

COUNTRY GUIDE –

The State of Nevada, the United States of America

(11 September 2015, updated in January 2022)

Important notes: *This guide does not override the Main Board Listing Rules (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 ~~Department~~ 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 State of Nevada (“Nevada”) of the United States of America (“US”) must confirm to the Exchange, with its initial application for listing, that the Nevada 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 Nevada 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 Information in this country guide may be outdated upon the introduction of such listing regime.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 Exchange¹. 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. A new applicant is also encouraged to consult the Exchange at the earliest

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.*

opportunity if there is any enquiry on the guidance or requirements in this country guide.

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 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) Joint Policy Statement Regarding Listing of Overseas Companies (27 September 2013)² (“JPS”). All issuers incorporated in Nevada can apply for one or more “common waivers”³ and those with, or seeking, a secondary listing⁴ ~~which satisfies the conditions set out in paragraph 88 of the JPS~~ 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~~ Nevada incorporated companies must demonstrate how the Nevada laws and regulations and their constitutional documents, in combination, provide the Core Shareholder Protection Standards (Updated in January 2022) meeting the conditions set out in this guide, we do not consider Nevada’s shareholder protection standards to be materially different to our own.

The statutory securities regulator in Nevada, namely, US Securities and Exchange Commission, is a full signatory to the IOSCO MMOU⁶ and Nevada 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).

We are prepared to accept financial statements that conform to the United States Generally Accepted Accounting Practices from issuers with, or seeking, a dual primary or secondary listing in the US and on the Exchange. These must contain a reconciliation statement of setting out the financial effect of the material differences (if any) from either Hong Kong Financial Reporting Standards or International Financial Reporting Standards⁷. (Updated in January 2022).

² Available on the HKEx website at:

http://www.hkex.com.hk/eng/rulesreg/listrules/listsptop/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

⁷ Please refer to Guidance for Overseas Issuers (HKEX-GL-111-22) for transitional arrangements in respect of the use of United States Generally Accepted Accounting Principles (“US GAAP”) for secondary listing.

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1. Background

1.1 Nevada's equivalent to the Hong Kong Companies Ordinance (Cap. 622) and the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) is Title 7 of the Nevada Revised Statutes which embodies the Nevada Corporations Code, and sets out requirements for Nevada incorporated companies. Public companies⁸ incorporated in Nevada must also comply with the US securities laws. The US Securities and Exchange Commission ("SEC") is the statutory securities regulator in the United States.

1.2 As at the date of this Country Guide, a Nevada 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 Nevada. We do not accept applications for secondary listing on GEM.

3. International Regulatory Co-operation Measures

3.1 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. The 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 ("SFC") for regulatory co-operation⁹. This requirement is met for issuers who are US public companies incorporated in Nevada as the SEC is a full signatory ~~of to~~ the IOSCO MMOU¹⁰, and has also entered into a Memorandum of Understanding Concerning Cooperation of Securities Laws with the SFC (Updated in January 2022).

⁸ A public company in the United States is a company which securities are registered with the US SEC when either (i) its securities are listed on a US securities exchange or (ii) it has assets exceeding US\$1,000,000 and more than 500 shareholders, regardless of where those shareholders are located. Accordingly, a Nevada corporation held by non-US shareholders, even if it is not listed in the US, must register with the US SEC and would be a public company subject to its oversight, if it has more than 500 shareholders of record and total assets exceeding US\$1,000,000.

⁹ ~~JPS, paragraphs 42 to 44.~~

¹⁰ ~~International Organisation of Securities Commission's Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information.~~

- 3.2 If a listing applicant is incorporated in Nevada but its place of central management and control¹¹⁺² is elsewhere outside the US, the statutory securities regulator of that jurisdiction must also be a full signatory to the IOSCO MMOU (Updated in January 2022)~~similar international cooperation arrangements must generally also be in place with that jurisdiction.~~

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

- 4.1 ~~Subject to~~ Nevada 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 submissions by a potential applicant, we demonstrating¹³ how their constitutional documents, as set out below, conform to the JPS requirements, we do not consider Nevada's shareholder protection standards to be materially different to our own¹⁴. We~~ have set out below details of the differences between Nevada statutory requirements and the then JPS requirements in the Joint Policy Statement Regarding the Listing of Overseas Companies (the "JPS") (repealed as of 1 January 2022). 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. Nevada 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 Nevada 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)

Matters requiring a super-majority vote

- 4.14.2 A super-majority vote of members required for a change to the rights attached to a class of shares: Under the then JPS, changes to the rights attached to any class of shares of an overseas company must be approved by a super-majority

¹¹ Main Board Rule 8.02A

¹² JPS, paragraph 45.

