Consolidated version of Frequently Asked Questions (FAQs) (Released on 17 September 2010/ Last Updated in ~~August~~ November 2023)
Status of "Frequently Asked Questions"

The following frequently asked questions (FAQs) are designed to help issuers 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.

FAQ series numbers in the table below refer to:

Series 1 – Rule Requirements relating to Listing Criteria Issues
Series 2 – Minor and Housekeeping Rule Amendments
Series 3 – Electronic Disclosure **(WITHDRAWN IN OCTOBER 2019)**
Series 4 – Web Proof Information Pack (WPIP) **(WITHDRAWN IN JULY 2014)**
Series 5 – Rule Amendments relating to GEM Review
Series 6 – HKEX's framework for depositary receipt (HDRs)
Series 7 – Rule Requirements relating to Notifiable Transactions, Connected Transactions and Issues of Securities by Listed Issuers
Series 8 – Rule Amendments relating to the 2008 Combined Consultation
Series 9 – Rule Requirements relating to Notifiable Transactions, Connected Transactions and Amendments to Articles of Association
Series 10 – Amendments to Connected Transaction Rules
Series 11 – Rule Amendments relating to Circulars and Listing Documents of Listed Issuers
Series 12 – Rule Amendments relating to New Listing Rules for Mineral Companies **(SUPERSEDED BY HKEX-GL52-13)**
Series 13 – Rule Amendments relating to Mixed Media Offer **(SUPERSEDED BY HKEX-GL81-15)**
Series 14 – Model Code for Securities Transactions by Directors of Listed Issuers
Series 15 – Rule amendments relating to property valuation requirements
Series 16 – Review of the Corporate Governance Code and Associated Listing Rules (**SUPERSEDED BY SERIES 17**)
Series 17 – Review of the Corporate Governance Code and Associated Listing Rules
Series 18 – Questions relating to the Environmental, Social and Governance Reporting

Series 19 – Amendments to the Corporate Governance Code and Corporate Governance Report relating to Board Diversity (**SUPERSEDED BY SERIES 17**)
Series 20 – Rule Requirements relating to Notifiable Transactions, Connected Transactions, Mineral Companies and Issues of Securities
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Series 22 – Rule changes consequential on the statutory backing of the obligation on listed corporations to disclose inside information
Series 23 – Disclosure of a new applicant's unaudited net profits after its track record period in a listing document **(SUPERSEDED BY HKEX-GL98-18)**
Series 24 – Rule changes to complement new sponsor regulation
Series 25 – Listing of Overseas Companies
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Series 27 – Selection of Headline Categories and Titles for Announcements
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HKEX-GL81-15 Guidance on Mixed Media Offer
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059-2019 – Questions on recognition of overseas audit firms ~~in relation to the amendments to~~under the Accounting and Financial Reporting Council Ordinance ~~– Effective on 1 October 2019~~

060-2019 – Questions on recognition of overseas audit firms ~~in relation to the amendments to~~under the Accounting and Financial Reporting Council Ordinance ~~– Effective on 1 October 2019~~

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068-2019 – Questions relating to H-share issuers whose domestic shares are quoted on the National Equities Exchange and Quotations (NEEQ)

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070-2019 – Questions on amendments to articles of association **(WITHDRAWN IN AUGUST 2023)**

071-2020 – Question relating to nature of dividend

072-2020 – Question on adjustments of the exercise price of share options

073-2021 – Questions on the notifiable and connected transaction requirements relating to loan transactions and acquisitions of wealth management products

074-2021 – Questions on the notifiable and connected transaction requirements relating to loan transactions and acquisitions of wealth management products

075-2021 – Questions relating to Listing Rule changes on Paperless Listing & Subscription Regime (effective on 5 July 2021), Online Display of Documents (effective on 4 October 2021) and Reduction of the Types of Documents on Display (effective on 4 October 2021)

076-2022 – Questions on recognition of overseas audit firms ~~in relation to the amendments to~~under the Accounting and Financial Reporting Council Ordinance ~~– Effective on 1 October 2019~~

077-2022 – Consequential changes to the Listing Rules to complement the new Code of Conduct provisions on bookbuilding and placing activities in equity capital market and debt capital market transactions and the sponsor coupling proposal (collectively, the “New Code Provisions”)

078-2022 – Questions on Core Shareholder Protection Standards (Effective on 1 January 2022)

079-2022 – Questions on Core Shareholder Protection Standards (Effective on 1 January 2022)

080-2022 – Questions on Core Shareholder Protection Standards (Effective on 1 January 2022)

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082-2022 – Questions on Core Shareholder Protection Standards (Effective on 1 January 2022)

083-2022 – Questions on amendments to Listing Rules relating to Share Schemes of Listed Issuers (effective on 1 January 2023)

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0118-2023 – Questions on PRC’s new filing requirements for overseas listings and securities offerings by Mainland companies

The FAQs here are arranged by Main Board rule numbers. If more than one rule is relevant to a particular FAQ, that FAQ is arranged by the rule which we consider most appropriate.

Release Date (Last Update Date)	Main Board Rules	GEM Rules	Series No.	FAQ No.	Query	Response
30/03/2004 (February 2020)	1.01 14A.12(1)(b), 14A.13(2), 19A.04	1.01, 20.10(1)(b), 20.11(2), 25.04	1	1.	Do "close associate" and "associate" include a trustee where the beneficiary of the trust is a company controlled by a director, chief executive or substantial shareholder or any of his family interests/ immediate family members?	Yes. For the purpose of the definitions of "close associate" and "associate", the interest of a director, chief executive or substantial shareholder, or any of his family interests/ immediate family members includes all beneficial interests directly or indirectly held by any of these parties. This would include the trustee of any trust of which -a company beneficially controlled by a director, chief executive or substantial shareholder, or any of his family interests/ immediate family members is a beneficiary. Similarly, where the substantial shareholder is a corporation, "close associate" and "associate" include the trustee of any trust of which a subsidiary of the substantial shareholder is a beneficiary. [Updated in February 2020]
09/05/2008 (1/12/2010)	1.01	N/A	6	A1.	What are depositary receipts?	Depositary receipts (DRs) are securities issued by a depositary representing underlying shares of an issuer which have been placed with the depositary or its nominated custodian. The subject matter of listing is the underlying shares represented by DRs. DRs are purchased by investors (DR holders) in accordance with the terms of the deposit agreement. The depositary is the agent of the issuer and acts as a bridge between the DR holders and the issuer.

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						DRs are issued to investors in the target market (the host market) where they are traded, cleared and settled in host market currency in accordance with host market procedures. One DR will represent a number of underlying shares (or a fraction of a single share), according to the DR ratio. The depositary converts dividends into the host market currency and pays the amounts (net of its own fees) to the DR holders. The depositary also transmits other entitlements and corporate communications from the issuer to the DR holder, and transmits the DR holder's instructions back to the issuer. The rights and obligations of the issuer, the depositary and the DR holders are set out in the deposit agreement.
19/12/2011	1.01	1.01	17	8.	Does "chief executive" in these Rules mean "chief executive officer"? Or does it also refer to chief financial officer, chief operations officer, etc.?	The definition of chief executive is set out in the Rules: "a person who either alone or together with one or more other persons is or will be responsible under the immediate authority of the board of directors for the conduct of the business of a listed issuer".
20/05/2010 (01/07/2014)	1.01, 14.41, 14A.46, 14A.48	1.01, 19.41, 20.44, 20.46	11	11.	Where written shareholder approval has been obtained for a transaction, the amended rule requires an information circular to be despatched within 15 business days after publication of the announcement.	The Listing Rules define a "business day" as any day on which the Exchange is open for the business of securities dealing. Accordingly if, for whatever reason, the Exchange is open for the business of dealing in securities for only half day, it is counted as a business day.

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					If the stock market is open for only half day due to a typhoon or other reason, is it counted as a business day?	
01/07/2014	1.01, 8.24, 14A.12(1)(b)	1.01, 11.23(11) Notes 2 and 3, 20.10(1)(b)	28	4A.	Listco has appointed Trustee A the trustee of its employee share scheme established for a wide scope of participants including Listco's directors and certain employees who are not connected persons. Since the interests of Listco's directors in the scheme are together less than 30%, Trustee A is not an "associate" of the directors under Rule 14A.12(1)(b) and therefore not a connected person of Listco. (a) Is Trustee A a "close associate" of the directors under Rule 1.01? (b) Will the shares held by Company A on behalf of the beneficiaries of the scheme be regarded as being "in public hands"? (c) Trustee A, acting as the trustee of the scheme, holds more than 10% of Listco's total issued shares. Under the scheme, it is not allowed to exercise the voting rights attaching to shares. Is Trustee A a substantial shareholder of Listco?	(a) Yes. The exclusion for the definition of "associate" under Rule 14A.12(1)(b) does not apply to the definition of "close associate" under Rule 1.01. (b) No, because Trustee A is a close associate of Listco's directors and therefore a core connected person for the purpose of Rule 8.24. (c) No. Trustee A does not fall under the definition of "substantial shareholder" under rule 1.01.

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22/04/2022	1.01	1.01	077-2022	1.	What are the new definitions on the role of intermediaries under the consequential Rule amendments relating to the New Code Provisions ("**New Code Provisions-related Rule Amendments**")?	The following new definitions on the role of intermediaries are added to the Listing Rules: "capital market intermediary" (or "CMI"), "syndicate CMI", "overall coordinator", "sponsor-overall coordinator" (for Main Board Rules only) and "syndicate member".
22/04/2022	1.01	1.01	077-2022	2.	Despite the introduction of new definitions on the role of intermediaries under New Code Provisions-related Rule Amendments, can intermediaries still be awarded titles such as "global coordinator", "bookrunner", "lead manager", etc. which is currently the market norm, and disclosed accordingly in listing documents?	Yes, intermediaries may still be awarded titles which are currently used in the market and identified by these titles in the listing documents to be issued in connection with the relevant transactions. The definitions of "capital market intermediary", "overall coordinator" and "sponsor-overall coordinator" are for the purpose of identifying them based on the specified activities they engage in as stipulated in the New Code Provisions. However, as the definitions under the New Code Provisions relate directly to the specified activities performed, intermediaries should approach with caution being awarded titles that appear to be inconsistent with how their roles are defined under the New Code Provisions.
24/02/2023	2.03, 8.01	2.06 11.01	118-2023	NA	On 17 February 2023, the China Securities Regulatory Commission ("**CSRC**") announced the implementation of new regulations for	As a general principle, listed issuers must comply with applicable laws and regulations at all times. Accordingly, where an issuer's proposed issuance of securities falls within the PRC new filing regime, its directors should ensure that the issuer has completed the filing with the CSRC in accordance with the PRC Filing Requirements.

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					overseas listing of Mainland companies[1] with effect from 31 March 2023. A new filing regime is introduced to require all Mainland companies to register their *direct or indirect* overseas listings and securities offerings with the CSRC by filing materials on key compliance issues ("**PRC Filing Requirements**"). They apply to both PRC issuers and Hong Kong/overseas-incorporated issuers with principal operations in the Mainland. Would the implementation of the PRC Filing Requirements have any impact on the issuance of securities by issuers listed on the Exchange?	The Exchange may require listed issuers to confirm compliance with the PRC Filing Requirements or other laws and regulations applicable to their material transactions as part of its vetting process of transaction circulars. It may withhold the listing approval for the proposed issue of securities if the PRC Filing Requirements are not fulfilled.
14/11/2014 (13/07/2018)	2.03, 13.36(2)	N/A	29	3.	Rule 13.36(2) states that an issuer may exclude overseas shareholders from a rights issue/open offer if, having made enquiries regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange, the directors of the issuer consider such exclusion to be necessary or expedient. Can Southbound Shareholders be	No. Based on the CSRC Announcement [2016] No. 21 "Filing Requirements for Hong Kong Listed Issuers Making Rights Issues to Mainland Shareholders through Mainland-Hong Kong Stock Connect" which sets out the procedure for the filing of rights issue/open offer prospectus documents of Eligible SEHK Issuers and Other Connect Issuers, the Listing Department does not consider that Eligible SEHK Issuers and Other Connect Issuers

[1] They include the "Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies"《境内企業境外發行證券和上市管理試行辦法》 and related guidelines.

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					excluded from participation in rights issues/open offers made by Eligible SEHK Issuers and Other Connect Issuers?	have grounds to exclude the Southbound Shareholders from participation in the rights issues/open offers. Rule 2.03 sets out the general principle expected to be upheld by issuers, and requires that (i) all holders of listed securities should be treated fairly and equally; and (ii) all new issues of equity securities by a listed issuer should first be offered to the existing shareholders by way of rights unless they have agreed otherwise. This rule seeks to secure for holders of securities equality of treatment. Accordingly, on the basis of Rule 13.36, an Eligible SEHK Issuer or Other Connect Issuer failing to make its rights issue/open offer available to the Southbound Shareholders will not be granted an approval for the listing of the rights/open offer shares by the Listing Department under Rule 2A.06.
14/11/2014 (13/07/2018)	2.03, 13.36(2)	N/A	29	4.	What are the additional considerations for Eligible SEHK Issuers and Other Connect Issuers if the securities to be offered or distributed to shareholders in the above corporate actions are not eligible for trading under Shanghai and Shenzhen Connect?	The scope of securities eligible for southbound trading under the Shanghai and Shenzhen Connect (**Eligible Securities**) is set out in http://www.hkex.com.hk/eng/market/sec_tradinfra/chinaconnect/Eligiblestock.htm[1]. Southbound Shareholders may receive different types of securities from SEHK Eligible Issuers and Other Connect Issuers as entitlements under pre-emptive issues or distributions (e.g. warrants or

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						convertible securities of the issuers, or shares of other entities): • if the entitlement securities are not Eligible Securities but are listed on SEHK, Southbound Shareholders may sell them on SEHK through Shanghai and Shenzhen Connect, but they will not be allowed to buy such securities[2]; and • if the entitlement securities are not listed on SEHK, Southbound Shareholders will not be allowed to buy or sell the securities on SEHK. HKSCC and ChinaClear will determine how to deal with the securities subscribed or received by Southbound Shareholders on an individual case basis[2]. Issuers are reminded of their obligation to treat all shareholders fairly and equally when they propose to offer or distribute securities to shareholders. They should consider making the following arrangements[3]: • providing all shareholders with an option to receive their entitlements in cash rather than securities; and

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						• if the entitlement securities are not to be listed, offering a means for the shareholders to dispose of these securities. Issuers should also make clear disclosures in their corporate communications about actions their shareholders need to take in respect of the offered/distributed securities. *Note* *1: The list contains securities eligible for both buy and sell through Shanghai and Shenzhen Connect.* *2: See Article 77 of SSE Stock Connect Pilot Provisions《上海證券交易所滬港通試點辦法》, Article 76 of SZSE Stock Connect Implementation Rules《深圳證券交易所深港通業務實施辦法》, and Article 24 of ChinaClear Stock Connect Implementation Rules* *3: See the "Guide on distribution of dividends and other entitlements" published on the HKEX website*
20/10/2017	2.04	2.07	N/A	006-2017	Company A is an issuer of debt/ structured products listed on the Exchange. Company B, an unlisted group company of Company A, guarantees Company A's obligations under the listed debt/structured products.	Where Company A's disclosure obligations are deferred under section 150 of the FIRO or suspended under section 153 of the FIRO, the Exchange will exercise the general waiver approved by the SFC under Main Board Rule 2.04 (or GEM Rule 2.07) to waive Company B's disclosure obligations under the Rules *arising out of or in connection with the possible resolution*

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					Company A is subject to Part 9 of the FIRO, while Company B is not. Where Company A's disclosure obligations are deferred under section 150 of the FIRO or suspended under section 153 of the FIRO, will Company B's disclosure obligations remain intact?	*which may be triggered, or the resolution triggered under the FIRO*.
28/11/2008 (February 2020)	2.07A(2A)	16.04A(2A)	8	1	How should listed issuers manage the process of obtaining consent from shareholders and keeping track of their status having regard to the 12-month ban on further deeming of consent?	Good shareholders' database management by the listed issuer is the key to keeping track of the mode of communication applicable to each individual shareholder and any unexpired 28-day waiting period or 12-month ban on further deeming. If a listed issuer wishes to seek deemed consent upon a person becoming a shareholder, it will need to manage the fact that the 12-month period will vary from shareholder to shareholder. A listed issuer may wish to seek deemed consent from all relevant shareholders on the same date so that it will be much easier to keep track of the 12-month periods. A listed issuer can at any time encourage and invite shareholders to sign up to electronic communications, e.g. as part of its standard shareholder mailings. However, a shareholder cannot be deemed to have consented to any consent request from the listed issuer sent for the purposes of the "deeming procedure" (i.e. the

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						procedure under Main Board Rule 2.07A(2A) (GEM Rule 16.04A(2A)) less than 12 months after a previous request made to him for the purposes of the deeming procedure in respect of the same class of corporate communications. [Updated in February 2020]
28/11/2008 (February 2020)	2.07A(2A)	16.04A(2A)	8	2	If a shareholder ceased to be a shareholder but subsequently becomes a shareholder again, can the listed issuer rely on consent previously given by this shareholder?	No. A consent from a shareholder is only valid if it is given after acquiring the shares. The shareholder will be treated as a new shareholder and the issuer must send hard copies of all corporate communications unless and until a new consent from the shareholder is expressly given or deemed. [Updated in February 2020]
28/11/2008	2.07A(2A)	16.04A(2A)	8	4. *Issue 1*	Can a listed issuer, in its request for consent under the deeming procedure, offer electronic means of communication (such as CD or email) in addition to publication on its website?	Yes. Although the deeming procedure can only be invoked to deem consent from a shareholder to website communication, the listed issuer is not precluded, when requesting consent under the deeming procedure, from using the opportunity to solicit express consent from the shareholder to other electronic means (such as receiving the corporate communication on a CD or by email). If no response is received at the end of the 28-day waiting period and provided that all the relevant conditions under the deeming procedure have been satisfied, the shareholder will be deemed to have consented to website communication.

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28/11/2008 (February 2020)	2.07A(2A), 2.07B	16.04A(2A), 16.04B	8	6	Main Board Rule 2.07B (GEM Rule 16.04B) provides that an issuer that avails itself of that Rule must make adequate arrangements to ascertain in which language its shareholders wish to receive its corporate communications. The Note under Main Board Rule 2.07B (GEM 16.04B) sets out an example of what the Exchange will normally regard as an adequate arrangement. However, an issuer that avails itself of the deeming procedure under Main Board Rule 2.07A(2A) (GEM Rule 16.04A(2A)) may not be able to follow this example exactly, in particular paragraph (3) under the Note. Can an issuer deviate from the example?	Yes. The Note is merely a non-exhaustive example of how to comply with the Rule. An issuer that wishes to use the deeming procedure under Main Board Rule 2.07A(2A) (GEM 16.04(2A)) may modify the example to suit its own circumstances, so long as the arrangement is adequate for the purpose of Main Board Rule 2.07B (GEM Rule 16.04B). If an issuer is not sure whether its arrangement is adequate, the issuer should consult the Exchange. [Updated in February 2020]
28/11/2008	2.07A(2A)(d)	16.04A(2A)(d)	8	5	Main Board Rule 2.07A(2A)(d)(GEM Rule 16.04A(2A)(d)) requires the listed issuer to notify intended recipients of corporate communications made available on its website only of the presence of the corporate communication on the website, the address of the website, the place on the website where it may be accessed and how to access the corporate communication. To whom and how should such a notification be sent?	After a request for consent has been sent for the purposes of the deeming procedure, there will essentially be three classes of shareholders for the purpose of website communication. 1. Shareholders who reply that they wish to continue to receive a hard copy do not need to be sent a separate notification about website communication as they are to be sent a hard copy.

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						2. Shareholders who do not reply within the 28-day waiting period can be deemed to have consented to website communication provided all other relevant requirements have been complied with. However, they must be sent a hard copy of the notification unless they have provided the listed issuer with an electronic address for this purpose. If any shareholders reply within the 28 days opting for website communication but do not provide an email address, they will be in the same position as those who did not reply and will likewise have to be sent a hard copy of the notification. 3. In cases where shareholders who reply that they wish to be advised electronically when any new corporate communication is available on the listed issuer's website and who have provided an email address for this purpose, the listed issuer will have to send them the notification by email. (Note that this group is not the same as those who may have signed up separately to receive email alerts about non-Listing-Rule related material such as promotional offers.)
26/11/2010	2.07C(1)(b)(ii)	16.17(2)(b)	GL81-15	12.	Since the rule provides for the posting on the HKEX website and the issuer's website of the e-application form	This is not recommended. Using application forms downloaded from websites for subscription purpose increases the risk of invalid applications

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					together with the e-prospectus, can an applicant simply complete the e-application form downloaded from those websites for subscription purposes?	as irregularities during downloading and reproduction may occur. Generally speaking, issuers tend to accept only public subscriptions that are made on completion of the standard printed applications forms provided by issuers. Alternatively, applicants applying under the public offer tranche may subscribe for securities under the ePO services provided by the issuers which normally involve completion of an online application form.
26/11/2010	2.07C(2)	16.18(1)	GL81-15	24.	How to check whether a document is downloadable for display and printing?	MB Rule 2.07C(2) and GEM Rule 16.18(1) provide that all electronic copies of documents submitted by an issuer through HKEX-EDP to the Exchange for publication must be displayable on and printable from the HKEX website. The issuers must ensure compliance with the Rules in this respect. HKEX also operates a hotline if any member of the public detects any malfunctioning on the HKEX website. Enquires can be sent to the Exchange's IPO Transactions Department by post, phone, fax or email.
14/03/2014	2.07C(3)	16.18(2)	27	7.	How should an issuer decide on the title of its announcement?	The title of an announcement should give readers a quick understanding of the relevance and

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						importance of the information disclosed in the announcement. Therefore the announcement title should be precise and meaningful. Issuers should avoid using titles that are too generic and do not describe the content of the announcement. Examples of these generic titles include "announcement", "voluntary announcement" and "other announcement".
28/11/2008	2.07C(3), 13.25A	16.18(2), 17.27A	8	7	For disclosure in the Next Day Disclosure Return pursuant to Main Board Rule 13.25A (GEM Rule 17.27A), which headline category should a listed issuer use when submitting a Next Day Disclosure Return to report a buyback of shares by the listed issuer?	The listed issuer should choose the new Tier 2 headline category "Share Buyback" under the new Tier 1 headline category "Next Day Disclosure Returns". Where a disclosure other than a share buyback is made in the Next Day Disclosure Return, the listed issuer should choose the new Tier 2 headline category "Others" under the new Tier 1 headline category "Next Day Disclosure Returns". A listed issuer reporting in a Next Day Disclosure Return both a share buyback and some other type of change in its issued share capital should choose both "Share Buyback" and "Others".
28/11/2008 (1/1/2023)	2.07C(3), 17.06A	16.18(2), 23.06A	8	8	For an announcement published pursuant to Main Board Rule 17.06A (GEM Rule 23.06A) regarding the granting of an option under a share option scheme, which headline category should a listed issuer use when submitting the announcement for publication?	The listed issuer should choose the Tier 2 headline category "Share Scheme" under the heading "Securities/Share Capital" under the Tier 1 headline category "Headline Categories for Announcements and Notices".

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26/11/2010	2.07C(3), Appendix 24	16.18(2) Appendix 17	GL81-15	20.	What headline category should be used for announcements in relation to MMO?	For announcements in relation to MMO, the issuer must select the headline category "Mixed Media Offer" under "New Listing (Listed Issuers/ New Applicants)".
14/3/2014	2.07C(3), Appendix 24	16.18(2), Appendix 17	27	1.	How should an issuer select headline categories when submitting an announcement for publication on the HKEXnews website?	Rule 2.07C(3) requires an issuer to select all appropriate headlines from the list of headlines set out in Appendix 24 of the Listing Rules. As a general principle, an issuer should select all headlines that are applicable to the content of the announcement. If an announcement relates to more than one subject matter or is issued to satisfy different Rule requirements, all headlines relating to the subject matters and the Rule requirements must be selected. An issuer should not select the headline(s) under "Other" unless all other headlines in Appendix 24 are not applicable to its announcement. Issuers may also refer to the following Exchange's guidance materials for the selection of headline categories: • Guide on pre-vetting requirements and selection of headline categories for announcements available at http://www.hkex.com.hk/listing/suppmat/guide_pre_vetting_req.htm which sets out the generally applicable headline categories for various types of announcements issued under specific Listing Rules.

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						• The Exchange's letter to issuers of 25 July 2007 available at http://www.hkex.com.hk/eng/rulesreg/listrules/listletter/documents/20070725.pdf which sets out the examples of common errors made by issuers in selecting headlines for certain types of announcements and circulars.
14/3/2014	2.07C(3), Appendix 24	16.18(2), Appendix 17	27	2.	New headline categories "Other - Business Update", "Other - Trading Update", "Other - Corporate Governance Related Matters", "Other - Litigation", and "Other – Miscellaneous" were introduced in April 2014. Please explain which types of announcements may fall under these headlines.	The new headlines are introduced to give investors more information about the nature of the announcements falling under the headline category "Other". Issuers should select these new "Other" headline categories only if there are no other applicable headlines. The following types of announcements may fall under the new headline categories: (i) Other - Business Update - Updates on business activities of the issuer group, for example, the signing of a business contract, a letter of intent to acquire/dispose of assets or a business cooperation agreement, public tender for acquisition/disposal, status update on a project, etc. (ii) Other - Trading Update - Periodic updates of sales and other key performance indicators, for example, sales

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						turnover, key performance indicators such as same store sales, new orders booked, monthly premium income for insurance companies, interim management accounts, etc. (iii) Other - Corporate Governance Related Matters - Report on internal control review, updates of corporate governance matters, for example, change in corporate personnel, etc. (iv) Other - Litigation - Status update on litigation, arbitration or other legal proceedings. (v) Other - Miscellaneous - Issuers should only choose this headline if no other headlines is applicable.
14/3/2014	2.07C(3), Appendix 24	16.18(2), Appendix 17	27	3.	Can investors search for announcements published before 1 April 2014 using the new headlines "Other - Business Update", "Other - Trading Update", "Other - Corporate Governance Related Matters" and "Other - Litigation"?	No. These new headlines only apply to announcements published by issuers after 1 April 2014. Investors can use the headline "Other (before 1 April 2014)" to search for similar types of announcements published before 1 April 2014.
14/3/2014	2.07C(3), Appendix 24	16.18(2),	27	4.	Why did the Exchange introduce six new headline categories for overseas	Overseas regulatory announcements contain regulatory information released by an issuer or its

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		Appendix 17			regulatory announcements? Please give examples for the use of these new headline categories.	subsidiary to other stock exchanges. Since overseas regulatory announcements may be published in one language only (either Chinese or English), the new headlines (in both languages) provide readers with information about the nature of the announcement. If an overseas regulatory announcement is to be published in one language only, the issuer should only select these new headline(s) under "Overseas Regulatory Announcement". The following are examples of announcements that may be published under these new headline categories. (i) Overseas Regulatory Announcement – Corporate Governance Related Matters - Social responsibility report, internal control report and independent directors' review report, etc. (ii) Overseas Regulatory Announcement – Business Update - Signing of sales contracts or cooperation agreements, periodic update on group reorganization, financial or capital arrangements with subsidiaries, and surplus cash management report, etc.

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						(iii) Overseas Regulatory Announcement – Trading Update - Financial results summary or reports of the issuer or its subsidiaries, Forms 10-K/ 10-Q filed with the U.S. Securities and Exchange Commission, interim management statements, and periodic updates on sales performance, etc. (iv) Overseas Regulatory Announcement – Board/Supervisory Board Resolutions - Resolutions approved by the board of directors or the board of supervisors. (v) Overseas Regulatory Announcement – Issue of Securities and Related Matters - Listing documents/ notices/ allotment results for listing of bonds or foreign listed shares (e.g. A shares of PRC issuers), overseas debt issuance program updates, periodic announcements on interest payments and credit ratings, and conversion/ repurchase/ cancellation of overseas listed bonds, etc. (vi) Overseas Regulatory Announcement – Other - Issuers should only choose this headline for an overseas regulatory announcement if none of the above headlines is applicable.

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14/3/2014	2.07C(3), Appendix 24	16.18(2), Appendix 17	27	5.	Listco A is dually listed in Hong Kong and on a PRC stock exchange. It proposes to release its quarterly results in the PRC market in order to comply with the PRC listing rules. At the time of releasing its quarterly results in the PRC market, Listco A will publish the following two announcements on the HKEXnews website: (i) an overseas regulatory announcement (in Chinese only) which contains the quarterly results released in the PRC; and (ii) a separate announcement (in both English and Chinese languages) about inside information which contains key financial figures extracted from the overseas regulatory announcement in (i). Which headline(s) should Listco A select for these two announcements?	Listco A should select the headline "Overseas Regulatory Announcement – Trading Update" for the announcement (i). For the other announcement (ii), Listco A should select the headline "Quarterly Results" and also the headline "Inside Information".
14/3/2014	2.07C(3), Appendix 24	16.18(2), Appendix 17	27	6.	Listco B is dually listed in Hong Kong and the UK. It proposes to release an interim management statement	Listco B should select the headlines "Inside Information" and "Overseas Regulatory Announcement - Trading Update" for its interim management statement.

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					containing financial updates in the UK market. Listco B considers that the interim management statement constitutes inside information. Therefore it will publish the statement in both English and Chinese languages on the HKEXnews website. Which headline(s) should Listco B select for this announcement?	
07/12/2018	2.07C(3), 13.46, 13.48	16.18(2), 18.03, 18.53	27	8	An issuer has a financial year end date of 31 March. When submitting its interim report for the six months ended 30 September 20x7 and annual report for the year ended 31 March 20x8 for publication on the HKEX website, what titles should it use in the designated free-text fields?	The title of a document should be precise and meaningful to give readers a quick understanding of the relevance and importance of the information disclosed in the document. See No. 7 of FAQ Series 27. The title for the issuer's interim report should be: (a) "Interim report for the six months ended 30 September 20x7"; or (b) "20x7/x8 interim report". The title for the issuer's annual report should be: (a) "Annual report for the year ended 31 March 20x8"; or (b) "20x7/x8 annual report". Issuers with financial year end dates other than 31 December should follow this guidance.

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26/11/2010	2.07C(4)(a)	N/A	GL81-15	25.	How does the MMO apply to CIS offerors?	For CIS offerors who intend to adopt an MMO, the SFC will impose conditions in its letter of authorization similar to those in the Class Exemption Notice for CO offerors who intend to adopt an MMO (with necessary changes).
18/6/2021	2.07C(4)(b)	16.03	N/A	075-2021	Does an issuer need to publish its documents on display in both the English and Chinese language on its own website and the Exchange's website?	The language requirements under Main Board Rule 2.07C(4)(b) (GEM Rule 16.03) do not apply to documents on display. Issuers do not need to publish their documents on display online in both English and Chinese languages unless it is otherwise required by the Listing Rules.
26/11/2010 (08/07/2015)	2.07C(6)	16.19(1)	GL81-15	22.	What operational standards must an issuer adhere to for posting announcements relating to MMO on its own website?	In addition to the requirements in the Class Exemption Notice requiring how access to the e-prospectus must be provided from the issuer's website (e.g. 9A(3)(f),(g),(h) and 9A(10)), reference is made to No. 36 of the FAQ Series 3 document for electronic disclosure regarding certain guiding principles for layout of the issuer's website. *Noted: Updated in July 2015.*
22/04/2022	2.07C(6)(a), 3A.37, 3A.41(2), 9.08(2), 12.01C, Practice Note 22	16.19(1), 6A.44, 6A.46(2), 12.10(2), 16.01C, Practice Note 5	077-2022	15.	When does a new applicant need to publish an OC Announcement (as defined in Rule 1.01 (GEM Rule 1.01)) and what is the content requirement of such announcement?	The requirement to publish an OC Announcement only applies to a placing involving bookbuilding activities in connection with a New Listing (Refer to Rule 3A.32(1)(a)(i) (GEM Rule 6A.39(1)(a)(i)). Publication of an OC Announcement is required:

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						(i) on the same date as the new applicant files the listing application *(Note)* and publishes the Application Proof (or in the case of a listing of interests in a REIT, on the same date as it files an authorisation application with the Commission and publishes the Application Proof) ("**Submission of the Application**"). A new applicant that is allowed to make a confidential filing under the Listing Rules is required to publish an OC Announcement on the same date as it publishes its PHIP instead. For the avoidance of doubt, the OC Announcement shall be published immediately after and on the same date as the publication of the Application Proof (or PHIP, where applicable). Such OC Announcement shall set out the name(s) of all overall coordinator(s) appointed by the new applicant as at the date of the announcement; (ii) each time an additional overall coordinator is appointed after the Submission of the Application. In such a case, the OC Announcement shall be published as soon as practicable after the appointment is made

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						and in any event no later than the first business day after the date of the appointment (which appointment shall be no later than the 14th day after the date of Submission of the Application). Each OC Announcement shall disclose the appointment and set out the name(s) of all overall coordinator(s) appointed by the new applicant as at the date of the announcement; and (iii) each time the appointment of an overall coordinator is terminated after the Submission of the Application (or after the publication of the first OC Announcement for applicants allowed to make a confidential filing). In such circumstances, the OC Announcement shall be published as soon as practicable after the termination takes place, and is expected to be published no later than the first business day after the date of the termination of the appointment. Each such OC Announcement shall disclose the termination and set out the name(s) of all overall coordinator(s) that remain appointed by the new applicant as at the date of the announcement.

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						For the purpose of publication on the Exchange's website, an OC Announcement must, among other things, be accompanied by appropriate disclaimer and warning statements and not contain any information regarding the proposed offering or other information that would result in it being deemed as (i) a prospectus under section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance as amended from time to time (Cap. 32) ("**CWUMPO**"); (ii) an advertisement under section 38B(1) of the CWUMPO; or (iii) an invitation to the public in breach of section 103(1) of the SFO, as stipulated under paragraphs 4(d) and 5A of Practice Note 22 (paragraphs 3(d) and 4A of Practice Note 5 of the GEM Rules). Also, for the avoidance of doubt, while intermediaries appointed may be awarded titles such as "global coordinator", "bookrunner", "lead manager", etc., if they fall within the definition of "overall coordinators" under the New Code Provisions-related Rule Amendments by virtue of the activities they conduct or are engaged to conduct, each OC Announcement shall clearly identify them as "overall coordinators", in addition to any other titles of these intermediaries which the new applicant may intend to disclose in the OC Announcement.

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						Note: This includes a re-filing of a listing application.
22/04/2022	2.07C(6)(a), 3A.37, 3A.41(2), 9.08(2), 12.01C, Practice Note 22	16.19(1), 6A.44, 6A.46(2), 12.10(2), 16.01C, Practice Note 5	077-2022	16.	What should a new applicant do if it failed to publish an OC Announcement at the prescribed timing under the Listing Rules?	The new applicant shall publish the OC Announcement as soon as practicable and clearly state the following in the announcement: (i) when the OC Announcement should have been published under the Listing Rules; (ii) the reasons for the delay in publication; and (iii) that the Exchange may take action in respect of the new applicant's listing application on the breach of the relevant Listing Rule.
22/04/2022	2.07C(6)(a), 3A.37, 3A.41, 9.08(2), 12.01C, Practice Note 22	16.19(1), 6A.44, 6A.46, 12.10(2), 16.01C, Practice Note 5	077-2022	17.	Does a new applicant need to publish an OC Announcement on an appointment or termination of an overall coordinator that takes place before the submission of its listing application?	No, the obligation to publish an OC Announcement arises only when a new applicant submits a listing application. See FAQ No. 15 of FAQ No. 077-2022. However, the new applicant is required to notify the Exchange in writing, as soon as practicable, of a termination of an overall coordinator that takes place before the submission of the listing application, and provide the information required under Rule 3A.41(1) (GEM Rule 6A.46(1)) to the Exchange.

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						Note: A new applicant that is allowed to make a confidential filing under the Listing Rules is not required to publish the first OC Announcement on the same date as it files the listing application and publishes the Application Proof. Instead, such new applicant shall publish its first OC Announcement on the same date as it publishes its PHIP.
22/04/2022	2.07C(6)(a), 3A.37, 3A.41, 9.08(2), 12.01C, Practice Note 22	16.19(1), 6A.44, 6A.46, 12.10(2), 16.01C, Practice Note 5	077-2022	18.	Does a listed issuer need to publish an OC Announcement on an appointment or termination of an overall coordinator in relation to the placings other than in connection with a New Listing?	No, the requirement for publication of an OC Announcement only applies to a new applicant effecting a placing involving bookbuilding activities in connection with a New Listing and does not apply to an offering by a listed issuer under Rule 3A.32(1)(a)(ii) or 3A.32(1)(b) (GEM Rule 6A.39(1)(a)(ii) or 6A.39(1)(b)). However, in an offering by a listed issuer under Rule 3A.32(1)(a)(ii) or 3A.32(1)(b) (GEM Rule 6A.39(1)(a)(ii) or 6A.39(1)(b)), it is required to notify the Exchange of the termination of an overall coordinator in writing as soon as practicable under Rule 3A.41(1) (GEM Rule 6A.46(1)).
22/04/2022 (31/08/2022)	3A.34, 3A.36	6A.41, 6A.43	077-2022	18A.	If market conditions deteriorate in the course of a secondary placing that falls within Rule 3A.42 (GEM Rule 6A.39), can the placing agents agree with the	We understand that it is not a common market practice for placing agents to agree at the time of engagement that they shall reduce their fees in the event that the placing price is set below the

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					issuer to reduce their fees so that the net proceeds from the placing would not be substantially reduced despite that the placing shares are priced below the bottom end of the initial price range? If a reduction of fee arrangement is permitted, must such reduction of fee arrangement be included in the engagement letter and if not, do the placing agents need to consult the regulators before changes are made to the fee structure? What disclosure is required in the announcement on the secondary placing in respect of the placing agents' fees?	indicative price range in a placing. However, in the event that such fee reduction arrangements have been agreed at the time of the engagement, the arrangements should be reflected in the engagement letter. The placing agents are not required to consult the regulators before changes are made to the fee structure given the tight timeline to complete a secondary placing. The announcement on the secondary placing should disclose the final rate paid/ payable to the placing agents (after discount) based on the placing price, which should have been determined by the time the relevant announcement is made. Where a placing agent agrees to waive part or all of the fee after the announcement, the issuer is normally expected to update the market on this subsequent fee waiver as a material change in information previously announced. ***(Added in August 2022)***
22/04/2022	2.07C(6)(a), 3A.37, 3A.41, 9.08(2), 12.01C, Practice Note 22	16.19(1), 6A.44, 6A.46, 12.10(2), 16.01C,	077-2022	19.	(i) Where will OC Announcements be posted? (ii) Do OC Announcements need to be pre-vetted by the Exchange prior to publication?	(i) OC Announcements will be posted on the "New Listings" page of the HKEXnews website. (ii) No

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		Practice Note 5			(iii) What are the publication requirements for OC Announcements?	(iii) As in the case of publication of Application Proofs and PHIPs, a new applicant shall submit the OC Announcement through HKEx-ESS for publication on the Exchange's website, and is not required to publish the OC Announcement on its own website.
22/04/2022	2.07C(6)(a), 3A.37, 3A.41(2), 9.08(2), 12.01C, Practice Note 22	16.19(1), 6A.44, 6A.46(2), 12.10(2), 16.01C, Practice Note 5	077-2022	22.	A new applicant has submitted a listing application before the Effective Date, which remains valid as at the Effective Date. If the new applicant appoints or terminates the engagement of an overall coordinator after the Effective Date, does it need to publish an OC Announcement?	In the scenario described, the new applicant will not be required to publish an OC Announcement on the appointment or termination of the engagement of an overall coordinator that takes place after the Effective Date, as the New Code Provisions-related Rule Amendments are not applicable to listing applications submitted prior to the Effective Date. For example, if a new applicant submits a listing application 1 week before the Effective Date, it will not be required to publish an OC Announcement in respect of the appointment of an overall coordinator during the 2-week period following the submission date of the listing application (even if such appointment takes place in the first week following the Effective Date). In the event the new applicant re-files a listing application on or after the Effective Date, it will need to comply with the applicable New Code Provisions-related Rule Amendments, including those in relation to the publication of OC Announcements.

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02/02/2016 (13/05/2016)	2.13, 11.07	14.08(7), 17.56	N/A	001-2016	Will the Exchange return a listing application if the listing document does not comply with the Guidance Letter HKEX-GL86-16?	The Guidance Letter HKEX-GL86-16 contains: (a) general guidance on producing clear and concise listing documents (**General Guidance**); (b) consolidated and updated version of a number of the Exchange's guidance letters on disclosure in listing documents, mostly included under the title "Simplification Series" (**Consolidated Guidance**); and (c) online hyperlinks to: (i) sample "Summary of the Constitution of the Company and the Companies Law" sections of listing documents of applicants incorporated in Bermuda, the Cayman Islands and the PRC (**Specimen Sections**); and (ii) the corresponding sample constitutional documents for the applicants (**Sample Constitutional Documents**). The Exchange will not return a listing application merely because it does not follow the General Guidance, the Specimen Sections or the Sample Constitutional Documents, but will remind applicants to do so. Applicants which submit their listing applications after 30 April 2016 should comply with the Consolidated Guidance.

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02/02/2016 (26/02/2016)	2.13, 11.07	14.08(7), 17.56	N/A	002-2016	What are the changes in the Consolidated Guidance compared to the guidance letters on disclosure in listing documents, mostly included under the title "Simplification Series"?	The changes in the Consolidated Guidance are limited to: (a) modifying or deleting certain overly specific content guidance which is only relevant in a limited number of cases. For example, the specific content guidance for product returns and warranty, and industry standards (e.g. International Organization for Standardization (ISO)), which does not apply to all listing applicants, has been modified and deleted, respectively. This helps to ensure that the guidance remains high level and principles-based; (b) removing any repetition after consolidating the various guidance letters on disclosure in listing documents, mostly included under the title "Simplification Series"; and (c) updating the guidance based on the Exchange's most recent experience. For example, in respect of listing applicants in the banking and securities sectors, we have updated the content guidance so that the following financial information/ ratios are to be disclosed in the Summary section of a listing document: • in respect of the banking sector, net interest spread, net interest margin, capital adequacy ratio, non-performing loan ratio and loan to deposit ratio; and

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						• in respect of the securities sector, the amount of securities underwritten, average commission rate, trading volumes, average rate of return, asset under management and balances of margin financing and securities lending. For marked-up version of the guidance letters included in the Consolidated Guidance, see: http://www.hkex.com.hk/eng/rulesreg/listrules/liststop/guidepsld/psld_index.htm
02/02/2016 (13/05/2016)	2.13, 11.07	14.08(7), 17.56	N/A	003-2016	Will the guidance letters on disclosure in listing documents, mostly included under the title "Simplification Series", not to be used and be withdrawn after the publication of Guidance Letter HKEX-GL86-16 on 2 February 2016?	The following guidance letters on disclosure in listing documents, mostly included under the title "Simplification Series", have been withdrawn: A. HKEX-GL27-12 on "Summary and Highlights" section B. HKEX-GL54-13 on "Risk Factors" section C. HKEX-GL48-13 on "Industry Overview" section D. HKEX-GL49-13 on "History and Development" section E. HKEX-GL-50-13 on "Business" section F. HKEX-GL59-13 on "Financial Information" or "Management discussion and analysis on the

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						historical financial information (MD&A)" section G. HKEX-GL72-14 on "Applicable laws and Regulations" section H. HKEX-GL62-13 on "Directors, Supervisors and Senior Management" section I. HKEX-GL33-12 on "Use of Proceeds" section J. HKEX-GL64-13 on Application Forms and "How to Apply for Hong Kong Offer Shares" section Applicants which submit their listing applications after 30 April 2016 should comply with the Consolidated Guidance.
19/12/2011	3.06	5.25	17	9.	Authorised Representatives will be required to provide their email addresses to the Exchange. Is this requirement applicable to existing Authorised Representatives?	Yes, it does apply to existing Authorised Representatives.
19/12/2011 (01/01/2022)	3.08	5.01	17	11.	How does the board assess if the commitment of an independent non-executive directors (INEDs) or nonexecutive directors (NEDs) to the issuer's affairs is sufficient (especially	The Code recognises that different directors have different roles and functions within the issuer. The time commitment required from a director varies from issuer to issuer and from year to year, depending on the issuer's operations. A NED's

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					for smaller issuers that have infrequent changes to their business or group structure) when normally they are not required to be involved in the management of the issuer?	time commitment to the issuer is likely to be less than an ED's because a NED is not involved in the day-to-day running of the business. According to the Code, the issuer should determine how much time it needs from each of its directors and review whether the director is meeting that requirement. You may refer to the *The Corporate Governance Guide for Boards and Directors* (Guide) and Directors' ETraining webcast entitled "*INEDs' Role in Corporate Governance*". *(Updated on 1 January 2022)*
19/12/2011	Note to Rule 3.08	Note to Rule 5.01	17	10.	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 they breach the Listing Rules?	No. These guides are suggested as resources for directors looking for further guidance on their duties and responsibilities to an issuer.
28/12/2018 (01/01/2022)	Note to Rule 3.08	Note to Rule 5.01	17	10A.	*The Guide*published by the Exchange in December 2021 provides the best practice guidance for the delivery of good corporate governance, if issuers do not follow the Guide, do they breach the Listing Rules?	No. The Guide aims to provide practical advice to boards and directors, and in some cases, set out the expectations placed on directors. However, the Guide does not form a part of the Listing Rules, nor do they amend or vary any Rule requirements, or absolve issuers and/or their directors of any obligations to make their own judgment.

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						(Updated on 1 January 2022)
30/03/2004 (28/12/2018)	3.10(2)	5.05(2)	17	10B.	Clarify the requirement of "appropriate professional qualifications". Clarify the requirement of "appropriate accounting and related financial management expertise".	For the requirement of "appropriate professional qualifications", we normally refer to professional accounting qualifications. For a candidate with other professional qualifications, we have set out our expectations in the note to Main Board Rule 3.10(2)/ GEM Rule 5.05(2). Issuers should also consider whether based on the experience and expertise of the candidate, the individual can fulfil the requirement under Main Board Rule 3.10(2)/ GEM Rule 5.05(2). *(Previously published in FAQ Series 1 No.2)*
30/03/2004	3.10(2)	5.05(2)	17	10C.	Is a professional qualification obtained from an overseas jurisdiction acceptable, such as a PRC or Singapore qualified accountant?	Yes, a professional qualification obtained from a recognised body in an overseas jurisdiction would be acceptable. *(Previously published in FAQ Series 1 No.3)*
30/03/2004 (28/12/2018)	3.10(2)	5.05(2)	17	10D.	Can a solicitor be said to have appropriate professional qualifications, or does the individual need to have the appropriate experience?	A legal qualification is not considered to be an appropriate professional qualification even if the person has obtained some accounting knowledge in the course of their studies. A person with a legal qualification is acceptable if the person has the "appropriate accounting and related financial management expertise" required under the Rules. The Exchange may question the factors the board has considered when making the decision to accept a person. *(Previously published in FAQ Series 1 No.4)*

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30/03/2004 (28/12/2018)	3.10(2)	5.05(2)	17	10E.	Can a person who has served on the audit committee of an issuer for a number of years be considered to have the appropriate accounting and related financial management expertise required under the rules?	Please refer to the note to Main Board Rule 3.10(2)/ GEM Rule 5.05(2) as to what the appropriate expertise means. Prima facie, we would not consider a person whose only experience has been a member of an audit committee to fulfil the criteria set out in the note to the Rule. *(Previously published in FAQ Series 1 No.5)*
30/03/2004 (28/12/2018)	3.10(2)	5.05(2)	17	10F.	Is experience with a non-public company acceptable as having the appropriate accounting and related financial management expertise?	Generally no, but the Exchange recognises that experience and scope of duties of a candidate may demonstrate that the individual is capable of discharging the role required of such person as set out in Main Board Rule 3.10(2)/ GEM Rule 5.05(2). It is up to the board to evaluate the totality of the individual's experience and education to consider if the individual is acceptable. *(Previously published in FAQ Series 1 No.6)*
30/03/2004 (28/12/2018)	3.13	5.09	17	11A.	If an existing NED meets the independence requirements, can the NED be re-designated as an INED? Does an announcement need to be made for the re- designation?	Yes, an existing NED may be re-designated as an INED, but we will consider the individual's present or past relationship with a connected person or the issuer on a case-by-case basis. Where, in order to meet the Rule requirements, a director needs to comply with any relevant cooling off period under the Rules, the relevant cooling off period needs to have ended by the date on which the individual confirmation of independence is given.

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						An announcement will need to be made for the redesignation from being a NED to an INED pursuant to Main Board Rule 13.51(2)/ GEM Rule 17.50(2). *(Previously published in Series No. 1 No. 7)*
30/03/2004 (28/12/2018)	3.13	5.09	17	11B.	If a NED of an issuer is a legal adviser (say, a partner of a law firm) but for the past two years such director has not provided any services to the issuer, and also such director fulfils the other factors under the Main Board Rule 3.13/ GEM Rule 5.09, does this mean that such a NED can be an INED of the issuer? If the individual is accepted as an INED and in the future the individual provides services to the issuer again, will the individual continue to be considered independent?	Yes, the individual can act as an INED provided that the individual's firm is not providing or has not provided services to parties set out in Main Board Rule 3.13(3)/ GEM Rule 5.09(3) within two year before the individual's appointment as an INED. As soon as the firm (whether or not the individual is directly involved) provides any services to parties set out in Main Board Rule 3.13(3)/ GEM Rule 5.09(3), the individual will immediately cease to be considered independent. *(Previously published in Series No. 1 No. 8)*
30/03/2004 (28/12/2018)	3.13	5.09	17	11C.	An existing INED is a partner of a law / Certified Public Accountant (CPA) firm and this firm is currently providing legal / accounting services to parties set out in Main Board Rule 3.13(3)/ GEM Rule 5.09(3). Is this existing INED not qualified as "independent" and does the issuer need to appoint a new one? How is materiality of the interest determined when considering independence? Are	The individual is not qualified to act as an INED and the issuer may or may not appoint a new INED depending on whether the issuer has sufficient INEDs on the board. However, the individual can still act as a NED. Materiality must be assessed from the issuer's as well as the director's perspective. There is no specific figure – materiality needs to be determined on a case-by-case basis. *(Previously published in Series No. 1 No. 9)*

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					there any specific definitions or figures (e.g. %) that can be used as reference?	
28/11/2008	3.13	5.09	17	11D.	Once an INED has submitted to the Exchange the initial written confirmation concerning the INED's independence comprising all the information required by Main Board Rule 3.13/ GEM Rule 5.09, what information must be included in the INED's annual confirmation of independence required to be provided to the issuer?	Each INED is required to submit to the Exchange, at the same time as the submission of Form B/ H in Appendix 5 of the Main Board Rules or Form A/ B in Appendix 6 of the GEM Board Rules, a written confirmation regarding the INED's independence which must contain all the information required by Main Board Rule 3.13(a), (b) and (c)/ GEM Rule 5.09(a), (b) and (c). Each INED must provide to the issuer an annual confirmation regarding the INED's independence which must contain the information required by Main Board Rule 3.13 (a) and (c)/ GEM Rule 5.09 (a) and (c). *(Previously published in Series No. 8 No. 9)*
28/12/2018	3.13(3) and (4)	5.09(3) and (4)	17	11E.	For INEDs who fulfilled a one-year cooling off period and were appointed prior to 1 January 2019, would they be allowed to stay on if, on 1 January 2019, they are short of a two-year cooling off period provided they would be able to meet all other independence factors?	In respect of the revised two-year cooling off period for professional advisers, the revised Rule (Main Board Rule 3.13(3) and (4) / GEM Rule 5.09(3) and (4)) will be grandfathered for INEDs appointed in 2018. It means that, if an INED was elected at an AGM held in 2018 at which time the INED had met the one-year cooling off period for a professional adviser, the INED may stay on even if the INED would not meet the new two-year cooling off requirement as at 1 January 2019. The individual will be able to serve their full term as an INED (unless there is an early termination).

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28/12/2018	Note 2 to 3.13	Note 2 to 5.09	17	11F.	For any INED appointment to be effected after 1 January 2019, would the Exchange request for independence confirmation from the immediate family members of those INED?	The Listing Rules do not require independence confirmation from the immediate family members of the INED. The Exchange, under this Note, encourages the inclusion of an INED's immediate family members' connection with the issuer in the assessment of their independence.
01/03/2019 (09/02/2021)	3.20, 19A.07A	5.13A, 17.91A	N/A	054-2019	Directors/supervisors are required to provide their contact details to the Exchange using the contact details form as soon as practicable after their appointment. (i) Can a director/supervisor provide his address in either English or Chinese? (ii) Can a director/supervisor just provide his office phone number, instead of all the office, home and mobile numbers?	(i) Yes. (ii) A director/supervisor should provide the mobile number and the telephone number (office or home, or both).
01/03/2019 (09/02/2021)	3.20, 19A.07A	5.13A, 17.91A	N/A	055-2019	As a transitional arrangement, existing directors and supervisors of listed issuers are required to provide their contact details to the Exchange by 31 March 2019. (i) Can an issuer submit a single form for all its existing directors and supervisors?	(i) Yes. (ii) The issuer may submit the form with the filing type marked "first notification". There is no need to fill in the "effective date" fields for existing directors and supervisors. (iii) Yes.

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					(ii) Which "filing type" should be used for existing directors/supervisors? Are the directors/supervisors required to fill in the "effective date"? (iii) If the residential address of an existing director/supervisor remains the same as that in the DU Form previously submitted to the Exchange, does he need to include such information in the form?	
30/03/2004	3.21	5.28	17	11G.	Can a non-executive director who is a connected person of the issuer be a member of the Audit Committee?	Although the rules do not specifically prohibit this, we consider that members of the audit committee should be independent of connected persons. *(Previously published in Series No. 1 No. 10)*
30/03/2004	3.21	5.28	17	11H.	Can the qualified accountant (also executive director) be appointed as the audit committee's secretary?	We consider that the secretary of the audit committee should not be a person who is involved in the financial reporting function of the issuer. *(Previously published in Series No. 1 No. 11)*
19/12/2011 (28/12/2018)	3.22 and 3.26	5.29 and 5.35	17	12A.	Are board resolutions sufficient for amending the terms of reference of an issuer's audit and remuneration committees? Or are shareholder resolutions required?	The board should decide on and amend the terms of reference of the audit and remuneration committees (and indeed of all other board committees). Shareholder approval is not required.
19/12/2011 (28/12/2018)	3.25	5.34	17	12.	Can the issuer's staff and executive directors be appointed as members of the remuneration committee as long as the committee is chaired by an INED and the majority of its members	Yes. The Rules do not restrict issuers from appointing their staff or executive directors to act as members of the remuneration committee, as long as a majority of the remuneration committee are INEDs and it is chaired by an INED. However,

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					are INEDs?	the staff or executive directors must avoid actual or potential conflicts of interest. In case such conflicts arise, the staff or executive directors must excuse themselves from the meeting or abstain from voting on the relevant decisions.
01/01/2022	3.27A, 8A.27 and 8A.28	5.36A	17	12B	The new requirement to establish a nomination committee chaired by the chairman of the board or an INED and comprising a majority of INEDs becomes effective from 1 January 2022. What happens if an issuer fails to meet any of the requirements set out in the Rule on 1 January 2022?	If the issuer fails to set up a nomination committee or has failed to meet any of the other requirements in the Rule on 1 January 2022, it must set up a nomination committee and/or appoint appropriate members to the nomination committee to meet the requirement(s) within three months. From 1 April 2022, if the issuer fails to set up a nomination committee or at any time has failed to meet any of the other requirements in the Rule, it must immediately publish an announcement containing the relevant details and reasons. The issuer must set up a nomination committee and/or appoint appropriate members to the nomination committee to meet the requirement(s) within three months after failing to meet such requirement(s) ("**Arrangement**"). This is in line with the practice regarding the audit committee and remuneration committee. The issuer may select the current headline category "Miscellaneous – Other – Corporate Governance Related Matter" when submitting the announcement for publication on the HKEXnews website. The Arrangement would also apply to issuers with a WVR structure in respect of the requirements

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						relating to the establishment and composition of the nomination committee under Rules 8A.27 and 8A.28. *(Added on 1 January 2022)*
19/12/2011 (01/01/2022)	3.29	5.15	17	13.	Does the Exchange provide any accreditation of professional training for company secretaries which could fulfil the requirement of this Rule?	The Exchange does not generally provide accreditation of professional training courses although the Exchange considers The Hong Kong Chartered Governance Institute's continuing professional development training (including their ECPD courses) satisfy the requirements of this Rule. *(Updated on 1 January 2022)*
19/12/2011 (28/12/2018)	3.29	5.15	17	13A.	Does an accountant or lawyer acting as an issuer's company secretary fulfil the requirement to attend relevant professional training each year by attending CPD courses on subjects such as litigation and accounting standards?	We intend that the training should be broad rather than restrictive. Where legal and accounting courses are relevant to a company secretary's role and duties, they should count towards the 15-hour training requirement.
19/12/2011 (28/12/2018)	3.29	5.15	17	13B.	If a person is the company secretary of an issuer that is dual-listed on the Hong Kong and Shanghai stock exchanges and attends training courses relating to PRC listing requirements and regulations (to comply with Shanghai Stock Exchange requirements), do	As the company secretary of a Hong Kong issuer, this person should also undergo training on Hong Kong rules and regulations. However, the Exchange does not prescribe specific types of courses that a company secretary should attend, as long as they are relevant to their professional duties. If the training courses are of a general

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					those courses count towards the 15-hour training requirement?	nature (e.g. a course on corporate governance), and not specifically on any PRC rules and regulations, then they may count towards the 15-hour training requirement.
26/07/2013 (07/11/2013)	3A.02A(1), 3A.02B(1)	6A.02A(1), 6A.02B(1)	24	3	Under Main Board Rule 3A.02B(1)/ GEM Rule 6A.02B(1) requires a listing application to be submitted by or on behalf of a new applicant no less than 2 months from the date of the sponsor's formal appointment. How is the "date of the sponsor's formal appointment" determined?	It shall be the later of the date of (i) the engagement letter; or (ii) the effective date of the sponsor's appointment as stated in the engagement letter (if applicable). However, if a sponsor failed to notified the Exchange in writing of its appointment as soon as practicable as required under Main Board Rule 3A.02A(1)/ GEM Rule 6A.02A(1), which should normally be within five business days from the date of the engagement letter, the Exchange may treat the date of the notification as the date of the sponsor's formal appointment. [Updated in February 2020]
07/12/2018	3A.02A(2)	6A.02A(2)	24	3A	Is a sponsor required to inform the Exchange in writing upon the expiry of its engagement? What if its engagement terminates prior to the filing of a listing application or after the listing application lapses?	Yes. Pursuant to Main Board Rule 3A.02A(2)/ GEM Rule 6A.02A(2), a sponsor should notify the Exchange in writing when it ceases to act as the sponsor of an applicant, whether as a result of termination or expiry of a sponsor's engagement, and regardless of whether there is a live listing application.
28/11/2008 (February 2020)	3A.09, Appendix 17 to the Rules	6A.09, Appendix 7K to the Rules	8	14	What should the sponsor do if there is a change in circumstances rendering the sponsor no longer independent after filing the listing application?	The sponsor and the new applicant must notify the Exchange as soon as possible. It should be noted if the change results in the applicant not having at least one sponsor that is independent under Main Board Rule 3A.07 (GEM Rule 6A.07), it must

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						appoint a new independent sponsor and pursuant to Main Board Rule 3A.02B (GEM Rule 6A.02B), the applicant can resubmit its listing application no less than two months from the date such new independent sponsor is formally appointed. [Updated in February 2020]
22/04/2022 (04/08/2022)	3A.10(1), 3A.44	6A.10(1), 6A.42	077-2022	4A.	Can the designated sponsor under Rule 3A.10(1) (GEM Rule 6A.10(1)) and the designated sponsor-overall coordinator under Rule 3A.44 (the designated overall coordinator under GEM Rule 6A.42) be two different intermediaries (not within the same group of companies)?	Yes, they could be two different intermediaries (not within the same group of companies). ***(Added in August 2022)***
22/04/2022	3A.32, 3A.33, 3A.35	6A.39, 6A.40, 6A.42	077-2022	3.	Under New Code Provisions-related Rule Amendments, what are the types of equity capital market transactions that require the appointment of a capital market intermediary to be made under a written agreement before it conducts any of the specified activities?	An issuer is required to appoint a capital market intermediary by way of a written agreement before such capital market intermediary conducts any specified activities in the following types of offering involving bookbuilding activities (as defined under the New Code Provisions) *(Notes 1, 2 and 3)*: (a) a placing of equity securities or interests to be listed on the Exchange, including: (i) a placing in connection with a New Listing *(Note 4)* (whether by way of a primary listing or secondary listing), including, without limitation, a reverse

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						takeover of a listed issuer which is a deemed new listing under Rule 14.54 (GEM Rule 19.54) and a transfer of listing of equity securities or interests from GEM to Main Board under Chapter 9A of the Listing Rules; and (ii) a placing of equity securities or interests *(Note 5)* of a class new to listing or of a class already listed under a general or specific mandate in accordance with Rule 7.12A (GEM Rule 10.13) or other relevant codes and guidelines; and (b) a placing of listed equity securities or interests *(Note 6)* by an existing holder of equity securities or interests if it is accompanied by a top-up subscription by the existing holder of equity securities or interests for new equity securities or interests in the issuer. An issuer is not under the above obligations in respect of offerings of equity securities or interests which do not involve bookbuilding activities (as defined under the New Code Provisions), such as:

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						(i) bilateral agreements or arrangements between the issuer and the investors (sometimes referred to as "club deals"); (ii) transactions where only one or several investors are involved and the terms of the offering are negotiated and agreed directly between the issuer and the investors (sometimes referred to as "private placements"); (iii) transactions where equity securities or interests are allocated to investors on a pre-determined basis at a pre-determined price; (iv) selling of listed equity securities or interests by existing holders of equity securities or interests, other than a placing as referred to in (b) above (sometimes referred to as "secondary offering"); and (v) an offering of equity securities or interests which has been subscribed by an intermediary as principal deploying its own balance sheet, for onward selling to investors (sometimes referred to as "block transactions"). For the avoidance of doubt, if an equity offering involving bookbuilding or placing activities (as defined in the New Code Provisions) uses a back stop arrangement (where the capital market intermediary provides a guarantee or an underwriting commitment at a minimum price to the

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						issuer), the capital market intermediary in this connection should be appointed under a written agreement before it conducts the specified activities for such transaction under Rule 3A.33 (GEM Rule 6A.40), even if the capital market intermediary may have a right to acquire the equity securities or interests offered as principal under the relevant back stop / underwriting agreement, given that it is uncertain whether any equity securities or interests would be acquired by the capital market intermediary as principal by deploying its own balance sheet, for onward selling to investors. *Notes:* 1. The scope of offerings to which the New Code Provisions-related Rule Amendments apply is the same as that set out in paragraph 21.1.2(a) of the New Code Provisions. 2. If a capital market intermediary does not perform, and is not and will not be appointed to perform, the specified activities in an offering set out in points (a) and (b) above, the requirement under Rule 3A.33 (GEM Rule 6A.40) will not apply to that capital market intermediary.

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						3. Placing and bookbuilding activities (as defined under the New Code Provisions) do not include market sounding that is conducted to gauge investors' interest before an issuer has decided to pursue an offering. As the timing at which an issuer makes a decision to pursue an offering is solely within its knowledge and control, the issuer is expected to communicate its decision promptly to any capital market intermediary it has authorised to conduct market sounding and to appoint the capital market intermediary under a written agreement before it conducts the specified activities in accordance with Rule 3A.33 (GEM Rule 6A.40). 4. "New Listing" shall have the meaning as defined in Rule 1.01 (GEM Rule 1.01) in the New Code Provisions-related Rule Amendments. 5. This refers to new equity securities or interests. 6. This refers to existing equity securities or interests.
22/04/2022 (27/05/2022)	3A.02, 3A.35, 3A.43	N/A	077-2022	5.	A Main Board new applicant has appointed Entity A to be sponsor to its	In the scenario described, while Entity A (or its relevant group company) would be acting as a

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					IPO. If the new applicant subsequently appoints Entity A (or one of its group companies) as an overall coordinator before the expiration of the 2-week period following the submission of its listing application, can Entity A (or its relevant group company) be regarded as a sponsor-overall coordinator?	sponsor and an overall coordinator for the IPO, it would not be a sponsor-overall coordinator under Rule 3A.43. In order to become a sponsor-overall coordinator for the purpose of Rule 3A.43, Entity A and/or its group company must be appointed as sponsor and overall coordinator at the same time and the appointment must be made at least 2 months before the submission of the listing application. See also FAQ No. 9A of FAQ No. 077-2022 in relation to the appointment of a sponsor-overall coordinator for a placing involving bookbuilding activities (as defined under the Code of Conduct) in connection with the New Listing of a special purpose acquisition company ("**SPAC**"). ***(Updated in May 2022)***
22/04/2022 (27/05/2022)	3A.02, 3A.43	N/A	077-2022	6.	Can a Main Board new applicant contemplating a New Listing on the Exchange which does not fall within the New Code Provisions (e.g. listing by introduction or an offer by public subscription only) appoint a sponsor-overall coordinator in accordance with the Listing Rules to prevent the 2-month waiting period in case the new applicant subsequently decides during the listing process to conduct an IPO	Yes, in the scenario described, the new applicant can appoint a sponsor-overall coordinator (or other overall coordinators) when it is considering a listing on the Exchange, irrespective of whether the New Code Provisions apply to the initial proposed method of listing. It can rely on the sponsor-overall coordinator appointed to provide advice on the merits of, and the need to adopt, a placing tranche, depending on market conditions and the new applicant's preference for its future shareholder base.

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					which will involve a placing tranche instead?	Where a new applicant, which had initially planned to list on the Exchange by way of introduction or by public offering only and had not appointed any sponsor-overall coordinator no later than 2 months before the submission of its listing application, subsequently decides to include a placing tranche in its IPO after the submission of its listing application, the new applicant will have to re-file its listing application at least 2 months after the appointment of a sponsor-overall coordinator if it intends to continue with the listing application process. See also FAQ No. 9A of FAQ No. 077-2022 in relation to the appointment of a sponsor-overall coordinator for a placing involving bookbuilding activities (as defined under the Code of Conduct) in connection with the New Listing of a SPAC. ***(Updated in May 2022)***
22/04/2022	3A.37, 3A.42, paragraph 17A of Practice Note 22	6A.44, 6A.47, paragraph 16A of Practice Note 5	077-2022	7.	A new applicant intends to have 3 overall coordinators for its IPO and has appointed them in accordance with the New Code Provisions-related Rule Amendments. If one of the appointed overall coordinators resigns after the 2-week period following the submission of its listing application, can the new	In the case of a placing in connection with a New Listing, all overall coordinators must be appointed no later than 2 weeks following the date of the submission (or re-filing) of the listing application. In the scenario described, following the resignation of the outgoing overall coordinator, the new applicant can no longer appoint another overall

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					applicant appoint another overall coordinator to replace the outgoing overall coordinator?	coordinator due to the expiry of the 2-week period and may only proceed with its existing listing application with the remaining 2 overall coordinators for its IPO. The new applicant may however appoint additional syndicate CMIs (other than overall coordinators) to assist with the selling effort of its IPO. If the existing listing application lapses subsequently, the new applicant may consider appointing a new overall coordinator to replace the outgoing overall coordinator before the end of the 2-week period following the re-filing of its listing application.
22/04/2022 (27/05/2022)	3A.41(1), 3A.43, 3A.45	N/A	077-2022	8.	In each of the scenarios below, how would a Main Board new applicant's listing application be affected if a sponsor-overall coordinator resigns after the submission of its listing application: (i) one sponsor-overall coordinator was duly appointed 2 months before the submission of its listing application; (ii) one sponsor-overall coordinator and one sponsor were duly appointed 2 months before the	In the scenarios (i) and (ii) described, if the new applicant intends to continue with the listing process, it must file a new listing application with the Exchange not less than 2 months from the date of the formal appointment of a replacement sponsor-overall coordinator, detailing a revised listing timetable together with the initial listing fee. In the event of a termination of the engagement of an overall coordinator, the new applicant and the outgoing overall coordinator must also notify the Exchange in writing, as soon as practicable, of the termination of the engagement of the outgoing overall coordinator together with (a) the reasons

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					submission of its listing application; and (iii) two sponsor-overall coordinators were duly appointed before the submission of its listing application.	therefor and (b) a confirmation on whether it had any disagreement with the new applicant. In the scenario (iii) described, the new applicant may proceed with its existing listing application provided that the remaining sponsor-overall coordinator remains duly appointed. See also FAQ No. 9A of FAQ No. 077-2022 in relation to the appointment of a sponsor-overall coordinator for a placing involving bookbuilding activities (as defined under the Code of Conduct) in connection with the New Listing of a SPAC. ***(Updated in May 2022)***
22/04/2022 (04/08/2022)	3A.43	N/A	077-2022	8A.	Is every sponsor-overall coordinator (or one of the companies within its group of companies) also required to be appointed as an independent sponsor, or would it be sufficient for the purpose of Rule 3A.43 where at least one sponsor-overall coordinator (or one of the companies within its group of companies) has been appointed as an independent sponsor?	All criteria in Rule 3A.43 (including the sponsor independence requirement) must be fulfilled for an overall coordinator to qualify as a sponsor-overall coordinator. This means that each sponsor-overall coordinator must either be an independent sponsor or within the same group of companies as an independent sponsor. A capital market intermediary cannot be appointed as a sponsor-overall coordinator if it is neither a sponsor independent from the issuer nor any entity within the group of companies of an independent sponsor.

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						(Added in August 2022)
22/04/2022	3A.03, 3A.02, 3A.43	N/A	077-2022	9.	Under the Note to Rule 3A.02, a sponsor should, before accepting an appointment by a new applicant as sponsor, (a) be independent of the new applicant and fulfill all other criteria in Rule 3A.43, or (b) obtain a written confirmation from the new applicant that at least one sponsor-overall coordinator has been appointed in accordance with Rule 3A.43. Does this mean, under the New Code Provisions-related Rule Amendments, a sponsor-overall coordinator (or an entity within its group of companies that is proposed to be appointed as sponsor, where applicable) will be required to complete its independence check and confirm its independence from the new applicant before accepting its appointment as sponsor, unless another sponsor-overall coordinator (or an entity within its group of companies that is appointed as sponsor, where applicable) had done so?	Under Rule 3A.03, a sponsor must provide an undertaking and statement of independence to the Exchange at the same time as a listing application on behalf of a new applicant is submitted to the Exchange. No change has been introduced to this requirement in the New Code Provisions-related Rule Amendments. We do not expect the current practice to change in regards to the independence confirmation of sponsors under Rule 3A.03. The confirmation of independence is done subject to the outcome of the due diligence exercise to be performed by the sponsor(s) in connection with the listing application. So if a sponsor accepts an appointment by a new applicant as a sponsor-overall coordinator under Rule 3A.43 on a preliminary basis subject to completion of the due diligence check, in the event the sponsor is concluded to be not independent of the new applicant, another sponsor (or an entity within its group of companies) will need to be appointed as a sponsor-overall coordinator in accordance with Rule 3A.43.

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22/04/2022 (27/05/2022)	3A.43	N/A	077-2022	9A.	Does the requirement under Rule 3A.43(2) that a sponsor-overall coordinator must be appointed no less than 2 months before the submission (or re-filing, as the case may be) of a listing application apply in the case of a SPAC New Listing?	For a placing involving bookbuilding activities (as defined under the Code of Conduct) in connection with the New Listing of a SPAC, the Exchange would accept the submission (or re-filing, as the case may be) of the listing application where the sponsor-overall coordinator is appointed no less than 1 month (instead of 2 months as required under Rule 3A.43(2)) prior to the submission (or re-filing, as the case may be), which is in line with the modification of the timing requirement on appointment of sponsors for SPAC listing applications under Rule 18B.78. This means that in the transaction described above, the listing application for the New Listing of the SPAC must be submitted no less than 1 month after the date of the formal appointment of the sole sponsor-overall coordinator or (where more than 1 sponsor-overall coordinator is appointed) the last sponsor-overall coordinator. ***(Added in May 2022)***
22/04/2022 (04/08/2022)	3A.35, 3A.36 and 3A.43	N/A	077-2022	9B.	Could the New Code Provisions-related Rule Amendments be interpreted as meaning that it would be sufficient to identify and appoint a sponsor-overall coordinator no less than 2 months before the submission (or re-filing, as the case may be) of a listing application for the purpose of Rule 3A.43(2), whereas	No, this interpretation is inconsistent with the New Code Provisions-related Rule Amendments. Rule 3A.43(2) requires a sponsor-overall coordinator and the affiliated sponsor (either the same firm or its group company) to be appointed as such at the same time and no less than 2 months before the submission (or re-filing) of the listing application. Under Rule 3A.35, the aforementioned

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					the fee arrangement of the sponsor-overall coordinator required to be included in the engagement agreement under Rules 3A.35 and 3A.36 could be determined and agreed between the sponsor-overall coordinator and the new applicant after the appointment but no later than 2 weeks after the submission (or re-filing) of the listing application?	appointment shall be made under a written engagement agreement, which must at least specify, among others, the fee arrangements of that sponsor-overall coordinator as required under Rule 3A.36(2). ***(Added in August 2022)***
22/04/2022 (04/08/2022)	3A.43	N/A	077-2022	9C.	Is the requirement under Rule 3A.43 considered to have been satisfied if the overall coordinator engagement letter of the sponsor-overall coordinators are signed jointly, whilst each sponsor-overall coordinator enters into separate fee letters with the new applicant at the same time as the execution of the joint engagement letter due to confidentiality?	Yes, in the scenario described, the requirement under Rule 3A.43 will be regarded as satisfied. ***(Added in August 2022)***
22/04/2022 (04/08/2022)	3A.33, 3A.34, 3A.35, 3A.36, 3A.43	6A.40, 6A.41, 6A.42, 6A.43	077-2022	9D.	Is the written engagement agreement of a syndicate CMI (including a sponsor-overall coordinator or any other overall coordinator) required to be submitted to the Exchange?	The written engagement agreement should only be submitted when requested by the Exchange. Where the written engagement agreement (including any supplemental engagement agreement) of a syndicate CMI is submitted to the Exchange voluntarily, it is at the discretion of the Exchange or the SFC whether to review it or express any comment on its compliance with the Rules or the Code of Conduct, and where no

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						comment on the written engagement agreement is raised, this should not be taken as an indication that the Exchange or the SFC has reviewed the agreement and has no comments on its compliance with the Rules or the Code of Conduct, and should not prevent the Exchange or the SFC from raising comments or enquiries on the agreement(s) afterwards. ***(Added in August 2022)***
22/04/2022 (04/08/2022)	3A.34, 3A.36	6A.41, 6A.43	077-2022	10.	How should the fixed fees payable to a capital market intermediary be presented in the written engagement in relation to its appointment by the issuer?	The written engagement must at least specify the fixed fees payable to the relevant capital market intermediary as a percentage ("**fixed fee percentage**") of the total fees (including both fixed fees and discretionary fees) to be paid to all syndicate CMIs ("**Total Fees**") *(Notes 1, 2 and 3)*. This will enable each syndicate CMI to know its fixed fee entitlement relative to the Total Fees, which is expected to enable syndicate CMIs to focus their efforts and devote their resources to providing advice to the issuer, conducting bookbuilding and placing activities in compliance with the New Code Provisions, as the case may be, and, in turn, enhance the transparency and credibility of the price discovery and allocation process. Alternatively, it is also acceptable for the written engagement to contain sufficient information for the fixed fee percentage to be

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						calculated. For example, if the written engagement contains the fixed fee payable to the relevant capital market intermediary and the Total Fees, then the fixed fee percentage does not need to be specifically calculated in the written engagement. As specified in Appendix D to the Conclusions Paper, "before the issuer could decide on the fixed fees to be paid to any syndicate CMI, the issuer would need to decide (i) its total fees; and (ii) the fee split ratio". In order for the issuer to decide how much fixed fee each syndicate CMI is entitled to and determine the fixed fee percentage of each syndicate CMI to be specified in its written engagement, the issuer must have decided, at the time of engagement of the first syndicate CMI, the Total Fees, the total fixed fees payable to all syndicate CMIs and the total discretionary fees (if any) that may be paid to syndicate CMIs (e.g. each as a percentage of the gross proceeds to be raised in the offering). The issuer is expected to maintain proper documentation of the calculation of the fixed fee percentage required to be specified under Rules 3A.34 and 3A.36 (GEM Rules 6A.41 and 6A.43). For the sole purpose of classifying a fee payable to a capital market intermediary (including an

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						overall coordinator) as a “fixed” fee specified in the engagement letter under Rules 3A.34 and 3A.36 (GEM Rules 6A.41 and 6A.43), the general principle is as follows: • Assessment is made with respect to each capital market intermediary that is engaged pursuant to the engagement agreement. Therefore, the engagement agreement should enable the capital market intermediary to ascertain the minimum amount of fees payable to it which is not subject to the discretion of the issuer (other than because of changes in the offer price or total offer size) (“**fixed fee**”). • For a fee to be regarded as "*fixed fee*" for Rules 3A.34 and 3A.36 (GEM Rules 6A.41 and 6A.43), both the fee entitlement and the identity of the payee CMI (including an overall coordinator) must be indicated in its written engagement. • "*Discretionary fee*" is any fee other than a fixed fee. It should be noted that the interpretation of a fee as “fixed” or “discretionary” for the purpose of Rules 3A.34 and 3A.36 (GEM Rules 6A.41 and 6A.43) might not necessarily be the same as the legal nature of the fee from the perspective of the issuer, e.g. under contract law. For example, if an engagement agreement specifies a contracted

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						obligation to pay a fee of 3% of the gross proceeds from the offering to all overall coordinators where the actual allocation to each overall coordinator is to be determined at an issuer's discretion, the fee is not a "fixed fee" from the perspective of each overall coordinator for Rules 3A.34 and 3A.36 (GEM Rules 6A.41 and 6A.43) *(Note 4)*, but the total amount of such fees payable to all overall coordinators remains the issuer's contractual obligation and any disclosure on such fee in the listing document should reflect this nature. In addition to providing information on the fixed fee percentage of a CMI in accordance with the principle described in the first paragraph of this response, the written agreement of the CMI may set out additional formulations of the fixed fee payable to it depending on the commercial negotiation and preferences of the parties involved. For example, **in addition to** providing information on the fixed fee percentage in its mandate, a CMI may agree with the issuer to **also** specify its fixed fee as an absolute cash amount, or as a percentage of the gross proceeds to be raised in the offering of equity securities or interests.

