**CHECKLIST**

**CIRCULAR FOR CONNECTED TRANSACTION**

**(Main board)**

|  |  |  |
| --- | --- | --- |
| **Name of Issuer** | **:** |  |
| **Case Number** | **:** |  |
| **Description of Transaction** | **:** |  |

**Information required in the Circular:-**

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| --- | --- | --- | --- | --- | --- | --- |
|  |  | **Page** |  | **Complied With? (Y/N/NA)** |  | **Comment (where applicable)** |
| **Part I - General** |  |  |  |  |  |  |
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| **Rule 2.14** |  |  |  |  |  |  |
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| The circular issued by an issuer pursuant to the Exchange Listing Rules must disclose the name of each director as at the date of the relevant circular. |  |  |  |  |  |  |
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| **Rule 2.17** |  |  |  |  |  |  |
| The issuer must, to the extent that it is aware having made all reasonable enquiries, include in the circular:   * 1. a statement as at the date by reference to which disclosure of the shareholding is made in the circular as to whether and to what extent any shareholder who is required to abstain from voting under the Exchange Listing Rules controls or is entitled to exercise control over the voting right in respect of his shares in the issuer;   (2) particulars of:   * + 1. any voting trust or other agreement or arrangement or understanding (other than an outright sale) entered into by or binding upon any such shareholder; and   (b) any obligation or entitlement of any such shareholder as at the date by reference to which disclosure of the shareholding of any such shareholder is made in the circular,  whereby he has or may have temporarily or permanently passed control over the exercise of the voting right in respect of his shares in the issuer to a third party, either generally or on a case-by-case basis; |  |  |  |  |  |  |

