GUIDE TO LISTING ON THE SOUTH PACIFIC STOCK EXCHANGE

**TAKE YOUR COMPANY TO THE NEXT LEVEL:
UNLOCK THE VALUE**

Disclaimer

This booklet has been prepared by the South Pacific Stock Exchange Ltd (SPSE). The contents of this publication are believed to be accurate at the time of issue. They are intended for general purposes only and are not to be considered as providing recommendations or advice. The SPSE does not give any warranty or accept any liability (whether arising from negligence or otherwise) for any errors or omissions, or for any loss arising from acting on the information in this publication, except where law liability cannot be excluded.

DATE OF ISSUE: AUGUST 2016.

TABLE OF CONTENTS

FOREWORD

The Capital Markets Development Taskforce is pleased to present this 'Guide to listing on the South Pacific Stock Exchange'. The Guide is an output of the Capital Markets Master Plan (2013-2020).

All companies require capital - not only during initial 'start up' phase, but also as the company grows into a thriving and a successful business. In Fiji, when businesses require capital for long-term expansion or wish to enhance their corporate visibility, listing on the South Pacific Stock Exchange (SPSE) is rarely the first option that comes to mind. In the absence of readily available information, exploring this option and making the decision to list your company can be difficult. Numerous questions, for which finding responses can be time-consuming, cumbersome and even a costly exercise, are normally raised.

How will my company benefit from listing? How can it enhance the value of my company? Is it a complicated exercise? What are the requirements? Who can help me in this process? How long does the listing process take? How much will it cost my company? These are some commonly asked questions raised by companies that would consider a potential listing.

This Guide is intended to provide you, at no cost, with user-friendly information to answer these commonly asked questions and offer a step-by-step guidance to assist you and your corporate advisors to achieve a successful listing on the SPSE.

The Taskforce hopes that you will find the information in this Guide relevant and helpful. The testimonials contained in this Guide from listed companies that were once faced with the same questions and decisions aims to offer some practical insight into why they chose to list and their experience as a listed company.

Congratulations to the SPSE for leading the formulation of this Guide in consultation with the Capital Markets Industry Development Working Group, the members of which include the Reserve Bank of Fiji, investment advisors and executives of listed companies. The SPSE Listing Team will work with you to provide any futher information that you need as you make important decisions about listing.

On behalf of the Taskforce, I wish your company and its shareholders all success in your journey to becoming a publicly listed company.

Barry Whiteside

Governor, Reserve Bank of Fiji

Chairman, Capital Markets Development Taskforce

WHY GO PUBLIC?

Going public and offering securities in an Initial Public Offering (IPO) represents a milestone for most privately owned companies. A listing can help a company gain significant amount of prestige and positive publicity, essentially benefiting the business operations of the company and stamping it as a mark of success.

The benefits of being a public company can be significantly enhanced through listing. This stems mainly from factors such as increase in the marketability and liquidity of shares due to the existence of a ready market for trading the shares, the financial and managerial discipline since it is more closely scrutinised by the market, the requisite impetus, good corporate governance and the stature of being a listed company. Investors typically value these factors and are prepared to pay more for them, hence an increase in share price and company value.

For some, going public may be the culmination of one long-term strategic goal and the beginning of a new life in the public spotlight. For others, it may be the achievement of a major business and financial reward. Being public brings visibility with all the players in the market - your customers, your suppliers, your employees and the financial community. For fast-growing private companies seeking to raise capital, an IPO can be a superior route to funding growth and achieving market leadership.

INCENTIVES TO LIST YOUR COMPANY ON SPSE

Listed below are some of the tax incentives for listing on SPSE that are currently in place which indicate a firm commitment from the Government of Fiji. In aiming to create a vibrant stock market over the long-term, the incentives below are a legimate concession to the actual benefits that will flow from having companies publicly listed.

Reduced corporate tax rate

- A reduced corporate tax rate of 10% is applicable to all companies across the board that list their shares on SPSE.

Tax-free dividends

- Dividends paid by listed companies are tax-free for residents and for non-residents.

Tax-free gains from trading

- No capital gains tax applicable on gains derived from disposal of shares on SPSE.
- No income tax applicable on gains derived by residents from trading of shares.

No tax on consequential gains

- Income from any gain of the sale of shares that may arise from any reorganisation, reconstruction or amalgamation of a private company for the purposes of listing or as part of a listing process on SPSE, prior to listing, or after listing will be exempt from any taxes.
- The private company shall be listed with the SPSE within 24 months from the date of commencement of reorganisation, reconstruction or amalgamation.

Tax deduction for listing related costs

- Financial advisory costs such as investment advisory fees, legal & accounting fees, underwriting fees and any other costs related to listing is 150% tax deductible.

WHAT FURTHER BENEFITS DOES LISTING OFFER YOU?

- **Access to capital**

  Going public provides opportunity to fund expansion projects, key acquisitions, organic growth, retire existing debt, invest in research and development or move into larger and diverse markets. Listing also allows for future equity through additional capital raising options for example, rights and options issues.

- **Reduce financial risk & improve financial status**

  Going public increases your company's equity base and creates more leverage for financing growth. It can also improve your debt to equity ratio, which can help you borrow additional funds as needed and may allow you to re-negotiate your existing debt on more favourable terms.

- **Share value appreciation**

  An equally powerful factor is the potential for increases in share price, hence increasing shareholder wealth along with the value of the company. Through a public offering, your founding shareholders can sell part of the company to new investors and make a good return from the sale.

- **Improved corporate reputation & higher visibility**

  An improved profile will enhance relations with stakeholders such as bankers and suppliers. Also a vast base of shareholders can effectively become brand ambassadors for the company creating more goodwill. An IPO and distribution of shares to a wider, more diverse investor base can create greater public awareness of your products and services. The visibility may give you a competitive advantage over privately held companies in the same industry. This profile may make it easier for you to expand nationally or internationally.

- **Enhanced wealth & liquidity for the owner**

  Creation of a public market for your shares increases liquidity and provides a market guide to calculate your wealth and net worth. Subject to certain restrictions, you may sell your shares in an IPO or sell your shares into the market at a later date. Publicly traded shares may also be more acceptable as collateral for personal loans.

- **Investment marked to market**

  Listing allows for an objective and fair valuation for your company through price determined by the market which improves the ability of your company to attract more institutional investors.

Mr Nitish Niranjan
Managing Director,
VB Holdings Limited

The journey as a publicly listed company over the last 15 years has been very rewarding, especially when you consider our 70 years of history. It has been rewarding for everyone; existing shareholders, new shareholders, institutions, brokers, the investors and our customers.

The company has been able to acquire loans at a more competitive rate, as it is now under public scrutiny and has to adhere to consistent guidelines from SPSE. It has given financiers more confidence in ratings and getting financial information than in a private company, as they can get a "market" view of the company's value and direction.

We have also noticed a greater willingness by corporate organsations, public companies, suppliers, customers and Government to deal with us, since our listing.

