

# CONSULTATION PAPER

REVIEW OF LISTING RULES ON  
DISCLOSURE OF FINANCIAL INFORMATION  
WITH REFERENCE TO THE NEW COMPANIES  
ORDINANCE AND HONG KONG FINANCIAL  
REPORTING STANDARDS AND PROPOSED  
MINOR/HOUSEKEEPING RULE AMENDMENTS

**August 2014**



Hong Kong Exchanges and Clearing Limited  
香港交易及結算所有限公司

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## HOW TO RESPOND TO THIS CONSULTATION PAPER

We, The Stock Exchange of Hong Kong Limited (the “Exchange”), a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited (“HKEx”), invite written comments on the matters discussed in this paper, or comments on related matters that might have an impact upon the matters discussed in this paper, on or before **24 October 2014**. You may respond by completing the questionnaire which is available at: <http://www.hkex.com.hk/eng/newsconsul/mktconsul/Documents/cp201408q.doc>

Written comments may be sent:

By mail or hand delivery to: Corporate Communications Department  
Hong Kong Exchanges and Clearing Limited  
12/F, One International Finance Centre  
1 Harbour View Street, Central  
Hong Kong

**Re: Consultation Paper on Review of Listing Rules on Disclosure of Financial Information with reference to the New Companies Ordinance and Hong Kong Financial Reporting Standards and Proposed Minor/Housekeeping Rule Amendments**

By fax to: (852) 2524 0149

By email to: [response@hkex.com.hk](mailto:response@hkex.com.hk)

Please mark in the subject line:

**Re: Consultation Paper on Review of Listing Rules on Disclosure of Financial Information with reference to the New Companies Ordinance and Hong Kong Financial Reporting Standards and Proposed Minor/Housekeeping Rule Amendments**

Our submission enquiry number is (852) 2840 3844.

Respondents are reminded that the Exchange will publish responses on a named basis in the intended consultation conclusions. If you do not wish your name to be disclosed to members of the public, please state so when responding to this paper. Our policy on handling personal data is set out in **Appendix VII**.

Submissions received during the consultation period by **24 October 2014** will be taken into account before the Exchange decides upon any appropriate further action and a consultation conclusions paper will be published in due course.

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## **EXECUTIVE SUMMARY**

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1. This paper seeks to consult on the proposed amendments to the Listing Rules due to the Exchange's review of the requirements on the disclosure of financial information in Main Board Rules Appendix 16 and GEM Rules equivalent with reference to the new Companies Ordinance (Cap. 622) and Hong Kong Financial Reporting Standards.
2. This paper also seeks views on proposed Rule amendments unrelated to financial disclosure requirements that are consequential to the enactment of the new Companies Ordinance. In addition, this paper discusses several proposed Rule amendments relating to minor policy issues and a number of proposed housekeeping Rule amendments that involve no change in policy direction.
3. We highlight in this Consultation Paper the key Rule amendments in relation to the matters set out above.

### **Rule amendments relating to the disclosure of financial information**

4. We propose to amend specific aspects of the Main Board Rules including Main Board Rules Appendix 16, to:
  - (a) carry out consequential changes resulting from the new Companies Ordinance; and
  - (b) streamline disclosure requirements that are already required under Hong Kong Financial Reporting Standards.

#### *Changes resulting from the new Companies Ordinance*

5. The principle in Main Board Rules Appendix 16 in relation to disclosure of financial information has been that an issuer (whether or not it is incorporated in Hong Kong) should provide disclosures required under the Hong Kong Companies Ordinance. This principle maintains a level playing field for all issuers.
6. Currently, an issuer (whether or not it is incorporated in Hong Kong) shall include disclosures under the provisions of the predecessor Companies Ordinance (Cap. 32) specified in paragraph 28 of Main Board Rules Appendix 16. Those provisions are either included in new sections or repealed under the new Companies Ordinance. Therefore, consequential changes to align disclosures under the provisions of the new Companies Ordinance have to be made to paragraph 28 of Main Board Rules Appendix 16 to maintain a level playing field.

7. Full details of the proposed amendments are set out in Chapter I of this paper covering:
  - (a) disclosure provisions in the predecessor Companies Ordinance that are already captured in Main Board Rules Appendix 16 and aligning them with the provisions under the new Companies Ordinance; and
  - (b) disclosure provisions introduced in the new Companies Ordinance that apply to directors' reports or financial statements, including requirements for:
    - (i) a new Business Review section;
    - (ii) directors' names to be on a consolidated basis;
    - (iii) directors' interests to include transactions, arrangements or contracts;
    - (iv) permitted indemnity provisions;
    - (v) equity-linked agreements; and
    - (vi) reasons for a director resigning or not seeking re-appointment.

The key rationale of this exercise is to maintain a level playing field for all issuers and this is discussed in Chapter I.

*Streamlining of disclosure requirements that are already under Hong Kong Financial Reporting Standards*

8. Full details of the proposed amendments are set out in Chapter II of this paper covering:
  - (a) streamlining disclosure requirements of financial information;
  - (b) repealing the disclosure requirements in relation to financial conglomerates; and
  - (c) repealing Main Board Rules Appendix 15 in relation to "Bank Reporting".

The key rationale of this exercise is to remove duplications of disclosures and enhance clarity for all issuers and this is discussed in Chapter II.

*Other Rule amendments to enhance the Exchange's compliance and monitoring role relating to disclosure of financial information*

9. Full details of the proposed amendments are set out in Chapter III of this paper covering:
  - (a) the requirement for an issuer to make an announcement when the board of directors decides to revise its published financial statements;
  - (b) the requirement for an issuer to flag prior period adjustments due to correction of material errors in the results announcements and via a new headline category; and

- (c) references in Main Board Rules Appendix 16 to disclosures relating to periodic financial reports required in other parts of the Listing Rules.

The key rationale of this exercise is to enhance procedures relating to compliance and monitoring and this is discussed in Chapter III.

### **Rule amendments unrelated to the disclosure of financial information**

#### *Changes relating to the new Companies Ordinance*

10. We propose to amend the Listing Rules as appropriate in view of the provisions under the new Companies Ordinance. Cross-references to the Companies Ordinance in the Rules will be updated or replaced with references to the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) where appropriate.
11. The rationale for the proposed Rule amendments which require more than just an update of the cross-references is discussed in this paper. These relate to:
  - (a) notice periods for general meetings;
  - (b) nominal (par) value of shares;
  - (c) the company seal;
  - (d) share warrants to bearer;
  - (e) the memorandum;
  - (f) the definition of “holding company”; and
  - (g) the threshold value of securities represented by lost share certificates in relation to certificate replacement services.
12. These proposed Rule amendments are discussed in Chapter IV.

#### *Minor Rule amendments*

13. Chapter V sets out the proposed Rule amendments which involve minor policy issues covering the following areas:
  - (a) the disclosure of payment dates for dividends or other distributions by issuers;
  - (b) property valuation for connected transactions;
  - (c) the disclosure of directors’ interests in competing businesses in notifiable and/or connected transaction circulars; and
  - (d) delays in publication of financial results announcements.

*Housekeeping amendments which involve no change in policy direction*

14. In Chapter VI, we discuss several proposed housekeeping Rule amendments that do not involve questions of policy. The Exchange simply invites comments on the draft amendments with a view to ensuring that there are no ambiguities or unintended consequences arising from the manner in which the proposed Rule amendments have been drafted.

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## INTRODUCTION

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15. The Exchange reviews the Listing Rules from time to time to ensure that they address developments in the market and reflect international best practices, and also represent acceptable standards which help ensure investor confidence.

### **Rule amendments relating to the disclosure of financial information**

16. Main Board Rules Appendix 16 “Disclosure of financial information” and GEM Rules equivalent were developed many years ago. Given that a number of key developments have taken place since then in relation to disclosure of financial information, the Exchange considers that it is now timely to update the Listing Rules and consult the market. The two key recent developments on disclosure of financial information include:
  - (a) the new Companies Ordinance, Chapter 622 of the Laws of Hong Kong (“New Ordinance”)<sup>1</sup>, which came into effect from 3 March 2014; and
  - (b) extensive disclosure requirements in International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) which the Hong Kong Institute of Certified Public Accountants (“HKICPA”) adopts word for word as Hong Kong Financial Reporting Standards (“HKFRS”).

#### *Changes resulting from the new Companies Ordinance*

17. On 6 January 2014, the Companies Registry announced<sup>2</sup> the commencement of the New Ordinance with effect from 3 March 2014. This means the Companies Ordinance, Chapter 32 of the Laws of Hong Kong (“Predecessor Ordinance”), automatically becomes the Companies (Winding Up and Miscellaneous Provisions) Ordinance as from 3 March 2014 in accordance with section 2 of the New Ordinance and the provisions of the New Ordinance will apply in most cases instead<sup>3</sup>.

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<sup>1</sup> The New Ordinance can be accessed at the Companies Registry’s website at: [http://www.cr.gov.hk/en/companies\\_ordinance/companies\\_ordinance.htm](http://www.cr.gov.hk/en/companies_ordinance/companies_ordinance.htm).

<sup>2</sup> Companies Registry External Circular No.1/2014 “Commencement of the new Companies Ordinance (Cap. 622)” was published on 6 January 2014 and can be accessed at: <http://www.cr.gov.hk/en/publications/docs/ec1-2014-e.pdf>.

<sup>3</sup> The New Ordinance supersedes the majority of the Predecessor Ordinance. The exceptions are the provisions in the Predecessor Ordinance which relate to corporate insolvency, prospectuses and disqualification of directors, receivers and managers. These parts of the Predecessor Ordinance which are not covered by the New Ordinance will continue to remain in force for the time being under the new title of the “Companies (Winding up and Miscellaneous Provisions) Ordinance”. The details of this change can be found in Schedule 9 to the New Ordinance.

18. The New Ordinance aims to modernise Hong Kong’s company law and further enhance its corporate governance and status as a major international business and financial center. Part 9 “Accounts and Audit” of the New Ordinance comes into effect for the first financial reporting year beginning on or after 3 March 2014, the commencement date of the New Ordinance. Accordingly, the first year-ends to be impacted will be those falling in 2015. For example, for those companies with a financial year starting from 1 April 2014, the New Ordinance will first impact the financial statements and directors’ reports for the year ending on 31 March 2015.
19. For mapping of sections in the Predecessor Ordinance and sections in the New Ordinance, the Companies Registry published:
- (a) “New Companies Ordinance – Table of Origin”<sup>4</sup>, which sets out section by section where the sections in the New Ordinance come from; and
  - (b) “From Companies Ordinance (Cap.32) to New Companies Ordinance – Table of Destination”<sup>5</sup>, which sets out whether the sections in the Predecessor Ordinance have been carried forward into the New Ordinance and if so, to where.
20. The New Ordinance gives statutory backing to HKFRS issued or specified by the HKICPA. The reasons for streamlining disclosure requirements applicable to financial statements in the New Ordinance as disclosed in paragraph 7.3 of the consultation document, “Subsidiary Legislation for Implementation of the New Companies Ordinance – Phase One”<sup>6</sup>, issued by Financial Services and the Treasury Bureau (“FSTB”) and the Companies Registry in September 2012 were:

*“As accounting practices and requirements are constantly evolving in line with international developments, the disclosure requirements applicable to financial statements will be streamlined under the new CO regime. Specifically, to avoid potential conflict between Schedule 10 in the present CO and HKFRSs (and between Schedule 11 in the present CO and SME-FRS), both Schedules will be repealed while the reporting standards issued by the HKICPA will be given indirect statutory recognition through section 380(4)(b) and 380(8) of the new CO, which stipulates that the financial statements of a company must comply with the applicable statements of standard accounting practices (“accounting standards”) issued or specified by a body prescribed by subsidiary legislation*

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<sup>4</sup> “New Companies Ordinance – Table of Origin” can be accessed at the Companies Registry’s website at: [http://www.cr.gov.hk/en/companies\\_ordinance/docs/reference-table\\_01-e.pdf](http://www.cr.gov.hk/en/companies_ordinance/docs/reference-table_01-e.pdf).

<sup>5</sup> “From Companies Ordinance (Cap.32) to New Companies Ordinance – Table of Destination” can be accessed at the Companies Registry’s website at: [http://www.cr.gov.hk/en/companies\\_ordinance/docs/reference-table\\_02-e.pdf](http://www.cr.gov.hk/en/companies_ordinance/docs/reference-table_02-e.pdf).

<sup>6</sup> The consultation paper “Subsidiary Legislation for Implementation of the New Companies Ordinance – Phase One” can be accessed at the Companies Registry’s website at: [http://www.cr.gov.hk/en/publications/docs/092012\\_Consultation\\_full-e.pdf](http://www.cr.gov.hk/en/publications/docs/092012_Consultation_full-e.pdf).

*(i.e. the HKICPA). This displaces the need to stipulate the detailed disclosure requirements for financial statements in our legislation.”*

21. To enhance disclosures in annual financial statements of all issuers, the Exchange imposed the Listing Rule requirements in September 1994 that an issuer (whether or not it is incorporated in Hong Kong) is required to comply with the disclosure provisions of the Hong Kong Companies Ordinance (i.e. the Predecessor Ordinance). Currently, the requirement is specified in paragraph 28 of Main Board Rules Appendix 16. As the Predecessor Ordinance has been replaced by the New Ordinance, the relevant Listing Rule provisions will need to be updated accordingly.
22. Chapter I sets out the consequential updates and enhancements to disclosures required in the Listing Rules resulting from the New Ordinance. Disclosure requirements under the Predecessor Ordinance have been either moved to a new section or repealed under the New Ordinance. The references to the Predecessor Ordinance contained in Main Board Rules Appendix 16 have to be aligned consequentially. Moreover, there are enhancements in the New Ordinance that lead to additional disclosures required.
23. We propose to align the references to the Predecessor Ordinance contained in Main Board Rules Appendix 16 to the New Ordinance, where appropriate. The proposed amendments to the disclosures required under paragraph 28 of Main Board Rules Appendix 16 are discussed in Chapter I.

*Streamlining of disclosure requirements that are already under Hong Kong Financial Reporting Standards*

24. Chapter II sets out the need to remove duplications of disclosure requirements of financial information that are already covered by accounting standards. The IASB and the HKICPA update the accounting standards from time to time and there are substantial new and revised accounting standards that have been issued in recent years. The Exchange considers that it is now an opportunity to streamline the disclosure requirements of financial information in the Listing Rules with reference to HKFRS to avoid duplication.
25. In addition, the Exchange has taken this opportunity to review Main Board Rules Appendix 15 “Bank Reporting”. Given that the banking industry is regulated by the Hong Kong Monetary Authority (“HKMA”) under the Banking Ordinance, Chapter 155 of the Laws of Hong Kong and listed banking companies are required under current Listing Rules to comply with the regulations in relation to the contents of financial reports issued by the HKMA, the Exchange proposes to repeal Main Board Rules Appendix 15 to avoid duplication with disclosure requirements imposed by the HKMA and relevant accounting standards. This is also set out in Chapter II.

*Other Rule amendments to enhance the Exchange's compliance and monitoring role relating to disclosure of financial information*

26. In Chapter III, we propose to make the following additional Rule amendments in order to enhance our compliance and monitoring role relating to disclosure of financial information:
- (a) require an issuer to make an announcement when the board of directors decides to revise its published financial statements. The Exchange proposes to create a new headline category to flag “Revision of Published Financial Statements”;
  - (b) require an issuer to disclose in the results announcements prior period adjustments due to correction of material errors. The Exchange proposes to create a new headline category to flag “Prior Period Adjustments due to Correction of Material Errors”; and
  - (c) provide references in Main Board Rules Appendix 16 to disclosures relating to periodic financial reports required in other parts of the Listing Rules.

**Rule amendments unrelated to the disclosure of financial information**

*Changes relating to the new Companies Ordinance*

27. Apart from Main Board Rules Appendix 16, references to the Predecessor Ordinance contained in other provisions of the Main Board Rules have to be aligned consequentially. Chapter IV discusses the proposed Rule amendments that require more than just an update of the cross-references.

*Minor Rule amendments*

28. In an effort to maximise the efficiency with which we consult the market, Chapter V sets out the following proposed Rule amendments relating to minor policy issues upon which we seek market input:
- (a) require that an issuer’s announcement of the board decision on any dividend or other distribution must include the expected payment date of the dividend or other distribution;
  - (b) clarify that a property valuation is required for the circular of any connected transaction that involves an acquisition or disposal of any property interest or property company;
  - (c) remove the requirement to disclose information about competing interests of directors of the issuer’s subsidiaries and their close associates in transaction circulars; and

- (d) include a new GEM Rule to set out a requirement similar to that of Main Board Rule 13.50 in relation to trading suspension for issuers that fail to publish their financial results announcement.

*Housekeeping amendments which involve no change in policy direction*

- 29. In Chapter VI, we discuss a number of proposed housekeeping Rule amendments that do not involve questions of policy. The policy direction for these issues is not in question and there is intended to be no change in existing policy. The proposed housekeeping amendments are straightforward, and intend to improve the clarity of the Listing Rules and/or remove outdated references or requirements.

*General*

- 30. A draft of the proposed Rule amendments relating to the matters discussed above is set out in Appendices I to VI.
- 31. We have conducted preliminary discussions with interested groups on the Rule requirements and some of our proposals. We thank them for sharing with us their views and suggestions in this exercise.
- 32. We will publish a consultation conclusions paper after the consultation period. We will carefully consider all public comments received by 24 October 2014. Revisions reflecting comments will be incorporated into the draft amendments to the Listing Rules.
- 33. Unless otherwise specified, the Rule references referred to in this paper apply to both the Main Board Rules and the GEM Rules. Whilst this paper focuses on the Main Board Rules, it applies equally to the GEM Rules. We will make equivalent amendments to the GEM Rules (to the extent that equivalent GEM Rules exist). Unless otherwise specified, HKFRS and their paragraph numbers referred to in this paper correspond to those in IFRS.

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**CHAPTER I: PROPOSED RULE AMENDMENTS TO ALIGN THE REQUIREMENTS FOR DISCLOSURE OF FINANCIAL INFORMATION IN MAIN BOARD RULES APPENDIX 16 AND GEM RULES EQUIVALENT WITH REFERENCE TO THE DISCLOSURE PROVISIONS IN THE NEW COMPANIES ORDINANCE**

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**Disclosures required under paragraph 28 of Main Board Rules Appendix 16**

Issue and current position

34. Currently, an issuer (whether or not it is incorporated in Hong Kong) shall include disclosures under the provisions of the Predecessor Ordinance specified in paragraph 28 of Main Board Rules Appendix 16. This is based on the principle of maintaining a level playing field for all issuers established in Main Board Rules Appendix 16. The provisions of the Predecessor Ordinance stated in paragraph 28 of Main Board Rules Appendix 16 are either included in new sections or repealed under the New Ordinance. Therefore, consequential changes to disclosures under the provisions of the New Ordinance will be made in paragraph 28 of Main Board Rules Appendix 16.
35. The Exchange released on 21 February 2014 its “Frequently Asked Questions Series 26 - Questions relating to the new Companies Ordinance (“New CO”) and its impact on issuers (Effective 3 March 2014)”<sup>7</sup> (the “FAQ”).
36. In the FAQ, we indicated that all issuers (whether or not they are incorporated in Hong Kong) should include disclosures by reference to the provisions under the New Ordinance (if any) which are equivalent to those under the Predecessor Ordinance. To the extent that those new provisions increase the disclosure requirements beyond those under the Predecessor Ordinance, non-Hong Kong incorporated issuers are encouraged to comply with those requirements under the New Ordinance.
37. We explain below how the disclosure requirements for financial information under the Listing Rules would need to be amended to align with the provisions in the New Ordinance.

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<sup>7</sup> The FAQ can be accessed at the Exchange website at:  
[http://www.hkex.com.hk/eng/rulesreg/listrules/listrulesfaq/Documents/FAQ\\_26.pdf](http://www.hkex.com.hk/eng/rulesreg/listrules/listrulesfaq/Documents/FAQ_26.pdf)

38. The provisions of the Predecessor Ordinance included in paragraph 28 of Main Board Rules Appendix 16 for an issuer (whether or not it is incorporated in Hong Kong) are:
- (1) The Tenth Schedule;
  - (2) S128 (details of subsidiaries);
  - (3) S129 (details of investments);
  - (4) S129A (details of ultimate holding company);
  - (5) S129D (contents of directors' report);
  - (6) S161 (directors' remuneration);
  - (7) S161A (corresponding figures);
  - (8) S161B (loans to company officers);
  - (9) S162 (directors' interests in contracts); and
  - (10) S162A (management contracts).
39. We set out below a table mapping the provisions of the Predecessor Ordinance to the provisions of the New Ordinance based on the Table of Destination published by the Companies Registry.

<b>Main Board Rules</b>	<b>Predecessor Ordinance</b>	<b>New Ordinance</b>
A16.28(1)	Tenth Schedule (Accounts)	Schedule 4 Part 1 Section 1 (Aggregate amount of authorized loans), Schedule 4 Part 2 Section 1 (Remuneration of auditor)
A16.28(2)	Section 128 (Particulars to be shown in company's accounts in relation to subsidiaries)	No equivalent Repealed by the New Ordinance
A16.28(3)	Section 129 (Particulars to be shown in company's accounts in relation to companies not being subsidiaries whose shares it holds)	No equivalent Repealed by the New Ordinance

<b>Main Board Rules</b>	<b>Predecessor Ordinance</b>	<b>New Ordinance</b>
A16.28(4)	Section 129A (Particulars to be shown in subsidiary company's accounts in relation to its ultimate parent undertaking)	Schedule 4 Part 1 Section 3 (Subsidiary's financial statements must contain particulars of ultimate parent undertaking)
A16.28(5)	Section 129D (Directors' report to be attached to balance sheet)	Sections 383 (Notes to financial statements to contain information on directors' emoluments etc.), 388 (Directors must prepare directors' report), 389 (Provisions supplementary to Section 388), 390 (Contents of directors' report: general), 391 (Directors' report to be approved and signed), 452(3)* (Financial Secretary may make other regulations), Companies (Directors' Report) Regulation, Companies (Disclosure of Information about Benefits of Directors) Regulation
A16.28(6)	Section 161 (Particulars in accounts of directors' emoluments, pensions, etc.)	Sections 383 (Notes to financial statements to contain information on directors' emoluments etc.), 407(4)* (Auditor's opinion on other matters), 452(2)* (Financial Secretary may make other regulations), Companies (Disclosure of Information about Benefits of Directors) Regulation
A16.28(7)	Section 161A (Statements annexed to accounts showing certain items to include corresponding amounts for preceding financial year)	Section 452(2)* (Financial Secretary may make other regulations), Companies (Disclosure of Information about Benefits of Directors) Regulation
A16.28(8)	Section 161B (Particulars in accounts of loans to officers, etc.)	Sections 383 (Notes to financial statements to contain information on directors' emoluments etc.), 407(4)* (Auditor's opinion on other matters), 451* (Financial Secretary may make regulation regarding disclosures of certain

Main Board Rules	Predecessor Ordinance	New Ordinance
		information), 452(2)* (Financial Secretary may make other regulations), Companies (Disclosure of Information about Benefits of Directors) Regulation
A16.28(9)	Section 162 (Disclosure by directors of material interests in contracts)	Sections 536 (Director must declare material interests), 537* (Declaration to directors: timing), 538* (Declaration to directors: procedures), 542* (Offence)
A16.28(10)	Section 162A (Special provision relating to management contracts)	Sections 543 (Disclosure of management contract), 544* (Right of member to inspect and request copy)

\* Provisions under the New Ordinance are included according to the Table of Destination published by the Companies Registry but these are not related to the disclosure requirements in the proposed amendments to paragraph 28 of Main Board Rules Appendix 16.

We explain below the implications on the Listing Rules of each of the mapping to the New Ordinance.

***A16.28(1) - Tenth Schedule (Accounts) of the Predecessor Ordinance replaced by Schedule 4 of the New Ordinance***

40. In the consultation paper “Consultation on Accounting and Auditing Provisions”<sup>8</sup> published by the FSTB in March 2007, the Joint Government/HKICPA Working Group to Review the Accounting and Auditing Provisions of the Companies Ordinance set out its recommendation in paragraph 8.5 that only a few disclosure requirements in the Tenth Schedule of the Predecessor Ordinance that are not covered by the HKFRS but have a significant public interest or corporate governance dimension should be retained. The rest of the disclosure requirements of the Tenth Schedule of the Predecessor Ordinance are repealed and the reasons set out in paragraph 8.1 of the consultation paper are as follows:

<sup>8</sup> The consultation paper “Consultation on Accounting and Auditing Provisions” published by the FSTB on 29 March 2007 can be accessed at: [http://www.cr.gov.hk/en/publications/docs/consultpaper\\_e.pdf](http://www.cr.gov.hk/en/publications/docs/consultpaper_e.pdf).

*“... the Tenth Schedule of the CO comprises a detailed list of disclosure requirements as to the contents of the balance sheet and profit and loss account. The Schedule was first added to the CO in 1974 before the then HKSA had started to promulgate accounting standards. While the Tenth Schedule has been amended over the years, it has not been able to keep pace with the very significant developments in financial reporting, which are reflected in the HKFRSs, and is now significantly out of date. In this respect, it is estimated that approximately 75% of the disclosure requirements in the HKFRSs are not found in the Tenth Schedule. Furthermore, the HKFRSs contain an extensive set of recognition and measurement criteria as well as disclosure requirements whereas the Tenth Schedule contains only disclosure requirements.”*

41. The Tenth Schedule of the Predecessor Ordinance sets out a list of specific items which should be disclosed in any given set of financial statements, covering a range of matters relating to the balance sheet and profit and loss account. This has been replaced by Schedule 4 of the New Ordinance, which contains only five items instead of the long list of specific items, given that majority of those items are now already in HKFRS. The five items are as follows:
  - (a) Part 1 Section 1 “Aggregate amount of authorized loans” (discussed below in paragraph 43);
  - (b) Part 1 Section 2 “Statement of financial position to be contained in notes to annual consolidated financial statements” (discussed below in paragraph 44);
  - (c) Part 1 Section 3 “Subsidiary’s financial statements must contain particulars of ultimate parent undertaking” (in A16.28(4) and discussed below in paragraph 49);
  - (d) Part 1 Section 4 “Compliance with applicable accounting standards” (discussed below in paragraph 45); and
  - (e) Part 2 Section 1 “Remuneration of auditor” (discussed below in paragraph 46).
42. Of the items in Schedule 4 of the New Ordinance, the Companies Registry has mapped the Tenth Schedule of the Predecessor Ordinance to the provisions in paragraphs 41(a) and 41(e) above only. The term “turnover” in the Tenth Schedule of the Predecessor Ordinance has been repealed under the New Ordinance. We therefore propose a consequential update to the Listing Rules to replace the term “turnover”, being the revenue arising from a company’s principal activities, with “revenue”.

43. In relation to paragraph 41(a) above, Schedule 4 Part 1 Section 1 “Aggregate amount of authorized loans” of the New Ordinance requires that the financial statements disclose the aggregate amount of outstanding loans made during the financial year to eligible employees to enable them to buy shares in the company. This disclosure requirement is brought forward from paragraph 9(1)(c) of the Tenth Schedule of the Predecessor Ordinance. This disclosure requirement will be included in the revised paragraph 28 of Main Board Rules Appendix 16 applicable to all issuers (whether or not they are incorporated in Hong Kong).
44. In relation to paragraph 41(b) above, Schedule 4 Part 1 Section 2 “Statement of financial position to be contained in notes to annual consolidated financial statements” of the New Ordinance states that if a group produces consolidated financial statements, the following must be included in the notes to the consolidated financial statements:
- (a) the holding company’s statement of financial position for the financial year; and
  - (b) a note disclosing the movement in the holding company’s reserves.

This requirement replaces the requirement in section 123(1) of the Predecessor Ordinance to include a company-level balance sheet as a primary statement, which shall give a true and fair view of the state of affairs of the company. This disclosure requirement is not part of the existing paragraph 28 of Main Board Rules Appendix 16, but is very useful financial information for users of financial statements. This disclosure requirement will be included in the revised paragraph 28 of Main Board Rules Appendix 16 applicable to all issuers (whether or not they are incorporated in Hong Kong).

45. In relation to paragraph 41(d) above, Schedule 4 Part 1 Section 4 “Compliance with applicable accounting standards” of the New Ordinance requires that the financial statements must state whether they have been prepared in accordance with the applicable accounting standards and, if they have not been so prepared, must state the particulars of, and the reasons for, any material departure from those standards. Although this is a new requirement under the New Ordinance, it is consistent with existing practice due to similar requirements to disclose a statement of compliance contained in paragraph 16 of HKAS 1 “Presentation of Financial Statements” and paragraph 5 of Main Board Rules Appendix 16.
46. In relation to paragraph 41(e) above, Schedule 4 Part 2 Section 1 “Remuneration of auditor” of the New Ordinance requires that the company’s financial statements must state under a separate heading the amount of the remuneration of the auditor. This disclosure requirement is brought forward from paragraph 15 of the Tenth Schedule of the Predecessor Ordinance. This disclosure requirement will be included in the revised paragraph 28 of Main Board Rules Appendix 16 applicable to all issuers (whether or not it is incorporated in Hong Kong).

***A16.28(2) - Repeal of section 128 (Particulars to be shown in company's accounts in relation to subsidiaries) of the Predecessor Ordinance***

47. Section 128 of the Predecessor Ordinance concerning details of subsidiaries has been repealed. As the existing paragraph 9 of Main Board Rules Appendix 16 already requires the basic information of every subsidiary and particulars of the issued share capital and debt securities of every subsidiary to be disclosed in an issuer's financial statements, we will not include this requirement in the revised paragraph 28 of Main Board Rules Appendix 16.

***A16.28(3) – Repeal of section 129 (Particulars to be shown in company's accounts in relation to companies not being subsidiaries whose shares it holds) of the Predecessor Ordinance***

48. Section 129 of the Predecessor Ordinance concerning details of investments has been repealed. As similar disclosure requirements are provided in HKFRS 7 “Financial Instruments: Disclosures” and HKFRS 12 “Disclosures of Interests in Other Entities”, we will not include this requirement in the revised paragraph 28 of Main Board Rules Appendix 16.

***A16.28(4) - Section 129A (Particulars to be shown in subsidiary company's accounts in relation to its ultimate parent undertaking) of the Predecessor Ordinance replaced by Schedule 4 Part 1 Section 3 of the New Ordinance***

49. This disclosure requirement has been brought forward from section 129A(1) of the Predecessor Ordinance to Schedule 4 Part 1 Section 3 of the New Ordinance. It requires that if at the end of the financial year the company is a subsidiary of another company, it must disclose the name of the parent company and the parent company's country of incorporation (if the parent company is a body corporate) or the address of its principal place of business (if the parent company is not a body corporate). This disclosure requirement will be included in the revised paragraph 28 of Main Board Rules Appendix 16 applicable to all issuers (whether or not they are incorporated in Hong Kong).

***A16.28(5) - Section 129D (Directors' report to be attached to balance sheet) of the Predecessor Ordinance replaced by sections 383, 388, 389, 390, 391, Schedule 5 of the New Ordinance, Companies (Directors' Report) Regulation, and Companies (Disclosure of Information about Benefits of Directors) Regulation***

50. Regulations in the form of subsidiary legislation have been introduced in the New Ordinance. As set out in a footnote to paragraph 1.6 of the consultation paper “Second Public Consultation on Companies Ordinance Rewrite”<sup>9</sup> published by the FSTB on 2 April 2008, detailed requirements are contained in subsidiary legislation (e.g. Companies (Directors' Report) Regulation and Companies (Disclosure of Information about Benefits of Directors) Regulation)

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<sup>9</sup> The consultation paper “Second Public Consultation on Companies Ordinance Rewrite” published by the FSTB on 2 April 2008 can be accessed at: [http://www.cr.gov.hk/en/publications/docs/042008\\_brief-e.pdf](http://www.cr.gov.hk/en/publications/docs/042008_brief-e.pdf).

to facilitate the regular updating of the law in the future, if necessary. The principal requirements to provide information are placed in the body of the New Ordinance.

51. As shown in the table in paragraph 39 above, the requirements relating to the directors' report, previously located in section 129D of the Predecessor Ordinance, are now reflected in the New Ordinance under:
  - (a) Sections 383, 388 to 391;
  - (b) Schedule 5 "Contents of Directors' Report: Business Review";
  - (c) Companies (Directors' Report) Regulation; and
  - (d) Companies (Disclosure of Information about Benefits of Directors) Regulation.
  
52. Most of the disclosure requirements in section 129D of the Predecessor Ordinance have been carried forward to the New Ordinance. In addition, to enhance corporate governance and transparency, the scope of disclosure in the New Ordinance has been expanded to introduce the following requirements for the contents of the directors' report:
  - (a) a new business review section is required to be included in the directors' report (discussed below in paragraphs 53 to 56);
  - (b) the names of all the directors in the group are required to be disclosed in a consolidated directors' report, and the disclosure should extend to the date of approving the directors' report (discussed below in paragraph 57);
  - (c) disclosure of significant transactions, arrangements or contracts entered into by the company, where a director has a material interest, has been relocated to the financial statements (as discussed below in paragraph 58; there are also consequential amendments required to paragraph 15 of Main Board Rules Appendix 16 which are discussed below in paragraphs 67 and 68);
  - (d) new disclosure requirements in respect of permitted indemnity provisions (discussed below in paragraphs 59 and 60);
  - (e) new disclosure requirements in respect of equity-linked agreements (discussed below in paragraphs 61 and 62); and
  - (f) new disclosure requirements in respect of reasons for a director resigning or not seeking re-appointment (discussed below in paragraph 63).

## Business review

53. In relation to paragraph 52(a) above, a business review that complies with Schedule 5 of the New Ordinance is required to be included in the directors' report.
54. The following sets out the requirements of Schedule 5 of the New Ordinance:
- "1. A directors' report for a financial year must contain a business review that consists of-*
- (a) a fair review of the company's business;*
  - (b) a description of the principal risks and uncertainties facing the company;*
  - (c) particulars of important events affecting the company that have occurred since the end of the financial year; and*
  - (d) an indication of likely future development in the company's business.*
- 2. To the extent necessary for an understanding of the development, performance or position of the company's business, a business review must include-*
- (a) an analysis using financial key performance indicators;*
  - (b) a discussion on-*
    - (i) the company's environmental policies and performance; and*
    - (ii) the company's compliance with the relevant laws and regulations that have a significant impact on the company; and*
  - (c) an account of the company's key relationships with its employees, customers and suppliers and others that have a significant impact on the company and on which the company's success depends.*
- 3. This Schedule does not require the disclosure of any information about impending developments or matters in the course of negotiation if the disclosure would, in the directors' opinion, be seriously prejudicial to the company's interests.*
- 4. This Schedule has effect in relation to a directors' report required to be prepared under section 388(2) [i.e. a consolidated directors' report] as if a reference to the company were a reference to:*
- (a) the company; and*

(b) *the subsidiary undertakings included in the annual consolidated financial statements for the financial year.*

5. *In this Schedule-*

***key performance indicators*** (關鍵表現指標) *means factors by reference to which the development, performance or position of the company's business can be measured effectively.”*

This disclosure is required to be made in the directors' report. This disclosure requirement will be included in the revised paragraph 28 of Main Board Rules Appendix 16 applicable to all issuers (whether or not they are incorporated in Hong Kong).

55. There are mandatory disclosures under paragraph 32 of Main Board Rules Appendix 16 that require an issuer to include in its annual report a discussion and analysis of the group's performance during the financial year and the material factors underlying its results and financial position. These disclosures will be retained in addition to a business review in the directors' report.
56. There are three disclosure items in Schedule 5 of the New Ordinance similar to the recommended additional disclosures set out in paragraph 52 of Main Board Rules Appendix 16. They are:
- (a) Schedule 5 section 1(b) of the New Ordinance requires “*a description of the principal risks and uncertainties facing the company*”, which is similar to “*a discussion on business risks (including known events, uncertainties and other factors which may substantially affect future performance) and risks management policy*” under paragraph 52(v) of Main Board Rules Appendix 16;
  - (b) Schedule 5 section 2(b) of the New Ordinance requires “*a discussion on—(i) the company's environmental policies and performance; and (ii) the company's compliance with the relevant laws and regulations that have a significant impact on the company*”, which is similar to “*a discussion on the listed issuer's environmental policies and performance, including compliance with the relevant laws and regulations*” under paragraph 52(vi) of Main Board Rules Appendix 16; and
  - (c) Schedule 5 section 2(c) of the New Ordinance requires “*an account of the company's key relationships with its employees, customers and suppliers and others that have a significant impact on the company and on which the company's success depends*”, which is similar to “*an account of the listed issuer's key relationships with employees, customers, suppliers and others, on which its success depends*” under paragraph 52(viii) of Main Board Rules Appendix 16.

We propose to remove these duplications in paragraph 52 of Main Board Rules Appendix 16.

### Directors' names

57. As mentioned in paragraph 52(b) above, if an issuer prepares consolidated financial statements, section 390 of the New Ordinance requires that the names of any persons who are or were directors of the issuer as well as those who are or were directors of any of its subsidiaries included in the issuer's consolidated financial statements have to be disclosed. The disclosure should extend to the date of approving the directors' report. This disclosure is required to be provided in the directors' report. This disclosure requirement will be included in the revised paragraph 28 of Main Board Rules Appendix 16 applicable to all issuers (whether or not they are incorporated in Hong Kong).

### Directors' interests in transactions, arrangements or contracts

58. In relation to paragraph 52(c) above, the details of the changes in disclosure requirements are discussed under the sub-heading "A16.28(9) – Section 162 (Disclosure by directors of material interests in contracts) of Predecessor Ordinance replaced by section 536 of the New Ordinance" in paragraphs 67 and 68 below. This disclosure requirement will be included in the revised paragraph 28 of Main Board Rules Appendix 16 applicable to all issuers (whether or not they are incorporated in Hong Kong).

### Permitted indemnity provisions

59. In relation to paragraph 52(d) above, a permitted indemnity provision is defined under section 467 of the New Ordinance as:

*“permitted indemnity provision (獲准許的彌償條文), in relation to a company, means a provision that—*

- (a) provides for indemnity against liability incurred by a director of the company to a third party; and*
- (b) meets the requirements specified in section 469(2);”*

60. Under section 470 of the New Ordinance and section 9 of the Companies (Directors' Report) Regulation, the directors' report needs to disclose the fact a permitted indemnity provision is, or was, in force. This disclosure requirement will be included in the revised paragraph 28 of Main Board Rules Appendix 16 applicable to all issuers (whether or not they are incorporated in Hong Kong).

### Equity-linked agreements

61. In relation to paragraph 52(e) above, new disclosure requirements in respect of "equity-linked agreements" have been introduced under section 6 of the Companies (Directors' Report) Regulation. Equity-linked agreement is defined under section 6(3) of the Companies (Directors' Report) Regulation as follows:

**“equity-linked agreement (股票掛鈎協議)—**

*(a) means—*

- (i) an agreement that will or may result in the company issuing shares; or*
- (ii) an agreement requiring the company to enter into the agreement specified in subparagraph (i); and*

*(b) includes—*

- (i) an option to subscribe for shares;*
- (ii) an agreement for the issue of securities that are convertible into, or entitle the holder to subscribe for, shares in the company;*
- (iii) an employee share scheme; and*
- (iv) a share option scheme; but*

*(c) does not include—*

- (i) an agreement to subscribe for shares in a company that is entered into pursuant to the company’s offer of its shares to the public; and*
- (ii) an agreement to subscribe for shares in a company that is entered into pursuant to an offer made to the members of the company in proportion to their shareholdings;”*

62. Sections 5 and 5A of the Companies (Directors’ Report) Regulation brought forward the requirement to disclose in the directors’ report the reason for issuing any shares or debentures during the financial year, the classes of shares or debentures issued, the number of shares or the amount of debentures issued and the consideration received. The New Ordinance now extends to cover equity-linked agreements entered into by the issuer during the financial year. This disclosure is required to be provided in the directors’ report. This disclosure requirement will be included in the revised paragraph 28 of Main Board Rules Appendix 16 applicable to all issuers (whether or not they are incorporated in Hong Kong).

#### Reasons for a director resigning or not seeking re-appointment

63. In relation to paragraph 52(f) above, section 8 of the Companies (Directors’ Report) Regulation introduces a new disclosure requirement which applies if a director of a company has resigned or refused to seek re-election during a financial year to disclose reasons relating to the affairs of the company. This disclosure is required to be provided in the directors’ report. This disclosure requirement will be included in the revised paragraph 28 of Main Board Rules Appendix 16 applicable to all issuers (whether or not they are incorporated in Hong Kong).

***A16.28(6) - Section 161 (Particulars in accounts of directors' emoluments, pensions, etc.) of the Predecessor Ordinance replaced by section 383 of the New Ordinance and Companies (Disclosure of Information about Benefits of Directors) Regulation***

64. The detailed disclosure requirements relating to the disclosure of directors' emoluments set out in section 161 of the Predecessor Ordinance have been brought forward and included in the Companies (Disclosure of Information about Benefits of Directors) Regulation. This is referred to under section 383(1)(a) to (c) and (f) of the New Ordinance, as being information relating to directors which must be included in the notes to the annual financial statements. This disclosure requirement will be retained in the revised paragraph 28 of Main Board Rules Appendix 16 applicable to all issuers (whether or not they are incorporated in Hong Kong).

***A16.28(7) - Section 161A (Statements annexed to accounts showing certain items to include corresponding amounts for preceding financial year) of the Predecessor Ordinance replaced by section 9(2) of Companies (Disclosure of Information about Benefits of Directors) Regulation***

65. Where an item required by section 161 (directors' remuneration) of the Predecessor Ordinance to be shown in a company's financial statements is in the case of a financial year, the corresponding figures are required. This is now required under section 9(2) of the Companies (Disclosure of Information about Benefits of Directors) Regulation. This disclosure is required to be shown in the notes to the financial statements. This disclosure requirement will be retained in the revised paragraph 28 of Main Board Rules Appendix 16 applicable to all issuers (whether or not they are incorporated in Hong Kong).

***A16.28(8) - Section 161B (Particulars in accounts of loans to officers, etc.) of the Predecessor Ordinance replaced by section 383 of the New Ordinance and Companies (Disclosure of Information about Benefits of Directors) Regulation***

66. Section 383(1)(d) of the New Ordinance relates to disclosures of loans, quasi-loans and credit transactions (guarantees) covered by section 161B of the Predecessor Ordinance. The detailed disclosure requirements of the sections under the Predecessor Ordinance have been brought forward and mainly restated in the Companies (Disclosure of Information about Benefits of Directors) Regulation. This disclosure is required to be shown in the notes to the financial statements. This disclosure requirement will be included in the revised paragraph 28 of Main Board Rules Appendix 16 applicable to all issuers (whether or not they are incorporated in Hong Kong).

***A16.28(9) - Section 162 (Disclosure by directors of material interests in contracts) of Predecessor Ordinance replaced by section 536 of the New Ordinance***

67. Section 162 of the Predecessor Ordinance requires a director that has a material interest, directly or indirectly, in a contract or proposed contract with the company which is of significance to the company's business, to disclose to the board of directors the nature of such interest. Section 536 of the New Ordinance restates the provisions of section 162 of the Predecessor Ordinance but widens the ambit of the section to include disclosure of "transactions" and "arrangements" instead of just "contracts". The disclosure requirement for material interests of directors in transactions, arrangements or contracts is set out in section 383(1)(e) of the New Ordinance. Accordingly, paragraph 15 of Main Board Rules Appendix 16 will be amended consequentially to align with sections 383(1)(e) and 536 of the New Ordinance.
68. In this regard, the New Ordinance has made the following key modifications:
- (a) the concept of "contract of significance" has been expanded to "a transaction, arrangement or contract" that is significant in relation to the company's business; and
  - (b) the location of the disclosures has been separated as follows:
    - (i) in relation to a "transaction, arrangement or contract" that involves the company, it would be under section 383(1)(e) of the New Ordinance (included in revised paragraph 28(1)(a) of Main Board Rules Appendix 16) and in accordance with section 22 of the Companies (Disclosure of Information about Benefits of Directors) Regulation (included in revised paragraph 28(1)(c) of Main Board Rules Appendix 16), which require the information to be disclosed in the notes to the financial statements; and
    - (ii) in relation to a "transaction, arrangement or contract" that involves the company's parent, subsidiary or fellow subsidiary, then it would be under section 10 of the Companies (Directors' Report) Regulation (included in revised paragraph 28(2)(e) of Main Board Rules Appendix 16), which requires the information to be disclosed in the directors' report.

Accordingly, the disclosures will need to be provided in the notes to the financial statements and/or the directors' report as explained above. This disclosure requirement will be included in the revised paragraph 28 of Main Board Rules Appendix 16 applicable to all issuers (whether or not they are incorporated in Hong Kong).

***A16.28(10) - Section 162A (Special provision relating to management contracts) of the Predecessor Ordinance replaced by section 543 of the New Ordinance***

69. Under section 162A of the Predecessor Ordinance, if a company enters into any contract (other than contracts of services with directors or other full-time employees of the company) whereby any individual, firm or body corporate undertakes the management and administration of the whole or any substantial part of the business of the company, then the existence and duration of the contract, and the name of any director interested in the contract, shall be disclosed in the directors' report for any year that the contract is in force. This requirement has been restated in section 543(2) of the New Ordinance. This disclosure requirement will be included in the revised paragraph 28 of Main Board Rules Appendix 16 applicable to all issuers (whether or not they are incorporated in Hong Kong).

Proposals

70. We intend to update the proposed paragraph 28 to Main Board Rules Appendix 16 as follows:

An issuer (whether or not it is incorporated in Hong Kong) shall include disclosures required under the following provisions of the New Ordinance and subsidiary legislations:

(1) in financial statements

- (a) Section 383 - Notes to financial statements to contain information on directors' emoluments etc.;
- (b) Schedule 4 - Accounting Disclosures; and
- (c) Companies (Disclosure of Information about Benefits of Directors) Regulation; and

(2) in directors' report

- (a) Section 390 - Contents of directors' report: general;
- (b) Section 470 - Permitted indemnity provision to be disclosed in directors' report;
- (c) Section 543 - Disclosure of management contract;
- (d) Schedule 5 - Content of Directors' Report: Business Review; and
- (e) Companies (Directors' Report) Regulation.

Directors are also required to prepare directors' reports in accordance to section 388 of the New Ordinance and the directors' reports must be approved and signed in accordance to section 391 of the New Ordinance.

71. We propose to set out the disclosure requirements for the business review in the directors' report required under Schedule 5 of the New Ordinance in paragraph 28A to Main Board Rules Appendix 16.
72. We also propose to amend paragraph 15 of Main Board Rules Appendix 16 to align with sections 383(1)(e) and 536 of the New Ordinance.
73. The term "turnover", being the revenue arising from a company's principal activities, is proposed to be updated to "revenue" in the Listing Rules.

### **Consultation Question**

If you respond to the following consultation question, please give reasons for your views.

*Question 1: Do you agree that all issuers (whether or not they are incorporated in Hong Kong) should include disclosures under the provisions of the New Ordinance which reflect alignment of those provisions of the Predecessor Ordinance captured in Main Board Rules Appendix 16 and GEM Rules equivalent as set out in paragraphs 70 to 73 of this paper?*

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**CHAPTER II: PROPOSED RULE AMENDMENTS TO  
STREAMLINE THE DISCLOSURE  
REQUIREMENTS OF FINANCIAL  
INFORMATION IN THE LISTING RULES  
WITH REFERENCE TO HONG KONG  
FINANCIAL REPORTING STANDARDS**

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**Streamline disclosure requirements of financial information**

Issue and current position

74. Main Board Rules Appendix 16 sets out the minimum financial information that an issuer shall include in its preliminary announcements of results, interim reports, summary interim reports, annual reports, summary financial reports, listing documents and circulars in relation to equity securities. Currently, the Listing Rules provide detailed disclosure requirements for financial statements, e.g. components of financial statements, line items in the income statement and balance sheet, and segment information, etc. that are already set out in HKFRS.
75. Similar disclosure requirements for financial information in accountants' reports are also provided in Main Board Rules Chapter 4.
76. As set out in paragraph 20 of this paper, the New Ordinance gives statutory backing to HKFRS issued or specified by the HKICPA and reduces the level of additional disclosure of financial matters required in the legislation given that similar disclosure requirements are in HKFRS. The Exchange supports the direction of the FSTB and takes this opportunity to:
- (a) streamline detailed financial disclosure requirements in Main Board Rules Chapter 4 and Appendix 16 in order to avoid potential duplication with the accounting standards; and
  - (b) amend the Listing Rules to update the accounting terms used with current accounting standards.
77. A preliminary discussion with interested groups was conducted. All the stakeholders who have provided their comments from such discussion are generally supportive of the Exchange's proposals to revise the Listing Rules to remove the disclosure requirements already in HKFRS.