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						Where the fixed fee entitlement expressed in an engagement may be increased subject to the discretion of the issuer (other than due to changes in the overall offer size or offer price), the discretionary portion of the fees will be regarded as a discretionary fee for the purpose of the Rules. This is further elaborated in FAQ No. 10A of FAQ No. 077-2022 below. *Notes:* 1. "Total fees" referred to in Rules 3A.34 and 3A.36 (GEM Rules 6A.41 and 6A.43) are commonly referred to as "underwriting fees", and include both fixed and discretionary fees for providing one or more of the following services to the new applicant: underwriting the offer, providing advice, marketing, bookbuilding, making pricing and allocation recommendations and placing the equity securities or interests with the investors. For the avoidance of doubt, this shall comprise all fixed and discretionary fees to be paid in connection with all activities falling within the scope of the New Code Provisions. 2. If the issuer has determined at the time of the engagement of the first syndicate CMI

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						that no discretionary fees will be paid to any of its syndicate CMIs, a CMI's fixed fee percentage to be specified in its written engagement shall be calculated and presented on such basis (i.e. the Total Fees, being the denominator in the formula for calculating the CMI's fixed fee percentage, will not include any discretionary fees), provided that such basis and any relevant assumptions for the calculation are clearly set out in the CMI's written engagement. 3. Where, for example, (i) it is specified in a CMI's written engagement that the total fixed fee and the total discretionary fee payable to all syndicate CMIs are 3% and 1% of the gross proceeds to be raised in the offering, respectively and (ii) it is agreed that the CMI shall be entitled to 50% of the total fixed fee payable to all syndicate CMIs, it may be specified in the CMI's written engagement for the purpose of Rule 3A.34/ 3A.36 (GEM Rule 6A.41/ 6A.43) that its fixed fee percentage is 37.5% of the Total Fees assuming that the discretionary fee is paid in full. 4. For the avoidance of doubt, where it is specified in an overall coordinator's written

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						engagement that a fixed percentage of the Total Fees must be paid by the issuer to the overall coordinators as incentive fee, but the precise allocation of such fee to each overall coordinator is at the sole discretion of the issuer to be exercised at a later stage, such fee would be regarded for the purpose of Rules 3A.34 and 3A.36 (GEM Rules 6A.41 and 6A.43) as a discretionary fee. See also FAQ Nos. 10A to 10F of FAQ No. 077-2022 below. ***(Updated in August 2022)***
22/04/2022 (04/08/2022)	3A.33, 3A.34, 3A.35, 3A.36, 3A.37, 3A.43	6A.40, 6A.41, 6A.42, 6A.43, 6A.44	077-2022	10A.	(a) With regard to the fixed fee required to be specified in the written engagement of a CMI (including an overall coordinator) under Rule 3A.34(2) (GEM Rule 6A.41(2)) (for a syndicate CMI) or Rule 3A.36(2) (GEM Rule 6A.43(2)) (for an overall coordinator), would it be acceptable for it to be expressed in the form of (i) "no less than" or "no more than" a percentage of the Total Fees; or (ii) a percentage range of the Total Fees (e.g. between [x]% and [y]% of the Total Fees)?	(a) (i) **"no less than [x]%" of the Total Fees:** If this expression is adopted, the fixed fee of the CMI would be regarded as [x]% at the time of its engagement, whereas any fees above [x]% would be regarded for the purpose of the Rules as discretionary fees. (ii) **"no more than [x]%" of the Total Fees:** If this expression is adopted, there is no certainty as to the minimum amount of fee that the CMI may get after rendering the specified

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					(b) Would the answer in (a) be different with regard to any discretionary fee specified in the written engagement agreement of a syndicate CMI or an overall coordinator?	services and all that fee is accordingly, for the purpose of the Rules, discretionary. This does not meet the requirements of Rule 3A.34(2)/ 3A.36(2) (GEM Rule 6A.43(2)/ 6A.41(2)). (iii) **a percentage range of the Total Fees:** If this expression is adopted, the minimum fee prescribed by the range would be regarded for the purpose of the Rules as the fixed fees of the CMI, while any additional fees within the range would be regarded as its discretionary fees for the purpose of the Rules. Where the fee arrangement is expressed in the form of a tiered commission structure where a higher commission rate will apply when the deal is priced higher, the minimum fee prescribed by the tiered commission structure would be regarded for the purpose of the Rules as the fixed fees of the CMI, whereas any fees above that minimum fee would be regarded as its discretionary fees for the purpose of

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						the Rules. Such fee arrangement should be clearly disclosed in the IPO listing document. The industry is further reminded that, under paragraph 21.4.2(b)(i) of the Code of Conduct, overall coordinators are required to inform the issuer on market practices for the fee split ratio, which is stated to be around 75% fixed and 25% discretionary ("**75:25 ratio"**) in the Conclusions Paper, and issuers should assess whether they should deviate significantly from the 75:25 ratio. The ratio of fixed and discretionary fees to be paid to all syndicate members is also required to be (a) disclosed in the Application Proof submitted for vetting purposes in accordance with paragraph 3B of Appendix 1A/1E to the Rules (paragraph 3B of Appendix 1A to the GEM Rules), where the relevant fees have already been determined (see Note 8 to HKEX-GL56-13) (see also FAQ No. 11A of FAQ No. 077-2022); and (b) notified to the Exchange four clear business days prior to the date of the expected Listing Committee hearing in accordance with Rule 9.11(23a)(d) (see also FAQ No. 10G of FAQ No. 077-2022). Regulators may make enquiries where the

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						ratio submitted significantly deviates from the 75:25 ratio. (b) The New Code Provisions-related Rule Amendments do not prevent the discretionary fee entitlement of a CMI from being presented in its written engagement in any of the forms referred to in sub-paragraphs (a)(i), (ii) and (iii) of this FAQ above. However, it should be noted that the time schedule for payment of the fee to a capital market intermediary, which is required to be specified in its written engagement under Rule 3A.34(3) (GEM Rule 6A.41(3)) (for a syndicate CMI) or Rule 3A.36(3) (GEM Rule 6A.43(3)) (for an overall coordinator), is required to cover fixed fees and any discretionary fees. This means that if the new applicant has decided at the time of the engagement of the relevant capital market intermediary that a discretionary fee may be paid to that capital market intermediary, its written engagement is required to specify the timing of payment of such discretionary fee. ***(Added in August 2022)***
22/04/2022 (04/08/2022)	3A.36	6A.43	077-2022	10B.	A new applicant intends to appoint an overall coordinator before filing its listing	(i) If it is specified in the overall coordinator's written engagement that it is entitled to a

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					application, and to appoint further syndicate CMIs closer to the date of the hearing of its listing application. It is therefore specified in the initial written engagement of the overall coordinator that the overall coordinator is entitled to a fixed fee of 60% of the Total Fees, so that the new applicant could allocate the remaining 40% of the Total Fees to the remaining syndicate CMIs to be appointed at a later stage. (i) If fewer syndicate CMIs are eventually appointed than initially budgeted, could additional fixed fees be subsequently allocated to the overall coordinator? (ii) Could the engagement letter of the overall coordinator include a re-allocation mechanism that would allow its fixed fee entitlement to be subsequently reduced if more syndicate CMIs than initially budgeted are eventually appointed?	fixed fee of 60% of the Total Fees, this would be in compliance with the relevant Rule requirements. If the remaining 40% of the Total Fees is further allocated to the overall coordinator in future at the discretion of the issuer, such fee would be regarded as its discretionary fee for the purpose of the Rules. (ii) No, the engagement letter of the overall coordinator shall not include a re-allocation mechanism that would result in an unquantified subsequent reduction of its fixed fee entitlement in the event that more syndicate CMIs than initially budgeted are appointed at a later stage, as the fee percentage of the overall coordinator and the extent of the subsequent reduction are unclear at the time of its engagement, and there is no certainty as to the minimum amount of fixed fees that the overall coordinator may get after rendering the specified services. As the deadline for appointing overall coordinators is earlier than that for appointing other syndicate CMIs ("**non-OC CMIs**"), in light of the positions set out in (i) and (ii) above, issuers are reminded to make their best estimate as to the number of non-OC CMIs to be appointed when they communicate

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						to an overall coordinator at the time of entering into its engagement letter how much of the Total Fees will be awarded to it as its fixed fee. ***(Added in August 2022)***
22/04/2022 (04/08/2022)	3A.34, 3A.36, 9.11(23a) (Note 2), 9.11A, paragraph 3B of Part A of Appendix 1, paragraph 3B of Part E of Appendix 1	6A.41, 6A.43, 12.23AA (Note 2), 12.26AA, paragraph 3B of Part A of Appendix 1	077-2022	10C.	Is it permissible under the New Code Provisions-related Rule Amendments for the fixed fees specified in the written engagement of a CMI (including an overall coordinator) to be subsequently amended, for example by way of a supplemental agreement? Are these changes required to be notified to the Exchange?	Where any change proposed to the original fee structure may potentially result in the contravention of the Listing Rules / the Code of Conduct, regulators shall be consulted as early as possible and before the changes are made. Where there is any material change to previously submitted information on fee arrangements of syndicate CMIs (including overall coordinators), including the following, the Exchange should also be notified and be provided with the updated information and the reasons for such change as soon as practicable under Rule 9.11A (GEM Rule 12.26AA): • the aggregate of the fees and the ratio of fixed and discretionary fees paid or payable to all syndicate members required to be included in the Application Proof submitted for vetting purposes under paragraph 3B of Appendix 1A/1E to the Rules (paragraph 3B of Appendix 1A to the GEM Rules), in cases where the relevant fees have already been determined (see Note 8 to HKEX-GL56-13).

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						See also FAQ No. 11A of FAQ No. 077-2022; and • information including, among others, the allocation of the fixed portion of the fees paid by the issuer to each overall coordinator and the ratio of fixed and discretionary fees to be paid to all syndicate CMIs required to be submitted by no later than four clear business days prior to the Listing Committee hearing under Rule 9.11(23a) (GEM Rule 12.23AA). See also FAQ No. 10G of FAQ No. 077-2022. In addition, regulators may request supporting documents at any time during the listing application process in order to assess whether the fee arrangement of any syndicate CMI or any change to the terms of its engagement complies with the applicable Rule / Code of Conduct requirements. Where the regulators become aware that a material change has been made to the fee arrangement, the regulators will assess such change on a case-by-case basis having regard to the scale of, and the reasons for, the change. Depending on the circumstances of the case, the regulators might make enquiries to assess whether the original incentive arrangements for

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						the CMIs involved have been fundamentally changed (e.g. the fixed fee entitlement to some existing overall coordinators is reduced significantly to the effect that a significant percentage of the fee pool is now allocated to a few CMIs appointed at a very late stage) and hence whether such change should be treated as constituting a new engagement. Examples of situations where subsequent material adjustments to fees may be regarded as justifiable include (a) resignation of an overall coordinator which necessitates a re-allocation of fees and (b) a significant reduction in offer size, which results in a commercial negotiation of revised fee arrangements. Overall coordinators should document in writing the reasons for any changes to the fee arrangements in their internal records. ***(Added in August 2022)***
22/04/2022 (04/08/2022)	3A.33, 3A.34, 3A.35, 3A.36, 3A.37, 3A.43	6A.40, 6A.41, 6A.42, 6A.43, 6A.44	077-2022	10D.	Where there is a material change to the terms of the engagement of an overall coordinator, will the date of the change be regarded as the date of its appointment for the purpose of Rules 3A.35 and 3A.37 (GEM Rules 6A.42 and 6A.44) (for an overall coordinator (other than a sponsor-overall coordinator in a Main Board transaction)), or Rule	If the material change is treated as a new engagement, the date on which such material change is made will be regarded as the date of appointment of the overall coordinator for the purpose of Rules 3A.35 and 3A.37 (GEM Rules 6A.42 and 6A.44) (for an overall coordinator (other than a sponsor-overall coordinator in a Main Board transaction)), or Rule 3A.43(2) (for a

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					3A.43(2) (for a sponsor-overall coordinator in a Main Board transaction)?	sponsor-overall coordinator in a Main Board transaction). This is subject to (i) the terms of the new engagement complying with the relevant Rules, and (ii) FAQ No. 10F of FAQ No. 077-2022. If the material change results in, among other things, the requirements under Rule 3A.37 /3A.43 (GEM Rule 6A.44) not being complied with, the new applicant may be required to delay its listing timetable until the relevant requirements have been re-complied with. As set out in FAQ No. 10C of FAQ No. 077-2022 above, where the regulators become aware that a material change has been made to the fee arrangement of an overall coordinator, they might make enquiries to assess, among others, whether the material change should be treated as constituting a new engagement. ***(Added in August 2022)***
22/04/2022 (04/08/2022)	3A.43, 3A.36	N/A	077-2022	10E.	(a) Where a new applicant engages more than one sponsor-overall coordinator through a joint engagement agreement (the "**First Written Agreement**"), whether specifying a joint fee arrangement (including the aggregate fixed fee to	(a) No. Under Rule 3A.36(2), the fixed fee to be paid to each overall coordinator as a percentage of the Total Fees should be specified in the joint engagement agreement. See also FAQ Nos. 10 and 10A of FAQ No. 077-2022 above.

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					be paid to all the appointed joint sponsor-overall coordinators but without specifying the fee split between or among them) in the joint engagement agreement would be sufficient to satisfy the requirements under Rule 3A.36(2)? (b) If the answer to (a) is no, and the same parties enter into a supplemental engagement agreement to clarify the fee split among such joint sponsor-overall coordinators, whether the Exchange will regard the date of the First Written Agreement as the date of appointment of the joint sponsor-overall coordinators for the purpose of calculating the 2-month period required under Rule 3A.43(2)?	(b) Subject to FAQ No. 10F of FAQ No. 077-2022, the 2-month period required under Rule 3A.43(2) shall commence on the date when the sponsor-overall coordinator is appointed in strict compliance with the Rules. In the scenario described, the date of the latest supplemental engagement agreement will be regarded as the date of appointment of the joint sponsor-overall coordinators. ***(Added in August 2022)***
22/04/2022 (04/08/2022)	3A.33, 3A.34, 3A.35, 3A.36, 3A.37, 3A.43	6A.40, 6A.41, 6A.42, 6A.43, 6A.44	077-2022	10F.	Could a syndicate CMI (or overall coordinator) whose fixed fee entitlement was not presented in compliance with Rule 3A.34/ 3A.36 (GEM Rule 6A.41/ 6A.43) (see FAQ Nos. 10 and 10A of FAQ No. 077-2022 above for details) enter into a supplemental engagement agreement	If the fixed fee entitlement of a syndicate CMI (including an overall coordinator) was not presented as an acceptable fixed fee formulation in accordance with the responses to FAQ Nos. 10 or 10A of FAQ No. 077-2022 above, the CMI will not be considered as having been appointed in compliance with the Rules.

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					with the new applicant to re-comply with the relevant Rule requirements? In that case, would the date of engagement of the relevant syndicate CMI (or overall coordinator) be taken as the date of the initial engagement agreement or that of the supplemental engagement agreement for the purpose of determining compliance with the relevant timing requirement under the Rules (e.g. the 2-week deadline under Rule 3A.37 (GEM Rule 6A.44) for overall coordinators (other than sponsor-overall coordinators) or the 2-month deadline under Rule 3A.43 (for sponsor-overall coordinators))?	The new applicant shall enter into a supplemental engagement with the CMI to comply with Rule 3A.34/ 3A.36 (GEM Rule 6A.41/ 6A.43). The appointment of the CMI for the purpose of the Rules will only be regarded as having commenced on the date when the CMI is appointed in strict compliance with the Rules, i.e. the date of the supplemental engagement. For example, where the CMI in the scenario described is a sponsor-overall coordinator, the 2-month period required under Rule 3A.43(2) shall only be regarded as having commenced on the date of the supplemental engagement. If the initial written engagement was entered into on or before 4 August 2022 and the supplemental engagement was entered into within 1 month from 4 August 2022, the Exchange would accept the date of the initial written engagement as the date of engagement of the relevant CMI for the purpose of the Rules. However, if the initial written engagement was entered into after 4 August 2022 and/or the supplemental engagement was entered into more than 1 month after 4 August 2022, the date of the supplemental engagement agreement will be taken as the date of engagement of the relevant CMI for the purpose of the Rules.

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						Please refer to FAQ No. 21 of FAQ No. 077-2022 where a new applicant intends to make use of the transitional arrangement. ***(Added in August 2022)***
22/04/2022 (04/08/2022)	9.11(23a)	12.23AA	077-2022	10G.	How should the information required to be submitted to the Exchange under Rule 9.11(23a)(b), (c) and (d) (GEM Rule 12.23AA(b), (c) and (d)) be presented?	**Rule 9.11(23a)(b) (GEM Rule 12.23AA(b))** Rule 9.11(23a)(b) (GEM Rule 12.23AA(b)) requiring a confirmation of the "*fixed fees to be paid by the issuer to each overall coordinator*" does not prescribe the form in which the fixed fee information should be presented. The Exchange would expect this to include (i) the fees to which each overall coordinator is entitled as a percentage of the Total Fees *(Note 1)* and (ii) the fixed fees as a percentage of the offer size for all overall coordinators (which is consistent with the presentation of the Total Fees as a percentage of the gross proceeds to be raised from the New Listing in respect of both the public subscription and the placing tranches as required under Rule 9.11(23a)(c) (GEM Rule 12.23AA(c))). **Rule 9.11(23a)(c) (GEM Rule 12.23AA(c))** Rule 9.11(23a)(c) (GEM Rule 12.23AA(c)) requires the Total Fees (as a percentage of the gross proceeds to be raised from the New Listing) in respect of both the public subscription and the

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						placing tranches to be paid to all syndicate CMIs. The Exchange would expect this to include both (a) the percentage calculated on the basis that the over-allotment option (if any) is not exercised; and (b) the percentage calculated on the basis that the over-allotment option (if any) is exercised in full *(Note 1)*. **<u>Rule 9.11(23a)(d) (GEM Rule 12.23AA(d))</u>** Rule 9.11(23a)(d) (GEM Rule 12.23AA(d)) requires the ratio of fixed and discretionary fees to be paid to all syndicate CMIs for both the public subscription and the placing tranches (in percentage terms). The Exchange would expect this to include: (a) the total fixed fees (as a percentage *(Note 2)* of the Total Fees) paid or to be paid to all syndicate CMIs for both the public subscription and the placing tranches *(Notes 1 and 3)*; and (b) the total discretionary fees (as a percentage *(Note 2)* of the Total Fees) paid or to be paid to all syndicate CMIs for both the public subscription and the placing tranches *(Notes 1 and 4)*. *Notes:*

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						1. If any information required to be submitted under Rule 9.11(23a) (GEM Rule 12.23AA) is calculated and/or presented on the basis that the discretionary fees (if any) will be fully paid, such basis should be clearly stated in the submission. 2. Both (a) the percentage calculated on the basis that the over-allotment option (if any) is not exercised; and (b) the percentage calculated on the basis that the over-allotment option (if any) is exercised in full shall be submitted. 3. The fixed fee percentages shall be expressed in compliance with FAQ Nos. 10 and 10A of FAQ No. 077-2022 above. 4. For the avoidance of doubt, the payment of discretionary fees (if any) to any syndicate member is at the absolute discretion of the issuer and therefore it would be acceptable for the discretionary fee percentages to be subject to language such as "up to" or "no less than" a particular percentage. ***(Added in August 2022)***
22/04/2022 (04/08/2022)	3A.34, paragraph 10A of Form	6A.41, paragraph 10A of	077-2022	12.	Under the New Code Provisions-related New Code Provisions-related Rule Amendments, what information	The issuer shall provide the following in relation to fee arrangements to the capital market intermediaries:

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	F in Appendix 5	Form E in Appendix 5			in relation to fee arrangements does an issuer need to provide to capital market intermediaries involved in the Relevant Activities in the issuer's proposed placing?	(i) at the time of engagement of a capital market intermediary by the issuer, the issuer must specify, among others, the following in the capital market intermediary's written engagement agreement: (a) the fee arrangement (including the capital market intermediary's fixed fee percentage); and (b) the time schedule for payment of the fees *(Note 1)* to the capital market intermediary; and (ii) before commencement of dealings in the equity securities or interests to be placed in the transaction, the issuer must determine and communicate in writing to the syndicate CMI the allocation of discretionary fee, that is, the absolute amount to be paid *(Note 2)*, and the time schedule for the payment *(Note 2)* of the total fees payable, to the syndicate CMI. *Notes:* 1. This includes fixed and (if any) discretionary fees. 2. See Notes 1 and 2 to FAQ No. 11 of FAQ No. 077-2022.

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						(Updated in August 2022)
22/04/2022 (04/08/2022)	3A.43	N/A	077-2022	21.	In the event that a Main Board new applicant has already appointed a sponsor for its proposed New Listing (that involves a placing) before the Effective Date, is it required to terminate the existing sponsor engagement and re-appoint the relevant intermediary as a sponsor and an overall coordinator (or re-appoint the relevant intermediary as a sponsor and appoint an intermediary within its group of companies ("**group company**") as an overall coordinator) at the same time for the purpose of complying with the requirement on sponsor-overall coordinators under Rule 3A.43(2) if the new applicant (A) re-files its listing application on or after the Effective Date after the previous listing application lapses, or (B) files its listing application for the first time on or after the Effective Date?	In general, sponsors are reminded of their responsibilities to advise their issuer clients on compliance with the rules and regulations that are expected to apply to the relevant listing applications at the relevant times. **(A) Re-filings of listing applications of Main Board new applicants submitted before the Effective Date ("Pre-existing Listing Applications")** As set out in the "Information Paper on (i) New Code Provisions-related Rule Amendments on bookbuilding and placing activities in equity capital market transactions and sponsor coupling to complement the SFC's new Code of Conduct provisions; and (ii) housekeeping Rule amendments" published by the Exchange on 22 April 2022 and FAQ No. 20 of FAQ No. 077-2022, the New Code Provisions-related Rule Amendments will not apply to Pre-existing Listing Applications. This means that Main Board new applicants are not required to appoint an

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						overall coordinator or a sponsor-overall coordinator or comply with Rule 3A.43(2) in respect of such Pre-existing Listing Applications. In the event that the Pre-existing Listing Application lapses and is re-filed *(Note 1)* on or after the Effective Date, provided that: (i) the existing <u>independent sponsor</u> has been appointed as such <u>before the Effective Date and at least 2 months before</u> the submission of the re-filing, and the notification of the sponsor engagement has been submitted to the Exchange in accordance with Rule 3A.02A(1) and in any event <u>before the Effective Date</u> *(Notes 2 and 4)*; (ii) the independent sponsor referred to in condition (i) above or its group company has also been appointed as an overall coordinator for the purpose of Rule 3A.43 <u>before the Effective Date and at least 2 months before</u> the submission of the re-filing *(Notes 3 and 5)*;

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						(iii) the engagements of such sponsor and overall coordinator remain valid and effective as at the time of the re-filing; and (iv) the re-filing is submitted <u>within 3 months</u> from the lapse of the last listing application, we would accept the overall coordinator referred to in condition (ii) above as having been duly appointed as a sponsor-overall coordinator for the purpose of Rule 3A.43 even though its appointment as an overall coordinator was not made at the same time as it or its group company was appointed as a sponsor. **(B) Certain listing applications submitted by Main Board new applicants for the first time on or after the Effective Date and their subsequent re-filings** In the event that a Main Board new listing application is submitted for the first time on or after the Effective Date, the New Code Provisions-related Rule Amendments shall apply. This means that, amongst other things, the Main Board new applicant whose listing is expected to involve a

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						placing should appoint at least one sponsor-overall coordinator in accordance with the New Code Provisions and the Rule Amendments. However, we acknowledge that where a sponsor mandate has been entered into before the publication of the New Code Provisions-related Rule Amendments (i.e. 22 April 2022) ("**Publication Date**") but the listing application is only ready for submission on or after the Effective Date, the new applicant might not be able to strictly comply with the requirement to appoint the sponsor and the overall coordinator at the same time for the purpose of complying with the requirement on sponsor-overall coordinators under Rule 3A.43(2) when it submits the listing application for the first time on or after the Effective Date. The purpose of the New Code Provisions-related Rule Amendments is not to require such new applicant to terminate the existing sponsor engagement and re-appoint the relevant intermediary as a sponsor and an overall coordinator (or re-appoint the relevant intermediary as a sponsor and appoint its group company as

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						an overall coordinator) in connection with such application and subsequent re-filings, provided that: (i) the new applicant has already appointed an independent sponsor before the Publication Date, and the notification of the sponsor engagement has been submitted to the Exchange in accordance with Rule 3A.02A(1) before the Publication Date *(Note 4)*; (ii) the independent sponsor referred to in condition (i) above or its group company has also been appointed as an overall coordinator *(Note 3)* for the purpose of Rule 3A.43 before the Effective Date and at least 2 months before the submission of the initial application or re-filing (where applicable) *(Note 5)*; (iii) the engagements of such sponsor and overall coordinator remain valid and effective as at the time of the submission of the initial application or re-filing (where applicable); and

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						(iv) where applicable, the re-filing is submitted within 3 months from the lapse of the last listing application. Provided that the four conditions described above in Part (B) are met, we would accept the overall coordinator referred to in condition (ii) above as having been duly appointed as a sponsor-overall coordinator for the purpose of Rule 3A.43. Under the circumstances where the conditions described above in Part (A) or (B) (as the case may be) are met, no application is required to be submitted by a new applicant or its sponsor for the Exchange's consent for following the relevant transitional arrangement). However, where a new applicant intends to make use of the transitional arrangement in Part (A) or (B) above (as the case may be), the sponsor of the new applicant shall notify the Exchange in writing of the appointment of the overall coordinator under condition (ii) in Part (A) or (B) as soon as practicable after such appointment is made. If the fee arrangement in the initial written engagement for the appointment of the overall coordinator under condition (ii) above was not presented in compliance with the Rules (as

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						detailed in FAQ Nos. 10 and 10A of FAQ No. 077-2022) and a supplemental engagement is entered into pursuant to FAQ No. 10F of FAQ No. 077-2022, the sponsor of the new applicant shall notify the Exchange in writing that such supplemental engagement has been entered into, the dates of the initial engagement and the supplemental engagement and the changes made pursuant to the supplemental engagement. For the avoidance of doubt, if the Exchange had already been notified of the initial engagement, the sponsor of the new applicant would be required to notify the Exchange where a supplemental engagement has been entered into pursuant to FAQ No. 10F of FAQ No. 077-2022, even if the new applicant may eventually be unable to make use of the transitional arrangement. The above notification(s) shall be made in writing by email to the relevant vetting team (where the listing application has already been filed) or to ipoteamadmin@hkex.com.hk (where the initial listing application has yet to be filed). *Notes:*

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						1. This applies to subsequent re-filings as well provided that the conditions set out in Part (A) above are met. 2. For the avoidance of doubt, if the notification of the initial sponsor engagement of the existing independent sponsor had previously been submitted to the Exchange in accordance with Rule 3A.02A(1), such notification will not need to be re-submitted to the Exchange for the purpose of fulfilling condition (i) of Part (A) above. 3. For the avoidance of doubt, in respect of a sponsor-overall coordinator other than that referred to in condition (ii) in Parts (A) and (B) above (e.g. if the engagement of the sponsor-overall coordinator referred to in condition (ii) above ceases and another intermediary or intermediaries is/are engaged as a replacement sponsor-overall coordinator), a Main Board new applicant shall comply fully with, *inter alia*, Rule 3A.43, including the requirement under Rule 3A.43(2) to make sure that the appointments of the sponsor and the overall coordinator in respect of such sponsor-overall coordinator are made at the same time. 4. In line with Rule 18B.78, references to "2 months" in condition (i) in Parts (A) and (B) above shall be modified to 1 month in the

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						case of a placing involving bookbuilding activities (as defined under the Code of Conduct) in connection with the New Listing of a SPAC. 5. References to "2 months" in condition (ii) in Parts (A) and (B) above shall be modified to 1 month in the case of a placing involving bookbuilding activities (as defined under the Code of Conduct) in connection with the New Listing of a SPAC. See also FAQ No. 9A of FAQ No. 077-2022. Considering the new obligations and additional responsibilities under the New Code Provisions-related Rule Amendments, Main Board new applicants are reminded to take into account the conditions set out above if they wish to rely on the transitional arrangements to avoid any unintended delay in their listing timetables and be mindful of, among others, (a) the timing for negotiating and entering into a new/additional engagement with their existing independent sponsor (or its group company) and/or overall coordinator; (b) the preparation required in advance for a re-filing to be submitted within 3 months from the lapse of the last listing application; and (c) any contingencies which may result in a re-filing on or after the Effective Date (e.g. delay of the listing date to after the Effective

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						Date and lapse of the listing application shortly before it). We have set out some illustrative examples highlighting the key dates in respect of the transitional arrangements in the Appendix. ***(Last updated in August 2022)***
22/04/2022 (04/08/2022)	3A.43, 3A.36	N/A	077-2022	24.	Where a new applicant who had submitted a listing application before the Effective Date (i.e. a Pre-existing Listing Application not subject to the New Code Provisions-related Rule Amendments) has entered into an overall coordinator engagement agreement with the existing sponsor (or its group company) before the Effective Date to ensure that it could make use of the transitional arrangement in Part (A) of FAQ No. 21 of FAQ No. 077-2022 in case the listing application needs to be re-filed on or after the Effective Date, would it be acceptable to specify in the overall coordinator engagement letter that the provisions relating to the existing sponsor's (or its group company's) appointment as a sponsor-overall coordinator and other terms required under Rule 3A.36 ("**OC Appointment Provisions**") would not apply if listing	As stated in the SFC's Consultation Paper and Conclusions Paper, the major aim of the "sponsor-coupling" proposal was to ensure that, among others, (i) at least one sponsor would be free of potential incentives to compromise its due diligence in order to secure an overall coordinator role; and (ii) at least one sponsor-overall coordinator would have obtained a good understanding of the new applicant through its due diligence work and be in a good position to give comprehensive advice to the new applicant throughout the transaction. In the scenario described, this is acceptable as there appears to be no uncertainty over the existing sponsor's (or its group company's) appointment as a sponsor-overall coordinator and the terms of its sponsor-overall coordinator engagement for the purpose of the re-filing on or after the Effective Date, given that (i) the existing sponsor (or its group company) is appointed before the Effective Date as a sponsor-overall coordinator

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					takes place before the lapse of the Pre-existing Listing Application?	for the potential re-filing on or after the Effective Date; (ii) the OC Appointment Provisions required under Rule 3A.36 have been determined and set out in the overall coordinator engagement letter before the Effective Date; and (iii) the OC Appointment Provisions would apply once the Pre-existing Listing Application lapses (where listing does not take place). ***(Added in August 2022)***
22/04/2022	3A.46	6A.48	077-2022	14.	Under the New Code Provisions-related Rule Amendments, a new applicant and its directors shall provide each syndicate member with a list of the directors and existing shareholders of the new applicant, their respective close associates and any person who is engaged by or will act as a nominee for any of the foregoing persons to subscribe for, or purchase shares in connection with a New Listing ("**Restricted Investors**"). (i) Does this requirement apply to new applicants with a primary listing on an overseas exchange given they may have a large shareholder base and the compilation of the list of	(i) In the case of a placing in connection with a New Listing, the Listing Rules prohibit Restricted Investors from subscribing for the equity securities or interests of a new applicant unless with consent from the Exchange. The provision of the required information set out in Rule 3A.46 (GEM Rule 6A.48) is to assist the syndicate members to identify such Restricted Investors. A new applicant seeking a secondary listing or a dual primary listing with an offering on the Exchange has the same obligation under Rule 3A.46 (GEM Rule 6A.48) to assist their syndicate members to meet their general obligation to take all reasonable steps to identify Restricted Investors. Under the current practice, given there may be material changes in the Restricted

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					Restricted Investors may be cumbersome? (ii) Does the requirement apply to a placing of shares by a listed issuer that falls under Rules 3A.32(1)(a)(ii) or 3A.32(1)(b) (GEM Rule 6A.39(1)(a)(ii) or 6A.39(1)(b))?	Investors during the listing process of a new applicant seeking a secondary listing or a dual primary listing on the Exchange, it may apply for the Exchange's consent under paragraphs 5(1) and (2) of Appendix 6 to the Listing Rules (GEM Rule 10.12(1A)(a) and (b)) and a waiver of Rule 10.04 (GEM Rule 13.02(1)) in order to allow certain existing shareholders of the new applicant to subscribe for equity securities or interests in its IPO. Guidance Letter HKEX-GL85-16 provides that the Exchange will consider giving the above consent and granting the above waiver to a new applicant's existing shareholders or their close associates to participate in an IPO if any actual or perceived preferential treatment arising from their ability to influence the listing applicant during the allocation process can be addressed (for example, where all the conditions set out in paragraph 4.20 of the above guidance letter are fulfilled, the Exchange may consider that the actual or perceived preferential treatment given to the relevant existing shareholders or their close associates by virtue of their relationship with the new applicant can be addressed and will ordinarily give its consent for allocation of

<table>
<tr><th>Release Date (Last Update Date)</th><th>Main Board Rules</th><th>GEM Rules</th><th>Series No.</th><th>FAQ No.</th><th>Query</th><th>Response</th></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td>securities to such shareholders or their close associates).

(ii) No, this requirement only applies to a placing in connection with a New Listing.

However, listed issuers are reminded to comply with the requirement of the Listing Rules in connection with the placing of (a) equity securities or interests of a class new to listing or of a class already listed under a general or specific mandate or (b) listed equity securities or interests (if it is accompanied by a top-up subscription) to any “connected person” as defined in Chapter 14A of the Listing Rules. For example, a listed issuer may provide information to assist the syndicate members to identify the listed issuer’s connected persons.</td></tr>
<tr><td>06/09/2019 (~~January 2022~~November 2023)</td><td>4.03, 19.20, 19C.16</td><td>7.02, 24.13</td><td>N/A</td><td>059-2019</td><td>As from 1 October 2019 (“Effective Date”), ~~the amendments to the Financial Reporting Council Ordinance (Cap. 588) (“FRCO”) took effect and~~ the Accounting and Financial Reporting Council (“AFRC”) became Hong Kong’s independent regulator of listed entity auditors (see note 1 below).</td><td>(i) In relation to equity issuers and applicants, the audit engagements falling within the PIE Engagements are summarized below:

<table><tr><th>Preparation of auditors’ or accountants’ report</th><th>Is it a PIE Engagement?</th></tr><tr><td>Annual financial statements</td><td>√</td></tr><tr><td>Listing document</td><td>√</td></tr><tr><td>Very substantial acquisition</td><td>√</td></tr></table></td></tr>
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<tr><th>Release Date (Last Update Date)</th><th>Main Board Rules</th><th>GEM Rules</th><th>Series No.</th><th>FAQ No.</th><th>Query</th><th>Response</th></tr>
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<td></td><td></td><td></td><td></td><td></td>
<td>After the Effective Date, all audit firms intending to carry out a PIE Engagement are subject to a system of registration (for Hong Kong audit firms) and recognition (for non-Hong Kong audit firms) as PIE Auditors.

Any non-Hong Kong audit firm is required to be recognized by the AFRC before the audit firm can (i) “undertake” (i.e. accept an appointment to carry out) any PIE Engagement; and (ii) carry out any PIE Engagement for an overseas entity. Under the Accounting and Financial Reporting Council Ordinance (Cap. 588) (“AFRCO”), the Exchange needs to issue a Statement of No Objection (“SNO”) before the AFRC considers an application of the overseas audit firm to be recognized as a Recognized PIE Auditor. The overseas audit firm must not accept an appointment for carrying out any PIE Engagement for an overseas entity unless the application for recognition has been granted.

(i) Which types of engagements fall within the PIE Engagements?</td>
<td>
<table>
<tr><td>Reverse takeover</td><td>√</td></tr>
<tr><td>Major transaction</td><td>×</td></tr>
<tr><td>Very substantial disposal</td><td>×</td></tr>
<tr><td>Extreme transaction</td><td>×</td></tr>
<tr><td>De-SPAC transaction</td><td>×</td></tr>
</table>
For those engagements not falling within the PIE Engagements, such as accountants’ reports included in major transaction and very substantial disposal circulars, the Listing Rules continue to apply after the Effective Date. Therefore, it is at the Exchange’s discretion to accept an overseas audit firm as the reporting accountant under the Listing Rules and recognition with the AFRC is not required.

(ii) The AFRC considers the recognition application of a non-Hong Kong audit firm on a case-by-case basis. Therefore, the application should be submitted by the overseas entity. Please see the table below:
<table>
<tr><th>Location of audit firm</th><th>Application should be submitted by</th></tr>
<tr><td>Overseas audit firm</td><td>Overseas entity,
together with a SNO issued by the Exchange</td></tr>
</table>
</td>
</tr>
</table>

Release Date (Last Update Date)	Main Board Rules	GEM Rules	Series No.	FAQ No.	Query	Response
					(ii) On the appointment of a non-Hong Kong audit firm for the PIE Engagement, who should submit the formal application to the AFRC?	<table><tr><td>Endorsed Mainland audit firm</td><td>Not applicable. *(Endorsed Mainland audit firms are recognized as a PIE Auditors without a recognition application being made to the AFRC.)*</td></tr></table> *Notes:* *1. After the further reform on 1 October 2022, the Financial Reporting Council was renamed as the AFRC and major regulatory powers in relation to the accounting profession had been transferred from the Hong Kong Institute of Certified Public Accountants to the AFRC, including, among others, the registration of Hong Kong audit firms.* *~~1~~2. A public interest entity (PIE) is either (a) a listed corporation whose listed securities comprise at least shares or stocks; or (b) a listed collective investment scheme. Therefore, an entity with only listed debts without listed shares or stocks is not a PIE.* *~~2~~3. For further details on the recognition of overseas audit firms, please refer to the AFRC's website.*
06/09/2019 (January 2022)	4.03, 19.20, 19C.16	7.02, 24.13	N/A	060-2019	The overseas equity issuer or applicant must seek a SNO from the Exchange to engage an overseas audit firm to undertake its PIE Engagements. After the SNO is obtained, that issuer or	SNO is granted on by a case-by-case basis. As set out in note 2 to Main Board Rule 4.03(1) (note 2 to GEM Rule 7.02(1)), we will issue a SNO if the overseas audit firm:

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					applicant can submit the recognition application to AFRC. What are the assessment criteria to be considered by the Exchange for the issue of a SNO?	(a) has an international name and reputation; (b) is a member of a recognized body of accountants; and (c) is subject to independent oversight by a regulatory body of a jurisdiction that is a full signatory to the IOSCO MMOU. It would be acceptable if the relevant audit oversight body is not a signatory to the IOSCO MMOU but the securities regulator in the same jurisdiction is a full signatory to the IOSCO MMOU. In this regard, the overseas equity issuers and applicants are reminded that they should plan their application ahead and allow sufficient time for them to seek the SNO and obtain the AFRC's approval for recognition of a Recognized PIE Auditor.
06/09/2019 (~~January 2022~~November 2023)	4.03, 19.20, 19C.16	7.02, 24.13	N/A	061-2019	What information should be submitted to the Exchange when making an application for a SNO?	The SNO application must be made in writing. Based on all relevant facts and circumstances, the overseas equity issuer or applicant should provide an explanation, that supports the SNO application, and all other relevant information that it reasonably believes should be brought to the Exchange's attention, including but not limited to: (1) Details of the PIE Engagement (see FAQ No. 059-2019) and role of the overseas audit firm acting as: a. auditors; and/or

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						b. reporting accountants. (2) Information of the issuer or the applicant or the business, company or companies being acquired (collectively "target" in the case of an acquisition), including its name, address, place of incorporation and nature of the business of the group/target. (3) Information of the overseas audit firm, including: a. having an international name and reputation; b. being a member of, or registered with, an accountancy body *(please specify the name of accountancy body in the home country)* that is a member of the International Federation of Accountants (IFAC) *(see note 1 below)*; and c. being subject to independent oversight by a regulatory body of a jurisdiction *(please specify the name of regulatory body in the home country)* that is a signatory to the IOSCO MMOU *(see note 2 below)*. (4) Auditing and financial reporting standards adopted in relation to the PIE Engagement. (5) Reasons of why an overseas audit firm is needed to undertake the PIE Engagement

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						(see note 3 below), such as: a. the overseas audit firm has a geographical proximity and familiarity with the businesses of that overseas applicant or issuer or the target; and/or b. that overseas applicant or issuer or the target is listed on a Recognised Stock Exchange (as defined in Rule 1.01), and the overseas audit firm is the auditor of that overseas applicant or issuer or the target; and/or c. the overseas audit firm is the statutory auditor of that overseas applicant or issuer or the target. *Note 1: A SNO issued by the Exchange is one of the eligibility criteria to be a Recognized PIE Auditor. There is no indication that the overseas audit firm mentioned in the SNO will be approved by the AFRC, as the AFRC has the following additional criteria:* *(a) the overseas audit firm is subject to the regulation of an overseas regulatory organization recognized by the AFRC; and* *(b) the overseas audit firm has adequate resources and possesses the capability to carry out a PIE Engagement for the overseas entity.*

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						Generally, an overseas regulatory organization is recognized by the AFRC, if it is a member of the International Forum of Independent Audit Regulators (IFIAR); or from a jurisdiction which has attained equivalence status granted by the European Commission under Article 46 of the Statutory Audit Directive 2006/43/EC. For details, please refer to the AFRC's website. *Note 2: It would be acceptable if the relevant audit oversight body is not a signatory to the IOSCO MMOU but the securities regulator in the same jurisdiction is a full signatory to the IOSCO MMOU.* *Note 3: The Exchange will consider exercising its discretion not to issue a SNO if the overseas issuer or applicant fails to satisfy the Exchange of its reasons for its engagement of an overseas audit firm to undertake the PIE Engagement.*
06/09/2019 (~~January 2022~~November 2023)	4.03	7.02	N/A	063-2019	Main Board Rule 4.03 (GEM Rule 7.02) requires that the reporting accountants ~~to be~~must normally ~~qualified under the Professional Accountants Ordinance (Cap. 50)~~be the Hong Kong audit firms registered as the practising accountants under the AFRCO. After the ~~amendments to the FRCO became effective~~Effective Date, is the overseas equity issuer or applicant still	Yes. After the Effective Date, the overseas equity issuer or applicant is still required to apply for this waiver to the Exchange together with its SNO application. We will grant this waiver subject to the overseas audit firm to be recognized by the AFRC. The issuer or applicant should also disclose this waiver (including details and reasons) in its circular or listing document.

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					required to apply the waiver of Main Board Rule 4.03 (GEM Rule 7.02), in addition to seeking the SNO, when it proposes to appoint an overseas audit firm to act as a reporting accountant for its PIE Engagement?	
06/09/2019 (~~January 2022~~November 2023)	19.20, 19C.16	24.13	N/A	064-2019	Before the ~~amendments to the FRCO became effective~~Effective Date, the overseas equity issuer ~~needs~~ needed to make an enquiry regarding its proposed appointment of an overseas audit firm as its auditor. After the Effective Date, does the overseas equity issuer, for PIE Engagements, still need to make the enquiry, in addition to seeking the SNO, when it proposes to appoint an overseas audit firm to act as its auditor?	No. After the Effective Date, the overseas equity issuer only needs to submit the SNO application to the Exchange. We will arrange to issue a SNO if the overseas audit firm can satisfy the assessment criteria as set out in FAQ No. 060-2019. *Note: For overseas audit firms who have already been recognized by the AFRC as Recognized PIE Auditors, although the SNO is not required (see the example set out in FAQ No. 065-2019 (ii) below), the issuers are required to apply Main Board Rule 4.03 (GEM Rule 7.02) waiver or seek our consent under Main Board Rules 19.20(2) and 19C.16(2) (GEM Rule 24.13(2)) for the new engagement as required under the Listing Rules.*
06/09/2019 (~~January 2022~~November 2023)	4.03, 19.20, 19C.16	7.02, 24.13	N/A	065-2019	Is an overseas equity issuer required to apply a "new" SNO in the following circumstances: (i) Annual renewal of the recognition (i.e. "same" overseas audit firm) to the AFRC?	In the circumstances described: (i) No. The SNO is not required when applying for renewal of the recognition to the AFRC. (ii) No. The SNO is not required. In addition, the issuer does not have to re-apply for recognition to the AFRC when the recognition of that audit firm remains valid.

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					(ii) To appoint an overseas audit firm (who is the auditors of the issuer) as its reporting accountants for a transaction circular, which falls within the PIE Engagements? (iii) To appoint "another" overseas audit firm as its auditors or reporting accountants for a transaction circular (which falls within the PIE Engagements)?	(iii) Yes. The issuer should make a fresh recognition application, together with the SNO, to the AFRC.
06/09/2019 (January 2022)	4.03, 19.20, 19C.16	7.02, 24.13	N/A	066-2019	Does an overseas equity issuer or applicant need to disclose the fact that its auditors or reporting accountants for a PIE Engagement are the Registered or Recognized PIE Auditors in the annual report, circular or listing document?	Yes. It should disclose that fact.
06/09/2019 (~~January 2022~~November 2023)	4.03, 19.20, 19C.16	7.02, 24.13	N/A	067-2019	Does an overseas equity applicant need to disclose the name of the auditors after listing in the listing document?	Yes. For clarity, the overseas applicant should disclose the name of its auditors after listing at the time of the publication of the listing document. In case where an overseas applicant engaged a Hong Kong audit firm to act as its reporting accountant for preparing the accountants' report in its listing document, but it intends to appoint an overseas audit firm as its auditors after listing, it should seek a SNO from the Exchange and submit a recognition application to the AFRC. At the time of the publication of the listing document, if its

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						application is under the AFRC's consideration, that fact should be disclosed.
01/01/2022	4.03, 19A.08	7.02	N/A	076-2022	Is an equity issuer incorporated in the PRC ("**PRC issuer**") permitted to appoint an overseas audit firm as its reporting accountant for the preparation of the accountants' report in a notifiable transaction circular relating to the acquisition of an overseas company (regardless of whether it constitutes a PIE Engagement)?	Yes. The PRC issuer is permitted to appoint an overseas audit firm to carry out an engagement in relation to the acquisition of an overseas company, provided that the PRC issuer seeks a waiver from strict compliance with Main Board Rule 4.03 (GEM Rule 7.02), and obtains a SNO (in the case of PIE Engagements) from the Exchange.
06/02/2015 (February 2020)	Rules 4.05(2)(a) and (b), Note 2 to Rule 4.05(2), paragraph 4(2)(a) and (b) of Appendix 16, Note 4.2 of Appendix 16	Rules 7.04(2)(a) and (b), Note 2 to Rule 7.04(2), Rules 18.50B(2)(a) and (b), Note to Rule 18.50B(2)	31	7.	The relevant Rules requires, among other things, the ageing analysis be presented on the basis of the date of the relevant invoice or demand note. For issuers in industries that do not issue invoices to their customers, but have sales and purchase contracts with its customers which set out the agreed payment schedule, how should they present their ageing analysis of accounts receivable and accounts payable?	These issuers should present the ageing analysis based on the payment schedule set out in the sales and purchase contracts. [Updated in February 2020]
24/08/2018 (01/01/2022)	4.10, 4.11, 19.13, 19.14, 19.25A,	7.12, 7.14, 24.18A	N/A	034-2018	Whether the Exchange will allow an applicant, including a biotech company, to adopt generally accepted accounting principles in the United States (US GAAP) in the preparation of	Rule 4.11 requires an accountants' report in a listing document be prepared in Hong Kong Financial Reporting Standards or International Financial Reporting Standards (IFRS) for non-PRC companies.

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	19C.10D, 19C.23				accountants' report and subsequent financial reports after listing?	US GAAP is acceptable for an overseas issuer with, or seeking, a dual primary or secondary listing in the U.S. and on the Exchange (paragraph29 of Guidance Letter HKEX-GL111-22). An applicant already listed in U.S. may apply for a waiver from Rule 4.11 and note 2.1 to paragraph 2 of the Appendix 16 to use US GAAP in the preparation of an accountant's report in its prospectus and the financial statements issued after listing. In considering whether to grant the waiver, the Exchange will take into account the following: (i) the applicant's place of operation is in the U.S., and whether it has been adopting US GAAP; (ii) whether the adoption of US GAAP enables its investors to make a more meaningful comparison of its performance with its peers; (iii) the comparability between US GAAP and IFRS; and (iv) whether there is any material difference between the financial statements prepared using US GAAP and IFRS. Please refer to Guidance Letter HKEX-GL102-19 for the details of the conditions, at a minimum, required by the Exchange on granting such waiver.

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						Secondary listed issuers that are listed in the US and new secondary listing applications from US-listed applicants should refer to Guidance Letter HKEX-GL111-22 for the transitional arrangements on the use of US GAAP for secondary listing. ***(Updated in January 2022)***
18/06/2021 (01/08/2023)	4.14, 5.01B(1)(b), 5.02B(2)(b), 14.66(10), 14.67A(2)(b)(viii), 14A.70(13), 15A.21(4), 17.02(2), 19.10(5)(e) and (6), 19A.27(4), 19C.10B, 29.09, 29.10, 36.08(3), Appendix 1A paragraph 53, Appendix 1B paragraph 43, Appendix 1C paragraph	7.18, 8.01B(1)(b), 8.02B(2)(b), 19.66(11), 19.67A(2), 20.68(13), 23.02(2), 24.09(2), (3), (5)(a),(e) and (6), 25.20(4), 32.05(3), 35.10, 35.11, Appendix 1A paragraph 52, Appendix 1B paragraph	N/A	075-2021	Where and for how long should documents on display be published online? How will these documents be removed from the relevant websites after the expiry of the prescribed display period?	Issuers should publish documents on display on both the HKEX website (through EPS under the new headline category "Documents on Display") and the issuer's website. For documents that are published to meet transaction disclosure obligations only, issuers are required to publish them for time period prescribed by the Listing Rules (which is the same as what the Listing Rules originally require for physical display of such documents). For documents that are published to meet ongoing disclosure obligations (e.g. constitutional documents, audited financial information and previous transaction circulars), these should be published on a continuous basis. There is no time limit on the length of time listing documents should remain online. *(Note: These documents are already published online on a continuous basis. Issuers will not have to publish them again to meet any transaction disclosure obligations as such*

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	54, Appendix 1D paragraph 27, Appendix 1E paragraph 76, Appendix 1F paragraph 66, Appendix 4 paragraph 9(b), Appendix 7H paragraphs 5 and 15 andAppendix 24 ***(Updated in August 2023)***	42, Appendix 1C paragraph 53, Appendix 4 paragraph 9, and Appendix 17 ***(Updated in August 2023)***				*obligations will be removed with the changes to the Listing Rules.)* After the expiry of any relevant display period prescribed by the Listing Rules, issuers should remove the documents on display manually from the EPS themselves and can also remove them from their own website. They should not do so before the expiry of the relevant display period. The Exchange will not automatically remove documents of display from EPS after a relevant display period has expired.
28/11/2008	4.29	7.31	7	68.	A listed issuer proposes to place new shares to independent third parties for cash consideration, details of which will be disclosed by way of an announcement as required under Main Board Rule 13.28 / GEM Rule 17.30. Where the listed issuer provides information about the impact of the proposed placing on its financial position, is it required to comply with Main Board Rule 4.29 / GEM Rule 7.31	Main Board Rule 4.29 / GEM Rule 7.31 sets out the standards of preparation and assurance associated with any disclosure of pro forma financial information (whether mandatory or voluntary) in any documents issued by the listed issuer under the Listing Rules. This requirement would therefore apply to announcements of the listed issuer. In the present case, the “adjusted net asset value” described in scenario (a) is regarded as pro forma

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					if the announcement contains the following information? (a) The adjusted net asset value of the listed issuer group calculated based on the net proceeds from the proposed placing and its latest published consolidated net asset value. (b) A qualitative explanation of the effect of the proposed placing on its financial position (for example, the proposed placing would increase the net asset value of the listed issuer group).	financial information subject to Main Board Rule 4.29 / GEM Rule 7.31. In scenario (b), while a qualitative explanation of the effect of the proposed placing on the listed issuer financial position is not subject to Main Board Rule 4.29 / GEM Rule 7.31, the listed issuer must ensure that information contained in the announcement is accurate and complete in all material respects and not misleading or deceptive under Main Board Rule 2.13 / GEM Rule 17.56.
20/10/2011 (01/04/2015)	Chapter 5	Chapter 8	15	1.	Is an applicant/issuer only required to disclose valuation information relating to its property interests under Chapter 5 of the Main Board Rules/Chapter 8 of the GEM Rules in the listing document/circular?	No. Under the general disclosure obligation in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap 32) and the Listing Rules (for applicant, see Main Board Rule 11.07/GEM Rule 14.08(7); for issuer, see Main Board Rule 14.63(2)(a)/GEM Rule 19.63(2)(a)), a listing document/circular must contain sufficient particulars and information necessary for an investor to make an informed decision.
20/10/2011	5.01(1)	8.01(1)	15	2.	How is the acquisition cost determined if an acquisition is made after the latest consolidated audited accounts?	The acquisition cost should be determined based on the appropriate accounting treatment used by the acquirer in preparing the financial statements.

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20/10/2011	5.01(1)	8.01(1)	15	3.	How should an applicant ascertain the carrying amount of a property interest?	The carrying amount of a property interest must be ascertainable from the books and records of the applicant and consolidated into its balance sheet. Disclosure of a breakdown of property interests in the listing document is not required. The carrying amount of a property interest used to calculate the percentages under which a property valuation is not required should be the amount reported in the consolidated balance sheet of the applicant. It should not be the effective value based on the applicant's percentage holding in the subsidiary (or the entity that is consolidated into the balance sheet). For example, an 80% owned subsidiary of an applicant holds a property interest with a carrying amount of $200 million. The carrying amount of $200 million should be used instead of $160 million.
20/10/2011	5.01(2)	8.01(2)	15	4.	Can an applicant engage in both property activities and non-property activities?	An applicant can engage in both property activities and non-property activities. An applicant should consider each property's use. If a property is for letting or sale, then it would be categorised into property activity. So even where an applicant's core business is not property development or investment, its property interest may still be categorised into property activity.
20/10/2011	5.01(2)	8.01(2)	15	5.	Does "holding (directly or indirectly)" means holding by the applicant or its	"Holding (directly or indirectly)" includes property interests that are recognised in the consolidated

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					subsidiaries, or does it also include holding by entities that the applicant has no control of, such as associated companies or jointly controlled entities?	balance sheet of the applicant. Whether a property interest held by a jointly controlled entity is recognised in the consolidated balance sheet of the applicant depends on the accounting treatment adopted by the applicant.
20/10/2011	5.01(2)	8.01(2)	15	6.	Should retail outlets occupied by an applicant for its operations be categorised into a property activity or a non-property activity?	Retail outlets occupied by an applicant for its operations should be categorised into non-property activity.
20/10/2011	5.01A(a)	8.01A(a)	15	7.	How should an applicant identify properties up to the 10% limit in Main Board Rule 5.01A(a)/GEM Rule 8.01A(a)? If there are two properties with similar carrying amounts crossing the 10% limit at the same time, which property should be valued?	Generally, an applicant should identify the carrying amount of each property interest and add up from the lowest values until the 10% limit is reached. Property valuations will not be required for property interests comprising the lowest 10%. Property valuations will be required for the remaining property interests. Full text of valuation reports will be required to be disclosed in the listing document except where summary disclosure is allowed (see Main Board Rule 5.01B/ GEM Rule 8.01B). Where two properties have similar carrying amounts that would cross the 10% limit, we would leave it to the applicant and its advisers to determine taking into account the general disclosure obligation. For example, an applicant may have 15 properties representing 10.12% of its total assets. The largest and second largest of these 15 properties are a property in Mongolia representing 0.97% of its total assets and a Hong

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						Kong property representing 0.85% of its total assets. The total amount of non-valued properties would be less than the 10% limit if either one of these two properties (each with an amount below 1% threshold) is valued. An applicant may value the 0.85% Hong Kong property instead of the 0.97% Mongolian property on the basis that it would be unduly burdensome.
20/10/2011	5.01B(b)(ii)	8.01B(b)(ii)	15	8.	What is the timing reference point for the statement "except for the property interests in the valuations reports, no single property interest that forms part of its non-property activities has a carrying amount of 15% or more of total assets"?	The timing reference point for the statement is the listing document date.
20/10/2011	5.02	8.02	15	9.	Please clarify whether an issuer must comply with Main Board Rule 5.02AI/GEM Rule 8.02AI and Main Board Rule 5.02B(ii)/GEM Rule 8.02B(ii) as well as the current Rule that requires a valuation for an acquisition or disposal of a company whose assets consist solely or mainly of property and where any of the percentage ratios of the transaction is or is above 25%.	The property valuation requirement is triggered when an issuer acquires or disposes of a company whose assets consist solely or mainly of property and where any of the percentage ratios of the transaction is or is above 25% under Main Board Rule 5.02/GEM Rule 8.02. An issuer should then identify each property interest in the company being acquired or disposed of and consider whether the carrying amount is below 1% of the issuer's total assets. Valuation is not required if a property interest is below 1% of the issuer's total assets. The total carrying amount

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						of property interests not valued must not exceed 10% of the issuer's total assets.
20/10/2011	5.10	8.36	15	10.	Please clarify how to determine when information under Main Board Rule 5.10/GEM Rule 8.36 should be disclosed.	An applicant must disclose information on its material property interests. The information must be meaningful for investors to make an informed decision regarding the company. We expect applicants and sponsors to consider materiality taking into account all the relevant facts and circumstances and disclose property valuations and/or relevant information for material property interests. There is no definition of materiality in the Listing Rules. In considering whether a property interest is material or not, applicants and sponsors may consider: (a) whether the property interest (individually or in aggregate) is used for a reportable segment of the applicant. If so, whether it contributes a significant portion of revenue to the applicant; (b) whether there are any encumbrances on the property or use of the property that may, at any time, directly or indirectly impact the operations of the applicant's reportable segment; (c) whether there are any defects relating to the property or its operations that may have major

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						impact on the applicant's business or operations, for example, breach of environmental regulations or title defects; and (d) whether there is re-development potential for the property that may impact the applicant's financial position. These factors are only for guidance and are not an exhaustive list. Applicants and sponsors should carefully consider how the information could influence investors' decision. Materiality judgement can only be properly made taking in account all the facts and circumstances of the applicant.
14/11/2014 (13/07/2018)	Chapter 6	N/A	29	5.	What is the trading suspension arrangement for issuers with A shares and H shares listed on SSE/ SZSE and SEHK?	There will be no change in the general policy for trading suspension of A+H issuers as a result of the implementation of Shanghai and Shenzhen Connect: **(a) Suspension arrangement** *(i) Suspension pending release of inside or material information or clarification to address false market concern* Where an A+H issuer has any inside information[1] or material information[2] or where there is concern about the possible

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						development of a false market[3], the issuer's A and H shares will be suspended in both markets to prevent potential or actual market disorder. *Note* *1: See SEHK Listing Rule 13.09* *2: See SSE listing rules 2.3 and 2.10*/ SZSE listing rule 2.7 *3: See SEHK Listing Rule 13.10* *(ii) Suspension due to other reasons (i.e. other than those mentioned in (i) above)* In other specific circumstances where trading suspension is required in one market, and not the other, under the respective home market rules, the current practice will continue to apply. They include: **(See Attachment 1)** **(b) Communications with exchanges** A+H issuers are reminded that they must notify both SEHK and SSE/ SZSE as soon as possible after they become aware of any matter that may require a trading suspension of their shares on SEHK and/or SSE/ SZSE. The issuers should, to the extent practicable, make early contact with SEHK and SSE/ SZSE to allow sufficient time for

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						each exchange to deal with the matter before the markets open. **(c) Disclosure in announcements** Where trading is to be suspended in one market only (see paragraph (a)(ii) above), timely disclosure of the suspension details (including the time of suspension and the reason for the suspension) in the other market is necessary to ensure that shares in the other market can continue to be traded in an orderly manner.
14/11/2014 (04/11/2016)	Chapter 6	N/A	29	6.	Once suspended, will trading resumption of an issuer's A and H shares take place at the same time?	**(a) Resumption arrangement** (i) Normally, if an issuer's A and H shares are suspended due to inside or material information or false market concern, trading in the shares will resume in both markets at the same time after the issuer has published an appropriate announcement through SEHK and SSE/ SZSE. (ii) Nevertheless, as mentioned in paragraph (a)(ii) under question 5, there may be specific circumstances where trading suspension is required in one market, and not the other, under the respective home market rules. In those circumstances, trading in the issuer's

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						shares may resume in one market when it has satisfied the requirements of that market, but remain suspended in the other market under its rules. **(b) Communication with exchanges** The suspended issuer should keep both SEHK and SSE/ SZSE informed of its developments and should allow sufficient time for the exchanges to decide whether and when trading can be resumed. **(c) Disclosure in announcements** Where trading is to be resumed in one market only (see paragraph (a)(ii) above), the issuer should publish an announcement setting out the reasons for the continued suspension of its shares in the other market.
20/10/2017	6.01	9.01	N/A	005-2017	The Financial Institutions (Resolution) Ordinance (Cap.628)("**FIRO**") vests in the three sectoral resolution authorities (being the Monetary Authority, the SFC or the Insurance Authority) with a range of powers to enable orderly resolution of a non-viable, systemically important financial institution for the purpose of	There is no automatic suspension of dealings in securities of such issuer, but the FIRO provides that the resolution authority may direct the Exchange to suspend, or not to suspend, dealings in securities of an issuer despite its disclosure obligations have been deferred under the FIRO. The resolution authority must consult the SFC (if the SFC is not the resolution authority) before its exercise of any powers to defer disclosure

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					maintaining financial stability, while seeking to protect public funds. In particular, Part 9 of the FIRO empowers a resolution authority to temporarily defer certain entities' disclosure obligations under section 307B of the SFO in certain circumstances (including that the disclosure would cause or contribute to the non-viability of the entity or its group company or impede the ability of the resolution authority to achieve orderly resolution), and in that case, the entities' disclosure obligations under the Rules will also be deferred automatically. Where an issuer's disclosure obligations are deferred under the FIRO, will dealings in securities of such issuer be suspended?	obligations or suspend, or not suspend, dealings to enable the SFC's views to be ascertained (including e.g. on the effects of deferral, suspension or non-suspension on the market, and financial stability). Any decision to exercise such powers would not be taken lightly by a resolution authority given their potential risks and ramifications for the stability and effective functioning of the financial system. Ultimately, the extent to which the resolution authority would use any of these powers on failure of an institution would depend upon its assessment of the risks posed to the orderly resolution, its balancing of the resolution objectives in the context of securing its financial stability objectives as set out in the FIRO and the operational mechanics (to be developed by the resolution authorities) for the implementation of the FIRO stabilization options.
20/10/2017	6.01	N/A	N/A	007-2017	Part 9 of the FIRO, as currently drafted, does not cover suspension of dealings in structured products listed under Chapter 15A of the Main Board Listing Rules that are cash settled only. What will happen to dealings in the cash-settled structured products of an issuer	

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					that is subject to Part 9 of the FIRO in the three scenarios below? (a) Prior to the application of a stabilization option under the FIRO, where the relevant issuer also has securities as defined under the FIRO (e.g. shares) listed on the Exchange; (b) Prior to the application of a stabilization option under the FIRO, where the relevant issuer does not have any securities as defined under the FIRO (e.g. shares) listed on the Exchange (i.e. the issuer issues cash-settled structured products only); or (c) When and if a "bail-in" under the FIRO is in effect.	(a) Where the relevant resolution authority has served a direction under the FIRO on the Exchange to suspend, or not to suspend, the issuer's securities as defined under the FIRO (e.g. shares), the Exchange shall exercise its power under Main Board Rule 6.01 to suspend dealings, or refrain from directing a suspension of dealings, in the issuer's cash-settled structured products in the same way. (b) The relevant resolution authority shall inform the Exchange when the issuer's disclosure obligations have been deferred under the FIRO, and request the Exchange to suspend, or not to suspend, dealings in the issuer's cash-settled structured products. The Exchange shall exercise its power under Main Board Rule 6.01 to suspend dealings, or refrain from directing a suspension of dealings, upon receipt of the resolution authority's request. (c) The relevant resolution authority shall inform the Exchange when and if a "bail-in" under the FIRO is in effect and the issuer's disclosure obligations are suspended by force of law

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						pursuant to section 153 of the FIRO. The Exchange shall exercise its power under Main Board Rule 6.01 to suspend dealings upon receipt of the notice.
14/11/2014 (13/07/2018)	Chapter 7, 13.36(2)(a) Note 1	N/A	29	2.	Are there new PRC requirements for Eligible SEHK Issuers and Other Connect Issuers to offer or distribute securities to Southbound Shareholders in the above corporate actions?	(a) Rights issues and open offers Yes. The China Securities and Regulatory Commission (**CSRC**) has issued the Announcement [2016] No. 21 "Filing Requirements for Hong Kong Listed Issuers Making Rights Issues to Mainland Shareholders through Mainland-Hong Kong Stock Connect". The document sets out the requirements for Eligible SEHK Issuers and Other Connect Issuers offering securities to their Southbound Shareholders in rights issues / open offers (see also question 3 below). Issuers should also note that under Shanghai and Shenzhen Connect, China Securities Depository and Clearing Corporation Limited (**ChinaClear**) will provide nominee services for Southbound Shareholders to (i) sell their nil-paid rights on SEHK; and/or (ii) subscribe for their entitlement securities under the rights issues / open offers in accordance with relevant laws and regulations. However, it will not support excess applications by Southbound Shareholders through Shanghai and Shenzhen Connect[1].

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						Note *1: See Article 23 of ChinaClear's Implementing Rules for Registration, Depository and Clearing Services under Mainland-Hong Kong Stock Connect (**ChinaClear Stock Connect Implementing Rules**) 中國證券登記結算有限責任公司《內地與香港股票市場交易互聯互通機制登記、存管、結算業務實施細則》* (b) Bonus issues, scrip dividend schemes and distributions in specie No rules or guidance has been published by the CSRC.
28/02/2013 (03/07/2018)	7.19A(1)	10.29	20	27.	Six months ago, Listco conducted a rights issue of one rights share for every existing share (the "Previous Rights Issue"). It now proposes another rights issue of one rights share for every two existing shares. Listco had obtained independent shareholders' approval for the Previous Rights Issue according to Rules 7.19A(1) and 7.27A. Does it need to seek independent shareholders' approval for the proposed rights issue?	Yes. This is because the proposed rights issue would increase Listco's issued share capital by more than 50% when aggregated with the Previous Rights Issue. *Note: Rule references updated in July 2018*

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04/05/2018 (03/07/2018)	7.27B	10.44A	N/A	024-2018	Company A has 100 shares in issue, trading at HK$1.0 for the past five trading days. It proposes to issue 50 new shares at HK$0.75 through a rights issue (i.e. a 1-for-2 rights issue issued at a 25% discount to market price). (a) What is the theoretical dilution effect of this rights issue? (b) If Company A decides to issue the offer shares at a premium over the market price, what is the theoretical dilution effect of this rights issue?	(a) Please see **Attachment 2**. (b) Where the offer price is at a premium over the market price, the theoretical dilution effect as computed under Rule 7.27B would produce a positive figure, i.e. there is no value dilution to non-participating shareholders.
04/05/2018	7.27B	10.44A	N/A	025-2018	Company B proposes a placing of convertible bonds (or warrants) under specific mandate. How should Company B compute the theoretical dilution effect of the proposed placing?	The theoretical dilution effect of the placing of convertible bonds (or warrants) should be computed on an as-converted basis, i.e. applying the initial conversion price (or the sum of the initial placing price and the exercise price) and the corresponding number of conversion shares (or subscription shares) for the computation.
04/05/2018 (03/07/2018)	7.27B	10.44A	N/A	026-2018	Company C conducted an open offer under the authority of an existing general mandate 6 months ago. It further proposes to conduct a specific mandate placing with theoretical dilution effect of 24%.	(a) Yes. All open offers are subject to the aggregation requirements under Rule 7.27B. This is notwithstanding the authority upon which the offer shares are issued. (b) Please see **Attachment 2**.

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					(a) Is Company C required to aggregate the previous open offer and the proposed specific mandate placing? (b) How should Company C compute the cumulative theoretical dilution effect?	The cumulative value dilution can be calculated by the following formula: $$\frac{(\boldsymbol{C_1} \times \boldsymbol{Y_1}) + (\boldsymbol{C_2} \times \boldsymbol{Y_2}) + \cdots + (\boldsymbol{C_n} \times \boldsymbol{Y_n})}{\boldsymbol{Sh} + \boldsymbol{C_1} + \boldsymbol{C_2} + \cdots + \boldsymbol{C_n}}$$ *Sh = Number of issued shares immediately before the 1st offer or placing* *C1 = Number of shares to be issued in the 1st offer or placing* *C2 = Number of shares to be issued in the 2nd offer or placing* *Cn = Number of shares to be issued in the nth offer or placing* *Y1 = Price discount of the 1st offer or placing* *Y2 = Price discount of the 2nd offer or placing* *Yn = Price discount of the nth offer or placing*
04/05/2018	7.27B	10.44A	N/A	027-2018	Company D conducted a rights issue that is not underwritten and the rights issue was undersubscribed. For the purpose of computing cumulative dilution effect for the next capital raising by Company D, should it use the maximum number of shares issuable or the actual number of shares issued under the previous rights issue?	Company D should use the actual number of shares issued under the previous rights issue for the purpose of computing cumulative dilution effect.
21/02/2014 (01/01/2022)	7.28, 8.11, 8.13, 10.06	10.45, 11.25,	26	7.	Will there be any change in what is meant in the Rules by “fully paid” and	Yes. When the New CO becomes effective, “fully paid” will mean that the shareholder to whom

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	(1)(a)(i); App 1A (paras 15(2)(d), 23(1) and 26); App 1B (paras 22(1) and 24); App 1C (para 34); App 1E (paras 23(1), 26 and49(2)(d)); App 1F (paras 18(1) and 20); App 2A (para 4(3)); App 5 Forms ***(Updated in January 2022)***	11.27, 13.07(1); App 1A (paras 23(1) and 26); App 1B (paras 22(1) and 24); App 1C (para 34); App 2A (para 4(3)); App 5 Forms ***(Updated in January 2022)***			"partly paid" shares for Hong Kong-incorporated issuers after the New CO becomes effective?	shares are issued has paid the full consideration which was agreed to be paid for those shares, i.e., the issue price (and not that the shareholder has paid the full nominal value of those shares, as is the case under the existing Companies Ordinance). "Partly paid" will mean that the full issue price has not been paid.
09/05/2008	8.01, 19B.01	N/A	6	B2.	What are the listing requirements for HDR issuers? How do they compare with the requirements for issuers of ordinary shares?	The listing requirements for HDR issuers are essentially the same as for issuers of shares, ie Chapter 8 of the Listing Rules applies to issuers of HDRs as well as to issuers of shares. HDR issuers have to comply with certain additional requirements set out in the new Chapter 19B of the

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						Listing Rules. These additional requirements concern the contents of the deposit agreement and other DR-specific matters.
30/09/2019 (01/08/2023)	8.08, 13.32, 19A.13A	11.23(7), 25.07A	N/A	068-2019	In the case of an H-share issuer whose domestic shares are quoted on NEEQ, will the Exchange count any domestic shares held by public shareholders as part of the issuer's public float under Rules 8.08, 13.32 and 19A.13A?	No. In this case, only listed H-shares held by members of the public are counted towards the issuer's public float under the Rules. For the avoidance of doubt, when calculating the percentage of public float, the total number of issued shares of the issuer (i.e. denominator) refers to all shares in issue including H shares and domestic shares. [Updated in August 2023]
30/03/2004 (01/08/2023)	8.08(1)(b), 19A.13A	11.23(7), 25.07A	1	20.	Please clarify what the issuer's total number of issued shares refers to for the purpose of calculating public float under Rules 8.08(1)(b) and 19A.13A?	It refers to all shares in issue including shares listed on the Exchange and other regulated exchanges and other unlisted shares. [Updated in August 2023]
28/11/2008 (February 2020)	8.08(2), 8.08(3)	11.23(3)(b)(ii), 11.23(8)	8	15	If a listed issuer has high shareholding concentration, its bonus issue of a new class of securities involving options, warrants or similar rights to subscribe or purchase shares will be subject to the minimum spread of securities holders requirement.. How does the Exchange determine whether the issuer has a high	A listed issuer is considered to have high shareholding concentration if it has published relevant announcements pursuant to Main Board Rule 13.34(a) (GEM Rule 17.36) or SFC has published relevant press releases on the issuer, during the five year period immediately preceding the date of the issuer's announcement on the proposed bonus issue.

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					shareholding concentration for this purpose?	[Updated in February 2020]
24/08/2018 (01/01/2022)	8A.04	N/A	N/A	030-2018	What information is required for an applicant to demonstrate it is innovative under Guidance Letter HKEX-GL93-18[2] ("GL93-18") (or as the case may be, Guidance Letter HKEX-GL94-18 [3] ("**GL94-18**")) and suitable to list with a WVR structure? ***(Updated in January 2022)***	To establish whether an applicant is "innovative" for the purpose of Chapter 8A, the Exchange will take into consideration the characteristics set out in paragraph 4.2 of GL93-18 (or as the case may be, paragraph 3.2 of GL94-18). An innovative company would normally be expected to possess more than one of the characteristics set out in paragraph 4.2 of GL93-18 (or as the case may be, paragraph 3.2 of GL94-18). In relation to the characteristic in paragraph 4.2(a) of GL93-18 (or as the case may be, paragraph 3.2(a) of GL94-18), an applicant should elaborate on how its operations differ from conventional methods of operating a business in its industry which sets it apart from peers. If the applicant's peers are employing similar technology/business model, the Exchange will take into account whether the applicant was the "first mover" in the industry by reference to the timeline of the implementation of its technology, innovation and/or business model compared to its closest peers.

