

CONSULTATION PAPER

RULE CHANGES CONSEQUENTIAL ON THE
ENACTMENT OF THE SECURITIES AND FUTURES
(AMENDMENT) ORDINANCE 2012
TO PROVIDE STATUTORY BACKING TO
LISTED CORPORATIONS' CONTINUING
OBLIGATION TO DISCLOSE INSIDE INFORMATION

August 2012



Hong Kong Exchanges and Clearing Limited
香港交易及結算所有限公司

CONTENTS

Page No.

EXECUTIVE SUMMARY..... 1

CHAPTER 1: INTRODUCTION..... 2

Purpose of the Paper 2

CHAPTER 2: PROPOSED AMENDMENTS 3

1. Principles underlying the Proposed Changes..... 3

2. Main Features of Proposed New Rules..... 3

3. Other Changes..... 8

APPENDICES

APPENDIX I: Proposed amendments to the MB Rules

APPENDIX II: Proposed amendments to the GEM Rules

APPENDIX III: Personal information collection and privacy policy statement

HOW TO RESPOND TO THIS CONSULTATION PAPER

The Exchange, a wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited (“**HKEx**”), invites written comments on the changes proposed in this Paper by 3 October 2012. Responses should, if possible, be made by one of the following methods:

By mail or hand delivery to Corporate Communications Department
Hong Kong Exchanges and Clearing Limited
12th Floor, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

**Re: Consultation Paper on
Rule Changes Consequential on the Enactment of the
Securities and Futures (Amendment) Ordinance 2012**

By fax to (852) 2524-0149

By e-mail to response@hkex.com.hk

Please mark in the subject line:

Re: CP on PSI Codification Consequential Rule Changes

The Exchange’s submission enquiry number is (852) 2840-3844.

The Exchange invites views on the proposed changes, supported, where appropriate, with reasons. Respondents are reminded that the Exchange will publish responses on a named basis in the intended consultation conclusions, unless you request otherwise.

The Exchange’s policy on handling personal data is set out in **Appendix III** of this paper.

Next Steps

The Exchange will carefully consider all the responses received, and if appropriate, develop (or further progress) rule amendments to implement the final agreed conclusions. As usual the Exchange will develop the consultation conclusions and work with the SFC for any relevant rule amendments.

EXECUTIVE SUMMARY

1. On 4 May 2012, the Securities and Futures (Amendment) Ordinance 2012 was gazetted. It seeks to, amongst other matters, implement a statutory obligation on listed corporations to disclose price sensitive information (termed “inside information” under Part XIVA of the Securities and Futures Ordinance). The statutory disclosure regime will take effect from 1 January 2013. Under the new legislation, a listed corporation must, as soon as reasonably practicable after any inside information has come to its knowledge, disclose the information to the public (“**Statutory Disclosure Obligation**”).
2. The SFC will have the power to enforce Part XIVA of the SFO. The Stock Exchange of Hong Kong Limited still has the statutory obligation to maintain an orderly, informed and fair market for the trading of securities listed on the Exchange under section 21 of the SFO. Therefore, amendments to the Rules Governing the Listing of Securities are required. This paper proposes changes to the Rules.
3. In summary, the proposed changes are as follows:
 - (a) The main amendments will be to Main Board (“**MB**”) Rule 13.09(1) and GEM Listing Rule (“**GLR**”) 17.10, as the current obligation to disclose the following information will be under the new legislation:
 - (i) information which is necessary to enable the Exchange, members of the issuer and other holders of its listed securities and the public to appraise the position of the group (under MB Rule 13.09(1)(a) and GLR17.10(1)); and
 - (ii) information which might be reasonably expected materially to affect market activity in and the price of its securities (under MB Rule 13.09(1)(c) and GLR17.10(3)); and
 - (b) other rule provisions which relate to, or mention, the obligation to disclose price sensitive information.
4. We propose that some obligations which currently appear in the form of notes to rules be escalated to rules.
5. We also propose making minor stylistic or plain writing amendments to the Rules. No change in existing policy is intended, and we invite comments on these amendments to ensure that no unintended consequences follow.

CHAPTER 1: INTRODUCTION

Purpose of the Paper

6. This consultation paper seeks comments on the proposed amendments to the Rules, consequential on the enactment of the Securities and Futures (Amendment) Ordinance 2012 to codify listed corporations' obligation to disclose price sensitive information into law.
7. The main proposed changes are to MB Chapter 13 and GLR Chapter 17. They constitute the more substantive changes. There are also a number of other proposed miscellaneous changes.
8. A draft of the proposed Rule amendments is at **Appendices I** (for MB Rules) and **II** (for GLR).
9. We will publish a consultation conclusions paper after the consultation period. We will carefully consider all public comments received. Revisions reflecting comments will be incorporated into the draft amendments to the Rules.

CHAPTER 2: PROPOSED AMENDMENTS

1. Principles underlying the Proposed Changes

10. In proposing the Rule changes set out in this Paper, we are guided by the following principles:
 - (a) the Exchange will remain the frontline regulator for monitoring the market, media, etc. and requiring announcements and trading suspensions on a day-to-day basis;
 - (b) no element of investor protection currently provided by the Rules should be removed unless the SFO expressly covers that area;
 - (c) the Exchange's Listing Division and the Listing Committee should not, as far as reasonably practicable, be put in a position where they have to rule on whether a piece of information is "inside information" or whether there is a breach of the Statutory Disclosure Obligation; and
 - (d) it follows that in practice, the Exchange's disciplinary jurisdiction in relation to price sensitive information or "inside information" will cease; it will still have a reserve jurisdiction to discipline for a breach of a specific rule if, and only if, the SFC does not want to pursue the matter.

2. Main Features of Proposed New Rules

Consultation Proposals

11. We highlight the main features of the proposed new Rules.

Jurisdiction to enforce Statutory Disclosure Obligation vests with SFC

12. First, under the new statutory regime, responsibility for its enforcement rests with the SFC. We propose including into the revised Rules express statements in this regard (proposed MB Rule 13.05 and GLR17.06). The statements also make it clear that the Exchange will not give guidance on the interpretation or operation of the statutory regime. If the Exchange is aware of a possible breach of the Statutory Disclosure Obligation, it will refer the matter to the SFC. The Exchange will take disciplinary action for breach of other specific disclosure obligations in the Rules only if the SFC has indicated that it is not taking action under the statutory regime and if the Exchange considers such action appropriate.

Majority of current MB Rule 13.09(1) and GLR17.10 to be deleted

13. Secondly, with the implementation of the new legislation, the current positive continuing obligations to disclose the following information will be removed from the Rules, as they may duplicate the Statutory Disclosure Obligation:

- (a) information which “*is necessary to enable [the Exchange, members of the issuer and other holders of its listed securities] and the public to appraise the position of the group*” (current MB Rule 13.09(1)(a) / GLR17.10(1)); and
- (b) information which “*might be reasonably expected materially to affect market activity in and the price of its securities*” (current MB Rule 13.09(1)(c) / GLR17.10(3)).

Majority of notes to MB Rule 13.09(1) and GLR17.10 deleted and some elevated to Rule status

14. We propose deleting the majority of the notes to MB Rule 13.09(1) and GLR17.10, which relate to the obligation to disclose price sensitive information. We also propose escalating some of the existing notes to that provision to the status of a rule. The proposed changes are as follows:

<u>Current note no.</u>	<u>Changes (Proposed new Rules)</u>
<u>MB Rule 13.09(1)</u>	
1	Escalate to become Rule 13.06B
2	Escalate to become Rule 13.06A
9 and 10	Escalate to become Rules 13.24B(1) and 13.24B(2)
3 to 8, 11, and the paragraph below note 11	Delete
<u>GLR 17.10</u>	
1	Escalate to become GLR17.07B
2	Escalate to become GLR17.07A
11	Escalate to become GLR17.26A
3 to 10, 12 to 16	Delete

Exchange continues to monitor the market after implementation of the statutory regime

15. Although under the new regime the responsibility to enforce the Statutory Disclosure Obligation rests with the SFC, the Exchange still has the responsibility under section 21 of the SFO to ensure, as far as reasonably practicable, an orderly, informed and fair market in securities that are traded on the Exchange. To discharge this regulatory function, the Listing Division of the Exchange will continue to monitor the market and where necessary, suspend trading of an issuer’s securities in accordance with the Rules.
16. The mechanism to monitor the market through making enquiries of unusual trading movements of an issuer’s securities, the possible development of a false market in the trading of the issuer’s securities (see paragraph 19 below) and of any other matters under MB Rule 13.10 (GLR17.11) remains. If the Exchange makes an enquiry, an issuer must respond promptly in one of the following two ways:

- (a) provide to the Exchange and, if requested by the Exchange, announce any information relevant to the subject matter(s) of the enquiries available to it; or
- (b) if appropriate, and if requested by the Exchange, confirm with an announcement that, the directors, having made due enquiry, are not aware of any information that is or may be relevant to the subject matter(s) of the enquiries, or of any inside information which needs to be disclosed under the SFO (please refer to the standard announcement in note 1 to MB Rule 13.10 (GLR17.11)).

The Exchange reserves the right to direct a trading halt of an issuer's securities if an announcement under (a) or (b) above cannot be made promptly.

