

SECTION 32-SECURITIES (REGISTRATION OF SECURITIES) RULES

ARRANGEMENT OF RULES

Statutory Instrument

164 of 1993

PART I

PRELIMINARY

1. These Rules may be cited as the Securities (Registration of Securities) Rules. Title

2. (1) Under these Rules, unless the context otherwise requires-

"articles" means articles of association;

"Chief Executive" means a person who either alone or together with one or more persons is or will be responsible under the immediate authority of the board of directors for the conduct of the business of a registered securities issuer;

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

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

"convertible equity securities" means equity securities convertible into or exchangeable for shares;

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

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

"issuer" means a company or other legal person any of whose equity or debt securities are the subject of an application for registration or some of whose equity or debt securities are already registered;

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

"profit forecast" means any numerical or verbal indication of the level of profit for a future accounting period, or for a past accounting period for which results have not been announced to the public, including forms of words which may be used in conjunction with published data to arrive at an approximate figure for future profit by an arithmetical process;

"prospectus" means a prospectus, notice, circular, advertisement or other invitation to the public to acquire or apply for any securities;

"registered", in relation to securities, means registered under Part V of the Act;

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

"securities" has the same meaning as in section two of the Act;

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

Interpretation

(2) For the purposes of these Rules, a company is a subsidiary of another company if-

(a) that other company-

(i) controls the composition of the board of directors of the first-mentioned company;

(ii) controls more than half of the voting power of the first-mentioned company; or

(iii) holds more than half of the issued share capital of the first-mentioned company (excluding any part of it which carries no right to participate beyond a specified amount in a distribution of either profits or capital); or

(b) the first-mentioned company is a subsidiary of any company which is that other company's subsidiary.

(3) In these Rules, references to the certification of a document are references to its certification as a true copy or extract (as the case may be) by a director, the secretary or other authorised officer of the issuer or by a member of the issuer's auditors or solicitors.

3. (1) These Rules apply to all securities that are required to be registered under Part V of the Act.

Application

(2) The requirements of these Rules are not exhaustive in that an applicant for the registration of securities may be required by the Commission to supply such further documents and information as the Commission may require in any particular case or class of case.

PART II

REGISTRATION STATEMENT

4. A registration statement for the purposes of section thirty-two of the Act shall consist of the following:

- (a) a formal letter of application to the Commission signed by a duly authorised officer of the issuer whose securities are the subject of the application for registration, and which complies with the requirements of rules five, six and seven;
- (b) the various supporting documents specified in rule eight; and
- (c) in the case of a public offer, a prospectus that complies with the content requirements set out in Part III. Registration statement

5. A formal letter of application for registration shall, in substantially the order given in the First Schedule to these Rules, embody the information indicated in that Schedule.

Letter of application

6. The application shall also contain-

- (a) the names and addresses of the issuer's principal bankers, authorised legal or other representatives; and
- (b) the name, address and professional qualifications of the issuer's auditors. Bankers, etc.

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

Declaration

- (a) where a prospectus is required, that all information required to be included in the prospectus pursuant to Part III has been included; and
- (b) that there are no other facts bearing on the issuer's application for registration which, in the issuer's opinion, should be disclosed to the Commission.

8. In support of its letter of application for registration the applicant must lodge with the Commission at the same time the following documents:

Supporting documents

- (a) a certified copy of its certificate of incorporation;
- (b) a certified copy of its articles and all amendments to date;
- (c) the annual report and accounts for each of the three completed financial years of the issuer and its subsidiaries, if any, immediately preceding the application or such shorter period as may be accepted by the Commission;
- (d) a certified copy of-
- (i) the resolution of the issuer in general meeting authorising the issue of all securities for which registration is sought; and

- (ii) the resolution(s) of the board of directors authorising the issue and allotment of such securities, the making of the application for registration, and approving and authorising the issue of the prospectus is (where a prospectus is required).
- (e) a certified copy of any resolution of the issuer in general meeting or of the board of directors authorising any alterations in the share capital of the company, or any mergers or amalgamations, within the period of five years preceding the date of the application for registration; and
- (f) in addition, in the case of debt securities, a copy of the trust deed or other document securing or constituting the debt securities; and
- (g) such other documentation as may be required by the Commission.

PART III

PROSPECTUS

9. Where a prospectus is required, the prospectus shall contain the specific items of information specified in section A of the Second Schedule to these Rules with regard to equity securities, and in section B of that Schedule with regard to debt securities.

Information to be contained in prospectus

10. If a prospectus issued for the purposes of Part V of the Act is false or misleading in a material particular, each of the directors of the issuer shall be guilty of an offence and shall be liable on conviction to a fine not exceeding five million kwacha or to imprisonment for a term not exceeding three years or to both.

False or misleading prospectus

PART IV

CONTINUING OBLIGATIONS OF ISSUERS OF REGISTERED SECURITIES

11. Generally and apart from compliance with all the specific requirements of this Part, the issuer shall keep the Commission, members of the issuer and other holders of its registered securities informed as soon as reasonably practicable of any information relating to the issuer and its subsidiaries, if any, that-

- (a) is necessary to enable them and the public to appraise the financial position of the issuer and its subsidiaries, if any;
- (b) is necessary to avoid the establishment of a false market in its securities; and

- (c) might reasonably be expected materially to affect market activity in the price of its securities.
Corporate disclosure policy

12. The issuer shall publish in at least two newspapers circulating throughout Zambia notice of the closure of its register of members at least fourteen calendar days before such closure. Closure of books

13. The issuer shall publish in at least two newspapers circulating throughout Zambia notice of every general meeting not less than fourteen calendar days before such meeting. Notice of general meeting

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

Distribution of director's report and annual accounts

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

Information to accompany directors' report and annual accounts

- (a) a description of the principal activities of the issuer and its subsidiaries, if any, and, where two or more such activities are so described, a statement giving in respect of each such activity the turnover;
- (b) a geographical analysis of consolidated turnover; and of its subsidiaries outside Zambia;
- (c) a statement showing-
 - (i) the name of every subsidiary, its principal country of operation, its country of incorporation and its main business; and
 - (ii) particulars of the issued share capital and debt securities of every subsidiary:

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

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

- (i) distinguish between beneficial and non-beneficial interests; and
- (ii) specify the company in which securities are held, the class to which those securities belong and the number of such securities held;
- (f) in the event of operating results shown by the accounts for the period under review differing materially from any published forecast made by the issuer, an explanation of the difference;
- (g) a statement by the directors as to the reasons for any significant departure from applicable standard accounting practices in Zambia;
- (h) a statement as at the end of the financial year showing as regards, first bank loans and overdrafts and, secondly, other borrowings of the issuer and its subsidiaries, if any, the aggregate amounts repayable-
 - (i) on demand or within a period not exceeding one year;
 - (ii) within a period of more than one year but not exceeding two years;
 - (iii) within a period of more than two years but not exceeding five years;
 - (iv) within a period of more than five years;
- (i) in respect of the financial year, a statement of the amount of interest capitalised by the issuer and its subsidiaries, if any, during the year;
- (j) a statement as to the period unexpired of any service contract, which is not determinable by the employer within one year without payment of compensation, (other than any statutory compensation), of any director proposed for election at the forthcoming annual general meeting or, if there are no service contracts, a statement of that fact;
- (k) summary particulars of any contract of significance subsisting during or at the end of the financial year in which a director of the issuer is or was materially interested, either directly or indirectly, or, if there has been no such contract, a statement of that fact;
- (l) summary particulars of any contract of significance between the issuer, or one of its subsidiary companies, and a controlling shareholder or any of its subsidiaries;
- (m) summary particulars of any contract of significance for the provision of services to the issuer and its subsidiaries, if any, by a controlling shareholder or any of its subsidiaries;
- (n) summary particulars of any arrangement under which a director has waived or agreed to waive any emoluments;
- (o) summary particulars of any arrangement under which a shareholder has waived or agreed to waive any dividends;

(q) a summary, in the form of a comparative table, of the results and of the assets and liabilities of the issuer and its subsidiaries, if any, for the last five financial years, with any necessary explanations or adjustments for changes in capital to make the figures fully comparable one year with another.

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

Additional information if accounts do not give true and fair view

17 (1) The issuer shall prepare in respect of the first six months of each financial year of the issuer, unless that financial year is of six months or less, an interim report containing at least the information required by subrule (2) and, not later than four months after the end of that period of six months, the issuer shall-

Interim reports etc.

(a) publish in the newspapers an announcement containing the information required by subrule (2) to be contained in the interim report, the day after approval by or on behalf of the board;

(b) supply the Commission immediately on publication with the names of the relevant newspapers and the date of the publication; and

(c) as soon as reasonably practicable after such publication, send to every member a copy of the interim report.

(2) Each interim report referred to in subrule (1) shall contain at least the following information stated in respect of the issuer and its subsidiaries, if any, and such information must be published in the newspapers in accordance with subrule (1) (i)-

(a) turnover;

(b) profit (or loss) before taxation and extraordinary items, including the share of the profit (or loss) of associated companies with separate disclosure of any items included therein which are exceptional because of size and incidence;

(c) taxation on profits (Zambia and overseas) in each case indicating basis of computation with separate disclosure of the taxation on share of associated companies' profits;

(d) profit (or loss) attributable to minority interests;

(e) profit (or loss) attributable to shareholders before extraordinary items;

(f) extraordinary items (net of taxation);

(g) profit (or loss) attributable to shareholders;

(h) amount of dividend paid or proposed on each class of share (with particulars of each such class) and amounts absorbed thereby (or an appropriate negative statement);

(i) transfers to and from reserves;

(j) earnings per share calculated on the basis of profits before extraordinary items; and

(k) comparative figures of the matters specified in paragraphs (a) to (j) inclusive for the corresponding previous period.

(3) Where the accounting information given in an interim report has not been audited that fact must be stated. If the accounting information contained in an interim report has been audited by the issuer's auditor, his report thereon including any qualifications must be set out in the interim report.

(4) Any preliminary announcement of results for the full year must also contain the information required by subrule (2).

18. The issuer shall inform the Commission at least three clear business days in advance of the date fixed for any board meeting at which the declaration, recommendation or payment of a dividend is expected to be decided or at which any announcement of the profits or losses for any year, half-year or other period is to be approved for publication.

Board meetings

19. The issuer shall inform the Commission immediately after approval by or on behalf of the board of-

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

(b) any decision not to declare, recommend or pay any dividend which would otherwise have been expected to have been declared, recommended or paid in due course;

(c) any preliminary announcement of profits or losses for any year, half-year or other period;

(d) any proposed change in the capital structure, including any redemption of its listed securities; and

(e) any decision to change the general character or nature of the business of the issuer or issuer and its subsidiaries, if any.

After board meetings

20. The issuer shall inform the Commission immediately of any decisions made in regard to-

Commission to be notified of certain decisions

(a) any proposed alteration of the issuer's articles;

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

(c) any changes in its secretary, auditors or registered address.

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

Basis of allotment

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

Winding-up and liquidation

- (a) the presentation of any winding-up petition, or equivalent application in the country of incorporation or other establishment, or the making of any winding-up order or the appointment of a provisional liquidator in respect of the issuer, its holding company or any major subsidiary;
- (b) the passing of any resolution by the issuer, its holding company or any major subsidiary that it be wound-up by way of members' or creditors' voluntary winding-up;
- (c) the entry into possession of or the sale by any mortgagee of a portion of the issuer's assets which in aggregate value represents an amount in excess of 15 per cent of the consolidated net tangible assets of the issuer and its subsidiaries, if any; or
- (d) the making of any judgement, declaration or order by any court or tribunal of competent jurisdiction whether on appeal or at first instance, which may adversely affect the issuer's enjoyment of any portion of its assets which in aggregate value represents an amount in excess of 15 per cent of the consolidated net tangible assets of the issuer and its subsidiaries, if any.

(2) For the purposes of subrule (1), a "major subsidiary" means a subsidiary representing 15 per cent or more of the consolidated net tangible assets or pre-tax trading profits of the issuer and its subsidiaries, if any.

23. (1) Except in the circumstances mentioned in subrule (3) the directors of the issuer shall obtain the consent of shareholders in general meeting prior to-

Pre-emptive rights

- (a) allotting, issuing or granting-
 - (i) shares;
 - (ii) securities convertible into shares; and
 - (iii) options, warrants or similar rights to subscribe for any shares or for such convertible securities; and
- (b) any major subsidiary of the issuer making any such allotment, issue or grant so as materially to dilute the percentage equity interest of the issuer and its shareholders in such subsidiary.