[2] GL93-18 provides guidance to an applicant on some of the factors that the Exchange will take into account when considering whether an applicant is suitable for listing with a WVR structure that is required to comply with the safeguards of Chapter 8A. For the avoidance of doubt, GL93-18 applies to Non-Grandfathered Greater China Issuers with a WVR structure applying for a secondary listing under Chapter 19C (or a dual primary listing under Chapter 19) because they are required to comply with the WVR safeguards of Chapter 8A.

[3] For Grandfathered Greater China Issuers or Non-Greater China Issuers with a WVR structure applying for a dual primary listing under Chapter 19 or a secondary listing under Chapter 19C, they shall refer to GL94-18 for guidance on some the factors that the Exchange will take into account when considering whether it is suitable for listing.

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						In relation to the characteristic in paragraph 4.2(b) of GL93-18 (or as the case may be, paragraph 3.2(b) of GL94-18), the applicant should, in addition to providing the amount of its research and development (R&D) expenses during the track record period (both as a figure and as a percentage of revenue/total expenses), also explain how the R&D contributes value to the applicant. In this connection, the Exchange will examine whether the R&D expenses are capitalised as intangible assets in the accounts of the applicant as an indicator of the value generated through the R&D activities. Where a significant portion of the R&D expenses are not capitalised, the applicant should provide the reasons for this. In relation to the characteristic in paragraph 4.2(c) of GL93-18 (or as the case may be, paragraph 3.2(c) of GL94-18), providing a list of patents and trademarks alone is not sufficient to demonstrate this characteristic. The applicant should provide detailed explanation on how its intellectual properties enabled it to achieve business success. In providing this information, the applicant should avoid jargons, use plain language and provide graphical illustrations where this aids understanding. Where appropriate, the relevant details and explanations should be included in the prospectus. ***(Updated in January 2022)***

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24/08/2018	8A.11	N/A	N/A	031-2018	What information is required for a WVR beneficiary demonstrate that they have been materially responsible for the growth of an applicant's business?	Paragraph 4.4 of GL93-18 requires the applicant to demonstrate that each WVR beneficiary has been materially responsible for the growth of the business. It is therefore not sufficient for the applicant to simply state the identity of the proposed WVR beneficiary and that the WVR beneficiaries would be directors of the applicant. The applicant should clearly disclose the role of each proposed WVR beneficiary in the applicant and how the knowledge and skills of each proposed WVR beneficiary contributed to the business growth of the applicant.
24/08/2018 (01/01/2022)	8A.11, 8A.17, 8A.18, 8A.19	N/A	N/A	032-2018	Whether the Exchange will accept a corporate WVR holder?	Following a public consultation on Corporate WVR Beneficiaries, the Exchange concluded that it would treat Greater China Issuers that were (a) controlled by corporate WVR beneficiaries (as at 30 October 2020) and (b) primary listed on a Qualifying Exchange (on or before 30 October 2020) in the same manner as Grandfathered Greater China Issuers. Grandfathered Greater China Issuers applying for a dual primary listing under Chapter 19 or a secondary listing under Chapter 19C may retain their existing corporate WVR structure by virtue of the special concession. For details, please refer to HKEX-GL94-18. Save for the above, the Exchange will not accept other applicants with a corporate WVR structure. ***(Updated in January 2022)***

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24/08/2018	8.08(1), 8.24, 18A.07	N/A	N/A	040-2018	How is the market capitalization of shares held in the hands of the public ascertained for a biotech company?	A biotech company listing under Chapter 18A must meet both Rule 8.08(1) and 18A.07. For the purpose of Rule 18A.07, the applicant must ensure that it has at least HK$375 million of public float at the time of listing, which must exclude subscriptions by existing shareholders at IPO and subscriptions through cornerstone investments.
26/07/2013	Chapter 9	Chapter 12	24	4	What is the Exchange's policy on pre-IPO enquires?	The Exchange will only consider pre-IPO enquires which are novel and specific. Sponsors cannot shift their responsibility to ensure that an Application Proof is substantially complete to the Exchange or the Commission by abusing the pre-IPO enquiry process. The pre-IPO enquiry process should not be taken as a means to get a listing document vetted before an application is submitted. Any such enquiries will not be considered. Sponsors and advisors are advised to follow the guidance in the relevant Listing Decisions and Guidance Letters issued by the Exchange from time to time. Pre-IPO enquires on a no-name basis will also not be considered.
26/07/2013	Chapter 9	Chapter 12	24	9	How long does it take for a listing application to be presented to the Listing Committee/ GEM Listing Approval Group for consideration?	The timeframe may vary depending on, among other things, the quality of the Application Proof and the time required for the sponsor to respond to the regulators' comments.

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						The quality of the sponsor's responses, and the number of application being processed by the regulators at the relevant time. In the case of an applicant which is a mineral company under Chapter 18 of the Listing Rules/ Chapter 18A of the GEM Listing Rules, in addition to the factors stated above, the timeframe will also depend on the quality of the Competent Person's Report. The independent consultants on the panel to assist the Exchange in the review of the Competent Person's Reports have agreed to endeavour to meet the timeline set forth by the Exchange. But there may be cases where some delay may occur (e.g. due to the quality of the Competent Person's Report).
03/09/2013	Chapter 9, Guidance Letter HKEX-GL56-13	Chapter 12, Guidance Letter HKEX-GL56-13	24	15	Whether the amount of sponsor's fees is required to be disclosed in a listing document?	The total amount of sponsor fees paid and payable should be disclosed in the listing document according to the Commission's Consultation Conclusions on the regulation of IPO sponsors.

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09/05/2008 (03/09/2013)	9.03	N/A	6	B7.	How long would it take to effect a HDR listing in Hong Kong?	The procedures for applications for listing are set out in Chapter 9 of the Listing Rules. The Listing Rules apply as much to HDR issuers as they do to issuers of shares. Consequently, the time taken to effect a listing of HDRs should be similar to that taken to effect a listing of shares. Any specific questions such as those concerning the issuer's place of incorporation or specific waivers may be dealt with by way of a preliminary hearing prior to filing of a Form A1.
06/06/2006 (04/08/2022)	9.03(1)(b), Appendix 5 (Form A1 and Form A2)	12.14(4), Appendix 5 (Paragraph 19 of Form A, paragraph 15 of Form B and paragraph 12 of Form C)	2	4.	A new applicant intends to effect electronic transfer to the Exchange's designated bank account for payment of the initial listing fee. (i) Where can it obtain information for effecting such electronic transfer? (ii) In the event that the Exchange returns the listing application before it issues its first comment letter to the sponsor, does the new applicant need to separately apply for a refund of the amount electronically transferred?	(i) The new applicant may refer to the relevant information set out in Guidance Letter HKEX-GL55-13 (under item 5 of Attachment I) or Guidance Letter HKEX-GL79-14 (under item 5 of Attachment 1) (as the case may be) for effecting electronic transfer to the Exchange's designated bank account for payment of the initial listing fee. ***(Updated in August 2022)*** (ii) No, in the situation described, the new applicant needs not separately apply for a refund of the initial listing fee. In its letter to the sponsor setting out its decision to return the listing application, the Exchange will notify the sponsor that the initial listing fee previously transferred to its designated bank account will be refunded and, where

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						applicable, require the sponsor to provide the information required for effecting the refund.
26/07/2013	9.03(3)	12.09(3)	24	13	For Returned Applications, when will the eight weeks moratorium start?	The eight weeks moratorium starts from the date of the return letter.
26/07/2013 (13/07/2018)	9.03(3), 9.11(1), Guidance Letter HKEX-GL55-13	12.09(1), 12.22(1), Guidance Letter HKEX-GL55-13	24	2	What are the "*other relevant documents*"/ "other documents" referred to in the Listing Rules that should be submitted and included in the CD – ROMs at the same time of filing a listing application?	They are documents referred in items 3 to 7 of Attachment and items 3 to 14 of Attachment II in Guidance Letter HKEX-GL55-13, where applicable.
22/04/2022 (04/08/2022)	9.11(23a), 9.11(37), paragraph 10A of Form F in Appendix 5	12.23AA, 12.26(7), paragraph 10A of Form E in Appendix 5	077-2022	11.	Under the New Code Provisions-related Rule Amendments, the fixed fees payable to syndicate CMIs shall be determined at the time of their respective appointments by the issuer. What is the position on discretionary fees payable to syndicate CMIs? When is the latest time by which the total discretionary fees which may be paid to	**Total discretionary fees to syndicate CMIs:** At the time of engagement of the first syndicate CMI, an issuer should consider the total amount of discretionary fees that it might, at its discretion, pay to syndicate CMIs, for the purpose of arriving at the Total Fees to be paid to syndicate CMIs in the determination of the fixed fee percentage of each syndicate CMI to be specified in its written engagement. See also FAQ No. 10 of FAQ No. 077-2022.

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					syndicate CMIs and the allocation of discretionary fees to each syndicate CMI (including an overall coordinator), if any, must be determined by the issuer?	**Allocation of discretionary fees to each syndicate CMI:** A new applicant is required to have determined the allocation of discretionary fees to **each syndicate CMI (including each overall coordinator)** by the time it submits its Issuer's Declaration (Form F in Appendix 5 (Form E in Appendix 5 to GEM Rules)), that is after the issue of the listing document but in any event before the grant of the final listing approval. Specifically, the Issuer's Declaration includes a confirmation that, among other things, the following has been determined and communicated in writing to each syndicate CMI at the time of the declaration: (i) the allocation of discretionary fees, that is, the absolute amount to be paid, to each syndicate CMI *(Note 1)*; and (ii) the time schedule for the payment *(Note 1)* of the Total Fees *(see Note 1 to FAQ No. 10 of FAQ No. 077-2022)* payable to each syndicate CMI has been determined *(Note 2)*. For the avoidance of doubt, information on the discretionary fee which may be payable to **each** overall coordinator / other syndicate CMI is not required to be submitted at least 4 clear business

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						days before the expected hearing date under Rule 9.11(23a) (GEM Rule 12.23AA). See also FAQ 10G of FAQ No. 077-2022. *Notes:* 1. The issuer may not make payment of any portion of the Total Fees subject to a condition to be satisfied following listing. The exception to this is fees in relation to the New Listing of a SPAC if, in accordance with a common market practice, the syndicate members are to be paid a portion of their fees at the time of the New Listing of the SPAC, and the remaining portion is to be paid on a deferred basis only following successful de-SPAC. For the avoidance of doubt, the New Code Provisions-related Rule Amendments are not applicable to the fees that are payable to a SPAC promoter for its services in relation to the New Listing of the SPAC or the de-SPAC transaction provided that the services do not fall within the scope of activities described in paragraph 21.1.1 of the New Code Provisions. 2. For the avoidance of doubt, if the new applicant has decided at the time of the engagement of a capital market intermediary

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						that its fee arrangement should include a discretionary fee, the capital market intermediary's written engagement is required to specify the timing of payment of such discretionary fee under Rule 3A.34(3)/ 3A.36(3) (GEM Rule 6A.41(3)/ 6A.43(3)). ***(Updated in August 2022)***
22/04/2022 (04/08/2022)	Paragraph 3B of Part A of Appendix 1, paragraph 3B of Part E of Appendix 1	Paragraph 3B of Part A of Appendix 1	077-2022	11A.	Is the Application Proof submitted at the time of the filing of the listing application required to fulfill the disclosure requirements under paragraph 3B of Appendix 1A/1E to the Rules (paragraph 3B of Appendix 1A to the GEM Rules) (i.e. (1) the aggregate of the fees paid or payable to all syndicate members (as a percentage of the gross amount of funds proposed to be raised) and (2) the ratio of fixed and discretionary fees paid or payable to all syndicate members)?	As the Application Proof submitted for vetting purposes should be substantially complete (except for offer-related information and information that by its nature can only be finalised and incorporated at a later date under Rule 9.03(3) (GEM Rule 12.09(1)) (see Note 8 to HKEX-GL56-13), it shall include information required to be disclosed under paragraph 3B of Appendix 1A/1E to the Rules (paragraph 3B of Appendix 1A to the GEM Rules) **in cases where the relevant fees have already been determined**. However, such information must be redacted from the publication version of the Application Proof given the fees are expressed as a percentage of the gross offer proceeds. If any information required to be disclosed in the prospectus under paragraph 3B of Appendix 1A/1E to the Rules (paragraph 3B of Appendix 1A to the GEM Rules) is calculated and/or presented on the

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						basis that the discretionary fees (if any) will be fully paid, such basis should also be clearly disclosed. ***(Added in August 2022)***
22/04/2022 (04/08/2022)	9.11(23a)	12.23AA	077-2022	23.	In the event that a Pre-existing Listing Application which has passed the hearing is refiled after the Effective Date and assuming that a new hearing is not required, at what point in time should the information required under Rule 9.11(23a) (GEM Rule 12.23AA) be submitted to the Exchange?	In the scenario described, the required information should be submitted when the listing application is re-filed. However, if such information had been submitted in the previous application and there is no material change to the information previously submitted, it would not be required to be re-submitted during the re-filing of the listing application. ***(Added in August 2022)***
18/06/2021	9.11(33)(b)	12.25(2)	N/A	075-2021	Is there any change to the requirement that issuers must submit printed copies of prospectuses to the Exchange?	Issuers are required to submit two printed copies of a prospectus, duly signed by every director or proposed director of the issuer (or by his agent), to the Exchange on the intended date of authorisation of the prospectus in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) ("**C(WUMP)O**"). We currently do not propose any change to this requirement as it is for prospectus registration purpose under C(WUMP)O.
08/05/2015 (February 2020)	9.11(38),	12.26(9), Appendix 1A	1	20A	A director of a listing applicant is subject to an investigation, hearing, proceeding	The director and the sponsor should assess whether the relevant investigation, hearing, proceeding or judicial proceeding relates to the

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	Appendix 1A Paragraph 41(1), Appendix 5 Form B/H/I Paragraph 2	Paragraph 41(1), Appendix 6 Form A/ B/C Paragraph 2			or judicial proceeding in respect of which disclosure is prohibited by law. How does the director ensure that the listing document complies with the requirement in Appendix 1A Paragraph 41(1) regarding disclosure of all "other information which shareholders should be aware pertaining to the competence or integrity of such director"?	director's competence or integrity, and try to seek consent from the relevant regulator or authority to disclose relevant details of the investigation, hearing, proceeding or judicial proceeding to the Exchange for assessment of his suitability under the Listing Rules. If the director is unable to obtain the relevant consent, or the Exchange determines (following confidential disclosure by the director) that the investigation, hearing, proceeding or judicial proceeding gives rise to material concerns regarding his competence or integrity, the listing document will not be able to comply with Appendix 1A Paragraph 41(1). Applicants may submit pre-IPO enquiries to the Exchange to seek informal and confidential guidance on such issues. [Updated in February 2020]
02/05/2008	Chapter 9A general	9.24	5	14.	Does the new streamlined transfer process replace the previous de-listing/re-listing regime?	Although the de-listing/re-listing regime will not be formally abolished, the Exchange will encourage issuers to use the new streamlined regime. As there will be substantial savings in time and cost, instances of using the previous mode of transfer are expected to be rare.
02/05/2008	Chapter 9A	N/A	5	15.	Can a GEM transfer applicant choose/	Yes, all GEM transfer applicants must change its

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	general				buy its new Main Board stock code?	stock code when it transfers to the Main Board, and they can choose/ buy their preferred stock code under the process same as that applicable to new Main Board IPO applicants. [Updated in February 2020]
02/05/2008	9A.02	9.24	5	16.	Is shareholders' approval required for transfer of listing under the Listing Rules?	No. However, it may be required under the transfer applicant's constitutive documents, or under applicable company law in the jurisdiction of incorporation of the transfer applicant. [Updated in February 2020]
02/05/2008 (February 2020)	9A.02(1), 8.09(2), paragraph 7(1)(a) of Appendix 28	9.24	5	21.	How should a transfer applicant demonstrate compliance with the minimum market capitalisation requirement under Rule 8.09(2) or paragraph 7(1)(a) of Appendix 28 to Main Board Rules ("**MB Mkt Cap Requirement**")?	Market capitalisation should be calculated using the share price on the date of listing on the Main Board.In practice, the Exchange will assess whether the applicant will be able to meet the MB Mkt Cap Requirement based on the closing share price on the trading day immediately before the first day of the proposed transfer (i.e. Main Board listing). The Exchange will also examine the applicant's share price movement during the trading record period, and if the applicant had not been able to meet the MB Mkt Cap Requirement for a prolonged period of time, the Exchange will closely monitor the applicant's share price movement and critically examine any unusual increase, especially when close to the day of transfer. The Exchange may not approve the transfer application until the applicant and its sponsor provide reasonable and satisfactory explanation on the unusual share price movement.

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						Further, if the applicant's share price and/ or trading volume had been volatile, the Exchange will require the applicant to make relevant prominent disclosure in the transfer announcement/ listing document. [Updated in February 2020]
02/05/2008	9A.02(2)	N/A	5	17.	Can a GEM issuer submit a transfer application before it publishes the annual report of the first full financial year which commenced after the date of its GEM listing, if such annual report will be published before its intended date of listing on the Main Board? Please provide an example to illustrate when a GEM issuer can submit its transfer application.	No. A GEM issuer applying for transfer must have published such annual report when it submits its transfer application. For example, if a GEM issuer has a December financial year end and is listed on GEM in 2008, under Rule 9A.02(2), it could submit a transfer application after the annual report for the financial year 2009 has been published and distributed to its shareholders, which is required to be within the first three months of 2010 under GEM Rule 18.03. [Updated in February 2020]
02/05/2008 (February 2020)	9A.02(3)	N/A	5	20.	What factors would the Exchange take into consideration in assessing whether a breach by a GEM transfer applicant is serious?	The Exchange will normally have regard to the following factors: • the nature and extent of the breach (for example, whether it involves any prejudice or risk of prejudice to investors such as failure to obtain prior shareholder approval for connected transactions, or failure to make disclosure under Rule 13.09, and the duration and frequency of the breach); and

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						• whether there are evidences that the breach involves fraud, deceit or dishonesty, is deliberate or due to recklessness, or reveals material or systemic weaknesses in the listed company's internal control procedures. *1. Amendment made in light of the Rule changes consequential on the statutory backing to issuers' continuing obligation to disclose inside information, which became effective on 1 January 2013* [Updated in February 2020]
02/05/2008 (February 2020)	9A.02(3)	N/A	5	22.	How can a GEM issuer ascertain it fulfills the requirement under Rule 9A.02(3) before it submits a transfer application?	The GEM issuer may request for a written confirmation from the Listing Department on whether it can fulfil the requirement under Rule 9A.02(3). The Listing Department will confirm whether the GEM issuer has been the subject of any disciplinary investigation by the Exchange in relation to a serious breach or potential serious breach of any GEM Listing Rules or Exchange Listing Rules in the past 12 months <u>from the date of the confirmation letter</u>. If additional information that alters such confirmation comes to light within two months of the letter, the Exchange will notify the GEM issuer in writing. [Updated in February 2020]

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02/05/2008 (February 2020)	Paragraph 11 to Appendix 28 of MB Rule	9.26	5	26.	Will the Listing Department pre-vet the announcements as required by (i) GEM Rule 9.26 and (ii) paragraph 11 to Appendix 28 of Main Board Rules?	The Listing Department will not pre-vet the announcement required under GEM Rule 9.26. announcement under paragraph 11 to Appendix 28 of Main Board Rules must be submitted to the Exchange together with the transfer application and will be vetted and approved by the Exchange before it can be published. [Updated in February 2020]
02/05/2008 (February 2020)	Paragraph 11 to Appendix 28 and 11.04	9.26	5	27.	Will trading halt or suspension be required pending the announcement/ listing document or at any time during the transfer process?	GEM transfer applicants are required to observe the trading halt or suspension policy and the general disclosure obligations under the GEM Rules as long as they are still listed on the GEM. A GEM transfer applicant must assess whether the information relating to the transfer process would require disclosure under GEM Rule 17.10, having considered its particular circumstances. A trading halt or suspension would be necessary in any of the circumstances described in GEM Rules 17.11A(1) to (3) where an announcement cannot be made. [Updated in February 2020]
02/05/2008 (February 2020)	9A.10-11	N/A	5	28.	If a GEM issuer transfers the listing of its equity securities to the Main Board, would the related GEM-listed warrants, options or convertible instruments be transferred to Main Board?	Yes, any related GEM-listed warrants, options or convertible instruments are expected to transfer to the Main Board simultaneously with the equity securities, which is in line with the spirit of Main Board Listing Rules 15.05 and 16.02.

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						[Updated in February 2020]
02/05/2008 (February 2020)	9A.11	N/A	5	29.	If there is an issue of new shares at the time of or shortly before the transfer of listing, will there be any parallel trading arrangements (i.e. with existing shares traded on GEM and newly issued shares traded on the Main Board)?	No. Parallel trading of securities of the same issuer on both boards is not allowed. There should be a clear-cut date for cessation of trading on GEM and commencement of trading on the Main Board. [Updated in February 2020]
02/05/2008 (February 2020)	9A.12(2)	N/A	5	30.	If a GEM issuer obtained shareholders' approvals for continuing connected transactions which will take place within a certain period, and transfers its listing from GEM to Main Board during that period, would it be necessary for the GEM issuer to obtain shareholders' approval again after the transfer to the Main Board?	No, if there has not been any change of facts or circumstances since the original shareholders' approval was granted, a GEM issuer does not need to refresh the shareholders' approval merely because of its transfer to the Main Board. The effect of the shareholders' approval shall continue until its original expiry date. [Updated in February 2020]
28/11/2008	10.06(1)(b)	13.08 Note 2	8	17.	A listed issuer will send an Explanatory Statement to its shareholders for seeking their approval of a general mandate for share repurchases at the forthcoming annual general meeting. Main Board Rule 10.06(1)(b) (Note 2 to GEM Rule 13.08) requires the listed issuer to confirm, among other things, that neither the Explanatory Statement issued under the Rule or the proposed share repurchase has any "unusual	Main Board Rules 10.05 and 10.06 (GEM Rules 13.03 to 13.14) set out the restrictions and notification requirements on share repurchases by listed issuers, including the specific disclosure requirements for an Explanatory Statement. The listed issuer's directors should determine whether the Explanatory Statement or the proposed share repurchase has unusual features having regard to the specific requirements under the Rules, the listed issuer's own circumstances, and features of share repurchase proposals which by virtue of their very frequent occurrence can be regarded as common or usual features of such proposals. The

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					features". What does the term "unusual features" mean?	listed issuer should consult the Exchange in advance if it is in any doubt as to whether or not any matters are unusual.
02/05/2008 (February 2020)	10.07, 10.08	N/A	5	31.	Will there be restrictions on disposal/ issuance of shares or fund-raising activities for a GEM issuer during its transfer application process?	No, unless such activities would lead to market disruption or unfairness. Issuers should note that the requirements under Main Board Rules 10.07(1) and 10.08 are not applicable to GEM transfer as provided under Rule 10.07(4) and 10.08(5). [Updated in February 2020]
28/02/2013 (15/02/2018)	10.07(1), Notes 2 and 3 to 10.07	13.16A 13.18, 13.19	20	28.	If the controlling shareholder of a newly listed issuer pledges his shares in the issuer as security for a bank loan in the manner described in Note 2 to the Rule, can the bank dispose of the pledged shares during the first 6 (GEM: 12) months after listing of the issuer?	Yes. Under Note 3 to Rule 10.07, the controlling shareholder must undertake to the issuer and the Exchange that he would notify the issuer immediately upon receipt of any indications from the bank about disposal of the pledged shares. The issuer must publish an announcement to disclose the matter as soon as possible after it has been notified by the controlling shareholder.

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26/11/2010	11.13	14.24	GL81-15	23.	Is it necessary to revise the printed application forms for shares/ debentures/authorised CISs upon issue of an addendum or replacement e-prospectus?	If there is a change to the prospectus warranting the issue of an addendum or replacing e-prospectus, it is a question of law whether the original printed application forms for the relevant securities accompanying the original prospectus would continue to be valid. In this connection, Offerors are advised to seek to professional advice as to: (a) the need to revise the original application forms and/or; (b) how to deal with completed application forms submitted to the Offerors under the terms of the prospectus. This may include considerations of extending the offer period and/or granting a right of withdraw to applicants who have submitted in applications based on the information in the original prospectus; and (c) the need for putting in place appropriate arrangements to ensure that the issue and marketing of securities is conducted in a fair and orderly manner.
24/08/2018 (01/01/2022)	12.01A	N/A	N/A	042-2018	When can an applicant, including a biotech company, be permitted to confidentially file its application proof?	Please refer to Paragraph 18 of Practice Note 22 and paragraph 10 of guidance letter HKEX-GL57-13 for conditions when a confidential filing may be considered.

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						Where the Exchange grants a waiver of Rule 12.01A, the applicant should note the following: (i) where the listing application and related documents (including the application proof) submitted are not considered substantially complete under Rule 9.03(3), it will be returned and subject to the review procedures and ultimate consequence of listing application being delayed for not less than eight weeks; (ii) a draft application proof in Chinese is not required to be published on the Exchange's website; and (iii) compliance with the requirement for the issuance of post hearing information pack does not change.
26/07/2013 13/07/2018	12.01A and 12.01B	16.01A and 16.01B	24	1	The Application Proof is usually revised several times during the vetting process. is an applicant required to publish all proofs of the listing document on the Exchange's website?	No. An applicant is only required to publish three versions of the listing document: (i) its Application Proof, which is the draft listing document submitted with a listing application form; (ii) its PHIP; and (iii) the final listing document, on the Exchange's website. [Updated in February 2020]
18/6/2021	12.11, 20.19A and 25.19A	16.04C and 29.21A	N/A	075-2021	Under the Paperless Listing and Subscription Regime, what types of listing documents should be published solely in an electronic format?	Listing documents in respect of the following should be published solely in an electronic format under the Paperless Listing and Subscription Regime: - initial public offerings of equities, stapled securities, depositary receipts and collective investment schemes; - public offerings of debt securities; - listings by introduction; and

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						- transfers of listing from GEM to the Main Board.
18/6/2021	12.11 and 20.19A	16.04C	N/A	075-2021	Under the Paperless Listing and Subscription Regime, what types of subscriptions should be made through electronic channels and what types of subscriptions should continue to be made in paper form?	Subscriptions in respect of the following should be made through electronic channels under the Paperless Listing and Subscription Regime: - initial public offerings of equities, stapled securities, depositary receipts and collective investment schemes; and - any other transactions which involve such public offerings (e.g transfers of listing from GEM to the Main Board) The Listing Rule changes will not affect the existing subscription channels for the following items, and (where appropriate) paper application forms can continue to be used:- - Mixed Media Offers; - preferential offerings (such as employee offerings and assured entitlement offerings to qualified shareholders); - public offerings of debt securities; and - investments in structured products listed under Chapter 15A of the Main Board Rules.
18/6/2021	12.11 and 20.19A	16.04C	N/A	075-2021	In respect of public offerings of equity and collective investment schemes, how may investors subscribe for new securities electronically under the	For public offerings of equity and collective investment schemes, investors may subscribe for new securities through the following electronic subscription channels:

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					Paperless Listing and Subscription Regime?	(i) eIPO online platform operated by issuer's share registrar; or (ii) the EIPO service offered by the Central Clearing and Settlement System (CCASS): either by instructing brokers or custodians to give electronic application instructions on their behalf or by giving electronic application instructions to Hong Kong Securities Clearing Company Limited through CCASS.
18/6/2021	12.11, 20.19A and 25.19A	16.04C and 29.21A	N/A	075-2021	What is the effective date of the Listing Rule changes on the Paperless Listing and Subscription Regime? Do the changes only apply to listing applications submitted on or after the effective date of 5 July 2021?	The changes in the Listing Rules on the Paperless Listing and Subscription Regime will take effect on 5 July 2021. The changes apply to listing documents *published* on or after 5 July 2021, regardless of the date of submission of the relevant listing applications. Accordingly, listing applications with listing documents expected to be published on or after that date will be affected and their listing documents should be made available solely in electronic format.
18/6/2021	12.11, 20.19A and 25.19A	16.04C and 29.21A	N/A	075-2021	Is there any transitional period for the Listing Rule changes on the Paperless Listing and Subscription Regime?	There is no transitional period for the relevant changes of the Listing Rules. However, those changes do not apply to Mixed Media Offers.
18/6/2021	12.11, 20.19A and 25.19A	16.04C and 29.21A	N/A	075-2021	Where and for how long should electronic listing documents be published?	Issuers should publish electronic listing documents on both the HKEX website (through EPS) and the issuer's own website and on a continuous basis. There is no time limit on the length of time listing documents should remain online.

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26/11/2010 (08/07/2015)	12.11A	16.04D	GL81-15	1.	What is a Mixed Media Offer or MMO?	Mixed Media Offer or MMO is an offer process where an issuer or a collective investment scheme (CIS) issuer distributes paper application forms for public offers of certain securities* so long as the prospectus is available on the HKEX website or the issuer/CIS issuer's websites. The Class Exemption Notice sets out the conditions an offeror must comply with in a Mixed Media Offer. The SFC will impose similar conditions on CIS issuers who intend to conduct a Mixed Media Offer with regards to interests in SFC-authorised CISs that are / or will be listed on the Exchange. *"Securities" refer to shares of or debentures in a company and SFC-authorised CISs. *Noted: Updated in July 2015*
26/11/2010	12.11A	16.04D	GL81-15	2.	Who may conduct an MMO?	Any offeror intending to conduct a public offer of: (a) shares of a company (including an investment company under Chapter 21 of the Main Board Rules) listed or to be listed on the Exchange; (b) debentures of a company listed or to be listed on the Exchange; and

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						(c) interests in CISs listed or to be listed on the Exchange and authorised by the SFC under section 104 of the Securities and Futures Ordinance (SFO).
26/11/2010	12.11A	16.04D	HKEX-GL81-15	3.	What existing practice does the MMO aim to change?	The market has developed a practice of printing large quantities of printed prospectuses copies for distribution at points where printed application forms are distributed, even though e-prospectuses are available online. Many of these copies are not taken up and end up as trash. Under an MMO option, an offeror who complies with the conditions of the Class Exemption Notice (**see section B of HKEX-GL81-15 Appendix 5**), or obtains a waiver from the SFC, may distribute printed application forms even though each application form is not accompanied by a printed prospectus.
26/11/2010 (08/07/2015)	12.11A	16.04D	HKEX-GL81-15	4.	How to ensure investors who have no access to the internet can access the prospectus before they apply for subscription under an MMO?	FAQ No. 7 under HKEX-GL81-15 sets out where investors can get a copy of the printed prospectus. Investors will continue to obtain a free copy of the printed prospectus from specified locations (e.g. at designated branches of receiving banks or the principal place of business of the sponsors) upon request. Also, at least three copies of the printed prospectus will be available for inspection at every location where the paper application forms are distributed.

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						Noted: Updated in July 2015
26/11/2010 (22/11/2023)	12.11A	16.04D	HKEX-GL81-15	5.	What is the difference between MMO ~~and~~ , ePO and the Paperless Listing and Subscription Regime?	Both the MMO and ePO Guidelines aim to facilitate wider use and acceptance of electronic listing documents. The MMO proposal aims to facilitate distribution of electronic listing documents whilst applications continue to be accepted in paper form. The ePO Guidelines published by the SFC in April 2003 aim to facilitate electronic submission of applications during a public offer but do not deal with whether the prospectus is otherwise required to be distributed in printed or electronic form. Further, in 2021, with the exception of MMOs, the Exchange mandated that all listing documents must be published solely in electronic format and new listing subscriptions must be made through online electronic channels only (the "**Paperless Listing and Subscription Regime**"). Under the ePO Guidelines and pursuant to the Paperless Listing and Subscription Regime, the internet (or other electronic means) is used to display or provide access to prospectuses, application forms and/or to collect applications or application instructions from the public (applicants) during an initial public offering or a follow-on public offering.

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						The MMO involves allowing a printed application form for the relevant securities to be issued without being accompanied by printed prospectus if certain conditions are met. MMO and ePO complement each other and are not mutually exclusive.
26/11/2010 (08/07/2015)	12.11A	16.04D	HKEX-GL81-15	6.	(a) How and when an investor may request a printed prospectus? (b) How quickly will a printed prospectus be made available to an investor upon request? (c) What is the quality of such printed prospectus?	(a) Any member of the public may, during the offer period during normal business hours, obtain a printed prospectus, free of charge, at any location specified in the announcements notifying the public of the adoption of an MMO. (b) A printed prospectus must be made available to a member of the public upon request within four business hours. (c) The printed prospectus that is provided may be a stapled copy from a photocopy machine which is in black and white, grey-scale or colour. Where it is a black and white or grey-scale prospectus, the sponsor must be satisfied that it provides equivalent information to investors as a colour prospectus. *Note: Updated in July 2015*
26/11/2010 (08/07/2015)	12.11A	16.04D	HKEX-GL81-15	7.	Can investors still get a copy of paper prospectus?	Yes, investors can get a copy of printed prospectus free of charge upon request. Copies will be available at:

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						(a) the depository counter of Hong Kong Securities Clearing Company Limited; (b) the offices of the company's Hong Kong share registrar, sponsor or co-ordinator offices; and (c) certain designated branches of the receiving or placing banks. Further, at least three printed prospectuses will be available "for inspection" at every location where printed application forms are available. These locations will be stated in the prospectus and announcements to inform the market of the proposed Mixed Media Offer as well as application forms. We expect issuers and their sponsors/listing agents to assess the possible demand for printed prospectuses, including locations at which they are most frequently and likely to be collected. Companies should put in place appropriate procedures to enable them to gauge demand, for instance, a pre-order or booking system where investors can register their request for a copy of the printed prospectus. Consistent with existing practice, it is the responsibility of the companies' sponsors to comply with the Exchange Listing Rules and the

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						CFA Code of Conduct by ensuring that there are sufficient copies of prospectuses available to the public to satisfy public demand. *Note: Updated in July 2015*
26/11/2010 (08/07/2015)	12.11A	16.04D	HKEX-GL81-15	8.	Where can the investors find out about the website addresses where they can get access to a copy of electronic prospectus?	The application form and the issuer's announcement (made during the five-business day period before the start of the offer period) will set out details of where investors can access the electronic prospectus on the HKEX website and another website (usually its own website). *Noted: Updated in July 2015*
26/11/2010	12.11A	16.04D	HKEX-GL81-15	9.	Can investors rely on information on the company's (issuer's) website when deciding whether to invest in the company's shares?	No, investors should ensure they only rely on information contained in the prospectus. The issuer's website may contain information outside prospectus. However, we would expect companies to clearly delineate between prospectus information and non-prospectus information. Web pages containing the electronic prospectus must not contain any promotional information about the issuer and the offer.
26/11/2010 (08/07/2015)	12.11A	16.04D	HKEX-GL81-15	10.	Is the printed prospectus identical to the electronic prospectus?	Yes, the electronic prospectus must be identical to the printed prospectus other than colour (see FAQ No. 6(c) under HKEX-GL81-15 on production on black and white, grey-scale or colour copies). It

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						should not be password protected and should be reasonably tamper-resistant. *Note: Updated in July 2015*
26/11/2010	12.11A	16.04D	HKEX-GL81-15	11.	Why does the MMO not provide for a mechanism by which a request for obtaining printed prospectuses should be made?	It is the offeror's responsibility, after taking appropriate advice from its sponsor/listing agent) to assess the possible demand for printed prospectuses, including locations at which they are most frequently and likely to be collected. It is up to the offerors and their sponsors how or what procedures/mechanism they wish to implement to best determine the likely demand for their printed prospectuses. Please see responses to FAQ No. 7 under HKEX-GL81-15. We do not consider it appropriate for the regulators to impose any requirements on how an investor must make a request for a printed prospectus, say by setting requirements for the time and mode for making such request, will only increase the barrier for obtaining a printed prospectus. This may not work to the benefit of prospective investors. Accordingly, the MMO envisages that an investor who wishes to get a printed prospectus is only required to go to the specified locations, e.g.

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						designated branches of receiving banks, for a printed prospectus.
22/11/2023	12.11A	16.04D	HKEX-GL81-15	12A.	How should investors fund their subscription in an MMO in light of adoption of FINI?	All payments to the issuer are expected to be settled electronically via the FINI platform. However, HKSCC Participants and share registrars are welcomed to provide appropriate payment channels for investors using paper application forms in an MMO to fund their subscriptions. The Exchange does not prescribe the method of payment between subscribers on the one hand, and HKSCC Participants and share registrars on the other hand, provided that the parties have given due regard to the settlement timeline and the necessary steps required for the purpose of funding confirmations under FINI.
26/11/2010 (08/07/2015)	12.11A	16.04D	HKEX-GL81-15	13.	If the electronic prospectus is not available on the issuer's website but is still available on HKEX's website, must the MMO be suspended?	The offeror need not suspend the Mixed Media Offer if the electronic prospectus is only available on the HKEX website but not the issuer's website. It need only suspend the Mixed Media Offer if the prospectus is not available on both the HKEX website and the issuer's website for 4 consecutive hours or more. If during the offer period, the electronic prospectus is not available on the issuer's website, the offeror need not suspend the Mixed Media Offer if,

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						(a) the electronic prospectus is available on the HKEX website between 6:00 am to 12:00 midnight from Monday to Friday, except public holidays; and (b) if the prospectus is also not available on the HKEX website, the period of the electronic prospectus being unavailable on both the websites is less than 4 hours. In the event the electronic prospectus is not available on both the HKEX and the company's websites for 4 consecutive hours or more between the hours of 6 am to 12 midnight Mondays to Fridays (except public holidays), the offeror can continue the offer process provided that it can comply with the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) **(CO)** requirement that when an offeror issues a printed application form, it must issue the application form with a printed prospectus. *Note: Updated in July 2015*

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26/11/2010 (~~08/07/2015~~22/11/2023)	12.11A	16.04D	HKEX-GL81-15	14.	How should the offeror deal with the suspension of Mixed Media Offer during the offer period?	When an offeror needs to suspend a Mixed Media Offer during the offer period, it must first consult the Exchange or the SFC (in the case of CIS offerors) in advance of their suspension on processes and procedures to be adopted with respect to FINI and publish a suspension announcement on the HKEX website as soon as possible. ~~The offeror is encouraged to consult the SEHK and/or the SFC as soon as possible on how best to conduct the remaining offer process.~~ The offer can only carry on if it can comply with the CO requirement that when an offeror issue a printed application form, it must issue the application form with a printed prospectus. *Note: Updated in ~~July 2015~~November 2023*
22/11/2023	12.11A	16.04D	HKEX-GL81-15	14A.	Can an offeror conduct an MMO on the FINI?	FINI does not support paper-based applications forms directly. IPO issuers may adopt an MMO and rely on HKSCC Participants and/ or share registrars to collect orders from subscribers using paper application forms (for HKSCC Participants) or through their own order-taking systems (for Share Registrars) and separately enter and submit such applications in FINI for further processing. Any such processes that the HKSCC Participants or the share registrars adopt are separate from the FINI system.

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						All of the remaining steps in the FINI workflow, including electronic payments, as well as the T+2 settlement cycle will apply to IPOs that adopt an MMO. Issuers who wish to adopt an MMO are advised to consult the Exchange or the SFC (in the case of CIS offerors) in advance of their applications if they have questions about this FAQ.
26/11/2010 (08/07/2015)	12.11A	16.04D	HKEX-GL81-15	15.	Where are the conditions set out in the Class Exemption Notice?	The class exemption is effected by Section 9A of the Companies (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap.32L) (**Class Exemption Notice**) which came into effect on 1 February 2011. A copy of the Class Exemption Notice is set out in Appendix B to the Conclusions Paper. *Note: Updated in July 2015*
26/11/2010	12.11A	16.04D	HKEX-GL81-15	16.	Does an offeror need to apply to the SFC or the Exchange to conduct an MMO?	No but a CWUMPO offeror must comply with the conditions in the Class Exemption Notice. A CIS offeror may inform the SFC of its intent to conduct an MMO and conduct the MMO by complying with similar conditions imposed by the SFC in its letter of authorisation.

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26/11/2010	12.11A	16.04D	HKEX-GL81-15	17.	Can the issuer's website contain information other than prospectus information?	An issuer's website may contain information other than prospectus information, including promotional information about the issuer or the public offer. The issuer's website should clearly delineate in its website what information on its website is contained in the prospectus and what is not. Please refer to the responses to FAQ No. 9 under HKEX-GL81-15.
26/11/2010	12.11A	16.04D	HKEX-GL81-15	18.	How is the notice requirement satisfied when the e-prospectus is accessed from the company's (issuer's) website?	The notice should be given just before access to the prospectus is granted. For instance, a plain clear "pop up" notice on a separate webpage of the issuer's website stating that the relevant securities are offered solely on the information in the e-prospectus accessible by a click on the webpage satisfies this requirement. There are other ways to display the notice. In case of doubt, early consultation with the SFC or the Exchange is recommended.
26/11/2010 (08/07/2015)	12.11A	16.04D	HKEX-GL81-15	19.	How many printed prospectus copies must be made available to the public to satisfy the public demand requirement?	The SFC and the Exchange do not set any the minimum number of copies of printed prospectus that must be made available to satisfy public demand. The CWUMPO and CIS offerors and their sponsors or listing agent should make a best estimate of the demand for printed form prospectus based on the facts and circumstances of the case.

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						As a best practice recommendation, issuers and sponsors can consider stating in the notification announcement (made during the five-business day period before the start of the offer period) of an MMO details about how a member of the public may pre-register with the sponsor to obtain a printed prospectus during the offer period (e.g. by way of a hotline service) and where a copy may be obtained. *Note: Updated in July 2015*
26/11/2010	12.11A(1), 25.19B(1)	16.04D, 29.21B	HKEX-GL81-15	21	Must announcements relating to the implementation and/or suspension of an MMO be vetted by the Exchange?	No.
30/04/2013	13.09(1), 13.10, 37.47(b) Paragraph 3 of Practice Note 11 Paragraph 2(1)(b) of Appendices 7C, 7D, 7E and 7H	17.10(1), 17.11, 30.40(b), 31.04(2) 31.05	22	1	What is a "*false market*"?	The term "false market" refers to a situation where there is material misinformation or materially incomplete information in the market which is compromising proper price discovery. This may arise, for example, where: (a) an issuer has made a false or misleading announcement; (b) there is other false or misleading information, including a false rumour, circulating in the market;

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	Paragraph 24 of Appendix 7C Paragraph 26 of Appendix 7H					(c) an issuer has inside information that needs to be disclosed under the Inside Information Provisions but it has not announced the information (e.g. the issuer signed a material contract during trading hours but has not announced the information); or (d) a segment of the market is trading on the basis of inside information that is not available to the market as a whole. Where a media or analyst report appears to contain information from a credible source (whether that information is accurate or not) and: (a) there is a material change in the market price or trading volume of the issuer's securities which appears to be referrable to the report (in the sense that it is not readily explicable by any other event or circumstance); or (b) if the market is not trading at the time but the report is of a character that when the market starts trading, it is likely to have a material effect on the market price or trading volume of the issuer's securities, the issuer must announce information necessary to avoid a false market in its listed securities.

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30/04/2013	13.09(1), 37.47(b) Paragraph 2(1)(b) of Appendices 7C, 7D, 7E and 7H	17.10(1), 30.40(b), 31.04(2)	22	2	Does an issuer need to "*consult*" the Exchange before announcing the information necessary to avoid a false market in its securities?	No, it can proceed to disclose the information which requires disclosure under these provisions. However, it must contact the Exchange as soon as reasonably practicable if it believes that there is likely to be a false market in its listed securities (see the note to these provisions).
28/11/2008 (02/01/2013)	13.09(2), 13.10B	17.10(2), 17.12	7	69.	Listco Z is a PRC issuer whose H shares are listed on the Main Board. It proposes to issue new A shares in the PRC and apply for a listing on a PRC stock exchange. Listco Z will issue a prospectus in connection with the issue of A shares pursuant to the laws and regulation in the PRC and the requirements of the PRC stock exchange. In this regard, Listco Z will publish an announcement under the Main Board Rule 13.09(2)(a) / GEM Rule 17.10(2)(a) to promptly disclose information which is identified as inside information during preparation of the A share prospectus or as a consequence of other development. Will Listco Z still need to publish the A-share prospectus on the HKEX website for the purposes of the Listing Rules?	In addition to the disclosure obligation under Main Board Rule 13.09(2)(a) / GEM Rule 17.10(2)(a), Listco Z should also comply with Main Board Rule 13.10B / GEM Rule 17.12 to release the A-share prospectus to the market in Hong Kong through the HKEX website (in the form of an "overseas regulatory announcement") at the same time as it is released in other market(s).

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30/04/2013	13.10(2) Paragraph 24(2) of Appendix 7C Paragraph 26(2) of Appendix 7H	17.11(2), 31.05(2)	22	3	What is the meaning of the term "such enquiry with respect to the issuer as may be reasonable in the circumstances"? What sort of enquiry is an issuer required to make in response to the Exchange's enquiries? When will an issuer be expected to contact its controlling shareholders when they are not directors or officers of the issuer?	The facts and circumstances giving rise to each enquiry are different. Therefore, what enquiry is reasonable depends on the circumstances, and there are no hard and fast rules. The test is one of reasonableness. To facilitate compliance, it is crucial that an issuer implements and maintains adequate and effective internal control systems and procedures to ensure material information concerning the issuer and its business would be promptly identified, assessed and escalated to the Board for consideration and action from a Rule compliance perspective. This would require a timely and structured flow to the Board of information arising from the development or occurrence of events and circumstances so that the Board can decide whether disclosure is necessary.
30/04/2013	13.10(2) Paragraph 24(2) of Appendix 7C Paragraph 26(2) of Appendix 7H	17.11(2), 31.05(2)	22	4	An issuer has inside information which is exempted from disclosure under one or more of the safe harbours in the Inside Information Provisions. If there are market rumours which are unrelated to this information, but have resulted in unusual trading movements, does the issuer need to publish a standard announcement? If the standard announcement states that there is no inside information that	Whether an announcement is required to be issued under these provisions depends on the facts and circumstances of the matter. It is only if and when requested by the Exchange that an announcement needs to be issued. Information that is exempted from disclosure under the Inside Information Provisions does not fall within the term "any inside information that needs to be disclosed under Part XIVA of the Securities and Futures Ordinance" contained in the standard announcement. Therefore, a standard

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					needs to be disclosed under the Inside Information Provisions, but the issuer subsequently discloses the information, say a month later, will this result in market uncertainty?	announcement issued under those circumstances will not be inaccurate. To avoid market uncertainty arising from the subsequent disclosure of the inside information previously exempted from disclosure, the issuer can clarify in the disclosure announcement that the information was exempted from disclosure when the standard announcement was issued.
30/03/2004 (February 2020)	13.13, 13.14, 13.16	17.15, 17.16, 17.18	1	22.	Clarify what should be included in the numerator for the calculation of the asset test of the relevant advance?	The numerator should be the total advances (not the interest earned) plus any monetary advantage accruing to the entity or affiliated company. [Updated in February 2020]
30/03/2004 (February 2020	13.14	17.16	1	25.	When is the general disclosure obligation under Main Board Rule 13.14 (GEM Rule 17.16) triggered for advances to an entity or affiliated company that have already been announced in accordance with Main Board Rule 13.13 (GEM rule 17.15)?	Where there is any further increase in the advance previously announced in accordance with Main Board Rule 13.13 (GEM Rule 17.15), the issuer has to make a new announcement under Main Board Rule 13.14 (GEM Rule 17.16) if: • the increased balance has the 8% threshold the increase since the last announcement was made exceeds the 3% threshold for the asset ratio. [Updated in February 2020]
11/5/2018	13.17	17.19	N/A	029-2018	Company A's controlling shareholder deposited the share certificate of his shares in Company A to a third party, or	Yes. MB Rule 13.17 (GEM Rule 17.19) applies to any arrangement, in any form and however the arrangement is named, where Company A's

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					where he uses his interest in Company A's shares, for the purpose of securing Company A's performance of an obligation. Does any of the above scenarios constitute "pledging of shares" under the Listing Rules warranting an announcement under MB Rule 13.17 (GEM Rule 17.19)?	controlling shareholder effectively uses all or part of his interest in Company A's shares to, directly or indirectly, secure Company A's debts, or to secure guarantees or other support of Company A's obligations.
28/11/2008 (February 2020)	13.25A, 13.25B	17.27A, 17.27B	8	19	Where can an issuer find the templates of the various Monthly Returns and Next Day Disclosure Returns, and how to submit them?	Templates of the various Monthly Returns and Next Day Disclosure Returns in MS Word format can be downloaded from the ESS website. The completed form, in either PDF or MS Word format, should be submitted via ESS as an attachment. [Updated in February 2020]
28/11/2008	13.25A, 13.25B see also: 2.07C(4)(b)	17.27A, 17.27B see also: 16.03	8	20	Are listed issuers required to submit both English and Chinese versions of Next Day Disclosure Returns and Monthly Returns?	Yes.
28/11/2008	13.25A, 13.25B	17.27A, 17.27B	8	21	Can a listed issuer submit its Monthly Returns or Next Day Disclosure Returns by means other than ESS, such as email, fax or mail?	No.
28/11/2008 (11/03/2011)	13.25A(2)(a)(vii)	17.27A(2)(a)(vii)	8	24	The issuer publishes a Next Day Disclosure Return upon a repurchase or redemption of shares in January. The repurchased or redeemed shares are cancelled in February. Must the issuer	No. On a share repurchase or redemption, the issuer must submit and publish a Next Day Disclosure Return by "not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening

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					publish a Next Day Disclosure Return upon cancellation of the shares?	session" (i.e. by 8:30 a.m.) on the business day after the repurchase or redemption, even if the shares have not yet been cancelled. It is not necessary to publish another Next Day Disclosure Return when the shares are cancelled. However, the opening balance of the subsequent Next Day Disclosure Return will be the closing balance of the last Next Day Disclosure Return or Monthly Return (whichever is later) and any cancellation of shares since then should be included in the opening balance of the subsequent Next Day Disclosure Return as separate lines (together with the date(s) of cancellation). These cancelled shares should also be taken into account in arriving at the closing balance of that subsequent Next Day Disclosure Return.
28/11/2008 (01/08/2023)	13.25B	17.27B	8	26	Is section I of the Monthly Return (Movement in Authorised Share Capital) applicable to PRC issuers which do not have authorised share capital? Are they required to disclose movements in domestic shares/ A shares in section II of their Monthly Return (Movements in Issued Share Capital)?	No. Section I of the Monthly Return is not applicable to PRC issuers which do not have authorised share capital. Yes. PRC issuers are required to disclose in section II of the Monthly Return the movements in their H shares as well as any other shares (e.g. domestic shares and A shares). [Updated in August 2023]
28/11/2008	13.25B	17.27B	8	27	Will listed issuers still be required to submit the Monthly Returns each month even if there are no changes of the reported figures from the previous month?	Yes.

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28/11/2008 (02/01/2013)	13.28	17.30	7	70.	A listed issuer proposes to enter into an agreement with an independent third party under which the independent third party will provide advisory services to the issuer and the consideration will be satisfied by issuing new shares of the issuer to the third party. Is such issue subject to the disclosure requirements under Main Board Rule 13.28 / GEM Rule 17.30?	The requirements under Main Board Rule 13.28 / GEM Rule 17.30 only apply to an issue of securities for cash. In the circumstances described, if the proposed issue of new shares constitutes inside information which requires disclosure under the Inside Information Provisions, the listed issuer must also simultaneously announce the information under Main Board Rule 13.09(2)(a) / GEM Rule 17.10(2)(a).
28/11/2008 (February 2020)	13.28 see also: 13.25A, 13.25B 13.25C	17.30 see also: 17.27A, 17.27B 17.27C	8	29	A listed issuer proposes a placing of warrants, which carry rights to subscribe new shares in the listed issuer, for cash consideration under a specific mandate. The listed issuer will issue an announcement for such proposed placing pursuant to Main Board Rule 13.28 / GEM Rule 17.30. How should the listed issuer. Is the listed issuer comply with the disclosure obligation under Main Board Rule 13.28 / GEM Rule 17.30?	The disclosure obligation under Main Board Rule 13.28 / GEM Rule 17.30 arises at the time when the listed issuer agrees to issue securities for cash. As such, the listed issuer should issue an announcement as soon as it enters into the agreement for placing the warrants. The Rule does not apply upon exercise of the subscription rights of the warrants by the warrant holders. However, the listed issuer is reminded of the disclosure obligations under Main Board Rules 13.25A, 13.25B and 13.25C / GEM Rules 17.27A, 17.27B and 17.27C. [Updated in February 2020]
28/11/2008 (February 2020)	13.28(12)	17.30(12)	8	30	A listed issuer proposes a placing of new shares for cash consideration using its general mandate.	It should disclose the date of the general meeting approving the general mandate and information that demonstrates the general mandate is sufficient to cover the number of new shares to be

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					What "details of the general mandate" is the issuer required to disclose in the announcement under Main Board Rule 13.28(12) (GEM Rule 17.30(12)?	issued under the placing, such as (i) the number of shares that the listed issuer is authorised to allot or issue under such general mandate; and (ii) the unutilised portion of the general mandate immediately prior to the proposed placing. [Updated in February 2020]
21/02/2014	13.28(2), App 16 (para 11(3))	17.30(2), 18.32(3)	26	1	How should issuers whose shares have no nominal value comply with the disclosure requirements for nominal values under the Rules?	These issuers should disclose in the relevant announcements or annual reports that their shares have no nominal value.
28/11/2008	13.29	17.30A	8	31	If a listed issuer proposes to place new shares under a general mandate at a discount of 20% or more to the benchmarked price, can it satisfy Main Board Rule 13.29 (GEM Rule 17.30A) by incorporating the information required in its announcement published pursuant to Main Board Rule 13.28(GEM Rule 17.30)?	Yes, or alternatively it may issue a separate announcement to disclose the information required under Main Board Rule 13.28(GEM Rule 17.30). In either case, the required information must be announced within the timeframe prescribed under Main Board Rule 13.29(GEM Rule 17.30A). The listed issuer is reminded that, under Main Board Rule 13.36(5) (GEM Rule 17.42B), it cannot issue new shares for cash under a general mandate at a discount of 20% or more to the benchmarked price set out in Main Board Rule 13.36(5) (GEM Rule 17.42B) unless it can satisfy the Exchange that it is in a serious financial position or there are exceptional circumstances. In the present case, the listed issuer must obtain the Exchange's consent before it enters into the proposed placing and publishes the relevant announcement.

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28/11/2008	13.32(1)	11.23(7)	7	71.	A listed issuer proposes a rights issue of shares which will be fully underwritten by its controlling shareholder. Based on the size of the proposed rights issue, it is possible that if no qualifying shareholders take up their entitlement of rights shares, the controlling shareholder's interest in the listed issuer would increase to the extent that the public float of the listed issuer would fall below the minimum percentage required under the Listing Rules. Will the listed issuer be permitted to proceed with the rights issue?	It is the responsibility of the listed issuer to ensure compliance with its continuing obligations under the Listing Rules from time to time, particularly when it proposes any corporate actions. In the circumstances described, the listed issuer must demonstrate to the Exchange's satisfaction that there are adequate arrangements in place to ensure that the proposed rights issue, if it proceeds, would not result in a breach of the public float requirement set out in the Listing Rules. An example of an acceptable arrangement would be for a conditional placing agreement to be entered into by the controlling shareholder to place down a sufficient amount of its shares in the listed issuer to independent third parties in order to maintain the public float at or above the minimum prescribed percentage set out in the Listing Rules.
14/11/2014 (13/07/2018)	13.36	N/A	29	1.	When Eligible SEHK Issuers and Other Connect Issuers propose pre-emptive issues (including rights issues, open offers, bonus issues and scrip dividend schemes) or distributions in specie to shareholders, should they offer or distribute entitlement securities to Mainland investors holding the issuers' securities through Shanghai and Shenzhen Connect ("Southbound Shareholders")?	Yes.

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29/7/2022	13.36, 17.03B	17.39, 23.03B	N/A	088-2022	Is the scheme mandate for grants of new shares under Main Board Chapter 17 (GEM Chapter 23) a separate mandate from the general mandate under Main Board Rule 13.36 (GEM Rule 17.39)?	Yes.
29/7/2022	13.36, 17.03B	17.39, 23.03B	N/A	089-2022	Can an issuer grant new shares to a person for incentive purposes under a general or specific mandate under Main Board Rule 13.36 (GEM Rule 17.39) if the share grants fall outside the scope of share schemes under Main Board Chapter 17 (GEM Chapter 23)?	Yes, for example, if the grantee does not meet the definition of eligible participant under the Main Board Chapter 17 (GEM Chapter 23).
30/03/2004	13.36(2)(a)	17.41(1)	1	28.	Is an overseas legal opinion is required in the event that a proposed bonus issue of issue of warrants will exclude overseas shareholders?	No. Note 1 to Main Board Rule 13.36(2)(a) (GEM rule 17.41(1)) only requires the issuer make enquiry regarding the legal restrictions under the laws of the relevant jurisdiction. It is up to the issuer to decide whether or not it should obtain a legal opinion to support its analysis of the Rules. [Updated in February 2020]
30/03/2004	13.36(2)(b)	17.41(2)	1	30.	Is there any limit on the number of refreshments of the general mandate during a year? How is the "one year" determined – from refreshment of the general mandate or with reference to annual general meetings?	No. There is no limit on the number of refreshments of the general mandate by Main Board and GEM issuers during a year. However, independent shareholders' approval is required for the second and subsequent refreshments during the year. The period of "one year" is a rolling one year period normally determined with reference to annual general meetings when a new mandate for the year is obtained.

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28/11/2008 (01/04/2015)	13.36(2)(b)	17.41(2)	7	61.	A listed issuer proposes a resolution to seek shareholders' approval for a bonus issue of shares to its existing shareholders pursuant to its articles of association at the forthcoming annual general meeting. Can the listed issuer take into account such bonus issue when determining the maximum number of shares that are allowed to be issued under a new general mandate proposed at the same general meeting?	No, because the bonus shares are not yet issued at the time when the listed issuer seeks shareholders' approval for the new general mandate. Pursuant to Main Board Rule 13.36(2)(b)/ GEM Rule 17.41(2), the maximum number of shares that may be issued under the general mandate is "20% of the number of issued shares of the issuer as at the date of the resolution granting the general mandate… plus the number of such securities repurchased by the issuer itself since the granting of the general mandate (up to a maximum number equivalent to 10% of the number of issued shares of the issuer as at the date of the resolution granting the repurchase mandate)…".
28/11/2008	13.36(4)(a)	17.42A	8	32	When a listed issuer refreshes the General Property Acquisition Mandate at a general meeting, does the controlling shareholder have to abstain from voting as in the case of refreshing a general mandate under Main Board Rule 13.36(4)(a) (GEM Rule 17.42A)??	No. Main Board Rule 13.36(4)(a)(GEM Rule 17.42A) is not applicable to the refreshment of the General Property Acquisition Mandate.
30/03/2004	13.36(4)(e)	17.42A(5)	1	31.	Please explain the top-up arrangement under refreshment of general mandate.	An issuer wishing to top-up the unused portion of their previous general mandate, based on the enlarged issued share capital, needs only to obtain shareholders' approval. They can top up to the number of shares so that, in percentage terms, the unused part of the general mandate before and after the pre-emptive issue of securities is the same.

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						Example: **Existing issued share capital :** 100,000 shares **General mandate before placing:** 20,000 shares (20%) **Placing of shares under the general mandate:** 5,000 shares **Issued share capital after placing:** 105,000 shares **Unused general mandate:** 15,000 shares (15% of 100,000 shares) **New shares issued under a 1 for 2 rights issue:** 52,500 shares **Issued share capital after right issue:** 157,500 shares Shareholders' approval will be required to top-up the general mandate from 15,000 to 23,625 shares (15% of 157,500 shares). Independent shareholders' approval will be required for an additional mandate for 7,875 shares (i.e. 5% of 157,500 shares).
28/11/2008	13.36(5)	17.42B	7	63.	A listed issuer proposes to enter into an agreement with one of its creditors under which the listed issuer agree to issue new shares for the repayment of a loan due to the creditor. The listed issuer intends to issue the new shares under a general mandate. Is such issue subject to the restriction on	Yes. The proposal is in substance an issue of new shares for cash consideration. The listed issuer must ensure that the issue price of such new shares complies with the requirement of Main Board Rule 13.36(5)/ GEM Rule 17.42B before it enters into the agreement.

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					pricing of the new shares to be issued under general mandate set out Main Board Rule 13.36(5) / GEM Rule 17.42B?	
19/12/2011	Note to Rule 13.39(4)	Note to Rule 17.47(4)	17	14.	Are there any examples of procedural and administrative matters?	Procedural and administrative matters include, for example, adjourning a meeting by resolution to: (a) ensure orderly conduct of the meeting. (e.g. if the meeting facilities to house the number of members attending has become inadequate); or (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 (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 (d) announce results at the end of the annual general meeting.
28/11/2008 (01/07/2014)	13.39(6)(a) and (c), 14A.41	17.47(6)(a) and (c),20.39	7	42.	Should the independent board committee established under Main Board Rules 13.39(6)(a) and 14A.41/ GEM Rules 17.47(6)(a) and 20.39 comprise all independent non-executive directors of the listed issuer?	The independent board committee should comprise all independent non-executive directors of the listed issuer, who have no material interest in the relevant transaction.

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14/12/2009 (28/12/2018)	13.43	17.48	17	14A.	A listed company has published an announcement on the board meeting date to approve its annual results 7 clear business days before the board meeting. If the listed company subsequently decides to postpone the board meeting to a later date, is it required to give another 7-day notice?	Subject to its articles of association, the listed company does not need to give another 7-day notice. However, it should, as soon as practicable, announce the postponement of board meeting and the revised board meeting date. *(Previously published in Series No. 9 No. 25)*
19/12/2011 (01/01/2022)	13.44	17.48A	17	15B.	Is it acceptable for an issuer to simply comply with this Rule without amending its memorandum and articles of association (to remove the exception for a director voting on a resolution in which the individual has a less than 5% interest) (note) until further substantial changes are required to be made to the documents? *Note: this exception was provided in paragraph 3 of Note 1 to the old Appendix 3 (that was in force before 31 December 2021), which was subsequently repealed on 1 January 2022.* *(Updated on 1 January 2022)*	Yes, an issuer does not need to amend its constitutional document as a result of this Rule amendment. However, to comply with Main Rule 13.44 (GEM Rule 17.48A), the issuer is reminded that a director might have a material interest in a transaction with a company even if he was interested in less than 5% of that company's issued shares or voting rights. *(Updated on 1 January 2022)*
19/12/2011 (01/01/2022)	13.44	17.48A	17	15.	If a director is a shareholder of the issuer, should the director abstain from	No. In cases where a director's interest is the same as all shareholders (e.g. approving dividend

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					voting when the board considers dividend payments?	payments), then the director does not need to abstain from voting. *(Updated on 1 January 2022)*
19/12/2011 (01/01/2022)	13.44	17.48A	17	15A.	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 the director abstain from voting on the relevant resolution?	Yes. As long as the director has a material interest in the transaction, the director should abstain from voting, even if the director has no beneficial interest in the shares of the other company. *(Updated on 1 January 2022)*
17/4/2020	13.45(1)	17.49(1)	NA	071-2020	Should an issuer specify in its announcement relating to dividend payment whether such dividend is ordinary or special in nature? How should an issuer determine whether the declaration is ordinary dividend or special dividend?	An issuer is required to announce any decision to declare, recommend or pay any dividend after approval by the board of directors. It would be desirable for an issuer to specify in the announcement whether the dividend is intended to be ordinary or special in nature because: ▪ the nature of dividend is relevant for shareholders to understand whether the dividend is a regular payment in accordance with the issuer's dividend policy or it is a non-recurrent distribution in response to a special event; and ▪ classification of dividend as ordinary versus special will have a direct impact on pricing of derivative products as the terms of derivative products would require adjustments where the dividend is special in nature. A clear message

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						on the dividend nature will help avoid market confusion in the derivative markets where derivative products (e.g. structured products, futures and/or options, etc.) are issued with the issuer's shares as underlying stock. It is the issuer's sole discretion to determine whether a dividend is ordinary or special in nature, subject to any provisions, if any, set out in its memorandum and articles of association or the laws or regulations of the place in which it is incorporated. An issuer should also seek its own legal advice on the matter where appropriate. In general, special dividend is a non-recurring distribution of corporate earnings and is often tied to specific events. In past cases, we note that some issuers paid special dividends to: ▪ return surplus cash to shareholders; ▪ distribute proceeds from disposal of assets or divestment of business; or ▪ reduce capital. The above list is not exhaustive. An issuer may decide to declare special dividends based on its own circumstances.
11/09/2015 (February 2020)	13.48, 13.49(1), 13.49(6),	18.49, 18.53, 18.66,	31	13	What are the disclosure requirements under Section 436 of the New Companies Ordinance for a Hong Kong	The Issuer must include a statement indicating that the statement of comprehensive income for a full financial year and/or the statement of financial

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	14.66 to 14.69, 11.03 & 11.04, 11.16 to 11.19, 14.61 & 14.62, 4.25 to 4.29	18.78, 18.79, 19.66 to 19.69, 14.03 & 14.06, 14.29 to 14.31, 19.61 & 19.62, 7.27 to 7.31			incorporated issuer in relation to the publication of non-statutory accounts in its: (a) annual/interim results announcement; and (b) interim report, quarterly results announcement / financial report, circulars or listing documents?	position at a financial year end (the "Statements") presented in the account are not statutory financial statements under the New Companies Ordinance. The issuer must also disclose whether (i) an auditor's report had been prepared; and (ii) the auditors gave a qualified or modified audit opinion on the Statements. For details, please refer to Accounting Bulletin 6 "Guidance on the Requirements of Section 436 of the Hong Kong Companies Ordinance Cap.622" issued by Hong Kong Institute of Certified Public Accountants at: https://www.hkicpa.org.hk/-/media/HKICPA-Website/Members-Handbook/volumeII/ab6.pdf *(Updated the hyperlink to Accounting Bulletin 6 in October 2019)* [Updated in February 2020]
28/11/2008	13.51(1)	17.50(1)	8	35	A listed issuer proposes to seek shareholders' approval for certain amendments to its articles of association. Main Board Rule 13.51(1) (GEM Rule 17.50(1)) requires the listed issuer to submit a confirmation from its legal advisers that the proposed amendments comply with the requirements of the Exchange Listing Rules and the laws of	With respect to the listed issuer's confirmation that there is nothing unusual about the proposed amendments to its articles of association, it is up to the listed issuer to decide whether an enquiry with its legal advisers needs to be made to assist the directors to determine whether there is anything unusual about the proposed amendments to the articles of association. In assessing the question of what is unusual, the directors should have regard to whether the proposed amendments are

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					the place where it is incorporated or otherwise established. The Rule also requires the listed issuer to confirm that there is nothing unusual about the proposed amendments for a company listed in Hong Kong. Is the listed issuer required to obtain a legal opinion in this regard?	customary or a common feature of the articles of association of companies listed in Hong Kong.
14/12/2009	13.51(1)	17.50(1)	9	24.	Under Main Board Rule 13.51(1)/ GEM Rule 17.50(1), an issuer proposing to amend its articles of association must submit to the Exchange a letter to the issuer from its legal advisers confirming that the proposed amendments comply with the Listing Rules and the laws of the place of incorporation of the issuer. Listco will amend its articles of association and proposes the following arrangements: - Can Listco appoint one legal adviser to opine on the compliance with Listing Rules and another legal adviser to opine on the compliance with the laws of the place of incorporation of the issuer? - Can the confirmation letter be issued by Listco's in-house legal counsel?	Yes. The arrangements are acceptable as long as Listco considers the persons have the professional qualifications and experience to provide the confirmation letter.

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19/12/2011	13.51(2)	17.50(2)	17	16.	In the case of the resignation, retirement or removal of a director, supervisor or chief executive, will an issuer also be required to make the disclosures set out in (a) to (x) of Rule 13.51(2)/GEM Rule 17.50(2)?	No, it is not intended that when a director, supervisor or chief executive resigns, retires or is removed that the announcement should contain the items listed under (a) to (x) of Rule 13.51(2)/GEM Rule 17.50(2).
28/11/2008 (February 2020)	13.51(2), Form B/H in Appendix 5	17.50(2), Form A/B in Appendix 6	8	36	Is a director of a listed issuer required to sign a new declaration and undertaking form if he is or is proposed to be re-designated from an executive director to a non-executive director, or vice-versa?	No. However, in accordance with Main Board Rule 13.51(2) (GEM Rule 17.50(2)), an issuer must inform the Exchange of the re-designation of a director immediately after such re-designation takes effect, and the issuer must simultaneously make arrangements to ensure that an announcement of the re-designation of the director is published in accordance with Main Board Rule 2.07C or Chapter 16 of the GEM Rules as soon as practicable. [Updated in February 2020]
28/11/2008 (February 2020)	13.51(2)(c)	17.50(2)(c)	8	37	Please clarify what "professional qualification" under Main Board Rule 13.51(2)(c)/GEM Rule 17.50(2)(c) refers to.	It refers to a qualification in respect of a professional discipline, for example law, accounting, engineering, architecture, surveying or medicine. It also includes any professional title and membership of a professional body. [Updated in February 2020]

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06/06/2006 (22/04/2022)	13.51(2)(x)	17.50(2)(x)	2	2.	If there is no information to be disclosed pursuant to the requirements under certain paragraphs, say (h) to (w), in Main Board Rule 13.51(2)/GEM Rule 17.50(2), is a negative statement required for each sub-paragraph including a recital of the language of the sub-paragraph in full or, alternatively, is it acceptable for the negative statement to be made by quoting the rule reference without a detailed description of each of the requirements therein?	Subject to the comment below, compliance with the requirements of Main Board Rule 13.51(2)/GEM Rule 17.50(2), could be achieved by either approach. The alternative may offer a more streamlined form of disclosure. Under either approach separate disclosure should always be made pursuant to Main Board Rule 13.51(2)(w) /GEM Rule 17.50(2)(w) to confirm, in the announcement, whether or not there are any other matters that need to be brought to the attention of holders of securities of the listed issuer.
19/12/2011	13.51D	17.50C	17	17.	Can issuers publish on their websites the procedures for director election in a single language (i.e. English or Chinese only)?	No, they must be published in both English and Chinese.
27/03/2013 (28/12/2018)	13.51D	17.50C	17	17A.	If the procedures for shareholders to propose a person for election as a director are set out in an issuer's constitutional documents (which are already required to be published on its website and the Exchange's website), does the issuer need to separately publish these procedures on its website?	We would expect the issuer to publish the procedures separately on its website. This is because the constitutional documents are usually very lengthy and investors may find it difficult to locate the procedures (especially if they are unaware that these procedures are set out in the constitutional documents. Also, publishing the procedures on the issuer's website should not be onerous and would enhance the procedures' transparency. *(Previously published in Series No. 21 No. 6)*

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28/11/2008 (February 2020)	13.52(2)	17.53(2)	8	38	Will the Exchange review announcements submitted by a listed issuer before publication that are not subject to the pre-vetting requirement under Main Board Rule 13.52(2) (GEM Rule 17.53(2))?	No, the Exchange will not pre-vet such announcement unless in exceptional circumstances. An issuer is encouraged to consult the Exchange on any Rule compliance issues in relation to the announcement and/or the subject matter before it publishes the announcement. [Updated in February 2020]
28/11/2008	13.52(2)	17.53(2)	8	39	Where a listed issuer publishes an announcement under the Rules that is not subject to the pre-vetting requirement under Main Board Rule 13.52(2) (GEM Rule 17.53(2)), will the Exchange require the listed issuer to submit any documents (for example Listing Rule compliance checklists) for the purpose of post-vetting the announcement?	If the announcement is made in respect of a share / discloseable transaction required under Main Board Rules 14.34 and 14.35 (GEM Rules 19.34 and 19.35), the listed issuer must complete the "Size Tests Checklist" and submit it to the Listing Division not later than the publication of the announcement. The Exchange may require the listed issuer to submit information and/or documents in respect of an announcement published by the issuer to demonstrate its compliance with the Rules. In such cases, the Exchange will inform the listed issuer of the specific information and/or documents required. A checklist for disclosure requirements applicable to a particular type of announcement may need to be submitted by the listed issuer upon request by the Exchange in individual cases.
28/11/2008	13.52A	17.53A	8	40	Under what circumstances will the Exchange exercise the right under Main Board Rule 13.52A (GEM Rule 17.53A)	The Exchange will only exercise this power in exceptional circumstances. This is generally the case where the Exchange has an interest in

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					to request review of announcements, circulars or other documents before their publication	reviewing certain disclosure in a listed issuer's announcement, for example the Exchange has required the listed issuer to make certain specific disclosure in its announcement and such disclosure is necessary to ensure a fair, orderly and efficient market. In such cases, the Exchange will communicate to the listed issuer its direction to review the announcement prior to publication and the reasons for its decision.
14/11/2014	13.52B	N/A	29	7.	When an A+H issuer proposes a corporate action (e.g. distribution of dividends or other entitlements), does it need to disclose the timetables for both A and H shareholders in the same announcement?	Yes. The issuers should ensure clear communications to all shareholders if they propose different timetables (e.g. ex-entitlement date, record date and payment date) for their distributions to shareholders in the two markets.
31/12/2009 (February 2020)	13.56	17.60	8	40A. *Issue 1*	How could an issuer send hard copies of its corporate communications to investors whose shares are held in the Central Clearing and Settlement System ("CCASS") either directly or indirectly through a broker or custodian ("CCASS Investors") as such shares were held in the name of HKSCC Nominees Limited and the names of CCASS Investors do not appear on the issuer's register of members?	An issuer can post on its website a notification of the publication of corporate communication together with a request form. A CCASS investor who wishes to receive a hard copy of the corporate communication, would need to complete and return the request form to the share registrar or other agent of the issuer . The issuer can then send the CCASS investor a hard copy. WIssuers should have in place an arrangement to track the preference of CCASS Investors to ensure, on a best efforts basis, that CCASS Investors who have previously indicated their preferences to receive hard copies of corporate

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						communications do not have to complete and return a request form for every corporate communication, unless they ceased to be shareholders of the issuer. [Updated in February 2020]
30/08/2019	Rule 13.66, Practice Note 8	17.78, 17.79, 17.80	N/A	058-2019	(a) Practice Note 8 to the Main Board Rules (or GEM Rules 17.79 and 17.80) sets out the emergency share registration arrangements during a typhoon or a black rainstorm warning. What are the emergency share registration arrangements upon the announcement by the Government of the Hong Kong Special Administrative Region on "extreme conditions" caused by super typhoons ("Extreme Conditions") (see Note)? (b) In the case of a rights issue, Main Board Rule 13.66 (or GEM Rule 17.78) states that if trading on the Exchange is interrupted due to a typhoon or a black rainstorm warning, the book-close date will be automatically postponed, where necessary, to provide at least two trading days (during neither of which	(a) The emergency share registration arrangements in the event of Extreme Conditions shall be the same as those applicable to Typhoon Warning Signal No. 8 or above currently set out in the Rules. (b) Yes. Where the book-close date is postponed in the circumstances described, the issuer must publish an announcement on the revised timetable.