- 17. As mentioned in paragraph 12 above, the responsibility for enforcing the Statutory Disclosure Obligation rests with the SFC. Therefore, the Exchange will not provide guidance to issuers as to whether a piece of information is inside information or not. We therefore propose that the current mechanism/requirement that the issuers confirm in an announcement that there is no undisclosed price sensitive information (i.e. inside information under the new law) in such circumstances should remain. The only modification is that we propose requiring the directors to make "*due enquiry*" before issuing such announcements, and to confirm in the announcements that they had done so. Note 1 to MB Rule 13.10 (GLR17.11) sets out the form of the standard announcement with our proposed changes. The issuer is required to confirm all the four matters referred to in the standard announcement; if the enquiry does not relate to unusual trading movements of the issuer's securities, the confirmation that the issuer is not aware of any reasons for the unusual movements will not be required. If the Exchange subsequently becomes aware that the confirmation provided is false, it will make a referral of possible breach(es) of the SFO to the SFC.
- 18. The confirmation required under the proposed new Rule 13.10(2) (GLR17.11(2)) includes whether there is inside information which needs to be disclosed under Part XIVA of the SFO. We therefore propose deleting the current confirmation in the standard announcement that there are no negotiations and agreements relating to intended acquisitions and realisations discloseable under Rule 13.23, as such information may or may not be inside information.

Obligation to avoid false market remains

- 19. The current obligation in MB Rule 13.09(1)(b) and GLR17.10(2), which requires disclosure of information to avoid the establishment of a false market in an issuer's securities, will be retained. This rule supports the execution of the Exchange's statutory obligation and operational needs arising from it.
- 20. The current wording of MB Rule 13.09(1)(b) and GLR17.10(2) appears to suggest that the obligation is confined to avoiding the creation of a false market. However, in practice, it should also include the obligation to correct a false market. We therefore propose additional language to clarify the point.

Obligation to apply for trading suspension or halt clarified and expanded

21. Currently, issuers' obligation to apply for a trading suspension where disclosure under MB Rules 13.09(1) and/or 13.10 (GLRs 17.10 and/or 17.11) cannot be made as soon as reasonably practicable is not expressly set out as a rule. There is no rule provision clearly imposing this obligation, although there are provisions concerning applications for trading suspensions (e.g. MB Chapter 6 and Practice Note 11, and GLR Chapter 9).
22. We therefore propose creating a rule (see proposed new MB Rule 13.10A and GLR17.11A) which clearly imposes an obligation on issuers to apply for a trading halt in the following circumstances:
 - (a) where an issuer has information which must be disclosed under the proposed new MB Rules 13.09(1) or 13.10 (GLRs 17.10 or 17.11) and an announcement cannot be made promptly (this makes express the obligation which is currently implicit in the existing rules (see paragraph 21 above)); or
 - (b) where confidentiality may have been lost in respect of inside information which (i) is the subject matter of an application to the SFC for a waiver from compliance with the Statutory Disclosure Obligation; or (ii) falls within any of the exceptions to the Statutory Disclosure Obligation (except the exemption concerning disclosure prohibited by foreign law or court order),

and the information cannot be announced promptly.
23. The new legislation does not specify whether a trading halt is required pending disclosure of inside information. We consider that a trading halt would be necessary to maintain an orderly, informed and fair market. We therefore propose that the obligation be imposed on the issuer to form a reasoned view as to whether the information is inside information. If an issuer reasonably believes there is inside information which requires disclosure under the SFO but it cannot disclose the information promptly, it must apply for a trading halt pending disclosure (see the proposed new MB Rule 13.10A(2) and GLR17.11A(2)).

Duty to preserve confidentiality of inside information

24. Currently, the Rules impose an obligation on directors of issuers to maintain strict confidentiality of price sensitive information until it is announced (note 2 to MB Rule 13.09(1) and to GLR17.10). However, while the new legislation requires preserving confidentiality of information as a condition for relying on the exceptions to the Statutory Disclosure Obligation (section 307D of the SFO), it does not impose an obligation to maintain confidentiality of inside information until disclosure.
25. To enable the Exchange to discharge its duty under section 21 of the SFO, we propose escalating the obligation to preserve confidentiality of information in note 2 to MB Rule 13.09(1) (and GLR17.10) into a rule (MB Rule 13.06A and GLR17.07A).

Consultation Questions

If you respond to any of the following consultation questions, please give reasons for your views.

- Question 1: Do you agree with our proposed inclusion of express statements regarding the SFC's and the Exchange's role and responsibilities for enforcement of the obligation to disclose inside information under the SFO in MB Chapter 13 and GEM Chapter 17?*
- Question 2: Do you agree with our proposed deletion of MB Rules 13.09(1)(a) and 13.09(1)(c) (GLRs 17.10(1) and 17.10(3))?*
- Question 3: Do you agree to delete some of the notes to Rule 13.09(1) (GLR17.10) and elevate some of them to rules, as proposed?*
- Question 4: Do you agree with the proposed changes to Rule 13.10 (GLR17.11)?*
- Question 5: Do you agree that the issuer should be required to confirm all the four negatives set out in the proposed new standard announcement under MB Rule 13.10 (GLR17.11), as proposed in paragraph 17?*
- Question 6: Do you agree that the obligation under Rule 13.09(1)(b) (GLR17.10(2)) should remain in the Rules despite implementation of Part XIVA of the SFO?*
- Question 7: Do you agree with the drafting in the proposed new MB Rule 13.09(1) (GLR17.10(1))?*
- Question 8: Do you agree to clarify the obligation to apply for a trading halt? Do you agree with the proposed new MB Rule 13.10A (GLR17.11A)?*
- Question 9: Do you agree that a trading halt will be required if an issuer reasonably believes there is inside information which requires disclosure under the SFO but it cannot disclose the information promptly? Do you agree with the proposed new MB Rule 13.10A(2) (GLR17.11A(2))?*
- Question 10: Do you agree to include MB Rule 13.06A (GLR17.07A) which imposes an obligation to preserve confidentiality of inside information until disclosure?*

3. Other Changes

Part A: New Defined Terms and Revise Some Defined Terms

Consultation Proposals

Include new defined terms and revise some defined terms in Interpretation section of the Rules

26. To facilitate references to Part XIVA of the SFO, the Rules and the SFO, we propose the following changes to the Interpretation section in Rule 1.01 of both the MB and GEM Rules:

(a) Include “*inside information*” and “*Inside Information Provisions*” as new defined terms:

<u>New defined terms</u>	<u>Meaning</u>
“inside information”	has the meaning defined in the Securities and Futures Ordinance as amended from time to time for the purposes of Part XIVA of the Ordinance
“Inside Information Provisions”	Part XIVA of the Securities and Futures Ordinance

(b) To revise the defined term “Exchange Listing Rules” (in MB Rules) and “GEM Listing Rules” (in GEM Rules) as follows (see changes highlighted in bold and underlined):

<u>Defined term</u>	<u>Meaning</u>
<u>Main Board:</u>	
“Exchange Listing Rules” or <u>“Listing Rules” or “Rules”</u>	the rules governing the listing of securities made by the Exchange from time to time, their appendices, any listing agreement or other contractual arrangement entered into with any party under them, and rulings of the Exchange made under them
<u>GEM Rules:</u>	
“GEM Listing Rules” or <u>“GLR” or “Rules”</u>	the rules governing the listing of securities on GEM made by the Exchange from time to time

- (c) To revise the defined term “Securities and Futures Ordinance” as follows (see changes highlighted in bold and underlined):

<u>Defined term</u>	<u>Meaning</u>
“Securities and Futures Ordinance” <u>or</u> <u>“Ordinance”</u>	the Securities and Futures Ordinance (Cap.571) as amended from time to time

27. We propose using the term “trading halt” in the draft Rules to refer to an interruption of trading in an issuer’s securities requested or directed pending disclosure of information under the Rules and extending for no more than two trading days (see the proposed definition in Rule 1.01 of the MB and GEM Rules). Some of the proposed Rule changes have adopted the use of this term (see, for example, the proposed MB Rule 13.10A, current Rules 14.37 and 14A.47 (the proposed GLR 17.11A, current GLR19.37 and 20.47)). The issue of trading halts and resumptions during trading hours is the subject of a separate consultation paper published on 27 July 2012.

Consultation Questions

If you respond to any of the following consultation questions, please give reasons for your views.

Question 11: Do you agree that we should define Part XIVA of the SFO as “Inside Information Provisions”?

Question 12: Do you agree with the proposed changes to the defined terms set out in paragraphs 26(b) and 26(c) above?

Question 13: Do you agree with the proposed definition of the term “trading halt” and its use in the proposed Rule changes?

Part B: Other Consequential Changes

Consultation Proposals

28. We also propose making a number of other consequential amendments to the Rules. They include the following:

- (a) References to the term “*price sensitive information*” in the Rules should, where appropriate, be replaced by the term “*inside information*” to ensure consistency with the statutory regime.
 - (b) References to the obligation to disclose information under the current general disclosure obligation, and in particular, MB Rules 13.09(1)(a) and (c) (GLR17.10(1) and (3)), will need to be deleted.
 - (c) The proposed changes to MB Chapters 26 and 37, the Listing Agreements (MB Appendix 7), and GLR Chapters 30 and 31 in respect of the issue of debt securities mirror those made to the equivalent provisions in MB Chapter 13 and GLR Chapter 17 dealing with equity securities. As Part XIVA of the SFO does not apply to listed trusts, we have not made changes to MB Appendix 7G which deals with collective investment schemes.
29. Currently, there are certain restrictions which arise from the possession of price sensitive information, e.g. MB Rule 10.06(2)(e) (GLR13.11(4)), Rule 17.05 (GLR23.05), and Rules A1 and A2 of Appendix 10 (GLR5.54 and 5.55). Here again, for operational and enforcement purposes, the Exchange will need to assess whether the information is inside information. We have considered deleting these rules but believe that to do so will create regulatory gaps in those areas, which we do not believe will be desirable.
30. We therefore propose retaining these provisions and replacing the term “price sensitive information” with the term “inside information”. However, to minimise any inconsistency in the interpretation and application of these provisions, the Exchange will apply published Market Misconduct Tribunal decisions and SFC guidelines.
31. Currently, there are obligations to disclose certain matters which arise out of the general disclosure obligation in MB Rule 13.09(1) (GLR17.10), for example, the obligation to:
- (a) disclose events which significantly impact on profit forecasts made by issuers, including the assumptions upon which they were made (Notes 9 and 10 to MB Rule 13.09(1); Note 11 to GLR17.10);
 - (b) announce spin-off listing applications (MB Practice Note 15, paragraph 3(g)); and
 - (c) publish periodic announcements of its developments after trading in an issuer’s securities has been suspended as a result of failing to comply with MB Rule 13.24 (MB Practice Note 17, paragraph 3.1).
32. The Exchange considers that, after implementation of Part XIVA of the SFO, it is necessary and appropriate to have a specific disclosure obligation in respect of these matters in the Rules. We therefore propose creating a specific rule provision containing each of those obligations.

