of votes cast will be required by shareholders present or represented by proxy to approve the resolution regarding the waiver of pre-emptive rights at the general meeting.

5.84 The consequence of any issue for cash should not, in respect of the applicant, constitute an "*affected transaction*".

5.85 The documents detailed in paragraph 16.17 should be submitted to the Committee at the relevant times as specified within that paragraph.

Documents to be published

5.86 Where approval has been obtained in terms of paragraph 5.78 a circular should be sent to shareholders giving details of the issue for cash. The circular should contain the information set out in paragraph 11.24;

[amended by the Committee with effect from the 31st January, 2002.]

Announcements

5.87 After the company has issued securities in terms of a specific issue of shares for cash authorized in accordance with paragraph 5.78, the company shall publish an announcement containing full details of the issue, including: the number of securities issued, the average discount to the weighted average traded price of the securities over the 30 days prior to the date that the price of the placing was determined or agreed by the directors of the company; if the discount exceeded 10%, the name of the independent professional expert who prepared the required fair and reasonable statement, and where copies of such statement can be obtained; and the effects of the issue on net asset value and earnings per share.

[inserted by the Committee with effect from the 31st January, 2002.]

Acquisition or merger issues

Description

5.88 An acquisition or merger issue (or vendor consideration issue) is an issue of securities in consideration for an acquisition of assets (which shall not include the extinction of a liability, obligation or commitment) or an issue of securities for an acquisition of, or merger with, another company as consideration for the securities of that other company.

Specific requirements

5.89 Listing will only be granted to securities issued as consideration for an acquisition or merger should the Committee determine that their issue be for the bona fide purchase of assets and not a circumvention of shareholders' rights of pre-emption.

5.90 Accordingly, the Committee must be consulted when a listed company proposes to issue securities as consideration for the acquisition of assets.

Documents to be submitted to the Committee

5.91 The documents detailed in paragraph 16.18 should be submitted to the Committee at the relevant times as specified within that paragraph.

Documents to be published/circulated

5.92 The documents to be published with regard to an acquisition or merger issue are set out under the various categories in [Sections 9](#) and [10](#).

Vendor consideration placings

Description

5.93 A vendor consideration placing is a marketing by or on behalf of vendors of securities which are to be issued to them as consideration for an acquisition.

Specific requirements

5.94 In a vendor consideration placing:

- (a) all vendors must have an equal opportunity of participating in the placing;
- (b) where the securities to be placed are equity securities of a class already listed the placing price must not be at a discount of more than 10% to the weighted average traded price of those minimum securities over the 30 days prior to the date that the price of the placing is determined or agreed by the directors of the company, or a 10% discount to the 30 day weighted average trading price, prior to the date of the placing;

(c) the Committee should be consulted for a ruling if the company's securities have not traded in the 30 day period referred to under (b); and

(d) if the securities being placed are a class of equity securities not already listed, the requirements of [Section 4](#) apply (unless the issuer has another class of equity security already listed, however, the requirement as to the spread of shareholders will apply).

Exercise of options to subscribe for securities (including options in terms of executive and staff share schemes)

5.95 Applications for listing of securities issued in terms of options must be made in terms of [Section 16](#).

5.96 Application for listing of shares in terms of executive and staff share schemes may either be for block listings or for specific allotments.

5.97 The ZSE will grant a block listing only in multiples of Z\$5 million for securities issued in terms of approved schemes. Subsequent issues of securities in terms of the scheme will be subtracted from the initial block until such time as that block is exhausted, at which time an application for a further block will become necessary.

Issues with participating or conversion rights

5.98 Classes of securities which have participating rights to profits or have equity conversion rights must be offered to ordinary shareholders of a company by means of a rights offer, unless issued:

- (a) by way of a claw-back offer;
- (b) by way of an issue for cash;
- (c) for the acquisition of assets or merger; or
- (d) in circumstances which the Committee considers to be exceptional.

Repurchase of securities

[new section inserted by the Committee with effect from the 31st January, 2002.]

Description

Acquisition by a company of its own shares and by a subsidiary of shares in its holding company (repurchase of securities)

5.99 An acquisition by a company of its own shares or a purchase by a subsidiary of shares in its holding company (in accordance with sections 78, 79, 80, 81, 82, 83 and 84 of the Companies Act) constitutes a repurchase of securities, in which case the holding company must comply with paragraphs 5.101 to 5.121 ;

- (a) on terms which are specifically approved by shareholders in a general meeting in respect of that particular repurchase ("**a specific repurchase of securities**"), which shall be valid until such time as the approval is amended or revoked by a special resolution; or
- (b) generally approved by shareholders by the giving of a renewable mandate (which shall be valid until the company's next annual general meeting provided it shall not extend beyond 15 months from the date of the resolution) to the directors of the company to repurchase its securities subject to the requirements of the ZSE and to any other restrictions set out in the mandate ("**a general repurchase of securities**").

5.100 The repurchase by a company of its own securities shall not, in the aggregate in any one financial year exceed 40% of that company's issued share capital of that class, provided that any general repurchase may not exceed 20% of that company's share capital of that class in any one financial year.

Requirements for specific authority to repurchase securities ("specific repurchase")

5.101 a. An applicant may only make a specific repurchase subject to:

- in the case of an offer to all shareholders pro rata to their existing holdings (pro rata offer), or from shareholders specifically named (*specific offer*);
- if authorized thereto by its articles; and

- subject to authorization being given in terms of a special resolution of the company by shareholders excluding controlling shareholders, their associates, any party acting in concert, and any shareholder who is participating in the repurchase (specific offer) and who is not regarded as being public in terms of paragraphs 4.22 to 4.24 of the Listing Requirements.

b. A pro rata offer must remain open for 21 days.

Circular

5.102 The circular should contain the following:

a. Contents of all circulars (11.1);

b. General information including:

- Names and addresses of directors (7.B.2)

- Major shareholders (7.A.28)

- Material changes (7.E.11)

- Directors' interest in securities (7.B.17)

- Share capital (7.A.4 and 7.A.5)

- Directors' responsibility statement (7.B.19)

- Litigation statement (7.B.11);

c. The reason for, and method, by which a company intends to repurchase its securities including the number of securities to be repurchased and the price to be paid;

d. In the case of a repurchase from a specific shareholder or shareholders, the name of such shareholder(s) and the current shareholding(s) of such shareholder(s) and, the names and details of the parties excluded from voting as in paragraph 5.106.(a);

e. In the case of a pro rata offer, a statement that a shareholder may tender more securities. Shareholders who tender securities in addition to the offer, must be treated on an equitable basis.

f. The effect on earnings per share and net asset value and tangible net asset value per share on the group of the proposed repurchase;

g. A statement by the directors after considering the effect of such repurchase as to the following;

i. the company and the group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of the approval of the circular;

ii. the assets of the company and the group will be in excess of the liabilities of the company and the group. For this purpose the assets and liabilities should be recognized and measured in accordance with the accounting policies used in the latest audited annual group financial statements;

iii. the adequacy of ordinary capital and reserves of the company and the group for a period of 12 months after the date of the approval of the circular (7.E.7); and

iv. the adequacy of working capital of the company and the group for a period of 12 months after the date of the approval of the circular (7.E.8).

h. A statement as to the source of funds to be utilized; and

i. In the case of a specific offer, a statement complying with Schedule 5, from an independent professional expert acceptable to the committee, indicating whether or not the premium paid is fair and reasonable to shareholders of the company if such a premium is more than 5% of the weighted average of the market value for the securities for the five business days immediately preceding the announcement of the repurchase.

5.103 Financial information and auditors' reports, in terms of paragraph 5.110 to 5.113, must be submitted to the Committee simultaneously with the circular to shareholders.

Announcements

5.104 In the case of the pro rata offer, announcements containing the following must be made.

a. The first announcement:

- That a circular containing details of the offer and notice of general meeting will be dispatched to shareholders;
- Date of the meeting in which the specific authority will be sought;
- The last day to register in order to participate in the offer;
- Terms and conditions of the offer including the ratio and the price;
- Opening and closing dates of the offer; and
- Date of payment by the company.

b. The second announcement:

- The details of the pro rata offer;
- The results of the meeting.

c. The third announcement:

- Results of the pro rata offer and the cost;
- Date on which the securities will be cancelled, and the listing terminated, if applicable; and
- Effect on earnings per share, net asset value per share and tangible net asset value per share.

5.105 In the case of a specific repurchase from a specific shareholder(s) the announcement must contain the following:

- Terms of the repurchase;
- Date of the meeting at which the specific authority will be sought;
- From whom the specific repurchase is to be made;
- The date on which the repurchase is to be made and the date on which the securities will be cancelled and the listing terminated, if applicable;
- Effect on earnings per share, net asset value and tangible net asset value per share; and
- That a circular containing details of the above will be dispatched to shareholders.

Requirements for general authority to repurchase securities ("general repurchase")

5.106 A company may only make a general repurchase of securities subject to:

- a. The repurchase of securities being implemented on the ZSE ("open market");
- b. Being authorised thereto by its articles;
- c. Authorisation by shareholders in terms of a special resolution of the company, in general meeting, which shall be valid only until the next annual general meeting provided it shall not extend beyond 15 months from the date of resolution;
- d. Repurchases may not be made at a price greater than 5% above the weighted average of the market value for the securities for the five business days immediately preceding the date of repurchase.

Notice of Annual General Meeting

5.107 If a company is seeking at its annual general meeting a general authority to repurchase its own securities, the following information must be included in the notice of general meeting:

- a. A statement of the board of directors' intention regarding the utilization of the authority sought;
- b. The maximum number of securities to be repurchased and the price and date at which the repurchase is to take place;
- c. A statement by the directors after considering the effect of such maximum repurchase as to the following:
 - i. The company and the group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of the notice of Annual General Meeting;
 - ii. The assets of the company and the group will be in excess of the liabilities of the company and the group. For this purpose the assets and liabilities should be recognized and measured in accordance with the accounting policies used in the latest audited annual group financial statements;
 - iii. The adequacy of ordinary capital and reserves of the company and the group for a period of 12 months after the date of the notice of Annual General Meeting (7.E.7); and
 - iv. The adequacy of working capital of the company and the group for a period of 12 months after the date of the notice of Annual General Meeting (7.E.8).
- d. A statement in the resolution that such authority is limited to paragraph 5.106 (c) to (d).

If a company is seeking at a meeting other than the annual general meeting a general authority to purchase its own securities, a circular must accompany the notice of general meeting complying with "a" – "d" above as well as:—

- e. Contents of all circulars (11.1)'
- f. General information including:
 - Names and address of directors (7.B.2)
 - Major shareholders (7A.28)
 - Material changes (7.E.11)
 - Directors' interest in securities (7.B.17)
 - Share capital (7.A.4 and 7.A..5)
 - Directors' responsibility statement (7.B.19)
 - Litigation statement (7.D.11)

5.108 Financial information and auditors' reports, in terms of paragraph 5.1.10 to 5.1.13 must be submitted to the Committee before the company repurchases its securities in the open market.

*Announcements
Open Market*

5.109 When a company has cumulatively repurchased 3% of the initial number (the number of that class of shares in issue at the time that general authority from shareholder is granted) of the relevant class of securities, and for each 3% aggregate of the initial number of that class acquired thereafter, an announcement must be made. This announcement must be made as soon as possible and in the event of not later than 08h30 on the business day following the day on which the relevant threshold is reached or exceeded and must contain the following:—

- Dates of the repurchase of securities;
- The highest and lowest prices paid for securities so repurchased;
- The number and value of securities repurchased;
- Extent of the authority outstanding by number and percentage calculated on the number of shares in issue before any repurchases were effected);
- A statement as to the source of funds utilized;

- A statement by the directors after considering the effect of such repurchase as to the following:
 - i. The company and the group will be able in the ordinary course of business to pay its debts for a period of 12 months after the date of the announcement;
 - ii. The assets of the company and the group will be in excess of the liabilities of the company and the group. For this purpose the assets and liabilities should be recognized and measured in accordance with the accounting policies used in the latest audited group annual financial statements;
 - iii. The adequacy of ordinary capital and reserves of the company and the group for a period of 12 months after the date of the announcement (7.E.7.); and
 - iv. The adequacy of the working capital of the company and the group for a period of 12 months after the date of the announcement (7.E.8.).
- Effect on the earnings per share, net asset value and tangible net asset value per share; and
- Date on which the securities will be cancelled and the listing terminated, if applicable.

Financial Information

Historical Financial Information

5.110 The company's directors should submit a copy of the audited annual financial statements of the company and/or (as appropriate) the group to the Committee. Where more than 9 months have lapsed since the financial year-end of the company, the company's directors should prepare and submit the most recent interim report of the company and/or (as appropriate) the group, required to have been distributed in terms of paragraph 3.20, to the Committee. The interim report should be prepared in accordance with IAS requirements on Interim Reporting, any statutory requirements and paragraphs 8.44 to 8.54 and should include the auditors' report.

5.111 A company or its subsidiary may not repurchase securities within 40 business days prior to publication of its annual or interim results. The company or its subsidiary may not repurchase securities if the company is under cautionary announcement.

5.112 The requirements of paragraphs 5.99 to 5.119 also apply to purchase by a subsidiary of securities in its holding company except in the case of transactions entered into on behalf of bona fide third parties, either by the company or any other member of its group on arms length terms. A listed company must obtain approval from its shareholders, in accordance with paragraphs 5.101 or 5.106 before any major unlisted subsidiary of the listed company undertakes to purchase securities in its holding company.

5.113 If a company has announced that it will repurchase its securities, it must pursue the proposal unless the Committee permits the Company, on good cause, not to pursue.

5.114 Where a repurchase by a company of its own securities is to be made from a related party, whether directly or through intermediaries the requirements of [Section 10](#) must also be complied with unless:

- i. A pro-rata offer is made to all holders of the class of securities on the same terms; or
- ii. In the case of an open market repurchase pursuant to a general authority granted by shareholders, it is made without any prior understanding or arrangement between the company and the related party.

5.115 Companies may only undertake a repurchase of securities if after such repurchase it still complies with paragraphs 3.39 to 3.43 concerning shareholder spread requirements.

Purchase of securities other than equity shares

Notification of decision to repurchase

5.116 Where a company intends to make a proposal, which is to be open to all holders in respect of all or part of their holdings, or repurchase any of its securities other than equity shares it must:

- a. while the proposal is being actively considered, ensure that no dealings in the relevant securities are carried out by or on behalf of the company or another member of its group, associate or subsidiary, until the proposal has either been submitted to the ZSE or abandoned; and

b. notify the ZSE of its decision to repurchase unless the repurchases will consist of individual transactions in accordance with the terms of issue of the securities, whether for sinking fund purposes or otherwise.

Notification of repurchases, early redemptions and cancellations

5.117 Any repurchases, early redemptions or cancellations of the company's securities, other than equity securities by or on behalf of the company or any other member of the group of which it is part, must be notified to the ZSE when an aggregate of 3% of the initial number of the relevant class of securities has been purchased, redeemed or cancelled, and for each 3% in aggregate of the initial number of that class acquired thereafter. Such notification must be made as soon as possible and in the even not later than 08h30 on the business day following the day on which the relevant threshold is reached or exceeded. The notification must state the number of securities acquired, redeemed or cancelled since the last such notification, the number of the class of securities which remain outstanding and when the securities repurchased are to be cancelled and the listing terminated, if applicable.

Period between repurchase and notification

5.118 In circumstances where the repurchase is not being made pursuant to a general offer announced in accordance with paragraphs 5.116 and the repurchase causes a relevant threshold in paragraph 5.117 to be reached or exceeded, no further repurchases may be effected until after notification in compliance with paragraphs 5.117 has been made.

Convertible securities

5.119 In the case of securities which are convertible into, exchangeable for, or carry a right to subscribe for equity securities, unless a partial offer is made to all holders of that class of securities on the same terms, repurchases must not be made at a price more than 5% above the weighted average of the market value for the securities for the 5 business days immediately preceding the date of repurchase.

Reduction of share capital

5.120 Companies wishing to reduce their share capital must comply with the relevant provisions of the Companies Act. In addition to this the company must comply with the Listings Requirements as provided below:

a. the company must obtain the approval of its shareholders in general meeting. The circular should include a statement giving the directors' opinions on the transaction, a recommendation as to how shareholders should vote at the general meeting to approve the transaction and an indication as to how the directors intend to vote their shares;

b. Authorisation by shareholders in terms of a general resolution.

Notice of Annual General Meeting

5.121 If a company is seeking at its Annual General Meeting a general authority to reduce its share capital, a statement of the board of directors' intention regarding the utilisation of the authority sought must be included in notice of general meeting.

Circular

5.122 The circular should contain the following:

a. Contents of all circulars (11.1)

b. General information including:

- Names and addresses of directors (7.B.1)
- Major shareholders (7.A.28)
- Material changes (7.E.11)
- Directors' interest in securities (7.B.15)
- Share capital (7.A.4 and 7.A.5)
- Directors' responsibility statement (7.B.17)

- Litigation statement (7.D.11)
- c. The means for and method by which a company intends to reduce its share capital.
- d. The effect on earnings per share and net asset value.

[amended by the Committee with effect from the 31st January, 2002.]

General

Exchange control approval

5.123 Committee approval of an issue of securities will not be given until such time as copies of the requisite authority, if necessary, from the Exchange Control Department of the Reserve Bank, giving a ruling regarding the use of funds introduced through normal banking channels from abroad or from a non-resident account or from an emigrant's blocked account relating to such issue, is received (See paragraph 16.27).

Securities registered in the name of nominee companies

5.124 Where a listed company intends entering into a transaction or scheme which may, in its effect, discriminate between shareholders holding securities beneficially through nominee companies (the "**nominee company**") and shareholders holding securities directly in such listed company, the listed company shall procure that, in the former case, the nominee companies timeously provide it with lists, certified as correct by a director of the nominee companies, of the individual shareholdings of such beneficial shareholders, as at the relevant record date, by number and not by name, in order to ensure that all shareholders in the listed company receive equal treatment.

5.125 The requirement of paragraph 5.124 should be applied in respect of all listed company transactions, e.g. distributions *in specie* of, or subscription for, securities in subsidiary companies or capitalisation issues, which give rise to fractional entitlements.

Share certificates

5.126 The Committee normally requires the issue of certification on the day of listing of new securities or within 7 days from the date of lodgement of the certificates for transfer or splitting.

5.127 Applicants which have not yet adopted Certified Transfer Deed Procedures must effect registration of scrip within 24 hours of receipt.

5.128 The Committee will not normally grant a listing to an issue of securities until the relevant share certificates, or other documents of title, have been made available except where the relevant securities arise out of an entitlement derived from a holding in a listed security. Deals entered into between the date of commencement of the listing and the date the document of title is made available shall be for settlement during the week following the date the document of title is made available.

5.129 Where it is proposed to issue share certificates which of necessity require to be distinguishable from existing listed securities, it is necessary to submit to the Committee a copy of the proposed certificate and a copy of the existing certificate. The procedures to be adopted thereafter are to be agreed at this stage.

Over-allotment options ("greenshoes")

5.130 Price stabilization mechanisms known as "greenshoes" or, more appropriately, "over-allotment options" will only be permitted by Zimbabwean registered companies whose primary listing is on the ZSE under the following conditions:

- (a) the securities involved are the subject of an international offering under which securities are to be listed on a foreign exchange that properly regulates over-allotment options;
- (b) any price stabilisation is affected on the foreign exchange referred to in (a) above; and
- (c) the total number of securities to be issued in any transaction, including the securities to be issued in terms of the over-allotment option, complies with the requirements of paragraphs 5.80 to 5.88 relating to issues for cash.

5.131 Over-allotment options will not generally be permitted on the ZSE as:

- (a) it is in conflict with the Committee's general regard to the shareholders' pre-emptive rights; and

(b) it may be used as a mechanism for price manipulation in the securities of a listed company.

[amended by the Committee with effect from the 31st January, 2002.]

Application for a listing

5.132 In respect of an application for a listing, notice of such application shall be given to the ZSE and from the time of giving such notice until the listing commences or the application is refused no member of the ZSE shall deal in the securities in respect of which the application is made.

5.133 In the event of the application being refused a notice to that effect shall be given.

5.134 Unless the Committee otherwise directs notice of an application for a listing shall not be given during ZSE trading hours.

5.135 The provisions of paragraphs 5.109 to 5.110 shall not apply to an application in respect of additional securities of a class already listed.

Acceptance of late postal deliveries

5.136 Applicants must accept for registration deliveries bearing a postmark up to and including the date of the last day to register, provided these are received within three days of that date.

5.137 The last day to register should be a Friday, but if the Friday is a holiday then the previous business day must be taken as the last day to register.

5.138 However, in exceptional circumstances that are well motivated, the Committee will consider allowing the last day to register to fall on another day.

Odd-lot offers

5.139 An "odd-lot" offer is one where the listed company intends reducing administrative costs resulting from a large number of "odd-lot" holders. The Committee interprets an "odd-lot" as a total holding of less than 100 securities or as otherwise agreed by them.

5.140 When a listed company proposes to make such an offer, the following criteria will apply in all instances. A three-way election must be provided for. Holders may:—

- (a) elect to retain their odd-lot holding;
- (b) elect to top up their holding to one hundred securities; or
- (c) elect to sell their odd-lot holding.

5.141 If the top up and sale prices are not the same, the prices must in all circumstances be to the advantage of the holders concerned.

5.142 (a) Listed companies may not undertake such an offer where it could lead to a contravention of the minimum spread requirements; and

- (b) in any distribution, award or reconstruction contemplated by a listed company where shareholders may receive odd-lot entitlements, shareholders so affected must, where the listed company wishes instead to compensate such shareholders in monetary terms, be given the opportunity to elect to receive such odd-lot entitlement.

Preferential offers

5.143 A preferential offer is an offer by an applicant to directors, employees, pensioners and direct business associates (including customers with whom there is a direct and enduring contractual relationship) of the applicant by means of a non-transferable application form bearing the name of a specific party and stating a maximum number of securities which may be subscribed for in that application.

[old sections repealed by the Committee with effect from the 31st January, 2002.]

Section 6

Pre-listing Statements

SCOPE OF SECTION

This section sets out the requirements relating to the pre-listing statements. If the pre-listing statement is a prospectus as defined by the Act issuers should also comply with the provisions of the Companies Act.

The main headings are:

- 6.1 Requirement for pre-listing statement
- 6.2 Responsibility
- 6.6 Form and content
- 6.10 Formal approval
- 6.12 Supplementary pre-listing statements
- 6.14 Omission of information
- 6.18 Issues not requiring pre-listing statements
- 6.21 Acquisition and merger issues.

Additional and alternative requirements relating to pre-listing statements are set out in [Section 12](#), [13](#), [14](#) and [15](#) respectively dealing with mineral companies, property companies, pyramid companies and investment entities, and dual Listings.

[amended by the Committee with effect from the 31st January, 2002.]

Requirement for pre-listing statement

6.1 When a company applies for listing of its securities it must publish a pre-listing statement containing the particulars referred to in the Appendix to this section, save that a company whose securities are already listed shall not be so obliged in the circumstances set out in paragraphs 6.18 to 6.20 (issues not requiring pre-listing statements).

Responsibility

6.2 The pre-listing statement must include a statement, in the form set out in paragraph 7.B.17 (responsibility statement), modified as required pursuant to paragraph 6.3 or 6.4 or in such other form as may be permitted by the Committee.

6.3 If the pre-listing statement relates to securities issued in connection with a recommended take-over of the listed company and the directors of the other company accept responsibility for the information given on that company in the pre-listing statement, then the directors of the applicant may accept responsibility only for the rest of the information in the pre-listing statement (see paragraph 7.B.17) and the responsibility statement must be adapted accordingly.

6.4 The Committee may require responsibility to be extended to additional persons who have made specific statements in, or who have made contributions to, the pre-listing statement, in which case the statement must be adapted accordingly.

6.5 The pre-listing statement must be signed by every director of the applicant (or by his agent or attorney, with a copy of the authority of any such agent or attorney); provided that where responsibility for any information contained in different parts of the pre-listing statement has been extended to or accepted by any other person in accordance with paragraph 6.3 or 6.4, such other person (or his agent or attorney) shall also sign the pre-listing statement and it shall be stated clearly for which part or parts of the pre-listing statement each signatory bears responsibility.

Form and content

6.6 Pre-listing statements must contain:

- (a) the information described in [Section 7](#) according to the nature and circumstances of the applicant and the type of security as specified in the Appendix to this section; and

(b) such additional information as the Committee may reasonably consider investors and their professional advisors to reasonably require for the purposes of making an informed assessment of the prospects and status of the applicant. If the Committee requires additional disclosure, it will inform the applicant of such additional information required.

6.7 Pre-listing statements must provide factual information in words and figures, in an easily analysable and comprehensible form as possible.

6.8 There is no prescribed format for pre-listing statements except that:

- (a) the Committee may require that prominence be given in the pre-listing statement to important information in such manner as it considers appropriate;
- (b) in the case of pre-listing statements to be published by a new applicant the following information must appear on the first page together with the names of issuer, sponsor, merchant bank, auditors, reporting accountants, financial advisors and legal practitioners

[amended by the Committee with effect from the 31st January, 2002.]

Paragraph	Nature of statement
7.A.4 or 5	share capital
7.B.17	Responsibility
7.C.2 or 3	particulars of the issue
7.C.9	registration by the Registrar of Companies

(c) pre-listing statements should not contain pictures, charts, graphs or other illustrations unless the Committee is satisfied that this is the only way in which the information can be clearly presented or is necessary in the interests of succinctness or comprehensibility and does not present the information unfairly.

Shareholder approval

6.9 If the issue of securities in respect of which the pre-listing statement is to be issued is made conditional upon shareholder approval the following statement must appear on the first page of the pre-listing statement:

"This pre-listing statement has been prepared on the assumption that the ordinary and special resolutions proposed in the Notice of General Meeting forming part of the circular to which the pre-listing statement is attached will be passed at the General Meeting of shareholders to be held on [] and registered (if applicable)."

Formal approval

6.10 Pre-listing statements must be formally approved by the Committee before publication. Such approval will only be given if the Committee considers that the information in the pre-listing statement is complete.

6.11 Pre-listing statements submitted to the Committee for the formal approval must be in the form of a typed document, but the Committee may permit manuscript information relating to the number of securities and the price, and any figures derived from them, when these items are not settled until a later stage.

Supplementary pre-listing statements

6.12 The Committee must be advised immediately and supplementary pre-listing statements published if, at any time after pre-listing statements have been published and before dealings in the relevant securities commence, the applicant becomes aware that:

- (a) there has been a significant change affecting any matter contained in the pre-listing statement; or
- (b) a significant new matter has arisen, the inclusion of information in respect of which would have been required to be mentioned in the pre-listing statements if it had arisen at the time of their preparation.

6.13 Supplementary pre-listing statements must:

- (a) give details of the change or new matter;
- (b) contain the statement required by paragraph 6.2; and
- (c) contain a statement that, save as disclosed, there has been no significant change and no significant new matter has arisen since publication of the previous particulars.
- (d) contain a statement that a copy of the supplementary listing particulars has been delivered to the Registrar of Companies – if applicable

[subpara inserted by the Committee with effect from the 31st January, 2002..]

Omission of information

6.14 If any information required by paragraph 6.6(a) is not applicable and no equivalent information is available, it need not be included in the pre-listing statement provided that the Committee is informed in writing of this and approves of such omission.

6.15 The Committee may authorise the omission of information which is applicable if it considers that:

- (a) the information is of minor importance only and is not such as will influence assessment of the assets and liabilities, financial position, profits and losses and prospects of the applicant.
- (b) disclosure would be contrary to the public interest and omission is not likely to mislead investors with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question; or
- (c) disclosure would be seriously detrimental to the applicant or would constitute an invasion of the applicants rights to privacy, and omission is not likely to mislead investors with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question.

6.16 Requests to the Committee to authorise any omission of information must:

- (a) be in writing from the applicant, sponsoring broker or, where appropriate, other adviser;
- (b) identify the information concerned and the reasons for the omission; and
- (c) state why, in the opinion of the applicant, one or more of the grounds in paragraph 6.15 applies.

Omission of significant contract from disclosure

6.17 The Committee may allow all or part of a significant contract to be withheld from public inspection (see paragraph 7.F.1). The request must:

- (a) be in writing from the applicant, sponsoring broker or, where appropriate, other adviser;
- (b) state why in the opinion of the applicant one or more of the grounds in paragraph 6.15 applied;
- (c) enclose a copy of the contract in question or, if the contract is not reduced to writing, a memorandum giving full particulars of its terms, and
- (d) include confirmation by the applicant that the contract is a significant contract not in the ordinary course of business.

Issues not requiring pre-listing statements

6.18 Pre-listing statements are not required for issues of securities by an applicant whose securities are already listed which fall into the following categories:

- (a) securities resulting from the conversion of convertible securities;
- (b) securities resulting from the exercise of rights under options;
- (c) securities issued in place of securities already listed (provided that there is no increase in the nominal value of the share capital as a result);

- (d) securities allotted to employees if securities of the same class are already listed;
- (e) where the issue relates to the extension of a business contemplated by and previously described in a pre-listing statement, the requirement to issue a pre-listing statement may be waived or the requirements reduced in the sole discretion of the Committee;
- (f) securities resulting from capitalisation issues; or
- (g) an issue of securities (including a rights issue) which, together with any securities of the same class issued in the previous 3 months, would increase the securities issued by less than 30% (for this purpose a series of issues in connection with a single transaction, or series of transactions that is regarded by the Committee as a single transaction, will be deemed to be a single issue).

6.19 In cases where pre-listing statements are not required under paragraph 6.18(a) to (f), the following information must be published by way of a press announcement:

- (a) where the issue would increase the securities of the relevant class by 30% or more, that required by paragraphs 7.B.6 and 17 and 7.C.2,3,6 and 7; or
- (b) where the issue would increase the securities of the relevant class by less than 30% but more than 10%, the number and type of securities to be admitted and the circumstances of their issue.

6.20 In the case of paragraph 6.18(g), further information which the Committee may reasonably consider investors and their professional advisors to reasonably require for the purpose of making an informed assessment of the prospects and status of the applicant may be required to be published by way of a press announcement and in some cases a circular to shareholders may be necessary (see [Sections 9,10 and 11](#)).

Acquisition and merger issues

6.21 In relation to an acquisition or merger where the consideration being offered consists of securities for which listing will be sought, pre-listing statements may be required as described in paragraph 6.1. Pre-listing statements may be necessary either as a result of the original terms of the offer or as a result of a revision of the terms during the course of an offer. Where pre-listing statements have already been published and the offer is revised, supplementary pre-listing statements may be required (see *paragraphs 6.12 to 6.13*).

Contents of pre-listing statements

6.22 The pre-listing statements issued in accordance with paragraph 6.21 must comply with the relevant requirements of this section and the Appendix to this section, subject to the following:

- (a) references in [Section 7](#) to the applicant's group will not, save as required under (b) and (c) below, include the offeree company and its subsidiaries unless it has become a member of the applicant's group by the time the pre-listing statements are published.
- (b) the information regarding major interests in securities (see paragraph 7.A.28) and directors' interests in securities (see paragraph 7.B.15) must be given in relation to the applicant's share capital both as existing and the share capital as enlarged by the securities for which listing is sought.
- (c) if the offer is recommended by the board of the offeree company at the time of the publication of an offer document the applicant must publish a statement as to the adequacy of working capital (see paragraph 7.E.13) and details of material loans (see paragraph 7.A.15) on the basis that the acquisition has taken place. If the offer has not been recommended by the board of the offeree at the time of the publication of an offer document the applicant must publish its own statement as to the adequacy of working capital and details of material loans, but the Committee will allow the statement as to the adequacy of working capital and details of material loans on the combined basis to be given later, in a circular or supplementary pre-listing statement which must be published in the absence of exceptional circumstances within 28 days after the offer is declared wholly unconditional. In the latter case the pre-listing statement must state that the statements on a combined basis will be available as soon as possible.

Publication of pre-listing statements

6.23 Pre-listing statements or supplementary pre-listing statements must be published either in full or in an abridged form in compliance with [Section 11](#). In either case, the full pre-listing statement must be distributed

to all shareholders in accordance with paragraphs 3.50 and 3.51. Where pre-listing statements are revised or supplementary pre-listing statements are prepared they will normally be required to be published and circulated to shareholders at the time of despatch of the revised offer document. The Committee may, in properly justified cases, be prepared to allow pre-listing statements to be published and circulated, subsequent to the despatch of the revised offer documents but before listing is granted.

Revised take-over offers

6.24 Where pre-listing statements have been published in connection with an offer which involves the exchange of securities for securities of another company and the offer is revised to include a new class of debt security for which listing is to be obtained, it will be unnecessary to repeat the information contained in the original pre-listing statement but any additional information appropriate to an issue of those securities must be published in a supplementary pre-listing statement.

Appendix to Section 6

This Appendix sets out the information required to be included in pre-listing statements.

Where the information required by a particular paragraph is inappropriate to the applicant's sphere of activity or legal form, the information must be appropriately adapted so that equivalent information is given.

Negative statements are required only where expressly indicated.

Unless specified, all reference to disclosure are at the date the pre-listing statement is issued or as near to such date as practicable.

Where another company is to become part of a new applicant's group, that other company and its subsidiaries must be treated as part of the new applicant's group for the purpose of the information required by this Appendix.

The Committee will not require an indebtedness statement (see paragraphs 7.A.12 to 20) to be included in pre-listing statements published in connection with an issue of securities where the issuer's business is entirely or mainly that of banking, insurance or the provision of similar financial services, provided the Committee is satisfied that:

- (a) the inclusion of such a statement would not provide significant information for investors; and
- (b) the applicant's solvency and capital adequacy are suitably regulated by another regulatory body.

New applicants and issuers issuing a prospectus

New applicants issuing a prospectus and existing listed companies issuing a prospectus are required to provide all the information in paragraphs 7.A to 7.H in the pre-listing statement.

New applicants and issuers not issuing a prospectus

New applicants not issuing a prospectus are required to provide all the information in paragraphs 7.A to 7.H in the pre-listing statement.