(2) Notwithstanding subrule (3) (b), the directors of the issuer shall obtain consent of the shareholders in general meeting prior to allotting any voting shares if such allotment would effectively alter the control of the issuer.

(3) No such consent as is referred to in subrule (1) shall be required-

(a) for the allotment, issue or grant of such securities pursuant to an offer made to the shareholders of the issuer, and, where appropriate, to holders of other equity securities of the issuer entitled to be offered them, pro rata (apart from fractional entitlements) to their existing holdings; or

(b) if, but only to that extent that, the existing shareholders of the issuer have by ordinary resolution in general meeting given a general mandate to the directors of the issuer, either unconditionally or subject to such terms and conditions as may be specified in the resolution, to allot or issue such securities or grant any offers, agreements or options which would or might require securities to be issued, allotted or disposed of, whether during the continuance of such mandate or thereafter, subject to a restriction that the aggregate number of shares allotted or agreed to be allotted must not exceed ten per cent of the existing issued share capital of the issuer.

(4) A general mandate given under subrule (3) (b) shall only continue in force until-

(a) the conclusion of the first annual general meeting of the issuer following the passing of the resolution at which time it shall lapse unless, by ordinary resolution passed at that meeting, the mandate is renewed, either unconditionally or subject to conditions; or

(b) revoked or varied by ordinary resolution of the shareholders in general meeting,
which occurs first.

(5) For the purposes of subrule (1) (b) a "major subsidiary" has the same meaning as in subrule (2) of rule twenty-two.

24. In Addition to the specific requirements set out in these Rules, the issuer shall submit to the Commission, for approval-

Approval of documents

(a) copies of drafts, before they are issued, of any announcements or advertisements relating to the issue of new or further securities (other than pursuant to a capitalisation issue or a scrip dividend scheme) or any announcements or advertisements the subject matter of which may involve a change in or relate to or affect arrangements regarding trading in its registered securities (including a suspension of dealings);

(b) copies of drafts, before they are issued, of any documents issued in connection with takeovers, mergers or offers;

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

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

26. The issuer shall apply for the registration of any further securities which are of the same class as securities already registered, prior to their issue, and shall not issue such securities unless it has applied for the registration of those securities.

Subsequent registration

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

Proxy forms

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

Equality of treatment

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

Response to inquiries

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

Variation

FIRST SCHEDULE

(Rule 5)

INFORMATION TO BE PROVIDED IN LETTER OF APPLICATION FOR REGISTRATION OF SECURITIES

(1) Title page

- (a) the name of the applicant and the date of incorporation;
- (b) the address of the principal registered office and the address of each office at which a securities register is kept;
- (c) the date of application and a formal request for the registration of the securities in respect of which application is made, specifying the amount, class and par value and whether they are to be fully paid;
- (d) the estimated market value of the applicant (or total capitalisation, in the case of debt securities); and
- (e) the estimated market capitalisation (or nominal amount in the case of debt securities) for which registration is sought.

(2) Capitalisation

A list in tabular form of-

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

(3) History and Nature of Business

A short introductory paragraph describing the general nature of the business and products of the applicant. A brief history of the issuer from inception to the date of application. A description of the business now carried on by the issuer and its subsidiaries, including principal goods and services, main markets and main

sources of supply, and volume of output for the preceding three financial years and for the current financial year to the latest date available (either in physical terms or at constant prices).

(4) Summary of earnings

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

(5) Tabulation of Balance Sheet

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

(6) Employees

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

(7) Subsidiaries

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

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

(8) Dividend record

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

(9) Properties

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

- (a) location;
- (b) land area and land use;
- (c) number and type of buildings;

- (d) aggregate floor area of buildings;
- (e) whether the property is owned or leased, and if leased, state total rental paid for each of the three preceding financial years and average term of years.

(10) Litigation

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

(11) Management

- (a) the full name, residential or business address and description (being his qualification or area of expertise or responsibility) of every director or proposed director (or any such person who performs an important administrative, management or supervisory function) and particulars of the principal functions performed by each of them within the issuer and its subsidiaries, if any, if significant to the issuer and its subsidiaries, if any.
- (b) the nature of any family relationship between the persons mentioned in (a);
- (c) a brief account of the business experience of each of these persons during the last five years;
- (d) indicate any other directorships held by each director or proposed director;
- (e) state if any director or proposed director has been convicted in any criminal proceeding or has had a bankruptcy petition filed against him or any partnership in which he was a partner or any body corporate of which he was a director.

SECOND SCHEDULE

(Rule 9)

INFORMATION TO BE CONTAINED IN PROSPECTUS

SECTION A-Equity Securities

GENERAL INFORMATION ABOUT THE ISSUER, ITS ADVISERS AND THE PROSPECTUS

1. (1) The full name, and address of the registered office, of the issuer.

(2) A statement as follows-

"The directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading."

- (3) The names and addresses of the issuer's principal bankers, sponsor, authorised representative, stockbroker, solicitors and registrars and of the solicitors to the issue.
- (4) The name, address and professional qualifications of the issuer's auditors.
- (5) The date of incorporation.
- (6) The provisions, or a sufficient summary of the provisions, of the articles 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 to vote remuneration (including pension or other benefits) to themselves or any members of their body and any other provision as to the remuneration of the directors;
 - (c) borrowing powers exercisable by the directors and how such borrowing powers can be varied;
 - (d) retirement or non-retirement of directors under an age limit;
 - (e) directors' qualification shares;
 - (f) changes in capital;
 - (g) any time limit after which entitlement to dividend lapses and an indication of the party in whose favour the time limit operates; and
 - (h) arrangements for transfer of the securities and (where permitted) any restrictions on their free transferability.
- (7) Where the prospectus includes a statement purporting to be made by an expert, a statement-
 - (a) specifying the qualifications of such expert and whether such expert has any shareholding in the issuer or any group to which the issuer belongs or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the issuer or any such member and, if so, a full description thereof;
 - (b) that the expert has given and has not withdrawn his written consent, prior to the issue of the prospectus, to the issue of the prospectus with the expert's statement included in the form and context in which it is in fact included; and
 - (c) of the date on which the expert's statement was made and whether or not it was made by the expert for incorporation in the prospectus.