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					trading is interrupted) for cum-rights trading during the notice period. Does this arrangement apply if trading on the Exchange is interrupted due to Extreme Conditions? *Note: According to the revised "Code of Practice in Times of Typhoons and Rainstorms" issued by the Labour Department in June 2019, the Government of the Hong Kong Special Administrative Region may issue an announcement on "extreme conditions" in the event of, for example, serious disruption of public transport services, extensive flooding, major landslides or large-scale power outage after super typhoons. When "extreme conditions" are in force (i.e. the two-hour period after cancellation of Typhoon Warning Signal No. 8), the Government will review the situation and further advise the public by the end of the two-hour period whether "extreme conditions" will be extended or cancelled.*	
30/03/2004	13.68	17.90	1	33.	A director has a service contract without a fixed term which is terminable by either party by giving notice of 6 months. Is shareholders approval necessary as the	The purpose of the rule is to ensure that the issuer is not unduly burdened by service contracts that are for an inordinate length or which require heavy compensation or lengthy notice for early

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					contract may be for a term that may exceed 3 years?	termination. Such contingent liabilities may be significant, in which case, shareholders' approval must be obtained for these service contracts. In this case, we consider that there is no significant commitment on the issuer as there is no specific term and only six months notice is required. Therefore, the contract does not need to be approved by shareholders.
30/03/2004	13.68	17.90	1	34.	Is shareholders' approval required for a director's service contract with a fixed term of 3 years, but requiring a notice of 6 months before termination after the fixed term? The contract does not mention the compensation for early termination of the fixed term. It expressly states however that, if the contract is terminated when the remaining term is more than 1 year, a compensation in dollars for the remaining term will be needed. Will this contract require shareholders' approval?	Yes, shareholders' approval is required because the service contract is of a fixed term of 3 years and a notice of 6 months is required for termination after the fixed term and accordingly, the service contract may endure for more than 3 years. In addition, the service contract will be subject to shareholders' approval because it expressly provides for a scenario where more than 1 year's remuneration will be payable in order to terminate the contract.
30/03/2004 (February 2020)	13.68	17.90	1	35.	Is an "employment contract" with a director the same as a director's "service contract"? Should it be treated as a notifiable transaction?	Yes. We would expect an "employment contract" with a director to contain the terms upon which he is to provide his services to issuer, and subject to the same disclosure and shareholders' approval requirements as for service contracts. Directors' employment contracts are not subject to the requirements of notifiable transactions. [Updated in February 2020]

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30/03/2004 (01/01/2022)	13.70	17.46B	1	36.	What are the disclosure requirements for the announcement or supplementary circular an issuer is required to publish if, after the despatch of the notice of a general meeting, it received a shareholder's notice to propose a person for election as a director at the general meeting in respect of the nomination?	The issuer must publish details of the candidate as required under Main Board Rule 13.51(2) (GEM Rule 17.50(2)) in an announcement or supplementary circular. Further, the The issuer must give shareholders at least seven days to consider the relevant information disclosed in such an announcement or supplementary circular prior to the date of the meeting of the election. The issuer must also assess whether it is necessary to adjourn the meeting of the election to give shareholders a longer period of at least 10 business days to consider the relevant information disclosed in the announcement or supplementary circular. [Updated in January 2022]
30/03/2004 (February 2020)	13.74	17.46A	1	37.	Must an issuer disclose the biographical details of directors to be elected at a general meeting in the notice or another circular, if such information is already disclosed in the annual report and the election is to be proposed at an Annual General Meeting ("AGM")?	No. It is not necessary to send another circular if details are included in the annual report provided that the annual report is the accompanying circular, and the notice has made clear reference to the annual report such that there is no doubt as to where the information can be found and to which director reference is being made. However, for appointments at times other than at the AGM, reference to the annual report is not acceptable. This is because (i) certain

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						shareholders as at the date when relevant disclosure is made may not have been so when the circular or notice of AGM was sent; and (ii) there may have been changes in the information previously published which will need to be updated. [Updated in February 2020]
19/12/2011 (01/01/2022)	13.88, Appendix 3, paragraph 17 *(Updated on 1 January 2022)*	17.100, Appendix 3, paragraph 17 *(Updated on 1 January 2022)*	17	18.	Is an issuer required to seek shareholder approval for the appointment of a new auditor if the existing auditor resigns before the end of their term of office?	Shareholder approval is not required for the appointment of an auditor to fill a casual vacancy during the year. However, the issuer must seek shareholder approval for the formal appointment of the auditor at the next AGM. *(Updated on 28 December 2018)*
21/02/2014	13.90	17.102	26	17.	How will Hong Kong-incorporated issuers satisfy the Rules regarding disclosure of their memorandum and articles of association?	For Hong Kong-incorporated issuers, reference to "memorandum and articles of association" in the Rules will be deemed to refer to their articles of association because under the New CO, provisions of the memorandum of association will be automatically deemed to be regarded as provisions of the issuer's articles of association.
21/02/2014	13.90	17.102	26	18.	Will Hong Kong-incorporated issuers need to amend and reprint their articles of association in order to incorporate the contents of their memorandum of association for the purposes of the Exchange's disclosure requirements?	No.

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19/12/2011	13.90	17.102	17	19.	Can issuers publish their constitutional documents in a single language (i.e. English or Chinese only)?	No, the constitutional documents must be published in both English and Chinese.
19/12/2011	13.90	17.102	17	19A.	If we translate our constitutional document, would both languages be of equal effect?	For translation of constitutional documents, you should specify which of the two languages (Chinese or English) prevail in case of discrepancies or inconsistencies.
19/12/2011	13.90	17.102	17	19B.	Do issuers have to publish their constitutional documents by way of an announcement? Which announcement headline(s) should they use?	Issuers do not need to publish their constitutional documents by way of an announcement. They may select the current Tier One Headline Category – Constitutional Documents when submitting their documents for publication on the HKEXnews website.
19/12/2011	13.90	17.102	17	19C.	If an issuer has amended its constitutional documents (memorandum and articles of association, bye-laws or other equivalent constitutional document) many times over the years since its incorporation, is it required to post to the Exchange website its documents incorporating all the previous amendments?	The issuer is required to publish a consolidated version of the constitutional document which has incorporated all the changes. This may be a conformed copy or a consolidated version not formally adopted by shareholders at a general meeting. However, if the issuer does so, the front page of the published constitutional document should include a statement that it is a conformed copy or a consolidated version not formally adopted by shareholders at a general meeting.
19/12/2011 (28/12/2018)	13.90	17.102	17	19D.	An issuer is incorporated in Bermuda and in order to publish a consolidated version of the constitutional document, the issuer needs to obtain shareholder	See response to FAQ Series No. 17 Question 19C above.

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					and court approval and register the consolidated constitutional document with the Bermuda Companies Registry, is it required to post to the Exchange website its consolidated constitutional document with the Bermuda Companies Registry?	
28/12/2018 (01/01/2022)	13.92	17.104	17	19F.	Will the Exchange be providing training on board diversity?	Yes, the Exchange has provided a series of training on board diversity. In March 2017, we launched a Director Training Webcast entitled "*Duties of Directors and the Role and Functions of Board Diversity Policy*" in which one of the topics is on board committees and board diversity. In December 2018, we released a Directors' ETraining webcast entitled "*INEDs' Role in Corporate Governance*" which covered the board diversity topic. In May 2021, we launched a webinar entitled "Creating Value with Board Diversity" with practitioners sharing their insights on the importance of a diverse boardroom and practical ways for achieving diversity. In December 2021, we published the *Guide* which sets out guidance on board diversity policies, including gender diversity.

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						(Updated on 1 January 2022)
01/01/2022	13.92	17.104	17	19F(1).	Effective from 1 January 2022, the Exchange will not consider diversity to be achieved for a single gender board. What happens if an issuer already has directors of both genders on board on or after 1 January 2022 but subsequently fails to meet the requirement set out in the Rule, e.g. a particular director resigns?	For an issuer who already has directors of both genders on board on or after 1 January 2022, if the issuer subsequently at any time has failed to meet any of the other requirements in the Rule, it must immediately publish an announcement containing the relevant details and reasons. The issuer must appoint appropriate members to the board to meet the requirement(s) within three months after failing to meet such requirement(s). The issuer may select the current headline category "Miscellaneous – Other – Corporate Governance Related Matter" when submitting the announcement for publication on the HKEXnews website. *(Added on 1 January 2022)*
01/01/2022	13.92 and Note to 13.92	17.104 and Note to 17.104	17	19F(2).	Is it a Rule breach for issuers with single gender board on 1 January 2022?	As mentioned in the Consultation Conclusions on Review of Corporate Governance Code & Related Listing Rules, and Housekeeping Rule Amendments, issuers with single gender board on 1 January 2022 will have a 3-year transitional period (as provided under the note to the Rule) to appoint at least a director of a different gender, while those who have made a commitment in the listing document with objectives set for implementing gender diversity should appoint at least a director of a different gender in accordance with such commitment.

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						After these issuers appointed a director of a different gender on or after 1 January 2022, and if they subsequently fail to meet the Rule requirement (e.g. a particular director resigns), they should follow the arrangement set out in FAQ No. 19F(1) above. *(Added on 1 January 2022)*
31/8/2012 (28/2/2020)	13.91/ Appendix 27	17.103/ Appendix 20	18	2.	Can an issuer adopt other guidelines instead of the ESG Reporting Guide ("ESG Guide" or "Guide")? Where an issuer adopts alternative reporting guidance or international standards with comparable provisions to the Guide, is it required to give any explanation/reconciliation in relation to the Guide?	The Guide sets out minimum parameters for reporting with a view to facilitating issuers' disclosure and communication with investors and other stakeholders. The issuer's board may consider adopting international standards or guidelines that is relevant to the issuer's industry or sector, such as the Global Reporting Initiative's Sustainability Reporting Standards, CDP's Climate Change Questionnaire and Water Security Questionnaire, Recommendations of the Financial Stability Board's Task Force on Climate-related Financial Disclosures, the Sustainability Accounting Standards Board's SASB Materiality Map®, the International Organization for Standardization's Guidance on Social Responsibility, the International Organization for Standardization's Guidance on Social Responsibility, and the Corporate Sustainability Assessment for inclusion in the Dow Jones Sustainability Indices. To avoid duplication, adopting international reporting standards or guidelines that contain

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						comparable provisions to the ESG Guide should be sufficient compliance with the Guide without the need for further explanation. However, issuers that report on international standards or guidelines should make clear which "comply or explain" provisions and recommended disclosures of the Guide they are reporting on.
28/02/2020	13.91, Appendix 27	17.103, Appendix 20	18	22.	Whilst paragraph 5 of the Guide states that the Guide is organised into two ESG subject areas: Environmental and Social, and corporate governance is addressed separately in the Corporate Governance Code, the term "ESG" is defined in Main Board Rule 13.91(1) (GEM Rule 17.103(1)) as "environmental, social and governance". Please clarify whether Main Board Rule 13.91(1) (GEM Rule 17.103(1)) and the Guide cover corporate governance.	Under the Listing Rules, the Exchange requires issuers to disclose environmental and social matters in ESG reports in accordance with the Guide, and to disclose matters in relation to corporate governance in corporate governance reports in accordance with the Corporate Governance Code. Issuers may however publish a combined corporate governance and ESG report if appropriate.
21/02/2014	Chapters 14 and 14A	Chapters 19 and 20	26	13.	Do the provisions on financial assistance in the New CO affect the Rules relating to financial assistance for issuers incorporated in Hong Kong?	No. The provisions on financial assistance in the New CO relate to the provision of financial assistance by a company or its subsidiaries for the acquisition of its own shares only. The Rules govern the provision of financial assistance by issuers (whether for the acquisition of their own shares or otherwise) and, as such, issuers incorporated in Hong Kong must comply with any applicable financial assistance provisions under

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						both the New CO and the Rules.
28/11/2008	14.04, 14.29	19.04, 19.29	8	41. *Issue 10*	If a listed subsidiary issues new shares by way of a general mandate to acquire assets, what are the notifiable transaction implications for the listed parent?	An allotment of shares by the listed subsidiary would be a deemed disposal for the listed parent and the transaction, depending on the size tests as defined in Main Board Rule 14.04(9) / GEM Rule 19.04(9), may fall to be treated as a very substantial disposal, major transaction or discloseable transaction of the listed parent and be subject to the relevant notifiable transaction requirements under Main Board Chapter 14 / GEM Chapter 19. Furthermore, the acquisition of assets by the listed subsidiary would constitute an acquisition of assets by the listed parent (or its subsidiary). The transaction, depending on the size tests defined in Main Board Rule 14.04(9) / GEM Rule 19.04(9), may fall to be treated as a very substantial acquisition, major transaction or discloseable transaction of the listed parent and be subject to the relevant notifiable transaction requirements under Main Board Chapter 14/ GEM Chapter 19.
14/12/2009	14.04(1)	19.04(1)	9	1.	An issuer proposes to liquidate a subsidiary. Is the proposed voluntary liquidation of the subsidiary subject to the notifiable transaction requirements?	The process of voluntary liquidation does not constitute a "transaction". However, the liquidation process may involve certain transactions that are subject to notifiable transaction Rules, for example, disposal of the subsidiary's assets.

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14/12/2009	14.04(1)	19.04(1)	9	2.	Listco proposes to form a joint venture with an independent third party. According to the joint venture agreement, the transfer of interest in the joint venture by Listco or the joint venture partner to any third parties is subject to a right of first refusal of the other shareholder. Is the grant of the right of first refusal by/to Listco a transaction under the notifiable transaction rules?	In this case, the right of first refusal gives Listco or the joint venture partner (as the case may be) the right to acquire the other's interest in the joint venture before the other can dispose of it to any third party. Granting the right of first refusal by/to Listco is not a notifiable transaction given that (i) no consideration is payable for the right and (ii) Listco will still have the discretion on whether to acquire or dispose of (as the case may be) the interest in the joint venture when the right is exercised. If Listco or the joint venture partner exercises the right of first refusal, the disposal or acquisition by Listco would be a transaction.
14/12/2009 (02/01/2013)	14.04(1)(a)	19.04(1)(a)	9	3.	The court has ordered Listco to sell its property to settle an outstanding loan. Is the forced sale of the property by court order subject to the notifiable transaction requirements?	Since Listco is bound to follow the court order and has no discretion to act in an opposite manner, the sale of the property by the court order is not regarded as a "transaction". Therefore the notifiable transaction requirements are not applicable in this situation. Nevertheless, if the information is inside information which requires disclosure under the Inside Information Provisions, Listco must also simultaneously announce the information under Main Board Rule 13.09(2)(a)/ GEM Rule 17.10(2)(a).
14/12/2009	14.04(1)(a)	19.04(1)(a)	9	4.	Do the notifiable transaction rules apply to share repurchases by an issuer?	Repurchases by an issuer of its own shares are normally not subject to the notifiable transaction rules.

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28/02/2013 (01/07/2014)	14.04(1)(a), 14A.25	19.04(1)(a), 20.23	20	1.	Company A is an associated company of Listco. Company A proposes to issue new shares to Mr. X (the **Proposed Issue**). The Proposed Issue would dilute Listco's interest in Company A. Is it a transaction for Listco under Chapter 14? Is it a connected transaction for Listco under Chapter 14A if Mr. X is a connected person of Listco?	The Proposed Issue is not a transaction for Listco under both Chapters 14 and 14A as Company A is not a subsidiary of Listco.
28/09/2018	14.04(1)(a), 14.04(1)(c), 14.04(1)(d), 14.04(1)(g), 14.07, 14.22, 14.23, 14A.24(1), 14A.24(3), 14A.31	19.04(1)(a), 19.04(1)(c), 19.04(1)(d), 19.04(1)(g), 19.07, 19.22, 19.23, 20.22(1), 20.22(3), 20.29	N/A	045-2018	An issuer will enter into a lease transaction as a lessee and recognise the right-of-use asset according to HKFRS/IFRS 16. (a) How should the issuer classify the lease under the definition of "transaction"? (b) Does the revenue exemption under Main Board Rule 14.04(1)(g) apply to the lease? (c) How should it calculate the percentage ratios for the lease? (d) If the lease is entered into by the issuer with a connected person, will it be treated as a one-off connected	(a) The issuer will recognise an asset representing its right to use the leased asset. This will be regarded as an acquisition of asset under the definition of transaction set out in Main Board Rule 14.04(1)(a). The classification of transaction into a finance lease or operating lease under Main Board Rule 14.04(1)(c) or 14.04(1)(d) will not apply where the issuer acts as lessee. (b) No. The transaction is of a capital nature. (c) Listed issuers are required to compute the assets and consideration ratios. The numerator will be the value of the right-of-use asset recognised by the issuer (which includes the present value of lease payments) according to HKFRS/IFRS 16.

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					transaction or continuing connected transaction?	(d) Where the lease is subject to an agreement with fixed terms, it is treated as a one-off connected transaction (i.e. an acquisition of capital assets).
28/09/2018	14.04(1)(a), 14.04(1)(c), 14.04(1)(d), 14A.24(1), 14A.24(3), 14A.31	19.04(1)(a), 19.04(1)(c), 19.04(1)(d), 20.22(1), 20.22(3), 20.29	N/A	048-2018	HKFRS/IFRS 16 will become effective for annual accounting periods beginning on or after 1 January 2019. When listed issuers apply HKFRS/IFRS 16 retrospectively to recognise the right-of-use assets arising from existing leases, are they required to re-comply with the notifiable or connected transaction Rules for these leases?	Listed issuers are not required to re-comply with the notifiable or connected transaction Rules for leases under fixed terms or framework agreements entered into by the issuers before the adoption of HKFRS/IFRS 16. Where existing leases have been classified as continuing connected transactions under Chapter 14A of the Main Board Rules, the issuers should continue to comply with the relevant Rule requirements.
28/09/2018	14.04(1)(a), 14.04(1)(e)	19.04(1)(a), 19.04(1)(e)	N/A	052-2018	Under a proposed transaction, Company A will transfer the legal ownership of an asset to Company B and lease the asset back from Company B. Company A has an option to buy back the asset at the end of the lease period. According to HKFRS/IFRS 16, the proposed transaction will be accounted for as a financing arrangement by each of Company A and Company B (and not a sale and leaseback transaction).	The transfer of the legal ownership of the asset constitutes a disposal of asset by Company A and an acquisition of asset by Company B under Main Board Rule 14.04(1)(a). For Company B, the proposed transaction also involves provision of financial assistance under Main Board Rule 14.04(1)(e).

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					How should Company A and Company B classify the proposed transaction under Chapter 14?	
07/12/2018	14.04(1)(a), 14.07, 14A.24(1), 14A.31	19.04(1)(a), 19.07, 20.22(1) 20.29	N/A	046A - 2018	An issuer will enter into a lease transaction as a lessee (e.g. lease of retail outlets for operating its retail business). Under the agreement, the annual lease payment will include: i) a fixed dollar amount (**fixed lease payments**); and ii) a variable amount determined as a percentage of the issuer's annual sales generated from the leased properties (**variable lease payments**). According to HKFRS/IFRS 16, the issuer will recognize a right-of-use asset taking into account the fixed lease payments. The actual variable lease payments linked to sales will be recognized as expenses in the issuer's profit or loss accounts in the periods in which they are incurred. (a) How should the issuer calculate the percentage ratios for the lease under Chapter 14 of the Main Board Rules?	(a) The recognition of a right-of-use asset in relation to the fixed lease payments will be regarded as an acquisition of asset under the definition of transaction set out in Main Board Rule 14.04(1)(a). The issuer is required to compute the assets and consideration ratios by using the value of the right-of-use asset as the numerator. (see FAQ045-2018(a) and (c)) The variable lease payments linked to sales will be expenses incurred by the issuer in its ordinary and usual course of business. They are revenue in nature and are not subject to Chapter 14. (b) Where the lessor is a connected person: (i) The recognition of a right-of-use asset will constitute a one-off connected acquisition. The issuer is required to compute the assets and consideration ratios by using the value of the right-of-use asset as the numerator (see FAQ045-2018(d))

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					(b) If the lessor is a connected person, how should the issuer classify the lease under Chapter 14A of the Main Board Rules?	(ii) The variable lease payments linked to sales will be recorded as expenses by the issuer over the term of the lease. They will be treated as a continuing connected transaction under Main Board Rule 14A.31. The issuer is required to set annual caps on the variable lease payments to be made each year under the agreement, and calculate the revenue, assets and consideration ratios. The lease will be classified under Chapter 14A by reference to the largest percentage ratio. *(Note: There are other types of variable lease payments (e.g. variable lease payments depending on an index or rate) that are included in the initial measurement of right-of-use asset under HKFRS/IFRS 16. The treatment would be the same as fixed lease payments for the purpose of Chapters 14 and 14A.)*
17/04/2020	14.04(1)(a), 14.07	19.04(1)(a), 19.07	N/A	045A-2018	An issuer (as a lessee) has entered into a 5-year contract to lease a warehouse from a third party and recognized the right-of-use asset according to HKFRS/IFRS16.	(a) The proposed termination of lease will result in a decrease in the amount of right-of-use asset recognised by the issuer. This will be regarded as a disposal of asset under the definition of transaction set out in Main Board Rule 14.04(1)(a).

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					If the issuer subsequently proposes to early terminate the lease by the end of the third year, (a) how should the issuer classify the termination of the lease under the definition of "transaction"? (b) how should it calculate the percentage ratios for the termination of lease?	(b) The issuer should compute (i) the assets ratio based on the value of the remaining right-of-use asset; and (ii) the consideration ratio based on the penalty or fee, if any, payable by the issuer for terminating the lease.
28/09/2018	14.04(1)(c), 14.07	19.04(1)(c), 19.07	N/A	051-2018	Under Main Board Rule 14.04(1)(c), the definition of transaction includes entering into or terminating finance leases. Does this Rule apply to a finance lease where the issuer acts as a lessor? If yes, how should the issuer calculate the percentage ratios?	Main Board Rule 14.04(1)(c) applies. Under HKFRS/IFRS 16, lessors will continue to classify leases into operating leases or finance leases and account for the two types of leases differently. The issuer should calculate the percentage ratios for (i) the disposal of the underlying asset and (ii) the provision of financial assistance, and classify the finance lease based on the highest percentage ratio.
28/09/2018	14.04(1)(d), 14.07	19.04(1)(d), 19.07	N/A	049-2018	Under Main Board Rule 14.04(1)(d), the definition of transaction includes entering into or terminating operating leases which have a significant impact on the operations of the listed issuer concerned.	Yes. Under HKFRS/IFRS 16, lessors will continue to classify leases into operating leases or finance leases and account for the two types of leases differently.

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					Does this Rule apply to an operating lease entered into by an issuer acting as lessor?	
28/02/2013 (01/07/2014)	14.04(1)(e), 14A.24(4)	19.04(1)(e), 20.22(4)	20	2.	Listco is a property developer and from time to time maintains term deposits and balances with various banks. It now proposes to place cash deposits with Company A on normal commercial terms. Company A is a finance company approved by regulatory authorities in the Mainland. It only provides financial services to its group companies including Listco. As Company A is a connected person, the proposed placing of cash deposits would be a connected transaction for Listco under Chapter 14A. Would it also constitute a transaction under Chapter 14?	Yes. The proposed placing of cash deposits would be regarded as Listco providing financial assistance to Company A which falls within the definition of "transaction" under both Rules 14.04(1)(e) and 14A.24(4).
28/02/2013 (01/07/2014)	14.04(1)(e), 14A.24(4)	19.04(1)(e), 20.22(4)	20	3.	Mr. X is Listco's executive director. He has been providing financial assistance to support Listco's business.	Yes. Listco is liable for settling any payment made through the corporate credit card. Allowing Mr. X to use the card for payment of his personal expenses is a means to provide financial

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					Listco proposes to provide Mr. X with a corporate credit card for payment of his travelling expenses related to Listco's business. If he also uses the corporate credit card for payment of his personal purchases, Listco would set off the payment against the amount due from Listco to Mr. X. Would the use of the corporate credit card for payment of Mr. X's personal expenses constitute a transaction for Listco under Chapters 14 and 14A?	assistance to Mr. X. It falls within the definition of "transaction" under both Rules 14.04(1)(e) and 14A. 24(4).
28/11/2008	14.04(1)(f)	19.04(1)(f)	7	4.	Does the term "joint venture entity" under Main Board Rule 14.04(1)(f) / GEM Rule 19.04(1)(f) only refer to an entity which will be accounted for as a jointly controlled entity in the accounts of the listed issuer concerned?	No. The term "joint venture entity" under Main Board Rule 14.04(1)(f) / GEM Rule 19.04(1)(f) may refer to any entity in any form which is to be jointly established by a listed issuer and any other party / parties, but is not limited to an entity which will be accounted for as a jointly controlled entity in the listed issuer's accounts.
28/11/2008	14.04(1)(f), 14.07	19.04(1)(f), 19.07	7	5.	Main Board Rule 14.15(2) / GEM Rule 19.15(2) sets out the requirements for calculating the consideration ratio for a transaction involving establishment of a joint venture entity. Are the assets ratio, profits ratio and the revenue ratio applicable to a transaction involving formation of a joint venture entity?	For the purpose of classifying a transaction involving formation of a joint venture entity, the listed issuer is normally required to compute the assets ratio and the consideration ratio, and the consideration determined with reference to Main Board Rule 14.15(2) / GEM Rule 19.15(2) would form the numerator for each of these ratios. As to the profits and revenue ratios, they would normally be inapplicable as the joint venture entity would be

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					If the joint venture partner proposes to inject its assets (other than cash) as capital contribution for setting up the joint venture entity, is it necessary to calculate the percentage ratios for the asset injection?	newly set up and its profits and revenue figures would not be available. Nevertheless, where the formation of joint venture entity involves injection of assets (other than cash) by the listed issuer and/or any joint venture partner into the joint venture entity, the listed issuer should consider whether the transaction would result in an acquisition and/or disposal of assets by the listed issuer. In the circumstances described, if the joint venture entity is to be accounted for as a subsidiary of the listed issuer, the injection of assets by the joint venture partner into the joint venture entity would in effect result in an acquisition of such assets by the listed issuer. The listed issuer should compute the percentage ratios of such acquisition for classifying the transaction.
30/09/2019	14.04(1)(g),14.22, 14.23	19.04(1)(g), 19.22, 19.23	N/A	057-2019	(a) Does the revenue exemption under Main Board Rule 14.04(1)(g) apply to the acquisitions and disposals of securities that are carried out by a listed issuer for treasury management purposes? (b) Is a listed issuer required to aggregate all its securities transactions within a 12 month period for the purpose of the notifiable transaction Rules?	(a) No. The revenue exemption applies to securities transactions only if they are carried out by any member of the issuer's group that is (i) a banking company; (ii) an insurance company; or (iii) a securities house that is mainly engaged in regulated activities under the Securities and Futures Ordinance. (b) The securities transactions will be aggregated in accordance with Rules 14.22 and 14.23. Normally the issuer is required to aggregate its securities transactions if they are made

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					(c) During the last six months, a listed issuer acquired 3,000,000 shares in Company A, which was not a discloseable transaction based on the size tests calculated on an aggregated basis. The issuer subsequently sold 1,000,000 shares in that company to a third party. If the issuer proposes to acquire another 5,000,000 shares in Company A, how should it aggregate the proposed acquisition with the earlier transactions?	within a 12 month period and fall under any one of the following circumstances: • they involve acquisition or disposal of securities or an interest in one particular company or group of companies; or • they are entered into by the issuer with the same party or with parties connected or otherwise associated with one another; or • they together lead to substantial involvement by the issuer in a business activity which did not previously form part of the listed issuer's principal business activities. (c) In the circumstances described, the transactions were made within a 12-month period. The issuer should aggregate the proposed acquisition of 5,000,000 shares in Company A with its previous acquisitions of 2,000,000 shares. The numerator of the consideration ratio would be the sum of i) the consideration for the proposed acquisition of 5,000,000 shares and ii) the consideration for 2,000,000 shares last acquired by the issuer prior to the current proposed acquisition.
28/11/2008	14.04(2), 14.17	19.04(2), 19.17	7	6.	A listed issuer has published an audited interim accounts. Can the listed issuer refer to profits and revenue figures shown in such accounts	Under Main Board Rules 14.16 and 14.17 / GEM Rules 19.16 and 19.17, the profits and revenue figures to be used by a listed issuer as the basis of the profits ratio and revenue ratio must be the figures shown in its latest published audited

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					for computation of the profits ratio and revenue ratio?	accounts. This normally refers to the annual accounts of the listed issuer as the use of the profits and revenue figures shown in such accounts would provide a more meaningful measurement of the relative size of a transaction to the listed issuer based on the profitability and level of activity of a full financial year.
14/12/2009	14.07	19.07	9	5.	How should an issuer compute the percentage ratios for providing financial assistance to a third party?	For assets ratio and consideration ratio, the numerator will be the value of the financial assistance plus any "monetary advantage" (see Main Board Rule 14.12/ GEM Rule 19.12) accruing to the borrower. The revenue ratio and profits ratio are applicable when there is an identifiable income from providing the financial assistance (e.g. interest income). The annual amount will be used as the numerator for calculating these ratios.
14/12/2009	14.07	19.07	9	6.	Listco proposes to subscribe for some convertible bonds issued by Company X which is an independent third party. Listco will have the sole discretion on whether to convert the bonds into Company X's new shares according to the terms of the bonds. Is the subscription of the convertible bonds a transaction for Listco under the notifiable transaction rules?	Subscription of the convertible bonds is a form of financial assistance provided by Listco to Company X. Listco should compute the percentage ratios for classifying the subscription under the notifiable transaction rules. When Listco proposes to exercise any conversion rights attached to the bonds, it will have to comply with the applicable notifiable transaction requirements for the acquisition of an interest in Company X.

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					If Listco exercises the conversion rights attached to the bonds, the acquisition of Company X's interest would be a major transaction or above. Can Listco seek prior shareholder approval for any exercise of the conversion rights when it subscribes for the bonds?	Under the notifiable transaction rules, it is acceptable for Listco to obtain prior shareholder approval for the exercise of the conversion rights at the time of subscription of the convertible bonds provided that it can provide sufficient information to its shareholders to assess the transaction.
21/05/2021	14.07, 14A.87	19.07, 20.87	N/A	073-2021	A listed issuer proposes to grant a RMB20 million loan **("Proposed Loan")** to its substantial shareholder, Mr. X. Separately, the issuer has borrowed funds (**"Issuer's Loan"**) from Mr. X, which remains outstanding at the time of the Proposed Loan. Can the issuer offset the Issuer's Loan against the Proposed Loan when calculating the percentage ratios under Chapters 14 and 14A?	No. The Proposed Loan should be classified on a standalone basis.
30/03/2004 (February 2020)	14.07(1)	19.07(1)	1	44.	Can negative goodwill be excluded from total assets in calculating the asset ratio?	No. Negative goodwill must be included in accordance with SSAP 30 which states that negative goodwill should be presented as a deduction from the assets of the reporting enterprise, in the same balance sheet classification as goodwill. [Updated in February 2020]

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30/03/2004	14.07(1)	19.07(1)	1	45.	On the acquisition of an asset, say an equity interest, will the total assets test be applicable?	Yes. If the book value of an asset to the vendor is unknown, the issuer must use the value of assets to be recorded in its books as the numerator of the total assets test. This would be the consideration payable, together with liabilities assumed (if any).
14/12/2009	14.07(2) and (3)	19.07(2) and (3)	9	7.	Do profits ratio and revenue ratio apply to an acquisition of fixed assets (e.g. equipment and machinery) by an issuer for its own use in its ordinary and usual course of business?	The revenue and profits ratios are not applicable if these assets do not have an identifiable income stream.
30/03/2004	14.07(3)	19.07(3)	1	46.	If an issuer disposes of listed investment, should it adopt the turnover of the listed investment or the dividend income from the listed investment as the numerator of the revenue test?	If the target is not consolidated in the accounts of the issuer, it should use the dividend income as the numerator. If the target is consolidated in the books of the issuer, it should use the revenue as disclosed in the annual report as the numerator.
30/03/2004 (February 2020)	14.07(4)	19.07(4)	1	47.	How should the market capitalisation be calculated?	Normally, in the absence of changes to the number of shares in issue, market capitalisation will be calculated using the simple average closing price for the five business days immediately before the date of the transaction and the number of shares in issue at the date of the transaction. Where such calculation produces anomalous results, for example, if there have been issues of new securities during the five business day period immediately before the transaction, the Exchange may require issuers to submit alternative computation that provides the most meaningful basis of calculation of their market capitalisation.

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						[updated in February 2020]
30/03/2004 (February 2020)	14.07(4)	19.07(4)	1	48.	Should the total market capitalisation include preference shares and warrants when calculating the consideration ratio?	No. Market capitalisation is based on equity shares only and should not include preference shares and warrants. [updated in February 2020]
30/03/2004 (01/10/2020)	14.07(4) 19A.38A	19.07(4) 25.34C	1	49.	How is the market capitalisation calculated if the issuer has unlisted shares or shares listed in other markets, such as H-Share issuers with A and B Shares?	The market capitalisation for the purpose of the consideration test is calculated with reference to the total issued share capital of the issuer. (i) For an H-Share issuer with A and/or B Shares listed on a PRC stock exchange, the market value of A and/or B shares is calculated based on the average closing price of the respective shares for the five business days preceding the date of the transaction. (ii) For an H-issuer which has unlisted shares, the market value of unlisted shares is calculated by reference to the average closing price of its H shares for the five business days preceding the date of the transaction. (iii) For an issuer dually listed on the Exchange and an overseas stock exchange and has one class of listed shares traded on both exchanges, its market capitalisation is calculated based on the

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						total number of issued shares and the average closing price of the shares quoted on the Exchange for the five business days preceding the date of the transaction. (Updated in October 2020)
30/09/2019 (01/10/2020)	14.07(4) 19A.38A	19.07(4) 25.34C	N/A	069-2019	In the case of an H-share issuer whose domestic shares are quoted on NEEQ, how should the issuer calculate its market capitalisation for the purpose of calculating the consideration ratio of a notifiable or connected transaction?	The market capitalisation is calculated based on the issuer's total number of shares in issue including H shares and domestic shares. The market value of the domestic shares is calculated by reference to the average closing price of its H shares for the 5 business days preceding the transaction. (Updated in October 2020)
28/11/2008	14.07(5)	19.07(5)	7	7.	A listed issuer proposes to settle the consideration payable for an acquisition by issuance of a convertible note. Is the listed issuer required to calculate the equity capital ratio? If yes, what figure should be used as the numerator of the equity capital ratio?	Yes. The listed issuer is required to calculate the equity capital ratio. The numerator should be the nominal value of the maximum number of shares that may be issued by the listed issuer assuming full conversion of the convertible note.
14/12/2009	14.07(5)	19.07(5)	9	10.	An issuer proposes to enter into an acquisition. Its subsidiary will issue new shares to the vendor to satisfy part of the consideration.	The equity capital ratio is intended to apply to a transaction involving issue of equity capital of the listed issuer itself as consideration, including any securities convertible into the issuer's equity capital.

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					Is the issuer required to calculate the equity capital ratio for classifying the proposed acquisition?	In this case, the equity capital ratio is not applicable as the proposed acquisition involves issue of the securities of a subsidiary but not the issuer.
30/03/2004	14.14	19.14	1	50.	For the purpose of computing the revenue test of a banking company, which figure should be used for the denominator?	Net interest income plus other operating income. Operating income is as defined in FD-1: Financial Disclosure by Locally Incorporated Authorized Institutions in the Supervisory Policy Manual issued by the HKMA.
28/11/2008	14.15(4)	19.15(4)	7	8.	A listed issuer proposes to acquire a target company from a third party vendor. The consideration for the acquisition includes (i) a fixed amount of cash and (ii) a further amount that may be payable by the listed issuer after completion of the acquisition upon occurrence of certain future events. Such further amount will be determined based on the valuation of the target company agreed by the parties at the relevant time. How should the listed issuer calculate the consideration ratio?	Under Main Board Rule 14.15(4)/ GEM Rule 19.15(4), when calculating the consideration ratio, if the listed issuer may pay consideration in the future, the consideration is the maximum total consideration payable under the agreement. For the proposed acquisition of the target company, the numerator of the consideration ratio should include the fixed amount of cash as well as the maximum value of the further consideration that may be paid by the listed issuer in the future. If the total consideration is not subject to a maximum or such maximum value cannot be determined, the proposed acquisition will normally be classified as a very substantial acquisition, notwithstanding the transaction class into which it otherwise falls.
28/11/2008	14.16	19.16	7	9.	A listed issuer has been publishing unaudited quarterly results for the first 3 and 9 months of each financial year, which include a condensed consolidated	For a GEM issuer, GEM Rule 19.16 provides that the issuer must refer to the total assets shown in its latest published audited accounts or half-year, quarterly or other interim report (whichever is more

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					balance sheet as at the end of the reporting period. Can the listed issuer refer to the total assets shown in the unaudited quarterly results recently published by the listed issuer when calculating the assets ratio?	recent) for the purpose of calculating the assets ratio. In the circumstances described, a GEM issuer can refer to the total assets shown in its latest published quarterly results when calculating the assets ratio. For a Main Board issuer, Main Board Rule 14.16 provides that the issuer must refer to the total assets shown in its latest published audited accounts or interim report (whichever is more recent). While the rule makes no references to quarterly accounts, where the Main Board issuer has adopted quarterly reporting as recommended by the Code on Corporate Governance Practices set out in Appendix 14 to the Main Board Rules, it is acceptable for the issuer to refer to the total assets shown in its recently published quarterly results when calculating the assets ratio.
28/11/2008	14.16, 14.17	19.16, 19.17	7	10.	A listed issuer has recently published the preliminary announcement of its results for latest financial year according to the Listing Rules. The listed issuer has not yet published the relevant annual report. When computing the assets ratio, profits ratio and revenue ratio, can the listed issuer refer to the figures shown in the preliminary results announcement?	Under Main Board Rules 14.16 and 14.17 / GEM Rules 19.16 and 19.17, the listed issuer should refer to the total assets, profits and revenue figures shown in its latest published audited accounts. Where the preliminary results announcement published by the listed issuer is based on its audited financial statements, the listed issuer should refer to the audited figures shown in such announcement for computing the assets, profits and revenue ratios. There may be situations where the audit of the listed issuer's accounts has not yet been

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						completed and the listed issuer has published the preliminary results announcement based on its accounts which have been agreed with the auditors. In such circumstances, the listed issuer must ensure accuracy of the figures used for computing the assets, profits and revenue ratios. In rare circumstances, where any such figures need to be revised in the audited accounts subsequently available, the listed issuer should re-compute the relevant percentage ratios and comply with any additional requirements if the proposed transaction should fall under a higher classification.
30/03/2004 (February 2020)	14.16(1)	19.16(1)	1	52.	How should the total assets be adjusted if the dividend has a scrip alternative and subsequently scrip shares are issued? If the dividend is proposed by a listed subsidiary of the issuer, is any adjustment required to be made by the issuer to its total assets?	A scrip dividend will not have an impact on total assets. However the issuer may not at the relevant time be able to determine to what extent scrip shares will be issued. Therefore where adjustment is being made for the proposed dividend, the issuer should assume that the total dividend is paid in cash unless the number of scrip shares to be issued is known. Adjustment to total assets should be made to the extent that the total consolidated assets will be reduced by the dividend to be paid by the subsidiary. [updated in February 2020]

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30/03/2004 (February 2020)	14.20	19.20	1	53.	If an issuer has incurred a net loss in its latest published accounts, is it still required to submit a five tests calculation for all potential notifiable transactions?	Yes, the issue is still required to submit a five tests calculation, together with alternative tests in respect of profit test (such as a gross profit comparison) for our consideration. [updated in February 2020]
28/11/2008	14.20, 14.04(1)(a)	19.20, 19.04(1)(a)	7	2.	A listed issuer is proposing a group restructuring under which one of its wholly owned subsidiaries would transfer certain fixed assets to a 70%-owned subsidiary of the listed issuer at fair value of the assets. Is the proposed group restructuring subject to the requirements under Chapter 14 of the Main Board Rules/ Chapter 19 of the GEM Rules?	In the case of a group restructuring, the Exchange will take into account the substance of the transaction and its impact on the listed issuer group as a whole when applying the notifiable transaction requirements. In the circumstances described, the proposed group restructuring would involve a disposal of fixed assets by one subsidiary and an acquisition of the same assets by another subsidiary. Calculations of the percentage ratios may produce an anomalous result for the purpose of classifying the transaction. The Exchange may accept alternative size tests calculated by the listed issuer based on the net disposal of the listed issuer's interest in the fixed assets.
14/12/2009	14.20, 14.07(2) and (3), 14.17	19.20, 19.07(2) and (3), 19.17	9	8.	The latest audited accounts of Listco cover a period of 18 months due to the change in financial year end date. Should Listco use the annualised profits and revenue for computing the profits ratio and the revenue ratio?	While the Listing Rules require an issuer to calculate the revenue and profits ratios based on figures in its latest audited accounts, these calculations may produce anomalous results in the circumstances described and alternative size tests using annualised figures may be acceptable.

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						Listco should consult the Exchange if it proposes to adopt the alternative size tests.
28/11/2008 (01/10/2019)	14.20, 14.17, 14.18	19.20, 19.17, 19.18	7	11.	A listed issuer has published its latest annual audited accounts. It has also completed the disposal of a major subsidiary to a third party after the year end, details of which were disclosed by the listed issuer. The listed issuer now proposes to acquire a target company. When computing the assets ratio for such acquisition, the total assets figure of the listed issuer shown in its latest audited accounts would need to be adjusted for the disposal according to Main Board Rule 14.18 / GEM Rule 19.18. When computing the profits and revenue ratios for the acquisition, would it be necessary to adjust the listed issuer's profits and revenue figures to exclude the results of the disposed subsidiary?	The requirement of Main Board Rule 14.18/ GEM 19.18 only applies to the total assets figure of the listed issuer. Main Board Rule 14.17/ GEM Rule 19.17 provides the circumstances under which the Exchange may prepare to accept the exclusion of profits and revenue from the discontinued operations of a listed issuer for the purpose of the profits ratio and revenue ratio respectively. In the circumstances described, the disposal of a major subsidiary may not fall under the situation described in Main Board Rule 14.17 / GEM Rule 19.17. Nevertheless, if the calculations of the profits and/or revenue ratios produce an anomalous result, the Exchange may require the listed issuer to submit alternative size tests by excluding the results of the disposed subsidiary under Main Board Rule 14.20 / GEM Rule 19.20. The listed issuer should consult the Exchange when calculating the percentage ratios for the proposed acquisition. (Updated in October 2019)
28/11/2008	14.20, 14.28	19.20, 19.28	7	12.	A listed issuer proposes to acquire a minority interest in a target company	The proposed transaction involves acquisition of an equity capital. According to Main Board Rule

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					(5% of its equity capital) as an investment which will be classified as available-for-sale financial assets in the listed issuer's accounts. How should the listed issuer compute the assets ratio, profits ratio and revenue ratio?	14.28/ GEM Rule 19.28, when calculating the assets, profits and revenue ratios, the value of the target company's total assets, profits and revenue calculated in accordance with Main Board Rule 14.27/ GEM Rule 19.27 is to be multiplied by the percentage of equity interest being acquired by the listed issuer. However, where these percentage ratios produce an anomalous result, listed issuer may submit alternative tests for the Exchange's consideration pursuant to Main Board Rule 14.20 / GEM Rule 19.20. In the circumstances described, it is normally acceptable for the listed issuer to use the fair value of the interest in the target company to be acquired (determined in accordance with the applicable accounting standards adopted by the listed issuer) as the numerator of the alternative test to the assets ratio. As to the profits and revenue ratios, the listed issuer may submit alternative tests calculated with reference to the dividend declared by the target company and any dividend policy established by the target company for the Exchange's consideration.
28/11/2008	14.22	19.22	7	14.	A listed issuer has recently completed an acquisition of the 80% interest in a target company, which constituted a major transaction, and it had complied with the applicable requirements under the Listing Rules. The listed issuer now	The Exchange would consider the proposed acquisition and the completed transaction as a series of transactions as they involve acquisition of interest in one particular company and are entered into by the listed issuer within a short period of time.

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					proposes to acquire the remaining 20% interest in the same company which will by itself constitute a discloseable transaction. Would the Exchange apply Main Board Rule 14.22/ GEM Rule 19.22 to aggregate the proposed acquisition with the previous major transaction in the following scenarios? (a) The proposed acquisition when aggregated with the completed transaction would be classified as a major transaction. (b) The proposed acquisition when aggregated with the completed transaction would be classified as a very substantial acquisition.	In determining whether to aggregate these transactions, the Exchange would also take into account the classification of the completed transaction, and whether the series of transactions when aggregated would result in a higher transaction classification and therefore be subject to additional Rule requirements. In scenario (a), the listed issuer had complied with the major transaction requirements in respect of the completed transaction and the Exchange would not require the listed issuer to reclassify the proposed acquisition by aggregating it with the completed transaction. In scenario (b), the Exchange would require the listed issuer to aggregate the proposed acquisition with the completed transaction and the listed issuer would need to comply with the very substantial acquisition requirements in respect of the proposed acquisition.
28/11/2008	14.22	19.22	7	15.	A listed issuer has recently completed an acquisition which did not constitute a notifiable transaction. The listed issuer now proposes another acquisition which will constitute a discloseable transaction on a standalone basis. However, these acquisitions when aggregated would be classified as a major transaction.	Normally, the major transaction requirement would only apply to the currently proposed acquisition but not the previous acquisition. Nevertheless, the listed issuer should ensure adequate information relating to the previous acquisition be disclosed in the announcement and circular of the proposed acquisition if such

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					If the Exchange requires aggregation of the currently proposed acquisition with the previous acquisition, Main Board Rule 14.22 / GEM Rule 19.22 provides that the listed issuer must comply with the requirements for the relevant classification of the transaction when aggregated. How would the major transaction requirement apply to these acquisitions?	information is necessary for shareholders to make a properly informed decision on how to vote in respect of the proposed acquisition.
14/12/2009	14.22	19.22	9	11.	The Listing Rules provide that the Exchange may require an issuer to aggregate a series of transactions if they are all completed within a 12 month period or are otherwise related. How is the "12 month period" determined – with reference to the date of completion of the transactions or to their agreement dates?	The "12 month period" should be calculated by reference to the completion date of the previous transaction(s).

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26/05/2010 (February 2020)	14.22	19.22	GL52-13 Appendix 1	14.	If an issuer completes a series of acquisitions with different parties within a 12 month period, each of which is not major (as defined in Chapter 14) but their cumulative size exceeds the 25% threshold, will this company be treated as a Mineral Company upon completion of the transactions?	Yes. The principles of aggregation under Rule 14.22 apply to transactions undertaken by all listed companies, including those that enter into a series of small acquisitions of Mineral or Petroleum Assets. [Updated in February 2020]
21/05/2021	14.22, 14.23	19.22, 19.23	N/A	074-2021	A listed issuer proposes to acquire certain wealth management products (e.g. index or asset linked deposits) from a licensed bank (Bank A) for treasury management purpose. It holds other wealth management products issued by Bank A and other banks. How should the issuer compute the percentage ratios for the proposed transaction under Chapter 14?	Normally the issuer is required to aggregate its investment in wealth management products acquired from the same bank. In computing the percentage ratios, the numerator of the assets ratio and the consideration ratio would be the sum of the acquisition costs of (i) wealth management products to be acquired under the proposed transaction and (ii) wealth management products which were acquired from Bank A which remain outstanding at the time of the proposed transaction. The numerator of the revenue ratio and profit ratio would be calculated based on the aggregate annual interest income recognised by the issuer from these products.

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28/09/2018	14.22, 14.23, 14A.24(1), 14A.24(3), 14A.31	19.22, 19.23, 20.22(1), 20.22(3), 20.29	N/A	046-2018	An issuer from time to time enters into leases (e.g. leases of properties, or leases of machinery and equipment) that are necessary for its business operations. Will the issuer be required to aggregate its lease transactions entered into with the same party within a period of 12-months?	There will be no change in the application of the aggregation Rules to lease transactions after the issuer adopting HKFRS/IFRS 16. In the circumstances described, generally the Exchange would not require aggregation of the lease transactions solely because they are made with the same party. When applying the aggregation Rules, the Exchange would consider whether the lease transactions are connected or related in substance and whether there is a concern about "splitting" of a lease transaction into smaller ones to circumvent the notifiable/connected transaction requirements. It would take into account relevant factors including: - whether the leases are made under a master agreement or negotiated and concluded at the same time; - whether the leased assets form part of one asset, and/or - whether the leases would together lead to substantial involvement by the issuer in a new business activity. (See also Listing Decisions LD76-3 (2009) and LD64-1 (2008) where the principles and guidance provided also apply to leases of properties or fixed assets by issuers.)

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						Nevertheless, as the Exchange would have to consider all relevant facts and circumstances of the particular case when determining whether aggregation of transactions is required, the issuer should consult the Exchange as required under Main Board Rule 14.23B or 14A.84.
14/12/2009	14.23A	19.23A	9	12.	Main Board Rule 14.23A provides that the Exchange will not aggregate a series of transactions carried out by an issuer in the course of construction, development or refurbishment of an asset for the issuer's own use in its ordinary and usual course of business if the sole basis for aggregation is that the transactions form parts of one asset. Does the Rule apply to the transactions carried out by Listco in the course of construction of a property for (1) its own use as an office; or (2) rental purpose as an investment property?	(1) Given that the property is constructed for Listco's own use in its ordinary and usual course of business, the Rule will apply in the circumstances described. (2) The Rule will apply if property investment is an ordinary and usual course of business of Listco. In the above situations, Listco should note that each individual contract or agreement with a third party vendor is itself a transaction and subject to the notifiable transaction requirements if it exceeds the threshold(s) triggering the notifiable transaction rules.

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28/11/2008 (February 2020)	14.23A, 14A.84, 14A.85. 14A.86	19.23A, 20.82, 20.83, 20.84	8	43	Should an issuer consult the Exchange under Main Board Rule 14.23B (GEM Rule 19.23B) if: (a) the proposed transactions, even when aggregated with the previous transaction(s), will not exceed the percentage ratios to be treated as a notifiable transaction or a connected transaction subject to the announcement, reporting and/ or shareholders' approval requirements; or (b) the issuer has already decided to aggregate the proposed transaction with the previous transaction(s) and comply with the requirements for the relevant classification of the transaction when aggregated?	No. The purpose of the Rules is to provide guidance to issuers to comply before entering into the transaction. Circumstances in (a) and (b) do not involve any risk of non-compliance with the Rules. [updated in February 2020]
20/05/2010	14.24	19.24	11	9.	Under the amended rule, if a transaction involves a major acquisition and a discloseable disposal, does it mean that only the acquisition and not the disposal requires shareholder approval?	The rule amendment only clarifies the content requirements for the circular. It does not change the requirement as to how to classify a transaction as a whole to determine whether shareholder approval is required. In the circumstances described, the transaction as a whole would be classified as a major transaction and requires shareholder approval.
20/05/2010	14.24	19.24	11	10.	Listco proposes to sell its interest in a subsidiary in return for cash and the	As the acquisition is a discloseable transaction, the circular need not contain an accountants' report on

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					buyer's interest in a target (the **Transaction**). The sale of the subsidiary is a major transaction and the acquisition of the target is a discloseable transaction. Does the circular need to include the following information? - an accountants' report on the target company - a valuation report on the target's property interests (the target is a property company) - pro forma financial information showing the impact of the Transaction on Listco	the target or a valuation report on the target's property interests. The circular also does not need to contain pro forma financial information on the Transaction because the Rules do not require this information for a major disposal or a discloseable acquisition.
28/11/2008	14.26, 14.27	19.26, 19.27	7	13.	A listed issuer proposes to acquire an equity interest in a target company which has commenced operation for less than one year. Would the listed issuer be required to use the annualized profits or revenue (as the case may be) of the target company as the numerators of the profits ratio or the revenue ratio?	Under Main Board Rules 14.26 and 14.27/ GEM Rules 19.26 and 19.27, the numerators of the profits ratio and the revenue ratio are to be calculated by reference to the profits and revenue attributable to the target company's capital as disclosed in its accounts. Listing Rules do not require the listed issuer to annualize the profits or the revenue of the target company when computing the percentage ratios. However, the results of such calculations may be regarded by the Exchange as anomalous and alternative tests may be required to assess the

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						relative size of the target company compared to the listed issuer group.
28/11/2008	14.29, 14.04	19.29, 19.04	8	42. *Issue 10*	If a listed subsidiary conducts a placing of new shares by way of a general mandate, would it also constitute a notifiable transaction for the listed parent?	An allotment of shares by the listed subsidiary would also be a deemed disposal for the listed parent as it would result in a reduction in the percentage equity interest of the listed parent in such subsidiary. Accordingly, the transaction, depending on the size tests as defined in Main Board Rule 14.04(9) / GEM Rule 19.04(9), may fall to be treated as a very substantial disposal, major transaction or discloseable transaction of the listed parent and subject to relevant notifiable transaction requirements under Main Board Chapter 14 and GEM Chapter 19. Where the size of the deemed disposal falls to be a major transaction or above, the placing is subject to approval by shareholders of the listed parent. The Exchange ordinarily expects the listed parent in these circumstances to maintain control over the matter by making the general mandate of the listed subsidiary conditional on it not triggering a major transaction for the listed parent. Issuers should make prior consultation with the Exchange if they anticipate any practical issues relating to compliance in this connection.
29/7/2022	14.32A 14.15(1)	19.32A 19.15(1)	N/A	096-2022	A subsidiary of an issuer proposes to adopt a scheme for granting share	(a) The disposal will be classified using the assets, revenue, profit and consideration ratios calculated based on the size of the

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					awards and options to participants of the scheme. (a) Which percentage ratios apply for classifying the disposal of the issuer's interests in the subsidiary from the grants of awards and options under the scheme? (b) Which figure should be used as the numerator for calculating the consideration ratio?	scheme mandate, i.e., the maximum number of shares of the subsidiary that may be issued or transferred in respect of awards and options to be granted under such mandate. (b) The issuer should use the higher of (i) the fair value of the consideration (i.e. the grant price of share awards or the exercise price of share options); and (ii) the fair value of the interests of the subsidiary to be disposed of (see Main Board Rule 14.15(1) (GEM Rule 19.15(1))).
28/11/2008	14.40	19.40	7	16.	Listco A proposes to vary certain terms of a major transaction after it has been approved by its shareholders. The resolutions passed by the Listco A's shareholders in respect of the major transaction have given the directors the authority to take all steps necessary or expedient to implement the major transaction. Will Listco A be required to re-comply with the shareholders' approval requirement in respect of the revised transaction?	Depending on the nature and materiality of the changes in the terms, Listco A may be required to re-comply with the shareholders' approval requirement for the revised transaction. In the circumstances described, while the directors of Listco A are authorised to take steps that they consider necessary or expedient to implement the major transaction, any changes to the terms of the transaction so made by the directors should be non-material as a material change would in substance give rise to a new transaction and should not be made without prior shareholders' approval.

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14/12/2009 (01/03/2019)	14.44, 14.86	19.44, 19.86	9	18.	Listco proposes a major transaction involving acquisition of a target company. Listco's controlling shareholder holds 60% of Listco and has given written approval for the acquisition. If Listco subsequently becomes aware that the reporting accountants would issue a modified opinion in the accountants' report of the target company, is Listco required to convene a general meeting to seek shareholder approval of the major transaction?	Under Main Board Rule 14.86, the Exchange will not accept a written shareholder approval of a major transaction if the reporting accountants give a modified opinion in the accountants' report. Listco should convene a general meeting to seek shareholder approval of the major transaction.
14/12/2009 (01/07/2014)	14.44, 14A.06(5), 14A.37	19.44, 20.06(5), 20.35	9	17.	An issuer proposes to obtain written shareholder approval of a major transaction and make relevant disclosure in the announcement. Does the issuer need to obtain the Exchange's prior approval of this arrangement before it publishes the announcement?	The Listing Rules do not specifically require an issuer to seek the Exchange's prior consent for the written shareholder approval of a major transaction. Nevertheless, if the written approval is to be given by a group of shareholders, the Rules require the issuer to provide sufficient information to the Exchange to demonstrate that the shareholders are a "closely allied group of shareholders". If the major transaction is also a connected transaction, a waiver from convening the general meeting is required under the connected transaction rules.

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28/11/2008 (01/10/2019)	14.58(2), 14.58(3)	19.58(3), 19.58(4)	7	17.	Main Board Rule 14.58(2) / GEM Rule 19.58(3) requires the announcement of a notifiable transaction to disclose the identity of the counterparty. Is a listed issuer required to disclose the identity of the ultimate beneficial owner of the counterparty in the announcement of a notifiable transaction?	Main Board Rules 14.58 to 14.60 / GEM Rules 19.58 to 19.60 set out the minimum disclosure requirements for announcements of different types of notifiable transactions. Main Board Rule 14.58(3) / GEM Rule 19.58(4) requires the announcement to contain a confirmation that the counterparty and its ultimate beneficial owner are independent of the listed group and the connected persons of the listed issuer. Disclosure of the identity of the counterparty's ultimate beneficial owner would be required under this rule where they are not independent third parties. Notwithstanding the above, when determining the amount of information that needs to be disclosed in a notifiable transaction announcement, the listed issuer must also observe the general principle for disclosure under Main Board Rule 2.13/ GEM Rule 17.56 and disclose information (including the identity of the counterparty's ultimate beneficial owner) that enables shareholders and investors to make an informed assessment of the transaction. (Updated in October 2019)
14/12/2009	14.58(5)	19.58(6)	9	13.	The Listing Rules require an issuer to disclose in the announcement the basis for determining the consideration for the	The disclosure is intended to help shareholders understand how the issuer's directors determined the consideration. The level of detail will depend on the circumstances of each case.

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					transaction. How much detail should be provided by the issuer?	Nevertheless, the directors are normally expected to describe the key factors that they have taken into account when making the determination.
28/11/2008	14.58(6)	19.58(7)	7	18.	Main Board Rule 14.58(6) / GEM Rule 19.58(7) requires disclosure of the book value of the assets being the subject of the notifiable transaction in the announcement. In the case of an acquisition of equity capital, should the total assets or the net assets of the target company be disclosed in the announcement?	It is normally acceptable for the listed issuer to disclose the net asset value shown in the target company's latest accounts as defined in Main Board Rule 14.04(2)(b) / GEM Rule 19.04(2)(b). Nevertheless, the listed issuer should also disclose any other material information concerning the assets and liabilities of the target company that the issuer considers necessary to enable shareholders and investors to properly assess the value of the target company under Main Board Rule 2.13/ GEM Rule 17.56.
28/11/2008	14.58(6), 14.58(7)	19.58(7), 19.58(8)	7	19.	A listed issuer proposes to acquire interest in a target company which uses accounting standards different from those of the listed issuer. When disclosing the target company's financial information required under Main Board Rules 14.58(6) and (7)/ GEM Rules 19.58(7) and (8), can the listed issuer refer to the relevant figures shown in the target company's accounts?	Under Main Board Rule 2.13 / GEM Rule 17.56, the listed issuer must ensure the information contained in its announcement be accurate and complete in all material respects and not misleading or deceptive. In circumstances described, reference can be made to Main Board Rule 14.07/ GEM Rule 19.07 which requires the listed issuer to perform, where applicable, an appropriate and meaningful reconciliation of the relevant figures of the target company for the purpose of calculating the percentage ratios. In such situation, the listed issuer should consider disclosing the target

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						company's financial information based on the accounting standards of the listed issuer for the purposes of Main Board Rules 14.58(6) and (7)/ GEM Rules 19.58(7) and (8). Where the listed issuer discloses relevant figures shown in the target company's accounts for the purposes of Main Board Rules 14.58(6) and (7)/ GEM Rules 19.58(7) and (8), it should make reference to the accounting standards adopted by the target company and where applicable, provide an explanation of any principal differences between the accounting standards of the listed issuer and the target company which may have a material impact on the financial information of the target company contained in the announcement.
28/11/2008	14.58(7)	19.58(8)	7	20.	Main Board Rule 14.58(7)/ GEM Rule 19.58(8) requires listed issuers to disclose in the announcement the net profits (both before and after taxation and extraordinary items) attributable to the assets which are the subject of the transaction for the two financial years immediately preceding the transaction. Is the requirement applicable to a transaction involving acquisition or disposal of real property? If yes, what information should be disclosed?	It would depend on whether the property to be acquired/ disposed of by the listed issuer is a revenue-generating asset with an identifiable income stream. Where the listed issuer proposes to acquire/ dispose of a property held for rental purpose, it would be required to disclose the net rental income generated from such property before and after taxation taking into account all related disbursements such as expenses for managing the property and allowances to maintain it in a condition to command its rent.

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14/12/2009	14.58(7)	19.58(8)	9	14.	The Listing Rules require an issuer to disclose in the announcement "*where applicable, the net profits (both before and after taxation and extraordinary items) attributable to the assets which are the subject of the transaction for the two financial years immediately preceding the transaction*". Is the requirement applicable if the target company recorded net losses for the last 2 years or it has a trading record of less than 2 years?	Yes. The disclosure requirement applies to the net profits or losses attributable to the target company for the two financial years immediately preceding the transaction, or if less, the period since its incorporation or establishment.
14/12/2009	14.60(3)(a)	19.60(3)(a)	9	15.	Listco proposes to dispose of its interest in a subsidiary. The gain or loss on the disposal can only be ascertained at the completion of the disposal. Is Listco required to disclose this gain or loss in its announcement when it enters into the agreement for the proposed disposal?	Although the actual gain or loss on the disposal is yet to be determined, Listco should disclose the expected gain or loss and its basis in the announcement under the rule. If Listco expects that there will be a difference between the actual gain or loss on the disposal and the disclosed amount, it should explain in the announcement the reason for the difference.
14/12/2009	14.60(5)	19.60(5)	9	16.	The Rule requires an issuer to disclose in the announcement information on the shareholders who have approved or will approve the major transaction by way of a written certificate.	Yes. Listco should issue a further announcement to disclose the information required under Main Board Rule 14.60(5).

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					After issuing an announcement for a major transaction, Listco decides to obtain a written shareholder approval of the major transaction. Is it required to issue a further announcement to disclose this fact?	
26/05/2010 (February 2020)	11.17, 14.61, 18.34, Appendix 1A(34)(2), Appendix 1B(29)(2)	14.29, 19.61, 18A.34	GL52-13 Appendix 1	20.	Will valuations of Natural Resource assets (i.e. Reserves) based on discounted cash flows ("**DCF**") be regarded as profit forecasts under Rule 14.61 which is required to be reviewed by the reporting accountants?	No. However, issuers must disclose all relevant assumptions and the reason DCF was chosen as a valuation method. [Updated in February 2020]
28/11/2008 (30/09/2009)	14.62, 14.66(2), 2.13, Appendix 1B Paragraph 29(2)	19.62, 19.66(3), 17.56, Appendix 1B Paragraph 29(2)	7	21.	A listed issuer proposes to acquire a target company, which constitutes a notifiable transaction. The listed issuer has prepared a valuation of the target company using the discounted cashflow method, which is regarded as a profit forecast under Main Board Rule 14.61/ GEM Rule 19.61. Is the listed issuer required to disclose such valuation in its announcement and circular for the notifiable transaction and comply with Main Board Rule 14.62/ GEM Rule 19.62 and paragraph 29(2) of Appendix 1B to the Main Board Rules/ GEM Rules?	Under the Listing Rules, there is no specific requirement for the listed issuer to disclose the profit forecast for the target company to be acquired. However, the listed issuer must observe the general disclosure principle under Main Board Rule 2.13/ GEM Rule 17.56. For example, where the valuation of the target company was a primary factor in forming the basis for the consideration or other material terms of the transaction, disclosure of the valuation would need to be made in the relevant announcement and circular. Where a notifiable transaction announcement/ circular contains a profit forecast in respect of the listed issuer or a company which is/ is proposed to become, one of its subsidiaries, the listed issuer is

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						required to comply with Main Board Rule 14.62/ GEM Rule 19.62 and paragraph 29(2) of Appendix 1B to the Main Board Rules/ GEM Rules (as the case may be).
28/11/2008 (30/09/2009)	14.62, 14.66(2), 2.13, Appendix 1B Paragraph 29(2)	19.62, 19.66(3), 17.56, Appendix 1B Paragraph 29(2)	7	22.	A listed issuer proposes to acquire a revenue generating asset, which constitutes a notifiable transaction. There is a valuation of such asset prepared using the discounted cashflow method, which is regarded as a profit forecast under Main Board Rule 14.61/ GEM Rule 19.61. Will the listed issuer be required to comply with the formal reporting requirements under Main Board Rule 14.62/ GEM Rule 19.62 if it discloses the valuation of the revenue generating asset in its announcement issued under the notifiable transaction rules?	Under Main Board Rule 14.62/ GEM Rule 19.62, the formal reporting requirements apply where the announcement contains a profit forecast in respect of the listed issuer or a company which is/ is proposed to become, one of its subsidiaries. In this case, while the profit forecast made in respect of the revenue generating asset may not fall within Main Board Rule 14.62/ GEM Rule 19.62, the listed issuer must ensure compliance with Main Board Rule 2.13/ GEM Rule 17.56 when its announcement contains profit forecast of the asset to be acquired, particularly where the assets are material to the listed issuer. The listed issuer should also note that where the proposed acquisition constitutes a major transaction or above that requires a circular, it is required to comply with the formal reporting requirements in respect of the profit forecast of the asset contained in the circular pursuant to Paragraph 29(2) of Appendix 1B to the Main Board Rules/ GEM Rules.
28/11/2008	14.63(2)(c)	19.63(2)(c)	7	24.	A listed issuer has obtained written shareholders' approval for a proposed	Main Board Rule 14.63(2)/ GEM Rule 19.63(2) sets out certain information that need to be

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					major transaction under Main Board Rule 14.44/ GEM Rule 19.44. The Exchange has accepted the written shareholders' approval in lieu of holding a general meeting based on the information provided by the listed issuer. As there will not be any voting on the proposed transaction at general meeting, is the circular for such transaction required to contain a recommendation from the directors as to the voting action that shareholders should take pursuant to Main Board Rule 14.63(2)(c)/ GEM Rule 19.63(2)(c)?	contained in the circular for a notifiable transaction if voting or shareholders' approval is required. Pursuant to Main Board Rule 14.63(2) (c)/ GEM Rule 19.63(2)(c), the circular for the proposed transaction must contain a recommendation from the directors as to the voting action that shareholders should take, indicating whether or not the proposed transaction is, in the opinion of the directors, fair and reasonable and in the interest of the shareholders as a whole. In circumstances described, while the directors' recommendation to shareholders on how to vote would no longer be necessary, the circular must disclose the directors' opinion as to whether the proposed transaction is fair and reasonable and in the interest of the shareholders' as a whole.
28/11/2008 (30/09/2009)	14.66(2), Appendix 1B Paragraph 29(2)	19.66(3), Appendix 1B Paragraph 29(2)	7	23.	Where a circular in relation to a notifiable transaction contains a profit forecast, paragraph 29(2) of Appendix 1B to the Main Board Rules/ GEM Rules requires that the financial advisers must report that they have satisfied themselves that the forecast has been stated by the directors after due and careful enquiry and such report must be set out in the circular. If no financial advisers have been appointed in connection with the	In the case of a notifiable transaction, Main Board Rule 14.62(3)/ GEM Rule 19.62(3) provides that where the announcement contains a profit forecast and no financial advisers have been appointed in connection with the transaction, the listed issuer may provide a letter from the board of directors confirming they have made the forecast after due and careful enquiry. In the circumstances described, we may apply the principle of Main Board Rule 14.62(3)/ GEM Rule 19.62(3) to the circular and accept the directors' confirmation for the purpose of Paragraph 29(2) of

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					notifiable transaction, can the directors of the listed issuer make their own confirmation that they have made the forecast after due and careful enquiry?	Appendix 1B. The listed issuer should consult the Exchange in advance in such circumstances.
14/12/2009	14.66(10) and (12)	19.66(11) and (13)	9	19.	Listco's circular for a major acquisition will contain an accountants' report on the target being acquired, a statement on sufficiency of working capital and an indebtedness statement. (1) The Listing Rules require Listco to provide a letter from its financial advisers or auditors confirming that the working capital statement has been made by the directors after due and careful enquiry and persons or institutions providing finance have confirmed in writing that such facilities exist. Is it acceptable for Listco to provide a confirmation letter from the reporting accountants instead of its financial advisers or auditors? (2) Does the indebtedness statement need to be reviewed by professional accountants or advisers?	(1) We will normally consider it acceptable for the reporting accountants to issue the confirmation letter in respect of the working capital statement contained in the circular. (2) The Listing Rules do not specifically require a review of the indebtedness statement by professional accountants or advisers. It is up to Listco to decide whether the review is necessary.
28/11/2008 (30/09/2009)	14.66(10),	19.66(11),	7	25.	A listed issuer is preparing its circular in respect of a proposed major acquisition.	The rule requires the listed issuer to provide up-to-date indebtedness statement of its group in the

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	Appendix 1B Paragraph 28	Appendix 1B Paragraph 28			Main Board Rule 14.66(10)/ GEM 19.66(11) requires the listed issuer' circular to contain a statement of indebtedness of the group as at the most recent practicable date pursuant to paragraph 28 of Appendix 1B to the Main Board Rules/ GEM Rules. Can the listed issuer refer to the indebtedness position of the group disclosed in its latest published audited accounts or interim report?	circular for shareholders' consideration. The Listing Division ordinarily requires the indebtedness statement to be dated not more than 8 weeks before the circular is issued, which follows the guidance set out in our letter of 21 July 2008 to market practitioners in relation to the disclosure of indebtedness statements in listing documents of new applicants. Depending on the despatch date of the circular, the year/ period end date for the listed issuer's latest published accounts or interim report may not be regarded as the most recent practicable date. Further, the listed issuer should note that according to Note 2 to Appendix 1B to the Main Board Rules/ GEM Rules, reference to the "group" under paragraph 28 of Appendix 1B is to be construed as including any company which will become a subsidiary of the listed issuer by reason of an acquisition which has been agreed or proposed since the date to which the latest audited accounts of the listed issuer have been made up.
28/11/2008 (30/09/2009)	14.66(10), Appendix 1B Paragraph 30	19.66(11), Appendix 1B Paragraph 30	7	26.	Pursuant to Main Board Rules 14.66(10) and 14.68(1)/ GEM Rules 19.66(11) and 19.68(1), a circular relating to a very substantial disposal must contain a statement by the listed issuer's directors on the sufficiency of working capital available to the group	Paragraph 30 of Appendix 1B to the Main Board Rules/ GEM Rules requires a working capital statement on the group which includes the listed issuer and its subsidiaries including the subsidiary to be disposed of. Note to Appendix 1B does not qualify paragraph 30 to exclude the subsidiary to be disposed of.

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					pursuant to paragraph 30 of Appendix 1B to the Main Board Rules/ GEM Rules. Where a listed issuer proposes to dispose of a subsidiary which constitutes a very substantial disposal, is it required to prepare the working capital statement on the group or the remaining group?	
28/11/2008	14.67	19.67	7	27.	Main Board Rule 14.67/ GEM Rule 19.67 sets out specific disclosure requirements for a circular issued in relation to an acquisition constituting a major transaction. Are listed issuers required to comply with the disclosure requirements under Main Board Rule 14.67 / GEM Rule 19.67 for major transactions involving formation of a joint venture?	When determining whether Main Board Rule 14.67/ GEM Rule 19.67 applies, the Exchange will consider whether the proposed transaction involves an acquisition of assets by the listed issuer. Normally, where the formation of joint venture only involves cash injection by the listed issuer and the joint venture partner(s), the disclosure requirements under Main Board Rule 14.67/ GEM Rule 19.67 would not apply as there is no acquisition of assets by the listed issuer. Where the formation of joint venture involves injection of assets (other than cash) ("Injected Assets") by the joint venture partner into the joint venture that will become a subsidiary of the listed issuer, such arrangement would in effect result in acquisition of the Injected Assets by the listed issuer. In such case, if the acquisition is classified as a major transaction based on the percentage

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						ratios, the disclosure requirements under Main Board Rule 14.67/ GEM Rule 19.67 would apply.
28/11/2008 (30/09/2009)	14.67(6)(b)(i)	19.67(6)(b)(i)	7	28.	Main Board Rule 14.67(6)(b)(i)/ GEM Rule 19.67(6)(b)(i) requires that a circular issued in relation to a major transaction involving acquisition of any revenue-generating assets (other than a business or company) with an identifiable income stream or asset valuation must include "a profit and loss statement and a valuation (where available) for the 3 preceding financial years (or less, where the asset has been held by the vendor for a shorter period) on the identifiable net income stream and valuation in relation to such assets…". A listed issuer is preparing a circular for its proposed major transaction involving acquisition of some revenue-generating assets. Is the requirement under Main Board Rule 14.67(6)(b)(i)/ GEM Rule 19.67(6)(b)(i)applicable if both the profit and loss statement and valuation in respect of the assets to be acquired are not available from the vendor?	For the purpose of Main Board Rule 14.67(6)(b)(i)/ GEM Rule 19.67(6)(b)(i), where the target assets to be acquired have an identifiable income stream, a profit and loss statement in respect of such assets must be compiled and derived from the underlying books and records for inclusion in the circular for the proposed major transaction. Therefore, when the listed issuer enters into an agreement for the proposed acquisition, we expect that it will ensure that the relevant books and records are or will be made available to the listed issuer and the reporting accountants for compliance with the rule. The valuation of the target asset would need to be contained in the circular where it is available.
28/11/2008	14.67A(1)	19.67A(1)	8	45.	Are listed issuers required to obtain prior consent from the Exchange in order to	Yes, the issuers must demonstrate to the satisfaction of the Exchange that the conditions set

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				Issue 16	defer complying with the disclosure requirements in the initial circular?	out in paragraphs (1)(a), (b) and (c) of Main Board Rule 14.67A/ GEM Rule 19.67A are met. Issuers are also encouraged to consult the Exchange at the earliest opportunity.
28/11/2008 (02/01/2013)	14.68(2)(a)(i)	19.68(2)(a)(i)	7	29.	A listed issuer proposes to despatch a circular for a very substantial disposal in mid July 2008. Since the listed issuer has a financial year end date of 31 December, it proposes to include in the circular an accountants' report on the remaining group pursuant to Main Board Rule 14.68(2)(a)(i) Note 1 covering the 3 financial years ended 31 December 2007 and a stub period from 1 January 2008 up to 30 April 2008. Is the listed issuer required to disclose the financial information during the stub period by way of an announcement upon despatch of the circular?	While there is no specific announcement requirement for disclosing the financial information of the remaining group during the stub period reported in the accountants' report under Chapter 14 of the Main Board Rules/ Chapter 19 of the GEM Rules, the listed issuer must observe the general disclosure obligation under Main Board Rule 13.09/ GEM Rule 17.10. Where any information which requires disclosure under the Inside Information Provisions emerges during the preparation of the circular in particular the financial information, the issuer must simultaneously announce the information under Main Board Rule 13.09(2)(a)/ GEM Rule 17.10(2)(a).
20/05/2010	14.68(2)(a)(i)	19.68(2)(a)(i)	11	1.	An issuer chooses to disclose the issuer group's financial information with separate disclosure on the disposal target (i.e. option (B) in the rule) in its VSD circular. (a) What financial information about the disposal target should be disclosed?	(a) There should be a separate note with information on the disposal target's figures included in the issuer group's balance sheet, income statement and cash flow statement. Normally this includes the target's balance sheet, income statement and cash flow statement. The information is required to prepare pro forma financial information for the remaining group.

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					(b) Can the auditors or reporting accountants give a review opinion on the issuer group's audited financial information? Should the issuer include an accountants' report instead of a review of the financial information?	(b) The issuer should consult its auditors and reporting accountants, and decide the appropriate type of assurance.
20/05/2010	14.68(2)(a)(i)	19.68(2)(a)(i)	11	2.	This rule requires the financial information to comprise the balance sheet, the income statement, the cash flow statement and the statement on changes in equity. What should be included in these statements?	They should include, at least, each of the major components and line items presented in the issuer's latest published annual accounts.
20/05/2010	14.68(2)(a)(i)	19.68(2)(a)(i)	11	3.	"HKAS 1 (Revised) – Presentation of Financial Statements" requires that an entity presents all income and expense items recognised in a period: (a) in a single statement of comprehensive income, or (b) in two statements: a statement displaying components of profit or loss (separate income statement) and a second statement beginning with profit or loss and displaying components of other comprehensive income (statement of comprehensive income).	Either option (a) or (b) is acceptable.

