

COUNTRY GUIDE – The Republic of Cyprus

(20 December 2013, last updated in ~~April 2014~~January 2022)

Important notes: *This guide does not override the Rules and is not a substitute for legal, regulatory, tax, financial or any other advice from qualified professional advisers. If there is any conflict or inconsistency between this guide and the Rules, the Rules prevail. You may consult the Listing Division on a confidential basis for an interpretation of the Rules, or this guide.*

The information contained in this guide on foreign laws, regulations and market practices is based on that provided to us by potential listing applicants, listing applicants, listed issuers, their respective advisers or officials from the relevant jurisdiction. We have not separately verified this information nor have we updated this information since its receipt. ~~We will revise this guide to reflect changes in this information only when notified of these changes.~~

~~*A new applicant for listing that is incorporated in the Republic of Cyprus (“Cyprus”) must confirm to the Exchange, with its initial application for listing, that the Cyprus laws, regulations and market practices contained in this guide are still applicable, or provide us with details of any changes, and inform us of any other Cyprus laws, regulations and market practices that are relevant to its circumstances.*~~

Subsequent Development (Updated in January 2022)

~~*In November 2021, the Exchange introduced a new listing regime for overseas issuers which covers, among other things, that all issuers are required to comply with the core shareholder protection standards under the revised Appendix 3 of the Main Board and GEM Listing Rules (where applicable) (the “Core Shareholder Protection Standards”). The amended Listing Rules are effective as from 1 January 2022. Information in this country guide may be outdated upon the introduction of such listing regime. Issuers and their advisers are advised to exercise caution when reading the guidance in this country guide.*~~

~~*A new applicant that is incorporated in the jurisdiction of this country guide should refer to the revised Appendix 3 of the Main Board and GEM Listing Rules (where applicable) for the expected Core Shareholder Protection Standards required by the Exchange.¹ Should there be any changes in the laws, regulations and market practices described in this country guide which might or would adversely affect a new applicant’s compliance with the expected Core Shareholder Protection Standards or any other applicable Listing Rules, such new applicant should inform the Exchange of any changes. A new applicant is also encouraged to consult the Exchange at the earliest opportunity if there is any enquiry on the guidance or requirements in this country guide.*~~

¹ Including codification with modification of certain requirements under the Joint Policy Statement regarding the Listing of Overseas Companies, which was superseded and no longer effective as from 1 January 2022.

Purpose of this Guide

This guide is one of a series that gives guidance on our treatment of listing applications from overseas issuers incorporated in a particular jurisdiction. The aim of this guide is to enhance applicants' understanding of our expectations, practices, procedures and the criteria we consider when applying the Rules for overseas issuers.

This guide should be read in conjunction with the ~~Joint Policy Statement Regarding Listing of Overseas Companies (27 September 2013)~~², Listing Rules, in particular, the Core Shareholder Protection Standards, Chapter 19 of the Main Board Rules (Chapter 24 of the GEM Rules) (for primary listing applicants), Chapter 19C of the Main Board Rules (for secondary listing applicants). All issuers incorporated in Cyprus can apply for one or more “common waivers”³ and those with, or seeking, a secondary listing⁴ do not need to apply for waivers of certain Rules which are automatically waived for them⁵ (Updated in January 2022).

Summary of our Approach

~~Subject to~~ Cyprus incorporated companies ~~meeting the conditions set out in this guide, we do not consider Cyprus’s shareholder protection standards to be materially different to our own.~~ must demonstrate how the Cyprus laws and regulations and their constitutional documents, in combination, provide the Core Shareholder Protection Standards. (Updated in January 2022)

The statutory securities regulator in Cyprus, namely, Cyprus Securities and Exchange Commission, is a full signatory to the IOSCO MMOU⁶ and Cyprus meets our international regulatory co-operation requirements because it already has adequate measures in place with Hong Kong’s Securities and Futures Commission (Updated in January 2022).

² ~~Available on the HKEx website at:~~

~~http://www.hkex.com.hk/eng/rulesreg/listrules/liststptop/listoc/Documents/new_jps_0927.pdf~~

³ ~~Primary Listing: Main Board Rule 19.58 (GEM Rule 24.25); Secondary Listing: Main Board Rule 19C.11B~~

⁴ ~~JPS, Section 5.~~

⁵ ~~Main Board Rule 19C.11 JPS, paragraph 88.~~

⁶ ~~IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information~~

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1. Background

- 1.1 Cyprus's equivalent to the Hong Kong Companies Ordinance (Cap. 622) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) is the Cyprus Companies Law, which sets requirements for Cyprus incorporated companies (*Updated in April 2014*).
- 1.2 A Cyprus incorporated company has yet to be listed on the Exchange.