33. For the avoidance of doubt, the disclosure requirements under the Rules (including those referred to in paragraph 31 and MB Chapter 13 (GLR Chapter 17)) are distinct and separate from the Inside Information Provisions, and the information required for disclosure under the Rules may or may not constitute inside information.
34. The current MB Rule 37.47 provides that an issuer must immediately announce any information which, amongst others, is necessary for investors to appraise its position or may have a material effect on its ability to meet the obligations under its debt securities. By virtue of Rule 37.44, if the securities are guaranteed, the guarantor must also comply with these obligations. The same obligation is imposed on both the issuer and the guarantor in MB Appendix 7H (paragraph 2(1)(a)). In practice, where debt issues covered by Appendices 7C to 7E are guaranteed, the guarantors will also sign the Listing Agreement, thereby undertaking to comply with the disclosure obligations.
35. However, the Statutory Disclosure Obligation under the new legislation will only capture the conduct of the issuer but not the guarantor. To ensure the guarantor's disclosure of such information, we propose clarifying in the Rules and the Listing Agreements that the guarantor has an obligation to announce any information which may have a material effect on its ability to meet the obligations under the debt securities (see the proposed new MB Rule 37.47A, paragraph 2A in MB Appendices 7C to 7E, and 7H, and GLR30.40A and 31.04(4)).
36. The Exchange has published guidance materials in respect of the obligation to disclose price sensitive information under the Rules which are accessible from its website. These materials include the Guide on Disclosure of Price-Sensitive Information published in January 2002, the letter dated 31 October 2008 in respect of recent economic developments and the disclosure obligations of listed issuers, and some of the no further disciplinary action (guidance) letters published in 2008 and 2009. Given the proposed deletion of MB Rules 13.09(1)(a) and (c) (GLR17.10(1) and (3)) and the related notes, these guidance materials will be repealed when the statutory disclosure regime is implemented.

Consultation Questions

If you respond to any of the following consultation questions, please give reasons for your views.

Question 14: Do you agree with our proposal to replace the term “price sensitive information” in the Rules with the term “inside information”?

Question 15: Do you agree with our proposal to retain provisions such as MB Rules 10.06(2)(e) and 17.05 (GLR13.11(4) and 23.05) by replacing the term “price sensitive information” with the term “inside information”, although their enforcement would require the Exchange’s interpretation of whether certain information is inside information?

Question 16: Do you agree with our proposal to delete references to the obligation to disclose information under the current general disclosure obligation and in particular, MB Rules 13.09(1)(a) and (c) and GLR17.10(1) and (3)?

Question 17: Do you agree with our proposal to create specific rules in respect of those matters which are currently discloseable under the general disclosure obligation, i.e. the proposed new MB Rules 13.24A, 13.24B, and the revised Practice Notes 15 and 17?

Question 18: Do you agree with our proposed changes to the provisions and the Listing Agreements in respect of the issue of debt securities?

Question 19: Do you agree with our proposal to clarify the obligation on guarantors of debt securities to disclose information which may have a material effect on their ability to meet the obligations under the debt securities?

Part C: Plain Writing Amendments

37. We have taken the opportunity to re-draft, in plainer language, the Rules affected by the statutory codification of the obligation to disclose price sensitive information. These amendments do not change existing policy.

Consultation Question

Question 20: Do you have any comments on the plainer writing amendments? Do you consider any part(s) of these amendments will have unintended consequences? Please give reasons for your views.

APPENDIX I: PROPOSED AMENDMENTS TO THE MB RULES

Chapter 1

GENERAL

INTERPRETATION

1.01 Throughout this book, the following terms, save where the context otherwise requires, have the following meanings:

To introduce new defined terms:

“inside information” has the meaning defined in the Securities and Futures Ordinance as amended from time to time for the purposes of Part XIVA of the Ordinance

“Inside Information Provisions” Part XIVA of the Securities and Futures Ordinance

“trading halt” an interruption of trading in an issuer’s securities requested or directed pending disclosure of information under the Rules and extending for no more than two trading days

To revise defined terms:

(a) to provide that the term “the rules governing the listing of securities made by the Exchange from time to time....” be defined as the “**Listing Rules**” or the “**Rules**”, in addition to being the “**Exchange Listing Rules**”:

“Exchange Listing Rules” or “Listing Rules” or “Rules” the rules governing the listing of securities made by the Exchange from time to time, their appendices ~~thereto~~, any listing agreement or other contractual arrangement entered into with any party under them pursuant thereto, and rulings of the Exchange made ~~in pursuance thereof~~ under them

- (b) to provide that the term “the Securities and Futures Ordinance” be defined as the “**Ordinance**”, in addition to being the “**Securities and Futures Ordinance**”:

“Securities and Futures Ordinance” or “Ordinance” the Securities and Futures Ordinance (Cap. 571) as amended from time to time

Chapter 2

GENERAL

INTRODUCTION

General principles

2.03 The ~~Exchange~~ Listing Rules reflect currently acceptable standards in the market place and are designed to ensure that investors have and can maintain confidence in the market and in particular that:—

- (2) ...
- (3) investors and the public are kept fully informed by listed issuers and, in the case of a guaranteed issue, the guarantors of ~~all~~ material factors which might affect their interests—~~and in particular that immediate disclosure is made of any information which might reasonably be expected to have a material effect on market activity in, and the prices of, listed securities;~~
- (4) ...

Use of Electronic Means

2.07C (1) (a) (iv) Where a listed issuer requests a trading halt or suspension of trading in its securities and the trading halt or suspension has been effected, the listed issuer must immediately submit through HKEx-EPS to the Exchange for publication on the Exchange’s website a ready-to-publish electronic copy of an announcement informing that trading in the securities of the listed issuer has been halted or suspended and setting out briefly the reason for the trading halt or suspension.

2.07C (4) (a) Announcement or notice must not be published on the Exchange's website:

- between 8:30 a.m. and 12:00 noon and between ~~1:00~~ 12:30 p.m. and 4:15 p.m. on a normal business day ~~provided that the reference to 1:00 p.m. shall be changed to 12:30 p.m. with effect from 5 March 2012;~~ and
- between 8:30 a.m. and 12:00 noon on the eves of Christmas, New Year and the Lunar New Year when there is no afternoon session,

except for:

- (i) [Repealed 10 March 2008];
- (ii) announcements made solely ~~pursuant to~~ under rule 2.07C(1)(a)(iv);
- (iii) announcements made solely ~~pursuant to~~ under rule ~~13.09(2)~~ 13.10B, or paragraph 2(2) of Parts C, D, E or H of Appendix 7;
- (iv) announcements made in response to the Exchange's enquiries of the issuer unusual movements in price or trading volume under rule 13.10, or paragraph 24 of Part C of Appendix 7, paragraph 11 of Part G of Appendix 7, or paragraph 26 of Part H of Appendix 7 ~~provided that if in the announcement the issuer only provides the negative confirmations required under rule 13.10(2), or paragraph 24(2) of Part C of Appendix 7, or paragraph 11 of Part G of Appendix 7, or paragraph 26(2) of Part H of Appendix 7, states that it is not aware of any matter which might have relevance to such movement~~ or refers to its previously published information;
- (v) announcements made in response to media news or reports under rule 13.09(1)~~(b)~~, paragraph 2(1)(b) of Part C, D, E or H of Appendix 7 or paragraph 4(3) of Part G of Appendix 7 ~~provided that if in the announcement the issuer only denies the accuracy of such news or reports and/or clarifies that only its previously published information should be relied upon;~~ and
- (vi) ...