STATEMENT THAT APPLICATION MADE

2. A statement that application has been made to the Commission for registration of the securities.

INFORMATION ABOUT THE SECURITIES FOR WHICH REGISTRATION SOUGHT

3. (1) The nature and amount of the issue including the number of securities which have been or will be created and issued and a full description of, including a summary of the terms attaching to, the securities for which listing is sought.
- (2) The following information, so far as is appropriate, concerning the terms and conditions of the issue of the securities in respect of which the application for registration is made-
 - (a) the total amount of the issue and the number of securities offered, where applicable, by category;
 - (b) the issue price or offer price of each security, stating the nominal value of each security;
 - (c) the methods of payment of the issue or offer price, particularly as regards the paying-up of securities which are not fully paid;
 - (d) the procedure for the exercise of any right of pre-emption and the transferability of subscription rights;
 - (e) the period during which the issue or offer of securities will remain open after issue of the prospectus, the date and time of opening of the subscription list, and the names of the receiving bankers;
 - (f) the methods of and the time limits for delivery of the securities;
 - (g) the names, addresses and description of the persons underwriting the issue for the issuer; and
 - (h) in the case of an offer for sale of securities, the names, addresses and descriptions of the vendor(s) of the securities or, if there are more than ten vendors, such details of the ten principal vendors and a statement of the number of other vendors and particulars of any beneficial interest possessed by any director of the issuer in any securities so offered for sale.

PROFITS COVER

4. Where registration is sought for securities with a fixed income, particulars of the profits cover for payments in respect of bonds, preference shares or other fixed income securities.

NET TANGIBLE ASSETS

5. A statement of the net tangible asset backing for each class of security for which registration is sought, after making allowance for any new securities to be issued, as detailed in the prospectus.

INFORMATION ABOUT THE ISSUER'S CAPITAL

6. (1) The authorised share capital of the issuer, the amount issued or agreed to be issued, the amount paid up, the nominal value and a description of the shares.

(2) The amount of any outstanding convertible debt securities and particulars of the conditions governing, and the procedures for conversion, exchange or subscription of, such securities.

VOTING RIGHTS

7. (1) The voting rights of shareholders.

(2) If there is more than one class of share, the rights of each class of share as regards voting, dividend, capital, redemption, and the creation or issue of further shares ranking in priority to or pari passu with each class other than the lowest ranking equity.

(3) a summary of the consent necessary for the variation of such rights.

ALTERATIONS IN CAPITAL

8. Particulars of any alterations in the capital of the issuer or any member of a group to which the issuer belongs within the two years immediately preceding the issue of the prospectus, including-

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

(b) where any such capital has been issued or is proposed to be issued for cash, particulars of the price and terms upon which the same has been or is proposed to be issued, details of any discounts or other special terms granted and (if not already fully paid) the dates when any instalments are payable with the amount of all calls or instalments in arrear, or an appropriate negative statement.

PARTICULARS OF ANY CAPITAL UNDER OPTION

9. Particulars of any capital of the issuer or any member of a group to which the issuer belongs which is under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement:

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

GENERAL INFORMATION ABOUT ACTIVITIES OF THE ISSUER AND ITS SUBSIDIARIES, IF ANY

10. (1) A brief history and the general nature of the business of the issuer and its subsidiaries, if any, and, in cases where two or more activities are carried on which are material in terms of profits or losses, assets employed or any other factor, such figures and explanation as are necessary to demonstrate the relative importance of each such activity and details of the main categories of products sold and/or services performed and an indication of any significant new products and/or activities.

- (2) If the issuer and its subsidiaries, if any, trade outside Zambia a statement showing a geographical analysis of its trading operations, and where a material proportion of the assets of the issuer and its subsidiaries, if any, are situated outside Zambia, a statement giving the best practicable indication of the amount and situation of such assets and the amount of assets situated in Zambia.
- (3) If the issuer is a member of a group, a brief description of that group covering the issuer's position within that group and, if a subsidiary, the names of and the number of shares held (directly or indirectly) by each holding company of the issuer.
- (4) Particulars of any licences, concessions, trade marks, patents or other intellectual or industrial property rights which are material in relation to the business of the issuer and its subsidiaries, if any, and, where such factors are of fundamental importance to the business or profitability of the issuer and its subsidiaries, if any, a statement regarding the extent to which the issuer and its subsidiaries, if any, are dependent on such factors.
- (5) Information concerning the policy of the issuer and its subsidiaries, if any, on the research and development of new products and processes over the past five financial years where significant.
- (6) Particulars of any interruptions in the business of the issuer and its subsidiaries, if any, which may have or have had a significant effect on the financial position in the last twelve months.
- (7) The number of people employed by the issuer and its subsidiaries, if any, and changes therein in the last financial year, if such changes are material in the context of the group with, if possible, a breakdown of persons employed by main categories of activity.
- (8) Particulars, including location, of the principal investments (if any), including such investments as new plant, factories and research and development, being made or planned by the issuer and its subsidiaries, if any.

PARTICULARS OF SUBSIDIARIES, ETC.

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

FINANCIAL INFORMATION ABOUT THE ISSUER AND ITS SUBSIDIARIES, IF ANY

- 12.** (1) A report by the reporting accountants prepared in accordance with the Third Schedule to these Rules.
- (2) A statement of whether or not the accountants' report is qualified by the reporting accountants and if so, such qualifications must be produced in full and the reasons for such qualifications given.

13. A statement as at the most recent practicable date, which must be stated, of the following on a consolidated basis-

- (a) the total amount of any debt securities of the issuer and its subsidiaries, if any, issued and outstanding, and authorised or otherwise created but unissued, and term loans, distinguishing between guaranteed, unguaranteed, secured (whether the security is provided by the issuer or by third parties) and unsecured, or an appropriate negative statement;
- (b) the total amount of all other borrowings or indebtedness in the nature of borrowing of the issuer and its subsidiaries, if any, including bank overdrafts and liabilities under acceptances (other than normal trade bills) or acceptance credits or hire purchase commitments, distinguishing between guaranteed, unguaranteed, secured and unsecured borrowings and debt, or an appropriate negative statement;
- (c) all mortgages and charges of the issuer and its subsidiaries, if any, or an appropriate negatives statement; and
- (d) the total amount of any contingent liabilities or guarantees of the issuer and its subsidiaries, if any, or an appropriate negative statement.

TURNOVER, ETC.

14. A statement showing the sales turnover figures or gross trading income of the issuer and its subsidiaries, if any, during the three financial years immediately preceding the issue of the prospectus which should contain an explanation of the method used for computation of such turnover or income and a reasonable breakdown between the more important trading activities.