- **Succession planning**

  Founders of the company who wish to exit the business can transition this through attracting strategic partners and/or institutions through listing. This ensures the company's long-term survival beyond the current founders.

- **Institutional investment**

  Increased transparency (information efficiency) and trading liquidity (ease of entry and exit) are two factors that contribute to making companies attractive to institutional investors. Depending on the nature of investing institution, this can bring with it increased business credibility, stability and the certainty of having a pool of shareholders for future capital raising exercise.

- **Ability to take advantage of acquisition opportunities**

  Shares can be used as cash, for example, through share swap in acquiring another business.

- **Employee commitment**

  Enables the company to offer share option incentives which increases the ability to attract and retain high quality talent. This option also gives employees an opportunity to share in the financial success of the company.

- **Better disclosure**

  Listing prompts the company to improve its reporting and availing more useful information for decision making, both internally and externally. It also achieves high level of corporate governance that helps improve the company's profile.

- **Improved performance**

  The discipline that comes with being a listed company generally helps the board and management of a company to exercise their responsibilities in ways that benefit the company and its owners.

- **Clearance and settlement system**

  A public listing provides an efficient and well regulated framework within which trades are executed and settled.

Mr Ram Bajekal
Managing Director,
FMF Foods Group of Companies

FMF Foods Limited remains one of the pioneering companies to list on SPSE with further listing of two of our other companies subsequently. As an outcome of being listed and therefore owing a fiduciary responsibility to a large body of shareholders, our corporate governance model is very robust and follows best practices. Inevitably, good governance leads to good performance. Being listed on the SPSE brings with it a preferred image which then translates into brand equity and brand loyalty in the eyes of all stakeholders from customers, shareholders, vendors and service providers to Government and the larger community.

REQUIREMENTS FOR GOING PUBLIC

What does "Going Public" mean?

Many companies are established with capital contributed by a small number of investors, who become shareholders. As a business grows, additional capital can come from internally generated profits or sourced from private shareholders. However, for many reasons, obtaining capital through these means may not be possible with time which consequently will require a company to opt for alternative sources of capital and use other strategies to source financial resources. Raising additional funds by borrowing capital in the form of a commercial bank loan - referred to as "debt financing" or raising capital by offering part ownership of the company to the public - referred to as "equity financing" or "going public" are the avenues available.

Equity financing or "going public" means raising capital through the stock market by offering and issuing new shares to the public. Equity funding offers a 'win-win' situation for a company in need of capital, those in the wider community looking for an investment and the economy in general. As a more economical way of raising capital, equity funding benefits potential shareholders in the form of dividends as well as capital appreciation.

Mr William Parkinson
Managing Director,
Communications (Fiji) Limited

We found the whole "going public" experience challenging but very beneficial. Not only were we able to access equity funds to reduce debt but we were able to reward talent through a number of equity and share option schemes. The process required us to introduce higher levels of corporate governance and increased levels of accountability right through the company. This resulted in substantial gains in the areas of cost efficiency, revenue generation and ultimately of course our bottom line. Recent reductions in corporate tax have accelerated this growth.

Who can make a public offering?

Any company can make a public offering if its own constitution (i.e. Memorandum and Articles of Association) does not prohibit it from doing so.

Generally, if a company is making a public offering and at the same time will be listing on a stock exchange, the stock exchange will specify other conditions that the company must meet for listing. These may include:

a) That there is no restriction on the number of members (i.e. shareholders) a company may have, and

b) That there is no restriction on the right of members of the company to transfer shares to non-members (private companies generally restrict the transfer of shares to non-members).

Most companies formed under Fiji's Companies Act are private companies. These companies cannot make public offerings without changing their constitutions to allow public offerings and (if necessary) to meet the listing requirements of the stock exchange.

Minimum capital requirements

Minimum capital requirements

Shares:
For the listing of shares, the total market capitalisation of the company must be at least F$1 million.

Debt Securities:
For the listing of debt securities, the company must have net tangible assets at the time of listing of at least F$1 million.

Minimum shareholding requirements

Minimum shareholding requirements

For ordinary shares, a minimum of 20% of the total issued shares must be owned by at least fifty (50) members of the public.

For any other types of securities, there must be at least twenty-five (25) members of the public as security holders.

If the company does not meet the public shareholding requirements at the time of application, the SPSE may consider the listing application if there are arrangements in place which will result in the public shareholding requirements being achieved by the end of an agreed period.

Mr Nouzab Fareed
Group Chief Executive Officer,
Fijian Holdings Limited

Being a listed company is more than just a share price. As a listed company, we have experienced wider acceptance in international business arena. In addition, it has improved corporate discipline coupled with transparency in all company operations. In terms of governance, we are in par with international standards. Our positive experience has enabled the group to consider going public as an option for all subsidiaries as well.

What does it mean to be a listed company?

Once listed a company is no longer solely owned by a close knit group of investors and entrepreneurs, it becomes widely owned by a number of investors that owns its shares known as shareholders. Just as with a proprietary company, once a company becomes public, it has the equivalent responsibilities to disclose key activities and results of the company to each and every individual shareholder.

Transparency and providing information to the market are an essential part of being a public company. Timely disclosure of information to the general public on a regular basis will be seen as a sign of strength hence improving the confidence level in the company and its management.

As a listed company, your relations with current and potential investors, as well as with the media can have an impact on your share price. It is important to be able to communicate your status and developments to the market in compliance with the ongoing disclosure obligations of the SPSE.

THE PROCESS OF GOING PUBLIC

Methods of listing

In Fiji there are many public companies with public shareholders that have not listed on a stock exchange. It is likely that these companies will not have to undertake an IPO to list. These companies can do a "Compliance Listing" provided they meet the criteria for listing on SPSE. This method of listing is also simpler and cheaper than an IPO listing.

A company may apply for the listing of its securities on SPSE by any one of the following methods.

Public Offering

Under the public offering method, a company applies for listing and does a public offering of its securities. The public offering of its securities can be either:

- securities to be newly issued by the company; or
- securities sold by one or more existing security holder(s).

After the close of the public offering of securities, the company expects to meet the listing requirements and gets listed.

Compliance Listing

Under the compliance listing method, a company meets all the listing requirements at the time of application and applies to get listed. This approach is usually used by companies that are already registered as a public company with sufficient shareholder base either through private equity investments or small private offers over time.

Mr Kevin McCarthy
Country Manager
Bank of South
Pacific Limited

BSP's goal was to make ownership of Bank of South Pacific available to investors in Fiji.

BSP's launch of BSP Convertible Notes was an innovative listing that gave investors a fixed 3 year interest rate return with a security that is convertible to BSP Ordinary shares in certain circumstances and pays the BSP Ordinary share dividend payments after converting from Convertible Notes to Fiji Class Shares at the end of 3 years.

Listing of these notes on the SPSE was essential for us to allow investors to trade these notes.