- 2.07C (6) (a) ~~After 24 June 2008, e~~ Every issuer must have its own website on which it must publish any announcement, notice or other document published ~~by the issuer pursuant to this~~ under rule 2.07C on the Exchange's website. ~~Such~~ The publication should be at the same time as publication of the electronic copy of the document on the Exchange's website...
- (b) ...
- (c) ~~Prior to 25 June 2008, an issuer that does not have its own website must publish the announcement or notice in the newspapers on the business day next following submission of the announcement or notice to the Exchange for publication. This requirement to publish an announcement or notice in the newspapers does not apply to:~~
- ~~(i) announcements made by an issuer solely pursuant to rule 2.07C(1)(a)(iv);~~
 - ~~(ii) announcements made solely pursuant to rule 13.43;~~
 - ~~(iii) announcements made solely pursuant to rule 13.09(2), or paragraph 2(2) of Parts C, D, E or H of Appendix 7;~~
 - ~~(iv) announcements made in response to unusual movements in price or trading volume under rule 13.10, or paragraph 24 of Part C of Appendix 7, paragraph 11 of Part G of Appendix 7, or paragraph 26 of Part H of Appendix 7 provided that in the announcement the issuer only states that it is not aware of any matter which might have relevance to such movement or refers to its previously published information; and~~
 - ~~(iv) announcements made in response to media news or reports under rule 13.09(1)(b), paragraph 2(1)(b) of Part C, D, E or H of Appendix 7 or paragraph 4(3) of Part G of Appendix 7 provided that in the announcement the issuer only denies the accuracy of such news or reports and/or clarifies that only its previously published information should be relied upon.~~

Transitional Arrangement

~~2.17A The following provisions set out transitional arrangements with regard to dissemination of issuers' information for the purpose of these Exchange Listing Rules and shall cease to have effect on such date as the Exchange may determine and promulgate.~~

~~(1) — Where:~~

~~(a) — an issuer is required under these Exchange Listing Rules to publish an announcement or notice in accordance with rule 2.07C; and~~

~~(b) — the announcement or notice is not published in the newspapers;~~

~~the issuer must, subject to rule 2.17A(3), publish a notification in the newspapers in addition to complying with the requirements under rule 2.07C.~~

~~*Note: Under these transitional arrangements, notifications, rather than the announcements or notices, will in most cases be published in the newspapers. However, there are cases where it is the announcement or notice that is published in the newspapers. This occurs where the issuer itself chooses to do so pursuant to rule 2.17A(7) or where it is required to do so under a specific requirement in these Exchange Listing Rules (e.g. rule 2.07C(6)(c)).*~~

~~(2) — Publication of the notification in the newspapers must be on the business day next following submission of the electronic copy of the announcement or notice to the Exchange for publication on the Exchange's website.~~

~~*Notes: (1) This is so that the announcement or notice will be on the Exchange's website by the time the notification is published in the newspapers. Issuers that are unable to meet this rule requirement will in individual circumstances need to contact the Exchange at the earliest opportunity.*~~

~~*(2) Please refer to rule 2.07C for the requirements governing the submission of the electronic copy of the announcement or notice to the Exchange for publication.*~~

~~(3) — The requirement in rule 2.17A(1) to publish a notification in the newspapers does not apply to:~~

~~(i) — announcements made by an issuer solely pursuant to rule 2.07C(1)(a)(iv);~~

~~(ii) — announcements made solely pursuant to rule 13.43;~~

~~(iii) — announcements made solely pursuant to rule 13.09(2), or paragraph 2(2) of Parts C, D, E or H of Appendix 7;~~

- ~~(iv) — announcements made in response to unusual movements in price or trading volume under rule 13.10, or paragraph 24 of Part C of Appendix 7, paragraph 11 of Part G of Appendix 7, or paragraph 26 of Part H of Appendix 7 provided that in the announcement the issuer only states that it is not aware of any matter which might have relevance to such movement or refers to its previously published information; and~~
 - ~~(v) — announcements made in response to media news or reports under rule 13.09(1)(b), paragraph 2(1)(b) of Part C, D, E or H of Appendix 7 or paragraph 4(3) of Part G of Appendix 7 provided that in the announcement the issuer only denies the accuracy of such news or reports and/or clarifies that only its previously published information should be relied upon.~~
- ~~(4) — The notification must set out no less (and no more) than:~~
- ~~(a) — a statement that the announcement or notice containing details of the matter is available for viewing on the Exchange’s website and the issuer’s own website giving details as to where on these websites it is to be found (to the fullest extent known at the time of publication of the notification);~~
 - ~~(b) — a statement that the notification merely serves to advise investors of the matter and of the publication of the announcement or notice on the Exchange’s website and the issuer’s own website;~~
 - ~~(c) — a warning statement that the notification does not contain information upon which an investment decision should be based and should not be relied upon by investors for such purpose;~~
 - ~~(d) — a statement that investors should refer to the announcement or notice for details of the matter;~~
 - ~~(e) — a statement as to where the announcement or notice is available for inspection, that such inspection is available to the public at no charge, as to the hours of such inspection and days on which such inspection is available and the amount of any fee charged for providing copies (see rule 2.17A (9) below);~~
 - ~~(f) — in a prominent position at the top of the notification, all such headlines as may be appropriate (or, where multiple headlines, only those headlines which together best describe the subject matter of the announcement or notice), selected by the issuer from the list of headlines set out in Appendix 24;~~

~~Notes: (1) For the purpose of submission of the announcement or notice through HKEx EPS for publication on the Exchange's website pursuant to rule 2.07C(3), all appropriate headlines must be selected regardless of the number.~~

~~(2) In cases of doubt, the issuer should consult the Exchange at an early stage.~~

~~(g) in a prominent position at the top of the notification, the same title as appears in the announcement or notice; and~~

~~(h) such other information as the Exchange may from time to time require.~~

~~(5) Notwithstanding the provisions of rule 2.14, the issuer does not need to include the names of its directors in the notification.~~

~~(6) The notification must be of a size of not less than 8 centimetres by 10 centimetres.~~

~~(7) The issuer may publish the announcement or notice in the newspapers instead of a notification.~~

~~(8) The notification does not require clearance from the Exchange prior to publication.~~

~~(9) Where an issuer has published a notification in the newspapers, it must make the announcement or notice available for inspection during business hours at no charge at its principal place of business in Hong Kong (in the case of a listed issuer) or at a location in the Central and Western District, Wanchai District, Eastern District or Yau Tsim Mong District of Hong Kong (in the case of a listed issuer or new applicant). The inspection period must commence on the day on which the notification is published in the newspapers. It must continue for at least one month or until such time as the relevant corporate communication is sent to shareholders by the listed issuer or distributed to the public in the case of a new applicant, whichever is the later. If no corporate communication is to be issued, it must be for at least 10 consecutive business days. The issuer may charge reasonable fees for providing copies of the announcement or notice to any person.~~

Chapter 3A

GENERAL

SPONSORS AND COMPLIANCE ADVISERS

Sponsor's declaration

- 3A.15 Having made reasonable due diligence inquiries, each sponsor must confirm that it has reasonable grounds to believe and does believe that:
- (2) the new applicant is in compliance with all the conditions in Chapter 8 of the ~~Exchange~~ Listing Rules, in particular, ...
 - (3) ...
 - (4) ...
 - (5) the new applicant has established procedures, systems and controls (including accounting and management systems) which are adequate having regard to the obligations of the new applicant and its directors ~~under to comply with the Exchange~~ Listing Rules and other relevant legal and regulatory requirements (in particular rules 13.09, 13.10, 13.46, 13.48 and 13.49, Chapters 14 and 14A and Appendix 16, and the Inside Information Provisions) and which are sufficient to enable the new applicant's directors to make a proper assessment of the financial position and prospects of the new applicant and its subsidiaries, both before and after listing; and
 - (6) the directors of the new applicant collectively have the experience, qualifications and competence to manage the new applicant's business and comply with the ~~Exchange~~ Listing Rules,including an understanding of the nature of their obligations and those of the new applicant as an issuer under the ~~Exchange~~ Listing Rules

Chapter 6

GENERAL

TRADING HALT, SUSPENSION, CANCELLATION AND WITHDRAWAL OF LISTING

- 6.01 Listing is always granted subject to the condition that where the Exchange considers it necessary for the protection of the investor or the maintenance of an

orderly market, it may at any time direct a trading halt or suspend dealings in any securities or cancel the listing of any securities in such circumstances and subject to such conditions as it thinks fit, whether requested by the issuer or not. The Exchange may also do so where:—

- (1) an issuer fails, in a manner which the Exchange considers material, to comply with the ~~Exchange~~ Listing Rules; or
- (2) the Exchange considers there are insufficient securities in the hands of the public (see rule 8.08(1)); or
- (3) the Exchange considers that the issuer does not have a sufficient level of operations or sufficient assets to warrant the continued listing of the issuer's securities (see rule 13.24); or
- (4) the Exchange considers that the issuer or its business is no longer suitable for listing.

Trading halt or Ssuspension

6.02 Any request for a trading halt or suspension must be made to the Exchange by the issuer or ~~the issuer's~~ its authorised representative or financial adviser and must be supported by the specific reasons which the issuer wishes the Exchange to take into account in the Exchange's determination of its request. ~~whether or not trading in the issuer's securities should be suspended.~~

Note: (1) Recourse to a trading halt or suspension should only be made where necessary in the interests of all parties. In many cases, the ~~issue of issuer publishing an announcement by the issuer~~ is preferable to the fettering of the proper functioning of the market by an inappropriate or unwarranted trading halt or suspension. Unless the Exchange considers that the reasons given in support of a trading halt or suspension request warrant such action, it will expect a clarifying announcement to be published ~~in accordance with rule 2.07C~~ instead. Failure by an issuer to do so may result in disciplinary proceedings being brought against the issuer and its directors with the Exchange imposing sanctions available under Rule 2A.09. ~~a public statement of criticism by the Exchange directed at the issuer.~~

(2) See Practice Note 11

6.03 The ~~burden shall be on the~~ issuer requesting a trading halt or suspension of trading in its securities ~~to~~ has the burden of satisfying the Exchange that a trading halt or suspension would be appropriate.

Note: (1) The Exchange is under an obligation to maintain an orderly and fair market for the trading of all Exchange listed securities and listed securities should be continuously traded save in exceptional circumstances.