Proposals

78. We propose to amend Main Board Rules Appendix 16 as follows:
- (a) to remove sub-paragraphs (1) to (6) of paragraph 2 to Main Board Rules Appendix 16, which set out the components of financial statements that are already covered by HKFRS;

- (b) to amend paragraph 4 of Main Board Rules Appendix 16 to remove the line items in the income statement and balance sheet that are already covered by HKFRS;
  - (c) to remove paragraph 7 of Main Board Rules Appendix 16 because the disclosure of segmental information is required under HKFRS 8 “Operating Segments”;
  - (d) to remove paragraph 22(2) of Main Board Rules Appendix 16 because the disclosure of amount of interest capitalised during the financial year is required under HKAS 23 “Borrowing Costs”;
  - (e) to remove paragraphs 26(1) and 26(3) of Main Board Rules Appendix 16 because the disclosure of the nature of retirement schemes operated by the issuer and pension costs charged to the income statement for the financial year is required under HKAS 19 “Employee Benefits”; and
  - (f) to remove sub-paragraphs (1) to (6) of paragraph 37 to Main Board Rules Appendix 16, which set out the components of financial statements in an interim report.
79. We propose to amend Main Board Rules Chapter 4 in relation to accountants’ reports as follows:-
- (a) to amend Main Board Rule 4.05 to remove line items in the income statement and balance sheet that are already covered by HKFRS; and
  - (b) to remove sub-paragraph 4 of Main Board Rule 4.05 because the disclosure of segmental information is required under HKFRS 8.
80. We propose to make minor Rule amendments to Main Board Rules Chapter 1 “Interpretation” to align the accounting terms used in the Listing Rules with the current accounting standards.

### **Financial conglomerates**

#### Issue and current position

81. The Exchange imposed disclosure requirements on financial conglomerates in May 2000 when there were no specific accounting standards on how financial business products, including derivatives, off-balance sheet exposures for contingent liabilities and commitments, significant changes in the value of financial assets and liabilities etc., should be measured and disclosed in financial statements.

82. “Financial conglomerate” is defined in paragraph 36 of Main Board Rules Appendix 16. Large issuers which engage in financial business including, but not limited to, securities trading, giving advice in connection with securities; commodities trading; leveraged foreign exchange trading; insurance activities; and money lending are often regarded as “financial conglomerates”. In the Exchange’s consultation paper on Financial Disclosure in December 1998, we stated in paragraph 2.6 that “*The Exchange considers that it is important for financial conglomerates to adopt standards comparable to those of the Guide [the Hong Kong Monetary Authority’s Best Practice Guide] in relation to their financial business; in particular information should be given concerning:*
- *off-balance sheet exposures for contingent liabilities and commitments, and derivatives;*
  - *risk management strategy; and*
  - *segmental information.”*
83. Since then, there have been substantial developments in accounting standards, for example, the issuance of HKFRS 7 and HKFRS 8. HKFRS 7 requires disclosures of financial instruments, including off-balance sheet exposures for contingent liabilities and commitments and derivatives, and risk management strategy; and HKFRS 8 contains disclosure requirements for segmental information. These displace the need to stipulate the detailed disclosure requirements in Main Board Rules Appendix 16 concerning financial conglomerates.
84. A preliminary discussion with interested groups was conducted. The stakeholders who provided their comments recommended the Exchange to revisit whether the disclosure requirements for financial conglomerates in Main Board Rules Appendix 16 could be removed.

#### Proposals

85. We propose to repeal the disclosure requirements in relation to financial conglomerates in paragraphs 35, 36, 40(3) and 47(3) in Main Board Rules Appendix 16.
86. We also propose to repeal the disclosure requirements in relation to financial conglomerates in Chapter 4 of the Main Board Rules.

## **Bank Reporting**

### Issue and current position

87. The Exchange is aware that Main Board Rules Appendix 15 “Bank Reporting” is very dated and would like to take this opportunity to consider this Appendix. From our review, we noted the following:
- (a) the line item on exceptional items, which is still in Main Board Rules Appendix 15, no longer exists under HKFRS;
  - (b) transfers to and from inner reserves are no longer applicable. We are of the view that the disclosure requirements in the accounting standards are therefore sufficient; and
  - (c) all other disclosure items are already in accounting standards.
88. Main Board Rules Appendix 15 was introduced in November 1995. The disclosure requirements in Main Board Rules Appendix 15 were largely based on International Accounting Standard 30 (“IAS 30”) “Disclosures in the Financial Statements of Banks and Similar Financial Institutions” and in line with the disclosure provisions set out in the “Best Practice Guide on Financial Disclosure by Authorised Institutions” issued by the HKMA.
89. Since then, there have been substantial developments in accounting standards and IAS 30 has been superseded by IFRS 7 “Financial Instruments: Disclosures” effective 1 January 2007. The IASB states in paragraph BC6 to IFRS 7 that *“Although IFRS 7 arose from a project to revise IAS 30 (a Standard that applied only to banks and similar financial institutions), it applies to all entities that have financial instruments.”* Banks, like companies in other industries, have to prepare their financial statements in accordance with applicable accounting standards.
90. In addition, the banking industry is regulated by the HKMA under the Banking Ordinance. The HKMA maintains the “Supervisory Policy Manual”<sup>10</sup>, which contains supervisory policies and practices, the minimum standards that authorised institutions are expected to attain in order to satisfy the requirements of the Banking Ordinance, and recommendations on best practices that authorised institutions should aim to achieve. Currently, authorised institutions are expected to follow the “Guideline on the Application of the Banking (Disclosure) Rules” issued by the HKMA.

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<sup>10</sup> The HKMA’s Supervisory Policy Manual can be accessed at:  
<http://www.hkma.gov.hk/eng/key-functions/banking-stability/supervisory-policy-manual.shtml>

91. Listed banking companies under the Main Board Rules are required (e.g. paragraph 6 of Main Board Rules Appendix 16) to comply with “*the Financial Disclosure by Locally Incorporated Authorized Institutions or other regulations in relation to the contents of annual report issued or specified from time to time by the Hong Kong Monetary Authority.*” As the relevant disclosure requirements in relation to financial reporting imposed by the HKMA have already been replaced by the “Guideline on the Application of the Banking (Disclosure) Rules”, we shall take this opportunity to update the Listing Rules consequentially. In this regard, we are of the view that there is no longer a need to retain Main Board Rules Appendix 15 which stipulates detailed disclosure requirements for banking companies.
92. The Exchange has conducted preliminary discussions with various key stakeholders. All the stakeholders who have provided their comments are generally supportive of the Exchange’s proposals to repeal Main Board Rules Appendix 15 in relation to bank reporting.

#### Proposals

93. We propose to:
  - (a) update Main Board Rules Chapter 4 and Appendix 16 in order to replace “Financial Disclosure by Locally Incorporated Authorized Institutions” with “Guideline on the Application of the Banking (Disclosure) Rules”; and
  - (b) repeal Main Board Rules Appendix 15 in relation to bank reporting.
94. As a consequence of the proposal in paragraph 93(b) above, we also propose to delete the references to Main Board Rules Appendix 15 from the paragraphs set out below:
  - (a) paragraph 4 of Main Board Rules Appendix 16;
  - (b) paragraph 37 of Main Board Rules Appendix 16;
  - (c) paragraph 40(1) of Main Board Rules Appendix 16;
  - (d) paragraph 45(1) of Main Board Rules Appendix 16;
  - (e) paragraph 46(1) of Main Board Rules Appendix 16;
  - (f) paragraph 49 of Main Board Rules Appendix 16; and
  - (g) GEM Rules 18.68 and 18.79 relating to quarterly financial reporting.

## Consultation Questions

If you respond to any of the following consultation questions, please give reasons for your views.

*Question 2: Do you agree with the proposed revision of Main Board Rules Chapter 4 and Appendix 16 and GEM Rules equivalent in order to streamline the Listing Rules and to avoid potential duplications with the accounting standards?*

*Question 3: Do you agree with the proposed repeal of the disclosure requirements in relation to financial conglomerates in Main Board Rules Chapter 4 and Appendix 16 and GEM Rules equivalent?*

*Question 4: Do you agree with the proposed repeal of Main Board Rules Appendix 15 and GEM Rules equivalent in relation to bank reporting?*

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## **CHAPTER III: OTHER FINANCIAL INFORMATION DISCLOSURES RELATED PROPOSED RULE AMENDMENTS**

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### **Revision of financial statements**

Issue and current position

95. Currently, there is no explicit provision in the Listing Rules concerning revision of financial statements.
96. Section 449 of the New Ordinance provides that the directors can seek to revise the financial statements and make necessary consequential revisions to the directors' report or summary financial report, if the directors discover that the financial statements do not comply with the New Ordinance when the financial statements have already been sent to members. Detailed provisions on the revision of financial statements and reports are set out in the Companies (Revision of Financial Statements and Reports) Regulation.
97. The New Ordinance also requires the company to deliver to the Registrar a warning statement in the specified form that the financial statements will be so revised:
  - (a) for a Hong Kong incorporated company - within seven days after the directors decide to revise the financial statements (section 449(3)); and
  - (b) for a non-Hong Kong incorporated company - within 15 days after the directors decide to revise the financial statements (section 790(4)).
98. Where the board of directors decides to revise the published financial statements, this should be flagged to shareholders, investors and regulators who may wish to take appropriate action.

Proposals

99. One may take the view that an issuer has a general obligation of disclosure under Main Board Rules Chapter 13 "Continuing Obligations" to inform the public concerning revision of financial statements. To draw the attention of shareholders, investors and regulators, and to avoid any doubts as to whether issuers have done so, we propose to impose an explicit requirement for an issuer to publish an announcement as soon as practicable after the directors decide to revise the financial statements. The announcement should state the fact and provide reason(s) leading to the revision of published financial statements and the financial impact, if any.
100. In addition, we propose to create a new headline category "Revision of Published Financial Statements" under Main Board Rules Appendix 24 "Headline Categories" so that the revision of published financial statements will be specifically flagged.

## **Disclosure in results announcements of prior period adjustments due to correction of material errors**

### Issue and current position

101. The current accounting standard HKAS 8 “Accounting Policies, Changes in Accounting Estimates and Errors” requires the disclosure of any prior period adjustment to be made in an entity’s financial statements. Paragraph 49 of HKAS 8 requires that in relation to prior period errors, “*an entity shall disclose the following:*
- (a) *the nature of the prior period error;*
  - (b) *for each prior period presented, to the extent practicable, the amount of the correction:*
    - (i) *for each financial statement line item affected; and*
    - (ii) *if HKAS 33 [Earnings per Share] applies to the entity, for basic and diluted earnings per share;*
  - (c) *the amount of the correction at the beginning of the earliest prior period presented; and*
  - (d) *if retrospective restatement is impracticable for a particular prior period, the circumstances that led to the existence of that condition and a description of how and from when the error has been corrected.”*
102. Unlike significant changes in accounting policies (see paragraphs 45(8) and 46(9) of Main Board Rules Appendix 16), there is no explicit provision in the Listing Rules for the disclosure of correction of prior period errors in the issuers’ results announcements.
103. Where financial statements contain a prior period adjustment to correct a material error in past financial statements, this should be flagged to the shareholders, investors and regulators who may wish to undertake further investigation.

### Proposals

104. We propose to amend Main Board Rules Appendix 16 to require disclosure in results announcements where an issuer has made a prior period adjustment to correct a material error.
105. In addition, we propose to create a new headline category “Prior Period Adjustments due to Correction of Material Errors” under Main Board Rules Appendix 24 “Headline Categories” so that results announcements that contain a prior period adjustment to correct a material error will be specifically flagged. Issuers are not required to tick the box of this new headline category if a prior period adjustment is made due to the adoption of a new accounting standard.

## **Other minor Rule amendments**

### Issue and current position

106. Apart from disclosure requirements in Main Board Rules Appendix 16, there are disclosure requirements for periodic financial reports set out in other parts of the Listing Rules, such as:
- (a) Main Board Rules Chapter 13 relating to advance to an entity, financial assistance and guarantees to affiliated companies of an issuer, pledging of shares by controlling shareholder and others;
  - (b) Main Board Rules Chapter 14A “Connected Transactions”;
  - (c) Main Board Rules Chapter 17 “Share Option Schemes”; and
  - (d) Main Board Rules Appendix 14 “Corporate Governance Code and Corporate Governance Report”.
107. We consider that Main Board Rules Appendix 16 can be further enhanced to provide references to disclosure requirements relating to periodic financial reports in other parts of the Listing Rules and to enhance issuers’ compliance with disclosure requirements in the Listing Rules.

### Proposals

108. We propose to amend Main Board Rules Appendix 16 to provide references to disclosure requirements relating to annual reports or interim reports currently required in other parts of the Listing Rules as follows:
- (a) to add a note 6.3 to paragraph 6 of Main Board Rules Appendix 16 to provide references to disclosure requirements relating to annual reports in other parts of the Listing Rules; and
  - (b) to add a note 40.3 to paragraph 40 of Main Board Rules Appendix 16 to provide references to disclosure requirements relating to interim reports in other parts of the Listing Rules.

## **Consultation Questions**

If you respond to any of the following consultation questions, please give reasons for your views.

*Question 5: Do you agree with the proposed Rule amendments to require an issuer to publish an announcement as soon as practicable after the directors decide to revise the published financial statements and the reason leading to the revision of the financial statements?*

*Question 6: Do you agree with the proposed Rule amendments to require disclosure in results announcements where an issuer has made a prior period adjustment to correct a material error?*

*Question 7 Do you agree with the proposed Rule amendments to Main Board Rules Appendix 16 and GEM Rules equivalent to provide references to disclosure requirements relating to periodic financial reports currently required in other parts of the Listing Rules?*

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**CHAPTER IV: PROPOSED RULE AMENDMENTS  
CONSEQUENTIAL TO THE ENACTMENT OF  
THE NEW COMPANIES ORDINANCE**

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**Aligning notice periods for general meetings**

Issue and current position

109. The notice period requirements for companies incorporated in Bermuda and the Cayman Islands are set out in Main Board Rules Appendices 13A (Section 1, paragraph 3) and 13B (Section 1, paragraph 3(1)), respectively. The Listing Rules currently require these companies to stipulate in their articles that:
- (a) annual general meetings and extraordinary general meetings where a special resolution is to be proposed must be convened on at least 21 days' notice; and
  - (b) extraordinary general meetings where an ordinary resolution is to be proposed must be convened on at least 14 days' notice.
110. The existing requirements are aligned with the notice period requirements under the Predecessor Ordinance (section 114(2)). The intention is to ensure that companies incorporated in Bermuda or the Cayman Islands and listed on the Exchange are subject to the same notice period requirements as Hong Kong incorporated issuers.
111. However, the notice period requirements have been amended under the New Ordinance, such that annual general meetings must be called on 21 days' notice, but any other general meeting may be called on 14 days' notice (section 571(1)).
112. The New Ordinance (section 571(3)) further provides that Hong Kong incorporated companies may convene a general meeting on shorter notice than required under section 571(1) or the companies' articles if it is agreed:
- (a) in the case of an annual general meeting, by all the members entitled to attend and vote at the meeting; and
  - (b) in any other case, by a majority in number of the members having the right to attend and vote at the meeting, being a majority together representing at least 95% of the total voting rights at the meeting of all the members.
113. The Predecessor Ordinance had a comparable provision (section 114(3)). However, Main Board Rules Appendix 13 does not include a similar provision, and Bermuda and Cayman Islands incorporated companies have hitherto been required to comply with the notice period provisions in their articles, as required by the Listing Rules.

## Proposals

114. We propose to amend the Rules to align the notice periods for general meetings required for Bermuda and Cayman Islands incorporated companies with the relevant requirements under the New Ordinance, i.e. 21 days for annual general meetings and 14 days for any other general meeting.
115. Also, we seek views on whether the Rules should be further amended so that Bermuda and Cayman Islands incorporated companies can call meetings on shorter notice on the same terms as Hong Kong incorporated companies (see paragraph 112 above).

## Consultation Questions

If you respond to any of the following consultation questions, please give reasons for your views.

*Question 8: Do you agree that the Listing Rules should be amended to align the notice period requirements for companies incorporated in Bermuda and the Cayman Islands with the relevant requirements under the New Ordinance?*

*Question 9: Do you support the proposal to allow companies incorporated in Bermuda and the Cayman Islands to convene general meetings on shorter notice on the same terms as companies incorporated in Hong Kong (i.e. in accordance with the relevant provisions of the New Ordinance)?*

## **Rationale of Rule amendments consequential to the enactment of the New Ordinance**

116. We propose to make additional consequential amendments to the Rules following implementation of the New Ordinance. Cross-references to the Companies Ordinance will be updated or replaced with references to the Companies (Winding Up and Miscellaneous Provisions) Ordinance where appropriate. The rationale for the proposed Rule amendments which require more than an update of the cross-references is discussed below.
117. These Rule amendments will become effective on a date to be announced, subject to the necessary regulatory approvals. In the meantime, we welcome comments regarding whether the manner in which the proposed Rule amendments have been drafted will give rise to any ambiguities or unintended consequences.

## Nominal (par) value

### Issue and current position

118. Under the New Ordinance, the concept of “nominal value” (or par value) of shares has been abolished for Hong Kong incorporated issuers, and “issued share capital” represents the amount the issuer receives for the shares issued. Other jurisdictions of incorporation of some issuers still require a nominal value to be ascribed to their shares, and their issued share capital comprises the nominal value of all the shares in issue.
119. The Rules currently make reference to the “nominal value” of shares or the “issued share capital” for the purpose of calculating certain percentage thresholds or changes in shareholding interests of the issuer (see paragraph 120 below). These Rules were drafted on the basis that shares of issuers have a nominal value and their issued share capital is tied to the number of issued shares. In practice, where the shares of an issuer have no nominal value, it is generally acceptable for the issuer to calculate the percentage or change in the issued share capital under the Rules based on the number of shares issued or the voting rights attached to the shares.

### Proposals

120. We propose the following Rule amendments to replace “nominal value” or “issued share capital” with the number of, or the voting rights attaching to, the issued shares:

<b>Main Board Rule no.</b>	<b>Description of the current requirements</b>	<b>Proposed amendments</b>
<i>Restriction on size of issue or repurchase of securities</i>		
13.36(2)	General mandate - The number of securities that may be issued under a general mandate must not exceed 20% of the issuer’s <b>issued share capital</b> .	Replace the “issued share capital” with the “number of issued shares”.
10.06(1)(c)	Repurchase mandate - The number of shares that may be repurchased under a repurchase mandate must not exceed 10% of the issuer’s <b>issued share capital</b> .	Add a note to the Rule to clarify that if the issuer conducts a share consolidation or subdivision after the approval of the mandate, the number of shares that may be issued (or repurchased) under the mandate will be adjusted accordingly.
7.19(6), 7.24(5)	Rights issue or open offer - The issue or offer requires independent shareholder approval if it would increase the <b>issued share capital</b> of the issuer by more than 50%.	Replace the “issued share capital” / “issued equity capital” with the “number of issued shares”.
15.02(1)	Warrants - Securities to be issued on exercise of the warrants (when aggregated with all other equity securities subject to any other subscription rights) must not exceed 20% of the <b>issued equity capital</b> of the issuer at the time such warrants are issued.	

<b><i>Notifiable and/or connected transactions</i></b>		
14.07(5)	<p>Equity capital ratio</p> <ul style="list-style-type: none"> <li>- It means the <b>nominal value of the issuer’s equity capital</b> issued as consideration divided by the <b>nominal value of the issuer’s equity capital</b> immediately before the transaction.</li> </ul> <p><i>Note: The value of the listed issuer’s debt capital (if any), including any preference shares, shall not be included in the calculation of the equity capital ratio.</i></p>	<p>Replace the “nominal value of the issuer’s equity capital” with the “number of shares”.</p> <p>Add a new note to clarify that shares issued as consideration include shares that are subject to any convertible securities or subscription rights issued as consideration.</p>
14.44	<p>Written shareholder approval</p> <ul style="list-style-type: none"> <li>- The shareholder(s) giving the approval must hold more than 50% in <b>nominal value of the securities giving the right to attend and vote</b> at the general meeting to approve the transaction.</li> </ul>	<p>Revise the Rule to require the shareholder(s) to hold more than 50% of voting rights at the general meeting.</p>
14.66(6)	<p>Circular disclosure</p> <ul style="list-style-type: none"> <li>- Where a company either become a subsidiary or cease to be a subsidiary of the issuer, the circular should disclose the percentage of the <b>issued share capital</b> (if any) held by the issuer in that company after the transaction.</li> </ul>	<p>Replace the “issued share capital” with the “issued shares”.</p>
<b><i>Independence of independent non-executive directors (INEDs), sponsors and independent financial advisers (IFAs)</i></b>		
3.13(1)	<p>For assessing the INED’s independence</p> <ul style="list-style-type: none"> <li>- Whether the INED holds more than 1% of the <b>total issued share capital</b> of the issuer</li> </ul>	<p>Replace the “issued share capital” with the “number of issued shares”.</p>
3A.07(1)	<p>For assessing the sponsor’s independence</p> <ul style="list-style-type: none"> <li>- Whether the sponsor or any director holds or will hold more than 5% of the <b>issued share capital</b> of the new applicant.</li> </ul>	
13.84(1) and (1A)	<p>For assessing the IFA’s independence</p> <ul style="list-style-type: none"> <li>- Whether it holds more than 5% of the <b>issued share capital</b> of the issuer or another party to the transaction, or their connected persons.</li> </ul>	
<b><i>Public float</i></b>		
8.08(1), 19B.08, App 5E	<p>At least 25% of the issuer’s <b>total issued share capital</b> must at all times be held by the public.</p> <p>Where an issuer has more than one class of securities, the total securities of the issuer held by the public at the time of listing must be at least 25% of the issuer’s <b>total issued share capital</b>, and the class of securities for which listing is sought must not be less than 15% of the issuer’s <b>total issued share capital</b>, ...</p>	<p>Replace the “issued share capital” with the “number of issued shares”.</p>
<b><i>Disclosure on changes in shareholdings</i></b>		
13.25A	<p>Next day disclosure return</p> <ul style="list-style-type: none"> <li>- Publication of next day return in the event of changes in the issuer’s <b>issued share capital</b> as set out in the Rules.</li> </ul>	<p>Replace the “issued share capital” with the “issued shares”/ “number of issued shares”</p>
PN5 - Note to 3.3(1) & (2), 3.4(1) & (2), 3.5(1) & (2)	<p>Disclosure of interests of directors, chief executives and substantial shareholders</p> <ul style="list-style-type: none"> <li>- The statement should include the percentage which the aggregate long/short position in shares represents to the <b>issued share capital</b> of the issuer or associated corporation.</li> </ul>	<p>Replace the “issued share capital” with the “issued voting shares”, which is in line with the term used in Part XV of the Securities and Futures Ordinance.</p>

App1A - 45(2), App1B - 38(2), App1C - 49(2), App1E-45(2), App1F - 34(2)	Disclosure of interest of any person, other than a director or chief executive of the issuer, who is interested in 10% or more of the <b>nominal value of any class of share capital</b> carrying rights to vote at general meetings of any other member of the group.	Replace the “nominal value of any class of share capital carrying rights to vote at general meetings” with “issued voting shares”, which is in line with the term used in Part XV of the Securities and Futures Ordinance.
App16-31(5)	Disclosure of interests of any directors, their associates, or any shareholder (which to the knowledge of the directors own more than 5% of the listed issuer’s <b>share capital</b> ) in the suppliers or customers.	Replace the “share capital” with “number of issued shares”
<b>Other requirements</b>		
8.09(2)	A new applicant’s expected market capitalization should be at least \$200 million, which shall be calculated on the basis of all <b>issued share capital</b> ...	Replace the “issued share capital” with the “issued shares”
17.03(3), 17.09(3)	For share option scheme, the scheme document and the issuer’s annual report to disclose the total number of securities which may be issued upon exercise of all options to be granted under the scheme, together with the percentage of the <b>issued share capital</b> that it represents at the date of approval of the scheme / the date of the annual report.	
PN15 - Note to Para 2	Where a spun-off entity is an associated company and was, during the latest completed financial year, a subsidiary of the issuer, the spin-off Rules apply and the issuer is required to substantiate the changes in the beneficial ownership of the entity’s <b>issued share capital</b> in the period stated above.	
App 8 - Para 2(1)(c), 4(1), 4(2)	Listing fees - Annual listing fee for listed warrants shall be calculated based on the percentage of existing <b>issued share capital</b> subject to the warrants. - Calculation of subsequent issue fees for equity securities which is (i) less than 20% or (ii) 20% or more, of the existing <b>issued share capital</b> .	

### **Aligning requirement regarding company seal**

#### Issue and current position

121. Under the Listing Rules, an issuer’s articles of association (or equivalent document) must include a provision that all certificates for capital must be under seal (Main Board Rules Appendix 3, paragraph 2(1)).
122. The New Ordinance makes it optional for Hong Kong incorporated issuers to have a company seal (sections 124, 125 and 127).
123. There are other provisions in the Rules that deal with share certificates and seals. For example, paragraph 4 of Main Board Rules Appendix 2B provides that “certificates must be dated and (in the absence of statutory authority for issue under signature of appropriate officials) be issued under seal”.

Proposal

124. We propose to amend this Rule to align with the New Ordinance by following the approach adopted in other Rules, such that issuers without a seal can state in their articles that “certificates for capital must be executed under signature of appropriate officials with statutory authority”.

**Removing reference to share warrants to bearer issued by Hong Kong incorporated issuers**

Issue and current position

125. Under the Listing Rules, share warrants to bearer issued by Hong Kong incorporated issuers must be under seal (Main Board Rules Appendix 2B, paragraph 22(5)).
126. The New Ordinance removes the ability of Hong Kong incorporated issuers to issue share warrants to bearer (section 139).

Proposal

127. Accordingly, we propose to delete this sentence from the Rule.

**Removing references to memorandum of Hong Kong incorporated issuers**

Issue and current position

128. The Listing Rules contain references to the memorandum of Hong Kong incorporated issuers (Main Board Rule 19.10(5)(a) and Main Board Rules Appendices 13A and 13B, Section 2, paragraph 1(3)). These Rules relate to the listing of overseas issuers and Bermuda or Cayman Islands incorporated issuers by way of an introduction (in circumstances where a holding company is formed and its securities are issued in exchange for those of one or more listed issuers under Main Board Rule 7.14(3)).
129. The New Ordinance has abolished the requirement for Hong Kong incorporated issuers to have a memorandum (section 75).

Proposal

130. We therefore propose to remove references in the Listing Rules to the memorandum of Hong Kong incorporated issuers.

### Amending definition of “holding company”

Issue and current position

131. The existing definitions of “holding company” and “subsidiary” under Main Board Rule 1.01 are:

“holding company”	<i>the meaning attributed to it in section 2 of the (former) Companies Ordinance, but interpreting the term “subsidiary” in accordance with the definition of “subsidiary” under this rule 1.01</i>
“subsidiary”	<i>includes:</i>  <i>(a) a “subsidiary undertaking” as defined in the twenty-third schedule to the (former) Companies Ordinance;</i>  <i>(b) any entity which is accounted for and consolidated in the audited consolidated accounts of another entity as a subsidiary pursuant to applicable Hong Kong Financial Reporting Standards or International Financial Reporting Standards; and</i>  <i>(c) any entity which will, as a result of acquisition of its equity interest by another entity, be accounted for and consolidated in the next audited consolidated accounts of such other entity as a subsidiary pursuant to applicable Hong Kong Financial Reporting Standards or International Financial Reporting Standards.</i>

132. The existing definition of “holding company” in the Listing Rules is linked to the definition of “holding company” in the Predecessor Ordinance<sup>11</sup>. It also refers to the Rule definition of “subsidiary”, which includes a “subsidiary undertaking” under the Predecessor Ordinance<sup>12</sup> and is linked to the accounting standards. As such, the Rule definition of “subsidiary” has a wider scope than the definition of “subsidiary” under the Predecessor Ordinance.<sup>13</sup>
133. The Predecessor Ordinance definitions of “holding company” and “subsidiary” have been retained in the Companies (Winding Up and Miscellaneous Provisions) Ordinance. However, the New Ordinance does not follow the same definitions. The New Ordinance definition of “holding company” has essentially turned the definition of “subsidiary” under the Predecessor Ordinance on its head.<sup>14</sup>

### Proposals

134. Having considered that the Rule definition of “holding company” refers to the Rule definition of “subsidiary”, which has a wider scope than the Predecessor Ordinance definition, we propose to maintain the status quo by:
- (a) removing from the Rule definition of “holding company” the reference to the Companies Ordinance and setting out its meaning (i.e. a holding company, in relation to a company, means another company of which it is a subsidiary); and

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<sup>11</sup> The definition of “holding company” in the Predecessor Ordinance was “*the holding company of a company shall be read as a reference to a company of which that last-mentioned company is a subsidiary*”.

<sup>12</sup> Under the Predecessor Ordinance, an undertaking is a parent undertaking in relation to another undertaking (“subsidiary undertaking”) if:

- (a) the subsidiary undertaking is a subsidiary of the parent undertaking (as defined under the Predecessor Ordinance); or
- (b) the parent undertaking holds a majority of the voting rights in the subsidiary undertaking, is a member of the subsidiary undertaking and has the right to appoint or remove a majority of its board of directors, or is a member of the subsidiary undertaking and controls alone, pursuant to an agreement with other shareholders or members, a majority of the voting rights in the subsidiary undertaking; or
- (c) the parent undertaking has the right to exercise a dominant influence over the subsidiary undertaking by virtue of the provisions contained in the subsidiary undertaking's constitutional documents or a control contract.

<sup>13</sup> Under the Predecessor Ordinance, a company is deemed to be a subsidiary of another company, if that other company:

- (a) controls the composition of the board of directors of the first-mentioned company; or
- (b) controls more than half of the voting rights of the first-mentioned company; or
- (c) holds more than half of the issued share capital of the first-mentioned company.

<sup>14</sup> Under the New Ordinance (section 13), a body corporate is a holding company of another body corporate if:

- (a) it controls the composition of that other body corporate’s board of directors;
- (b) it controls more than half of the voting rights in that other body corporate; or
- (c) it holds more than half of that other body corporate’s issued share capital.

- (b) retaining the current definition of “subsidiary” in the Listing Rules, with amendments made to update the reference to “subsidiary undertaking” under the New Ordinance.

### **Aligning threshold value of securities represented by lost share certificates**

#### Issue and current position

- 135. Main Board Rule 13.60(5) and the listing agreements in Main Board Rules Appendix 7 (Parts C, D, E and H) set out the requirement for issuers to provide a certificate replacement service and the fee for replacing certificates. The fee for replacing certificates depends on whether the market value of the securities represented by the certificate is more or less than HK\$20,000. The current threshold of HK\$20,000 under the Listing Rules is tied to the threshold adopted in provisions regarding publication procedures for the replacement of lost share certificates under the Predecessor Ordinance.
- 136. Under the New Ordinance, the threshold value of the shares has been increased from HK\$20,000 to HK\$200,000 (e.g. the company only needs to publish a notice on its website if the latest value of the shares represented by the lost share certificate is below HK\$200,000).

#### Proposal

- 137. We therefore propose to amend Main Board Rule 13.60(5) and the relevant sections of Main Board Rules Appendix 7 to increase the threshold value to HK\$200,000 to align with the threshold under the New Ordinance.

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## **CHAPTER V: PROPOSED MINOR RULE AMENDMENTS**

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### **Disclosure of Dividend Payment Date**

Issue and current position

138. Under the Listing Rules, if an issuer decides to declare, recommend or pay any dividend or to make any other distribution on its listed securities, it must announce:
- (a) this decision and the rate and amount of the dividend or distribution as soon as practicable after the board approval; and
  - (b) the record date and book close period at least 10 business days before the book closure.
139. The Listing Rules currently do not require disclosure of payment dates for dividends or other distributions by issuers (“Payment Date”). In the “Guide on Distribution of Dividends and Other Entitlements” published by the Exchange, we recommend issuers disclose the Payment Date as soon as possible to facilitate cash flow planning by their shareholders.
140. In practice, most issuers disclose the Payment Date at the time of, or shortly after, the dividend declaration. Some issuers expressed that the actual timing of dividend payment is subject to administrative procedures and they publish an approximate Payment Date instead of an exact date.
141. We consider the Payment Date to be important information for shareholders and it is in their interest to be notified of this date as soon as possible. Issuers should disclose the expected Payment Date when they announce the dividend declaration, and update the shareholders if there is any delay in dividend payment.
142. Other overseas markets (e.g. the UK, Singapore, Australia) also require disclosure of Payment Date by listed companies.

Proposal

143. We propose to amend Main Board Rule 13.45(1) to require that an issuer’s announcement of the board decision on any dividend or other distribution (see paragraph 138(a) above) must also include the expected Payment Date.

### **Consultation Question**

If you respond to the following consultation question, please give reasons for your views.

*Question 10: Do you agree with the proposal to amend Main Board Rule 13.45(1) and GEM Rules equivalent to require issuers to announce the expected payment dates for their dividends or other distributions as described in paragraph 143 of this paper?*

## **Property valuation for connected transactions**

Issue and current position

144. Under Main Board Rules Chapter 14A, connected transactions include:
- (a) transactions with connected persons; and
  - (b) specified categories of transactions with third parties that may confer benefits on connected persons.
145. Where a connected transaction involves an acquisition or disposal of property interests or a property company<sup>15</sup>, the circular should include an independent valuation of the relevant properties to enable shareholders to make an informed assessment of the transaction and decide how to vote.
146. The requirements on property valuation are set out in Main Board Rules Chapter 5. For connected transactions, Main Board Rule 5.03 currently states that a property valuation is required in the case of an acquisition or disposal of any property interest or property company from or to a connected person. However, the current drafting is unclear as it makes no reference to other categories of connected transactions, e.g. an acquisition of interests in a property company from a third party where the issuer's controlling shareholder is a substantial shareholder of that property company.

Proposal

147. We propose to amend Main Board Rule 5.03 to clarify that a property valuation is required for the circular of any connected transaction that involves an acquisition or disposal of any property interest or property company.

### **Consultation Question**

If you respond to the following consultation question, please give reasons for your views.

*Question 11: Do you agree with the proposal to amend Main Board Rule 5.03 and GEM Rules equivalent to clarify that a property valuation is required for the circular of any connected transaction that involves an acquisition or disposal of any property interest or property company?*

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<sup>15</sup> A company whose assets consist solely or mainly of property.

## **Disclosure of directors' interests in competing businesses in notifiable and/or connected transaction circulars**

### Issue and current position

148. Under Main Board Rule 8.10, issuers are required to disclose in their initial listing documents and subsequent annual reports information about their directors' interests in any competing businesses. This enables shareholders to assess the directors' actual or potential conflicts of interest and duty. The disclosure requirement applies to directors at the issuer level, and not to directors at the subsidiary level.
149. Main Board Rules Chapters 14 and 14A require issuers to disclose in their transaction circulars any interests of directors of the issuer's group and their close associates in competing businesses. The Rules extend the disclosure requirement to directors at the subsidiary level, which is more onerous than Main Board Rule 8.10. There are comments that such information is not relevant to the shareholders' assessment of the subject transaction while imposing significant compliance burden on the issuer. In practice, we consider it acceptable to disapply this requirement.

### Proposal

150. We propose to amend Main Board Rules 14.66(8) and 14A.70(15) to remove the requirement to disclose information about competing interests of directors of the issuer's subsidiaries and their close associates in transaction circulars.

## **Consultation Question**

If you respond to the following consultation question, please give reasons for your views.

*Question 12: Do you agree with the proposal to amend Main Board Rules 14.66(8) and 14A.70(15) and GEM Rules equivalent to remove the requirement to disclose information about competing interests of directors of the issuer's subsidiaries and their close associates in transaction circulars?*

## **Delay in publication of financial results announcement**

### Issue and current position

151. Under the Listing Rules, issuers must publish periodic financial results announcements. If an issuer fails to publish its financial results on time, its shareholders and the market do not have the necessary information to appraise the financial position of the issuer group.

152. Main Board Rule 13.50 requires any issuer that fails to publish its financial results on or before the due date to suspend trading in its securities. The suspension will normally continue until the issuer publishes the results announcement. While the GEM Rules currently do not specify such requirement, we apply the same approach to GEM issuers (see Listing Decision LD53-3). We consider it appropriate to codify this practice into the GEM Rules.

#### Proposal

153. We propose to amend the GEM Rules to include a new GEM Rule 17.49A to set out a requirement similar to that of Main Board Rule 13.50 in relation to trading suspension for issuers that fail to publish their financial results announcements.

#### Consultation Question

If you respond to the following consultation question, please give reasons for your views.

*Question 13: Do you agree with the proposal to amend the GEM Rules to include a new GEM Rule 17.49A to require trading suspension for issuers that fail to publish their financial results announcements as described in paragraph 153 of this paper?*

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**CHAPTER VI: PROPOSED HOUSEKEEPING RULE  
AMENDMENTS WHICH INVOLVE NO CHANGE  
IN POLICY DIRECTION**

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**Discussion of housekeeping amendments**

154. We propose to make various housekeeping amendments to the Listing Rules. Set out below is a summary of the intended objective of these Rule amendments. The remaining amendments that are not discussed below are essentially to correct clerical errors.
155. These housekeeping amendments will become effective on a date to be announced, subject to the necessary regulatory approvals. In the meantime, we welcome comments regarding whether the manner in which the proposed Rule amendments have been drafted will give rise to any ambiguities or unintended consequences.

**Amendments to outdated reference to the Codes on Takeovers and Mergers and Share Buy-backs**

156. The SFC's Code on Share Repurchases has been retitled as the Code on Share Buy-backs. We propose to amend the Listing Rules to reflect this change.
157. We also propose to amend the definitions under Main Board Rule 1.01 to include:
- (a) both "Code on Share Buy-backs" and "Share Buy-backs Code", which refer to the SFC's Code on Share Buy-backs; and
  - (b) both "Code on Takeovers and Mergers" and "Takeovers Code", which refer to the SFC's Code on Takeovers and Mergers.
158. Also, Main Board Rule 15A.29 contains an outdated reference to Rule 10 of the Code on Share Repurchases. There was an extensive review and rewrite of the Share Repurchases Code in 2001, resulting in an amended Share Repurchases Code with only eight rules. The disclosure obligations under Rule 10 were consolidated into a requirement under a new Rule 5, which requires compliance with the disclosure requirements under the Takeovers Code. We propose to replace the reference to Rule 10 of the Code with Rule 5.

## **Removing references to telex**

### ***Contact details of service of process agents***

159. Service of process agents for overseas issuers and Mainland issuers are required to provide their contact details under Main Board Rules 19.05(2), 19.30(2) and 19A.13(2).
160. In light of the widespread use of electronic communications, we propose to amend the Listing Rules to require these agents to provide their contact emails instead of a telex.

### ***Delivery of information and documents***

161. There are also references to “telex” in Practice Note 1 regarding procedures for the delivery of information and documents to the Exchange. We propose to remove these references for similar reasons as noted above.
162. We also propose to remove the address, telephone and facsimile numbers of the Listing Division as set out in Main Board Rules Practice Note 1. This is so that references to “informing the Exchange” in the relevant Listing Rules and listing agreements, if applicable, will mean delivery of the relevant information to the Listing Division, regardless of the method of delivery.

## **Clarification regarding applicability of Appendix 3 (Articles of Association) to new applicants**

163. Main Board Rules Appendix 3 sets out the requirements with which the articles of association or equivalent document must conform.
164. Prior to November 2009, a new applicant was required to submit drafts or copies of the memorandum and articles of association that complied with Main Board Rules Appendix 3 to the Exchange in connection with its listing application (Main Board Rule 9.11(8)). The Rule was repealed in November 2009 as part of the streamlining of the filing requirements for new listing applications.<sup>16</sup>
165. Since this provision was repealed, the Exchange has received inquiries on whether the new applicant’s memorandum and articles of association need to comply with Main Board Rules Appendix 3.
166. To provide clarity that new applicants are required to comply with Appendix 3, we propose to include a reference to Main Board Rules Appendix 3 in Main Board Rule 9.11(20), which relates to the requirement for a confirmation from legal advisers on the new applicant’s articles of association.

---

<sup>16</sup> The amendments implemented the proposals in the *Consultation Conclusions on Proposed Changes to Filing and Checklist Requirements for Listing of Equity Securities* published in October 2009.

### **Periodic update after trading suspension**

167. Under Main Board Rule 13.24A, an issuer must publish periodic announcements of its developments after trading in its securities has been suspended. It enables investors and the market to be kept informed of the suspended issuer's progress towards meeting the resumption conditions.
168. In practice, the same is required for GEM issuers. We propose to amend the GEM Rules to include a new GEM Rule 17.26A to require periodic updates from suspended GEM issuers similar to Main Board Rule 13.24A.

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**APPENDIX I: DRAFT RULE AMENDMENTS FOR PROPOSALS DESCRIBED IN CHAPTER I**

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**PART A – MAIN BOARD LISTING RULES**

>>>

**Chapter 14**

**EQUITY SECURITIES**

**NOTIFIABLE TRANSACTIONS**

...

*Major transaction circulars*

...

14.67 In addition to the requirements set out in rule 14.66, a circular issued in relation to an acquisition constituting a major transaction must contain:—

...

- (7) a ~~management~~ discussion and analysis of results of the business, company or companies being acquired covering all those matters set out in paragraph 32 of Appendix 16 for the period reported in the accountants' report.

*Inability to access information to compile circulars for major transactions or very substantial acquisitions*

14.67A...

(2) ...

- (b) where information required for the enlarged group is not available, to include the following information regarding the issuer:

...

- (iv) ~~management~~ discussion and analysis of results (this is applicable only to very substantial acquisitions, see rule 14.69(7));

...

# Appendix 1

## Contents of Listing Documents

### Part A

#### Equity Securities

##### **In the case where listing is sought for equity securities of an issuer no part of whose share capital is already listed**

...

##### **General information about the group's activities**

28. (1) (a) the general nature of the business of the group 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. A commentary should be provided on this information covering changes in each such activity, developments within each such activity and their effects on the results of that activity. It should also include changes in market conditions, new products and services introduced or announced and their impact on the group's performance, changes in market share or position and changes in ~~turnover~~revenue and margins. If the group trades outside the country of incorporation or other establishment of the issuer a statement showing a geographical analysis of its trading operations. Where a material proportion of the group's assets are situated outside the country of incorporation or other establishment of the issuer, a statement giving the best practicable indication of the amount and situation of such assets and the amount of the assets situated in Hong Kong. (Note 4)
- (b) additional information in respect of major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services the ultimate wholesaler or retailer as the case may be) and suppliers (meaning the ultimate supplier of items which are not of a capital nature) as follows:—
- ...
- (iii) a statement of the percentage of ~~turnover or sales~~revenue from sales of goods or rendering of services attributable to the group's largest customer;
- (iv) a statement of the percentage of ~~turnover or sales~~revenue from sales of goods or rendering of services attributable to the group's 5 largest customers combined;

...

## **Financial information about the group and the prospects of the group**

...

33. (1) A statement showing the ~~sales turnover figures or gross trading income~~ revenue of the group during the three financial years immediately preceding the issue of the listing document which should contain an explanation of the method used for computation of such ~~turnover or income~~ revenue and a reasonable breakdown between the more important trading activities. In the case of a group, intra-group sales should be excluded.

...

# Appendix 1

## Contents of Listing Documents

### Part B

#### Equity Securities

**In the case where listing is sought for equity securities of an issuer some part of whose share capital is already listed**

...

#### **General information about the group's activities**

26. (1) (a) ...

(b) additional information in respect of major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services the ultimate wholesaler or retailer as the case may be) and suppliers (meaning the ultimate supplier of items which are not of a capital nature) as follows:—

...

(iii) a statement of the percentage of ~~turnover or sales~~revenue from sales of goods or rendering of services attributable to the group's largest customer;

(iv) a statement of the percentage of ~~turnover or sales~~revenue from sales of goods or rendering of services attributable to the group's 5 largest customers combined;

...

# Appendix 1

## Contents of Listing Documents

### Part C

#### Debt Securities

##### In the case where listing is sought for debt securities

...

##### Financial information about the group and prospects of the group

...

40. A statement showing the ~~sales turnover figures or gross trading income~~revenue during the two financial years immediately preceding the issue of the listing document which should contain an explanation of the method used for computation of such ~~turnover or income~~revenue and a reasonable breakdown between the more important trading activities. In the case of a group, intra-group sales should be excluded.

...

# Appendix 1

## Contents of Listing Documents

### Part E

#### Depository receipts

**In the case where listing is sought for depository receipts of an issuer no part of whose share capital is already listed**

...

#### **General information about the group's activities**

28. (1) (a) the general nature of the business of the group and important events in the development of the issuer, 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. A commentary should be provided on this information covering changes in each such activity, developments within each such activity and their effects on the results of that activity. It should also include changes in market conditions, new products and services introduced or announced and their impact on the group's performance, changes in market share or position and changes in ~~turnover~~revenue and margins. If the group trades outside the country of incorporation or other establishment of the issuer a statement showing a geographical analysis of its trading operations. Where a material proportion of the group's assets are situated outside the country of incorporation or other establishment of the issuer, a statement giving the best practicable indication of the amount and situation of such assets and the amount of the assets situated in Hong Kong. (Note 4)
- (b) additional information in respect of major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services the ultimate wholesaler or retailer as the case may be) and suppliers (meaning the ultimate supplier of items which are not of a capital nature) as follows:—
- ...
- (iii) a statement of the percentage of ~~turnover or sales~~revenue from sales of goods or rendering of services attributable to the group's largest customer;
- (iv) a statement of the percentage of ~~turnover or sales~~revenue from sales of goods or rendering of services attributable to the group's 5 largest customers combined;

...

## **Financial information about the group and the prospects of the group**

...

33. (1) A statement showing the ~~sales turnover figures or gross trading income~~ revenue of the group during the three financial years immediately preceding the issue of the listing document which should contain an explanation of the method used for computation of such ~~turnover or income~~ revenue and a reasonable breakdown between the more important trading activities. In the case of a group, intra-group sales should be excluded.

...

# Appendix 1

## Contents of Listing Documents

### Part F

#### Depository receipts

**In the case where listing is sought for depository receipts of an issuer where depository receipts representing some part of its share capital are already listed**

...

#### **General information about the group's activities**

22. (1) ...

- (b) additional information in respect of major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services the ultimate wholesaler or retailer as the case may be) and suppliers (meaning the ultimate supplier of items which are not of a capital nature) as follows:–

...

- (iii) a statement of the percentage of ~~turnover or sales~~revenue from sales of goods or rendering of services attributable to the group's largest customer;
- (iv) a statement of the percentage of ~~turnover or sales~~revenue from sales of goods or rendering of services attributable to the group's 5 largest customers combined;

...

## Appendix 5

### Forms Relating to Applications for Listing

#### Listing Application Form (For Equity Securities and Debt Securities)

##### Form A1

...

9. ~~Turnover~~Revenue and profit attributable to equity shareholders for the three preceding years (**Note 4**):

Year ending .....

	<del>Turnover</del> <u>Revenue</u>	Profit
1st Year: .....	.....	.....
2nd Year: .....	.....	.....
3rd Year: .....	.....	.....

...

## Appendix 16

### DISCLOSURE OF FINANCIAL INFORMATION

This appendix sets out the minimum financial information that a listed issuer shall include in its preliminary announcements of results, interim reports, summary interim reports, annual reports, summary financial reports, listing documents and circulars in relation to equity securities. The following requirements are supplementary to and do not supplant any other disclosures required by the Exchange Listing Rules. This appendix also sets out certain recommended disclosure items on ~~management~~ discussion and analysis (see paragraph 52) that listed issuers are encouraged to include in their interim and annual reports. These recommended disclosure items are not obligatory, but merely items relating to good practice which are recommended for disclosure.

#### Definitions

1. Unless stated to the contrary references in this appendix to financial statements of a listed issuer or to the ~~turnover~~revenue, net income, profit or loss, activities, business, or assets of a listed issuer should be taken as referring to the consolidated financial statements of the listed issuer or the ~~turnover~~revenue, net income, profit or loss, activities, business or assets of the listed issuer as set out in its consolidated financial statements. Throughout this appendix, the following terms, save where the context otherwise requires, shall have the following meanings:

...  
“entitled person” ~~the same meaning as in a person who is entitled to be sent~~ copies of the reporting documents for the financial year under section 430 of the Companies Ordinance  
...

#### Information in annual reports

11. In the case of any issue for cash of equity securities made otherwise than shareholdings in proportion to their shareholdings and which has not been specifically authorised by the shareholders, a listed issuer shall disclose:-

...  
(3) as respect each class of equity securities, the number issued, their aggregate ~~nominal~~ value;  
...

15. A listed issuer shall include particulars (nature and extent) of any transaction, arrangement or contract of significance subsisting during or at the end of the financial year in which a director of the listed issuer or an entity connected with a director is or was materially interested, either directly or indirectly, or, if there has been no such transaction, arrangement or contract, a statement of that fact.

