

New Main Board Chapter 14A – Table of derivation
(The new Rules will become effective on 1 July 2014.)

New Rules	Current Rules	Comments
INTRODUCTION		
14A.01	14A.01	
14A.02	14A.04, 14A.10(13)	
14A.03	14A.02, 14A.37, 14A.38	
14A.04	14A.03, 14A.07	
14A.05	-	<i>[New]</i> Clarify the status of diagrams contained in this Chapter.
DEFINITIONS		
14A.06(1)	-	<i>[New]</i> Define “30%-controlled company”.
14A.06(2)	-	<i>[New]</i> Define “associate”(see the new Rules 14A.12 to 14A.15)
14A.06(3)	14A.10(1)	
14A.06(4)	-	<i>[New]</i> Define “cap” (see the new Rule 14A.53)
14A.06(5)	14A.43(2) - Note 1	
14A.06(6)	-	<i>[New]</i> Define “commonly-held entity” (see the new Rule 14A.27)
14A.06(7)	14A.11	
14A.06(8)	-	<i>[New]</i> Define “connected person at the issuer level”.
14A.06(9)	-	<i>[New]</i> Define “connected person at the subsidiary level”.
14A.06(10)	-	<i>[New]</i> Define “connected subsidiary” (see the new Rule 14A.16)
14A.06(11)	14A.13	See comments on the new Rules 14A.23 to 14A.30.
14A.06(12)	14A.14	
14A.06(13)	14A.10(3)	<i>[Adopt Consultation Proposal E(a)]</i> Exclude directors, chief executives and controlling shareholders of the issuer’s subsidiaries from the definition of “controller”.
14A.06(14)	14.29	
14A.06(15)	-	<i>[New]</i> Define a company “directly held” by an individual or an entity.
14A.06(16)	-	<i>[New]</i> Define “family member” (see the new Rule 14A.12(2)(a))
14A.06(17)	14A.10(4)	See comments on the new Rule 14A.24(4).
14A.06(18)	-	<i>[New]</i> Define “immediate family member” (see the new Rule 14A.12(1)(a)).
14A.06(19)	-	<i>[New]</i> Define a company “indirectly held” by

New Rules	Current Rules	Comments
		an individual or an entity.
14A.06(20)	-	<i>[New]</i> Define “insignificant subsidiary” (see the new Rule 14A.09)
14A.06(21)	1.01	
14A.06(22)	14A.10(6)	<i>[Modify]</i> Replace “listed issuer” with “listed issuer’s group”.
14A.06(23)	-	<i>[New]</i> Define “majority-controlled company”.
14A.06(24)	2.15, 2.16	
14A.06(25)	14.12	
14A.06(26)	14A.10(8)	<i>[Modify]</i> Replace “normal commercial terms” with “normal commercial terms or better” to reflect the meaning of the term.
14A.06(27)	14A.67	
14A.06(28)	14A.10(9)	
14A.06(29)	-	<i>[New]</i> Define “passive investor” (see the new Rule 14A.100).
14A.06(30)	14A.10(10)	
14A.06(31)	19A.04	
14A.06(32)	14.61	
14A.06(33)	14A.10(10A)	
14A.06(34)	14A.10(10B)	
14A.06(35)	14A.10(10C)	
14A.06(36)	14A.10(11)	
14A.06(37)	-	<i>[New]</i> Define “relative” (see the new Rule 14A.21(1)(a)).
14A.06(38)	14A.10(4) &(13), 14A.13(5)&(6), 14A.68, 14A.70(3)	
14A.06(39)	-	<i>[New]</i> Define “trustees” (see the new Rule 14A.12(1)(b) or 14A.13(2)).
DEFINITION OF CONNECTED PERSON		
14A.07(1)	14A.11(1)	
14A.07(2)	14A.11(2)	
14A.07(3)	14A.11(3)	
14A.07(4)	14A.11(4)	
14A.07(5)	14A.11(5) and (6)	
14A.07(6)	14A.06	
14A.08	21.13	
Exceptions		
14A.09	14A.31(9), 14A.33(4)	<i>[Adopt Consultation Proposal C(1)]</i> Exempt persons connected with insignificant subsidiaries from the definition of “connected person”, rather than exempt transactions with

