

**Frequently Asked Questions Series 16 (Released on 28 October 2011) (SUPERSEDED BY SERIES 17 RELEASED ON 19 DECEMBER 2011)**

**Review of the Corporate Governance Code and Associated Listing Rules  
“Frequently Asked Questions”**

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

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

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

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

No.	Main Board Rules	GEM Rules	Query	Response
1.	Revised, repealed and new Rules	Revised, repealed and new Rules	What is the implementation date for these Rules?	They will be effective from 1 January 2012.
	3.06 (Authorised Representatives)	5.25		For Main Board Rule 3.29 and GEM Rule 5.15, the compliance dates are staggered according to when a person became the company secretary of an issuer. A person who was a company secretary of an issuer:
	3.08 (Directors’ Duties)	5.01		
	3.28 (Company Secretary)	5.14		(a) on or after 1 January 2005 must comply with this Rule for the financial year commencing on or after 1 January 2012;
	3.29 (Company Secretary Training)	5.15		(b) between 1 January 2000 to 31 December 2004 must comply with this Rule for the financial year commencing on or after 1 January 2013;
	8.17 (Company Secretary)	5.14		
	13.25A (Changes in Issued)	17.27A		(c) between 1 January 1995 to 31 December 1999

	Share Capital)			must comply with this Rule for the financial year commencing on or after 1 January 2015; and
	13.39 (Exceptions for Voting by Poll)	17.47		
	13.44 (Directors' Voting)	17.48A		
	13.51 (Notification of Director Changes)	17.50		
	13.51B (Sanctions Against the Issuer)	17.50A		
	13.88 (Appointment/ Removal of Auditor)	17.100		
	14.66 (Circulars)	19.66		
	14A.59 (Content of Circulars)	20.59		
	19A.16 (PRC Issuers' Company Secretary)	25.11		
	Paragraphs 24 and 25 of Appendix 16 (Disclosure of Financial Information)	18.28 and 18.30		
2.	Revised, repealed and new Rules	Revised, repealed and new Rules	What is the implementation date for these Rules?	They will be effective from 1 April 2012.
	3.25, 3.26 and 3.27 (Remuneration Committee)	5.34, 5.35 and 5.36		For Main Board Rule 13.90 and GEM Rule 17.102, issuers are encouraged to publish the up-to-date, consolidated version of their constitutional documents on the HKEx website (and on their own websites) as soon as possible after 1 January 2012, but in any
	13.51D (Publication of	17.50C		

	Procedure for Shareholders to Propose Directors on Issuer's Website)			event, no later than 1 April 2012.
	13.89 (Corporate Governance Code)	17.101		
	13.90 (Publication of Constitutional Documents on Issuer's and HKEx Website)	17.102		
	Paragraphs 34 and 50 of Appendix 16 (Disclosure of Financial Information in Corporate Governance Report)	18.44 and 18.81		
	Paragraph 52 of Appendix 16 (Recommended Additional Disclosure)	18.83		
3.	Revised Appendix 14 and Appendix 23	Revised Appendix 15 and Appendix 16	What is the implementation date for the revised Corporate Governance Code?	<p>Appendix 23 of the Main Board Rules has been merged with Appendix 14 and Appendix 16 of the GEM Rules has been merged with Appendix 15. The revised Corporate Governance Code will be effective on 1 April 2012.</p> <p>In its first interim/half year or annual report covering a period after 1 April 2012, the issuer must state, in that report, whether it has, for that period, complied with the Code Provisions (CPs) in the revised Code as well</p>

				<p>as the former Code. Issuers may adopt the revised Code at an earlier date than 1 April 2012.</p> <p>For CP A.3.2, issuers may publish an updated list of their directors and their role and function on the HKEx website (and on their own websites) starting from 1 January 2012. If issuers do not comply with this CP by 1 April 2012, they must explain why not in their Corporate Governance Reports.</p> <p>For CPs A.5.3, B.1.3 and C.3.4, issuers may publish their nomination, remuneration and audit committees' terms of reference on the HKEx website (and on their own websites) starting from 1 January 2012. If issuers do not comply with any of these CPs by 1 April 2012, they must explain why not in their Corporate Governance Reports.</p>
4.	3.10A and 3.11	5.05A and 5.06	What is the implementation date for these Rules?	<p>Main Board Rule 3.10A and GEM Rule 5.05A must be complied with by 31 December 2012.</p> <p>The requirements under Main Board Rule 3.11 that relate to Rule 3.10A and GEM Rule 5.06 that relate to GEM Rule 5.05A must also be complied with by 31 December 2012.</p>
5.	Note to Rule 3.08	Note to Rule 5.01	If issuers do not follow the guides named in the Note ("A Guide on Directors' Duties" issued by the Companies Registry, and the Guidelines for Directors and Guide for Independent Non-executive Directors published by the Hong Kong Institute of Directors), do	No. These guides are suggested as resources for directors looking for further guidance on their duties and responsibilities to an issuer.

			they breach the Listing Rules?	
6.	3.29	5.15	Are there any Exchange accredited training courses for the purpose of this Rule?	<p>No. Company secretaries should attend training relevant to their duties and responsibilities that they consider appropriate.</p> <p>The Hong Kong Institute of Chartered Secretaries provides ECPD courses for company secretaries which would satisfy the requirements of this Rule.</p>
7.	Note to Rule 13.39(4)	Note to Rule 17.47(4)	Are there any examples of procedural and administrative matters?	<p>Procedural and administrative matters include, for example, adjourning a meeting by resolution to:</p> <p>(a) ensure orderly conduct of the meeting (e.g. if the meeting facilities to house the number of members attending has become inadequate); or</p> <p>(b) maintain the orderliness of the meeting, e.g. if it becomes impossible to ascertain the views of the members, or there is disorder or threat of disorder from members or if there is a disturbance caused by members or the uninvited public; or</p> <p>(c) respond to an emergency such as a fire, a serious accident or hoisting of tropical cyclone warning signal No. 8 during a meeting; or</p> <p>(d) announce results at the end of the annual general meeting.</p>
8.	13.44 and Note 1 to Appendix 3	17.48A and Note 5 to Appendix 3	If a director is a shareholder of the issuer, should he abstain from voting when the board considers dividend payments?	No. If the director's interest is the same as all shareholders, as in the case of approving dividend payments, then he need not abstain from voting.

9.	13.44 and Note 1 to Appendix 3	17.48A and Note 5 to Appendix 3	If a director has a material interest in a board resolution approving a transaction concerning another company, but does not have any beneficial interest in the shares of that company, should he abstain from voting on the relevant resolution?	Yes. As long as the director has a material interest in the transaction, he should abstain from voting, even if he has no beneficial interest in the shares of the other company.
10.	Code Provision A.6.5	Code Provision A.6.5	Are there any Exchange accredited training courses for the purpose of this Code Provision?	No. Directors should attend training relevant to their duties and responsibilities that they consider appropriate.
11.	Note under Code Provision(s)	Note under Code Provision(s)	Is a Note under Code Provision(s) subject to “comply or explain”?	No, it is not. A Note is normally to clarify the meaning or illustrate the practical application of the Code Provision.