15.1 *In the case of a PRC issuer, reference to director under this paragraph shall also mean and include supervisor.*

15.2 *A “transaction, arrangement or contract of significance” is one where any of the percentage ratios (as defined under rule 14.04(9)) of the transaction is 1% or more.*

15.3 *Notwithstanding the percentage specified in Note 15.2, a transaction, arrangement or contract is regarded as a “transaction, arrangement or contract of significance” to a listed issuer if the omission of information relating to that transaction, arrangement or contract could have changed or influenced the judgement or decision of a person relying on the relevant information.*

15.4 A reference to an entity connected with a director has the meaning given by section 486 of the Companies Ordinance.

...

24. An issuer must disclose in its financial statements details of director’s and past director’s emoluments, by name as follows:–

...

24.1 *Sub-paragraphs (2) to (6) above inclusive require an analysis of the amounts to be disclosed in the listed issuer’s financial statements under the provisions of section ~~161(1)~~383(1)(a) to (c)(inclusive) of the Companies Ordinance.*

...

28. A listed issuer (whether or not it is incorporated in Hong Kong) shall include disclosures required under the following provisions of the Companies Ordinance and subsidiary legislations:–

(1) ~~The Tenth Schedule;~~

(2) ~~S128 (details of subsidiaries);~~

(3) ~~S129 (details of investments);~~

(4) ~~S129A (details of ultimate holding company);~~

(5) ~~S129D (contents of the directors’ report);~~

(6) ~~S161 (directors’ remuneration);~~

(7) ~~S161A (corresponding figures);~~

(8) ~~S161B (loans to company officers);~~

(9) ~~S162 (directors’ interests in contracts); and~~

~~(10) S162A (management contracts).~~

(1) in financial statements

(a) Section 383 - Notes to financial statements to contain information on directors' emoluments etc.;

(b) Schedule 4 - Accounting Disclosures; and

(c) Companies (Disclosure of Information about Benefits of Directors) Regulation; and

(2) in directors' report

(a) Section 390 - Contents of directors' report: general;

(b) Section 470 - Permitted indemnity provision to be disclosed in directors' report;

(c) Section 543 - Disclosure of management contract;

(d) Schedule 5 - Content of Directors' Report: Business Review; and

(e) Companies (Directors' Report) Regulation.

28.1 Directors must prepare directors' report in accordance to section 388 of the Companies Ordinance and the directors' report must be approved and signed in accordance to section 391 of the Companies Ordinance.

28A. A directors' report for a financial year must contain a business review that consists of the following:-

(1) a fair review of the group's business;

(2) a description of the principal risks and uncertainties facing the group;

(3) particulars of important events affecting the group that have occurred since the end of the financial year;

(4) an indication of likely future development in the group's business; and

(5) to the extent necessary for an understanding of the development, performance or position of the group's business, a business review must include:-

(a) an analysis using financial key performance indicators;

(b) a discussion on –

(i) the group's environmental policies and performance; and

(ii) the group's compliance with the relevant laws and regulations that have a significant impact on the group; and

(c) an account of the group's key relationships with its employees, customers and suppliers and others that have a significant impact on the group and on which the group's success depends.

28A.1 Paragraph 28A does not require the disclosure of any information about impending developments or matters in the course of negotiation if the disclosure would, in the directors' opinion, be seriously prejudicial to the issuer's interests.

28A.2 The term "key performance indicators" means factors by reference to which the development, performance or position of the issuer's business can be measured effectively.

29. A listed issuer shall include a statement of the reserves available for distribution to shareholders by the listed issuer as at the ~~balance sheet date of~~ statement of financial position:-

(1) in the case of a Hong Kong issuer, as calculated under the provisions of sections ~~79B~~291, 297 and 299 of the Companies Ordinance; and

...

31. A listed issuer shall include information in respect of its major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services the ultimate wholesale or retailer as the case may be) and its major suppliers (meaning the ultimate supplier of items which are not of a capital nature) as follows:-

...

(3) a statement of the percentage of ~~turnover or sales~~revenue from sales of goods or rendering of services attributable to the largest customer;

(4) a statement of the percentage of ~~turnover or sales~~revenue from sales of goods or rendering of services attributable to the 5 largest customers combined;

...

32. In addition to a business review in the directors' report as set out in paragraphs 28 and 28A, aA listed issuer shall include in its annual report a ~~separate statement containing~~ a discussion and analysis of the group's performance during the financial year and the material factors underlying its results and financial position. It should emphasize trends and identify significant events or transactions during the financial year under review. As a minimum the directors of the listed issuer should comment on the following:-

...

- (6) comments on segmental information. This may cover changes in the industry segment, developments within the segment and their effect on the results of that segment. It may also include changes in the market conditions, new products and services introduced or announced and their impact on the group's performance and changes in ~~turnover~~revenue and margins;

...

33. ~~Banking, insurance and shipping companies will not be entitled to avail themselves of the benefit of the provisions of Part III of the Tenth Schedule to the Companies Ordinance. [Repealed [date]]~~

...

### **Information to accompany interim reports**

...

40. A listed issuer shall include in its interim report:–

...

~~40.1. *Leading London and Hong Kong Counsel have advised the Exchange that Section 129C(3) of the Companies Ordinance (Cap. 32) relates to the annual balance sheet once it has been audited. Section 129C(3) does not apply to any interim balance sheet. [Repealed [date]]*~~

....

42. ~~Banking, insurance and shipping companies will not be entitled to avail themselves of the benefit of the provisions of Part III of the Tenth Schedule to the Companies Ordinance. [Repealed [date]]~~

...

### **Information to accompany preliminary announcements of Results for the financial year**

45. A listed issuer shall publish a preliminary announcement of its results in accordance with rule 2.07C as required under rule 13.49(1), which has been agreed with its auditors and which includes, as a minimum, the following:

...

~~45.1 *Listed issuers are not required to include an audited balance sheet within the meaning of section 129C or other provisions of the Companies Ordinance concerning balance sheets in their preliminary results announcement for the financial year under this paragraph 45. However, the financial information included in the preliminary results announcement must have been agreed with the auditors. This does not affect the listed issuers' obligations under the Companies Ordinance concerning balance sheets as and when they are applicable. Where a listed issuer includes an audited balance sheet in its preliminary results announcement, it must comply with all applicable laws, including the relevant statutory provisions applicable in the listed issuer's place of incorporation. [Repealed [date]]*~~

- ...
- (3) a commentary business review covering the following:

...

**Information to accompany preliminary announcements of  
Interim results**

46. A listed issuer shall publish a preliminary announcement of its results in accordance with rule 2.07C for the first six months of each financial year as required under rule 13.49(6), which shall include, as a minimum, the following information:–

...

~~46.1 The Exchange has been advised that Section 129C(3) of the Companies Ordinance (Cap. 32) relates to the annual balance sheet once it has been audited. Section 129C(3) does not apply to any interim balance sheet. [Repealed [date]]~~

- ...
- (3) a commentary business review covering the following:

...

**Summary financial reports**

50. Summary financial reports of issuers must comply with the disclosure requirements set out in the Companies (Summary Financial Reports of Listed Companies) Regulation. An issuer must also disclose the following information in its summary financial report:–

...

**Recommended additional disclosure**

52. Issuers are encouraged to disclose the following additional commentary on ~~management~~ discussion and analysis in their interim and annual reports:

...

~~(v) a discussion on business risks (including known events, uncertainties and other factors which may substantially affect future performance) and risks management policy;~~

~~(vi) a discussion on the listed issuer's environmental policies and performance, including compliance with the relevant laws and regulations;~~

~~(vii) a discussion on the listed issuer's policies and performance on community, social, ethical and reputational issues; and~~

~~(viii) an account of the listed issuer's key relationships with employees, customers, suppliers and others, on which its success depends; and~~

~~(ix) receipts from, and returns to, shareholders.~~

....

## PART B – GEM LISTING RULES

>>>

### Chapter 18

#### EQUITY SECURITIES

#### FINANCIAL INFORMATION

##### Introduction

18.01 This Chapter sets out the continuing obligations of a listed issuer with regard to the disclosure of routine financial information on an annual, half-yearly and quarterly basis. It also sets out certain recommended disclosure items on ~~management~~ discussion and analysis (see rule 18.83) that listed issuers are encouraged to include in their half-year and annual reports. These recommended disclosure items are not obligatory, but merely items relating to good practice which are recommended for disclosure. Additional requirements, relating to non-routine financial disclosure, are set out in the following Chapters:

...

##### Annual reports

###### *Distribution*

18.03 The listed issuer must send to:—

- (1) every member of the listed issuer; and
- (2) every other holder of its listed securities,

a copy of either (i) the directors' report and its annual ~~accounts~~financial statements and, where the listed issuer prepares ~~group accounts~~consolidated financial statements, the ~~group accounts~~consolidated financial statements, together with a copy of the auditors' report thereon or (ii) its summary financial report, not less than 21 days before the date of the listed issuer's annual general meeting and not more than 3 months after the date upon which the financial period ended. The Issuer may send a copy of its summary financial report to a member and a holder of its listed securities in place of a copy of its annual report and ~~accounts~~financial statements, provided that it complies with rule 18.81 and the relevant provisions set out in sections ~~441~~437 to 446 of the Companies Ordinance and in the Companies (Summary Financial Reports ~~of Listed Companies~~) Regulation or, in the case of overseas issuers, with provisions no less onerous than the above provisions for listed issuers incorporated in Hong Kong.

Nothing in this rule shall require the listed issuer to send any of the documents referred to therein to:—

- (a) a person of whose address the listed issuer is unaware; or
- (b) more than one of the joint holders of any of its listed securities.

Notes: 1 ~~“Group accounts~~Consolidated financial statements”, for the purposes of a Hong Kong listed issuer, has the meaning ascribed to it under section ~~124(1)~~379(2) of the Companies Ordinance.

2 ~~The directors' report, auditors' report, annual accounts~~financial statements (including ~~group accounts~~consolidated financial statements) and, where applicable, summary financial report must be in the English language and must be accompanied by a Chinese translation or be in the Chinese language accompanied by an English translation. In respect of overseas members, it shall be sufficient for the listed issuer to mail an English language version of either (i) its directors' report, auditors' report and annual ~~accounts~~financial statements or (ii) its summary financial report if such documents contain a prominent statement in both English and Chinese to the effect that a Chinese translation is available from the listed issuer, on request.

3 Section ~~122~~431 of the Companies Ordinance requires the annual ~~accounts~~financial statements of a Hong Kong listed issuer which are laid before the listed issuer at its annual general meeting to be made up to a date falling not more than 6 months before the date of the meeting. An overseas issuer (including for such purposes, a PRC issuer) must make up its annual ~~accounts~~financial statements to a date not more than 6 months before the date of its annual general meeting.

4 The Exchange may at its discretion suspend dealings in or cancel the listing of the securities of the listed issuer if it falls into arrears in the issue of its directors' report and ~~accounts~~financial statements. If the listed issuer has significant interests outside Hong Kong it may apply for an extension of the 6 month period. However, the attention of a Hong Kong listed issuer is drawn to section ~~122(1B)~~431 of the Companies Ordinance which requires any extension of the time limit to be approved by the ~~High~~Court of First Instance.

5 [Repealed 1 January 2011]

6 “Entitled person” is a person who is entitled to be sent copies of the reporting documents for the financial year under section 430 of the Companies Ordinance.

...

*Information to accompany directors' report and annual ~~accounts~~ financial statements*  
...

18.07A In addition, a listed issuer shall include disclosures required under the following provisions of the Companies Ordinance and subsidiary legislations:-

- (1) in financial statements
  - (a) Section 383 - Notes to financial statements to contain information on directors' emoluments etc.;
  - (b) Schedule 4 - Accounting Disclosures; and
  - (c) Companies (Disclosure of Information about Benefits of Directors) Regulation; and
- (2) in directors' report
  - (a) Section 390 - Contents of directors' report: general;
  - (b) Section 470 - Permitted indemnity provision to be disclosed in directors' report;
  - (c) Section 543 - Disclosure of management contract;
  - (d) Schedule 5 - Content of Directors' Report: Business Review; and
  - (e) Companies (Directors' Report) Regulation.

Note: Directors must prepare directors' report in accordance to section 388 of the Companies Ordinance and the directors' report must be approved and signed in accordance to section 391 of the Companies Ordinance.

18.07B A directors' report for a financial year must contain a business review that consists of the following:-

- (1) a fair review of the group's business;
- (2) a description of the principal risks and uncertainties facing the group;
- (3) particulars of important events affecting the group that have occurred since the end of the financial year;
- (4) an indication of likely future development in the group's business; and
- (5) to the extent necessary for an understanding of the development, performance or position of the group's business, a business review must include:-

- (a) an analysis using financial key performance indicators;
- (b) a discussion on –
  - (i) the group’s environmental policies and performance; and
  - (ii) the group’s compliance with the relevant laws and regulations that have a significant impact on the group; and
- (c) an account of the group’s key relationships with its employees, customers and suppliers and others that have a significant impact on the group and on which the group’s success depends.

Note: 1 Rule 18.07B does not require the disclosure of any information about impending developments or matters in the course of negotiation if the disclosure would, in the directors’ opinion, be seriously prejudicial to the issuer’s interests.

2 The term “key performance indicators” means factors by reference to which the development, performance or position of the issuer’s business can be measured effectively.

...

18.25 Particulars (nature and extent) of any transaction, arrangement or contract of significance subsisting during or at the end of the financial year in which a director of the listed issuer or an entity connected with a director is or was materially interested, either directly or indirectly, or, if there has been no such transaction, arrangement or contract, a statement of that fact.

Notes: 1 In the case of a PRC issuer, reference to director under this paragraph shall also mean and include supervisor.

12 A “transaction, arrangement or contract of significance” is one where any of the percentage ratios (as defined under 19.04(9)) of the transaction is 1% or more.

23 An interest in a transaction, ~~or~~ arrangement or contract is material for the purposes of disclosure in the ~~accounts~~ financial statements if the omission of information relating to that transaction, arrangement or contract ~~or arrangement~~ could have changed or influenced the judgement or decision of a person relying on the relevant information.

4 A reference to an entity connected with a director has the meaning given by section 486 of the Companies Ordinance.

....

18.27 Particulars of any contract of significance for the provision of services to the listed issuer or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

*Note: See Note ~~12~~ to rule 18.25 and the Note to rule 18.26.*

18.28 Information concerning the emoluments, pension and any compensation arrangements for the directors and past directors of the listed issuer ~~as is specified in sections 161 and 161A of the Companies Ordinance (which information must be provided irrespective of where the listed issuer is in fact incorporated).~~ The information provided pursuant to this rule must include details of directors' and past directors' emoluments, by name as follows:—

...

*Notes: ...*

2 *Sub-paragraphs (2) to (6) of this rule require an analysis of the amounts to be disclosed in the issuer's ~~accounts~~financial statements under the provisions of section ~~161(1)~~383(1)(a) to (c) (inclusive) of the Companies Ordinance.*

...

18.32 In the case of any issue for cash of equity securities made otherwise than to the listed issuer's shareholders in proportion to their shareholdings and which has not been specifically authorized by the listed issuer's shareholders:—

...

(3) as regards each class of equity securities, the number issued, their aggregate ~~nominal~~ value;

...

18.37 A statement of the reserves available for distribution to shareholders by the listed issuer (as calculated under the provisions of sections ~~79B~~291, 297 and 299 of the Companies Ordinance) as at the ~~balance sheet~~ date of statement of financial position.

...

18.40 Additional information in respect of major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services the ultimate wholesaler or retailer as the case may be) and suppliers (meaning the ultimate supplier of items which are not of a capital nature) as follows:—

...

(3) a statement of the percentage of ~~turnover or sales~~ revenue from sales of goods or rendering of services attributable to the group's largest customer;

- (4) a statement of the percentage of ~~turnover or sales~~ revenue from sales of goods or rendering of services attributable to the group's 5 largest customers combined;

...

18.41 In addition to a business review in the directors' report required under rule 18.07B, an issuer shall include in its annual report~~A separate statement containing~~ a discussion and analysis of the group's performance during the year and the material factors underlying its results and financial position. It should emphasise trends and identify significant events or transactions during the year under review. As a minimum the directors of the listed issuer should comment on the following:—

- ...
- (6) ~~comments on segmental information given in the directors' report and accounts.~~ This may cover changes in the industry segment, developments within the segment and their effect on the results of that segment. It may also include changes in the market conditions, new products and services introduced or announced and their impact on the group's performance and changes in ~~turnover~~ revenue and margins;

...

#### *Miscellaneous*

18.48 ~~Banking, insurance and shipping companies will not be entitled to avail themselves of the benefit of the provisions of Part III of the Tenth Schedule to the Companies Ordinance. [Repealed [date]]~~

...

#### **Preliminary announcement of results for the financial year**

...

#### *Content of preliminary announcement*

18.50 The preliminary announcement of results for the financial year must contain at least the following information in respect of the group:

...

*Note: ~~Listed issuers are not required to include an audited balance sheet within the meaning of section 129C or other provisions of the Companies Ordinance concerning balance sheets in their preliminary results announcement for the financial year under this rule 18.50. However, the financial information included in the preliminary results announcement must have been agreed with the auditors. This does not affect the listed issuers' obligations under the Companies Ordinance concerning balance sheets as and when they are applicable. Where a listed issuer includes an audited balance sheet in its preliminary results announcement, it must comply with all applicable laws, including the relevant statutory provisions applicable in the listed issuer's place of incorporation. [Repealed [date]]~~*

- (2) a ~~business review~~ commentary covering the following:

...

*Miscellaneous*

- 18.52 ~~Banking, insurance and shipping companies will not be entitled to avail themselves of the benefit of the provisions of Part III of the Tenth Schedule to the Companies Ordinance. [Repealed [date]]~~

**Half-year reports**

*Obligation to prepare and publish*

- 18.53 The listed issuer shall prepare, in respect of each of the first 6 months of each financial year of the listed issuer, either (i) a half-year report, or (ii) a summary half-year report containing at least the information required by rules 18.55 and 18.82, respectively and publish the same (in accordance with the requirements of Chapter 16) not later than 45 days after the end of such period. The listed issuer may send a copy of its summary half-year report to a member and a holder of its listed securities in place of a copy of its half-year report, provided that such summary half-year report complies with the relevant provisions of the Companies (Summary Financial Reports of Listed Companies) Regulation governing summary financial reports.

*Notes: ...*

- 2 *The figures in each half-year report and summary half-year report are the sole responsibility of the directors and they must ensure that the accounting policies applied to the figures are consistent with those applied to annual ~~accounts~~ financial statements. If a change in the financial year is proposed, the Exchange should be consulted as to the period or periods to be covered by the half-year reports or summary half-year reports.*

...

*Miscellaneous*

- 18.65 ~~Banking, insurance and shipping companies will not be entitled to avail themselves of the benefit of the provisions of Part III of the Tenth Schedule to the Companies Ordinance. [Repealed [date]]~~

**Quarterly reports**

...

*Miscellaneous*

- 18.77 ~~Banking, insurance and shipping companies will not be entitled to avail themselves of the benefit of the provisions of Part III of the Tenth Schedule to the Companies Ordinance. [Repealed [date]]~~

## **Preliminary announcement of results for each of the first 6 month of each financial year**

- 18.78 A listed issuer must publish (in accordance with the requirements of Chapter 16) a preliminary announcement of the results for the first 6 months of each financial year, containing at least the information set out below, on the GEM website as soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the next business day after approval by or on behalf of the board of the results. The issuer must publish such results not later than 45 days after the end of such period:

...

- (3) a ~~business review~~commentary covering the following:

...

### *Summary financial reports*

- 18.81 Summary financial reports of issuers must comply with the disclosure requirements set out in the Companies (Summary Financial Reports ~~of Listed Companies~~) Regulation. An issuer must also disclose the following information in its summary financial report:

...

### **Recommended additional disclosure**

- 18.83 Issuers are encouraged to disclose the following additional commentary on ~~management~~ discussion and analysis in their half-year and annual reports:

...

- ~~(5) a discussion on business risks (including known events, uncertainties and other factors which may substantially affect future performance) and risks management policy;~~

- ~~(6) a discussion on the listed issuer's environmental policies and performance, including compliance with the relevant laws and regulations;~~

- ~~(7) a discussion on the listed issuer's policies and performance on community, social, ethical and reputational issues; and~~

- ~~(8) an account of the listed issuer's key relationships with employees, customers, suppliers and others, on which its success depends; and~~

- ~~(9) receipts from, and returns to, shareholders.~~

...

## Chapter 19

### EQUITY SECURITIES

#### NOTIFIABLE TRANSACTIONS

...

#### *Major transaction circulars*

...

19.67 In addition to the requirements set out in rule 19.66, a circular issued in relation to an acquisition constituting a major transaction must contain:—

...

- (7) a ~~management~~ discussion and analysis of results of the business, company or companies being acquired covering all those matters set out in rule 18.41 for the period reported on in the accountants' report.

#### *Inability to access information to compile circulars for major transactions or very substantial acquisitions*

19.67A ...

(2) ...

- (b) where information required for the enlarged group is not available, to include the following information regarding the issuer:

...

- (iv) ~~management~~ discussion and analysis of results (this is applicable only to very substantial acquisitions, see rule 19.69(8));

...

**Chapter 24**  
**EQUITY SECURITIES**  
**OVERSEAS ISSUERS**

...

*Information to accompany annual report and accounts*

...

24.20 An overseas issuer shall, ~~to the extent not otherwise included by virtue of the provisions of Chapter 18,~~ include in its directors' report and accounts those additional disclosures required of Hong Kong incorporated companies under the ~~following~~ provisions of the Companies' Ordinance and subsidiary legislations set out in rules 18.07A and 18.07B:—

- ~~(1) The Tenth Schedule;~~
- ~~(2) S128 (details of subsidiaries);~~
- ~~(3) S129 (details of investments);~~
- ~~(4) S129A (details of ultimate holding company);~~
- ~~(5) S129D (contents of the directors' report);~~
- ~~(6) S161 (directors' remuneration);~~
- ~~(7) S161A (corresponding figures);~~
- ~~(8) S161 B (loans to company officers);~~
- ~~(9) S162 (directors' interests in contracts); and~~
- ~~(10) S162A (management contracts).~~

...

## Chapter 25

### EQUITY SECURITIES

#### ISSUERS INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA

...

*Information to accompany annual report and accounts*

...

25.32 A PRC issuer shall, ~~to the extent not otherwise included by virtue of the provisions of Chapter 18,~~ include in its directors' report and accounts those additional disclosures required of Hong Kong incorporated companies under the ~~following~~ provisions of the Companies Ordinance and subsidiary legislations set out in rules 18.07A and 18.07B:—

- ~~(1) the Tenth Schedule;~~
- ~~(2) S128 (details of subsidiaries);~~
- ~~(3) S129 (details of investments);~~
- ~~(4) S129A (details of ultimate holding company);~~
- ~~(5) S129D (contents of the directors' report);~~
- ~~(6) S161 (directors' remuneration);~~
- ~~(7) S161A (corresponding figures);~~
- ~~(8) S161 B (loans to company officers);~~
- ~~(9) S162 (directors' interests in contracts); and~~
- ~~(10) S162A (management contracts).~~

...

# Appendix 1

## CONTENTS OF LISTING DOCUMENTS

### Part A

#### Equity Securities

##### **In the case where listing is sought for equity securities of an issuer no part of whose share capital is already listed**

...

#### **General information about the group's activities**

28. (1) (a) the general nature of the business of the group and, in cases where 2 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. A commentary should be provided on this information covering changes in each such activity, developments within each such activity and their effects on the results of that activity. It should also include changes in market conditions, new products and services introduced or announced and their impact on the group's performance, changes in market share or position and changes in ~~turnover~~ revenue and margins. If the group trades outside the country of incorporation or other establishment of the issuer a statement showing a geographical analysis of its trading operations. Where a material proportion of the group's assets are situated outside the country of incorporation or other establishment of the issuer, a statement giving the best practicable indication of the amount and situation of such assets and the amount of the assets situated in Hong Kong. (*Note 4*)
- (b) additional information in respect of major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services the ultimate wholesaler or retailer as the case may be) and suppliers (meaning the ultimate supplier of items which are not of a capital nature) as follows:—
- ...
- (iii) a statement of the percentage of ~~turnover or sales~~ revenue from sales of goods or rendering of services attributable to the group's largest customer;
- (iv) a statement of the percentage of ~~turnover or sales~~ revenue from sales of goods or rendering of services attributable to the group's 5 largest customers combined;

...

### **Financial information about the group and the prospects of the group**

...

33. (1) A statement showing the ~~sales turnover figures or gross trading~~ income of the group during the 2 financial years immediately preceding the issue of the listing document 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. In the case of a group, intra-group sales should be excluded.

...

# Appendix 1

## CONTENTS OF LISTING DOCUMENTS

### Part B

#### Equity Securities

##### **In the case where listing is sought for equity securities of an issuer some part of whose share capital is already listed**

...

##### **General information about the group's activities**

26. (1) (a) ...

(b) additional information in respect of major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services the ultimate wholesaler or retailer as the case may be) and suppliers (meaning the ultimate supplier of items which are not of a capital nature) as follows:—

...

(iii) a statement of the percentage of ~~turnover or sales~~ revenue from sales of goods or rendering of services attributable to the group's largest customer;

(iv) a statement of the percentage of ~~turnover or sales~~ revenue from sales of goods or rendering of services attributable to the group's 5 largest customers combined;

...

## Appendix 1

### CONTENTS OF LISTING DOCUMENTS

#### Part C

#### Debt Securities

##### In the case where listing is sought for debt securities

...

##### Financial information about the group and prospects of the group

...

40. A statement showing the ~~sales turnover figures or gross trading income~~revenue during the 2 financial years immediately preceding the issue of the listing document which should contain an explanation of the method used for computation of such ~~turnover or income~~revenue and a reasonable breakdown between the more important trading activities. In the case of a group, intra-group sales should be excluded.

...

---

**APPENDIX II: DRAFT RULE AMENDMENTS FOR PROPOSALS DESCRIBED IN CHAPTER II**

---

**PART A – MAIN BOARD LISTING RULES**

>>>

**Chapter 1**

**GENERAL**

**INTERPRETATION**

1.01 Throughout these Rules, the following terms, except where the context otherwise requires, have the following meanings:

...

**“balance sheet”**      has the same meaning as “statement of financial position” and vice-versa

...

**“income statement”**      has the same meaning as “statement of profit or loss and other comprehensive income” and vice-versa

...

**“profit and loss account”**      has the same meaning as “statement of profit or loss and other comprehensive income” and vice-versa

...

## Chapter 4

### GENERAL

#### ACCOUNTANTS' REPORTS AND PRO FORMA FINANCIAL INFORMATION

...

##### Basic Contents of Accountants' Report for a Listing Document

4.04 In the case of a new applicant (rule 4.01(1)) and an offer of securities to the public for subscription or purchase falling within rule 4.01(2) the accountants' report must include:—

...

##### Balance sheet

(3) ...

(b) in the case of banking companies, the balance sheet as at the end of each of the three financial years prepared in accordance with rule 4.04(3)(a) must include information on the assets and liabilities set out in the ~~Financial Disclosure by Locally Incorporated Authorized Institutions~~Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority;

...

(4) ...

(b) in the case of banking companies, the balance sheet as at the end of each of the three financial years prepared in accordance with rule 4.04(4)(a) must include information on the assets and liabilities set out in the ~~Financial Disclosure by Locally Incorporated Authorized Institutions~~Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority;

...

##### ~~Additional disclosures for Financial Conglomerates~~

(7) ~~where the issuer is regarded as a financial conglomerate (see paragraph 36 of Appendix 16) in any of the three financial years to which the latest audited accounts have been made up, the information required by paragraph 35 of Appendix 16 in respect of the financial year or years in which the issuer is regarded as a financial conglomerate; [Repealed [date]]~~

...

##### Specific detail concerning financial information

4.05 The report on results and financial position under rules 4.04(1) to (4) must include the disclosures required under the relevant accounting standards adopted and disclose separately the following information:—

(1) Income statement

- ~~(a)~~ turnover;
  - ~~(b)~~ investment and other income;
  - ~~(ae)~~ profit (or loss) on sale of ~~investments or~~ properties;
  - ~~(bd)~~ cost of goods sold;
  - ~~(e)~~ interest on borrowings;
  - ~~(f)~~ depreciation/amortisation;
  - ~~(cg)~~ profit (or loss) before taxation, 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, nature and incidence; and
  - ~~(dh)~~ taxation on profits (Hong Kong and overseas) in each case indicating the basis of computation, with separate disclosure of the taxation on share of associated companies' profits;
  - ~~(i)~~ profit (or loss) attributable to non-controlling interests;
  - ~~(j)~~ profit (or loss) attributable to shareholders;
  - ~~(k)~~ 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: —
    - ~~(i)~~ if combined results are presented in accordance with rule 4.09 and, in the opinion of the reporting accountants, such information is not meaningful having regard to the purpose of the report;
    - ~~(ii)~~ if the accountants' report relates to an issue of debt securities; or
    - ~~(iii)~~ in the case of a major transaction; and
  - ~~(l)~~ details of any special dividend proposed to be paid after the date of the accountants' report;
- (2) Balance sheet information as follows, if applicable:
- ~~(a)~~ fixed assets;
  - ~~(b)~~ current assets
    - ~~(i)~~ stocks;

- ~~(a) (ii) debtors including credit policy and ageing analysis of accounts receivable based on the invoice date; and~~
- ~~(iii) cash at bank and in hand; and~~
- ~~(iv) other current assets;~~
- ~~(c) current liabilities~~
  - ~~(i) borrowings and debts; and~~
- ~~(b) (ii) ageing analysis of accounts payable based on the invoice date;~~
- ~~(d) net current assets (liabilities);~~
- ~~(e) total assets less current liabilities;~~
- ~~(f) non-current liabilities~~
  - ~~(i) borrowings and debts;~~
- ~~(g) capital and reserves; and~~
- ~~(h) non-controlling interests;~~

(3) Dividends

- (a) 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:—
  - (i) if combined results are presented in accordance with rule 4.09 and, in the opinion of the reporting accountants, such information is not meaningful having regard to the purpose of the report;
  - (ii) if the accountants' report relates to an issue of debt securities; or
  - (iii) in the case of a major transaction; and
- (b) details of any special dividend proposed to be paid after the date of the accountants' report; and

~~(43)~~ in the case of banking companies, the information on results and financial position set out in the ~~Financial Disclosure by Locally Incorporated Authorized Institutions~~Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority must be provided in place of that set out in rule 4.05(1) ~~(with the exception of that required by rules 4.05(1)(k) and 4.05(1)(l))~~ and rule 4.05(2); ~~and~~

~~(4)~~ ~~Segment information~~

~~the income statement and balance sheet shall, in addition to that information required by rules 4.05(1) to 4.05(2), include segmental information required by the accounting standards adopted for the preparation of its annual financial statements:—~~

~~(a)~~ ~~Hong Kong Financial Reporting Standards (HKFRS); or~~

~~(b)~~ ~~International Financial Reporting Standards (IFRS); or~~

~~(c)~~ ~~China Accounting Standards for Business Enterprises (CASBE).~~

~~*Note: The information required by this rule may be provided on the face of the income statement or the balance sheet, as appropriate, or in the notes to the financial statements.*~~

...

### **Basic Contents of Accountants' Report for Certain Notifiable Transaction Circulars**

4.06 In the cases referred to in rule 4.01(3) concerning a circular in connection with a reverse takeover, a very substantial acquisition or a major transaction on the acquisition of a business, company or companies, the accountants' report must include:—

#### **History of results**

(1) ...

(b) in the case of banking companies, the report on results prepared in accordance with rule 4.06(1)(a) must include the information on results set out in the ~~Financial Disclosure by Locally Incorporated Authorized Institutions~~Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority;

## Balance Sheet

(2) ...

- (b) in the case of banking companies, the balance sheet as at the end of each of the three financial years (or the end of each of the financial years since commencement of such business or the incorporation or establishment of such company, as the case may be, if less) must include the information on the assets and liabilities set out in the ~~Financial Disclosure by Locally Incorporated Authorized Institutions~~Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority;

...

## ~~Additional disclosures for Financial Conglomerates~~

- (5) ~~where the business or company acquired or to be acquired is regarded as a financial conglomerate (see paragraph 36 of Appendix 16) in any of the three financial years (or for each of the financial years since commencement of such business or the incorporation or establishment of such company, as the case may be, if less) to which the latest audited accounts have been made up, the information required by paragraph 35 of Appendix 16 in respect of the financial year or years in which the issuer is regarded as a financial conglomerate; [Repealed [date]]~~

...

## Disclosure

- 4.10 The information to be disclosed in respect of rules 4.04 to 4.09 must be in accordance with best practice which is at least that required to be disclosed in respect of those specific matters in the accounts of a company under the Companies Ordinance and HKFRS, IFRS or CASBE in the case of a PRC issuer that has adopted CASBE for the preparation of its annual financial statements and, in the case of banking companies, the ~~Financial Disclosure by Locally Incorporated Authorized Institutions~~Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority.

...

**Chapter 13**  
**EQUITY SECURITIES**  
**CONTINUING OBLIGATIONS**

...

**Preliminary Announcements of Results – Full Financial Year**

13.49 (1) An issuer shall publish in accordance with rule 2.07C its preliminary results in respect of each financial year as soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the next business day after approval by or on behalf of the board. The issuer must publish such results:

~~(i) for annual accounting periods ending before 31 December 2010 – not later than four months after the end of the financial year; and~~

~~(ii) for annual accounting periods ending on or after 31 December 2010 – not later than three months after the end of the financial year.~~

....

(3)(i) Where an issuer is unable to make an announcement of its preliminary results based on its financial statements in accordance with rules 13.49(1) and 13.49(2), it must make an announcement:

~~(A) for annual accounting periods ending before 31 December 2010 – not later than four months after the end of the financial year; and~~

~~(B) for annual accounting periods ending on or after 31 December 2010 – not later than three months after the end of the financial year.~~

...

**Preliminary Announcements of Results – First Half of The Financial Year**

(6) The issuer shall publish in accordance with rule 2.07C a preliminary announcement in respect of its results for the first six months of each financial year, unless that financial year is of six months or less, as soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the next business day after approval by or on behalf of the board. The issuer must publish such results:

~~(a) for half year accounting periods ending before 30 June 2010 – not later than three months after the end of that period of six months;~~

~~(b) for half year accounting periods ending on or after 30 June 2010 – not later than two months after the end of that period of six months.~~

...

# The Stock Exchange of Hong Kong Limited

## Practice Note 10

to the Rules Governing the Listing of Securities  
(the “Exchange Listing Rules”)  
Issued pursuant to rule 1.06 of the Exchange Listing Rules

### INTERIM REPORTING FOR NEW ISSUERS

...

#### 3. Requirement for Interim Results Announcements and Reports

Rule 13.48 requires issuers to prepare an interim report or summary interim report in respect of the first six months of the financial year. The interim report or summary interim report is to be published not later than three months after the end of that period of six months. Rule 13.49(6) requires issuers to prepare an interim results announcement in respect of the first six months of the financial year. The interim results announcement is to be published as follows:

- ~~(a) for half year accounting periods ending before 30 June 2010 not later than three months after the end of that period of six months;~~
- ~~(b) for half year accounting periods ending on or after 30 June 2010 not later than two months after the end of that period of six months.~~

...

#### 4. This Practice Note takes effect from 1st June, 1994.

Hong Kong, 1st June, 1994

Revised on 31st March, 2004

Revised on 1st September, 2008

Revised on [ \_\_\_\_\_ ], 2014

# Appendix 1

## Contents of Listing Documents

### Part A

#### Equity Securities

##### In the case where listing is sought for equity securities of an issuer no part of whose share capital is already listed

...

#### Financial information about the group and the prospects of the group

...

33. ...

(4) The following information in addition to those required under the relevant accounting standard in respect of pension schemes:—

~~(a) the nature of the principal scheme or schemes operated by the group (i.e. whether they are defined benefit plans or defined contribution plans);~~

~~(a)~~ a brief outline of how contributions are calculated or benefits funded;

~~(c) the employer's pension cost charge to the profit and loss account for the period;~~

~~(b)~~ in the case of defined contribution schemes, details of whether forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) may be used by the employer to reduce the existing level of contributions and if so, the amounts so utilised in the course of the year and available at the balance sheet date for such use; and

~~(c)~~ in the case of defined benefit plans, an outline of the results of the most recent formal actuarial valuation or later formal review of the scheme on an ongoing basis. This should include disclosure of:—

...

# Appendix 1

## Contents of Listing Documents

### Part E

#### Depository receipts

**In the case where listing is sought for depository receipts of an issuer no part of whose share capital is already listed**

...

**Financial information about the group and the prospects of the group**

...

33. ...

(4) The following information in addition to those required under the relevant accounting standard in respect of pension schemes:–

~~(a) the nature of the principal scheme or schemes operated by the group (i.e. whether they are defined benefit plans or defined contribution plans);~~

~~(ab) a brief outline of how contributions are calculated or benefits funded;~~

~~(c) the employer's pension cost charge to the profit and loss account for the period;~~

~~(bd) in the case of defined contribution schemes, details of whether forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) may be used by the employer to reduce the existing level of contributions and if so, the amounts so utilised in the course of the year and available at the balance sheet date for such use; and~~

~~(ce) in the case of defined benefit plans, an outline of the results of the most recent formal actuarial valuation or later formal review of the scheme on an ongoing basis. This should include disclosure of:–~~

...

## Appendix 7

### Part C

Type of Security: Debt

Type of Issuer: Incorporated or otherwise established in Hong Kong or elsewhere (except States, Supranationals, State Corporations, Banks and debt issues to professional investors only)

...

#### Information to accompany annual report and accounts

9. (1) The Issuer shall include in its annual report and accounts the disclosures required under the relevant accounting standards and the information set out below:—

- (a) ~~a description of the principal activities of the group and, where two or more such activities are so described, a statement giving in respect of each such activity the turnover and contribution to trading results attributable to it;~~[Repealed [date]]
- (b) ~~a geographical analysis of consolidated turnover and, if the contribution to profit or loss from a specific area is abnormal in nature, of contribution to trading results of those trading operations carried on by the Issuer and/or its subsidiaries outside the country where the main place of business of the Issuer (or the group of which the Issuer is a member) is situated unless such operations comprise less than ten per cent. Of the consolidated turnover and ten per cent. of the consolidated trading results of the group;~~[Repealed [date]]

~~9.1—Transactions within the group should be excluded.~~

~~9.2—A broad geographical analysis of net turnover by way of figures or percentages, given by market (not necessarily given country by country), will be acceptable. Where analysis is required, the analysis should be by continent but if 50 per cent. of total overseas operations relates to one continent, a further analysis, for example, by country within that continent, will be required. Overseas operations include direct exports and activities carried out by the Issuer and/or its subsidiaries otherwise than in the country where the main place of business of the Issuer (or the group of which the Issuer is a member) is situated.~~

~~9.3—In respect of trading results an appropriate statement should be included where, for a proper appraisal of the business of the Issuer (or the group of which the Issuer is a member), holders of listed debt securities should be aware of significant~~

*contributions derived from activities carried out in any one territory. No analysis of the contribution to trading results is required unless the contribution to profit or loss from a specific area is “abnormal” in nature. “Abnormal” is defined as substantially out of line with the normal ratio of profit to turnover. For example, if a 40 per cent. profit is earned by the group in relation to turnover in one continent, compared with 10 per cent. on turnover elsewhere, this fact should be made apparent.*

...

- (j) ~~in respect of the financial year, a statement of the amount of interest capitalised by the group during the year. [Repealed [date]]~~

## Appendix 15

### BANK REPORTING

~~[Repealed [date]]~~

~~This appendix sets out the minimum level of information to be included in annual reports, interim reports and preliminary announcements of issuers that are banking companies (meaning banks, restricted licence banks and deposit taking companies as defined in the Banking Ordinance.)~~

~~1. At least the following information shall be contained in interim reports, annual reports, preliminary announcements of results, listing documents and circulars:~~

~~(I) Income Statement~~

~~(a) Interest Income;~~

~~(b) Interest Expense;~~

~~(c) Other Operating Income;~~

~~(d) Operating Expenses;~~

~~(e) Charge for bad and doubtful debts;~~

~~(f) Gains less losses on trading securities or other investments in securities;~~

~~(g) Gains less losses from disposal of investment securities or non-trading securities;~~

~~(h) Provisions on held to maturity securities and investment securities or provisions on held to maturity securities and non-trading securities;~~

~~(i) Exceptional Items;~~

~~(j) Taxation on profits (Hong Kong and overseas) in each case indicating the basis of computation;~~

~~(k) As appropriations;~~

~~—— transfers to or from inner reserves~~

~~—— transfers to or from other reserves;~~

~~(l) Rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby (or an appropriate negative statement);~~

- ~~(m) Earnings per share;~~
- ~~(n) Comparative figures of the matters specified in (a) to (m) inclusive for the corresponding previous period;~~

~~(II) Statement of assets and liabilities~~

- ~~(a) cash and short term funds;~~
- ~~(b) trading securities or other investments in securities;~~
- ~~(c) advances and other accounts;~~
- ~~(d) held to maturity securities and investment securities or held to maturity securities and non trading securities;~~
- ~~(e) issued debt securities;~~
- ~~(f) other accounts and provisions; and~~
- ~~(g) comparative figures of the matters specified in (a) to (f) inclusive for the corresponding previous period.~~

~~(III) Segment information~~

~~Information required by the accounting standards adopted by the issuer for the preparation of its annual financial statements:—~~

- ~~(a) Hong Kong Financial Reporting Standards (HKFRS); or~~
- ~~(b) International Financial Reporting Standards (IFRS); or~~
- ~~(c) Generally Accepted Accounting Principles in the United States of America (US GAAP); or~~
- ~~(d) China Accounting Standards for Business Enterprises (CASBE).~~

~~(IV) Off balance sheet exposure~~

- ~~(a) contingent liabilities and commitments; and~~
- ~~(b) derivatives~~

- ~~2. In the case of interim reports, those matters set out in rule 13.48 and any other information required by the Hong Kong Monetary Authority in relation to interim reports (where applicable); and~~
- ~~3. In the case of annual reports, those matters set out in rule 13.47 and any other information required by the Hong Kong Monetary Authority in relation to annual reports (where applicable).~~

## Appendix 16

### DISCLOSURE OF FINANCIAL INFORMATION

...

#### Definitions

1. ...

~~“financial-  
conglomerate”~~ the same meaning as in paragraph 36 below

...

#### Requirement for all Financial Statements

2. Each set of financial statements presented in an annual report, listing document or circular shall provide a true and fair view of the state of affairs of the listed issuer and of the results of its operations and its cashflows, ~~and shall include, at a minimum, the following components:~~

~~(1) — balance sheet;~~

~~(2) — income statement;~~

~~(3) — cash flow statement;~~

~~(4) — statement of changes in equity;~~

~~(5) — comparative figures for the statements referred to in (1) to (4) above inclusive for the corresponding previous period; and~~

~~(6) — accounting policies and explanatory notes.~~

2.1 Annual ~~accounts~~ financial statements of a listed issuer are required, subject to Notes 2.4 and ~~2.5~~2.6, to conform with:—

(a) Hong Kong Financial Reporting Standards (HKFRS); or

(b) International Financial Reporting Standards (IFRS); or

(c) China Accounting Standards for Business Enterprises (CASBE) in the case of a PRC issuer that has adopted CASBE for the preparation of its annual financial statements.

2.2 An issuer must apply one of the bodies of standards referred to in Note 2.1 consistently and shall not normally change from one body of standards to the other unless there are reasonable grounds to justify such a change. All reasons for any such change must be disclosed in the annual ~~accounts~~ financial statements.

2.3 [Repealed 15 December 2010]

- 2.4 *An overseas issuer, which has a secondary listing on the Exchange, may prepare annual ~~accounts~~ financial statements drawn up in conformity with Generally Accepted Accounting Principles in the United States of America (US GAAP).*
- 2.5 *If an accounting estimate reported in prior interim period of the current financial year is changed during the subsequent interim period of the same financial year and has a material effect in that subsequent interim period, the nature and amount of a change in an accounting estimate that has a material effect in the current financial year or which is expected to have a material effect in subsequent periods should be disclosed. If it is impracticable to quantify the amount, this fact should be disclosed.*
- 2.6 *Where the Exchange, in exceptional circumstances, allows the annual ~~accounts~~ financial statements of an overseas issuer to be drawn up otherwise than in conformity with accounting standards referred to in Note 2.1, the Exchange will normally require the annual ~~accounts~~ financial statements to contain a statement of the financial effect of the material differences (if any) from either HKFRS or IFRS referred to in Note 2.1 above.*

...

#### **Basic Financial Information**

4. Financial statements referred to in paragraph 2 shall include the disclosures required under the relevant accounting standards adopted and at least the information set out below. This information may be included in the notes to the financial statements. In the case of banking companies, the information on results and financial position set out in shall comply with the Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority must be provided in place of that set out in paragraph 4(1) and paragraph 4(2) Appendix 15 as regards the disclosure requirements for preliminary announcements of results, interim reports, annual reports, listing documents and circulars.
- (1) ~~Income statement~~ Statement of profit or loss and other comprehensive income
- (a) ~~turnover;~~
  - (b) ~~profit (or loss) before taxation;~~
  - (ae) taxation on profits (Hong Kong and overseas) in each case indicating basis of computation;
  - (d) ~~profit (or loss) attributable to non-controlling interests;~~
  - (e) ~~profit (or loss) attributable to shareholders;~~

- ~~(f) rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby (or an appropriate negative statement);~~
- ~~(g) earnings per share;~~
- ~~(h) investment and other income;~~
- ~~(b<sub>i</sub>) cost of goods sold; and~~
- ~~(j) interest on borrowings;~~
- ~~(k) depreciation / amortisation;~~
- ~~(c<sub>l</sub>) profit (or loss) on sale of investments or properties;~~
- ~~(m) share of profit (or loss) of associated companies and jointly controlled entities attributable to equity holders (i.e. after tax and non-controlling interests in the associated companies and jointly controlled entities); and~~
- ~~(n) comparative figures for the matters specified in (a) to (m) inclusive for corresponding previous period.~~

*4.1 Where the items of information specified in sub-paragraph 4(1) are unsuited to a listed issuer's activities, appropriate adjustments should be made. Where the requirements of this appendix are unsuited to a listed issuer's activities or circumstances, the Exchange may require suitable adaptations to be made.*

(2) ~~Balance sheet~~Statement of financial position

- ~~(a) fixed assets;~~
- ~~(b) current assets~~
  - ~~(i) stocks;~~
  - ~~(a) (ii) debtors including credit policy and ageing analysis of accounts receivable based on the invoice date; and~~
  - ~~(iii) cash at bank and in hand; and~~
  - ~~(iv) other current assets;~~
- ~~(c) current liabilities~~
  - ~~(i) borrowings and debts; and~~

- ~~(b) (ii)~~—ageing analysis of accounts payable based on the invoice date;
- ~~(d)~~—net current assets (liabilities);
- ~~(e)~~—total assets less current liabilities;
- ~~(f)~~—non-current liabilities
- ~~(i)~~—borrowings and debts;
- ~~(g)~~—capital and reserves; and
- ~~(h)~~—non-controlling interests.

(3) Dividends

Rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby (or an appropriate negative statement).

~~(3) Segment information~~

~~The income statement and balance sheet of a listed issuer shall, in addition to that information required by paragraphs 4(1) and (2), include segmental information required by the accounting standards adopted for the preparation of its annual financial statements:—~~

- ~~(a)~~—Hong Kong Financial Reporting Standards (HKFRS); or
- ~~(b)~~—International Financial Reporting Standards (IFRS); or
- ~~(c)~~—Generally Accepted Accounting Principles in the United States of America (US GAAP); or
- ~~(d)~~—China Accounting Standards for Business Enterprises (CASBE).

...

**Information in annual reports**

6. A listed issuer shall include the information as set out in paragraphs ~~78~~ to 3534A in its annual report. Unless stated to the contrary the financial information specified in these paragraphs may be included outside the financial statements and will therefore be outside the scope of the auditors' report on the financial statements. Banking companies shall, in addition, comply with the Financial Disclosure by Locally Incorporated Authorized Institutions Guideline on the Application of the Banking (Disclosure) Rules or other regulations in relation to the contents of annual report issued or specified from time to time by the Hong Kong Monetary Authority.

...

7. ~~A listed issuer shall include in its financial statements segmental information required by the accounting standards adopted for the preparation of its annual financial statements:— [Repealed [date]]~~

~~(1) Hong Kong Financial Reporting Standards (HKFRS); or~~

~~(2) International Financial Reporting Standards (IFRS); or~~

~~(3) Generally Accepted Accounting Principles in the United States of America (US GAAP); or~~

~~(4) China Accounting Standards for Business Enterprises (CASBE).~~

...

10. In relation to transactions in its securities, or securities of its subsidiaries during the financial year a listed issuer shall include:—

...

