

Frequently Asked Questions – Guidance Letter HKEX-GL86-16 “Guide on Producing Simplified Listing Documents Relating to Equity Securities for New Applications” (Released on 2 February 2016 / Last updated on 26 February 2016)

Status of “Frequently Asked Questions”

The following frequently asked questions (FAQs) are designed to help applicants understand and comply with the Listing Rules, particularly in situations not explicitly set out in the Rules or where further clarification may be desirable.

Users of the FAQs should refer to the Rules themselves and, if necessary, seek qualified professional advice. The FAQs are not substitutes for the Rules. If there is any discrepancy between the FAQs and the Rules, the Rules prevail.

In formulating our “responses”, we may have assumed certain underlying facts, selectively summarised the Rules or concentrated on one particular aspect of the question. They are not definitive and do not apply to all cases where the scenario may at first appear similar. In any given case, regard must be given to all the relevant facts and circumstances.

The Listing Department may be consulted on a confidential basis. Contact the Listing Department at the earliest opportunity with any queries.

No.	Relevant Rules and Guidance	Query	Response
FAQ 001-2016	Guidance Letter HKEX-GL86-16	Will the Exchange return a listing application if the listing document does not comply with the Guidance Letter HKEX-GL86-16?	The Guidance Letter HKEX-GL86-16 contains: (a) general guidance on producing clear and concise listing documents (General Guidance); (b) consolidated and updated version of a number of the Exchange’s guidance letters on disclosures in listing documents, mostly included under the title “Simplification Series” (Consolidated Guidance); and (c) online hyperlinks to: (i) sample “Summary of the Constitution of the Company and the Companies Law” sections of listing documents of applicants incorporated in Bermuda, the Cayman Islands and the PRC

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			<p>(Specimen Sections); and (ii) the corresponding sample constitutional documents for the applicants (Sample Constitutional Documents).</p> <p>The Exchange will not return a listing application merely because it does not follow the General Guidance, the Specimen Sections or the Sample Constitutional Documents, but will remind applicants to do so.</p> <p>Applicants which intend to submit their listing applications on or before 30 April 2016 may comply with either the Consolidated Guidance or the guidance letters on disclosures in listing documents, mostly included under the title “Simplification Series”, when preparing their listing documents.</p> <p>For applicants which intend to submit their listing applications after 30 April 2016, they should comply with the Consolidated Guidance.</p>
FAQ 002-2016	Guidance Letter HKEX-GL86-16	What are the changes in the Consolidated Guidance compared to the guidance letters on disclosures in listing documents, mostly included under the title “Simplification Series”?	<p>The changes in the Consolidated Guidance are limited to:</p> <p>(a) <u>modifying or</u> deleting certain overly specific content guidance which is only relevant in a limited number of cases. For example, the specific content guidance for product returns and warranty, <u>and industry standards (e.g. International Organization for Standardization (ISO)), which</u> does not apply to all listing applicants, and has been <u>modified and deleted, respectively</u>. This helps to ensure that the guidance remains high level and principles-based;</p> <p>(b) removing any repetition after consolidating the various guidance letters on disclosures in listing documents, mostly included under the title “Simplification Series”; and</p> <p>(c) updating the guidance based on the Exchange’s most recent experience.</p>

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			<p>For example, in respect of listing applicants in the banking and securities sectors, we have updated the content guidance so that the following financial information/ ratios are to be disclosed in the Summary section of a listing document:</p> <ul style="list-style-type: none"> • in respect of the banking sector, net interest spread, net interest margin, capital adequacy ratio, non-performing loan ratio and loan to deposit ratio; and • in respect of the securities sector, the amount of securities underwritten, average commission rate, trading volumes, average rate of return, asset under management and balances of margin financing and securities lending. <p>For marked-up version of the guidance letters included in the Consolidated Guidance, see:</p> <p>http://www.hkex.com.hk/eng/rulesreg/listrules/listsptop/guidepsld/psld_index.htm</p> <p><i>(Updated on 26 February 2016)</i></p>
FAQ 003-2016	Guidance Letter HKEX-GL86-16	Will the guidance letters on disclosures in listing documents, mostly included under the title “Simplification	<p>The following guidance letters on disclosures in listing documents, mostly included under the title “Simplification Series”, will only be withdrawn after 30 April 2016:</p> <p>A. HKEX-GL27-12 on “Summary and Highlights” section</p> <p>B. HKEX-GL54-13 on “Risk Factors” section</p>

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		<p>Series”, not to be used and be withdrawn after the publication of Guidance Letter HKEX-GL86-16 on 2 February 2016?</p>	<p>C. HKEX-GL48-13 on “Industry Overview” section</p> <p>D. HKEX-GL49-13 on “History and Development” section</p> <p>E. HKEX-GL-50-13 on “Business” section</p> <p>F. HKEX-GL59-13 on “Financial Information” or “Management discussion and analysis on the historical financial information (MD&A)” section</p> <p>G. HKEX-GL72-14 on “Applicable laws and Regulations” section</p> <p>H. HKEX-GL62-13 on “Directors, Supervisors and Senior Management” section</p> <p>I. HKEX-GL33-12 on “Use of Proceeds” section</p> <p>J. HKEX-GL64-13 on Application Forms and “How to Apply for Hong Kong Offer Shares” section</p> <p>Applicants which intend to submit their listing applications on or before 30 April 2016 may comply with either the Consolidated Guidance or the guidance letters on disclosures in listing documents, mostly included under the title “Simplification Series”, when preparing their listing documents.</p> <p>For applicants which intend to submit their listing applications after 30 April 2016, they should comply with the Consolidated Guidance.</p>