

# Pilot Pre-IPO Information Scheme Supports Hong Kong's Position as an International Financial Centre

The Stock Exchange has introduced a pilot scheme requiring the posting of a Web Proof Information Pack (WPIP) on the HKEx website at an earlier stage of the listing process. The scheme took effect on 1 January this year and will be reviewed three months from that date. The WPIP-posting requirement represents one of the various initiatives the Exchange has been considering to further refine the initial public offering, or IPO, vetting process with a view to enhancing investor protection and supporting Hong Kong's continuing role as an international financial centre.

The pilot scheme applies across the board to all new listing applicants including real estate investment trusts and other collective investment schemes (CIS). Under the pilot scheme, the Exchange issues a "request for posting" around the same time it sends out the letter which sets forth the comments raised and conditions imposed by the Listing Committee (if any) after the Listing Committee hearing, to require every listing applicant to post a WPIP on the HKEx website no later than the dispatch of the red herring prospectus or commencement of marketing to the investors in the placing tranche. In the case of a CIS applicant, the "request for posting" is issued by the Securities and Futures Commission (SFC) around the same time the SFC sends out the approval-in-principle letter.

The Exchange believes that the posting of a WPIP containing essential information about the listing applicants and their businesses will have the beneficial effect of providing greater access to relevant information at an earlier stage of the process more closely equivalent to that enjoyed by professional investors only in the past. This allows public investors more time to analyse and consider the materials before the issue of prospectuses and CIS offering circulars. The Exchange and the SFC are on common ground on this initiative. Conceptually, the posting of a WPIP is consistent with the SFC's consultation conclusions regarding pre-deal research reports by connected analysts.

Details of the pilot scheme are contained in a joint policy statement issued by the Exchange and the SFC in November last year. The news release on the policy statement, other information on the scheme and all WPIPs are posted in the Listing Matters and Listed Companies section of the HKEx website. New listing applicants are encouraged to contact the Exchange's IPO Transaction Team or the SFC's Investment Products Team for further details.

## Recommended Contents Layout of a WPIP

### Section/Chapters

- Warning
- Contents
- Summary
- Definitions and conventions
- Forward looking statements
- Risk factors
- Waiver from strict compliance with the Listing Rules
- Directors and parties involved
- Corporate information
- Industry overview
- Regulations
- History and development
- Our strategic / corporate Investors
- Business
- Directors, senior management and staff
- Substantial shareholders
- Share capital
- Financial information
- Future plans
- Appendix I - Accountants' report
- Appendix II – Unaudited supplementary financial information (if any)
- Appendix III – Profit forecast (if any)
- Appendix IV – Property valuation (if any)
- Appendix V – Summary of the Company's constitution and law of the place of incorporation
- Appendix VI – Statutory and general information
- Appendix VII – Documents delivered to the Registrar of Companies and made available for inspection