Because this was an entirely new type of issue, there were some regulatory challenges, but overall the decision to list was one we do not regret.

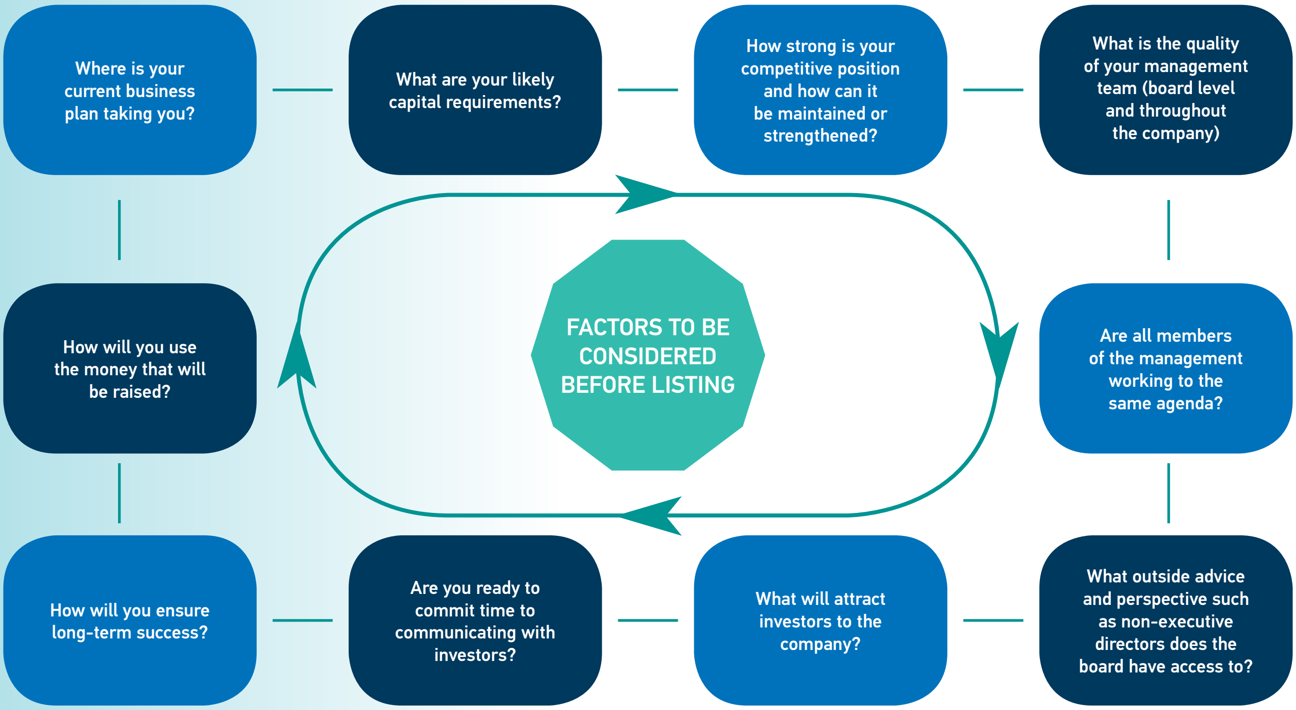
The IPO process

Initial Public Offerings (IPOs) are an exciting opportunity that a business can undertake as it reaches a certain stage in its business cycle. The decision on whether to list a company's shares on a stock exchange is a significant one as obtaining a public quote is a major milestone in any company's life. Putting a business more in the public eye than before also presents new challenges that can invigorate management and directors.

Consideration before going public and listing

At some point in time, many flourishing private companies do consider undertaking a listing and in doing so, they need to face some fundamental questions about the future of their business. A company's decision to launch an IPO must be based on a realistic assessment of its business, its management resources, its stage of development and its prospects. It is an essential decision which should be consistent with the company's long-term strategic goals.

Public ownership offers significant advantages, such as access to the public equity and debt markets to finance growth and strengthen a company's financial position, as well as the creation of an open market for a company's shares. However, a company will face heightened scrutiny and greater demands on its management.

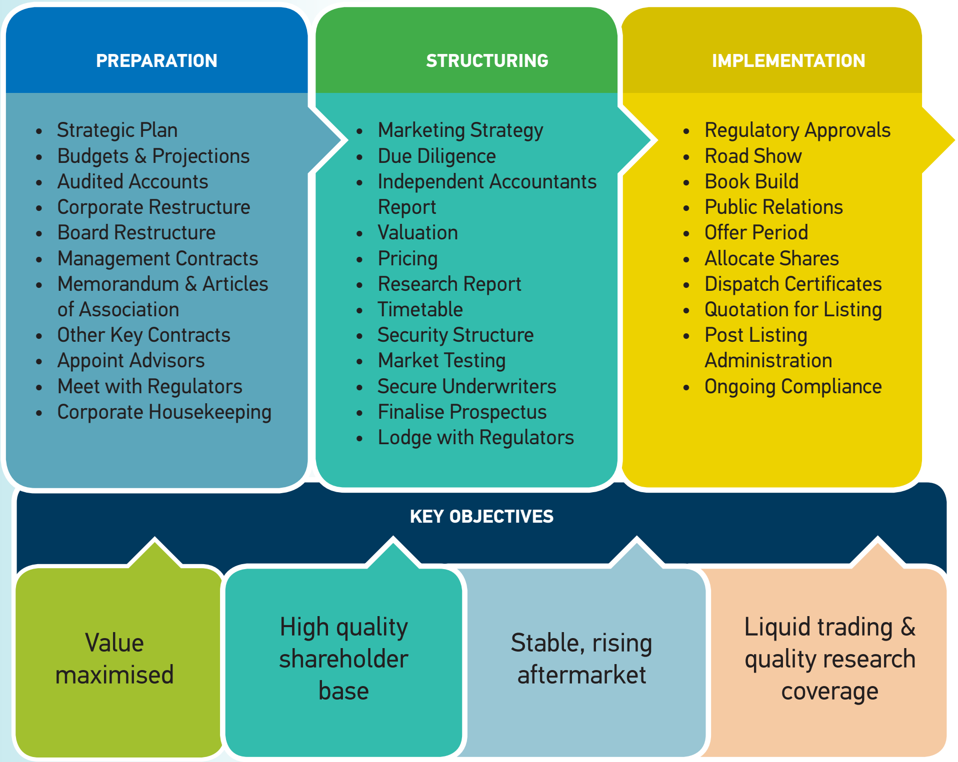


Timeline to list

Different companies will have different timelines; a company that already has public shareholders will probably have some elements in place as opposed to a company that is raising new capital which might require additional preparation. Essentially, the market conditions, scope and complexity of the company structure and possible restructure and a range of other factors can play a key role in determining the timeline.

Typically, to be able to meet all the requisites from pre-IPO to IPO phase through to listing can take anywhere from few months to more than a year. Companies that have already been planning for a possible public offer might be able to further accelerate the time to listing. It is best to discuss these matters with a licensed investment advisor.