6.04 Where dealings have been halted or suspended, the procedure for lifting the trading halt or suspension will depend on the circumstances and the Exchange reserves the right to impose such conditions as it considers appropriate. The issuer will normally be required to announce ~~in accordance with rule 2.07C~~ the reason for the trading halt or suspension and, where appropriate, the anticipated timing of the lifting of the trading halt or suspension. In some cases (for example a ~~temporary suspension~~ trading halt pending an announcement) the ~~suspension~~ trading halt will be lifted as soon as possible after the announcement is made. In other cases (for example those in rule 14.84) the suspension will be continued until any relevant requirements have been met. The continuation of a suspension for a prolonged period without the issuer taking adequate action to obtain restoration of listing may lead to the Exchange cancelling the listing.

Note: (1) See Practice Note 11

6.05 The duration of any trading halt or suspension should be for the shortest possible period. It is the issuer's responsibility ~~of the issuer of securities suspended from trading~~ to ensure that trading in its securities resumes as soon as practicable following the publication of an appropriate announcement ~~in accordance with rule 2.07C~~ or when the specific reasons given by the issuer ~~in support of~~ supporting its request for a trading halt or suspension of trading in its securities, ~~pursuant under~~ to rule 6.02, no longer apply.

Note: (1) The Exchange is under an obligation to maintain an orderly and fair market for the trading of all Exchange listed securities and listed securities should be continuously traded save in exceptional circumstances.

(2) The Exchange considers that the continuation of any trading halt or suspension beyond such period as is absolutely necessary denies reasonable access to the market and prevents its proper functioning.

6.06 Where trading has been halted or suspended the issuer ~~of the relevant securities~~ shall notify the Exchange of:

(1) any change in circumstances affecting the reasons provided to the Exchange ~~in support of~~ supporting the trading halt or suspension ~~pursuant to~~ under Rule 6.02; and

- (2) any additional reasons which the issuer wishes the Exchange to take into account in the Exchange's determination whether or not the trading halt or suspension of dealing in the issuer's securities should be continued.

Note: (1) It is the issuer's responsibility ~~of the issuer of the suspended securities~~ to provide the Exchange with all relevant information, which is within the issuer's knowledge, ~~of issuer,~~ to enable the Exchange to ~~take~~ make an informed decision whether or not the trading halt or suspension of trading in ~~that~~ the issuer's securities continues to be appropriate.

6.07 The Exchange shall have the power to direct the resumption of trading of halted or suspended securities. In particular the Exchange may:

- (1) require ~~a listed~~ an issuer to publish an announcement, ~~in accordance with rule 2.07C,~~ in such terms and within such period as the Exchange shall in its discretion direct, notifying the resumption of trading in the issuer's halted or suspended securities, following the publication of which the Exchange may direct resumption of trading; and/or
- (2) direct a resumption of trading following the Exchange's publication of an announcement ~~by the Exchange~~ notifying the resumption of trading in the halted or suspended securities.

6.08 The Exchange's power ~~conferred upon the Exchange by~~ under Rule 6.07 shall not be exercised without first giving the issuer ~~of the suspended securities~~ the opportunity of being heard in accordance with Rule 2B.07(6). At any hearing ~~in connection with~~ concerning a direction ~~pursuant to~~ under Rule 6.07, ~~the burden shall be on~~ the issuer opposing the resumption of trading in its securities ~~to~~ has the burden of satisfying the Exchange that a continued trading halt or suspension would be appropriate.

Note: (1) The Exchange is under an obligation to maintain an orderly and fair market for the trading of all Exchange listed securities and listed securities should be continuously traded save in exceptional circumstances.

(2) The Exchange considers that the continuation of any trading halt or suspension beyond such period as is absolutely necessary denies reasonable access to the market and prevents its proper functioning.

(3) See Practice Note 11.

- 6.09 The Exchange's power ~~conferred upon the Exchange by~~ under Rule 6.07 shall be exercised without prejudice to ~~the its ability of the Exchange~~ to pursue such other remedies as may be available to it under the Listing Rules.
- 6.10 There may be cases where a listing is cancelled without a suspension intervening. Where the Exchange considers that an issuer or its business is no longer suitable for listing it will publish an announcement naming the issuer and specifying the period within which the issuer must have remedied those matters which have rendered it unsuitable for listing. Where appropriate the Exchange will suspend dealings in the issuer's securities, ~~of the issuer~~. If the issuer fails to remedy those matters within the specified period, ~~set out in the announcement~~ the Exchange will cancel the listing. Any proposals to remedy those matters will be treated as if they were an application for listing from a new applicant for all purposes and the issuer will be required (inter alia) to issue a listing document which contains all of the specific items of information set out in Part A of Appendix 1 and pay the initial listing fee.

Chapter 9

EQUITY SECURITIES

APPLICATION PROCEDURES AND REQUIREMENTS

- 9.08 All publicity material released in Hong Kong relating to an issue of securities by a new applicant ~~must be reviewed by the Exchange before release and~~ must not be released until the Exchange has reviewed it and confirmed to the issuer that it has no ~~further~~ comments thereon. In addition, ~~such the~~ publicity material must comply with all ~~applicable~~ statutory requirements. For these purposes, publicity material does not relate to an issue of securities if its purpose is the promotion of the issuer or its products or business and not the promotion of the securities to be issued. Moreover, circulation is permitted of documents of a marketing nature such as the invitation or offering document telex (or its equivalent ~~in another medium~~) and documents which consist of, or are drafts of, or relate to, agreements to be entered into in connection with the issue of the securities, provided that any obligations created thereunder to issue, subscribe, purchase or underwrite the securities are conditional on listing being granted. ~~Such~~ These documents will not be considered as falling within the scope of this rule and need not be submitted for prior review. Any publicity material or announcement referring to a proposed listing by a new applicant which is issued ~~prior to~~ before the Listing Committee's meeting ~~of the Listing Committee~~ held to consider ~~such the~~ application must state that application has been or will be made to the Exchange for listing of and permission to deal in the securities concerned. Where any material relating to a proposed listing by a new applicant is released without the Exchange's prior review ~~by the Exchange~~ before the Listing

~~Committee's~~ meeting ~~of the Listing Committee~~ to consider the application, the Exchange may delay the timetable for the proposed ~~meeting of the Listing Committee~~ meeting by up to a month. If this will result in the Form A1 being more than six months old, the applicant may have to re-submit the application with the initial listing fee (see rule 9.03(1)).

~~Listed~~ issuers must endeavour to ensure that the proposed listing (and all details thereof) are kept confidential ~~prior to~~ before the announcement concerning the proposed listing. This is particularly important where an listed issuer plans to “spin off” part of its business in a separate listing. Where the Exchange believes that an listed issuer or its advisers have permitted ~~price sensitive~~ inside information regarding the issue of new securities to leak, ~~prior to~~ before its announcement ~~proper publication~~, the Exchange will not normally consider an application for the listing of those securities.

Chapter 10

EQUITY SECURITIES

RESTRICTIONS ON PURCHASE AND SUBSCRIPTION

10.06 (2) Dealing Restrictions

- (d)
- (e) an issuer shall not purchase its shares on the Exchange at any time after ~~a price sensitive development has occurred or has been the subject of a decision~~ inside information has come to its knowledge until ~~such time as~~ the ~~price sensitive~~ information is made publicly available. In particular, during the period of one month immediately preceding the earlier of:
 - (i) the date of the board meeting (as such date is first notified to the Exchange in accordance with the ~~Exchange~~ Listing Rules) for the approval of the issuer's results for any year, half-year, quarterly or any other interim period (whether or not required under the ~~Exchange~~ Listing Rules); and
 - (ii) the deadline for the issuer to ~~publish an announcement of~~ its results for any year or half-year under the ~~Exchange~~ Listing Rules, or quarterly or any other interim period (whether or not required under the ~~Exchange~~ Listing Rules),

and ending on the date of the results announcement, the issuer may not purchase its shares on the Exchange, unless the circumstances are exceptional;

(f) ...

Chapter 13

EQUITY SECURITIES

CONTINUING OBLIGATIONS

Preliminary

13.01 An issuer shall comply (and undertakes ~~by pursuant to~~ its application for listing (Form A1 of Appendix 5), once any of its securities have been admitted to listing, to comply) with the Exchange Listing Rules in force from time to time ~~in force~~.

13.02 ~~This Chapter sets out certain of the continuing obligations which an issuer is required to must observe once any of its securities have been admitted to listing. Additional continuing obligations are set out in the following Chapters:~~

~~Chapter 3 — Authorised Representatives and Directors~~

~~Chapter 3A — Sponsors and Compliance Advisers~~

~~Chapter 4 — Accountants' Reports and Pro Forma Financial Information~~

~~Chapter 6 — Suspension, Cancellation and Withdrawal of Listing~~

~~Chapter 8 — Qualifications for Listing~~

~~Chapter 10 — Restrictions on Purchase and Subscription~~

~~Chapter 11 — Listing Documents~~

~~Chapter 12 — Publication Requirements~~

~~Chapter 14 — Notifiable Transactions~~

~~Chapter 14A — Connected Transactions~~

~~Appendix 16 — Disclosure of Financial Information.~~

~~Additional and alternative requirements relating to continuing obligations are set out in Chapters 18, 19, 19A, 19B, 20 and 21 dealing with mineral companies, overseas issuers, issuers incorporated in the People's Republic of China, issuers of depositary receipts, authorised Collective Investment Schemes and investment companies.~~

~~The continuing obligations applicable to issuers having debt securities in issue are set out in the listing agreement set out in Parts C, D and E of Appendix 7.~~

[Repealed.]

- 13.03 ~~The continuing obligations set out in this Chapter are primarily designed to ensure the maintenance of a fair and orderly market in securities and that all users of the market have simultaneous access to the same information. Failure by an issuer to comply with a any applicable continuing obligation may result in the Exchange taking disciplinary action in addition to its power to suspend or cancel a listing.~~
- 13.04 ~~The~~ An issuer's directors ~~of an issuer~~ are collectively and individually responsible for ensuring ~~the issuer's~~ full compliance with the ~~Exchange~~ Listing Rules.