Directors managers and advisors	7.B.9 and 13
Securities for which application is being made	7.C.9,15 and 16
Group's activities	7.D.8
Financial information	7.E.12

Existing listed companies not issuing a prospectus are required to provide all the information in paragraphs 7.A to 7.H in the pre-listing statement except the following:

Applicant and its capital	7.A.2, 3 and 7
Directors managers and advisors	7.B.1e, 9 and 13

Securities for which application is being made	7.C.9
Group's activities	7.D.1
Financial information	7.E.1, 6, 9 (except for material acquisitions) and 12

For existing listed companies disclosures required by the following paragraphs are required for the twelve months preceding the issue of the pre-listing statement only:

Applicant and its capital	7.A.8
Group's activities	7.D.9 and 10 (material acquisitions and disposals only)

Section 7 Listing Particulars

SCOPE OF SECTION

This section sets out terms of information that may be required to be included in the pre-listing statements and circulars relating to rights offers, capitalisation issues and Category 1 or 2 transactions.

The requirements vary according to the nature and circumstances of the applicant as set out in:

The Appendix to [Section 6](#) Pre-listing statements

The Appendix to [Section 9](#) Transactions

[Section 11](#) Circulars and press announcements

[Section 12](#) Mineral companies

[Section 13](#) Property companies

[Section 15](#) Investment entities

[Section 18](#) Dual Listings

Where the disclosure of the information required in terms of this section cannot be obtained or is considered to be harmful to the applicant, application may be made to the Committee for reduced disclosure. The Committee's decision will be final.

The information is set out under the following paragraph headings:

7.A The applicant and its capital

7.B Directors, managers and advisors

7.C Securities for which application is being made

7.D Group's activities

7.E Financial information

7.F General information

7.G Documents and consents to be available for inspection

7.H Vendors

7.A The applicant and its capital

7.A.1 The name and address of the registered office and of the transfer office, the date of incorporation of the applicant and the place of incorporation or, if an external applicant, the country in which it is incorporated and the date of registration in Zimbabwe.

7.A.2 If the applicant is a subsidiary, the name and address of the registered office of its holding company, or of any body corporate, which, had it been registered under the Act, would have been its holding company.

7.A.3 If the applicant has changed its name within the last three years the old name must be printed in bold type under the existing name on the first page.

Share capital of the company

7.A.4 If consisting of shares of par value:

- (a) the authorised and issued or agreed to be issued share capital detailing:
 - (i) the classes of shares;
 - (ii) the number of shares in each class;
 - (iii) the nominal value of each class;
 - (iv) the amount paid up for each class; and
- (b) share premium.

7.A.5 If consisting of shares of no par value:

- (a) the stated capital;
- (b) the number of shares issued and held in reserve; and
- (c) the classes of shares.

7.A.6 A description of the respective:

- (a) preferential conversion and exchange rights;
- (b) voting rights; and
- (c) rights to dividends, profits or capital or any other rights of each class, including redemption rights and rights on liquidation or distribution of capital assets.

7.A.7 Information regarding the consents necessary for the variation of rights attaching to securities.

7.A.8 A summary of any issues or offers of securities of the applicant and its subsidiaries during the preceding three years, including:

- (a) the prices and terms at which such securities were issued or offered;
- (b) by whom any such offers were so made;
- (c) the number of securities allotted in pursuance thereof;
- (d) whether the securities were issued to all shareholders in proportion to their shareholdings or, if not, to whom they were issued, the reasons why the securities were not so issued and the basis of allotment;
- (e) the dates of the issues or offers;
- (f) the reasons for any premium or discount on the issue or offer, how any premium was dealt with and where some securities were issued or offered at a premium and others at par or a lower premium also the reasons for the differential; and
- (g) the value of asset, if any, acquired or to be acquired out of the proceeds of the issue or offer, together with such further detail as required by the Companies Act [Chapter 24:03](#).

7.A.9 A summary of any consolidations or sub-divisions of the shares during the preceding three years or such lesser period as the company has been trading, together with details of commissions and underwriting costs as required by the Companies Act Schedule 4.

7.A.10 A statement advising who controls the issue or disposal of the authorised but unissued securities i.e. the directors or shareholders in general meeting.

7.A.11 A statement as to what other classes of securities are listed and on which stock exchanges.

Borrowings

7.A.12 The borrowing powers of the applicant and its subsidiaries exercisable by the directors and the manner in which such borrowing powers may be varied.

7.A.13 A description of the circumstances, if applicable, if the borrowing powers have been exceeded during the past three years. Any exchange control or other restrictions on the borrowing powers of the applicant or any of its subsidiaries.

7.A.14 The amount of debentures created in terms of the trust deed and the amount issued or agreed to be issued.

7.A.15 Details of material loans, including debentures, to the applicant and to any of its subsidiaries, stating:

- (a) whether such loans are secured or unsecured;
- (b) the names of the lenders if not debenture holders;
- (c) the amount, terms and conditions of repayment or renewal;
- (d) the rates of interest on each loan;
- (e) details of the security, if any;
- (f) details of conversion rights; and
- (g) where the applicant or any of its subsidiaries has debts which are repayable within 12 months state how the payments are to be financed.

7.A.16 Particulars relating to debentures, or debenture stock issued by way of conversion or replacement of debentures or debenture stock previously issued stating all material differences between the security for the old stock and the security for the new stock (if such be the case) state that the security for the new stock is identical with the security for the old stock.

7.A.17 Details of all material commitments, lease payments and contingent liabilities.

7.A.18 Disclose details of all off- balance sheet financing by the applicant and any of its subsidiaries.

7.A.19 Disclose how the borrowings required to be disclosed by paragraphs 7.A.12 to 7.A.18 arose stating whether they arose from the purchase of assets by the applicant or any of its subsidiaries.

7.A.20 If no loan capital is outstanding this fact must be stated.

Loans receivable

7.A.21 Details of material loans by the applicant or by any of its subsidiaries, stating:

- (a) the date of the loan;
- (b) to whom the loan was made;
- (c) interest and repayment terms ;
- (d) if the interest is in arrears, the last date on which it was paid and the extent of the arrears;
- (e) the period of the loan;
- (f) the nature of security held;
- (g) the value of such security and the method of valuation;

- (h) if the loan is unsecured, the reasons therefor, and
- (i) if the loan was made to another company, the names and addresses of the directors of such company.

[amended by the Committee with effect from the 31st January, 2002]

7.A.22 Details (as described in paragraph 7.A.21) of loans made or security furnished by the applicant or by any of its subsidiaries made for the benefit of any director or manager or any associate of any director or manager.

7.A.23 Disclose how the loans receivable arose stating whether they arose from the sale of assets by the applicant or any of its subsidiaries.

Options or preferential rights in respect of securities

7.A.24 The substance of any contract or arrangement or proposed contract or arrangement, whereby any option or preferential right of any kind was or is proposed to be given to any person to subscribe for any securities of the applicant or any of its subsidiaries, giving the number and description of any such securities, including, in regard to the option or right, particulars of:

- (a) the period for which it is exercisable;
- (b) the price to be paid for securities subscribed for under it;
- (c) the consideration given or to be given for it;
- (d) the names and addresses of the persons to whom it was given, other than existing shareholders as such or to employees under a bona fide staff option scheme;
- (e) If given to existing shareholders as such, material particulars thereof; and
- (f) any other significant fact or circumstances concerning the granting of such option or right.

7.A.25 Subscribing for securities shall, for the purpose of paragraph 7.A.24, include acquiring them from a person to whom they were allotted or were agreed to be allotted with a view to his offering them for sale.

Controlling shareholder

7.A.26 The names of the controlling shareholder(s) so far as they are known to the directors of the applicant, or appropriate negative statement.

7.A.27 Details of any change in controlling shareholders(s) as a result of the issue.

Major shareholders

7.A.28 In so far as is known to the applicant, the name of any shareholder, other than a director who, directly or indirectly, is beneficially interested in 5% or more of any class of the applicant's capital, together with the amount of each shareholder's interest or, if there are no shareholders, an appropriate negative statement.

7.B Directors, managers and advisors

[inserted by the Committee with effect from the 31st January, 2002]

Directors and management

7.B.1 The full name (and if relevant, any former name), business address and function in the group of each of the following persons and an indication of the principal activities performed by them outside the group where these are significant with respect to the group;

- (a) directors of the issuer and its subsidiaries;
- (b) partners with unlimited liability, in the case of a limited partnership with share capital;
- (c) founders, if the issuer has been established for fewer than five years; and
- (d) in the case of a new applicant and its subsidiaries, any senior manager who is relevant to establishing that the requirements of the paragraph 4.8 (directors) have been met.

[amended by the Committee with effect from the 31st January, 2002.]

7.B.2 In the case of each person described in paragraph 7.B.1 (a) and (d) details of that person's relevant management expertise and experience and the following information:

[amended by the Committee with effect from the 31st January, 2002.]

- (a) full names, (specifying the chairman, chief executive officer and managing director, if any);
- (b) occupations;
- (c) business addresses;
- (d) nationalities;
- (e) the names of all companies and partnerships of which such person has been a director or partner at any time in the previous five years, indicating whether or not the individual is still a director or partner. It is not necessary to list all the subsidiaries of a company of which the person is also a director;
- (f) details of any bankruptcies or individual voluntary arrangements of such person;
- (g) details of any receiverships, compulsory liquidations, creditors, voluntary liquidations, administration, company voluntary arrangements or any composition or arrangement with its creditors generally or any class of its creditors of any company where such person is a director with an executive function at the time of or within the 12 months preceding such events;
- (h) details of any compulsory liquidations, administrations or partnership voluntary arrangements of any partnerships where such person was partner at the time of or within the 12 months preceding such events;
- (i) details of receiverships of any asset of such person of a partnership of which the person was a partner at the time of or within the 12 months preceding such event; and
- (j) details of any public criticisms of such person by statutory or regulatory authorities (including recognised professional bodies) and whether such person has ever been disqualified by a court from acting as director of a company or from acting in the management or conduct of the affairs of any company.

7.B.3 The term of office for which any director has been or is to be appointed, the manner in and terms on which any proposed director will be appointed and particulars of any right held by any person relating to the appointment of any director.

7.B.4 The provisions, or a sufficient summary of the provisions of the articles of associate or other corresponding document of the applicant and each of its subsidiaries with regard to:

- (a) qualification of directors;
- (b) remuneration of directors; and
- (c) any power enabling the directors to vote remuneration to themselves or any members of their body.

7.B.5 Particulars for each individual director or proposed director,

[See Schedule 19 with effect from 31st January, 2002]

7.B.6 If the remuneration receivable by any of the directors of the applicant will be varied in consequence of the transaction, full particulars of the aggregate variation in the remuneration of the directors shall be stated; if there will be no variation, a statement to that effect. If the business of the applicant or any of its subsidiaries or any part thereof is managed or is proposed to be managed by a third party under a contract or arrangement, the name and address (or the address of its registered office, if a company) of such third party and a description of the business so managed or to be managed and the consideration paid in terms of the contract or arrangement and any other pertinent details relevant to such contract or arrangement.

7.B.7 A summary of the provisions of the memorandum and articles of association of the issuer with regard to:

- (a) any power enabling a director to vote on a proposal, arrangement or contract in which he is materially interested.
- (b) Any power enabling the directors, in the absence of an independent quorum, to vote remuneration (including pension or other benefits) to themselves or any members of their body;
- (c) Borrowing powers exercisable by the directors and how such borrowing powers can be varied; and
- (d) Retirement or non-retirement of directors under an age limit.

Secretary

7.B.8 The full name, street and postal address and professional qualifications, if any, of the secretary of the applicant and any former forenames or surnames.

Auditor, legal practitioner, banker, stockbroker, trustee, underwriter and expert

7.B.9 The names and street and postal addresses of the auditor, legal practitioner, banker, and stockbroker to the applicant and, if applicable, the trustee, underwriter and any expert referred to in the pre-listing statement and any holding of securities in or agreed to be acquired in the company by such persons.

Amounts paid or payable to promoter

7.B.10 The amount paid within the preceding three years or proposed to be paid to any promoter, with his name and address, or to any partnership, syndicate or other association of which he is or was a member, and the consideration for such payment, and any other benefit given to such promoter, partnership, syndicate or other association within the said period or proposed to be given, and the consideration for the giving of such benefit.

Commissions paid or payable in respect of underwriting

7.B.11 The amount, if any, or the nature and extent of any consideration, paid within the preceding three years, or payable as commission to any person (including commission so paid or payable to any sub-underwriter who is the holding company or a promoter or director or officer of the applicant) for subscribing or agreeing to subscribe, or procuring or agreeing to procure subscriptions for any securities of the applicant, the name, occupation and address of each such person, particulars of the amounts underwritten or sub-underwritten by each and the rate of the commission payable for such underwriting or sub-underwriting contract with such person; and if such person is a company, the names of the directors of such company and the nature and extent of any beneficial interest, direct or indirect, in such company of any promoter, director or officer of the applicant in respect of which the pre-listing statement is issued.

Particulars of any commissions, discounts, brokerages or other special terms granted during the three years preceding that date and the pre-listing statement in connection with the issue or sale of any securities, stock or debentures in the capital of the applicant, where this has not been disclosed in any annual accounts.

Commission payable on the issue of shares must not exceed 5% of the price at which the shares were issued and must be authorised in the articles.

Preliminary expenses and issue expenses

7.B.12 The amount or estimated amount of preliminary expenses, if incurred within three years of the date of the pre-listing statement and the persons by, or to, whom any of those expenses were paid or are payable, and the amount or estimated amount of the expenses of the issue (including the ZSE listing and inspection fee) and the persons by, or to, whom any of those expenses were paid or are payable.

Interest of directors and promoter

7.B.13 Full particulars of the nature and extent of any material beneficial interest, direct or indirect, of every director or promoter in the promotion of the applicant and in any property as referred to in paragraph 7.D.9 acquired or proposed to be acquired by the applicant out of the proceeds of the issue or during the three years preceding the date of the listing statement, and where the interest of such director or promoter consists in being member of a partnership company, syndicate or other association of persons, the nature and extent of the interest of such partnership, company, syndicate or other association, and the nature and extent of such director's or promoter's interest in the partnership, company, syndicate or other association.

7.B.14 A statement of all sums paid or agreed to be paid within the three years preceding the date of the pre-listing statement to any director or to any company in which he is beneficially interested, directly or indirectly,

or of which he is a director, or to any partnership, syndicate or other association of which he is a member, in cash or securities or otherwise, by any person either to induce him to become or to qualify him as a director, or otherwise for services rendered by him or by the company, partnership, syndicate or other association in connection with the promotion or formation of the applicant.

Directors' interests in securities

7.B.15 A statement showing the aggregate of the direct and indirect interests of the directors in, and the direct and indirect interests of each director's holding of the share capital of the applicant distinguishing between beneficial and non-beneficial interests. The statement should include by way of a note any change in those interests occurring between the end of the financial year and the date of the pre-listing statement, or, if there has been no such change, disclosure of that fact.

[amended by the Committee with effect from the 31st January, 2002]

Directors' interests in transactions

7.B.16 All relevant particulars regarding the nature and extent of any beneficial interests, whether direct or indirect, of directors of the applicant in transactions which were effected by the applicant:

- (a) during the current or immediately preceding financial year; or
- (b) during an earlier financial year and remain in any respect outstanding or underperformed; or
- (c) an appropriate negative statement.

[amended by the Committee with effect from the 31st January, 2002]

Responsibility statement

7.B.17 A directors' responsibility statement as follows:

"The directors, whose names are given in paragraph ...on page ...of this document collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no other facts the omission of which would make any statement false or misleading, that they have made all reasonable enquiries to ascertain such facts and (if applicable) that the prospectus contains all information required by law.

The directors confirm that the listing particulars include all such information within their knowledge (or which it would be reasonable for them to obtain by making enquiries) as investors and their professional advisers would reasonably require and reasonably expect to find for the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the issuer and of the rights attaching to the securities to which the listing particulars relate."

Responsibility of directors, managers and advisors

7.B.18 The circular must be signed by every director of the applicant (or by his agent or attorney, with a copy of the authority of any such agent or attorney): provided that where responsibility for any information contained in different parts of the circular has been extended to or accepted by any other person, such other person (or his agent or attorney) shall also sign the circular and it shall be stated clearly for which part or parts of the pre-listing statement each signatory bears responsibility.

[inserted by the Committee with effect from the 31st January, 2002]

7.C Securities for which application is being made

Purpose of the issue/offer

7.C.1 A statement of the purpose of the issue giving reasons why it is considered necessary for the applicant to raise the capital offered or, if it is a sale, the reasons, therefor, and if the capital offered is more than the amount of the minimum subscription referred to in paragraph 7.C.8, the reasons for the difference between the capital offered and the said minimum subscription.

Particulars of the issue/offer

7.C.2 Particulars of the securities issued/offered, including:

- (a) the class of securities;

- (b) the nominal value of the securities, if applicable;
- (c) the number of securities issued/offered;
- (d) the issue/offer price;
- (e) how the new securities rank for dividend;
- (f) whether the new securities rank *pari passu* with any existing listed securities;
- (g) any convertibility or redemption provisions;
- (h) the nature of the document of title;
- (i) the treatment of any fractions; and
- (j) other terms and conditions of the issue/offer.

7.C.3 Particulars of the debentures issued/offered, including:

- (a) the class of debentures;
- (b) the terms and conditions of the debentures;
- (c) if the debentures are secured, particulars of the security, specifying the assets or property comprising the security and nature of the title to the asset; and
- (d) other terms and conditions of the issue/offer.

Timing

7.C.4 If applicable, the times and dates of the opening and of the closing of the subscription lists or of the issue/offer.

7.C.5 If known, the dates on which the securities will be admitted to listing and on which dealings will commence.

Issue price

7.C.6 The amount payable by way of premium, if any, on each security which is to be issued and, where some securities are to be issued at a premium and other securities at par or at a lower premium, the reasons for the differentiation, and how any such premium is to be dealt with.

7.C.7 Where no par value shares are to be issued, the price at which they are to be issued and the reasons for any differentiation.

Minimum subscription

7.C.8 The minimum amount which, in the opinion of the directors, must be raised by the issue/offer of the securities in order to provide the sums, or, if any part thereof is to be defrayed in any other manner, the balance of the sums required to be provided, in respect of each of the following matters:

- (a) the purchase price of any property, as referred to in paragraph 7.D.9, purchased or to be purchased, which is to be defrayed in whole or in part out of the proceeds of the issue, including goodwill, if any;
- (b) any preliminary expenses payable by the applicant, and any commission payable to any person in consideration for his agreeing to subscribe for, or of his procuring or agreeing to procure subscriptions for or of his underwriting, any securities of the applicant and the amount or estimated amount of the expenses of the issue;
- (c) the repayment of any moneys borrowed in respect of any of the foregoing matters;
- (d) working capital, stating the specific purposes for which it is to be used and the estimated amount required for each such purpose;
- (e) any other material expenditure, stating the nature and purposes thereof and the estimated amount in each case; and

(f) the amounts to be provided in respect of the matters aforesaid otherwise than out of other proceeds of the issue, and the sources from which those amounts are to be provided.

Registrar of companies

7.C.9 If the pre-listing statement is a prospectus a statement that a copy of the pre-listing statement has been registered by the Registrar of Companies in terms of the Act and the date of such registration.

Authorizations

7.C.10 A statement of the resolutions, authorisations and approvals by virtue of which the securities have been or will be created and/or issued.

Dividends

7.C.11 The time limit (if any) after which entitlement to dividends lapses and an indication of the person in whose favour the lapse operates.

7.C.12 The fixed date(s) (if any) on which entitlement to dividends arise.

7.C.13 Particulars of any arrangement under which future dividends are waived or agreed to be waived.

Market Value of securities

7.C.14 Where the securities for which application is being made are of a class which is already listed, a table of the aggregate volumes traded and the highest and lowest prices traded in those securities for each month over the twelve months prior to the date of issue of the pre-listing statement or circular; for each quarter over the previous two years; and for each day over the 30 days preceding the last practicable date prior to the date of issue of the pre-listing statement or circular.

Rights offers, capitalisation issues and scrip dividends

7.C.15 Where the securities for which application is being made are allotted by way of capitalisation of reserves or undistributed profits or the application of share premium to the holders of an existing listed security, the following information must be given:

- (a) the reason for the capitalisation issue or scrip dividend;
- (b) the share class and the par value (if any);
- (c) if applicable, that the shareholder may receive cash in substitution for the whole or part of their capitalisation issue or scrip dividend and vice versa;
- (d) if applicable, the last day on which shareholders must make their election;
- (e) a statement pointing out possible tax implications;
- (f) in the case of a scrip dividend a statement should appear, in bold and upper case, on the front page drawing shareholders' attention to the type of election to be made (i.e. that shareholders will receive cash if they fail to make the election);
- (g) the amount to be capitalised from the share premium or reserves of the applicant to pay up in full for the capitalisation securities;
- (h) the ratio in which the capitalisation securities will be allotted to shareholders of the applicant;
- (i) the last day on which a shareholder must be registered in order to receive the capitalisation securities or scrip dividend; and
- (j) whether or not the documents of title (in any) are renounceable.

7.C.16 In the case of a rights offer, the following information should be disclosed:

- (a) purpose of the rights offer;
- (b) the minimum sum to be raised through the rights offer to satisfy its purpose;
- (c) the amount to be raised by means of the rights offer, and the number of securities that are proposed to be issued;

- (d) the terms of the offer. Where the ratio gives rise to fractions, a table of entitlements must be included in the circular;
- (e) a statement regarding fractions of securities. Normally fractions are sold for the benefit of the company. However, should the value of a fraction be in excess of 500 cents then such amount must be paid to the shareholders concerned;
- (f) Details of the underwriter. The underwriting commission must be clearly stated;
- (g) where the underwriter is a company the following information must be furnished:
 - (i) the place and date of incorporation and registered number of the company;
 - (ii) the names of the directors of the company;
 - (iii) the name of the secretary of the company;
 - (iv) the bankers to the company; and
 - (v) the authorised and issued share capital of the company.
- (h) details regarding the proposed listing of the letters of allocation, the subsequent listing of the new securities and the amount payable in respect of listing fees;
- (i) details regarding the letters of allocation such as:
 - (i) acceptance;
 - (ii) renunciation;
 - (iii) splitting; and
 - (iv) payment (payment must be made in Zimbabwean currency);
- (j) a statement detailing requirements of the Exchange Control Department of the Reserve Bank of Zimbabwe.

Simultaneous issues

7.C.17 If simultaneously or almost simultaneously with the issue of securities for which application is being made, securities of the same class are issued, or to be issued, details must be given of the nature of such issues and of the number and characteristics of the securities concerned.

Over subscriptions

7.C.18 State the relative facts where it is the intention in the event of over subscription to extend a preference on allotment to any particular company or group such as employees and pension funds.

7.D Group's activities

General

7.D.1 The general history of the applicant and its subsidiaries stating, *inter alia*:

- (a) the length of time during which the business of the applicant and of any subsidiary has been carried on;
- (b) the name, date, place of incorporation and registration number and the issued or stated capital of its subsidiaries, together with details of the securities held by the holding company, indicating those not listed on the ZSE and the main business of its subsidiaries and the date on which they became a subsidiary;
- (c) brief particulars of any alteration of the applicant's capital during the past three years; and
- (d) the date of conversion of the applicant into a public company.

7.D.2 A general description of the business carried or to be carried on by the applicant and its subsidiaries and, where the applicant or its subsidiaries carries on or proposes to carry on, two or more businesses which are material having regard to the profits or losses, assets employed or to be employed or any other factor, information as to the relative importance of each such business.

7.D.3 For the business(es) described in paragraph 7.D.2 detail the degree of any government protection and of any investment encouragement law affecting the business(es).

7.D.4 Details of any material changes in the businesses of the applicant, during the past five years.

7.D.5 The opinion of the directors, stating the grounds therefor, as to the prospects of the business of the applicant and of its subsidiaries and of any subsidiary or business undertaking to be acquired, together with any material information which may be relevant thereto.

7.D.6 The situation, area and tenure (including in the case of leasehold property the rental and unexpired term of the lease) of the principal immovable property held or occupied by the applicant and any of its subsidiaries.

7.D.7 Full information of all material inter-company finance.

7.D.8 The history of the change in the controlling shareholder(s) and trading objects of the applicant and its subsidiaries during the previous five years. A statement of the new trading objects and the manner in which the new objects will be implemented. If the applicant, or as the case may be, the group carries on widely differing operations, a statement showing the contributions of such respective differing operations to its trading results. The proposed new name, if any, the reasons for the change and whether or not consent to the change has been obtained from the Registrar of Companies.

Property acquired or to be acquired

7.D.9 The following information regarding the acquisition, within the last three years at the date of the circular, or proposed acquisition by the applicant or any of its subsidiaries, of any securities in or the business undertaking of any other company or business enterprise or any immovable property or other property in the nature of a fixed asset (collectively "the property") or any option to acquire such property:

- (a) the date of any such acquisition or proposed acquisition;
- (b) the consideration, detailing that settled by the issue of securities, the payment of cash or by any other means, and detailing how any outstanding consideration is to be settled;
- (c) details of the valuation of the property;
- (d) any goodwill paid and how such goodwill was or is to be accounted for;
- (e) any loans incurred, or to be incurred, to finance the acquisition, or proposed acquisition;
- (f) the nature of title or interest acquired or to be acquired; and
- (g) the details regarding the vendors as described in paragraph 7.H.

Disposal of property

7.D.10 The following details regarding any property (as described in paragraph 7.D.9) disposed of during the past three years, or to be disposed of, by the applicant, or any of its subsidiaries:

- (a) the dates of any such disposal or proposed disposal;
- (b) the consideration received, detailing that settled by the receipt of securities, or cash or by other means and detailing how any outstanding consideration is to be settled;
- (c) details of the valuation of the property;
- (d) the names and addresses of the purchasers of assets sold. If any purchaser was a company, the names and addresses of the beneficial shareholders of the company. If any promoter or director had any interest, directly or indirectly, in such transaction or where any promoter or director was a member of a partnership, syndicate or other association of persons which had such interest, the names of any such promoter or director, and the nature and extent of his interest.

Litigation

7.D.11 Information on any legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the issuer is aware) which may have or have had in the recent past (covering at least the previous 12 months) a material effect of the group's financial position or an appropriate negative statement.

7.E Financial information

Accountant's reports

7.E.1 An accountants' report as set out in [Section 8](#), on the applicant.

7.E.2 If applicable an accountants' report, as set out in [Section 8](#), on the asset the subject of the transaction.

General information

7.E.3 The following information from the applicant's latest annual financial statements on a consolidation basis:

- (a) the income statement;
- (b) the balance sheet;
- (c) the cash flow statement;
- (d) any significant accounting policies or notes to the accounts;
- (e) retirement benefit information as required by the Companies Act; and
- (f) a statement that the auditors' report was without qualification or details of such qualification.

7.E.4 Where more than nine months have elapsed since the end of the financial year to which the last published annual financial statements relate, an interim report covering at least the first six months following the end of that financial year must be included in or appended to the pre-listing statement. If such an interim report is unaudited, that fact must be stated.

7.E.5 If the applicant's own annual or consolidated annual accounts do not fairly present the assets and liabilities, financial position and profits and losses of the group, more detailed and/or additional information must be given.

7.E.6 In respect of each of the preceding five years, or such lesser period if the company has traded for less than five years, particulars of the following (where the applicant is a holding company, appropriate information should be provided in consolidation form):

- (a) the profits or losses before and after tax;
- (b) the dividends paid;
- (c) the dividends paid in cents per share; and
- (d) the dividend cover for each year.

7.E.7 Particulars of:

- (a) the dividend policy to be adopted;
- (b) the pro-forma balance sheet prior to and immediately after the proposed issue of securities; and
- (c) the effect of the proposed issue of securities on the net asset value per share.

The above particulars must be prepared and presented in accordance with GAAP. If the applicant is a holding company, the information must be prepared in consolidated form.

7.E.8 Particulars of all investments exceeding 10% of the total assets of the applicant.

Acquisitions made from proceeds

7.E.9 If the application for listing coincides directly or indirectly, with the acquisition by the applicant or any of its subsidiaries of securities in or the business undertaking of any other company in consequence of which that company will become a subsidiary of, or otherwise part of, the applicant, in respect of each of the preceding five years, the same particulars relating to such company or the business undertaking being acquired as are required *mutatis mutandis* by paragraph 7.E.6 and a general history of such company or the business undertaking being acquired as required by paragraphs 7.D.1 to 7.D.3.

7.E.10 If the application for listing coincides, directly or indirectly, with the acquisition by the applicant or any of its subsidiaries of securities in or the business undertaking of any other company then cognisance of such proposed acquisition must be taken in arriving at the particulars described in paragraph 7.E.6 above.

7.E.11 If the application for listing coincides, directly or indirectly, with the acquisition by the applicant or its subsidiaries of securities in or the business undertaking of any other company in respect of each of the preceding five years, the following particulars relating to such company or business undertaking being acquired:

- (a) the profits before and after tax; and
- (b) its general history.

[amended by the Committee with effect from the 31st January, 2002.]

Statement as to adequacy of capital

7.E.12 A statement that in the opinion of the directors the issued share capital of the applicant (including the amount to be raised in pursuance of this issue) is adequate for the purposes of the business of the applicant and of its subsidiaries for the foreseeable future, and if they are of the opinion that it is inadequate, the extent of the inadequacy and the manner in which and the sources from which the applicant and its subsidiaries are or are to be financed.

The statement should be supported by a report from the applicant's auditor, reporting accountant, merchant banker, sponsoring broker or other adviser acceptable to the Committee.

7.E.13 A statement by the directors that in their opinion the working capital available to the applicant and its subsidiaries is sufficient for the group's requirements for the foreseeable future and if not how it is proposed to provide the additional working capital thought by the directors to be necessary.

7.E.14 The foreseeable future should normally be construed as the 18 months subsequent to the issue of the pre-listing statement.

7.E.15 The working capital statement should be prepared on the group, as enlarged by the acquisition of any assets.

[amended by the Committee with effect from the 31st January, 2002.]

Material changes

7.E.16 A description of any material change in the financial or trading position of the applicant and its subsidiaries which has occurred since the end of the last financial period for which either annual financial statements or interim reports have been published, or an appropriate negative statement.

[amended by the Committee with effect from the 31st January, 2002.]

Profit forecasts

7.E.17 Profit forecasts should comply with paragraphs 8.28 to 8.34.

[amended by the Committee with effect from the 31st January, 2002.]

Pro-forma statements

7.E.18 Pro-forma statements should comply with paragraphs 8.35 to 8.43.

[amended by the Committee with effect from the 31st January, 2002.]

7.F General information

Significant contracts

7.F.1 Subject to paragraph 6.17, the dates and the nature of, and the parties to, every significant contract entered into either verbally or in writing by the applicant or any of its subsidiaries, being a contract entered into otherwise than in the ordinary course of the business carried on or proposed to be carried on by the applicant or any of its subsidiaries and entered into within the two years prior to the date of the pre-listing statement.

7.F.2 If any contract referred to in paragraph 7.F.1 relates to the acquisition of securities in an unlisted subsidiary, or associated company, where all securities in the company have not been acquired, state the reason why 100% of the shareholding was not acquired, and whether anyone associated with the controlling shareholder(s) of the applicant, or associated companies, or its subsidiaries is interested and to what extent.

7.F.3 A brief summary of existing contracts or proposed contracts, either written or oral relating to the directors' and managerial remuneration, secretarial and technical fees payable by the applicant and any of its subsidiaries and restraint payments, provided that details of the directors and managerial remuneration need only be disclosed in accordance with paragraph 7.B.5.

7.F.4 Particulars of royalties payable or items of a similar nature in respect of the applicant and any of its subsidiaries.

Code of Corporate Practices and Conduct

7.F.5 An applicant must include the following additional item to its listing particulars:

- (a) a narrative statement of how it has applied the principles set out in the Code of Corporate Practice and Conduct as set out in the King Report or Cadbury Report on Corporate Governance providing explanation which enables its shareholders and potential investors to evaluate how the principles have been applied.

[inserted by the Committee with effect from the 31st January, 2002.]

Experts' consents

7.F.6 Where a pre-listing statement includes a report purporting to be made by an expert, a statement that the expert has given and has not withdrawn his written consent to the issue of the pre-listing statement, with the report in the form and context in which it is included.

7.G Documents and consents to be available for inspection

7.G.1 The following documents (or copies thereof) where applicable, relating to the applicant and its subsidiary companies, if any, must be able to be inspected at a place where the applicant has a registered office, and in Harare for a reasonable time (being not less than 14 days):

- (a) the memorandum and articles of association;
- (b) any trust deed or agreement affecting the governance of the applicant or the interests of the shareholders;
- (c) copies of any special or notarial contract bearing on the trust deed or memorandum and articles of association within the last 5 years;
- (d) all significant contracts (including patent rights, and franchise agreements);
- (e) in the case of a significant contract not reduced to writing, a memorandum giving full particulars thereof;
- (f) the latest competent person's report in the case of a mineral company;
- (g) The latest sworn appraisals or valuations relative to movable and immovable property and items of a similar nature, if applicable;
- (h) copies of service agreements with directors (or a summary of such agreements, excluding the individual directors remuneration (but stating the aggregate remuneration of the directors), manager or secretary/ies, underwriting agreements, vendors' agreement, promoters' agreements, entered into during the last five years;
- (i) all reports, letters and annual financial statements, income statements, valuations and statements by an expert any part of which is extracted or referred to in the pre-listing statement; and
- (j) the annual financial statements since the incorporation of the applicant for the preceding five years, which ever is the lesser, together with all notes, certificates, or information required by the Act.