¹³ ~~We list the key shareholder protection standards with which applicants must demonstrate equivalence in Section 1 of the JPS.~~

¹⁴ ~~Notes to Main Board Rule 19.05(1) / GEM Rule 24.05(1) and Main Board Rule 19.30(1), and JPS, paragraphs 27 and 28.~~

vote of members of that class¹⁵, or by a simple majority vote of members of that class plus a significantly higher quorum¹⁶. There is no equivalent provision under Nevada law (Updated in January 2022).

4.24.3 A super-majority vote of members required for a material change to constitutional documents: Under the then JPS, material changes to an overseas company's constitutional documents, however framed, must be approved by a super-majority vote of members¹⁷, or by a simple majority vote of members plus a significantly higher quorum¹⁸. There is no equivalent provision under Nevada law (Updated in January 2022).

4.34.4 A super-majority vote of members required for voluntary winding up of an overseas company: Under the then JPS, a voluntary winding up of an overseas company must be approved by a super-majority vote of members¹⁹, or by a simple majority vote of members plus a significantly higher quorum²⁰. Nevada law has no specific statutory provisions in this regard (Updated in January 2022).

4.44.5 Under Nevada law, except for a few exceptions (such as election of directors and certain extraordinary items, such as the sale of the company, which requires the approval of a majority of the shares outstanding), shareholder approval on a specific action requires only that the vote cast in favour of the action exceeds the votes cast opposing the action.

Our Approach prior to 1 January 2022

To conform to the then JPS requirements in paragraphs 4.2 to 4.4 above, Nevada incorporated issuers need to modify their constitutional documents to specify that resolutions for changing class rights, material changes to the constitutional documents, and the issuer's voluntary winding-up must be approved by a super-majority vote of members, or by a simple majority vote of members plus a significantly higher quorum (Updated in January 2022).

Subsequent development since 1 January 2022

The requirements comparable to the then JPS requirements were codified in paragraphs 15, 16 and 21 of the revised Appendix 3 of the Listing Rules as Core Shareholder Protection Standards on 1 January 2022. As regards variation of rights, paragraph 15 of Appendix 3 also requires that the quorum for such meeting shall be holders of at least one third of the issued shares of the class. Nevada incorporated applicants must demonstrate how they will comply with

¹⁵— JPS, paragraph 31(a).

¹⁶— JPS, paragraph 33.

¹⁷— JPS, paragraph 31(b).

¹⁸— JPS, paragraph 33.

¹⁹— JPS, paragraph 31(c).

²⁰— JPS, paragraph 33.

these requirements, which may necessitate an amendment to their constitutional documents (Added in January 2022).

Appointment, removal and remuneration of auditors

4.54.6 Under the then JPS, the appointment, removal and remuneration of auditors must be approved by a majority of an overseas company's members or other body that is independent of the board of directors²¹. Rule 10A-3 of the Securities Exchange Act of 1934 and the NASDAQ listing standards state that the audit committee must be directly responsible for the appointment, compensation, retention and oversight of auditors. Nevada law allows a Nevada corporation to specify in its constitutional documents that the appointment, removal and compensation of the auditor be subject to ratification by its shareholders in a general meeting (Updated in January 2022).

Our Approach prior to 1 January 2022

To conform to the then JPS requirements, Nevada incorporated issuers need to modify their constitutional documents to specify that matters relating to appointment, removal and compensation of the auditor must be approved by their shareholders in a general meeting. In the case where the Nevada incorporated issuers are subject to the NASDAQ listing rules, such matters must be ratified by their shareholders in a general meeting (Updated in January 2022).

Subsequent Development since 1 January 2022

The requirement comparable to the then JPS requirement was codified in paragraph 17 of the revised Appendix 3 of the Listing Rules as a Core Shareholder Protection Standard on 1 January 2022. Nevada incorporated applicants must demonstrate how they will comply with this requirement, which may necessitate an amendment to their constitutional documents. (Added in January 2022).

4.6 —

Proceedings at general meetings

4.7 Timing of an annual general meeting: Under the then JPS, an overseas company is required to hold a general meeting each year as its annual general meeting, and generally no more than 15 months should elapse between the date of one annual general meeting and the next²². Under Nevada law, annual meetings of stockholders are expected to occur no later than 18 months after the last such meeting (Updated in January 2022).

²¹ — JPS, paragraph 35.

²² — JPS, paragraph 36.

Our Approach prior to 1 January 2022

To conform to the then relevant JPS requirements, Nevada incorporated issuers need to modify their constitutional documents to specify that the date of one annual general meeting and the next must be no more than 15 months apart (Updated in January 2022).

Subsequent Development since 1 January 2022

This then JPS requirement was codified with modification in paragraph 14(1) of the revised Appendix 3 of the Listing Rules, which provides that an issuer must hold a general meeting for each financial year as its annual general meeting and generally, an issuer must hold its annual general meeting within six months after the end of its financial year. Nevada incorporated applicants must demonstrate how they will comply with this requirement, which may necessitate an amendment to their constitutional documents (Added in January 2022).