2. Application of this Country Guide

- 2.1 This Country Guide applies to primary and secondary Main Board listing applicants and primary GEM listing applicants incorporated in Cyprus. We do not accept applications for secondary listing on GEM.

3. International Regulatory Co-operation Measures

- 3.1 ~~Our Joint Policy Statement Regarding the Listing of Overseas Companies (27 September 2013) (“JPS”) states that the statutory securities regulator of an overseas issuer’s jurisdiction of incorporation must have adequate arrangements with the Securities and Futures Commission for regulatory co-operation⁷. Main Board Rule 8.02A states that each of the statutory securities regulator of an issuer’s jurisdiction of incorporation and the statutory securities regulator of the place of central management and control must be a full signatory to the IOSCO MMOU. This is to enable the Securities and Futures Commission (the “SFC”) to seek regulatory assistance and information from overseas statutory securities regulators to facilitate the SFC’s investigations and enforcement actions where an issuer has its records, business operations, assets and management outside Hong Kong. This requirement is met for issuers incorporated in Cyprus as the Cyprus Securities and Exchange Commission is a full signatory of to the IOSCO MMOU⁸. (Updated in January 2022)~~
- 3.2 If a listing applicant is incorporated in Cyprus but its place of central management and control⁹ is elsewhere, ~~similar international co-operation arrangements must generally also be in place with that jurisdiction. the statutory securities regulator of that jurisdiction must also be a full signatory to the IOSCO MMOU. (Updated in January 2022)~~

⁷ ~~JPS, paragraphs 42 to 44.~~

⁸ ~~International Organisation of Securities Commission’s Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information.~~

⁹ ~~JPS, paragraph 45. Main Board Rule 8.02A~~

4. **JPS-Core Shareholder Protection Standards**

- 4.1 ~~Subject to Cyprus incorporated issuers demonstrating¹⁰ how their practices, as set out below, conform to the JPS requirements, we do not consider Cyprus's shareholder protection standards to be materially different to our own¹¹. Cyprus incorporated issuers must demonstrate how the domestic laws, rules and regulations to which they are subject and their constitutional documents, in combination, provide the Core Shareholder Protection Standards.~~

~~Based on previous submissions by a potential applicant, wWe have set out below details of the differences between these practices in Cyprus and the then JPS requirements in the Joint Policy Statement Regarding the Listing of Overseas Companies ("JPS") (repealed as of 1 January 2022), save for 'Right to speak and vote at general meetings', since this is a new JPS requirement and we have not yet received any submissions describing the differences. Where we have in the past accepted a practice and it is still relevant for assessment under the new listing regime for overseas issuers, we have stated this below. Cyprus incorporated applicants should amend their constitutional documents to address the shortfall in compliance with the Core Shareholder Protection Standards. (Updated in January 2022)~~

~~The information contained in this guide on Cyprus laws, regulations and market practices is based on submissions by a potential applicant. We have neither separately verified this information nor have we updated this information since its receipt. Issuers and their advisers are advised to exercise caution when reading the guidance in this country guide. Should there be any changes in the laws, regulations and market practices described in this country guide which might or would adversely affect a new applicant's compliance with the expected Core Shareholder Protection Standards or any applicable Listing Rules, such new applicant should inform the Exchange of any such changes. (Added in January 2022)~~

Proceedings at general meetings

- 4.2 Notice of general meetings: Under the JPS, an overseas company must give its members reasonable written notice of general meetings¹².

Cyprus law requires a notice period of at least 14 days for any general meeting and at least 21 days for any annual general meeting or extraordinary general meeting for the passing of a special resolution (i.e. a resolution requiring to be passed by no less than a three-fourths majority vote of members)

¹⁰ ~~We list the key shareholder protection standards with which applicants must demonstrate equivalence in Section 1 of the JPS.~~

¹¹ ~~Notes to Main Board Rules 19.05(1) and 19.30(1) and JPS, paragraphs 27 and 28.~~

¹² ~~JPS, paragraph 37.~~

~~In determining the “reasonableness” of the notice period for general meetings, the Exchange will take into consideration (i) the provisions under the Hong Kong Companies Ordinance (Cap. 622) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) as from time to time in force as applicable to Hong Kong incorporated companies, (ii) the shareholding structure of the company, and (iii) company and transaction specific facts and circumstances (*Updated in April 2014*).~~

Our approach before 1 January 2022

The Exchange has previously accepted the notice requirement for convening general meetings under Cyprus law.