DISCLOSURE

Introduction

- 13.05 ~~The continuing obligations relating to disclosure set out in this Chapter are designed to ensure the immediate release of information in the circumstances referred to in rule 13.09. The guiding principle is that information which is expected to be price-sensitive should be released immediately it is the subject of a decision. Until that point is reached, it is imperative that the strictest security within the issuer and its advisers is observed.~~
- (1) The Exchange has a duty under section 21 of the Securities and Futures Ordinance to ensure, so far as reasonably practicable, an orderly, informed and fair market.
- (2) The Inside Information Provisions in the Ordinance impose statutory obligations on listed issuers and their directors to disclose inside information as soon as reasonably practicable after the information has come to the listed issuers' knowledge, and gives the Commission the responsibility for enforcing those obligations. The Commission has issued Guidelines on Disclosure of Inside Information. The Exchange will not give guidance on the interpretation or operation of the Ordinance or the Guidelines.

(3) Where the Exchange becomes aware of a possible breach of the Inside Information Provisions, it will refer it to the Commission. The Exchange will not itself take disciplinary action under the Listing Rules unless the Commission considers it not appropriate to pursue the matter under the Ordinance and the Exchange considers action under the Rules for a possible breach of the Rules appropriate.

13.06 ~~Without prejudice to the generality of rule 13.09, this Chapter identifies specific circumstances in which an issuer is obliged to disclose information to the holders of its securities and the public.~~

~~Note: The specific circumstances identified in this Chapter are not alternatives to the general disclosure obligation set out in rule 13.09 and do not in any way detract from the issuer's responsibilities under rule 13.09.~~

(1) This Chapter identifies specific circumstances in which an issuer must disclose information to the public. These are not alternatives to, and do not in any way detract from, the statutory disclosure obligation found in the Inside Information Provisions of the Ordinance.

(2) The Exchange may require the issuer to make an announcement or halt trading in its listed securities where it considers it appropriate to preserve or ensure an orderly, informed and fair market.

(3) The Exchange, in discharge of its duty under section 21 of the Ordinance, will monitor the market, make enquiries when it considers them appropriate or necessary, and may halt trading in an issuer's securities in accordance with the Listing Rules as required.

13.06A An issuer and its directors must maintain strict confidentiality of inside information until it is announced. They must ensure that the strictest security of the information is observed within the issuer and its advisers.

13.06B An issuer must not divulge any information in such a way as to place in a privileged dealing position any person or class or category of persons. It must not release any information in such a way that Exchange transactions may be entered into at prices which do not reflect the latest available information.

13.07 ~~In adhering to the continuing obligations relating to disclosure set out in this Chapter, the~~ An issuer and its directors of an issuer must seek to ensure that dealings do not take place between parties one of whom does not have price-sensitive inside information which is in the possession of the other possesses.

- 13.08 ~~In order to~~To maintain high standards of disclosure, the Exchange may require an issuer to announce the publication of further information, ~~by~~ and impose additional requirements on ~~it, an issuer~~ when ~~it the~~ Exchange considers that circumstances so justify, ~~but~~ However, the Exchange will allow representations by the issuer to make representations before imposing any such requirements on it which are not imposed on issuers generally. The issuer must comply with the additional such requirements failing which and, if it fails to do so, the Exchange may ~~(where such requirements relate to the publication of information)~~ itself publish the information ~~when such information is available to it the~~ Exchange. Conversely, the Exchange may waive, modify or not require compliance with ~~the terms of any specific obligations set out in this Chapter in~~ to suit the circumstances of a particular case, but may require the issuer concerned to enter into an agreement or undertaking, ~~in that event,~~ as a condition of any such dispensation.

General obligation of disclosure

- 13.09 (1) ~~Generally and apart from compliance with all the specific requirements in this Chapter, an issuer shall keep the Exchange, members of the issuer and other holders of its listed securities informed as soon as reasonably practicable of any information relating to the group (including information on any major new developments in the group's sphere of activity which is not public knowledge) which:~~
- ~~(a) is necessary to enable them and the public to appraise the position of the group; or~~
 - ~~(b) is necessary to avoid the establishment of a false market in its securities; or~~
 - ~~(c) might be reasonably expected materially to affect market activity in and the price of its securities.~~

Notes: 1 Information should not be divulged outside the issuer and its advisers in such a way as to place in a privileged dealing position any person or class or category of persons. Information should not be released in such a way that Exchange transactions may be entered into at prices which do not reflect the latest available information. Without in any way derogating from these principles, companies may, in appropriate circumstances, give advance information in strict confidence to persons with whom negotiations are taking place with a view to the making of a contract or the raising of finance, e.g. to prospective underwriters of an issue of securities or providers of funds on loan. In any such case the persons receiving such information will be expected

~~not to deal in the issuer's securities until the information has been released. [See new Rule 13.06B]~~

- ~~2. When developments are on hand which are likely to have a significant effect on market activity in or the price of any listed securities, **it is the direct responsibility of the directors to ensure that such information is kept strictly confidential until a formal announcement is made.** To this end the directors must ensure that the strictest security is observed within the issuer and its advisers and if at any time it is felt that the necessary degree of security cannot be maintained or that security may have been breached, an announcement should be made. In the case of an approach which may lead to an offer for all or part of the listed securities of the issuer, unless security by all parties can be assured, a warning announcement should be issued indicating that the issuer is in discussions which may lead to an offer for those securities. The lack of a warning announcement in some situations may lead to the establishment of a false market. In merger and takeover transactions, particularly where no warning announcement has been issued, a temporary suspension of dealings will normally be required where negotiations have reached a point at which an offeree company is reasonably confident that an offer will be made for its shares or where negotiations or discussions are extended to embrace more than a small group of people. [See new Rule 13.06A]~~
- ~~3. The issuer may be obliged (by statute or otherwise) to impart information to a third party. If such information thereby enters the public domain and is of a price sensitive nature, it should be simultaneously released to the market.~~
- ~~4. The question of timing of the release of an announcement to the market is crucial, having regard to its possible effect on the market price of the issuer's listed securities. The overriding principle is that information which is expected to be price sensitive should be announced immediately it is the subject of a decision. Failure to follow this principle may result in the Exchange imposing a temporary suspension of dealings.~~
- ~~5. Any obligation to inform holders of the issuer's securities or the public will be satisfied by the information being published in an announcement in accordance with rule 2.07C except where this Chapter requires some other form of notification.~~

- ~~6. Where it is proposed to announce at any meeting of holders of listed securities information which might affect the market price of the issuer's securities, arrangements should be made for the release of that information to the market simultaneously or immediately after the meeting.~~
- ~~7. If the directors consider that disclosure of information to the public might prejudice the issuer's business interests, the Exchange must be consulted as soon as possible.~~
- ~~8. Information should be released before the stage when it needs to be made available outside the directors, employees and advisers necessarily concerned. The date of the requisite board meeting should be fixed with this consideration in mind; if a suitable date cannot be fixed, it may be necessary for the board to delegate its power of approval to a committee so that the appropriate announcement can be made at the proper time.~~
- ~~9. If, during the profit forecast period, an event occurs which, had it been known at the time the profit forecast was made, would have caused any of the assumptions upon which the forecast is based to have been materially different, the issuer shall notify shareholders promptly of the occurrence of such event. In any such announcement the issuer shall give an indication of its view of the likely impact of that event on the profit forecast. [See new Rule 13.24B(1); escalated to a Rule.]~~
- ~~10. If:~~
- ~~(i) income or loss generated by some activity outside the ordinary and usual course of its business; and~~
 - ~~(ii) which income or loss was not disclosed as anticipated in the document in which the profit forecast was contained,~~
- ~~contributes materially in the calculation of the profits for the period to which the profit forecast related, then this information must be disclosed to shareholders, including an indication of the level to which such unusual activity has contributed to the profit achieved.~~
- ~~A disclosure obligation arises as soon as the issuer becomes aware that it is likely that the contribution in the calculation~~

~~of profits made or to be made by income or loss generated or to be generated as aforesaid will be material. [See new Rule 13.24B(2); escalated to a Rule.]~~

~~11. The issuer must notify the Exchange, members of the issuer and other holder of its listed securities without delay where:~~

~~(i) to the knowledge of the directors there is major market upheaval in the industries, countries or regions where the issuer has significant operations or transactions, or significant changes in exchange rates of currencies that are key to its operations; or~~

~~(ii) to the knowledge of the directors there is such a change in the issuer's financial condition or in the performance of its business or in the issuer's expectation of its performance that knowledge of the change is likely to lead to substantial movement in the price of its listed securities; or~~

~~(iii) the issuer has committed significant resources to an activity which is non-core business and this has not previously been disclosed.~~

~~It is the responsibility of the directors of the issuer to determine what information is material in the context of the issuer's business, operations and financial performance. The materiality of information varies from one issuer to another according to the size of its financial performance, assets and capitalisation, the nature of its operation and other factors. An event that is "significant" or "major" in the context of a smaller issuer's business and affairs is often not material to a large issuer. The directors of the issuer are in the best position to determine materiality. The Exchange recognises that decisions on disclosure require careful subjective judgements, and encourages issuers to consult the Exchange when in doubt as to whether disclosure should be made.~~

(1) Without prejudice to rule 13.10, where there is or there is likely to be a false market in an issuer's securities, the issuer must, as soon as reasonably practicable, announce the information necessary to correct or prevent a false market in its securities.