(3) particulars of any redemption or purchase or cancellation by the listed issuer or any of its subsidiaries of its redeemable securities and the amount of such securities outstanding at the ~~balance sheet date~~end of the relevant financial year; and

...

13. A listed issuer shall include the information relating to interests of directors, the chief executive and others as follows:—

(1) subject to sub-paragraph 13(2), a statement as at the ~~balance sheet date~~end of the relevant financial year showing the interests and short positions of each director and chief executive of the listed issuer in the shares, underlying shares and debentures of the listed issuer or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance):

...

(3) a statement as at the ~~balance sheet date~~end of the relevant financial year, showing the interests or short positions of every person, other than a director or chief executive of the listed issuer, in the shares and underlying shares of the listed issuer as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance and the amount of such interests and short positions, or if there is no such interests and short positions recorded in the register, a statement of that fact; and

...

22. In relation to loans and borrowings a listed issuer shall provide in its financial statements,:-

~~(1)~~—except where the listed issuer is a banking company, an analysis as at the ~~balance sheet date~~ statement of financial position, firstly of bank loans and overdrafts and, secondly of other borrowings, showing 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; and
- (d) within a period of more than five years;

~~(2)~~—a statement of the amount of interest capitalised during the financial year.

...

26. A listed issuer shall include the following information in addition to those required under the relevant accounting standard in respect of pension schemes:-

~~(1)~~—~~the nature of the principal scheme or schemes operated by the group (i.e. whether they are defined benefit plans or defined contribution plans);~~

~~(2)~~ a brief outline of how contributions are calculated or benefits funded;

~~(3)~~—~~the employer's pension cost charged to the income statement for the financial year;~~

~~(4)~~ in the case of defined contribution schemes, details of whether forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) may be used by the employer to reduce the existing level of contributions and if so, the amounts so utilised in the course of the year and available at the ~~balance sheet date~~ statement of financial position for such use; and

~~(5)~~ in the case of defined benefit plans, an outline of the results of the most recent formal independent actuarial valuation (which should be as at a date not earlier than 3 years prior to the ~~balance sheet date~~ statement of financial position) or later formal independent review of the scheme on an ongoing basis. This should include disclosure of:-

...

27. If an issuer has valued any property interests (under Chapter 5) or has valued any other tangible assets and included such a valuation in the prospectus relating to its initial public offer and those assets are not stated at valuation (or

at subsequent valuation) in its first annual ~~accounts~~financial statements published after listing, then the issuer is required to disclose the following additional information in its first annual report published after listing:—

- (1) the amount of such valuation of those properties or other tangible assets as included in the prospectus; and
- (2) the additional depreciation (if any) that would be charged against the ~~income statement~~statement of profit or loss and other comprehensive income had those assets been stated at such valuation (or subsequent valuation).

...

32. ...

- (1) the group's liquidity and financial resources. This may include comments on the level of borrowings at the ~~balance sheet date~~end of the period under review, the seasonality of borrowing requirements, and the maturity profile of borrowings and committed borrowing facilities. Reference may also be made to the funding requirements for capital expenditure commitments and authorisations;

...

### **Financial Conglomerates**

35. ~~Where a listed issuer is regarded as a financial conglomerate (as defined in paragraph 36 below), the listed issuer shall, in addition to the requirements as set out in all preceding paragraphs, include in its annual report at least the information as set out in subparagraphs 35(1) to 35(4) inclusive. Information required by sub-paragraphs 35(1) to 35(3) should be included in the financial statements. [Repealed [date]]~~

#### ~~(1) — Income Statement~~

- ~~(a) — interest income;~~
- ~~(b) — interest expense;~~
- ~~(c) — gains less losses arising from dealing in foreign currencies;~~
- ~~(d) — gains less losses on trading securities or other investments in securities;~~
- ~~(e) — gains less losses from other dealing activities;~~
- ~~(f) — gains less losses arising from derivative products;~~
- ~~(g) — charge for bad and doubtful debts;~~
- ~~(h) — gains less losses from disposal of investment securities or~~

~~non-trading securities;~~

~~(i) provisions on held-to-maturity securities and investment securities or provisions on held-to-maturity securities and non-trading securities; and~~

~~(j) operating profit by products and divisions.~~

~~(2) Balance Sheet~~

~~(a) cash and short term funds (with an analysis between cash and balances with banks and other financial institutions, money at call and short notice and treasury bills where applicable);~~

~~(b) trading securities or other investments in securities (investments in securities should be distinguished between equities and debt securities and analysed between those which are listed and those which are unlisted. The analysis should be provided separately for held-to-maturity securities, investment securities, other investments in securities, trading securities and non-trading securities where applicable. Market value of the listed securities as at the balance sheet date should also be disclosed);~~

~~(c) advances and other accounts (with an analysis between advances to customers, advances to banks and other financial institutions, accrued interest and other accounts, provisions for bad and doubtful debts and the related collateral security);~~

~~(d) held-to-maturity securities and investment securities or held-to-maturity securities and non-trading securities (with an analysis of held-to-maturity securities, investment securities, other investments in securities, trading securities and non-trading securities separately into those issued by central governments and central banks, public sector entities, banks and other financial institutions; corporate entities; and others. Market value of listed securities as at the balance sheet date should also be disclosed);~~

~~(e) issued debt securities;~~

~~(f) other accounts and provisions such as obligations on leases, sale and repurchase agreements, and forward contracts (with an analysis where material); and~~

~~(g) a maturity profile of the following assets and liabilities unless immaterial;~~

~~Assets—~~

~~Advances to customers.~~

~~Placements with banks and other financial institutions.~~

~~Certificates of deposit held.~~

~~Debt securities (with an analysis into those included in held-to-maturity securities, trading securities or other investments in securities and investment securities or non-trading securities)~~

~~Liabilities—~~

~~Deposits and balances of banks and other financial institutions.~~

~~Current, fixed, savings and other deposits of customers.~~

~~Certificates of deposit issued.~~

~~Issued debt securities.~~

~~(3) Off Balance Sheet exposures~~

~~(a) contingent liabilities and commitments;~~

~~(b) derivatives (with an analysis into those related to exchange rate contracts and interest rate contracts. The aggregate notional amounts of each significant class of derivative instruments should also be analysed into those entered into for trading or hedging purposes);~~

~~(c) where applicable, the aggregate credit risk weighted amounts of its contingent liabilities and commitments, exchange rate contracts, interest rate contracts and other derivatives, if any; and~~

~~(d) the aggregate replacement costs of its exchange rate contracts, interest rate contracts, and other derivative contracts, if any.~~

~~The information required by sub paragraphs 35(1) to 35(3) inclusive may be provided on the face of the income statement or the balance sheet, as appropriate, or in the notes to the financial statements.~~

~~(4) Supplementary Information~~

~~(a) Management of risks~~

~~A description of the main types of risk arising out of its business, including, where appropriate, credit, interest rate, foreign exchange and market risks arising out of its trading book. It should also include a description of the policies, procedures (including hedging policies) and controls used for measuring, monitoring and controlling those risks and for managing the capital required to support them.~~

~~(b) Segmental information~~

~~Where a geographical segment of the financial business represents 10% or more of the listed issuer's whole business, then that~~

segment should be further analysed by industry sector.

~~35.1—Listed issuers shall provide sufficient descriptions in their accounting policy notes or other notes to the financial statements to enable the users of the financial statements to understand how material items have been dealt with.~~

~~35.2—Listed issuers should provide the information as required by paragraph 35(4)(b) in accordance with the requirements for segmental information as set out in the Financial Disclosure by Locally Incorporated Authorized Institutions issued by the Hong Kong Monetary Authority.~~

~~35.3—Listed issuers should provide the information as required by paragraph 35(1)(j) in accordance with paragraph 7.~~

~~35.4—The items contained in this paragraph shall have the same meanings as prescribed in the Financial Disclosure by Locally Incorporated Authorized Institutions issued from time to time by the Hong Kong Monetary Authority.~~

36. A listed issuer will be regarded as a “Financial Conglomerate” for the purpose of paragraph 35 above only if: ~~[Repealed [date]]~~

~~(1) any of the percentage ratios (as defined under rule 14.04(9)) of its financial business exceeds 5%. For the avoidance of doubt, the listed issuer must compare the total assets of its financial business to that of the group as at the end of the relevant period for the purpose of the assets ratio under rule 14.07. The listed issuer must compare the revenue and profits of its financial business during the period under review to that of the group for the purpose of the revenue ratio and profits ratio under rule 14.07; and~~

~~(2) as at the end of the period its financial business has total assets of over HK\$1 billion or has customer deposits plus financial instruments held by the public of over HK\$300 million.~~

~~36.1—For the purpose of this paragraph, financial business includes, but is not limited to, the business of securities trading; giving advice in connection with securities; commodities trading; leveraged foreign exchange trading; insurance activities; and money lending.~~

### **Information to accompany interim reports**

37. A listed issuer shall prepare an interim report in respect of the first six months of its financial year, unless that financial year is of six months or less. Banking companies shall, in addition, comply with the Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority Appendix 15 as regards the disclosure requirements for an interim report. ~~That~~

~~interim report shall include, at a minimum, the following components:—~~

- ~~(1) a balance sheet that includes at a minimum each of the major components of assets, liabilities and equity that were presented in the most recent published annual balance sheet;~~
- ~~(2) an income statement that includes at a minimum each component of income and expense that were presented in the most recent published annual income statement;~~
- ~~(3) a cash flow statement that includes at a minimum, the major subtotals of cash flows that were presented in the most recent published annual cash flow statement;~~
- ~~(4) a statement of changes in equity;~~
- ~~(5) comparative figures for the statements referred to in (1) to (4) immediately above inclusive for the corresponding previous period; and~~

~~37.1 If a change in the financial year is proposed, the Exchange should be consulted as to the period or periods to be covered by the interim report.~~

~~37.2 In the case of the balance sheet, the comparative figures in the interim report shall be those items shown in the balance sheet as of the end of immediately preceding financial year.~~

~~37.3 In the case of the first cash flow statement to be included in the interim report in respect of interim financial statements relating to accounting periods ending on or after 1st July, 2000, the comparative figures for the comparable year-to-date period of the immediately preceding financial year may be omitted. The requirement for disclosure of comparative figures for the cash flow statement in the interim report shall be obligatory in respect of interim financial statements relating to accounting periods ending on or after 1st July, 2001.~~

- ~~(6) accounting policies and explanatory notes.~~

~~37.24 A listed issuer should apply the same accounting policies in its interim financial statements as are applied in its annual financial statements except where the change in accounting policy is required by an accounting standard which came into effect during the interim period. Accounting policies which have been consistently applied and which were disclosed in the listed issuer's most recent published audited financial statements or for a newly listed issuer in its recent prospectus may be omitted from the interim report. Any significant changes in accounting policies, including those required by an accounting standard, should be disclosed together with the reason for changing the accounting policy.~~

...

40. A listed issuer shall include in its interim report:–

(1) ~~except where the listed issuer is a banking company, the minimum~~the disclosures required under the relevant accounting standards adopted and the information in respect of the balance sheet and the income statement as set out in paragraph 4. ~~Banking companies shall comply with Appendix 15 as regards the disclosure requirements for the balance sheet and the income statement;~~

...

(2) a discussion and analysis of the group's performance in the interim period covering all those matters set out in paragraph 32. The discussion should include any significant information needed for investors to make an informed assessment of the trend of its activities and profit (or loss). It should identify and explain any special factor which has influenced its activities and its profit (or loss) during the period. It should provide a comparison with the corresponding period of the preceding financial year and must also, as far as possible, give an indication of the listed issuer's prospects for the current financial year. Such discussion may focus only on the significant changes in the group's performance since the most recent published annual report. Where the current information in relation to those matters set out in paragraph 32 has not changed materially from the information disclosed in the most recent published annual report, a statement to this effect may be made and no additional disclosure is required; and

~~(3) for a financial conglomerate, as defined in paragraph 36, all information required by paragraph 35. If, in the opinion of the directors of the listed issuer, the market risk arising from the trading book is not considered as material, a statement to this effect shall be stated and the information required by sub-paragraph 35(4)(a) may be omitted; and~~

~~(34)~~ any supplementary information which is necessary for a reasonable appreciation of the interim results.

...

#### **Information to accompany preliminary announcements of Results for the financial year**

45. A listed issuer shall publish a preliminary announcement of its results in accordance with rule 2.07C as required under rule 13.49(1), which has been agreed with its auditors and which includes, as a minimum, the following:

(1) ~~except where the listed issuer is a banking company, the information in respect of the balance sheet~~statement of financial position and the income statement~~statement of profit or loss and other comprehensive income~~ as set out in paragraph 4 comprising ~~an income statement~~statement of profit or loss and other comprehensive income for the financial year, with comparative figures for the immediately

preceding financial year, and ~~balance sheet~~statement of financial position as at the end of the financial year, with comparative figures as at the end of the immediately preceding financial year. ~~A banking company shall comply with Appendix 15 as regards the disclosure requirements for the balance sheet and income statement.~~ The listed issuer must include the notes relating to revenue~~turnover~~, taxation, earnings per share, dividends and any other notes that the directors consider necessary for a reasonable appreciation of the results for the year. Directors of the listed issuer must ensure that the information contained in the preliminary announcement of results is consistent with the information that will be contained in the annual reports (see paragraph 45A);

...

### **Information to accompany preliminary announcements of Interim results**

46. A listed issuer shall publish a preliminary announcement of its results in accordance with rule 2.07C for the first six months of each financial year as required under rule 13.49(6), which shall include, as a minimum, the following information:—

- (1) ~~except where the listed issuer is a banking company,~~ the information in respect of the ~~balance sheet~~statement of financial position and the ~~income statement~~statement of profit or loss and other comprehensive income as set out in paragraph 4 comprising ~~an income statement~~statement of profit or loss and other comprehensive income for the current interim period, with comparative figures for the comparable period of the immediately preceding financial year, and ~~balance sheet~~statement of financial position as at the end of the interim period, with comparative figures as at the end of the immediately preceding financial year. ~~A banking company shall comply with Appendix 15 as regards the disclosure requirements for the balance sheet and income statement.~~ The listed issuer must include the notes relating to revenue~~turnover~~, taxation, earnings per share, dividends and any other notes that the directors consider necessary for a reasonable appreciation of the results for the financial period. The ~~income statement~~statement of profit or loss and other comprehensive income and ~~balance sheet~~statement of financial position shall be as they appear in the listed issuer's full interim report;

...

### **Information to accompany listing documents**

47. In those cases where listing is sought for securities of a listed issuer no part of whose share capital is already listed, listing documents shall, in addition to those items specified in Part A of Appendix 1, contain:—

- (1) financial statements as set out in paragraph 2; and

*47.1 Where there have been material changes in group structure during the period covered by the accountants' report and*

*thereafter prior to the proposed listing date of a new applicant, the new applicant should consult with the Exchange at the earliest opportunity in respect of the contents and presentation of the cash flow statement in the listing document.*

- (2) a discussion and analysis of the group's performance during the period covered by the accountants' report covering all those matters set out in paragraph 32;~~;~~and
- ~~(3) where the new applicant is regarded as a financial conglomerate (as defined in paragraph 36), all information required by paragraph 35. If, in the opinion of the directors, the market risk arising from the trading book is not considered as material, a statement to this effect shall be made and the information required by subparagraph 35(4)(a) may be omitted.~~

...

### **Information to accompany circulars**

48. Subject to rules 11.09, 14.67, 14.69, and 14A.64, the circular shall, in addition to those items specified in Part B of Appendix 1, contain:-

- (1) financial statements as set out in paragraph 2; and

*48.1 Where there have been material changes in group structure of the business or company acquired during the period covered by the accountants' report, the listed issuer should consult with the Exchange at the earliest opportunity in respect of the contents and presentation of the cash flow statement in the circular.*

- (2) a discussion and analysis of the performance of the business or company acquired during the period covered by the accountants' report covering all those matters set out in paragraph 32;~~;~~and
- ~~(3) where the listed issuer is regarded as a financial conglomerate (as defined in paragraph 36), all information required by paragraph 35. If, in the opinion of the directors of the listed issuer, the market risk arising from the trading book is not considered as material, a statement to this effect shall be made and the information required by sub-paragraph 35(4)(a) may be omitted.~~

### **Banking Companies**

49. ~~Banking companies shall comply with Appendix 15 as regards the disclosure requirements for preliminary announcements of results, interim reports and circulars. [Repealed [date]]~~

~~49.1 Listed issuers' attention is also drawn to sub rules 4.04(3)(b) and 4.04(4)(b) in relation to the disclosure requirements in listing documents.~~

...

## PART B – GEM LISTING RULES

>>>

### Chapter 1

#### GENERAL

#### INTERPRETATION

1.01 Throughout these Rules, the following terms, except where the context otherwise requires, have the following meanings:

...

<b><u>“balance sheet”</u></b>	<u>has the same meaning as “statement of financial position” and vice-versa</u>
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...

<b><u>“income statement”</u></b>	<u>has the same meaning as “statement of profit or loss and other comprehensive income” and vice-versa</u>
----------------------------------	--

...

<b><u>“profit and loss account”</u></b>	<u>has the same meaning as “statement of profit or loss and other comprehensive income” and vice-versa</u>
---	--

...

## Chapter 7

### GENERAL

#### ACCOUNTANTS' REPORTS AND PRO FORMA FINANCIAL INFORMATION

...

##### Basic contents of accountants' report for a listing document

- 7.03 In the case of a new applicant (rule 7.01(1)) and an offer of securities to the public for subscription or purchase falling within rule 7.01(2), the accountants' report must include:—

...

##### *Balance Sheet*

- (3) ...
- (b) in the case of banking companies, the balance sheet as at the end of each of the two financial years prepared in accordance with rule 7.03(3)(a) must include information on the assets and liabilities set out in the ~~Financial Disclosure by Locally Incorporated Authorized Institutions~~Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority;
- (4) ...
- (b) in the case of banking companies, the balance sheet as at the end of each of the two financial years prepared in accordance with rule 7.03(4)(a) must include information on the assets and liabilities set out in the ~~Financial Disclosure by Locally Incorporated Authorized Institutions~~Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority;

##### *Additional disclosures for Financial Conglomerates*

- (4C) ~~where the issuer is regarded as a financial conglomerate (see rule 18.37B) in any of the two financial years to which the latest audited accounts have been made up, the information required by rule 18.37A in respect of the financial year or years in which the issuer is regarded as a financial conglomerate; [Repealed [date]]~~

...

##### *Specific detail concerning financial information*

- 7.04 The report on results and financial position under rules 7.03(1) to (4) above must include the disclosures required under the relevant accounting standards adopted and disclose separately at least the following information:—

- (1) Income statement
- (a) — turnover;

- ~~(b) — investment and other income;~~
  - (ea) profit (or loss) on sale of ~~investments or~~ properties;
  - (db) cost of goods sold;
  - ~~(e) — interest on borrowings;~~
  - ~~(f) — depreciation/amortisation;~~
  - (gc) profit (or loss) before taxation, including the share of the profit (or loss) of affiliated companies, with separate disclosure of any items included therein which are exceptional because of size, nature and incidence; and
  - (hd) taxation on profits (Hong Kong and overseas) in each case indicating the basis of computation, with separate disclosure of the taxation on share of affiliated companies' profits;
  - ~~(i) — profit (or loss) attributable to non-controlling interests;~~
  - ~~(j) — profit (or loss) attributable to shareholders;~~
  - ~~(k) — 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: —~~
    - ~~(a) — if combined results are presented in accordance with rule 7.09 and, in the opinion of the reporting accountants, such information is not meaningful having regard to the purpose of the report;~~
    - ~~(b) — if the accountants' report relates to an issue of debt securities; or~~
    - ~~(c) — in the case of a major transaction; and~~
  - ~~(l) — details of any special dividend proposed to be paid after the date of the accountants' report;~~
- (2) Balance sheet information as follows, if applicable:
- (a) — ~~fixed assets;~~
  - (b) — ~~current assets~~
    - (i) — ~~stocks;~~

- ~~(a) (ii) debtors including credit policy and ageing analysis of accounts receivable based on the invoice date; and~~
- ~~(iii) cash at bank and in hand; and~~
- ~~(iv) other current assets;~~
- ~~(e) current liabilities~~
  - ~~(i) borrowings and debts; and~~
- ~~(b) (ii) ageing analysis of accounts payable based on the invoice date;~~
- ~~(d) net current assets (liabilities);~~
- ~~(e) total assets less current liabilities;~~
- ~~(f) non-current liabilities~~
  - ~~(i) borrowings and debts;~~
- ~~(g) capital and reserves; and~~
- ~~(h) non-controlling interests.~~

### (3) Dividends

- ~~(a) 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:—~~
  - ~~(i) if combined results are presented in accordance with rule 7.09 and, in the opinion of the reporting accountants, such information is not meaningful having regard to the purpose of the report;~~
  - ~~(ii) if the accountants' report relates to an issue of debt securities; or~~
  - ~~(iii) in the case of a major transaction; and~~
- ~~(b) details of any special dividend proposed to be paid after the date of the accountants' report; and~~

~~(34)~~ in the case of banking companies, the information on results and financial position set out in the ~~Financial Disclosure by Locally Incorporated Authorized Institutions~~Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority must be provided in place of that set out in sub paragraph (1) ~~(with the exception of that required by sub-paragraphs 1(k) and 1(l))~~ and (2) above; ~~and.~~

~~(4) Segment information~~

~~The income statement and balance sheet shall, in addition to that information required by (1) to (2) immediately above, include segmental information required by the accounting standards adopted for the preparation of its annual financial statements:—~~

~~(a) Hong Kong Financial Reporting Standards (HKFRS); or~~

~~(b) International Financial Reporting Standards (IFRS); or~~

~~(c) Generally Accepted Accounting Principles in the United States of America (US GAAP); or~~

~~(d) China Accounting Standards for Business Enterprises (CASBE).~~

~~Note: The information required by this rule may be provided on the face of the income statement or the balance sheet, as appropriate, or in the notes to the financial statements.~~

...

### **Basic contents of accountants' report for certain notifiable transaction circulars**

7.05 In the cases referred to in rule 7.01(3) concerning a circular in connection with a reverse takeover, a very substantial acquisition or a major transaction on the acquisition of a business, company or companies, the accountants' report must include:—

#### *Three year history of results*

(1) ...

(b) in the case of banking companies, the report on results prepared in accordance with rule 7.05(1)(a) must include the information on results set out in the ~~Financial Disclosure by Locally Incorporated Authorized Institutions~~Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority;

*Three year balance sheet*

(2) ...

- (b) in the case of banking companies, the balance sheet as at the end of each of the three financial years (or the end of each of the financial years since commencement of such business or the incorporation or establishment of such company, as the case may be, if less) must include the information on the assets and liabilities set out in the ~~Financial Disclosure by Locally Incorporated Authorized Institutions~~Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority;

...

*Additional disclosures for Financial Conglomerates*

- (2C) ~~where the business or company acquired or to be acquired is regarded as a financial conglomerate (see rule 18.37B) in any of the three financial years (or for each of the financial years since commencement of such business or the incorporation or establishment of such company, as the case may be, if less) to which the latest audited accounts have been made up, the information required by rule 18.37A in respect of the financial year or years in which the issuer is regarded as a financial conglomerate; [Repealed [date]]~~

...

**Disclosure**

- 7.11 The information to be disclosed in respect of rules 7.03, 7.09 and 7.10 must be in accordance with best practice which is at least that required to be disclosed in respect of those specific matters in the accounts of a company under the Companies Ordinance and HKFRS, IFRS or CASBE in the case of a PRC issuer that has adopted CASBE for the preparation of its annual financial statements and, in the case of banking companies, the ~~Financial Disclosure by Locally Incorporated Authorized Institutions~~Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority.

...

## Chapter 18

### EQUITY SECURITIES

#### FINANCIAL INFORMATION

##### Introduction

...

- 18.02 A listed issuer is required to prepare annual ~~accounts~~financial statements, half-year reports and quarterly reports. The contents, timing and publication requirements for each such ~~accounts~~financial statements or reports are set out in this Chapter.

##### Annual reports

...

##### *Accounting standards*

- 18.04 Annual ~~accounts~~financial statements of a listed issuer are required, subject to rule 18.05 and rule 18.06, to conform with HKFRS, IFRS or CASBE in the case of a PRC issuer that has adopted CASBE for the preparation of its annual financial statements.

*Note: The issuer must apply one of these bodies of standards consistently and shall not normally change from one body of standards to the other unless there are reasonable grounds to justify such change. All reasons for any such change must be disclosed in the annual ~~accounts~~financial statements.*

- 18.05 A listed issuer, which is also listed on the New York Stock Exchange or the Nasdaq National Market of the United States of America, may prepare annual ~~accounts~~financial statements drawn up in conformity with Generally Accepted Accounting Principles in the United States of America (US GAAP), subject to the following:—

...

- (2) a listed issuer already listed on the Exchange which subsequently obtains a listing on the New York Stock Exchange or the Nasdaq National Market of the United States of America and thereafter adopts US GAAP in place of the standards referred to in rule 18.04 in the preparation of its annual ~~accounts~~financial statements will be required to compile a statement of the financial effect of material differences from the standards referred to in rule 18.04 in the first annual ~~accounts~~financial statements in which US GAAP is adopted;

...

- 18.06 Where the Exchange, in exceptional circumstances, allows the annual ~~accounts~~financial statements of any overseas issuer to be drawn up otherwise than in conformity with accounting standards referred to in rule 18.04 or with US GAAP in the circumstances set out in rule 18.05, the Exchange will normally require the annual ~~accounts~~financial statements to contain a statement of the financial effect of the material differences (if any) and a summary of any material differences in disclosure (if any) from either HKFRS or IFRS referred to in rule 18.04.

*Information to accompany directors' report and annual ~~accounts~~financial statements*

- 18.07 The listed issuer shall include the disclosures required under the relevant accounting standards adopted and the information set out in rules ~~18.08~~18.07A to ~~18.48~~18.47 in its directors' report and annual ~~accounts~~financial statements. ~~Each set of financial statements presented in an annual report shall include, at a minimum, the components set out below.~~ Unless stated to the contrary the financial information specified in these rules may be included outside the financial statements and will therefore be outside the scope of the auditors' report on the financial statements. The ~~income statement~~statement of profit or loss and other comprehensive income and ~~balance sheet~~statement of financial position set out in the financial statements must include at least the information set out in rule 18.50B. Banking companies (meaning banks, restricted licence banks and deposit-taking companies as defined in the Banking Ordinance) shall, in addition, comply with the Financial Disclosure by Locally Incorporated Authorized Institutions Guideline on the Application of the Banking (Disclosure) Rules as issued by the Hong Kong Monetary Authority.

- ~~(1) balance sheet;~~
- ~~(2) income statement;~~
- ~~(3) cash flow statement;~~
- ~~(4) statement of changes in equity;~~
- ~~(5) comparative figures for the statements referred to in (1) to (4) immediately above for the corresponding previous period; and~~
- ~~(6) accounting policies and explanatory notes.~~

Notes: ...

- 2 *The annual report and ~~accounts~~financial statements must contain, at a prominent position, and in bold type, a statement about the characteristics of GEM, in the form set out in rule 2.20.*

...

18.08 ~~A listed issuer shall include in its financial statements the segmental information required by the accounting standards adopted for the preparation of its annual financial statements:—[Repealed [date]]~~

~~(1) Hong Kong Financial Reporting Standards (HKFRS); or~~

~~(2) International Financial Reporting Standards (IFRS); or~~

~~(3) Generally Accepted Accounting Principles in the United States of America (US GAAP); or~~

~~(4) China Accounting Standards for Business Enterprises (CASBE).~~

...

18.18 In the event of trading results shown by the ~~accounts~~financial statements for the period under review differing materially from any published forecast made by the listed issuer, an explanation for the difference.

18.19 A statement in the accounting policies section of the ~~accounts~~financial statements indicating which accounting body's generally accepted accounting principles and standards have been followed in the preparation of the ~~accounts~~financial statements.

...

18.22 ~~In respect of the financial year, a statement of the amount of interest capitalised by the group during the year.[Repealed [date]]~~

18.23 Where any of the percentage ratios (as defined under rule 19.04(9)) of any properties held for development and/or sale or for investment purposes held by the group exceeds 5%, the following information:

(1) in the case of property held for development and/or sale:—

...

(b) if in the course of construction, the stage of completion as at the date of the annual report and ~~accounts~~financial statements;

...

18.34 An issuer shall include ~~The following information in addition to those required under the relevant accounting standard~~ in respect of pension schemes:

~~(1) the nature of the principal scheme or schemes operated by the group (i.e. whether they are defined benefit plans or defined contribution plans);~~

~~(2) a brief outline of how contributions are calculated or benefits funded;~~

~~(3) the employer's pension cost charge to the profit and loss account for the period;~~

- (42) in the case of defined contribution schemes, details of whether forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) may be used by the employer to reduce the existing level of contributions and if so, the amounts so utilised in the course of the year and available at the ~~balance sheet~~ date of statement of financial position for such use; and
- (53) in the case of defined benefit plans, an outline of the results of the most recent formal independent actuarial valuation (which should be as at a date not earlier than 3 years prior to the date to which the listed issuer's ~~accounts~~ financial statements are drawn up) or later formal independent review of the scheme on an ongoing basis. This should include disclosure of:—

...

18.35 If the issuer has caused any property interests to be valued (under Chapter 8) or has caused any valuation to be made of any other tangible assets and included such a valuation in the prospectus relating to the initial public offer of shares in the issuer and those assets are not stated at such valuation (or at subsequent valuation) in its first annual ~~accounts~~ financial statements published after listing, then the issuer is required to disclose the following additional information in its first annual report published after listing:—

...

- (2) the additional depreciation (if any) that would be charged against the ~~income statement~~ statement of profit or loss and other comprehensive income had those assets been stated at such valuation (or subsequent valuation).

...

#### **Additional disclosure for Financial Conglomerates**

18.37A ~~Where a listed issuer is regarded as a financial conglomerate (as defined in rule 18.37B below), the listed issuer shall, in addition to the requirements as set out in all preceding paragraphs, include in its annual report at least the information as set out in rule 18.37A(1) to 18.37A(4) inclusive. Information required by rule 18.37A(1) to 18.37A(3) should be included in the financial statements. [Repealed [date]]~~

~~(1) Income Statement~~

- ~~(a) interest income;~~
- ~~(b) interest expense;~~
- ~~(c) gains less losses arising from dealing in foreign currencies;~~
- ~~(d) gains less losses on trading securities or other investments in securities;~~
- ~~(e) gains less losses from other dealing activities;~~

- ~~(f) — gains less losses arising from derivative products;~~
- ~~(g) — charge for bad and doubtful debts;~~
- ~~(h) — gains less losses from disposal of investment securities or non-trading securities;~~
- ~~(i) — provisions on held to maturity securities and investment securities or provisions on held to maturity securities and non-trading securities; and~~
- ~~(j) — operating profit by products and divisions.~~

~~(2) — Balance Sheet~~

- ~~(a) — cash and short-term funds (with an analysis between cash and balances with banks and other financial institutions, money at call and short notice and treasury bills where applicable);~~
- ~~(b) — trading securities or other investments in securities (investments in securities should be distinguished between equities and debt securities and analysed between those which are listed and those which are unlisted. The analysis should be provided separately for held to maturity securities, investment securities, other investments in securities, trading securities and non-trading securities where applicable. Market value of the listed securities as at the balance sheet date should also be disclosed);~~
- ~~(c) — advances and other accounts (with an analysis between advances to customers, advances to banks and other financial institutions, accrued interest and other accounts, provisions for bad and doubtful debts and the related collateral security);~~
- ~~(d) — held to maturity securities and investment securities or held to maturity securities and non-trading securities (with an analysis of held to maturity securities, investment securities, other investments in securities, trading securities and non-trading securities separately into those issued by central governments and central banks, public sector entities, banks and other financial institutions; corporate entities; and others. Market value of listed securities as at the balance sheet date should also be disclosed);~~
- ~~(e) — issued debt securities;~~
- ~~(f) — other accounts and provisions such as obligations on leases, sale and repurchase agreements, and forward contracts (with an analysis where material); and~~

~~(g) a maturity profile of the following assets and liabilities unless immaterial,~~

~~Assets —~~

~~Advances to customers.~~

~~Placements with banks and other financial institutions.~~

~~Certificates of deposit held.~~

~~Debt securities (with an analysis into those included in held to maturity securities, trading securities or other investments in securities and investment securities or non-trading securities).~~

~~Liabilities —~~

~~Deposits and balances of banks and other financial institutions.~~

~~Current, fixed, savings and other deposits of customers.~~

~~Certificates of deposit issued.~~

~~Issued debt securities.~~

~~(3) Off Balance Sheet exposures~~

~~(a) contingent liabilities and commitments;~~

~~(b) derivatives (with an analysis into those related to exchange rate contracts and interest rate contracts. The aggregate notional amounts of each significant class of derivative instruments should also be analysed into those entered into for trading or hedging purposes);~~

~~(c) where applicable, the aggregate credit risk weighted amounts of its contingent liabilities and commitments, exchange rate contracts, interest rate contracts and other derivatives, if any; and~~

~~(d) the aggregate replacement costs of its exchange rate contracts, interest rate contracts, and other derivative contracts, if any.~~

~~The information required by rule 18.37A(1) to 18.37A(3) inclusive may be provided on the face of the income statement or the balance sheet, as appropriate, or in the notes to the financial statements.~~

~~(4) Supplementary Information~~

~~(a) Management of risks~~

~~A description of the main types of risk arising out of its business, including, where appropriate, credit, interest rate, foreign exchange and market risks arising out of its trading book. It should also include a description of the policies, procedures (including hedging policies) and controls used for measuring, monitoring and controlling those risks and for managing the capital required to support them.~~

~~(b) Segmental information~~

~~Where a geographical segment of the financial business represents 10% or more of the listed issuer's whole business, then that segment should be further analysed.~~

~~Notes: 1 Listed issuers should provide the information as required by paragraph 18.37(A)(1)(j) in accordance with rule 18.08.~~

~~2 For disclosure purposes, listed issuers may use different terms to those prescribed in rules 18.37A(2)(b) and (d) provided that the meaning of alternative terms is made clear and the accounting treatment adopted conforms to the requirements to disclose segmental information under the accounting standards adopted by the issuers for the preparation of its annual financial statements:~~

~~(a) Hong Kong Financial Reporting Standards (HKFRS); or~~

~~(b) International Financial Reporting Standards (IFRS); or~~

~~(c) Generally Accepted Accounting Principles in the United States of America (US GAAP); or~~

~~(d) China Accounting Standards for Business Enterprises (CASBE).~~

~~3 Listed issuers should provide the information as required by rule 18.37A(4)(b) in accordance with the requirements for segmental information as set out in the Financial Disclosure by Locally Incorporated Authorized Institutions issued by the Hong Kong Monetary Authority.~~

~~4 The corresponding amounts for the immediately preceding financial year may be omitted if the disclosures set out in rule 18.37A(1) to (3) are applied for the first time.~~

~~5 Listed issuers shall provide sufficient descriptions in their accounting policy notes or other notes to the financial statements to enable the users of the financial statements to understand how material items have been dealt with.~~

~~6—The items contained in this paragraph shall have the same meanings as prescribed in the Financial Disclosure by Locally Incorporated Authorized Institutions issued by the Hong Kong Monetary Authority.~~

~~18.37B A listed issuer will be regarded as a “Financial Conglomerate” for the purpose of rule 18.37A above only if:—[Repealed [date]]~~

~~(1) any of the percentage ratios (as defined under rule 19.04(9)) of its financial business exceeds 5%. For the avoidance of doubt, the listed issuer must compare the total assets of its financial business to that of the group as at the end of the relevant period for the purpose of the assets ratio under rule 19.07. The listed issuer must compare the revenue and profits of its financial business during the period under review to that of the group for the purpose of the revenue ratio and profits ratio under rule 19.07; and~~

~~(2) as at the end of the relevant period its financial business has total assets of over HK\$1,000 million or has customer deposits plus financial instruments held by the public of over HK\$300 million.~~

~~Note: For the purpose of this rule, financial business includes, but not limited to, the business of securities trading; giving advice in connection with securities; commodities trading; leveraged foreign exchange trading; insurance activities; and money lending.~~

~~Information in the annual report which is outside the scope of the auditor’s report~~

~~18.38 In addition, the information set out in rules 18.39 to 18.47 is to be included in the listed issuer’s directors’ report or chairman’s statement attached to the annual report and accounts and will therefore be outside the scope of the auditor’s report on the financial statements. (It is recognised that auditors are under no obligation to report on the listed issuer’s compliance or otherwise with the disclosure provisions of the listing rules).[Repealed [date]]~~

~~...~~

~~18.46 In respect of PRC properties where long term title certificates are not obtained by the issuer, any property revaluation surplus arising from those PRC properties must be excluded from the issuer’s annual ~~accounts~~financial statements.~~

~~18.47 If the relevant annual ~~accounts~~financial statements do not give a true and fair view of the state of affairs and profit or loss and cash flow of the listed issuer or group, more detailed and/or additional information must be provided.~~

~~...~~

## Preliminary announcement of results for the financial year

...

### *Content of preliminary announcement*

- 18.50 The preliminary announcement of results for the financial year must contain at least the following information in respect of the group:
- (1) ~~except where the listed issuer is a banking company,~~ the information in respect of the ~~balance sheet~~statement of financial position and the ~~income statement~~statement of profit or loss and other comprehensive income as set out in rule 18.50B comprising ~~an income statement~~a statement of profit or loss and other comprehensive income for the financial year, with comparative figures for the immediately preceding financial year, and ~~balance sheet~~statement of financial position as at the end of the financial year, with comparative figures as at the end of the immediately preceding financial year. ~~A banking company shall comply with rule 18.80 as regards the disclosure requirements for the balance sheet and income statement.~~ The listed issuer must include the notes relating to turnoverrevenue, taxation, earnings per share, dividends and any other notes that the directors consider necessary for a reasonable appreciation of the results for the year. Directors of the listed issuer must consistent with the information that will be contained in the annual reports (see rule 18.50A);  
...
  - (3) ~~where the listed issuer is regarded as a financial conglomerate (as defined in rule 18.37B), the information set out in rule 18.37A;~~  
[Repealed [date]]  
...
- 18.50B ~~Except for banking companies, which must comply with rule 18.80, t~~The preliminary announcements of results for the half-year, preliminary announcements of results for the financial year, half-year reports and annual reports of a listed issuer must include the disclosures required under the relevant accounting standards adopted and contain at least the following information set out below in respect of the group.:— This information may be included in the notes to the financial statements. In the case of banking companies, the information on results and financial position set out in the Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority must be provided in place of that set out in rules 18.50B(1) and 18.50B(2).
- (1) ~~Income statement~~Statement of profit or loss and other comprehensive income
    - (a) ~~turnover;~~
    - (b) ~~investment and other income;~~
    - (ea) profit (or loss) on sale of ~~investments or~~ properties;

- ~~(d**b**) cost of goods sold; and~~
  - ~~(e) interest on borrowings;~~
  - ~~(f) depreciation/amortisation;~~
  - ~~(g) profit (or loss) before taxation;~~
  - ~~(h**c**) taxation on profits (Hong Kong and overseas) in each case indicating basis of computation;~~
  - ~~(i) profit (or loss) attributable to non-controlling interests;~~
  - ~~(j) profit (or loss) attributable to shareholders;~~
  - ~~(k) rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby (or an appropriate negative statement);~~
  - ~~(l) all movements to and from any reserves;~~
  - ~~(m) earnings per share;~~
  - ~~(n) share of profit (or loss) of associated companies and jointly controlled entities attributable to equity holders (i.e. after tax and non-controlling interests in the associated companies and jointly controlled entities); and~~
  - ~~(o) comparative figures of the matters specified in (a) to (n) immediately above for the corresponding previous period;~~
- (2) ~~Balance sheet information as follows~~Statement of financial position, if applicable:
- ~~(a) fixed assets;~~
  - ~~(b) current assets~~
    - ~~(i) stocks;~~
    - ~~(a) (ii) debtors including credit policy and ageing analysis of accounts receivable based on the invoice date; and~~
    - ~~(iii) cash at bank and in hand; and~~
    - ~~(iv) other current assets;~~
  - ~~(c) current liabilities~~

- ~~(i) — borrowings and debts; and~~
- ~~(b) (ii) — ageing analysis of accounts payable based on the invoice date;~~
- ~~(d) — net current assets (liabilities);~~
- ~~(e) — total assets less current liabilities;~~
- ~~(f) — non-current liabilities~~
  - ~~(i) — borrowings and debts;~~
  - ~~(g) — capital and reserves;~~
  - ~~(h) — non-controlling interests; and~~

(3) Dividends

Rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby (or an appropriate negative statement).

~~(3) Segment information~~

~~The income statement and balance sheet of a listed issuer shall, in addition to that information required by rules 18.50B(1) and (2), include the segmental information required by the accounting standards adopted by the issuer for the preparation of its annual financial statements:—~~

- ~~(a) — Hong Kong Financial Reporting Standards (HKFRS); or~~
- ~~(b) — International Financial Reporting Standards (IFRS); or~~
- ~~(c) — Generally Accepted Accounting Principles in the United States of America (US GAAP); or~~
- ~~(d) — China Accounting Standards for Business Enterprises (CASBE).~~

*Notes: ...*

*~~4 The information required by this rule may be provided on the face of the income statement or the balance sheet, as appropriate, or in the notes to the financial statements.~~*

...

18.51 In connection with the audit of the issuer's annual ~~accounts~~financial statements:—

...

*Content of half-year reports*

18.55 Each half-year report shall contain the disclosures required under the relevant accounting standards adopted and at least the following information set out below. ~~in respect of the group:—~~

(1) ~~interim financial statements, which shall include, at a minimum, the following components: [Repealed [date]]~~

~~(a) balance sheet as of the end of the current interim period and a comparative balance sheet as of the end of the immediately preceding financial year;~~

~~(b) income statements for the current interim period and cumulatively for the current financial year to date, with comparative income statements for the comparable interim periods (current and year-to-date) of the immediately preceding financial year;~~

~~(c) cash flow statement cumulatively for the current financial year to date, with a comparative statement for the comparable year-to-date period of the immediately preceding financial year;~~

~~(d) statement showing changes in equity cumulatively for the current financial year to date, with a comparative statement for the comparable year to date period of the immediately preceding financial year; and~~

~~(e) accounting policies and explanatory notes.~~

(2) ~~where the listed issuer is regarded as a financial conglomerate (as defined in rule 18.37B), the information set out in rule 18.37A; [Repealed [date]]~~

...

*Notes: ...*

*4 In the case of the first cash flow statement to be included in the half-year reports relating to accounting periods commencing before 1st January, 2002, a comparative cash flow statement for the comparable year to date period of the immediately preceding financial year may be omitted. The requirement for disclosure of comparative cash flow statement in half-year reports shall be obligatory in respect of accounting periods commencing on or after 1st January, 2002. [Repealed [date]]*

...

## Quarterly reports

### *Obligation to prepare and publish*

- 18.66 The listed issuer shall prepare, in respect of each of the first 3 and 9 month periods of each financial year of the listed issuer, a quarterly report containing at least the information required by rule 18.68 and publish the same (in accordance with the requirements of Chapter 16) not later than 45 days after the end of such period.

*Notes: ...*

- 2 *The figures in each quarterly report are the sole responsibility of the directors and they must ensure that the accounting policies applied to the figures are consistent with those applied to annual ~~accounts~~ financial statements. If a change in the financial year is proposed, the Exchange should be consulted as to the period or periods to be covered by the quarterly reports.*

...

### *Content of quarterly reports*

- 18.68 ~~Subject to rule 18.80 relating to banking companies, e~~Each quarterly report shall contain at least the following information in respect of the group:—

...

### **Preliminary announcement of results for each of the first 6 month of each financial year**

- 18.78 ...
- (1) ~~except where the listed issuer is a banking company, the information in respect of the income statements~~statement of profit or loss and other comprehensive income as referred to in rule 18.55(1)(b) which must contain at least the information specified in rule 18.50B(1) and ~~the balance sheet~~statement of financial position as set out in rule 18.50B comprising as referred to in rule 18.55(1)(a) which must contain at least the information specified in rule 18.50B(2), to the extent relevant to ~~the income statements~~ statement of profit or loss and other comprehensive income for the current interim period, with comparative figures for the comparable period of the immediately preceding financial year, and ~~balance sheet~~ statement of financial position as at the end of the interim period, with comparative figures as at the end of the immediately preceding financial year. The listed issuer must include the notes relating to ~~turnover~~revenue, taxation, earnings per share, dividends and any other notes that the directors consider necessary for a reasonable appreciation of the results for the financial period. The ~~income statements~~statement of profit or loss and other comprehensive income and ~~balance sheet~~statement of financial position shall be as they appear in the listed issuer's full half-year report;

*Note: Banking companies shall comply with rule 18.80 as regards the disclosure requirements for the balance sheet and the income statement. [Repealed [date]]*

...

**Preliminary announcement of results for each of the first 3 and 9 month periods of each financial year**

18.79 ~~Except for banking companies which must comply with rule 18.80, i~~Issuers' preliminary announcements of results for each of the first 3 and 9 month periods of each financial year must contain at least the information set out below stated in respect of the group and such information must be published (in accordance with the requirements of Chapter 16) on the GEM website as soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the next business day after approval by or on behalf of the board of the results. The issuer must publish such results not later than 45 days after the end of such period:

(1) ~~turnover~~revenue;

...

*Banking companies*

18.80 ~~This rule sets out the minimum level of information to be included in half year reports, quarterly reports and preliminary announcements of issuers that are banking companies (meaning banks, restricted licence banks and deposit taking companies as defined in the Banking Ordinance.) [Repealed [date]]~~

(1) ~~As regards income statement~~

(a) ~~Interest income;~~

(b) ~~Interest expense;~~

(c) ~~Other operating income;~~

(d) ~~Operating expenses;~~

(e) ~~Charge for bad and doubtful debts;~~

(f) ~~Gains less losses on trading securities or other investments in securities;~~

(g) ~~Gains less losses from disposal of investment securities or non trading securities;~~

- ~~(h) Provisions on held-to-maturity securities and investment securities or provisions on held-to-maturity securities and non-trading securities;~~
  - ~~(i) Taxation on profits (Hong Kong and overseas) in each case indicating basis of computation;~~
  - ~~(k) As appropriations:—~~
    - ~~(i) transfers to or from inner reserves;~~
    - ~~(ii) all movements to or from other reserves;~~
  - ~~(l) Rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby (or an appropriate negative statement);~~
  - ~~(m) Earnings per share;~~
  - ~~(n) Comparative figures of the matters specified in (a) to (m) inclusive for the corresponding previous period;~~
- ~~(2) As regards statement of assets and liabilities~~
- ~~(a) cash and short term funds;~~
  - ~~(b) trading securities or other investments in securities;~~
  - ~~(c) advances and other accounts;~~
  - ~~(d) held-to-maturity securities and investment securities or held-to-maturity securities and non-trading securities;~~
  - ~~(e) issued debt securities;~~
  - ~~(f) other accounts and provisions; and~~
  - ~~(g) comparative figures of the matters specified in (a) to (f) inclusive for the corresponding previous period.~~
- ~~(3) As regards segment information~~
- ~~The income statement and balance sheet of a listed issuer shall, in addition to that information required by rules 18.80(1) and (2), include the segmental information required by the accounting standards adopted for the preparation of its annual financial statements:—~~
- ~~(a) Hong Kong Financial Reporting Standards (HKFRS); or~~
  - ~~(b) International Financial Reporting Standards (IFRS); or~~

- ~~(c) — Generally Accepted Accounting Principles in the United States of America (US GAAP); or~~
- ~~(d) — China Accounting Standards for Business Enterprises (CASBE).~~
- ~~(4) — As regards off-balance sheet exposure
  - ~~(a) — contingent liabilities and commitments; and~~
  - ~~(b) — derivatives~~~~
- ~~(5) — Those matters set out in rule 18.51 (in the case of preliminary announcements of results for the financial year) or rule 18.64 (in the case of preliminary results for the half year period) or rule 18.76 (in the case of preliminary results for the quarterly period); and~~
- ~~(6) — In the case of half year and quarterly reports:
  - ~~(a) — those matters set out in rules 18.55 (in the case of half year reports) or rule 18.68 (in the case of quarterly reports); and~~
  - ~~(b) — other information required by the Hong Kong Monetary Authority in relation to half year and quarterly reports, where applicable.~~~~

~~*Notes: 1 The information required by rules 18.80(1) to (4) may be provided on the face of the income statement or the balance sheet, as appropriate, or in the notes to the financial statements.*~~

~~*2. Rules 18.80(2) to (4) (with the exception of those segment disclosures concerning results as specified in rule 18.80(3)) are not applicable to the quarterly reports of an issuer.*~~

...

# Chapter 31

## DEBT SECURITIES

### CONTINUING OBLIGATIONS

...

#### Financial information

...