FINANCIAL AND TRADING PROSPECTS

15. (1) General information on the trend of the business of the issuer and its subsidiaries, if any, since the date to which the latest audited accounts of the issuer were made up.

(2) A statement as to the financial and trading prospects of the issuer and its subsidiaries, if any for at least the current financial year, together with any material information which may be relevant thereto, including all special trade factors or risks (if any) which are not mentioned elsewhere in the prospectus and which are unlikely to be known or anticipated by the general public, and which could materially affect the profits.

(3) Where a profit forecast appears in the prospectus the principal assumptions, including commercial assumptions, upon which it is based, must be stated and the accounting policies and calculations for the forecast must be examined and reported on by the reporting accountants and their report must be set out.

(4) The reporting accountant, financial adviser or sponsor, in the case of a new applicant, must report in addition that they have satisfied themselves that the forecast has been stated by the directors after due and careful inquiry, and such report must be set out.

SUFFICIENCY OF WORKING CAPITAL

16. A statement by the directors that in their opinion the working capital available to the issuer and its subsidiaries, if any, is sufficient or, if not, how it is proposed to provide the additional working capital thought by the directors to be necessary.

MATERIAL ADVERSE CHANGES

17. A statement by the directors of any material adverse change in the financial or trading position of the issuer and its subsidiaries, if any, since the end of the period reported on in the accountants' report, or an appropriate negative statement.

VALUATION REPORTS

18. In the case of a property investment or development company, or where property interests account for more than thirty per cent of the net asset value of the issuer, a valuation report on the issuer's interests in land or buildings prepared in accordance with the Fourth Schedule to these Rules.

LITIGATION

19. Particulars of any litigation or claims of material importance pending or threatened against the issuer or any member of a group to which the issuer belongs, or an appropriate negative statement.

INFORMATION ABOUT THE ISSUER'S MANAGEMENT

20. The full name, nationality, residential or business address and description (being his qualifications or area of expertise or responsibility) of every director or proposed director.

SECRETARY

21. The full name and professional qualification, if any, of the secretary of the issuer.

REGISTERED OFFICE

22. The address of the registered office and, if different, the head office and transfer office.

DIRECTORS' INTERESTS

23. (1) A statement showing the interests (distinguishing between beneficial and non-beneficial interests) of each director and chief executive of the issuer in the equity or debt securities of the issuer or any associated corporation.

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

DIRECTORS' CONTRACTS

24. (1) Particulars of directors' existing or proposed service contracts with the issuer or any member of a group to which the issuer belongs (excluding contracts expiring or determinable by the employer within one year without payment of compensation), or an appropriate negative statement.

(2) The aggregate of the remuneration paid and benefits in kind granted to the directors of the issuer by the issuer or any member of a group to which the issuer belongs in respect of the last completed financial year under any description whatsoever.

(3) An estimate of the aggregate remuneration payable to, and benefits in kind receivable by, the directors or any proposed directors of the issuer by the issuer or any member of a group to which the issuer belongs in respect of the current financial year under the arrangements in force at the date of the prospectus.

DIRECTORS' INTERESTS IN CONTRACTS

25. Full particulars of any contract or arrangement subsisting at the date of the prospectus in which a director of the issuer is materially interested and which is significant in relation to the business of the issuer and its subsidiaries, if any, or an appropriate negative statement.

USE OF PROCEEDS

26. In the case of issue of new shares, an estimate of the net proceeds of the issue and details of the intended use of such proceeds.

MATERIAL CONTRACTS

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

DOCUMENTS FOR INSPECTION

28. Details of a reasonable period of time, being not less than fourteen calendar days, during which, and a place in Zambia at which, the following documents, or copies thereof, where applicable may be inspected-

- (a) the articles of incorporation of the issuer;
- (b) each contract disclosed pursuant to paragraphs twenty-four and thirty-seven and or, in the case of a contract not reduced into writing, a memorandum giving full particulars thereof;
- (c) all reports, letters or other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in the prospectus;
- (d) a written statement signed by the reporting accountants setting out the adjustment made by them in arriving at the figures shown in their report and giving the reasons therefor;

- (e) the audited accounts of the issuer or, in the case of a group, the consolidated audited accounts of the issuer and its subsidiaries for each of the two financial years immediately preceding the issue of the prospectus.

SECTION B-DEBT SECURITIES

GENERAL INFORMATION ABOUT THE ISSUER, ITS ADVISERS AND THE PROSPECTUS

29. (1) The full name and nationality of the issuer.

(2) A statement as follows-

"The directors collectively and individually accept full responsibility for the accuracy of the information contained in this prospectus and confirm, having made all reasonable inquiries, that to the best of their knowledge and belief there are no other facts the omission of which would make any statement herein misleading."

(3) The names and addresses of the issuer's principal bankers, sponsor, authorised representative, stockbroker, solicitors and registrars and of the solicitors to the issue.

(4) The name, address and professional qualifications of the issuer's auditors;

(5) The date of incorporation;

(6) Where the prospectus includes a statement purporting to be made by an expert, a statement-

(a) specifying the qualifications of such expert and whether such expert has any shareholding in the issuer or any member of a group to which the issuer belongs or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in the issuer or any member of a group to which the issuer belongs and, if so, a full description thereof;

(b) that the expert has given and has not withdrawn his written consent, prior to the issue of the prospectus, to the issue of the prospectus with the expert's statement included in the form and context in which it is in fact included; and

(c) of the date on which the expert's statement was made and whether or not it was made by the expert for incorporation in the prospectus.

STATEMENT THAT APPLICATION MADE

30. A statement that application has been made to the Commission for the registration of the securities.

ESTIMATED EXPENSES OF ISSUE

31. The estimated amount of the expenses of the issue and of the application for listing and by whom the same are payable.