New Rules	Current Rules	Comments
		these persons.
14A.10	14A.12A(2), 19A.19	
14A.11	1.01-(c), 19B.03(a) to (c)	
Definition of associate		
14A.12(1)(a)	1.01-(a)(i)&(ii), 19A.04- (a)(i)&(ii)	
14A.12(1)(b)	1.01-(a)(iii), 19A.04-(a)(iii)	<i>[Adopt Consultation Proposal C(2) with modification]</i> Exempt trustees of an employees' share scheme or occupational pension scheme established for a wide scope of participants and where the connected persons' aggregate interests in the scheme are less than 30%.
14A.12(1)(c)	1.01-(a)(v), 19A.04-(a)(v)	
14A.12(2)(a)	14A.11(4)(b)(i)	
14A.12(2)(b)	14A.11(4)(b)(ii), 14A.11(4) - Note 3	
14A.13(1)	1.01-(b)(i), 19A.04-(b)(i)	
14A.13(2)	1.01-(b)(ii), 19A.04-(b)(ii)	
14A.13(3)	1.01- (b)(iv), 19A.04-(b)(iv)	
14A.14	14A.11(4) – Note 1	<i>[Adopt Consultation Proposal C(3)]</i> A 30%-controlled company will not be regarded as an associate of a person if the person's and his associates' interests in the company, other than those indirectly held through the group, are together less than 10%.
14A.15	19A.04-(b)(v)	
Definition of connected subsidiary		
14A.16	14A.11(5) & (6)	
14A.17	14A.31(1A)	
14A.18(1)	14A.12	
14A.18(2)	14A.12A(1)(a)&(b)	
Deemed connected persons		
14A.19	14A.06	
14A.20	14A.11(4)(a)	
14A.21	14A.11(4)(c), 14A.11(4) – Note 3	
14A.22	14A.11(4)(c)	Drafting changes to clarify the requirement

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		for issuers to notify the Exchange of transactions under the new Rule 14A.20(1) [current Rule 14A.11(4)(c)].
WHAT ARE CONNECTED TRANSACTIONS		
14A.23	14A.13, 14A.04	
14A.24	14A.10(4)&(13), 14A.13(5)&(6), 14A.68, 14A.70(3)	Drafting changes to clarify the scope of financial assistance under the new Rule 14A.24(4).
Transactions with connected persons		
14A.25	14A.13(1)(a), 14A.13(2)(a)(i), 14A.13(2)(b)(i), 14A.13(3) to (6)	
Transactions with third parties		
14A.26	14A.13(2)(a)(ii), 14A.13(2)(b)(ii) 14A.13(3), 14A.13(4)	
14A.27	14A.13(2)(a)(ii), 14A.13(2)(b)(ii)	
14A.28 14A.28-Note	14A.10(3), 14A.13(1)(b)(i)	[Adopt Consultation Proposals E(a) and (b)] Exclude (1) transactions relating to connected persons at the subsidiary level and (2) disposal transactions.
14A.29	14A.13(1)(b)(i)	
14A.30	14A.13(1)(b)(i) – Notes 1 & 2	
Definition of continuing connected transaction		
14A.31	14A.14	
REQUIREMENTS FOR CONNECTED TRANSACTIONS		
14A.32, 14A.33	14A.16, 14A.17, 14A.42	
Written agreement		
14A.34	14A.04, 14A.35(1)	
Announcement		
14A.35	14A.47(2), 14A.56	
14A.35 - Note	-	[New] Codify current practice in relation to termination of a transaction, material variation of terms of a transaction and material delay in completion of a transaction
Shareholders' approval		
14A.36	14A.02, 14A.18, 14A.52, 14A.54	
14A.37	14A.43, 14A.53	
14A.38	14A.43 – Note 2	