7.H Vendors

7.H.1 The names and addresses of the vendors of any assets purchased or acquired by the applicant or any subsidiary company during the three years preceding the publication of the pre-listing statement or proposed to be purchased, or acquired, on capital account and the amount paid or payable in cash or securities to the vendor, and where there is more than one separate vendor, the amount so paid, or payable to each vendor and the amount (if any) payable for goodwill or items of a similar nature. The cost of assets to the vendors and dates of purchase by them if within the preceding three years. Where the vendor is a company, the names and addresses of the beneficial shareholders, direct and indirect, of that company if required by the Committee. Where this information is unobtainable, the reasons are to be stated. Transactions between the applicant and a vendor, where the vendor is a related party, will be regulated in terms of the requirements of this paragraph and Section 10 of the Listings Requirements.

[amended by the Committee with effect from the 31st January, 2002.]

7.H.2 State whether or not the vendors have guaranteed the book debts or other assets and whether or not "normal warranties" have been given.

7.H.3 State whether the vendors' agreements preclude the vendors from carrying on business in competition with the applicant or any of its subsidiaries; or impose any other restriction on the vendor, also details of any cash or other payment regarding restraint of trade and the nature of such restraint of trade.

7.H.4 State how any liability for accrued taxation, or any apportionment thereof to the date of acquisition, will be settled in terms of the vendors' agreements.

7.H.5 Where securities are purchased in a subsidiary company, a reconciliation between the amounts paid for the securities and the value of the net assets of that company. Where securities are purchased in other than subsidiary companies, a statement as to how the value of the securities was arrived at.

7.H.6 Where any promoter or director had any beneficial interest, direct or indirect, in such transaction or where any promoter or director was a member of a partnership, syndicate or other association of persons which had such an interest, the names of any such promoter or director, and the nature and extent of his interest. Where the vendors or any of them are a partnership, the members of the partnership shall not be treated as separate vendors.

7.H.7 The amount of any cash or securities paid or benefit given within three preceding years or proposed to be paid or given to any promoter, not being a director, and the consideration for such payment or benefit.

7.H.8 State whether the assets acquired have been transferred into the name of the applicant or any of its subsidiary companies and whether or not the assets have been ceded or pledged.

Section 8 **Financial Information**

SCOPE OF SECTION

This section sets out financial information which may be required to be included in listing particulars, pre-listing statements, circulars, interim and preliminary reports and the annual financial statements.

The main headings are:

- 8.1 Accountants' Report
- 8.28 Profit forecast and estimate
- 8.35 Pro-forma statements
- 8.44 Minimum contents of interim reports and provisional annual financial statements
- 8.51 Minimum contents of annual financial statements

Where an applicant is producing a pre-listing statement additional financial information is required as set out in the Appendix to [Section 6](#).

Additional and alternative requirements are set out in [Sections 12, 13, 14](#) 15 and 18 respectively for mineral companies, property companies, public sector issuers, pyramid companies and investment entities and dual Listings.

[amended by the Committee with effect from the 31st January, 2002]

Accountants' Report

Circumstances when an accountants' report is required

8.1 An accountants' report is required:

- (a) on a new applicant;
- (b) on an applicant who is issuing a prospectus;
- (c) on any company being acquired by a new applicant or applicant issuing a prospectus if:
 - (i) such acquisition is being financed out of all or part of the proceeds of the issue; and
 - (ii) if it is the company being acquired and will become a subsidiary of the applicant;
- (d) on a company that is not listed and is the subject of a Category 1 or 2 transaction where the transaction is either:
 - (i) the acquisition of an interest in the company which will result in consolidation of the assets of that company; or
 - (ii) the disposal of an interest in the company which will result in the net assets of that company no longer being consolidated; and
- (e) where a company intends to apply any part of the proceeds of an issue of securities by a new applicant, directly or indirectly, to the acquisition by the company or any of its subsidiaries of the securities in or the business undertaking of any other company and this acquisition is material to the acquiror.

The accountant

8.2 The accountant shall be a registered accountant and auditor and be independent of the issuer and, if relevant, the company the subject of the transaction. If the auditors have resigned, been removed or have not been re-appointed during the last three financial years and have deposited a statement with the issuer of the circumstances which they believe should be brought to the attention of members and creditors of the issuer, details of such matters must be disclosed if material.

Contents of an accountants' report

8.3 An accountants' report should be addressed to the directors of the applicant (in the case of an application for listing of new securities) or the listed company (in the case of acquisition or disposal) and must:

- (a) state the name of the company, its date and place of incorporation and its registration number, where applicable;
- (b) give details of any changes to the name of the company during the period covered by the report, and the date of conversion from a private company to a public company, if applicable;
- (c) state the names of the companies in which the company has an effective equity interest of 20% or more, as well as the percentage equity interest therein and which are regarded as material to the company;
- (d) state the purpose for which the report has been prepared;
- (e) give a statement to the effect that the directors of the company are responsible for the preparation of the pre-listing statement or circular to which the report relates and the information contained therein;
- (f) state the scope of the accountants' examination of the financial information contained in the report;

(g) include a statement that the directors of the applicant or entity which is the subject of the transaction, as applicable, are responsible for the financial statements from which the accountants' report has been prepared and to the extent that any such financial statements have received a qualified audit report or have not been audited, give a statement of such qualifications or identify the periods that have not been audited.

(h) if the accountant was not the auditor for any part of the period under review, then the accountants' report should state the extent to which the financial statements relating to such period(s) have been reviewed to assess their relevance and reliability;

(i) where the accountant has not been the auditor for the whole of the period under review, the accountants' report should state the name(s) of the auditor(s) and the period(s) audited by them;

(j) include the following financial information:

(i) detailed income statements in respect of each of the latest financial year and the previous financial year and summarised in respect of the preceding five financial years, or such lesser period as the company has been trading;

(ii) summarised balance sheets for the latest financial year and the previous financial year or such lesser period as the company has been trading;

(iii) cash flow statements for the latest financial year and the previous financial year; and

(iv) notes to the income statements, balance sheets and cash flow statements including all changes in equity and changes in equity other than those arising from capital transactions with owners and distributions to owners;

[amended by the Committee with effect from the 31st January, 2002.]

(k) state the accounting policies used in compiling the financial information contained in the report;

(l) details of any material assets not owned by the company;

(m) particulars of material contingent liabilities and commitments; and

(n) give details of events which have occurred subsequent to the most recent financial year dealt with in (j) above which have, or could reasonably be expected to have, a material impact on the financial information contained in the report.

Basis of preparation of financial information

8.4 The basis of preparation of financial information to be included in an accountants' report is as follows:

(a) the income statements should be prepared on a consolidated basis;

(b) the balance sheet should be prepared for the company and on a consolidated basis;

(c) the cash flow statement should be prepared on a consolidated basis; and

(d) the notes to the financial information should be prepared according to the basis of the respective income statement, balance sheet or cash flow statement to which they relate.

Periods to be covered by the accountants' report

8.5 The accountants' report should cover:

(a) the periods referred to in paragraph 8.3(j);

(b) in addition, if more than six months have elapsed since the end of the company's last financial year and the date of the report, interim financial information complying with paragraphs 8.44 to 8.50 must be prepared for the six months ended subsequent to the company's last financial year.

8.6 If the company has not prepared annual financial statements for the periods referred to in paragraph 8.5(a) and (b) above, the accountants' report should cover those periods for which it has prepared annual financial statements.

Earnings, dividend and net assets per share

8.7 The income statement required in paragraph 8.3 above or notes thereto must, for each period referred to in paragraph 8.5 above, disclose:

- (a) the earnings per share; and
- (b) the dividend per share for each class of share capital.

8.8 Earnings per share should be calculated in accordance with the currently applicable GAAP and IAS requirements. Any additional number of equity shares to be issued in terms of the document containing the accountants' report should not be taken into consideration in the calculation.

8.9 Dividends per share may, if deemed appropriate by the reporting accountant, be disclosed on a pro-forma basis to demonstrate the dividends which would have been paid in each financial year, calculated by dividing the earnings per share for each year (as calculated in paragraph 8.8) by the dividend cover which the company intends to implement and maintain. If used, this calculation should be described in a note. Alternatively, dividends per share may be calculated in accordance with the currently applicable GAAP and IAS requirements.

8.10 The balance sheets required in paragraph 8.3 above or notes thereto must, for each date referred to in paragraph 8.5 above disclose:

- (a) the net assets per share including intangible assets;
- (b) the net assets per share excluding intangible assets; and
- (c) the effect on (a) and (b) of this paragraph of any proposed issue of securities, if applicable.

NOTE: Mineral companies (defined in [Section 12](#)) may treat mineral rights and any other mining assets as tangible assets.

8.11 Net assets per share should be calculated by dividing the net assets by the number of shares in issue at each respective balance sheet date as adjusted for the effects of share splits, share consolidations, rights issues, capitalisation issues and issues arising from capitalisation of loan accounts. The additional number of equity shares to be issued in terms of the document containing the accountants' report must not be taken into consideration in determining the number of equity shares except in regard to paragraph 8.10(c).

8.12 Companies which were listed for any period covered by the accountants' report should, in addition, include in the accountants' report the earnings per share, dividends per share and net assets per share disclosed in the annual financial statements published for those periods.

8.13 Full details of the basis of the calculations of earnings, dividends and net assets per share must be disclosed.

Acquisitions out of proceeds

8.14 If any part of the proceeds of an issue of securities by a new applicant is to be applied, directly or indirectly, to the acquisition by the company of any of its subsidiaries of the securities in or the business undertaking of any other company and the acquisition is not material, the effects on the earnings, dividends and net assets per share as described in paragraphs 8.7 to 8.13 should be disclosed with regard to the company being acquired for each of the periods referred to in paragraph 8.5.

8.15 If the company the subject of the acquisition has subsidiaries the consolidated profits and losses, cash flows and assets or liabilities should be used in calculating the details required in paragraphs 8.7 to 8.13. If the acquisition results in the body corporate becoming a subsidiary company, a report must be issued by the accountant in respect of that corporation's profits and losses for the last five years or such lesser period as the company has been trading and the assets and liabilities at the last date to which the accounts were made up. Further information must be provided as required by the 4th schedule to the Companies Act.

Statement of adjustments

8.16 The accountants' report must reflect only those adjustments to the income statements, balance sheets and cash flow statements referred to in paragraph 8.3 above if this will result in fairer presentation of the financial information contained in the report, provided that these adjustments are made in accordance with GAAP and IAS.

8.17 Notwithstanding paragraph 8.16 above, adjustments should not be made:

- (a) where the underlying transaction giving rise to the proposed adjustment was carried out at arms-length and in accordance with a business decision taken by the management of the company; and
- (b) for events which have not yet occurred (other than for proposed changes in accounting policy).

8.18 Notwithstanding paragraph 8.16 above, adjustments may be made to give effect to:

- (a) retrospective application of changes in accounting policy, as defined in GAAP and IAS.
- (b) retrospective correction of fundamental errors, as defined in GAAP and IAS; and
- (c) fairer representation of transactions which were not effected at arms-length.

8.19 A statement of adjustments should be included in the accountants' report.

8.20 A written statement, signed by the accountants, of the adjustments must be prepared and submitted to the Committee for each period to which the accountants' report relates, in such form and detail and with such explanations as will show how the reported figures reconcile to the corresponding information in the annual financial statements.

Accounting for acquisitions and disposals

8.21 If, during the period covered by the accountants' report, the company or its subsidiaries acquired securities in or the business undertaking of any other company, then such acquisition must be accounted for from its effective date, and not retrospectively from the first financial year covered in the report, regardless of whether the purchase consideration was for cash, the issuance of securities, or a combination thereof.

8.22 Likewise, disposals of securities in or the business undertaking of any company, must be accounted for to the effective date of disposal.

Date of reports

8.23 The accountants' report should be dated on the same day that the directors authorise the issue of the pre-listing statement or circular or the date that the pre-listing statement or circular is lodged with the Registrar of Companies, whichever is the earlier.

Review of pre-listing statement or circular

8.24 The accountant should review the pre-listing statement or circular so as to ensure that the contents thereof are not contradictory with the information contained in the accountants' report. The accountant must inform the Committee, in writing, of any such contradictions.

Consent letters

8.25 Accountants should submit a letter to the directors giving their consent to the inclusion of:

- (a) their accountants' report(s) in the pre-listing statement or circular; and
- (b) references to, or extracts from, the accountants' report(s) included in the pre-listing statement or circular.

8.26 The consent letter should be dated on the same day that the directors authorise the issue of the pre-listing statement or circular, or the date that the pre-listing statement or circular is lodged with the Registrar of Companies, whichever is the earlier, if applicable.

Further contents if a prospectus is to be issued

8.27 If the accountants' report is being prepared for inclusion in a prospectus then the following additional disclosures are required:

- (a) if no dividends were paid out on any class of shares during the periods referred to in paragraph 8.5 particulars of such cases;
- (b) if no annual financial statements were prepared in respect of any part of the period of five years ending on a date three months before the issue of the prospectus as statement of that fact;

(c) the amount of any losses incurred by any of the company's subsidiaries and the manner in which such losses were provided for; and

(d) whether or not:

(i) the debtors and creditors include any accounts other than trade accounts;

(ii) the provisions for doubtful debts are adequate;

(iii) adequate provision has been made for obsolete, damaged or defective goods and for supplies purchased at prices in excess of current market prices; and

(iv) inter company profits in the group have been eliminated.

Profit forecast and estimate

8.28 A profit estimate is for a financial period which has expired but for which the results have not yet been published. The issuer must determine in advance with its sponsor whether such a statement or information will constitute a profit forecast or estimate. Any profit forecast or estimate must be presented in an explicit manner.

A form of words which expressly or by implication states a minimum or maximum for the likely level of profits or losses for a period subsequent to that for which the audited accounts have been published, or contains data from which a calculation of an approximate figure for future profits or losses may be made, is a profit forecast or estimate, even if no particular figure is mentioned and the word "profit" is not used.

8.29 A dividend forecast must be treated as a profit forecast where the company has a known policy of relating dividends to earnings, or has an insufficient level of retained earnings or the forecast otherwise implies a forecast of profit. In the event of uncertainty the ZSE must be consulted.

8.30 If a listed company has made a profit forecast or estimate for any period for which the results have not yet been published, and subsequently is required to produce:

(a) a pre-listing statement;

(b) a Category 1 circular; or

(c) any circular containing proposals to be put to shareholders in general meeting concerning a refinancing or reconstruction of the listed company or its group:

a forecast or estimate complying with paragraphs 8.31 to 8.34 must be included in the pre-listing statement or the relevant circular and must be reported on by the auditors or reporting accountants.

8.31 The report by the accountants must comply with guidelines issued by the Institute of Chartered Accountants, and include conformation that the forecast or estimate has been properly compiled on the basis stated and that it is presented on a basis consistent with the accounting policies of the company or group in question, and that report must be included in the document.

8.32 A profit forecast included in any of the documents referred to in paragraph 8.30 must include a statement of the principal assumptions upon which it is based. These assumptions must relate only to matters which are outside the control of the directors and which could have a material effect on the achievement of the forecast and must:

(a) be readily understandable by investors;

(b) be specific about the particular aspect of the forecast to which they refer and about the uncertainty attaching to that aspect;

(c) relate only to material uncertainties; and

(d) not include the business estimates (e.g. sales forecasts etc) underlying the forecasts.

8.33 If a profit estimate, for a financial period which has expired but for which the results have not yet been published, is included in any of the documents referred to in paragraph 8.30, the estimate may only be subject to assumptions in exceptional circumstances and such exceptional circumstances should be explained.

8.34 Any statement or information in any of the documents referred to in paragraph 8.30 relating to the future prospects of a listed company must be clear and unambiguous. The listed company must determine in advance whether such a statement or information will constitute a profit forecast or estimate. Any profit forecast or estimate must be presented in an explicit manner.

Pro-forma statements

Net asset statement

8.35 Where a pro-forma net asset statement is prepared in accordance with the Appendix to [Section 9](#) or where it is included in pre-listing statements or any other document published by a listed company, it must be derived, save as provided for in paragraph 8.37, from information taken from the most recent:

- (a) audited financial statements;
- (b) accountants' report; or
- (c) previously published pro-forma statement.

8.36 A net asset statement should detail the items that comprise the net assets and the adjustments to those items.

8.37 Where a balance sheet has been published in interim results, the net assets included in that balance sheet may be used in a pro-forma net asset statement, if it is confirmed in the statement that the balance sheet has been prepared in accordance with the listed company's accounting policies and practices. A listed company may, subject to the consent of the Committee, use the net assets in its preliminary statement of annual results if the relevant figures will be included in the published accounts.

8.38 Any adjustments which are made to the figures derived from published sources, in order to make the statement consistent with the events or circumstances which it is designed to illustrate, must be shown and explained.

8.39 The statement must clearly state that it is prepared for illustrative purposes only and that, because of its nature, it cannot give a complete picture of the financial position.

8.40 The statement must identify:

- (a) the basis upon which it is prepared;
- (b) the source of each item of information; and
- (c) any significant differences between the accounting policies of the listed company and those of any company acquired or being acquired; any such differences should be quantified if possible and adjustments made to the figures of the company acquired or being acquired.

8.41 The statement need not be reported on by the auditors or reporting accountants.

Profit statement

8.42 A historical pro-forma profit statement will, save in exceptional circumstances, such as newly-formed property companies, newly-emerged groups of companies, acquisition of business which formed part of a group and investment-type companies, not be allowed. The only adjustments which may be made in such a statement should relate to the historic costs of funding charged against profit during the year and to any accounting entries arising as a direct consequence of adjusting the historic costs of funding, for example, in respect of tax on profit on ordinary activities. These adjustments, which must be clearly explained, must be made on the basis that the reorganisation of the applicant's funding consequent on admission is assumed to have occurred prior to the commencement of the financial year to which the pro-forma profit statement relates.

8.43 A pro-forma profit statement must be reported on by the accountants, either in a separate section of the accountants' report or in a separate report in the pre-listing statement, in the terms described in paragraph 8.3 and the report must, in addition, include confirmation that the adjustments are appropriate in the circumstances.

Minimum contents of interim reports and provisional annual financial statements

8.44 Every listed company other than companies engaged primarily and directly in the mining of metals or minerals, and which report to shareholders on a quarterly basis should, in addition to statutory requirements concerning half-yearly interim reports and provisional annual financial statements ("preliminary reports") include in such reports the information as detailed hereunder.

Income statement

8.45 The income statement should include at least, where material and applicable, the following information:

- (a) income before crediting items in (b) and charging items in (c), (d) and (e);
- (b) dividends received (including dividends from associated companies and non-consolidated subsidiaries);
- (c) depreciation;
- (d) interest paid;
- (e) net income before taxation and extraordinary items;
- (f) net income;
- (g) net income of the group;
- (h) extraordinary items;
- (i) outside shareholders' interest; and
- (j) dividends payable.

Balance sheet

8.46 The balance sheet should include at least, where material and applicable, the following information:

- (a) fixed assets;
- (b) investments:
 - (i) listed
 - (ii) unlisted;
 - (iii) market value of listed investments; and
 - (iv) directors' valuation of unlisted investments;
- (c) other non-current assets;
- (d) current assets;
- (e) ordinary shareholders' funds;
- (f) preference shareholders;
- (g) outside shareholders;
- (h) deferred taxation;
- (i) current liabilities;
- (j) intangibles

Supplementary information

8.47 The following supplementary information should, where applicable and material, be included:

- (a) capital expenditure for the period;
- (b) capital expenditure committed or authorised;
- (c) finance and operating lease commitments;

- (d) contingent liabilities;
- (e) interest capitalised;
- (f) full disclosure of all borrowings and off-balance sheet borrowings;
- (g) any exceptional increase in borrowings during the period under review, and where possible the effect of such increased borrowings on the earnings per share. Should it not be possible to disclose this effect of the earnings per share the reasons must be stated; and
- (h) details of any Category 4 transactions as required by paragraph 9.18 which have not previously been disclosed to shareholders.

Change of financial year

8.48 If a change in the financial year is proposed, the Committee must be notified in writing and consulted as to the periods to be covered by the interim report.

Audited interim reports

8.49 Where the figures in the interim report have been audited, the report of the auditors including any qualifications must be reproduced in full.

Basis of presentation

8.50 Interim and preliminary reports should be presented on a consolidated basis.

Minimum contents of Annual Financial Statements

8.51 The annual financial statements must:

- (a) have been prepared in accordance with the issuer's national law and, in all significant respects, with GAAP or IAS;
- (b) have been independently audited, and reported on, in accordance with International Accounting Standards; or, in the case of external companies, in accordance with the national auditing standards acceptable to the Committee or International Standards on Auditing;

[amended by the Committee with effect from the 31st January, 2002.]

- (c) be in consolidated form if the listed company has subsidiaries, unless the Committee otherwise agrees (but the listed company's own financial statements must also be published if they contain significant additional information); and

- (d) if they do not fairly present the state of affairs, profit or loss and cash flows of the group, provide more detailed and additional information.

8.52 In addition to complying with the Companies Act, listed companies are required to disclose the following information in their annual financial statements:

- (a) Code of Corporate Practices and Conduct:

commenting of the extent of their compliance or non-compliance with the Code of Corporate Practices and Conduct contained in the Cadbury or King Reports on Corporate Governance. This statement may be contained in a separate section of the annual report and need not be audited;

- (b) borrowings:

- (i) full disclosure of all borrowings, and off balance sheet borrowings. Where, during the period under review, a listed company or any of its subsidiaries incurs an exceptional increase in its borrowings it must disclose the nature of and purpose for such borrowings; and

- (ii) as a note, disclosure must be made of the level of borrowings in relation to those authorised by the articles of association of the listed company and its subsidiaries;

- (c) disclosure of unconsolidated investments in an unlisted company or group of companies:

(i) should a listed company derive in excess of 50% of its pre-tax earnings in any financial period from unconsolidated investments in an unlisted company or group of companies, and/or have 50% or more of its total assets at balance sheet or market value invested in such company or group of companies, the Committee will require that the listed company publish, in addition to its statutory financial statements for such financial period, audited financial statements of the unlisted company or group of companies; and

(ii) this information may be disclosed by presenting annual financial statements in a consolidated form as if the unlisted investments were subsidiaries;

(d) disclosure of directors' interests:

(i) the aggregate of the direct and indirect interests of the directors in and the direct and indirect interest of each director in the share capital of the listed company distinguishing between beneficial and non-beneficial interests. The statement should include by way of a note any change in those interests occurring between the end of the financial year and a date not more than one month prior to the date of the notice of meeting or, if there has been no such change, disclosure of that fact;

(ii) comparative figures for the previous year must also be shown;

(e) shareholder spread:

(i) the percentages of each class of listed security that are held by the public and non-public shareholders; and

(ii) the disclosure for non-public shareholders must be analysed according to the categories set out in paragraph 4.22;

(f) major shareholders:

the interest of any shareholder other than a director who, in so far as it is known, is directly or indirectly beneficially interested in 5% or more of any class of the listed company's capital, together with the amount of each such shareholders interest, or if there are no such shareholders, an appropriate negative statement;

(g) share incentive schemes:

the listed company must, in respect of its or its subsidiary companies schemes, summarise in its annual financial statements the number of securities which may be unlisted for purposes of the scheme at the beginning of the accounting period, changes in such number during the accounting period and the balance of securities available for utilisation for purposes of the scheme at the end of the accounting period;

(h) profit forecasts:

commentary on the performance of the company against any profit forecast made by the company for the period under review;

(i) unlisted securities:

if applicable, a statement in accordance with paragraph 4.19(b);

(j) special resolutions:

full details of all special resolutions passed by the company's subsidiaries since the date of the previous directors' report relating to capital structure, borrowing powers, the object clause contained in the memorandum of association or any other material matter which affects the understanding of the company and its subsidiaries.

(k) inter group contracts:

particulars of any significant contract between the company, or one of its subsidiary undertakings, and a controlling shareholder subsisting during the period under review.

Section 9 **Transactions**

SCOPE OF SECTION

This section deals with transactions, principally acquisitions and disposals, by a listed company. It describes how they are categorised, what the requirements are for announcements and circulars and whether shareholder approval is required.

It then considers additional requirements for take-overs and mergers. [Section 10](#) deals with transactions with related parties.

The Appendix to this section sets out, in a table, certain requirements for the contents of Category 1 and 2 circulars. The main headings are:

- 9.1 General
- 9.3 Categorisation and explanation of terms
- 9.18 Category 4 requirements
- 9.20 Category 3 requirements
- 9.25 Category 2 requirements
- 9.27 Category 1 requirements
- 9.28 Reverse take-over requirements
- 9.29 Contents of circulars

[Sections 12, 13, 14](#) and [15](#) respectively deal with mineral companies, property companies, pyramid companies and investment entities.

General

9.1 References in this section to a transaction by a listed company:

- (a) include a transaction by any subsidiary of the listed company;
- (b) exclude a transaction in the ordinary course of the company's trading activities; and
- (c) exclude an issue of securities or a transaction to raise finance which, in either case, does not involve the acquisition or disposal of any asset of the listed company or of its subsidiaries.

9.2 A listed company which is in any doubt as to the application of the listings requirements contained in this section must consult the Committee at an early stage.

Categorisation and explanation of terms

9.3 Any listed company considering a transaction must, at an early stage, consider the categorisation of the transaction.

9.4 A transaction is categorised by assessing its size relative to that of the listed company proposing to make it and the listed holding company of such listed company, if applicable.

9.5 The comparison of size is made by the use of the percentage ratios set out in paragraph 9.6. The different categories of transactions are:

- (a) **Category 4** — a transaction where either of the percentage ratios are less than 10% but more than 5%;
- (b) **Category 3** — a transaction where any percentage ratio is 10% or more but each is less than 20%;
- (c) **Category 2** — a transaction where any percentage ratio is 20% or more but each is less than 30%;

- (d) **Category 1** — a transaction where any percentage ratio is 30% or more; and
- (e) **Reverse take-over** — any transaction, or series of transactions, involving an acquisition by a listed company of a business, an unlisted company or assets which would result in a fundamental change in the business or in a *de jure* change in board or voting control of the listed company except in the circumstances outlined in paragraph 9.11.

Percentage ratios

9.6 The percentage ratios are the figures, expressed as a percentage, resulting from each of the following calculations:

- (a) Consideration to market capitalisation — the consideration divided by the aggregate market value of all the equity securities of the listed company; or
- (b) Dilution — the number of securities issued by a listed company as consideration for an acquisition compared to those in issue prior to the transaction.

9.7 In circumstances where either of the above calculation produces an anomalous result or where the calculations are inappropriate to the sphere of activity of the listed company, the Committee may disregard the calculation and may substitute other relevant indicators of size.

Consideration

9.8 When calculating the consideration:

- (a) where all or part of the consideration is in the form of securities to be listed, the consideration attributable to those securities means the aggregate market value of those securities based on the ruling price of such securities at the time the terms of the transaction are agreed;
- (b) the consideration is the amount paid to the vendors but the Committee may require the inclusion of further amounts (for instance where the purchaser agrees to discharge any liabilities, whether actual or contingent, of the vendors as part of the terms of the transaction), and
- (c) if deferred consideration is or may be payable in the future, the consideration is the maximum possible total consideration payable under the agreement. If the total consideration is not subject to any maximum the transaction will normally be treated as Category 1, notwithstanding the category into which it otherwise falls.

Figures used for categorisation

9.9 Figures used for categorisation purposes must be the aggregate market value of all those securities before the announcement or in the case of consideration in the form of a new class of securities for which an application to listing will be made, the issue price of such securities or, if no price is attributable thereto, the expected aggregate market value of all those securities.

Change in percentage ratios

9.10 If either of the percentage ratios changes to the extent that the categorisation of the transaction is altered between the time the transaction is first discussed with the Committee and the announcement, the Committee must be consulted.

Exceptions to Categorisation rules

9.11 In the case of a reverse take-over, if all the following conditions are satisfied, the acquisition will be treated as Category 1:

- (a) the subject of the acquisition is of a similar size to that of the acquiring company;
- (b) the subject of the acquisition is in a similar line of business to that of the acquiring company;
- (c) the enlarged group is suitable for listing; and
- (d) there will be no change of board or voting control.

9.12 Special requirements apply in the case of mineral companies (see [Section 12](#)) and property companies (see [Section 13](#)).

Indemnities and similar arrangements

9.13 Any agreement or arrangement with a party, not being a member of the listed company's group:

- (a) under which a listed company agrees to discharge any liabilities for costs, expenses, commissions or losses incurred by that party, whether or not on a contingent basis;
- (b) which would be exceptional; and
- (c) under which the maximum liability is unlimited:

will be treated as a Category 1 transaction. For the purpose of this paragraph indemnities such as those customarily given in connection with sale and purchase agreements and indemnities given to advisers against liabilities to third parties arising out of providing advisory services are not "exceptional". In cases of doubt the Committee must be consulted at an early stage.

Aggregation of transactions

9.14 The Committee will require transactions completed during either the 12 months prior to the date of the latest transaction or the period since the date on which the most recent published audited balance sheet was prepared, or the period since the publication of the latest pre-listing statement or circular, whichever is shorter, to be aggregated with the latest transaction for the purpose of determining the categorisation to apply to the latest transaction. In cases of doubt the Committee must be consulted at an early stage.

9.15 Where acquisitions are entered into during a period of 12 months which cumulatively exceed 100% in either of the percentage ratios, the provisions relating to a reverse take-over will apply.

9.16 Without prejudice to the generality of paragraphs 9.14 and 9.15, transactions will normally only be aggregated in accordance with those paragraphs if they:

- (a) are entered into by the company with the same party or with parties connected with one another;
- (b) involve the acquisition or disposal of securities or an interest in one particular company; or
- (c) together lead to substantial involvement in a business activity which did not previously form a part of the company's principal activities.

9.17 If under paragraph 9.14 the aggregation results in a Category 1 requirement for shareholder approval, then that approval is required only for the latest transaction.

Category 4 requirements

9.18 In the case of a Category 4 transaction the company must include details of the transaction in its next interim report, annual financial statements, announcement, circular or other document issued to shareholders. Such details must include:

- (a) particulars of the transaction, including the names of:
 - (i) any company or business, the subject of the transaction; and
 - (ii) if an acquisition, the vendors;
- (b) a description of the business carried on by, or using, the net assets the subject of the transaction;
- (c) the consideration, and how it was satisfied (including the terms of any arrangements for deferred consideration);
- (d) the value of the net assets which are the subject of the transaction and the effect on the net assets (per share) of the company, if material. For the purpose of this paragraph the Committee will regard 3% as being material;
- (e) the profits attributable to the net assets the subject of the transaction and the effect on the net profit (per share) of the company, if material. For the purpose of this paragraph, the Committee will regard 3% as being material;
- (f) any benefits which are expected to accrue to the company as a result of the transaction;

(g) in the case of an acquisition where not all the securities have been acquired state the reason why all the securities were not acquired and whether, and to what extent, anyone associated with the controller of the applicant, its subsidiaries or associates has an interest in the company being acquired;

(h) in the case of disposal, the application of the sale proceeds; and

(i) in the case of a disposal if share or other securities formed part of the consideration received, a statement whether such securities are to be sold or retained.

9.19 In addition, if securities have been acquired in a company which, as a result becomes a subsidiary company as defined in the Act the listed company must confirm, in writing to the Committee that the articles of association of such subsidiary company, will be amended to conform to Schedule 10.

Category 3 requirements

9.20 In the case of a Category 3 transaction the company must, without delay after the terms of the transaction are agreed, publish, in compliance with paragraphs 3.46 to 3.49, a press announcement giving such details of the transaction as set out in paragraphs 9.18 and 9.19.

9.21 The press announcement must include those details required in a Category 4 transaction as stated above and include such details on all Category 4 transactions made since the last document or circular sent to shareholders.

Supplementary notification

9.22 The Committee must be advised and a supplementary press announcement made without delay if, at any time after the notification referred to in paragraph 9.20 has been made, the listed company becomes aware that:

(a) there has been a significant change affecting any matter contained in that earlier notification; or

(b) a significant new matter has arisen which would have been required to be mentioned in that earlier notification if it had arisen at the time of the preparation of that notification.

"significant" means significant for the listed company and the directors of the other company accept responsibility for the information given on that company in the pre-listing statement, then the directors of the applicant may accept responsibility only for the rest of the information in the pre-listing statement (see paragraph 7.B.17) and the responsibility statement must be adapted accordingly.

9.23 The Committee may require responsibility to be extended to additional persons who have made specific statements in, or who have made contributions to the purpose of making an informed assessment of the assets and liabilities, financial position, profits and losses, cash flow and prospects of the listed company and the rights attaching to any securities forming part of the consideration. It will include a change in the terms of the transaction such that the percentage ratios are affected and the transaction requires re-categorisation into a higher category.

9.24 The supplementary notification must give details of the change or new matter and also contain a statement that, save as disclosed, there has been no significant change affecting any matter contained in the earlier notification and no other significant new matter has arisen which would have been required to be mentioned in that earlier notification if it had arisen at the time of the preparation of that notification.

Category 2 requirements

9.25 Upon the terms of a Category 2 transaction being agreed the company must:

(a) immediately comply with the requirements for a Category 3 transaction and state within the announcement that a circular to shareholders will be issued in compliance with (b) below; and

(b) within 28 days, despatch a circular to shareholders.

9.26 The Category 2 circular must comply with the general requirements relating to circulars as set out in [Section 11](#) and must include:

- (a) the information required under Category 4 transaction (see paragraph 9.18);
- (b) details of any service contracts of proposed directors of the listed company;
- (c) where goodwill is involved, a statement regarding the company's accounting policy towards goodwill as well as the reasons for such goodwill payment;
- (d) a statement giving the directors' opinions on the transaction;
- (e) the information required by the Appendix to this section in relation to Category 2 circulars (see paragraph 9.29);
- (f) in the case of an acquisition of an interest in an undertaking which will result in consolidation of the net assets of that undertaking or a disposal of an interest in an undertaking which will result in the net assets no longer being consolidated an accountants' report as set out in [Section 8](#);
- (g) in the case of a transaction not falling with (f) above, a summary of any relevant financial information (or a statement that none exists) together with confirmation that the directors consider that the value to the company justifies the price paid or received by it; and
- (h) as an appendix, details of all Category 4 transactions (as specified in paragraph 9.18) and copies of all Category 3 announcements made since the publication of the company's last annual financial statements or interim report, or pre-listing statement, Category 2 or 1 circulars, whichever is the most recent.