*Information to accompany directors' report and annual accounts*

- 31.48 The listed issuer shall include the information set out in rules ~~31.49~~31.51 to 31.60 in its director's report and annual accounts and the disclosures required under the relevant accounting standards.

*Note: The annual report and accounts must contain, at a prominent position, and in bold type, a statement about the characteristics of GEM, in the form set out in rule 2.20.*

- 31.49 ~~A description of the principal activities of the group and, where 2 or more such activities are so described, a statement giving in respect of each such activity the turnover and contribution to trading results attributable to it. [Repealed [date]]~~

~~*Note: For these purposes, a "principal activity" is one which achieved profits and losses numerically equivalent to 10% or more of the consolidated profit or loss of the group.*~~

- 31.50 ~~Except where the listed issuer is a banking company, a geographical analysis of consolidated turnover and, if the contribution to profit or loss from a specific area is abnormal in nature, of contribution to trading results of those trading operations carried on by the issuer and/or its subsidiaries outside the country in which the main place of business of the listed issuer (or the group of which the listed issuer is a member) is situated, unless such operations comprise less than 10% of the consolidated turnover and 10% of the consolidated trading results of the group. [Repealed [date]]~~

~~*Notes: 1 Transactions within the group should be excluded.*~~

~~*2 A broad geographical analysis of net turnover by way of figures or percentages, given by market (not necessarily given country by country), will be acceptable. Where analysis is required, the analysis should be by continent but if 50% of total overseas operations relates to one continent, a further analysis, for example, by country within that continent, will be required. Overseas operations include direct exports from the country in which the main place of business of the listed issuer (or the group of which the issuer is a member) is situated and activities carried out otherwise than in such country.*~~

~~3—In respect of trading results an appropriate statement should be included where, for a proper appraisal of the business of the listed issuer (or the group of which the issuer is a member), holders of listed debt securities should be aware of significant contributions derived from activities carried out in any one territory. No analysis of the contribution to trading results is required unless the contribution to profit or loss from a specific area is “abnormal” in nature. “Abnormal” is defined as substantially out of line with the normal ratio of profit to turnover. For example, if a 40% profit is earned by the group in relation to turnover in one continent, compared with 10% on turnover elsewhere, this fact should be made apparent.—~~

...

31.58 ~~In respect of the financial year, a statement of the amount of interest capitalised by the group during the year.[Repealed [date]]~~

...

# Appendix 1

## CONTENTS OF LISTING DOCUMENTS

### Part A

#### Equity Securities

##### **In the case where listing is sought for equity securities of an issuer no part of whose share capital is already listed**

...

##### **Financial information about the group and the prospects of the group**

...

33.

...  
(4) The following information in addition to those required under the relevant accounting standard in respect of pension schemes:—

~~(a) the nature of the principal scheme or schemes operated by the group (i.e. whether they are defined benefit plans or defined contribution plans);~~

~~(ba) a brief outline of how contributions are calculated or benefits funded;~~

~~(c) the employer's pension cost charge to the profit and loss account for the period;~~

~~(db) in the case of defined contribution schemes, details of whether forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) may be used by the employer to reduce the existing level of contributions and if so, the amounts so utilised in the course of the year and available at the balance sheet date for such use; and~~

~~(ec) in the case of defined benefit plans, an outline of the results of the most recent formal actuarial valuation or later formal review of the scheme on an ongoing basis. This should include disclosure of:—~~

...

---

**APPENDIX III: DRAFT RULE AMENDMENTS FOR PROPOSALS DESCRIBED IN CHAPTER III**

---

**PART A – MAIN BOARD LISTING RULES**

>>>

**Chapter 13**

**EQUITY SECURITIES**

**CONTINUING OBLIGATIONS**

...

**NOTIFICATION**

**Changes**

13.51 An issuer must publish an announcement as soon as practicable in regard to:—

...

- (5) any change in its secretary, share registrar (including any change in overseas branch share registrar) or registered address or where applicable, agent for the service of process in Hong Kong or registered office or registered place of business in Hong Kong; ~~and~~

*Note: The new secretary must fulfil the requirements of rule 8.17.*

- (6) any change in its Compliance Adviser; and

*Note: Refer to rule 3A.29.*

- (7) any revision of interim reports or annual reports, the reason leading to the revision of published financial reports, and the financial impacts, if any.

...

**Appendix 1**  
**Contents of Listing Documents**

**Part A**

**Equity Securities**

**In the case where listing is sought for equity  
securities of an issuer no part of  
whose share capital is already listed**

...

**Information about the issuer's management**

...

45. (1) A statement showing the interests and short positions of each director and chief executive of the issuer in the shares, underlying shares and debentures of the issuer or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance) which:—

...

- (c) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed ~~Companies~~ Issuers to be notified to the issuer and the Exchange once the issuer's securities are listed;

...

**Appendix 1**  
**Contents of Listing Documents**  
**Part B**

**Equity Securities**

**In the case where listing is sought for equity securities of an issuer some part of whose share capital is already listed**

...

**Information about the issuer's management**

...

38. (1) A statement showing the interests and short positions of each director and chief executive of the issuer in the shares, underlying shares and debentures of the issuer or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance) which:—

...

- (c) are required, pursuant to the Model Code for Securities Transactions by Directors of Listed ~~Companies~~ Issuers to be notified to the issuer and the Exchange;

...

**Appendix 1**  
**Contents of Listing Documents**  
**Part E**

**Depository receipts**

**In the case where listing is sought for depository receipts of an issuer no part of whose share capital is already listed**

...

**Information about the issuer's management**

...

45. (1) A statement showing the interests and short positions of each director and chief executive of the issuer in the shares, underlying shares and debentures of the issuer or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance) which:–

...

- (c) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed ~~Companies~~ Issuers to be notified to the issuer and the Exchange once the issuer's securities are listed;

...

**Appendix 1**  
**Contents of Listing Documents**  
**Part F**

**Depository receipts**

**In the case where listing is sought for depository receipts of an issuer where depository receipts representing some part of its share capital are already listed**

...

**Information about the issuer's management**

...

34. (1) A statement showing the interests and short positions of each director and chief executive of the issuer in the shares, underlying shares and debentures of the issuer or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance) which:–

...

- (c) are required, pursuant to the Model Code for Securities Transactions by Directors of Listed ~~Companies~~Issuers to be notified to the issuer and the Exchange;

...

## **Appendix 5**

### **附錄五**

#### **Declaration and Undertaking with regard to Supervisors of an Issuer incorporated in the People's Republic of China ("PRC") 在中華人民共和國（「中國」）註冊成立的發行人的 監事的聲明及承諾**

##### **Form I**

##### **I 表格**

...

##### **Part 2**

##### **第二部分**

#### **UNDERTAKING**

#### **承諾**

The particulars referred to in this Part 2 are:–  
此第二部分所述的資料為：

...

- (v) comply to the best of my ability, as if the same applied to me to the same extent as it does to directors of the issuer, with: (a) Parts XIVA and XV of the Securities and Futures Ordinance; (b) the Model Code for Securities Transactions by Directors of Listed ~~Companies~~ Issuers set out in Appendix 10 of the Listing Rules; (c) the Code on Takeovers and Mergers; (d) the Code on Share Repurchases; and (e) all other relevant securities laws and regulations from time to time in force in Hong Kong;

...

## Appendix 16

### DISCLOSURE OF FINANCIAL INFORMATION

...

#### Information in annual reports

6. ...

6.3 An annual report shall contain information required under other parts of the Listing Rules, such as:

- (a) competing business under rules 8.10(2)(b) and 8.10(2)(c);
- (b) a monthly breakdown of purchases of shares under rule 10.06(4)(b);
- (c) advance to an entity under rule 13.20;
- (d) pledging of shares by the controlling shareholder under rule 13.21;
- (e) loan agreements with covenants relating to specific performance of the controlling shareholder under rule 13.21;
- (f) breach of loan agreement by an issuer under rule 13.21;
- (g) financial assistance and guarantees to affiliated companies of an issuer under rule 13.22;
- (h) provision of information in respect of and by directors, supervisors and chief executives under rule 13.51B(1);
- (i) information of profit guarantee provided by a connected person regarding the financial performance of the company or business acquired from the connected person under rule 14A.63;
- (j) share option schemes under rules 17.07, 17.08 and 17.09;
- (k) for an issuer involving in mining activities, continuing disclosure obligations arise under rules 18.14 to 18.17, where appropriate;
- (l) disclosure of interests information under Practice Note 5; and
- (m) provision of information in respect of corporate governance code provisions B.1.5 (remuneration payable to members of senior management by band) and C.1.4 (discussion and analysis of group's performance) of Appendix 14 or explain reason for deviation.

...  
13. A listed issuer shall include the information relating to interests of directors, the chief executive and others as follows:–

- ...  
(1) ...  
(b) as otherwise notified to the listed issuer and the Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed Companies Issuers (which for purposes of this sub-paragraph shall be deemed to apply to the PRC Issuer’s supervisors to the same extent as it applies to directors); or

...  
**Information to accompany interim reports**  
...

40. ...  
40.3 An interim report shall contain information required under other parts of the Listing Rules, such as:

- (a) advance to an entity under rule 13.20;  
(b) pledging of shares by the controlling shareholder under rule 13.21;  
(c) loan agreements with covenants relating to specific performance of the controlling shareholder under rule 13.21;  
(d) breach of loan agreement by an issuer under rule 13.21;  
(e) financial assistance and guarantees to affiliated companies of an issuer under rule 13.22;  
(f) provision of information in respect of and by directors, supervisors and chief executives under rule 13.51B(1);  
(g) share option schemes under rules 17.07 and 17.08;  
(h) for a Mineral Company, continuing disclosure obligation arises under rule 18.14; and  
(i) disclosure of interests information under Practice Note 5.

**Information to accompany preliminary announcements of Results for the financial year**

45. A listed issuer shall publish a preliminary announcement of its results in accordance with rule 2.07C as required under rule 13.49(1), which has been agreed with its auditors and which includes, as a minimum, the following:

- ...  
(7) where the auditors’ report on the listed issuer’s annual financial statements is likely to be qualified or modified (whether or not it is also likely to be qualified), details of the qualification or modification; ~~and~~

- (8) where there are any significant changes in accounting policies, a statement to that fact must be made; and

45.2 *A listed issuer should apply the accounting policies consistently except where the change in accounting policy is required by an accounting standard which came into effect during the financial year.*

- (9) where there are prior period adjustments due to correction of material errors, a statement to that fact must be made.

45.3 *The term financial year refers to the period covered by a listed issuer's financial statements even where the period is not a calendar year.*

...

### **Information to accompany preliminary announcements of Interim results**

46. A listed issuer shall publish a preliminary announcement of its results in accordance with rule 2.07C for the first six months of each financial year as required under rule 13.49(6), which shall include, as a minimum, the following information:–

...

- (8) where the accounting information contained in a preliminary interim results announcement has been audited by the listed issuer's auditor and the auditors' report in the listed issuer's interim financial statements is qualified or modified (whether or not it is also qualified), details of the qualification or modification; ~~and~~

- (9) where there are any significant changes in accounting policies, a statement to that fact must be made; and

46.2 *A listed issuer should apply the same accounting policies in its interim financial statements as are applied in its annual financial statements, except where the change in accounting policy is required by an accounting standard which came into effect during the interim period.*

- (10) where there are prior period adjustments due to correction of material errors, a statement to that fact must be made.

...

### **Summary interim reports**

51. Summary interim reports of listed issuers shall include, as a minimum, the following information in respect of the listed issuers:

- (1) the information required under paragraphs 46(1) to (9~~10~~);

...

## **Appendix 24**

### **Headline Categories**

...

#### **Schedule 1**

#### **Headline Categories for Announcements and Notices**

...

#### **Financial Information**

Advance to an Entity

Date of Board Meeting

Delay in Results Announcement

Dividend or Distribution

Final Results

Financial Assistance and/or Guarantee to Affiliated Company

Interim Results

Net Asset Value

Profit Warning

Prior Period Adjustments due to Correction of Material Errors

Qualified and/or Modified Audit Report

Quarterly Results

Results of a Subsidiary

Revision of Information in Published Preliminary Results

Revision of Published Financial Statements

...

## PART B – GEM LISTING RULES

>>>

### Chapter 17

#### EQUITY SECURITIES

#### CONTINUING OBLIGATIONS

...

#### Changes

17.50 An issuer must publish an announcement as soon as practicable in regard to:—

...

(4) any change in its auditors or financial year end, the reason(s) for the change and any other matters that need to be brought to the attention of holders of securities of the issuer (including, but not limited to, information set out in the outgoing auditors' confirmation in relation to the change in auditors); ~~and~~

...

(5) any change in its registered address or registered office or (as applicable) its registered place of business in Hong Kong or agent for the service of process in Hong Kong; and

(6) any revision of interim reports or annual reports, the reason leading to the revision of published financial reports, and the financial impacts, if any.

...

## Chapter 18

### EQUITY SECURITIES

#### FINANCIAL INFORMATION

...

*Information to accompany directors' report and annual ~~accounts~~ financial statements*

18.07

...

Notes: ...

4 An annual report shall contain information required under other parts of the Listing Rules, such as:

- (a) advance to an entity under rule 17.22;
- (b) pledging of shares by the controlling shareholder under rule 17.23;
- (c) loan agreements with covenants relating to specific performance of the controlling shareholder under rule 17.23;
- (d) breach of loan agreement by an issuer under rule 17.23;
- (e) financial assistance and guarantees to affiliated companies of an issuer under rule 17.24;
- (f) provision of information in respect of and by directors, supervisors and chief executives under rule 17.50A(1);
- (g) for an issuer involving in mining activities, continuing disclosure obligations arise under rules 18A.14 to 18A.17, where appropriate;
- (h) information of profit guarantee provided by a connected person regarding the financial performance of the company or business acquired from the connected person under rule 20.61;
- (i) share option schemes under rules 23.07, 23.08 and 23.09; and
- (j) provision of information in respect of corporate governance code provisions B.1.5 (remuneration payable to members of senior management by band) and C.1.4 (discussion and analysis of group's performance) of Appendix 15 or explain reason for deviation.

...

18.15 (1) Subject to rule 18.15(2), a statement as at the end of the relevant financial year showing the interests and short positions of each director and chief executive of the listed issuer in the shares, underlying shares and debentures of the listed issuer or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance):

...

(b) as otherwise notified to the listed issuer and the Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in rule 5.46 (which for purposes of this sub-paragraph shall be deemed to apply to the PRC issuer's supervisors to the same extent as it applies to directors); or

...

18.16 A statement as at the end of the relevant financial year, showing the interests or short positions of every person, other than a director or chief executive of the listed issuer, in the shares and underlying shares of the listed issuer as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance, or if there is no such interests or short positions recorded in the register, a statement of that fact.

*Notes: 1 For the purposes of rules 18.15 and 18.16, particulars should be given of the extent of any duplication which occurs.*

*2 In the case of a PRC issuer, references to director or chief executive in rules 18.15 and 18.16 inclusive shall also mean and include supervisors.*

...

18.24 Statements as to:—

(1) the unexpired period of any service contract, which is not determinable by the employer within one year without payment of compensation (other than statutory compensation), of any director proposed for re-election at the forthcoming annual general meeting or, if there are no such service contracts, a statement of that fact; and

*Note: In the case of a PRC issuer, reference to director under this paragraph shall also mean and include supervisor.*

...

18.36 ~~If applicable, the information set out in rules 17.22 to 17.24 concerning on-going financial exposure to borrowers and other on-going matters of relevance.~~[Repealed [date]]

...

18.39 Brief biographical details in respect of the directors and senior managers of the listed issuer. Such details will include name, age, positions held with the listed issuer and other members of the listed issuer's group, length of service with the listed issuer and the group and such other information (which may include business experience) of which shareholders should be aware, pertaining to the ability or integrity of such persons. Where any of the directors or senior managers are related, having with any other director or senior manager any one of the relationships set out below, that fact should be stated. The relationships are spouse; any person cohabiting with the director or senior manager as a spouse; and any relative meaning a child or step-child regardless of age, a parent or step-parent, a brother, sister, step-brother or step-sister, a mother-in-law, a father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law. Where any director of the listed issuer is a director or employee of a company which has an interest in the share capital of the listed issuer which would fall to be disclosed to the listed issuer under the provisions in Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, that fact shall be stated.

...

Note: In the case of a PRC issuer, references to directors and senior managers in this paragraph shall also mean and include supervisors.

...

### **Preliminary announcement of results for the financial year**

...

#### *Content of preliminary announcement*

18.50 The preliminary announcement of results for the financial year must contain at least the following information in respect of the group:

...

- (8) where the auditors' report on the listed issuer's annual financial statements is likely to be qualified or modified (whether or not it is also likely to be qualified), details of the qualification or modification pursuant to rule 18.51; ~~and~~
- (9) where there are any significant changes in accounting policies, a statement to that fact must be made; and

*Notes: 1- A listed issuer should apply the accounting policies consistently except where the change in accounting policy is required by an accounting standard which came into effect during the financial year.*

- (10) where there are prior period adjustments due to correction of material errors, a statement to that fact must be made.

Note:2- *The term financial year refers to the period covered by a listed issuer's financial statements even where the period is not a calendar year.*

...

*Content of half-year reports*

...

18.55 ...

*Notes: ...*

10 A half-year report shall contain information required under other parts of the Listing Rules, such as:

(a) advance to an entity under rule 17.22;

(b) pledging of shares by the controlling shareholder under rule 17.23;

(c) loan agreements with covenants relating to specific performance of the controlling shareholder under rule 17.23;

(d) breach of loan agreement by an issuer under rule 17.23;

(e) financial assistance and guarantees to affiliated companies of an issuer under rule 17.24;

(f) provision of information in respect of and by directors, supervisors and chief executives under rule 17.50A(1);

(g) for a Mineral Company, continuing disclosure obligation arises under rule 18A.14; and

(h) share option schemes under rules 23.07 and 23.08.

18.56 (1) Subject to rule 18.56(2), a statement as at the end of the relevant period showing the interests and short positions of each director and chief executive of the listed issuer in the shares, underlying shares and debentures of the listed issuer or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance):

...

(b) as otherwise notified to the listed issuer and the Exchange pursuant to the required standard of dealings by directors of listed issuer as referred to in rule 5.46 (which for purposes of this sub-paragraph shall be deemed to apply to the PRC issuer's supervisors to the same extent as it applies to directors); or

...

18.57 A statement as at the end of the relevant period showing the interests and short positions of every person, other than a director or chief executive of the listed issuer, in the shares and underlying shares of the listed issuer as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance, or if there is no such interests or short positions recorded in the register, a statement of that fact.

Notes: 1 For the purposes of rules 18.56 and 18.57, particulars should be given of the extent of any duplication which occurs.

2 In the case of a PRC issuer, references to director or chief executive in rules 18.56 and 18.57 inclusive shall also mean and include supervisors.

...

18.60 ~~If applicable, the information set out in rules 17.22 to 17.24 concerning on-going financial exposure to borrowers and other on-going matters of relevance.~~[Repealed [date]]

...

*Content of quarterly reports*

18.68 ...

Notes: ...

6 A quarterly report shall contain information required under other parts of the Listing Rules, such as:

(a) advance to an entity under rule 17.22;

(b) pledging of shares by the controlling shareholder under rule 17.23;

(c) loan agreements with covenants relating to specific performance of the controlling shareholder under rule 17.23;

(d) breach of loan agreement by an issuer under rule 17.23; and

(e) financial assistance and guarantees to affiliated companies of an issuer under rule 17.24.

...

18.69 (1) Subject to rule 18.69(2), a statement as at the end of the relevant period showing the interests and short positions of each director and chief executive of the listed issuer in the shares, underlying shares and debentures of the listed issuer or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance):

...

- (b) as otherwise notified to the listed issuer and the Exchange pursuant to the required standard of dealings by directors of listed issuer as referred to in rule 5.46 (which for purposes of this sub-paragraph shall be deemed to apply to the PRC issuer's supervisors to the same extent as it applies to directors); or

...

18.70 A statement as at the end of the relevant period showing the interests or short positions of every person, other than a director or chief executive of the listed issuer, in the shares and underlying shares of the listed issuer as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance, or if there is no such interests or short positions recorded in the register, a statement of that fact.

*Notes: 1 For the purposes of rules 18.69 and 18.70, particulars should be given of the extent of any duplication which occurs.*

*2 In the case of a PRC issuer, references to director or chief executive in rules 18.69 and 18.70 inclusive shall also mean and include supervisors.*

...

18.73 ~~If applicable, the information set out in rules 17.22 to 17.24 concerning on-going financial exposure to borrowers and other on-going matters of relevance.~~ [Repealed [date]]

...

**Preliminary announcement of results for each of the first 6 month of each financial year**

18.78 ...

(7) full details of any disagreement by the auditors or the audit committee with the accounting treatment adopted by the listed issuer; ~~and~~

(8) where there are any significant changes in accounting policies, a statement to that fact must be made; and

*Note: A listed issuer should apply the same accounting policies in its half-year financial statements as are applied in its annual financial statements, except where the change in accounting policy is required by an accounting standard which came into effect during the half-year period.*

(9) where there are prior period adjustments due to correction of material errors, a statement to that fact must be made.

...

*Summary half-year reports*

18.82 Summary half-year reports shall include, as a minimum, the following information in respect of the listed issuer:—

- (1) information as set out in rules 18.78(1) to (89);

...

## Appendix 17

### Headline Categories

...

#### Schedule 1

#### Headline Categories for Announcements and Notices

...

#### **Financial Information**

Advance to an Entity

Date of Board Meeting

Delay in Results Announcement

Dividend or Distribution

Final Results

Financial Assistance and/or Guarantee to Affiliated Company

Interim Results

Net Asset Value

Profit Warning

Prior Period Adjustments due to Correction of Material Errors

Qualified and/or Modified Audit Report

Quarterly Results

Results of a Subsidiary

Revision of Information in Published Preliminary Results

Revision of Published Financial Statements

...

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**APPENDIX IV: DRAFT RULE AMENDMENTS FOR PROPOSALS DESCRIBED IN CHAPTER IV**

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**PART A – MAIN BOARD LISTING RULES**

>>>

**Chapter 1**

**GENERAL**

**INTERPRETATION**

...

1.01 Throughout this book, the following terms, save where the context otherwise requires, have the following meanings:

...

**“Commission”** the Securities and Futures Commission...

**“Companies Ordinance”** the Companies Ordinance (Cap.622) as amended from time to time

**“Companies (Winding Up and Miscellaneous Provisions) Ordinance”** the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32) as amended from time to time

**“company”** ...

...

**“holding company”** ~~the meaning attributed to it in section 2 of the Companies Ordinance, but interpreting the term “subsidiary” in accordance with the definition of “subsidiary” under this rule 1.01 in relation to a company, means another company of which it is a subsidiary~~

...

**“prospectus”** the same meaning as in section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance

...

**“published in the newspapers”**

published as a paid advertisement in English in at least one English language newspaper and in Chinese in at least one Chinese language newspaper, being in each case a newspaper published daily and circulating generally in Hong Kong and specified in the list of newspapers issued and published in the Gazette for the purposes of sections ~~71A~~162 to 169 of the Companies Ordinance, and “publish in the newspapers” shall be construed accordingly

...

**“subsidiary”**

includes:

- (a) a “subsidiary undertaking” as defined in ~~the twenty-third~~ schedule 1 to the Companies Ordinance;
- (b) ...
- (c) ...

...

**“summary financial report”**

a summary financial report of a company, which complies with sections ~~441CF(1)~~437 to 446 of the Companies Ordinance

...

## Chapter 2

### GENERAL

#### INTRODUCTION

...

#### Use of Electronic Means

...

2.07C (1) (a) (i) ...

...

...

(b) (i) Other than where a prospectus is to be registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, a listed issuer or new applicant must submit to the Exchange through HKEx-EPS for publication on the Exchange's website a ready-to-publish electronic copy of any corporate communication which is required by the Exchange Listing Rules (including any listing document of a listed issuer or new applicant which is not to be registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance)...

(ii) Where a prospectus is to be registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the listed issuer or new applicant must submit to the Exchange through HKEx-EPS for publication on the Exchange's website a ready-to-publish electronic copy of each of the prospectus and any application forms...They must be submitted only after the issuer has received the letter from the Companies Registry confirming registration of the prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance...

*Note:* ...

...

## Chapter 3

### GENERAL

#### AUTHORISED REPRESENTATIVES, DIRECTORS, BOARD COMMITTEES AND COMPANY SECRETARY

...

#### Directors

...

3.13 In assessing the independence of a non-executive director, the Exchange will take into account the following factors, none of which is necessarily conclusive. Independence is more likely to be questioned if the director:—

- (1) holds more than 1% of the ~~total~~ number of issued shares ~~capital~~ of the listed issuer;

*Notes: 1. A listed issuer wishing to appoint an independent non-executive director holding an interest of more than 1% must satisfy the Exchange, prior to such appointment, that the candidate is independent. A candidate holding an interest of 5% or more will normally not be considered independent.*

2. *When calculating the 1% limit set out in rule 3.13(1), the listed issuer must take into account the total number of shares held legally or beneficially by the director, together with the total number of shares which may be issued to the director or his nominee upon the exercise of any outstanding share options, convertible securities and other rights (whether contractual or otherwise) to call for the issue of shares.*

- (2) ...

...

...

#### Company Secretary

...

3.28 The issuer must appoint as its company secretary an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Exchange, capable of discharging the functions of company secretary.

*Notes: 1* ...

...

2 *In assessing “relevant experience”, the Exchange will consider the individual’s:*

(a) ...

(b) *familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Takeovers Code;*

...

## Chapter 3A

### GENERAL

#### SPONSORS AND COMPLIANCE ADVISERS

...

##### **Impartiality and independence of sponsors**

...

3A.07 At least one sponsor of a new applicant must be independent of it. The sponsor is required to demonstrate to the Exchange its independence or lack of independence and declare in accordance with the terms set out in Appendix 17.

A sponsor is not independent if any of the following circumstances exist at any time from the date of submission of a listing application on Form A1 up to the date of listing:

- (1) the sponsor group and any director or close associate of a director of the sponsor collectively holds or will hold, directly or indirectly, more than 5% of the number of issued shares ~~capital~~ of the new applicant, except where that holding arises as a result of an underwriting obligation;

...

*Notes: ...*

...

## Chapter 4

### GENERAL

#### ACCOUNTANTS' REPORTS AND PRO FORMA FINANCIAL INFORMATION

##### When Required

4.01 This Chapter sets out the detailed requirements for accountants' reports...Accountants' reports are required to be included in the following listing documents and circulars:—

- (1) ...
- (2) a listing document issued by a listed issuer in connection with an offer of securities to the public for subscription or purchase which is required by either section 38(1) or section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance to set out the reports specified in Part II of the Third Schedule to that Ordinance; and
- (3) ...

...

##### Basic Contents of Accountants' Report for a Listing Document

4.04 In the case of a new applicant (rule 4.01(1)) and an offer of securities to the public for subscription or purchase falling within rule 4.01(2) the accountants' report must include:—

...

##### History of results

...

##### Balance sheet

- (3) (a) the balance sheet of the issuer...in each case as at the end of each of the three financial years to which the latest audited accounts of the issuer have been made up except that if the listing document is not required by either section 38(1) or section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance to set out the reports specified in Part II of the Third Schedule of that Ordinance...;

- (b) ...

...

...

## General

- 4.23 ~~Where the issuer is entitled to avail itself, and has availed itself, of the benefit of any of the provisions of Part III of the Tenth Schedule to the Companies Ordinance, nothing herein shall require any financial information to be included in the accountants' report which need not be disclosed in a balance sheet or profit and loss account of the issuer which is drawn up in accordance with that Ordinance by virtue of any of those provisions or as a direct effect or result of any of those provisions. In the case of such issuers the opinion of the reporting accountants which is required by 4.08(2) may be expressed on an appropriate basis. [Repealed [date]]~~

*~~Note: Insurance and shipping companies will not be entitled to avail themselves of the benefits of the provisions of Part III of the Tenth Schedule to the Companies Ordinance.~~*

...

## Chapter 7

### EQUITY SECURITIES

#### METHODS OF LISTING

...

#### Rights Issue

...

7.19 (1) ...

...

(6) If the proposed rights issue would increase either the number of issued shares ~~capital~~ or the market capitalisation of the issuer by more than 50% (on its own or when aggregated with any other rights issues or open offers announced by the issuer (i) within the 12 month period immediately preceding the announcement of the proposed rights issue or (ii) prior to such 12 month period where dealing in respect of the shares issued pursuant thereto commenced within such 12 month period, together with any bonus securities, warrants or other convertible securities (assuming full conversion) granted or to be granted to shareholders as part of such rights issues or open offers):—

(a) the rights issue must be made conditional on approval by shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour. The issuer must disclose the information required under rule 2.17 in the circular to shareholders;

(b) ...

(c) ...

...

...

#### Open Offer

...

7.24 (1) ...

...

(5) If the proposed open offer would increase either the number of issued shares ~~capital~~ or the market capitalisation of the issuer by more than 50% (on its own or when aggregated with any other open offers or

rights issues announced by the issuer (i) within the 12 month period immediately preceding the announcement of the proposed open offer or (ii) prior to such 12 month period where dealing in respect of the shares issued pursuant thereto commenced within such 12 month period, together with any bonus securities, warrants or other convertible securities (assuming full conversion) granted or to be granted to shareholders as part of such rights issues or open offers):—

(a) the open offer must be made conditional on approval by shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour. The issuer must disclose the information required under rule 2.17 in the circular to shareholders;

(b) ...

(c) ...

...

...

## Chapter 8

### EQUITY SECURITIES

#### QUALIFICATIONS FOR LISTING

...

##### Basic Conditions

8.02 ...

8.03 An issuer which is a Hong Kong company must not be a private company within the meaning of section ~~29~~11 of the Companies Ordinance.

...

8.08 There must be an open market in the securities for which listing is sought. This will normally mean that:—

(1) (a) at least 25% of the issuer's total number of issued shares ~~capital~~ must at all times be held by the public.

(b) where an issuer has one class of securities or more apart from the class of securities for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Exchange) at the time of listing must be at least 25% of the issuer's total number of issued shares ~~capital~~. However, the class of securities for which listing is sought must not be less than 15% of the issuer's total number of issued shares ~~capital~~, having an expected market capitalisation at the time of listing of not less than HK\$50,000,000.

*Notes: ...*

...

...

8.09 (1) ...

(2) The expected market capitalisation of a new applicant at the time of listing must be at least HK\$200,000,000 which shall be calculated on the basis of all issued shares ~~capital~~ (including the class of securities for which listing is sought and such other class(es) of securities, if any, that are either unlisted or listed on other regulated market(s)) of the new applicant at the time of listing.

...

...

## Chapter 9

### EQUITY SECURITIES

#### APPLICATION PROCEDURES AND REQUIREMENTS

...

##### Documentary Requirements – New Listing Applications

9.10A ...

9.11 The following documents must be lodged with the Exchange by a new applicant in connection with its listing application:—

##### Together with the Form A1

...

- (3) a final or an advanced draft of all requests for waiver from the requirements of the Exchange Listing Rules and the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the sponsor and the directors/proposed directors;

...

##### At least 4 clear business days before the expected hearing date

...

- (22) unless previously provided, all executed requests for waiver from the requirements of the Exchange Listing Rules and the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

...

##### Before bulk-printing of the listing document

- (24) ...

...

##### As soon as practicable after the hearing of the application by the Listing Committee but on or before the date of issue of the listing document

- (29) (a) ...

...

##### In case of a listing document which constitutes a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, by ~~no later than~~ 11 a.m. on the intended date of authorisation of the prospectus

- (33) (a) an application for authorisation for registration of the prospectus under section 38D(3) or section 342C(3) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be);
- (b) 2 printed copies of the prospectus, duly signed in accordance with section 38D(3) or section 342C(3) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be) and having endorsed on or attached to the documents stipulated by the relevant section; and
- (c) ...

...

...

**Documentary Requirements – Applications by Listed Issuers**

9.17 ...

...

**At the time of application for listing**

...

9.19 The following documents, as applicable, must be lodged with the Exchange together with the listing application:—

- (1) such number of copies of drafts or proofs of the listing document as the Exchange may require, marked in the margin to indicate where the relevant paragraphs from Chapter 11 and/or Part B/F of Appendix 1 and/or the Companies (Winding Up and Miscellaneous Provisions) Ordinance have been met;

...

...

**In case of a listing document constituting a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

9.22 If the listing document constitutes a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the following documents must be submitted to the Exchange:—

- (1) ...
- (2) by 11 a.m. on the intended date of authorisation for registration of the prospectus,
  - (a) an application for authorisation for registration of the prospectus under section 38D(3) or section 342C(3) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be);

- (b) two printed copies of the prospectus, duly signed in accordance with section 38D(3) or section 342C(3) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be) and having endorsed thereon or annexed thereto the documents required under the relevant section;

...

...

**Before dealings commence**

9.23 The following documents must be submitted to the Exchange before dealings commence:—

...

- (3) in the case of securities issued as consideration for shares in a listed company which are acquired under ~~section 168~~ Division 4 of Part 13 of the Companies Ordinance, a certified copy of the notice given under that section;

...

...

## Chapter 10

### EQUITY SECURITIES

#### RESTRICTIONS ON PURCHASE AND SUBSCRIPTION

##### Restrictions on Preferential Treatment of Purchase and Subscription Applications

...

##### Restrictions and Notification Requirements on Issuers Purchasing their own Shares on a Stock Exchange

...

10.06 (1) (a) ...

...

(b) ...

...

(c) the ordinary resolution proposed to shareholders to give the directors of the issuer a specific approval or general mandate to purchase shares must include the following:—

- (i) the total number and description of the shares which the issuer is authorised to purchase, provided that the number of shares which the issuer is authorised to purchase on the Exchange or on another stock exchange recognised for this purpose by the Commission and the Exchange under the Code on Share Repurchases, may not exceed 10 per cent. of the number of issued shares ~~capital~~ of the issuer and the total number of warrants to subscribe for or purchase shares (or other relevant class of securities) authorised to be so purchased may not exceed 10 per cent. of the warrants of the issuer (or such other relevant class of securities, as the case may be), in each case as at the date of the resolution granting the general mandate; and

*Note: If the issuer conducts a share consolidation or subdivision after the general meeting to approve mandate, the number of shares that may be repurchased under the mandate should be adjusted accordingly.*

(ii) ...

...

(d) ...

...

...

## **Chapter 11**

### **EQUITY SECURITIES**

#### **LISTING DOCUMENTS**

##### **Preliminary**

- 11.01 This Chapter sets out the Exchange's requirements for the contents of listing documents relating to equity securities. Issuers are reminded that a listing document which is a prospectus within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance must also comply with and be registered in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Applicants should note that they are required to confirm in their application that all requisite information has been included in the listing document or will be included before the final version is submitted for review (see Form C1 of Appendix 5).

...

## Chapter 11A

### EQUITY SECURITIES

#### PROSPECTUSES

##### Preliminary

11A.01 Issuers are reminded that a listing document which is a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance must both comply with the Exchange Listing Rules and, where required, comply with and be registered in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Exchange Listing Rules are entirely independent of and without prejudice to the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance relating to prospectuses. Accordingly, compliance with the Exchange Listing Rules does not guarantee compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance nor does it guarantee that such prospectus will be authorised by the Exchange for registration by the Registrar of Companies.

11A.02 ...

##### Transfer of Functions

11A.03 The Commission's functions under sections 38B(2A)-(b), 38D(3) and (5) and 342C(3) and (5) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance ~~(Cap.32)~~, to the extent that they relate to any prospectus which is concerned with any shares or debentures of a company that have been approved for listing on the Exchange, and the power to charge and retain the fees which would have been payable to the Commission in respect of any such prospectus under the Commission's fees rules, have been transferred to the Exchange by order of the Chief Executive in Council pursuant to section 25 of the Securities and Futures Ordinance (the "Transfer Order").

11A.04 Under the terms of the Transfer Order the Exchange shall vet every prospectus which relates to shares and debentures which have been approved for listing on the Exchange and shall have the authority to authorise the registration of such a prospectus by the Registrar of Companies under the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

## **Compliance with Companies (Winding Up and Miscellaneous Provisions) Ordinance**

- 11A.05 To ensure compliance, issuers are urged to seek advice from their ~~Hong Kong~~ legal advisers. Issuers are reminded that compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance remains their primary responsibility and that they will not be absolved from any liability by virtue only of the submission of a prospectus to the Exchange for vetting or the issue by the Exchange of a certificate authorising registration.

### **Certificates of Exemption**

- 11A.06 The Commission's power to grant certificates of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance has not been transferred to the Exchange.

### **Abridged prospectuses**

- 11A.07 The Commission's powers under section 38B(2A)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance to authorise in any particular case the form and manner of publication of any extract from or abridged version of a prospectus, have been transferred to the Exchange in so far as they relate to shares or debentures which have been approved for listing on the Exchange.

### **Procedural Requirements**

- 11A.08 If the Exchange is satisfied that the prospectus delivered to it pursuant to rule 9.11(33) or 9.22(2) should be authorised for registration pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, it will issue a certificate under section 38D(5) or section 342C(5) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be). It is the responsibility of the issuer to deliver the prospectus and any ancillary documents to the Companies Registry for registration pursuant to section 38D(7) or section 342C(7) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be).
- 11A.09 ...
- 11A.10 The Exchange will review a prospectus for compliance with the Exchange Listing Rules concurrently with the review of the prospectus for compliance with the relevant provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Exchange will not authorise a prospectus for registration by the Registrar of Companies until it is satisfied that it has no further comments on such prospectus in respect of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requirements and is prepared to grant a listing for the securities to which such prospectus relates.

*Note: The issue of the certificate of authorisation by the Exchange does not constitute a form of confirmation that the prospectus complies with the requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Nor does the issue of the certificate constitute registration of a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Issuers must ensure that a copy of the prospectus, complying with the requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, has been registered by the Registrar of Companies before it is issued. Under no circumstances should the certificate of authorisation issued by the Exchange be relied upon as evidence either of compliance with the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or of registration.*

...

## Chapter 12

### EQUITY SECURITIES

#### PUBLICATION REQUIREMENTS

##### Preliminary

...

##### On Issue

...

- 12.05 Model forms of formal notices for offers for subscription or sale, placings and introductions are set out in Appendix 11 for the guidance of issuers. Issuers are reminded that where a prospectus has been registered with the Registrar of Companies pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, every formal notice must comply with Section 38B of that Ordinance.

...

##### **Publication of electronic form prospectus and printed application form**

- 12.11A (1) Where an issuer intends to rely on section 9A of the Companies ~~Ordinance~~ (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap.32L) (“Class Exemption Notice”) and issue a printed application form for its equity securities with an electronic form prospectus displayed on certain websites (“Mixed Media Offer”), it must satisfy all the conditions in the Class Exemption Notice...

...

...

## Chapter 13

### EQUITY SECURITIES

#### CONTINUING OBLIGATIONS

...

#### GENERAL MATTERS RELEVANT TO THE ISSUER'S SECURITIES

##### Changes in issued shares ~~capital~~

- 13.25A (1) In addition and without prejudice to specific requirements contained elsewhere in the Exchange Listing Rules, an issuer must, whenever there is a change in its issued shares ~~capital~~ as a result of or in connection with any of the events referred to in rule 13.25A(2), submit through HKEx-EPS, or such other means as the Exchange may from time to time prescribe, for publication on the Exchange's website a return in such form and containing such information as the Exchange may from time to time prescribe by not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day next following the relevant event.
- (2) The events referred to in rule 13.25A(1) are as follows:
- (a) any of the following:
    - (i) ...;
    - ...
    - (xi) change in issued shares ~~capital~~ not falling within any of the categories referred to in rule 13.25A(2)(a)(i) to (x) or rule 13.25A(2)(b); and;
  - (b) subject to rule 13.25A(3), any of the following:
    - (i) exercise of an option under a share option scheme other than by a director of the issuer;
    - (ii) exercise of an option other than under a share option scheme not by a director of the issuer;
    - (iii) exercise of a warrant;
    - (iv) conversion of convertible securities; or
    - (v) redemption of shares or other securities.

- (3) The disclosure obligation for an event in rule 13.25A(2)(b) only arises where:
- (a) the event, either individually or when aggregated with any other events described in that rule which have occurred since the listed issuer published its last monthly return under rule 13.25B or last return under this rule 13.25A (whichever is the later), results in a change of 5% or more of the listed issuer's issued shares ~~capital~~; or
  - (b) ...
- (4) For the purposes of rule 13.25A(3), the percentage change in the listed issuer's issued shares ~~capital~~ is to be calculated by reference to the listed issuer's total number of issued shares ~~capital~~ as it was immediately before the earliest relevant event which has not been disclosed in a monthly return published under rule 13.25B or a return published under this rule 13.25A.

...

### **Pre-emptive rights**

13.36 (1) (a)...

...

- (2) No such consent as is referred to in rule 13.36(1)(a) shall be required:—
- (a) ...
  - (b) if, but only to the 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 to 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 securities allotted or agreed to be allotted must not exceed the aggregate of (i) 20% of the number of ~~existing~~ issued shares ~~capital~~ of the issuer as at the date of the resolution granting the general mandate (or in the case of a scheme of arrangement involving an introduction in the circumstances set out in rule 7.14(3), 20% of the number of issued shares ~~capital~~ of an overseas issuer following the implementation of such scheme) ~~plus~~ and (ii) the number of such securities repurchased by the issuer itself since the granting of the general mandate (up to a maximum number equivalent to 10% of the number of ~~existing~~ issued shares ~~capital~~ of the issuer as at the date of the resolution granting the repurchase mandate), provided that the existing shareholders of

the issuer have by a separate ordinary resolution in general meeting given a general mandate to the directors of the issuer to add such repurchased securities to the 20% general mandate.

Notes: 1. ...

2. ...

3. If the issuer conducts a share consolidation or subdivision after the general meeting to approve the mandate, the number of securities that may be issued under the mandate should be adjusted accordingly.

(3) ...

...

...

## DISCLOSURE OF FINANCIAL INFORMATION

### Distribution of annual report and accounts

13.46 (1) In the case of an issuer (other than an overseas issuer and a PRC issuer):—

(a) Such issuer shall send to

- (i) every member of the issuer; and
- (ii) every other holder of its listed securities (not being bearer securities),

a copy of either (A) its annual report including its annual accounts and, where the issuer prepares ~~group accounts within the meaning of consolidated financial statements referred to in section 124(1)379(2)~~ of the Companies Ordinance, the ~~group accounts—consolidated financial statements~~, together with a copy of the auditors' report thereon, or (B) its summary financial report...The issuer may send a copy of its summary financial report to a member and a holder of its listed securities in place of a copy of its annual report and accounts, provided that it complies with the relevant provisions set out in ~~section 141~~sections 437 to 446 of the Companies Ordinance and in the Companies (Summary Financial Reports of Listed Companies) Regulation.

(b) ...

...

Notes: 1. ...

2. *Section ~~122~~431 of the Companies Ordinance requires the annual accounts of a Hong Kong issuer which are laid before the issuer at its annual general meeting to be made up to a date falling not more than 6 months before the date of the meeting.*
3. *If an issuer has significant interests outside Hong Kong it may apply for an extension of the six-month period. However, attention is drawn to section ~~122 (1B)~~431 of the Companies Ordinance which requires any extension of the time limit to be approved by the ~~High~~Court of First Instance.*

...

(2) In the case of an overseas issuer or a PRC issuer:—

- (a) Such issuer shall send to:—
  - (i) every member of the issuer; and
  - (ii) every other holder of its listed securities (not being bearer securities),

a copy of either (A) its annual report...or (B) its summary financial report...The issuer may send a copy of its summary financial report to a member and a holder of its listed securities in place of a copy of its annual report and accounts, provided that it complies with provisions no less onerous than the relevant provisions set out in ~~section 141~~sections 437 to 446 of the Companies Ordinance and in the Companies (Summary Financial Reports of Listed Companies) Regulation for listed issuers incorporated in Hong Kong.

- (b) ...

...

...

### **Annual Reports**

13.47 An issuer's annual report must comply with the provisions set out in Appendix 16 in relation to annual reports. The issuer's summary financial report must comply with the provisions set out in the Companies (Summary Financial Reports of Listed Companies) Regulation.

*Note: Issuers' attention is drawn to paragraphs 6 to ~~34A~~35 and 50 inclusive of Appendix 16.*

### **Interim Reports**

13.48(1) In respect of the first six months of each financial year of an issuer...the issuer shall send to the persons listed in rule 13.46(1), either (i) an interim report, or (ii) a summary interim report...The issuer may send a copy of its

summary interim report to a member and a holder of its listed securities in place of a copy of its interim report, provided that such summary interim report complies with the relevant provisions of the Companies (Summary Financial Reports of Listed Companies) Regulation governing summary financial reports.

(2) ...

...

...

## NOTIFICATION

### Changes

13.51 An issuer must publish an announcement as soon as practicable in regard to:—

(1) ...

(2) any changes in its directorate or supervisory committee...

...

(m) subject to the provisions of the Rehabilitation of Offenders Ordinance or comparable legislation of other jurisdictions, full particulars of any conviction for any offence (including details of each such offence, the court by which he was convicted, the date of conviction and the penalty imposed):

(i) ...

(ii) under the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Bankruptcy Ordinance, the Banking Ordinance, the Securities and Futures Ordinance...; or

...

...

### Issue of certificates, registration and other fees

13.60 (1) ...

...

(5) Certificate replacement service: The issuer shall (or shall procure that its registrar shall) provide a certificate replacement service. The fee for replacing certificates:—

(a) representing securities with a market value of HK\$200,000 or less (at the time the request for replacement is made) for a person named on the register shall not exceed HK\$200.00, plus the costs incurred by the issuer (or its registrar) in publishing the required public notice; or

- (b) either:
- (i) representing securities with a market value of more than HK\$200,000 (at the time the request for replacement is made); or
  - (ii) for a person not named on the register (irrespective of the market value of the securities concerned);
- shall not exceed HK\$400.00, plus the costs incurred by the issuer (or its registrar) in publishing the required public notice.

...

### **Independent financial advisers**

...

13.84 An independent financial adviser must be independent from any issuer for whom it acts. An independent financial adviser is not independent if any of the following circumstances exist as at the time of making the declaration required by rule 13.85(1):

- (1) the IFA group and any director or close associate of a director of the independent financial adviser holds, directly or indirectly, in aggregate more than 5% of the number of issued shares ~~capital~~ of the issuer, another party to the transaction, or a close associate or core connected person of the issuer or another party to the transaction;
- (1A) in the case of a connected transaction, the independent financial adviser holds more than 5% of the number of issued shares ~~capital~~ of an associate of another party to the transaction;

...

...

**Chapter 14**  
**EQUITY SECURITIES**  
**NOTIFIABLE TRANSACTIONS**

...

**Classification and explanation of terms**

...

*Percentage ratios*

14.07 The percentage ratios are the figures, expressed as percentages resulting from each of the following calculations:—

(1) ...

...

(5) Equity capital ratio — the number of shares to be issued by ~~nominal value of the listed issuer's equity capital issued~~ as consideration divided by the total number of ~~nominal value of the listed issuer's issued shares equity capital~~ immediately before the transaction.

*Notes:*

1. The numerator includes shares that may be issued upon conversion or exercise of any convertible securities or subscription rights to be issued by the listed issuer as consideration.

2. The ~~value of the~~ listed issuer's debt capital (if any), including any preference shares, shall not be included in the calculation of the equity capital ratio.

...

...

*Methods of approval*

14.44 Shareholders' approval for a major transaction shall be given by a majority vote at a general meeting of the shareholders of the issuer unless all the following conditions are met, in which case written shareholders' approval may, subject to rule 14.86, be accepted in lieu of holding a general meeting:—

(1) no shareholder is required to abstain from voting if the issuer were to convene a general meeting for the approval of the transaction; and

(2) the written shareholders' approval has been obtained from a shareholder or a closely allied group of shareholders who together

hold more than 50% ~~of the voting rights in nominal value of the securities giving the right to attend and vote~~ at that general meeting to approve the transaction. Where a listed issuer discloses inside information to any shareholder in confidence to solicit the written shareholders' approval, the listed issuer must be satisfied that such shareholder is aware that he must not deal in the listed issuer's securities before such information has been made available to the public.

...

*Major transaction circulars*

14.66 A circular relating to a major transaction must contain:—

(1) ...

...

(6) where a company either becomes a subsidiary or ceases to be a subsidiary of the listed issuer:—

(a) the percentage of the company's issued shares capital (if any) held by the listed issuer ~~in that company~~ after the acquisition or disposal; and

(b) ...;

...

## Chapter 15

### EQUITY SECURITIES

#### OPTIONS, WARRANTS AND SIMILAR RIGHTS

...