Subsequent Development since 1 January 2022

The requirement comparable to the then JPS requirement was codified with modification in paragraph 14(2) of the revised Appendix 3 of the Listing Rules. (*Updated in January 2022*)

Right to speak and vote at general meetings: The then JPS requires that all members must have the right to speak and vote at a general meeting, except in cases where members having a material interest in a transaction or arrangement are required, by the Rules, to abstain from voting to approve the transaction or arrangement¹³. Cyprus incorporated applicants must address whether they are able to comply with this requirement, which may necessitate an amendment to their constitutional documents.

Subsequent Development since 1 January 2022

The requirement comparable to the then JPS requirement was codified with modification in paragraphs 14(3) and 14(4) of the revised Appendix 3 of the Listing Rules. (*Updated in January 2022*)

Other Core Shareholder Protection Standards

Compared to the then JPS and the previous Appendix 3¹⁴ to the Listing Rules, two new shareholder protection standards, namely, members’ right to appoint proxies and corporate representatives¹⁵ and inspect Hong Kong Branch Register¹⁶ are added to require the applicants to demonstrate conformity. Applicants incorporated in Cyprus might not meet these two new Core Shareholder Protection Standards and may have to amend their constitutional

¹³ JPS, paragraph 38.

¹⁴ The previous version of Appendix 3 of the Listing Rules that was in effective on or prior to 31 December 2021

¹⁵ Appendix 3, paragraph 18

¹⁶ Appendix 3, paragraph 20

documents accordingly. Issuers and their advisors should refer to the revised Appendix 3 of the Main Board and GEM Listing Rules for the complete set of Core Shareholder Protection Standards (*Added in January 2022*).

4.3

5. Practical and Operational Matters

5.1 Reference is made to the Guidance for Overseas Issuers HKEX-GL111-22 Section 4 of the JPS which contains guidance on an overseas issuer's ability to comply with Hong Kong's rules and regulations; the eligibility of securities; cross-border clearing and settlement; Hong Kong depository receipts; taxation; and stock name identification. Applicants are encouraged to notify the Listing Division if they envisage difficulties in complying with such matters, where applicable (*Updated in January 2022*).

6. Constitutional Documents

6.1 Applicants should contact the Listing Division if Cyprus law, rules and regulations or the applicants' constitutional documents ~~cannot meet the standards under~~ do not provide the Core Shareholder Protection Standards set out in Appendix 3 to the Main Board Rules/ Appendix 6-3 to GEM Rules (*Updated in January 2022*).

7. Accounting and Auditing Related Requirements

7.1 We normally require the accountants' reports and financial statements of overseas issuers seeking a primary or a secondary listing on the Exchange to conform to the Hong Kong Financial Reporting Standards ("**HKFRS**") or the International Financial Reporting Standards ("**IFRS**")¹⁷. (*Updated in January 2022*)

Our Approach

7.2 We are prepared to accept financial statements that conform to IFRS as endorsed by the European Union ("**EU-IFRS**")¹⁸ for use by European Union companies. We may consider Cyprus incorporated company to use EU-IFRS for its accountants' reports and all subsequent financial statements to be audited to a standard comparable to that required by Hong Kong Institute of Certified Public Accountants or the International Auditing and Assurance Standards

¹⁷ Main Board Rules 4.11 to 4.13, 19.13, 19.25A, 19C.10D, 19C.23 and Note 2.1 to paragraph 2 of Appendix 16 (GEM Rules 7.12, 18.04 and 24.18A), 19.39 and Notes 2.1 and 2.4 to paragraph 2 of Appendix 16. See also JPS, paragraphs 56 to 62.

¹⁸ A list of alternative overseas financial reporting standards that are considered comparable to HKFRS and IFRS is published on the Exchange's website, as amended from time to time.

Board. However, this is on the condition that the issuer includes a reconciliation statement setting out the financial effect of the material differences (if any) from either HKFRS or IFRS, in its accountants' reports and subsequent financial statements¹⁹. *(Updated in January 2022)*

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¹⁹ Primary Listing: Main Board Rule 19.14 and GEM Rule 7.14 (accountants' reports) and Main Board Rule 19.25A and GEM Rule 24.18A (annual/ interim/ quarterly financial statements). Secondary Listing: Main Board Rules 19C.10D (accountants' reports) and 19C.23 (annual/ interim financial statements).