ESTIMATED NET PROCEEDS OF ISSUE

32. An estimate of the net proceeds of the issue and a statement as to how such proceeds are intended to be applied.

TERMS AND CONDITIONS OF ISSUE

33. A description of or the text of the terms and conditions of the issue containing-

- (a) the nominal amount of the issue or if this amount is not fixed, a statement to that effect, the nature and number of the debt securities and the denomination(s);
- (b) a summary of the rights conferred upon holders and particulars of the security;
- (c) except in the case of continuous issues, the issue price (or if different, offer price) and redemption prices and the nominal interests rate and if floating, how is it calculated; if several interest rates are provided for, an indication of the conditions for changes in the rate; if in any issue a discount is allowed or a premium is payable, a statement describing this; if any expenses of the issue are specifically charged to subscribers or purchasers, a statement describing this;
- (d) details of the method of payment of the issue price (or if different, the offer price) including a description of any instalment arrangement;
- (e) details of the arrangements for the amortisation or early redemption of the issue, including procedures to be adopted;
- (f) the names and addresses of the paying agent(s) and any registrar and transfer agent(s) for the debt securities in Zambia;
- (g) details of the arrangements for transfer of the securities (if not in bearer form);
- (h) details of the following time limits;
 - (i) final repayment date and early repayment dates, specifying whether exercisable at the issuer's or the holder's option;
 - (ii) the date from which interest accrues and the interest payments fall due;
 - (iii) prescription period for claims for payment of interest and repayment of principal; and
 - (iv) procedures and time limits for delivery of the debt securities, whether there will be temporary documents of title and, if so, the procedures for the delivery and exchange thereof; and
- (i) except in the case of continuous issues, an indication of yield and the method whereby that yield is calculated should also be described in summary form.

LEGAL INFORMATION

34. The following legal information:

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

ALTERATIONS IN CAPITAL

35. Particulars of any alterations in the capital of the issuer or any member of a group to which the issuer belongs within the two years immediately preceding the issue of the prospectus, including-

- (a) where any such capital has been issued or is proposed to be issued as fully or partly paid up otherwise than in cash, particulars of the consideration for which the same has been or is proposed to be issued and in the latter case the extent to which they are so paid up, and
- (b) where any such capital has been issued or is proposed to be issued for cash, particulars of the price and terms upon which the same has been or is proposed to be issued, details of any discounts or other special terms granted and (if not already fully paid) the dates when any instalments are payable with the amount of all calls or instalments in arrear, or an appropriate negative statement.

PARTICULARS OF ANY CAPITAL UNDER OPTION

36. Particulars of any capital of the issuer or any member of a group to which the issuer belongs which is under option, including the consideration for which the option was or will be granted and the price and duration of the option, and the name and address of the grantee, or an appropriate negative statement:

Provided that where options have been granted or agreed to be granted to all the members or debenture holders or to any class thereof, or to employees under a share scheme, it shall be sufficient, so far as the

names and addresses are concerned, to record that fact without giving the names and addresses of the grantees.

OWN SHARES

37. Number, book value and nominal value or, in the absence of a nominal value, the accounting par value of any of its own shares which the issuer or any of its subsidiaries (being a company) has acquired and is holding, if such shares do not appear as a separate item in the balance sheet.

GENERAL INFORMATION ABOUT ACTIVITIES OF THE ISSUER AND ITS SUBSIDIARIES, IF ANY

38. (1) The general nature of the business of the issuer and its subsidiaries, if any, and, in cases where two or more activities are carried on which are material in terms of profits or losses, assets employed or any other factor, such figures and explanation as are necessary to demonstrate the relative importance of each such activity and details of the main categories of products sold and/or services performed and an indication of any significant new products and/or activities. If the issuer and its subsidiaries, if any, trade outside Zambia a statement showing a geographical analysis of its trading operations. Where a material proportion of the assets of the issuer and its subsidiaries, if any, are situated outside Zambia, a statement giving the best practicable indication of the amount and situation of such assets and the amount of the assets situated in Zambia.

(2) If the issuer is a member of a group, a brief description of that group covering the issuer's position within that group and, if a subsidiary, the names of and the number of shares held (directly or indirectly) by each holding company of the issuer.

(3) Particulars of any licences, concessions, trade marks, patents or other intellectual or industrial property rights which are material in relation to business of the issuer and its subsidiaries, if any and, where such factors are of fundamental importance to the business or profitability of the issuer and its subsidiaries, if any, a statement regarding the extent to which the issuer and its subsidiaries, if any, are dependent on such factors.

(4) Information concerning the policy of the issuer and its subsidiaries, if any, on the research and development of new products and processes over the past three financial years where significant.

(5) particulars of any interruptions in the business of the issuer and its subsidiaries, if any, which may have or had a significant effect on the financial position in the last twelve months.

(6) The number of people employed by the issuer and its subsidiaries, if any, and changes therein in the last financial year, if such changes are material in the context of the issuer and its subsidiaries, if any, with, if possible, a breakdown of persons employed by main categories of activity.

(7) Particulars, including location, of the principal investments (if any), including such investments as new plant, factories and research and development, being made or planned by the issuer and its subsidiaries, if any.

PARTICULARS OF MATERIAL SUBSIDIARIES

39. (1) In regard to every material subsidiary, particulars of the name, date and country of incorporation, general nature of business, issued capital and the proportion held or intended to be held by the issuer.

(2) In regard to the issuer and every material subsidiary, particulars of the location of the principal establishments.

FINANCIAL INFORMATION ABOUT THE ISSUER AND ITS SUBSIDIARIES, IF ANY, AND PROSPECTS

40. A consolidated capitalisation statement and indebtedness statement for the issuer made up to a recent date acceptable to the Commission (normally not earlier than three months prior to the issue of the prospectus) giving information on short, medium and long-term debt (distinguishing between actual and contingent liabilities and including details of any debt securities issued and, if appropriate, the terms and conditions of any conversion, exchange or subscription rights) and shareholders' equity (including an indication of authorised and issued share capital by class, if appropriate, and the amount paid-up) duly adjusted to reflect the issue of the debt securities for which registration is sought accompanied by particulars of any material changes since that date, or an appropriate negative statement.

41. A statement showing the sales turnover figures or gross trading income of the issuer and its subsidiaries, if any, during the three financial years immediately proceeding the issue of the prospectus which should contain an explanation of the method used for computation of such turnover or income and a reasonable breakdown between the more important trading activities.

FINANCIAL AND TRADING PROSPECTS

42. (1) General information on the trend of the business of the issuer and its subsidiaries, if any, since the date to which the latest audited accounts of the issuer were made up.

(2) A statement as to the financial and trading prospects of the issuer and its subsidiaries, if any, for at least the current financial year, together with any material information which may be relevant thereto, including all special trade factors or risks (if any) which are not mentioned elsewhere in the prospectus and which are unlikely to be known or anticipated by the general public and which could materially affect the profits.