Note: This obligation exists whether or not the Exchange makes enquiries under rule 13.10.

- (2) (a) Where an issuer is required to disclose inside information under the Inside Information Provisions, it must also simultaneously announce the information.
- (b) An issuer must simultaneously copy to the Exchange any application to the Commission for a waiver from disclosing inside information under the Inside Information Provisions, and promptly upon being notified of the Commission's decision copy the Exchange with the Commission's decision.
- ~~(2) If securities of the issuer are also listed on other stock exchanges, the Exchange must be simultaneously informed of any information released to any of such other exchanges and the issuer must ensure that such information is released to the market in Hong Kong at the same time as it is released to the other markets.~~

Note: This includes any information released by a subsidiary of the issuer to another stock exchange on which that subsidiary is listed or another market, if that information is discloseable by the issuer under this Chapter. [Moved to rule 13.10B.]

Response to enquiries

- 13.10 Where the Exchange makes enquiries An issuer shall respond promptly to any enquiries made of the issuer by the Exchange concerning unusual movements in the price or trading volume of its an issuer's listed securities, the possible development of a false market in its securities, or any other matters, the issuer must respond promptly as follows: by
- (1) giving provide to the Exchange and, if requested by the Exchange, announce, any such relevant information relevant to the subject matter(s) of the enquiries which as is available to it, so as to inform the market or to clarify the situation; the issuer or;
- (2) if, and only if, the directors of the issuer, having made due enquiry, are not aware of any information that is or may be relevant to the subject matter(s) of the Exchange's enquiries or of any inside information which needs to be disclosed under the Ordinance, and if requested by the Exchange, appropriate, by issuing make an announcement in accordance with rule 2.07C-containing a statement to the that effect (see note 1 below). that the issuer is not aware of any matter or development that is or may be relevant to the unusual price movement or trading volume of its listed securities and shall also respond promptly to any other enquiries made of the issuer by the Exchange.

Notes: 1. ~~If the enquiry relates to unusual movements in the price or trading volume of securities and the directors of the issuer are aware of any matter that might have relevance to such movements, an announcement clarifying the situation must should be issued in accordance with rule 2.07C. If it is not possible to make such an announcement a temporary suspension of dealings in the issuer's securities may be necessary.~~

2. ~~If the directors of the issuer are not aware of any matter that might have relevance to such movements (and only in such circumstances) the issuer should issue an announcement in accordance with rule 2.07C in the following form:-~~

1. The form of the announcement referred to in rule 13.10(2) is as follows:-

~~"This announcement statement is made at the request of The Stock Exchange of Hong Kong Limited.~~

~~We have noted [the recent increases/decreases in the price [or trading volume] of the [shares/ warrants] of the Company] or [We refer to the subject matter of the Exchange's enquiry]. ~~and wish to state that~~ Having made due enquiry, we confirm that we are not aware of [any reasons for these price [or volume] movements] or [relevant information concerning the subject matter of the Exchange's enquiry] or of any information which must be announced to correct or to prevent a false market in the Company's securities or of any inside information under Part XIVA of the Securities and Futures Ordinance that needs to be disclosed such [increases/decreases].~~

~~We also confirm that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under rule 13.23, neither is the Board aware of any matter discloseable under the general obligation imposed by rule 13.09, which is or may be of a price-sensitive nature.~~

~~This announcement is ~~M~~made by the order of the Company.~~f~~ ~~]~~ ~~†~~The Company's Board of ~~the~~ ~~d~~Directors of ~~which~~ collectively and individually ~~and~~ ~~jointly~~ accepts responsibility for the accuracy of this announcement statement."~~

2. The Exchange reserves the right to direct a trading halt of an issuer's securities if an announcement under rule 13.10(1) or 13.10(2) cannot be made promptly.

Trading halt

13.10A Subject always to the Exchange's ability to direct the halt and resumption of trading in an issuer's listed securities, an issuer must, as soon as reasonably practicable, apply for a trading halt in any of the following circumstances where an announcement cannot be made promptly:

- (1) it has information which must be disclosed under rule 13.09; or
- (2) it reasonably believes that there is inside information which must be disclosed under the Inside Information Provisions; or
- (3) circumstances exist where confidentiality may have been lost in respect of inside information which:
 - (a) is the subject of an application to the Commission for a waiver; or
 - (b) falls within any of the exceptions to the obligation to disclose inside information under the Inside Information Provisions in section 307D(2) of the Ordinance.

Announce information disclosed to other stock exchanges

13.10B An issuer must announce any information released to any other stock exchange on which its securities are listed at the same time as the information is released to that other exchange.

Note: An issuer will need to announce overseas regulatory information released by its overseas listed subsidiary if the information is discloseable by the issuer under other rules. [Note: This rule 13.10B is the current Rule 13.09(2).]

GENERAL SPECIFIC MATTERS RELEVANT TO THE ISSUER'S BUSINESS

~~13.11 (1) Without prejudice to any obligation to disclose information pursuant to rule 13.09 and without limiting the scope of that rule, r~~ Rules 13.12 to 13.19 set out specific instances that give rise to a disclosure obligation on ~~the part of an issuer's part.~~

~~Note: Issuers are reminded that t~~ Transactions and financing arrangements of the sort referred to in rules 13.12 to 13.19 may also be subject to ~~the requirements of Chapters 14 and/or Chapter 14A.~~

- (2) For the purposes of rules 13.12 to 13.19,
- (b) ...
 - (c) the expression “relevant advance to an entity” refers to the aggregate of amounts due from and all guarantees given on behalf of:
 - (i) an entity;
 - (ii) the entity’s controlling shareholder;
 - (iii) the entity’s subsidiaries; and
 - (iv) the entity’s affiliated companies;~~;~~ and
 - ~~(d) the expression “general disclosure obligation” refers to the obligation imposed by rule 13.09 on issuers to keep the Exchange, members of the issuer and other holders of its listed securities informed as soon as reasonably practicable of any information relating to the group which meets the conditions set out in that rule.~~
- ~~(3) The disclosure obligation arising under this Chapter and other applicable provisions of the Exchange Listing Rules to inform holders of the issuer’s securities or the public will be satisfied by an announcement being published in accordance with rule 2.07C.~~
- (4) ...
- ~~(5) If the directors consider that the disclosures pursuant to rules 13.12 to 13.19 might prejudice the issuer’s business interests, the Exchange must be consulted as soon as possible.~~

Situations for disclosure

13.12 ...

Advance to an entity

13.13 ~~A general disclosure obligation will arise w~~ Where the relevant advance to an entity exceeds 8% under the assets ratio as defined under rule 14.07(1), the issuer must announce the information in rule 13.15 as soon as reasonably practicable. For the avoidance of doubt, an advance to a subsidiary of the issuer will not be regarded as an advance to an entity.

13.14 ~~A general disclosure obligation will arise w~~ Where the relevant advance to an entity increases from that previously disclosed under rule 13.13, ~~13.14~~~~under this rule,~~ or ~~under rule~~ 13.20 and the amount of the increase since the previous disclosure is 3% or more under the assets ratio ~~as defined under rule 14.07(1),~~ the issuer must announce the information in rule 13.15 as soon as reasonably practicable.

13.15 ~~Where a general disclosure obligation arises u~~ Under rules 13.13 or 13.14, ~~above issuers must shall disclose~~ announce details of the relevant advance to an entity, including details of the balances, the nature of events or transactions giving rise to the amounts, the identity of the debtor group, interest rate, repayment terms and collateral.

13.15A For the purpose of rules 13.13 and 13.14, ~~where~~ any trade receivable is not regarded as a relevant advance to an entity if:

(1) ~~it any trade receivable (other than as a result of the provision of financial assistance) arose in the issuer's ordinary and usual course of business (other than as a result of the provision of financial assistance) of the issuer;~~ and

(2) the transaction from which the trade receivable arose was on normal commercial terms;

~~the trade receivable shall not be regarded as a relevant advance to an entity.~~

Financial assistance and guarantees to affiliated companies of an issuer

13.16 ~~A general disclosure obligation will arise w~~ Where the financial assistance to affiliated companies of an issuer, and guarantees given for facilities granted to affiliated companies of an issuer, together in aggregate exceeds 8% under the assets ratio ~~as defined under rule 14.07(1).~~ ~~In these circumstances the issuer must announce as soon as reasonably practicable the following information to be disclosed is:~~

(1) analysis by company of the amount of financial assistance given to, committed capital injection to, and guarantees given for facilities granted to, affiliated companies;

(2) ...

Pledging of shares by the controlling shareholder

13.17 ~~A general disclosure obligation will arise w~~ Where the issuer's controlling shareholder ~~of the issuer~~ has pledged all or part of its interest in ~~shares of the issuer's shares~~ to secure the issuer's debts ~~of the issuer~~ or to secure guarantees

or other support of its obligations, the issuer must announce the following information as soon as reasonably practicable ~~of the issuer. The following details are to be disclosed:~~

(1) ...

Loan agreements with covenants relating to specific performance of the controlling shareholder

13.18 ~~A general disclosure obligation will arise w~~ Where an issuer (or any of its subsidiaries) enters into a loan agreement that includes a condition imposing specific performance obligations on any controlling shareholder (e.g. a requirement to maintain a specified minimum holding in the share capital of the issuer) and breach of such an obligation will cause a default in respect of loans that are significant to the issuer's operations, ~~of the issuer~~ must announce the following information as soon as reasonably practicable. ~~The information to be disclosed in these circumstances is:~~

(1) ...