15.02 All warrants must, prior to the issue or grant thereof, be approved by the Exchange and in addition, where they are warrants to subscribe equity securities, by the shareholders in general meeting (unless they are issued by the directors under the authority of a general mandate granted to them by shareholders in accordance with rule 13.36(2)). In the absence of exceptional circumstances which would include, by way of example, a rescue reorganisation, the Exchange will only grant approval to the issue or grant of warrants to subscribe securities if the following requirements are complied with:—

- (1) the securities to be issued on exercise of the warrants must not, when aggregated with all other equity securities which remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed twenty per cent. of the number of issued shares equity capital of the issuer at the time such warrants are issued. Options granted under employee or executive share schemes which comply with Chapter 17 are excluded for the purpose of this limit; and
- (2) ....

...

## Chapter 15A

### STRUCTURED PRODUCTS

...

#### Issuers

...

- 15A.10 An issuer (except in the case of a guaranteed issue) must not be a private company within the meaning of section 2911 of the Companies Ordinance or equivalent legislation of the jurisdiction in which it is incorporated or established.

...

#### Guarantors

- 15A.16 Where listing is sought for structured products which are guaranteed:—
- (1) the guarantor must not be a private company within the meaning of section 2911 of the Companies Ordinance or equivalent legislation of the jurisdiction in which it is incorporated or established;

...

...

#### Listing Documents

...

- 15A.76 Any base listing document in respect of structured product issues, or any supplemental listing document in respect of a specific structured product, that is a prospectus must be registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The procedures for registration are set out in Chapter 11A and Rule 9.11(33). The requirement to notify the Exchange at least 14 days in advance of the date on which it is proposed to register a prospectus, set out in Rule 11A.09<sub>1</sub>, will not apply in the cases of supplemental listing documents.

...

## Chapter 17

### EQUITY SECURITIES

#### SHARE OPTION SCHEMES

...

##### Terms of the scheme

17.03 The scheme document must include the following provisions and/or provisions as to the following (as the case may be):

- (1) the purpose of the scheme;
- (2) the participants of the scheme and the basis of determining the eligibility of participants;

*Note: Listed issuers are reminded to seek legal advice on the prospectus requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, particularly where participation in the scheme is not restricted to executives and employees.*

- (3) the total number of securities which may be issued upon exercise of all options to be granted under the scheme, together with the percentage of the issued shares ~~capital~~ that it represents at the date of approval of the scheme;

*Notes: (1) The total number of securities which may be issued upon exercise of all options to be granted under the scheme and any other schemes must not in aggregate exceed 10% of the relevant class of securities of the listed issuer (or the subsidiary) in issue as at the date of approval of the scheme. Options lapsed in accordance with the terms of the scheme will not be counted for the purpose of calculating the 10% limit.*

...

(2) ...

(3) If the listed issuer (or the subsidiary) conducts a share consolidation or subdivision after the general meeting to approve the 10% limit, the number of securities that may be issued upon exercise of all options to be granted under all of the schemes of the listed issuer (or the subsidiary) under the mandate should be adjusted accordingly.

...

- (13) a provision for adjustment of the exercise price or the number of securities subject to options already granted and to the scheme in the event of a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital;

*Note: Any adjustments required under rule 17.03(13) must give a participant the same proportion of the equity capital as that to which that person was previously entitled, but no such adjustments may be made to the extent that a share would be issued at less than its nominal value (if any). The issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment. In respect of any such adjustments, other than any made on a capitalisation issue, an independent financial adviser or the listed issuer's auditors must confirm to the directors in writing that the adjustments satisfy the requirements set out in this note.*

...

#### **Disclosure requirements**

...

17.09 The listed issuer must include in its annual report a summary of each share option scheme approved by its shareholders setting out:

- (1) ...

...

- (3) the total number of securities available for issue under the scheme together with the percentage of the issued shares—~~capital~~ that it represents as at the date of the annual report;

...

...

## Chapter 19

### EQUITY SECURITIES

#### OVERSEAS ISSUERS

...

#### Qualifications for Listing

19.05 The following additional requirements apply:—

(1) ...

...

(2) ...

...

(e) any change in the above particulars;

*Note: The person appointed under this rule may also be the person authorised to accept service required to be appointed under Part ~~XI~~ 16 of the Companies Ordinance, if applicable.*

...

#### Listing Documents

...

19.10 The following modifications and additional requirements apply:—

(1) ...

...

(5) for an introduction in the circumstances in rule 7.14(3), the following modifications, exceptions and additional requirements apply:—

(a) the listing document must contain...a comparison between the provisions of the listed Hong Kong issuer's existing ~~memorandum and~~ articles of association...

...

(6) the documents to be offered for inspection will be the documents corresponding to those mentioned in paragraph 53 of Part A and paragraph 43 of Part B of Appendix 1. Unless otherwise provided by the Companies (Winding Up and Miscellaneous Provisions) Ordinance, where any of such documents are not in the English language, certified English translations thereof must be available for inspection. In addition, where rule 19.10(3) applies, the overseas issuer must offer for inspection a copy of any statutes or regulations which are relevant to the summary of the regulatory provisions of the jurisdiction in which

the overseas issuer is incorporated or otherwise established. In particular cases, the Exchange may require other additional documents to be offered for inspection; and

...

...

## SECONDARY LISTINGS

...

### Qualifications for Listing

19.30 The following additional requirements apply:—

(1) ...

(2) ...

(a) ...

...

(e) any change in the above particulars;

*Note: The person appointed under this rule may also be the person authorised to accept service required to be appointed under Part ~~XI~~16 of the Companies Ordinance, if applicable.*

...

...

### Listing Documents

...

19.36 The following modifications and additional requirements apply:—

(1) ...

(3) the documents to be offered for inspection will be the documents corresponding to those mentioned in paragraph 53 of Part A and paragraph 43 of Part B of Appendix 1. Unless otherwise provided by the Companies (Winding Up and Miscellaneous Provisions) Ordinance, where any of such documents are not in the English language, certified English translations thereof must be available for inspection. In particular cases, the Exchange may require additional documents to be offered for inspection;

(4) ...

(5) the listing document need not be accompanied by a Chinese translation, unless required to do so by section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, but must be in the English language or be accompanied by a certified English translation

except that, in the case of a new applicant, the English language version of the listing document may be distributed separately from its Chinese translation (and vice-versa) provided that both are available at each place where, and for so long as, the distribution of such documents takes place; and

...

...

## Chapter 19A

### EQUITY SECURITIES

#### ISSUERS INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA

...

#### Chapter 8 — Qualifications for Listing

19A.13 The following modifications and additional requirements apply:—

- (1) ...
- (2) the PRC issuer must appoint, and maintain throughout the period its securities are listed on the Exchange the appointment of, a person authorised to accept service of process and notices on its behalf in Hong Kong, and must notify the Exchange of his appointment and any termination of his appointment and details of:—

(a) ...

...

(e) any change in the above particulars;

*Note: The person appointed under this rule may also be the person authorised to accept service required to be appointed under Part ~~XI~~16 of the Companies Ordinance, if applicable.*

...

...

#### Chapter 11 — Listing Documents

...

19A.27 The following modifications and additional requirements apply to the contents of listing documents:

(1) ...

...

- (4) the documents to be offered for inspection will be the documents corresponding to those mentioned in paragraph 53 of Part A and paragraph 43 of Part B of Appendix 1. Unless otherwise provided by the Companies (Winding Up and Miscellaneous Provisions) Ordinance, where any such documents are not in the English language, certified English translations thereof must be available for inspection. In addition, where rule 19A.27(3) applies, the PRC issuer must offer for

inspection a copy of any statutes or regulations which are relevant to the summary of relevant PRC law. In particular cases, the Exchange may require other additional documents to be offered for inspection.

...

## Chapter 19B

### EQUITY SECURITIES

#### DEPOSITARY RECEIPTS

...

19B.08 For the purpose of determining the total number of issued shares of the issuer ~~capital requirement in~~ under rule 8.08, the Exchange will take account of the issuer's underlying shares which will be treated as the same class as the depositary receipts representing those shares provided that there is no restriction on the conversion of those shares into depositary receipts.

...

## **Chapter 23**

### **DEBT SECURITIES**

#### **QUALIFICATIONS FOR LISTING**

...

#### **Basic Conditions**

...

23.04 An issuer which is a Hong Kong company must not be a private company within the meaning of section ~~29~~11 of the Companies Ordinance.

...

## Chapter 25

### DEBT SECURITIES

#### LISTING DOCUMENTS

##### Preliminary Publication

25.01 This Chapter does not apply to debt issues to professional investors only. It sets out the Exchange's requirements for the contents of listing documents relating to debt securities. The issuers are reminded that a listing document which is a prospectus within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance must also comply with and be registered in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Applicants should note that they are required to confirm in their application that all requisite information has been included in the listing document or will be included before the final version is submitted for review (see Form C2 of Appendix 5).

...

##### Publication

...

25.18 Model forms of formal notices for offers for subscription or sale and placings are set out in Appendix 11 for the guidance of issuers. Issuers are reminded that where a prospectus has been registered with the Registrar of Companies pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, every formal notice must comply with section 38B of that Ordinance.

...

##### Publication of electronic form prospectus and printed application form

25.19B (1) Where an issuer intends to rely on section 9A of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap.32L) ("Class Exemption Notice") and issue a printed application form for its debt securities with an electronic form prospectus displayed on certain websites ("Mixed Media Offer"), it must satisfy all the conditions in the Class Exemption Notice...

...

...

# The Stock Exchange of Hong Kong Limited

## Practice Note 5

to the Rules Governing the Listing of Securities  
(the “Exchange Listing Rules”)

Issued pursuant to rule 1.06 of the Exchange Listing Rules

### DISCLOSURE OF INTERESTS INFORMATION

...

3.3 For directors and chief executives, the statements should show details of the following matters as recorded in the register required to be kept under section 352 of the SFO:

- (1) aggregate long position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds);
  - (b) interests in debentures; and
  - (c) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives;
    - (ii) cash settled equity derivatives;
    - (iii) other equity derivatives.

*Notes:*

(1) *In the case of issuers and associated corporations, the statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer or associated corporation.*

(2) ...

(3) ....

- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
  - (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and

- (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
  - (i) physically settled equity derivatives;
  - (ii) cash settled equity derivatives; and
  - (iii) other equity derivatives.

*Notes:*

- (1) *In the case of issuers or associated corporations, the statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer or associated corporation.*
- (2) ...

3.4 For substantial shareholders, the statements should show details of the following matters as recorded in the register required to be kept under section 336 of the SFO:

- (1) aggregate long position in the shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds); and
  - (b) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives; and
    - (ii) cash settled equity derivatives.

*Notes:*

- (1) ...
- (2) *The statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer.*
- ...
- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
  - (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and

- (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
  - (i) physically settled equity derivatives; and
  - (ii) cash settled equity derivatives.

*Notes:*

- (1) *The statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer.*
- (2) ...

3.5 For other persons whose interests are recorded (or, in the case of a new listing, are required to be recorded) in the register required to be kept under section 336 of the SFO, the statements should show details of the following matters as recorded in such register:

- (1) aggregate long position in the shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds); and
  - (b) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives; and
    - (ii) cash settled equity derivatives.

*Notes:*

- (1) *The statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer.*
- (2) ...
- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
  - (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and
  - (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:

- (i) physically settled equity derivatives; and
- (ii) cash settled equity derivatives.

*Notes:*

- (1) *The statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer.*
- (2) ...

...

# The Stock Exchange of Hong Kong Limited

## Practice Note 15

to the Rules Governing the Listing of Securities  
(the “Exchange Listing Rules”)

Issued pursuant to rule 1.06 of the Exchange Listing Rules

### **PRACTICE WITH REGARD TO PROPOSALS SUBMITTED BY ISSUERS TO EFFECT THE SEPARATE LISTING ON THE EXCHANGE OR ELSEWHERE OF ASSETS OR BUSINESSES WHOLLY OR PARTLY WITHIN THEIR EXISTING GROUPS**

...

#### **2. Introduction**

This Practice Note is intended to set out the Exchange’s policy with regard to proposals submitted by issuers to effect the separate listing on the Exchange or elsewhere of assets or businesses wholly or partly within their existing groups (“spin-offs”). This Practice Note sets out the principles which the Exchange applies when considering spin-off applications. Issuers are reminded that they are required to submit their spin-off proposals to the Exchange for its approval.

*Note: This Practice Note is normally only applicable to an issuer and entity which is a subsidiary of the issuer at the time of submission of the spin-off proposal. However, the Exchange will treat an entity as if it were a subsidiary of an issuer for the purpose of this Practice Note if such entity is at the time of submission of the issuer’s spin-off proposal, an associated company of the issuer and was, at any time during the latest completed financial year of the issuer (comprising at least 12 months) up to the date of submission of the spin-off proposal, a subsidiary of the issuer.*

*In such circumstances, the entity will be required to comply with the requirements of this Practice Note and will be treated as if it has remained as a subsidiary of the issuer. The issuer is required to substantiate to the satisfaction of the Exchange the changes in the beneficial ownership of the entity’s issued shares ~~capital~~ in the period stated above.*

...

# The Stock Exchange of Hong Kong Limited

## Practice Note 22

to the Rules Governing the Listing of Securities  
(the “Exchange Listing Rules”)

Issued pursuant to rule 1.06 of the Exchange Listing Rules

### PUBLICATION OF APPLICATION PROOFS AND POST HEARING INFORMATION PACKS (PHIPs)

...

#### Content of Application Proofs and PHIPs

4. For the purpose of publication on the Exchange’s website, an Application Proof and a PHIP must be prepared on the following principles:
  - (a) ...
  - (b) there must not be any information regarding the proposed offering or other information that would constitute the Application Proof or PHIP a prospectus under section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance ~~as amended from time to time (Cap.32)~~ (“~~Companies Ordinance~~”) or an advertisement under section 38B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or an invitation to the public in breach of section 103 of the Securities and Futures Ordinance as amended from time to time (~~Cap. 571~~) (“~~Securities and Futures Ordinance~~”);
- ...
5. A new applicant must redact an Application Proof and a PHIP only to the extent necessary for these documents not to constitute a prospectus under section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or an advertisement under section 38B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or an invitation to the public in breach of section 103 of the Securities and Futures Ordinance (unless consent is obtained for further redactions). A new applicant must also include adequate warning and disclaimer statements on the Exchange’s website and in every Application Proof and PHIP published on the Exchange’s website to advise viewers of the legal status of these documents.

#### Legal Confirmation

6. Every new applicant must ensure that the publication of any Application Proof and PHIP on the Exchange’s website complies with paragraphs 4 and 5. Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, ~~and~~ the Securities and Futures Ordinance and other laws and regulations remains the primary responsibility of every new applicant.

...

# Appendix 1

## Contents of Listing Documents

### Part A

#### Equity Securities

##### **In the case where listing is sought for equity securities of an issuer no part of whose share capital is already listed**

###### **General information about the issuer, its advisers and the listing document**

...

6. In the case of an issuer not incorporated or otherwise established in Hong Kong, the address of the head office and of the principal place of business (if any) in Hong Kong and of the place of business in Hong Kong registered under Part ~~XI~~16 of the Companies Ordinance, and the name(s) and address(es) of the person(s) in Hong Kong authorised to accept service of process and notices on its behalf.

...

###### **Financial information about the group and the prospects of the group**

...

33. (1) A statement showing the sales turnover figures or gross trading income of the group during the three financial years immediately preceding the issue of the listing document...
- (2) The following information in respect of directors' emoluments:—
  - (a) ...
  - (b) the aggregate of the directors' basic salaries, housing allowances, other allowances and benefits in kind for each of the three financial years immediately preceding the issue of the listing document;
  - (c) the aggregate of contributions to pension schemes for directors or past directors for each of the three financial years immediately preceding the issue of the listing document;
  - (d) the aggregate of bonuses paid or receivable by directors which are discretionary or are based on the issuer's, the group's or any member of the group's performance (excluding amounts disclosed in (e) and (f) below) for each of the three financial years immediately preceding the issue of the listing document;

- (e) the aggregate of amounts paid or receivable by directors for each of the three financial years immediately preceding the issue of the listing document as an inducement to join or upon joining the issuer; and
- (f) the aggregate of compensation paid or receivable by directors or past directors for each of the three financial years immediately preceding the issue of the listing document for the loss of office as a director of any member of the group or of any other office in connection with the management of the affairs of any member of the group distinguishing between contractual and other payments (excluding amounts disclosed in (b) to (e) above); and

...

Sub-paragraphs (b) to (f) inclusive require an analysis of the amounts which must be disclosed in the accounts of an issuer incorporated in Hong Kong under the provisions of section ~~161(1)(a)~~383(1)(a) to (c) (inclusive) of the Companies Ordinance. The requirements of ~~§section 161(1)(a)~~§section 383(1)(a) to (c) (inclusive) have, for the purposes of the Exchange Listing Rules, been applied to issuers incorporated or otherwise established outside Hong Kong.

...

45. (1) ...

(1A) ...

- (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 has an interest or short position in the shares and underlying shares of the issuer which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or, who is, directly or indirectly, interested in ten per cent. or more of the ~~nominal value of any class of issued voting shares capital carrying rights to vote in all circumstances at general meetings of~~ any other member of the group and the amount of each of such person's interest in such securities, together with particulars of any options in respect of such capital, or, if there are no such interests or short positions, an appropriate negative statement. (Note 3)

(Note 5)

...

## NOTES

...

*Note 4 ~~For accounting periods ending on or before 30th December, 1994 where the issuer is entitled to avail itself, and has availed itself, of the benefit of any of the provisions of Part III of the Tenth Schedule to the Companies Ordinance, nothing herein shall require any financial information to be included in the listing document which need not be disclosed in a balance sheet or profit and~~*

~~loss account of the issuer which is drawn up in accordance with that Ordinance by virtue of any of those provisions or as a direct effect or result of any of those provisions.~~

~~For accounting periods ending on or after 31st December, 1994 insurance and shipping companies will not be entitled to avail themselves of the benefits of the provisions of Part III of the Tenth Schedule to the Companies Ordinance. [Repealed [date]]~~

...

# Appendix 1

## Contents of Listing Documents

### Part B

#### Equity Securities

#### In the case where listing is sought for equity securities of an issuer some part of whose share capital is already listed

...

38. (1) ...

(1A) ...

- (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 has an interest or short position in the shares and underlying shares of the issuer which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or, who is, directly or indirectly, interested in ten per cent. or more of the ~~nominal value of any class of~~ issued voting shares ~~capital carrying rights to vote in all circumstances at general meetings of~~ any other member of the group and the amount of each of such person's interest in such securities, together with particulars of any options in respect of such capital, if there are no such interests or short positions, an appropriate negative statement. (Note 2)

(Note 4)

...

#### NOTES

...

*Note 3 ~~For accounting periods ending on or before 30th December, 1994 where the issuer is entitled to avail itself, and has availed itself, of the benefit of any of the provisions, of Part III of the Tenth Schedule to the Companies Ordinance, nothing herein shall require any financial information to be included in the listing document which need not be disclosed in a balance sheet or profit and loss account of the issuer which is drawn up in accordance with that Ordinance by virtue of any of those provisions or as a direct effect or result of any of those provisions.~~*

*~~For accounting periods ending on or after 31st December, 1994 insurance and shipping companies will not be entitled to avail themselves of the benefits of the provisions of Part III of the Tenth Schedule to the Companies Ordinance. [Repealed [date]]~~*

...

# Appendix 1

## Contents of Listing Documents

### Part C

#### Debt Securities

...

#### **General information about the issuer, its advisers and the listing document**

...

7. In the case of an issuer not incorporated or otherwise established in Hong Kong, the address of the head office and of the principal place of business (if any) in Hong Kong and of the place of business, if any, in Hong Kong registered under Part ~~XI~~16 of the Companies Ordinance, and the name(s) and address(es) of the person(s) in Hong Kong authorised to accept service of process and notices on its behalf.

...

#### **Information concerning the debt securities**

...

18. If the issuer is a company, a reference to the registration of the listing document and any supporting documents with the Registrar of Companies and an indication as to any exemptions granted by the Registrar of Companies from the prospectus requirements contained in the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

...

#### **Information about the issuer's management**

...

49. (1) ...
  - (1A) ...
  - (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 has an interest or short position in the shares and underlying shares of the issuer which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or, who is, directly or indirectly, interested in ten per cent. or more of the ~~nominal value of any class of~~ issued voting shares ~~capital carrying rights to vote in all circumstances at general meetings~~ of any other member of the group and the amount of each of such person's

interest in such securities, together with particulars of any options in respect of such capital, or, if there are no such interests or short positions, an appropriate negative statement. (Note 3)

(Note 4)

...

**Appendix 1**  
**Contents of Listing Documents**

**Part D**

**Structured Products**

...

**Information upon the Issuer**

...

9. In the case of an issuer and, if applicable, a guarantor, not incorporated or otherwise established in Hong Kong, the address of the head office and of the principal place of business (if any) in Hong Kong and of the place of business in Hong Kong registered under Part ~~XI~~16 of the Companies Ordinance<sub>2</sub>, and the name(s) and address(es) of the person(s) in Hong Kong authorised to accept service of process and notices on its behalf.

...

# **Appendix 1**

## **Contents of Listing Documents**

### **Part E**

#### **Depository receipts**

##### **In the case where listing is sought for depository receipts of an issuer no part of whose share capital is already listed**

##### **General information about the issuer, its advisers and the listing document**

...

6. In the case of an issuer not incorporated or otherwise established in Hong Kong, the domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, the address and telephone number of the head office and of the principal place of business (if any) in Hong Kong and of the place of business in Hong Kong registered under Part ~~XI~~16 of the Companies Ordinance, and the name(s) and address(es) of the person(s) in Hong Kong authorised to accept service of process and notices on its behalf.

...

##### **Financial information about the group and the prospects of the group**

...

33. (1) ...

(2) The following information in respect of directors' emoluments:—

(a) ...

(b) the aggregate of the directors' basic salaries, housing allowances, other allowances and benefits in kind for each of the three financial years immediately preceding the issue of the listing document;

(c) the aggregate of contributions to pension schemes for directors or past directors for each of the three financial years immediately preceding the issue of the listing document;

(d) the aggregate of bonuses paid or receivable by directors which are discretionary or are based on the issuer's, the group's or any member of the group's performance (excluding amounts disclosed in (e) and (f) below) for each of the three financial years immediately preceding the issue of the listing document;

- (e) the aggregate of amounts paid or receivable by directors for each of the three financial years immediately preceding the issue of the listing document as an inducement to join or upon joining the issuer; and
- (f) the aggregate of compensation paid or receivable by directors or past directors for each of the three financial years immediately preceding the issue of the listing document for the loss of office as a director of any member of the group or of any other office in connection with the management of the affairs of any member of the group distinguishing between contractual and other payments (excluding amounts disclosed in (b) to (e) above); and

...

Sub-paragraphs (b) to (f) inclusive require an analysis of the amounts which must be disclosed in the accounts of an issuer incorporated in Hong Kong under the provisions of section ~~161(1)(a)~~383(1)(a) to (c) (inclusive) of the Companies Ordinance. The requirements of ~~§section 161(1)(a)~~§section 383(1)(a) to (c) (inclusive) have, for the purposes of the Exchange Listing Rules, been applied to issuers incorporated or otherwise established outside Hong Kong.

...

#### **Information about the issuer's management**

...

45. (1) ...

(1A) ...

- (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 has an interest or short position in the shares and underlying shares of the issuer which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or, who is, directly or indirectly, interested in ten per cent. or more of the ~~nominal value of any class of~~ issued voting shares capital carrying rights to vote in all circumstances at general meetings of any other member of the group and the amount of each of such person's interest in such securities, together with particulars of any options in respect of such capital, or, if there are no such interests or short positions, an appropriate negative statement. (Note 3)

(Note 5)

...

## NOTES

...

*Note 4 ~~Insurance and shipping companies will not be entitled to avail themselves of the benefits of the provisions of Part III of the Tenth Schedule to the Companies Ordinance.~~[Repealed [date]]*

...

# Appendix 1

## Contents of Listing Documents

### Part F

#### Depository receipts

**In the case where listing is sought for depository receipts of an issuer where depository receipts representing some part of its share capital are already listed**

...

#### **Information about the issuer's management**

...

34. (1) ...

(1A) ...

(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 has an interest or short position in the shares and underlying shares of the issuer which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or, who is, directly or indirectly, interested in ten per cent. or more of the ~~nominal value of any class of~~ issued voting shares ~~capital carrying rights to vote in all circumstances at general meetings of~~ any other member of the group and the amount of each of such person's interest in such securities, together with particulars of any options in respect of such capital, if there are no such interests or short positions, an appropriate negative statement. (Note 2)

(Note 4)

...

#### **NOTES**

...

*Note 3 ~~Insurance and shipping companies will not be entitled to avail themselves of the benefits of the provisions of Part III of the Tenth Schedule to the Companies Ordinance.~~ [Repealed [date]]*

...

## Appendix 2

### Documents of Title

#### Part B

#### Definitive Documents of Title

##### Registered equity securities

...

5. If the certificate relates to shares and there is more than one class in issue:
- (1) ...
  - (2) ...
  - (3) every share certificate issued by the issuer shall contain in a prominent position a statement that its share capital is divided into different classes of shares which shall specify in respect of the shares of each class the nominal value (if any) thereof and the voting rights attached thereto.

...

##### Bearer securities

...

22. The following matters must appear on the face of the security: -
- (1) ...
  - ...
  - (5) an authorising signature or signatures of the issuer, which may be in facsimile (and may also bear an authenticating signature which, if present, must be an original). ~~Share warrants to bearer issued by Hong Kong issuers must be under seal.~~

...

## Appendix 3

### Articles of Association

The articles of association or equivalent document must conform with the following provisions and, where necessary, a certified copy of a resolution of the board of directors or other governing body undertaking to comply with the appropriate provisions must be lodged with the Exchange. This appendix does not apply to an issuer which has only debt securities listed.

#### As regards Transfer and Registration

1. ...  
...

#### As regards Definitive Certificates

2. (1) That all certificates for capital ~~shall~~ must be under seal, which ~~shall~~ may only be affixed with the authority of the directors, or be executed under signature of appropriate officials with statutory authority.  
  
(2) ...  
  
...

## Appendix 5

### Formal Application (For Equity Securities)

#### Form C1

...

7. We declare, to the best of our knowledge, information and belief, that:—

(1) ...

(2) all information required to be included in the listing document by virtue of the Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules and the Code on Takeovers and Mergers has been included therein or, if the final version has not yet been submitted (or reviewed), will be included therein before it is so submitted;

...

...

## Appendix 5

### Formal Application (For Debt Securities)

#### Form C2

...

7. We declare, to the best of our knowledge, information and belief, that:—

(1) ...

(2) all information required to be included in the listing document by virtue of the Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules and the ~~Hong Kong~~ Code on Takeovers and Mergers has been included therein or, if the final version has not yet been submitted (or reviewed), will be included therein before it is so submitted;

...

...

## Appendix 5

### Formal Application (For Collective Investment Schemes)

#### Form C3

...

6. We declare that:—

(1) ...

...

(3) all information required to be included in the CIS Disclosure Document/listing document, where applicable, pursuant to Section 104 of the Securities and Futures Ordinance and the applicable codes enacted under the Ordinance, and by the Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules and any other applicable legislation has been included therein or, if the final version has not yet been submitted (or reviewed), will be included therein before it is so submitted; and

...

...

## Appendix 5

### Sponsor's Declaration

#### Form E

To: The Head of the Listing Division,  
The Listing Division,  
The Stock Exchange of Hong Kong Limited.

\_\_\_\_\_ 20 \_\_\_\_\_

Dear Sir,

I, \_\_\_\_\_ being  
sponsor to \_\_\_\_\_ [Name of issuer] (the  
"Issuer") hereby declare to the best of my knowledge and belief having made all  
reasonable enquiries that:—

(1) ...

(2) ...

(3) 25% of the total number of issued shares—~~capital~~ of the Issuer [have been  
placed/will be held] in the hands of the public in accordance with rule 8.08 of  
The Rules Governing the Listing of Securities on The Stock Exchange of Hong  
Kong Limited ("the Listing Rules") at the time of the Issuer's listing; and

...

## Appendix 5

### Declaration

#### Form F

...

1. that all documents required by the Companies (Winding Up and Miscellaneous Provisions) Ordinance to be filed with the Registrar of Companies in connection with the issue/offer/introduction on ..... 19 ..... of the following securities of the Issuer, namely ..... (insert particulars), have been duly filed and that to the best of our knowledge information and belief compliance has been made with all other legal requirements in connection with such issue/offer/introduction;

...

## Appendix 7

### Part C

Type of Security: Debt

Type of Issuer: Incorporated or otherwise established in Hong Kong or elsewhere (except States, Supranationals, State Corporations, Banks and debt issues to professional investors only)

...

### ANNUAL ACCOUNTS

#### Distribution of annual report and accounts

7. (1) If the Issuer is incorporated or otherwise established in Hong Kong it shall send to:—

(a) the trustee or fiscal agent in respect of its listed debt securities; and

(b) every holder of its listed debt securities (not being bearer debt securities),

a copy of either (i) its annual report including its annual accounts and, where the Issuer prepares ~~group accounts within the meaning of consolidated financial statements as referred to in section 124(1)~~379(2) of the Companies Ordinance, the ~~group accounts~~ consolidated financial statements or (ii) its summary financial report, not less than 21 days before the date of the Issuer's annual general meeting. The Issuer may send a copy of its summary financial report to a member and a holder of its listed securities in place of a copy of its annual report and accounts, provided that it complies with provisions no less onerous than the relevant provisions set out in ~~section 141~~sections 437 to 446 of the Companies Ordinance and in the Companies (Summary Financial Reports of Listed Companies) Regulation for listed issuers incorporated in Hong Kong. An issuer, whose equity securities are not listed, may not distribute a summary financial report in place of its annual report.

(2) ...

(a) ...

(b) ...

7.1 ...

7.2 *Section ~~122~~431 of the Companies Ordinance requires the annual accounts of a Hong Kong issuer which are laid before the issuer at its annual general*

meeting to be made up to a date falling not more than 6 months before the date of the meeting.

- 7.3 *The Exchange may at its discretion suspend dealings in or cancel the listing of the debt securities of companies which fall into arrears in the issue of its directors' report and accounts. Companies having significant interests outside Hong Kong may apply for an extension of the six-month period. However, attention is drawn to section ~~122(1B)~~431 of the Companies Ordinance which requires any extension of the time limit to be approved by the ~~High-Court~~ First Instance.*

7.4 ...

...

### Information to accompany annual report and accounts

9. (1) **The Issuer shall include in its annual report and accounts:—**

...

- (2) ~~Where the Issuer is entitled to avail itself, and has availed itself, of the benefit of any of the provisions of Part III of the Tenth Schedule to the Companies Ordinance, nothing herein shall require any financial information to be included in the directors' report and accounts which need not be disclosed in a balance sheet or profit and loss account of the Issuer which is drawn up in accordance with that Ordinance by virtue of any of those provisions or as a direct effect or result of any of those provisions. In such cases the auditors' report may be expressed on an appropriate basis. [Repealed [date]]~~

...

### TRADING AND SETTLEMENT

#### Registration services, issue of certificates, registration and other fees

...

20. (1) ...

...

- (6) **Certificate replacement service:** The issuer shall (or shall procure that its registrar shall) provide a certificate replacement service. The fee for replacing certificates:—
- (a) representing securities with a market value of HK\$200,000 or less (at the time the request for replacement is made) for a person named on the register shall not exceed HK\$200.00, plus the costs incurred by the issuer (or its registrar) in publishing the required public notice; or

**(b) either:**

- (i) representing securities with a market value of more than HK\$200,000 (at the time the request for replacement is made);**  
**or**
- (ii) for a person not named on the register (irrespective of the market value of the securities concerned);**

**shall not exceed HK\$400.00, plus the costs incurred by the issuer (or its registrar) in publishing the required public notice.**

...

## Appendix 7

### Part D

Type of Security: Debt

Type of Issuer: States and Supranationals

...

#### TRADING AND SETTLEMENT

Registration services, issue of certificates, registration and other fees

...

9. (1) ...

...

(6) **Certificate replacement service: The issuer shall (or shall procure that its registrar shall) provide a certificate replacement service. The fee for replacing certificates:—**

(a) **representing securities with a market value of HK\$200,000 or less (at the time the request for replacement is made) for a person named on the register shall not exceed HK\$200.00, plus the costs incurred by the issuer (or its registrar) in publishing the required public notice; or**

(b) **either:**

(i) **representing securities with a market value of more than HK\$200,000 (at the time the request for replacement is made); or**

(ii) **for a person not named on the register (irrespective of the market value of the securities concerned);**

**shall not exceed HK\$400.00, plus the costs incurred by the issuer (or its registrar) in publishing the required public notice.**

...

## Appendix 7

### Part E

Type of Security: Debt

Type of Issuer: State Corporations and Banks

...

#### ANNUAL ACCOUNTS

##### Distribution of annual report and accounts

4. (1) ...

...

(2) ...

*4.1 Where the Issuer is entitled to avail itself, and has availed itself, of the benefit of any of the provisions of Part III of the Tenth Schedule to the Companies Ordinance, nothing herein shall require any financial information to be included in the directors' report and accounts which need not be disclosed in a balance sheet or profit and loss account of the Issuer which is drawn up in accordance with that Ordinance by virtue of any of those provisions or as a direct effect or result of any of those provisions. In such cases the auditors' report may be expressed on an appropriate basis. [Repealed [date]]*

...

...

#### TRADING AND SETTLEMENT

##### Registration services, issue of certificates, registration and other fees

...

14. (1) ...

...

(6) **Certificate replacement service:** The issuer shall (or shall procure that its registrar shall) provide a certificate replacement service. The fee for replacing certificates:—

(a) representing securities with a market value of HK\$200,000 or less (at the time the request for replacement is made) for a person named on the register shall not exceed HK\$200.00, plus the costs incurred by the issuer (or its registrar) in publishing the required public notice; or

(b) either:

**(i) representing securities with a market value of more than HK\$200,000 (at the time the request for replacement is made);  
or**

**(ii) for a person not named on the register (irrespective of the market value of the securities concerned);**

**shall not exceed HK\$400.00, plus the costs incurred by the issuer (or its registrar) in publishing the required public notice.**

...

## Appendix 7

### Part H

Type of Security: Structured Products

...

#### TRADING AND SETTLEMENT

##### Registration services

...

##### Issue of certificates, registration and other fees

...

18. (1) ...

...

(5) **Certificate replacement service:** The issuer shall (or shall procure that its registrar shall) provide a certificate replacement service. The fee for replacing certificates:—

(a) representing securities with a market value of **HK\$200,000** or less (at the time the request for replacement is made) for a person named on the register shall not exceed **HK\$200.00**, plus the costs incurred by the issuer (or its registrar) in publishing the required public notice; or

(b) either:

(i) representing securities with a market value of more than **HK\$200,000** (at the time the request for replacement is made); or

(ii) for a person not named on the register (irrespective of the market value of the securities concerned);

shall not exceed **HK\$400.00**, plus the costs incurred by the issuer (or its registrar) in publishing the required public notice.

...

**Appendix 8**  
**Listing Fees, Transaction Levies and Trading Fees**  
**on New Issues and Brokerage**

...

**2. Annual Listing Fee**

(1) In addition to the initial listing fee, an annual listing fee (payable in advance in one installment), ..., shall be payable on each class of securities as follows:—

(a) ...

*Notes*

...

(b) ...

(c) in the case of listed warrants, in accordance with the following scale:—

Percentage of existing issued shares <del>capital</del> subject to warrants	Total funds which would be raised on full exercise of the warrants		
	Not exceeding HK\$100M	Not exceeding HK\$500M	HK\$500M & above
	(HK\$)	(HK\$)	(HK\$)
Not exceeding 10%	36,000	54,000	72,000
50%	36,000	54,000	90,000
100%	54,000	72,000	108,000
Over 100%	72,000	90,000	135,000

(2) ...

...

...

**4. Subsequent Issue Fee**

(1) Where a listed issuer makes a subsequent issue of equity securities which is less than 20 per cent. of its ~~existing-issued shares-capital~~ and does not issue a listing document, there shall be a fixed fee payable of HK\$4,000.

- (2) Where a listed issuer makes a subsequent issue of equity securities which is 20 per cent. or more of its ~~existing~~ issued shares ~~capital~~ or in circumstances where a listing document is issued in connection with the issue, a subsequent issue fee shall be charged on the following scale:—

<u>Monetary value of</u> <u>the securities issued</u> (HK\$M)	<u>Subsequent issue fee</u> (HK\$)
Not exceeding 100	25,000
500	50,000
1,000	80,000
2,000	120,000
3,000	160,000
4,000	200,000
Over 4,000	240,000

...

## Appendix 13

### ADDITIONAL REQUIREMENTS IN RESPECT OF CERTAIN JURISDICTIONS

#### PART A

#### BERMUDA

##### Section 1

#### ADDITIONAL REQUIREMENTS FOR THE MEMORANDUM AND BYE-LAWS OF ISSUERS INCORPORATED OR OTHERWISE ESTABLISHED IN BERMUDA

...

#### 3. As regards shareholders

The bye-laws shall stipulate that any annual general meeting ~~or extraordinary general meeting at which a special resolution is to be proposed shall be convened on~~ must be called by notice of at least 21 days, ~~notice~~ and that any other general meeting (including an extraordinary general meetings) at which an ordinary resolution is to be proposed shall be convened on must be called by notice of at least 14 days ~~notice~~.

...

##### Section 2

#### MODIFICATIONS AND ADDITIONAL REQUIREMENTS

...

#### 1. In the case of an introduction...:-

(1) ...

(2) ...

(3) the comparison between those constitutive documents and the listed Hong Kong issuer's existing ~~memorandum and~~ articles of association, which is required by rule 19.10(5)(a),

...

## Appendix 13

### PART B

#### CAYMAN ISLANDS

##### Section 1

#### ADDITIONAL REQUIREMENTS FOR THE MEMORANDUM AND BYE-LAWS OF ISSUERS INCORPORATED OR OTHERWISE ESTABLISHED IN THE CAYMAN ISLANDS

...

#### 3. As regards shareholders

- (1) The articles of association shall stipulate that any annual general meeting ~~or any extraordinary general meeting at which a special resolution is to be proposed shall be convened on~~ must be called by notice of at least 21 days, ~~notice~~ and that any other general meeting (including an extraordinary general meetings) at which an ordinary resolution is to be proposed shall be convened on must be called by notice of at least 14 days ~~notice~~. The articles of association shall stipulate that the notice convening a meeting shall contain particulars of the resolutions to be considered at that meeting.
- (2) The articles of association shall provide for the branch register of members in Hong Kong to be open for inspection by members but may permit the company to close the register in terms equivalent to ~~Sections 98 and 99~~ 632 of the ~~Hong Kong~~ Companies Ordinance.

(3) ...

...

##### Section 2

#### MODIFICATIONS AND ADDITIONAL REQUIREMENTS

...

#### 1. In the case of an introduction...:-

(1) ...

(2) ...

(3) the comparison between those constitutive documents and the listed Hong Kong issuer's existing ~~memorandum and~~ articles of association, which is required by rule 19.10(5)(a),

...

...

## Appendix 16

### DISCLOSURE OF FINANCIAL INFORMATION

...

#### Information in annual reports

...

31. A listed issuer shall include information in respect of its major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services the ultimate wholesale or retailer as the case may be) and its major suppliers (meaning the ultimate supplier of items which are not of a capital nature) as follows:–

(1) ...

...

(5) a statement of the interests of any of the directors; their close associates; or any shareholder (which to the knowledge of the directors own more than 5% of the number of issued shares of the listed issuer's share capital) in the suppliers or customers disclosed under (1) to (4) above or if there are no such interests a statement to that effect;

...

...

## Appendix 19

### SPONSOR'S DECLARATION

To: The Listing Division  
The Stock Exchange of Hong Kong Limited

We, ...

Under rule 3A.13 we declare to The Stock Exchange of Hong Kong Limited (the "Exchange") that:

- (a) all of the documents required by the Exchange Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, ...to be submitted to the Exchange on or before the date of issue of the Company's listing document and in connection with the Company's listing application have been submitted;

...

## PART B – GEM LISTING RULES

>>>

### Chapter 1

#### GENERAL

#### INTERPRETATION

...

1.01 Throughout this book, the following terms, save where the context otherwise requires, have the following meanings:

...

<b>“Commission”</b>	the Securities and Futures Commission...
<b><u>“Companies Ordinance”</u></b>	<u>the Companies Ordinance (Cap.622) as amended from time to time</u>
<b><u>“Companies (Winding Up and Miscellaneous Provisions) Ordinance”</u></b>	<u>the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32) as amended from time to time</u>
<b>“company”</b>	...
...	
<b>“gazetted newspapers”</b>	those newspapers which are, from time to time, specified in the list of newspapers issued and published in the Gazette for the purposes of sections <u>71A162 to 169</u> of the Companies Ordinance by the Chief Secretary
...	
<b>“holding company”</b>	<del>the meaning attributed to it in section 2 of the Companies Ordinance, but interpreting the term “subsidiary” in accordance with the definition of “subsidiary” under this rule 1.01</del> <u>in relation to a company, means another company of which it is a subsidiary</u>
...	
<b>“prospectus”</b>	the same meaning as in section 2(1) of the <u>Companies (Winding Up and Miscellaneous Provisions) Ordinance</u>
...	

**“subsidiary”**

includes:

(a) a “subsidiary undertaking” as defined in ~~the~~ ~~twenty-third~~ ~~third~~ schedule 1 to the Companies Ordinance;

(b) ...

(c) ...

...

**“summary financial report”**

a summary financial report of a company, which complies with sections ~~141CF(1)~~ 437 to 446 of the Companies Ordinance

...

## Chapter 5

### GENERAL

#### DIRECTORS, COMPANY SECRETARY, BOARD COMMITTEES, AUTHORISED REPRESENTATIVES AND CORPORATE GOVERNANCE MATTERS

##### Directors

...

5.09 In assessing the independence of a non-executive director, the Exchange will take into account the following factors, none of which is necessarily conclusive. Independence is more likely to be questioned if the director:—

- (1) holds more than 1% of the ~~total~~ number of issued shares ~~capital~~ of the issuer;

*Notes: 1. An issuer wishing to appoint an independent non-executive director holding an interest of more than 1% must satisfy the Exchange, prior to such appointment, that the candidate is independent. A candidate holding an interest of 5% or more will normally not be considered independent.*

2. *When calculating the 1% limit set out in rule 5.09(1), the issuer must take into account the total number of shares held legally or beneficially by the director, together with the total number of shares which may be issued to the director or his nominee upon exercise of any outstanding share options, convertible securities and other rights (whether contractual or otherwise) to call for the issue of shares.*

- (2) ...

...

...

##### Company Secretary

5.14 The issuer must appoint as its company secretary an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Exchange, capable of discharging the functions of company secretary.

*Notes: 1 ...*

...

- 2 *In assessing “relevant experience”, the Exchange will consider the individual’s:*

- (a) ...

(b) *familiarity with the GEM Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Takeovers Code;*

...

...

## Chapter 6A

### GENERAL

#### SPONSORS AND COMPLIANCE ADVISERS

...

##### **Impartiality and independence of sponsors**

...

6A.07 At least one Sponsor of a new applicant must be independent of it. The Sponsor is required to demonstrate to the Exchange its independence or lack of independence and declare in accordance with the terms set out in Appendix 7K.

A Sponsor is not independent if any of the following circumstances exist at any time from the date of submission of an application for listing on Form 5A up to the date of listing:-

- (1) the Sponsor group and any director or close associate of a director of the Sponsor collectively holds or will hold, directly or indirectly, more than 5% of the number of issued shares ~~capital~~ of the new applicant, except where that holding arises as a result of an underwriting obligation;

...

*Notes: ...*

...

## Chapter 7

### GENERAL

#### ACCOUNTANTS' REPORTS AND PRO FORMA FINANCIAL INFORMATION

##### When required

7.01 This Chapter sets out the detailed requirements for accountants' reports...Accountants' reports are required to be included in the following listing documents and circulars:—

- (1) ...
- (2) a listing document issued by a listed issuer in connection with an offer of securities to the public for subscription or purchase which is required by either section 38(1) or section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance to set out the reports specified in Part II of the Third Schedule to that Ordinance; and
- (3) ...

...

##### Basic contents of accountants' report for a listing document

7.03 In the case of a new applicant (rule 7.01(1)) and an offer of securities to the public for subscription or purchase falling within rule 7.01(2) the accountants' report must include:—

##### *History of results*

...

##### *Balance sheet*

- (3) (a) the balance sheet of the issuer...in each case as at the end of each of the two financial years to which the latest audited accounts of the issuer have been made up except that if the listing document is not required by either section 38(1) or section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance to set out the reports specified in Part II of the Third Schedule of that Ordinance...;
- (b) ...

...

...

## General

7.25 ~~Where the issuer is entitled to avail itself, and has availed itself, of the benefit of any of the provisions of Part III of the Tenth Schedule to the Companies Ordinance, nothing herein shall require any financial information to be included in the accountants' report which need not be disclosed in a balance sheet or profit and loss account of the issuer which is drawn up in accordance with that Ordinance by virtue of any of those provisions or as a direct effect or result of any of those provisions. In the case of such issuers the opinion of the reporting accountants which is required by 7.08(2) may be expressed on an appropriate basis. [Repealed [date]]~~

*Note: ~~Insurance and shipping companies will not be entitled to avail themselves of the benefits of the provisions of Part III of the Tenth Schedule to the Companies Ordinance. [Repealed [date]]~~*

...

## Chapter 10

### EQUITY SECURITIES

#### METHODS OF LISTING

...

#### Rights Issue

...

10.29 If the proposed rights issue would increase either the number of issued shares ~~capital~~ or the market capitalisation of the issuer by more than 50% (on its own or when aggregated with any other rights issues or open offers announced by the issuer (i) within the 12 month period immediately preceding the announcement of the proposed rights issue or (ii) prior to such 12 month period where dealing in respect of the shares issued pursuant thereto commenced within such 12 month period, together with any bonus securities, warrants or other convertible securities (assuming full conversion) granted or to be granted to shareholders as part of such rights issues or open offers):—

(1) the rights issue must be made conditional on approval by shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour. The issuer must disclose the information required under rule 2.28 in the circular to shareholders; and

(2) ....

...

#### Open Offer

...

10.39 If the proposed open offer would increase either the number of issued shares ~~capital~~ or the market capitalisation of the issuer by more than 50% (on its own or when aggregated with any other open offers or rights issues announced by the issuer (i) within the 12 month period immediately preceding the announcement of the proposed open offer or (ii) prior to such 12 month period where dealing in respect of the shares issued pursuant thereto commenced within such 12 month period, together with any bonus securities, warrants or other convertible securities (assuming full conversion) granted or to be granted to shareholders as part of such rights issues or open offers):—

(1) the open offer must be made conditional on approval by shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no

controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour. The issuer must disclose the information required under rule 2.28 in the circular to shareholders; and

(2) ...

...

## Chapter 11

### EQUITY SECURITIES

#### QUALIFICATIONS FOR LISTING

...

#### Conditions relevant to the securities for which listing is sought

11.23 There must be an open market in the securities for which listing is sought. This will normally mean that:—

(1) ...

...

(6) the expected total market capitalisation of a new applicant at the time of listing must be at least HK\$100,000,000 which shall be calculated on the basis of all issued shares ~~capital~~ (including the class of securities for which listing is sought and such other class(es) of securities, if any, that are either unlisted or listed on other regulated market(s)) of the new applicant at the time of listing;

(7) subject to rule 11.23(10) below, at least 25% of the issuer's total number of issued shares ~~capital~~ must at all times be held by the public;

...

(9) where an issuer has one class of securities or more apart from the class of securities for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Exchange) at the time of listing must be at least 25% of the issuer's total number of issued shares ~~capital~~. However, the class of securities for which listing is sought must not be less than 15% of the issuer's total number of issued shares ~~capital~~, having an expected market capitalisation at the time of listing of not less than HK\$30,000,000;

...

...

## Chapter 12

### EQUITY SECURITIES

#### APPLICATION PROCEDURES AND REQUIREMENTS

...

##### Documentary Requirements – New Listing Applications

*At the time of application for listing*

12.22 The following documents, as applicable, must be lodged with the Exchange for review together with the application for listing form in respect of a new applicant:—

...

- (15) a final or an advanced draft of any application for a waiver of any provision of the GEM Listing Rules and the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the sponsor and the directors/proposed directors.

...

*Before bulk-printing of the listing document*

12.23A ...

...

*After notification of approval in principle but before the date of issue of the listing document*

12.25 In the case of a listing document which constitutes a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the following documents must be lodged with the Exchange by ~~no later than~~ 11 a.m. on the intended date of authorisation of the prospectus:—

- (1) an application for authorisation for registration of the prospectus under section 38D(3) or section 342C(3) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be);
- (2) 2 printed copies of the prospectus, duly signed in accordance with section 38D(3) or section 342C(3) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be) and

having endorsed on or attached to the documents stipulated by the relevant section; and

(3) ...