New Rules	Current Rules	Comments
14A.39	14A.21	
<i>Independent board committee</i>		
14A.40	13.39(6), (7)	<i>[Adopt Consultation Proposal H]</i> Specify that the independent board committee must also opine on whether the connected transaction is on normal commercial terms and in the group's ordinary and usual course of business.
14A.41	13.39(6)(c)	
14A.42	13.39(6)(c), 14A.58(3)– Note	
14A.43	13.39(7)(a), 14A.58(3)(c)	
<i>Independent financial adviser</i>		
14A.44	13.39(6)(b), 14A.23	
14A.45	13.39(6)(b), 13.39(7)(b), 14A.22, 14A.58(3)(d)	
Circular		
14A.46	14A.49(a) and (b)	
14A.47	14A.47A, 14A.56(10) – Note	
<i>Supplementary circular or announcement</i>		
14A.48	14A.49	
Annual reporting		
14A.49	14A.45, 14A.46	
Requirements for continuing connected transactions		
14A.50	14A.15	
<i>Terms of an agreement</i>		
14A.51	14A.35(1)	
14A.52	14A.35(1)	
<i>Annual cap</i>		
14A.53(1)	14A.35(2)	
14A.53(2)	14A.35(2)	
14A.53(3)	14A.52	
<i>Changes to cap or terms of agreement</i>		
14A.54	14A.36	<i>[Modify]</i> Add a note to clarify the calculation of size tests for changes to annual cap or terms of agreement.
<i>Annual review by independent non-executive directors and auditors</i>		
14A.55	14A.37	
14A.56	14A.38	<i>[Adopt Consultation Proposal F(3)]</i> Align with the wordings of the Practice Note 740 “Auditor’s Letter on Continuing Connected Transactions under the Hong

New Rules	Current Rules	Comments
		Kong Listing Rules” issued by the Hong Kong Institute of Certified Public Accountants.
14A.57	14A.38	
14A.58	14A.39	
14A.59	14A.40	
<i>When a continuing transaction subsequently becomes connected</i>		
14A.60	14A.41, 14A.33- Notes 1 & 2	
Other requirements relating to connected transactions		
<i>Options</i>		
14A.61	14A.69(1)	
14A.61(1)	14A.69(2), 14A.69(3)(c)	
14A.61(2)	14A.69(3)(a) and (b)	
<i>Guaranteed profits or net tangible assets</i>		
14A.62, 14A.63	14A.57, 14A.59(10)	
<i>When a proposed transaction becomes connected</i>		
14A.64, 14A.65	14A.08, 14A.60, 14A.61, 14A.62	
<i>Checklist</i>		
14A.66	14A.09	
CONTENT REQUIREMENTS		
14A.67	-	Introductory paragraph for the section “Content requirements”.
Announcements		
14A.68(1)	14A.56(1)	
14A.68(2)	14A.56(2)	
14A.68(3)	14A.56(1)	
14A.68(4)	14A.56(4), 14.35(2)	<i>[Modify]</i> Codify current practice to require disclosure of the basis for calculating the payments to be made contained in the agreement (see the new Rule 14A.51[<i>current Rule 14A.35(1)</i>])
14A.68(5)	14A.56(5)	
14A.68(6)	14A.56(6)	
14A.68(7)	14A.56(8)	
14A.68(8)	14A.56(9)	
14A.68(9)	14A.56(3)	
14A.68(10)	14A.56(7)	
14A.68(11)	14A.56(10)	
Circulars		
14A.69(1)	14A.58(1)	
14A.69(2)	14A.58(2)	
14A.69(3)	14A.58(3)(a)	

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14A.69(4)	14A.58(3)(b)	
14A.70(1)	14A.59(1)	
14A.70(2)	14A.59(2)(a), (b), (c), (f), 14A.59(12) to (16)	
14A.70(3)	14A.59(2)(a)	
14A.70(4)	14A.59(2)(d) and (e)	
14A.70(5)	14A.59(9), 14A.35(2)	
14A.70(6)	14A.59(7) and (8), 14A.58(3)(c) and (d)	
14A.70(7)	14A.59(6)	
14A.70(8)	14A.59(6)	
14A.70(9)	14A.59(17)	
14A.70(10)	14A.59(10), 14A.59(12)	
14A.70(11)	14A.59(18)	
14A.70(12)	14A.18, 14A.59(5)	
14A.70(13)	14A.59(3)	
14A.70(14)	14A.59(4)	
14A.70(15)	14A.59(11)	
14A.70(16)	14A.59(19)	
Annual reports		
14A.71	14A.37, 14A.38, 14A.45, 14A.46	
14A.72	Appendix 16 paragraph 8(3)	
EXEMPTIONS		
14A.73	-	<i>[New]</i> Summarise exemptions for specific categories of connected transactions.
14A.74	14A.16, 14A.28, 14A.29	
14A.75	14A.06, 14A.30	
De minimis exemptions		
14A.76(1)	14A.31(2), 14A.33(3), 14A.65(2)(b)	<i>[Modify Consultation Proposal I]</i> Increase the monetary threshold for fully exempt connected transactions from HK\$1 million to HK\$3 million.
14A.76(2)	14A.32, 14A.34, 14A.66(2)	
<i>Percentage ratio calculations</i>		
14A.77	14A.24	<i>[New]</i> Clarify that the methods of percentage ratio calculations in Chapter 14 also apply to Chapter 14A.
14A.78	-	<i>[New]</i> Clarify the calculation of percentage ratios for continuing connected transactions.
14A.79(1)	14A.69(1)	
14A.79(2)	14A.70(1)	