4.8 Notice of general meetings: Under the then JPS, an overseas company must give its members reasonable written notice of its general meeting²³. ~~In determining “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) (“CO”) 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. Currently, the minimum notice period for general meetings under the CO is 14 days.~~ Nevada law provides for a notice period from 10 to 60 days for its general meeting (Updated in January 2022).

~~4.8~~

Our Approach prior to 1 January 2022

To conform to the then JPS requirements, Nevada incorporated issuers need to modify their constitutional documents to specify that any notice period for general meetings must not be less than 14 days (Updated in January 2022).

Subsequent Development since 1 January 2022

²³ ~~JPS, paragraph 37.~~

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 as a Core Shareholder Protection Standard on 1 January 2022. Nevada incorporated applicants must demonstrate how they will comply with this requirement, which may necessitate an amendment to their constitutional documents (Added in January 2022).

- 4.9 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 arrangement²⁴. Nevada law provides that, unless otherwise restricted by the constitutional documents, shareholders may participate in a meeting of stockholders, which is generally understood to include a right to communicate as necessary and read or hear the proceedings of the meeting for a Nevada corporation (Updated in January 2022).

Our Approach prior to 1 January 2022

To conform to the then JPS requirements, Nevada incorporated issuers need to modify their constitutional documents to provide expressly that the shareholder’s right to attend a general meeting includes the right to communicate, speak and vote at the general meeting (Updated in January 2022).

Subsequent development since 1 January 2022

The requirement comparable to the then JPS requirement was codified in paragraph 14(3) of the revised Appendix 3 of the Listing Rules as a Core Shareholder Protection Standard on 1 January 2022. Nevada incorporated applicants must demonstrate how they will comply with this requirement, which may necessitate an amendment to their constitutional documents (Added in January 2022).

- 4.10 Right of members holding a minority stake to convene a general meeting: Under the then JPS, members holding a minority stake in an overseas company must be allowed to convene an extraordinary general meeting and add resolutions to a meeting agenda, and the minimum level of members’ support required to convene a meeting must be no higher than 10%²⁵. Nevada law has no specific statutory provisions in this regard (Updated in January 2022).

Our Approach prior to 1 January 2022

²⁴ — JPS, paragraph 38.

²⁵ — JPS, paragraph 39.

To conform to the then JPS requirements, Nevada incorporated issuers need to modify their constitutional documents to specify that the minimum level of shareholders' support required to convene a meeting must be no higher than 10% (Updated in January 2022).

Subsequent development since 1 January 2022

The requirement comparable to the then JPS requirement was codified in paragraph 14(5) of the revised Appendix 3 of the Listing Rules as a Core Shareholder Protection Standard on 1 January 2022. Nevada incorporated applicants must demonstrate how they will comply with this requirement, which may necessitate an amendment to their constitutional documents (Added in January 2022).

Other Core Shareholder Protection Standards

4.11 Compared to the then JPS and the previous Appendix 3²⁶ to the Listing Rules, two new shareholder protection standards, namely, members' right to appoint proxies and corporate representatives²⁷ and inspect Hong Kong Branch Register²⁸ are added to require the applicants to demonstrate conformity. Applicants incorporated in Nevada might not meet these two new Core Shareholder Protection Standards and may have to amend their constitutional 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).

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 depositary receipts; taxation; and stock name identification. Applicants are encouraged to notify the Listing ~~Department~~ 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 ~~Department~~ Division if the Nevada laws, rules and regulations and ~~or~~ the applicants' constitutional documents ~~cannot meet the standards under~~ do not provide the Core Shareholder Protection

²⁶ The previous version of Appendix 3 of the Listing Rules that was in effective on or prior to 31 December 2021

²⁷ Appendix 3, paragraph 18

²⁸ Appendix 3, paragraph 20

Standards Appendix 3 to the Main Board Rules / Appendix 6 to the 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")²⁹. However, issuers with, or seeking, a dual primary or secondary listing in the US and on the Exchange can use US Generally Accepted Accounting Principles ("US GAAP")³⁰, provided that in the case of primary listing, the issuer includes must prepare a reconciliation statement showing setting out the financial effect of any material differences (if any) between the US GAAP financial statements and financial statements prepared using HKFRS/IFRS as required under the Rules in its accountants' reports and subsequent financial statements³¹. Please refer to paragraphs 34 and 35 of Guidance for Overseas Issuers (HKEX-GL-111-22) for transitional arrangements in respect of the use of US GAAP for secondary listing (Updated in January 2022).

²⁹ 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)

³⁰ 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.

³¹ 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). Main Board Rules 4.11 to 4.13 / GEM Rules 7.12 to 7.17, Main Board Rules 19.13, 19.14, 19.39 and Notes 2.1 and 2.4 to paragraph 2 of Appendix 16. See also JPS, paragraphs 56 to 62.