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					Please clarify the disclosure requirement of "an income statement" under this rule.	
20/05/2010	14.68(2)(a)(i)	19.68(2)(a)(i)	11	4.	Can Listco disclose financial information partly under option (A) and partly under option (B) in its VSD circular? For example, can Listco disclose: - the group's financial information with separate disclosure on the disposal target under option (B) for three financial years (ended more than 6 months from the circular date); and - the disposal target's financial information under option (A) for the stub period?	No. The issuer should adopt one of the options for the disclosure of financial information for the entire period which includes three financial years and the stub period.
20/05/2010	14.68(2)(a)(i)	19.68(2)(a)(i)	11	6.	Which standard should auditors or reporting accountants adopt for the review of financial information under this rule?	The review should be conducted according to the relevant HKICPA or IAASB standards. Currently, the applicable standard for a review engagement is HKSRE 2400/ 2410 or ISRE 2400/ 2410.
20/05/2010 (01/03/2019)	14.68(2)(a)(i)	19.68(2)(a)(i)	11	7.	Does an issuer need to publish the auditors' or reporting accountants' review report in a VSD circular?	No, but the circular must state that the financial information has been reviewed by the issuer's auditors or reporting accountants; and, where applicable, contain details of any modifications in the review report. (Note: See FAQ 053-2019 for clarification on the

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						use of the term “modification”.)
20/05/2010	14.68(2)(a)(i) note 2	19.68(2)(a)(i) note 2	11	8.	Note 2 to this rule states that the Exchange may relax the disclosure requirement if the disposal target’s assets are not consolidated in the issuer’s accounts. Under what circumstances would the Exchange relax the disclosure requirement?	There is a similar rule to exempt the accountants’ report requirement for an acquisition of a minority interest in a company that constitutes a major transaction. The rule amendments mirror this exemption for VSDs. We would consider, for example, whether the issuer has access to the disposal target’s books and records to prepare the required information, and whether the circular has provided shareholders with sufficient information about the disposal, etc. We will give the exemption case by case.
20/05/2010	14.68(2)(a)(i), 4.06(1)(a) note	19.68(2)(a)(i), 7.05(1)(a) note	11	5.	In a VSD, Listco proposes to sell its interest in a company acquired two years ago. Can Listco include, in the circular, the company’s financial information from the acquisition date?	The circular should contain the company’s financial information for at least three financial years.

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28/11/2008 (02/07/2010)	14.68(3)	19.68(3)	7	30.	Main Board Rule 14.68(3)/ GEM Rule 19.68(3) requires disclosure of the financial information on the remaining group under paragraph 32 of Appendix 16 to the Main Board Rules/ GEM Rule 18.41 in a circular for very substantial disposals. Please clarify the reporting period in respect of such disclosure.	Where financial information on the issuer's group is contained in the circular (i.e. under Main Board Rule 14.68(2)(a)(i)(B)/ GEM Rule 19.68(2)(a)(i)(B)), the disclosure under Main Board Rule 14.68(3) should cover the same reporting period. Where financial information on the disposal target is contained in the circular (i.e. under Main Board Rule 14.68(2)(a)(i)(A)/ GEM Rule 19.68(2)(a)(i)(A)), the disclosure under Main Board Rule 14.68(3) should cover the reporting period of the issuer group's previously published financials (i.e. the latest three financial years and, where applicable, the most recent interim period, for which the issuer group's financial information has been published).
28/02/2013 (01/07/2014)	14.74, 14.77, 14A.61	19.74, 19.77 20.59	20	4.	Listco has granted an option to Mr. X to acquire an asset from Listco. Mr. X is an independent third party and the option is exercisable at his discretion. Listco has complied with the notifiable transaction Rules as if the option had been exercised. If Mr. X subsequently becomes a connected person of Listco, would Listco be required to comply with the connected transaction Rules for the	No. Listco would need to comply with the announcement requirements when the option is exercised, transferred or expired, or when Mr. X notifies Listco that he will not exercise the option.

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					grant of the option as if it had been exercised?	
21/03/2014	14A.06(27) 14A.24(2)(a)	20.06(27) 20.22(2)(a)	28	7.	Under the non-competition agreement between Listco and its controlling shareholder, Listco has been granted a right of first refusal to acquire certain assets from the controlling shareholder at a price and on terms to be negotiated between the parties. If Listco decides not to exercise the "right of first refusal" when the controlling shareholder proposes to sell the assets, will it be regarded as non-exercise of an option and subject to the connected transaction requirements?	Given that the terms of the acquisition are subject to further negotiation between the parties, the right of first refusal does not constitute an option under Rule 14A.06(27). Therefore, non-exercise of the right of first refusal by Listco does not constitute a non-exercise of an option.
28/02/2013 (01/07/2014)	14A.07, 14A.26, 14A.28	20.07, 20.24, 20.26	20	9.	Company A is an associated company of Listco. Mr. X is a director of Listco. Is Company A a connected person of Listco if Mr. X is also (a) a director of Company A? (b) a shareholder of Company A?	(a) Company A is not a connected person of Listco simply because Mr. X is a director of Company A. (b) It would depend on Mr. X's shareholding in Company A. (i) If Mr. X can control the exercise of 10% or more of the voting power at general meetings of Company A: - Company A is a "commonly held entity" and any financial assistance to/ from

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						Company A is a connected transaction for Listco under Rule 14A.26. - Listco acquiring an interest in Company A is a connected transaction for Listco under Rule 14A.28. (ii) If Mr. X can control the exercise of 30% or more of the voting power at general meetings of Company A or can control the composition of a majority of the board of Company A, Company A is an associate of Mr. X and therefore a connected person of Listco. Any transaction (including financial assistance) with Company A is a connected transaction for Listco.
21/02/2014 (01/07/2014)	14A.07, 14A.76, 14A.87 to 14A.90	20.07, 20.74, 20.85 to 20.88	26	12.	Do the connected transaction Rules apply to any grant of loans to directors or their connected entities (as defined in the New CO) that are exempt under Part 11 of the New CO which governs fair dealing by directors and transactions involving directors and their connected entities?	Yes. It should also be noted that the scope of transactions regulated under Part 11 of the New CO and the connected transaction Rules are not the same. Hong Kong- incorporated issuers must ensure that they comply with any applicable requirements under both the New CO and the Rules when they enter into loan transactions involving directors or their connected entities (as defined in the New CO) or connected persons or associates (as defined in the Rules).

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28/11/2008 (01/07/2014)	14A.07(1)	20.07(1)	7	33.	Does a substantial shareholder of a jointly controlled entity of the listed issuer fall within the definition of "connected person" under Chapter 14A of the Main Board Rules/ Chapter 20 of the GEM Rules?	It would depend on whether the jointly controlled entity falls within the definition of "subsidiary" under Rule 1.01 of the Main Board Rules/ GEM Rules. Where the jointly controlled entity is a "subsidiary" of the listed issuer under Main Board Rule 1.01/ GEM Rule 1.01, its substantial shareholder is a connected person of the listed issuer under Main Board Rule 14A.07/ GEM Rule 20.07. Under Rule 1.01, the term "subsidiary" includes: (a) a "subsidiary undertaking" as defined in schedule 1 to the Companies Ordinance; (b) any entity which is accounted for and consolidated in the audited consolidated accounts of another entity as a subsidiary pursuant to applicable Hong Kong Financial Reporting Standards or International Financial Reporting Standards; and (c) any entity which will, as a result of acquisition of its equity interest by another entity, be accounted for and consolidated in the next audited consolidated accounts of such other entity as a subsidiary pursuant to applicable Hong Kong Financial Reporting Standards or International Financial Reporting Standards.
28/02/2013 (01/07/2014)	14A.07(1), 14A.07(5), 14A.09, 14A.16(1)	20.07(1), 20.07(5), 20.08, 20.14(1)	20	7.	Subsidiary A is a non wholly-owned subsidiary of Listco. It is owned as to 90% by Listco and 10% by Entity X.	Entity X is a connected person of Listco because he/it is a substantial shareholder of Subsidiary A, unless Entity X falls under any exemption under

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					Are Entity X and Subsidiary A connected persons of Listco?	Chapter 14A (e.g. the insignificant subsidiary exemption under Rule 14A.09) If Entity X is also a "connected person at the issuer level" (e.g. Listco's director, chief executive or substantial shareholder, or an associate of any of them), Subsidiary A is a connected subsidiary and therefore a connected person of Listco. If Entity X is a connected person only because of its relationship with Subsidiary A (and any other subsidiaries of Listco), Subsidiary A is not a connected person of Listco.
17/9/2010 (01/07/2014)	14A.07(2), 14A.09	20.07(2), 20.08	10	5A.	A month ago, Listco sold its entire interest in its subsidiary, Company A. Mr. X is a connected person of Listco under Rule 14A.07(2) because of his directorship in Company A before the disposal. He has no other relationship with Listco group. Can Listco apply the insignificant subsidiary exemption to its proposed transactions with Mr. X?	Yes, if Company A was "insignificant" under Rule 14A.31(9) at the time when it ceased to be a subsidiary of Listco.
20/05/2010 (01/07/2014)	14A.09	20.08	10	1.	An issuer has completed a placing of new shares. When it assesses whether a subsidiary is "insignificant" under this Rule, does it need to adjust the assets ratio for the proceeds from the placing?	No. The issuer should use the total assets shown in its group's audited accounts for the financial year(s) set out in the Rule without adjustments.

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20/05/2010 (01/07/2014)	14A.09	20.08	10	2.	An issuer acquired a majority interest in Company A a few months ago. When assessing whether Company A is an "insignificant subsidiary" under this Rule, can the issuer refer to Company A's total assets, profits and revenue for the period after the date of acquisition?	No. The assessment should be based on the latest financial year/ three financial years described in the Rule, which may include Company A's financials before the date of acquisition.
20/05/2010 (01/07/2014)	14A.09	20.08	10	3.	An issuer has recently formed a joint venture with a third party. The joint venture is a non wholly-owned subsidiary of the issuer but it has yet to publish its first accounts. Can the issuer apply the insignificant subsidiary exemption? If yes, how will the percentage ratios be calculated?	The exemption may apply to a newly established subsidiary even though it does not have a full year of accounts. The issuer may propose alterative size tests to assess the subsidiary's materiality. In the circumstances described, it would normally be acceptable for the issuer to compute an alternative assets ratio based on its total capital commitment in the joint venture. The profits and revenue ratios would be inapplicable as the joint venture is newly set up. The issuer should consult the Exchange.
20/05/2010 (01/07/2014)	14A.09	20.08	10	4.	When assessing whether a subsidiary is "insignificant" under this Rule, can the issuer change from the three year test to the one year test (or vice versa) from time to time?	Yes. Both tests are meant to measure the materiality of a subsidiary.
20/05/2010 (01/07/2014)	14A.09	20.08	10	5.	Can the issuer apply the "anomalous test" if there are fluctuations in the subsidiary's results over the three years,	The "anomalous test" will not apply in the circumstances described. This is because the "anomalous test" addresses circumstances where

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					for example due to exceptional performance in a particular year?	a particular percentage ratio is out of line with the others or does not reflect the subsidiary's materiality.
20/05/2010 (01/07/2014)	14A.09	20.08	10	7.	Listco has entered into an agreement to lease a property to Mr. X, a director of a Listco subsidiary, with fixed terms for 3 years. At the time of the lease agreement, the subsidiary is not "insignificant" and Mr. X does not meet the conditions for the exemption. Listco has complied with the applicable connected transaction requirements. If after 1 year, Mr. X meets the conditions for the exemption, is Listco still required to comply with the reporting and annual review requirements for the remaining term of the lease agreement?	Listco may announce that it will apply the exemption to the lease after 1 year. Reporting and annual review of the lease will not be required as long as Mr. X meets the conditions for the exemption. If Mr. X no longer qualifies for the exemption, Listco must comply with the announcement, reporting and annual review requirements for the remaining term of the lease. Alternatively, Listco may continue to comply with the reporting and annual review requirements for the lease in the next 2 years. If it does this, it will not be required to re-comply with the announcement requirement if Mr. X no longer qualifies for the exemption.
28/02/2013 (01/07/2014)	14A.09	20.08	20	20.	If a person is a connected person of an issuer only because of his/its relationship with the issuer's insignificant subsidiaries, would the insignificant subsidiary exemption apply to a placing of new securities by the issuer to such person?	Yes, but the issuer must ensure that it has a specific or general mandate for the issue of new securities under Rule 13.36.

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21/03/2014	14A.09	20.08	28	1.	Listco has acquired certain fixed assets from Company A (being a substantial shareholder of a subsidiary of Listco), which constitutes a connected transaction subject to the announcement and reporting requirements. Will Listco need to report the above acquisition in its next annual report if Company A becomes qualified for the insignificant subsidiary exemption based on Listco's results at the end of the year?	Yes. Listco is required to comply with the connected transaction requirements applicable at the time of entering into the transaction.
20/05/2010 (01/07/2014)	14A.09, 14A.60, 14A.99, 14A.100	20.08, 20.58, 20.97, 20.98	10	6.	Listco wishes to apply the "insignificant subsidiary exemption" (or the "passive investor exemption") to the following continuing connected transactions with Company X: (a) Listco proposes to purchase raw materials from Company X on a recurring basis. Company X currently meets the conditions for the exemption. (i) Do they need to enter into a framework agreement for these purchases? (ii) If they now enter into a framework agreement for the purchases for say 3 years, does	(a)(i) A framework agreement is not required if the purchases are exempt under the Rule. (a)(ii) No. The framework agreement is not an agreement with fixed terms. If Company X no longer meets the conditions for the exemption within the three year period, Listco must comply with all applicable connected transaction Rules for its subsequent purchases from Company X. (b) Listco is only required to comply with the reporting, annual review and announcement requirements immediately upon it becoming aware of this fact.

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					it mean that all purchases conducted under this agreement are exempt? (b) Listco also enters into an agreement with Company X to lease an office building with fixed terms for 3 years. If Company X no longer meets the conditions for the exemption after one year, will Listco need to comply with the connected transaction Rules?	
21/03/2014	14A.09, 14A.60, 14A.101	20.08, 20.58, 20.99	28	2.	Listco has entered into a framework agreement with Company A (being a substantial shareholder of a subsidiary of Listco) for purchasing certain raw materials at prices to be determined from time to time. It is not a connected transaction as Company A qualifies for the insignificant subsidiary exemption. If a year later, Company A no longer meets the insignificant subsidiary exemption (and is therefore a connected person at the subsidiary level), what are the connected transaction requirements applicable to this case?	If Listco continues to conduct the transactions under the framework agreement, it needs to comply with the announcement, reporting and annual review requirements, unless the transactions are fully exempt under the de minimis exemption.

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21/03/2014	14A.09, 14A.81	20.08, 20.79	28	15.	A few months ago, Listco entered into a one-off transaction with Mr. A (the Previous Transaction) who at that time qualified for the insignificant subsidiary exemption. Mr. A is recently appointed as a director of Listco and no longer qualifies for the insignificant subsidiary exemption. When Listco enters into a new transaction with Mr. A, will it need to aggregate the proposed transaction with the Previous Transaction for the purpose of the connected transaction Rules?	No, because the Previous Transaction was not a connected transaction for Listco.
29/05/2015	14A.09, Note 1 to 13.36(2)(b)	20.08, Note to 17.41(2)	28	21C.	Listco proposes to issue new shares to Mr. A as the consideration for an acquisition of assets from Mr. A. Mr. A is a director of certain insignificant subsidiaries of Listco. If Mr. A meets the conditions for the significant subsidiary exemption under Rule 14A.09 at the time of the proposed transaction, is the transaction subject to the connected transaction requirements under Chapter 14A?	As Mr. A is not a connected person of Listco, the proposed transaction is not a connected transaction under Chapter 14A.
21/03/2014	14A.12(1)(a), 14A.14,	20.10(1)(a), 20.12,	28	25.	Before the Rule amendments becoming effective, Listco has entered into an agreement for certain continuing	Yes if the transactions to be conducted under the agreement after the Rule amendments can meet all the exemption conditions under the relevant

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	14A.76(1)(c), 14A.96, 14A.97	20.74(1)(c), 20.94, 20.95			connected transactions, and has complied with the announcement, circular and/ or shareholders' approval requirements applicable to the agreement. Can Listco apply the new/revised Rules to the continuing connected transactions to be conducted under the agreement after Rule amendments?	new/ revised Rules (e.g. the transactions have a total value of less than HK$3 million which are therefore fully exempt under the revised Rules). Listco may announce that it will apply the exemption to these transactions, and the reporting or annual review of the transactions will not be required in the next annual report(s).
21/03/2014	14A.12(1)(b)	20.10(1)(b)	28	3.	Will an employees' share scheme or occupational pension scheme be regarded as being established for a wide scope of participants based on the fact that the interests of connected persons in the scheme are together less than 30%?	No. The scheme must satisfy both conditions to qualify for the trustee exemption. Whether or not a scheme is established for a wide scope of participants would depend on the circumstances of the individual cases.
21/03/2014	14A.12(1)(b)	20.10(1)(b)	28	4.	When determining the connected persons' aggregate interests in an employees' share scheme or occupational pension scheme, does the issuer have to take into account the interests of any employees who are relatives of the issuer's directors or substantial shareholder?	It will depend on whether the relatives are deemed to be associates of the directors/ substantial shareholder in the proposed transaction with the trustee of the scheme. The issuer should provide information for the Exchange to assess whether or not to apply the deeming provision, and judgement needs to be exercised in considering whether these persons stand to benefit from the transaction.

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20/05/2010 (01/07/2014)	14A.12(2)(b)	20.10(2)(b)	10	12.	Mr. X is a director of Listco. Company A is 20% owned by Mr. X and 40% owned by his son. Is a transaction between Listco and Company A a connected transaction?	Yes. Since Mr. X and his son together have a majority control over Company A, Company A is Mr. X's associate and the transaction is a connected transaction for Listco.
28/02/2013 (01/07/2014)	14A.12(2)(b)	20.10(2)(b)	20	10.	Mr. X is a director of Listco. Mr. Y is Mr. X's brother. Company A is held by Mr. Y who can exercise more than 50% of the voting power at its general meetings. As Company A is a "majority-controlled company" held by Mr. Y, it is an associate of Mr. X and therefore a connected person of Listco. Company B is 51% owned by Company A and is its subsidiary. Is Company B a connected person of Listco?	Yes. Company B is also a "majority-controlled entity" held by Mr. Y because Mr. Y can, through its interest in Company A, control more than 50% of the voting power at general meetings of Company B.

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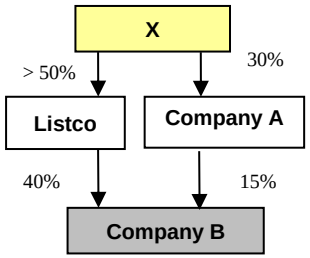
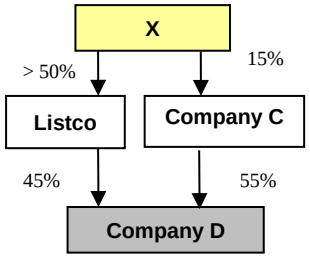
21/03/2014	14A.14	20.12	28	5.	Is Company B an associate of Mr. X in the following scenario? 	Yes, because Company B is a 30%-controlled company of Mr. X, and it is not exempt under Rule 14A.14 as Company A (being Mr. X's associate) has an interest in Company B of more than 10%.
21/03/2014	14A.14	20.12	28	6.	Is Company D as an associate of Mr. X in the following scenario? 	No. The exemption under Rule 14A.14 applies in this case because: (i) Mr. X's 45% interest in Company D is held through Listco; and (ii) Company C is not an associate of Mr. X. Neither Mr. X nor any of his associates has a direct interest in Company D.
28/02/2013 (01/07/2014)	14A.16(1)	20.14(1)	20	8.	Company A is a subsidiary of Listco. Mr. X is a director of Listco. Is Company A a connected person of Listco if Mr. X is also (a) a director of Company A?	(a) Company A is not a connected person of Listco simply because Mr. X is a director of Company A. (b) It would depend on Mr. X's shareholding in Company A. If Mr. X can control the exercise of 10% or more of the voting power at general

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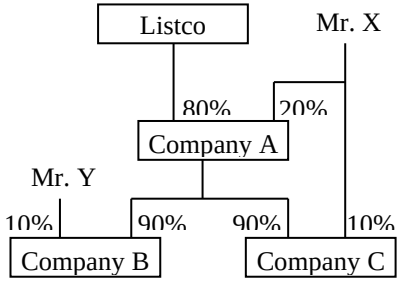
					(b) a shareholder of Company A?	meetings of Company A, Company A is a connected subsidiary and therefore a connected person of Listco.
20/05/2010 (01/07/2014)	14A.17	20.15	10	14.	Companies A, B and C are non-wholly owned subsidiaries of Listco.  Mr. X is a director of Listco. Mr. Y is not a connected person at the Listco's level. Company A is a connected person of Listco because of Mr. X's substantial interest in it. Companies B and C, being	(a) Yes, because Company B is a connected person only because it is a subsidiary of Company A. (b) No. Company C is a connected person because it is a subsidiary of Company A AND because Mr. X is a substantial shareholder in it. The transaction does not meet the conditions for the exemption.

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					subsidiaries of Company A, are also connected persons. Does the exemption under this Rule apply to: (a) a transaction between Company A and Company B; and (b) a transaction between Company A and Company C?	
20/05/2010 (01/07/2014)	14A.21, 14A.22	20.19, 20.20	10	13.	Mr. X is a director of Listco. Mr. Y is the Mr. X's nephew. Company A is 20% owned by Mr. X and 40% owned by Mr. Y. Is a transaction between Listco and Company A a connected transaction?	Yes. Normally, the Exchange would aggregate the interests of Mr. X and Mr. Y in Company A and treat Company A as a connected person for the transaction. Listco should consult the Exchange.
21/03/2014	14A.24(2)	20.22(2)	28	8.	Listco has been granted an option to acquire a coal mine from its controlling shareholder within a period of three years from the date of grant. (a) Under the option agreement, the option will be terminated if the mining license cannot be obtained within 12 months from the date of the agreement. Will such termination constitute a connected transaction for Listco?	(a) No. Since the termination of the option is made under the term of the agreement and Listco has no discretion over the termination, it does not constitute a transaction under Note to Rule 14A.24(2)(a). (b) Yes. As Listco decides not to exercise the option, it must classify the transaction under Rule 14A.79(4) and comply with the applicable announcement and shareholder approval requirements before expiry of the option period.

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					(b) If Listco allows the option to lapse upon expiry of the option period (and the mining license was obtained), will this constitute a connected transaction for Listco?	
28/11/2008 (01/07/2014)	14A.24(2)(a), 14A.25, 14A.79(3)	20.22(2)(a), 20.23, 20.77(3)	7	59.	A listed issuer proposes to acquire a 70% interest in a target company from a third party vendor which is not a connected person of the listed issuer. At the same time, the parties would enter into an option agreement under which the vendor grants a call option (which is exercisable at the listed issuer's discretion) to the listed issuer for acquiring all the remaining 30% interest in the target company held by the vendor. Upon completion of the acquisition, the target company would be a subsidiary of the listed issuer and the vendor would become a connected person of the listed issuer given its substantial shareholding in the target company. Would the exercise of the call option by the listed issuer constitute a connected transaction under the Listing Rules?	Whilst the vendor is not a connected person when the listed issuer enters into the option agreement, if the vendor has become a connected person at the time of the (discretionary) exercise of the option, the exercise of the option by the listed issuer would constitute a connected transaction pursuant to Main Board Rule 14A.25 / GEM Rule 20.23 and the listed issuer must comply with Main Board Rule 14A.79(3) / GEM Rule 20.77(3).

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28/09/2018	14A.24(3), 14A.31	20.22(3), 20.29	N/A	050-2018	An issuer will enter into an operating lease (acting as a lessor) with a connected person. (a) Will it be treated as a one-off connected transaction or continuing connected transaction? (b) How should the issuer calculate the percentage ratios for the lease?	(a) The operating lease will be a continuing connected transaction for the issuer. The issuer will be required to set an annual cap on the annual rental income to be received each year under the agreement. With reference to the accounting treatment, the classification is different from lease transactions with connected persons where the issuer is the lessee (see FAQ045-2018(d) above). (b) The issuer should calculate each of the assets ratio, consideration ratio and revenue ratio using the maximum annual cap (or the actual annual rental income) as the numerator.
14/12/2009 (01/07/2014)	14A.24(4), 14A.25	20.22(4), 20.23	9	20.	Company X is Listco's substantial shareholder. Listco proposes to acquire from an independent third party certain convertible notes issued by Company X. Is this a connected transaction for Listco?	Although the counterparty is an independent third party, the acquisition would result in Listco holding the outstanding convertible notes and in substance providing financial assistance to Company X. The acquisition is a connected transaction for Listco.
21/03/2014	14A.24(4), 14A.25	20.22(4), 20.23	28	9.	A wholly owned subsidiary of Listco proposes to obtain a bank loan which will be guaranteed by Listco's substantial shareholder on normal commercial terms. No security over the assets of	No. The indemnity is a financial assistance provided by Listco in favour of its wholly owned subsidiary, and is not a connected transaction.

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					Listco's group will be provided for the guarantee. Listco has agreed to indemnify the substantial shareholder for the loan guaranteed by it. Does the provision of the indemnity constitute a connected transaction for Listco?	
21/03/2014	14A.24(4), 14A.25	20.24(4), 20.23	28	10.	Subsidiary X is owned as to 90% by Listco and 10% by Mr. A who is a connected person at the subsidiary level. Listco has agreed to provide a guarantee for the full amount of a loan facility granted by a bank to Subsidiary X. Will it be regarded as provision of financial assistance to Mr. A on the basis that he is not required to provide any guarantee for the loan facility in proportion to his interest in Subsidiary X?	No. The guarantee is provided by Listco for the benefit of Subsidiary X. It is not regarded as provision of financial assistance to Mr. A.

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28/02/2013 (01/07/2014)	14A.24(6), 14A.25	20.22(6), 20.23	20	5.	Listco has issued some convertible bonds (or warrants). If the bondholder (or warrantholder) is a connected person of Listco, would the issue of new shares by Listco to the connected person upon the exercise of the conversion rights (or subscription rights) according to the terms of the bonds (or warrants) constitute a connected transaction for Listco?	No because Listco has no discretion over the conversion (or subscription), however, the issue of the convertible bonds (or warrants) to the connected person would have been a connected transaction.
21/03/2014	14A.25	20.23	28	11.	Listco has entered into an agreement to acquire a target company from Company A. Listco has also entered into an agreement with Company A for purchase of raw materials at the then market prices from time to time for a 3-year period after the completion of the acquisition. Company A is an independent third party at the time of entering into the above agreements, but it will become a substantial shareholder of Listco by receiving consideration shares issued by Listco to it upon completion of the acquisition of the target company.	Yes, as the terms are not fixed at the time Company A is an independent third party, Listco must comply with all applicable announcement, reporting, annual review and shareholder approval requirements in relation to the agreement for the purchase transactions.

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					Will the purchase of raw materials from Company A constitute a connected transaction?	
28/11/2008 (01/07/2014)	14A.25, 14A.89, 14A.90	20.23, 20.87, 20.88	7	57.	Company I is the non-wholly owned subsidiary of a listed issuer and is owned as to 80% and 20% by the listed issuer and Company X respectively. Company X is a connected person of the listed issuer (a connected person at the level of the issuer's subsidiaries) only by virtue of its substantial shareholding in Company I. The listed issuer and Company X propose to provide shareholders' loans to Company I in proportion to their respective interest in Company I. Will the pro rata shareholders' loan arrangement be subject to the connected transaction rules?	Since Company I is neither a connected person of the listed issuer nor a company falling under Main Board Rule 14A.27/ GEM Rule 20.25, the provision of the shareholder's loan by the listed issuer to Company I will not be a connected transaction. The provision of the shareholder's loan by Company X to Company I will constitute a connected transaction for the listed issuer under Main Board Rule 14A.25 / GEM Rule 20.23. Such shareholder's loan will be exempt from reporting, announcement and shareholders' approval requirements under Main Board Rule 14A.90/ GEM Rule 20.88 if it is provided by Company X on normal commercial terms (or better to the listed issuer) and no security is granted over the assets of the listed issuer in respect of the shareholder's loan.
28/11/2008 (01/07/2014)	14A.25, 14A.92(1)	20.23, 20.90(1)	7	37.	A listed issuer and its holding company formed a 80:20 joint venture. The joint venture is accounted for as a (non wholly owned) subsidiary of the listed issuer. The listed issuer and its holding company propose to make a further capital contribution to the joint venture in	Given that the joint venture is a connected person of the listed issuer pursuant to Main Board Rule 14A.16(1)/ GEM Rule 20.14(1), the capital contribution by the listed issuer to the joint venture constitutes a connected transaction under Main Board Rule 14A.25/ GEM Rule 20.23 subject to announcement, reporting and shareholders' approval requirements.

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					form of cash, in proportion to their existing shareholding interests in the joint venture. Will the capital contributions by the listed issuer and its holding company constitute connected transactions?	Since the holding company of the listed issuer is a connected person, its capital contribution to the joint venture (being a subsidiary of the listed issuer) also constitutes a connected transaction under Main Board Rule 14A.25/ GEM Rule 20.23. The capital contribution by the holding company will be exempt from the announcement, reporting and shareholders' approval requirements under Main Board Rule 14A.92(1) / GEM Rule 20.90(1) on the basis that the holding company's capital contribution will be made in proportion to its shareholding interests in the joint venture.
28/02/2013 (01/07/2014)	14A.26, 14A.28	20.24, 20.26	20	6.	Company A is owned as to: - 10% by Listco; - 10% by Mr. X who is a director of Listco; and - 80% by certain independent third parties. Listco providing financial assistance to Company A is a connected transaction for Listco as Company A is a commonly held entity. If Listco proposes to subscribe new shares in Company A for cash, is it a connected transaction for Listco?	Yes. Although Company A is not a connected person of Listco, the proposed subscription is a connected transaction for Listco under Rule 14A.28 because it involves Listco acquiring an interest in Company A, and Mr. X (a controller of Listco) is a substantial shareholder of Company A.
28/11/2008 (01/07/2014)	14A.28	20.26	7	38.	A listed issuer proposes to acquire 60% interest in Company G which is wholly	(1) Since Individual P is not a connected person of the listed issuer at the time of the

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					owned by Individual P, an independent third party. After the acquisition, Individual P will continue to hold 40% interest in Company G which will be a 60% owned subsidiary of the listed issuer. (1) Does the acquisition constitute a connected transaction? (2) Will the answer to (1) be different if Individual P is to be appointed as a director of the listed issuer after the acquisition?	transaction, the acquisition does not fall within the definition of "connected transaction" under Main Board Rule 14A.25/ GEM Rule 20.23. Since Individual P will not become a controller of the listed issuer as defined in Main Board Rule 14A.28(1)/ GEM Rule 20.26(1) after the acquisition, the acquisition does not fall within the definition of "connected transaction" under Main Board Rule 14A.28/ GEM Rule 20.26. (2) If Individual P is to be appointed as a director of the listed issuer after the acquisition, he will become a controller under Main Board Rule 14A.28(1)/ GEM Rule 20.26(1) and the acquisition will fall within the definition of "connected transaction" under Main Board Rule 14A.28/ GEM Rule 20.26.
28/09/2018 (07/12/2018)	14A.31, 14A.53	20.29 20.51	N/A	047-2018	An issuer enters into a framework agreement with a connected person for leases over a period of time (say 3 years). Will the transactions be treated as continuing connected transactions? If yes, how should the issuer set the annual caps?	Yes. The leases under the framework agreement will be treated as continuing connected transactions after HKFRS/IFRS 16 becoming effective. The issuer acting as lessee will be required to set annual caps on the total value of right-of-use assets relating to the leases to be entered into by the issuer in each year under the framework agreement. It should calculate each of the assets ratio and the consideration ratio using the maximum annual cap as the numerator.

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						Where the framework agreement will also cover leases with variable lease payments linked to sales that will be recognised as expenses (and not right-of-use assets) in the issuer's accounts (e.g. leases as described in FAQ046A-2018), the issuer must also set annual caps for the variable lease payments to be made by it each year. It should calculate each of the revenue ratio, the assets ratio and the consideration ratio using the maximum annual cap as the numerator. The framework agreement will be classified under Chapter 14A by reference to the largest percentage ratio.
28/11/2008 (01/07/2014)	14A.34	20.32	7	32.	A listed issuer proposes to enter into a connected transaction which is exempt from the reporting, announcement and independent shareholders' approval requirements under Chapter 14A of the Main Board Rules or Chapter 20 of the GEM Rules. Is the listed issuer required to enter into a written agreement for the connected transaction?	Yes. Pursuant to Main Board Rule 14A.34/ GEM Rule 20.32, a listed issuer and its subsidiaries must enter into written agreements in respect of all connected transactions undertaken.
28/11/2008 (01/07/2014)	14A.37, 13.36	20.35, 17.39, 17.41	7	53.	Company I proposes to acquire a property from one of its directors, which constitutes a discloseable and	As Company I is able to meet all the conditions set out in Main Board Rule 14A.37 / GEM Rule 20.35, a waiver from convening a general meeting to

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					connected transaction. The consideration for the proposed acquisition will be settled by issuing new shares of Company I to the vendor. No shareholder is required to abstain from voting if Company I were to convene a general meeting for the approval of the proposed acquisition. Company I has obtained the written approval of the transaction from its parent company holding 60% interest in Company I. Will the Exchange grant a waiver to Company I from convening a general meeting to approve the connected transaction pursuant to Main Board Rule 14A.37/ GEM Rule 20.35? Can Company I issue the consideration shares using the existing general mandate?	approve the proposed acquisition would normally be granted to Company I for the purpose of connected transaction rules. On the basis that Company I has obtained independent shareholder approval for the proposed acquisition, and the method of settling the consideration was clearly disclosed and not subject to amendment, Company I would be permitted to issue the consideration shares to the vendor pursuant to a general mandate according to Note 1 to Main Board Rule 13.36(2)(b) / the Note to GEM Rule 17.41(2).
01/07/2014	14A.40, 14A.45	20.38, 20.43	28	11A.	Rules 14A.40 and 14A.45 require the independent board committee and the independent financial adviser to give opinions on, among others, whether the connected transaction is in the ordinary and usual course of business of the issuer's group.	Yes. If the proposed connected transaction is not conducted in the ordinary and usual course of business of the issuer, the independent board committee and independent financial adviser can make a negative statement and explain why the transaction is in the interest of the issuer and its shareholders as a whole.

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					Does the above requirement apply to one-off connected transactions such as merger and acquisition or continuing connected transactions that do not form part of the issuer's existing principal business activities?	
28/02/2013 (01/07/2014)	14A.49, Appendix 16 – Paragraph 8(2)	20.47, 18.09(2)	20	23.	Listco discloses in its annual report information of a related party transaction according to the accounting standards. If such transaction is a fully exempt connected transaction under Chapter 14A, does Listco need to comply with the disclosure requirement under Paragraph 8(2) of Appendix 16?	Yes. Listco should specify that the related party transaction is a connected transaction under Chapter 14A and describe the exemption applicable to the transaction.
28/02/2013 (01/07/2014)	14A.51, 14A.52	20.49, 20.50	20	14.	Listco proposes to sell certain products to a connected person on normal commercial terms. The proposed continuing connected transactions in the current financial year would be fully exempt under the de minimis exemption. Would Listco be required to enter into a framework agreement for these transactions?	A framework agreement is not required if the proposed transactions are fully exempt.
01/07/2014	14A.51, 14A.52,	20.49, 20.50	28	11B.	An issuer proposes to enter into an agreement with its connected person for sale of products where the consideration will be charged based on cost plus 2% mark-up.	(a) No. The issuer is obliged to disclose the 2% mark-up percentage because it is part of the terms of the transaction.

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					(a) Is it acceptable for the issuer to disclose the pricing mechanism (i.e. cost-plus method) without the 2% mark-up percentage? (b) Our Guidance Letter (GL 73-14) on pricing policies for continuing connected transactions states that where an issuer has difficulty in agreeing on specific pricing terms for its continuing connected transaction, it should disclose the method and procedures that it will follow to determine the price and terms of the transaction. Does the issuer have to disclose the methods and procedures for determining the pricing term of the sale transaction?	(b) No. Given there are specific pricing terms in the agreement, the issuer only has to disclose the pricing term contained in the agreement and explain why the issuer's directors consider that they are normal commercial terms. The announcement/circular must also contain the view of the independent non-executive directors on the terms of the transactions.
01/07/2014	14A.51, 14A.52,	20.49, 20.50	28	11C.	An issuer proposes to enter into a framework agreement for a continuing connected transaction. If the issuer cannot agree with the connected person on specific pricing terms for the transaction, how should it comply with the disclosure requirement on the pricing policy?	The issuer should agree with the connected person a framework for determining the pricing and terms of the transaction and disclose this pricing framework in the agreement and its announcement/circular. This pricing framework would likely be the same as that for transactions conducted by the issuer with independent third parties. See paragraph 9 of the Exchange's Guidance Letter (GL73-14) for further guidance.

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01/07/2014	14A.51, 14A.52,	20.49, 20.50	28	11D.	An issuer proposes to enter into a framework agreement with its parent company for sale of different types of products. If different pricing policies apply to the different types of products, does the issuer have to disclose the pricing policy for each type of products?	The issuer should categorise the products by their pricing policies and disclose separate pricing policies for each product category.
01/07/2014	14A.51, 14A.52,	20.49, 20.50	28	11E.	An issuer proposes to supply natural gas to its parent company based on government prescribed price that may change from time to time. How should the issuer describe the pricing policy for this continuing connected transaction?	The issuer should disclose all the relevant details such as the name of the relevant government authority setting the reference price, how and where the price is disclosed or determined and, if applicable, the frequency of update to the price.
28/11/2008 (01/07/2014)	14A.52	20.50	7	49.	Can a listed issuer enter into a written agreement in respect of a continuing connected transaction for a term of 3 years which will be automatically renewed unless both parties agree to terminate the agreement?	No. Under Main Board Rule 14A.52/ GEM Rule 20.50, the period for an agreement in respect of a continuing connected transaction must be fixed. In the circumstance described, the renewal of the agreement upon the expiry of the initial term of 3 years is not at the listed issuer's discretion nor, where applicable, subject to further independent shareholder approval and the agreement would continue unless both the listed issuer and the counterparty agree to terminate the agreement. On this basis, the agreement will not be regarded

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						to have a fixed term as required under Main Board Rule 14A.52/ GEM Rule 20.50.
28/02/2013 (February 2020)	14A.52	20.50	GL52-13 Appendix 1	16.	A listed issuer is principally engaged in mining and production of certain mineral resources. It proposes to enter into an off-take agreement with a connected person to sell part of its future mineral production to that person. Is it acceptable if the off-take agreement covers a period of more than three years?	Yes, if the listed issuer can provide an independent financial adviser's opinion to explain why a longer period for the agreement is required and confirm that it is normal business practice for this type of agreements to be of that duration. *Note: Rule reference updated in July 2014.* [**FAQ relocated to GL52-13 Appendix 1 in February 2020]**
01/07/2014	14A.52	20.50	28	11F.	An issuer proposes to enter into a framework agreement for a continuing connected transaction with a director of its subsidiary. The transaction is exempt from the shareholder approval, independent financial advice and circular requirements under Rule 14A.101. If the agreement is more than three years, does the issuer have to appoint an independent financial adviser under Rule 14A.52 to confirm that it is normal business practice for agreement of this type to be of such duration?	Yes. Rule 14A.52 applies to continuing connected transactions with persons connected at the subsidiary level if the transactions are more than three years.

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28/11/2008 (01/07/2014)	14A.52, 14A.53	20.50, 20.51	7	50.	A listed issuer proposes to enter into an agreement for certain continuing connected transaction for a period of 6 years. Pursuant to Main Board Rule 14A.52/ GEM Rule 20.50, the listed issuer has obtained the opinion of an independent financial adviser explaining why a longer period for the agreement is required and confirming that it is normal business practice for contracts of such type to be of a duration of 6 years. (1) Is the listed issuer required to disclose the views of the independent financial adviser? (2) Is the listed issuer required to set annual caps in respect of the continuing connected transaction for the entire period for the agreement and comply with the applicable Listing Rules when it first enters into the agreement?	(1) Yes. The information is necessary to enable shareholders to understand whether the agreement is entered into by the listed issuer on normal commercial terms. Such information should be disclosed in its circular to shareholders or, if the transaction is subject to the announcement and reporting requirements only, the announcement published under Main Board Rule 14A.35/ GEM Rule 20.33. (2) Yes. If the listed issuer cannot set annual caps for the entire term of agreement for any reasons, the listed issuer should seek guidance from the Exchange. The listed issuer would normally be required to set annual caps for a shorter period (say 3 years) and re-comply with the relevant Listing Rule requirements (including setting annual caps, issuing announcements and/or obtaining shareholders' approval) before the end of that (3 year) period.
28/02/2013 (01/07/2014)	14A.52, 14A.60	20.50, 20.58	20	15.	Some time ago, Listco and Mr. X (an independent third party at that time) entered into an agreement with fixed terms for leasing a factory building for 10 years. Listco now proposes to appoint Mr. X as a director, and the lease of the factory	Under Rule 14A.60, Listco should comply with all applicable reporting, annual review and disclosure requirements for the lease agreement. The requirement for an independent financial adviser's opinion on the duration of the agreement under Rule 14A.52would not apply.

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					building will be a continuing connected transaction for Listco. Would Listco be required to provide an independent financial adviser's opinion on the duration of the lease agreement given that its duration is longer than 3 years?	
28/11/2008 (01/10/2019)	14A.53	20.51	7	51.	Main Board Rule 14A.53/ GEM Rule 20.51 requires a listed issuer to set an annual cap for a continuing connected transaction not falling under Main Board Rule 14A.33/ GEM Rule 20.33. Should the listed issuer set the annual cap with reference to its financial year or calendar year?	While this is a matter to be decided by the listed issuer, we encourage it to set the annual cap with reference to its financial year. The reason is that in our experience this would reduce the work and cost of the annual review of the continuing connected transaction required under Main Board Rule 14A.56/ GEM Rule 20.54.
28/02/2013 (01/07/2014)	14A.53, 14A.68(4)	20.51, 20.66(4)	20	17.	For continuing connected transactions involving purchases or sales of commodity products in an issuer's ordinary and usual course of business, can the issuer propose annual caps of a fixed quantum as monetary caps may not be meaningful due to volatility in the commodity prices?	The connected transaction Rules require annual caps for continuing connected transactions be expressed in monetary terms. However, as described in the 2007 Listing Committee Annual Report, the Exchange may consider waiving the monetary cap requirement provided that the issuer discloses alternative caps of a fixed quantum, and a sensitivity analysis to illustrate how changes to the commodity prices will affect the value of the continuing connected transactions. When setting the alternative caps, the issuer would need to estimate the volume of the transactions and not the future commodity prices.

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						An issuer should consult the Exchange if it wishes to apply for the waiver.
01/07/2014	14A.54	20.52	28	11G.	Listco has announced and obtained shareholder approval for entering into a master agreement with its parent company, which covers four different types of continuing connected transactions with separate annual caps. During the year, Listco expects that the actual amount of two types of continuing connected transactions under the agreement will exceed their annual caps. However, the total annual cap for all transactions under the agreement will remain unchanged. Is Listco required to re-comply with the announcement and shareholder approval requirements?	Yes. Listco must recomply with the announcement and shareholder approval requirements under Rule 14A.54 because the actual amount of the sales of goods and supply of utilities to its parent company will exceed their individual annual caps.
28/02/2013 (01/07/2014)	14A.54, 14A.76	20.52, 20.74	20	13.	Listco and a connected person have entered into an agreement for certain continuing connected transactions in the next 3 years. Based on the percentage ratios calculated at that time, the transactions were exempt from the independent shareholder approval requirement under the de minimis exemption.	No, if Listco has already complied with the applicable requirements for the transactions at the time it entered into the agreement and the aggregate value of the transactions were within the annual cap. However, if the cap is exceeded or Listco proposes to renew the agreement or negotiate a material change to its terms, Listco would need to calculate

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					When Listco publishes its next audited accounts, will it be required to calculate the percentage ratios again to determine whether the transactions under the remaining term of the agreement still qualify for the de minimis exemption?	the percentage ratios based on its latest published accounts and re-comply with the applicable connected transaction requirements.
01/07/2014	14A.55, 14A.56	20.53, 20.54	28	11H.	An issuer has entered into agreements for certain continuing connected transactions which are not fully exempt under Chapter 14A of the Rules. Does the issuer have to comply with the requirements for annual review by its independent non-executive directors and auditors if no continuing connected transaction has taken place during the year?	No.
21/03/2014	14A.60	20.58	28	12.	Rule 14A.60 applies where the issuer has entered into an agreement with fixed terms for a continuing transaction. Please clarify the meaning of (a) an agreement with fixed terms; and (b) a framework agreement.	(a) An agreement with fixed terms refers to an agreement which sets out the specific terms for a continuing connected transaction, including the actual or per unit consideration in monetary terms, or a fixed formula for determining the consideration, or specific reference prices (e.g. prices prescribed by government or commodity prices quoted on an exchange) which form the basis of the consideration and where the volume transacted (e.g. number of units) is fixed.

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						(b) A framework agreement refers to an agreement which sets out the framework within which a series of continuing connected transactions are to be conducted over a period. The actual terms of each transaction would be negotiated on a per transaction bases. The consideration for individual transactions may be subject to pricing guidelines or based on a range of parameters. Some of these agreements provide that the individual transaction will be conducted at market prices or the terms of individual transactions will be negotiated on an arm's length basis.
14/12/2009 (01/07/2014)	14A.68(6)	20.66(6)	9	22.	Under the Listing Rules, when an issuer proposes to sell to a connected person an asset which it has held for 12 months or less, it must disclose the original acquisition cost of the asset in the announcement. Does this disclosure requirement apply if the disposal target is a company set up by the issuer for 12 months or less?	The disclosure requirement is intended to apply to disposals of assets (including companies or businesses) that were acquired by the issuer in the last 12 months. In this case, the requirement would apply if the disposal is in substance a disposal of the underlying assets that were acquired by the issuer in the last 12 months.
28/11/2008 (01/07/2014)	14A.70(8)	20.68(8)	7	55.	Does Main Board Rule 14A.70(8) / GEM Rule 20.68(8) apply to the acquisition of exploitation right in respect of a coal mine?	In the circumstance described, the listed issuer would acquire an exploitation right for natural resources and the primarily significance of such asset would be its capital value. Under Main Board Rules 18.09(3) and 18.10/ GEM Rules 18A.09(3)

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					Main Board Rule 14A.70(8)/ GEM Rule 20.68(8) applies as long as the primary significance of the asset being acquired or disposed of is its capital value.	and 18A.10, a valuation is required for a major or above acquisition of mineral and/or petroleum assets. For the purpose of Main Board Rule 14A.70(8)/ GEM Rule 20.68(8), we will apply the same principle and will only require a valuation if the transaction is classified as major or above.
28/11/2008 (01/07/2014)	14A.70(8)	20.68(8)	7	56.	Does Main Board Rule 14A.70(8)/ GEM Rule 20.68(8) apply to the acquisition of machinery and equipment by listed issuers?	Given that the primary significance of machinery and equipment is their capital value, the listed issuer will be required to comply with Main Board Rule 14A.70(8)/ GEM Rule 20.68(8) and include in its circular the report prepared by an independent valuer on the valuation of the machinery and equipment to ensure that sufficient information is provided for shareholders to make an informed decision.
28/11/2008 (01/07/2014)	14A.76	20.74	7	43.	Do the de minimis exemptions under Chapter 14A of the Main Board Rules / Chapter 20 of the GEM Rules apply to all types of connected transactions that do not exceed the thresholds specified therein?	The de minimis exemptions do not apply to (a) connected transactions which are not on normal commercial terms; or (b) connected transactions which involve issue of new securities by a listed issuer to a connected person.
28/11/2008 (28/09/2018)	14A.76, 14A.78	20.74, 20.76	7	46.	Are the assets ratio and the revenue ratio applicable to continuing connected transactions involving: (a) sales of goods or services by listed issuers; and (b) purchase of goods or services by listed issuers.	For the purposes of classifying a connected transaction, listed issuers are required to compute the percentage ratios (other than the profits ratio) to assess the size of the transaction relative to that of the listed issuer pursuant to Main Board Rules 14A.76 and 14A.78/ GEM Rule 20.74 and 20.76. Listed issuers are therefore required to compute

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						the assets ratio, revenue ratio and consideration ratio for the continuing connected transaction using the annual cap as the numerators.
28/11/2008 (01/07/2014)	14A.76, 14A.78 14A.80	20.74, 20.76 20.78	7	47.	A listed issuer proposes to enter into an agreement with its substantial shareholder in respect of the purchase of raw materials from the substantial shareholder for a period of 6 months. The listed issuer expects that it will continue to carry out such transaction with the substantial shareholder after the 6-month period. Should the listed issuer compute the percentage ratios for the proposed transaction using the cap estimated based on the value of transaction under the term of the agreement (i.e. the 6-month period)?	For a continuing connected transaction that is on normal commercial terms, the de minimis exemption under Main Board Rule 14A.76 / GEM Rule 20.74 applies if each of the percentage ratios (other than the profits ratio) is on *an annual basis* less than the threshold set out in the rule. In the circumstances described, the percentage ratios are calculated based on the estimated maximum value of the transaction under the agreement. Nevertheless, the Exchange may consider the calculation of the percentage ratios be anomalous given the parties' intention to continue with the transaction after the relevant 6-month period. The Exchange may require the listed issuer to submit alternative size tests calculated based on the reasonable estimated value of the transaction on an annualised basis to ensure an appropriate comparison of the size of the transaction against that of the listed issuer.
21/03/2014	14A.76, 14A.87	20.74, 20.85	28	16.	Does the de minimis exemption under Rule 14A.87 apply to financial assistance provided by an issuer or its subsidiary which is not a banking company?	Rule 14A.87 applies to banking companies only. For an issuer which is a non-banking company, it may apply the de minimis exemption under Rule 14A.76 if the financial assistance is provided to connected person on normal commercial terms and falls within the de minimis threshold.

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01/07/2014	14A.76, 14A.91	20.74, 20.89	28	13A.	Can an issuer apply the de minimis exemptions under Rule 14A.76 for provision of an indemnity for its director which is not exempt under Rule 14A.91?	The issuer may apply the de minimis exemptions only if it can ascertain the maximum exposure that may arise from the director's indemnity arrangement. In this case, it should compute the asset ratio and consideration ratio based on the estimated maximum exposure amount.
01/07/2014	14A.76, 14A.96	20.74, 20.94	28	13B.	How should an issuer compute the size tests for purchase of insurance for its director which is not exempt under Rule 14A.96?	The issuer should compute the asset ratio, revenue ratio and consideration ratio based on the maximum annual amount of premium payable under the director's insurance.
29/7/2022	14A.76	20.76	N/A	097-2022	Is a listed issuer required to comply with the disclosure and/or shareholders' approval requirements under Chapter 14A (GEM Chapter 20) for each grant of options or awards to a connected persons under a subsidiary's scheme?	Yes. Grants of options or awards by a subsidiary to a connected person would be subject to the disclosure and/or independent shareholders' approval requirements under Chapter 14A (GEM Chapter 20) if the grants to such person over a 12-month period exceeds the de minimis thresholds under Main Board Rule 14A.76 (GEM Rule 20.76). In addition, grants of options or awards by a subsidiary to connected persons at the subsidiary level are exempt from the independent shareholders' approval requirement if the conditions set out in Main Board Rule 14A.101 (GEM Rule 20.101) are met.

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21/03/2014	14A.76(1), 14A.76(2) 14A.90	20.74(1), 20.74(2), 20.88	28	13.	An issuer proposes to obtain a loan from its controlling shareholder on normal commercial terms. Since the loan will be secured by certain assets of the issuer, it is not exempt under Rule 14A.90. Can the issuer apply the de minimis exemptions to the above transaction? If yes, how should the issuer compute the size tests for classifying the transaction?	The issuer may apply the de minimis exemption. It should compute the assets ratio and consideration ratio based on the principal amount of the loan and the revenue ratio based on the annual interests payable to its controlling shareholder. Given the loan is to be secured by the issuer's assets, the issuer should also compute the asset ratio and consideration ratio based on the value of the assets and also the revenue ratio based on any identifiable revenue stream generated from the assets.
20/05/2010 (01/07/2014)	14A.76(1)(b)	20.74(1)	10	9.	Subsidiary A is 80% owned by Listco and 20% owned by a director of Listco. Does the new threshold of 1% under paragraph (b) of the Rule apply to a transaction between Listco and Subsidiary A?	No. Paragraph (b) of the Rule applies to transactions involving connected persons at the subsidiary level only. Subsidiary A does not qualify for the exemption because it is connected by virtue of Listco's director's 20% interest in it.
28/11/2008 (01/07/2014)	14A.79(3), 14.76(2)	20.77(3), 19.76(2)	7	60.	A listed issuer proposes to enter into a transaction involving the grant of an option to the listed issuer to acquire an asset from an independent third party. The option is exercisable at the discretion of the listed issuer. At the time of the grant of the option, the listed issuer does not have any plan or timetable on whether and when it will	(1) The listed issuer may, at the time of entering into an option, seek any shareholders' approval necessary for the exercise of the option (in addition to seeking any shareholders' approval necessary for entering into of the option). Such approval, if obtained, will be sufficient for satisfying the shareholders' approval requirement for notifiable transactions pursuant to Main Board Rule 14.76(2)/ GEM Rule 19.76(2).

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					exercise the option to acquire the target asset. It proposes to seek shareholders' approval for the exercise of an option, in addition to seeking any shareholders' approval necessary for the entering into of the option. The actual monetary value of the total consideration payable upon exercise and all other relevant information are known and would be disclosed to the shareholders at the time when the shareholders' approval is obtained. There is no change in any relevant facts at the time of exercise. (1) Will the listed issuer be required to seek separate shareholders' approval at the time of exercise of the option? (2) Will the answer to (1) be different if the vendor of the target asset is a connected person of the listed issuer?	(2) If the vendor is a connected person of the listed issuer at the time of exercise of the option, the listed issuer will be required to compute the percentage ratios at the time of exercise of the option pursuant to Main Board Rule 14A.79(3) / GEM Rule 20.77(3), irrespective of whether it has sought shareholders' approval for the exercise of option at the time of entering into an option. Depending on the result of the relevant percentage ratios, the listed issuer may be required to comply with the announcement, reporting and shareholders' approval requirements at the time of exercise of the option.
21/03/2014	14A.79(4)(b)	20.77(4)(b)	28	14.	An issuer is allowed to adopt the new alternative tests under Rule 14A.79(4)(b) for classifying transfer or	(a) Yes.

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					termination or non-exercise of options if an asset valuation is provided by an independent expert using generally acceptable methodologies. (a) Does an issuer have to seek the Exchange's prior consent to adoption of the alternative tests under Rule 14A.79(4)(b) ? (b) Please clarify what are "generally acceptable methodologies" referred to in Rule 14A.79(4)(b) and who is qualified to provide such asset valuation.	(b) The valuation should follow the valuation standards that are widely used by professional asset/business valuers in the market and the valuer must be regulated by a recognised professional body. Examples of acceptable valuation standards include International Valuation Standards, Hong Kong Institute of Surveyor Valuation Standards on Trade-related Business Assets and Business Enterprise, The Hong Kong Business Valuation Forum Business Valuation Standards.
01/07/2014	14A.79(4)(b)	20.77(4)(b)	28	14A.	Under Rule 14A.79(4)(b), the Exchange may allow an issuer to adopt the alternative classification test for transfer, termination or non-exercise of option granted by a connected person. Under the alternative classification test, the issuer must compute the asset and consideration ratios based on the higher of: (i) the difference between the exercise price and the underlying asset value; and (ii) The consideration or amount payable or receivable by the issuer's group.	No. The issuer should compute the alternative classification test under Rule 14A.79(4)(b)(ii) using consideration or amount payable or receivable (if any) for the transfer, termination or non-exercise of the option.

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					Should the issuer use the consideration payable or receivable upon the exercise of the option for (ii) above?	
28/02/2013 (01/07/2014)	14A.81	20.79	20	12.	Is it correct that the Exchange would not aggregate a continuing connected transaction of an income nature with a continuing connected transaction of an expense nature?	No. The Exchange may aggregate income and expense items if it considers the transactions are related. See also Listing Decisions LD64-4 and LD14-2011.
28/02/2013 (01/07/2014)	14A.81, 14A.82, 14A.83	20.79, 20.80, 20.81	20	11.	In Year 1, Listco signed an agreement for selling certain types of goods to its parent group (the **First Transactions**) in Years 1 to 3. In Year 2, Listco proposes to sell a new type of goods to its parent group (the **Second Transactions**) over Years 2 to 3. Based on the annual caps, these continuing connected transactions would be exempt from the independent shareholder approval requirement under the de minimis exemption. Would the Exchange require Listco to aggregate the Second Transactions with the First Transactions in Years 2 and 3 in the following circumstances? (a) The First Transactions were exempt from the independent shareholder	The Exchange considers that the Second Transactions and the First Transactions are related as they are entered into by Listco with the same connected person and are of similar nature. (a) Listco would need to aggregate the transactions. If the percentage ratio(s) calculated on an aggregate basis exceed the de minimis threshold, the Second Transactions would require independent shareholder approval. (b) As Listco had already complied with all the connected transactions requirements for the First Transactions, the Exchange would not require Listco to aggregate the Second Transactions with the First Transactions.

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					approval requirement under the de minimis exemption. (b) The First Transactions were non-exempt continuing connected transactions, and Listco had complied with the connected transaction requirements for these transactions, including the independent shareholder approval requirement.	
28/02/2013 (01/07/2014)	14A.89	20.87	20	21.	Company A is owned as to: - 20% by Listco; - 70% by Mr. X who is a director of Listco and - 10% by certain independent third parties. (a) Company A is a "commonly held entity" under Rule 14A.27. It proposes to borrow money from its shareholders on normal commercial terms to finance a new project. Is Listco's financial assistance to Company A exempt under Rule 14A.89 in the following circumstances? (i) Listco provides a loan of HK$20 million while Mr. X and/or the	(a)(i) Yes. The loan made by Listco is in proportion to its interest in Company A. (a)(ii) No. The loan made by Listco represented about 22% of the total amount of loans, which is not in proportion to its interest in Company A. (b) The proposed subscription is a connected transaction for Listco as Company A is an associate of Mr. X and therefore a connected person of Listco. Rule 14A.89 applies to provision of financial assistance only. The proposed subscription would not be exempt simply because it is made by Listco in proportion to its interest in Company A.

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					other shareholders provide loans of HK$80 million. (ii) Listco and Mr. X provide loans of HK$20 million and HK$70 million to Company A respectively. (b) If Company A proposes to raise funds by issuing new shares, would Listco's subscription of new shares in Company A be a connected transaction? If yes, would the proposed subscription be exempt on the basis that it is made in proportion to Listco's interest in Company A?	
21/03/2014	14A.89	20.87	28	17.	Company A is 60% owned by Listco and 40% by Listco's controlling shareholder. Company A has obtained a bank facility for which Listco has provided a full guarantee in favour of the bank (the "Bank Guarantee"). As Company A is a connected subsidiary of Listco, the provision of the Bank Guarantee constitutes a connected transaction for Listco. Can Listco apply the exemption under Rule 14A.89 if Listco's controlling shareholder has agreed to a counter-	No. The exemption under Rule 14A.89 applies only if the guarantee provided by Listco is in proportion to its interest in Company A and on a several basis.

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					guarantee to Listco for 40% of the outstanding loan balance drawn by Company A under the bank facility?	
21/03/2014	14A.91	20.89	28	18.	(1) Does the new exemption for providing directors' indemnity apply if the indemnity relates to the director's liabilities to third parties in connection with negligence, default and breach of duty by directors? (2) What if the indemnity covers directors' liabilities which are not limited to those arising from his proper discharge of duties?	(1) No, because provision of indemnity that relates to such director's liabilities is not allowed under the Hong Kong Companies Ordinance. (2) No, because the indemnity does not meet all the conditions set out in the Rule.
21/03/2014	14A.91, 14A.95, 14A.96	20.89, 20.93, 20.94	28	19.	If a director's service contract covers provision of indemnity or purchase of insurance which is not exempt under Rules 14A.91 and 14A.96, can the issuer apply the directors' service contract exemption under Rule 14A.95?	No.
29/05/2015	14A.92, 14A.101, Note 1 to 13.36(2)(b)	20.90, 20.99, Note to 17.41(2)	28	21B.	Company A is the substantial shareholder of a subsidiary of Listco. It is a connected person of Listco at the subsidiary level. Listco proposes to place new shares for cash to Company A. Can Listco apply the exemption for transactions with	No. Transactions or arrangements involving issuance of new shares by a listed issuer to its connected persons are exempt from the connected transaction Rules only if they fall under the circumstances described in Rule 14A.92. As Company A is a connected person of Listco, the issue of new shares of Listco to it will be subject to the announcement, reporting and shareholder

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					connected persons at the subsidiary level under Rule 14A.101 to exempt the proposed placing from the independent shareholder approval requirement under Chapter 14A?	approval requirements under Chapter 14A.
21/03/2014	14A.95, Note 1 to 13.36(2)(b)	20.93, Note to 17.41 (2)	28	20.	Mr. A is a director of Listco. Under his director service contract, he may be entitled to receive share awards to be granted under Listco's share award scheme. Can Listco apply the directors' service contract exemption under Rule 14A.95 if the share awards are granted to Mr. A in form of new shares of Listco?	No. Transactions or arrangements involving issuance of new shares by a listed issuer to its connected persons are exempt from the connected transaction Rules only if they fall under the circumstances described in Rule 14A.92. Therefore, the grant of share awards in form of new shares to Mr. A will be subject to the announcement, reporting and shareholder approval requirements under Chapter 14A.
21/03/2014	14A.96	20.94	28	21.	Listco proposes to purchase insurance for Mr. A against liabilities to third party that may be incurred in the course of performing his duties as a director of Listco as well as the manager of certain subsidiaries of Listco. Does the new exemption for purchasing directors' insurance apply to the above insurance arrangement?	Yes, provided that the arrangement is in the form permitted under the laws of Hong Kong and Listco's place of incorporation.
28/02/2013 (01/07/2014)	14A.97	20.95	20	19.	Listco's businesses include constructing and operating toll roads. It proposes to employ a connected person to develop a	No. The service to be provided to Listco is not of a type ordinarily supplied for private use or

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					computer system for toll fee collection and provide technical support for the system. Is the proposed transaction eligible for the consumer goods or services exemption?	consumption, and does not fall within the scope of Rule 14A.97.
01/07/2014	14A.97	20.95	28	21D.	An issuer is principally engaged in provision of financial services including sale of wealth management products to retail customers. Does the consumer goods or service exemption under Rule 14A.97 apply to sale of wealth management products by the issuer to its director for his personal investment?	The issuer may apply the consumer goods or service exemption if the same products are made available for sale to other independent customers and the transaction with the director is conducted on normal commercial terms.
20/05/2010 (01/07/2014)	14A.97(2)(b)	20.95(2)(b)	10	11.	The new Rule allows an issuer to acquire consumer goods or services in connection with its business provided that there is an open market and transparency in the pricing of the goods or services. How does the issuer determine whether there is a “transparency in the pricing of the goods or services”?	It would depend on individual cases. For example, the price labels / price lists are on display at retail stores or the prices are published or publicly quoted.

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21/03/2014	14A.99	20.97	28	22.	To qualify for the "passive investor" exemption, the passive investor must not have any representatives on the board of directors of the issuer or its subsidiaries. Can the passive investor have any board seat(s) at an insignificant subsidiary of the issuer?	No.
21/03/2014	14A.104	20.102	28	23.	An issuer proposes to provide a guarantee to a third party creditor for the obligations of a connected subsidiary under a government contract awarded by tender. While the other shareholders of the connected subsidiary will not give a similar guarantee to the creditor, they agree to provide a counter-indemnity to the issuer in proportion to their interest in the subsidiary. Does the issuer qualify for applying the waiver under Rule 14A.104?	No. Rule 14A.104 only applies if the issuer can meet all the three conditions under the Rule. In this case, the issuer fails to meet the condition that the other shareholders of the connected subsidiary must also give similar joint and several guarantee to the creditor.
28/11/2008	Chapter 15	Chapter 21	7	66.	Listco Y is a PRC issuer whose H shares are listed on the Exchange. Listco Y has also issued A shares which are listed a PRC stock exchange. Listco Y proposes to issue some bonds in the	Yes, because equity securities of Listco Y will be issued upon exercise of the warrants. Pursuant to Main Board Rule 15.01/ GEM Rule 21.01, Chapter 15 of the Main Board Rules /

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					PRC with bonus warrants that allow the warrant holders to subscribe for new A shares of Listco Y. Is such issue of warrants subject to Chapter 15 of the Main Board Rules/ Chapter 21 of the GEM Rules?	Chapter 21 of the GEM Rules applies to warrants (including options and other similar rights) issued by a listed issuer to subscribe or purchase equity securities of that issuer. The chapter mainly sets out the shareholders' approval requirements for the issue of warrants, and the requirements on the number and term of warrants to prohibit a listed issuer from issuing warrants with a material dilution effect on its shareholding.
28/11/2008	15.02, 13.36(2)(a)	21.02, 17.41(1)	7	65.	A listed issuer proposes a bonus issue of warrants to its existing shareholders on a pro-rata basis. Main Board Rule 13.36(2)(a)/ GEM Rule 17.41(1) provides that no shareholders' approval is required for an offer of securities to shareholders on a pro-rata basis. Can the listed issuer apply this rule in respect of its proposed bonus issue of warrants?	The circumstances described involves issue of warrants and the listed issuer must also comply with Main Board Rule 15.02/ GEM Rule 21.02 which requires that all warrants must be approved by shareholders in general meeting unless they are issued by the directors under the authority of a general mandate granted to them by shareholders in accordance with Main Board Rule 13.36(2)/ GEM Rule 17.41(2). Accordingly, the listed issuer must have sufficient headroom under its general mandate to issue the bonus warrants, and if not shareholders' approval in a general meeting will be required.
6/11/2020 (1/1/2023)	17.03(13)	23.03(13)	N/A	072-2020	Main Board Rule 17.03(13)/ GEM Rule 23.03(13) permits adjustments to be made to the exercise price of share options and the purchase price of shares subject to share awards granted in the event of certain corporate activities. The	The overriding principle is that no adjustments to the exercise or purchase price or the number of shares should be made to the advantage of scheme participants without specific prior shareholders' approval.

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					note to the relevant Rule requires that any adjustments must give a participant the same proportion of the equity capital as that to which that person was previously entitled, but no such adjustments may be made to the extent that a share would be issued at less than its nominal value (if any). How should an issuer calculate the adjustments in the event of (i) a capitalisation or bonus issue, (ii) rights issue or open offer, or (iii) subdivision or consolidation of shares?	Please see **Attachment 3** for further guidance and examples on how adjustments are calculated in the event of the corporate activities. (Note: This FAQ reflects guidance set out in the Exchange's letter to issuers of 5 September 2005 (withdrawn).)
29/7/2022	17.03A(1)	23.03A(1)	N/A	083-2022	Can a part-time employee be included as an eligible employee participant?	The Rule does not differentiate between full-time employees and part-time employees. Issuers may define the scope of employee participants for their share schemes to include part-time employees, depending on their remuneration policies. This should be in line with the information relating to employees as disclosed by the issuers under other Rule requirements (e.g. Appendix 16 to the Main Board Rules (GEM Chapter 18)).
29/7/2022	17.03A(1), 17.03(12)	23.03A(1), 23.03(12)	N/A	084-2022	Under Main Board Rule 17.03A(1) (GEM Rule 23.03A(1)), eligible participants of share schemes do not include former employees of the issuer group.	Yes, if the terms of the scheme provide for it. Under Main Board Rule 17.03(12) (GEM Rule 23.03(12)), the scheme document should set out the circumstances under which options or awards will automatically lapse.

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					An individual was granted share options or awards as an eligible employee participant under an issuer's share scheme. Can such grantee continue to hold any outstanding options or awards upon termination of his/her employment with the issuer group (e.g. as a good leaver due to retirement, death or disability)? Can the issuer continue to make share grants if the individual continues to provide service to the group?	The issuer may continue to make share grants to this individual if he/ she meets the definition of service provider under Main Board Rule 17.03A(1) (GEM Rule 23.03A(1) (i.e. on a continuing and recurring basis in its ordinary and usual course of business) and the criteria set out in the issuers' scheme.
29/7/2022	17.03A(1)(c)	23.03A(1)(c)	N/A	085-2022	Are eligible service providers restricted only to natural persons (and not corporate entities)?	No. A service provider may be a natural person or corporate entity engaged by the issuer group to provide services.
29/7/2022	17.03A(2)	23.03A(2)	N/A	086-2022	Main Board Rule 17.03A(2) (GEM Rule 23.03A(2)) requires the scheme document to clearly identify each category of service providers and the criteria for determining a person's eligibility under each category. What is the level of detail required to be disclosed by issuers in this regard?	The issuer should clearly describe the types of services provided by service providers that would qualify them for the scheme, for example, insurance agents employed by an insurance company, advisory services provided on drugs under development, or persons providing services on a self-employed basis for specific projects. The issuer should also disclose the factors it applies to assess whether the person provides services on a continuing and recurring basis and in the issuer's ordinary and usual course of business. The scheme document is subject to pre-vetting by the Exchange. Where necessary, the INEDs may

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						be required to provide their views that the inclusion of these service providers as scheme participants fits the purpose of the scheme and is in the interests of the issuer and its shareholders (see note to Main Board Rule 17.02(2)(e) (GEM Rule 23.02(2)(e)).
29/7/2022	17.02(2)(e)	23.02(2)(e)	N/A	087-2022	Note to Main Board Rule 17.02(2)(e) (GEM Rule 23.02(2)(e)) provides that where the scheme includes service providers and/or related entity participants as eligible participants, the Exchange may require the circular to include the views of the INEDs of the issuer on whether the inclusion of these participants aligns with the purpose of the scheme and the long term interests of the issuer and its shareholders. (a) Is the issuer required to establish an independent board committee to form such views? (b) Is the issuer required to appoint an independent financial adviser to advise the INEDs?	(a) No. The issuer may obtain the views of its INEDs without establishing an independent board committee. (b) The rule does not mandate an issuer to appoint an independent financial adviser to advise the INEDs. However, as provided under the Corporate Governance Code (CP C.5.6 of Appendix 14 to the Main Board Rules/ Appendix 15 to the GEM Listing Rules), an issuer should, upon reasonable request, provide separate independent professional advice to its directors to assist them perform their duties to the issuer.
2/12/2022	17.01(1)	23.01(1)	N/A	087A-2022	Can an issuer adopt a share scheme that can be funded by either new shares issued by the issuer and/or existing shares purchased on market?	Yes.

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29/7/2022	17.03B, 17.03C, 17.03D	23.03B, 23.03C, 23.03D	N/A	090-2022	HKEX guidance letter GL97-18 "Guidance for new applicants in the internet technology sector or that have internet based business models" states that the Exchange would consider favourably granting waivers from, among others, the scheme mandate limit of 10% and individual limit of 1% for schemes of issuers operating in those business sectors. Would the Exchange consider waiver applications from issuers operating other businesses? If yes, what are the criteria for granting these waivers?	The Exchange would consider waiver applications from issuers (including but not limited to technology companies) on a case by case basis, taking into account factors such as the industry norm, the issuer's remuneration policy and its explanation as to why a higher limit is required.
29/7/2022	17.01(1), 17.02(1)(b)	23.01(1), 23.02(1)(b)	N/A	091-2022	A new applicant proposes to adopt a post-IPO share scheme and intends to issue new shares to the trustee of the share scheme before listing to fund future grants of awards and options to participants after listing. Does the proposal meet the requirements of Main Board Chapter 17 (GEM Chapter 23)?	No, as there are no specified participants when the new shares are issued to the trustee. Under Main Board Rule 17.01(1) (GEM Rule 23.01(1)), grants of new shares, or options over new shares, by an issuer must be made to, or for the benefit of, specified participants. Grants to a trust or similar arrangement are allowed only if they are made for the benefit of specified participants. The Exchange would not grant listing approval for the issue of new shares under the proposed scheme which is not in compliance with Main Board Chapter 17 (GEM Chapter 23).
2/12/2022	17.03B	23.03B	N/A	091A-2022	An issuer granted a certain amount of share awards to an employee who may,	No.

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					upon vesting, choose to receive new shares of the issuer and/or cash in accordance with the terms of the share scheme. If all or part of the awards are settled by cash (instead of new shares) upon vesting, would the issuer be required to deduct that portion from the scheme mandate limit?	
29/7/2022	17.03F	23.03F	N/A	092-2022	Under Main Board Rule 17.03F (GEM Rule 23.03F), a scheme document may set out the specific circumstances where options or awards may be granted to employee participants with a shorter (or no) vesting period. What would the Exchange consider as justifiable circumstances for a shorter (or no) vesting period?	The Exchange would consider factors such as the purpose of the schemes, the issuers' remuneration policies and the market practices. This review takes place during the pre-vetting of the shareholders' circular for the approval of the scheme. The following are examples of circumstances where the Exchange may consider to be justifiable: (i) Grants of "make-whole" share awards to new joiners to replace the share awards they forfeited when leaving the previous employers; (ii) Grants to a participant whose employment is terminated due to death or disability or occurrence of any out of control event. In those circumstances the vesting of share awards may accelerate; (iii) Grants of options or awards with performance-based vesting conditions

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						provided in the scheme document, in lieu of time-based vesting criteria; (iv) Grants that are made in batches during a year for administrative and compliance reasons. They may include share awards that should have been granted earlier but had to wait for a subsequent batch. In such cases, the vesting periods may be shorter to reflect the time from which an award would have been granted; (v) Grants of options or awards with a mixed or accelerated vesting schedule such as where the awards may vest evenly over a period of 12 months; and (vi) Grants of options or awards with a total vesting and holding period of more than 12 months.
29/7/2022	17.04	23.04	N/A	093-2022	Do the limits on grants of options or awards to connected persons under Main Board Rule 17.04 (GEM Rule 23.04) apply to grants to persons connected at the subsidiary level?	No. The limits set out in the Rule apply to connected persons at the issuer level only.
29/7/2022	17.03D, 17.04	23.03D, 23.04	N/A	094-2022	A listed issuer proposes to grant share awards to an individual participant. The participant is an associate of a director of the issuer.	No. The grants are for the service of, and to incentivize each participant and as such, the issuer is not required to aggregate such options and awards with those granted to the director.

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					Would the issuer be required to aggregate the grants of awards to the individual participant with any grants to the director within a 12-month period for the purpose of calculating (i) the 1% individual limit and (ii) the limit on grants to connected persons?	
29/7/2022	17.03(17)	23.03(17)	N/A	095-2022	Under the note to Main Board Rule 17.03(17) (GEM Rule 23.03(17)), the Exchange may consider granting a waiver to allow a transfer of options or awards to a vehicle (such as a trust or a private company) for the benefit of the participant and any family members of such participant (e.g. for estate planning or tax planning purposes) that would continue to meet the purpose of the scheme and comply with other requirements of Chapter 17 (GEM Chapter 23). What are the conditions for granting the waiver?	The issuer and the grantee must establish appropriate measures to ensure that after the transfer, the options or awards granted would continue to be for the benefit of the participant and any family members of such participant. These may include, among other, measures to restrict further transfers of the options or awards or changes in the beneficiaries of the trust upon the grant of the waiver.
29/7/2022	17.03B	23.03B	N/A	100-2022	An issuer has adopted (i) a share option scheme and (ii) a share award scheme involving issue of new shares under an advanced mandate/ general mandate	No. As the scheme mandate limit of 10% applies to <u>all</u> schemes of the issuer, it must amend all its existing share schemes involving issue of new shares when it refreshes or seeks a new scheme mandate for any one share scheme.