Category 1 requirements

9.27 In the case of a category 1 transaction the company must comply with paragraphs 9.25 to 9.26 (the Category 2 requirements). In addition, the company must obtain the approval of its shareholders in general meeting, and any agreement effecting the transaction must be conditional upon such approval being obtained and the circular should include a statement giving the directors' opinions on the transaction, a recommendation as to how shareholders should vote at the general meeting to approve the transaction and an indication as to how the directors intend to vote their shares, if applicable, at the general meeting.

In addition, if the Category 1 transaction results in an issue of securities which, together with any other securities of the same class issued during the previous 3 months, would increase the securities issued by more than 30%, then the company must include in the Category 1 circular the information required to be disclosed for a pre-listing statement.

Reverse take-over requirements

9.28 The listed company, as enlarged by the acquisition, must be suitable for listing as if it was a new applicant and satisfies the conditions for listing as set out in [Section 4](#).

The announcement of a reverse take-over must contain adequate warning as to the uncertainty of whether the Committee will allow the listing to continue following the acquisition. Suspension of the listed company will be considered by the committee pending fuller details.

The company must prepare a Category 1 circular and listing particulars as though the company were a new applicant. If such Category 1 circular and listing particulars are not provided to shareholders within 30 days of the announcement, the Committee will suspend the listing of the company's securities. The Category 1 circular must clearly advise shareholders whether or not the Committee will continue to grant a listing to the listed company if shareholders approve the acquisition.

Contents of circulars

9.29 In addition to the requirements of paragraphs 9.26 to 9.28, a Category 1 or 2 circular must include the information required by the table set out in the Appendix to this section. Where the circular is accompanied by or forms part of a pre-listing statement which themselves contain the information required, such information need not be repeated.

9.30 The working capital statement and, where relevant, information on group prospects and any profit forecast must be on the basis of the enlarged group in the case of an acquisition and on the basis that the disposal has taken place in the case of a disposal.

9.31 Where the listed company is issuing securities for which listing is sought, the information regarding major interests in securities and directors' interests in securities must be given in relation to the share capital both as existing and the share capital is enlarged by the securities for which listing is sought.

9.32 Where a circular is required by this section and pre-listing statements are required by [Section 6](#), a single document may be issued which comprises pre-listing statements provided that:

- (a) it contains all the information required by this section and [Section 6](#); and
- (b) the document is submitted to the Committee for formal approval prior to its publication (*see paragraph 6.10*).

9.33 If securities are being issued as consideration for an acquisition and a Category 2 circular is required, then listing will not be granted for those securities until the circular has been despatched. In the case of a Category 1 transaction, listing will not be granted until shareholders' approval has been obtained.

Detailed Requirements for Takeovers and Mergers

1. General Requirements

1.1 All parties involved in negotiations should aim at the ideal situation, *viz*, that negotiations should be carried out in such secrecy that no suspension would be necessary and the company would be able at the conclusion of the negotiations to make an announcement giving full details of the transaction.

1.2 If the situation described in 1.1 above is not attainable the parties must submit to the ZSE a draft press announcement for approval. Such announcement, which must be published as soon as possible, should contain all available details regarding the negotiations and a warning to shareholders that they should consult their professional advisers before dealing in their shares until such time as the result of the negotiations is known. In these circumstances no suspension will normally be necessary, but where a brief suspension occurs because of factors such as price fluctuations, the listing will usually be restored on publication of the announcement.

1.3 Any other suspension of a listing, at the request of a company, will only occur in very exceptional circumstances, and then for the briefest possible period.

1.4 In all instances where a preliminary announcement has been published the parties concerned must publish a progress report every 28 days until negotiations have been finalised whereupon an announcement giving full details must be published.

1.5 Companies should ensure that when negotiations commence, the attention of all directors and members of staff involved should be drawn to prohibiting insider trading.

1.6 The Committee of the ZSE will now normally require that Merchant Bankers or Auditors be requested to make a statement to the effect that a transaction is considered to be fair and reasonable in circumstances where:

1.6.1 the parties concerned in the transaction are not at arms length;

1.6.2 any special circumstances exist where the Stock Exchange feels that the auditors opinion is required.

2. Preliminary announcement

2.1 A Preliminary Announcement must be issued in the press at the earliest possible moment, in the event of a Take Over Bid by a listed company, listed or unlisted, or a Take Over Bid being received by a listed company.

2.2 In this statement, the following information should be included:

2.2.1 Name of company or party making the Bid;

2.2.2 Name of offeree company;

2.2.3 Price and/or method of payment;

2.2.4 Percentage of shares for which the offer is being made;

2.2.5 Date of expiry of offer.

2.3 It is emphasised that the essential consideration is the earliest possible indication to shareholders of negotiations and accordingly a statement should not be withheld if fullest particulars are not available for immediate publication.

3. Change of control

3.1 Any person who controls a company and who contemplates transferring control must not (other than in special circumstances, the existence of which is in the sole discretion of the Committee) do so unless the buyer of control undertakes to extend, within a reasonable period of time, a similar offer to the holders of the remaining equity share capital.

3.2 Where no control situation can be identified, it shall be the duty of the Board of directors of the listed company in question to bring to the attention of any person who acquires shares and seeks to exercise control of the company that he is required to extend, within a reasonable period of time, an offer to the holders of the remaining equity share capital on the basis set out in 3.5.

3.3 The Committee may require that an offer be made, within a reasonable time, to the holders of the remaining equity share capital on the basis set out in 3.5 where any person acquires through the medium of the market shares in a listed company which enables control to be exercised, and the Committee is of the opinion that shareholders have not been afforded a reasonable opportunity (the duration of which shall be determined by the Committee but which shall not be shorter than ten trading days) to dispose of their shareholdings in the market.

The provisions of this sub-rule shall not apply where control is acquired partially through transactions outside the market and partially through transactions through the medium of the market, in the event of which an offer, on the basis set out above, will be required to be made.

3.4 When acquiring shares pursuant to 3.3 above a special bargain transaction cannot be undertaken if that special bargain forms part of recent sales that contribute to the passing of control, unless the buyer simultaneously undertakes to extend an offer, on the basis set out in 3.5 to the holders of the remaining equity share capital in that company.

3.5 Where control is acquired by buying shares outside the market or partially outside the market and partially through transactions in the market, the offer to the holders of the remaining equity share capital in the listed company in question shall be:

3.5.1 in cash at not less than the highest price (excluding all charges) paid by the person/s liable to make the offer and by persons acting in concert with him/them; or

3.5.2 in the same listed security as constituted settlement of the shares acquired in the listed company in question; or

3.5.3 in the same combination as that in 3.5.1 and 3.5.2 as constituted settlement of the shares acquired in the listed company in question; or

3.5.4 accompanied by a cash alternative where settlement of the shares acquired in the listed company in question was not in cash or in securities listed or being listed on the ZSE.

3.6 The following circumstances will not be construed as change of control:

3.6.1 where control of a listed company is exercised by a consortium or group of shareholders, shuffles within this control including the emergence of a new dominant member or the exclusion of an existing member; or

3.6.2 where control is vested in readily identifiably family or similar interests, shuffles within this control.

3.7 In situations where control is exercised by any technique whatever, changes in this control whether outright or by the addition of other elements, which involve purchase of shares, will not be permitted unless a similar offer is extended to all shareholders.

3.8 In all instances which are not specifically covered by the above rules it is essential that a person who intends acquiring control of a listed company should consult the ZSE before concluding any transactions.

3.9 When an announcement regarding a proposed cash offer to minority shareholders of a listed company is first submitted to the ZSE for its approval, such announcement must be accompanied by an undertaking from the offeror given to the ZSE that the offer will be made within a reasonable time to minority shareholders in accordance with the ZSE requirements.

As security for the undertaking referred to above, the offeror must deposit cash with a registered banking institution or some other party acceptable to the ZSE, or must give a guarantee or an underwriting commitment from a registered banking institution or some other party acceptable to the ZSE. When this deposit is made, the party with whom the deposit is made must give a letter to the ZSE indicating that it is aware of the purpose of the deposit and that it will not permit a withdrawal of the deposit until such time as the offer is implemented or until such time as the ZSE authorities a refund of the deposit, whichever is earlier.

4. Detailed guidelines can be outlined from the ZSE on mergers and take-overs involving listed companies and unlisted companies with changes of control between the listed and unlisted companies.

5. Reverse Take-Over

In the case of a “reverse take-over” between two listed companies, control and direction of the new company will in all probability change. In this case the ZSE will have no objection but a pre-listing statement or such documentation as the ZSE may require must be submitted and approved.

Note: In cases of doubt the ZSE should be consulted.

6. Requirements for Take-Over Bids or Offers to Purchase

This sub-section is applicable to all “Take-Overs, and Mergers” which in any way affect the right, privileges, or security of, or which would be of material interest to any class of shareholder/debenture holder of any listed company:

6.1. At least 21 days before the opening of the offer submit for approval under cover of a letter all the relevant documentation.

Note:

6.1.1 The appointment of a sponsoring broker is required;

6.1.2 The information for inclusion in documents will vary with each case submitted but the minimum requirements must, so far as is possible, be adhered to;

6.1.3 The company shall send a copy of the offer document to any new shareholder whose name has been included on the register between the date of the issue of the documents and the record date.

6.2 With a view to placing the shares beneficially owned by the offeror company and to those of persons/companies who have by agreement indicated their prior acceptance of the offer, on the same basis as those shareholders of the offeree company who accept the offer, the Directors of the offeror company shall ensure and submit a written undertaking, that during the period the offer remains open, neither it, nor its nominees nor those associated with the offer or with the control of the offeror company, will sell directly or indirectly, or dispose of or alienate any of the shares in the offeree company which are beneficially owned by it or them.

6.3 A statement must be included in the document that late postal acceptances will be accepted provided the envelope is postmarked with a date on or before the closing date of the offer and provided they are received within a specified period.

6.4 Simultaneously with the issue to shareholders, 15 copies of the circulars issued by the offeror company and by the offeree company, are to be lodged with the ZSE for transmission to broking members.

6.5 A summary of the offer shall be advertised in the press not later than the day following that on which the circular was posted to shareholders.

6.6 Immediately after the confirmatory meeting of shareholders of the offeror company (if such a meeting be necessary), deliver written advice to the ZSE of the decision of the meeting.

7. Take-Over in terms of Section 193 of the Act

7.1. A take-over implemented by way of a scheme of arrangement requires a majority representing three fourths of the votes exercisable by the members present or voting by proxy.7.2 In the case of a listed company, the Stock Exchange requests that the votes exercisable shall be those of members of the company other than the controlling shareholders.

7.3 The following draft documents regarding the Scheme of Arrangement must be submitted to the ZSE for informal comment at least 21 days prior to the ZSE Committee meetings:

7.3.1 Explanatory Statement;

7.3.2 Scheme of Arrangement document;

7.3.3 Application for listing/delisting;

7.3.4 Surrender Circular — regarding surrender of scrip in exchange for consideration offered;

7.3.5 Press Announcements advising shareholders of the relevant meetings and the results of such meetings.

7.4 The following minimum information must be included in the explanatory statement set to the offeree company's shareholders in respect of a cash offer:

7.4.1 Comparison between the offer price, the market value and net asset value of the offeree company's shares;

7.4.2 The effect on income as related to earnings and dividends per share;

7.4.3 Future prospects of the offeree company;

7.4.4 History and nature of business of the offeree company;

7.4.5 Latest financial information of the offeree company and any material changes since date of last Annual Financial Statement;

7.4.6 If the last balance sheet had been issued more than nine months previously then a statement should be included and there have been no material changes since the date of the last Annual Financial Statement and the offeree company's Interim Report for the past six months must be included in the document;

7.4.7 Relevant monthly market prices and volume traded of offeree company's shares for the past year and also daily for the week prior to the announcement;

7.4.8 A "*Fair and Reasonable*" statement from a competent independent adviser, such as an auditor or Merchant Bank if the transaction is not at arms length or if any special circumstances exist;

7.4.9 Names of directors and their interests in both companies and the interests of the companies in each other;

7.4.10 Procedure re surrender of scrip;

7.4.11 A statement that unclaimed monies will be held in Trust until claimed;

7.4.12 A statement that no receipts will be issued for scrip surrendered unless specifically requested. Lodging agents to prepare special transaction receipt if required;

7.4.13 A statement that directors common to both Boards will not vote at the scheme meeting in respect of their beneficial shareholdings;

7.4.14 The salient dates applicable to the scheme;

7.4.15 Notice of meeting;

7.4.16 The following statement by the directors of the offeror company:

"The directors collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no other facts the omission of which would make any statement false or misleading and that they have made all reasonable enquiries to ascertain such facts";

7.4.17 A statement of the documents available for inspection;

7.4.18 A statement whether the directors of the offeree company recommend the acceptance of the offer and whether they intend to accept the offer in respect of their own shareholdings.

7.5 The following minimum information must be included in the explanatory statement sent to the offeree company's shareholders in respect of a share exchange:

7.5.1 Comparison between market value and net asset value of the offeror and offeree companies shares in respect of the consideration offered;

7.5.2 The effect on income;

7.5.3 Future prospects of the offeror and offeree company;

7.5.4 Financial information of the offeror and offeree company:

If the last balance sheet had been issued more than nine months previously then a statement should be included that there have been no material changes since date of last balance sheet and the offeror and offeree companies Interim Report for the past six months must be included in the document;

7.5.5 History and nature of business of offeror and offeree companies;

7.5.6 Relevant monthly market prices and volumes traded of offeror and offeree companies shares for the past year, and also daily for the week prior to the announcement of the offer.

7.5.7 A *"Fair and Reasonable"* statement from a competent independent adviser, such as an auditor or Merchant Bank if the transaction is not at arms length or if any special circumstances exist.

7.5.8 Names of directors and their interests in both companies and the interests of the companies in each other;

7.5.9 The following statement by the directors of the offeror company:

"The directors collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief are no other facts the omission of which would make any statement false and misleading and that they have made all reasonable enquiries to ascertain such facts".

7.5.10 Particulars of dividends — (included in or excluded from the offer) a statement whether consideration shares rank *pari passu* with offeror company's other shares from date of listing. The Stock Exchange under normal circumstances will not grant a separate temporary listing;

7.5.11 Procedure re surrender of scrip;

7.5.12 A statement of the documents available for inspection;

7.5.13 A statement that all unclaimed scrip will be held in Trust until claimed;

7.5.14 A statement that no receipts will be issued for scrip surrendered unless specifically requested. Lodging agents to prepare special transaction receipts if required;

7.5.15 A statement whether the directors of the offeree company recommend the acceptances of the offer and whether they intend to accept the offer in respect of their own shareholding;

7.5.16 Notice of meeting;

7.5.17 A statement that directors common to both Boards will not vote at the scheme meeting in respect of their beneficial shareholdings;

7.5.18 The salient dates applicable to the scheme.

7.6 The circular to the offeror company's shareholders, if consideration is more than 30% of the offeror company's share capital and realised reserves, must include the following information:

- 7.6.1 The effect of the takeover on the company's earnings per share and the net asset value;
- 7.6.2 Future prospects of the offeree company;
- 7.6.3 History and nature of business of offeree company;
- 7.6.4 Latest financial information of offeree company and any material changes since date of last balance sheet and a five year profit history of the offeree company;
- 7.6.5 A "*Fair and Reasonable*" statement from a competent independent advisor, such as an auditor or Merchant Bank;
- 7.6.6 Notice of meeting (if applicable).
- 7.6.7 Names of directors and directors interests in the offeror and offeror companies and the interest of companies in each other;
- 7.6.8 Particulars of dividends — A statement whether consideration shares rank *pari passu* from date of listing.

7.7 General Procedures to be followed:

- 7.7.1 Simultaneously with the issue to shareholders, 15 copies of the circulars and scheme documents issued by the offeror company and by the offeree company are to be lodged with the ZSE, for transmission to broking members;
- 7.7.2 A summary of the offer shall be advertised in the press not later than the day following that on which the circular and scheme documents were posted to shareholders;
- 7.7.3 Immediately after the confirmatory meeting of shareholders of the offeror company (if such meeting is necessary) and the scheme meetings of the offeree company, the ZSE must be advised of the decision of the meetings.

8. Takeover in terms of Sections 191 and 194 of the Companies Act

8.1 The following minimum information must be included in the offer document sent to the offeree company's shareholders in respect of a cash offer:

- 8.1.1 Comparison between the offer price, the market value and net asset value of the offeree company's shares;
- 8.1.2 The effect on income as related to earnings and dividends per share;
- 8.1.3 Future prospects of the offeree company;
- 8.1.4 History and nature of business of the offeree company;
- 8.1.5 Latest financial information of the offeree company and any material change since the date of the last annual financial statement;
- 8.1.6 Relevant monthly market prices and volume traded of offeree company's shares for the past year and also daily for the week prior to the announcement of the offer;
- 8.1.7 A "*Fair and Reasonable*" statement from a competent independent adviser, such as an auditor or Merchant Bank if the transaction is not at arms length or if any special circumstances exist.
- 8.1.8 Names of directors and their interests in both companies and the interests of the companies in each other;
- 8.1.9 Procedure re surrender of scrip;
- 8.1.10 A statement that unclaimed monies will be held in Trust until claimed;

8.1.11 A statement that no receipts will be issued for scrip surrendered unless specifically requested. Lodging agents are to prepare special transaction receipts if required;

8.1.12 A copy of relevant section of the Act;

8.1.13 A statement by the directors of the offeror company:

"The directors collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no other facts the omission of which would make any statement false and misleading and that they have made all reasonable enquiries to ascertain such facts".

8.1.14 A statement whether the directors of the offeree company recommend the acceptance of the offer, and whether they intend to accept the offer in respect of their own shareholding.

A statement:

8.1.14.1 that the offer is irrevocable from the date on which the offer is made;

8.1.14.2 that depending upon the result of the offer, the offeror company will invoke the provisions of Section 194 of the Act in order to compulsorily acquire the remainder of the shares of the offeree company;

8.1.14.3 of the policy of the offeror company regarding acceptances from shareholders who become registered shareholders after the record date;

8.1.15 A statement of the documents available for inspection.

8.2 The following minimum information must be included in the offer document sent to the offeree company's shareholders in respect of a share exchange.

8.2.1 Comparison between market value and net asset value of the offeror and offeree companies' shares in respect of the consideration offered;

8.2.2 The effect on income as related to earnings and dividends per share;

8.2.3 Future prospects of the offeror company and offeree company;

8.2.4 Financial information of the offeror company and offeree company. If the last annual financial statements had been issued more than 9 months previously then a statement should be included that there have no material changes since the date of the last annual financial statements and the offeror and the offeree companies' Interim Reports for the past 6 months must be included in the document;

8.2.5 History and nature of business of offeror and offeree companies;

8.2.6 Relevant monthly market prices and volume traded of offeror and offeree companies' shares for the past year and also daily for the week prior to the announcement of the offer;

8.2.7 A "*Fair and Reasonable*" statement from a competent independent adviser, whose appointment has been agreed with the ZSE, such as an auditor or Merchant Bank if the transaction is not at arms length or if any special circumstances exist;

8.2.8 Names of directors and directors' interest in the offeror and offeree companies and the interest of companies in each other;

8.2.9 The following statement by the directors of the offeror company:

"The directors collectively and individually accept full responsibility for the accuracy of the information given and certify that to the best of their knowledge and belief there are no other facts the omission of which would make any statement false and misleading and that they have made all reasonable enquiries to ascertain such facts";

8.2.10 A statement whether the directors of the offeree company recommend the acceptance of the offer, and whether they intend to accept the offer in respect of their own shareholding;

8.2.11 Particulars of dividends — (included in or excluded from the offer). A statement whether consideration shares rank *pari passu* with offeror company's other shares from the date of listing. The Stock Exchange under normal circumstances will not grant a separate temporary listing;

8.2.12 Procedure re surrender of scrip;

8.2.13 Documents available for inspection;

8.2.14 A statement that all unclaimed scrip will be held in Trust until claimed;

8.2.15 A statement that no receipt will be issued for scrip surrendered unless specifically requested. Lodging agents are to prepare special transaction receipts if required;

8.2.16 A copy of the relevant section of the Act.

9. Circular to Offeror's Shareholders

9.1 The circular to the offeror company's shareholders (if consideration is more than 30% of the offeror company's share capital and realised reserves) should contain the following information:

9.1.1 The effect of the takeover on the company's earnings per share and net asset value;

9.1.2 Future prospects of the company;

9.1.3 History and nature of business of offeree company;

9.1.4 Latest financial information of offeree company and any material changes, since date of the last annual financial statements, and a five year profit history of the offeree company;

9.1.5 A "*Fair and Reasonable*" statement from a competent independent adviser, whose appointment has been agreed with the ZSE, such as an auditor or Merchant Bank if the transaction is not at arms length or if any special circumstances exist;

9.1.6 Notice of meeting (if applicable);

9.1.7 Names of directors and directors' interest in the offeror and offeree companies and the interest of companies in each other;

9.1.8 Particulars of dividends — a statement whether consideration shares rank *pari passu* from date of listing. The Stock Exchange under normal circumstances will not grant a separate temporary listing.

Simultaneously with the issue to shareholders, 15 copies of the circulars issued by the offeror company and by the offeree company, are to be lodged with the ZSE.

A summary of the offer shall be advertised in the press not later than the day following that on which the circular was posted to shareholders.

9.1.9 Immediately after the confirmatory meeting of shareholders of the offeror company (if such meeting is necessary) the offeror company must advise the ZSE of the decision of the meeting;

9.1.10 Upon the takeover bid becoming unconditional the ZSE shall be notified immediately. The takeover bid is termed unconditional from the date it is binding on the offeror company;

9.1.11 Upon the close of the offer:

9.1.11.1 a letter shall be sent to the ZSE stating whether or not the conditions of the offer have been fulfilled and furnishing particulars of the percentage of acceptance and of the number of shares acquired;

9.1.11.2 the circular giving notice of the invoking of [Section 194](#) together with the application for the suspension and subsequent termination of the listing must be submitted for approval to the ZSE.

10. Information in offer documents

The following additional information must be included in offer documents relating to all forms of mergers and takeovers:

10.1 The opening and closing date of the offer. The minimum period during which the offer must remain open is three weeks;

10.2 However, the offer should not remain open for an unduly lengthy period. It will be realised that shareholders who have accepted the offer are handicapped until such time as the offer becomes binding;

10.3 If the offer is for cash or for an alternative payment in cash, state date of payment;

10.4 The procedure for payments to non-resident shareholders must be stated;

10.5 A statement that, in the event of the offer becoming a binding contract between the offeror company and the shareholders of the offeree company, application will be made to the Committee off the ZSE for the listing of any shares which are to be issued in exchange;

10.6 A statement in the case of a cash offer whether the offeror company intends to pay the purchase consideration from its own resources.

10.7 The record date. Fourteen days notice of the record date must be given;

10.8 A statement regarding the transfer of shares in the offeree company during the period the offer remains open;

10.9 The offer documents shall include such further information as may be required by the ZSE.

11. Requirements Upon Close of Offer

The following is applicable to all takeover bids upon the close of the offer:

11.1 The listed offeror company is required to make application forthwith for a listing in respect of any shares which are to be issued in exchange for the assented shares;

11.2 All certificates for such shares shall be issued within 21 days from the date of the close of the offer;

11.3 Payment of cash consideration or first instalment if payable in more than one payment, shall be paid within 7 days from the date of the close of the offer;

11.4 It is essential, once the offer has been finalised, to make the result of the offer known to shareholders of both companies and to the public as promptly as possible. In the event of the conditions of the offer not being fulfilled the share certificates and transfer forms shall be returned forthwith to the beneficial owners.

12. Standby Offer

12.1 A “*standby offer*” to the minority shareholders of a company will only be permitted if on the last business day prior to the printing of the document the market price of the company’s shares exceeds the offer price by approximately 10% or by an amount that is satisfactory to the ZSE;

12.2 The circular to shareholders in respect of the offer must be submitted to the ZSE for informal approval prior to submission to the Committee for formal approval, and must at least contain the following information:

12.2.1 The reasons for the making of the offer;

12.2.2 The high and low market prices at which the shares traded since the announcement was made regarding an offer to the minority shareholders;

12.2.3 The market price on the last business date prior to the printing of the offer circular;

12.2.4 The opening and closing dates of the offer (the period during which the offer must remain open must be at least. 21 days)

NOTE:

I) The ZSE in its discretion may request additional information and will refer to precedents as detailed in the City Code of the London Stock Exchange or the Securities Regulation Code of the Johannesburg Stock Exchange.

IA) The ZSE regards the acquisition of a minimum of 35% of securities by a person or group acting in concert as being the point at which the acquirer of the securities will have an obligation to make an offer on a basis agreed with the committee.

[Paragraph IA inserted by the Committee with effect from 31 July 1999.]

II) The company must advise the ZSE of the number of acceptances within 14 days after the closing date of the offer, together with an updated analysis of shareholders.

Appendix to Section 9

The following table identifies the information required to be included in a Category 2 or Category 1 circular (in addition to that required by paragraph 9.26 or 9.27) in respect of the listed company and the undertaking the subject of the transaction by reference to certain paragraphs of [Section 7](#). Information denoted by a * is required.

		Category 2	Category 1		
Paragraph	Description	Listed Company	Undertaking the subject of the transaction	Listed Company	Undertaking the subject of the transaction
7.A.1	name and address	*	*	*	*
7.A.15	statement of indebtedness			*	*
7.A.28	major interests in shares	*		*	
7.B.15	Directors' interests in shares	*		*	
7.B.16	Directors' interests in transactions	*		*	
7.B.17	Directors' responsibility statement	*		*	
7.D.5	group's prospects	*		*	*
7.D.8	change of direction			*	
7.D.11	litigation		*	*	*
7.E.2	Accountants' report		*		*
7.E.16	material changes	*		*	*
7.E.17	report on any profit forecast			*	*
7.E.18	pro-forma net asset statement	*		*	
7.F.1	significant contracts			*	*

7.F.3	directors' service contracts	*		*	
7.F.5	experts' consents	*		*	
7.G.1	Documents to be available for inspection			*	
7.H	vendors		*		*

Section 10 Transactions with Related Parties

SCOPE OF SECTION

This section provides certain safeguards against those shareholders, directors and/or other persons related to a listed company taking advantage of their position. Transactions with parties related to a listed company are known as related party transactions. Reference should also be made to the listings requirements regarding transactions set out in [Section 9](#).

Where any transaction is proposed between a listed company (or any of its subsidiaries) and a related party, a circular to shareholders and the approval of the shareholders of the listed company in general meeting will normally be required.

Any circular sent to shareholders in connection with a related party transaction must provide sufficient information to enable any recipient of the circular to evaluate the effects of the transaction on the listed company.

The main headings are:

- 10.1 Definitions
- 10.2 Consultation with the Committee
- 10.4 Usual requirements for a related party transaction
- 10.7 Transactions not regarded as related party transactions
- 10.8 Aggregation
- 10.9 Contents of circular

Definitions

10.1 For the purposes of this section, the following definitions apply:

- (a) a “**related party transaction**” means a transaction, or any variation or novation of an existing agreement, between a listed company (or any of its subsidiaries) and a related party;
- (b) “**related party**” means:
 - (i) a material shareholder;
 - (ii) any person who is, or within the 12 months preceding the date of the transaction was, a director of the listed company or any of its subsidiaries or its holding company or any subsidiary of its holding company. For the purpose of this definition, a director includes a person who is, or within the 12 months preceding the date of the transaction was, not a director but in accordance with whose directions or instructions the directors are or were accustomed to act;

- (iii) any advisor to the listed company which has, or within the 12 months preceding the date of the transaction had a beneficial interest, whether direct or indirect, in the listed company or any of its associates;
 - (iv) any person, who is, or within the 12 months preceding the date of the transaction was, a principal executive officer of the company, by whatever position he may be, or may have been, designated and whether or not he is, or was, a director;
 - (v) as associate of the persons in (i) to (iv) above;
- (c) “**material shareholder**” means any person who is, or within the 12 months preceding the date of the transaction was, entitled to exercise or control the exercise of 10% or more of the votes able to be cast on all or substantially all matters at general meetings of the listed company (or any other company which is its subsidiary or holding company or which is a fellow subsidiary of its holding company).

Consultation with the Committee

10.2 If a listed company (or any of its subsidiaries) proposes to enter into a related party transaction, the listed company must consult the Committee at an early stage. If the Committee considers the related party to have a significant interest in, or influence over the related party transaction, it may, at its sole discretion, impose the requirements set out in paragraphs 10.4 and 10.5. The relevant draft contract must be supplied to the Committee, if requested.

10.3 The Committee may, in its sole discretion, require the listed company to provide it with a declaration that, to the best of the knowledge and belief of the directors, any nominee shareholders do not include any person who may be acting in concert with any other person in relation to the related party transaction.

Usual requirements for a related party transaction

10.4 If the Committee so decides, the listed company must in respect of a related party transaction:

- (a) make a press announcement containing:
 - (i) the information specified in paragraph 9.18;
 - (ii) the name of the related party concerned; and
 - (iii) details of the nature and extent of the interest of the related party in the transaction;
- (b) send a circular to its shareholders containing the information required in paragraph 10.9;
- (c) obtain the approval, by resolution, of its shareholders either prior to the transaction being entered into or, if it is expressed to be conditional on such approval, prior to completion of the transaction; and
- (d) include in the special or ordinary resolution to approve or give effect to the transaction a condition that the validity (for the purposes of the listings requirements) of the resolution will be subject to a simple majority of the votes of shareholders other than the related party and its associates being cast in favour of the resolution.

10.5 Where a meeting of the listed company has been called to approve a transaction and, after the date of the notice of meeting but prior to the meeting itself, the transaction becomes a related party transaction, the Committee may require that the listed company either:

- (a) take immediate steps to amend the relevant resolution by including the condition referred to in paragraph 10.4(d) and give notice of the amendment to shareholders by way of a circular containing also any information required by paragraph 10.9 which was not contained in the original circular accompanying the notice of the meeting; or
- (b) withdraw the notice of the meeting and convene a fresh meeting complying with paragraph 10.4(d).

10.6 If the Committee decides not to impose the requirements set out in paragraphs 10.4 or 10.5 in respect of a related party transaction, the listed company must prior to completing the transaction:

- (a) provide the Committee with written confirmation from an independent professional expert acceptable to the Committee that the terms of the proposed transaction with the related party are fair and reasonable as far as the shareholders of the listed company are concerned; and
- (b) undertake in writing to the Committee to include details of the transaction in the listed company's next published annual financial statements, circular or pre-listing statement, including the identity of the related party, the value of the consideration for the transaction and all other relevant circumstances.

Transactions not regarded as related party transactions

10.7 A transaction will not be regarded as a related party transaction if any of the following situations apply:

Equity securities not listed

- (a) the listed company does not have any equity securities listed;

External company

- (b) the listed company is an external company with a secondary listing on the ZSE;

Issue of new securities

- (c) the transaction is an issue of new securities either:

- (i) for cash by the listed company (or any of its subsidiaries) pursuant to an opportunity which (so far as is practicable) is made available to all holders of the listed company's securities (or to all holders of a relevant class of its securities) on the same terms other than those excluded in terms of the Act; or

- (ii) made pursuant to the exercise of conversion or subscription rights attaching to a listed class of securities or previously approved by the listed company's shareholders in general meeting;

Employees' share scheme

- (d) the transaction:

- (i) involves the receipt of securities by a director of the listed company, its holding company or any of its subsidiaries; or

- (ii) is a grant of an option to a director of the listed company, its holding company or any of its subsidiaries to acquire (whether or not for consideration) new or existing securities of the listed company;

in accordance with the terms of an employees' share scheme which does not have the effect of conferring benefits only on directors of the listed company, its holding company or any of its subsidiaries;

Credit

- (e) the transaction is a grant of credit (including the lending of money or the guaranteeing of a loan) to the related party:

- (i) upon normal commercial terms in the ordinary course of business; or

- (ii) in amount and on terms no more favourable than those offered to employees of the group generally;

Directors indemnities

- (f) the transaction is the grant of an indemnity to a director of the listed company (or any of its subsidiaries) to the extent permitted by the Act, or the maintenance of a contract of insurance to the extent contemplated by that section (whether for a director of the listed company or for a director or any of its subsidiaries);

Underwriting

(g) the transaction is an underwriting by the related party of all or part of an issue of securities by the listed company (or any of its subsidiaries) and the consideration to be paid by the listed company (or any of its subsidiaries) in respect of such underwriting is no more than the usual commercial underwriting consideration and is the same as that to be paid to the other underwriters (if any); or

Small transactions

(h) the transaction is one where both of the percentage ratios referred to in paragraph 9.6 is equal or less than 5%;

Revenue transaction

(i) the transaction is one of a revenue nature in the ordinary course of business.

Aggregation

10.8 The Committee will require all transactions to be aggregated which are entered into by the listed company (or any of its subsidiaries) with the same related party (and any of its associates) in any twelve month period and which have neither been approved by shareholders nor described in a circular complying with the requirements of paragraph 10.9

If the transactions in aggregate would be classified as a Category 3 or larger transaction (*see paragraph 9.5*), the Committee may require the company to comply with the requirements of paragraph 10.9 in respect of the latest transaction and to disclose in the circular all relevant details of each of the transactions being aggregated.