Listing process-Example



Preparation phase

The business strategy needs to be long-term, covering 24–36 months before the IPO and 24–36 months after the IPO. A business plan should provide a clear road map for the company which may then be communicated to stakeholders. It should be implemented early enough for the changes to take root in the organisation.

Strategic plan

- Establish the vision for your company and the primary objectives that will shape the future direction, in both the short-term and the long-term. Define the formula that your company uses to make money and build shareholder value. Describe your strategic vision and business plan for the future.
- Advance preparation and planning are essential elements to making an IPO highly successful. Presenting the market with a well-prepared company not only provides investors with a more attractive investment alternative but also gives a strong indication of how you do business. This investor confidence will be a significant factor in determining the effort required to sell your offering.
- Performing a thorough review of your company now will also facilitate its transition to life as a public company.

Budgets & projections

- Investors will scrutinise your company and its bottom-line performance much more closely than before. Investors seek companies with business models that performed well in the downturn, a solid track record, an actionable plan to sustain growth and those who are well able to service their interest and debt. You must also consider whether there is an appetite within the investment community for your equity story in your particular sector.
- The bottom-line is: your IPO valuation will be driven by market and the investor confidence.

Corporate restructure

- Analyse your existing corporate and capital structure with your advisors. Select structures that are simple and flexible and can be adapted to the changing needs of a public company over time. In addition, re-examine your management structure, including management roles, responsibilities, authorities and reporting structures.
- During this process, legal restructuring also takes place. A company's management, promoter and lawyers work together to draft the necessary legal documentation to align it to all applicable statutory requirements.

Board restructure

- Investors expect that your board will have a balance of knowledge of the business. Take time to build a public company board with a good mix of skills, including industry contacts, technical knowledge, business development, marketing, strategic planning, acquisition integration and financial expertise.

Memorandum & Articles of Association

- A company's Memorandum and Articles of Association must allow for public offerings.

Appointment of advisors

- Investment advisors are appointed to facilitate the listing process including the underwriting of share sale, preparation of offer documents (Prospectus or Information Memorandum).
- An investment advisor is able to advise a company through its pre-IPO preparation and will during the IPO process, lead a company's team of professional advisors and coordinate their roles to ensure a smooth listing process.
- Other advisors such as accountants, legal experts and underwriters need to be appointed as well.

Meet with regulators

- Meet with SPSE listing team who will be able to guide you in the initial stages and also be able to get your executives in contact with the licensed investment advisors.

Structuring phase

Marketing strategy

- The promoter also sets up a comprehensive marketing plan targeting specific investors. Senior management from the company meet with the promoter in order to publish pre-deal research about the company. While material information would already be published in the prospectus, other considerable additional information is published to ensure full understanding of the company's business and sector.

Due diligence

- The overall purpose of due diligence is to ensure the accuracy, truthfulness and completeness of a company's prospectus and to understand any issues associated with the company. While each professional advisor performs a different role in this process, the promoter will focus on the diligence of a company's operations, management, financial prospects, historical performance, competitive position and business strategy.
- The advisors will also look closely at factors such as a company's suppliers, customers, creditors and anything else that might have a bearing on the offering or viability of a company as a public company and on the accuracy and completeness of the prospectus.

Pricing

- Underwriters typically advise a company to set a price that will encourage an active aftermarket in the shares. By pricing to allow for a modest price rise in the immediate aftermarket, investor interest can be quickly stimulated.
- A new issue will occasionally realise substantial price increases in the early weeks of the aftermarket, leading some people to conclude that the offering price had been seriously understated. In most cases, however, it reflects public optimism more than underwriting error and within a relatively short time the stock price generally returns to the more realistic levels anticipated by the underwriters.
- Since pricing reflects the market's valuation of your company; monitor market conditions, comparable companies and your offering's potential pricing throughout the process of going public. This activity will culminate in a round of final negotiations with your underwriters in the day or two prior to filing your final prospectus. At this point, you are reasonably certain you can complete your public offering.

Timetable

- Now that you have performed a thorough review of the company and assembled a strong team, it is time to develop the road map for going public. This entails developing a timeline and a framework for managing the process.
- Develop the timeline with specific benchmarks. Identify and assign specific responsibilities and put in place a process to monitor progress against the specific timeline.

The Founder Shareholders took the decision to list the Company to take advantage of the attractive tax and other incentives put in place by the Government to encourage companies to list and also the low income tax rate applicable for Public Listed Companies. We were the first Company to navigate a raft of new tax laws and listing rules and regulations during the listing process. The process was even more challenging as the Regulators themselves were interpreting the new laws and regulations for the first time. Despite the challenges, one thing stood out; we received outstanding support and encouragement from the Regulators from the very beginning. The key objective for the listing was to unlock the value of the Company, which we knew was inherent in the business. We have since achieved this and pleased at the outcome. We are now determined to let the additional scrutiny and expectations of a wider Shareholder base and the market, spur us to a greater level of performance for the benefit of all our Stakeholders.

Secure underwriters

- The experience of underwriters in the company's industry and in IPOs can make a significant contribution towards the goal of a successful public offering. Underwriters are the vehicle through which your company's securities will be sold to the public.

- The primary goal when going public and listing on a stock exchange is to have a successful offering, to receive a fair price for the shares and to have a stable, liquid after-market trading in the shares.

- The underwriter's job is to ensure that these goals are achieved. Underwriters are sometimes referred to as investment banks. Their main function is to underwrite share issues. This means that they make a commitment to buy the company's stock or to take it and sell it to investors.

Finalise offer documents

- The drafting of prospectus takes several weeks and will involve the input of all advisors. From a marketing perspective, the prospectus outlines a company's strengths, strategy, background and the board and management details.

- The precise areas that must be covered in a prospectus include the purpose of issue, details of the issuer and promoter, details of instrument offered, capital structure, key dates, historical financial performance indicators, financial projections, independent accountant's report, associated business risks and risk management policies and any other material or significant documents including the underwriting agreements.

Lodge with regulators

Offer documents must be submitted to the Reserve Bank of Fiji (RBF) and SPSE for approval.

RBF approval procedures:

- The RBF assesses the proposal considering the viability of a company, quality and capability of its management, interest of the public and suitability for listing of the company on a stock exchange. In assessing the above, the RBF reviews the proposal against the minimum requirements of the RBF Capital Raising Supervision policies which mainly focuses on capital requirements, profit test, longevity of operation in its current line of business, company structure, corporate governance framework, shareholders' resolution for issue of securities and capital raising.

- Following the assessment of these minimum requirements, RBF then proceeds to vet the disclosure documents (Prospectus or Information Memorandum). This is to ensure all relevant information regarding the company and the security being offered is disclosed to potential investors.