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					before the effective date of the Rule amendments. After the effective date of the Rule amendments, can the issuer refresh or seek a new scheme mandate for its share option scheme and share award scheme separately at different times?	
29/7/2022	17.03(18)	23.03(18)	N/A	101-2022	Is an issuer required to seek shareholders' approval if it proposes to amend the terms of its existing share schemes to comply with Main Board Chapter 17 (GEM Chapter 23) as amended?	Yes. Any alternations to the terms and conditions of a share scheme which are of material nature must be approved by shareholders under Main Board Rule 17.03(18) (GEM Rule 23.03(18)). However, as provided under the transitional arrangements, an issuer can continue to make grants to participants eligible under the amended Chapter 17 (GEM Chapter 23) (see transitional arrangements) under existing schemes until refreshment or expiry of the existing scheme mandate, upon which the issuer would be required to amend the terms of the schemes to comply with the amended Main Board Chapter 17 (GEM Chapter 23) and seek shareholders' approval for a new scheme mandate.
28/11/2008 (1/1/2023)	17.06A	23.06A	8	49. *Issue 8*	Should the announcement be made when a share option is granted or when it is accepted?	Main Board Rule 17.06A/ GEM Rule 23.06A requires an issuer to publish an announcement as soon as possible upon the granting of an option or award under a share scheme. Under Main Board Rule 17.01A (GEM Rule 23.01A), "grant" is defined

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						to include "offer". The issuer should therefore publish its announcement as soon as possible upon the offer of the option, whether or not it has been accepted. The intention of Rule 17.06A is to minimise opportunities to backdate share options or awards.
2/12/2022	17.14	23.14	N/A	097A-2022	An issuer has complied with the requirements of Chapter 14 (GEM Chapter 19) when its subsidiary (which is not a principal subsidiary) adopted a share scheme. Will the issuer be required to comply with the requirements of Chapter 17 (GEM Chapter 23) for the share scheme if the subsidiary subsequently became a principal subsidiary?	The issuer will be required to comply with Chapter 17 (GEM Chapter 23) when the subsidiary proposes to refresh the scheme mandate limit or effect a material change to the terms of the subsidiary's scheme.
26/05/2010 (February 2020)	18.01(3)	18A.01(3)	GL52-13 Appendix 1	1.	In calculating the 25% size test for Major Activity, are costs incurred for processing, refining and marketing activities allowed to be included as operating costs?	Yes, if a Mineral Company conducts exploration, extraction, subsequent processing and refining of its Reserves and Resources as part of its ordinary course of business. Companies that are only engaged in refining activities will not be regarded as Mineral Companies. [Updated in February 2020]
26/05/2010 (February 2020)	18.01(3)	18A.01(3)	GL52-13 Appendix 1	2.	Does the term "extraction" in Chapter 18 encompass "production"?	Yes. We follow the practice of the other international exchanges, the terms "extraction" and "production" can be used interchangeably. [Updated in February 2020].

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26/05/2010 (February 2020)	18.01(3), 18.28 to 18.33	18A.01(3), 18A.28 to 18A.33	GL52-13 Appendix 1	18.	If the acquisition target reports its Reserve and Resource information using a different mineral report code, (e.g. NI 43-101), whilst the Mineral Company reports using the JORC Code, would the Exchange accept both Reporting Standards?	Yes, if the presentation of Reserves and Resources under the codes are very similar. For comparability, we will require the issuer to (i) disclose a reconciliation to one of the accepted Reporting Standards; and (ii) highlight any material differences in these Reporting Standards. [Updated in February 2020]
26/05/2010 (February 2020)	18.03(1)(b), 18.07	18A.03(1)(b), 18A.07	GL52-13 Appendix 1	3.	How an applicant demonstrates it has "adequate rights " under Rule 18.03(1)(b)?	Companies can demonstrate it has adequate rights if they (i) participate in mineral and/ or exploration activity under joint ventures, product/ profit sharing agreements or other valid arrangements; and (ii) can demonstrate such agreements give them sufficient influence over the exploration for and extraction of Resources and Reserves, which we ordinarily would expect to be at least 30% interest in the exploration for and/ or extraction of Natural Resources. This corresponds with the level of "controlling" interest under the Listing Rules. The Exchange may consider other arrangements where an applicant has interests lower than 30% but actively operate mining projects depending on facts and circumstances in each individual case. For example, (i) exploration/ extraction rights granted under specific government mandates ; and (ii) the ability of an applicant to veto resolutions can also demonstrate the applicant has adequate rights to give sufficient influence.

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						[Updated in February 2020]
26/05/2010	18.03(1)(a), 14.04(12)	18A.03(1)(a), 19.04(12)	GL52-13 Appendix 1	4.	What does "control of over a majority of assets in which it has invested" in Rule 18.03(1)(a) mean?	It means the Mineral Company must have an interest greater than 50% (by value) in its total assets (which shall have the same meaning as defined in Rule 14.04(12)).
26/05/2010 (February 2020)	18.03(3)	18A.03(3)	GL52-13 Appendix 1	5.	Please provide examples of "material cost items" in the note to Rule 18.03(3) that should be highlighted to investors.	They include items such as (i) favourable tax treatment for a limited period of time or may be subject to challenge; and (ii) a temporary disruption to transport routes which led to increased costs for a limited time. [Updated in February 2020]
04/02/2013 (February 2020)	18.03(4) 18.03(5)	18A.03(4) 18A.03(5)	GL52-13 Appendix 1	5A	Clarify, when determining whether a new applicant meets the 125% working capital requirement, (i) what do "cost of any proposed exploration and/ or development" under Rule 18.03(4)(c) and "capital expenditure" in the note to Rule 18.03(4) include; and (ii) how are refinancing of loan repayments accounted for?	The cost of proposed exploration and/ or development under Rule 18.03(4)(c) relates to new applicants' daily operation (i.e. working capital) such as contracting fees for excavating the minerals and transportation fees for delivering the minerals. Capital expenditures mentioned in the note to Rule 18.03(4) relate to expenditures associated with development of infrastructure of the mines and expansion of the processing facilities, etc. We noted that new applicants have normally included capital expenditures to demonstrate compliance with the 125% working capital requirement for prudence sake, which is not required.

<table>
<tr><th>Release Date (Last Update Date)</th><th>Main Board Rules</th><th>GEM Rules</th><th>Series No.</th><th>FAQ No.</th><th>Query</th><th>Response</th></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td>If loan repayment is required during the 12-month period, new applicants should include the repayment in its 125% working capital analysis. Below is a simplified illustration of the 125% working capital analysis, assuming that the borrowings will be drawn down and repaid within the 12-month period, and the proceeds from the borrowings will be fully used to finance the capital expenditures in the case with external financing:

<table>
<tr><th></th><th>Without external financing</th><th>With external financing</th></tr>
<tr><td>Cash at the beginning of the period</td><td>300</td><td>300</td></tr>
<tr><td>Operating cash inflow[2]</td><td>1,300</td><td>1,300</td></tr>
<tr><td>Proceeds from borrowings</td><td>-</td><td>500</td></tr>
<tr><td>Total working capital available (A)</td><td><u>1,600</u></td><td><u>2,100</u></td></tr>
<tr><td>Operating cash outflow[3]</td><td>1,000</td><td>1,000</td></tr>
<tr><td>Repayment of borrowings</td><td>-</td><td>500</td></tr>
<tr><td>Interest payments</td><td>-</td><td>40</td></tr>
</table></td></tr>
</table>

Release Date (Last Update Date)	Main Board Rules	GEM Rules	Series No.	FAQ No.	Query	Response
						<table><tr><td>**Total working capital required (B)**</td><td>**1,000**</td><td>**1,540**</td></tr><tr><td>**Sufficiency of working capital (A/B)**</td><td>**160%**</td><td>**136%**</td></tr></table> *Notes:* 1. *Operating cash inflow mainly represents receipt from sales.* 2. *Operating cash outflow includes payment for mining, transportation and utility expenses, and workforce.* *[Updated in February 2020]*
26/05/2010 (February 2020)	18.04, 18.01(3)	18A.04)	GL52-13 Appendix 1	7	What does “primary activity” in the note to Rule 18.04 mean?	It means Mineral Companies relying on the exemption under Rule 18.04 from the R8.05 Requirements must mainly focus on Natural Resource exploration and/or extraction, although this does not have to be their sole activity . [Updated in February 2020]
26/05/2010 (February 2020)	18.05, 18.09, 18.10	18A.05, 18A.09, 18A.10	GL52-13 Appendix 1	17	When are CPRs required?	A CPR is required for: (i) new applicant Mineral Companies (Rule 18.05); (ii) Mineral Companies that propose to acquire or dispose of assets which are solely or mainly Mineral or Petroleum Assets as part of a Relevant Notifiable Transaction (Rule 18.09); and

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						(iii) listed issuers that propose to acquire assets which are solely or mainly Mineral or Petroleum Assets as part of a Relevant Notifiable Transaction (Rule 18.10). Although not required under the Rules, listed issuers' internal experts (who are likely to be qualified geologists and Competent Persons) may prepare estimates of Reserves at other times, such as updates of details of Reserves and Resources in annual reports. Updates on exploration, mining production and development activities in interim and annual reports may also include statements of Reserves and Resources. [Updated in February 2020]
26/05/2010 (February 2020)	18.05(5), Guidance Note 7	18A.05(5), Practice Note 4	GL52-13 Appendix 1	8.	How should Mineral Companies disclose their specific risks and general risks in the listing document as required under Rule 18.05(5)?	Mineral Companies should follow Guidance Note 7 to the Main Board Rule (GEM: Practice Note 4) on risks disclosure to the extent applicable, or ensure the risks disclosed in the listing document is no less than those set out in the Guidance/ Practice Note. [Updated in February 2020]
26/05/2010 (February 2020)	18.07	18A.07	GL52-13	9.	A Scoping Study is required to be substantiated by an opinion of a Competent Person under Rule 18.07.	A Scoping Study is a preliminary evaluation of a mining project to assess the economic viability of mineral Resources and whether or not a Mineral

Release Date (Last Update Date)	Main Board Rules	GEM Rules	Series No.	FAQ No.	Query	Response
			Appendix 1		What is a Scoping Study and must it be included in a CPR?	Company shall pursue the project. If a project survives a Scoping Study, it provides an indication that it is appropriate to proceed with further work and commission a Pre-feasibility Study. As such, Scoping Studies are only required for Mining Companies which have not yet begun production and it can either form part of the CPR or be supported by the independent opinion of a Competent Person. [Updated in February 2020]
26/05/2010 (February 2020)	18.09, 14A.70(8) Chapter 14A	18A.09, 20.68(8) Chapter 20	GL52-13 Appendix 1	15.	Does Chapter 18 cover all connected transactions involving the acquisition or disposal of Mineral or Petroleum Assets which require shareholder approval?	No. Chapter 18 only covers Relevant Notifiable Transaction (as defined under Rule 18.01(3)) involving the acquisition or disposal of assets which are solely or mainly Mineral or Petroleum Assets by a Mineral Company or a listed issuer. Some connected transactions below the major (i.e. 25%) threshold are not covered by Chapter 18 (and therefore not required to be supported by a CPR) but still require shareholder approval under Chapter 14A. [Updated in February 2020]
26/05/2010 (February 2020)	18.09(2)	18A.09(2)	GL52-13 Appendix 1	13.	Under what circumstances is the Exchange likely to waive the requirement for a CPR on a disposal which is also a Relevant Notifiable Transaction?	The factor to consider is whether there is sufficient alternative information on the Mineral or Petroleum Assets being disposed of. For example, the Exchange may waive this requirement where a Mineral Company has Mineral or Petroleum Assets that had been the subject of a CPR in the past

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						which were accounted for on the company's balance sheet. [Updated in February 2020]
28/02/2013 (February 2020)	18.15, 18.17, 18.18	18A.15, 18A.17, 18A.18	GL52-13 Appendix 1	26.	Rule 18.15 requires a listed issuer that publicly discloses details of Resources and/or Reserves to give an annual update of those Resources and/or Reserves once a year in its annual report. Does the annual update need to comply with Rule 18.18?	Yes. Rule 18.17 states that annual updates of Resources and/or Resources must comply with Rule 18.18. This applies to listed issuers that publicly disclose details of Resources and/or Reserves (Rule 18.15) and Mineral Companies (Rule18.16). **(FAQ relocated to GL52-13 Appendix 1 in February 2020)**
28/02/2013	18.21(1)	18A.21(1)	GL52-13 Appendix 1	24.	What information does the Exchange require when assessing whether a person has the relevant experience to act as the Competent Person for a Relevant Notifiable Transaction involving acquisition or disposal of mineral or petroleum assets?	The person should ensure there are sufficient details to demonstrate that the experience is relevant to the mineral or petroleum assets being acquired or disposed of. In general, the person is expected to provide a list of engagements showing his relevant experience with the following information: • the period of each engagement; • a description of each project undertaken, including the location and the type of resources involved, and the relevance to the resources being acquired or disposed of; • details of any technical reports on the resources of the project, including the

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						reporting standards and the use of the reports; and • details of his role and responsibilities in the project and the preparation of any technical reports. **(FAQ relocated to GL52-13 Appendix 1 in February 2020)**
04/02/2013 (February 2020)	18.24(2)	18A.24(2)	GL52-13 Appendix 1	12	Rule 18.24 provides that a CPR or Valuation Report must have an effective date (being the date when the contents of the CPR or Valuation Report are valid) less than six months before the date of publishing the listing document. When is this effective date?	The effective date of a CPR or Valuation Report should be the date of appraisal (i.e. the date when Resources and Reserves are estimated or valued). It should not be the date when the CPR or Valuation Report is signed. [Updated in February 2020]
26/05/2010	18.28 to 18.33	18A.28 to 18A.33	GL52-13 Appendix 1	10.	Does a new applicant or listed issuer need to ensure disclosures in the listing document (including circular for the Relevant Notifiable Transaction) consistent with the related CPR?	Yes. In particular, the directors should ensure there is no mismatch between statements about Reserves and Resources in the listing document and in the CPR. Descriptions of Reserves and Resources in the listing document and in the CPR must also correspond to the specific categories in the Reporting Standards. [Updated in February 2020]

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26/05/2010 (February 2020)	18.33(1)	18A.33(1)	GL52-13 Appendix 1	19.	Does the Exchange accept both "deterministic" and "probabilistic" methods of estimating Reserves?	Yes, Competent Persons and issuers may decide whether to estimate Reserves under the deterministic or probabilistic method. The rationale should be disclosed. Under Rule 18.33(1), where estimates of Reserves are disclosed using the probabilistic method, the Competent Person must state the underlying confidence levels applied. [Updated in February 2020]
24/08/2018	Chapter 18A	N/A	N/A	036-2018	Whether the Exchange would accept the clinical trials of a Biotech Product that are conducted by other authorities other than Competent Authorities under Chapter 18A (the Food and Drug Administration, the European Medicines Agency and China Food and Drug Administration?	The Exchange may recognised other national or supranational authority on a case by case basis with reference to: (i) whether such authority can be regarded or authorised as a comparable authority as to the Competent Authorities; (ii) whether the approval process of that authority in relation to the Biotech Product in question is comparable to the process and expertise of a Competent Authority in terms of assessing the robustness of a Biotech Product; and (iii) whether there are precedent cases and the basis of other Biotech Products seeking such comparable authority for guidance or reference.

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24/08/2018	Chapter 18A	N/A	N/A	037-2018	What is the function of the Biotech Advisory Panel and the process in seeking its advice?	The function of the members of the Biotech Advisory Panel is advisory only and members will be consulted by the Exchange, the Listing Committee or the SFC on an individual and "as needed" basis. Please refer to the Exchange's announcement on 4 May 2018 at: http://www.hkex.com.hk/News/News-Release/2018/1805042news?sc_lang=en
24/08/2018	Chapter 18A	N/A	N/A	039-2018	What material information is expected to be disclosed in a listing document regarding a principal investigator ("**PI**")[note] who is in charge of or supervising a biotech company's clinical trial? (**Updated in April 2020**) *Note*: *PIs are usually contracted by contract research organisations to provide services to biotech companies.*	Where a PI who is in charge of or supervises a clinical trial of a biotech company has additional roles, such as acting as a member of scientific advisory panel, in a biotech company and receives compensation for such roles, the following disclosure is expected in the listing document: (i) the PI's specific functions in the biotech company and in terms of compensation, if any; and (ii) whether such compensation to the PI may impair the integrity of the biotech company's clinical trial.
24/08/2018	Chapter 18A	N/A	N/A	041-2018	Could a biotech company with revenue and profit under Main Board Rule 8.05 be able to list under the Chapter 18A?	No, a biotech company which is able to meet the financial eligibility requirements under Rule 8.05 cannot list under Chapter 18A. In determining whether a biotech company is able to meet the financial eligibility requirements under Rule 8.05, the existing rules and guidance will be applied (for example, examining whether any revenue / profit is generated from activities outside the ordinary and usual course of its business).

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01/01/2022	Chapter 19, Chapter 19C and Appendix 3	Chapter 24 and Appendix 3	25	1.	What are the changes effective from 1 January 2022?	In March 2021, the Exchange published the consultation paper on the proposals to enhance and streamline the listing regime for Overseas Issuers. The proposals were generally supported by the market and the consultation conclusions were published on 19 November 2021. **Appendix I** (click here) sets out for summary of the changes relating to the listing regime for overseas issuers. **Appendix II** (click here) sets out for the amended Main Board & GEM Listing Rules to reflect the consequential changes following the consultation conclusions. The Exchange also published two new guidance letters, namely, the Guidance Letter on the guidance for overseas issuers (HKEX-GL111-22) and the Guidance Letter on the change of listing status from secondary listing to dual primary or primary listing on the Main Board (HKEX-GL112-22).
01/01/2022	Nil	Nil	25	2.	What does a new applicant need to do under the new listing regime for overseas issuers?	A new applicant which has not submitted its listing application needs to ensure it complies with all the new requirements and use the applicable revised checklists, forms and templates.

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01/01/2022	Nil	Nil	25	3.	Does a new applicant which has submitted a listing application need to resubmit the relevant checklists, forms or templates?	No, such applicant only needs to confirm compliance with the core shareholder protection standards set out in Appendix 3 of the Main Board Rules (Appendix 3 of the GEM Rules) ("Core Standards") based on existing provisions in its constitutional documents, domestic laws, rules and regulations to which it is subject or make appropriate amendments to its constitutional documents.
01/01/2022	Nil	Nil	25	4.	What does an existing listed issuer need to be aware of under the new listing regime for overseas issuers?	An existing listed issuer needs to assess whether it has to (i) amend its constitutional documents to conform to the Core Standards; and (ii) publish a Company Information Sheet. Compliance with the previous Appendix 3 and Appendix 13 of the Main Board Rules (Appendix 3 and Appendix 11 of the GEM Rules), or as the case may be, section 1 of the joint policy statement regarding the listing of overseas companies ("Existing Constitutional Documents Requirements") <u>does not</u> necessarily mean that the Core Standards are fully complied with. This is because not all Core Standards are covered in the Existing Constitutional Documents Requirements.

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						An existing listed issuer shall refer to Appendix 3 of the Main Board Rules (Appendix 3 of the GEM Rules) for the details of the Core Standards and a summary of these are provided in Question 8 below. The issuer should review its constitutional documents against the Core Standards and in case they do not provide all the Core Standards, amendments should be made accordingly unless it can demonstrate to the Exchange that the domestic laws, rules and regulations to which the issuer is subject provide for the same protection.
01/01/2022	1.01	1.01	25	5.	Which companies are considered "overseas issuers" under the Listing Rules?	All companies incorporated outside Hong Kong and the People's Republic of China are "overseas issuers" under the Listing Rules.
01/01/2022	Nil	Nil	25	6.	What are the restrictions in terms of enforcement of shareholders rights against overseas issuers?	The Exchange and/ or the Securities and Futures Commission (the "SFC") may not have extra-territorial investigation and enforcement jurisdiction over the overseas issuers whose place of incorporation and/ or place of central management and control are outside Hong Kong. Instead, reliance has to be placed on the overseas regulatory regimes to enforce against any corporate governance breaches committed by their subject.

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						It may be difficult for shareholders of an overseas issuer to enforce their shareholder rights against the company or its directors due to complications arising from cross-border access to evidence, legal services, court assistance or the incremental costs related to those services. There may be limitations concerning enforcement of a Hong Kong judgment against the overseas assets, operations and/or directors of an overseas issuer listed on the Exchange and enforcement of an overseas judgment in Hong Kong courts. An appropriate risk factor should be included in an overseas issuer's listing document in this regard. For details, please see paragraph 15(b) of Guidance Letter HKEX-GL111-22.
01/01/2022	8.02A, Appendix 3	11.05A, Appendix 3	25	7.	Are all overseas issuers, regardless of their place of incorporation and/ or place of central management and control (if different), eligible to apply for a primary listing, a dual primary listing or a secondary listing on the Exchange?	The Listing Rules require that each of the statutory securities regulator of an overseas 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 Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information. An issuer must also demonstrate how the domestic laws, rules and regulations to which it is subject and its constitutional documents, in combination, provide the protection set out in the Core Standards.

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<tr><td></td><td></td><td></td><td></td><td></td><td></td><td></td></tr>
<tr><td>01/01/2022</td><td>Appendix 3</td><td>Appendix 3</td><td>25</td><td>8.</td><td>What are the Core Standards?</td><td>Appendix 3 of the Main Board Rules (Appendix 3 of the GEM Rules) provides a list of 14 Core Standards on the following areas of shareholders' rights:

<table>
<tr><th>Paragraph no. of Appendix 3 to Main Board Rules & GEM Rules</th><th>Core Standards</th></tr>
<tr><td colspan="2">Directors</td></tr>
<tr><td>Paragraph 4(3)</td><td>Removal of directors</td></tr>
<tr><td>Paragraph 4(2)</td><td>Causal vacancy appointments</td></tr>
<tr><td colspan="2">General meetings</td></tr>
<tr><td>Paragraph 14(1)</td><td>Timing of annual general meeting</td></tr>
<tr><td>Paragraph 14(2)</td><td>Notice of annual general meeting</td></tr>
<tr><td>Paragraph 14(3)</td><td>Right to speak and vote at general meetings</td></tr>
<tr><td>Paragraph 14(4)</td><td>Restriction on shareholder voting</td></tr>
<tr><td>Paragraph 14(5)</td><td>Right to convene an extraordinary general meeting</td></tr>
<tr><td colspan="2">Other shareholder rights</td></tr>
<tr><td>Paragraph 15</td><td>Variation of Class Rights</td></tr>
<tr><td>Paragraph 16</td><td>Amendment of Constitutional Documents</td></tr>
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						<table><tr><td>Paragraph 17</td><td>Appointment, removal and remuneration of auditors</td></tr><tr><td>Paragraph 18</td><td>Proxies and corporate representatives</td></tr><tr><td>Paragraph 19</td><td>Hong Kong Securities Clearing Company Limited's right to appoint proxies or corporate representatives</td></tr><tr><td>Paragraph 20</td><td>Inspection of Hong Kong Branch Register</td></tr><tr><td>Paragraph 21</td><td>Voluntary winding up</td></tr></table>
01/01/2022	Appendix 3	Appendix 3	25	9.	How should an overseas issuer demonstrate compliance of the Core Standards and when does the issuer have to make such changes?	The Core Standards should be set out in an issuer's constitutional documents unless the Exchange is satisfied that the domestic laws, rules and regulations to which the issuer is subject provide for the same protection. <u>Existing issuers</u> would have until their second annual general meeting following 1 January 2022 to make all necessary amendments to their constitutional documents to conform to the Core Standards. For the avoidance of doubt, GEM transfer applicants are considered as existing issuers.

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						New applicants who will be listed on the Exchange on or after 1 January 2022 are expected to have amended their constitutional documents to conform to the Core Standards prior to listing on the Exchange. For new applicants who may not be able to amend their constitutional documents to conform to the Core Standards prior to listing e.g. they are listed on another exchange and permitted to submit a confidential filing of their listing application with the Exchange, the Exchange may consider a waiver application to have until their next general meeting following their listing on the Exchange to make the necessary amendments to their constitutional documents. Refer to **Appendix III** (click here) for a summary on the compliance of the Core Standards.
01/01/2022	Appendix 3	Appendix 3	25	10.	What factors will the Exchange consider for a waiver of any Core Standards?	A waiver of the Listing Rules (including the Core Standards) will be granted based on the facts and circumstances of an individual case. For example, the Exchange may consider granting a waiver if a Core Standard is legally impossible for an issuer to comply because it conflicts with the laws and regulation of its place of incorporation.

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						Normally a variation of the requirements based on case-specific circumstances will not be granted if the Exchange considers that such variation may be detrimental to shareholder protection. Furthermore, an issuer cannot rely on the statutory minimum requirements under applicable laws that deviate materially from market norms in Hong Kong.
01/01/2022	Chapter 19 and Chapter 19C	Chapter 24	25	11.	What are the eligibility requirements for an overseas issuer seeking a primary listing, a dual primary listing or a secondary listing on the Exchange?	Refer to **Appendix IV** (click here) for a summary of the eligibility requirements for a Main Board overseas issuer seeking a primary listing, a dual primary listing or a secondary listing on the Exchange.
01/01/2022	19.58, 19C.11	24.25	25	12.	Will the Exchange continue to grant "automatic waivers" and "common waivers" under the new regime?	Yes, automatic waivers will continue to be available to secondary listed issuers and they should refer to Main Board Rule 19C.11 for details. For common waivers and related conditions, overseas issuers should refer to Main Board Rule 19.58 (GEM Rule 24.25) (for issuers with, or seeking a dual primary listing) and Main Board Rule 19C.11B (for issuers with, or seeking a secondary listing) for details.

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01/01/2022	Chapter 8A, GL93-18 and GL94-18	Nil	25	13.	Can an overseas issuer with a weighted voting rights structure seek a primary listing, a dual primary listing or a secondary listing on the Exchange?	Yes. Refer to **Appendix IV** (click here) for a summary of the eligibility requirements for a Main Board overseas issuer seeking a primary listing, a dual primary listing or a secondary listing with (and without) a weighted voting rights structure on the Exchange.
01/01/2022	GL94-18 and LD43-3	Nil	25	14.	Can an overseas issuer with a variable interest entity structure seek a primary listing, a dual primary listing or a secondary listing on the Exchange?	Yes. Refer to **Appendix V** (click here) for a flowchart of compliance by an overseas issuer to list with a variable interest entity structure.
01/01/2022	GL112-22	Nil	25	15.	What should an overseas issuer pay attention to when a change of listing status from secondary to primary listing takes place or may take place on the Exchange?	There are three ways a change of listing status from a secondary listing to a primary listing can take place: (i) the majority of trading in an overseas issuer's listed shares migrates to the Exchange's markets on a permanent basis; (ii) voluntary conversion to a primary listing; or (iii) delisting from the primary exchange either on a voluntary or involuntary basis. Refer to **Appendix VI** (click here) for more information.
01/01/2022	19.60, 19C.10B(7),	24.27 and GL111-22	25	16.	Who needs to publish a Company Information Sheet and what information needs to be included in it?	A Company Information Sheet is required to be prepared by:

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	19C.24 and GL111-22					a) all secondary listed issuers; b) an overseas issuer with a primary listing or a dual primary listing that meets any of the following criteria: (i) there are novel waiver(s) granted to the issuer, including where the issuer is allowed to have alternative measures to meet any Core Standards and without providing such standards in its constitutional documents; (ii) the laws and regulations in its home jurisdiction and primary market are materially different from those required by Hong Kong laws regarding[4]: – the rights of holders of its securities and how they can exercise their rights; – directors' powers and investor protection; and – the circumstances under which its

[4] The Exchange considers that, as at the date of publication of the conclusion of the consultations on listing regime for overseas issuers, the laws and regulations in the Cayman Islands and Bermuda regarding those areas are not materially different from those required by Hong Kong laws.

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						minority shareholders may be bought out or may be required to be bought out after a successful takeover or share repurchase; (iii) it is subject to any withholding tax on distributable entitlements or any other tax that is payable by shareholders (e.g. capital gains tax, inheritance or gift taxes); (iv) it is listing depositary receipts; and/or (v) where the Exchange, at its own discretion, require the issuer (including an issuer incorporated in Bermuda or the Cayman Islands) to publish a Company Information Sheet in the view that such publication will be informative to investors (for example, to provide them with information on overseas laws and regulations to which the issuer is subject and which may be unfamiliar to investors in Hong Kong). The information expected to be included in a Company Information Sheet are summarized in sub-paragraphs (i) to (iv) above.

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						For a primary listed or dual primary listed issuer, where any of the criteria stated in sub-paragraphs (i) to (v) above applies, the issuer is only required to include information relevant to that criterion in its Company Information Sheet. For example, where criteria (i) applies, that is, novel waivers are granted to the issuer and none of the other criteria are applicable, the issuer is only required to include a summary of the novel waivers in its Company Information Sheet.
01/01/2022	19.60, 19C.10B(7), 19C.24 and GL111-22	24.27 and GL111-22	25	17.	What are considered to be novel waivers under Main Board Rule 19.60 (GEM Rule 24.27)?	The purpose of a Company Information Sheet is to provide investors with additional information on an issuer to enable them to make informed investment decision taking into account all relevant circumstances of the issuer. An overseas issuer should exercise its judgement in assessing what will constitute novel waivers. Below are non-exhaustive examples of waivers which the Exchange will consider as novel: a) compliance of any Core Standards or any other Listing Rules which affect shareholders' rights; b) Main Board Rules 4.10 and 4.11 of, and note 2.1 to paragraph 2 of the Appendix 16 to, the Main Board Rules (GEM Rules 7.11 and 7.12 and 18.04) requiring an issuer to prepare its financial statements in the listing

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						document and the subsequent financial reports issued after listing to be in conformity with: (a) Hong Kong Financial Reporting Standards; (b) International Financial Reporting Standards ; or (c) China Accounting Standards for Business Enterprises in the case of companies incorporated in China; c) Main Board Rules 8.08(1) and 8.09(1) and Rules 13.32 and 13.33 (GEM Rules 11.23(2)(a), 11.23(7), 11.23(11) and note 5 to GEM Rule 11.23) relating to minimum public float and minimum percentage of public holdings requirements; d) Main Board Rules 10.05 and 10.06 (GEM Rules 13.03 to 13.14) relating to the restrictions and notification requirements on issuers purchasing their own shares on a stock exchange; and e) any provisions of the Takeovers Code / Securities and Futures Ordinance. In general, the Exchange would not ordinarily regard the following as novel waivers: a) specific disclosure in the listing document and the offering and/ or placing of shares at the time of IPO e.g. on dealing in shares

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						prior to listing and clawback mechanism; and b) Chapter 14A of the Main Board Rules (Chapter 20 of the GEM Rules) waivers in respect of the continuing connected transaction.
01/01/2022	19.61, 19C.25, Appendix 3, GL111-22	24.28, Appendix 3, GL111-22	25	18.	When should an overseas issuer publish and update its Company Information Sheet?	Where a new overseas applicant is required to publish a Company Information Sheet, it must do so upon commencement of dealings in its securities on the Exchange. Where an existing listed issuer needs to publish a Company Information Sheet, it should do so within three months but no later than six months after 1 January 2022. An overseas issuer should consult the Listing Division if it is uncertain about or has difficulties complying with the Company Information Sheet requirement. Publication of a Company Information Sheet is an on-going obligation and issuers are required to update its published Company Information Sheet on a timely basis should there be any material change to the information disclosed.

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01/01/2022	19.61, 19C.25, Appendix 3, GL111-22	24.28, Appendix 3, GL111-22	25	19.	Where should an overseas issuer publish its Company Information Sheet?	An overseas issuer must (i) submit its Company Information Sheet through HKEx-ESS for publication on the HKEx website; and (ii) upload it on its own website.
01/01/2022 (November 2023)	4.03, 19.14, Note 4 to 19.14, 19.20, 19.25A, 19C.10D, Note 4 to 19C.10D, 19C.16, 19C.23, Note 4 to 19C.23, Note 4 to 19.25A and GL111-22	7.02, 7.14, Note 4 to 7.14, 24.13, Note 4 to 24.18A and GL111-22	25	20.	What are the accounting and auditing related requirements applicable to an overseas issuer?	Qualification requirements for auditors and reporting accountants Where the preparation of an accountants' report constitutes a PIE Engagement under the Accounting and Financial Reporting Council Ordinance ("AFRCO"), the issuer must normally appoint a firm of practising accountants that is qualified under the Professional Accountants Ordinance and is a Registered PIE Auditor under the AFRCO. *(Updated in November 2023)* An overseas issuer is permitted to appoint an overseas audit firm as its reporting accountant for the preparation of the accountants' report, provided that the overseas issuer seeks a waiver from strict compliance with Main Board Rule 4.03 (GEM Rule 7.02), and obtains a Statement of No Objection ("SNO") (in case of a PIE Engagement) from the Exchange.

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						An overseas audit firm is required to be recognised by the AFRC before the audit firm can: (a) "undertake" (i.e. accept an appointment to carry out) any PIE Engagement; and (b) carry out any PIE Engagement for an overseas issuer. An issuer is required to apply to the Exchange for, and the Exchange is required to issue, a SNO before the AFRC considers an application to recognise an overseas audit firm. The Exchange grants the SNO on a case by case basis. For details of the SNO application (including the auditor after listing), please refer to "Frequently asked questions on recognition of overseas audit firms ~~in relation to the amendments to~~under the Accounting and Financial Reporting Council Ordinance ~~– Effective on 1 October 2019~~" (FAQ No. 059-2019 to 067-2019). Preparation of reconciliation statement Where the Exchange allows an accountants' report or annual financial statements to be drawn up otherwise than in conformity with HKFRS or IFRS, the accountants' report or annual financial statements will be required to conform with financial reporting standards acceptable to the Exchange. In such cases the Exchange will normally require the accountants' report or, as the

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						case may be, the annual financial statements, to contain a reconciliation statement setting out the financial effect of the material differences (if any) from either HKFRS or IFRS. For US-listed secondary listing applicants, the requirement for the preparation of a reconciliation statement in respect of the accountants' report prepared under US GAAP in a listing document applies to listing applications submitted on or after 1 January 2023. For US-listed issuers with a secondary listing on the Exchange that adopted US GAAP in the preparation of their financial statements, the requirement for the preparation of a reconciliation statement applies to the first annual financial statements for the financial year commencing on or after 1 January 2022 and subsequent interim and annual financial statements. For details, please refer to Section F of the Guidance Letter on the guidance for overseas issuers (HKEX-GL111-22). <u>Requirement to convert to HKFRS or IFRS upon de-listing</u>

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						An overseas issuer with a dual primary or secondary listing that adopts one of the alternative overseas financial reporting standards (other than issuers incorporated in a member state of the European Union which have adopted EU-IFRS) for the preparation of its annual financial statements must adopt HKFRS or IFRS if it de-lists from the jurisdiction of that alternative overseas financial reporting standards and must do so for any annual and interim financial statements (and quarterly financial statements for GEM issuer only) that fall due under the Listing Rules, and are published, after the first anniversary of the date of its de-listing.
09/05/2008	Chapter 19B	N/A	6	A2.	What are HDRs?	'HDR' is the informal name for a depositary receipt programme listed on the Exchange.
09/05/2008	Chapter 19B	N/A	6	A3.	What is HKEX's depositary receipt framework? And when is it effective?	Previously, HKEX's Listing Rules would accept issuers listing equity securities only in the form of shares. Now the Listing Rules have been amended to permit issuers to list in the form of DRs (ie HDRs). The HDR framework is effective from 1 July 2008. There are no changes to the listing regime. Issuers listing in HDR form have to comply with the same listing regime as issuers listing of shares. The requirements for admission, the listing process, and the continuing obligations are the same.

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09/05/2008 (15/02/2018)	Chapter 19B	N/A	6	A4.	Are HDRs allowed on GEM?	Not at this stage. The HDR framework applies to the Main Board only.
09/05/2008	Chapter 19B	N/A	6	A5.	What are the main rule changes to implement the DR framework?	A new chapter on depositary receipts, Chapter 19B, has been added to the Listing Rules. Chapter 19B explains that an issuer may choose to list in the form of DRs, and that the Listing Rules will apply in the same manner as to the listing of equity securities; necessary modifications or clarifications are given. The chapter states that the issuer of the shares which are represented by DRs is 'the issuer' for purposes of the Listing Rules. Chapter 19B also requires the depositary to maintain a register of DR holders in Hong Kong via an approved share registrar, provides the qualifications for the depositary, sets out the requirements concerning the deposit agreement, and stipulates the obligations of the issuer on any change of depositary or custodian. Minor or consequential amendments have been made to other chapters of the Listing Rules. New parts E and F, modelled on the existing parts A and B, have been added to Appendix 1 of the Listing Rules on the Listing Document. Very minor amendments to accommodate DRs have been made to the General Rules of the Clearing and Settlement System (CCASS), the CCASS Operating Procedures and the Terms and Conditions for Investor Participants Procedures.

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09/05/2008	Chapter 19B	N/A	6	A6.	Can warrants be issued on HDRs?	Yes. Provided the issuer meets the Exchange's criteria for the underlying stock for warrant issuance, warrants may be issued on HDRs.
09/05/2008	Chapter 19B	N/A	6	B1.	Why should issuers list in the form of HDRs rather than shares?	An issuer may choose to list either in the form of shares or in the form of HDRs. The choice is the issuer's. Some overseas issuers may find the HDR form convenient. Where regulations in the issuer's home jurisdiction discourage the overseas listing of shares, HDRs may offer a practicable alternative. Where the issuer's shares are of a very different size from that customarily used in Hong Kong, the HDR form may provide a convenient means to 'resize' the issue. Although well-resourced investors may prefer to buy and hold overseas shares directly, retail investors and smaller institutions usually do not wish to do so since direct holding means dealing with share registration procedures, tax reclaims, currency conversion and possibly investor registration procedures in the overseas jurisdiction. With HDRs, these onerous procedures are handled by the depositary. Accordingly, the use of HDRs may enable an issuer to reach a larger investor base than would be possible in ordinary share form.

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09/05/2008 (01/01/2022)	Chapter 19B	N/A	6	B4.	Which jurisdictions are approved for DR issuance?	Issuers from any jurisdiction which can the related requirements of the Main Board Listing Rules are welcome to apply to the Exchange. ***(Updated in January 2022)***
09/05/2008	Chapter 19B	N/A	6	B8.	Do the HDR-related rule amendments affect an issuer which has, or plans to have, a global depositary receipt (GDR) or American depositary receipt (ADR) programme overseas?	The Exchange's HDR framework applies only to HDR programmes listed in Hong Kong. The rule amendments do not apply to existing or future DR programmes in overseas markets.
09/05/2008	Chapter 19B	N/A	6	B9.	Can existing or future GDR or ADR programmes be listed on the Exchange?	Any DR programme to be listed on the Exchange will have to comply with the requirements of Chapter 19B as well as Chapter 8 and the other Main Board Listing Rules and guidelines applying to new listings. Any existing ADR or GDR programme that complies with these requirements will be welcome; however, in practice it might not be practicable for existing programmes designed for overseas markets to comply with the Exchange's rules.
09/05/2008	Chapter 19B	N/A	6	B15.	Does the requirement for pre-emptive rights (in Listing Rule 13.36) apply to the HDRs or to the issuer's shares?	The requirements of rule 13.36 apply in respect of the issuer's shares.
10/09/2008	Chapter 19B	N/A	6	B16.	Can HDRs be issued on products such as GDR, ADR, exchange-traded funds (ETFs), or exchange traded commodities (ETCs)?	No. The securities underlying the HDRs must be the shares of an issuer and not other products.

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10/09/2008 (02/01/2013)	Chapter 19B	N/A	6	B18.	How is the HDR ratio (a ratio to show the number of shares that each HDR represents) determined?	The HDR ratio is determined by the issuer and is disclosed in the listing document as one of the key terms of the deposit agreement. Any change in the HDR ratio is the subject of an announcement by the issuer under the Listing Rules.
09/05/2008 (1/12/2010)	Chapter 19B	N/A	6	C1.	What are the benefits of HDRs for Hong Kong investors?	DRs provide a convenient means for Hong Kong investors to invest in an overseas issuer. Direct investment in shares in some markets entails compliance with onerous procedures on registration, withholding tax reclaims and foreign currency conversion. It may also be difficult for investors to receive corporate communications and entitlements, or to exercise their entitlements. Some overseas issuers may not be able to list their shares in Hong Kong; and in such case the Hong Kong investor wishing to invest in the company would have to do so through the local market via that market's trading, settlement and share custody procedures. With DRs, the above problems are mitigated. DRs are traded in Hong Kong in accordance with the standard trading, settlement and custody procedures of the Hong Kong market. The currency of trading will be Hong Kong dollars (or US dollars if the issuer so chooses); dividends will be converted into Hong Kong dollars (or US dollars), and corporate communications and entitlements will be transmitted to the investor by the depositary, in addition to the requirement that corporate communications must be posted on the HKEX

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						website and the issuer's website. The investor will also be able to transmit his voting instructions to the issuer and exercise his entitlements via the depositary.
09/05/2008 (01/01/2022)	Chapter 19B	N/A	6	C5.	What protections are there for Hong Kong investors in HDRs?	To be admitted to listing on the Exchange, the HDR issuer will have to demonstrate compliance with all the core shareholder protection standards that apply to issuers of shares, as set out in Appendix 3 of the Listing Rules, , Guidance Letter HKEX-GL111-22 ***(updated in January 2022)*****,** the Securities and Futures Ordinance, the prospectus provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32), and the Codes on Takeovers and Mergers and Share Buybacks The HDR holder's rights are set out in the deposit agreement, which is subject to approval by the Exchange in accordance with the provisions of Chapter 19B. Investors in HDRs should understand that they are bound by the terms of the deposit agreement. Investors are advised to read the deposit agreement to understand what their rights are and how they may be exercised.
09/05/2008	Chapter 19B	N/A	6	C6.	Are the rights of a HDR holder the same as those of a holder of shares?	The rights of a shareholder and a HDR holder are not identical. For example, the rights of the HDR holder arise from the deposit agreement, which is a contractual document, whereas the rights of the shareholder will be reinforced by local statute.

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						Also, local regulations may prohibit foreign persons from holding shares directly, but no such restriction would apply to HDRs. However, in general, the rights of a HDR holder will be equivalent to those of a shareholder. Subject to compliance with local regulations, HDR holders who want to enforce their rights as shareholders may choose to convert their HDRs into shares of the underlying company.
1/12/2010	Chapter 19B	N/A	6	D2.	Whether the depositary or custodian of HDR is subject to the disclosure regime (Part XV of the SFO)?	It will depend very much on the facts of each depositary or custodian's business whether they fall within the exemption or not (in particular section 323 of the SFO). The SFC has issued guidelines on disclosure of interests. In particular, in paragraph 2.12.13.2:

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						" 2.12.13.2 If a bank retains a discretionary right to set off any other obligations/liabilities of a client against any securities held in custody for that client the bank will not satisfy the requirement in s.323(3)(b) that the corporation "has no authority to exercise discretion in dealing in the interest, or in exercising rights attached to the interest". Similarly, the exemption is not available if a bank retains the discretionary right to take up or retain unclaimed or fractional dividends (cash and/or scrip). The custodian exemption is not establishing a new wide exemption for custodians. It is intended to parallel the regime for a "bare trustee" - simply extending the bare trustee exemption to custodians by contract (before the bare trustee exemption only applied to custodians who were trustees)." The depositary or custodian should assess their own circumstances and ensure that laws and regulations are observed.
09/05/2008	Chapter 19B	N/A	6	E1.	What currencies will DRs be traded in?	At present, the Exchange accepts trading and clearing in Hong Kong dollars and US dollars. The choice between these currencies is up to the DR issuer.
09/05/2008	Chapter 19B	N/A	6	E2.	What are the trading and settlement procedures for DRs?	The trading and settlement arrangements remain the same as for shares. All Stock Exchange Participants are eligible to trade HDRs and investors can trade HDRs through their usual stock

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						accounts. The trading platform for stock trading, the Automatic Order Matching and Execution System (AMS), is used for HDRs. Trades executed in the Stock Exchange's trading system will be settled through CCASS operated by HKSCC on the second settlement day after trading (T+2). Upon settlement, investors' HDR holdings will be credited to or debited from their accounts with CCASS, or the CCASS accounts of their designated custodians or Stock Exchange Participants.
09/05/2008 (~~01/01/2022~~November 2023)	Chapter 19B	N/A	6	E3.	What transaction fees do investors pay to buy or sell HDRs?	As with buying and selling stocks, investors need to pay brokerage commission, SFC transaction levy, AFRC transaction levy, trading fee and stamp duty. ***(Updated in ~~January 2022~~November 2023)***
09/05/2008	Chapter 19B	N/A	6	E4.	Does stamp duty apply to trades in HDRs?	Yes. Stamp duty applies to trades in HDRs at the rate of 0.1% of the value traded per side, just as in the case of trades in shares.
1/12/2010	Chapter 19B	N/A	6	E5.	Whether dividend payments on HDR are subject to overseas withholding tax?	There is no withholding tax in Hong Kong. Whether overseas withholding tax is applicable depends on the laws and regulations of the overseas jurisdiction concerned. HDR holders should refer to the relevant disclosures in the listing documents and, if necessary, seek advice from their tax advisers.

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09/05/2008	Chapter 19B	N/A	6	E6.	Will there be fungibility between HDRs and the underlying shares?	Provided there are no restrictions on the underlying shares, they should be fungible with HDRs. If the underlying shares are listed on an overseas market, arbitrage between the two markets can take place. Where an investor or intermediary believes that the price of the HDRs is higher (taking account of the DR ratio) than the price of the underlying shares, it may wish to acquire shares in the overseas market, submit them to the custodian and take delivery of DRs in the Hong Kong market to sell and make a profit. Where the price of the HDRs is lower than that of the underlying shares, the investor/intermediary may submit the HDRs to the depositary for cancellation and take delivery of shares in the overseas market to sell and make a profit. Fees will be payable to the depositary on issuance and cancellation of the HDRs. The arbitrage process will tend to bring the price of DRs and the price of the underlying shares into line, subject to the DR ratio. It is a normal commercial process.
09/05/2008	Chapter 19B	N/A	6	E7.	Are HDRs scripless?	To trade on the Exchange DRs must be deposited in CCASS and will be traded and settled on a book-entry electronic basis. However, as in the case of shares, DR holders have the option of withdrawing DR scrip from, or depositing DR scrip into, CCASS.

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09/05/2008	Chapter 19B	N/A	6	E8.	Can DRs be sold short?	DRs are subject to the existing rules on short selling. Where the DR issuer meets the Exchange's criteria and is placed on the list of eligible stocks, short selling in the normal manner will be permitted.
09/05/2008	Chapter 19B	N/A	6	E9.	Will the trading of HDRs be suspended to keep in line with the suspension of underlying shares in the local market?	As a practical matter a suspension of the underlying shares of HDRs in the local market will normally, though not necessarily, result in a suspension of trading of HDRs on the Exchange. The trading suspension and resumption of HDRs on the Exchange will be in accordance with the Exchange Listing Rules e.g. whether the issuer is able to keep the Hong Kong market informed of the development in the issuer's activities. Similar to issuers with their equity securities listed on the Exchange, the lack of an announcement in some situations may lead to a concern of establishment of a false market in Hong Kong and hence would require a temporary suspension of dealings in the HDRs pending an appropriate announcement to be made.
09/05/2008	Chapter 19B	N/A	6	E10.	What will happen to the HDRs listed in HK if its underlying shares are undergoing a stock split or consolidation?	A stock split or consolidation of the underlying shares of the HDRs will affect the capital structure of the HDRs and consequently the HDR ratio. Further, a stock split or consolidation in the underlying shares may, or may not, affect the board lot size of the HDRs. The Exchange, in appropriate circumstances, would request for adequate arrangements to be made to enable odd

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						lot holders are to be accommodated and issuers and depositaries are encouraged to consult with the Exchange at the earliest opportunity.
1/12/2010	Chapter 19B	N/A	6	E11.	How will international securities identification numbers (ISIN) be allocated to HDRs?	International standard ISO 6166 provides a uniform structure for a number, the ISIN, that is a unique identifier of securities. National numbering agencies (NNA) are responsible for issuing the ISIN in their respective countries. In the case of depositary receipts, such as HDRs, the relevant country is that of the entity which issued the depositary receipt, i.e. the depositary bank, rather than that of the issuer of the underlying shares. As such, if the HDRs are issued by a depositary bank which is incorporated or established outside Hong Kong, the ISINs of each class of HDR is assigned by the respective NNA of its country of incorporation.
09/05/2008	Chapter 19B	N/A	6	F1.	Are there any changes to depository and nominee services under the DR framework?	There are some minor changes to the flow of information and instructions between the issuer and the investor (DR holder) because of the intermediation by the depositary. The deposit agreement will stipulate the services which the depositary has to provide to the HDR holder. In respect of HDRs held within CCASS, HKSCC will support the depositary by providing its normal nominee services in relation to the corporate actions or activities affecting HDRs as well as arranging for the distribution of copies of relevant

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						corporate communications to the CCASS Participants concerned.
09/05/2008	Chapter 19B	N/A	6	F2.	What are the procedures for deposit and withdrawal of DR certificates into / from CCASS?	DRs, upon admission as eligible securities of CCASS, can be physically deposited into/ withdrawn from CCASS. The deposit and withdrawal procedures are the same as those currently applied to other eligible securities of CCASS.
09/05/2008	Chapter 19B	N/A	6	F3.	Will CCASS be involved in the creation and cancellation of DRs?	No. An investor or intermediary who wishes to create or cancel DRs would need to apply to the relevant depositary direct. For creation, after the DRs are created, the investor or intermediary can physically deposit the DR certificates into CCASS for custody or for settlement of trades. For cancellation, DR certificates can be physically withdrawn from CCASS and surrendered to the issuing depositary for cancellation.
1/12/2010	Chapter 19B	N/A	6	G1.	What are pre-release and pre-cancellation?	Pre-release is the early creation and release of HDRs by the depositary before it has taken delivery of the underlying shares. Pre-cancellation is the equivalent and opposite transaction, i.e. early cancellation of HDRs by the depositary and release of the underlying shares before the HDRs have been submitted to the depositary.

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						Pre-release enables the parties concerned to bridge the gap between the need to settle HDRs and the availability of the local shares for delivery to the local custodian. A gap may arise because of the logistics of communication among the depositary, the broker and the custodian, or differences in the settlement cycles between Hong Kong and the respective local market In order to manage the risk of pre-release, the depositary will enter into a written agreement (the pre-release agreement) with the counterparty (usually a broker) which provides for the rights and responsibilities of the parties concerned. In particular, the broker will commit that it is presently entitled to the shares and will subsequently deliver the shares to the depositary. The HDRs pre-released (i.e. delivered) to the broker will be collateralised and the exposure continuously monitored by the depositary, with margin calls if necessary.
1/12/2010	Chapter 19B	N/A	6	I1.	Can HDR holders attend shareholders' meetings?	HDR holders are not legally shareholders. They have the contractual rights set out in the deposit agreement, including the right to vote on resolutions, receive dividends and participate in corporate actions; these rights are generally exercised on their behalf by the depositary. HDR holders are not permitted to attend shareholders' meetings in the capacity of shareholders. HDR

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						holders should read the deposit agreement carefully to understand their rights.
09/05/2008	19B.01	N/A	6	B12.	Can HDR issuers list by introduction?	Yes. The methods of listing are the same as for issuers of shares, i.e. Chapter 7 of the Main Board Listing Rules applies to HDR issuers as much as it applies to issuers of shares.
09/05/2008	19B.01	N/A	6	B13.	Do HDR issuers have to conduct an IPO?	The Exchange's existing listing regime applies to DR issuers as much as it applies to issuers of shares. Where there is expected to be significant public interest in an issue an IPO is required.
10/09/2008	19B.02	N/A	6	B17.	Does the definition of "holder of depositary receipts" include a holder evidenced by a book-entry in the HDR register?	Yes. The definition of "holder of depositary receipts" includes a holder evidenced by a book entry in the HDR register.
09/05/2008	19B.06	N/A	6	B3.	Do HDR issuers have to be already listed on any exchange?	No. Any issuers, whether listed on any exchange or not, which can meet the requirements of the Listing Rules are welcome to apply to list as HDRs.
09/05/2008	19B.06	N/A	6	B5.	Can issuers already listed on the Exchange issue HDRs?	An issuer cannot have both shares and HDRs listed on the Exchange at the same time. A share issuer wishing to list in HDR form must apply to delist as a share issuer and re-apply to list as a HDR issuer. This process will require the share issuer to comply with its own constitutional requirements and all relevant rules and regulations, including where applicable the consent of its existing shareholders.

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09/05/2008	19B.07	N/A	6	B10.	Does a HDR issuer have to apply for 'headroom'?	It is up to the issuer to decide the amount of DRs in respect of which listing is to be applied for. However, an HDR issuer must ensure that listing approval has been sought for all HDRs traded in Hong Kong from time to time. A hypothetical example is as follows. Say an issuer has 100 shares. It wishes to raise capital by issuing the equivalent of 25 new shares in the form of DRs in the Hong Kong market, thus bringing its outstanding share capital to 125 shares. The issuer is free to apply to list whatever number of HDRs it wishes on the Exchange provided that all other listing requirements are met (eg public float – see also Query B11 below). In this hypothetical case, taking account of shares held by the public in its domestic market, the issuer reckons that it must list a minimum of 25 shares. To allow for possible future inflow, eg as a result of the arbitrage process (see Query E5 below), the issuer decides to apply for listing of 40 shares in the form of DRs. (The issuer may apply for listing of HDRs in respect of up to 125 shares, but will probably choose not to do so because of the costs involved.) The excess of 40 over 25, ie 15, is called the 'headroom'. This means that the issuer can make further issues of HDRs in the Hong Kong market up to the limit of the headroom, ie the equivalent of 15 shares more, without making a further application for listing to the Exchange. Alternatively, inflow of shares into

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						the Hong Kong market up to the limit of the headroom in the form of HDRs is also permitted without application for listing. (Any combination of HDRs issued for capital raising or issued as a result of conversion of underlying shares is permitted and listing approvals will be given for specific purposes and amounts.) However, if the limit of 40 shares will be exceeded, application for listing must be made. It will be the responsibility of the issuer to ensure that the headroom is not exceeded. On a day-to-day basis the depositary will monitor the level of HDRs outstanding, and will not permit shares to be converted into HDRs if to do so would cause the limit to be exceeded. The issuer may make new issues of shares in the overseas market and these shares may be converted into HDRs listed on the Exchange. No application for listing need be made to the Exchange in such case unless the headroom is to be exceeded.
09/05/2008	19B.08	N/A	6	B11.	How is the HDR issuer's public float calculated?	Exchange Listing Rule 8.08(1)(a), which applies to HDR issuers as it does to issuers of shares, requires that at least 25% of the issuer's total issued share capital must at all times be held by the public. (A lower percentage applies to companies with an expected market capitalisation of over HK$10 billion.)

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						Where the HDRs listed in Hong Kong are fungible with the underlying shares, the total shares and shares represented by DRs of the issuer held by the public on both the Exchange and any overseas market(s) concerned will count toward the 25%.
09/05/2008	19B.09	N/A	6	C2.	Will retail investors be allowed to buy HDRs?	Yes. There are no restrictions on who may buy or sell HDRs.
09/05/2008	19B.11	N/A	6	B6.	Can Hong Kong or Mainland issuers apply to list as HDRs?	Yes. Any issuer which can meet the requirements of the Main Board Listing Rules and is in compliance with its local regulatory regime is welcome to apply to list in HDR form.
09/05/2008	19B.15	N/A	6	D1.	What are the qualifications for the depositary?	The depositary is required to be a suitably authorised and regulated financial institution acceptable to the Exchange. In determining acceptability, the Exchange will have regard to the institution's experience of issuing and managing DR programmes in Hong Kong and overseas.
1/12/2010	19B.16	N/A	6	H1.	How can HDR holders exercise their rights under the deposit agreement?	A deposit agreement is executed by the depositary and the issuer. Listing Rule 19B.16 sets out the requirements for what should be included in the deposit agreement, including the role and duties of the depositary, and the rights of the HDR holders. The HDR holder is not a party to the deposit agreement. However, the issuer and the depositary execute a legal instrument (e.g. a deed poll) in favour of HDR holders so that the HDR

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						holders will be able to enforce the rights set out in the deposit agreement against the issuer and the depositary. HDR holders should read the deposit agreement to understand their rights, and if necessary consider consulting their legal advisers.
10/09/2008	19B.16(a)	N/A	6	A7.	Can HDRs be issued by a depositary without the issuer's authorisation, i.e. can an HDR programme be 'unsponsored'?	No. HDRs cannot be issued by the depositary without the issuer's authorization. All HDR programmes must be 'sponsored'.
09/05/2008 (10/09/2008)	19B.16(j)	N/A	6	C4.	In what currency will dividends on HDR be paid?	The depositary will receive dividends from the issuer in the original currency and convert the amount into Hong Kong dollars (or US dollars if the issuer so chooses) at the appropriate market rate and remit the proceeds, net of any applicable taxes and the depositary's own fee, to the HDR holder. Where the investor holds the HDRs in CCASS, the dividend will be credited to his CCASS account (in respect of an Investor Participant) or the CCASS account of his broker of custodian, net of CCASS's dividend collection fee in accordance with the existing CCASS tariff.
09/05/2008 (01/01/2022)	19B.16(k)	N/A	6	C7.	Can HDR holders vote at the shareholders meeting?	As with other corporate communications, the depositary, on behalf of the issuer, will pass information from the issuer on resolutions and voting procedures through to the DR holder, and will in turn pass the DR holder's voting instructions back to the issuer. Besides, DR holders can also access shareholders meeting announcements and

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						other corporate communication by issuers on the HKEX website. The right of HKSCC to appoint proxies or corporate representatives to attend the issuer's general meetings and creditors meetings and those proxies or corporate representatives must enjoy rights equivalent to the rights of other shareholders, including the right to speak and vote, is set out in paragraph 19 of the Appendix 3 of the Listing Rules. The HDR issuer must ensure its constitutional documents provides such right. ***(Updated in January 2022)***
09/05/2008	19B.16(q)	N/A	6	C8.	What charges will investors pay in respect of HDRs?	There are various fees associated with HDRs. The fees charged by the depositary are disclosed in the deposit agreement, which is a public document; investors should read the deposit agreement to inform themselves of these fees. The Exchange does not regulate the fees of the depositaries.

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1/12/2010	19B.16(s)	N/A	6	H3.	How can the deposit agreement be amended?	The procedures for amendment are set out in the deposit agreement. In order to protect HDR holders' interests, Listing Rule 19B.16(s) provides that any material change to the deposit agreement which affects HDR holders' existing rights and obligations would require prior notice to and the consent of HDR holders. Other amendments to the deposit agreement may become effective after giving an advance notice to HDR holders or by agreement between the issuer and the depositary.
09/05/2008	19B.19	N/A	6	C3.	Can investors hold HDRs in physical form, ie in scrip?	Yes. However, if investors wish to trade their HDRs through the Exchange they must first arrange via their broker or custodian for the HDRs to be deposited with CCASS.
24/08/2018 (01/01/2022)	19C, 10D, 19C.23	N/A	N/A	043-2018	Is a reconciliation statement required for a secondary listing applicant applying for listing under Chapter 19C who has adopted US GAAP for its financial reporting?	Yes, new secondary listing applications from US-listed applicants that prepare financial statements using US GAAP are required to include a reconciliation statement in their accountants' reports if their new listing applications are submitted on or after 1 January 2023. Under the transitional arrangement, a reconciliation statement is not required in the listing document where US GAAP is adopted for an applicant who submits listing application for a secondary listing under the Main Board Listing Rules on or before 31 December 2022. However, such issuer will be required to include a reconciliation statement in its annual financial

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						statements after listing starting from the first full financial year commencing on or after 1 January 2022 and all subsequent financial statements (including interim financial statements). ***(Updated in January 2022)***
24/08/2018	19C.11	N/A	N/A	044-2018	Where a stub period is included in the listing document, is it acceptable for the secondary listing applicant to disclose reviewed but unaudited interim data and its comparatives?	The financial information for all periods covered in an accountants' report, except for the stub period comparatives, are required to be audited. Where the stub period comparatives are unaudited, at a minimum, a review opinion for such comparative financial information is required to be included in accountants' reports and the unaudited financial information must be clearly identified as unaudited (paragraph 4.16 of Guidance Letter HKEX-GL32-12).
22/04/2022 (04/08/2022)	Paragraph 3B of Part A and paragraph 3B of Part E of Appendix 1	Paragraph 3B of Part A of Appendix 1	077-2022	13.	What needs to be disclosed in the prospectus on fees payable to syndicate members in placings in connection with New Listings? For example, are the fee splits amongst the CMIs (or overall coordinators) required to be disclosed in the prospectus?	In respect of a placing in connection with a New Listing, the prospectus shall at least disclose (i) the aggregate sum of the fees (as a percentage *(Note 1)* of the gross proceeds from the New Listing) paid or payable to all syndicate members in respect of both the public subscription and the placing tranches; and (ii) the ratio of fixed and discretionary fees paid or payable to all syndicate members *(Note 2)*. The absolute amount of the fees paid or payable to each syndicate member is not required to be disclosed in the prospectus.

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						The fee split amongst the syndicate members is not required to be disclosed in the prospectus. Based on the specific circumstances of each listing application, the Exchange may require further information to be disclosed if it considers that such disclosure will enable potential investors to make an informed assessment of the new applicant or the New Listing. *Notes*: 1. See Note 2 to FAQ No. 10G of FAQ No. 077-2022. 2. For this purpose, the following shall be disclosed: (a) the total fixed fees (as a percentage *(see Note 1 above)* of the Total Fees) paid or to be paid to all syndicate members for both the public subscription and the placing tranches and (b) the total discretionary fees (as a percentage *(see Note 1 above)* of the Total Fees) paid or to be paid to all syndicate members for both the public subscription and the placing tranches. The fixed fee percentages shall be expressed in compliance with FAQ Nos. 10 and 10A of FAQ No. 077-2022. For the avoidance of doubt, the payment of discretionary fees (if any) to any syndicate

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						member is at the absolute discretion of the issuer and therefore it would be acceptable for the discretionary fee percentages to be subject to language such as "up to" or "no less than" a particular percentage. ***(Updated in August 2022)***
21/02/2014	App 1A (paras 15(2)(c) and 23(1)); App 1B (para 22(1)); App 1C (para 36); App 1E (paras 23(1) and 49(2)(c)); App 1F (para 18(1)); App 5 Forms	App 1A (para 23(1); App 1B (para 22(1)); App 1C (para 36); App 5 Forms	26	4.	How will the requirements to disclose nominal value of shares and authorised share capital in listing documents or listing application forms be satisfied by issuers without either of them?	The listing document or application form should disclose that the issuer does not have an authorised share capital and/or its shares have no nominal value, and disclose the share capital structure it has instead, e.g. how many shares it has issued, including shares fully paid and yet to be fully paid.
20/05/2010	Appendix 1B Paragraph 28	Appendix 1B Paragraph 28	11	12.	Listco proposes to acquire a target company which will become its subsidiary. This is a major transaction. In the circular, should Listco disclose the indebtedness statement of its group and the target company (i) on a combined basis or (ii) separately?	Both methods are acceptable.

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20/05/2010	Appendix 1B Paragraph 31(3)	Appendix 1B Paragraph 31(3)	11	13.	To incorporate information in a circular by reference to another published document, what should be disclosed?	In addition to identifying the information to be incorporated by reference, the issuer should identify the published document with the document name and date, the relevant pages, and where shareholders can access the document (for example, the website address).
18/06/2021	Appendix 1B paragraphs 39, 42, 43(2), Appendix 1F paragraph 66(2)	Appendix 1B paragraphs 39, 41 and 42(2)	N/A	075-2021	What are "contracts pertaining to the transaction"? Are material contracts entered into two years ago in relation to earlier phases of the subject transaction considered as "contracts pertaining to the transaction"?	Contracts pertaining to the transaction are contracts which are related to the transaction and are relevant to shareholders' assessment of the transaction before they vote at the meeting. Material contracts in relation to earlier phases of the project referred to in the circular but that are not otherwise related to the subject transaction will generally not be considered as "contracts pertaining to the transaction".
18/06/2021	Appendix 1B paragraphs 39, 42, 43(2), Appendix 1F paragraph 66(2)	Appendix 1B paragraphs 39, 41 and 42(2)	N/A	075-2021	Do issuers still need to include in their transaction circulars a summary of material contracts and particulars of directors' services contracts?	The Listing Rule changes on the Reduction of the Types of Documents on Display only remove the requirement for issuers to *display* material contracts or directors' service contracts that are not "contracts pertaining to the transactions". Issuers are still required to include a summary of material contracts and particulars of directors' service contracts in the transaction circulars even though they may not be contracts pertaining to the transaction.
01/12/2010 (17/04/2014)	Appendix 1E	N/A	6	H2.	Where can HDR holders access the deposit agreement?	Arrangements should be in place to ensure that HDR holders can access or inspect the deposit agreement. Arrangements include: (1) In an

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						application for listing, the deposit agreement is considered a material contract. So, it must be available for inspection in a place in Hong Kong for a reasonable period of time (not less than 14 days). A summary of the deposit agreement should be contained in the listing document (see paragraphs 75 and 76 of Appendix 1E to the Listing Rules). Under the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32), the deposit agreement as one of the material contracts must be registered with the prospectus which would then be made available at the Registrar of Companies upon payment of a fee. (2) The deposit agreement should provide for how a copy of the deposit agreement is made available, for example, at the issuer's website, or at the issuer or registrar's office. (3) An issuer should post the deposit agreement on the Exchange's website.
30/03/2004	Appendix 3	Appendix 3	1	64.	Do issuers incorporated outside of Hong Kong need to amend their articles of association to comply with the new requirements of Appendix 3?	Yes, the requirements of Appendix 3 apply to all issuers, wherever incorporated.
30/03/2004 (February 2020)	13.51(1)	17.50(1)	1	67.	An issuer is required to issue an announcement on any proposed amendment to its memorandum or articles association. Is an issuer required to publish further announcements regarding adoption of such proposed amendments?	No. However, issuers are encouraged to do so to promote transparency. [Updated in February 2020]

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01/01/2022	Appendix 3	Appendix 3	9	28.	With the introduction of the core shareholder protection standards, what is required of a Listco to comply with Appendix 3 of the Listing Rules?	The Listco should amend its constitutional documents to ensure all core shareholder protection standards will be included unless the Exchange is satisfied that the domestic laws, rules and regulations to which the Listco is subject provide for the same protection. Existing issuers are permitted to have until their second annual general meeting following 1 January 2022 to make all necessary amendments to their constitutional documents to conform to the core shareholder protection standards. ***(Added on 1 January 2022)***
17/6/2022	Paragraph 14(1) of Appendix 3	Paragraph 14(1) of Appendix 3	N/A	078-2022	Under Paragraph 14(1) of Appendix 3, an issuer must hold a general meeting for each financial year as its annual general meeting (**AGM**). Generally, an issuer must hold its AGM within 6 months after the end of its financial year. Does an overseas issuer (listed prior to the Rule change) comply with this core standard if its constitutional document requires holding of an AGM each year and within 15 months from the date of the previous AGM pursuant to the	Yes. See also paragraphs 87 to 89 of the Consultation Paper for Listing Regime for Overseas Issuers (the **Consultation Paper**) published in March 2021.

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					relevant requirements applicable at the time of listing[5]?	
17/6/2022	Paragraph 14(2) of Appendix 3	Paragraph 14(2) of Appendix 3	N/A	079-2022	Under Paragraph 14(2) of Appendix 3, an issuer must give its members "reasonable written notice" of its general meetings. "Reasonable written notice" generally means at least 21 days for an AGM and at least 14 days for other general meetings. Does an issuer comply with this core standard in the following circumstances? (i) The constitutional document of a PRC issuer requires a minimum notice period of 20 days for an AGM and 15 days for other general meetings in accordance with the PRC company law. (ii) The constitutional document of an overseas issuer (listed prior to the Rule change) provides for a shorter written notice period as permitted at the time of listing.	Yes for both (i) and (ii). See also paragraphs 92, 93 and 95 of the Consultation Paper.

[5] Paragraph 4(2) of the repealed Appendix 13A, Paragraph 4(2) of the repealed Appendix 13B, the repealed Rule 19C.07(4), and Paragraph 41 of the withdrawn Joint Policy Statement regarding the Listing of Overseas Companies (as the case may be).

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17/6/2022	Paragraph 17 of Appendix 3	Paragraph 17 of Appendix 3	N/A	080-2022	Under Paragraph 17 of Appendix 3, the appointment, removal and remuneration of auditors must be approved by a majority of the issuer's members or other body that is independent of the board of directors. Does an issuer comply with this core standard in the following circumstances? (i) An issuer's constitutional document permits the appointment of an auditor by the issuer's board to fill a casual vacancy. The auditor so appointed shall hold office until the next AGM and shall be eligible for re-election. (ii) An issuer's constitutional document permits the auditor's remuneration to be fixed by an ordinary resolution passed at a general meeting, or in the manner specified in such a resolution.	Yes, as the provisions in the issuer's constitutional document are in line with the Hong Kong Companies Ordinance (Chapter 622, laws of Hong Kong) (**"HKCO"**)[6], which permits (i) appointment of auditor by the board to fill a casual vacancy until the next AGM; and (ii) determination of auditor's remuneration in the manner specified in a shareholders' resolution.

[6] Sections 397, 402 and 404 of the HKCO.

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17/6/2022	Paragraph 17 of Appendix 3	Paragraph 17 of Appendix 3	N/A	081-2022	Under Paragraph 17 of Appendix 3, the appointment, removal and remuneration of auditors must be approved by a majority of the issuer's members or other body that is independent of the board of directors. (i) For issuers incorporated in Bermuda, the company laws of Bermuda provide for this core standard, except that a *super-majority* vote is required to remove an auditor. Do they comply with the core standard? (ii) For issuers incorporated in the Cayman Islands, the company laws of the Cayman Islands do not provide for this core standard. Does an issuer comply with this core standard if its constitutional document requires approval of the removal of an auditor by a *super-majority* vote of shareholders in general meeting?	(i) Yes. A higher voting threshold for removal of auditors is acceptable if it is required by the domestic laws. See also paragraph 121 of the Consultation Paper. (ii) No. The higher voting threshold stipulated in the constitutional document does not conform to this core standard. The issuer should amend its constitutional document to comply with the rule.
17/6/2022	Paragraph 20 of Appendix 3	Paragraph 20 of Appendix 3	N/A	082-2022	Under Paragraph 20 of Appendix 3, an issuer's branch register of members in Hong Kong shall be open for inspection by members but the issuer may *close*	Yes for both (i) and (ii).

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					the register on terms equivalent to section 632 of the HKCO[7]. Does an issuer comply with this core standard in the following circumstances? (i) The constitutional document of an overseas issuer or the domestic laws provide for a shorter book closure period compared to that allowed under the HKCO. (ii) A PRC issuer may close the register of members for the registration of transfer of shares[8] for a period longer than that allowed under the HKCO, but its members are still permitted to inspect the register during such period.	

[7] Section 632 of HKCO permits closure of register of members for a period(s) not exceeding in the whole 30 days in a year, which may be extended by member's resolution for a further period(s) not exceeding 30 days in the year. Section 7(2) of the Company Records (Inspection and provision of Copies) Regulation (Chapter 622I) provides that the requirement to make company records available for inspection is not applicable during the period when the register is closed under section 632 of the HKCO.

[8] Article 38 of the Mandatory Provisions for Companies Listing Overseas requires that during the 30 days prior to any general meeting, there shall not be any change in the register of members of a PRC issuer resulted from share transfer.

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30/03/2004 (01/01/2022)	13.70	17.46B	1	69.	Can issuers accept a notice to propose a person for election as a director earlier than the day after the despatch of the notice of the general meeting appointed for the election?	Yes. Provided that such is permitted under the issuer's articles of association or equivalent document and the applicable law. [Updated in January 2022]
28/11/2008 (February 2020)	Form B/H/I in Appendix 5	Form A/B/C in Appendix 6	8	51	Will directors still be subject to criminal liability for false or misleading information which they provide to the Exchange, notwithstanding that the statutory declaration requirement has been removed from the relevant DU Forms?	Yes. Based on the declaration at paragraph (i) of Part 2 of the DU Form, a director or supervisor who provides information to the Exchange which is false or misleading in a material particular, may be in breach of section 384 of the Securities and Futures Ordinance, and therefore subject to the criminal sanctions imposed by that section. [Updated in February 2020]
28/11/2008 (01/03/2019)	Form B/H/I in Appendix 5	Form A/B/C in Appendix 6	8	52. *Issue 17*	Where a person is appointed a director or supervisor by more than one listed issuer, is he required to submit a DU Form for each listed issuer appointing him?	Yes. The director or supervisor must submit a DU Form for each listed issuer appointing him. *Note: Updated in March 2019*
28/11/2008 (01/03/2019)	Form B/H/I in Appendix 5	Form A/B/C in Appendix 6	8	54. *Issue 17*	Does the Exchange accept faxed copies of the executed DU Forms?	No. The Exchange only accepts the signed original of the executed DU Forms. *Note: Updated in March 2019*

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28/11/2008 (February 2020)	Form B/ H/ I in Appendix 5, Paragraph 10 of Appendix 28, 13.51(2)	N/A	8	59	How should the directors/ supervisors of an issuer seeking to transfer from GEM to the Main Board complete paragraph 2 of Part 1 of Form B/ H/ I in Appendix 5?	Directors and supervisors of Eligible Issuers under paragraph 8 of Appendix 28 of the Main Board Rules should state in the forms that their personal details have been set out in the announcement. GEM transfer applicants that are not Eligible Issuers under paragraph 8 of Appendix 28 of the Main Board Rules are considered new listing applicants and their directors and supervisors should state in the forms that their personal details have been set out in the listing document. [Updated in February 2020]
28/11/2008	Appendix 6 Paragraph 1	N/A	7	67.	A Main Board listed issuer proposes a placing of warrants to subscribe new shares of the issuer. The listed issuer intends to apply for a listing of the warrants on the Exchange. If the proposed warrants are able to meet Main Board Rule 8.09(4) which sets out the initial market capitalization requirement for listing of warrants, are they still subject to the initial market capitalization requirement set out in the placing guidelines under Appendix 6 to the Main Board Rules?	Yes. According to Paragraph 15 of Appendix 6 to the Main Board Rules, placing of securities by a listed issuer is required to comply with the placing guidelines if the securities are of a class new to listing. As the warrants will be issued by way of placing, the listed issuer must comply with the requirements set out in the placing guidelines including the additional requirement for initial market capitalization for the securities to be placed.