Contents of circular

10.9 A circular relating to a related party transaction must comply with the general requirements relating to circulars set out in [Section 11](#) and must also include:

(a) a responsibility statement in accordance with paragraph 7.B.17;

(b) in all cases the information required by the following paragraphs of [Section 7](#) in relation to the listed company:

Paragraph	
7.A.1	name and address
7.A.28	major shareholders
7.E.3 to 5	financial information
7.E.16	material changes
7.F.1	significant contracts
7.F.6	experts' consents
7.G.1	documents available for inspection

(c) in the case of a transaction where the related party is a director, or an associate of a director, of the company (or its holding company or any of its subsidiaries or fellow subsidiaries) the information specified by the following paragraphs:

Paragraph	
7.B.15	directors' interests in securities
7.B.16	directors' interests in transactions

7.F.3	directors' service contracts
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- (d) full particulars of the transaction, including the name of the related party concerned, a description of the relationship between the listed company and the related party and the nature and extent of the interest of such party in the transactions;
- (e) in the case of an acquisition, or disposal of fixed property, or, in the case of a mineral company, an acquisition or disposal of minerals, mineral resources or mineral reserves (as defined in [Section 12](#)), an independent valuation including the value, the basis of valuation and the method of arriving at such value;
- (f) a statement complying with Schedule 5 by an independent professional expert acceptable to the Committee as to whether the transaction is fair and reasonable insofar as the shareholders of the listed company are concerned, provided that such statement shall not be required if an independent valuation has been conducted and disclosed in accordance with paragraph (e);
- (g) where applicable, a statement that the related party and its associates will not be taken into account in determining a quorum at the shareholders' meeting and their votes will not be taken into account in determining the results of the voting at such meeting in relation to any resolution in connection with the related party transaction;
- (h) if the transaction also falls within Category 1 or 2, the information required to be included in Category 1 or 2 (see [Section 9](#)) circulars respectively; and
- (i) details of any other transactions entered into by the listed company (or any of its subsidiaries) with the same related party (and any of its associates) which have not been approved by the shareholders.

Section 11

Circulars and Press Announcements

SCOPE OF SECTION

This section sets out:

- (a) the general requirements which apply to all circulars and press announcements published by listed companies; and
- (b) the specific requirements relating to the method of issue of securities to be listed;

Where the circular or press announcement, or the transaction or matter to which it relates, has unusual features or where it is not possible to comply with the relevant requirements set out in this section, the Committee must be consulted at an early stage.

[Sections 9](#) and [10](#) detail the information to be included in press announcements and circulars relating to transactions and related party transactions.

The main headings are:

- 11.1 Contents of all circulars
- 11.2 Formal approval
- 11.3 Contents of press announcements and circulars
- 11.6 Placings
- 11.7 Offers for sale or subscription
- 11.10 Renounceable offers
- 11.13 Rights offers and claw-back offers
- 11.19 Capitalisation issues and scrip dividends

11.23 Acquisitions and disposals of assets

11.24 Issues for cash

11.25 Sundry matters

11.38 General

Appendix

Contents of all circulars

11.1 Circulars and pre-listing statements sent by a listed company to holders of its listed securities must:

- (a) provide a clear and adequate explanation of its subject matter;
- (b) if voting or other action is required:
 - (i) contain all information necessary to allow the holders of the securities to make a properly informed decision; and
 - (ii) contain a heading drawing attention to the importance of the document and advising holders of securities who are in any doubt as to what action to take to consult appropriate independent advisers;
- (c) state that where all the securities have been sold or transferred by the addressee, the circular and any other relevant documents should be passed to the person through whom the sale or transfer was effected, for transmission to the purchaser or transferee;
- (d) circulars and pre-listing statements must state in which other official languages the circular or pre-listing statement is also available and where such circulars or pre-listing statements and transactions thereof may be obtained;
- (e) include all the information published, or to be published simultaneously with the circular or pre-listing statement, in any press announcement issued in connection with the transaction to which the circular or pre-listing statement relates; and
- (f) where new securities are being issued in substitution for existing securities, explain what will happen to existing documents of title.

Formal approval

11.2 Press announcements (other than dividend announcements (except those relating to scrip dividends), interim and preliminary reports and annual financial statements) may not be published until they have received the approval of the Committee; and circulars may not be published until they have been approved by the Committee.

Contents of press announcements and circulars

Introductions

11.3 Applicants seeking a listing by way of an introduction are required to publish the following on the day of the commencement of listing:

Press announcements

11.4 A press announcement which should include the following:

- (a) the number and description of the securities concerned;
- (b) the name, date of registration and registration number of the applicant;
- (c) the general nature of the main business or proposed main business actually carried on or to be carried on by the applicant and its subsidiaries;
- (d) the names and addresses of the directors of the applicant;

(e) the places at and times during which copies of the pre-listing statement may be obtained, and if the press announcement is not a full pre-listing statement a statement of such; and

Circular

11.5 A pre-listing statement which should:

(a) in addition to the requirements of paragraph 6.8(b) state on the front page the following:

"This pre-listing statement is not an invitation to the public to subscribe for securities, but is issued in compliance with the Listing Requirements of the ZSE, for the purpose of giving information to the public with regard to the company";

(b) if a pre-listing statement is required as a result of a rights issue, then the additional wording on the front page should state the following:

"This rights issue circular incorporates listing particulars and is issued in compliance with the listing requirements of the ZSE, for the purpose of giving information to the public with regard to the company"; and

(c) contain the information described in the Appendix to [Section 6](#).

Placings

11.6 Companies seeking a listing by way of placing should publish, on the day of the commencement of listing, the documents together with the respective contents as set out for an introduction in paragraphs 11.4 and 11.5.

Offers for sale or subscription

11.7 Applicants seeking a listing by way of an offer for sale or subscription are required to publish the following:

Press announcements

11.8 A press announcement which should either contain the contents of the prospectus (as set out in paragraph 11.9) or should contain only the following information:

(a) the number and description of the securities concerned;

(b) the name and date of registration of the applicant;

(c) the general nature of the main business or proposed main business actually carried on or to be carried on by the applicant and its subsidiaries;

(d) the names and addresses of the directors of the applicant;

(e) the places at and times during which copies of the prospectus may be obtained;

(f) where all the securities which are the subject of an offer are intended to be offered only to the members of a company or debenture holders as the case may be, with or without the right to renounce in favour of other persons:

(i) the issue price of such securities;

(ii) the ratio in which such securities will be offered to the members or debenture holders entitled to accept the offer; and

(iii) the last day on which members or debenture holders must register as such in order to be entitled to receive the offer; and

(g) the last day for subscribing.

Circular

11.9 The circular for an offer for sale or subscription should take the form of a prospectus and comply with the Appendix to [Section 6](#).

Renounceable offers

11.10 The applicant in a renounceable offer is required to publish two press announcements and pre-listing statement as set out below:

- (a) the first press announcement must contain at least the information required in paragraph 11.8;
- (b) the second press announcement must give the following information:
 - (i) the date from which the pre-listing statement will be available and from whom it can be obtained; and
 - (ii) the date the applicant's issued securities and the letters of allotment will be listed;
- (c) the pre-listing statement must contain the information set out in the Appendix to [Section 6](#).

11.11 The listed company renouncing the securities to its shareholders must publish four press announcements, according to the timetable set out in paragraph 5.41, containing the information referred to in paragraph 11.15.

11.12 The press announcements issued by the applicant and the listed company must be published together provided that the applicant's pre-listing statement contains all the information contained in press announcements issued by the listed company and the responsibility statement from the directors of the applicant covers such information.

Rights offers and claw-back offers

11.13 Listed companies seeking a listing for securities issued by way of a rights offer or claw-back offer are required to publish the following:

Press announcements

11.14 Four press announcements in accordance with the timetable set out in paragraph 5.57.

11.15 The press announcements should contain the following:

- (a) the first press announcement must give the last date to register for shareholders to participate in an offer;
- (b) the second press announcement must give the terms of the offer and a statement that application has been made to the Committee for a listing of the renounceable letters and subsequent securities (the advertisements in (a) and (b) could be combined);
- (c) the third press announcement must:
 - (i) advise that the Committee has granted a listing for the renounceable letters of allocation and subsequent securities;
 - (ii) state the salient dates relating to the offer;
 - (iii) state that copies of the circular or pre-listing statement will be available for inspection at the company's sponsoring brokers, transfer office, registered office and such other locations as may be appropriate, by the Friday prior to the Monday on which the listing of the letters of allocation commences; and
- (d) the fourth press announcement must give the number of securities taken up by the shareholders of the applicant and the number of securities taken up by the underwriter.

Circular

11.16 If a pre-listing statement is to be published in accordance with [Section 6](#) it should contain the information set out in the Appendix to that section.

11.17 If a pre-listing statement is not required by [Section 6](#) a circular should be published containing the information required by the following paragraphs of [Section 7](#):

The applicant and its capital	7.A.1, 4 or 5;
Directors, manager and advisors	7.B.1 (with respect to the listed company only), 6, 15, 16 and 17;
Securities for which application is being made	7.C. 14 and 16;
Group's activities	7.D.2, 5 and 11;
Financial information	7.E.3, 4 and 5 and 16;
General information	7.F.5; and
Documents to be available for inspection	7.G.1

11.18 In addition, the circular should contain details of all Category 3 or 4 transactions (as described in paragraphs 9.18 to 9.21) not previously notified to shareholders by way of a circular.

Capitalisation issues and scrip dividends

11.19 Companies seeking a listing for securities issued by way of a capitalisation of reserves and/or an application of share premium or capital redemption reserve fund are required to publish the following:

Press announcements

11.20 For a scrip dividend or a cash underpin by a third party for a capitalisation issue, three press announcements are required

- (a) the first press announcement must give the last date on which shareholders must be registered in order to participate in the scrip dividend (or capitalisation issue where applicable) and the exact cash value of the dividend or the exact ratio of the capitalisation issue;
- (b) the second press announcement must give the ratio of new securities offered to existing securities or the exact cash value of the underpin; and
- (c) the third press announcement must give details of the results of the scrip dividend and the fact that the dividend has now been declared or the level of acceptances of the cash underpin.

11.21 For other capitalisation issues a press announcement is required giving details of:

- (a) the proposed capitalisation issue;
- (b) the last date on which shareholders must be registered in order to participate in the capitalisation issue;
- (c) the date on which the scrip arising out of the capitalisation issue will be issued;
- (d) the number of shares that will be issued in relation to the number of shares already in issue; and
- (e) the date on which the new number of shares generated by the capitalisation issue will be listed.

Circular

11.22 A circular should be published containing the information set out in paragraph 7.C.15 and complying with the requirements of paragraphs 5.70 to 5.81 in the case of scrip dividends and with paragraphs 5.61 to 5.69 or in the case of capitalisation issues.

Acquisitions and disposal of assets

11.23 The requirements for the contents of press announcements and circulars relating to Category 1, 2, 3 and 4 transactions can be found in [Section 9](#).

Issues for cash

11.24 Companies seeking a listing for securities issued for cash should publish a circular containing the following:

- (a) the notice of general meeting;
- (b) full disclosure of the detailed effects of the proposed issue including the effect on the net asset value per share;
- (c) a statement by the directors of the company as well as an independent professional expert (complying with Schedule 5) acceptable to the Committee certifying that in their opinion after due and careful enquiry, such issue is fair and reasonable and in the interests of the shareholders;
- (d) any discount to prevailing and recent market prices must be motivated;
- (e) a statement that to the knowledge of the directors and controlling shareholders (if any), the company is not the subject of an announced or expected take-over bid;
- (f) the name(s) and address(es) of the subscribers to the issue for cash; and
- (g) the paragraphs of [Section 7](#) described in paragraph 11.17 above except for the information required by paragraph 7.C.16.

Sundry Matters

Letters of allocation

11.25 The salient details of the rights or claw-back offer or capitalisation issue must be printed on the front page of the letter.

11.26 The instructions in respect of acceptance, renunciation, splitting and payment and the sections to be completed by the renouncer and renouncee must be printed on the subsequent pages.

11.27 Where excess securities are made available the application form must be printed in different colour to the letter of allocation.

Voluntary liquidation

11.28 Where a listed company proposes to enter into voluntary liquidation a circular should be despatched with the notice of general meeting incorporating the following:

- (a) a summary of the mechanics of the liquidation distribution and the payment procedure to be adopted;
- (b) any exchange control rulings/procedural guidelines;
- (c) the taxation implications of the distribution;
- (d) a pro-forma net asset statement (*see paragraphs 8.35 to 8.43*) if the listed company has entered into any Category 1 to 4 transactions or, if not, the information required by paragraphs 7.E.3, 4 and 5;
- (e) the effect on capital and earnings to the shareholder; and
- (f) the information required by paragraph 7.C.14.

11.29 Should shareholders approve the voluntary liquidation a written application must be submitted for the termination of the listing on a stated date. The listing will be terminated at the close of business on that date.

Redemption of securities

11.30 Where a listed company proposes to redeem securities a circular should be despatched with the notice of general meeting incorporating the following:

- (a) a summary of the salient features, dates, rationale and action required;
- (b) any exchange control rulings together with a statement as follows:

"Redemption proceeds received by Non-residents - will be subject to a ruling by the Exchange Control Authorities in Zimbabwe";

- (c) the taxation implications of the redemption;
- (d) the effect on capital and earnings to the shareholder; and
- (e) the information required by paragraph 7.C.14.

11.31 The requirements of 11.30 may be waived by the Committee where such redemption does not contain any options and must be redeemed on specific terms and at specific times.

Change of name of a listed company

11.32 Two circulars should be sent to shareholders where a company proposes to change the name:

- (a) the first circular should call for the necessary meeting and give details of the resolutions shareholders will be asked to pass an order to affect the proposed change of name; and
- (b) the second circular must give the results of the resolutions and, if the resolutions have been passed, state:
 - (i) whether the change of name has been registered with the Registrar of Companies;
 - (ii) the date from which the ZSE will give effect to the change of name;
 - (iii) the abbreviated name of the company; and
 - (iv) instructions as to the procedure to be adopted regarding existing share certificates.

NOTE:

1. Where share certificates are being recalled the 2nd circular must be sent to shareholders at least 2 weeks prior to the date on which the company's securities are listed under its new name.

2. The day from which the listing is amended must always be a Monday, or if this is a public holiday from the next business day.

Sub-division/consolidation of securities

11.33 Two circulars should be sent to shareholders where a company proposes to consolidate or subdivide its securities:

- (a) the first circular should call for the necessary meeting and include the following:
 - (i) details of the resolutions shareholders will be asked to pass in order to effect the consolidation or subdivision;
 - (ii) the reasons for the sub-division/consolidation;
 - (iii) the ratio of the sub-division/consolidation;
 - (iv) a statement that application has been made to the Committee for the amendment of the company's listing; and
 - (v) the procedure to be adopted regarding existing share certificates if the special resolution is passed by shareholders and the Committee has agreed to the amendment of the listing;
- (b) a second circular must be sent to shareholders immediately after the general meeting and should contain:
 - (i) the outcome of the meeting;
 - (ii) whether the application for the listing of the sub-divided/consolidated securities has been granted by the Committee;
 - (iii) the date from which the listing is to be amended;
 - (iv) the procedure to be adopted in respect of the recall of the existing share certificates; and
- (c) a press announcement embodying the details contained in (b) above must be published.

NOTES:

1. The Committee will only consider applications in respect of share splits from companies whose securities have a high market price and/or are poorly traded so as to improve the marketability of the securities.
2. No company in the "Cash Companies" section of the List will be permitted to split its securities, if as a result of such split the net asset value or indicated market price after the split is reduced to below 20 cents per share.
3. The date from which the listing is amended must always be a Monday or if this is a public holiday from the next business day.

Issue of authorised but unissued shares which are under the control of the directors

11.34 Where a company is contemplating an increase of capital and the authorised but unissued shares are being placed under the direct control of the directors with no indication as to whom they will be issued; the notice to shareholders must contain the following:

"No issue of these shares is however contemplated at the present time and no issue will be made which could effectively transfer the control of the company without prior approval of shareholders in General Meeting."

Change of transfer secretaries

11.35 The following procedures are required when there is a change in the transfer secretary/secretaries of a listed company:

- (a) a notice advising members of the listed company's change of transfer secretary/secretaries, together with the relevant details, must be sent to all registered members;
- (b) a press announcement detailing the changes must be published at least two weeks before the due date of change; and
- (c) the listed company must advise the Committee, in writing of the change and must include details in respect of the listed company's new transfer secretary/secretaries.

Cautionary announcements

11.36 Such announcements, which should be published as soon as possible, should contain all available details regarding the negotiations and a warning to shareholders that they should consult their professional advisers before dealing in their shares until such time as the result of the negotiations is known.

11.37 In all instances where a cautionary announcement has been published, the company must publish a progress report at least every 21 days until negotiations have either been finalised and shareholders informed of their outcome in the manner required in the listings requirements or have been terminated and shareholders informed accordingly.

General

Embargo placed on company announcements

11.38 To obviate leakage of information companies are not permitted to release for publication company announcements (including press announcements, circulars and pre-listing statements) under a time embargo. Release dates should be in agreement with the ZSE.

Name or logo of a broking firm

11.39 The names of the members of the ZSE may appear in any advertisement or document issued by or on behalf of any company. Where the names of members appear the following words must be added after their names "*member of the ZSE*."

11.40 Where the name or logo of a broking firm appears on an advertisement or document, irrespective of whether the advertisement or document is in respect of a listed or unlisted company, the following should be noted:

- (a) the document/advertisement must be cleared with the Committee;
- (b) the document/advertisement must conform to the listings requirements; and

(c) the document will be subject to normal documentation fees (if applicable).

Availability of pre-listing statements or circulars

11.41 Members of the ZSE may obtain copies of the pre-listing statements or circulars by submitting a request to the sponsoring broker for the number of copies required. It will be the duty of the sponsoring broker to pass on such applications to the company who will be responsible for posting these promptly to the applicants.

Appendix to Section 11

Guidelines on the publication of information

The following table provides a summary of the requirements for the publication of information relating to listed companies.

Reference Paragraph (unless otherwise stated)	Information	No. of copies for ZSE	Distribute to each shareholder	Publish in press
3.23	Annual Financial	3	Yes	Note 1
16.21	Statements (Audited)			
8.44	Provisional Annual	3	Yes	Yes
3.20	Financial Statements			
3.22	(Preliminary Reports)			
16.21	Note 2			
3.19	Interim Reports	3	Yes	Yes
3.22	Note 2			
8.44				
8.49				
16.21				
8.44	Quarterly Reports	3	Yes	Yes
16.21	Other Preliminary	3	No	Yes
3.13	Reports			
8.28				
3.11	Dividend Announcements	3	Note 3	Note 3
3.18				
3.23	Notices of Annual	3	Yes	No
16.21	General Meetings and			

	the Minutes			
3.50	Circulars	3	Yes	Note 4
16.21				
Section				
11				
6.23	Pre-Listing Statements	3	Yes	Yes
3.50	and Prospectuses			
3.51				
11.8				
3.46				
to 3.49	Press Announcements	3	Yes	Yes
3.9	Cautionary Announcement	3	Yes	Yes

NOTES:

1. Annual financial statements need not be published in the press. However, if they are published in the press, they must be published in English (*see paragraphs 3.46 to 3.48*).
2. Unaudited provisional annual financial statements (preliminary reports) and under certain circumstances, unaudited interim reports, must be reviewed by the company's auditors in terms of paragraph 3.22 and published in the press.
3. Dividend announcements must be published in the press and/or be distributed to all shareholders. If published in the press, it must be published in English (*see paragraphs 3.46 to 3.48*).
4. Circulars need not be published in the press. Refer to [Section 11](#) to determine whether a press announcement is required. If an announcement needs to be published in relation to a circular, it must be published in English (*see paragraphs 3.46 to 3.48*).

(iii) a copy of the circular, approved by the Committee and issued to registered option holders and shareholders;

(iv) three copies of the circular are to be sent to the ZSE for distribution to broking members.

Section 12

Mineral Companies

SCOPE OF SECTION

This section sets out the criteria for the listing of, and the additional disclosure requirements for, mineral companies, which are defined as exploration companies and/or mining companies.

The main headings are:

12.1 Definitions

12.2 General

Exploration Companies

- 12.4 Criteria for listing
- 12.7 Contents of pre-listing statements
- 12.8 Competent persons' reports
- 12.10 Press announcements and circulars
- Mining Companies
- 12.12 Criteria for listing
- 12.13 Contents of pre-listing statements
- 12.15 Competent persons' reports
- 12.17 Press announcements and circulars

Definitions

12.1 For the purposes of this section, unless otherwise stated or the context otherwise requires, terms signifying the singular shall include the plural and vice versa and the following terms shall have the meanings set out below:

Term	Meaning
competent person	in relation to the preparation of a competent person's report, must be an individual, firm, company or other legal entity which has a director, partner or any employee, who: <ul style="list-style-type: none"> (a) is professionally qualified and is a member in good standing of an appropriate professional association, institution or body acceptable to the Committee; and (b) has, in the opinion of the Committee, the necessary professional experience insofar as it relates to the contents of the report
competent person's report	the report prepared by one or more competent persons and which complies with paragraphs 12.8 and 12.9 in the case of exploration companies, and with paragraph 12.16 in the case of mining companies
exploration	the intentional searching or prospecting for any mineral, but not including mining
exploration company	a company whose principal activity is that of exploration
exploration information	information resulting from exploration
mineral	any substance, whether in solid, liquid or gaseous form, occurring naturally in or on the earth, in or under water or in tailings and having been formed by or subjected to a geological process, excluding water, but including sand, stone, rock, gravel and clay, as well as soil other than topsoil

mineral company	an exploration company and/or a mining company
mineral reserves	that part of a mineral resource which has been analytically demonstrated to justify mining, taking account, at the time of determination, mining, metallurgical, marketing, legal, environmental, social, economic and other applicable conditions
	(see note below)
mineral resources	any mineral deposit in such form and quantity that mining of a mineral may be feasible. Location, grade, quality and quantity are estimated from specific geological evidence (see note below)
mining	any excavation of the earth, including the portion under water or in any tailings, as well as any borehole, made for the purpose of winning a mineral or the exploration of any mineral deposit in any other manner.
mining company	a company whose principal activity is that of mining

NOTE: mineral resources and reserves

Whilst the distinction between a mineral resource and reserve is sufficiently settled to permit these terms being defined, generally acceptable definitions of sub-classification of mineral resources and reserves and, in particular, their interpretation have yet to be established in Zimbabwe. It is therefore premature to impose mandatory sub-classifications for mineral resources and reserves on mineral companies, who are rather encouraged to adopt sub-classifications that are appropriate to each mineral deposit and that are consistent with good Zimbabwean practice.

General

12.2 The listings requirements apply to mineral companies except as modified by this section. The provisions of paragraphs 12.4 to 12.11 apply exclusively to exploration companies. The provisions of paragraphs 12.12 to 12.17 apply exclusively to mining companies. To the extent that a mineral company is both an exploration company and a mining company all of these provisions will apply.

12.3 If information required to be disclosed under this section is confidential for legal and/or other reasons and the directors of a mineral company can prove to the satisfaction of the Committee that the mineral company's legitimate interests might be prejudiced if the information were to be disclosed, then the Committee may grant a dispensation from the requirement to make the information public.

Exploration companies

Criteria for listing

12.4 The Committee may admit to listing on the Mining sector of the Board the securities of an applicant notwithstanding that the requirements of paragraph 4.25(c) are not satisfied, provided that:

- (a) the provisions of paragraph 4.25(a), (b), (e) and (f) are satisfied'
- (b) the applicant undertakes or proposes to undertake exploration;
- (c) the applicant demonstrates to the satisfaction of the Committee that the applicant's managers have satisfactory experience in exploration; and

(d) the applicant demonstrates to the satisfaction of the Committee that the applicant is entitled to explore for the relevant minerals.

12.5 The Committee will require all applicants to have issues underwritten.

12.6 Underwriters will provide full details as requested by the Act.

Contents of pre-listing statements

12.7 In addition to the requirements of [Section 6](#), the following information/documentation shall be included:

(a) a competent person's report, complying with paragraphs 12.8 and 12.9, and, if the competent person is not, in the opinion of the Committee, independent of the issuer, the pre-listing statement must clearly disclose the nature of the relationship or interest;

(b) details of all management and service agreements;

(c) the names of the issuers' directors and technical advisors;

(d) details of any direct or indirect interest, beneficial or non-beneficial, which each director, competent person and related party (as defined in paragraph 10.1(b)) has or, within two years of the date of the pre-listing statement, had:

(i) in any asset (including any right to explore for minerals) which has been acquired or disposed of by, or leased to or by the issuer, including any interest in the consideration passing to or from the issuer;

(ii) in the share capital of the issuer; and

(iii) in the promotion of the issuer;

(e) a statement of any legal proceedings that may have an influence on the rights to explore for minerals, or an appropriate negative statement;

(f) a glossary of the terms used in the pre-listing statement; and

(g) a detailed estimate/statement of:

(i) the exploration funding requirements for at least two years following publication of the pre-listing statement;

(ii) the exploration expenditure incurred to date and/or budgeted for; and

(iii) the projected adequacy of capital raised for exploration purposes.

Competent persons' reports

12.8 A competent person's report must:

(a) if the competent person is an individual, state the full name, address, professional qualifications and relevant experience of the competent person and the name and address of the professional association, institute or body of which he or she is a member;

(b) if the competent person is a firm, company or other legal entity, state the full name and address of the firm or company and the full name, professional qualifications and relevant experience of the key director, partner or employee who has prepared the report, the name and address of the professional association, institution or body of which he or she is a member;

(c) be dated less than six months prior to the date of publication of the pre-listing statement or circular and, in the case of (a), be signed by the competent person; or, in the case of (b), be signed by the person or persons authorised to sign the report on behalf of the firm, company or other legal entity, together with the key director, partner or employee who has prepared the report;

(d) be updated prior to publication of the pre-listing statement or circular if further data becomes available, unless the pre-listing statement or circular sets out and explains the effect of such further data; and

- (e) if the competent person is not independent of the issuer, clearly disclose the nature of the relationship or interest.

An issuer may appoint more than one competent person. Each competent person's report shall comply with paragraphs 12.8 and 12.9.

12.9 The competent person's report must include:

- (a) a description of:
 - (i) the nature of the issuer's rights of exploration and the right to use the surface of the properties to which these rights relate; and
 - (ii) agreements, concessions, consents, permissions, permits or authorisations, required and where those have been obtained, and details of their principal terms and conditions;
- (b) where applicable, a statement to the effect that:
 - (i) an environmental management program as required by law has been approved by the Mining Department concerned and the cost of such program; or
 - (ii) pending the approval of an environmental management program, temporary authorisation to commence operations has been obtained; or
 - (iii) an extension of time within which to obtain approval of an environmental management program has been granted.
- (c) in respect of the issuer's exploration activities to date, a statement:
 - (i) of the nature of any relevant geophysical and geological evidence;
 - (ii) where applicable, of the results of drilling and sampling, stating the number of holes drilled, sample pits or trenches and their location, with a description of their current status, and a status, and a statement whether or not those results support the existence of the relevant minerals; and
 - (iii) where applicable, of the names or the organisations that carried out the investigation and analysis;
- (d) in respect of the issuer's future exploration activities, a description of the general methods to be employed for exploration; and
- (e) in respect of each major property, maps and plans demonstrating its location, the nature and extent of workings thereon and all principal geological features.

Press announcements and circulars

12.10 In addition to other requirements under the listings requirements, press announcements by exploration companies:

- (a) insofar as they relate to any mineral deposit, must include any information available to the issuer concerning the characteristics of the deposit;
- (b) insofar as they relate to mineral resources and/or reserves, must include a description of the nature of mineralisation; and
- (c) insofar as they relate or refer to a competent person's report must:
 - (i) be approved in writing in advance of publication by the relevant competent person; and
 - (ii) if the competent person is not, in the opinion of the Committee, independent of the issuer, clearly disclose the nature of the relationship or interest;

12.11 In addition to the other requirements under the listings requirements, circulars in respect of Category 1 and 2 transactions by exploration companies must:

- (a) include a competent person's report complying with paragraphs 12.8 and 12.9 if the information in such a report is relevant to the subject matter of the circular;
- (b) if a competent person's report is included and the competent person is not, in the opinion of the Committee, independent of the issuer, clearly disclose the nature of the relationship or interest; and
- (c) include a glossary of the terms used in the circular.

Mining companies

Criteria for listing

12.12 The Committee may admit to listing on the Board the securities of an applicant notwithstanding that the requirements of paragraph 4.25(c) are not satisfied, provided that:

- (a) the provisions of Paragraph 4.25(a), (b), (d), (e) and (f) are satisfied;
- (b) the applicant undertakes or proposes to undertake mining;
- (c) the applicant demonstrates to the satisfaction of the Committee that the applicant's managers have satisfactory experience in mining; and
- (d) the applicant demonstrates to the satisfaction of the Committee that the applicant is entitled to mine the relevant minerals.

Contents of pre-listing statements

12.13 In addition to requirements of [Section 6](#) and the requirements of paragraphs 12.7(a) to (f), the following information shall be provided:

an estimate of the mining and other related funding requirements for at least two years following publication of the pre-listing statement; and

12.14 Particulars of the estimated cash flow for either the two years following publication of the pre-listing statement or, if greater, and where applicable, the period until the end of the first full financial year in which mining is expected to be conducted on an economic scale. Such particulars must include relevant revenue, cost, capital expenditure, tax and other material financial details required to enable the arithmetic calculation of such cash flow.

Competent persons' reports

12.15 The provisions of paragraphs 12.8 and 12.9 shall, *mutatis mutandis*, apply in respect of the content of a competent person's report for mining companies, save that the term "*exploration*" shall be substituted with that of "*mining*". In addition, the competent person's report must include:

- (a) in respect of the issuer's mineral resources and reserves, a statement providing:
 - (i) the geological features of the occurrence, the type of deposit and its dimensions;
 - (ii) an estimate of the volumes, tonnages and grades, as appropriate;
 - (iii) a general description of the methods by which the details under (ii) were estimated;
 - (iv) the anticipated mining tonnages or volumes; and
 - (v) the processing volumes or tonnages, together with the other principal assumptions relating to forecast revenues and operating costs;
- (b) a statement in relation to the issuer, providing:
 - (i) the production policy, including production rates of sites, mines and wells where production has already been commenced;
 - (ii) the estimated production rates relating to new mines, or re-workings, or new drilling, or work-overs;
 - (iii) an estimate of the working lives of each major property;

- (iv) an indication of the bases on which these estimates have been arrived at; and
 - (v) the qualifications and experience of the key technical staff being, or to be employed.
- (c) the date on which mining commenced, or is expected to commence, on the issuer's major properties;
- (d) an indication of the progress of actual working, including analysis (both in narrative and numerical form) of previous exploration, development and mining carried out on the issuer's major properties;
- (e) commentary on the reasonableness of the directors' forecasts (if any) of the rates of mining of the issuer's major properties;
- (f) commentary on the ownership, type, extent and condition of plant and equipment which is significant to the issuer's operations and which is currently in use on the issuer's major properties;
- (g) information on significant additional plant and equipment which will be required to achieve the forecast rates of mining;
- (h) an assessment of the value of the plant and equipment owned by the issuer currently in use for mining, save that such assessment will not be required if a statement is made confirming that the directors do not consider the plant and equipment to be of significance to an investor's assessment of the issuer's operations;
- (i) basic information and/or valuation bases relating to all key criteria which may be used in arriving at a valuation based on a discounted cash flow mining model, also known as a net present value mining model; and

12.16 A statement setting out any additional information required for an appraisal of any special factors, affecting the mining businesses of the issuer, including difficulties of access to, or in recovery of, mineral resources and reserves and special circumstances, such as difficulties in transporting or marketing the ore which may affect the economic viability of the project, or an appropriate negative statement.

Press announcements and circulars

12.17 The provisions of paragraphs 12.10 and 12.11 shall, *mutatis mutandis*, apply to mining companies, save that the term "*exploration*" shall be substituted with that of "*mining*".

Section 13 Property Companies

SCOPE OF SECTION

Property companies and listed companies which carry out certain property related transactions are subject to additional disclosure requirements, principally relating to valuations. Property dealing companies may be subject to different treatment depending on the circumstances of each case.

The main headings are:

- 13.1 Definitions
- 13.2 Additional information for listing
- 13.3 Valuation reports
- 13.14 Unit trust schemes in property shares

Definitions

13.1 For the purposes of [Section 13](#), the following definitions apply:

- (a) "**gross assets**" is the net book value of the company's assets before deducting outstanding mortgages;
- (b) "**property**" refers to freehold or leased property;

- (c) “**property companies**” are companies primarily engaged in property activities including:
- (i) the holding of properties and development of properties for letting and retention of investments; or
 - (ii) the purchase or development of properties; or both.
- (d) “**net annual rent**” is the income generated by any property attributable to the company as estimated by an external valuer:
- (i) ignoring any special receipts or deductions arising from the property;
 - (ii) before taxation (including tax on profits and any allowances for interest on capital or loans); and
 - (iii) after making deductions for any disbursements including expenses of managing the property and appropriate allowances to maintain it in a condition to command its rent;
- (e) “**net book value**” is the value of assets after adjusting the cost to reflect any depreciation or other adjustment so as to reflect the figure at which those properties are shown in the books of account;
- (f) “**published valuation**” is the valuation referred to in the listed company’s annual financial statements or pre-listing statement or circular whether produced independently or by the directors and stated as such; and
- (g) “**external valuer**” is an independent property valuer, who is in practice and is a member of the Institute of Valuers.

Additional information for listing

13.2 A property company’s pre-listing statement must include the information required by the Appendix to [Section 6](#), as far as is relevant and must include:

- (a) summary details of the property portfolio including location, tenancies, material lessees, rent, lease expiry, review date, option to review, escalation, average property yields and current replacement costs;
Pie charts and bar charts may be used to illustrate the respective sectoral and geographical spread of properties in the property portfolio and leases falling due for renewal or review;
- (b) financial details, which must include, *inter alia*:
 - (i) a profit history which may need to be on a pro-forma basis;
 - (ii) a pro-forma balance sheet;
 - (iii) salient details of net distributable income and distributions; and
 - (iv) statements on taxation,
 - (v) a valuation report in accordance with paragraphs 13.3 to 13.13;
- (c) the following details in respect of each of the promoters, managers, trustees and directors of the applicant (or any subsidiary or holding company):
 - (i) any beneficial interest, whether direct or indirect, interest of those persons in relation to any property held by the applicant or to be acquired out of the proceeds of the issue, where any of those persons is or has contracted to become a tenant of any part of the property; and
 - (ii) any relationship between any of those persons and another person where a duty in relation to that other person conflicts, or may conflict, with a duty to the applicant; and
- (d) in the case of a property managed by agents, details of their name, legal form, business address, terms of contract and remuneration, experience and qualifications.