(3) Where a forecast appears in the prospectus the principal assumptions, including commercial assumptions, upon which it is based, must be stated, the accounting policies and calculations for the forecast must be examined and reported on by the reporting accountants and their report must be set out. The reporting accountants, in the case of a new applicant, must report in addition that they have satisfied themselves that the forecast has been stated by the directors after due and careful inquiry, and such report must be set out.

(4) Particulars of the profits cover for interest payments and of the net tangible assets.

ACCOUNTANTS' REPORTS

43. (1) A report by the reporting accountants prepared in accordance with the Third Schedule to these Rules. If more than nine months have elapsed since the date to which the latest published audited accounts of the issuer were made up, an interim financial statement covering at least the first six months must be included in the prospectus or appended to it. If the interim financial statement is unaudited, this fact must be stated.

(2) A statement of whether or not the accountants' report is qualified by the reporting accountants and if so, such qualification must be produced in full and the reasons for such qualification given.

MATERIAL ADVERSE CHANGES

44. A statement by the directors of any material adverse change in the financial or trading position of the issuer and its subsidiaries, if any, since the end of the period reported on in the accountants' report, or an appropriate negative statement.

VALUATION REPORTS

45. In the case of a property investment or development company, or where property interests account for more than thirty per cent of the net asset value of the issuer, a valuation report on the issuer's interests in land or buildings prepared in accordance with the Fourth Schedule to these Rules.

LITIGATION

46. Particulars of any litigation or claims of material importance pending or threatened against the issuer or any member of a group to which the issuer belongs, or an appropriate negative statement.

INFORMATION ABOUT THE ISSUER'S MANAGEMENT

47. The full name, residential or business address and description (being his qualifications or area of expertise or responsibility) of every director or proposed director.

SECRETARY

48. The full name and professional qualification, if any, of the secretary of the issuer.

REGISTERED OFFICE

49. The address of the registered office and, if different, the head office and transfer office.

DIRECTORS' INTERESTS

50. (1) A statement showing the interests (distinguishing between beneficial and non-beneficial interests) of each director and chief executive of the issuer in the equity or debt securities of the issuer or any associated corporation

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

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

DIRECTORS' INTERESTS IN CONTRACTS

51. Full particulars of any contract or arrangement subsisting at the date of the prospectus in which a director of the issuer is materially interested and which is significant in relation to the business of the issuer and its subsidiaries, if any, or an appropriate negative statement.

CONTRACTS PERTAINING TO THE ISSUE

52. The dates of and parties to all documents pertaining to the issue entered into by the issuer or any member of a group to which the issue belongs within the two years immediately preceding the issue of the prospectus, together with a summary of the principal contents of such contracts.

AVAILABILITY OF REPORTS

53. Details of where annual and any interim reports are available and how often interim reports are published.

DOCUMENTS FOR INSPECTION

54. Details of a reasonable period of time (being not less than fourteen calendar days) during which, and a place in Zambia at which, the following documents (or copies thereof) where applicable may be inspected-

- (a) the articles of the issuer;
- (b) any trust deed, fiscal agency agreement or other document constituting the debt securities;
- (c) all reports, letters or other documents, balance sheets, valuations and statements by any expert a part of which is extracted or referred to in the prospectus;
- (d) a written statement signed by the reporting accountants setting out the adjustments made by them in arriving at the figures shown in their report and giving the reasons therefor;
- (e) the audited accounts of the issuer or, in the case of a group, the consolidated audited accounts of the issuer and its subsidiaries for each of the two financial years immediately preceding the issue of the prospectus.

THIRD SCHEDULE

(Second Schedule, paras. 12, 42)

ACCOUNTS REPORTS

PRELIMINARY

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

REPORTING ACCOUNTANTS

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

BASIC CONTENTS

3. An accountants' report must include-

Three year history of results

(1) The results of the issuer or, if the issuer is a holding company, the consolidated results of the issuer and its subsidiaries in respect of each of the three financial years immediately preceding the issue of the prospectus or such shorter period as may be acceptable to the Commission.

(2) The results of any business or subsidiary acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited accounts of the issuer have been made up (on the same basis, where the subsidiary is itself a holding company, as in (1) above) in respect of each of the three financial years immediately preceding the issue of the prospectus or in respect of each of the financial years since commencement Of such business or the incorporation of such subsidiary (as the case may be) if this occurred less than three years prior to such issue, or such shorter period as may be acceptable to the Commission.

(3) The report on results under paragraph (1) and (2) must disclose separately the following information-

(a) turnover;

(b) profit (or loss) before taxation and extraordinary items, including the share of the profit (or loss) of associated companies, with separate disclosure of any items included therein which are exceptional because of size or incidence;

(c) taxation on profits (Zambian and foreign) in each case indicating the basis of computation, with separate disclosure of the taxation on its shares of associated companies' profits;

(d) profit (or loss) attributable to minority interests;

(e) profit (or loss) attributable to shareholders before extraordinary items;

(f) extraordinary items (net of taxation);

(g) profit (or loss) attributable to shareholders; and

(h) rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby and any waivers of dividend except that the accountants' report need not disclose this information if the accountants' report relates to an issue of debt securities.

ASSETS AND LIABILITIES

(4) The assets and liabilities (including contingent liabilities) of the issuer and, if the issuer is itself a holding company, the consolidated assets and liabilities of the issuer and its subsidiaries in each case as at the date to which the latest audited accounts of the issuer have been made up.

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

OTHER MATTERS

(6) The earnings per share and the basis of computation in respect of each of the financial years referred to in (1) and (2) above except that the accountants' report need not include this information if, in the opinion of the reporting accountants, such information is not meaningful having regard to the purpose of the accountants' report or if the accountants' report relates to an issue of debt securities.

(7) Transfers to and from any reserves arising on-

- (a) consolidation or acquisition (i.e. the write off of good will/establishment of a capital reserve);
- (b) the revaluation of assets; or
- (c) the translation of accounts denominated in foreign currencies, if those transfers are not reflected in the results of each of the financial years referred to in (1) and (2) above.

(8) A statement of the indebtedness as at the end of the period reported on showing, as regards bank loans and overdrafts and separately as regards other borrowings of the issuer (or of the issuer and its subsidiaries, including any company which will become a subsidiary by reason of any acquisition falling within paragraphs (2) and (4) of item three, the aggregate amounts repayable-

- (a) on demand or within a period not exceeding one year;
- (b) within a period of more than one year but not exceeding two years;
- (c) within a period of more than two years but not exceeding five years.

