

GUIDANCE NOTE NO. 2/2006

CASH COMPANIES

Issued in relation to Rules 8.14, 16.02 and 16.09 of the Listing Requirements;

And

Pursuant to Rules 2.09 and 2.20 of the Listing Requirements.

1.0 Introduction

- 1.1 Rule 8.14(1) of the Listing Requirements states that a listed company that is considered a Cash Company must comply with such requirements as may be prescribed by the Exchange.
- 1.2 In this connection, this Guidance Note sets out the requirements that must be complied with by a Cash Company.
- 1.3 Nothing in this Guidance Note shall be read to restrict the generality of Rule 8.14 of the Listing Requirements.
- 1.4 The provisions of this Guidance Note are in amplification and not in derogation of the obligations of a listed company as contained in the Listing Requirements.

2.0 Disclosure obligations of a Cash Company

- 2.1 A Cash Company must comply with the following disclosure requirements. A Cash Company must:-
 - (a) immediately upon receipt of the Notice (as defined in Rule 8.14(2) of the Listing Requirements) announce the following to the Exchange (hereinafter referred to as the "Initial Announcement"):-
 - (i) that the listed company is a Cash Company;
 - (ii) the obligations of a Cash Company pursuant to this Guidance Note;
 - (iii) the consequences of non-compliance with the aforesaid obligations; and
 - (iv) the status of the Cash Company's proposal to comply with the obligations set out in Rule 8.14(4)(a) of the Listing Requirements, or the status of its endeavours/steps to formulate such a proposal, whichever is applicable, or where neither a proposal nor any endeavour to formulate such a proposal has been undertaken, an appropriate negative statement to such effect;
 - (b) announce the status of its proposal referred to in subparagraph (a)(iv) above and the number of months to the end of the relevant timeframes referred to in paragraph 3.1 or 3.2 below, as may be applicable, simultaneously with the announcement of its quarterly report pursuant to Rule 9.22 of the Listing

Requirements and in any event not later than 2 months after the end of each quarter of a financial year until further notice from the Exchange;

- (c) announce its compliance or non-compliance with a particular obligation imposed pursuant to this Guidance Note on an immediate basis; and
- (d) announce details of the Proposal as referred to in Rule 8.14(5) of the Listing Requirements which announcement must fulfill the requirements set out in paragraph 2.2 below (hereinafter referred to as “the Requisite Announcement”).

2.2 The Requisite Announcement must satisfy the following conditions:-

- (a) the announcement must contain details of the Proposal and a timeline for the complete implementation of the Proposal; and
- (b) it must be announced by an Adviser.

2.3 A Cash Company must ensure that prior to the making of the Requisite Announcement, all agreements to be entered into with third parties as part of the Proposal, have been duly executed by all parties to such agreements.

3.0 Obligation to Regularise

3.1 A Cash Company must submit a Proposal, as referred to in Rule 8.14(5) of the Listing Requirements, to the relevant Approving Authority as referred to in Rule 8.14(4)(a)(i) of the Listing Requirements for approval within 12 months from the date of the Initial Announcement.

3.2 A Cash Company must implement the Proposal within the timeframe stipulated by the relevant Approving Authority.

4.0 Effective Date

4.1 This Guidance Note takes effect 8 May 2006.