Valuation reports

Requirement for a valuation

13.3 A valuation report prepared by an external valuer must be obtained by:

- (a) a new applicant if it is a property company;
- (b) a listed property company , if it makes an acquisition or disposal of property which is either a Category 1 transaction or is a related party transaction within the meaning of [Sections 9](#) and [10](#), respectively;
- (c) a listed property company which owns property constituting security for debt securities that are to be listed; or
- (d) a listed property company which refers to the valuation of property in pre-listing statements or circulars.

13.4 Where a valuation report is included in a pre-listing statement or circular, there must also be a statement reconciling that valuation with the equivalent figure included in the listed company's latest published balance sheet.

Previously prepared valuation reports

13.5 If a valuation report has been prepared then any related pre-listing statement or circular must contain a summary of the valuation report:

Valuation report

13.6 The valuation report must be prepared by an external valuer.

13.7 The valuation report to be included in the pre-listing statement or circular must:

- (a) state the following details in respect of each property:
 - (i) the valuation;
 - (ii) the addresses;
 - (iii) nature and date of valuer's inspection;
 - (iv) a brief description (e.g. land or buildings, approximate site and floor areas);
 - (v) existing use (e.g. shops, offices, factories, residential);
 - (vi) relevant planning permissions;
 - (vii) any material contravention of statutory requirements;
 - (viii) tenure (i.e. freehold or leasehold, giving term);
 - (ix) main terms of tenants' leases or sub-leases (including repairing obligations);
 - (x) approximate age of the buildings;
 - (xi) present capital value in existing state;
 - (xii) terms of any inter-group lease on property occupied by the group (identifying the properties);
 - (xiii) any other matters which materially affect the value (including any assumptions and any information on contamination, if any); and
 - (xiv) source of information and verification;
- (b) state the name, address and professional qualifications of the valuer;
- (c) be dated and state the effective date on which each property was valued;

- (d) state whether the valuation is based on either open market value or, if necessary, depreciated replacement cost subject to adequate profitability;
- (e) state any assumptions, underlying the valuation and, where open market value is the basis of valuation, identify and qualifying words to be applied to the definition of open market value and state reasons for the adoption of any such qualification;
- (f) where the directors have required a valuation of the benefit or detriment of contractual arrangements in respect of property or where there is thought to be a benefit in any options held, show such valuations separately and include a reconciliation of the costs and values; and
- (g) in cases where directors have been beneficially interested, whether directly or indirectly, in any acquisition or disposal of any of the properties during the two years preceding the valuation, contain details of the nature and extent of such interests and the date of the transactions and the prices paid or received or other terms on which the transactions were effected. Alternatively, the information on beneficial interests of directors, whether direct or indirect, may be given elsewhere in the pre-listing statement or circular.

Valuations of property in course of development

13.8 Where the valuation is in respect of land currently being developed or in respect of which definite development plans have been formulated for execution in the near future, the following additional information should be given in the valuation report:

- (a) whether planning consent has been obtained, and, if so, the date of such consent and whether there are any material or onerous conditions attached to such consent;
- (b) the date when the development is expected to be completed and any estimate of letting or occupation dates;
- (c) the estimated total cost of carrying out the development including, without limitation, the cost of financial carrying charges, letting commissions, or (where part of the development has already been carried out) the estimated cost of completing the development similarly;
- (d) the open market value of the land and buildings in their existing state at the date of valuation; and
- (e) the estimated capital values at current prices and on the basis of current market conditions:
 - (i) after development has been completed; and
 - (ii) after completion and letting of property.

Valuation of property occupied for purposes of business

13.9 A property which is occupied for the purposes of a business should normally be valued at open market value for its existing use. Where open market value for an alternative use materially exceeds this basis, the alternative use valuation should be stated but the costs of cessation and removal should be estimated by the directors and shown in the valuation report.

External property

13.10 If the company owns an external property, that property must be stated separately, its basis of valuation clearly identified and a valuer's report given.

Rentals used in valuations

13.11 In respect of each property which is rented out by the company, the current net annual rent and the estimated future net annual rent at a named date (where this differs materially) must be included in the valuation report, based on its current open market rental value.

Other general matters

13.12 Where a valuation is referred to in the pre-listing statement, a Category 1 circular or a circular relating to a transaction with a related party, a copy of the valuation report must be made available for inspection.

Summary of valuations

13.13 The valuation report must include a summary of the number of properties and the aggregate of their valuations must be split to show the separate totals for the freehold and leasehold properties. Negative values

must be shown separately and not aggregated with the other valuations. Separate totals should be given for properties valued on an open market basis and on a depreciated replacement cost basis, and for any external properties.

Unit trust schemes in property shares

13.14 Unit trust schemes in property shares are regulated by the Collective Investment Schemes Act.

13.15 A property unit trust is restricted to investment in the shares of property-owning companies (fixed property companies) and in approved securities, pending investment of cash resources into property. After the initial issue of units, a property trust may only issue further units by way of rights issue to existing unit holders or in consideration for the acquisition of a property investment, subject to the requirements of the ZSE.

The management company

13.16 The management company must:

- (a) be formed solely for the purpose of establishing, carrying on or managing unit trust schemes in property shares and issuing unit certificates thereunder, and confine its activities solely to those purposes;
- (b) be registered as a public company under the Act;
- (c) have a paid up share capital and non-distributable reserves which together amount to not less than \$2 000 000 actually employed or immediately available for employment in its unit trust business;
- (d) other than in terms of the Collective Investment Schemes Act and trust deed governing a property unit trust, neither the management company nor any director thereof shall either directly or indirectly derive any pecuniary advantage or personal interest from the acquisition or sale of the management company or by a fixed property company of any securities or underlying fixed properties of the property unit trust.

The Trust Deed

13.17 A unit trust scheme in property shares is governed by a trust deed entered into between the management company and the trustee. The trust deed, *inter alia*, sets out the responsibilities, investment policy and restrictions under which the management company may operate. The trustee's responsibilities which include custody of underlying securities and ensuring that the management company complies with the provisions of the trust deed, are also set out therein. The trustee must be qualified under the Collective Investment Schemes Act to act as a trustee.

Additional information for listing

13.18 The requirements for listing of a unit trust scheme in property shares must include the information required by the *Appendix* to [Section 6](#) as far as it is relevant and in addition thereto must include:

- (a) approval from the Registrar of Collective Investment Schemes;
- (b) a valuation report for the scheme property portfolio;
- (c) the total number of units to be issued, the issue price per unit, the number to be subscribed for to finance the initial property portfolio and other relevant details regarding *inter alia*, the amount to:
 - (i) be acquired by the management company;
 - (ii) be issued to the vendors of any property acquired, or to be acquired; and
 - (iii) be offered for subscription, placing or public offer;
- (d) details of the management company including its shareholders, capital resources, professional and other appointments;
- (e) details relating to the acquisition of the initial property portfolio including details of all immovable property held by every property company of which there are shares included in any of its portfolios, showing separately, in the case of each such property, the net price or valuation at which it was

acquired by the fixed property concerned, and any other expenditure incurred by the company in connection with the acquisition thereof, such as agents commission and transfer costs;

- (f) the details required by paragraph 13.2;
- (g) details of the issue including inter alia, the terms, conditions, offer period and listing dates;
- (h) salient provisions of the trust deed; and
- (i) details of underwriting.

Section 14 Special Types of Issuer

SCOPE OF SECTION

This section contains the listings requirements pertaining to certain special types of issuer

The main headings are:

- 14.1 General
- 14.2 Pyramid companies
- 14.11 Redevelopment entities
- 14.14 Industrial — “Development Stage” sector
- 14.18 Bonds disclosure requirement

General

14.1 The requirements contained within the listings requirements apply to the special types of issuer contained within this section except where specifically overruled by the requirements of this section.

Pyramid companies

14.2 The Committee considers that any situation involving a proliferation into more than one listed company of the same basic assets requires its careful control. Accordingly, the following guidelines and requirements should be considered in pyramid situations.

Classification as pyramid companies

14.3 Any new applicant must make full disclosure to the Committee of any factors which could render it a pyramid company, and any existing listed company shall consult the Committee before entering into any commitment, arrangement or agreement which could render it a pyramid company in relation to another listed company.

14.4 The Committee will classify a company as a pyramid company where it:

- (a) may exercise, or cause the exercise of, 50% or more of the total voting rights of the equity securities of a listed company (“**listed controlled company**”); and
- (b) derives 75% or more of its total attributable income before tax from such listed controlled company, or the shareholding of which in the listed controlled company represents 50% or more of its total assets.

14.5 In addition, the Committee may, in exceptional circumstances, classify a company as a pyramid company where it, in the Committee’s opinion, holds, or proposes to acquire, a shareholding in a listed company (“**listed controlled company**”) which represents or will represent 50% or more of the pyramid company’s total assets, or produces, or is expected to produce, 50% or more of its total attributable income before tax.

14.6 The Committee may declassify a company as a pyramid company when it no longer meets the thresholds upon which its classification as a pyramid company were based.

14.7 In the event of a company being classified as a pyramid company in terms of paragraph 14.4 or 14.5, the Committee will take cognisance of, inter alia, the following provisions when considering whether or not to grant a listing to, or to maintain a listing of a company which is to become, a pyramid company.

Listing of pyramid companies

14.8 Applications may be made to the Committee for the listing of pyramid companies. However, the Committee will not grant a listing to a pyramid company, nor maintain the listing of a company which is to become a pyramid company:

(a) which is or will become a second-stage pyramid company (the pyramid company of another listed pyramid company), unless the Committee is convinced, that after being provided with full details of the circumstances, that the second-stage pyramid will emerge (or has emerged) fortuitously as a result of a merger or take-over, the prime purpose of which, in the opinion of the Committee, is not the creation of a second stage pyramid company; and

(b) unless, either:

(i) the minority shareholders of equity securities in the listed controlled company are offered equity securities on the same terms as applicable to the controlling shareholders of such listed controlled company in proportion to their holdings in the listed controlled company; or

(ii) the controlling shareholders of the pyramid company can give irrecoverable written undertakings to the Committee that they will not enter into any affected transaction in relation to the pyramid company, unless the other party to such affected transaction undertakes to the Committee to make a comparable offer to the holders (excluding the pyramid company) of the equity securities in the listed controlled company; and

(c) unless the listed controlled company has either been listed for more than two years or it satisfies each of the following criteria:

(i) 50% or more of the listed controlled company's total assets or 50% or more of its total attributable income before tax is derived from operations which have been listed for at least 12 months; and

(ii) the listed controlled company is not classified by the Committee to be a pyramid company; and

(iii) the management who control the listed controlled company must have held such control for a continuous period of at least 12 months prior to the listing of the pyramid company; and

(iv) the management of both the listed controlled company and the proposed pyramid company must have been predominantly the same for the period referred to in paragraph 14.12(c)(iii); and

(v) the listed controlled company has issued audited financial statements covering the period referred to in paragraph 14.12(c)(iii), that have not been qualified by the listed controlled company's auditors; and

(d) unless the cover of the circular relating to the creation of the pyramid company contains a warning that it will reduce the effective voting influence of shareholders in the listed controlled company.

14.9 The Committee may delist a listed pyramid company which ceases to meet the percentages referred to under paragraph 14.4 or 14.5 (as the case may be).

14.10 The Committee will not permit a listed controlled company to acquire securities in its listed pyramid company.

Redevelopment entities

General

14.11 In evaluating the listing of a redevelopment entity, the Committee will have regard, inter alia, to the fundamental principle that the principal objective of the redevelopment entity must be the provision of

assistance, whether through investment, loan or any other means acceptable to the Committee, to persons, communities or undertakings which, in the opinion of the Committee, would make a positive contribution to the socio-economic development of the country.

Criteria for listing

14.12 The Committee has the sole and unfettered discretion to admit to listing, subject to whatever conditions (which may include requirements that are additional to those contained in the listings requirements) it deems necessary, notwithstanding that:

the normal requirements regarding details of assets and liabilities and profit history are not given; and/or

14.13 The applicants assets may consist wholly or substantially of cash or short-dated securities.

Industrial — “Development Stage” sector

General

14.14 The Committee may, in its sole discretion, list substantial industrial companies that are in the development stage if they comply with the criteria for a listing set out in paragraph 4.25, except that they do not have a satisfactory profit history in terms of paragraph 4.25(c). In exercising its discretion the Committee will have regard to the following guidelines and requirements:

Procedure for listing

14.15 Prior to the submission of an application for listing the following procedure will apply:

(a) a memorandum giving a summary of the nature of the applicant, its modus operandi, its business plan and prospects (based on market segment growth, competitive analysis and market share) and details on the experience of its management, must be submitted to the Committee via a sponsoring broker; and

(b) after consideration of the memorandum, the Committee will decide, in principle, whether it will consider, without commitment, a full application for a listing.

Criteria

14.16 Applicants seeking a listing must satisfy the following criteria:

(a) the applicant should have a subscribed permanent capital (including reserves but excluding minority interests, revaluations of assets that are not supported by a valuation by an independent professional expert acceptable to the Committee prepared within the last six months and intangible assets) prior to offering any securities to the public of at least \$20 million;

(b) a profit history is not necessary, but the applicant should provide a forecast of future profits/losses during and at least one year after completion of the development stage, together with such supporting reports or opinions as may be required by the Committee;

(c) the criteria set out in paragraphs 4.25(b), (d), (e), and (f); and

(d) at the beginning of the prospectus or pre-listing statement there must be a warning, in bold letters, that the applicant is still in the development stage and that it does not have a profit history which meets the criteria for a listing.

Miscellaneous

14.17 The following miscellaneous requirements will apply:

(a) except as modified by paragraphs 14.14 to 14.17 and by the Committee, the listings requirements will apply in respect of Development listed companies;

(b) in the event of a listed company seeking to raise capital after its initial listing, the relevant circular or pre-listing statement shall carry a warning complying with paragraph 14.16(d);

Bonds Disclosure Requirements

14.18 Listing particulars and supplementary listing particulars must not be published before being formally approved by the Exchange.

14.19 Where a prospectus relating to the securities is required the prospectus must comply with the requirements of the Companies Act [Chapter 24:03](#) and generally include:

- (a) details of the financial instrument including name, issue price, coupon rate, date interest payable, date of issue, total amount;
- (b) resolutions of issuing authority;
- (c) details of approval from government in issues involving local authorities, parastatals, quasi government bodies eg. ZESA, AMA, GMB;
- (d) details of the underwriter and guarantors;
- (e) the document must give full details of the intended use of proceeds;
- (f) Directors and Officers - full disclosure including positions held, legal advisors, auditors, bankers;
- (g) details of reduction and reducing amounts;
- (h) details of revenue and capital against which the security is charged and the revenue cover for interest with suitable audited certification and financial accounts;
- (i) transfer secretaries, their address and telephone number and fax numbers;
- (j) period for which offer is open;
- (k) address where copies are available;
- (l) name of sponsoring broker;
- (m) directors responsibility statement;
- (n) details of any convertibility of loans; and
- (o) non-resident participation and exchange control requirements.

14.20 Advertisements may be in the abridged form, the listing particulars must be published in at least two national newspapers prior to the listing.

Section 15 Investment Entities

SCOPE OF SECTION

An investment entity is defined as including investment companies, investment trusts and unit trusts whose principal activity is the investment in securities which for the purpose of this section includes private companies. These entities, by their nature, do not seek to control or be involved in the day to day management of their investees and are therefore passive investors.

This section sets out the requirements for investment entities.

The main headings are:

- 15.1 General
- 15.3 Criteria for listing
- 15.5 Contents of pre-listing statements
- 15.6 Annual financial statements
- 15.7 Investment policy
- 15.8 Memorandum or articles of association

General

15.1 The listings requirements apply to investment entities except as modified by paragraphs 15.2 to 15.8.

15.2 In evaluating a listing of an investment entity the Committee will have regard to the following fundamental principles:

- (a) those responsible for managing the investments must have adequate experience;
- (b) there must be an adequate spread of risk;
- (c) the investment entity must be a passive investor and neither it nor its management company nor any director or manager of the investment entity or its management company should control, or seek to control, be actively involved in the management of the companies, or other entities, in which it invests; and
- (d) the applicant must not, to a significant extent, speculate in securities.

Criteria for listing

15.3 The Committee may admit to listing the securities or debt securities of an applicant as an investment trust or investment company notwithstanding that:

- (a) the normal requirements regarding details of assets and liabilities and profit records are not given; and/or
- (b) the applicant's assets consist wholly or substantially of cash or short-dated securities.

15.4 If paragraph 15.3(a) or (b) applies the applicant must satisfy the following criteria:

- (a) the applicant must comply with the criteria set out in paragraph 4.25 except that if it is not able to satisfy the criteria set out in sub-paragraph (c) (three years' audited accounts), it must satisfy the Committee that its managers have sufficient and satisfactory experience in the management of the types of investment in which the investment entity proposes to invest;
- (b) the applicant must express an intention that its income will be derived wholly or mainly from shares or other securities and neither the investment entity for any of its subsidiaries, may conduct any trading activity which is material to the group as a whole;
- (c) subject to (d) below, neither the investment entity nor its management company, nor any subsidiary, director or manager of the investment entity or its management company should control, or seek to control, or be actively involved in the management of the companies or other entities in which it invests, provided that an investment entity may acquire voting control of its investments if this is permitted under its investment policy;
- (d) if the investment entity invests in other companies or funds which in turn invests in a portfolio of investments it must ensure that the policies and objectives of the investee conform with the principal objective of the investment entity;
- (e) the board of directors (or any equivalent body) of the investment entity must be able to demonstrate that it will act independently of any investment managers of the investment entity and a majority must not be employees of or professional advisors to the investment managers; or any other company in the same group as the investment managers;
- (f) the management company must of its own resources have at all times an investment in the capital of the applicant equal to at least 10% of the capital, unless the Committee in its sole discretion, after taking account of the relevant experience of the management company, otherwise decides; and
- (g) the applicant must disclose its portfolio to shareholders on a quarterly basis until such time as a reasonable proportion of the portfolio has been established in investments other than cash or short dated securities. This proportion will be determined by the Committee at the time of listing.

Contents of pre-listing statements

15.5 The requirements of [Section 6](#) apply with appropriate modification as agreed with the Committee. In addition, the following information should be provided, if applicable:

- (a) a description of the investment policy to be followed;
- (b) if it is intended to invest in less than ten investments a statement of the fact;
- (c) an analysis of the investment portfolio, or proposed investment portfolio, by
 - (i) broad industrial or commercial sector; and
 - (ii) listed and unlisted investments;
- (d) an analysis of funds not invested in shares or securities;
- (e) an analysis of income between dividends, interest and other forms of income;
- (f) a list of all investments with a value of greater than 5% of the fund, and at least the ten largest investments stating:
 - (i) a brief description of the business;
 - (ii) whether the securities held by the investment entity are listed and, if so, the name of the stock exchange;
 - (iii) the proportion of share capital owned;
 - (iv) the cost of the investment;
 - (v) the market value of the investments, or if the investment is not listed a valuation by the directors of the investment entity stating the date of such valuation;
 - (vi) the income received during the year (including any abnormal income);
 - (vii) any extraordinary items; and
 - (viii) the net assets attributable to the investment;
- (g) an analysis of any provision for diminution in value of investments, naming the investments against which provision has been made and stating for each investment:
 - (i) its cost;
 - (ii) its book value;
 - (iii) the provision made; and
 - (iv) the reason for the provision;
- (h) an analysis of any unrealised profits stating separately those between listed and unlisted investments;
- (i) details must be given to the name of the group or company which manages the investments, together with an indication of the terms and duration of their appointment, the basis for their remuneration and details of their investment experience.

Annual financial statements

15.6 In addition to the information specified in [Section 8](#) an investment entity must report the information required in paragraph 15.5 in its annual financial statements.

Investment policy

15.7 The investment policy must be stated in the pre-listing statement and must be adhered to for at least 3 years following listing. Subsequently, all material changes to the investment policy must be approved by the Committee, and by the shareholders in general meeting. Unless otherwise stated in the investment policy:

- (a) not more than 10% of the applicant group's assets (before borrowings) may be lent or invested in the securities of any one company; and

(b) not more than 25% of the applicant group's assets (before borrowings) may be invested in the aggregate of:

- (i) securities which are not listed on a Stock Exchange; and
- (ii) holdings in which the applicant group's interests amounts to 20% or more of the aggregate of the equity capital and any one listed company.

Memorandum or articles of association

15.8 The memorandum or articles of association or equivalent documents of the investment entity must, except where the Committee otherwise agrees, prohibit the distribution as dividend of:

- (a) profits from associate companies unless and until distributed to the investment entity; and
- (b) surpluses arising from the realisation of investments except to the extent that the Committee agrees.

Section 16 Documents to be Submitted to the Committee

SCOPE OF SECTION

This section outlines the documents to be submitted to the Committee.

In addition, the schedules to the listings requirements, set out on the prescribed contents of documents that are referred to in this section.

The main headings are:

- 16.1 General
- 16.3 Documents to be submitted through a sponsoring broker
- 16.3 Procedure for approval
- 16.5 Documents requiring approval
- 16.9 Documents to be submitted by new applicants
- 16.14 Documents to be submitted by listed companies
- 16.23 Sundry

General

16.1 For the guidance and information of companies it should be noted that:

- (a) documents submitted by companies must be copies which will become the property of the ZSE and therefore are not returnable;
- (b) any proposed amendments should be submitted for approval by the Committee before they are published;
- (c) if an application for listing is not made within 9 months of the examination of the articles of association then the articles of association will have to be re-submitted for examination for which a further fee may be payable, and
- (d) drafts of documents to be sent to shareholders which have been approved by the Committee will not be regarded as final documents until the document dispatched to shareholders is agreed to the draft approved by the Committee.

Documents to be submitted through a sponsoring broker

16.2 Any documentation pertaining to the following matters, which is subject to the prior approval of the Committee, or requiring action to be taken by the Committee, must be submitted through the medium of a sponsoring broker:

- (a) acquisitions;
- (b) announcements;
- (c) applications for additional securities/amendments to listings/termination of listings;
- (d) “*backdoor*” listings;
- (e) capitalisation issues;
- (f) changes of name;
- (g) conversion of securities;
- (h) debenture issues;
- (i) disposals;
- (j) explanatory statements;
- (k) memorandum and articles of association/amendments
- (l) new classes of securities;
- (m) new listings;
- (n) notices of general meeting;
- (o) pyramid companies/changes of control;
- (p) “*rescue*” operations;
- (q) rights and claw-back offers;
- (r) schemes of arrangements/reorganisations/restructuring;
- (s) share incentive/option schemes/amendments;
- (t) “*cash companies*” operations and reverse take-overs;
- (u) standby offers;
- (v) sub-divisions/consolidations of securities;
- (w) take-overs and mergers;
- (x) termination of listings at the company’s request;
- (y) transfer of listings;
- (z) trustee deeds/amendments; and/or
- (aa) any other document bearing the logo of a sponsoring broker.

Procedure for approval

16.3 As indicated in the introduction, the procedure for approval of documentation is as follows:

Informal comments

- (a) a copy of the documentation required to be approved in terms of the listing requirements (“**documents**”) should be submitted to the ZSE as early as possible for informal comments, together with payment of the appropriate inspection fee if applicable.

(b) If the documents are received by the ZSE on or before 10h00 on such business day they will be deemed to have been lodged at 10h00 on such business day; and if they are received by the ZSE after 10h00 on a business day, they will be deemed to have been lodged at 10h00 on the following business day

(“*the deemed lodgement time*”).

(c) Within 2 business days of the deemed lodgement time, the ZSE will provide the relevant sponsoring broker with its informal comments.

Informal approval

(d) Once the informal comments of the ZSE have been incorporated, the draft documents may be submitted to the Committee for informal approval.

(e) Within 48 hours of the deemed lodgement time for informal approval, the ZSE may:

(i) grant informal approval, if the documents are found to be in accordance with the listings requirements; or

(ii) refuse informal approval and return the documents to the relevant sponsoring broker with comments (if they are not found to be in accordance with the listings requirements) or without comments (if an incomplete set of documents was submitted or the inspection fee was not paid) (“*omission*”).

(f) In the event of (e)(ii), the sponsoring broker may re-submit the documents after incorporating the ZSE comments or rectifying the omission, whereupon (d) and (e) will again apply.

(g) The procedures under (d) to (f) will re-apply until the ZSE grants informal approval, provided that if the documents are returned to the sponsoring broker after the third submission, the ZSE may charge an additional inspection fee if any amounting to 50% of the original inspection fee for every subsequent submission.

Formal approval (of the Committee)

(h) Once the informal approval of the ZSE has been obtained, four copies, unless otherwise stated, of the final documents must be submitted to the ZSE for formal approval.

(i) Upon submission for formal approval, the Committee may:

(i) within 24 hours of the deemed lodgement time for formal approval, grant formal approval (if necessary, subject to conditions); or

(ii) within 24 hours of the deemed lodgement time for formal approval, refuse formal approval (with comments, if the documents are capable of repair).

(j) It is the responsibility of practitioners and companies to ensure that the above procedure regarding the approval of documents can be accommodated within the timetables set out in the listings requirements. In addition, practitioners are advised to structure their timetables relating to extremely complex submissions, so as to allow the Committee, upon request, to have an additional 24 hours to consider the relevant documents.

Annotation of drafts

16.4 All submissions up to, and including, submission for informal approval must be annotated in the margin to indicate which specific paragraph numbers of the listings requirements have been complied with. All submissions subsequent to the first submission must be marked up to reflect changes from the previous submission. A draft submitted by facsimile transmission or other electronic means is acceptable.

Documents requiring approval

16.5 The following documents must be approved by the Committee:

(a) all press announcements other than dividend announcements (except those relating to scrip dividends), interim and preliminary reports and annual financial statements;

- (b) Part I, Part II and Part III documents for new applicants;
- (c) pre-listing statements;
- (d) circulars relating to:
 - (i) rights issues;
 - (ii) capitalisation issues;
 - (iii) Category 1 or 2 transactions;
 - (iv) reverse take-overs;
 - (v) related party transactions;
 - (vi) changes of name; and
 - (vii) subdivisions and consolidations of securities.

16.6 The documents referred to in paragraph 16.5 will be scrutinised by the ZSE in order to ensure, as far as may be possible in the circumstances, that all relevant facts are adequately disclosed in the clearest manner possible, and informal approval of the documents will be granted on this basis.

16.7 Unless otherwise specified, four copies of the documents referred to in paragraph 16.5, together with a copy of the applicable exchange control approval (see paragraph 16.27), must be submitted for formal approval by the Committee.

16.8 Approval of documents by the Committee will not in any way reflect the Committee's views as to whether the underlying transactions which are the subject of such documents are fair or reasonable. Neither does such approval constitute a guarantee by the Committee or its officials of the accuracy of the contents of such documents.

Documents to be submitted by new applicants

16.9 New applicants are required to submit the documents described in paragraphs 16.10 to 16.13 below according to the timetables outlined in [Section 5](#).

Part 1 documents

16.10 The following documents are classified as Part 1 documents:

- (a) the formal application for listing complying with Schedule 1;
 - (b) an explanation of how the required spread of shareholders (see paragraphs 4.25(d) is to be achieved.
- [4.25(e), 4.26(f)(iv) and (v) and 4.27(c)(iv) and (v) deleted from [Section 16](#) 10(b) by the Committee with effect from 31st January, 2002.]
- (c) the proposed pre-listing statement dated and signed by the directors of the company including their respective alternates, or under power of attorney, together with a statement of the proposed date and details relating to its publication in the press;
 - (d) if the pre-listing statement is a prospectus a certificate from the company's attorneys stating that the requirements of the Act have been complied with;
 - (e) if the pre-listing statement contains an accountants' report, a statement from the accountant that the contents of the pre-listing statement are not contradictory with the information contained in the accountants' report;
 - (f) where an offer is not being made in conjunction with the application for listing, the following information must be submitted:
 - (i) a list of shareholders; and
 - (ii) an analysis of shareholders;

(g) the underwriting agreement and a statement containing the following:

- (i) a statement that the underwriting agreement will become irrevocable no later than 16h30 on the day prior to: the pre-listing statement being made available, or the last day to register where a rights offer circular is being made available;
- (ii) evidence that the underwriter is in a position, at the date of signing the underwriting agreement, to meet the commitments in terms of the underwriting agreement in conjunction with any other underwriting or similar agreements running concurrently with the present commitment;
- (iii) the number of securities offered to the public and the number of securities offered other than to the public;
- (iv) the number of securities offered as a preferential right to any other persons. A brief summary of such offer to be given;
- (v) the minimum subscription (if any) in terms of the pre-listing statement; and
- (vi) confirmation that the underwriting agreement provides that the underwriting consideration will not be paid until the underwriting commitments have been met;

(h) the memorandum and articles of association complying with Schedule 10;

(i) the debenture trust deed, if debentures are to be listed;

(j) a specimen, which must be cancelled by mutilation, of the share certificate, allotment letter, or other document in which it is desired to deal prior to the issue of shares or other security. The share certificate should comply with Schedule 11;

(k) a statement whether the company's securities are listed on any exchange outside Zimbabwe and particulars of that listing. In the event of any application for listing on any stock exchange having been refused or deferred details are to be stated;

(l) list of other companies of which directors are also directors and nature of business conducted by such companies; and

(m) the draft placing document, where an issue of securities is being made by means of a placing.

16.11 Should amendments be required by the Committee, the amended document, must be submitted and approved, prior to publication.

Part II documents

16.12 The following documents are classified as Part II documents:

- (a) a certificate by the company's attorneys, auditors, merchant bankers or sponsoring brokers certifying that the pre-listing statement published was in accordance with the signed pre-listing statement approved by the Committee or, if not, then in what respects it did not so agree;
- (b) a notarially certified copy of any prospectus to be published in connection with the issue, dated and signed by the directors of the company, or in their absence, by their respective alternates, or person/s making the offer;
- (c) one copy of the newspaper(s) in which the pre-listing statement or announcement was published;
- (d) three copies of the pre-listing statement or circular published are required;
- (e) a notarially certified copy of the memorandum and articles of association by the applicant embodying any amendments required by the Committee. (These documents may be submitted within such extended period as may be agreed to by the Committee, on the company's written application setting out the circumstances);

- (f) a notarially certified copy of certificate of registration, and certificate to commence business, if the company was registered within the last two years. (A company registered outside Zimbabwe must furnish a notarial copy of the certificate of registration as an external company);
- (g) a specimen (cancelled by mutilation) of the share or debenture certificates or other security in which it is proposed to deal;
- (h) the general undertaking by the company in the form of a resolution of the board of directors, certified by the chairman complying with Schedule 7;
- (i) the statutory declaration complying with Schedule 8;
- (j) a copy of every prospectus or statement in lieu of a prospectus issued during the past three years;
- (k) where the issue of securities was achieved by way of a placing, the sponsoring broker must submit a letter stating that the provisions of paragraph 5.13 have been complied with;
- (l) copies of any experts consents (*see paragraph 7.F.5*) appearing in the pre-listing statement;
- (m) three copies of a statement by the company's secretary stating:
 - (i) the registered address and post office box number;
 - (ii) the address and post office box number of the transfer office;
 - (iii) the name of the official authorised to deal with all matters relating to the company's listing;
 - (iv) the date on which the financial year ends;
 - (v) the approximate date on which the annual financial statements will be issued;
 - (vi) the approximate date on which the annual general meeting will be held;
 - (vii) the approximate date on which notices of the annual general meeting will be issued; and
 - (viii) regarding dividends, the approximate date of declarations, date of closing of transfer registers and date of payment;
- (n) cheque in payment of the listing fee as set out in Paragraph 17.1;
- (o) details of any dividend recommended or declared, but not yet paid at the date of application;
- (p) mechanical signatures on certificates of title (Schedule 9); and
- (q) requirements for certified deeds and other temporary documents of title (Schedule 13).

NOTE: Where any of the documents listed in Part II are available at the date of submission of Part I of the application, they should be submitted together with Part I documents.

Part III documents

16.13 The following documents are classified as Part III documents:

- (a) a certificate signed by the auditors, certifying that the capital and premium thereon, if any, issued since the date of the last annual financial statements presented to shareholders, or if no annual general meeting has yet been held, since the date of incorporation of the company have been subscribed and deposited, for the company's account, with the company's bankers;
- (b) an audited list of share and/or debenture holders as at the date listing was granted;
- (c) a statement detailing:
 - (i) the number of securities applied for by the public;
 - (ii) the number of securities allotted and the basis of allotment; and
 - (iii) the number of securities taken up by any underwriter, sub-underwriter or placee;

(d) an analysis of securities held by shareholders including:

- (i) the number of shareholders in Zimbabwe and total number of securities held exclusive of those referred to in (iii) and (iv) below;
- (ii) the number of shareholders other than in Zimbabwe and total number of securities held exclusive of those referred to in (iii) and (iv) below;
- (iii) the number of shareholders who are employees and are beneficiaries of any trust or scheme for their benefit, and the total number of securities held by them;
- (iv) details of securities held by the directors and any controlling shareholder and any associate of such director and controlling shareholder, and any associates of the company. Also the securities held by the vendor/s, promoter/s and underwriter/s; and
- (v) the combined total.

Documents to be submitted by listed companies

Offers for sale and subscription

16.14 The following information is required to be submitted to and approved by the Committee before listing can be granted:

- (a) the circular or pre-listing statement;
- (b) the information with respect to underwriting described in paragraph 16.10(g);
- (c) the application for listing complying with Schedule 1;
- (d) copies of any exchange control (*see paragraph 16.7*) approvals required;
- (e) copies of any experts' consents (*see paragraph 7.F.5*) appearing in the circular or pre-listing statement; and
- (f) the appropriate documentation and listing fee as per [Section 17](#).