SPSE approval procedures:

- SPSE assesses the proposal submitted by the applicant against its Application for Listing checklist. During assessment, SPSE essentially considers the structure of listing, capital and shareholding requirements, company's operating, management and financial history, company's constitution to be in line with Listing Rules and the disclosure documents (Prospectus or Information Memorandum). The statements from the company's solicitors, auditors and other advisors indicating that the company has been and is in compliance with the current laws of Fiji are also requested.

- The proposal for listing is vetted by the SPSE Listings and Compliance Committee and once approved the applicant is requested to submit the three letter code for listing.

Implementation phase

Regulatory approvals

- Your preliminary prospectus is filed with securities regulators. The regulators will coordinate the review of your prospectus and provide you with their responses describing any deficiencies noted in their review.
- Once the securities regulators receive satisfactory responses to these concerns, you will be in a position to file your final prospectus.

Road show & book building

- The roadshow is a series of meetings with potential investors. It typically includes a formal presentation by the executive management outlining the company's business operations, financial results, performance, markets, products and services.
- Your prospectus is, in part, a marketing document, but it is important to augment it with other marketing tools. This process typically involves working with your underwriters to develop a summary of the proposed offering containing prospectus and other information.
- The book runners will set up a comprehensive marketing plan to target specific investors in order to generate and capture investor demand for the issue.
- On the road show, you sell your story to potential investors.

Offer period

- Once the RBF has approved the prospectus, an advertisement must be placed in at least one daily newspaper announcing the public offering of shares, the offer period and where copies of the prospectus can be obtained from.
- Within three (3) days after the close of the public offering period, the company shall inform the SPSE of the total number of shares subscribed for. In case of over-subscriptions, the company shall seek the SPSE's approval for the company's proposed basis of allotment of shares.
- Within ten (10) days after the close of the public offering period, the company must forward to all applicants renunciation letters, certificates of allotment or certificates accompanied by refund of all monies received in excess of shares allotted, or for rejections of applications, if any.
- Within five (5) days after allotment a list of allottees must be forwarded to the SPSE and the company must confirm that certificates have been dispatched.
- The securities will be listed on the SPSE on the fifth (5) day upon receipt of confirmation of dispatch of certificates by the SPSE.

Quotation for listing & trading

- Application for listing
- 3-letter code for company
- Payment of fees
- Security listed and trading commences

Continuing listing requirements

- Disclosure of material information, where the information is likely to have a significant effect on the price of the listed securities or where such information is likely to be considered important by a reasonable investor in making an investment decision.
- Periodic disclosure, for example, submission of half yearly and annual audited financial statements as well as annual report.

COSTS OF GOING PUBLIC AND LISTING

There are certain costs involved in going public and listing on the stock exchange. There are one-off listing costs that are incurred in the process of going public and then there are ongoing costs that a company will incur during its life of listing.

The magnitude and scope of IPO costs can vary significantly from offering to offering based on a number of variables, such as the size of the offering, the complexity of the IPO structure and the organisation's readiness to be a public company. The cost of listing also varies widely depending on complexity of modelling the business and the work needed to generate market demand for its securities.

An indicative fee ranges from 4% to 10% of capital raised or shares sold down. The cost will cover issue management and investment advisory, valuation model and research report, selling, underwriting, independent accountants report as well as other fees like legal, audit, statutory, offer document preparation, its approval and other company administration and management costs.

Before undertaking an IPO, companies must fully consider the costs of the IPO process and the costs of building and maintaining a public company infrastructure. Preparing a detailed analysis of these costs will accelerate the budgeting process and make it more accurate; limit surprises throughout the IPO process; and provide organisations adequate time to develop an infrastructure that will support the requirements of life as a public company.

One-off listing costs

These costs include any professional fees paid in preparing the company for listing, application fee for listing and other costs incurred in marketing and registering the securities as publicly listed. As an incentive to promote listing, most of the one-off fees incurred in the process of listing are 150% tax deductible.

Professional fees are difficult to ascertain as it would really depend on the size, structure and complexity of the company and offer.

Legal fees

- Legal fees are incurred for the vetting of offer documents and general advice during restructure, offer and listing on SPSE. The fee may vary depending on the nature of due diligence the legal counsel carries out, the structure of the company and the complexity of the transaction.

Audit fees

- Preparing audited accounts if the company was only preparing management accounts prior to listing. The fee may vary depending on the complexity of your company, the state of its accounting records and its financial position.

Independent accountants fees

- For services relating to preparation of independent accountants reports and financial statement summaries. The fee may vary depending on the size, complexity and structure of the company.

Investment advisor fees

- Includes overall management of public offer and listing process, due diligence, securities valuation, preparation of offer documents, road show costs, business establishment, business reorganisation and restructuring. The amount and format of these fees will be agreed upon by the issuer and the advisor.

Underwriting fees

- Underwriting is the largest initial cost of going public and includes the underwriter's commission and ranges between 1% to 5% of the amount raised. This percentage is negotiated based on the size of the offering, the type of security being sold, the nature of the underwriting commitment, the nature of the company's business and its state of development and the current market conditions.

Prospectus/Offer Document approval fees

- The fees for the application for registration of a prospectus or offer documents is prescribed in Schedule 1 of the Companies Regulations 2015. The fee is F$5,000 VEP and for offers above F$5 million an additional F$1 for every F$1,000 in excess of F$5 million. This is a non-refundable fee and is payable to the Reserve Bank of Fiji (RBF).

Company administration and management costs

- Includes stamp duties and general administration costs that may apply in some circumstances. These fees are usually determined on a case-by-case basis.

Printing and marketing costs

- Costs relating to printing of prospectus and other marketing brochures and materials.

Application fee for listing

- Payable for quotation of securities on SPSE's official list. Fee will depend on the market value of the securities being quoted and can range from F$4,000 to F$30,000.

Registry costs

- An important aspect of the going public process involves preparing for future relations with the investing public and the new shareholders. The task of coordinating the distribution of corporate communications to this important audience generally rests with the transfer agent, acting on behalf of the company. When the investing public is buying or selling shares, the share registrar handles the paperwork involved. The share registrar also maintains an accurate list of shareholders for the prompt distribution of dividends, as well as notices of shareholders' meetings, annual reports and other corporate communications that are important for maintaining the company's corporate image in the investment market place.
- Fees to initially setup the share registry for the company - F$500 per register.

Ongoing listing costs

Once your company is listed, you will incur costs of maintaining a publicly listed company. This will mainly consist of annual listing fee and registry fees but you can also expect to incur additional legal and accounting fees on an annual basis that are over and above what you incurred as a private company. This is a result of the additional reporting requirements that are incurred as a result of a public listing as well as the cost of complying with corporate governance standards.

Annual listing fees

- The annual listing fee is payable based on the value of the listed security (market capitalisation) as at 31st December immediately preceding. This fee ranges from F$4,000 to F$30,000.