...

...

### **Documentary Requirements – Applications by Listed Issuers**

12.26A ...

...

*At the time of application for listing*

12.26B The following documents, as applicable, must be lodged with the Exchange together with the listing application in accordance with rule 12.16:—

- (1) such number of copies of drafts or proofs of the listing document as the Exchange may require, marked in the margin to indicate where the relevant provisions of the GEM Listing Rules and/or the Companies (Winding Up and Miscellaneous Provisions) Ordinance have been met;

...

...

*In case of a listing document constituting a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance*

12.26E If the listing document constitutes a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the following documents must be submitted to the Exchange:—

- (1) ...
- (2) by 11 a.m. on the intended date of authorisation for registration of the prospectus,
  - (a) an application for authorisation for registration of the prospectus under section 38D(3) or section 342C(3) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be);
  - (b) two printed copies of the prospectus, duly signed in accordance with section 38D(3) or section 342C(3) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be) and having endorsed thereon or annexed thereto the documents required under the relevant section;

...

...

*Before dealings commence*

12.27 The following documents must be submitted to the Exchange before dealings commence:—

...

- (3) in the case of securities issued as consideration for shares in a listed company which are acquired pursuant to ~~section 168~~Division 4 of Part 13 of the Companies Ordinance, a certified copy of the notice given under that section;

...

...

## Chapter 13

### EQUITY SECURITIES

#### RESTRICTIONS ON PURCHASE, DISPOSAL AND SUBSCRIPTION

...

#### **Restrictions and notification requirements on issuers purchasing their own shares on a stock exchange**

...

#### *Procedures to be complied with*

...

13.09 The ordinary resolution proposed to shareholders to give the directors of the issuer a specific approval or general mandate to purchase shares must include the following:—

- (1) the total number and description of the shares which the issuer is authorised to purchase, provided that the number of shares which the issuer is authorised to purchase on GEM or on another stock exchange recognised for this purpose by the Commission and the Exchange under the Code on Share Repurchases, may not exceed 10 per cent of the number of issued shares ~~capital~~ of the issuer and the total number of warrants to subscribe for or purchase shares (or other relevant class of securities) authorised to be so purchased may not exceed 10 per cent of the warrants of the issuer (or such other relevant class of securities, as the case may be), in each case as at the date of the resolution granting the general mandate; and

*Note: If the issuer conducts a share consolidation or subdivision after the general meeting to approve mandate, the number of shares that may be repurchased under the mandate should be adjusted accordingly.*

- (2) ...

...

## Chapter 14

### EQUITY SECURITIES

#### LISTING DOCUMENTS

##### *Preliminary*

- 14.01 This Chapter sets out the Exchange's requirements for the contents of listing documents relating to equity securities. Issuers are reminded that a listing document which is a prospectus within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance must also comply with and be registered in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Applicants should note that they are required to confirm in their application that all requisite information has been included in the listing document or will be included before the final version is submitted for review.

...

## Chapter 15

### EQUITY SECURITIES

#### PROSPECTUSES

##### Preliminary

15.01 Issuers are reminded that a listing document which is a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance must both comply with the GEM Listing Rules and, where required, comply with and be registered in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The GEM Listing Rules are entirely independent of and without prejudice to the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance relating to prospectuses. Accordingly, compliance with the GEM Listing Rules does not guarantee compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance nor does it guarantee that such prospectus will be authorised by the Exchange for registration by the Registrar of Companies.

15.02 ...

##### Transfer of functions

15.03 The Commission's functions under sections 38B(2A)(b), 38D(3) and (5) and 342C(3) and (5) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance—(~~Cap.32~~), to the extent that they relate to any prospectus which is concerned with any shares or debentures of a company that have been or are proposed to be approved for listing on the GEM, and the power to charge and retain the fees which would have been payable to the Commission in respect of any such prospectus under the Commission's fees rules, have been transferred to the Exchange by order of the Chief Executive in Council pursuant to section 25 of the Securities and Futures Ordinance (the "Transfer Order").

15.04 Under the terms of the Transfer Order the Exchange shall vet every prospectus which relates to shares and debentures that have been or are proposed to be approved for listing on the Exchange and shall have the authority to authorise the registration of such a prospectus by the Registrar of Companies under the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

## **Compliance with Companies (Winding Up and Miscellaneous Provisions) Ordinance**

- 15.05 To ensure compliance, issuers are urged to seek advice from their ~~Hong Kong~~ legal advisers. Issuers are reminded that compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance remains their primary responsibility and that they will not be absolved from any liability by virtue only of the submission of a prospectus to the Exchange for vetting or the issue by the Exchange of a certificate authorising registration.

### **Certificates of exemption**

- 15.06 The Commission's power to grant certificates of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance has not been transferred to the Exchange.

### **Abridged prospectuses**

- 15.07 The Commission's powers under section 38B(2A)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance to authorise in any particular case the form and manner of publication of any extract from or abridged version of a prospectus, have been transferred to the Exchange in so far as they relate to shares or debentures which have been approved for listing on the Exchange.

### **Procedural requirements**

...

- 15.10 The Exchange will review a prospectus for compliance with the GEM Listing Rules concurrently with the review of the prospectus for compliance with the relevant provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Exchange will not authorise a prospectus for registration by the Registrar of Companies until it is satisfied that it has no further comments on such prospectus in respect of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requirements and is prepared to grant a listing for the securities to which such prospectus relates.
- 15.11 If the Exchange is satisfied that the prospectus delivered to it pursuant to rules 12.25 or 12.26E(2) should be authorised for registration pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, it will issue a certificate under section 38D(5) or section 342C(5) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be). It is the responsibility of the issuer to deliver the prospectus and any ancillary documents to the Companies Registry for registration pursuant to section 38D(7) or section 342C(7) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be).

*Note: The issue of the certificate of authorisation by the Exchange does not constitute a form of confirmation that the prospectus complies with the requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Nor does the issue of the certificate constitute registration of a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Issuers must ensure that a copy of the prospectus, complying with the requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, has been registered by the Registrar of Companies before it is issued. Under no circumstances should the certificate of authorisation issued by the Exchange be relied upon as evidence either of compliance with the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or of registration.*

## Chapter 16

### EQUITY SECURITIES

#### PUBLICATION REQUIREMENTS

...

##### **Publication of electronic form prospectus and printed application form**

- 16.04D (1) Where an issuer intends to rely on section 9A of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap.32L) (“Class Exemption Notice”) and issue a printed application form for its equity securities with an electronic form prospectus displayed on certain websites (“Mixed Media Offer”), it must satisfy all the conditions in the Class Exemption Notice...

...

...

##### **Formal notice on Issue**

...

- 16.10 Model forms of formal notices for offers for subscription or sale, placings and introductions are set out in Appendix 10 for the guidance of issuers. Issuers are reminded that where a prospectus has been registered with the Registrar of Companies pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, every formal notice must comply with Section 38B of that Ordinance.

...

##### **Publication on the GEM website**

...

- 16.17 ...
- (1) (a) ...
- ...
- (2) (a) Other than where a prospectus is to be registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, a listed issuer or new applicant must submit to the Exchange through HKEx-EPS for publication on the GEM website a ready-to-publish electronic copy of any corporate communication which is required by the GEM Listing Rules (including any listing document of a listed issuer or new applicant which is not to be registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance)...

- (b) Where a prospectus is to be registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the listed issuer or new applicant must submit to the Exchange through HKEx-EPS for publication on the GEM website a ready-to-publish electronic copy of each of the prospectus and any application forms...They must be submitted only after the issuer has received the letter from the Companies Registry confirming registration of the prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance...

...

...

## Chapter 17

### EQUITY SECURITIES

#### CONTINUING OBLIGATIONS

...

#### General matters relevant to the issuer's securities

...

#### *Changes in issued shares ~~capital~~*

- 17.27A (1) In addition and without prejudice to specific requirements contained elsewhere in the GEM Listing Rules, an issuer must, whenever there is a change in its issued shares ~~capital~~ as a result of or in connection with any of the events referred to in rule 17.27A(2), submit through HKEx-EPS, or such other means as the Exchange may from time to time prescribe, for publication on the GEM website a return in such form and containing such information as the Exchange may from time to time prescribe by not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day next following the relevant event.
- (2) The events referred to in rule 17.27A(1) are as follows:
- (a) any of the following:
    - (i) ...
    - ...
    - (xi) change in issued shares ~~capital~~ not falling within any of the categories referred to in rule 17.27A(2)(a)(i) to (x) or rule 17.27A(2)(b); and
    - ...
  - (b) ...
- (3) The disclosure obligation for an event in rule 17.27A(2)(b) only arises where:
- (a) the event, either individually or when aggregated with any other events described in that rule which have occurred since the listed issuer published its last monthly return under rule 17.27B or last return under this rule 17.27A (whichever is the later), results in a change of 5% or more of the listed issuer's issued shares ~~capital~~; or
  - (b) ....

- (4) For the purposes of rule 17.27A(3), the percentage change in the listed issuer's issued shares ~~capital~~ is to be calculated by reference to the listed issuer's total number of issued shares ~~capital~~ as it was immediately before the earliest relevant event which has not been disclosed in a monthly return published under rule 17.27B or a return published under this rule 17.27A.

...

*Pre-emptive rights*

17.41 No such consent as is referred to in rule 17.39 shall be required:—

- (1) ...

...

- (2) if, but only to the 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 to 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 securities allotted or agreed to be allotted must not exceed the aggregate of (i) 20% of the number of ~~existing~~ issued shares ~~capital~~ of the issuer as at the date of the resolution granting the general mandate (or in the case of a scheme of arrangement involving an introduction in the circumstances set out in rule 10.18(3), 20% of the number of issued shares ~~capital~~ of the issuer following implementation of the scheme) ~~plus~~ and (ii) the number of such securities repurchased by the issuer itself since the granting of the general mandate (up to a maximum number equivalent to 10% of the number of ~~existing~~ issued shares ~~capital~~ of the issuer as at the date of the resolution granting the repurchase mandate), provided that the existing shareholders of the issuer have by a separate ordinary resolution in general meeting given a general mandate to the directors of the issuer to add such repurchased securities to the 20% general mandate.

*Notes:* 1. ...

2. If the issuer conducts a share consolidation or subdivision after the general meeting to approve the mandate, the number of securities that may be issued under the mandate should be adjusted accordingly.

...

## NOTIFICATION

### Changes

17.50 An issuer must publish an announcement as soon as practicable in regard to:—

- (1) ...
- (2) any changes in its directorate (and, in the case of a PRC issuer, its supervisory committee),...

...

- (m) subject to the provisions of the Rehabilitation of Offenders Ordinance or comparable legislation of other jurisdictions, full particulars of any conviction for any offence (including details of each such offence, the court by which he was convicted, the date of conviction and the penalty imposed):

- (i) ...

- (ii) under the Securities and Futures Ordinance, the Companies Ordinance, Part II of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (insofar as that Part relates, whether directly or indirectly, to the performance of functions by the Securities and Futures Commission in relation to prospectuses and purchase by a company of its own shares) and Part XII of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (insofar as that Part relates, whether directly or indirectly, to the performance of functions by the Securities and Futures Commission in relation to prospectuses) ...; or

...

...

*Issue of certificates, registration and other fees*

...

17.72 Certificate replacement service: An issuer shall (or shall procure that its registrar shall) provide a certificate replacement service. The fee for replacing certificates:—

- (1) representing securities with a market value of HK\$200,000 or less (at the time the request for replacement is made) for a person named on the register shall not exceed HK\$200.00, plus the costs incurred by the issuer (or its registrar) in publishing the required public notice; or
- (2) either:

- (a) representing securities with a market value of more than HK\$200,000 (at the time the request for replacement is made); or
- (b) for a person not named on the register (irrespective of the market value of the securities concerned);

shall not exceed HK\$400.00, plus the costs incurred by the issuer (or its registrar) in publishing the required public notice.

...

## **Changes**

...

### *Independent financial advisers*

...

17.96 An independent financial adviser must be independent from any issuer for whom it acts. An independent financial adviser is not independent if any of the following circumstances exist as at the time of making the declaration required by rule 17.97(1):

- (1) the IFA group and any director or close associate of a director of the independent financial adviser holds, directly or indirectly, in aggregate more than 5% of the number of issued shares ~~capital~~ of the issuer, another party to the transaction, or a close associate or core connected person of the issuer or another party to the transaction;
- (1A) in the case of a connected transaction, the independent financial adviser holds more than 5% of the number of issued shares ~~capital~~ of an associate of another party to the transaction;

...

...

**Chapter 18**  
**EQUITY SECURITIES**  
**FINANCIAL INFORMATION**

...

**Annual report**

...

*Information to accompany directors' report and annual accounts*

...

18.17A For directors and chief executives, the statements should show details of the following matters as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance:

- (1) aggregate long position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds);
  - (b) interests in debentures; and
  - (c) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives;
    - (ii) cash settled equity derivatives;
    - (iii) other equity derivatives.

*Notes:*

(1) *In the case of issuers and associated corporations, the statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer or associated corporation.*

...

- (2) aggregate short position in shares and (in respect of positions held pursuant to, equity derivatives) underlying shares and in debentures

of the issuer and its associated corporation(s) showing separately for each entity:

- (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and
- (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
  - (i) physically settled equity derivatives;
  - (ii) cash settled equity derivatives; and
  - (iii) other equity derivatives.

*Notes:*

- (1) *In the case of issuers or associated corporations, the statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer or associated corporation.*
- (2) ...

18.17B For substantial shareholders, the statements should show details of the following matters as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance:

- (1) aggregate long position in the shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds); and
  - (b) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives; and
    - (ii) cash settled equity derivatives.

*Notes:*

(1) *The statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer.*

(2) ...

(3) ...

(2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:

(a) short positions in respect of shares arising under a stock borrowing and lending agreement; and

(b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:

(i) physically settled equity derivatives; and

(ii) cash settled equity derivatives.

*Notes:*

(1) *The statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer.*

(2) ...

...

18.40 Additional information in respect of major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services the ultimate wholesaler or retailer as the case may be) and suppliers (meaning the ultimate supplier of items which are not of a capital nature) as follows:–

(1) ...

...

(5) a statement of the interests of any of the directors; their close associates; or any shareholder (which to the knowledge of the directors own more than 5% of the number of issued shares of the listed issuer's share capital) in the suppliers or customers disclosed under (1) to (4) above or if there are no such interests a statement to that effect;

...

...

## Half-year reports

...

### *Content of half-year reports*

...

18.58A For directors and chief executives, the statements should show details of the following matters as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance:

- (1) aggregate long position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds);
  - (b) interests in debentures; and
  - (c) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives;
    - (ii) cash settled equity derivatives;
    - (iii) other equity derivatives.

#### *Notes:*

- (1) *In the case of issuers and associated corporations, the statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer or associated corporation.*

...

- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
  - (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and

- (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
  - (i) physically settled equity derivatives;
  - (ii) cash settled equity derivatives; and
  - (iii) other equity derivatives.

*Notes:*

- (1) *In the case of issuers or associated corporations, the statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer or associated corporation.*
- (2) ...

18.58B For substantial shareholders, the statements should show details of the following matters as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance:

- (1) aggregate long position in the shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds); and
  - (b) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives; and
    - (ii) cash settled equity derivatives.

*Notes:*

- (1) *The statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer.*

...

- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:

- (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and
- (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
  - (i) physically settled equity derivatives; and
  - (ii) cash settled equity derivatives.

*Notes:*

- (1) *The statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer.*

...

...

*Content of quarterly reports*

18.71A For directors and chief executives, the statements should show details of the following matters as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance:

- (1) aggregate long position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds);
  - (b) interests in debentures; and
  - (c) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives;
    - (ii) cash settled equity derivatives;
    - (iii) other equity derivatives.

*Notes:*

- (1) *In the case of issuers and associated corporations, the statements should include the percentage which the*

*aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer or associated corporation.*

...

- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
  - (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and
  - (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives;
    - (ii) cash settled equity derivatives; and
    - (iii) other equity derivatives.

*Notes:*

- (1) *In the case of issuers or associated corporations, the statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer or associated corporation.*

...

18.71B For substantial shareholders, the statements should show details of the following matters as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance:

- (1) aggregate long position in the shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds); and
  - (b) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives; and

- (ii) cash settled equity derivatives.

*Notes:*

- (1) *The statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer.*

...

- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
  - (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and
  - (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives; and
    - (ii) cash settled equity derivatives.

*Notes:*

- (1) *The statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer.*

...

...

**Chapter 19**  
**EQUITY SECURITIES**  
**NOTIFIABLE TRANSACTIONS**

...

**Classification and explanation of terms**

...

*Percentage ratios*

19.07 The percentage ratios are the figures, expressed as percentages resulting from each of the following calculations:—

- (1) ...  
...
- (5) Equity capital ratio — the number of shares to be issued by ~~nominal value of the listed issuer's equity capital issued~~ as consideration divided by the total number of nominal value of the listed issuer's issued shares ~~equity capital~~ immediately before the transaction.

*Notes:*     1. The numerator includes shares that may be issued upon conversion or exercise of any convertible securities or subscription rights to be issued by the listed issuer as consideration.

2. The ~~value of the~~ listed issuer's debt capital (if any), including any preference shares, shall not be included in the calculation of the equity capital ratio.

...

...

*Methods of approval*

19.44 Shareholders' approval for a major transaction shall be given by a majority vote at a general meeting of the shareholders of the issuer unless all the following conditions are met, in which case written shareholders' approval may, subject to rule 19.86, be accepted in lieu of holding a general meeting:—

- (1) no shareholder is required to abstain from voting if the issuer were to convene a general meeting for the approval of the transaction; and
- (2) the written shareholders' approval has been obtained from a shareholder or a closely allied group of shareholders who together

hold more than 50% ~~of the voting rights in nominal value of the securities giving the right to attend and vote~~ at that general meeting to approve the transaction. Where a listed issuer discloses inside information to any shareholder in confidence to solicit the written shareholders' approval, the listed issuer must be satisfied that such shareholder is aware that he must not deal in the listed issuer's securities before such information has been made available to the public.

...

*Major transaction circulars*

19.66 A circular relating to a major transaction must contain the following:—

- (1) ...  
...
  - (7) where a company either becomes a subsidiary or ceases to be a subsidiary of the listed issuer:—
    - (a) the percentage of the company's issued shares ~~capital~~ (if any) held by the listed issuer ~~in that company~~ after the acquisition or disposal; and
    - (b) ...;
- ...

...

## Chapter 21

### EQUITY SECURITIES

#### OPTIONS, WARRANTS AND SIMILAR RIGHTS

...

21.02 All warrants must, prior to the issue or grant thereof, be approved by the Exchange, and in addition, where they are warrants to subscribe equity securities, by the shareholders in general meeting (unless they are issued by the directors under the authority of a general mandate granted to them by shareholders in accordance with rule 17.41(2)). In the absence of exceptional circumstances which would include, by way of example, a rescue reorganisation, the Exchange will only grant approval to the issue or grant of warrants to subscribe securities if the following requirements are complied with:—

- (1) the securities to be issued on exercise of the warrants must not, when aggregated with all other equity securities which remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20 per cent of the number of issued shares ~~equity capital~~ of the issuer at the time such warrants are issued. Options granted under share option schemes which comply with Chapter 23 are excluded for the purpose of this limit. The following are also excluded for the purpose of this limit:—
  - (a) convertible preference shares (and any equity securities into which the same convert); and
  - (b) convertible bonds (and any equity securities into which the same convert);
- (2) ...

...

## Chapter 23

### EQUITY SECURITIES

#### SHARE OPTION SCHEMES

##### Application of Chapter 23

...

##### Terms of the scheme

23.03 The scheme document must include the following provisions and/or provisions as to the following (as the case may be):—

- (1) the purpose of the scheme;
- (2) the participants of the scheme and the basis of determining the eligibility of participants;

*Note: Listed issuers are reminded to seek legal advice on the prospectus requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, particularly where participation in the scheme is not restricted to executives and employees.*

- (3) the total number of securities which may be issued upon exercise of all options to be granted under the scheme, together with the percentage of the issued shares ~~capital~~ that it represents at the date of approval of the scheme;

*Notes: 1. The total number of securities which may be issued upon exercise of all options to be granted under the scheme and any other schemes must not in aggregate exceed 10 per cent of the relevant class of securities of the listed issuer (or the subsidiary) in issue as at the date of approval of the scheme. Options lapsed in accordance with the terms of the scheme will not be counted for the purpose of calculating the 10% limit.*

...

2. ...

3. If the listed issuer (or the subsidiary) conducts a share consolidation or subdivision after the general meeting to approve the 10% limit, the number of securities that may be issued upon exercise of all options to be granted under all of the schemes of the

listed issuer (or the subsidiary) under the mandate should be adjusted accordingly.

...

- (13) a provision for adjustment of the exercise price or the number of securities subject to options already granted and to the scheme in the event of a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital;

*Note: Any adjustments required under rule 23.03(13) must give a participant the same proportion of the equity capital as that to which that person was previously entitled, but no such adjustments may be made to the extent that a share would be issued at less than its nominal value (if any). The issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment. In respect of any such adjustments, other than any made on a capitalisation issue, an independent financial adviser or the listed issuer's auditors must confirm to the directors in writing that the adjustments satisfy the requirements set out in this note.*

...

...

### **Disclosure requirements**

23.09 The listed issuer must include in its annual report a summary of each share option scheme approved by its shareholders setting out:

- (1) ...

...

- (3) the total number of securities available for issue under the scheme together with the percentage of the issued shares ~~capital~~ that it represents as at the date of the annual report;

...

...

## Chapter 24

### EQUITY SECURITIES

#### OVERSEAS ISSUERS

...

#### Chapter 11 – Qualifications for Listing

24.05 The following requirements apply in addition to those set out in Chapter 11:—

(1) ...

...

(2) ...

...

(e) any change in the above particulars;

*Note: The person appointed under this rule may also be the person authorised to accept service required to be appointed under Part ~~XI~~ 16 of the Companies Ordinance, if applicable.*

...

#### Chapter 14 – Listing Documents

...

24.09 The following modifications and additional requirements apply:—

(1) ...

...

(5) for an introduction in the circumstances in rule 10.18(3), the following modifications, exceptions and additional requirements apply:—

(a) the listing document must contain...a comparison between the provisions of the listed Hong Kong issuer's existing ~~memorandum and~~ articles of association...

...

...

...

## Chapter 25

### EQUITY SECURITIES

#### ISSUERS INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA

...

#### Chapter 11 — Qualifications for Listing

25.07 The following modifications and additional requirements apply:—

(1) ...

(2) the PRC issuer must appoint, and maintain throughout the period its securities are listed on GEM the appointment of, a person authorised to accept service of process and notices on its behalf in Hong Kong, and must notify the Exchange of his appointment and any termination of his appointment and details of:—

(a) ...

...

(e) any change in the above particulars;

*Note: The person appointed under this rule may also be the person authorised to accept service required to be appointed under Part ~~XI~~16 of the Companies Ordinance, if applicable.*

...

...

## Chapter 28

### DEBT SECURITIES

#### APPLICATION PROCEDURES AND REQUIREMENTS

##### Preliminary

...

- 28.05 Where any document is amended after submission, a like number of further copies must be submitted to the Exchange for review, marked in the margin to indicate where the relevant items from Part C of Appendix 1 have been met (and in the case only of a prospectus, the relevant provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance). Such copies must also be marked in the margin to indicate amendments made to conform with points raised by the Exchange. In any event, the final form, or, as appropriate, signed original of any document must have been received at least 4 clear business days prior to the provisional hearing date.

...

##### Documentary requirements

###### *At the time of application for listing*

- 28.13 The following documents, as applicable, must be lodged with the Exchange for review together with the form of application and other items referred to in rule 28.11:—

(1) 6 drafts or proof prints of the listing document in anticipated final form, marked in the margin to indicate where compliance has been made with the relevant provisions of the GEM Listing Rules and, in the case only of a prospectus, to indicate in addition where compliance has been made with the relevant provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

...

- 28.15 In the case of a listing document which constitutes a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the following documents must be lodged with the Exchange by ~~no later than~~ 11 a.m. on the intended date of authorisation of the prospectus:—

(1) an application for authorisation for registration of the prospectus pursuant to section 38D(3) or section 342C(3) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be);

(2) two printed copies of the prospectus, duly signed in accordance with section 38D(3) or section 342C(3) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be) and having endorsed thereon or annexed thereto the documents stipulated by the relevant section;

## Chapter 29

### DEBT SECURITIES

#### LISTING DOCUMENTS

##### Preliminary

29.01 This Chapter does not apply to debt issues to professional investors only. It sets out the Exchange's requirements for the contents of listing documents relating to debt securities. Issuers are reminded that a listing document which is a prospectus within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance must also comply with and be registered in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Applicants should note that they are required to confirm in their application that all requisite information has been included in the listing document or will be included in the final version submitted for review (see Appendix 5C).

...

##### Publication

...

29.20 Model forms of formal notices for offers for subscription or sale and placings are set out in Appendix 11 for the guidance of issuers. Issuers are reminded that where a prospectus has been registered with the Registrar of Companies pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, every formal notice must comply with section 38B of that Ordinance.

...

##### **Publication of electronic form prospectus and printed application form**

29.21B (1) Where an issuer intends to rely on section 9A of the Companies ~~Ordinance~~ (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap.32L) ("Class Exemption Notice") and issue a printed application form for its debt securities with an electronic form prospectus displayed on certain websites ("Mixed Media Offer"), it must satisfy all the conditions in the Class Exemption Notice...

...

...

## Chapter 31

### DEBT SECURITIES

#### CONTINUING OBLIGATIONS

...

##### Trading and settlement

*Registration services, issue of certificates, registration and other fees*

...

31.31 Certificate replacement service: An issuer shall (or shall procure that its paying agent or registrar shall) provide a certificate replacement service. The fee for replacing certificates:—

- (1) representing securities with a market value of HK\$200,000 or less (at the time the request for replacement is made) for a person named on the register shall not exceed HK\$200.00, plus the costs incurred by the issuer (or its registrar) in publishing the required public notice; or
- (2) either:-
  - (a) representing securities with a market value of more than HK\$200,000 (at the time the request for replacement is made); or
  - (b) for a person not named on the register (irrespective of the market value of the securities concerned);

shall not exceed HK\$400.00, plus the costs incurred by the issuer (or its paying agent or registrar) in publishing the required public notice.

...

##### Financial information

...

*Distribution of annual report and accounts*

31.38 (1) If the Issuer is incorporated or otherwise established in Hong Kong it shall send to:—

- (a) the trustee or fiscal agent in respect of its listed debt securities; and
- (b) every holder of its listed debt securities (not being bearer debt securities),

a copy of either (i) its annual report including its annual accounts and, where the Issuer prepares ~~group accounts within the meaning of consolidated financial statements as referred to in section 424(1)379(2) of the Companies Ordinance, the group accounts consolidated financial statements~~ or (ii) its summary financial report, not less than 21 days

before the date of the Issuer's annual general meeting. The Issuer may send a copy of its summary financial report to a member and a holder of its listed securities in place of a copy of its annual report and accounts, provided that it complies with the relevant provisions set out in ~~section 141~~sections 437 to 446 of the Companies Ordinance and in the Companies (Summary Financial Reports ~~of Listed Companies~~) Regulation or, in the case of overseas issuers, with provisions no less onerous than the above provisions for listed issuers incorporated in Hong Kong. An issuer, whose equity securities are not listed, may not distribute a summary financial report in place of its annual report.

(2) ...

(a) ...

(b) ...

*Notes: 1 The directors' report, auditors' report, annual accounts and, where applicable, summary financial report must be in the English language and must be accompanied by a Chinese translation or be in the Chinese language accompanied by an English translation.*

*2 Section ~~122~~431 of the Companies Ordinance requires the annual accounts of a Hong Kong issuer which are laid before the issuer at its annual general meeting to be made up to a date falling not more than 6 months before the date of the meeting.*

*3 The Exchange may at its discretion suspend dealings in or cancel the listing of the debt securities of companies which fall into arrears in the issue of its directors' report and accounts. If the listed issuer has significant interests outside Hong Kong it may apply for an extension of the 6 month period. However, attention of a Hong Kong listed issuer is drawn to section ~~122(1B)~~431 of the Companies Ordinance which requires any extension of the time limit to be approved by the ~~High Court~~ of First Instance.*

*4 ...*

...

*Information to accompany directors' report and annual accounts*

...

~~31.59 Where the issuer is entitled to avail itself, and has availed itself, of the benefit of any of the provisions of Part III of the Tenth Schedule to the Companies Ordinance, nothing herein shall require any financial information to be included in the directors' report and accounts which need not be disclosed in a balance sheet or profit and loss account of the listed issuer which is drawn up in accordance with that Ordinance by virtue of any of~~

~~those provisions or as a direct effect or result of any of those provisions.~~  
~~[Repealed [date]]~~

...

*Summary financial reports*

31.61 Summary financial reports of listed issuers shall comply with the disclosure requirements set out in the Companies (Summary Financial Reports of Listed Companies) Regulation.

...

# **The Stock Exchange of Hong Kong Limited**

## **Practice Note 3**

to the Rules Governing the Listing of Securities  
on the Growth Enterprise Market of  
The Stock Exchange of Hong Kong Limited  
(the “GEM Listing Rules”)

Issued pursuant to rule 1.07 of the GEM Listing Rules

### **PRACTICE WITH REGARD TO PROPOSALS SUBMITTED BY ISSUERS TO EFFECT THE SEPARATE LISTING ON THE EXCHANGE OR ELSEWHERE OF ASSETS OR BUSINESSES WHOLLY OR PARTLY WITHIN THEIR EXISTING GROUPS**

...

#### **2. Introduction**

This Practice Note is intended to set out the Exchange’s policy with regard to proposals submitted by issuers to effect the separate listing on the GEM or elsewhere of assets or businesses wholly or partly within their existing groups (“spin-offs”). This Practice Note sets out the principles which the Exchange applies when considering spin-off applications. Issuers are reminded that they are required to submit their spin-off proposals to the Exchange for its approval.

*Note: This Practice Note is normally only applicable to an issuer and entity which is a subsidiary of the issuer at the time of submission of the spin-off proposal. However, the Exchange will treat an entity as if it were a subsidiary of an issuer for the purpose of this Practice Note if such entity is at the time of submission of the issuer’s spin-off proposal, an associated company of the issuer and was, at any time during the latest completed financial year of the issuer (comprising at least 12 months) up to the date of submission of the spin-off proposal, a subsidiary of the issuer.*

*In such circumstances, the entity will be required to comply with the requirements of this Practice Note and will be treated as if it has remained as a subsidiary of the issuer. The issuer is required to substantiate to the satisfaction of the Exchange the changes in the beneficial ownership of the entity’s issued shares ~~capital~~ in the period stated above.*

...

# The Stock Exchange of Hong Kong Limited

## Practice Note 5

to the Rules Governing the Listing of Securities  
on the Growth Enterprise Market of  
The Stock Exchange of Hong Kong Limited  
(the “GEM Listing Rules”)

Issued pursuant to rule 1.07 of the GEM Listing Rules...

### Publication of Application Proofs and Post Hearing Information Packs (PHIPs)

...

#### Content of Application Proofs and PHIPs

3. For the purpose of publication on the GEM website, an Application Proof and a PHIP should be prepared on the following principles:
  - (a) ...
  - (b) there must not be any information regarding the proposed offering or other information that would constitute the Application Proof or PHIP a prospectus under section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance ~~as amended from time to time (Cap.32)~~ (“**Companies Ordinance**”) or an advertisement under section 38B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or an invitation to the public in breach of section 103 of the Securities and Futures Ordinance as amended from time to time ~~(Cap. 571)~~ (“**Securities and Futures Ordinance**”);
- ...
4. A new applicant must redact an Application Proof and a PHIP only to the extent necessary for these documents not to constitute a prospectus under section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or an advertisement under section 38B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or an invitation to the public in breach of section 103 of the Securities and Futures Ordinance (unless consent is obtained for further redactions). A new applicant must also include adequate warning and disclaimer statements on the GEM website and in every Application Proof and PHIP published on the GEM website to advise viewers of the legal status of these documents.

#### Legal Confirmation

5. Every new applicant must ensure that the publication of any Application Proof and PHIP on the GEM website complies with paragraphs 3 and 4. Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, ~~and~~ the Securities and Futures Ordinance and other laws and regulations remains the primary responsibility of every new applicant.

# Appendix 1

## Contents of Listing Documents

### Part A

#### Equity Securities

##### **In the case where listing is sought for equity securities of an issuer no part of whose share capital is already listed**

###### **General information about the issuer, its advisers and the listing document**

...

6. In the case of an issuer not incorporated or otherwise established in Hong Kong, the address of the head office and of the principal place of business (if any) in Hong Kong and of the place of business in Hong Kong registered under Part ~~XI~~16 of the Companies Ordinance, and the name(s) and address(es) of the person(s) in Hong Kong authorised to accept service of process and notices on its behalf.

...

###### **Financial information about the group and the prospects of the group**

...

33. (1) A statement showing the sales turnover figures or gross trading income of the group during the 2 financial years immediately preceding the issue of the listing document...
- (2) The following information in respect of directors' emoluments:—
  - (a) ...
  - (b) the aggregate of the directors' basic salaries, housing allowances, other allowances and benefits in kind for each of the 2 financial years immediately preceding the issue of the listing document;
  - (c) the aggregate of contributions to pension schemes for directors or past directors for each of the 2 financial years immediately preceding the issue of the listing document;
  - (d) the aggregate of bonuses paid to or receivable by the directors which are discretionary or are based on the issuer's, the group's or any member of the group's performance (excluding amounts disclosed in (e) and (f) below) for each of the 2 financial years immediately preceding the issue of the listing document;

- (e) the aggregate of amounts paid to or receivable by the directors for each of the 2 financial years immediately preceding the issue of the listing document as an inducement to join or upon joining the issuer;
- (f) the aggregate of compensation paid to or receivable by the directors or past directors for each of the 2 financial years immediately preceding the issue of the listing document for the loss of office as a director of any member of the group or of any other office in connection with the management of the affairs of any member of the group distinguishing between contractual and other payments (excluding amounts disclosed in (b) to (e) above); and

...

Sub-paragraphs (b) to (f) inclusive require an analysis of the amounts which must be disclosed in the accounts of an issuer incorporated in Hong Kong under the provisions of section ~~161 and 161A~~383(1)(a) to (c) (inclusive) of the Companies Ordinance. The requirements of ~~§section 161 and 161A~~section 383(1)(a) to (c) (inclusive) have, for the purposes of the GEM Listing Rules, been applied to issuers incorporated or otherwise established outside Hong Kong.

...

- 45. (1) ...
- (2) ...
- (3) 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 has an interest or short position in the shares or underlying shares of the issuer which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or, who is expected, directly or indirectly, to be interested in 10 per cent. or more of the ~~nominal value of any class of issued voting shares capital carrying rights to vote in all circumstances at general meetings~~ of any other member of the group and the amount of each of such person's interest in such securities, together with particulars of any options in respect of such capital, or, if there are no such interests or short positions, an appropriate negative statement. (Note 3)

*(Notes 6 and 9)*

- (4) ...

45A. For directors and chief executives, the statements should show details of the following matters as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance:

- (1) aggregate long position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of

the issuer and its associated corporation(s) showing separately for each entity:

- (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds);
- (b) interests in debentures; and
- (c) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
  - (i) physically settled equity derivatives;
  - (ii) cash settled equity derivatives;
  - (iii) other equity derivatives.

*Notes:*

(1) *In the case of issuers and associated corporations, the statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer or associated corporation.*

...

- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
  - (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and
  - (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives;
    - (ii) cash settled equity derivatives; and
    - (iii) other equity derivatives.

*Notes:*

(1) *In the case of issuers or associated corporations, the statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer or associated corporation.*

...

(Note 7)

45B. For substantial shareholders, the statements should show details of the following matters as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance:

- (1) aggregate long position in the shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds); and
  - (b) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives; and
    - (ii) cash settled equity derivatives.

*Notes:*

(1) *The statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer.*

...

- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
  - (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and
  - (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives; and
    - (ii) cash settled equity derivatives.

*Notes:*

(1) *The statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer.*

...

(Note 7)

...

## NOTES

...

*Note 4 Where the issuer is entitled to avail itself, and has availed itself, of the benefit of any of the provisions of Part III of the Tenth Schedule to the Companies Ordinance, nothing herein shall require any financial information to be included in the listing document which need not be disclosed in a balance sheet or profit and loss account of the issuer which is drawn up in accordance with that Ordinance by virtue of any of those provisions or as a direct effect or result of any of those provisions.*

*Insurance and shipping companies will not be entitled to avail themselves of the benefits of the provisions of Part III of the Tenth Schedule to the Companies Ordinance. [Repealed [date]]*

...

# Appendix 1

## Contents of Listing Documents

### Part B

#### Equity Securities

##### **In the case where listing is sought for equity securities of an issuer some part of whose share capital is already listed**

...

38. (1) ...

...

- (3) 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 has an interest or short position in the shares or underlying shares of the issuer which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or, who is expected, directly or indirectly, to be interested in 10 per cent. or more of the ~~nominal value of any class of issued voting shares capital carrying rights to vote in all circumstances at general meetings~~ of any other member of the group and the amount of each of such person's interest in such securities, together with particulars of any options in respect of such capital, or, if there are no such interests or short positions, an appropriate negative statement. (*Note 2*)

(*Notes 6 and 8*)

(4) ...

38A. For directors and chief executives, the statements should show details of the following matters as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance:

- (1) aggregate long position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
- (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds);
  - (b) interests in debentures; and

- (c) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
  - (i) physically settled equity derivatives;
  - (ii) cash settled equity derivatives;
  - (iii) other equity derivatives.

*Notes:*

- (1) *In the case of issuers and associated corporations, the statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer or associated corporation.*

...

- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
  - (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and
  - (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives;
    - (ii) cash settled equity derivatives; and
    - (iii) other equity derivatives.

*Notes:*

- (1) *In the case of issuers or associated corporations, the statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer or associated corporation.*

...

(Note 7)

- 38B. For substantial shareholders, the statements should show details of the following matters as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance:

- (1) aggregate long position in the shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds); and
  - (b) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives; and
    - (ii) cash settled equity derivatives.

*Notes:*

- (1) *The statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer.*

...

- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
  - (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and
  - (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives; and
    - (ii) cash settled equity derivatives.

*Notes:*

- (1) *The statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer.*

...

(Note 7)

...

## NOTES

...

*Note 5 ~~Where the issuer is entitled to avail itself, and has availed itself, of the benefit of any of the provisions of Part III of the Tenth Schedule to the Companies Ordinance, nothing herein shall require any financial information to be included in the listing document which need not be disclosed in a balance sheet or profit and loss account of the issuer which is drawn up in accordance with that Ordinance by virtue of any of those provisions or as a direct effect or result of any of those provisions.~~*

*~~Insurance and shipping companies will not be entitled to avail themselves of the benefits of the provisions of Part III of the Tenth Schedule to the Companies Ordinance. [Repealed [date]]~~*

# Appendix 1

## Contents of Listing Documents

### Part C

#### Debt Securities

##### In the case where listing is sought for debt securities

###### General information about the issuer, its advisers and the listing document

...

7. In the case of an issuer not incorporated or otherwise established in Hong Kong, the address of the head office and of the principal place of business (if any) in Hong Kong and of the place of business, if any, in Hong Kong registered under Part ~~XI~~16 of the Companies Ordinance, and the name(s) and address(es) of the person(s) in Hong Kong authorised to accept service of process and notices on its behalf.

...

###### Information concerning the debt securities

...

18. A reference to the registration of the listing document and any supporting documents with the Registrar of Companies and an indication as to any exemptions granted from the prospectus requirements contained in the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

###### Information about the issuer's management

...

49. (1) ...
- (2) ...
- (3) 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 has an interest or short position in the shares or underlying shares of the issuer which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or, who is expected, directly or indirectly, to be interested in 10 per cent. or more of the ~~nominal value of any class of issued voting shares capital carrying rights to vote in all circumstances at general meetings~~ of any other member of the group and the amount of each of such person's interest in such securities, together with particulars of any options in respect of

such capital or, if there are no such interests or short positions, an appropriate negative statement. (*Note 5*)

(*Note 6*)

(4) ...

49A. For directors and chief executives, the statements should show details of the following matters as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance:

- (1) aggregate long position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds);
  - (b) interests in debentures; and
  - (c) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives;
    - (ii) cash settled equity derivatives;
    - (iii) other equity derivatives.

*Notes:*

(1) *In the case of issuers and associated corporations, the statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer or associated corporation.*

...

- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
  - (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and
  - (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:

- (i) physically settled equity derivatives;
- (ii) cash settled equity derivatives; and
- (iii) other equity derivatives.

*Notes:*

- (1) *In the case of issuers or associated corporations, the statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer or associated corporation.*

...

(Note 7)

49B. For substantial shareholders, the statements should show details of the following matters as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance:

- (1) aggregate long position in the shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds); and
  - (b) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives; and
    - (ii) cash settled equity derivatives.

*Notes:*

- (1) *The statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer.*

...

- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:

- (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and
- (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
  - (i) physically settled equity derivatives; and
  - (ii) cash settled equity derivatives.

*Notes:*

- (1) *The statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer.*

...

(Note 7)

...

**Appendix 2**  
**DOCUMENTS OF TITLE**  
**Part B**

**Definitive Documents of Title**  
**Equity securities (must be in registered form)**

...

5. If the certificate relates to shares and there is more than one class in issue:—
- (1) ...
  - (2) ...
  - (3) every share certificate issued by the issuer shall contain in a prominent position a statement that its share capital is divided into different classes of shares which shall specify in respect of the shares of each class the nominal value (if any) thereof and the voting rights attached thereto.

...

## Appendix 3

### ARTICLES OF ASSOCIATION

The articles of association or equivalent document must conform with the following provisions and, where necessary, a certified copy of a resolution of the board of directors or other governing body undertaking to comply with the appropriate provisions must be lodged with the Exchange.

...

#### As regards Definitive Certificates

2. (1) That all certificates for capital ~~shall~~ must be under seal, which ~~shall~~ may only be affixed with the authority of the directors, or be executed under signature of appropriate officials with statutory authority.
- (2) ...

## Appendix 5

### FORMS RELATING TO LISTING

#### FORM B

#### Application Form - Equity securities (of an issuer part of whose share capital is already listed)

...

17. We declare, to the best of our knowledge and belief, having made due and careful enquiries, that:—

(a) ...

...

(d) all information required to be included in the listing document (if any) by virtue of the GEM Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules, the Code on Takeovers and Mergers and all other relevant regulations, has been included therein or, for information that cannot be ascertained as at the date of this form, will be included therein before the final version of the listing document is submitted for review;

(e) all the requirements of the GEM Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules, the Code on Takeover and Mergers and all other relevant regulations, insofar as applicable and required to be fulfilled at the time of application, have been fulfilled in relation to the Issuer and the securities of the Issuer referred to in paragraph 4 above; and

...

## Appendix 5

### FORMS RELATING TO LISTING

#### FORM C

##### Application Form - Debt securities

...

14. We declare, to the best of our knowledge and belief, having made due and careful enquiries, that:—

(a) ...

...

(d) all information required to be included in the listing document (if any) by virtue of the GEM Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules and the Code on Takeovers and Mergers and all other relevant regulations, has been included therein or, for information that cannot be ascertained as at the date of this form, will be included therein before the final version of the listing document is submitted for review;

(e) all the requirements of the GEM Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules, the Code on Takeovers and Mergers and all other relevant regulations, insofar as applicable and required to be fulfilled at the time of application, have been fulfilled in relation to the Issuer and the securities of the Issuer referred to in paragraph 5 above; and

...

## Appendix 5

### FORMS RELATING TO LISTING

#### Form E

#### Declaration of compliance

...

1. that all documents required by the Companies (Winding Up and Miscellaneous Provisions) Ordinance to be filed with the Registrar of Companies in connection with the issue/offer/introduction on..... /..... /..... of the following securities of the Issuer, namely..... (insert particulars), have been duly filed and that to the best of our knowledge, information and belief compliance has been made with all other legal requirements in connection with such issue/offer/introduction;

2. ...

...

7. that the number of shares ~~capital~~ forming the subject of the listing is as follows (insert exact amounts and descriptions of securities (giving distinctive numbers if any)):  
*(applicable only to new applicants for listing)*

...

## Appendix 6

### 附錄六

#### DIRECTOR'S AND SUPERVISOR'S FORMS

董事及監事的表格

Form A

A表格

Director's Declaration, Undertaking and Acknowledgement

董事及監事的表格

...

#### Part 2

第二部分

#### UNDERTAKING AND ACKNOWLEDGEMENT

承諾及確認

The particulars referred to in this Part 2 are:—

此第二部分所述的資料為：

(a) ...

...

(b) I shall, in the exercise of my powers and duties as a director of the issuer, comply to the best of my ability with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures Ordinance, the Code on Takeovers and Mergers, the Code on Share Repurchases and all other securities laws and regulations from time to time in force in Hong Kong, and I shall use my best endeavours to procure that the issuer shall so comply;

本人在行使發行人董事的權力及職責時，將盡力遵守《公司條例》、《公司(清盤及雜項條文)條例》、《證券及期貨條例》、《公司收購及合併守則》、《股份購回守則》及香港所有其他不時生效的有關證券的法例及規例，本人並會盡力促使發行人遵守上述各項；

...

**Appendix 6**  
**附錄六**  
**DIRECTOR'S AND SUPERVISOR'S FORMS**  
**董事及監事的表格**  
**Form B**  
**B表格**  
**Director's Declaration, Undertaking and Acknowledgement**  
**(PRC Issuer)**  
**董事的聲明、承諾及確認（適用於中國發行人）**

...

**Part 2**  
**第二部分**

**UNDERTAKING AND ACKNOWLEDGEMENT**  
**承諾及確認**

The particulars referred to in this Part 2 are:—  
此第二部分所述的資料為：

- (a) in the exercise of my powers and duties as a director...shall:-
- (i) ...  
...
- (v) comply to the best of my ability with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures Ordinance, the Code on Takeovers and Mergers, the Code on Share Repurchases and all other securities laws and regulations from time to time in force in Hong Kong, and I shall use my best endeavours to procure that the issuer shall so comply; and  
盡力遵守《公司條例》、《公司(清盤及雜項條文)條例》、《證券及期貨條例》、《公司收購及合併守則》、《股份購回守則》及香港所有其他不時生效的有關證券的法例及規例，本人並會盡力促使發行人遵守上述各項；及

...

...

## **Appendix 7**

### **SPONSOR'S FORMS**

#### **FORM G**

##### **Sponsor's Declaration in support of a New Applicant**

To: The Listing Division  
The Stock Exchange of Hong Kong Limited

...

We, ...

Under rule 6A.13 we declare to The Stock Exchange of Hong Kong Limited (the "Exchange") that:

- (1) all of the documents required by the GEM Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, ...to be submitted to the Exchange on or before the date of issue of the Company's listing document and in connection with the Company's listing application have been submitted;

...

## Appendix 11

### ADDITIONAL REQUIREMENTS IN RESPECT OF CERTAIN JURISDICTIONS

#### PART A

#### BERMUDA

...

#### Section 1

#### ADDITIONAL REQUIREMENTS FOR THE MEMORANDUM AND BYE-LAWS OF ISSUERS INCORPORATED OR OTHERWISE ESTABLISHED IN BERMUDA

...

#### 3. As regards notices of general meetings

The bye-laws shall stipulate that any annual general meeting ~~or extraordinary general meeting at which a special resolution is to be proposed shall be convened on~~ must be called by notice of at least 21 days, notice and that any other general meeting (including an extraordinary general meetings) at which an ordinary resolution is to be proposed shall be convened on must be called by notice of at least 14 days notice.

...

#### Section 2

#### MODIFICATIONS AND ADDITIONAL REQUIREMENTS

...

#### 1. In the case of an introduction...:-

(1) ...

(2) ...

(3) the comparison between those constitutive documents and the listed Hong Kong issuer's existing ~~memorandum and~~ articles of association, which is required by rule 24.09(5)(a),

...

## Appendix 11

### ADDITIONAL REQUIREMENTS IN RESPECT OF CERTAIN JURISDICTIONS

#### PART B

#### THE CAYMAN ISLANDS

...

##### Section 1

#### ADDITIONAL REQUIREMENTS FOR THE MEMORANDUM AND BYE-LAWS OF ISSUERS INCORPORATED OR OTHERWISE ESTABLISHED IN THE CAYMAN ISLANDS

...