Rights and claw-back offers

16.15 The following information is required to be submitted to and approved by the Committee before listing can be granted:

- (a) the circular or pre-listing statement;
- (b) the information with respect to underwriting described in paragraph 16.10(g);
- (c) the application for listing complying with Schedule 2;
- (d) the provisional allotment letter;
- (e) copies of any exchange control (*see paragraph 16.27*) approvals required;
- (f) copies of any experts' consents (*see paragraph 7.F.5*) appearing in the circular or pre-listing statement; and
- (g) the appropriate documentation and listing fee as per [Section 17](#).

Capitalisation issues and scrip dividends

16.16 The following information is required to be submitted to and approved by the Committee before listing can be granted:

- (a) the circular;
- (b) the application for listing complying with Schedule 3;
- (c) the form of election which must contain at least:

- (i) a statement that the election may be made in respect of all or part of the shares held or deemed to be held at the close of business in the record date (fractions will be paid out in cash);
 - (ii) the ratio of application; and
 - (iii) a statement if no late postal elections will be accepted.
- (d) copies of any exchange control (*see paragraph 16.27*) approvals required;
- (e) copies of any experts' consents (*see paragraph 7.F.5*) appearing in the circular; and
- (f) the appropriate documentation and listing fee as per [Section 17](#).

Issues for cash

16.17 The following information is required to be submitted to and approved by the Committee before listing can be granted:

- (a) the circular;
- (b) the application for listing complying with Schedule 6;
- (c) a statement detailing all issues of securities in the previous three years;
- (d) copies of any exchange control (*see paragraph 16.27*) approvals required;
- (e) copies of any experts' consents (*see paragraph 7.F.5*) appearing in the circular; and
- (f) the appropriate documentation and listing fee as per [Section 17](#).

Acquisitions and disposals

16.18 The following information is required to be submitted to and approved by the Committee before listing can be granted:

- (a) the circular or pre-listing statement
- (b) the acquisition or disposal agreement;
- (c) any vendor placing document;
- (d) Articles of association of the listed company and the company being acquired;
- (e) the application for listing, if applicable, complying with Schedule 4;
- (f) copies of any exchange control (*see paragraph 16.27*) approvals required;
- (g) an audited analysis of shareholders subsequent to the transaction;
- (h) copies of any experts' consents (*see paragraph 7.F.5*) appearing in the circular or pre-listing statement; and
- (i) the appropriate documentation and listing fee as per [Section 17](#).

Periodical returns

16.19 Company secretaries are requested to diarise all periodical information and documents required by the Committee as set out in paragraphs 16.20 to 16.22. It is essential, in the interests of registered, unregistered and future shareholders that the information and documents be sent to the ZSE in order that accurate information concerning the company may be promptly disseminated.

16.20 The ZSE must be advised in writing of:

- (a) any increase or reduction of authorised share or loan capital. Such notification must be accompanied by a notarially certified copy of the certificate from the Registrar of Companies, showing registration of the change of capital;
- (b) any increase of issued share capital and issue of new securities. Where the new securities are of the same class as that already listed the procedure described in this section is to be followed;

- (c) any declaration of dividends or rights and dates of closing of transfer registers, and the rate of non-resident shareholders tax if applicable or non-declaration of preference or ordinary dividends;
- (d) changes in directorate;
- (e) change of company secretary;
- (f) change of address of registered or transfer offices;
- (g) "stops" placed against transfer of securities; and
- (h) liquidation or reconstruction of the company and the dates of the closing of the transfer registers.

16.21 The ZSE must be promptly furnished with the following:

- (a) three copies of:
 - (i) notices of annual general meetings. The notices must include the dates of the closing of the transfer registers if relevant;
 - (ii) the annual financial statements;
 - (iii) notices of general meetings;
 - (iv) all notices, pre-listing statements and circulars issued to shareholders or debenture holders;
 - (v) interim and preliminary reports; and
 - (vi) quarterly statement of profits, etc. when published in the press;

NOTE: In order to obviate any delay that might be caused in making immediate disclosure of information by the printing of three copies, it is suggested that three copies of an announcement are sent immediately to the ZSE.

- (b) a copy of the minutes of annual general meetings or general meetings should be furnished within 30 days of the holding of the said meeting. Should copies of these documents be sent to shareholders, a further three copies should be furnished to the ZSE;
- (c) evidence that special resolutions have been registered by the Registrar of Companies, where special resolutions have been passed by shareholders;
- (d) notifications of any preliminary or other announcements required by any other stock exchange on which the listed company, or any of its subsidiaries are listed; and
- (e) three copies of all notices issued to the press which may be regarded as being of importance to investors.

16.22 Companies must submit for the Committee's prior approval:

- (a) draft circulars, timetables etc., as enumerated in the various sections;
- (b) proposed alterations to articles of association; and
- (c) proposed alterations to share certificates or proposed new share certificates. All specimen certificates submitted must be cancelled by mutilation.

Sundry

Letters of application and letters of allotment

16.23 Where listing is desired in respect of letters of application and/or letters of allotment, or other similar documents, the proposed timetable (schedule of dates) should be submitted to the ZSE for approval prior to the closing of the transfer registers of the company from which the issue accrues. The procedure to be adopted should be discussed with the ZSE by the sponsoring broker.

Extensions of listed options

16.24 The company must submit for approval:

- (a) a draft of the press announcements announcing the extension and the results of the shareholders' meeting. The press announcements announcing the extension should be published at least six weeks prior to the expiry date;
- (b) a draft of a circular to registered option holders and to shareholders. The circular should be in the form of a notice to shareholders to obtain their sanction or, if the power of extension has been delegated to the directors, notification of the extension of the options and the authority under which the extension was made. The circular must also state the procedure for recording the extension on the option certificates;
- (c) a copy of the proposed alteration and/or endorsement, to be used on the option certificate;
- (d) a written application for the extension of the listing, stating:
 - (i) number of options to which the extension applies;
 - (ii) the period of the extension;
 - (iii) the amounts of the nominal and issued capital and the number of the securities issued; and
 - (iv) that all options issued have been granted a listing; and
- (e) the application must be accompanied by:
 - (i) a certified copy of the resolution extending the options;
 - (ii) a certified copy of the relevant resolution of shareholders, or if extended by the directors, a copy of the resolution empowering the directors to extend the option; and
 - (iii) a copy of the circular, approved by the Committee and issued to registered option holders and shareholders;
 - (iv) three copies of the circular are to be sent to the ZSE for distribution to broking members.

Expiry of listed options on securities or on other conversion rights

16.25 Notice must be given to the ZSE at least 30 days before the expiry date of the option or conversion rights stating:

- (a) the date on which the options or conversion rights expire, and requesting the removal of the options from the list as and from the close of business on the date of expiry; and
- (b) that all registered option holders or registered holders of the securities with conversion rights have been notified of the date on which the option or conversion rights expire and that after that date, the option or conversion right will have no value. This notification should be published at least 6 weeks prior to expiry date.

16.26 Application must be made for the listing of securities issued on the exercise of options.

Exchange control approval

16.27 The Exchange Control authorities may require details of the following:

- (a) a listing of a Zimbabwe registered company;
- (b) capitalisation issues;
- (c) backdoor listings;
- (d) issues of shares for cash;
- (e) the issue of bearer securities;
- (f) issues of hedge securities;

- (g) rights issued by listed companies
- (h) the acquisition by non-residents of a "cash company";
- (i) the acquisition from or disposal to a non-resident of assets by a listed company;
- (j) restructures, mergers and changes in control where non-residents are involved;
- (k) the delisting of a company;
- (l) the declaration of a dividend in specie or special dividend, for any purpose;
- (m) the listing on another exchange by a ZSE listed company;
- (n) the listing by an external company; and
- (o) the elimination of "odd lot" minority shareholders through the mechanism of consolidations and/or subdivisions of share capital.

NOTE: The above list is not exhaustive and may be amended from time to time.

16.28 Exchange control clearance should be obtained as early as possible.

Change of name of a listed company

16.29 Preliminary approval must be obtained from the ZSE for the proposed new name and the proposed new abbreviated name to be used on the board.

16.30 an application must then be submitted to the Committee together with the drafts of both circulars (*see paragraph 11.32*) for approval of:

- (a) acceptance of the new name; and
- (b) consequent amendment of the listing.

16.31 The application is to embody an undertaking that, for a period of not less than 1 year, the former name of the company will be shown on the document of title in brackets under the new name of the company.

16.32 The application must be accompanied by:

- (a) a copy of the certificate from the Registrar of Companies giving approval of the new name. If this is not available at the time the application is made, the application should state that the name has been reserved or approved by the Registrar of Companies; and
- (b) a specimen of the proposed new share certificates.

Executive and staff share schemes

16.33 The following documents pertaining to executive and staff share schemes should be submitted to the ZSE for prior approval:

- (a) a draft copy of the incentive or option scheme which must comply with Schedule 14;
- (b) the trust deed, if applicable; and
- (c) a draft of the circular or notice relating to the adoption of or amendment to a scheme.

Section 17

Listing and other Fees

SCOPE OF SECTION

This section sets out the listing and other fees that are to be charged to listed companies or applicants.

[Fees increased by the Committee with effect from the 26th October 2001, in terms of S.I.326 of 2001 gazetted on that day.]

The main headings are:

- 17.1 Original listing fees
- 17.3 Additional listing fees
- 17.4 Annual sustaining and inspection fees

The following are extracts from the ZSEA in relation to fees:

Original Listing Fees

17.1 Where the Committee has, in terms of paragraph (c) of subsection (1) of section 16 of the Act, granted an application made by an issuer for securities issued by him to be included in the official list, the issuer shall pay to the Exchange:

In the case of equity securities-

- (a) the fees for the listing shall be an amount equal to 0.05% of the value of the security, subject to a minimum fee of \$50 000.00 and a maximum fee of \$1 million, calculated to the nearest \$50.00;
- (b) the monetary value of securities shall be determined as follows-
 - (i) number of securities listed multiplied by the higher of the issue price or the middle market price on the date of signature of the agreement; and
 - (ii) introductions which no price is attributable to the securities will be deemed to have a value calculated by multiplying the number of securities listed by the closing price on the first day of trading.
- (c) in the case of an issuer who is the government or a municipality, town or statutory body, an original listing fee of \$20 000.00 in respect of each class of security concerned;

17.2. The above-mentioned fees shall be payable at the time of application, except, in the case of an introduction when they are due on the day following the listing.

Additional Listing Fee

17.3 Where the Committee has in terms of paragraph (c) of subsection (1) of section 16 of the Act, granted an application made by an issuer for securities issued by him to be included in the official list, which securities belong to a class of security issued by him in respect of which such an application has previously been granted, the issuer shall, within a period fixed by the Committee, pay to the Exchange an additional listing fee of five thousand dollars in respect of those securities:

Provided that, if the issue of those securities does not entail an increase in the registered share capital of the issuer, no additional listing fee shall be payable.

[Fees increased by the Committee with effect from the 31st March 2000, in terms of S.I.109 of 2000 gazetted on that day.]

Annual Sustaining and Inspection Fees

17.4 An issuer of listed securities shall pay to the Exchange by the date set by the Committee:

17.4.1 An **annual sustaining fee**, except the calendar year in which the listing was granted, calculated as follows-

- (a) in respect of equity securities listed, an amount equal to 0.05% of the market value of all the equity securities in the company listed calculated at the market price of such securities on the last day of business in March of each year, subject to a minimum fee of \$50 000.00 and a maximum fee of \$1 million, calculated to the nearest \$50.00;
- (b) in respect of issues with preference shares listed, an amount equal to 0.05% of the market value of all the preference shares in the company listed calculated at the market price of such preference listed on the last day of business in March of each year, subject to a minimum fee of \$50 000.00 and a maximum fee of \$1 million calculated to the nearest \$50.00;

(c) in respect of issues with debentures, an amount equal to 0.05% of the market value of the debentures in the company listed calculated at the market price of such debentures listed on the last day of business in March of each year subject to a minimum fee of \$50 000.00, and a maximum fee of \$1 million, calculated to the nearest \$50.00.

17.4.2. Notwithstanding the above, where more than one of the above-mentioned classes of securities are listed, the issuer shall pay the higher fee only and, if a listing is terminated on or before the 30th June, 50% of the annual listing fee paid will be refunded to the issuer.

Inspection Fees	Amount \$
Articles of association-	
per new company listed	15 000.00
per subsidiary of a listed company	5 000.00
re-examination fee, per company	5 000.00
minor amendments	2 000.00
Debenture trust deed-	
per trust deed	15 000.00
re-examination fee, per company	5 000.00
minor amendments	2 000.00
Share incentive/option scheme-	
salient features circular	10 000.00
re-examination fee, per deed	5 000.00
minor amendments	2 000.00
Board listing-	
Includes pre-listing statement, excludes articles of association, debenture trust deeds and shares inventive/option schemes	50 000.00
Rights offers, claw-back offers and share buy-backs-	
Includes circular or pre-listing statement, letter of Allocation and underwriting agreement; if offer is in conjunction with a listing of a new company by way of renounceable offer, the fees payable as per above will be in addition of this fee	50 000.00
Company reconstruction-	
Includes circular and pre-listing statement;Excludes re-examination of articles of Association, debenture trust deeds, share Incentive/option schemes.	20 000.00
Acquisition-	
Circular	10 000.00
Capital restructure-	

Circular	10 000.00
Issue for cash-	
Circular	10 000.00
Odd lot offer	
Circular	5 000.00
Consolidation/subdivision	
Circular	5 000.00
Capitalisation issues (including scrip dividends)-	
Circular (ordinary)	5 000.00
Circular (fractional entitlement)	2 000.00
Annual Fees-	
Stockbroking firm	15 000.00
Individual stockbroker	10 000.00

[These amounts appeared in the Fifth Schedule to the Regulations gazetted in [S.I. 326 of 2001](#) on the 26th October, 2001.]

Schedules

Schedules

- 1 Application for listing for new applicants
- 2 Application for listing of securities resulting from rights and claw-back issues
- 3 The application for listing of securities resulting from capitalisation issues or scrip dividends
- 4 The application for listing of securities resulting from acquisitions, takeovers and mergers, share incentive schemes and convertible securities
- 5 Fair and reasonable statements
- 6 The application for listing of securities resulting from an issue for cash
- 7 General undertaking
- 8 Statutory declaration
- 9 Mechanical signatures on certificates of title
- 10 Requirements for Articles of Association
- 11 Requirements for Certificates of Title
- 12 Requirements for Option Certificates
- 13 Requirements for certified Deeds and other temporary documents of title
- 14 Requirements for Executive and Staff share schemes
- 15 Requirements for Trust deeds in respect of Debentures

16 Sponsoring Broker's Undertaking

17 Declaration by Sponsoring Broker

18 Annual Compliance Certificate

19 Director's Declaration

SCHEDULE 1 **Application for listing for new applicants**

1.1 The application should contain the following:-

(a) a statement that:

"It is understood that the granting of a listing pursuant to this application shall constitute a contract between this company and the Zimbabwe Stock Exchange and that in giving the General Undertaking referred to in paragraph 4.20 of the listings requirements of the ZSE ("the listings requirements"), the company undertakes to comply with the listings requirements as they may exist from time to time";

(b) full name of the applicant;

(c) the addresses of the registered and transfer offices in the Republic of Zimbabwe;

(d) regarding the applicant's share capital:

(i) the amount of the authorised share capital of each class of share, and the nominal value and number of securities in each class;

(ii) the amount of the share capital issued and to be issued in conjunction with the application of each class of share, and the number of those securities in each class, also indicating clearly in respect of which securities listing is applied for; and

(iii) the nominal amount and number of securities in each class of the authorised but unissued capital of the applicant;

(e) the nominal amount and number of securities of each class:

(i) offered to the public for subscription (either by the applicant or otherwise), and the date the offer was made;

(ii) the number of securities of each class applied for, and the date the offer closed (where this information is available at the date of application); and

(iii) the number of securities of each class allotted, and the date of allotment (where this information is available at the date of application). If an issue is being made in conjunction with this application, the opening and closing dates of the offer, the date of allotment and the date of issue of the certificates of title to be stated;

(f) that monies in respect of excess applications will be refunded within 7 days of the closing of the offer;

(g) a statement whether or not it is desired to deal in any other documents prior to the issue of the securities;

(h) a statement as to the section of the List in which listing is applied for, and the abbreviated name of the applicant; and

(i) an undertaking by the applicant in the form of a directors' resolution that the documents referred to in paragraphs 16.19 to 16.22 will be submitted within the period specified therein.

1.2 The application must be signed by the secretary and a director of the applicant and the sponsoring broker.

1.3 The application must be accompanied by a resolution of the directors of the applicant authorising the application for listing together with the relevant listing fee.

SCHEDULE 2

Application for listing of securities resulting from rights and claw-back issues.

2.1 The application for the listing of securities resulting from a rights or claw-back issue should include:

- (a) description and number of renounceable letters for which a listing is applied for, and the relevant dates;
- (b) description and number of securities for which a listing is applied, and the relevant dates;
- (c) brief description of the offer;
- (d) date on which renounceable letters and the circular or pre-listing statement will be posted;
- (e) date on which certificates will be issued;
- (f) last day for splitting and that the renounceable letters will be split as often as required;
- (g) date on which the offer closes;
- (h) the authorised and issued share capital of the applicant prior to the issue of the rights of claw-back securities;
- (i) the issued capital after the issue of the rights of claw-back securities; and
- (j) in addition to the above information the following undertakings must be given:
 - (i) all renounceable letters dispatched by the applicant to registered shareholders will be sent by mail; and
 - (ii) all acceptances of the offer sent by post by the beneficial holders will be accepted by the applicant provided the envelope bears the postmark of a day on or before the closing of the offer and provided such acceptances are received within 3 business days of the closing of the offer.

2.2 The application must be signed by the secretary and a director of the applicant and the sponsoring broker.

2.3 The application must be accompanied by a resolution of the directors of the applicant authorising the application for listing together with the relevant listing fee.

SCHEDULE 3

Application for listing of securities resulting from capitalisation issues or scrip dividends

3.1 The application must state:

- (a) the number of capitalisation securities/scrip for which a listing is applied;
- (b) the date from which the listing is to commence;
- (c) that the capitalisation securities/scrip rank pari passu with the other issued securities of the applicant;
- (d) the date on which the capitalisation securities/scrip are to be allotted;
- (e) the date on which the certificate of title are to be issued;
- (f) the authorised and issued share capital of the applicant prior to the issue of the capitalisation securities/scrip; and
- (g) the issued capital after the issue of the capitalisation securities/scrip.

3.2 The application must be signed by the secretary and a director of the applicant and the sponsoring broker.

3.3 The application must be accompanied by a resolution of the directors of the applicant authorising the application for listing together with the relevant listing fee.

SCHEDULE 4

Application for listing of securities resulting from acquisitions, take-overs and mergers, share incentive schemes and convertible securities

4.1 The following basic information should be given in the application for the listing of securities:

- (a) description and number on securities for which a listing is applied and the relevant date;
- (b) reason for allotment and issue;
- (c) date of allotment;
- (d) date of issue of certificates;
- (e) a statement that the securities subject to the application rank *pari passu* in all respects;
- (f) the present authorised and issued capital; and
- (g) the issued capital after the issue of the securities which are subject to the application.

4.2 The application must be signed by the secretary and a director of the applicant and by the sponsoring broker.

4.3 The application must be accompanied by a resolution of the board of directors of the applicant authorising the application for a listing together with the relevant listing fee.

SCHEDULE 5

Fair and reasonable statements

5.1 Fair and reasonable statement should:

- (a) be prepared by an independent professional expert, acceptable to the Committee, who has no material interest in the transaction or in the success or failure of the transaction;
- (b) make appropriate disclosure where the independent professional expert enjoys any relationship with the applicant; and
- (c) set out the material factors and assumptions taken into account in the preparation of the statement.

SCHEDULE 6

Application for the listing of securities resulting from an issue for cash

6.1 The application must state:

- (a) the number of securities for which a listing is applied;
- (b) the date from which the listing is to commence;
- (c) the securities rank *pari passu* with the other issued securities of the applicant;
- (d) the date on which the securities are to be allotted;
- (e) the date on which the certificates of title are to be issued;
- (f) the authorised and issued share capital of the applicant prior to the issue of the securities;
- (g) the issued capital after the issue of the securities;
- (h) the number of public shareholders in the applicant and the number and percentage of each class of security held by them;
- (i) the level of voting required at the general meeting required by the listings requirements to approve the issue of securities for cash;
- (j) when the shareholders approved or will approve the issue;

- (k) details of all issues of securities over the past 3 years;
- (l) that the issue will be to public shareholders; and
- (m) what discount or premium, if any, the securities are to be issued at.

6.2 The application must be accompanied by the opinion on the issue from an independent professional expert acceptable to the Committee (only for specific approval).

6.3 The application must be signed by the secretary and a director of the applicant and by the sponsoring broker.

6.4 The application must be accompanied by a resolution of the directors of the applicant authorising the application for listing together with the relevant listing fee.

SCHEDULE 7 **General undertaking**

The following provisions should be contained in the general undertaking by the issuer which should be in the form of a resolution of directors certified by the Chairman:

7.1 That the issuer will not apply for the loan, or return, of any document submitted in support of the application for listing, and that all such documents will become the property of the Committee.

7.2 That the issuer agrees that in the event of the application for listing being granted such listing shall be subject to the listings requirements which now are or hereafter may be in force.

7.3 That no restrictions are placed on the transfer of fully paid securities other than when the relative statutory requirements prevail.

7.4 A statement if companies do or do not propose to introduce the "*Temporary Documents of Title*" procedure that no charge will be made in Zimbabwe for transfer of securities or the splitting of certificates of title.

7.5 That no charge will be made in Zimbabwe for the registration of any powers of attorney or letters of administration.

7.6 That the articles of association of the issuer and its subsidiary companies comply with the listings requirements which now are or hereafter may be in force.

7.7 That securities in each class for which listing is applied rank *pari passu* in respect of dividends, rights and in all other respects. It should be noted that a statement that securities in each class rank *pari passu* is understood to mean that:

- (a) they are in all respects identical;
- (b) they are of the same nominal value, and that the same amount per share has been paid up;
- (c) they carry the same rights as to unrestricted transfer, attendance and voting at meetings, and in all other respects; and
- (d) they are entitled to a dividend at the same rate and for the same period, so that at the next ensuing distribution the dividend payable on each share will amount to exactly the same.

7.8 That in the event of a further issue being underwritten, the issuer will disclose with the issue the information which is required under paragraph 7.B.10.

7.9 That in the event of any further offer of securities to shareholders, powers of renunciation will be granted in respect of any rights accruing to shareholders and an application for listing of the provisional documents will be made within sufficient time before the closing of the share registers. (Should it be desired to depart from this procedure, the consent of the Committee must be obtained).

7.10 That the minutes of all shareholders' meetings, either general or special, will be read at the next succeeding meeting of shareholders at the request of any shareholders at the meeting. If the proceedings of such meeting have not been made available.

7.11 That should the directors of the issuer declare a final dividend prior to the publication of the annual accounts, the dividend notice given to shareholders will contain a statement of the ascertained or estimated combined net trading profits of the issuer and its subsidiaries for the year, and also particulars of any amounts appropriated from reserves, capital profits, accumulated profits of past years, or other special source, to provide wholly or partly for the dividend.

7.12 That where the issuer is already listed or is subsequently granted a listing on another stock exchange and notification of any preliminary or other announcement is made by the issuer from time to time to that stock exchange copies of all such notifications will be made available simultaneously to the ZSE.

7.13 That the issuer will, in future, furnish the ZSE with 3 copies of the issuer's annual financial statements when they are issued for distribution to broking members.

7.14 That all communications from the issuer to the ZSE will be by letter, and will emanate from the secretary of the issuer or any other duly authorised persons to whom all correspondence from the ZSE should be addressed.

7.15 That in the event of the company being placed in judicial management or liquidation, whether voluntary or compulsory, provisional or final, the issuer will immediately notify the Committee of this fact.

7.16 Should the issued share capital of the issuer for which listing is applied, consist of securities without distinctive numbers, the following additional undertakings are required:

(a) that all the said securities (or in the case of these being more than one class of share, all the securities of each respective class) are, and will remain identical in all respects, *viz*:

- (i) they are of the same nominal value and are all fully paid;
- (ii) they carry the same rights as to unrestricted transfer, attendance and voting at meetings and in all other respects; and
- (iii) they are entitled to dividend at the same rate and for the same period, so that on the next ensuing distribution and the dividend payable on each share will amount to exactly the same;

(b) that before taking any action which, for statutory or other reasons would require the reinstatement of distinguishing numbers of the said securities or would or might cause difficulty or doubts in distinguishing between securities for which listing is granted and other securities in the capital of the issuer, formal notice will be given to the ZSE of the intentions with full particulars of all relevant facts;

(c) that where the directors have resolved to convene a shareholders' meeting to consider a special resolution for the consolidation or subdivision of securities or for the increase of the authorised share capital of the issuer notice thereof will, within 48 hours of the passing of the directors' resolution be given in writing to the ZSE. Notice in writing must also be given to the ZSE within 48 hours of the issue by the issuer of additional securities of any class. In either case, full particulars of all relevant facts and copies of all relevant documents, resolutions and circulars must be incorporated in or, in the case of copies, accompany, the notice.

(d) regarding such issued share capital, compliance will be made with any requirements of the Committee necessary for the maintenance or grant of listing, as the case may be for such capital, especially that an application for listing for new securities ranking *pari passu* will be made within 30 days from date of issue;

(e) that the issuer will accept for registration transfer deeds containing no distinctive numbers where the relative certificates of title, issued prior to the cessation of distinctive numbers, bears distinctive numbers, and vice versa; and

(f) where the securities, which are the subject of this application are also listed on any other stock exchange evidence must be submitted that such listing is in respect of securities without distinctive numbers.

SCHEDULE 8 **Statutory declaration**

The sworn declaration by the Chairman and secretary must state, to the best of their knowledge, judgement and belief, arrived at after due and careful enquiry, where applicable, the following particulars

- 8.1 That all documents required by the Act, have been duly filed with the Registrar of Companies, and that all legal requirements have been fulfilled.
- 8.2 That the minimum subscription has been received.
- 8.3 The number of securities, or amount of stock or debentures applied for by the public.
- 8.4 The number of securities, or amount of stock or debentures issued for cash to the public, with price of issue and the actual amount per share paid thereon in cash.
- 8.5 The number of securities, or amount of stock or debentures allotted for a consideration other than cash.
- 8.6 That the certificates, or debentures or other documents in which it is desired to deal have been or are ready to be delivered, and that they are identical to the specimen approved.
- 8.7. That, where applicable, the purchase of any assets have been completed, their transfer registered in the name of the issuer and the purchase money was paid subsequent to registration of transfer. Where any such purchase has not been completed or registered an undertaking that completion will be conditional upon registration.
- 8.8 That, where applicable, a trust deed has been executed and completed, the effect of such trust deed, and the nature of the security created thereby in favour of the debenture holders or debenture stockholders.
- 8.9 That all monies refundable in respect of any application or where no allotment has been made, have been refunded to the applicants.
- 8.10 That external companies will open and maintain a transfer office in Zimbabwe during such time as the securities are listed on the ZSE.
- 8.11 That all documents specified in paragraph 7G.1 have been or are lying open for inspection in the manner prescribed.
- 8.12 That there are no other circumstances arising from the application which should be disclosed to the Committee.

SCHEDULE 9 **Mechanical signatures on certificates of title**

An application for mechanical signatures on certificates of title must be made in the following form:

Zimbabwe Stock Exchange

Harare

Dear Sir

MECHANICAL SIGNATURES

The Board undertakes that no mechanical signatures will be affixed to certificates issued in respect of the securities/stock of the issuer unless the following conditions are complied with:

The means of affixing such signatures shall be by (here insert the method to be employed).

Suitable blocks or dies bearing the facsimile signatures of the several directors and, of the secretary or transfer secretary, shall be procured at the cost of the issuer and kept respectively in the custody or under the control of the persons whose signatures they bear, or their duly authorised representatives, and in whose presence and by whose authority alone they shall be used. Each of such persons shall on each occasion on which such authority is given by him record in a register to be maintained for this purpose by the secretary the granting of such authority, its purpose and extent.

A certified copy of the resolution of the Board, adopting this procedure for mechanical signatures, is enclosed.

Yours faithfully

CHAIRMAN

SCHEDULE 10

Requirements for Articles of Association

No application for listing will be considered until the articles of association (or other instrument constituting or defining the constitution of the applicant) ("The articles") has been approved by the Committee.

These documents must be in English and must comply with the requirements in respect of an applicant or in respect of any of the applicant's subsidiary companies whose securities are not sought to be separately listed.

The requirements laid down are not exhaustive. The Committee will not allow any provisions contained in the articles which may in any way restrict free dealings in the securities or which may in the Committee's opinion be unreasonable or which are unlawful.

Contents of articles of association — applicants

Preference securities

10.1 If there are cumulative and/or non-cumulative preference shares in the capital of the company, the following right must attach to such shares:

No further securities ranking in priority to or *pari passu* with the existing preference shares of any class shall be created or issued without the consent in writing of the holders of 75% of the existing preference shares of such class or the sanction of a resolution of the holders of such class of preference shares passed at a separate general meeting of such holders and at which members holding in the aggregate not less than 1/4 of the total votes of all the members holdings securities in that class entitled to vote that meeting are present in person or by proxy and the resolution has been passed by not less than 3/4 of the total votes to which the members of that class present in person or by proxy are entitled.

Unissued securities

10.2 Provision should be made in the articles that unissued equity securities shall be offered to existing shareholders pro rata to their shareholding unless issued for the acquisition of assets. The articles may however in addition to the above provide that the shareholders in general meeting may authorise the directors to issue unissued securities and/or give options to subscribe for unissued securities as the directors in their discretion may think fit, provided this has been approved by the Committee.

Signing of certificates of titles

10.3 The provision of section 104 of the Act shall constitute the ZSE requirements for the signatures of certificates of title.

Calls on securities - external company

10.4 Neither the directors nor the company are to be given power on the issue of securities to make any difference between the holders of the same class of share in the amount of calls to be paid and the time of payment of such calls or in any other respect whatever.

10.5 Any amount paid up in advance of calls on any share shall carry interest only and shall not entitle the holder of the share to participate in respect thereof in a dividend subsequently declared.

10.6 Provision should be made in the articles of an external company for the payment of calls at the branch office in Zimbabwe.

Lien upon securities

10.7 The articles must not give a company power to claim a lien on fully paid securities and the lien upon partly paid securities must be limited to the amounts owing upon partly paid securities.

Transfer of securities

10.8 Provision must be contained in the articles for the use of the common form of transfer.

10.9 There must be no restriction on the transfer of securities.

10.10 The following provision must be made in the articles:

"Every instrument of transfer shall be left at the transfer office of the company at which it is presented for registration accompanied by the certificate of the securities to be transferred and or such other evidence as the company may require to prove the title of the transferor or his rights to transfer the securities."

All authorities to sign Transfer Deeds granted by members for the purpose of transferring securities which may be lodged, produced or exhibited with or to the company and the grantor of such authorities be taken and deemed to continue and remain in full force and effect and the company may allow the same to be acted upon until such time as express notice in writing of the revocation of the same shall have been given and lodged at the company's transfer offices at which the authority was lodged, produced or exhibited. Even after the giving and lodging of such notices the company shall be entitled to give effect to any instruments signed under the authority to sign and certified by any officer of the company as being in order before the giving and lodging of such notice".

Transmission clause

10.11 A provision to the effect that securities registered in the name of the deceased or insolvent shareholder shall be forfeited if the executor fails to register them in his own name or in the name of the heir etc., when called upon by the directors to do so will not be permitted.

Share warrants to bearer

10.12 Provision should not be made for the issue of a new share warrant in place of one lost unless suitable documentation is provided to the satisfaction of the directors of the company concerned.

10.13 Where the memorandum prohibits the issue of share warrants and the articles make provision for the issue etc., thereof the following clause should be inserted in the articles.

"Notwithstanding the provisions contained in these articles with reference to the issue of share warrants the company is prohibited from issuing share warrants unless and until the objects of the company are altered to permit the issue of share warrants".

Commission

10.14 The articles should provide that, subject to the Act, the company may not pay commission exceeding 5% to any person in consideration of his subscribing or agreeing to subscribe, whether absolutely or conditionally, for any securities of the company.

Capital

10.15 Power should be contained in the articles for:

- (a) increase of capital;
- (b) consolidation of securities;
- (c) conversion of securities into stock;

- (d) sub-division of securities;
- (e) cancellation of securities;
- (f) reduction of capital;
- (g) conversion of securities into no par value and vice versa;
- (h) conversion of ordinary shares into redeemable preference shares; and
- (i) conversion of securities of any class into securities of any other class, whether issued or not.

10.16 Provision should be made that new securities created shall be offered to the existing shareholders pro rata to their shareholding or that new securities are only to be disposed of or dealt with as directed by a general meeting of shareholders. Subject to the listings requirements of the ZSE, the articles may however in addition to the above provide that the shareholders in general meeting may authorise the directors to issue the new securities as the directors in their discretion may think fit.

10.17 The clause in the articles dealing with the reduction of capital should not provide that capital shall be repaid upon the basis that it may be called up again; and

Provision should be made that in the case of any issue of a fraction of a security, that fraction may be sold for the benefit of the shareholder in such manner as the directors may determine.

Borrowing powers

10.18 The article should provide that the borrowing powers of the Board are limited so that the aggregate amount at any one time owing in respect of monies borrowed by the company and its subsidiary companies (exclusive of inter-company borrowings) shall not exceed a reasonable fixed amount which must be related to the issued and paid up capital of the company except with the consent of the company in general meeting by ordinary resolution, and that the directors will procure that the aggregate amount at anyone time owing in respect of monies borrowed by the company will not without such consent exceed that same limit.

Notice of meeting

10.19 In the articles of an external company provision should be made that if the notice be given by surface mail at least 30 days notice of a meeting shall be given to all shareholders entitled to notice if such notice is sent from the registered office of the company and at least 21 days notice if the notice is sent from a branch office in Zimbabwe or by air mail from the registered office of the company.

10.20 In the articles of all companies provision should be made for sending notices of meetings to the ZSE at the same time as notices are sent to shareholders.