Registry costs

- Registry fee is payable for maintenance and updating of shareholder records, registering transfers following trades, entitlement distributions and annual report distributions. Costs are as follows:
    - Ongoing register maintenance - F$75 per month plus F$0.50 per shareholder per month
    - Transaction fees - F$1.00 per side per trade
    - Dividends/Interest distribution - F$0.70 per shareholder
    - Annual Report distribution- F$0.50 per shareholder
    - Disbursements - at cost

Compliance costs

- Publication of Annual Reports.
- Any additional cost in relation to disclosure and corporate governance standards as a publicly listed company.

PREPARING YOUR PROSPECTUS

A prospectus is a public offering document intended to ensure that potential investors receive full, true and plain disclosure of all material facts relating to the securities issued. It commonly provides investors with material information about the instrument offered, such as a description of the company's business, financial statements, description of the security issued, biographies of key officers and directors and information about the principal purpose for which the proceeds from the sale of the securities are intended.

Accordingly, a prospectus should contain a balanced view of both the positive and negative factors affecting the company and the securities being offered.

Essentially, a prospectus should cover the following:

Responsibility statements by the issuer

- The prospectus must include a statement from the directors and promoters of the issuer and/or the issuer stating that they have seen and approved the prospectus. It must also state that they collectively and individually accept full responsibility for the accuracy of the information. Having made all reasonable enquiries and to the best of their knowledge and belief, they confirm that there is no false or misleading statement or other facts which if omitted, would make any statement in the prospectus false or misleading.
- It must also state that the prospectus has been lodged with the Registrar of Companies as required under the Companies Act.

Reserve Bank of Fiji statement

- A prospectus must contain a statement indicating that the prospectus was made effective by the Reserve Bank of Fiji (RBF) on a particular date (date made effective by RBF);
- It must also state that the RBF disclaims any legal responsibility for any loss, damage or injury to any person that may arise as a result of examining any proposals submitted to it. The RBF does not vouch for the accuracy and assumes no legal responsibility whatsoever for the contents of any proposal, prospectus, statement or document that it has examined.

Details of the offer

- The prospectus must contain all critical dates of the offer, including:
    1. Opening and closing dates of the offer;
    2. Date for allotment of securities; and
    3. Tentative date of listing on the SPSE (if applicable)
- Purpose of the offer;
- Number and type of securities to be offered;
- Classes of securities and rights attached to the securities regarding voting, dividends, liquidation and any special rights;
- Prices of the securities and basis of determination of the offer price;
- The minimum level of subscription to be raised;
- Underwriter and amount underwritten;
- Details of issue manager;
- Subscription refund details, in the event that the minimum amount to be raised is not met by the company;
- How allotments will be determined;
- The directors rights to extend the closing date of the offer;
- The minimum application for an investor and how to apply for securities.
- Where a company intends to allocate securities to eligible directors, employees and/or other persons under a preferential allocation scheme, the following must be disclosed:
    1. A brief description of the criteria of allocation of the securities as approved by the board of directors;
    2. The total number of persons eligible for the allocation;
    3. The number of securities to be allocated to each person.

- The prospectus must also contain full details of the estimated net proceeds from the offer, how the funds raised will be used and the timeframe for full utilisation of the proceeds.

Risk and risk management

- The prospectus must include the risk factors which have or could materially affect, directly or indirectly, the business, operating results and financial condition of the corporation. It must include general and specific risks relating to the company and the industry in which it operates. Any steps proposed by the company to mitigate or manage the risk factors shall be disclosed.

Company and group information

- The following information about the company and the group should be disclosed:

    1. Background/summary on the history of the business since inception to date;
    2. Date and place of incorporation and registration numbers;
    3. Principal activities of the company, including types of products manufactured or services provided;
    4. Company structure, including a list of subsidiaries and associated companies, including the percentage shareholding in each;
    5. Key achievements/milestone/awards of the company/group;
    6. Company's estimated market coverage, position and share within its industry which are supported by studies and/or reports; and

- Details of trustees, key management and board of directors including:

    1. Names, occupation and qualification;
    2. Profile including business and management experience;
    3. Designation (executive/non-executive);
    4. Direct and indirect shareholding in the company; and
    5. Directorships and major shareholdings in other public companies.
    6. Statement that trustees and directors meet requirements under the "Reserve Bank of Fiji Capital Markets Supervision Policy Statement No 6: "Fit and Proper Requirements for Licensed Intermediaries and Issuers";

- Details of all 'natural persons' who initially own or have control over the company including names and addresses.

Financial information

- A prospectus must contain audited financial information of the company and group for the preceding three to five financial periods, or less if the company has been in operation for less than three years and future financial information of the company and group for the next three to five years.

- An estimate/forecast and/or projection shall be realistic and achievable to provide investors with information on the company's prospects.

- If the date of the prospectus issuance is later than six months after the end of the last financial year, interim audited financial statements must be provided.

- All financial statements prepared in a currency other than Fijian Dollars (FJD) must be translated into FJD.

Related party transactions

- The prospectus must disclose existing and potential transactions with related parties in relation to the company and its related parties, together with steps taken to resolve such conflicts of interest.

Valuation certificate

- Where valuations have been carried out on property assets such as intangible assets for inclusion in the prospectus, such valuations shall be conducted by independent qualified/registered valuers/experts.

Experts reports

- Where the prospectus contains experts' opinion, there shall be disclosed excerpts from, or summaries of, opinion expressed and conclusion recorded in the reports.

- The reports shall be signed and dated by the expert within a reasonable time of the issue of the prospectus to ensure that the contents are substantially relevant at the time of the issue of the prospectus.

Additional information

- Full disclosure of current material litigation and arbitration, including those pending or threatened and of any facts likely to give rise to any proceeding which may materially affect the business/financial position of the company or any of its subsidiary companies.
- Companies may include some frequently asked questions (FAQs).
- The prospectus may include a glossary of abbreviations and technical terms.
- Any other information that the company may consider necessary, material and important to be included in this section.

Documents available for inspection

- The prospectus must provide a statement that the following documents (or copies thereof), where applicable, may be available for inspection:
  1. All legal documents in relation to the issue;
  2. Where applicable, all material contracts; and
  3. Such other documents as the Reserve Bank of Fiji may require.

Corporate directory

- The corporate directory should contain details of persons connected with the public offering including their addresses and telephone number of the company's registered office, head office, email and website addresses.
- Where applicable, the names and addresses of the following parties be disclosed as well; independent auditors, accountants, bankers, solicitors, principal advisor, trustees, issuing manager, underwriters/promoter, valuers and experts whose prepared reports/excerpt/summaries are included or referred to in the prospectus.

Application for securities

- This section must contain the Application Form that at minimum must include the following to be completed by the applicant :
  1. Applicants details including name, residential and postal address, date of birth, telephone number, email address;
  2. Number, unit price and total dollar value of securities applied for;
  3. Signature of applicant;
  4. Date of application
- Instructions/procedures about how to apply for the securities, including terms and conditions for application, when to apply, where to send applications and payment methods must be included as well.