|  |  | **Page** |  | **Complied With? (Y/N/NA)** |  | **Comment (where applicable)** |
| --- | --- | --- | --- | --- | --- | --- |
| (3) a detailed explanation of any discrepancy between any such shareholder’s beneficial shareholding interest in the issuer as disclosed in the circular and the number of shares in the issuer in respect of which he will control or will be entitled to exercise control over the voting right at the relevant meeting; and  (4) steps undertaken by the shareholder (if any) to ensure shares being the subject of the discrepancy referred to in rule 2.17(3) are not voted. |  |  |  |  |  |  |
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| **Rule 13.51A** |  |  |  |  |  |  |
| The circular published by an issuer pursuant to the Exchange Listing Rules must set out its stock code in a prominent position on the cover page or, where there is no cover page, the first page of the circular. |  |  |  |  |  |  |
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| **Part II – Chapter 14A** |  |  |  |  |  |  |
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| **Rule 14A.69** |  |  |  |  |  |  |
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| 1. a clear and adequate explanation of its subject matter and demonstrate the advantages and disadvantages of the transaction for the listed issuer's group |  |  |  |  |  |  |
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| 1. where practicable, include a numerical evaluation; |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| 1. contain all information necessary to allow the listed issuer’s shareholders to make a properly informed decision; and |  |  |  |  |  |  |
| 1. contain a heading drawing attention to the importance of the document and advising shareholders who are in any doubt to consult appropriate independent advisers on the appropriate course of action. |  |  |  |  |  |  |
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| **Rule 14A.70** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| 1. the Exchange’s disclaimer statement (see rule 14.88) on its front cover or inside front cover;   “Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this circular, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this circular.” |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| 1. the information required to be disclosed in the announcement for the transaction; |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| 1. the identities and a description of the principal business activities of the parties to the transaction and of their ultimate beneficial owner(s); |  |  |  |  |  |  |
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| 1. the name of the connected person concerned, his or its relationship with any controller and the name and office held by that controller; |  |  |  |  |  |  |
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| 1. if the transaction is a continuing connected transaction, how the listed issuer determines and calculates the cap, including the assumptions and the amounts of previous transactions which form the basis of the cap; |  |  |  |  |  |  |
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|  |  |  |  |  |  |  |
| 1. a letter from each of the independent financial adviser and, if applicable, the independent board committee containing its opinion and recommendation on the transaction (see rules 14A.43 and 14A.45); |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| 1. if the transaction involves the acquisition or disposal of any property interests or a company whose assets consist solely or mainly of property, a valuation and information on the property if required under rule 5.03;   **(*Please refer to the checklist “Valuation of Properties Being Acquired/ Disposed of” (CF021M), if applicable.)*** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| 1. if the primary significance of the asset (other than property interests) being acquired or disposed of is its capital value, an independent valuation of the asset; |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| 1. if the transaction involves an acquisition or disposal of a company or business engaging in an infrastructure project, a business valuation report on that company or business and/or traffic study report on the project. The report(s) must clearly set out: |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| (a) all significant underlying assumptions including the discount rate or growth rate used; and |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| (b) a sensitivity analysis based on different discount rates and growth rates. |  |  |  |  |  |  |
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| If the business valuation is based on a profit forecast, the accounting policies and calculations for the underlying forecasts must be examined and reported on by the auditors or reporting accountants. Any financial adviser mentioned in the circular must also report on the underlying forecasts. |  |  |  |  |  |  |
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| 1. if the transaction involves the listed issuer’s group acquiring a company or business from a connected person, details of: |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| (a) any guarantee of the profits or net tangible assets or other matters regarding the financial performance of the company or business provided by the connected person, and a statement by the listed issuer that it will comply with the disclosure requirements (see rule 14A.63) if the actual performance fails to meet the guarantee; and |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| (b) any option granted to the listed issuer’s group to sell the company or business back to the connected person and/or other rights given to the listed issuer’s group; |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| 1. a statement whether any directors of the listed issuer have a material interest in the transaction and, if so, whether they have abstained from voting on the board resolution; |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| 1. a statement that any shareholder with a material interest in the transaction will not vote and the information required in rule 2.17; |  |  |  |  |  |  |
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| 1. the information set out in Appendix D1B – 1, 2, 5, 10, 29(2), 32, 39, 40, 43(2)(c) ***(See Part III of this checklist)***; |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| 1. information regarding directors’ and chief executive’s interests in the listed issuer described in paragraphs 34 and 38 of Appendix D1B, and Practice Note 5; |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| 1. information regarding the competing interests of each of the directors and any proposed director of the listed issuer and his respective close associates as would be required to be disclosed under rule 8.10 as if each of them was a controlling shareholder; and |  |  |  |  |  |  |
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| 1. any additional information requested by the Exchange. |  |  |  |  |  |  |
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| **PART III - Appendix D1B** |  |  |  |  |  |  |
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| 1. The full name of the issuer. |  |  |  |  |  |  |
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| 1. A statement as follows:—   “This document, for which the directors of the issuer collectively and individually accept full responsibility, includes particulars given in compliance with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited for the purpose of giving information with regard to the issuer. The directors having made all reasonable enquiries, confirm that to the best of their knowledge and belief the information contained in this document is accurate and complete in all material respects and not misleading or deceptive, and there are no other matters the omission of which would make any statement herein or this document misleading.”  ***(See Note 1 to Appendix D1B)*** |  |  |  |  |  |  |
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| 5. Where the listing document includes a statement purporting to be made by an expert, a statement:— |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| 1. specifying the qualifications of such expert and whether such expert has any shareholding in any member of the group or the right (whether legally enforceable or not) to subscribe for or to nominate persons to subscribe for securities in any member of the group and, if so, a full description thereof; |  |  |  |  |  |  |