#### 3. As regards shareholders

- (1) The articles of association shall stipulate that any annual general meeting ~~or any extraordinary general meeting at which a special resolution is to be proposed shall be convened on~~ must be called by notice of at least 21 days, ~~notice~~ and that any other general meeting (including an extraordinary general meetings) ~~at which an ordinary resolution is to be proposed shall be convened on~~ must be called by notice of at least 14 days ~~notice~~. The articles of association shall stipulate that the notice convening a meeting shall contain particulars of the resolutions to be considered at that meeting.
- (2) The articles of association shall provide for the branch register of members in Hong Kong to be open for inspection by members but may permit the company to close the register in terms equivalent to ~~sections 98 and 99~~ 632 of the ~~Hong Kong~~ Companies Ordinance.

- (3) ...

...

##### Section 2

#### MODIFICATIONS AND ADDITIONAL REQUIREMENTS

...

#### 1. In the case of an introduction...:-

- (1) ...
- (2) ...

- (3) the comparison between those constitutive documents and the listed Hong Kong issuer's existing ~~memorandum and~~ articles of association, which is required by rule 24.09(5)(a),
4. The Exchange will require the formal application for listing to be accompanied by a copy of a letter to the overseas issuer from the overseas issuer's Hong Kong legal advisers confirming that they have reviewed the summaries of the relevant laws and the constitutive documents and that in their opinion, on the basis of the legal advice received from Cayman Islands lawyers, the listing document sets out or, in the case of an introduction in the circumstances set out in rule 10.18(3), the listing document and the documents offered for inspection together set out the material differences between Hong Kong law and the law of the Cayman Islands and the provisions of the existing ~~memorandum and~~ articles of the listed Hong Kong issuer and the proposed constitutive documents of the overseas issuer. The letter should also confirm that the constitutive documents contain provisions complying with the provisions of the GEM Listing Rules.

...

---

**APPENDIX V: DRAFT RULE AMENDMENTS FOR PROPOSALS DESCRIBED IN CHAPTER V**

---

**PART A – MAIN BOARD LISTING RULES**

>>>

**Chapter 5**

**VALUATION OF AND INFORMATION ON PROPERTIES**

...

**Requirements for an issuer**

...

- 5.03 For a connected transaction involving an acquisition or a disposal of any property interest or of a company whose assets consist solely or mainly of property (including a company listed on the Exchange) ~~from or to a connected person~~, a valuation of and information on the property must be included in any circular issued to shareholders in connection with the acquisition or disposal (see rule 14A.70(7)). The circular must include full text of valuation reports and the general information in rule 5.10, if it applies.

...

## Chapter 13

### EQUITY SECURITIES

#### CONTINUING OBLIGATIONS

...

#### MEETINGS

...

##### After board meetings

13.45 An issuer shall ~~inform the Exchange~~ announce immediately after approval by or on behalf of the board of:—

- (1) any decision to declare, recommend or pay any dividend or to make any other distribution on its listed securities ~~and, including~~ the rate and amount thereof of the dividend or distribution and the expected payment date;
- (2) 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;
- (3) any preliminary announcement of profits or losses for any year, half-year or other period;

*Notes:*

1. *The timing of board meetings is a matter for the convenience and judgement of individual boards, but decisions on dividends and results should be announced either between 12:00 noon and 12:30 p.m. or after the market closes at 4:15 p.m. on a normal business day. On the eves of Christmas, New Year and the Lunar New Year when there is no afternoon trading session, the announcements should be published after the market closes at 12:00 noon. The directors are reminded that it is their direct responsibility to ensure that such information is kept strictly confidential until it is announced.*

2. *Note 1 above is also applicable to a preliminary announcement of results for a full year. As soon as possible after draft accounts have been agreed with the auditors, those accounts, adjusted to reflect any dividend decision, should be approved as the basis of a preliminary announcement of results for the full year.*

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

*Note: Once a decision has been made to submit any such proposal to the board, no dealings in any of the relevant securities should be effected by or on behalf of the issuer or any of its subsidiaries until the proposal has been announced or abandoned.*

- (5) any decision to change the general character or nature of the business of the issuer or group.

*Note: In discharging the obligations in rule 13.45, regard should be had to rule 13.79, and in particular to the Exchange's requirements from time to time in respect of the communication of information of an urgent nature.*

...

## Chapter 14

### EQUITY SECURITIES

#### NOTIFIABLE TRANSACTIONS

...

#### Content of circulars

##### *Major transaction circulars*

14.66 A circular relating to a major transaction must contain: -

(1) ...

...

(8) information as to the competing interests (if any) of each of the directors and any proposed director of the issuer (excluding its subsidiaries) and his/her respective close associates (as if each of them were treated as a controlling shareholder under rule 8.10);

...

...

## Chapter 14A

### EQUITY SECURITIES

#### CONNECTED TRANSACTIONS

...

#### CONTENT REQUIREMENTS

...

#### Circulars

...

14A.70 The circular must contain at least:

(1) ...

...

(15) information regarding the competing interests of each of the directors and any proposed director of the listed issuer's ~~group~~ and his respective close associates as would be required to be disclosed under rule 8.10 as if each of them was a controlling shareholder; and

(16) ...

...

## PART B – GEM LISTING RULES

>>>

### Chapter 8

#### VALUATION OF AND INFORMATION ON PROPERTIES

...

##### Requirements for an issuer

- 8.03 For a connected transaction involving an acquisition or a disposal of any property interest or a company whose assets consist solely or mainly of property (including a company listed on the Exchange) ~~from or to a connected person~~, a valuation of and information on the property must be included in any circular issued to shareholders in connection with the acquisition or disposal (see rule 20.68(7)). The circular must include full text of valuation reports and the general information in rule 8.36, if it applies.

...

## Chapter 17

### EQUITY SECURITIES

#### CONTINUING OBLIGATIONS

...

#### Meetings

...

#### *Board decisions*

17.49 An issuer shall ~~inform the Exchange and publish an announcement~~ announce immediately after (and for the purpose of providing details of) the approval by or on behalf of the board of:—

- (1) any decision to declare, recommend or pay any dividend or to make any other distribution on its listed securities ~~and, including~~ the rate and amount thereof of the dividend or distribution and the expected payment date;

...

#### *Suspension on Failure to Publish Timely Financial Information*

17.49A Without prejudice to the generality of rules 18.03, 18.49, 18.53, 18.66, 18.78 and 18.79, the Exchange will normally require suspension of trading in an issuer's securities if an issuer fails to publish periodic financial information in accordance with the Rules. The suspension will normally remain in force until the issuer publishes an announcement containing the requisite financial information.

...

## Chapter 19

### EQUITY SECURITIES

#### NOTIFIABLE TRANSACTIONS

...

##### Content of circulars

##### *Major transaction circulars*

19.66 A circular relating to a major transaction must contain the following: -

(1) ...

...

(9) information as to the competing interests (if any) of the Compliance Adviser and each of the directors, employees and close associates (as referred to in rule 6A.32) and each of the directors and any proposed director of the issuer (excluding its subsidiaries) and his/her respective close associates (as if each of them were treated as a controlling shareholder under rule 11.04);

...

...

## Chapter 20

### EQUITY SECURITIES

#### CONNECTED TRANSACTIONS

...

#### CONTENT REQUIREMENTS

...

#### Circulars

...

20.68 The circular must contain at least:

(1) ...

...

(15) information regarding the competing interests (if any) of the Compliance Adviser and its directors, employees and close associates (as referred to in rule 6A.32) and each of the directors and any proposed director of the listed issuer's ~~group~~ and his respective close associates as would be required to be disclosed under rule 11.04 as if each of them was a controlling shareholder; and

(16) ...

...

---

**APPENDIX VI: DRAFT RULE AMENDMENTS FOR PROPOSALS DESCRIBED IN CHAPTER VI**

---

**PART A – MAIN BOARD LISTING RULES**

>>>

**Chapter 1**

**GENERAL**

**INTERPRETATION**

...

**“Code of Conduct”** Code of Conduct for Persons Licensed by or Registered with the ~~Securities and Futures~~ Commission

**“Code on Share ~~Repurchases~~ Buy-backs”** the Code on Share ~~Repurchases~~ Buy-backs approved by the Commission as amended from time to time  
**or “Share Buy-backs Code”**

**“Code on Takeovers and Mergers”** the Code on Takeovers and Mergers approved by the Commission as amended from time to time  
**or “Takeovers Code”**

...

**“supervisor”** the same meaning as in rule 19A.04

**~~“Takeovers Code”~~** the ~~Code on Takeovers and Mergers~~ approved by the Commission as amended from time to time

**“tap issues”** ...

...

## Chapter 2A

### GENERAL

#### COMPOSITION, POWERS, FUNCTIONS AND PROCEDURES OF THE LISTING COMMITTEE, THE LISTING APPEALS COMMITTEE AND THE LISTING DIVISION

...

#### Disciplinary Procedures

...

2A.10 The sanctions in rule 2A.09 may be imposed or issued against any of the following:

(a) ...

...

(h) any supervisor of a PRC issuer; and

(i) [Repealed 1 January 2007] ~~and~~

(j) any independent financial adviser of a listed issuer.

...

...

## Chapter 3A

### GENERAL

#### SPONSORS AND COMPLIANCE ADVISERS

...

##### **Application of other rules**

3A.28 Insofar as the Exchange Listing Rules impose a higher standard of conduct on sponsors or Compliance Advisers than ~~to~~ that set out in the Commission's Corporate Finance Adviser Code of Conduct, the Code of Conduct, the Takeovers Code, the Share ~~Repurchases~~ Buy-backs Code and all other relevant codes and guidelines applicable to them, the Exchange Listing Rules will prevail.

...

## Chapter 9

### EQUITY SECURITIES

#### APPLICATION PROCEDURES AND REQUIREMENTS

...

#### Documentary Requirements – New Listing Applications

...

- 9.11 The following documents must be lodged with the Exchange by a new applicant in connection with its listing application:—

#### **At least 4 clear business days before the expected hearing date**

...

- (20) a confirmation from the new applicant's legal advisers that the new applicant's articles of association are not inconsistent with Appendix 3 and the Exchange Listing Rules and the laws of place where the new applicant is incorporated or otherwise established;

...

...

## Chapter 10

### EQUITY SECURITIES

#### RESTRICTIONS ON PURCHASE AND SUBSCRIPTION

...

##### **Restrictions and Notification Requirements on Issuers Purchasing their own Shares on a Stock Exchange**

10.05 Subject to the provisions of the Code on Share ~~Repurchases~~ Buy-backs, an issuer may purchase its shares on the Exchange or on another stock exchange recognised for this purpose by the Commission and the Exchange. All such purchases must be made in accordance with rule 10.06. Rules 10.06(1), 10.06(2)(f) and 10.06(3) apply only to issuers whose primary listing is on the Exchange while the rest of rule 10.06(2) and rules 10.06(4), (5) and (6) apply to all issuers. The Code on Share ~~Repurchases~~ Buy-backs must be complied with by an issuer and its directors and any breach thereof by an issuer will be a deemed breach of the Exchange Listing Rules and the Exchange may in its absolute discretion take such action to penalise any breach of this paragraph or the listing agreement as it shall think appropriate. It is for the issuer to satisfy itself that a proposed purchase of shares does not contravene the Code on Share ~~Repurchases~~ Buy-backs.

10.06 (1) (a) An issuer whose primary listing is on the Exchange may only purchase shares on the Exchange, either directly or indirectly, if:—

...

(b) ...

...

(c) the ordinary resolution proposed to shareholders to give the directors of the issuer a specific approval or general mandate to purchase shares must include the following:—

(i) the total number and description of the shares which the issuer is authorised to purchase, provided that the number of shares which the issuer is authorised to purchase on the Exchange or on another stock exchange recognised for this purpose by the Commission and the Exchange under the Code on Share ~~Repurchases~~ Buy-backs...

...

...

## Chapter 13

### EQUITY SECURITIES

#### CONTINUING OBLIGATIONS

...

#### Notifiable transactions, connected transactions, takeovers and share repurchases

13.23 (1) ...

(2) The issuer shall comply with the Takeovers Code and the Code on Share Repurchases Buy-backs.

...

#### Independent financial advisers

...

13.87 Insofar as the Exchange Listing Rules impose a higher standard of conduct on independent financial advisers ~~than~~ that set out in the Commission's Corporate Finance Adviser Code of Conduct, the Code of Conduct ~~for Persons Licensed by or Registered with the Securities and Futures Commission~~, the Takeovers Code, the Share Repurchases Buy-backs Code and all other relevant codes and guidelines applicable to them, the Exchange Listing Rules will prevail.

...

## Chapter 14A

### EQUITY SECURITIES

#### CONNECTED TRANSACTIONS

...

#### EXEMPTIONS

...

#### **Repurchases of securities by the listed issuer or its subsidiary**

14A.94 Repurchases of own securities by a listed issuer or its subsidiary from a connected person is fully exempt if it is made:

- (1) on the Exchange or a recognised stock exchange, except where the connected person knowingly sells the securities to the listed issuer's group; or
- (2) in a general offer made under the Code on Share ~~Repurchases~~ Buy-backs.

...

## Chapter 15A

### STRUCTURED PRODUCTS

...

#### Structured Products

...

- 15A.29 An issuer is prohibited from listing structured products where it; or any of its holding companies, subsidiaries or fellow subsidiaries; or any associated companies of any of them has been retained by a company whose securities will underlie the structured product (or by any of its holding, subsidiary, fellow subsidiary or associated companies) to give advice in relation to a transaction. Where the company whose securities will underlie the structured product is listed on the Exchange, “transaction” refers to matters which would be discloseable to shareholders of the underlying company and the public under Chapters 13, 14 and 14A of the Exchange Listing Rules, the Inside Information Provisions, Rule 3 of the ~~Hong Kong~~ Code on Takeovers and Mergers, or Rule ~~405~~ of the ~~Hong Kong~~ Code on Share ~~Repurchases~~ Buy-backs. Where the company is listed on an overseas exchange, “transaction” refers to matters which would be discloseable under regulations equivalent to those in Chapters 13, 14 and 14A of the Listing Rules, the Inside Information Provisions, Rule 3 of the ~~Hong Kong~~ Code on Takeovers and Mergers, or Rule ~~405~~ of the ~~Hong Kong~~ Code on Share ~~Repurchases~~ Buy-backs. The prohibition ceases to apply where the transaction is abandoned or announced and does not apply where an issuer maintains adequate information management arrangements such as those contemplated in sections 292(2) and 271(2) of the Securities and Futures Ordinance.

...

## Chapter 18

### EQUITY SECURITIES

### MINERAL COMPANIES

...

#### Competent Person

18.21 A Competent Person must:—

(1) ...

(2) be professionally qualified, and be a member in good standing of a relevant Recognised Professional Organisation, in a jurisdiction where, in the Exchange's opinion, the statutory securities regulator has satisfactory arrangements (either by way of the IOSCO Multilateral MOU or other bi-lateral agreement acceptable to the Exchange) with the ~~Securities and Futures Commission of Hong Kong~~ for mutual assistance and exchange of information for enforcing and securing compliance with the laws and regulations of that jurisdiction and Hong Kong; and...

...

...

## Chapter 19

### EQUITY SECURITIES

#### OVERSEAS ISSUERS

...

#### PRIMARY LISTINGS

...

#### Qualifications for Listing

19.05 The following additional requirements apply:—

- (1) ...
- (2) the overseas issuer must appoint, and maintain throughout the period the overseas issuer's securities are listed on the Exchange the appointment of, a person authorised to accept service of process and notices on its behalf in Hong Kong, and must notify the Exchange of his appointment and any termination of his appointment and details of:—
  - (a) his address for service of process and notices;
  - (b) if different, his place of business or, if he does not maintain a place of business, his residential address;
  - (c) his business or residential telephone number, as the case may be;
  - (d) his email address ~~telex~~ and/or facsimile number (if available); and
  - (e) any change in the above particulars;

...

...

#### SECONDARY LISTINGS

...

#### Qualifications for Listing

19.30 The following additional requirements apply:—

- (1) ...
- (2) the overseas issuer must normally appoint, and maintain throughout the period the overseas issuer's securities are listed on the Exchange the appointment of, a person authorised to accept service of process and notices on its behalf in Hong Kong, and must notify the Exchange of

his appointment and any termination of his appointment and details of:—

- (a) his address for service of process and notices;
- (b) if different, his place of business or, if he does not maintain a place of business, his residential address;
- (c) his business or residential telephone number, as the case may be;
- (d) his email address ~~telex~~ and/or facsimile number (if available); and
- (e) any change in the above particulars;

...

...

## Chapter 19A

### EQUITY SECURITIES

#### ISSUERS INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA

...

#### Chapter 8 — Qualifications for Listing

19A.13 The following modifications and additional requirements apply:—

- (1) ...
- (2) the PRC issuer must appoint, and maintain throughout the period its securities are listed on the Exchange the appointment of, a person authorised to accept service of process and notices on its behalf in Hong Kong, and must notify the Exchange of his appointment and any termination of his appointment and details of:—
  - (a) his address for service of process and notices;
  - (b) if different, his place of business or, if he does not maintain a place of business, his residential address;
  - (c) his business or residential telephone number, as the case may be;
  - (d) his email address ~~telex~~ and/or facsimile number (if available); and
  - (e) any change in the above particulars;

...

...

19A.54 A PRC issuer shall enter into a contract in writing with every director and officer containing at least the following provisions:—

- (1) an undertaking by the director or officer to the PRC issuer to observe and comply with the Company Law, the Regulations, the articles of association, the Takeovers Code and Share Repurchase Buy-backs Code and an agreement that the PRC issuer shall have the remedies provided in the articles of association and that neither the contract nor his office is capable of assignment;

...

...

# The Stock Exchange of Hong Kong Limited

## Practice Note 1

to the Rules Governing the Listing of Securities  
(the “Exchange Listing Rules”)

Issued pursuant to rule 1.06 of the Exchange Listing Rules

### PROCEDURES REGARDING THE DELIVERY OF INFORMATION AND DOCUMENTS

#### 1. Definitions

...

#### 2. Applications for Listing and listing matters

All applications for listing must be sent to the Listing Division ~~at the address set out below~~ and marked for the attention of the Head of the Listing Division and all correspondence in respect of listing matters should be sent to the Listing Division ~~at that address~~.

#### 3. Requests for a Review

Every request for a review under Chapters 2A and 2B of the Exchange Listing Rules must be sent to the Listing Division ~~at the address set out below~~ and marked for the attention of the Secretary of the Listing Committee.

#### 4. Contact Information

References in Chapters 3, 13 and 19A of the Exchange Listing Rules, and where applicable, the listing agreements, and in the formal declaration relating to any other business activities and undertaking in the forms set out in Forms B, H and I in Appendix 5 to the Exchange Listing Rules to providing and/or informing the Exchange of the relevant contact information mean delivery of that information to the Listing Division ~~at the address set out below~~.

#### 5. Continuing Obligations and Notifiable Transactions

References in Chapters 13, 14 and 14A of the Exchange Listing Rules and where applicable, the listing agreements, to informing the Exchange mean delivery of the relevant information to the Listing Division, ~~at 11th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong.~~

Telephone : ~~2522 1122~~  
Telex : ~~68174 STOLD HX~~  
Facsimile : ~~2868 5028/2868 5056~~

6. If the information is of an urgent nature, such as the announcement of the declaration of a dividend, the issuer should communicate the information to the Head of the Listing Division or his delegates by ~~telex~~, facsimile, letter delivered by hand, telegram or such other means of written communication as can achieve the effect of an immediate communication. Where telephone communication is used, written confirmation must follow immediately.
7. All information communicated should be precise and definite.
8. Where the Exchange Listing Rules and where applicable, the listing agreements require documents to be sent, submitted or forwarded to the Exchange they must be delivered to the Listing Division ~~at the address set out above~~.
9. This Practice Note takes effect from 13th March 2000.

Hong Kong, 15 February 2002

Revised on 31 March 2004

Revised on [date] 2014

# **The Stock Exchange of Hong Kong Limited**

## **Practice Note 21**

to the Rules Governing the Listing of Securities  
(the “Exchange Listing Rules”)

Issued pursuant to rule 1.06 of the Exchange Listing Rules

### **DUE DILIGENCE BY SPONSORS IN RESPECT OF INITIAL LISTING APPLICATIONS**

...

6. The Exchange reminds sponsors of their other obligations including but not limited to those under the Exchange Listing Rules, the SFC Corporate Finance Adviser Code of Conduct, the Code of Conduct and particularly the SFC Sponsor Provisions, the Sponsors Guidelines, the Takeovers Code, the Code on Share Repurchases-Buy-backs, the Securities and Futures Ordinance and all other relevant ordinances, codes, rules and guidelines applicable to sponsors. Nothing in this Practice Note detracts from or diminishes those obligations.

...

## Appendix 5 附錄五

### Declaration and Undertaking with regard to Directors 董事的聲明及承諾

#### Form B B 表格

...

#### Part 2 第二部分

#### UNDERTAKING 承諾

The particulars referred to in this Part 2 are:-  
此第二部分所述的資料為：

(a) ...

...

(b) I shall, in the exercise of my powers and duties as a director of the issuer, comply to the best of my ability with Parts XIVA and XV of the Securities and Futures Ordinance, the Code on Takeovers and Mergers, the Code on Share ~~Repurchases~~ Buy-backs and all other securities laws and regulations from time to time in force in Hong Kong, and I shall use my best endeavours to procure that the issuer shall so comply;

本人在行使發行人董事的權力及職責時，將盡力遵守《證券及期貨條例》第 XIVA 及 XV 部、《公司收購及合併守則》、《股份購回購守則》及香港所有其他不時生效的有關證券的法例及規例，本人並會盡力促使發行人遵守上述各項；

...

## Appendix 5 附錄五

### Declaration and Undertaking with regard to Directors of an Issuer incorporated in the People's Republic of China ("PRC") 在中華人民共和國（「中國」）註冊成立的發行人的 董事的聲明及承諾

#### Form H H 表格

...

#### Part 2 第二部分

#### UNDERTAKING 承諾

The particulars referred to in this Part 2 are:-  
此第二部分所述的資料為：

(a) ...

(i) ...

...

(v) comply to the best of my ability with Parts XIVA and XV of the Securities and Futures Ordinance, the Code on Takeovers and Mergers, the Code on Share ~~Repurchases~~ Buy-backs and all other relevant securities laws and regulations from time to time in force in Hong Kong, and I shall use my best endeavours to cause the issuer to so comply; and  
盡力遵守《證券及期貨條例》第 XIVA 及 XV 部、《公司收購及合併守則》、《股份購回購守則》及香港所有其他不時生效的有關證券的法例與規例，本人並會盡力促使發行人遵守上述各項；及

...

...

## Appendix 5 附錄五

### Declaration and Undertaking with regard to Supervisors of an Issuer incorporated in the People's Republic of China ("PRC") 在中華人民共和國（「中國」）註冊成立的發行人的 監事的聲明及承諾

#### Form I I 表格

...

#### Part 2 第二部分

### UNDERTAKING 承諾

The particulars referred to in this Part 2 are:-  
此第二部分所述的資料為：

(a) ...

(i) ...

...

(iii) use my best endeavours to cause the issuer and its directors to comply with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited from time to time in force (the "Listing Rules"), the Code on Takeovers and Mergers, the Code on Share ~~Repurchases~~ Buy-backs and all other relevant securities laws and regulations from time to time in force in Hong Kong;

盡力促使發行人及其董事遵守不時生效的《香港聯合交易所有限公司證券上市規則》（《上市規則》）、《公司收購及合併守則》、《股份購回購守則》及香港所有其他不時生效的有關證券的法例及規例；

...

(iv) ...

(v) comply to the best of my ability, as if the same applied to me to the same extent as it does to directors of the issuer, with: (a) Parts XIVA and XV of the Securities and Futures Ordinance; (b) the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 of the Listing Rules; (c) the Code on Takeovers and Mergers; (d) the Code on Share ~~Repurchases~~ Buy-backs; and (e) all other relevant securities laws and regulations from time to time in force in Hong Kong;

盡力遵守下列條例及規則，猶如該條例適用於本人，如同其適用於公司董事般：(a) 《證券及期貨條例》第 XIVA 及 XV 部；(b) 《上市規則》

附錄十列出的《上市公司董事進行證券交易的標準守則》；(c)《公司收購及合併守則》；(d)《股份購回購守則》；以及(e) 香港所有其他不時生效的有關證券法例與規例；

...

## Appendix 13

### ADDITIONAL REQUIREMENTS IN RESPECT OF CERTAIN JURISDICTIONS

#### PART A

#### BERMUDA

...

#### Section 1

...

#### 6. As to corporate representatives

The bye-laws shall provide that if a recognised clearing house within the meaning of Part 1 of Schedule 1 to the Securities and Futures Ordinance of ~~Hong Kong~~ is a member of the company it may authorise such person or persons as it thinks fit to act as its representative or representatives at any meeting of the company or at any meeting of any class of members of the company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee) which he represents as that clearing house (or its nominee) could exercise if it were an individual shareholder of the company.

...

## Appendix 13

### ADDITIONAL REQUIREMENTS IN RESPECT OF CERTAIN JURISDICTIONS

#### PART B

#### THE CAYMAN ISLANDS

...

#### Section 1

...

#### 6. As to corporate representatives

The articles of association shall provide that if a recognised clearing house within the meaning of Part 1 of Schedule 1 to the Securities and Futures Ordinance ~~of Hong Kong~~ is a member of the company it may authorise such person or persons as it thinks fit to act as its representative or representatives at any meeting of the company or at any meeting of any class of members of the company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee) which he represents as that clearing house (or its nominee) could exercise if it were an individual shareholder of the company.

...

## Appendix 24

### Headline Categories

...

#### Schedule 1

#### Headline Categories for Announcements and Notices

...

#### Securities/Share Capital

Announcement pursuant to Code on Share ~~Repurchases~~ Buy-backs  
Capital Reorganisation

...

#### Schedule 2

#### Headline Categories for Circulars

...

#### Securities/Share Capital

Capitalisation Issue  
Change in Terms of Securities or Rights attaching to Securities  
Document issued pursuant to Code on Share ~~Repurchases~~ Buy-backs  
Exchange or Substitution of Securities

## PART B – GEM LISTING RULES

>>>

### Chapter 1

#### GENERAL

#### INTERPRETATION

...

<b>“Code of Conduct”</b>	Code of Conduct for Persons Licensed by or Registered with the <del>Securities and Futures</del> Commission
<b>“Code on Share <del>Repurchases</del> <u>Buy-backs</u>” or <b><u>“Share Buy-backs Code”</u></b></b>	the Code on Share <del>Repurchases</del> <u>Buy-backs</u> approved by the Commission as amended from time to time
<b><u>“Code on Takeovers and Mergers”</u></b> or <b><u>“Takeovers Code”</u></b>	<u>the Code on Takeovers and Mergers approved by the Commission as amended from time to time</u>
...	
<b>“supervisor”</b>	a member elected to the supervisory committee of a PRC issuer which under PRC law performs a supervisory function in relation to such issuer’s board of directors, the manager and other officers
<b><del>“Takeovers Code”</del></b>	<del>the Code on Takeovers and Mergers approved by the Commission as amended from time to time</del>
<b>“tap issues”</b>	...
...	

## Chapter 2

### GENERAL

#### INTRODUCTION

...

#### Characteristics of GEM

...

- 2.14 The Exchange expects each director of an issuer to be cognizant of the GEM Listing Rules and reasonably familiar with the obligations and duties imposed upon him and the issuer pursuant to the GEM Listing Rules, the Securities and Futures Ordinance, the Companies Ordinance, the Takeovers Code and the Code on Share ~~Repurchases~~ Buy-backs.

...

## Chapter 5

### GENERAL

#### **DIRECTORS, COMPANY SECRETARY, BOARD COMMITTEES, AUTHORISED REPRESENTATIVES AND CORPORATE GOVERNANCE MATTERS**

##### **Directors**

...

5.02 Every director must satisfy the Exchange that he has the character, experience and integrity and is able to demonstrate a standard of competence commensurate with his position as a director of an issuer. The Exchange may request information regarding the background, experience, other business interests or character of any director or proposed director of an issuer. The Exchange expects every director of an issuer:—

- (1) to be cognizant of the GEM Listing Rules and reasonably familiar with the obligations and duties imposed upon him and the issuer pursuant to the GEM Listing Rules, the Securities and Futures Ordinance, the Companies Ordinance, the Takeovers Code and the Code on Share ~~Repurchases~~ Buy-backs. The Exchange reserves a right to require directors to demonstrate their knowledge and understanding of the same; and...

...

## Chapter 6A

### SPONSORS AND COMPLIANCE ADVISERS

...

#### Application of other rules

6A.28 Insofar as the Exchange Listing Rules impose a higher standard of conduct on Sponsors or Compliance Advisers than~~to~~ that set out in the Commission's Corporate Finance Adviser Code of Conduct, the Code of Conduct, the Takeovers Code, the Share ~~Repurchases~~Buy-backs Code and all other relevant codes and guidelines applicable to them, the GEM Listing Rules will prevail.

...

## Chapter 12

### EQUITY SECURITIES

#### APPLICATION PROCEDURES AND REQUIREMENTS

...

##### Documentary Requirements – New Listing Applications

...

12.22 The following documents, as applicable, must be lodged with the Exchange for review together with the application for listing form in respect of a new applicant:—

...

- (2) a confirmation from the new applicant's legal advisers that the new applicant's articles of association are not inconsistent with Appendix 3 and the GEM Listing Rules and the laws of place where the new applicant is incorporated or otherwise established;

...

...

## Chapter 13

### EQUITY SECURITIES

#### RESTRICTIONS ON PURCHASE, DISPOSAL AND SUBSCRIPTION

...

##### **Restrictions and Notification requirements on issuers purchasing their own shares on a stock exchange**

13.03 Subject to the provisions of the Code on Share ~~Repurchases~~ Buy-backs, an issuer may purchase shares on GEM or on another stock exchange recognised for this purpose by the Commission and the Exchange. All such purchases must be made in accordance with rules 13.04 to 13.14. The Code on Share ~~Repurchases~~ Buy-backs must be complied with by an issuer and its directors and any breach thereof by an issuer will be a deemed breach of the issuer's undertaking to comply with its continuing obligation under the GEM Listing Rules and the Exchange may in its absolute discretion take such action to penalise any breach of this rule as it shall think appropriate. It is for the issuer to satisfy itself that a proposed purchase of shares does not contravene the Code on Share ~~Repurchases~~ Buy-backs.

13.09 The ordinary resolution proposed to shareholders to give the directors of the issuer a specific approval or general mandate to purchase shares must include the following:—

- (1) the total number and description of the shares which the issuer is authorised to purchase, provided that the number of shares which the issuer is authorised to purchase on GEM or on another stock exchange recognised for this purpose by the Commission and the Exchange under the Code on Share ~~Repurchases~~ Buy-backs...

...

...

## Chapter 17

### EQUITY SECURITIES

#### CONTINUING OBLIGATIONS

...

##### *Sufficient operations*

17.26 ...

17.26A An issuer must, after trading in its listed securities has been suspended, publish periodic announcements of its developments.

##### *Material matters which impact on profit forecast*

17.26AB(1) If, during the period of any forecast made by the issuer: -

...

(2) The issuer must announce the information under rule 17.26AB(1) ...

...

##### *No further issues of securities within 6 months of listing*

17.29 No further shares or securities convertible into equity securities of a listed issuer (whether or not of a class already listed) may be issued...within 6 months from the date on which securities of the listed issuer first commence dealing on GEM...except for:

(a)...

...

(d) the circular in respect of the issue and the related transaction...must comply with the requirements of a circular as specified in Chapter 19...

*Note: The circular must include:*

(i) ...

...

(ix) *how the acquired assets would complement the listed issuer's business; and*

(x) *details of the persons who would receive the new shares or securities and their connection, if any, with any connected persons of the listed issuer; and*

(xi) *[Repealed 1 October 2013]*

...

#### *Meetings of holders of securities*

- 17.47 (1) An issuer proposing to solicit proxies or votes in connection with any meeting of holders...
- ...
- (6) In relation to any connected transactions pursuant to Chapter 20 of the GEM Listing Rules...that are subject to approval of the shareholders of the issuer pursuant to paragraph 3(e) of Practice Note 3; :
- (a) ...
- ...

#### **Changes**

- 17.50 An issuer must publish an announcement as soon as practicable in regard to:—
- (1) ...
- (2) ...
- (a) ...
- ...
- (m) ...
- (i) ...
- (ii) under the Securities and Futures Ordinance, Part II of the Companies Ordinance (insofar as that Part relates, whether directly or indirectly, to the performance of functions by the ~~Securities and Futures~~ Commission in relation to prospectuses and purchase by a company of its own shares) and Part XII of the Companies Ordinance (insofar as that Part relates, whether directly or indirectly, to the performance of functions by the ~~Securities and Futures~~ Commission in relation to prospectuses), the Commodity Exchanges (Prohibition) Ordinance, the repealed Protection of Investors Ordinance, the repealed Securities Ordinance...
- ...

...

### **Miscellaneous obligations**

...

#### *Takeovers and share repurchases*

17.89 An issuer must comply with the Takeovers Code and the Code on Share ~~Repurchases~~Buy-backs.

...

#### *Independent financial advisers*

...

17.99 Insofar as the GEM Listing Rules impose a higher standard of conduct on independent financial advisers ~~than to~~ that set out in the Commission's Corporate Finance Adviser Code of Conduct, the Code of Conduct ~~for Persons Licensed by or Registered with the Securities and Futures Commission~~, the Takeovers Code, the Share ~~Repurchases~~Buy-backs Code and all other relevant codes and guidelines applicable to them, the GEM Listing Rules will prevail.

...

## **Chapter 18A**

### **EQUITY SECURITIES**

### **MINERAL COMPANIES**

...

#### **Competent Person**

18A.21 A Competent Person must:—

(1) ...

(2) be professionally qualified, and be a member in good standing of a relevant Recognised Professional Organisation, in a jurisdiction where, in the Exchange's opinion, the statutory securities regulator has satisfactory arrangements (either by way of the IOSCO Multilateral MOU or other bi-lateral agreement acceptable to the Exchange) with the ~~Securities and Futures Commission of Hong Kong~~ for mutual assistance and exchange of information for enforcing and securing compliance with the laws and regulations of that jurisdiction and Hong Kong; and...

...

...

## Chapter 19

### EQUITY SECURITIES

#### NOTIFIABLE TRANSACTIONS

...

*Profit forecast in an announcement*

19.62 Where the announcement contains a profit forecast...:—

(1)...

(2)...

(3)...

*Note: See rule 17.26AB ...*

...

## Chapter 20

### EQUITY SECURITIES

#### CONNECTED TRANSACTIONS

...

#### EXEMPTIONS

...

#### **Repurchases of securities by the listed issuer or its subsidiary**

20.92 Repurchases of own securities by a listed issuer or its subsidiary from a connected person is fully exempt if it is made:

- (1) on the Exchange or a recognised stock exchange, except where the connected person knowingly sells the securities to the listed issuer's group; or
- (2) in a general offer made under the Code on Share ~~Repurchases~~ Buy-backs.

...

## Chapter 25

### EQUITY SECURITIES

#### ISSUERS INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA

...

##### Constitutional documents

...

25.41 A PRC issuer shall enter into a contract in writing with every director and officer containing at least the following provisions:—

- (1) an undertaking by the director or officer to the PRC issuer to observe and comply with the Company Law, the Regulations, the articles of association, the Takeovers Code and the Share ~~Repurchase~~ Buy-backs Code and an agreement that the PRC issuer shall have the remedies provided in the articles of association and that neither the contract nor his office is capable of assignment;

...

...

# **The Stock Exchange of Hong Kong Limited**

## **Practice Note 2**

to the Rules Governing the Listing of Securities  
on the Growth Enterprise Market of  
The Stock Exchange of Hong Kong Limited  
(the “GEM Listing Rules”)

Issued pursuant to rule 1.07 of the GEM Listing Rules

### **DUE DILIGENCE BY SPONSORS IN RESPECT OF INITIAL LISTING APPLICATIONS**

...

6. The Exchange reminds sponsors of their other obligations including but not limited to those under the GEM Listing Rules, the SFC Corporate Finance Adviser Code of Conduct, the Code of Conduct and particularly the SFC Sponsor Provisions, the Sponsors Guidelines, the Takeovers Code, the Code on Share Repurchases-Buy-backs, the Securities and Futures Ordinance and all other relevant ordinances, codes, rules and guidelines applicable to Sponsors. Nothing in this Practice Note detracts from or diminishes those obligations.

...

**Appendix 6**  
**附錄六**

**DIRECTOR'S AND SUPERVISOR'S FORMS**  
**董事及監事的表格**

**Form A**  
**A 表格**

...

**Part 2**  
**第二部分**

**UNDERTAKING AND ACKNOWLEDGEMENT**  
**承諾及確認**

The particulars referred to in this Part 2 are:-  
此第二部分所述的資料為：

(a) ...

...

(b) I shall, in the exercise of my powers and duties as a director of the issuer, comply to the best of my ability with the Companies Ordinance, the Securities and Futures Ordinance, the Code on Takeovers and Mergers, the Code on Share Repurchases-Buy-backs and all other securities laws and regulations from time to time in force in Hong Kong, and I shall use my best endeavours to procure that the issuer shall so comply;

本人在行使發行人董事的權力及職責時，將盡力遵守《公司條例》、《證券及期貨條例》、《公司收購及合併守則》、《股份購回購守則》及香港所有其他不時生效的有關證券的法例及規例，本人並會盡力促使發行人遵守上述各項；

...

**Appendix 6**  
**附錄六**

**DIRECTOR'S AND SUPERVISOR'S FORMS**  
**董事及監事的表格**

**Form B**  
**B 表格**

**Director's Declaration, Undertaking and Acknowledgement (PRC Issuer)**  
**董事的聲明、承諾及確認（適用於中國發行人）**

...

**Part 2**  
**第二部分**

**UNDERTAKING AND ACKNOWLEDGEMENT**  
**承諾及確認**

The particulars referred to in this Part 2 are:-  
此第二部分所述的資料為：

1. ...

(a) ...  
(i) ...

...

(v) comply to the best of my ability with the Companies Ordinance, the Securities and Futures Ordinance, the Code on Takeovers and Mergers, the Code on Share ~~Repurchases~~ Buy-backs and all other relevant securities laws and regulations from time to time in force in Hong Kong, and I shall use my best endeavours to cause the issuer to so comply; and

盡力遵守《公司條例》、《證券及期貨條例》、《公司收購及合併守則》、《股份購回購守則》及香港所有其他不時生效的有關證券的法例與規例，本人並會盡力促使發行人遵守上述各項；及

...

...

**Appendix 6**  
**附錄六**

**DIRECTOR'S AND SUPERVISOR'S FORMS**  
**董事及監事的表格**

**Form C**  
**C 表格**

**Supervisor's declaration and undertaking and acknowledgement**  
**in respect of an issuer incorporated in the People's Republic of China**  
**("PRC")**  
**監事的聲明、承諾及確認**  
**(適用於在中華人民共和國(「中國」)註冊成立的發行人)**

...

**Part 2**  
**第二部分**

**UNDERTAKING AND ACKNOWLEDGEMENT**  
**承諾及確認**

The particulars referred to in this Part 2 are:-  
此第二部分所述的資料為：

1. ...
  - (a) ...  
...
  - (c) use my best endeavours to cause the issuer and its directors to comply with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited from time to time in force (the "GEM Listing Rules"), the Code on Takeovers and Mergers, the Code on Share Repurchases-Buy-backs and all other relevant securities laws and regulations from time to time in force in Hong Kong;  
盡力促使發行人及其董事遵守不時生效的《香港聯合交易所有限公司創業板證券上市規則》(《創業板上市規則》)、《公司收購及合併守則》、《股份購回購守則》及香港所有其他不時生效的有關證券的法例及規例；  
...
  - (d) ...
  - (e) comply to the best of my ability, as if the same applied to me to the same extent as it does to directors of the issuer, with: (a) Parts XIVA and XV of

the Securities and Futures Ordinance; (b) rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors; (c) the Code on Takeovers and Mergers; (d) the Code on Share ~~Repurchases~~Buy-backs; and (e) all other relevant securities laws and regulations from time to time in force in Hong Kong;

盡力遵守下列條例及規則，猶如該條例適用於本人，如同其適用於公司董事般：(a)《證券及期貨條例》第 XIVA 及 XV 部；(b)《創業板上市規則》第 5.46 至 5.67 條有關董事進行證券交易的規定；(c)《公司收購及合併守則》；(d)《股份購回購守則》；以及(e) 香港所有其他不時生效的有關證券法例與規例；

...

## Appendix 11

### ADDITIONAL REQUIREMENTS IN RESPECT OF CERTAIN JURISDICTIONS

#### PART A

#### BERMUDA

...

#### Section 1

...

#### 6. As to corporate representatives

The bye-laws shall provide that if a recognised clearing house within the meaning of Part 1 of Schedule 1 to the Securities and Futures Ordinance of ~~Hong Kong~~ is a member of the company it may, to the extent permitted by law, authorise such person or persons as it thinks fit to act as its representative or representatives at any meeting of the company or at any meeting of any class of members of the company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee) which he represents as that clearing house (or its nominee) could exercise if it were an individual shareholder of the company.

...

## Appendix 11

### ADDITIONAL REQUIREMENTS IN RESPECT OF CERTAIN JURISDICTIONS

#### PART B

#### THE CAYMAN ISLANDS

...

#### Section 1

...

#### 6. As to corporate representatives

The articles of association shall provide that if a recognised clearing house within the meaning of Part 1 of Schedule 1 to the Securities and Futures Ordinance ~~of Hong Kong~~ is a member of the company it may authorise such person or persons as it thinks fit to act as its representative or representatives at any meeting of the company or at any meeting of any class of members of the company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee) which he represents as that clearing house (or its nominee) could exercise if it were an individual shareholder of the company.

...

## Appendix 17

### Headline Categories

...

#### Schedule 1

#### Headline Categories for Announcements and Notices

...

#### Securities/Share Capital

Announcement pursuant to Code on Share ~~Repurchases~~ Buy-backs  
Capital Reorganisation

...

#### Schedule 2

#### Headline Categories for Circulars

...

#### Securities/Share Capital

Capitalisation Issue  
Change in Terms of Securities or Rights attaching to Securities  
Document issued pursuant to Code on Share ~~Repurchases~~ Buy-backs  
Exchange or Substitution of Securities

...

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## APPENDIX VII: PERSONAL INFORMATION COLLECTION AND PRIVACY POLICY STATEMENT

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Hong Kong Exchanges and Clearing Limited and from time to time, its subsidiaries, affiliated companies controlling it or under common control with it and its joint ventures (each such entity, from time to time, being “**HKEx**”, “**we**”, “**us**” or an “**affiliate**” for the purposes of this Privacy Policy Statement as appropriate) recognises its responsibilities in relation to the collection, holding, processing, use and/or transfer of personal data under the Personal Data (Privacy) Ordinance (Cap. 486) (“**PDPO**”). Personal data will be collected only for lawful and relevant purposes and all practicable steps will be taken to ensure that personal data held by HKEx is accurate. HKEx will use your personal data in accordance with this Privacy Policy Statement.

We regularly review this Privacy Policy Statement and may from time to time revise it or add specific instructions, policies and terms. Where any changes to this Privacy Policy Statement are material, we will notify you using the contact details you have provided us with and, as required by the PDPO, give you the opportunity to opt out of these changes by means notified to you at that time. Otherwise, in relation to personal data supplied to us through the HKEx website, continued use by you of the HKEx website shall be deemed to be your acceptance of and consent to this Privacy Policy Statement.

If you have any questions about this Privacy Policy Statement or how we use your personal data, please contact us through one of the communication channels below.

HKEx will take all practicable steps to ensure the security of the personal data and to avoid unauthorised or accidental access, erasure or other use. This includes physical, technical and procedural security methods, where appropriate, to ensure that the personal data may only be accessed by authorised personnel.

Please note that if you do not provide us with your personal data (or relevant personal data relating to persons appointed by you to act on your behalf) we may not be able to provide the information, products or services you have asked for or process your request.

## **Purpose**

From time to time we may collect your personal data such as your name, mailing address, telephone number, email address and login name for the following purposes:

1. to process your applications, subscriptions and registration for our products and services;
2. to perform or discharge the functions of HKEx and any company of which HKEx is the recognised exchange controller (as defined in the Securities and Futures Ordinance (Cap. 571));
3. to provide you with our products and services and administer your account in relation to such products and services;
4. to conduct research and statistical analysis; and
5. other purposes directly relating to any of the above.

## **Direct marketing**

Except to the extent you have already opted out or in future opt out, we may also use your name, mailing address, telephone number and email address to send promotional materials to you and conduct direct marketing activities in relation to our financial services and information services, and related financial services and information services offered by our affiliates.

If you do not wish to receive any promotional and direct marketing materials from HKEx or do not wish to receive particular types of promotional and direct marketing materials or do not wish to receive such materials through any particular means of communication, please contact us through one of the communication channels below.

## **Identity Card Number**

We may also collect your identity card number and process this as required under applicable law or regulation, as required by any regulator having authority over us and, subject to the PDPO, for the purpose of identifying you where it is reasonable for your identity card number to be used for this purpose.

## **Transfers of personal data for direct marketing purposes**

Except to the extent you have already opted out or in future opt out, we may transfer your name, mailing address, telephone number and email address to our affiliates for the purpose of enabling our affiliates to send promotional materials to you and conduct direct marketing activities in relation to their financial services and information services.

## **Other transfers of personal data**

For one or more of the purposes specified above, the personal data may be:

1. transferred to our affiliates and made available to appropriate persons in our affiliates, in Hong Kong or elsewhere and in this regard you consent to the transfer of your data outside of Hong Kong; and
2. supplied to any agent, contractor or third party who provides administrative or other services to HKEx and/or any of our affiliates in Hong Kong or elsewhere.

## **How we use cookies**

If you access our information or services through the HKEx website, you should be aware that cookies are used. Cookies are data files stored on your browser. The HKEx website automatically installs and uses cookies on your browser when you access it. Two kinds of cookies are used on the HKEx website:

*Session Cookies:* temporary cookies that only remain in your browser until the time you leave the HKEx website, which are used to obtain and store configuration information and administer the HKEx website, including carrying information from one page to another as you browse the site so as to, for example, avoid you having to re-enter information on each page that you visit. Session cookies are also used to compile anonymous statistics about the use of the HKEx website.

*Persistent Cookies:* cookies that remain in your browser for a longer period of time for the purpose of compiling anonymous statistics about the use of the HKEx website or to track and record user preferences.

The cookies used in connection with the HKEx website do not contain personal data. You may refuse to accept cookies on your browser by modifying the settings in your browser or internet security software. However, if you do so you may not be able to utilise or activate certain functions available on the HKEx website.

## **Compliance with laws and regulations**

You agree that HKEx and its affiliates may be required to retain, process and/or disclose your personal data in order to comply with applicable laws and regulations, or in order to comply with a court order, subpoena or other legal process, or to comply with a request by a government authority, law enforcement agency or similar body (whether situated in Hong Kong or elsewhere). You also agree that HKEx and its affiliates may need to disclose your personal data in order to enforce any agreement with you, protect our rights, property or safety, or the rights, property or safety of our affiliates and employees.

## **Corporate reorganisation**

As HKEx continues to develop its business, we may reorganise our group structure, undergo a change of control or business combination. In these circumstances it may be the case that your personal data is transferred to a third party who will continue to operate our business or a similar service under either this Privacy Policy Statement or a different privacy policy statement which will be notified to you. Such a third party may be located, and use of your personal data may be made, outside of Hong Kong in connection with such acquisition or reorganisation.

## **Access and correction of personal data**

Under the PDPO, you have the right to ascertain whether HKEx holds your personal data, to obtain a copy of the data, and to correct any data that is inaccurate. You may also request HKEx to inform you of the type of personal data held by it. All data access requests shall be made using the form prescribed by the Privacy Commissioner for Personal Data (“**Privacy Commissioner**”) which may be found on the official website of the Office of the Privacy Commissioner.

Requests for access and correction or for information regarding policies and practices and kinds of data held by HKEx should be addressed in writing and sent by post to us (see contact details below).

A reasonable fee may be charged to offset HKEx’s administrative and actual costs incurred in complying with your data access requests.

## **Termination or cancellation**

Should your account with us be cancelled or terminated at any time, we shall cease processing your personal data as soon as reasonably practicable following such cancellation or termination, provided that we may keep copies of your data as is reasonably required for archival purposes, for use in relation to any actual or potential dispute, for the purpose of compliance with applicable laws and regulations and for the purpose of enforcing any agreement we have with you, for protecting our rights, property or safety, or the rights, property or safety of our affiliates and employees.

## **Contact us**

By Post:  
Personal Data Privacy Officer  
Hong Kong Exchanges and Clearing Limited  
12/F., One International Finance Centre  
1 Harbour View Street  
Central  
Hong Kong

By Email:  
[pdpo@hkex.com.hk](mailto:pdpo@hkex.com.hk)