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30/04/2013	Paragraphs 2(1)(b), 26 and 26A of Appendix 7H	N/A	22	5	Do the obligations to make an announcement to avoid a false market in the issuer's listed securities, to respond to the Exchange's enquiries, and to apply for a trading halt cover information relating to the underlying securities?	No, those obligations are generally confined to information relating to the listed structured products, structured products issuers and/or guarantors.
21/02/2014	App 8 (paras 2(1)(a) and 2(2))	App 9 (para 1(2) (a)(i))	26	10.	How will annual listing fees be calculated where the issuer's shares have no nominal value?	In the case of listed issuers whose shares cease to have a nominal value subsequent to their date of listing (the "no-par event"), the nominal value per share that was used to calculate the annual listing fees immediately before the no-par event (the "notional nominal value per share"), shall be used to calculate the annual listing fees from the no-par event (including any change in the annual listing fees payable under paragraphs 2(4) or 2(5) of MB Appendix 8 (and the equivalent GEM Rules)). If an issuer conducts a subdivision of shares after the no-par event, the notional nominal value per share shall be adjusted accordingly, subject to a minimum of HK$0.25 per paragraph 2(2) of MB Appendix 8 (and the equivalent GEM Rule). For Hong Kong incorporated issuers, the notional nominal value per share from 3 March 2014 shall be the nominal value per share on 2 March 2014. For example: - If an issuer conducts a placing, bonus issue, rights issue or open offer, or consideration issue in September 2014, there will be an increase in

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						annual listing fee payable in the remainder of that year based on the number of new shares issued and the notional nominal value per share. - If an issuer conducts a share subdivision in September 2014, the notional nominal value per share will be adjusted accordingly, subject to a minimum of HK$0.25 per paragraph 2(2) of MB Appendix 8 (and the equivalent GEM Rule) (the "new nominal value per share"). The annual listing fee payable for the remainder of that year will be calculated based on the number of subdivided shares and the new nominal value per share. - If an issuer conducts a share consolidation in September 2014, the annual listing fee payable for the remainder of that year will be calculated based on the number of consolidated shares and the notional nominal value per share. There will be no change to the nominal value per share as it is assumed that the share consolidation is conducted together with a capital reduction as it is under the current market practice. - For Hong Kong incorporated issuers listed on or after 3 March 2014, we shall apply a nominal value of HK$0.25 per paragraph 2(2) of MB Appendix 8 (and the equivalent GEM Rule) as we have done for other issuers with no nominal value per share or a nominal value per share < HK$0.25 for calculating annual listing fees. (Please see the table appended at the end of

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						these FAQs for additional examples of annual listing fee calculations.)
09/05/2008	Appendix 8	N/A	6	B14.	What are the listing fees for DR issuers?	The listing fees for DR issuers follow the same schedule as for issuers of shares, ie Appendix 8 of the Main Board Listing Rules applies. In the case of the annual listing fee, the term 'nominal value' in Appendix 8 refers to the nominal value of the shares represented by the DRs.
30/03/2004 (February 2020)	Appendix 10	5.46 to 5.68	1	71.	The issuer has followed a code of conduct regarding securities transaction by directors for many years. Must the issuer formally approve such Code of Conduct by resolution of the directors?	Yes, or else the code cannot be said to have been adopted. [Updated in February 2020]
30/03/2004	Appendix 10	5.46 to 5.68	1	72.	A director enters into a share dealing agreement prior to the black-out period. Will the director be considered as dealing in shares if completion of the share dealing agreement takes place during the black-out period?	No, provided that the pricing is fixed (in monetary terms) before the black-out period and completion takes place pursuant to the original terms of the agreement.
31/05/2011 (02/01/2013)	Appendix 10 – Paragraphs 6 and 7, and Rule A.3	5.51, 5.52, 5.56	14	1(a)	Mr. X, a director of Company A, intends to make an offer for Company A's shares under the Takeovers Code. (i) Does a dealing in Company A's shares occur under the Model Code	Under the Model Code, an issuer's director must not deal in the issuer's securities when he is in possession of inside information[1] relating to those securities and during a black out period. Dealing includes an offer to acquire the issuer's securities.

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					when the offer document is despatched? (ii) If Mr. X announces his firm intention to make the offer (with terms) during the black out period, would it be regarded as a dealing in Company A's shares under the Model Code?	(i) In the takeover situation, the despatch of the offer document is a dealing by Mr. X under the Model Code because he has made an offer to acquire Company A's shares under the offer document. (ii) As an offer has not been made at the time of the announcement, it is not a dealing under the Model Code. However, we understand that if a director announces a firm intention to make an offer, he will be required to proceed with the offer in accordance with the Takeovers Code. Therefore, Mr. X should apprise himself of all applicable rules and regulations before he announces the offer, and ensure that the offer (i.e. the despatch of the offer document) would not take place within the black out period. Please also refer to the SFC's Takeovers Bulletin – Issue No. 15.
31/05/2011	Appendix 10 – Paragraph 7, and Rule A.3	5.52, 5.56	14	1(b)	Mr. X has announced a firm intention to make an offer for Company A's shares (with terms) under the Takeovers Code before the commencement of the black out period. If the offer document is to be despatched during the black out period and there are no change to the offer terms, would the	Yes.

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					dealing restriction under the Model Code apply?	
31/05/2011	Appendix 10 – Paragraph 7, and Rule A.3	5.52, 5.56	14	1(c)	If during the black out period Mr. X seeks and obtains irrevocable undertakings from Company A's shareholders to tender their shares under the offer, would these be considered as dealings under the Model Code?	The undertakings would not themselves be regarded as dealings by Mr. X under the Model Code.
31/05/2011	Appendix 10 – Paragraph 7	5.52	14	2.	For the purpose of the Model Code, does dealing include a takeover of a listed issuer by way of scheme of arrangement under which the issuer's shares would be cancelled in exchange for cash or securities?	The dealing restrictions in the Model Code also apply to schemes of arrangement as they have similar effect to takeovers by way of general offer.
31/05/2011	Appendix 10 – Paragraphs 6 and 7, and Rules A.3 and A.6	5.51, 5.52, 5.56, 5.59	14	3.	An entity makes an offer to acquire Listco's shares under the Takeovers Code. Mr. Y is a director of each of Listco and the offeror. The offer is not a dealing in which Mr. Y is treated as interested under Part XV of the Securities and Futures Ordinance. Would the offer be regarded as dealing by Mr. Y in Listco's shares under the Model Code by virtue of his directorship in the offeror?	No. However, Mr. Y should note that under the Model Code he must not make any unauthorised disclosure of confidential information of Listco to any person (even those to whom he owes a fiduciary duty).

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30/03/2004	Appendix 10 Paragraph 7(d)(iv)	5.52(4)(d)(iv)	1	73.	Is the exercise of share options by a director under an employee share option scheme pursuant to Chapter 17 (where the Exchange has approved the listing of the shares granted under the scheme) subject to the black-out period in respect of dealings by directors?	No, it is not subject to the black-out period provided that a director exercise his share options at the pre-determined exercise price, being a fixed monetary amount, determined at the time the options were granted. However, unless there are exceptional circumstances, a director may not otherwise deal in shares during the black-out period. One should also keep in mind that, under the Model Code, granting o options is subject to the same black-out period.
28/11/2008	Appendix 10, paragraph 7(d)(viii)	5.52(4)(h)	8	60. *Issue 18*	Please clarify the meaning of "beneficial ownership is transferred from another party by operation of law".	This refers to the situation where the transfer occurs automatically as a result of applicable laws rather than any act on the part of the relevant parties. For example, the director may be entitled to receive an interest in securities as a result of the laws governing intestacy or, where the director is a joint holder of securities, the director may obtain ownership of the securities if the other joint holder dies.
30/03/2004 (February 2020)	Appendix 10 R.A.3	5.56	1	74.	Is a Main Board issuer who publishes its quarterly results on a voluntary basis also subject to black-out period for its directors' dealings?	Yes, under rule A.3 of Appendix 10, it is subject to the same black-out period as for publication of annual or interim results. [Updated in February 2020]
28/11/2008 (13/03/2009)	Appendix 10, Rule A.3	5.56	8	63. *Issue 18*	When should the black out period start if an issuer anticipates a delay in publishing its results announcement?	The default position is that the latest any black out period can start is 60 days or 30 days before the intended reporting day for annual or interim results. This is so even if it expects that the publication date

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						will be later than the deadline imposed by the Listing Rules.
28/11/2008 (13/03/2009)	Appendix 10, Rule A.3	5.56	8	64. *Issue 18*	An issuer has notified the Exchange of the commencement date of the black out period under paragraph (b) of Rule A.3 of Appendix 10 of the Main Board Rules/ GEM Rule 5.56. If it later decides to postpone publication, should the black out period be based on the revised publication date?	No. The commencement date of the black out period does not change if the issuer decides to postpone publishing the results after it has notified the Exchange. The black out period will be extended and end on the date of publication.
28/11/2008 (13/03/2009)	Appendix 10, Rule A.3	5.56	8	67. *Issue 18*	Is a director permitted to deal on the actual day on which the issuer's financial results are published?	No. Rule A.3(a) states that a director must not deal in any securities of the issuer on any day on which its financial results are published.
28/11/2008 (13/03/2009)	Appendix 10, Rule A.3	5.56	8	68. *Issue 18*	Does the notification to the Exchange under Rule A.3(b) have to be in writing?	Yes.
28/11/2008 (February 2020)	Appendix 10, Rule A.3	5.56	8	69	Rule A.3 of Appendix 10 of the Main Board Rules (GEM Rule 5.56) provides that the black out period may commence "from the end of the relevant financial year up to the publication date of the results". Please clarify whether the period commences on the day the financial year end or the day immediately following the financial year end.	The period commences on the day immediately following the financial year end date. [Updated in February 2020]

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30/03/2004 (February 2020)	Appendix 10 R.A.6	5.61	1	75.	Does a director need to notify the chairman or a designated director in writing before his spouse and minor child deals in the issuer's shares?	Yes, dealings by the spouse or any minor child will be treated as dealings of the director. [Updated in February 2020]
30/03/2004 (February 2020)	Appendix 10 R.A.6	5.61	1	76.	If the spouse of a director is living apart from the director and deals in shares of the issuer, is the director responsible for non-reporting of dealings by the spouse?	Yes. However, the Exchange, in deciding what (if any) follow-up action is appropriate in any particular case, will consider all the relevant facts and circumstances. [Updated in February 2020]
17/05/2019 (28/02/2020)	Appendices 14 and 27	Appendices 15 and 20	18	6.	As "governance" is part of the ESG elements, how should issuers reflect it in their ESG reports?	There should be a governance structure in ESG matters including the board's role in the oversight of ESG matters and assessing and managing material environmental and social risks issues. For ESG reports for financial years commencing on or after 1 July 2020, issuers are required to disclose their ESG governance by including a statement from the board containing the following elements: (i) A disclosure of the board's oversight of ESG issues; (ii) The board's ESG management approach and strategy, including the process used to evaluate, prioritise and manage material ESG-related issues (including risks to the issuer's businesses); and

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						(iii) How the board reviews progress made against ESG-related goals and targets with an explanation of how they relate to the issuer's businesses.
27/03/2013 (01/01/2022)	Appendix 14, Code Provision C.1.8	Appendix 15, Code Provision C.1.8	17	19G.	What are the requirements for the insurance cover that an issuer should provide in respect of legal action against its directors?	Issuers should take out appropriate insurance cover in respect of the possible legal liabilities that directors may face. What is appropriate is up to the individual issuer. For example, directors of a large multi-national company may need a higher degree of insurance coverage than an issuer based locally. It also depends on other factors such as the nature of the issuer's business. The board of each issuer should consider its own risks and take out appropriate directors' liability insurance accordingly. *(Previously published in Series No. 21 No. 1)*
28/02/2013 (01/01/2022)	Appendix 14, Code Provision C.2.7	Appendix 15, Code Provision C.2.7	17	19I.	Under Code Provision C.2.7, the chairman should at least annually hold meetings with the non-executive directors (including independent non-executive directors) without the executive directors present. Is the Code Provision applicable to an issuer if its chairman is an executive director?	Yes. The chairman should hold these meetings even if he is an executive director. *(Previously published in Series No. 20 No. 29 and updated on 28 December 2018)*
19/12/2011 (01/01/2022)	Appendix 14, Code	Appendix 15, Code	17	20.	CP B.1.2 requires publication of an updated list of directors identifying their	An issuer should identify whether each director is an executive director, NED or INED and, if

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	Provision B.1.2	Provision B.1.2			role and function. Please clarify the information that should be disclosed in this list of directors.	applicable, specify the director's role in the the issuer (e.g. chairman of the board, chief executive, chief financial officer, member or chairman of the audit/ nomination/remuneration/other board committee(s), etc.). *(Updated on 1 January 2022)*
19/12/2011 (01/01/2022)	Appendix 14, Code Provisions B.1.2, B.3.2, D.3.4 and E.1.3	Appendix 15, Code Provisions B.1.2, B.3.2, D.3.4 and E.1.3	17	20B.	Can an issuer publish the terms of reference of its board committees and its list of directors in a single language (i.e. English or Chinese only)?	No, these documents must be published in both English and Chinese.
19/12/2011 (01/01/2022)	Appendix 14, Code Provisions B.1.2, B.3.2, D.3.4 and E.1.3	Appendix 15, Code Provisions B.1.2, B.3.2, D.3.4 and E.1.3	17	20C.	Does an issuer have to publish the terms of reference of its board committees and its list of directors by way of an announcement?	No, the terms of reference do not need to be published by way of an announcement. An issuer should select the current Tier 1 Headline Categories for Announcements and Notices, which includes, amongst others, the following Headline Categories: (a) List of Directors and their Role and Function (b) Terms of Reference of the Audit Committee (c) Terms of Reference of the Remuneration Committee (d) Terms of Reference of the Nomination Committee

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19/12/2011 (01/01/2022)	Appendix 14, Code Provisions B.1.2, B.3.2, D.3.4 and E.1.3	Appendix 15, Code Provisions B.1.2, B.3.2, D.3.4 and E.1.3	17	20D.	If an issuer amends the terms of reference of its board committees and/or amends its list of directors from time to time: (a) What is the expected timing for issuers to post the updated documents on the HKEXnews website and on its own website? (b) If an issuer announces on a particular date (e.g. 22 February) that a new director will be appointed with effect from a later date (e.g. 25 April), should it upload the new list of directors at the earlier or later date?	(a) Issuers are expected to post the updated documents as soon as reasonably practicable after the changes have come into effect. (b) In this case, the issuer may upload the new list of directors onto its and the HKEXnews website on or before the effective date (i.e. 25 April).
19/12/2011 (01/01/2022)	Appendix 14, Code Provision B.2.3	Appendix 15, Code Provision B.2.3	17	21.	If an INED has served an issuer for nine years or more, is it necessary to re-elect the individual every year at the AGM (using a separate AGM resolution), alternatively, can the issuer continue to re-elect the INED on a regular rotation basis in accordance with its constitutional documents?	The issuer does not need to re-elect the INED who has served more than nine years every year. The issuer should continue to re-elect the INED on a regular rotation basis in accordance with its constitutional documents. *(Updated on 28 December 2018)*

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01/01/2022	Appendix 14, Code Provision B.2.4	Appendix 15, Code Provision B.2.4	17	21A(1).	If all the INEDs of an issuer have served on the board of the issuer for more than nine years, when will the issuer be required to (i) disclose the length of tenure of the existing INEDs; and (ii) appoint a new INED on board?	(i) The issuer should disclose the length of tenure of each existing INED on a named basis in the circular to shareholders and/or explanatory statement accompanying the notice of the AGM published in the financial year commencing on or after 1 January 2022. (ii) The issuer should appoint a new INED at the forthcoming AGM for the financial year commencing on or after 1 January 2023. *（Added on 1 January 2022）*
28/12/2018 (01/01/2022)	Appendix 14, Code Provision B.3.4	Appendix 15, Code Provision B.3.4	17	21B.	If an issuer appointed a director who will be holding their seventh INED directorship, would it be considered as a deviation from the CP?	If the director will be taking on their seventh INED position (or more), it is a "comply or explain" requirement that issuers should state in the circular to shareholders accompanying the resolution to elect the INED its reasons for determining that the proposed INED would be able to devote sufficient time to the board. For details, please refer to the *Guide*. Please note that INEDs are expected to keep up to date with the issuer's business affairs and contribute to the board's strategic objective setting. It is crucially important that INEDs make sufficient time available to discharge their duties and responsibilities for the benefit of the issuer. *(Updated on 1 January 2022)*
01/01/2022	Appendix 14, Code	Appendix 15, Code	17	21C.	When counting "listed company directorship", does such directorship	"Listed company directorship" covers companies listed in Hong Kong and on any other exchanges.

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	Provision B.3.4	Provision B.3.4			refer to only Hong Kong listed companies or also to companies listed on other exchanges?	*(Added on 1 January 2022)*
19/12/2011 (01/01/2022)	Appendix 14, Code Provision C.1.4	Appendix 15, Code Provision C.1.4	17	22.	Would the training (including the Director Training Webcasts in 2017/2018 and Directors' E-Training) provided by the Exchange be considered as "continuous professional development" for the purpose of this CP?	Yes, if an issuer's director has participated in training provided by the Exchange, such training would be considered as part of a director's continuous professional development. The Exchange has conducted a number of director training initiatives. In 2017 and 2018, the Exchange launched a series of director training webcasts (Director Training Webcasts) with topics including: - Duties of Directors and Role and Function of Board Committees - Risk Management and Internal Control, ESG Reporting - Corporate Governance - Director and Company Secretary's Roles - Directors' Responsibilities at IPOs In December 2018, the Exchange released a Directors' E-Training entitled "*INEDs' Role in Corporate Governance*". We strongly encourage all directors to complete the training to help improve their effectiveness. *(Updated on1 January 2022)*

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19/12/2011 (01/01/2022)	Appendix 14, Code Provision C.1.4 and Paragraph B(i)	Appendix 15, Code Provision C.1.4 and Paragraph B(i)	17	22A.	Is there any prescribed form of training for directors? Is appropriate directors' training restricted to classes or seminars?	The CP on directors' training can be satisfied in a number of ways, e.g. by attending in-house briefings, by giving talks, by attending training relevant to the issuer's business conducted by lawyers, even by reading material relevant to the director's duties and responsibilities (including the Director Training Webcasts and the Directors' E-Training launched by the Exchange). For details, please refer to Response 22.
19/12/2011 (01/01/2022)	Appendix 14, Code Provision C.1.4 and Paragraph B(i)	Appendix 15, Code Provision C.1.4 and Paragraph B(i)	17	22B.	If a director sits on the board of several issuers, can the same training record be provided to each issuer in order to comply with this CP and disclosure requirement?	Yes, the director can provide the same training record to all the issuers.
28/12/2018 (01/01/2022)	Appendix 14, Code Provision C.1.6	Appendix 15, Code Provision 1.1.6	17	22C.	The CP states that "*Generally they should also attend general meetings to gain and develop a balanced understanding of the views of shareholders*". Is it deviation from the CP if one or more of an issuer's INEDs or other NEDs do not attend a general meeting?	We would not consider the absence of one or more of an issuer's INEDs or other NEDs from a general meeting to be a deviation from CP C.1.6. However, NEDs' attendance at general meetings is important. An INED is often the chairman or a member of board committees and as such, the individual should be accountable to shareholders by being available to respond to questions and enquiries in relation to their work. Without attending general meetings, the director will not be able to develop a balanced understanding of the views of shareholders.

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19/12/2011 (01/01/2022)	Appendix 14, Code Provisions C.5.9, E.1.2, E.1.5, E.1.8, D.3.3 and A.2.1, Paragraph J	Appendix 15, Code Provisions C.5.9, E.1.2, E.1.5, E.1.8, D.3.3 and A.2.1, Paragraph J	17	23.	Are there any particular criteria for defining "senior management"?	Senior management is the same category of persons referred to in the issuer's annual report.
19/12/2011 (01/01/2022)	Appendix 14, Code Provision D.1.2	Appendix 15, Code Provision D.1.2	17	24.	If the monthly management accounts have been reviewed by directors, is there any change to the blackout period for directors regarding their dealings in the issuers' shares?	No. Monthly management accounts may or may not contain inside information. Under normal circumstances, where the issuer's performance is in line with market expectations based on previous disclosure by the issuer, it is unlikely that a director would be precluded from dealing in the issuer's securities just because they received monthly accounts from management. If, however, the monthly management accounts reveal inside information, the director would be precluded from dealing in the issuer's securities until the information has been disseminated to the market.
19/12/2011 (01/01/2022)	Appendix 14, Code Provision D.1.2	Appendix 15, Code Provision D.1.2	17	24A.	Should the issuer send the monthly management accounts/ management updates to directors 60 days after the month-end? Is there a deadline?	Monthly updates should be provided to directors as soon as practicable after the month-end. Although Code Provision C.1.2 does not specify a deadline, it is unhelpful to directors if they receive the information two months after the month-end. Directors will not be able to monitor the issuer's financial affairs and inside information disclosure unless the information is timely.

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30/03/2004 (01/01/2022)	Appendix 14 Recommended Best Practice D.1.5, Appendix 16	18.02	17	24B.	A Main Board issuer proposes to publish its quarterly results on a voluntary basis. What are the disclosure requirements for quarterly results? Does the issuer need to follow the same requirements as for half-year results announcements or reports?	For quarterly reporting, the Main Board issuer can follow all the disclosure requirements governing half-year results. In the Corporate Governance Code set out in Main Board Rules Appendix 14 (GEM Rules Appendix 15), Main Board issuers are recommended to publish their quarterly results within 45 days after the quarter end. Quarterly reporting is mandatory for GEM issuers. *(Previously published in Series No. 1 No. 79)*
19/12/2014 (01/01/2022)	Appendix 14, Principle D.2	Appendix 15, Principle D.2	17	24C.	Principle D.2 of the Code states that the management should provide a confirmation to the board on the effectiveness of the risk management and internal control systems. Is there a definition for the term "management"?	"Management" is a commonly understood term; each company may determine its own management. *(Previously published in Series No. 30 No. 2)*
19/12/2014 (01/01/2022)	Appendix 14, Code Provision D.2.1	Appendix 15, Code Provision D.2.1	17	24D.	The board is required to oversee the issuer's risk management and internal control systems "on an ongoing basis". Is this a day-to-day responsibility of the board?	It is the role of management to implement and take day-to-day responsibility for board policies on risk management and internal control. However, the board needs to satisfy itself that management has understood the risks, has implemented and is monitoring appropriate policies and controls, and is providing the board with timely information so that it can discharge its own responsibilities. *(Previously published in Series No. 30 No. 4)*
28/11/2008 (01/01/2022)	Appendix14 Code	Appendix15 Code	17	24E.	Under the CP, can a PRC qualified accountant be appointed to be in charge	An issuer will have the freedom to decide the number of personnel and their accounting

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	Provision D.2.2	Provision D.2.2			of an H-share issuer's accounting and financial reporting function? Would a person who is not a member of a professional accounting body but with another qualification, for example a MBA (Finance) Degree from a USA graduate school of business, with over 20 years' financial management experience, be considered a person who possesses adequate qualifications and experience and be employed to oversee procedures and internal controls governing an issuer's accounting and financial reporting function?	qualifications which are suitable for the company. The board of directors has the responsibility of determining the adequacy of qualifications and experience of such persons to oversee procedures and internal controls governing the issuer's accounting and financial reporting function. An issuer should also note that, under the CP, the board of directors is responsible for reviewing the adequacy of the resources, qualifications and experience of staff for the issuer's accounting and financial reporting function. If an issuer chooses to deviate from the CP, it will be required to explain in its Corporate Governance Report. *(Previously published in Series No. 8 No. 12)*
17/05/2019 (01/01/2022)	Appendix14 Code Provision D.2.2	Appendix15 Code Provision D.2.2	17	24L.	CP D.2.2 states that the board's annual review should, in particular, ensure the adequacy of resources. What "resources" would be expected from the Exchange?	The Exchange expects the issuer to ensure the adequacy of resources for the issuer's accounting, internal audit and financial reporting function, as well as those relating to the issuer's ESG performance and reporting. *(Added on 17 May 2019)*
19/12/2014 (01/01/2022)	Appendix 14, Code Provision D.2.5	Appendix 15, Code Provision D.2.5	17	24F.	Code Provision D.2.5 states that the issuer should have an internal audit function. Is it a deviation from the Code Provision if an issuer outsources the internal audit function?	We understand that in practice it is common for issuers to engage external service providers to perform the internal audit function. We would not consider outsourcing the internal audit function to competent persons as a deviation from Code Provision D.2.5.

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						(Previously published in Series No. 30 No. 5)
19/12/2014 (01/01/2022)	Appendix 14, Code Provision D.2.5	Appendix 15, Code Provision D.2.5	17	24G.	What does the Exchange expect of an issuer's internal audit function?	While the Exchange does not intend to prescribe the manner in which issuers carry out their internal audit function, we note that it may be helpful for issuers to refer to the Institute of Internal Auditors' International Professional Practices Framework ("IAIPPF") for guidance. The IAIPPF defines "internal auditing" as "an independent, objective assurance and consulting activity designed to add value and improve an organization's operations. It helps an organization accomplish its objectives by bringing a systematic, disciplined approach to evaluate and improve the effectiveness of risk management, control, and governance processes". *(Previously published in Series No. 30 No. 6)*
19/12/2014 (01/01/2022)	Appendix 14, Code Provision D.2.5	Appendix 15, Code Provision D.2.5	17	24H.	Note 2 to Code Provision D.2.5 states that a group with multiple listed issuers may share group resources to carry out the internal audit function for members of the group. Which of the listed issuers in the group should carry out the internal audit function?	We consider that a group should have the flexibility to decide which of its group companies, holding or subsidiaries, is best equipped to carry out the internal audit function for other members of the group, based on expertise and resources planning and allocation. However, it is not the case that a group should always share resources to carry out the internal audit function. In some cases, it may be more appropriate for issuers within a group to carry out the internal audit function separately. This is a matter for each issuer, or group of issuers, to consider and decide upon in the light of their individual circumstances

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						(Previously published in Series No. 30 No. 7)
19/12/2014 (01/01/2022)	Appendix 14, Principle D.2 and Code Provision D.2.8	Appendix 15, Principle D.2 and Code Provision D.2.8	17	24I.	For the management to provide a confirmation to the board on the effectiveness of the issuer's risk management and internal control systems, is it necessary for the management to first obtain a confirmation from an independent third party?	We intended the term "confirmation" to mean that the management should inspire confidence in the board on the effectiveness of the systems, as opposed to requiring assurance given by independent third parties. *(Previously published in Series No. 30 No. 3)*
28/12/2018 (01/01/2022)	Appendix 14, Code Provision D.3.2	Appendix 15, Code Provision D.3.2	17	24J.	As mentioned in Question 11E above, an INED who has fulfilled a one-year cooling off period and who was appointed prior to 1 January 2019, would be allowed to stay on for the full term unless early terminated. However, would the INED be allowed to stay on as a member of the audit committee or would that be considered as a deviation from the CP?	For consistency, the revised Rule (Main Board Rule 3.13/ GEM Rule 5.09) and the revised CP (CP C.3.2) will be grandfathered for INEDs appointed in 2018. It means that, even if at the time of re-appointment, the newly appointed INED is short of a two-year cooling off period, the INED should still be allowed to be appointed as a member of the audit committee.
19/12/2011 (01/01/2022)	Appendix 14, Code Provision C.3.3	Appendix 15, Code Provision C.3.3	17	25.	Does Code Provision D.1.4 (which states that directors should clearly understand delegation arrangements in place and issuers should have formal letters of appointment for directors setting out the key terms and conditions of their appointment) apply to newly appointed directors as well as to existing directors? What are the key terms and	There should be a letter of appointment for existing as well as newly appointed directors. We will not prescribe the terms and conditions of the letter of appointment and will leave it to issuers to decide.

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					conditions that need to be included in the letter of appointment?	
21/02/2014 (01/01/2022)	Appendix 14, Principle F.1 and Guide on General Meetings, General Principle 2.3	Appendix 15, Principle F.1 and Guide on General Meetings, General Principle 2.3	17	25A.	Can issuers hold a meeting at two or more places using technology that enables members to listen, speak and vote, as provided for under the Companies Ordinance (Cap. 622)(s. 584(1))?	Yes. The Guide on General Meetings provides that issuers may use (and should consider using) technology (e.g. webcasts or video conferencing) in order to maximise shareholder participation. *(Previously published in Series No. 26 No. 16)*
19/12/2011 (01/01/2022)	Appendix 14, Code Provision F.2.1	Appendix 15, Code Provision F.2.1	17	26.	Please give an example of "bundling" resolutions. Would the amendment of several articles included in one special resolution be considered "bundling"?	If an amendment to the issuer's articles of association is likely to be controversial, the resolution in respect of the amendment should not be "bundled" with the less controversial resolutions. This is so even if the other resolutions are related to the controversial resolution.
14/12/2009 (01/01/2022)	13.70, Appendix 3, paragraph 14(2)	17.46B, Appendix 3, paragraph 14(2)	17	26C.	A shareholder proposes a person for election as a director at the forthcoming AGM after the issuer has issued the AGM notice, the issuer will issue a supplemental notice for the nomination of the director. Is the issuer required to comply with the reasonable notice period under Appendix 3, paragraph 14(2) for the despatch of this supplemental notice?	For nomination of directors in the circumstances described, Main Board Rule 13.70 / GEM Rule 17.46B specifically requires the issuer to give shareholders at least seven days to consider the relevant information disclosed in such an announcement or supplementary circular prior to the date of the meeting of the election. Also, the issuer must assess whether it is necessary to adjourn the general meeting to give shareholders a longer period of at least 10 business days to consider the information disclosed in the supplemental notice. It would normally be acceptable for the issuer to issue the supplemental

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						notice 10 business days before the AGM or the adjourned AGM. *(Previously published in Series No. 9 No. 27)* *(Updated on 1 January 2022)*
19/12/2011 (01/01/2022)	Appendix 14, Code Provision C.6.1	Appendix 15, Code Provision C.6.1	17	27.	If a company secretary serves a group of issuers, but is an employee of only one of these issuers, would this be considered a deviation from Code Provision?	No, it would not be considered a deviation from the Code Provision.
19/12/2011 (01/01/2022)	Appendix 14, Code Provisions C.6.3	Appendix 15, Code Provisions C.6.3	17	28.	This CP states that the company secretary should report to the chairman and/or the chief executive. Is this requirement applicable to an external service provider acting as company secretary?	The CP does not intend for an external service provider to report to the chairman and/or the chief executive.
19/12/2011 (01/01/2022)	Appendix 14, Paragraphs E(c)	Appendix 15, Paragraphs E(c)	17	29.	Regarding the disclosure of directors' attendance at committee meetings, does the Exchange expect that such disclosure should cover the directors' attendance at all board committee meetings (not merely those of the remuneration, nomination, audit and risk committees, and corporate governance functions of the board which are mentioned in Paragraph L(c))?	Paragraph I(d) requires disclosure of directors' attendance at all board committee meetings including, but not limited to, their attendance at meetings of the board committees mentioned in Paragraph L(c). Paragraph L(c) only relates to the remuneration committee, nomination committee, audit committee, risk committee (if any, from 1 January 2016) and corporate governance functions of the board (or a committee delegated by the board responsible for corporate governance matters).

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19/12/2011 (28/12/2018)	Appendix 14 Note(s) under CP(s)	Appendix 15 Note(s) under CP(s)	17	30.	Is a Note under a CP subject to "comply or explain"?	No, it is not. A Note is normally used to clarify the meaning or illustrate the practical application of the CP.
28/11/2008	Appendix 16	18.39	8	72	Are issuers required to disclose in its annual report the engagement of an accountant who is to be in charge of the issuer's accounting and financial reporting function together with details of his qualifications?	Yes. If an accountant is in charge of the issuer's accounting and financial reporting function, he should be considered "senior management" and his biographical details should be disclosed as required under the Rules.
01/03/2019	Appendix 16 Paragraph 12	18.39	N/A	056-2019	Are listed issuers required to disclose former names and aliases (if any) of directors and supervisors in their annual reports for the years ended on or before 28 February 2019?	Issuers are required to disclose such information in their annual reports to be published on or after 1 March 2019.
30/03/2004	Appendix 16 Paragraph 24	18.28	1	77.	For disclosure of directors' emoluments on a named basis, is it necessary to disclose the comparative figures for the corresponding previous period?	Yes.
06/02/2015	Paragraphs 28(2)(d) and 32 of Appendix 16	Rules 18.07A(2)(d) and 18.41	31	5.	How should the discussion and analysis of an issuer's performance and the business review be presented in the annual report? Would it be appropriate to include a cross reference in the issuer's business review to its discussion and analysis?	According to section 388 and Schedule 5 of the New Companies Ordinance, a business review under the New Companies Ordinance must be part of a directors' report. Therefore, it cannot be part of the discussion and analysis unless the discussion and analysis forms part of a directors' report. However, the law does not mention whether cross referencing is prohibited.

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						The Exchange does not propose to dictate the way issuers present their business review and discussion and analysis as long as the issuer provides in its periodic financial reports the disclosures required under both paragraphs 28(2)(d) and 32 of Main Board Rules Appendix 16 (GEM Rules 18.07A(2)(d) and 18.41). If the discussion and analysis information has been disclosed in a business review in the directors' report, there is no need to repeat the disclosures in a separate section of the annual report.
22/02/2019	Paragraph 28.2 of Appendix 16	Note 2 under Rule 18.07A	31.	14.	The Companies (Amendment) (No.2) Ordinance 2018 has added sections 390(4) to (7) ("New Sections") to the Companies Ordinance (Cap. 622). The New Sections deal with compliance (by a holding company incorporated in Hong Kong) with the requirement to disclose in its own directors' report the names of the directors of its subsidiaries ("Requirement"). The New Sections allow a list of the names of the directors of the subsidiaries of the holding company (i) to be kept at the holding company's registered office and be made available for inspection by the members free of charge during business hours; or (ii) to be made available on the holding company's website. The New	The New Sections facilitate compliance with the Requirement by holding companies incorporated in Hong Kong. They do not apply to holding companies incorporated outside Hong Kong. Accordingly, the Listing Rules do not require issuers incorporated outside Hong Kong to comply with the New Sections after the Effective Date. Issuers incorporated in Hong Kong are required to comply with the New Sections after the Effective Date.

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					Sections came into effect on 1 February 2019 ("Effective Date"). For details, please refer to the Companies Registry website: https://www.cr.gov.hk/en/companies_ordinance2018/index.htm. Currently, the Listing Rules provide that issuers incorporated outside Hong Kong do not have to comply with the Requirement. Would the New Sections apply to issuers incorporated outside Hong Kong after the Effective Date?	
06/02/2015	Paragraphs 28(2)(d), 45(3) and 46(3) of Appendix 16	Rules 18.07A(2)(d), 18.50(2) and 18.78(3)	31	6.	Is an issuer required to disclose in its preliminary results announcement a business review under the New Companies Ordinance?	No. Under the New Companies Ordinance, a business review is only required to be included in the annual reports of issuers, not in their preliminary results announcements. There is no change to the disclosure requirements for the preliminary results announcement. It is up to issuers to decide how they would like to present the disclosures to meet the Listing Rule requirements in their preliminary results announcements. (Note: to avoid confusion with the term "business review" used under the New Companies Ordinance, the term "a business review" under paragraph 45(3) of Main Board Rules Appendix 16 (GEM Rule 18.50(2)) (annual results

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						announcement) and paragraph 46(3) of Main Board Rules Appendix 16 (GEM Rule 18.78(3)) (interim results announcement) has been changed to "a commentary".)
06/01/2017 (01/03/2019)	1.01, Paragraphs 45(7) and 46(8) of Appendix 16, Appendix 24	1.01, 18.50(8), 18.64, 18.76, 18.78(5), Appendix 17	N/A	002-2017	The revised Hong Kong Standards on Auditing ("HKSAs") issued by the HKICPA on 31 August 2015 which became effective for audits of financial statements for periods ending on or after 15 December 2016, require the issuer's auditors to report "Key Audit Matters" ("KAM") in their audit report. Will the issuer need to: (i) provide details of KAM in the preliminary results announcement; and (ii) select the headline category "Modified Report by Auditors" when submitting the results announcement for publication?	(i) Currently, there is no specific requirement under the Rules for an issuer to provide details of KAM in its results announcement. For investors to better understand the financial statements and the audit that was performed, it is considered more appropriate that KAM should be read and considered together with the full audit report and the complete set of financial statements. Therefore, the issuer is recommended to publish its full annual report as soon as practicable after the preliminary results announcement has been issued. (ii) No. Given that KAM is part of a clean audit report, the issuer should not select the headline category "Modified Report by Auditors" when submitting the results announcement for publication on the HKEXnews website. The issuer is reminded that paragraphs 45(7) and 46(8) of Appendix 16 to the Main Board Rules and GEM Rules 18.50(8) and 18.78(5) require, where its auditors are likely to issue a

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						modified report on its financial statements, the issuer to provide details of the modification in the results announcement and select the headline category "Modified Report by Auditors". The newly defined term "modified report" in Main Board Rule 1.01/ GEM Rule 1.01 refers to: (a) where the audit opinion in the auditors' report is a "modified opinion" (i.e. a qualified opinion, an adverse opinion or a disclaimer of opinion); and/or (b) where the auditors' report contains any of the following without modifying the audit opinion: - an emphasis of matter paragraph; and - a material uncertainty related to going concern. There is no policy change to the Rules in this regard.
06/01/2017 (01/03/2019)	1.01, Paragraphs 45(7) and 46(8) of Appendix 16, Appendix 24	1.01, 18.50(8), 18.64, 18.76, 18.78(5), Appendix 17	N/A	003-2017	When the auditors express an unmodified opinion but include an "Emphasis of Matter" paragraph or a separate section under the heading "Material Uncertainty Related to Going Concern", will the issuer need to provide details in the preliminary results announcement and select the headline	Yes. See the definition of "modified report" in Main Board Rule 1.01/ GEM Rule 1.01 (FAQ 002-2017). Where the auditors' report is expected to include an "Emphasis of Matter" paragraph or a separate section under the heading "Material Uncertainty Related to Going Concern", the issuer should provide details in its results announcement. In

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					category "Modified Report by Auditors" when submitting the results announcement for publication?	such case, the issuer should also select the headline category "Modified Report by Auditors" when submitting its results announcement for publication on the HKEXnews website.
01/03/2019	1.01 4.18, 14.68(2)(a)(i), Paragraph 35 of Appendix 1A, Paragraph 42(2) of Appendix 1C, Paragraph 35 of Appendix 1E, Paragraphs 45(7) and 46(8) of Appendix 16	1.01, 7.22, 18.50(8), 18.64, 18.76, 19.68(2)(a)(i), Paragraph 35 of Appendix 1A, Paragraph 42(2) of Appendix 1C	N/A	053-2019	(i) Given the Exchange has now updated the audit terminology in the Rules with reference to the revised HKSAs on auditor reporting, the terms "modified opinion" and "modified report" are defined in Main Board Rule 1.01/ GEM Rule 1.01. However, there is no definition of "modification" in the Rules. Please clarify the use of the term "modification". (ii) Where the financial information has been reviewed and a review conclusion has been expressed by the auditors/ reporting accountants (e.g. FAQ 004-2017), what is meant by "modification" referred to in the Rules, interpretation and guidance issued by the Exchange? Please clarify the use of the term "modification" in that context.	(i) "Modification" is a generic term which should be read in the context of the Rule. <u>Audit engagements</u> The terms "modified opinion" and "modified report" defined in Main Board Rule 1.01/ GEM Rule 1.01 relate to an accountants' report or auditors' report containing an audit opinion. Where a Rule explicitly refers to a "modified opinion", then the term "modification" should be read in the context of that Rule and should refer to a "modified opinion". The same applies when a Rule explicitly refers to a "modified report", then the term "modification" should be read in the context of that Rule and should refer to a "modified report". For reference, the table below summarises the terminologies used in the current Rules and the HKSAs:

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<tr><th></th><th colspan="2">Terminology used</th></tr>
<tr><th>Meanings</th><th>Current Rules</th><th>HKSAs</th></tr>
<tr><td>Matters that affect the audit opinion:
- qualified opinion
- adverse opinion
- disclaimer of opinion</td><td>Modified opinion</td><td>Modified opinion</td></tr>
<tr><td>Matters that affect the audit opinion:
- qualified opinion
- adverse opinion
- disclaimer of opinion

AND/OR

Matters that do not affect the audit opinion:
- emphasis of matter
- material uncertainty related to going concern</td><td>Modified report</td><td>No specific equivalent term</td></tr>
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						(ii) Where the financial information has been reviewed and a review conclusion has been expressed by the auditors/ reporting accountants, then the term "modification" in the Rules and FAQs should refer to: <u>Review engagements</u> (a) a modified review conclusion (i.e. qualified conclusion, an adverse conclusion or a disclaimer of conclusion); and/or (b) an emphasis of matter paragraph or a paragraph to highlight a material uncertainty related to going concern without modifying the review conclusion. (Note: A review is substantially less in scope than an audit conducted in accordance with relevant HKICPA standards (or equivalent standards issued by IAASB and China Ministry of Finance). Currently, the applicable HKICPA standards for a review engagement are Hong Kong Standards on Review Engagements 2400 (Revised) and 2410.)
06/02/2015 (February 2020)	Paragraphs 45(9) and 46(10) of Appendix 16	Rules 18.50(10) and 18.78(9)	31	8.	If a results announcement contains prior period adjustments, should an issuer select the headline category "Prior	Yes, only if the issuer and its auditors decide that the prior period adjustments are made due to correction of material errors.

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					Period Adjustments due to Correction of Material Errors"?	issuers should not select this headline category if a prior period adjustment is made due to the adoption of a new accounting standard. [Updated in February 2020]
06/02/2015 (February 2020)	Paragraphs 45(9) and 46(10) of Appendix 16	Rules 18.50(10) and 18.78(9)	31	9.	Does a prior period adjustment made due to a correction of a material error in a results announcement constitute "inside information" under Part XIVA of the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong ("SFO")?	Issuers have to determine whether such adjustment constitutes "inside information" under Part XIVA of the SFO on a case-by-case basis. If it is "inside information", the issuer should release it to the market as soon as the directors become aware of it. Under such circumstances, issuers have to select both the "Inside Information" and "Prior Period Adjustments due to Correction of Material Errors" headline categories [Updated in February 2020]
06/01/2017 (01/03/2019)	Paragraphs 46(5), 46(6) & 46(7) of Appendix 16, Appendix 24	18.61, 18.78(5), 18.78(6) & 18.78(7), Appendix 17	N/A	004-2017	When the interim results have been reviewed by the issuer's auditors and where the review report is modified, will the issuer need to provide details in the review report in the interim results announcement and select the headline category "Modified Report by Auditors" when submitting the announcement for publication?	Paragraphs 46(6) & (7) of Appendix 16 to the Main Board Rules and GEM Rules 18.78(6) & (7) require a statement as to whether or not the interim results have been reviewed and where there is any disagreement by the auditors or the audit committee with the accounting treatment adopted by the issuer, full details should be disclosed. Accordingly, the issuer should disclose in its interim results announcement the fact that the interim results have been reviewed by its auditors. There is no specific requirement under the Rules for an issuer to provide details of the modifications

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						in the review report issued by its auditors in an interim results announcement, except where the modification relates to the auditors' disagreement with the accounting treatment adopted by the issuer. However, paragraph 46(5) of Appendix 16 to the Main Board Rules and GEM Rule 18.78(5) require an issuer to include any supplementary information which in the opinion of the directors of the issuer is necessary for a reasonable appreciation of the results for the relevant period. Therefore, the issuer is expected to provide details of the modifications in its interim results announcement and interim report. In such case, the issuer should also select the headline category "Modified Report by Auditors" when submitting the results announcement for publication on the HKEXnews website. (Note: See FAQ 053-2019 for clarification on the use of the term "modification".)
28/02/2020	Appendix 27	Appendix 20	18	1.	What is the implementation date of the amendments to the Rules and the Guide adopted in the "Consultation Conclusions on Review of the Environmental, Social and Governance Reporting Guide and related Listing Rules" published in December 2019 (the "2019 Amendments")?	The 2019 Amendments will be effective for issuers' financial years commencing on or after 1 July 2020. That is, whether the 2019 Amendments applies would be determined by the commencement date of the reporting period covered by the relevant environmental, social and governance ("ESG") report:

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						- Where the reporting period commences on a day prior to 1 July 2020 (e.g. 1 January 2020 or 1 April 2020), the 2019 Amendments do not apply. - Where the reporting period commences on or after 1 July 2020 (e.g. 1 July 2020 or 1 October 2020), such ESG report must be prepared in accordance with the Guide as amended by the 2019 Amendments. Nonetheless, as issuers will need time to gather necessary information and put the required infrastructure in place for reporting under the revised Guide, issuers are encouraged to start the process as early as possible before the commencement of the relevant financial year to allow fine-tuning of the infrastructure based on experience and stakeholders' feedback.
31/08/2012 (8/11/2021)	Appendix 27	Appendix 20	18	3.	The Guide does not set out calculation/measurement methods for KPIs. Issuers may need more resources and guidance to help them with the reporting process. Where may issuers find resources in this regard?	The HKEX website provides various resources for issuers: https://www.hkex.com.hk/Listing/Rules-and-Guidance/ESG-Academy?sc_lang=en. Issuers may also refer to Appendix 4 of the Exchange's "How to prepare an ESG Report"(https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Other-Resources/Listed-Issuers/Environmental-Social-and-Governance/Exchanges-guidance-materials-on-

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						ESG/app4_tableref.pdf) for a table outlining the provisions of a number of international standards and guidelines that broadly correspond to the provisions of the ESG Guide, as well as other references and resources that an issuer may find useful in preparing its ESG report.
21/12/2015 (16/11/2018)	Appendix 16 Paragraph 28(2)(d), Appendix 27	18.07A(2)(d), Appendix 20	18	4.	Under Main Board Rules Appendix 16 Paragraph 28(2)(d) (GEM Rule 18.07A(2)(d)), an issuer must include a discussion of its compliance with the relevant laws and regulations that have a significant impact on it (as set out in section 2(b)(ii) of Schedule 5 of the Companies Ordinance (Cap. 622 of the Laws of Hong Kong ("Companies Ordinance")), along with a discussion of other ESG matters (as set out in sections 2(b)(i) and 2(c) of Schedule 5 of the Companies Ordinance). What should the issuer include in the discussion of its compliance with relevant laws and regulations?	In determining what to cover in the discussion of its compliance with relevant laws and regulations, an issuer should assess which laws and regulations have a significant impact on it in the context of its own specific circumstances, bearing in mind recent legislative and/ or regulatory changes. For example, an issuer with operations in the PRC should consider the potential impact of Environmental Protection Tax Law), which came into effect on 1 January 2018. Where there are relevant laws and regulations that have a significant impact on the issuer, the issuer should specify (a) what these relevant laws and regulations are; (b) their potential impact on the issuer; and (c) the ways in which the issuer has ensured compliance. Where there are no relevant laws and regulations that have a significant impact on the issuer, the ESG report should state so. A blanket statement of compliance or absence of non-compliance is not sufficient.

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16/11/2018 (28/02/2020)	Appendix 27	Appendix 20	18	5.	When preparing its ESG report, can an issuer cross-reference to disclosure in (a) ESG reports or (b) its previous ESG reports of its listed parent/subsidiary to satisfy its disclosure obligations under the ESG Guide?	(a) To avoid duplications, an issuer may use cross-referencing in its ESG report to refer to disclosure in ESG reports of its listed parent/ subsidiaries, provided that each of the listed companies fulfils its own disclosure obligations under the ESG Guide. (b) Some ESG issues impact the issuer on a continuous basis with little change from year to year. In such cases, issuers may cross-reference to their previous ESG reports for historical information regarding the relevant ESG issue, and disclose updates to the matter in their current reports. If cross-referencing is used, the issuer's ESG report is expected to have clear-referencing and URL links to specific provisions on its listed parent/ subsidiaries' ESG reports (or its previous ESG reports) that enables it to comply or explain each of the specific provisions. Any cross-referenced ESG reports must be available at the time when the issuer publishes its ESG report.
28/02/2020	Appendix 27	Appendix 20	18	7.	Please clarify whether the statement from the board on ESG governance is required to be a separate explicit "statement" from the board. Could the disclosure be included in multiple places of the ESG report?	Issuers may decide on the presentation of the statement (e.g. a standalone statement or having the relevant information disclosed across various sections of the ESG report), so long as it is abundantly clear for readers to understand the board's governance of ESG issues.
31/08/2012 (28/02/2020)	Appendix 27	Appendix 20	18	8.	How should an issuer determine the reporting boundary of its ESG report?	The Guide does not prescribe which entities in an issuer's group and/or which operations should be

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						included in the ESG report. An issuer's board should have its own criteria for determining the scope with respect to its own business and circumstances. For example, an issuer may follow the scope that used in its annual report, or apply a financial threshold (e.g. inclusion of subsidiaries or operations contributing to a certain percentage of the issuer group's total revenue or more) or risk level (e.g. inclusion of operations exceeding a certain risk level despite being a non-major business sector of the issuer's group) in determining the scope of the ESG report. In some cases, an issuer may adopt different scopes for different Aspects/provisions. In relation to determining operational boundaries for reporting on greenhouse gas ("GHG") emissions, issuers may refer to the "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong", published by the HKSAR Environmental Protection Department ("EPD") and Electrical and Mechanical Services Department (https://www.epd.gov.hk/epd/sites/default/files/epd/english/climate_change/files/Guidelines_English_2010.pdf). Issuers are required to explain the reporting boundaries of the ESG report and describe the

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						process used to identify which entities or operations are included in the ESG reports. If there is a change in the scope, issuers should explain the difference and reason for the change. If different scopes are adopted for different Aspects/provisions, issuers should also disclose such information in the ESG reports.
31/08/2012 (8/11/2021)	Appendix 27	Appendix 20	18	9.	How does an issuer determine materiality and what is the board's involvement in the process? Are there resources that issuers may refer to in this regard?	"Materiality" is defined in the Guide as "the threshold at which ESG issues determined by te board are sufficiently important to investors and other stakeholders that they should be reported". Whether a particular ESG issue is material is a matter of judgment that depends on the facts involved, the circumstances of the specific issuer with reference to the views of its key stakeholders. The issuer's board is responsible for evaluating and determining the issuer's ESG-related risks and opportunities in the context of its business strategy. Priorisation of the risks and opportunities that have been determined by the board may be achieved through conducting a materiality assessment exercise. Issuers should bear in mind that materiality can have different meanings for different stakeholder groups, and should disclose the board's involvement, the identification process and the criteria for the selection of material ESG factors in the ESG report.

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						Issuers may also refer to the Exchange's "How to prepare an ESG Report" (https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Other-Resources/Listed-Issuers/Environmental-Social-and-Governance/Exchanges-guidance-materials-on-ESG/step_by_step.pdf) and/or the following resources on how to determine materiality: • The Business Environment Council's "BEC Handbook: Understanding Materiality for Environmental, Social and Governance Reporting" (https://bec.org.hk/sites/default/files/publications/BEC_ESG_Handbook_web.pdf); and • The SASB Materiality Finder and Materiality Map® developed by the Sustainability Accounting Standards Board (https://materiality.sasb.org/).
29/7/2022	-	-	N/A	098-2022	The amended Rules relating to share schemes will become effective on 1 January 2023. Can listed issuers and new applicants adopt the amended Rules for the share schemes before the effective date?	Yes. In addition, listed issuers or new applicants (adopting new schemes or refreshing the scheme mandate under existing schemes in 2022) should adopt the amended Rules.

<table>
<tr><th>Release Date (Last Update Date)</th><th>Main Board Rules</th><th>GEM Rules</th><th>Series No.</th><th>FAQ No.</th><th>Query</th><th>Response</th></tr>
<tr><td>29/7/2022</td><td>-</td><td>-</td><td>N/A</td><td>099-2022</td><td>The amended Rules relating to share schemes will become effective on 1 January 2023. What are the transitional arrangements for existing share schemes of listed issuers and their subsidiaries adopted before the effective date of the Rule amendments?</td><td>Yes. See the Attachment for details of the transitional arrangements.</td></tr>
<tr><td>15/12/2017</td><td>N/A</td><td>N/A</td><td>N/A</td><td>008-2017</td><td>When will the Listing Rules amendments take effect?</td><td>The amended Main Board and GEM Listing Rules will take effect on 15 February 2018 (“Rule Amendment Effective Date”) which is two months after the publication of the GEM Consultation Conclusions.</td></tr>
<tr><td>15/12/2017</td><td>N/A</td><td>10.11A, 10.12(1A), 11.12A, 11.14(3), 11.23(2), 11.23(6), 11.23(9), 13.16A, PN6</td><td>N/A</td><td>009-2017</td><td>What are the changes to the GEM Listing Rules?</td><td>The changes to the GEM Listing Rules are summarised below:
<table>
<tr><th></th><th>Existing</th><th>New</th></tr>
<tr><td>Minimum cash inflow from operating activities before changes in working capital for the two financial years immediately preceding the</td><td>HK$20 million in aggregate</td><td>HK$30 million in aggregate</td></tr>
</table></td></tr>
</table>

Release Date (Last Update Date)	Main Board Rules	GEM Rules	Series No.	FAQ No.	Query	Response		
						issue of the listing document		
						Minimum market capitalisation at the time of listing	HK$100 million	HK$150 million
						Minimum public float value at the time of listing	HK$30 million	HK$45 million
						Post-IPO lock-up period on controlling shareholders	No sales of shares for the first six month upon listing. Sales of shares in the next six months permitted but must retain control	No sales of shares for the first year upon listing. Sales of shares in the next year permitted but must retain control
						Offering structure	No restriction - subject to full disclosure in	Mandatory public offering of at least 10% of

Release Date (Last Update Date)	Main Board Rules	GEM Rules	Series No.	FAQ No.	Query	Response		
							the listing document	the total offer size
						Placing to selected individuals	Selected individuals are allowed to participate in the placing provided full disclosure is made in the listing document	Placing to core connected persons, connected clients and existing shareholders, and their respective close associates requires waiver/ consent of the Exchange (similar to the relevant requirements under Appendix 6 to the Main Board Listing Rules and HKEX-GL85-16)

<table>
<tr><th>Release Date (Last Update Date)</th><th>Main Board Rules</th><th>GEM Rules</th><th>Series No.</th><th>FAQ No.</th><th>Query</th><th>Response</th></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td><table>
<tr><td>Offering mechanism</td><td>No specific requirement under GEM Listing Rules</td><td>The allocation of offer shares between the public and placing tranches and the clawback mechanism to be in line with Practice Note 18 to the Main Board Rules</td></tr>
</table></td></tr>
<tr><td>15/12/2017</td><td>8.08(1)(b), 8.09(1), 8.09(2)</td><td>N/A</td><td>N/A</td><td>010-2017</td><td>What are the changes to the Main Board Listing Rules?</td><td>The minimum market capitalisation at the time of listing will increase from HK$200 million to HK$500 million.
The minimum public float value at the time of listing will increase from HK$50 million to HK$125 million.</td></tr>
<tr><td>15/12/2017</td><td>3A.02, 9A.01A, Appendix 28 Paragraph 9</td><td>N/A</td><td>N/A</td><td>011-2017</td><td>What are the changes to the GEM transfer mechanism?</td><td>The changes to GEM transfer mechanism are summarised below:<table>
<tr><th></th><th>Existing</th><th>New</th></tr>
<tr><td>Sponsor</td><td>Not Required</td><td>Required and must be appointed at least two months</td></tr>
</table></td></tr>
</table>

Release Date (Last Update Date)	Main Board Rules	GEM Rules	Series No.	FAQ No.	Query	Response		
								before the submission of the listing application
						Publication requirement	• Announcement of an application to transfer to Main Board • Detailed transfer announcement	• Announcement of an application to transfer to Main Board • Application Proof • Listing Document • Formal notice *Certain GEM transfer applications* [note] *under transitional arrangements requires the issue of detailed transfer announcements only*

<table>
<tr><th>Release Date (Last Update Date)</th><th>Main Board Rules</th><th>GEM Rules</th><th>Series No.</th><th>FAQ No.</th><th>Query</th><th>Response</th></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td>
<table>
<tr><td>Initial listing fee</td><td>50% of the Main Board initial listing fee</td><td>Standard initial listing fee for Main Board</td></tr>
</table>
Note:
A GEM transfer application submitted by an Eligible Issuer (as defined in Main Board Rule 9A.01A) that has not changed its principal business and controlling shareholder since listing on GEM, and is not an infrastructure or a mineral company. See FAQ No. 014-2017 for further information.
</td></tr>
<tr><td>15/12/2017</td><td>9A.01A</td><td>10.11A, 10.12(1A), 11.12A, 11.14(3), 11.23(2), 11.23(6), 11.23(9), 13.16A, PN6</td><td>N/A</td><td>012-2017</td><td>How will the changes affect new listing applicants?</td><td>New listing applicants will be affected by the following changes:
<table>
<tr><th></th><th>Before the Rule Amendment Effective Date</th><th>On and after the Rule Amendment Effective Date</th></tr>
<tr><td>GEM listing applicants</td><td>Applications will be processed under the Main Board or GEM Listing Rules in force <u>immediately before</u> the Rule Amendment</td><td>Applications will be processed under <u>amended</u> GEM Listing Rules (see FAQ No. 009-2017) and any subsequent GEM transfer</td></tr>
</table>
</td></tr>
</table>

<table>
<tr><th>Release Date (Last Update Date)</th><th>Main Board Rules</th><th>GEM Rules</th><th>Series No.</th><th>FAQ No.</th><th>Query</th><th>Response</th></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td>
<table>
<tr><td></td><td rowspan="2">Effective Date, with only <u>one renewal</u> of such applications permitted thereafter</td><td>applications will be processed under the <u>amended</u> Main Board Listing Rules (see FAQ No. 010-2017)</td></tr>
<tr><td>Main Board listing applicants</td><td>Applications will be processed under <u>amended</u> Main Board Listing Rules (see FAQ No. 010-2017)</td></tr>
</table>
</td></tr>
<tr><td>15/12/2017 (February 2020)</td><td>Appendix 28 Paragraph 1</td><td>N/A</td><td>N/A</td><td>013-2017</td><td>What are the transitional arrangements and to whom do they apply?</td><td>
The transitional arrangements apply to GEM transfer applications submitted by Eligible Issuers (as defined in Main Board Rule 9A.01A) during the three-year period starting from 15 February 2018 to 14 February 2021 (both dates inclusive) (“Transitional Period”).
The transitional arrangements are summarised as follow:
<table>
<tr><th>Before the Rule Amendment</th><th>Transitional Period</th><th>After the end of the</th></tr>
</table>
</td></tr>
</table>

Release Date (Last Update Date)	Main Board Rules	GEM Rules	Series No.	FAQ No.	Query	Response		
						Effective Date		**Transitional Period**
						- processed under the GEM streamlined process (i.e. no need to appoint a sponsor or issue a listing document), with only one renewal of such application permitted thereafter; and - eligibility for the Main Board will be assessed in accordance with the Main Board	- processed under the transitional arrangements set out in paragraph 144 of the GEM Consultation Conclusions; and - eligibility for the Main Board will be assessed in accordance with the Main Board Listing Rules in force immediately before the Rule Amendmen	- processed under the amended Main Board Listing Rules (see FAQ No. 010-2017)

<table>
<tr><th>Release Date (Last Update Date)</th><th>Main Board Rules</th><th>GEM Rules</th><th>Series No.</th><th>FAQ No.</th><th>Query</th><th>Response</th></tr>
<tr><td></td><td></td><td></td><td></td><td></td><td></td><td>
<table>
<tr><td>Listing Rules in force <u>immediately before</u> the Rule Amendment Effective Date</td><td>t Effective Date</td><td></td></tr>
<tr><td>-</td><td>-</td><td>-</td></tr>
</table>

[Updated in February 2020]</td></tr>
<tr><td>15/12/2017 (02/02/2018)</td><td>9A.01(A)(2)</td><td>12.09(1)</td><td>N/A</td><td>014-2017</td><td>What is a “valid” listing application under the definition of an “Eligible Issuer”?</td><td>A GEM listing application that has been submitted to the Exchange on or before 16 June 2017 and (i) has not been rejected or returned by the Exchange or withdrawn by the applicant; and (ii) if lapsed, renewed within three calendar months from the lapse date (the “Renewed Application”).</td></tr>
<tr><td>15/12/2017 (02/02/2018)</td><td>9A.01(A)(2)</td><td>N/A</td><td>N/A</td><td>015-2017</td><td>Under what circumstances will a listing transfer application continue to be vetted under the Listing Rules in effect before the Rule Amendment Effective Date (the “Existing Rules”) after the Rule Amendment Effective Date ?</td><td>All valid applications as of the Rule Amendment Effective Date will continue to be vetted under the Existing Rules after the Rule Amendment Effective Date.

If the Renewed Application is submitted before the Rule Amendment Effective Date, the subsequent renewal of the Renewed Application after the Rule Amendment Effective Date will continue to be vetted under the Existing Rules. Any further</td></tr>
</table>

Release Date (Last Update Date)	Main Board Rules	GEM Rules	Series No.	FAQ No.	Query	Response
						renewals will be vetted under the amended Listing Rules. If the Renewed Application is submitted after the Rule Amendment Effective Date, any subsequent renewal of the Renewed Application will be vetted under the amended Listing Rules
15/12/2017 (February 2020)	N/A	3.01, 3.02	N/A	016-2017	Who will approve GEM listing applications going forward?	GEM listing applications will be approved by the Listing Committee with effect from 1 January 2020 (see link to press release dated 18 October 2019). [Updated in February 2020]
15/12/2017	N/A	N/A	N/A	017-2017	Are there checklists to help GEM/ Main Board listing applicants and GEM transfer applicants to familiarize themselves with the amended Listing Rules?	Although the amended GEM and Main Board Listing Rules will only be effective from the Rule Amendment Effective Date, we have uploaded documentary checklists and guidance materials for pre-release to assist GEM/ Main Board listing applicants and GEM transfer applicants in their applications that will be submitted on or after the Rule Amendment Effective Date. The relevant checklists are available at : http://www.hkex.com.hk/Listing/Rules-and-Guidance/Forms/New-Applicants/Checklists-and-forms-for-applications-after-20180215?sc_lang=en and guidance materials (HKEX-GL55-13) are available at http://en-rules.hkex.com.hk/net_file_store/new_rulebooks/g/l/gl5513.pdf
15/12/2017	3A.19, 9.11(17a),	9.20	N/A	018-2017	What are the facilitative measures for GEM transfer applicants after the	Facilitative measures are as follows:

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	9.11(30), 9A.13, 10.07(4), 12.01B				removal of the GEM streamlined process?	(a) Dispensation from the following requirements for GEM transfer applicants which follow Chapter 9 application procedures9 (see new Main Board Rule 9A.03(1A) and Main Board Rule 9A.03(1B)): - Main Board Rule 9.11(17a): production of certificate of incorporation; - Main Board Rule 9.11(30): production of a HKSCC notice that the securities to be listed are Eligible Securities; and - Main Board Rule 12.01B: publication of Post Hearing Information Pack requirement. (b) Dispensation from the post-IPO lock-up on controlling shareholders requirement is maintained (Main Board Rule 10.07(4)), provided that any plan by the controlling shareholders of the issuer to dispose of their interests in the issuer in the next 12 months has been prominently disclosed in the listing document. (c) Dispensation from the restriction on post-listing fund-raising is maintained (Main Board Rule 10.08(5)), provided that any plan to raise funds within six months from the date of the

[9] These GEM transfer applicants include those (i) GEM transfer applicants that are subject to the new Main Board Rules; and (ii) GEM transfer applicants under the transitional arrangements, but have changed in businesses and/or controlling shareholders since listing on GEM or are infrastructure or mineral companies.

Release Date (Last Update Date)	Main Board Rules	GEM Rules	Series No.	FAQ No.	Query	Response
						transfer of the issuer's listing to the Main Board has been prominently disclosed in the listing document. (d) Dispensation from the compliance adviser requirement under Main Board Rule 3A.19 is maintained (Main Board Rule 9A.13 and new Main Board Appendix 28, paragraph 16). (e) The GEM delisting procedures under Chapter 9 of the GEM Rules do not apply to GEM transfer applications.
15/12/2017	Practice Note 21 Paragraph 2, Appendix 28 Paragraph 4(2), Appendix 28 Paragraph 5	N/A	N/A	019-2017	What due diligence is a sponsor expected to perform on a GEM transfer applicant that plans to issue a GEM transfer announcement under the transitional arrangements?	A sponsor is expected to conduct due diligence on the GEM transfer applicants' activities during the most recent full financial year and up to the date of the GEM transfer announcement to ensure that the information in the GEM transfer announcement is accurate, complete and not misleading. The standards expected of a sponsor are those set out in paragraph 17 of the Code of Conduct for Persons Licensed by or Registered with the Securities and Futures Commission, except for provisions referring to the preparation of a listing document, application proof, the contents of a listing document and an expert report. The principles under paragraph 2 of Practice Note 21 to the Main Board Listing Rules are also applicable. SFC has published additional guidance in the form of "Frequently Asked Questions" are available at: http://www.sfc.hk/web/EN/faqs/listings-and-takeovers/

Release Date (Last Update Date)	Main Board Rules	GEM Rules	Series No.	FAQ No.	Query	Response
						Details of the sponsor's due diligence for cases covered by the Transitional Arrangements are set out in paragraphs 4 and 5 of Appendix 28 to the Main Board Listing Rules.
15/12/2017	3A.02, 3A.02B, Appendix 28 Paragraph 4	N/A	N/A	020-2017	Do the sponsor regime requirements implemented in 2013 apply to a GEM transfer?	Yes, a GEM transfer applicant must appoint a sponsor to assist it in its application at least two months prior to the submission of the listing application. Where the GEM transfer requires the publication of a listing document, the sponsor must also submit a substantially complete application proof under Main Board Rule 9.03(3).
15/12/2017	Appendix 6	N/A	N/A	021-2017	Why are there no separate placing guidelines for GEM? Do the placing guidelines in Appendix 6 to the Main Board Rules ("MB Placing Guidelines") apply to GEM listing applications?	It is our intention to update the placing guidelines for both GEM and the Main Board together at a later time and a revised set of placing guidelines will be introduced. Until then, we will continue the existing practice to require GEM listing applicants to comply with the MB Placing Guidelines, where applicable.
15/12/2017	N/A	N/A	N/A	022-2017	What is the progress on the proposals for the delisting requirements for GEM?	We are currently consulting on the delisting requirements for both the Main Board and GEM under our Consultation Paper on Delisting and Other Rule Amendments published in September 2017. The consultation period ended on 24 November 2017. The conclusion of this consultation will be announced shortly.
02/02/2018	N/A	N/A	N/A	023-2018	If a listing application will lapse on or after the Rule Amendment Effective Date, can the applicant withdraw its listing application prior to lapsing and resubmit an application before the Rule Amendment Effective Date to extend the	No, the treatment for Renewed Applications submitted before the Rule Amendment Effective Date as explained in FAQ 015-2017 will not apply to any listing application withdrawn prior to its lapse without the prior consent of the Exchange. The resubmitted application will be vetted under the

Release Date (Last Update Date)	Main Board Rules	GEM Rules	Series No.	FAQ No.	Query	Response
					period under which the application will be vetted under the Existing Rules?	Existing Rules but any subsequent renewal will be vetted under the amended Listing Rules.

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28/02/2020	Appendix 27	Appendix 20	18	10.	Is it a requirement for issuers to conduct a stakeholder engagement every year? Where no stakeholder engagement took place specifically for the purpose of preparing the ESG report during the relevant financial year, is the issuer required to disclose this fact?	The description of, or explanation on, the application of the materiality principle should focus on the identification process and selection criteria of material ESG factors. Stakeholder engagement only serves as one of the tools enabling an issuer to understand the reasonable expectations and interests of stakeholders, as well as their information needs. Since stakeholder engagement should be part of an issuer's everyday operations, it is not necessary to conduct a stakeholder engagement specifically for the purpose of preparing an ESG report; thus the absence of a specific stakeholder engagement need not be disclosed in the ESG report. Issuers are also reminded that a stakeholder engagement may take many different forms and does not necessarily mean a large-scale exercise. For example, it may be conducted through daily contact with clients/ suppliers/ employees or the inclusion of a question in the online product warranty registration form. However, if a stakeholder engagement was conducted, issuers should disclose a description of significant stakeholder identified as well as the process and results of the stakeholder engagement.

Release Date (Last Update Date)	Main Board Rules	GEM Rules	Series No.	FAQ No.	Query	Response
28/02/2020	Appendix 27	Appendix 20	18	11.	The quantitative reporting principle states that an issuer "should set targets (which may be actual numerical figures or directional, forward-looking statements) to reduce a particular impact". Does this mean that issuers are required to set and disclose targets for all KPIs under the ESG report?	No. While issuers may set targets for all KPIs that are material to them, the Guide only expressly requires disclosure of targets for KPIs A1.5, A1.6, A2.3 and A2.4 on a "comply or explain" basis. The quantitative reporting principle also clarifies that targets may be actual numerical figures or directional, forward-looking statements.
28/02/2020	Appendix 27	Appendix 20	18	12.	The Guide requires the description of, or explanation on, the application of the quantitative reporting principle to include information on the standards, methodologies, assumptions and/or calculation tools used. Please clarify the level of detail required to fulfill this disclosure requirement.	A description of or reference to the standards (e.g. Greenhouse Gas Protocol for GHG emissions), methodologies (e.g. whether consumption of reused water is counted as water consumption), major assumptions and/or calculation tools adopted in the ESG report suffices. There is no need to explain the methodologies or assumptions underlying a well-established standard.
28/02/2020	Appendix 27	Appendix 20	18	13.	Where there is no change to the methods or KPIs used or any other relevant factors	Inclusion of a statement to confirm no change may be useful for readers in terms of transparency. This also enables readers to

Release Date (Last Update Date)	Main Board Rules	GEM Rules	Series No.	FAQ No.	Query	Response
					affecting a meaningful comparison of the ESG report with previous reports, are issuers required to disclose this fact in the ESG report?	compare information contained in the ESG report with that in previous reports.
21/12/2015 (28/02/2020)	Appendix 27	Appendix 20	18	14.	What is the difference between direct (Scope 1) and energy indirect (Scope 2) GHG emissions? What should an issuer disclose for the purpose of KPI A1.2?	Globally, GHG emissions are categorised into three broad scopes: • "Scope 1" covers direct emissions from sources that are owned or controlled by the company; • "Scope 2" covers "energy indirect" emissions resulting from the generation of purchased or acquired electricity, heating, cooling and steam consumed within the company; and • "Scope 3" covers all other indirect emissions that occur outside the company, including both upstream and downstream emissions. It captures emissions from a wide range of activities (e.g. employee business travel, transporting fuel and the use of a company's products. Both "Scope 2" and "Scope 3" GHG emissions are indirect emissions that are a consequence of the activities of the reporting issuer, but occur at sources owned or controlled by another entity. Scopes of emissions are defined in accordance with the international reporting framework

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						published by the World Resources Institute / World Business Council for Sustainable Development, as reported in *The Greenhouse Gas Protocol: A Corporate Accounting and Reporting Standard.* Also see the Hong Kong Government's "Guidelines to Account for and Report on Greenhouse Gas Emissions and Removals for Buildings (Commercial, Residential or Institutional Purposes) in Hong Kong" (https://www.epd.gov.hk/epd/sites/default/files/epd/english/climate_change/files/Guidelines_English_2010.pdf). Issuers are required to report on both Scope 1 and Scope 2 GHG emissions on a "comply or explain" basis, and are encouraged to report on Scope 3 GHG emissions.
16/11/2018 (28/02/2020)	Appendix 27	Appendix 20	18	15.	Can an issuer which has operations in multiple countries use Hong Kong emission factors to calculate the emissions of their operations in other countries?	The Exchange's webpage provides reporting guidance (https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Other-Resources/Listed-Issuers/Environmental-Social-and-Governance/Exchanges-guidance-materials-on-ESG/app2_envirokpis.pdf) ("Reporting Guidance") on data collection methodologies and on calculating and reporting on the Environmental KPIs in the ESG Guide. The emission factors referred to in the Reporting Guidance are Hong Kong-based.

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						Issuers having operations in other countries may refer to international resource links set out in the HKEX website (http://www.hkex.com.hk/listing/rules-and-guidance/other-resources/listed-issuers/environmental-social-and-governance/esg-resources-hyperlinks?sc_lang=en) for methods to calculate the emissions of their operations in other countries. However, HKEX website does not contain the emission factors of all countries in the world and expert advice may be sought as appropriate.
21/12/2015	Appendix 27	Appendix 20	18	16.	Both Aspect A2 and Aspect A3 concern "resources". What is the difference between the information called for under each of these Aspects?	The main distinction between the two is that: (a) Aspect A2 relates to the use of resources – i.e. it is concerned with the quantity (e.g. how much an issuer is consuming); whilst (b) Aspect A3 is concerned with the impact of an issuer's activities on natural resources and the environment (e.g. the effect that an issuer's activities have on water supply or biodiversity).
28/02/2020	Appendix 27	Appendix 20	18	17.	Please clarify whether Aspect B2: Health and Safety covers physical safety of employees only.	Aspect B2: Health and Safety covers both physical and non-physical aspects, such as the mental well-being of employees. For example, in respect of KPI B2.3, issuers may disclose their employee wellness programmes (which may include mental wellness or financial wellness seminars).
28/02/2020	Appendix 27	Appendix 20	18	18.	KPI B5.4 requires description of practices used to promote environmentally preferable	Environmentally preferable products may be defined with reference to the issuer's internal classification.

Release Date (Last Update Date)	Main Board Rules	GEM Rules	Series No.	FAQ No.	Query	Response
					products and services when selecting suppliers, and how they are implemented and monitored. What is the definition of "environmentally preferable products"?	In Hong Kong, the Government has consigned Hong Kong Productivity Council to develop green specifications for commonly used items, which may provide a useful reference. See Green Procurement by EPD: https://www.epd.gov.hk/epd/english/how_help/green_procure/green_procure1.html
28/02/2020	Appendix 27	Appendix 20	18	19.	Where may issuers find resources for reporting of the anti-corruption aspect?	Issuers may refer to "Tips for Good Environmental, Social and Governance Reporting under the Anti-Corruption Aspect" (https://cpas.icac.hk/EN/Info/Lib_List?cate_id=3&id=2432) published by the Independent Commission for Anti-Corruption's Corruption Prevention Advisory Service. In addition to reporting on the general disclosures and KPIs prescribed under Aspect B7, issuers may disclose results of their corruption risk assessment in their ESG reports. Issuers may also upload important anti-corruption policy documents, including the codes of conduct for directors and staff, integrity requirements for business partners, and their whistle-blowing policy and procedures to their websites.
21/12/2015 (16/11/2018)	Appendix 16 Paragraph	18.07A(2)(d), Appendix 20	18	20.	The Companies Ordinance requires all Hong Kong incorporated companies	The Companies Ordinance requirement in this regard has been incorporated under Main Board Rules Appendix 16 Paragraph 28(2)(d) (GEM Rule

Release Date (Last Update Date)	Main Board Rules	GEM Rules	Series No.	FAQ No.	Query	Response
	28(2)(d), Appendix 27				(unless exempted) to include in the business review section of their annual directors' reports a discussion of certain ESG matters (Companies Ordinance Schedule 5, sections 2(b)(i), 2(b)(ii) and 2(c)). Does this requirement also apply to issuers incorporated outside Hong Kong?	18.07A(2)(d)) and applies to all issuers listed on the Exchange, regardless of their place of incorporation, for financial years ending on or after 31 December 2015.
21/12/2015 (28/02/2020)	Appendix 16 Paragraph 28(2)(d), Appendix 27	18.07A(2)(d), Appendix 20	18	21.	Does an issuer fulfil its obligation to discuss certain ESG matters in the business review section of its annual directors' report, as required by Main Board Rules Appendix 16 Paragraph 28(2)(d) (GEM Rule 18.07A(2)(d)), by cross-referencing its ESG report?	An issuer does not fulfil its obligation to discuss certain ESG matters in the business review section of its annual directors' report, as required by Main Board Rules Appendix 16 Paragraph 28(2)(d) (GEM Rule 18.07A(2)(d)), by cross-referencing its ESG report. The requirement under Main Board Rules Appendix 16 (GEM Rules Chapter 18) is separate and distinct from the information called for under the Guide. The requirement under Main Board Rules Appendix 16 (GEM Rules Chapter 18) requires a discussion of certain ESG matters (as set out in sections 2(b)(i), 2(b)(ii) and 2(c) of Schedule 5 of the Companies Ordinance), whilst the Guide calls for greater details including but not limited to the issuer's ESG governance structure, policies adopted as well as data in relation to the environmental and social performance of the issuer. The disclosure under the ESG Guide

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						should complement, rather than be a substitute for, the information disclosed in the business review section of the annual directors' report.
28/02/2020	Appendix 27	Appendix 20	18	23.	Paragraph 9 of the ESG Guide encourages issuers to seek independent assurance for ESG reports, and where independent assurance is obtained, requires the issuer to describe the level, scope and processes adopted for the assurance given in the ESG report. (a) What should an issuer consider when selecting an assurance provider? (b) What should be the scope of assurance? (c) Which assurance framework should issuers adopt? (d) Is the issuer required to state the name of the party providing assurance in the ESG report?	(a) An issuer should consider whether the assurance provider: • is independent from the issuer and its controlling shareholders, and therefore able to reach an objective and impartial opinion about the ESG report; • is demonstrably competent in both the subject matter and assurance practices; and • will issue a written report which includes: an opinion or set of conclusions; a description of the responsibilities of the report preparer and the assurance provider; and a summary of the work performed, which explains the nature of the assurance conveyed by the assurance report. For the avoidance of doubt, issuers are not required to disclose the text of this report in the ESG report. (b) Issuers may choose to obtain external assurance for all or part of its ESG Report, so long as the scope of assurance is clearly set out in the ESG report.