10.21 The articles should provide that an accidental omission to give notice of any meeting to members shall not invalidate any resolution passed at any such meeting.

General meetings

10.22 The business of a general meeting must include power to sanction or declare dividends.

10.23 The quorum at a general meeting must be as detailed in 10.54.

Voting at general meetings

10.24 In the case of an external company the articles should make provision for depositing proxies at the branch office in Zimbabwe.

Directors

10.25 The articles of association must provide that the minimum number of directors shall be four.

10.26 The articles should provide that the appointment of a director to fill a casual vacancy or as an addition to the board must be confirmed at the next annual general meeting.

10.27 The articles should provide that if the number of directors falls below the minimum provided in the articles the remaining directors shall only be permitted to act for the purpose of filling vacancies or calling general meetings of shareholders.

10.28 If the articles contain a provision that directors may be employed in any other capacity in the company or as a director or employee of a company controlled by or subsidiary to this company a further provision should be made to the effect that his appointment and remuneration in respect of other such office must be determined by a disinterested quorum of directors.

10.29 The articles should provide that the directors shall be paid all their travelling and other expenses properly and necessarily incurred by them in and about the business of the company, and in attending meetings of the directors or of committees thereof, and that if any director shall be required to perform extra services or to go to reside abroad or otherwise shall be specifically occupied about the company's business, he shall be entitled to receive a remuneration to be fixed by a disinterested quorum of directors which may be either in addition to or in substitution for any other remuneration.

10.30 In a new company all the directors are to retire at the first annual general meeting and at each annual general meeting of the company one-third of the directors, of if their number is not a multiple of three, then the number nearest to but not less than one-third, shall retire from office. In the case of an existing company at least one-third of the directors shall retire at each annual general meeting. The aforesaid provisions are however, subject to the proviso that if a director is appointed a managing director or as an employee of the company in any other capacity the contract under which he is appointed may provide that he shall not, while he continues to hold that position or office under contract for a term of rotation be subject to retirement by such contract and he shall not in such case be taken into account in determining the rotation of retirement of directors provided that less than half of the directors may be appointed to any such position on the condition that they shall not be subject to retirement by rotation.

10.31 The period to be allowed before the date of an annual general meeting for the nomination of a new director must be such as to give sufficient time after the receipt of the notice of the holding of the meeting for nominations to reach the company's office from any part of Zimbabwe.

10.32 If the quorum of directors is two the chairman shall not be permitted to have a casting vote if only two directors are present at a meeting of directors.

10.33 The directors shall be entitled to elect a chairman and deputy chairman and determine the period for which they shall hold office. A resolution signed by directors (or their alternatives, if applicable) who are present at the time when the resolution in question is signed by the first of such directors, in Zimbabwe, whose number is a majority of the directors for the time being in office and not less than a quorum for a meeting of directors, inserted in the minute book, shall be as valid and effective as it had been passed at a meeting of directors.

Any such resolution may consist of several documents, each of which may be signed by one or more directors (or their alternates, if applicable) and shall be deemed to have been passed on the date on which it was signed by the last director who signed it unless a statement to the contrary is made in that resolution).

Dividends

10.34 The articles should provide that the company in general meeting or the directors may declare dividends. However, the company in general meeting should not be able to declare a larger dividend than that declared by the directors.

10.35 It should be noted that dividends are to be payable to shareholders registered as at a date subsequent to the date of declaration or date of confirmation of the dividend whichever is the later. A period of 14 days at least should be allowed between the date of declaration or date of confirmation of the dividend whichever if the later, and the date of the closing of the transfer registers in respect of such dividend.

10.36 A provision to the effect that dividends which remain unclaimed for 12 years may become the property of the company will be permitted. Monies other than dividends due to shareholders must be held in trust by the company indefinitely until lawfully claimed by the shareholder.

10.37 The articles of an external company may provide that the directors may retain any dividend or bonus upon which the company has a lien and may deduct from dividends or bonus all claims or sums of money which may be due on account of calls.

Annual financial statements

10.38 Provision should be made in the articles of a company incorporated in Zimbabwe for a copy of the annual financial statements to be sent to shareholders at least 21 days before the date of the meeting at which it will be considered.

10.39 In the articles of an external company (other than a company incorporated in RSA or Namibia) provision should be made that a copy of the balance sheet will be sent to all shareholders at least 30 days before the date of the meeting at which it will be considered if sent by surface mail from the registered office of the company and at least 21 days before that date if sent from the branch office in Zimbabwe or by air mail from the registered office.

Notices

10.40 Notices are to be sent to all registered members. Notices to the holders of share warrants unless the conditions of issue provide that such holders are to receive notices shall be given by advertisement in Harare and in the town or district where the registered office of the company is situated, if such registered office is situated outside Harare in a daily English newspaper. The articles should provide accordingly.

Members registered address

10.41 A clause in the articles to the effect that members shall register an address in Zimbabwe or in some other country will be permitted.

10.42 In the articles of an external company a provision that members are to register an address in the foreign country only will not be permitted.

Advertisement of notices

10.43 In addition to the notice to be sent to all registered shareholders a provision that notice by advertisement shall be published in Harare and in the town or district where the registered office of the company is situated, if such registered office is situated outside Harare in English in a daily newspaper will be permitted.

Content of articles of association — (subsidiary companies)

Unissued securities

10.44 Provision shall be made in the articles that unissued securities shall be offered to existing shareholders pro-rata to their shareholding, unless issued for the acquisition of assets. The articles may, however, in addition to the above, provide that the shareholders in general meeting may authorise the directors to issue unissued securities and give options to subscribe for unissued securities as the directors in their discretion may think fit, provided this has been approved by the Committee.

Calls on securities - external company

10.45 Neither the directors nor the company are to be given power on the issue of securities to make any difference between the holders of the same class of share in the amount of calls to be paid and the time of payment of such calls.

Lien upon securities - external company

10.46 The articles must not give a company power to claim a lien on fully paid securities and the lien upon partly paid securities must be limited to amounts owing upon partly paid securities.

Transfer of securities

10.47 Provision must be contained in the articles for the use of the common form of transfer.

10.48 The following provision must be made in the articles:

"Every instrument of transfer shall be left at the transfer office of the company at which it is presented for registration accompanied by the certificate of the securities so transferred and/or such other evidence as the company may require, to prove the title of the transferor or his rights to transfer the securities. All authorities to sign transfer deeds granted by members for the purpose of transferring securities, which may be lodged, produced or exhibited with or to the company at any of its proper offices shall, as between the company and the grantor of such authorities be taken and deemed to continue and remain in full force and effect and the company may allow the same to be acted upon until such time as express notice in writing of the revocation of the same shall have been given and lodged at the company's transfer offices at which the authority was lodged, produced or exhibited.

Even after the giving and lodging of such notice the company shall be entitled to give effect to any instrument signed under the authority to sign and certified by any office of the company as being in order before the giving and lodging of such notices".

Transmission clause

10.49 A provision to the effect that securities registered in the name of a deceased or insolvent shareholder shall be forfeited if the executor fails to register them in his own name or in the name of the heir etc., when called upon by the directors to do so will not be permitted.

Share warrants to bearer

10.50 Provision should not be made for the issue of a new share warrant in place of one lost unless suitable documentation is provided to the satisfaction of the company concerned.

10.51 Where the memorandum prohibits the issue of share warrants and the articles make provision for the issue etc., thereof the following clause should be inserted in the articles:

"Notwithstanding the provisions contained in these articles with reference to the issue of share warrants the company is prohibited from issuing share warrants unless and until the objects of the company are altered to permit the issue of share warrants".

Capital

10.52 Provision should be made that new securities created shall be offered to existing shareholders pro-rata to their shareholding or that new securities are only to be disposed of or dealt with as directed by a general meeting of shareholders. The articles may, however, in addition to the above provide that the shareholders in general meeting may authorise the directors to dispose of the new securities as the directors in their discretion may think fit, subject to the provisions of the Act and to the listings requirements of the ZSE.

Borrowing powers

10.53 That the directors may, from time to time at their discretion raise or borrow to secure the payment of any sum or sums of money for the purposes of the company, provided that the total amount owing by the company in respect of monies so raised, borrowed or secured shall not exceed the amount authorised by its listed holding company.

Quorum at general meetings

10.54 The articles must provide that quorum at a general meeting and at an adjourned or postponed meeting shall be at least two members, present in person or by proxy, of whom one member shall be the representative of the holding company, or if a company is a wholly owned subsidiary the representative of the holding company shall suffice.

Directors

10.55 The articles should provide that the appointment of a director to fill a casual vacancy or as an addition to the board must be confirmed at the next annual general meeting.

10.56 The articles should provide that if the number of directors falls below the minimum provided in the articles, the remaining directors shall only be permitted to act for the purpose of filling vacancies or calling general meetings of shareholders.

10.57 If the articles contain a provision that a director may be employed in any other capacity in the company or as a director or employee of a controlled or subsidiary company, a further provision should be made to the effect that his appointment and remuneration in respect of such other office must be determined by a disinterested quorum.

10.58 The period to be allowed before the date of an annual general meeting for the nomination of a new director must be such as to give sufficient time after the receipt of the notice of the holding of the meeting for nominations to reach the company's office from any part of Zimbabwe.

10.59 If the quorum of directors is two the chairman shall not be permitted to have a casting vote if only two directors are present at a meeting of directors.

10.60 The directors shall be entitled to elect a chairman a deputy chairman and determine the period for which they shall hold office.

10.61 A resolution signed by all directors (or their alternates, if applicable) inserted in the minute book, shall be as valid and effective as if it had been passed at a meeting of directors. Any such resolution may consist of several documents, each of which may be signed by one or more directors (or their alternates, if applicable) and shall be deemed to have been passed on the date on which it was signed by the last director who signed it (unless a statement to the contrary is made in that resolution).

10.62 Life directorships are not permissible.

Dividends

10.63 The articles should provide that the company in general meeting or the directors may declare dividends. However, the company in general meeting should not be able to declare a larger dividend than that declared by the directors.

10.64 A provision to the effect that dividends which remain unclaimed for 12 years may become the property of the company will be permitted. Monies other than dividends due to shareholders must be held in trust by the company indefinitely until lawfully claimed by the shareholder.

10.65 The articles of an external company may provide that the directors may retain any dividend or bonus upon which the company has a lien and may deduct from dividends or bonus all claims or sums of money which may be due on account of calls.

Notices

10.66 Notices are to be sent to all registered members. Notices to the holders of share warrants unless the conditions of issue provide that such holders are to receive notices, shall be given by advertising in Harare and in the town or district where the registered office of the company is situated, if such registered office is situated outside Harare, in a daily newspaper in English and one other official language. The articles should provide accordingly.

Members' registered addresses

10.67 A clause in the articles to the effect that members shall register an address in Zimbabwe or in some other country will be permitted.

SCHEDULE 11

Requirements for Certificates of Title

The following are the requirements for certificates of title:

Size

11.1 Minimum and maximum sizes of certificates of title:

- (a) breadth minimum 250mm maximum 300mm; and
- (b) depth minimum 200mm maximum 275mm, or as agreed with the ZSE.

Name

11.2 The name of the company should be clearly printed in bold type. The name must agree in every particular with that under which the company was registered. Abbreviations of words should not be used unless the name of the company is so registered, e.g. the word "AND" should be printed, and not the abbreviation "&" and the word "LIMITED" should be printed and not the abbreviation "LTD". Should the company be registered with either of these words abbreviated a note should be printed at the foot of the certificate of title to the effect that certificates of title accompanied by transfer deeds having the name of the company abbreviated "&" or the word "and" written in full will be accepted for transfer. A similar procedure should be adopted for any other abbreviations.

Change of name

11.3 The former name of the company must be shown in brackets under the new name of the company for a period of at least one year after such change of name.

Country of registration

11.4 The country of registration must be printed under the name of the company.

Translation of name

11.5 Should it be desired to show the translation of the name in another official language this may be shown under the name provided a statement is made on the certificate that the company will accept either name on transfer deeds.

Certificate number

11.6 The certificate of title number must be shown on the top left-hand corner.

Number of securities

11.7 The number of securities represented in the certificate must be shown on the top right-hand corner. In the case of units of stock the number of units and the nominal value must be shown.

ZSE code

11.8 All certificates of title should bear the ZSE code where applicable.

Preference share certificates

11.9 Certificates in respect of first issue of preference shares must be printed in red, including the border, if any. Certificates in respect of shares, other than a first issue of preference shares, may be printed in any other approved colour. Where preference shares of a new class are issued, second and subsequent issues of preference shares should be described as "*Second Preference Shares*"; "*Third Preference Shares*" etc.

Description of securities

11.10 A full description of the class of securities, must be printed in the body of the certificate, the description to be in accordance with that prescribed in the memorandum and articles of association. Where special rights and obligations pertain to the securities (as in the case of preference shares and debentures), salient details of these rights and conditions should be printed on the back of the certificate.

Class of securities

11.11 A description of the class of securities must be printed in bold type above the name of the company.

Low and high voting equity shares

11.12 Certificates in respect of low or high voting equity shares which have been issued should indicate clearly that the shares are low or high voting equity shares such as "A" or "N" ordinary shares.

Certificates of Title to indicate re-construction

11.13 Where securities have been split, reduced, and/or consolidated a summary of this information must be clearly shown at the top of the certificate. This information must be perpetuated on such certificates of title

for a period of one year. These securities must be clearly distinguishable from other securities of the company in circulation. As an additional sage-guard companies should use a different colour and series of numbers.

Address of registered and transfer offices

11.14 The physical and postal addresses in Zimbabwe of the registered and transfer offices of the company must be stated.

Signatures on certificates of title

11.15 The provisions of section 104 of the Act shall constitute the ZSE requirements for the signatures on certificates of title.

SCHEDULE 12
Requirements for Option Certificates

The conditions of issue of the options to be printed on option certificates must make provision for the following:

12.1 The term of option:

- (a) the minimum period during which an option may be exercised shall be not less than one calendar month. The company must advise option holders at least six weeks prior to the date upon which options may be exercised; and
- (b) in cases where the option may be exercised at any time the company shall undertake to send a reminder to registered option holders not less than six weeks or more than two months prior to the final date for the exercise of the option.

12.2 Upon exercise of the option, the securities to be allotted by the company in satisfaction of the option shall rank *pari passu* and in all respects be identical with existing issued securities of the same class in the capital of the company and certificates of title in satisfaction of such rights will be issued within twenty-one (21) days of the option having been exercised.

12.3 New option certificates shall be issued upon transfer to a transferee.

12.4 In cases where the exercise of the option is restricted to a specific period the company shall undertake not to fix a recorded date for a dividend, a rights offer, capitalisation issue, capital reconstruction or offer to purchase (take-over bid) on ordinary shares which will fall within that period. In other cases holders of the options shall be preclude exercising their options between the date of declaration of dividend and the record date for such purposes.

12.5 The number, description and nominal value of the securities over which the option is granted.

12.6 The price at which the option may be exercised.

12.7 That the option over a specified number of securities will be exercisable either in whole or in part.

12.8 Additional issues of options or of the issue of securities with conversion rights or of the amendment of the conditions of the options will require the sanction of the holders of the options and the holders of such of the following securities as may be issued as at the date it is proposed to amend the conditions of issue:

- (a) ordinary shares or ordinary stock, other than non-voting;
- (b) convertible securities;
- (c) securities with inherent option rights; and
- (d) participating securities.

12.9 The holders of the options shall be advised simultaneously with the notification of the holders of ordinary shares or stock of a contemplated rights issue or bonus issue and of a specified date by which they must exercise their options in order to participate in the rights issue or bonus Issue. The ratio for the rights issue or

bonus issue shall not be determined until after the date referred to above and a subsequent date shall be determined as being the record date for the rights issue or bonus issue.

12.10 In a capital reconstruction, the ratio of:

- (a) the total number of securities which may be issued on the exercise of the option to the total number of securities issued; and
- (b) the issue price per ordinary share or stock to the nominal value per share or stock;

shall be adjusted to correspond proportionately to the total number of securities or stock issued and the nominal value per share or stock in the reconstructed capital.

12.11 Ordinary share capital shall not be repaid during the period of the option.

SCHEDULE 13

Requirements for Certified Deeds and other temporary documents of title

The application to be submitted by companies for approval to issue certified deeds and other temporary documents of title must take the following form:

The Zimbabwe Stock Exchange

Harare

Dear Sir

CERTIFIED TRANSFER DEEDS AND OTHER TEMPORARY DOCUMENTS OF TITLE

On behalf of my company I hereby apply for the approval of your Committee to the introduction by my company of certified transfer procedure as covered by your rules in respect of all listed securities of this company which at present consist of:

(number) ordinary shares

(number) preference shares

(Description)

and number of any other class of security to which the system can be applied, and any additional securities of the same class(es) which may be granted a listing in the future.

The Board has passed a resolution authorising the adoption of the system of certification in Zimbabwe and if and when applicable on an interchange basis with offices elsewhere and it has made the necessary arrangements regarding the signing of certifications. The company agrees that the Committee's approval shall be subject to the Listings Requirements of your exchange which now are or which may hereafter be in force.

Without in any way limiting the application of the Listing Requirements referred to above, the company undertakes:

(a) that paragraphs 3.58 to 3.61 of your Listing Requirements shall be deemed to form part of this undertaking; and

(b) that certificates for any of the above securities will be issued in such denominations as may be expedient (not necessarily in 100's) and that transfer deeds in the required denominations will be certified against such of the following documents as may be issued from time to time by the company:

(i) certificates of title;

(ii) transfer receipts;

(iii) postal acknowledgements;

(iv) removal (or transmission) receipt (where branch registers are maintained);

(v) balance receipts (or tickets);

(vi) split balance receipts (or tickets);

(vii) bearer share reconversion receipt;

(viii) interchange receipts; and

(ix) letters of allocation or allotment and similar new issue documents after allowing a period for renunciation;

provided any document referred to above shall have been surrendered prior to delivery of the relative scrip;

(c) that in the company's discretion certified transfer deeds may be updated. That no other temporary documents of title will be updated. (Delete if not applicable); and

(d) that provided the documents of title are in order the relative certified deeds and/or other temporary documents of title will be issued within 24 hours of lodgement. That, upon request, temporary receipts which shall be surrendered upon delivery of the certified deeds and/or other temporary documents of title, will be issued to persons who lodge documents of title.

The certified transfer deed procedures will apply to Zimbabwe registrations and to interchange between Zimbabwe and name(s) of foreign country(ies) in which additional transfer office(s) is/are situated.

I enclose for approval a specimen of the certifications to be applied by or on behalf of the company.

Once these have been approved they will not be altered without notifying your exchange.

Kindly advise me of your Committee's decision in due course.

Yours faithfully

CHAIRMAN

Notes:

- Companies should satisfy themselves that they are adequately covered under their forged transfer policies in respect of certified deeds and other temporary documents of title.

SCHEDULE 14 **Requirements for Executive and Staff share Schemes**

The following provisions apply, with appropriate modifications, to all schemes involving the purchase of securities and/or the issue of shares or other securities (including options) by listed companies (or trusts formed for this purpose in terms of the Act) to, or for the benefit of, employees. They apply also to schemes of all subsidiaries of listed companies.

The ZSE must be consulted on the application of these provisions to schemes intended to apply to employees of associates.

14.1 The scheme, which must be approved by shareholders of the listed company or company applying for listing in general meeting prior to its implementation, must contain provisions relating to:

(a) the category of persons to whom or for the benefit of whom securities may be purchased or issued under the scheme ("participants"). Notwithstanding the above requirement, the Committee restricts the definition of participants to persons involved in the business of the group including non-executive directors;

(b) the aggregate number of securities which may be utilised for purposes of the scheme which must be stated together with the percentage of the issued share capital that it represents at that time (limited to 10% over a five year period);

[Paragraph amended by the Committee with effect from 31 July 1999.]

(c) a fixed maximum number for any one participant;

(d) the amount, if any, payable on application or acceptance; the basis for determining the purchase, subscription or option price which must be a fixed mechanism for all participants; the period in which payments, or loans to provide the same, may be paid or after which payments or loans to provide the same, must be paid; the terms of any loan; the procedure to be adopted on termination of employment or retirement of a participant; and

(e) the voting, dividend, transfer and other rights, including those arising on a liquidation of the company, attaching to the securities and to any options (if appropriate).

14.2 A scheme may provide, in the event of a capitalisation issue, a rights issue, sub-division, consolidation of securities or reduction of capital, for adjustment of the purchase, subscription or option price of the number or amount of securities subject to options already granted to participants and to the scheme. Such adjustments should give a participant entitlement to the same proportion of the equity capital as that to which he was previously entitled:

(a) the issue of securities as consideration for an acquisition or a waiver of pre-emptive rights will not be regarded as a circumstance requiring adjustment; and

(b) adjustments, where necessary must be confirmed to the directors in writing by the company's auditors that these are calculated on a reasonable basis.

14.3 The scheme must provide, or the circular must state, that the provisions relating to the matters contained in 14.1 above cannot be altered without the prior approval of shareholders in general meeting.

14.4 The trustees may not be participants under the scheme.

14.5 Shares shall upon release to participants rank *pari passu* in all respects with the existing issued shares of the company.

14.6 Application must be made for a listing of those securities of a class already listed at the time of the issue.

14.7 The scheme document, if not circulated to the shareholders, must be available for inspection for at least 14 days at the company's registered office or such other places as the ZSE may agree.

14.8 The terms of the resolution must approve a specific scheme and refer either to the scheme itself (if circulated to the shareholders) or to a summary of its principal terms included in the circular which must contain all the provisions set out in paragraph 14.1 above.

14.9 The listed company must, in respect of its or its subsidiary companies schemes, summarise in its annual financial statements the number of securities which may be utilised for purposes of the scheme at the beginning of the accounting period, changes in such number during the accounting period and the balance of securities available for utilisation for purposes of the scheme at the end of the accounting period.

14.10 Details of options held and exercised by the directors should be disclosed separately and annually.

[new [section 14](#) 10 inserted by the Committee with effect from the 31st January, 2002.]

SCHEDULE 15

Requirements for trust deeds in respect of debentures

The following are the requirements for trust deeds in respect of debentures:

Special provisions

15.1 Trust deeds and debentures not secured by a trust deed must contain provisions to the following effect, that:

- (a) where provision is made that the debenture shall be repayable at a premium either at a fixed rate or at any time upon notice having been given, the debenture shall not in the event of the company going into voluntary liquidation be repayable at less than the premium then current;
- (b) a provision that debentures may be issued with special privileges as to allotment of securities, attending and voting at general meetings, appointment of directors or otherwise, will be permitted if the clause contains a proviso that such special privileges etc., shall not be afforded save with the sanction of the company in general meeting;
- (c) where debentures are subject to periodic redemption such redemption shall be in units and not in the reduction of nominal value;
- (d) there be a fixed initial period of not less than one year during which redemptions may not take place;
- (e) where there is a sinking fund and the company has the right to buy for sinking fund purposes, it shall not anticipate its sinking fund requirements by more than one year;
- (f) redemption conditions shall remain unaltered unless sanctioned by general meetings of ordinary shareholders and debenture holders;
- (g) where power is reserved to purchase redeemable debenture, purchases shall not be made by the company or the trustee at a price which is higher than the market price. Debentures so purchased shall be cancelled. The company's obligation to redeem and pay off the debentures shall be reduced by the par value of the debentures so cancelled; and
- (h) the last day of registration for interest payments, conversion, and redemption rights must be a Friday. However, if the Friday is a holiday, then the previous business day will be the date for registration.

Conversion

15.2 The right of conversion must be authorised by ordinary shareholders in general meeting.

15.3 The earliest redemption date must not be earlier than the final conversion date or alternatively the holder shall be issued with an option certificate where redemption takes place at an earlier date than the final conversion date.

15.4 Conversion rights may not be exercised between the date of declaration of dividends or rights on the underlying security and the record date for such purposes.

15.5 The date of the final closing of the registers for conversion and/or redemption shall not be earlier than the final conversion date/redemption date.

15.6 In cases where only part of the debentures may be converted, ensure if possible:

- (a) that the unit/s of debentures required to exercise the subsequent conversion rights shall be exactly divisible into Z\$100; and
- (b) that the converted and unconverted portion of debenture unit/s of Z\$100 are capable of being consolidated into a dealing unit of 100 debentures.

15.7 Convertibility conditions shall remain unaltered unless sanctioned by ordinary shareholders in general meeting.

15.8 The company may not issue capitalisation ordinary shares or options on securities prior to the final conversion dates unless sanctioned in general meeting by the holders of the convertible debentures.

Conversion period

15.9 Conversion period must be for at least one month.

15.10 Variation of rights must also be subject to the consent of ordinary shareholders in addition to the usual, *viz*, either:

- (a) consent in writing in respect of 75% of debentureholders; or
- (b) necessary resolutions passed by debentureholders.

15.11 Debentures purchased must be cancelled and not re-issued.

Trustees

15.12 The trustee or trustees shall be a corporation or persons of standing and repute and must have no interest in or relationship with the company which might conflict with their position as trustee.

15.13 The new trustee appointed under any statutory or other power must prior to appointment be approved by an extraordinary resolution of the debenture (or debenture stock) holder.

Meetings and voting rights

15.14 A meeting of debenture (or debenture stock) holders must be called on a requisition in writing signed by holders of at least one tenth of the nominal amount of the debentures (or debenture stock) for the time being outstanding.

15.15 The quorum for passing a special resolution shall be the holders of a clear majority in the value of the whole of the outstanding debentures (or debenture stock). If such a quorum should not be obtained, provision may be made for the adjournment of the meeting for not less than 14 days: in that event notice of the adjourned meeting shall be sent to every debenture (or debenture stock) holder and shall state that if a quorum as above defined shall not be present at the adjournment meeting, the debenture (or debenture stock) holders then present will form a quorum.

15.16 The necessary majority for passing a special resolution shall be not less than three-fourths of the persons voting thereat on a show of hands and if a poll is demanded then not less than three-fourths of the votes given on such a poll.

15.17 On a poll, each holder of debentures of debenture stock shall be entitled to at least one vote in respect of every Z\$20 of debentures or debenture stock held by him, except that where the lowest denomination in which such securities can be transferred is more than Z\$20 such denomination may be substituted for the Z\$20 referred to above.

15.18 In the case of an external company (other than a company incorporated in RSA or Namibia) provision should be made that notice be given to all debenture holders at least 21 days prior to the meeting. The notice is to be sent from a branch office in Zimbabwe or by airmail from the registered office of the company.

15.19 Provision should be made for sending of notices of meetings to the ZSE at the same time as notices are sent to debenture holders.

Notices

15.20 Notices shall be sent to debenture holders at least six weeks before each:

- (a) conversion date; and
- (b) redemption date.

Interest on partly paid debentures

15.21 State how the payment of interest will be calculated until the next interest date or the next succeeding date upon which debentures will become fully paid.

Transfer

15.22 In the case of a listed debenture the common form of transfer will be used.

15.23 Every instrument shall be left at the transfer office of the company at which it is presented for registration, accompanied by the certificate of the debentures to be transferred and/or such other evidence as the company may require, to prove the title of the transferor or his rights to transfer the debentures.

15.24 All authorities to sign transfer deeds granted by members for the purpose of transferring debentures, which may be lodged, produced or exhibited with or to the company at any of its proper offices shall, as between the company and grantor of such authorities be taken as deemed to continue and remain in full force and effect, and the company may allow the same to be acted upon until such time as expressed notice in writing of the revocation of the same shall have been given and lodged at each of the company's transfer offices at which the authority was lodged, produced or exhibited.

15.25 Even after the giving and lodging of such notice, the company shall be entitled to give effect to any instruments signed under the authority to sign and certified by any officer of the company as being in order before the giving and lodging of such notice.

15.26 There shall be no restrictions on the transfer of fully paid debentures.

Definitive certificates

15.27 In any payment of part of the amount due on the security, unless a new certificate is issued, a note of such payment shall be en-faced on the certificate.

Special privileges

15.28 The sanction of a separate general meeting of ordinary shareholders shall be obtained for the grant of special privileges.

General conditions

15.29 "**Secured debentures**" shall be secured to a substantial extent by a direct specific mortgage of freehold or long leasehold property or other immovable property or such other fixed assets as the Committee in its discretion may deem acceptable. Debentures which do not enjoy such security must be called "*unsecured debentures*".

15.30 Until the debentures have been redeemed in full, the company shall not have the right to borrow in excess any specified sum without the consent of the debenture holders in general meeting.

15.31 Redemption of debentures may be by drawings or fixed annual repayments.

15.32 First interest payment on debentures must be calculated from date of payment.

15.33 Any stock redeemed shall be cancelled and must not be re-issued.

15.34 Certificates must be issued within 21 days.

15.35 Certificates must be for Z\$100 unless otherwise requested. Block certificates are permissible if the company has adopted certified transfer procedure.

15.36 There must be no restrictions on splitting in denominations under Z\$100.

15.37 A company must give at least 14 days notice of the last day to register for interest payments. Copies of notices must also be sent to the ZSE.

15.38 Where the debentures of a company are listed, prior approval of amendments to the original conditions of issue must be obtained from the Committee. The last day for debenture holders to be registered must be a Friday or if the Friday is not a business day, then the last day to register should be the preceding business day.

SCHEDULE 16

Sponsoring Broker's Undertaking

16.1 The following must be included in a letter from the sponsoring broker to the Committee when appointed by an issuer for a specific matter or transaction ("**appointment**"):

- (a) that they will discharge their responsibility as a sponsoring broker under the listings requirements as amended from time to time for the purposes of the appointment;
- (b) that they will advise the Committee, in writing, without delay, of their resignation or dismissal from an appointment, giving details of any relevant facts or circumstances and that they should notify the Committee if they are subject to any disciplinary or legal proceedings together with the fact that they will not perform the role of sponsor unless they are independent except with the specific permission of the Committee;
- (c) a description of the interest held by the sponsoring broker, his firm and any partner or director of that firm in the issuer or any of its subsidiaries; and
- (d) that they acknowledge that the Committee may censure them if the Committee considers that they are in breach of their responsibilities and that the Committee may publicise the fact that they have done so and the reasons for their action.

SCHEDULE 17 Declaration by Sponsoring Broker

To: Zimbabwe Stock Exchange (ZSE)

200

Full name of sponsoring broker

The undersigned request that you will allow (number) shares of (denomination) each of (name of issuer) to be admitted to the List.

I, a partner/director of the above sponsoring broker, hereby confirm that I have satisfied myself to the best of my knowledge and belief, having made due and careful enquiry of the issuer and its advisers, that all the documents required by the listings requirements to be included in the application for listing have been supplied to the ZSE, that all other relevant requirements of the listings requirements have been complied with; and that there are no matters other than those disclosed in the pre-listing statement or otherwise in writing to the ZSE which should be taken into account by the ZSE in considering the suitability for listing of the securities for which application is being made. Should any further information come to my notice before the grant of listing, I will inform the Committee.

The securities in respect of which the application is being made will be included in the List.

This declaration is furnished to you in accordance with the listings requirements of the ZSE. It may not be relied upon for any other purpose or by any other person.

SIGNED BY or SIGNED BY

partner/director of (duly authorised officer, for and on behalf of

))

To be completed in all cases

Application to be heard on 200

Dealings expected to commence on 200

Name(s) of contact(s) at the sponsoring broker regarding the application

Telephone number

SCHEDULE 18 **Annual Compliance Certificate**

*I, the undersigned (full names), being duly authorised hereto,
certify to the Zimbabwe Stock Exchange (the "ZSE") that
(“the company”) has, during the twelve* months ended 31 December
complied with every disclosure requirement for continued listing on the ZSE
imposed by the Committee of the ZSE during that period.*

Signed by

(duly authorised hereto, for and on behalf of the directors of the company)

*Note: Adjust, if necessary

SCHEDULE 19 **Director's Declaration**

[Inserted by the Committee with effect from the 31st January, 2002.]

PERSONAL DETAILS

- 1) Company:
- 2) Surname of Director:
- 3) Any former surname:
- 4) First names:
- 5) Identity number:
- 6) Designation:
- 7) Physical address:
- 8) Postal address:
- 7) Telephone number:
- 8) Fax no:
- 9) E-mail address:

QUALIFICATIONS AND EXPERIENCE

- 10) Are you a director, or alternate director of any other company which is publicly listed or traded, or a partner in any partnership ?

If so, state the name of any such company or partnership, the nature of business where this is not indicated in the title, and the date you became a director or partner.

- 11) Provide details of your qualifications and relevant experience as required in terms of Section 7.B of the Listings Requirements.

Qualifications

Experience

Have you ever been disqualified by a court from acting as a director of a company, or from acting in the management of conduct of the affairs of any company, as described in section 7.B of the Listings Requirements ? If so, give

full particulars.

INTEGRITY

- 13) Have you ever been convicted of an offence resulting from dishonesty, fraud or embezzlement ? If yes, provide details.
- 14) Has any company been put into or had an administrator or an administrative or other receiver appointed during the period when you were (or within the preceding 12 months had been) one of its directors, or alternate directors ?
- 15) Have you ever been adjudged bankrupt or sequestrated in any jurisdiction ?
- 16) Have you at any time been a party to a scheme of arrangement or made any other form of composition with your creditors ?
- 17) Have you ever been found guilty in disciplinary proceedings, by an employer or regulatory body, due to dishonest activities ? If yes, provide details.
- 18) Have you ever been barred from entry into any profession or occupation ?
- 19) Have you at any time or has a company of which you were a director, shadow director or alternate director, at the time of the offence been convicted in any jurisdiction of any criminal offence, or an offence under legislation relating to the Companies Act. ?

All such convictions must be disclosed even though they may now be "spent convictions".

I Director of (name of Company)

(the "issuer") declare that to the best of my knowledge and belief (having taken all reasonable care to ensure that such is the case) the answers to all the above questions are true and I hereby give my authority (save where expressly stated otherwise) to the Exchange/Commission to disclose any of the foregoing particulars given by me to the sponsor of any company of which I am director and/or such regulatory bodies as the Exchange/Commission may, in its absolute discretion think fit.

Signature

Date

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