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| (2) that the expert has given and has not withdrawn his written consent to the issue of the listing document with the expert’s statement included in the form and context in which it is included; and |  |  |  |  |  |  |
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| (3) of the date on which the expert’s statement was made and whether or not it was made by the expert for incorporation in the listing document. |  |  |  |  |  |  |
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| 10. (if applicable) The nature and amount of the issue including the number of securities which have been or will be created and/or issued, if predetermined. |  |  |  |  |  |  |
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| *Note: References to issue include transfer of treasury shares.* |  |  |  |  |  |  |
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| 29. (2) The issuer must determine in advance with its financial adviser whether to include a profit forecast in a listing document. Where a profit forecast appears in any listing document, it must be clear, unambiguous and presented in an explicit manner and the principal assumptions, including commercial assumptions, upon which it is based, must be stated. The accounting policies and calculations for the forecast must be examined and reported on by the reporting accountants or auditors, as appropriate, and their report must be set out. The financial adviser must report in addition 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. |  |  |  |  |  |  |
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| 32. A statement by the directors of any material adverse change in the financial or trading position of the group since the date to which the latest published audited accounts of the issuer have been made up, or an appropriate negative statement. |  |  |  |  |  |  |
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| 34. Where any director or proposed director is a director or employee of a company which has an interest or short position in the shares and underlying shares of the issuer which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, that fact shall be stated. |  |  |  |  |  |  |
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| 38. (1) A statement showing the interests and short positions of each director and chief executive of the issuer in the shares, underlying shares and debentures of the issuer or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance) which:— |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| (a) are required to be notified to the issuer and the Exchange pursuant to Divisions 7 and 8 of Part XV of the Securities and Futures Ordinance (including interests and short positions which he is taken or deemed to have under such provisions of Securities and Futures Ordinance); or |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| (b) are required, pursuant to section 352 of the Securities and Futures Ordinance, to be entered in the register referred to therein; or |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| (c) are required, pursuant to the Model Code for Securities Transactions by Directors of Listed Issuers to be notified to the issuer and the Exchange; |  |  |  |  |  |  |
| or an appropriate negative statement. Provided that the Exchange may agree in its sole discretion that compliance with this paragraph may be modified or waived in respect of any associated corporation if, in the opinion of the Exchange, the number of associated companies in respect of which each director and chief executive is taken or deemed to have an interest or short position under Part XV of the Securities and Futures Ordinance is such that compliance with this paragraph would result in particulars being given which are not material in the context of the group and are excessive in length; and  (1A) A statement required by sub-paragraph 38(1) must specify the company in which the interests or short positions are held, the class to which those securities belong and the number of such securities held. The statement need not disclose:  (a) the interests of a director in the shares of the listed issuer or any of its subsidiaries if such interest is held solely in a non-beneficial capacity and is for the purpose of holding the requisite qualifying shares;  (b) the non-beneficial interests of directors in the shares of any subsidiary of the listed issuer in so far as that interest comprises the holding of shares subject to the terms of a written, valid and legally enforceable declaration of trust in favour of the parent company of that subsidiary or the listed issuer and such interest is held solely for the purpose of ensuring that the relevant subsidiary has more than one member;  *Note: Where interests in securities arising from the holding of such securities as qualifying shares are not disclosed pursuant to the exception provided in this paragraph, a general statement should nevertheless be made to indicate that the directors hold qualifying shares.* |  |  |  |  |  |  |
| ***(See Note 4 to Appendix D1B)*** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| 39. Particulars of directors’ existing or proposed service contracts with any member of the group (excluding contracts expiring or determinable by the employer within one year without payment of compensation (other than statutory compensation)), or an appropriate negative statement.  ***(See Note 2 to Appendix D1B)*** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| 40. (1) Full particulars of the nature and extent of the interest, direct or indirect, if any, of every director or proposed director or expert (as named in the listing document) in any assets which have been, since the date to which the latest published audited accounts of the issuer were made up, acquired or disposed of by or leased to any member of the group, or are proposed to be acquired or disposed of by or leased to any member of the group, including:- |  |  |  |  |  |  |
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| (a) the consideration passing to or from any member of the group; and |  |  |  |  |  |  |
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| (b) short particulars of all transactions relating to any such assets which have taken place within such period, |  |  |  |  |  |  |
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| or an appropriate negative statement. |  |  |  |  |  |  |
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| (2) Full particulars of any contract or arrangement subsisting at the date of the listing document in which a director of the issuer is materially interested and which is significant in relation to the business of the group, or an appropriate negative statement. |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| ***(See Note 2 to Appendix D1B)*** |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| 43. Details of a reasonable period of time (being not less than 14 days) during which the following documents where applicable are published on the Exchange’s website and the issuer’s own website:- |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| (2) (c) in the case of a notifiable transaction or connected transaction circular, any contracts pertaining to the transaction, |  |  |  |  |  |  |
|  |  |  |  |  |  |  |
| or where any of the above contracts have not been reduced into writing, a memorandum giving full particulars thereof. |  |  |  |  |  |  |
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| ***(See Note 2 to Appendix D1B)*** |  |  |  |  |  |  |

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| * This checklist is provided for reference only. In case of doubt, listed issuers are advised to refer to the Listing Rules for the specific requirements. * Please make annotation in the margin of the draft document for the respective paragraph of the Listing Rules. * When your answer to an item on the checklist is “No” or “Not applicable”, the reason for such response should be clearly disclosed in the “Comment” section. |

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| Submitted by: |  | Date: |  |
|  | Signature |  |  |
|  |  |  |  |
|  | Name and Firm |  |  |
|  |  |  |  |