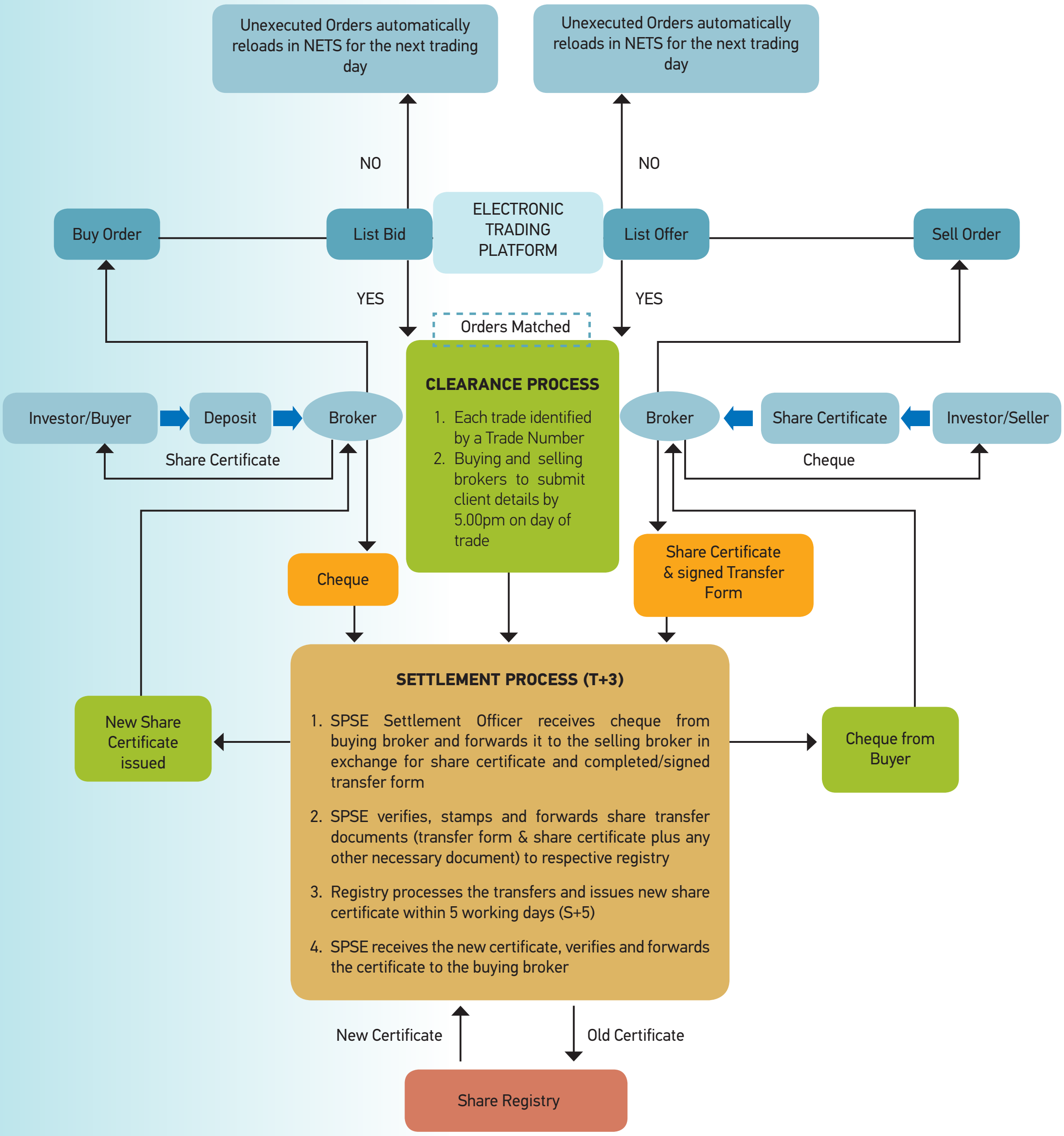
TRADING & SETTLEMENT

Trading on the SPSE is easy, effective and secure as it is conducted on NETS which is a derivative of the NASDAQ OMX X-stream system. Settlement of all transactions occurs on a T+3 basis.

NETS compares buying and selling orders entered into the system and automatically executes trades and immediately sets prices once the orders are matched following the "Price/Time Priority Rule".

Orders are entered on NETS trader workstations by the stockbrokers from their offices which can be located anywhere in Fiji.

Order matching process & settlement



Trading hours

Trading on the SPSE takes place on all business days excluding national public holidays and weekends.

The SPSE has different market phases which allows the brokers to perform various tasks throughout a business day.

Currently, SPSE follows the below timetable during a business day:

Market Status	Fiji Standard Time	User Access Level
Start of Day Enquiry (enq)	4.30am to 5am	Market is visible for viewing access only. Enquiry Mode.
Pre-Open (pre)	5am to 10.30am	Orders may be entered, amended or withdrawn during this period but no matching takes place.
Normal (nml)	10.30am to 11.30am	Trading Commences. Orders may be entered, amended or withdrawn during this period. Orders are matched on entry.
Pre-Open (pre)	11.30am to 2.30pm	Orders may be entered, amended or withdrawn during this period but no matching takes place.
Normal (nml)	2.30pm to 3.30pm	Trading Commences. Orders may be entered, amended or withdrawn during this period. Orders are matched on entry.
End of Day Enquiry (enq)	3.30pm to 1am	Market is visible for viewing access only. Enquiry Mode.
Shutdown	1am to 4.30am	System is not accessible. System maintenance.

Unmatched orders at the end of the day that remain unexecuted are reloaded in the trading platform for the next day. Transactions are immediate and transparent and results of each session are reported widely to the media, regulators, members, market participants, institutional investors and other interested parties.

FEES

Application for listing and annual fees

The annual fee is payable on or before the 15th January in each calendar year based on the value of the listed security as at 31st December immediately preceding.

Value of listed securities	Application for listing and annual fees
Up to F$2m	F$4,000
F$2,000,001 to F$10m	F$4,000 + 0.025% on excess over F$2m
F$10,000,001 to F$50m	F$6,000 + 0.01% on excess over F$10m
F$50,000,001 to F$100m	F$10,000 + 0.0035% on excess over F$50m
F$100,000,001 to F$500m	F$11,750 + 0.0025% on excess over F$100m
Over F$500m	F$21,750 + 0.001% on excess over F$500m

INVESTMENT ADVISORS

1) FHL STOCKBROKERS LTD
Ground Floor, Ra Marama,
91 Gordon Street, Suva, Fiji
PO Box 2110, Government Buildings, Suva, Fiji
Phone: (679) 3307 018 / 3307 025
Fax: (679) 3317 153
Email: fhls@fijianholdings.com.fj
Web: www.fijianholdings.com.fj
Licensed Investment Advisor Representatives
1) Mr Nouzab Fareed
2) Ms Priscilla Greig