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						(c) While a globally-accepted standard specifically for ESG reports is yet to be developed, issuers may refer to ISAE 3000, being the standard for assurance over non-financial information issued by the International Federation of Accountants, which comprises guidelines for the ethical behaviour, quality management and performance of an assurance engagement. (d) Issuers may decide whether to disclose the assurance provider's name.
30/03/2004	Practice Note 15 Paragraph 3(c)	N/A	1	82.	Under paragraph 3(c) of Practice Note 15, a listed issuer (the "Parent") proposing to spin-off its subsidiary (the "Newco") for listing must on its own, excluding its interest in Newco, independently satisfy the requirements of Chapter 8. Practice Note 15 only refers to the profits requirements in Chapter 8. Can the Parent meet the qualification by satisfying one of the other two tests in rule 8.05 (the market capitalisation/ revenue/ cash flow test and the market	Yes.

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					capitalisation/ revenue test) in respect of its remaining business?	
03/09/2013 (February 2020)	Paragraph 12 to Practice Note 22	Paragraph 11 to Practice Note 5	24	16	If an applicant does not intend to book build or distribute a red herring prospectus before it publishes its prospectus, is it still required to publish a PHIP?	Yes. The Rules require a PHIP to be published at the earliest practicable time upon receiving:- (i) a post hearing letter with a request for posting a PHIP from the Exchange (or an approval in principle with a request for posting a PHIP from the Commission in the case of a CIS applicant who is required to publish a PHIP); and (ii) the directors conclude that the material comments of the Exchange or the Commission (as the case may be) have been addressed. This requirement is applicable to all listing applicants and certain CIS applications, irrespective of whether their applications involve a public offer, distribution of red-herring prospectus or book-building. Please refer to paragraph 13 to Practice Note 22 of Main Board Rules (Paragraph 12 to Practice Note 5 of GEM Rules) for circumstances where applicants do not need to publish its PHIP. [Updated in February 2020]

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03/09/2013	Paragraph 12 to Practice Note 22	Paragraph 11 to Practice Note 5	24	17	When an applicant resubmits a listing application, is it necessary to mark-up the Application Proof against:- • the last Application Proof that was published on the Exchange's website; or • the last draft listing document that was submitted to the Exchange for vetting?	For publication purposes, any new Application Proof submitted through the Exchange's ESS to be published on Exchange's website does not need to be marked-up against the last Application Proof that was published on the Exchange's website. For vetting purposes, upon re-submission of a listing application (e.g. upon lapse of the last listing application), the Application Proof that accompanies the application form (Form A1/ Form 5A) should be marked-up against the latest draft listing document to enable the Exchange's IPO vetting team to identify the changes made.
26/07/2013 (13/07/2018)	Paragraph 19 to Practice Note 22, Guidance Letter HKEX-GL57-13	Paragraph 18 to Practice Note 5, Guidance Letter HKEX-GL57-13	24	5.	Are listing applications in relation to spin-offs, dual listings, deemed new listings (reverse takeovers), or transfers from GEM to the Main Board required to comply with: (a) the "substantially complete" requirement under Main Board Rule 9.03(3); and (b) the requirement to publish Application Proofs on the Exchange's website?	Yes. The Exchange may permit applicants to submit confidential filings. Please refer to Guidance Letter HKEX-GL57-13. [Updated in February 2020]

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26/07/2013	Paragraph 21 to Practice Note 22, Guidance Letter HKEX-GL57-13	Paragraph 20 to Practice Note 5, Guidance Letter HKEX-GL57-13	24	11	Once an Application Proof is published on the Exchange's website, will it be removed if an applicant's application is subsequently returned?	Yes, An applicant's Application Proof will be removed from the Exchange's website upon completion of all the review procedures for the return decision or the time for invoking such review has lapsed. All information relating to the applicant originally under the "*Active*" status mark on the Exchange's website will be removed, and the Exchange's website will only publish the name of the applicant and its sponsor, and the date of the return.
26/07/2013	Paragraph 21 to Practice Note 22, Guidance Letter HKEX-GL57-13	Paragraph 20 to Practice Note 5, Guidance Letter HKEX-GL57-13	24	12	Will the details of a Returned Application be removed from the Exchange's website when the application is re-submitted subsequently?	No. In particular, the name of the applicant and its sponsor, and the date of the return will not be removed from the Exchange's website even if the application is subsequently re-submitted.
02/05/2008 (February 2020)	N/A	3.10	5	2.	Where a GEM-listed company has successfully transferred its listing to the Main Board, will it still be held accountable for breaches of GEM Listing Rules committed at the time when it was listed on GEM?	Yes. The issuer will still be subject to the disciplinary actions that can be taken by the GEM Listing Committee under the Rules. [Updated in February 2020]
02/05/2008 (February 2020)	N/A	11.14	5	11.	Where the Exchange accepts a shorter operating period for infrastructure project	No. The listing applicant must still meet the minimum operating cash flow and other eligibility requirements. [Updated in February 2020].

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					companies, Mineral Companies and other circumstances stated under Rule 11.14, will there be a corresponding relaxation of the minimal operating cash flow requirement?	
02/05/2008 (February 2020)	N/A	11.23(6), 11.23(9)	5	13.	Can debt securities be included when calculating an applicant's market capitalisation?	No. Only equity securities can be included in the calculation. [Updated in February 2020]
24/08/2018	N/A	N/A	N/A	033-2018	What is the meaning of sophisticated investor?	There are no "bright line" tests as sophisticated investors may vary according to many factors. Paragraph 3.2(g) of Guidance Letter HKEX-GL92-18 sets out the factors the Exchange considers and illustrative examples which are neither exhaustive nor binding. The Exchange will take into account all relevant circumstances in its assessment.
18/6/2021	N/A	N/A	N/A	075-2021	Some documents on display may contain sensitive information and issuers may not want such information to be made public. Are issuers allowed to redact such information?	If issuers do not wish certain information contained in documents on display to be disclosed, as in the current practice, they may apply to the Exchange for specific disclosure relief. The Exchange will take a case-by-case approach to determining whether redaction should be permitted based on the merits on each individual case and any relevant waiver conditions and with reference to the Guide on Applications for Waivers and Modifications of the Listing Rules ("**Waiver Guide**").

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						With effect from 4 October 2021, the Waiver Guide will be amended to accommodate the redaction of information that is not material to the assessment of the subject transaction if an issuer can demonstrate to the Exchange's satisfaction that disclosure of such information would breach the Personal Data (Privacy) Ordinance or cause competitive harm to the issuer.
22/04/2022 (04/08/2022)	-	-	077-2022	20.	The effective date of the New Code Provisions and New Code Provisions-related Rule Amendments is 5 August 2022 ("**Effective Date**"). Which listing applications will the New Code Provisions-related Rule Amendments apply to?	In respect of equity securities or interests to be issued in connection with placings specified under Rule 3A.32(1) (GEM Rule 6A.39(1)), listing applications submitted by new applicants or listed issuers *(Note)*: (A) **on or after the Effective Date:** The New Code Provisions-related Rule Amendments will fully apply to these listing applications, subject to the transitional arrangements described in FAQ No. 21 of FAQ No. 077-2022. For placings in connection with New Listings, these include listing applications which have previously lapsed or been withdrawn and re-filed on or after the Effective Date. (B) **before the Effective Date:** The New Code Provisions-related Rule Amendments will not apply to these listing applications, even

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						if the Relevant Activities conducted in relation thereto take place on or after the Effective Date. In the event that these listing applications lapse, are withdrawn or are otherwise terminated, the relevant new applicants or listed issuers who re-file their listing applications on or after the Effective Date will need to comply with the applicable New Code Provisions-related Rule Amendments, subject to the transitional arrangements described in FAQ No. 21 of FAQ No. 077-2022. For the avoidance of doubt, if the current listing application of a new applicant is due to lapse on or after the Effective Date, the new applicant is not permitted to seek to re-file before the Effective Date. ***(Updated in August 2022)*** See FAQ No. 21 of FAQ No. 077-2022 for transitional arrangements in relation to the requirement on sponsor-overall coordinators under Rule 3A.43(2) in the New Code Provisions-related Rule Amendments (only applicable to Main Board New Listings).

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						Note: In the case of a New Listing, this refers to a listing application under Form A1 in Appendix 5 (or Form A in Appendix 5 for a GEM new applicant) for listing of equity securities, or Form A2 in Appendix 5 for listing of interests in a collective investment scheme. In other cases, this refers to a listing application under Form C1 in Appendix 5 (or Form B in Appendix 5 for a GEM new applicant) for listing of equity securities, Form C3 in Appendix 5 for listing of interests in a collective investment scheme, or Form C3Z in Appendix 5 for listing of interests in an investment company (as defined in Rule 21.01).
22/04/2022 (04/08/2022)	N/A	N/A	077-2022	4.	Are there any New Code Provisions-related Rule Amendments to the Listing Rules relating to debt capital market ("**DCM**") transactions?	No, intermediaries engaged in DCM transactions are however reminded to abide by applicable standards of conduct in the New Code Provisions. For the avoidance of doubt, offerings of equity linked convertible or exchangeable bonds where the bookbuilding or placing activities are conducted in Hong Kong would fall under the scope of DCM activities. ***(Updated in August 2022)***

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16/09/2022	1.01, 18B.26, 18B.27	N/A	N/A	102-2022	If SPAC Promoter A holds the Promoter Shares through a special purpose vehicle ("SPV"), should the SPV itself also be regarded as a SPAC Promoter?	The SPV will not be regarded as a SPAC Promoter as long as its sole purpose is to hold Promoter Shares on behalf of SPAC Promoter A (as permitted under the Note to Rule 18B.27). Although the SPV will not be regarded as a SPAC Promoter, it is expected to give an undertaking to the Exchange and the SPAC that so long as it has any direct or indirect interest in any Promoter Shares and/or Promoter Warrants, it will comply with the provisions of the Listing Rules which apply to SPAC Promoter A.
16/09/2022	1.01, 18B.26, 18B.27	N/A	N/A	103-2022	Should an entity be regarded as a SPAC Promoter if it controls the beneficial ownership of Promoter Shares? If so, should all levels in the control chain, including the ultimate controlling shareholder, be regarded as a SPAC Promoter, or are SPACs permitted to identify which entity it believes should be treated as a SPAC Promoter within the control chain?	According to Rule 1.01, a SPAC Promoter refers to a person who establishes a SPAC and/or beneficially owns Promoter Shares issued by a SPAC. A SPAC should identify the entities in its shareholding structure that should be regarded as SPAC Promoters for the purpose of the Listing Rules, and such entities must satisfy the suitability and eligibility requirements set out in Rule 18B.10. In general, holding a controlling stake in an identified SPAC Promoter in itself would not result in that controlling shareholder being regarded as a SPAC Promoter. In addition, according to Rule 18B.27, a SPAC must only allot, issue or grant Promoter Shares or Promoter Warrants to a SPAC Promoter, which may hold these securities through SPVs. As such,

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						a SPV holding Promoter Shares on behalf of a SPAC Promoter should not have any minority shareholders who are not SPAC Promoters. SPAC Promoters and SPVs holding Promoter Shares and Promoter Warrants should undertake to the Exchange and the SPAC that they will comply with the relevant provisions of the Listing Rules for so long as they hold any direct or indirect interests in any Promoter Shares and/or Promoter Warrants.
16/09/2022	1.01, Note 1 to Rule 18B.32	N/A	N/A	104-2022	Can multiple SPAC Promoters beneficially own Promoter Shares through a common SPV?	Yes. The Exchange may impose additional conditions on the multiple SPAC Promoters having regard to the specific facts and circumstances of each case, for example, any departure or change in shareholding by the multiple SPAC Promoters in the common SPV will be regarded as a material change of SPAC Promoter under Rule 18B.32.
16/09/2022	18B.10, HKEX-GL113-22	N/A	N/A	105-2022	To what extent the investment experience of a SPAC Promoter should be disclosed in the listing document under Rule 18B.10 and paragraph 8(c) of Guidance Letter HKEX-GL113-22 ("**GL113-22**")?	In disclosing the SPAC Promoter's investment experience, the sponsor(s) and the applicant should present a balanced and fair view, and avoid cherry-picking of information, for example, only disclosing the relevant funds' performance over a particular investment period (in which the funds have better performance), or disclosing the performance of selected funds with positive returns and omitting those funds with negative returns. Fund performance (e.g. internal rate of return (IRR), multiple on invested capital (MOC),

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						distributions to paid-in capital (DPI) for private equity funds) should be presented on a year to year basis, specifying the launch date of each fund. In addition, when comparing the funds' performance with industry performance indexes, comparison should be made on a year to year basis over the same investment period. For private equity funds, where the fund portfolio includes realized and unrealized/partially realized positions, disclosure should include the relative size of the respective positions and their valuation methods and their respective time of investment and divestment.
16/09/2022	18B.10	N/A	N/A	106-2022	Is it acceptable for the funding for SPAC expenses to be separate from the obligations of a SPAC Promoter? For example, can a SPAC be established by a group that obtains the funding for its expenses from an affiliate within the group that is not a SPAC Promoter?	No. A SPAC Promoter must incur all (or a pro rata portion of) the expenses to establish and maintain a SPAC, which should not be recoverable if a De-SPAC Transaction is not completed. SPAC Promoters should regard this as their "capital at risk" to help ensure that their interests are aligned with the interests of SPAC shareholders. The amount provided by a SPAC Promoter to fund the SPAC's expenses should also be commensurate with its beneficial interest in the Promoter Shares. A SPAC Promoter can obtain a loan from its affiliate or use a capital contribution from its own shareholders (if any) to fund a SPAC's expenses.

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						However, the entities granting the loans or injecting capital to the SPAC Promoter should not have any rights to request repayment of the loans from, or make any claims against, the SPAC.
16/09/2022	18B.10, 18B.11	N/A	N/A	107-2022	No. The SFC-licensed SPAC Promoter must have a corresponding economic interest to help ensure that its interests are aligned with the interests of SPAC shareholders.	No. The SFC-licensed SPAC Promoter must have a corresponding economic interest to help ensure that its interests are aligned with the interests of SPAC shareholders.
16/09/2022	18B.10(1), HKEX-GL113-22	N/A	N/A	108-2022	If a SPAC has multiple SPAC Promoters, must the SFC licensed SPAC Promoter(s) have relevant management/investment experience (required by paragraph 8 of GL113-22) or is it sufficient for other SPAC Promoter(s) to meet this requirement?	As stated in paragraph 13 of HKEX-GL113-22, the Exchange will exercise its discretion on a case-by-case basis and adopt a holistic approach, taking into account all the information provided and all relevant circumstances to determine whether it is satisfied as to the suitability and eligibility of a SPAC Promoter. For example, if the key SPAC Promoter (e.g. holding a significantly large and dominant interest in the Promoter Shares) has demonstrated extensive management/investment experience, while the SFC licensed SPAC Promoter holding a minority interest in the Promoter Shares has a relatively short operating history with a strong management team, the Exchange will take into account all the relevant information, including the experience and competence of the

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						board/management of the SPAC Promoters in addition to the SPAC Promoters' own operating track records. In such circumstances, the Exchange reserves the right to impose additional conditions on the SFC licensed SPAC Promoter, for example, any departure of the responsible officer with relevant management/investment experience from the SFC licensed SPAC Promoter will be regarded as a material change in SPAC Promoter under Rule 18B.32.
16/09/2022	18B.26, 18B.27	N/A	N/A	109-2022	Can a SPAC Promoter set up a trust to hold part of its Promoter Shares for the purpose of an equity incentive plan to benefit the SPAC Promoter's nominated SPAC Directors and certain other of its senior management and employees (**"Plan Participants"**)? If not, would this be permissible if the Plan Participants only received SPAC Shares that result from the conversion of the Promoter Shares following a De-SPAC Transaction and the listing of the Successor Company?	No. The proposed equity incentive arrangement would circumvent the requirement of Rules 18B.26 to 18B.27 that Promoter Shares must only be granted to SPAC Promoters. Also, the Plan Participants will not have made a corresponding economic contribution to justify the grant of Promoter Shares to them. The grant of SPAC Shares (converted from Promoter Shares) to Plan Participants would also be prohibited as this would represent only a difference in the form in which the benefit is granted and would not change the fact that the Plan Participants: (a) are not SPAC Promoters; and (b) did not contribute commensurate "capital at risk" to be entitled to the benefits of the Promoter Shares.

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16/09/2022	3.13, 18B.07	N/A	N/A	110-2022	Can a SPAC issue SPAC Shares at nil consideration for the purpose of remunerating the independent non-executive directors ("**INEDs**")?	No. Subject to the provisions under Rule 3.13, an INED of a SPAC may subscribe for SPAC Shares with his own resources, provided that: (a) the INED is a Professional Investor; and (b) the number of SPAC Shares held by the INED will not result in the 1% cap on holdings by INEDs under Rule 3.13(1) being exceeded.
16/09/2022	18B.17, 18B.18	N/A	N/A	111-2022	What kinds of material breaches are required to be reported under paragraph 12(g) of Guidance Letter HKEX-GL114-22?	Trustee/custodian is expected to: (i) update the SPAC and report to the Exchange any material issue or change that may impact its eligibility/capacity to act as a trustee/custodian referred to in Rule 18B.17; and (ii) inform the Exchange promptly of any material breach of the Listing Rules and relevant Guidance Letters in relation to the operation of the escrow account that has come to its knowledge, which has not been otherwise reported to the Exchange by the SPAC. An example of "material breach" which the trustee/custodian is expected to update the SPAC and report the Exchange includes, but not limited to, the failure of the trustee/custodian to fulfil its

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						obligations as set out in the Guidance Letter (HKEX-GL114-22), for example, acquisitions of securities which fall outside the scope of cash equivalents for the purpose of Rule 18B.18 as set out in paragraph 6 of the Guidance Letter.
16/09/2022	18B.18	N/A	N/A	112-2022	What is the obligation of trustee/custodian in terms of managing the total value of cash or cash equivalents held in the escrow account, in particular, in circumstances of market movements or currency fluctuation?	Under the note to Rule 18B.18, upon listing of the SPAC, it is the SPAC's responsibility to ensure that funds are held in a form that allows them to meet the requirement to give full redemption to shareholders under rules 18B.57 and 18B.74. This generally includes proper management of any exposure to: (i) currency fluctuations, for example, minimizing conversion of the proceeds raised to other currencies; and (ii) market condition related risk, for example, ensuring compliance of the requirements on "cash and cash equivalents" under Rule 18B.18 and the Guidance Letter HKEX-GL113-22.
16/09/2022	18B.19, 18B.59, 18B.74	N/A	N/A	113-2022	In the event that the monies held in the escrow account are required to be returned to the SPAC shareholders (for example, upon the liquidation or winding up of the SPAC), is the trustee / custodian required to return the	The funds should be remitted to the shareholders directly.

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					proceeds to the SPAC shareholders directly or can the proceeds be remitted to the SPAC for it to handle the distribution?	
16/09/2022	18B.16	N/A	N/A	114-2022	For an escrow account to be "ring-fenced", is a separate account sufficient, or are there any additional safeguards requirements to be put in place?	As set out in the Guidance Letter HKEX-GL114-22 (including, in particular, paragraph 12(a)(iv)), the trustee/custodian must segregate the property of the SPAC in the escrow account from the property of: (1) the SPAC and its core connected persons; (2) the trustee/custodian and any nominees, agents or delegates throughout the custody chain; and (3) other clients of the trustee/custodian and nominees, agents or delegates throughout the custody chain, unless held in an omnibus account with adequate safeguards in line with international standards and best practices to ensure that the property of the SPAC in the escrow account is properly recorded with frequent and appropriate reconciliations being performed. Please also refer to paragraphs 11 and 12 of the Guidance Letter regarding other obligations of the trustee or custodian. As set out in paragraph 12(f),

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						the trustee/custodian must exercise due skill, care and diligence in discharging its obligations and duties appropriate to the nature of the escrow account, and should if the SPAC and the trustee / custodian consider necessary, they may put in place additional safeguards as appropriate in managing the assets of the SPAC.
16/09/2022	18B.17	N/A	N/A	115-2022	Can a trustee accepted by the Commission as a trustee of a REIT be considered as having the qualifications required under Rule 18B.17?	The Exchange will take a case-by-case approach to determine whether a trustee or custodian would be considered as having the qualifications required under Rule 18B.17. Further, paragraph 8 of Guidance Letter HKEX-GL114-22 provides that "*In general, only a custodian or trustee that has already been accepted by the Commission in respect of existing collective investment schemes authorised by the Commission will be considered as having the qualifications required under Rule 18B.17*." Generally, a custodian/trustee that has been accepted by the Commission in respect of a REIT authorised by the Commission will be considered as having the qualifications required under Rule 18B.17.
16/09/2022	18B.40	N/A	N/A	116-2022	Would the independence of third party investors who invest in a De-SPAC Transaction be affected by:	The Exchange considers independent third party investment to be an important safeguard to support the valuation of a De-SPAC Target. It is therefore

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					(a) the third party investor having participated in the initial offering of the SPAC; or (b) co-investments with a SPAC Promoter in transactions unrelated to the SPAC or the De-SPAC Transaction?	critical to ensure that the test for independence is rigorous. (a) Absent other factors, an investor who has participated in the SPAC's initial offering would be allowed to invest in a De-SPAC Transaction if the conditions for placing shares to existing shareholders as set out under Guidance Letter HKEX-GL85-16 are met. (b) Participation in co-investments may affect the independence of the third party investor if this resulted in a relationship that was determined to be "a current business relationship" (for the purpose of Rule 13.84(4)) which would be reasonably considered to affect the third party investor's independence, or which might reasonably give rise to a perception that the third party investor's independence would be so affected.
16/09/2022	Appendix 8 paragraph 1	N/A	N/A	117-2022	Appendix 8 states that the initial listing fee for a new applicant must be calculated on the basis of the "monetary value of the equity securities to be listed". Would the Exchange expect a "monetary value" of the SPAC Warrants to be calculated for this purpose or should the	The monetary value of SPAC Warrants will be zero if there is no issue price. Accordingly, the initial listing fee for SPAC Warrants will be HK$150,000 based on Appendix 8 to the Rules. Separately, a SPAC is also required to pay the initial listing fee for SPAC Shares according to Appendix 8 to the Rules.

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					applicant assume that the SPAC Warrants have a monetary value of zero for the purpose of calculating this fee?	

CALCULATING 2014 ANNUAL LISTING FEES FOR HONG KONG-INCORPORATED ISSUERS
(See FAQ Series 26, Question 10)

Hong Kong-incorporated issuers listed before 3 March 2014
Annual listing fees for the remainder of 2014 (i.e. from 3 March 2014) and thereafter will be calculated by reference to the latest nominal value per share that was used to calculate the issuer's 2014 annual listing fees (i.e. the latest nominal value before the issuer's shares ceased to have a nominal value). Going forward, this will be known as the "**notional nominal value per share**".
Hong Kong-incorporated issuers listed on or after 3 March 2014
The nominal value shall be deemed to be HK$0.25 for the purposes of calculating annual listing fees, in accordance with Main Board Appendix 8, paragraph 2(2). This is consistent with the current practice in respect of issuers with no nominal value per share or a nominal value per share less than HK$0.25.

The table below sets out examples showing the nominal value per share that will be used to calculate annual listing fees for Hong Kong-incorporated issuers on or after 3 March 2014 depending on their date of listing. These examples assume that the issuer does not carry out any corporate actions (e.g. subsequent issues, share subdivisions or consolidations).

Calculation of Annual Listing Fees (absent any corporate action)

Examples	Listing Date	Nominal value per share on 2 March 2014 (i.e. Notional nominal value per share)	Nominal value per share used to calculate annual listing fee on or after 3 March 2014	Effect of change on annual listing fee as compared to current regime
A	Before end of 2013	HK$1.00	HK$1.00	None
B	28 February 2014	HK$0.50	HK$0.50	None
C	3 March 2014	No nominal value	HK$0.25	None
D	3 July 2014	No nominal value	HK$0.25	None

Subsequent Issues
If an issuer conducts a placing, bonus issue, rights issue or open offer, or consideration issue on or after 3 March 2014 (when its shares cease to have a nominal value), we will calculate the annual listing fee payable for the remainder of that year based on the number of new shares issued and the notional nominal value per share.
The table below sets out examples showing the nominal value per share that will be used to calculate annual listing fees for Hong Kong-incorporated issuers from the date of a subsequent issue depending on the date of issue. Examples A, B & C are for issuers listed prior to 3 March 2014.

Calculation of Annual Listing Fees (in the event of a subsequent issue)

Examples	Date of issue	Nominal value per share at time of issue	Nominal value per share on 2 March 2014 (i.e. Notional nominal value per share)	Nominal value per share used to calculate annual listing fee from the date of issue	Effect of change on annual listing fee as compared to current regime
A	28 February 2014	HK$1.00	HK$1.00	HK$1.00	None
B	3 March 2014	No nominal value	HK$1.00	HK$1.00	None
C	3 September 2014	No nominal value	HK$1.00	HK$1.00	None
D: Issuer listed on or after 3 March 2014	3 October 2014[1]	No nominal value	No nominal value	HK$0.25[2]	None

[1] Note that no further issues of securities within six months of listing are generally allowed.

[2] For Hong Kong-incorporated issuers listed on or after 3 March 2014 that conduct a subsequent issue, the nominal value per share shall be deemed to be HK$0.25 for the purposes of calculating annual listing fees from the date of the issue.

Share Subdivision

If an issuer conducts a share subdivision on or after 3 March 2014, the notional nominal value per share will be adjusted accordingly, subject to a minimum of HK$0.25 per paragraph 2(2) of Main Board Appendix 8. The annual listing fee payable for the remainder of that year will be calculated based on the number of subdivided shares and this new nominal value per share.

The table below sets out examples showing the nominal value per share that will be used to calculate annual listing fees for Hong Kong-incorporated issuers from the date of a share subdivision depending on the date it is carried out. Examples A, B & C are for issuers listed prior to 3 March 2014.

Calculation of Annual Listing Fees (in the event of a share subdivision)

Examples	Date of subdivision	Nominal value per share at time of subdivision	Nominal value per share after subdivision	Nominal value per share on 2 March 2014 (i.e. Notional nominal value per share)	Nominal value per share used to calculate annual listing fee from the date of subdivision	Effect of change on annual listing fee as compared to current regime
A	28 February 2014	HK$1.00	(i) HK$0.50 (for a 2-for-1 split); or (ii) HK$0.10 (for a 10-for-1 split)	(i) HK$0.50 (for a 2-for-1 split); or (ii) HK$0.10 (for a 10-for-1 split)	(i) HK$0.50 (for a 2-for-1 split); or (ii) HK$0.25 (for a 10-for-1 split) (per App 8, para 2(2))	None

Examples	Date of subdivision	Nominal value per share at time of subdivision	Nominal value per share after subdivision	Nominal value per share on 2 March 2014 (i.e. Notional nominal value per share)	Nominal value per share used to calculate annual listing fee from the date of subdivision	Effect of change on annual listing fee as compared to current regime
B: Issuer conducts 2-for-1 split	3 March 2014	No nominal value	No nominal value	HK$1.00	HK$0.50	None
C: Issuer conducts 10-for-1 split	3 September 2014	No nominal value	No nominal value	HK$1.00	HK$0.25 Nominal value per share after the split would be HK$0.10. However, per App 8, para 2(2), nominal value per share used to calculate annual fee for remainder of the year would be HK$0.25.	None
D: Issuer listed on or after 3 March 2014	3 October 2014	No nominal value	No nominal value	No nominal value	HK$0.25[3]	None

[3] For Hong Kong-incorporated issuers listed on or after 3 March 2014 that conduct a share subdivision, the nominal value per share shall be deemed to be HK$0.25 for the purposes of calculating annual listing fees from the date of the subdivision.

Share Consolidation

If an issuer conducts a share consolidation on or after 3 March 2014, together with a capital reduction (a common market practice), the annual listing fee payable for the remainder of that year will be calculated based on the number of consolidated shares and the notional nominal value per share. Even if an issuer conducts a share consolidation on or after 3 March 2014 without an accompanying capital reduction, the annual listing fee payable for the remainder of that year will still be calculated by reference to the notional nominal value per share, as if the share consolidation had been carried out together with a capital reduction.

The table below sets out examples showing the nominal value per share that will be used to calculate annual listing fees for Hong Kong-incorporated issuers from the date of a share consolidation depending on the date it is carried out. Examples A_1, A_2, B_1, B_2, C_1 & C_2 are for issuers listed prior to 3 March 2014.

Calculation of Annual Listing Fees (in the event of a share consolidation)

Examples	Date of consolidation	Nominal value per share before consolidation	Nominal value per share after consolidation	Nominal value per share after capital reduction	Nominal value per share on 2 March 2014 (i.e. Notional nominal value per share)	Nominal value per share used to calculate annual listing fee from date of consolidation	Effect of change on annual listing fee as compared to current regime
A_1: Issuer conducts 1-for-2 consolidation with capital reduction	28 February 2014	HK$0.50	HK$1.00	HK$0.50	HK$0.50	HK$0.50	None
A_2: Issuer conducts 1-for-2 consolidation without capital reduction	28 February 2014	HK$0.50	HK$1.00	[No capital reduction carried out]	HK$1.00	HK$1.00	None
B_1: Issuer conducts 1-for-2 consolidation with capital reduction	3 March 2014	No nominal value	No nominal value	No nominal value	HK$0.50	HK$0.50	None
B_2: Issuer conducts 1-for-2 consolidation without capital reduction	3 March 2014	No nominal value	No nominal value	[No capital reduction carried out]	HK$0.50	HK$0.50 Under current regime, nominal value per share after consolidation would be HK$1.00. Under new regime, nominal value per share on 2 March 2014 (HK$0.50) will still be used to calculate annual listing fee from date of consolidation.	Decrease

Examples	Date of consolidation	Nominal value per share before consolidation	Nominal value per share after consolidation	Nominal value per share after capital reduction	Nominal value per share on 2 March 2014 (i.e. Notional nominal value per share)	Nominal value per share used to calculate annual listing fee from date of consolidation	Effect of change on annual listing fee as compared to current regime
C_1: Issuer conducts 1-for-2 consolidation with capital reduction	3 September 2014	No nominal value	No nominal value	No nominal value	HK$0.25	HK$0.25	None
C_2: Issuer conducts 1-for-2 consolidation without capital reduction	3 September 2014	No nominal value	No nominal value	[No capital reduction carried out]	HK$0.25	HK$0.25 Under current regime, nominal value per share after consolidation would be HK$0.50. Under new regime, nominal value per share on 2 March 2014 (HK$0.25) will still be used to calculate annual listing fee from date of consolidation.	Decrease
D: Issuer listed on or after 3 March 2014 conducts 1-for-2 consolidation (with/without capital reduction)	3 October 2014	No nominal value	No nominal value	Where capital reduction carried out: No nominal value	No nominal value	HK$0.25[4]	None

[4] For Hong Kong-incorporated issuers listed on or after 3 March 2014 that conduct a share consolidation, the nominal value per share shall be deemed to be HK$0.25 for the purposes of calculating annual listing fees from the date of the consolidation.

Attachment 1: (See FAQ Series 29, Question 5)

Reasons for suspension	**SSE/ SZSE**	**SEHK**
Non-routine suspension		
Insufficient public float	Suspend after the public float falls below the minimum requirement[4] for 20 consecutive days	Suspend when the public float falls below the minimum requirement[4] and there is a lack of open market in the listed securities
Delay in publication of annual results	Suspend when the issuer fails to publish the annual report by the deadline (which is 4 months from the year end date)	Suspend when the issuer fails to publish the results announcement by the deadline (which is 3 months from the year end date)
Failure to meet continuing listing criteria	Listing may be suspended if the issuer fails to meet financial requirements after it is put under delisting risk warning: - Net loss for the latest 3 consecutive years; or - Net liability in the latest 2 consecutive years; or - Revenue less than RMB10 million for the latest 2 consecutive years; or - Auditors issued a disclaimer opinion or adverse opinion on its financial statements for the latest 2 consecutive years	Suspend if the issuer fails to maintain sufficient assets or operations for listing
Material asset restructuring[5,7] (a) An issuer announces that it may undertake a possible material asset restructuring (b) The issuer convenes a board meeting and announces details of its	 (a) Suspend for not more than three months (unless an extension is permitted) when the possible material asset restructuring is in contemplation (b) Suspend for not more than 10 days when the announcement is subject to post-vetting by SSE / SZSE	 (a) No suspension where the announcement contains inside information concerning the possible material asset restructuring (b) No suspension after the announcement of the proposed transaction.[6]

material asset restructuring proposal (c) The issuer publishes an announcement upon the receipt of the CSRC's notice in relation to the vetting of the issuer's material asset restructuring proposal	(c) Suspend during the vetting period	(c) No suspension
Non-public issuance of new shares[7]	Suspend for not more than 10 days (unless an extension is permitted) when an issuer announces that it may undertake a possible issuance of new shares	No suspension where the announcement contains inside information concerning the possible issuance of new shares
Other material matters[7]	Suspend for not more than 10 days when an issuer announces that it is contemplating material matters (e.g. change in control, material contract, acquisition or disposal subject to shareholder approval, external investment)	No suspension where the announcement contains inside information concerning the possible material matters
Routine suspension		
Rights issue	Suspend during the acceptance period	No suspension
Delay in publication of quarterly results	Suspend for 1 day if the issuer fails to publish quarterly report by the due date	No suspension (There is no requirement under the SEHK Listing Rules for Main Board issuers to publish quarterly results.)
Issuers under delisting risk warnings	Suspend for 1 day if the issuer is put under the delisting risk warning (*ST) or other kinds of special treatment (ST) under the SSE/ SZSE rules	No suspension

Note

4: Under the SSE/SZSE listing rules, an issuer shall maintain a public of at least 25% of the total issued share capital (or 10% if the issuer's share capital exceeds RMB400 million).

Under SEHK Listing Rules, an issuer shall maintain a public of at least 25% of the total issued share capital (or a lower percentage if wavier was previously granted by SEHK).

5: See the "Measures for the Administration of the Material Asset Restructurings of Listed Companies" issued by the CSRC

6: Issuers are reminded that if the proposed transaction constitutes a very substantial disposal, very substantial acquisition or reverse takeover under the SEHK Listing Rules, the issuer should submit the draft announcement for the transaction to SEHK for pre-vetting.

7: See the "Guidelines on trading suspension and resumption for listed companies in contemplation of material matters" 《上市公司籌劃重大事項停復牌業務指引》and the "Disclosure memorandum for Main Board no.9 – Listed companies' trading suspension and resumption"《主板信息披露業務備忘錄第9號——上市公司停復牌業務》issued by SSE and SZSE respectively

Attachment 2: (See FAQs 024-2018 and 026-2018)

The cumulative value dilution is calculated by reference to (i) the aggregate number of shares issued during the 12-month period, compared to the number of issued shares immediately prior to the first offer or placing; and (ii) the weighted average of the price discounts (each price discount is measured against the market price of shares at the time of the offer).

Company A conducted the following capital raisings:
(i) a 1-for-2 rights issue with offer price at a price discount of 25%;
(ii) a 1-for-1 rights issue with offer price at a price discount of 40%; and
(iii) a specific mandate placing of 50% of existing issued shares at a price discount of 70%.

		Rights issue August 2018	Rights issue November 2018	Placing March 2019
Theoretical value dilution of each pre-emptive offer / placing				
No. of issued shares before capital raising	*A*	100	150	300
Issue size	*B*	50%	100%	50%
Number of offer/placing shares to be issued (= **A x B**)	*C*	50	150	150
Benchmarked price	*X*	HK$1.0	HK$0.92	HK$0.73
Price discount	*Y*	25%	40%	70%
Offer / placing price **(= X x (1- Y))**	*Z*	HK$0.75	HK$0.55	HK$0.22
Shareholding value before rights issue / placing **= A x X**	*J*	HK$100.00	HK$137.50	HK$220.00

		Rights issue August 2018	Rights issue November 2018	Placing March 2019
Subscription amount **= C x Z**	*K*	HK$37.50	HK$82.50	HK$33.00
No. of enlarged issued shares **= A + C**	*L*	150	300	450
Theoretical ex-price **= (J + K) / L**	*TEP*	HK$0.92	HK$0.73	HK$0.56
Theoretical value dilution (TD) **= (TEP - X) / X**	*TD*	**-8.3%**	**-20.0%**	**-23.3%**

		Rights issue August 2018	Rights issue November 2018	Placing March 2019
Cumulative theoretical value dilution				
Share in issue immediately before 12-month period	*Sh*	100	100	100
Benchmarked price immediately before 12-month period	*Pr*	HK$1.00	HK$1.00	HK$1.00
Number of offer/placing shares to be issued	*C*	50	150	150
Aggregated number of offer/placing shares (i.e. Sum of C)	***D***	**50**	**200**	**350**
Price discount	*Y*	25%	40%	70%
Average price discount (i.e. weighted average of Y by reference to C)	***R***	**25%**	**36%**	**51%**
Shareholding value before 1st rights issue **= Sh x Pr**	*M*	HK$100.00	HK$100.00	HK$100.00
Cumulative subscription amount **= D x [Pr x (1 - R)]**	*N*	HK$37.50	HK$128.00	HK$171.50
No. of enlarged issued shares	*L*	150	300	450
Cumulative theoretical ex-price **= (M + N) / L**	*CTEP*	HK$0.92	HK$0.76	HK$0.60
Cumulative theoretical value dilution **= (CTEP - Pr) / Pr**	***CTD***	**-8.3%**	**-24.3%**	**-39.7%**

The cumulative value dilution can also be calculated by the following formula:

$$\frac{(\boldsymbol{C_1} \times \boldsymbol{Y_1}) + (\boldsymbol{C_2} \times \boldsymbol{Y_2}) + \cdots + (\boldsymbol{C_n} \times \boldsymbol{Y_n})}{\boldsymbol{Sh} + \boldsymbol{C_1} + \boldsymbol{C_2} + \cdots + \boldsymbol{C_n}}$$

$Sh = Number\ of\ issued\ shares\ immediately\ before\ the\ 1st\ \ offer\ or\ placing$
$C_1 = Number\ of\ shares\ to\ be\ issued\ in\ the\ 1st\ offer\ or\ placing$
$C_2 = Number\ of\ shares\ to\ be\ issued\ in\ the\ 2nd\ offer\ or\ placing$
$C_n = Number\ of\ shares\ to\ be\ issued\ in\ the\ nth\ offer\ or\ placing$
$Y_1 = Price\ discount\ of\ the\ 1st\ offer\ or\ placing$
$Y_2 = Price\ discount\ of\ the\ 2th\ offer\ or\ placing$
$Y_n = Price\ discount\ of\ the\ nth\ offer\ or\ placing$

Attachment 3: (See FAQ 072-2020)

SUPPLEMENTARY GUIDANCE ON MAIN BOARD LISTING RULE 17.03(13)/GEM LISTING RULE 23.03(13) AND THE NOTE IMMEDIATELY AFTER THE RULE

Main Board Listing Rule 17.03(13)/GEM Listing Rule 23.03(13) and the Note

"17.03 /23.03 The scheme document must include the following provisions and/or provisions as to the following (as the case may be): ……

(13) a provision for adjustment of the exercise or purchase price and/or the number of shares subject to options or awards granted under the scheme in the event of a capitalisation issue, rights issue, sub-division or consolidation of shares or reduction of capital.

Note: Any adjustments required under rule 17.03(13)[/rule 23.03(13)] must give a participant the same proportion of the equity capital, rounded to the nearest whole share, as that person was previously entitled, but no such adjustment may be made to the extent that a share would be issued at less than its nominal value (if any). The issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment…..".

Issue

Concerns have been raised that the wording of the Note appears to be ambiguous. We are also aware of a small number of cases where adjustments have been made that are to the advantage of scheme participants contravening the Listing Rule requirements. The following example illustrates how adjustments have typically been made for a rights issue:

Existing shares in issue: 100m
Shares under option: 10m (10% of the existing share capital)
Existing market price: $1.00
Existing exercise price of options: $1.00 per share
Existing market capitalisation: $100m
Total exercise price of options: $10m
Rights issue price: $0.50
Issue ratio: 4 new shares for each share held

Results:
Enlarged market capitalisation: $300m
Enlarged shares in issue: 500m
Theoretical ex-rights price: $0.60 (being (1 x $1 + 4 x $0.50) / 5)

Literal interpretation of the Note:

If the Note is taken literally, then the option holders would be entitled to the same proportion of the enlarged equity capital, that is, 50m shares. Since the aggregate money payable on subscription ($10m) should be unchanged, this implies that the exercise price will be cut to $0.20 per share. As such, each of the 50m options has an Intrinsic Value[1] of $0.40, being the theoretical ex-rights price less the revised exercise price of the option, and is instantly worth $20m in total. Before the rights issue, the options did not have any Intrinsic Value as the market price was the same as the exercise price. Therefore the adjustment is not correct.

Please see below for the correct adjustment.

Interpretation

The overriding principle is that no adjustments to the exercise price or number of shares should be made to the advantage of scheme participants without specific prior shareholders' approval. The adjustment should have a neutral impact or worse from the perspective of the scheme participants. Another way of looking at this is that no adjustments should be made that would increase the aggregate Intrinsic Value[1] of the outstanding options.

[1] . The Intrinsic Value is the difference between the market price (or theoretical ex-entitlement price) of shares under option and the exercise price (or revised exercise price) of the option.

The Scheme Rules adopted by issuers and approved by shareholders, and the circular that is sent to shareholders, describe how any adjustment mechanism will work. In practice issuers seldom describe in detail in any circular how any adjustment mechanism would work. The circular normally simply includes the provision for adjustment and states the circumstances for adjustment as required under MB Rule 17.03(13) / GEM Rule 23.03(13).

Correct adjustment

A straightforward proportionate adjustment should be made for a capitalisation issue, sub-division, consolidation or reduction in share capital. Generally, adjustments should also be made for transactions where there is a price-dilutive element eg a rights issue or open offer. (Although MB Rule 17.03(13) / GEM Rule 23.03(13) does not cover an open offer, the Exchange considers that an open offer should be subject to the requirement of such rule if there is a price-dilutive element). That adjustment should be based on a scrip factor similar to the one used in accounting standards in adjusting the earnings per share figures, to account for the bonus or price-dilutive element embedded in a rights issue (see Hong Kong Accounting Standards 33, Appendix A). No adjustment should be made for an issue made at full consideration unless it also involves a capitalisation issue.

The correct formula for an issue of securities with a price-dilutive element, such as a rights issue, open offer or capitalisation issue, would be to multiply the number of shares subject to options by the scrip factor (F), and divide the exercise price by the scrip factor, where:

F=CUM/TEEP

CUM = closing price as shown in Daily Quotation Sheet of the Exchange on the last trading day before going ex-entitlement to the offer (the cum-rights price)

TEEP = Theoretical Ex-Entitlement Price (based on offer ratio, offer price, and CUM)

In the above example, F is 1.667 (being $1/$0.60). Therefore the adjusted number of options is 16.667m (10m multiplied by 1.667). The adjusted exercise price is $0.60 ($1 divided by 1.667). The total exercise monies would still be the same as before, $10m, and the Intrinsic Value would also be the same as before (nil).

Set out in the appendix are examples for calculating the permitted adjustment to the exercise price of outstanding options for a capitalisation or bonus issue, rights issue or open offer and sub-division or consolidation of shares. These examples also apply to cases involving the calculation of adjustment to the purchase price of shares subject to share awards granted.

APPENDIX TO SUPPLEMENTARY GUIDANCE ON MAIN BOARD LISTING RULE 17.03(13)/GEM LISTING RULE 23.03(13) AND THE NOTE IMMEDIATELY AFTER THE RULE

Adjustments for Capitalisation or Bonus issue, Rights issue or Open offer, and Sub-Division or Consolidation of shares:

A *Capitalisation or Bonus Issue and Rights Issue or Open Offer of Shares*

Adjustments follow the formula :

New number of Options = Existing Options x F

$$\text{New Exercise Price} = \text{Existing Exercise Price} \times \frac{1}{F}$$

Where

$$F = \frac{CUM}{TEEP}$$

CUM = Closing price as shown in the Daily Quotation Sheet of the Exchange on the last day of trading before going Ex-Entitlement

$$\text{TEEP (Theoretical Ex Entitlement Price)} = \frac{CUM + [M \times R]}{1 + M}$$

M = Entitlement per existing Share

R = Subscription Price

(a) ***Capitalisation or Bonus Issues***

Example:

Existing shares in issue : 100m

Shares under Option : 10m (10% of the existing share capital)
Existing market price of the Shares : $1.00
Existing Exercise Price of the Option : $1.00 per Share
Bonus issue ratio: 1 new Share for every ten Shares held

ie. CUM = $1.00, R = $0 and M = 0.1

Therefore,

$$\text{TEEP (Theoretical Ex Entitlement Price)} = \frac{\text{CUM} + [\text{M} \times \text{R}]}{1 + \text{M}}$$

$$= \frac{1 + [0.1 \times 0]}{1 + 0.1} = \frac{1}{1.1}$$

$$\text{F} = \frac{\text{CUM}}{\text{TEEP}} = \frac{1}{1/1.1} = 1.1$$

Adjusted number of Options = Existing number of Options x F = 10m x 1.1 = 11m

(Additional 1m Options will be allocated to the existing holder of Options in the proportion of 1 new Option for every 10 Options held by an Optionholder.)

$$\text{New Exercise Price} = \text{Existing Exercise Price} \times \frac{1}{\text{F}}$$

$$= \$1.00 \times \frac{1}{1/1.1}$$

$$= \$0.909$$

Intrinsic Value of Options immediately before the Bonus Issue = 10m x ($1.00 - $1.00) = Zero
Intrinsic Value of Options immediately after the Bonus Issue = 11m x ($0.909 - $0.909) = Zero

The purpose of these adjustments is to ensure that, as far as possible, the intrinsic value of the Options remains unchanged before and after the corporate action.

(b) *Rights Issue or Open Offer*

Example:

Existing shares in issue : 100m
Shares under Option : 10m (10% of the existing share capital)

Existing market price of the Shares : $1.00
Existing Exercise Price of the Option : $1.00 per Share
Rights issue (or open offer) price : $0.50
Rights issue (or open offer) ratio : 4 new Shares for each Share held

ie. CUM = $1.00, R =$0.50 and M = 4

Therefore,

$$\text{TEEP (Theoretical Ex Entitlement Price)} = \frac{\text{CUM} + [\text{M} \times \text{R}]}{1 + \text{M}}$$

$$= \frac{1 + [4 \times 0.5]}{1 + 4} = \frac{3}{5}$$

$$\text{F} = \frac{\text{CUM}}{\text{TEEP}} = \frac{1}{3/5} = \frac{5}{3}$$

Adjusted number of Options = Existing number of Options x F = 10m x 5/3 = 16.67m

(Additional 6.67m Options will be allocated to the existing holders of Options in the proportion of 2 new Options for every 3 Options held by an Optionholder.)

$$\text{New Exercise Price} = \text{Existing Exercise Price} \times \frac{1}{\text{F}}$$

$$= \$1.00 \times \frac{1}{5/3}$$

$$= \$0.60$$

Intrinsic Value of Options immediately before the Rights Issue (or open offer) = 10m x ($1.00 - $1.00)= Zero
Intrinsic Value of Options immediately after the Rights Issue (or open offer) = 16.67m x ($0.60 - $0.60)= Zero

B *Subdivision or Consolidation of Shares*

Adjustments follow the formula:

New number of Options = Existing Options x F

$$\text{New Exercise Price} = \text{Existing Exercise Price} \times \frac{1}{F}$$

Where F = Subdivision or Consolidation Factor

(a) *Share Sub-division*

Example:

Existing shares in issue : 100m
Shares under Option : 10m (10% of the existing share capital)
Existing market price of the Shares : $1.00
Existing Exercise Price of the Option : $1.00 per Share
Share Subdivision: subdivide 1 old Share into 5 new Shares

ie. SF = 5

Therefore,

Adjusted number of Options = Existing number of Options x F = 10m x 5 = 50m

(Additional 40m Options will be allocated to the existing holder of Options in the proportion of 4 new Options for each Option held by an Optionholder.)

$$\text{New Exercise Price} = \text{Existing Exercise Price} \times \frac{1}{5}$$

$$= \$1.00 \times \frac{1}{5}$$

= $0.20

Intrinsic Value of the Option immediately before the Share Subdivision = 10m x ($1.00-$1.00) = Zero
Intrinsic Value of the Option immediately after the Share Subdivision = 50m x($0.20-$0.20) = Zero

(b) *Share Consolidation*

Example:

Existing shares in issue : 100m
Shares under Option : 10m (10% of the existing share capital)

Existing market price of the Shares : $1.00
Existing Exercise Price of the Option : $1.00 per Share
Share Consolidation: consolidate 5 old Shares into 1 new Share

ie. SF = 1/5

Therefore,

Adjusted number of Options = Existing number of Options x F = 10m x 1/5 = 2m

(The new 2m Options will be allocated to the existing holder of Options in the proportion of 1 new Option for every 5 old Options held by an Optionholder.)

$$\text{New Exercise Price} = \text{Existing Exercise Price} \times \frac{1}{1/5}$$

$$= \$1.00 \times 5$$

$$= \$5$$

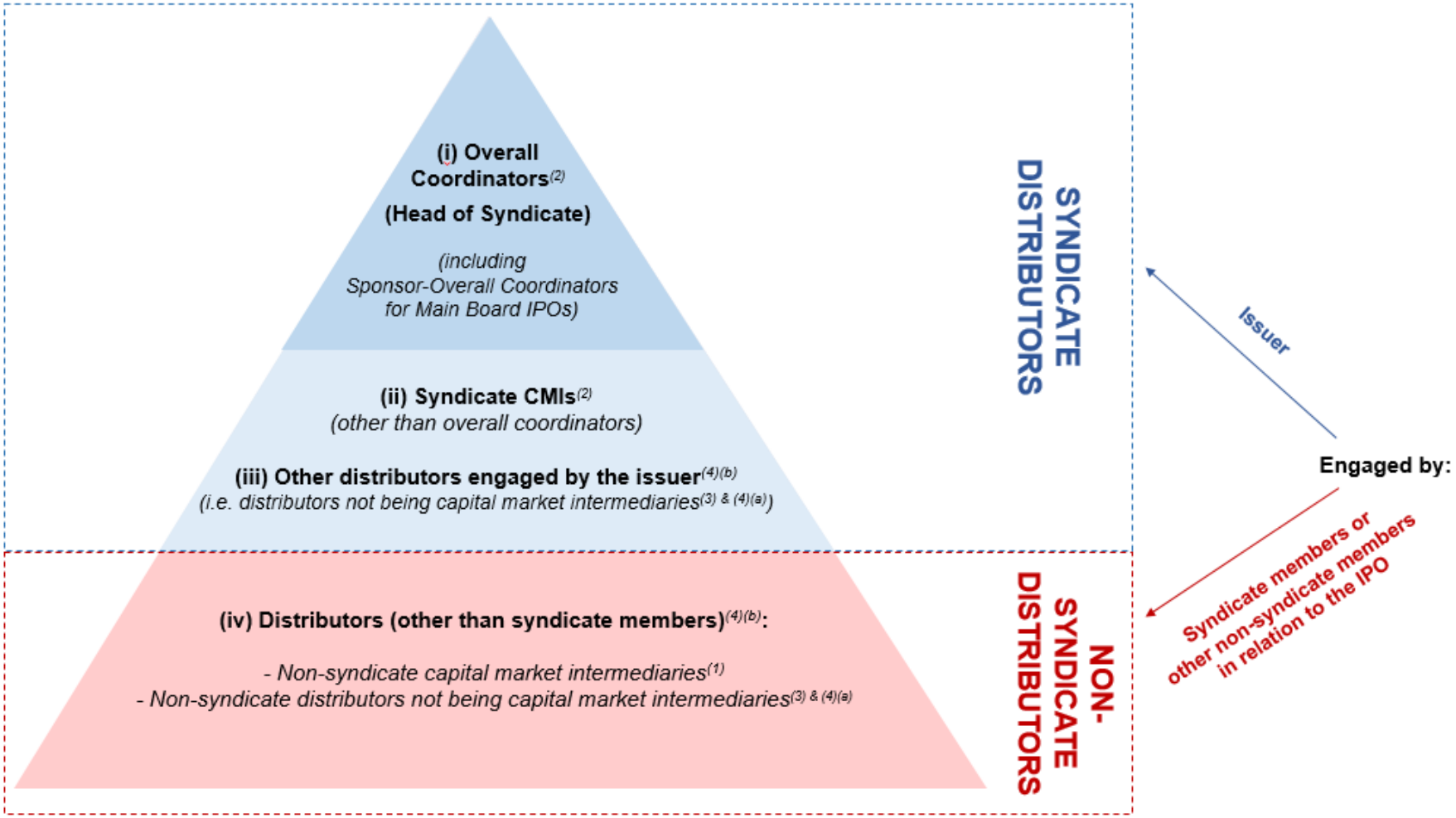
Intrinsic Value of the Option immediately before the Share Consolidation = 10m x ($1.00 - $1.00) = Zero
Intrinsic Value of the Option immediately after the Share Consolidation = 2m x ($5 - $5) = Zero

PARTS A AND B OF FAQ NO. 077-2022

A. Overview of the composition of the syndicate structure in a typical IPO in Hong Kong

The composition of the syndicate structure in a typical IPO includes (a) **syndicate members** and (b) where engaged, **distributors (other than syndicate members)**. Whether an entity is considered as a syndicate member in an IPO under the New Code Provisions-related Rule Amendments depends on whether it is engaged by the issuer to conduct bookbuilding, placing and/or other related activities ("**Relevant Activities**") in the IPO. The diagram below shows the intermediaries involved in a typical IPO:

(a) syndicate members, which comprise syndicate capital market intermediaries and other distributors (i.e. distributors not licensed or registered under the Securities and Futures Ordinance (Cap. 571) ("**SFO**")) **engaged by the issuer** to conduct the Relevant Activities in the IPO; and
(b) non-syndicate distributors that are **engaged by entities other than the issuer** (e.g. syndicate members or other non-syndicate members) to conduct the Relevant Activities in the IPO (e.g. sub-distribution of the issuer's shares).


(i) Overall Coordinators(2)
(Head of Syndicate)
(including Sponsor-Overall Coordinators for Main Board IPOs)
(ii) Syndicate CMIs(2)
(other than overall coordinators)
(iii) Other distributors engaged by the issuer(4)(b)
(i.e. distributors not being capital market intermediaries(3) & (4)(a))
SYNDICATE DISTRIBUTORS
(iv) Distributors (other than syndicate members)(4)(b):
- Non-syndicate capital market intermediaries(1)
- Non-syndicate distributors not being capital market intermediaries(3) & (4)(a)
NON-SYNDICATE DISTRIBUTORS
Issuer
Engaged by:
Syndicate members or other non-syndicate members in relation to the IPO

Notes:

1. A capital market intermediary ("**CMI**") is any corporation or authorised financial institution, licensed or registered under the SFO that engages in the Relevant Activities as referred to in paragraph 21.1.1 of the New Code Provisions ("**specified activities**").

2. A syndicate CMI is a capital market intermediary that is engaged by an issuer to conduct specified activities. An overall coordinator is a syndicate CMI and includes a sponsor-overall coordinator.

3. Distributors (that are not capital market intermediaries) are distributors not licensed or registered under the SFO, which engage in the Relevant Activities for the IPO outside Hong Kong.

4. In the context of the New Code Provisions-related Rule Amendments, a "distributor" means any distributor conducting a placing of equity securities or interests referred to in Rule 3A.32(1) (GEM Rule 6A.39(1)). Whether a distributor is considered as:

   (a) a capital market intermediary depends on whether it is licensed or registered under the SFO; and
   (b) a syndicate member depends on whether it is engaged by the issuer to conduct the Relevant Activities in the relevant placing, and "syndicate distributor" in of FAQ No. 077-2022 shall be construed accordingly.

B. Quick reference to the applicable New Code Provisions-related Rule Amendments for defined intermediaries

1. Syndicate CMI

The provisions in the New Code Provisions-related Rule Amendments that are relevant to a syndicate CMI include:

Main Board Rules	GEM Rules	Summary	Applies to placings in connection with New Listings only
1.01	1.01	Definition of a capital market intermediary	
3A.33	6A.40	Appointment before a capital market intermediary conducts any specified activities under paragraph 21.1.1 of the New Code Provisions	
3A.34	6A.41	Terms of the written engagement agreement of a capital market intermediary	
3A.46	6A.48	Obligations of a new applicant and its directors to assist the syndicate members	✓
9.11(35), Appendix 5D	12.26(6), Appendix 5D	Submission of (i) a copy of the placing letter; (ii) a ~~marketing~~ Marketing and Independence statement in the form of Form D in Appendix 5 (Form D in Appendix 5 to the GEM Rules) on FINI; and (iii) a placee list to the Exchange, on FINI, as soon as practicable after the issue of the listing document but before dealings commence	✓
9.23(2), Appendix 5D	Rule 12.27(6), Appendix 5D	Same requirement as at that in Rule 9.11(35) (GEM Rule 12.26(6)), but applies to placings of equity securities or interests of a class new to listing under Rule 3A.32(1)(a)(ii) (GEM Rule 6A.39(1)(a)(ii)) only.	
12.04(5), Appendix 11 (Forms A & C)	16.09(5), Appendix 10 (Forms A & C)	Disclosure of the names of all syndicate CMIs and any other syndicate members in the formal notice in the case of a placing	
12.08 (Note 2)	Rule 16.13 (Note 3)	Confirmation required to be included in the announcement of the results of the offer	✓
13.28(10)	17.30(10)	Disclosure of the names of syndicate members and principal terms of the underwriting/placing arrangements in a placing.	

Main Board Rules	GEM Rules	Summary	Applies to placings in connection with New Listings only
		This applies to placings of equity securities or interests of a class already listed under a general or specific mandate under Rule 3A.32(1)(a)(ii) (GEM Rule 6A.39(1)(a)(ii)) and placings of listed equity securities or interests by an existing holder of equity securities or interests if it is accompanied by a top-up subscription under Rule 3A.32(1)(b) (GEM Rule 6A.39(1)(b)) only.	
Appendix 1 (paragraphs 3 & 3B of Part A, paragraphs 3 & 3B of Part E)	Appendix 1 (paragraphs 3 & 3B of Part A)	Disclosure of (i) the name and address of each syndicate member and (ii) the aggregate of the fees and the ratio of fixed and discretionary fees paid or payable to all syndicate members in the listing document	✓
Appendix 5F (paragraph 10A)	Appendix 5E (paragraph 10A)	Confirmation of determination of the allocation of discretionary fees to be paid, and the time schedule for the payment of the total fees payable, to each syndicate CMI in the issuer's declaration	✓
Appendix 6 (paragraphs 5, 8, 9, 10, 11 and 12)	10.12(1A), 10.12(4) (Note 1), 10.12(4A), 10.12(5), 10.12(6), 10.12(7)	Requirements relating to, and restrictions on, placing activities	

2. Overall coordinator

An overall coordinator is a syndicate CMI. See section 1 above for the provisions in the New Code Provisions-related Rule Amendments that are relevant to a syndicate CMI. Other requirements relating to an overall coordinator under the New Code Provisions-related Rule Amendments include:

Main Board Rules	GEM Rules	Summary	Applies to placings in connection with New Listings only
1.01	1.01	Definition of an overall coordinator	
3A.30	6A.30	Action required if licence or registration is revoked, suspended, varied or restricted	
3A.35	6A.42	Appointment before an overall coordinator conducts any specified activities under paragraph 21.2.3 of the New Code Provisions	
3A.36	6A.43	Terms of the written engagement agreement of an overall coordinator	
3A.37, Practice Note 22	6A.44, Practice Note 5	Deadline for appointment of an overall coordinator (other than a sponsor-overall coordinator in the case of Main Board new applicants, as set out in Rule 3A.43 referred to in section 3 below) in the case of a New Listing (i.e. no later than 2 weeks following the submission of the listing application), and publication of an OC Announcement on an appointment of an overall coordinator	✓
3A.38	Note to 6A.42	Provision of information by overall coordinator	
3A.39	Note to 6A.42	Additional overall coordinators	
3A.40, 9.11(36), Appendix 5E, Appendix 6	6A.45, 10.12 to 10.16B, 12.26(8), Appendix 7I	Submission of the overall coordinator's declaration in the form of Form E in Appendix 5 (Form I in Appendix 7 to the GEM Rules) on FINI, pursuant to which each overall coordinator is required to declare, among others, that the placing is in compliance with Appendix 6 (GEM Rules 10.12 to 10.16B).	✓
3A.41, 3A.42, Practice Note 22	6A.46, 6A.47, Practice Note 5	Termination of the overall coordinator's role (other than for a sponsor-overall coordinator, as set out in Rule 3A.45 referred to in section 3 below), and publication of an OC Announcement on a termination of the engagement of an overall coordinator in the case of a New Listing	✓ *(obligation to publish OC*

Main Board Rules	GEM Rules	Summary	Applies to placings in connection with New Listings only
			Announcement only)
9.10B	12.08 (Note 3)	Documents required to be submitted where there is a change of overall coordinator	✓
9.11A	12.26AA	Obligation to notify the Exchange where there are any material changes to the information previously provided to the Exchange under Rule 9.11 (GEM Rules 12.12 to 12.26)	✓
-	12.23AA	Submission of certain information to the Exchange at least four clear business days prior to listing hearing. This applies to placings in connection with GEM New Listings under GEM Rule 6A.39(1)(a)(i) only	✓ *(GEM New Listings only)*
Practice Note 18 (paragraph 4.3)	Practice Note 6 (paragraph 5)	Obligation to restrict the extent of any over-allocation of shares to the limit provided under the over-allotment option	✓
Appendix 6 (paragraphs 3 and 19)	10.12(1B), 10.16B	Obligation to make adequate distribution facilities available, run application list and determine a fair basis for allocation when the issue is oversubscribed; obligation to inform the Exchange where decisions made by an issuer amount to non-compliance with the Listing Rules related to, among other things, the placing activities conducted	

3. Sponsor-overall coordinator

A sponsor-overall coordinator is also an overall coordinator. See section 2 above for the provisions in the New Code Provisions-related Rule Amendments that are relevant to an overall coordinator. Other requirements relating to a sponsor-overall coordinator under the New Code Provisions-related Rule Amendments (which are only applicable to Main Board new applicants and do not apply to GEM new applicants) include:

Main Board Rules	Summary	Applies to placings in connection with New Listings only
1.01	Definition of a sponsor-overall coordinator	✓
Note to 3A.02	Obligations of a sponsor before accepting an appointment by a new applicant as a sponsor	✓
3A.43	Appointment (i.e. at least 2 months before the submission of the listing application and both appointment of the sponsor independent of the new applicant and the overall coordinator must be made at the same time)	✓
3A.44	Additional sponsor-overall coordinators	✓
3A.45	Termination of the sponsor-overall coordinator's role	✓
3A.36(4), 9.11(23a)	Submission of certain information to the Exchange at least four clear business days prior to listing hearing	✓

4. Syndicate and non-syndicate distributors

(a) The following provisions in the New Code Provisions-related Rule Amendments are relevant to both (i) syndicate distributors (other than syndicate CMIs) and (ii) non-syndicate distributors engaged to conduct the Relevant Activities in a placing of equity securities or interests referred to in Rule 3A.32(1) (GEM Rule 6A.39(1)):

Main Board Rules	GEM Rules	Summary	Applies to placings in connection with New Listings only
3A.46	6A.48	Obligations of a new applicant and its directors to assist the syndicate members	✓
9.11(35), Appendix 5D	12.26(6), Appendix 5D	Submission of (i) a copy of the placing letter; (ii) a ~~marketing~~ Marketing and Independence statement in the form of Form D in Appendix 5 (Form D in Appendix 5 to the GEM Rules) on FINI; and (iii) a placee list to the Exchange, on FINI, as soon as practicable after the issue of the listing document but before dealings commence	✓
9.23(2), Appendix 5D	12.27(6), Appendix 5D	Same requirement as at that in Rule 9.11(35) (GEM Rule 12.26(6)), but applies to placings of equity securities or interests of a class new to listing under Rule 3A.32(1)(a)(ii) (GEM Rule 6A.39(1)(a)(ii)) only.	
Appendix 6 (paragraphs 5, 8, 9, 10, 11 and 12)	10.12(1A), 10.12(4) (Note 1), 10.12(4A), 10.12(5), 10.12(6), 10.12(7)	Requirements relating to and restrictions on placing activities	

Notes:

(1) Non-syndicate distributors engaged by entities other than the issuer are "distributors (other than syndicate members)" referred to in Rules 3A.46(3), 9.11(35)(a) and 9.23(2)(a), and Appendices 5D and 6 (paragraphs 5(1), 8, 9, 10 and 12) to the Listing Rules (GEM Rules 6A.48(3), 10.12(1A)(a), 10.12(4) (Note 1(g)), 10.12(4A), 10.12(6), 10.12(7) and 12.26(6)(a), 12.27(6)(a) and Appendix 5D to the GEM Rules).

(2) In respect of a transaction covered under the New Code Provisions-related Rule Amendments, distributors (including both syndicate distributors and non-syndicate distributors) that are not capital market intermediaries are expected to assist the overall coordinators to discharge their obligations under the Listing Rules ("**Required Assistance**").

(3) To facilitate the overall coordinators' discharge of their obligations under the Listing Rules (e.g. providing a declaration (in the form of Form E in Appendix 5 (Form I in Appendix 7 to the GEM Rules)) to the Exchange that, among others, a bookbuilding was carried out to assess demand for securities and the relevant placing is in compliance with Appendix 6 (GEM Rules 10.12 to 10.16B)), issuers are expected to include the following terms ("**Assistance Terms**") in the written engagement of each syndicate distributor:

(i) the obligation of the syndicate distributor to provide the Required Assistance to the overall coordinator(s); and

(ii) the obligation of the syndicate distributor to require any distributor it engages for the relevant transaction ("**Second Tier Distributor(s)**") to provide the Required Assistance to the overall coordinator(s) and to assist the syndicate distributor to provide the Required Assistance to the overall coordinator(s), including but not limited to requiring the Assistance Terms to be reflected in the written engagement of each Second Tier Distributor and any distributor that each Second Tier Distributor further engages for the relevant transaction.

(b) In addition to the provisions in the New Code Provisions-related Rule Amendments set out in sub-paragraph 4(a) above, the following provisions in the New Code Provisions-related Rule Amendments are also relevant to syndicate distributors (other than syndicate CMIs) engaged to conduct the Relevant Activities in a placing of equity securities or interests referred to in Rule 3A.32(1) (GEM Rule 6A.39(1)):

Main Board Rules	GEM Rules	Summary	Applies to placings in connection with New Listings only
1.01	1.01	Definition of a syndicate member	
12.04(5), Appendix 11 (Forms A & C)	16.09(5), Appendix 10 (Forms A & C)	Disclosure of the names of all syndicate CMIs and any other syndicate members in the formal notice in the case of a placing	
12.08 (Note 2)	16.13 (Note 3)	Confirmation required to be included in the announcement of the results of the offer	✓
13.28(10)	17.30(10)	Disclosure of the names of syndicate members and principal terms of the underwriting/placing arrangements in a placing.	

		This applies to placings of equity securities or interests of a class already listed under a general or specific mandate under Rule 3A.32(1)(a)(ii) (GEM Rule 6A.39(1)(a)(ii)) and placings of listed equity securities or interests by an existing holder of equity securities or interests if it is accompanied by a top-up subscription under Rule 3A.32(1)(b) (GEM Rule 6A.39(1)(b)) only	
Appendix 1 (paragraphs 3 & 3B of Part A, paragraphs 3 & 3B of Part E)	Appendix 1 (paragraphs 3 & 3B of Part A)	Disclosure of (i) the name and address of each syndicate member and (ii) the aggregate of the fees and the ratio of fixed and discretionary fees paid or payable to all syndicate members in the listing document	✓

Notes:

1. *"New Listings" shall have the meaning as defined in Rule 1.01 (GEM Rule 1.01) in the New Code Provisions-related Rule Amendments and "placings in connection with New Listings" shall mean placings referred to in Rule 3A.32(1)(a)(i) (GEM Rule 6A.39(1)(a)(i)) in the New Code Provisions-related Rule Amendments.*
2. *This Part only sets out the provisions in the New Code Provisions-related Rule Amendments that are relevant to the above intermediaries involved in the Relevant Activities. Intermediaries shall continue to observe other requirements that are applicable to them under the Listing Rules.*
3. *Pursuant to Rule 20.23A in the New Code Provisions-related Rule Amendments, in the case of offerings involving bookbuilding activities (as defined under the Code of Conduct) of interests in a REIT by a new REIT listing applicant or an existing authorised REIT, Chapter 3A and the other relevant Exchange Listing Rule provisions relating to sponsor-overall coordinator, overall coordinator and other capital market intermediaries shall apply.*

APPENDIX TO FAQ NO. 077-2022 (SEE QUESTION 21)

If a Main Board new applicant expects a potential need to re-file or submit its first listing application* on or after the Effective Date, the following examples# illustrate the key dates that should be noted for fulfilling the conditions in Part (A) ("**Part (A)**") or Part (B) ("**Part (B)**")* in FAQ No. 21 of FAQ No. 077-2022 in order to follow the transitional arrangements in relation to compliance with Rule 3A.43(2) in the New Code Provisions-related Rule Amendments:

	(For illustration only) **Date of lapse of the last listing application**	***(For illustration only)*** **Date of appointment of the existing independent sponsor *(referred to in condition (i) in Part (A) or (B)*)* ("Existing Sponsor")**	***(For illustration only)*** **Date of appointment of the Existing Sponsor or its group company as an overall coordinator for the purpose of Rule 3A.43**	**Earliest date** of re-filing or first submission* under Part (A) or (B)*:**
Re-filing under Part (A)	5 May 2022	1 May 2021	5 June 2022	5 August 2022
	4 July 2022		4 August 2022	4 October 2022
	4 July 2022		5 August 2022	N/A *(Note 1)*
	4 May 2022		5 June 2022	N/A *(Note 2)*
First submission under Part (B)	N/A	21 April 2022	5 June 2022	5 August 2022
		21 April 2022	4 August 2022	4 October 2022
		22 April 2022	4 August 2022	N/A *(Note 3)*
		21 April 2022	5 August 2022	N/A *(Note 4)*

** As the case may be*

*** Earliest date in order to comply with the requirement of appointing the overall coordinator in condition (ii) of Part (A) or Part (B)* in FAQ No. 21 of FAQ No. 077-2022 at least 2 months before the re-filing or first submission**

#For the avoidance of doubt, the illustrative examples in this Appendix do not apply to a placing involving bookbuilding activities (as defined under the Code of Conduct) in connection with the New Listing of a SPAC. Please refer to Notes 4 and 5 to FAQ No. 21 of FAQ No. 077-2022 for details. ***(Added in May 2022)***

Notes:

1. As the date of appointment of the Existing Sponsor or its group company as an overall coordinator is 5 August 2022, i.e. not before the Effective Date, condition (ii) of Part (A) is not met and the re-filing could not be made in reliance of the transitional arrangements in Part (A).

   Accordingly, for a new applicant which intends to rely on the transitional arrangements in Part (A) to comply with Rule 3A.43 and re-file its listing application on or after the Effective Date, the Existing Sponsor or its group company must be duly appointed as an overall coordinator for the purpose of Rule 3A.43 latest by **4 August 2022** (provided that the re-filing date is at least 2 months after such appointment date, but within 3 months from the date of lapse of the last listing application).

2. As Part (A) provides that the overall coordinator appointment should be made at least 2 months before the re-filing, the earliest date** on which the re-filing could be made is 5 August 2022 in this example. However, this would result in the new applicant in this example not meeting condition (iv) of Part (A) (which requires the re-filing to be made by 4 August 2022, i.e. within 3 months from 4 May 2022, the date of lapse of the last listing application). Thus, re-filing could not be made in reliance of the transitional arrangements in Part (A) in this example.

3. As the Existing Sponsor is appointed as a sponsor on 22 April 2022, i.e. not before the Publication Date, condition (i) of Part (B) is not met and the first submission of the listing application could not be made in reliance of the transitional arrangements in Part (B).

   Accordingly, for a new applicant which intends to rely on the transitional arrangements in Part (B) to comply with Rule 3A.43 and submit its initial listing application on or after the Effective Date, the Existing Sponsor must be duly appointed, together with the notification of the sponsor engagement submitted to the Exchange in accordance with Rule 3A.02A(1), no later than **21 April 2022**.

4. As the date of appointment of the Existing Sponsor or its group company as an overall coordinator is 5 August 2022, i.e. not before the Effective Date, condition (ii) of Part (B) is not met and the first submission could not be made in reliance of the conditions in Part (B).

Accordingly, for a new applicant which intends to rely on the transitional arrangements in Part (B) to comply with Rule 3A.43 and submit its initial listing application on or after the Effective Date, the Existing Sponsor or its group company must be duly appointed as an overall coordinator for the purpose of Rule 3A.43 latest by **4 August 2022** (provided that the submission date of its listing application is at least 2 months after such appointment date).

Attachment 4: Transitional arrangements for share schemes existing as at 1 January 2023 (See FAQ 083-2022 to 101-2022)

<table>
<tr><th rowspan="2"></th><th colspan="3">Listed issuer</th><th colspan="2">Principal subsidiary</th><th>Other subsidiaries</th></tr>
<tr><th rowspan="2">Share option scheme</th><th colspan="2">Share award scheme</th><th rowspan="2">Share option scheme</th><th rowspan="2">Share award scheme</th><th rowspan="2">Share option scheme/ Share award scheme</th></tr>
<tr><th>With Advanced Mandate</th><th>Utilising general mandate</th></tr>
<tr><td>Disclosure in:-
- Announcement[1]
- Interim Report[2]
- Annual Report[3]</td><td colspan="5">From effective date (1 January 2023)</td><td rowspan="3"><u>Share option scheme that has complied with existing Chapter 17:</u> The subsidiary may continue to grant share options under its scheme mandate

<u>Other existing or new share schemes:</u> Grants of share awards or options must comply with Ch14 (based on the size of the scheme mandate for future grants) and/or Ch14A</td></tr>
<tr><td>Share grants to eligible participants (amended definition)[4]</td><td colspan="5">New definition of eligible participants applies for financial years commencing on or after 1 January 2023</td></tr>
<tr><td>Scheme mandate[5]</td><td colspan="2">Issuers may continue to make share grants using existing scheme mandate</td><td>Issuers may grant shares under general mandate until the <u>second</u> AGM after 1 January 2023</td><td>Same as listed issuer</td><td>Issuers must comply with Ch14 (based on the size of the scheme mandate for future grants) and/or Ch14A before making share grants</td></tr>
<tr><td>Amendment of terms of scheme to comply with amended Chapter 17</td><td colspan="5">On or before the refreshment of the scheme mandate limit/ expiry of scheme mandate above or adoption of new share scheme</td><td></td></tr>
</table>

[1] See Main Board Rules 17.06A, 17.06B and 17.06C (GEM Rules 23.06A, 23.06B and 23.06C)

[2] See Main Board Rules 17.07 and 17.09 (GEM Rules 23.07 and 23.09)

[3] See footnote 2

[4] See Main Board Rule 17.03A (GEM Rule 23.03A)

[5] See Main Board Rules 17.03B and 17.03C (GEM Rules 23.03B and 23.03C)