(9) The details of the principal accounting policies which have been applied in respect of the period reported on.

(10) A statement of any significant subsequent events which have occurred to any business or company or within any group covered by the accountants' report since the end of the period reported on or, if there are not such events, a statement of that fact.

(11) Any capital commitments.

(12) Any other matters which appear to the reporting accountants to be relevant having regard to the purpose of the accountants' report.

4. In all cases the accountants' report must-

- (a) state whether or not the accounts for the period reported on have been audited and, if so, by whom; and
- (b) state whether or not any audited accounts have been made up since the end of the last financial period reported on;
- (c) express an opinion as to whether or not the relevant information given, for the purposes of the accountants' report, a true and fair view of the results for the period reported on and of the assets and liabilities at the end of that period;
- (d) state that it has been prepared in accordance with item six below.
- (e) name the reporting accountants; and
- (f) be dated.

DISCLOSURE

5. The information to be disclosed in respect of items three and four must conform to the accounting standards and guidelines formulated by an accounting body approved by the Commission.

ACCOUNTING STANDARDS

6. The financial history of results and the statement of assets and liabilities included in the accountants' report must be drawn up in conformity with accounting standards and guidelines formulated by an accounting body approved by the Commission.

7. Any significant departure from such accounting standards must be disclosed and explained and, if it is both relevant and practical, the financial effects of such departure quantified.

8. The relevant standards will be those current in relation to the last financial year reported on and, wherever possible, appropriate adjustments should be made to show profits for all periods in accordance with such standard.

STATEMENT OF ADJUSTMENTS

9. (1) In preparing the accountants' report, the reporting accountants (if any) as are in their opinion appropriate for the purposes of the accountants' report and state therein that all adjustments considered necessary have been made, or (where appropriate) that no adjustments were considered necessary. Where adjustments are made, a written statement (the statement of adjustments) must be made available for public

inspection, and should be signed by the reporting accountants (see subparagraph (d) of paragraph twenty-eight and subparagraph (d) of paragraph fifty-four of the Second Schedule).

(2) The statement of adjustments must set out, for each of the years reported upon, each adjustment made and be sufficiently detailed so as to reconcile the figures in the accountants' report with the corresponding figures in the audited accounts and must give the reasons therefor.

OTHER REPORTS

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

QUALIFIED REPORTS

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

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

FOURTH SCHEDULE

(Second Schedule, paras. 18, 45)

PROPERTY VALUATION REPORTS

PRELIMINARY

1. Valuations of and information on all the issuer's interests in land or buildings ("properties") are required to be included in a prospectus issued by a new applicant.

BASIC CONTENTS

2. Valuation reports shall contain all material details of the basis of valuation, which must be prepared in conformity with the standards and guidelines adopted or approved by the Surveyors' Institute of Zambia.

3. A valuation report shall contain the following information:

(1) a description of each property including-

- (a) an address sufficient to identify the property, which should generally include the postal address and such further designation as is registered with the appropriate government authorities in the jurisdiction in which the property is located;
- (b) a brief description (e.g. whether land or building, approximate area, etc.);
- (c) the existing use (e.g. shops, offices, factories, residential etc.);
- (d) the ground rent;
- (e) a summary of the terms of tenants' leases or underleases (including repairing obligations, where material);
- (f) the approximate age of buildings;
- (g) the terms of tenure;
- (h) the terms of any intra-group lease granted by a holding company to a subsidiary on property occupied by the group (identifying the properties);
- (i) the capital value in existing state at the effective date as at which the property was valued;
- (j) the current planning or zoning use;
- (k) the options or rights of pre-emption concerning or affecting the property; and
- (l) any other matters which may materially affect the value.

(2) Where the property is not in the process of being developed, details of rentals of the property including-

- (a) the existing monthly rental if the property is wholly or partly let together with the amount and a description of any outgoings or disbursements from the rent, and, if materially different, the estimated current monthly market rental obtainable, on the basis that the property were available to let on the effective date as at which the property was valued;
- (b) a summary of any rent review provisions, where material; and
- (c) the amount of vacant space, where material.

(3) Where the property is in the process of being developed the following additional details, where available-

- (a) details of development potential and whether architectural plans have been approved or planning consent has been obtained and whether any conditions have been imposed in respect of such approval;
- (b) any material restrictions on development including building covenants and time limits for completion of the development;

- (c) existing stage of development;
- (d) estimated completion date;
- (e) estimated cost of carrying out the development or (where part of the development has already been carried out) the estimated cost of completing the development;
- (f) estimated capital value in existing state at the effective date as at which the property was valued;
- (g) estimated capital value after completion;
- (h) any material special or general conditions affecting the development of the property;
- (i) any conditions imposed as to construction of roadways, pathways, drainage, sewage and other facilities or services for public use, if material;
- (j) any sales arrangements and/or letting arrangements existing at the effective date as at which the property was valued; and
- (k) any construction costs incurred up to the effective date as at which the property was valued.

(4) Where the property is held for future development purposes the following additional details, where available-

- (a) details of development potential and whether architectural plans have been approved or planning consent has been obtained and whether any conditions have been imposed in respect of such approval;
- (b) any material special or general conditions affecting the development of the property including building covenants and time limits for completion or the development; and
- (c) any conditions imposed as to construction of roadways, pathways, drainage, sewage and other facilities or services for public use, if material.

(5) A classification of the property according to the purpose for which it is held.

The acceptable categories are-

- (a) property held for development;
 - (b) property held for investment;
 - (c) property held for owner occupation; and
 - (d) property held for sale.
- (6) details of any agreement or proposals as to any proposed transaction regarding the property between the issuer and any other member of a group to which the issuer belongs;
- (7) the name of the valuer, his address and professional qualification;
- (8) the effective date as at which the property was valued and the date of the valuation; and

(9) such other information as the Exchange may require.

EFFECTIVE DATE

4. The effective date as at which the property was valued must not be more than three months before the date on which the prospectus is issued and if such effective date is not the same as the end of the last period reported on by the reporting accountants (see the Third Schedule), it will be necessary for the prospectus to include a statement reconciling the valuation figure included in the balance sheet as at the end of that period.

INDEPENDENCE OF VALUER

5. Unless dispensation is obtained from the Exchange, all valuations of properties must be prepared by an independent qualified valuer.