2) FIJISTOCK BROKERS LTD
Level 2, Provident Plaza 1, FNPF Boulevard
33 Ellery Street, Suva, Fiji
PO Box 16355, Suva, Fiji
Phone: (679) 3304 675
Fax: (679) 3304 679
Email: mail@fijistockbrokers.com.fj
Web: www.fijistockbrokers.com.fj
Licensed Investment Advisor Representatives
1) Mr Steven Pritchard
2) Mr Brett Hall
3) Mr Enzo Pirillo
4) Mr Esrom Immanu'el

3) KONTIKI CAPITAL LTD
Level 2, Provident Plaza 1, FNPF Boulevard
33 Ellery Street, Suva, Fiji
PO Box 17904, Suva, Fiji
Phone: (679) 3307 284
Fax: (679) 3307 241
Email: infodesk@kontiki.com.fj
Web: www.kontikicapital.com
Licensed Investment Advisor Representatives
1) Mr Griffon Emose
2) Mr Jignesh Pala
3) Mr David Oliver
4) Mr Jack Lowenstein

4) BDO CORPORATE FINANCE (FIJI) LTD
c/- BDO, Level 10, FNPF Place
Victoria Parade, Suva, Fiji
GPO Box 855, Suva, Fiji
Phone: (679) 3314 768
Fax: (679) 3301 841
E-mail: npatel@bdo.com.fj
ppatel@bdo.com.fj
Licensed Investment Advisor Representatives
1) Mr Nalin Patel
2) Mr Pradeep Patel

5) KPMG FINANCIAL ADVISORY SERVICES (FIJI) LTD
c/- KPMG, Level 10, Suva Central Bldg, Renwick Road
Suva, Fiji
PO Box 32, Suva, Fiji
Phone: (679) 3301 155
Fax: (679) 3301 312
Licensed Investment Advisor Representative
1) Ms Lisa Apted

6) PACIFIC LEGAL NETWORK (PLN) ADVISORY PTY LTD
Fiji
Level 1, East Wing, PO Box GC 36
Garden City Business Park
Raiwai, Suva, Fiji

Australia
Level 11, 65 York Street, Sydney, NSW 2000
Phone (Aust): +61 410 520 416
Phone (Fiji): (679) 3100 071
E-mail: j.ridgway@pln.com.au
j.prasad@plnadvisory.com
Licensed Investment Advisor Representatives
1) Mr John Ridgway
2) Ms Jinita Prasad

7) PRICEWATERHOUSECOOPERS CORPORATE FINANCE LTD
c/- PricewaterhouseCoopers, 8th Floor Civic Tower,
Victoria Parade, Suva, Fiji
PO Box 200, Suva, Fiji
Phone: (679) 3313 955/3315 199
Fax: (679) 3300 981/3300 947
Licensed Investment Advisor Representatives
1) Mr Jerome Kado
2) Ms Jenny Seeto
3) Mr Chirk Yam
4) Mr Nitin Ghandhi
5) Mr Kaushick Chandra

GLOSSARY

Acquisition – acquiring another company by purchasing its shares.

Aftermarket – the public market for a company's securities after the IPO. Also known as secondary market.

Allotment – is a method of distributing shares to investors when an issue has been subscribed. A company will divide the shares that they had offered on the basis that was set out in the prospectus.

Articles of Association - a document that specifies the regulations for a company's operations and governs the mode of conducting the business of a company and its internal organisation. It sets out the rights and obligations of shareholders and directors of the company. It also covers the types of securities that the company can issue.

Continuing Listing Requirements – periodic disclosure of material information, where the information is likely to have a significant effect on the price of the listed securities.

Corporate Governance - a system of rules, practices and processes by which a company is directed and controlled. Corporate governance essentially involves balancing the interests of the many stakeholders in a company - these include its shareholders, management, customers, suppliers, financiers, government and the community.

Due Diligence – the process of gathering and confirming information about a company and its business, management and financial affairs.

Financial Risk – is the possibility that shareholders will lose money when they invest in a company that has debt, if the company's cash flow proves inadequate to meet its financial obligations.

Initial Public Offering (IPO) – refers to the first time a company offers its shares to the public.

Investment Advisor – an individual, sometimes referred to as an investment banker, who acts as an intermediary and whose principal functions are to identify companies that need financing and then provide them with advice on the corporate financing functions and methods to obtain both short-term and long-term financing.

Market Capitalisation - is the total value of the issued shares of a publicly traded company. It is equal to the share price times the number of shares outstanding.

Prospectus - is a disclosure document that describes a financial security to potential buyers. A prospectus should contain the facts that an investor needs to understand in order to make an informed investment decision. It is also known as an "offer document".

Renunciation – based on the basis of allotting the shares, the company will determine which applications for the shares will be declined.

Road Show - refers to when the management of a company that is issuing securities or doing an initial public offering (IPO) travels around the country to give presentations to analysts, fund managers and potential investors.

Trading Hours – a stipulated time during a business day when listed securities can be bought and sold on the trading platform.

Underwriting – a guarantee that funds will be made available to a company to purchase unsubscribed shares at a specific time and on agreed terms and conditions. The underwriter is the guarantor of the availability of these funds.

CHECKLIST FOR LISTING ON SPSE

01 Listing Application – two completed copies (Appendix A- SPSE Listing Rules)

02 Declaration from the sponsor (if applicable)

03 Market Capitalisation must be at least F$1 million for listing of shares

04 Net Tangible Assets must be at least F$1 million for listing of debt securities

05 For ordinary shares, a minimum of 20% of the total issued shares must be owned by at least fifty (50) members of the public

06 For any other types of securities, there must be at least twenty-five (25) members of the public as security holders

07 In the case of debt securities, the aggregate face value must be at least F$500,000

08 Operating history of at least three (3) years in its present line of business

09 Memorandum and Articles of Association aligned to Rules

10 Undertaking by Directors

11 Conversion of private company to public company

12 Past three (3) financial years audited accounts

13 Application fee

14 RBF approved Prospectus/ Offer Document

15 3-letter code for company

Notes:

GIVE US A CALL TODAY OR MEET ONE OF OUR LICENSED INVESTMENT ADVISORS NOW AND START PLANNING EARLY!

- Begin the IPO readiness process early enough so that your pre-listed company acts and operates like a public company at least a year before the IPO.
- Commit resources to the IPO process and build the quality management team, robust financial and business infrastructure, corporate governance and investor relations strategy that will attract the right investors.
- Recognise the need for enhanced corporate governance — especially recruiting qualified non-executive board members, improved internal controls and forming a qualified audit committee.
- Fine-tune your internal business operations — especially working capital management, regulatory risk and rationalising the business structure.

South Pacific
Stock Exchange

Level 2, Provident Plaza One, 33 Ellery Street, Suva.
GPO Box 11689, Suva, Fiji
Phone: (679) 3304 130, (679) 3313 764 | Fax: (679) 3304 145
Email: info@spse.com.fj | Web: www.spse.com.fj