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14A.79(3)	14A.70(2)	
14A.79(4)	14A.70(3)	<i>[Adopt Consultation Proposals G(1) and (2) with modification]</i> Clarify the requirement for termination of options and introduce alternative tests for classifying transfer, termination and non-exercise of options.
14A.79(5)	14A.71	
14A.79(5) - Note	-	<i>[New]</i> Clarify the differences between the requirements for option arrangements under Chapters 14 and 14A.
<i>Exception to percentage ratio calculations</i>		
14A.80	-	<i>[New]</i> Codify current practice to consider alternative tests where any percentage ratios produce an anomalous result.
<i>Aggregation of transactions</i>		
14A.81	14A.25	
14A.82	14A.26	
14A.83	14A.27	
14A.84 to 14A.86	14A.27A 14A.27A - Note	
Financial assistance		
<i>Financial assistance provided by the group</i>		
14A.87(1)	14A.65(1)	
14A.87(2)	14A.65(2)(a)	<i>[Modify Consultation Proposal I]</i> Increase the monetary threshold for fully exempt connected transactions from HK\$1 million to HK\$3 million.
14A.87(3)	14A.66(1)	
14A.88	14A.10(1)	
14A.89	14A.64, 14A.65(3)	
<i>Financial assistance received by the group</i>		
14A.90	14A.65(4)	
<i>The group providing an indemnity for a director</i>		
14A.91	-	<i>[Adopt Consultation Proposal K with modification]</i> Exempt provision of indemnity for directors from the connected transaction requirements, provided that the indemnity is in the form permitted under the laws in Hong Kong and the place of incorporation of the company providing the indemnity.
Issue of new securities by an issuer or its subsidiary		
14A.92(1)	14A.31(3)(a)	

New Rules	Current Rules	Comments
14A.92(2)	14A.31(3)(c)	
14A.92(3)	14A.31(3)(b)	
14A.92(4)	14A.31(3)(d)	
Dealings in securities on stock exchanges		
14A.93	14A.31(4)	
Repurchases of own securities		
14A.94	14A.31(5)	
Service contracts and insurance for directors		
14A.95	14A.31(6)	
14A.96	-	<i>[Adopt Consultation Proposal K with modification]</i> Exempt purchase and maintenance of directors' insurance from the connected transaction requirements, provided that the insurance is in the form permitted under the laws in Hong Kong and the place of incorporation of the company providing the insurance.
Buying or selling consumer goods or consumer services		
14A.97	14A.31(7), 14A.33(1)	<i>[Adopt Consultation Proposal J]</i> Remove the 1% cap.
Shared administrative services		
14A.98	14A.31(8), 14A.33(2)	
Transactions with associates of passive investors		
14A.99 and 14A.100	14A.31(10), 14A.33(5)	
Transactions with connected persons at the subsidiary level		
14A.101	-	<i>[Adopt Consultation Proposal A(2)(a)]</i> Exempt for transactions with connected persons at the subsidiary level from independent shareholder approval.
14A.101 - Note	14A.72, 14A.73(1), 14A.73(2) – Note	<i>[Modify]</i> The current exemption for Qualified Property Acquisitions will become redundant after introduction of the new exemption for transactions with connected persons at the subsidiary level under the new Rule 14A.101 which will also cover Qualified Property Acquisitions.
WAIVERS		
14A.102	14A.07, 14A.44	
Transactions relating to non-executive directors		
14A.103	14A.42(1)	
Provision of guarantees to connected subsidiaries or commonly held entities for public sector contracts awarded by tender		
14A.104	14A.42(2)	

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Continuing connected transactions of new applicants		
14A.105	14A.42(3)	