Breach of loan agreement by an issuer

13.19 ~~A general disclosure obligation will arise w~~ When an issuer ~~there is a~~ breaches ~~of the terms of its loan agreements by the issuer,~~ for loans that are significant to its ~~the~~ operations ~~of the issuer,~~ such that the lenders may demand their immediate repayment, ~~of the loans~~ and where the lenders have not issued a waiver in respect of the breach, the issuer must announce such information as soon as reasonably practicable.

Continuing disclosure requirements

13.20 ...

13.21 ...

13.22 Where the circumstances giving rise to a disclosure under rule 13.16 continue to exist at the issuer's interim period end or annual financial year end, ~~the issuer's~~ its interim or annual report ~~shall~~ must include a combined balance sheet of affiliated companies as at the latest practicable date. The combined balance sheet of affiliated companies should include significant balance sheet classifications and state the issuer's attributable interest ~~of the issuer~~ in the affiliated companies. ~~In cases where~~ If it is not practicable to prepare the combined balance sheet of affiliated companies, the Exchange on the issuer's application ~~from the issuer~~ may consider to accepting, as an alternative, a

statement of the indebtedness, contingent liabilities and capital commitments as at the end of the period reported on by affiliated companies.

Notifiable transactions, connected transactions, takeovers and share repurchases

- 13.23 (1) An issuer ~~must shall~~ announce disclose details of acquisitions and realisations of assets and other transactions ~~as~~ required by Chapters 14 and 14A and, where applicable, ~~shall~~ must circularise holders of its listed securities with their details ~~thereof~~ and obtain their approval of them. ~~thereto.~~
- (2) ...

Sufficient operations

13.24 ...

13.24A An issuer must, after trading in its listed securities has been suspended, publish periodic announcements of its developments. [Note: This obligation is currently a rule 13.09(1) obligation. See also the obligation in PN17: Sufficiency of operations and delisting procedures (the 1st point under para 3.1).]

Material matters which impact on profit forecasts

[Note: The following proposed new rules 13.24B(1) and 13.24B(2) are from Notes 9 and 10 to rule 13.09(1); elevated from notes to rules]

- 13.24B (1) If, during the profit forecast period, an event occurs which, had it been known when the profit forecast was made, would have caused any of the assumptions upon which the forecast is based to have been materially different, the issuer must promptly announce the event. In the announcement, the issuer must also indicate its view of the likely impact of that event on the profit forecast already made.
- 13.24B (2) (a) If income or loss generated by some activity outside the issuer's ordinary and usual course of business which was not disclosed as anticipated in the document containing the profit forecast, contributes materially to the profits for the period to which the profit forecast relates, the issuer must announce this information, including an indication of the level to which the unusual activity has contributed to the profit.

- (b) The issuer must announce the information under rule 13.24B(2)(a) as soon as it becomes aware that it is likely that the contribution to the profits made or to be made by the income or loss generated or to be generated will be material.

Winding-up and liquidation

- 13.25 (1) An issuer shall inform the Exchange ~~of or~~ on the happening of any of the following events as soon as ~~it the same shall~~ comes to ~~the~~ its attention ~~of the issuer:-~~
- (b) ...
- (c) the passing of any resolution by the issuer, its holding company or any subsidiary falling under rule 13.25(2) that it be ~~wound up~~ wound up by way of members' or creditors' voluntary winding-up, or equivalent action in the country of incorporation or other establishment;
- (d) the entry into possession of or the sale by any mortgagee of a portion of the issuer's assets where the aggregate value of the total assets or the aggregate amount of profits or revenue attributable to such assets represents more than 5% under any of the percentage ratios as defined under rule 14.04(9); or
- (e) the making of any final judgment, declaration or order by any court or tribunal of competent jurisdiction whether on appeal or at first instance which is not subject to any or further appeal, which may adversely affect the issuer's enjoyment of any portion of its assets where the aggregate value of the total assets or the aggregate amount of profits or revenue attributable to such assets represents more than 5% under any of the percentage ratios as defined under rule 14.04(9).
- (2) Rules 13.25(1)(a), (b) and (c) will apply to a subsidiary of the issuer if the value of that subsidiary's total assets, profits or revenue represents 5% or more under any of the percentage ratios as defined under rule 14.04(9)....

Notes: 1. ~~In the circumstances referred to in Note 7 to rule 13.09(1), the Exchange may be prepared to give a dispensation from the requirement to make the information public. However, the Exchange must be informed in any event.~~

~~2. The issuer must at all times also have regard to its general disclosure obligation under rule 13.09.~~

GENERAL MATTERS RELEVANT TO THE ISSUER'S SECURITIES

After board meetings

13.45 An issuer shall inform the Exchange immediately after approval by or on behalf of the board of:–

- (2) ...
- (3) any preliminary announcement of profits or losses for any year, half-year or other period;

Notes: 1. The timing of board meetings is a matter for the convenience and judgement of individual boards, but ~~announcements regarding decisions on dividends and results should be published~~ announced either between 12:00 noon and ~~1:00~~ 12:30 p.m. or after the market closes at 4:15 p.m. on a normal business day, ~~in accordance with rule 2.07C provided that the reference to 1:00 p.m. shall be changed to 12:30 p.m. with effect from 5 March 2012.~~ On the eves of Christmas, New Year and the Lunar New Year when there is no afternoon trading session, the announcements should be published after the market closes at 12:00 noon ~~in accordance with rule 2.07C.~~ The directors are reminded that it is their direct responsibility to ensure that such information is kept strictly confidential until it is announced. ~~the announcement is so published. By following this procedure, an issuer will have taken appropriate steps to ensure that no dealings take place in which one party is in possession of information of which the other is not. Each transaction in the market will thus take place in the light of all information from the moment that such information is released to the market.~~

2. Issuers are reminded that Note 8 to rule 13.09(1) and Note 1 above ~~is~~ are also applicable to a preliminary announcement of results for a full year. As soon as possible after draft accounts have been agreed with the auditors, those accounts, adjusted to reflect any dividend decision, should be approved, ~~in view of their price sensitive nature,~~ as the basis of a preliminary announcement of results for the full year.

- (4) ...
- (5) any decision to change the general character or nature of the business of the issuer or group.

Note: In discharging the obligations ~~as set out in this~~ rule 13.45, regard should be had to rule 13.79, and in particular to the Exchange's requirements from time to time in respect of the communication of information of an urgent nature.

NOTIFICATION

Changes

13.51 An issuer must publish an announcement as soon as practicable in regard to:—

- (2) ...
 - (m) ...
 - (n) full particulars where:
 - (i) he has been identified as an insider dealer ~~under pursuant to~~ Parts XIII or XIV of the Securities and Futures Ordinance or the repealed Securities (Insider Dealing) Ordinance at any time;
 - (ii) any enterprise, company or unincorporated business enterprise with which he was or is connected (as ~~such expression is~~ defined in Parts XIII or XIV of the Securities and Futures Ordinance or the repealed Securities (Insider Dealing) Ordinance) or any enterprise, company or unincorporated business enterprise for which he acts or has acted as an officer, supervisor or manager has been identified as an insider dealer ~~under pursuant to~~ Parts XIII or XIV of the Securities and Futures Ordinance or the repealed Securities (Insider Dealing) Ordinance at any time during the period when he was connected and/or acted as an officer, supervisor or manager;

- (iii) he has been found guilty of or been involved in insider dealing, or been held by any Court or competent authority to have be in breached of any securities or financial markets laws, rules or regulations including any rules and regulations of any securities regulatory authority, stock exchange or futures exchange at any time; ~~or~~
- (iv) any enterprise, company or unincorporated business enterprise in which he was or is a controlling shareholder (as ~~such term is~~ defined in the ~~Exchange~~ Listing Rules) or was or is a supervisor, manager, director or officer or has been found guilty of or been involved in insider dealing, or been held by any Court or competent authority to have be in breached of any securities or financial markets laws, rules or regulations including any rules and regulations of any securities regulatory authority, stock exchange or futures exchange at any time during the period when he was a controlling shareholder, supervisor, manager, director or officer; or
- (v) he has been found by the Market Misconduct Tribunal, any Court or competent authority to have breached an obligation under the Inside Information Provisions, or where any issuer of which he was or is a controlling shareholder (as defined in the Listing Rules) or was or is a supervisor, manager, director, chief executive or officer has been found by the Market Misconduct Tribunal, any Court or competent authority to have breached an obligation under the Inside Information Provisions at any time during the period when he was a controlling shareholder, supervisor, manager, director, chief executive or officer;

Chapter 14

EQUITY SECURITIES

NOTIFIABLE TRANSACTIONS

Preliminary

- 14.01 This Chapter deals with certain transactions, principally acquisitions and disposals, by a listed issuer. It describes how they are classified, the details that are required to be disclosed in respect of them and whether a circular and shareholders' approval are required. It also considers additional requirements in respect of takeovers and mergers.

~~Note: Listed issuers should note that even if a transaction is not required to be disclosed pursuant to the provisions of this Chapter, it may nevertheless be required to be disclosed under the listed issuer's general obligation to keep the market informed of all price sensitive information (see rule 13.09).~~

Definitions

14.04 For the purposes of this Chapter:—

(1) any reference to a “transaction” by a listed issuer:

(g)

Notes: 1 To the extent not expressly provided in rules 14.04(1)(a) to (f), any transaction of a revenue nature in the ordinary and usual course of business of a listed issuer will be exempt from the requirements of this Chapter. ~~However, listed issuers should note that any such transaction may nevertheless be required to be disclosed under the listed issuer's general obligation to keep the market informed of all price sensitive information (see rule 13.09).~~

2 ...

Requirements for all transactions

Notification and announcement

14.34 As soon as possible after the terms of a share transaction, discloseable transaction, major transaction, very substantial disposal, very substantial acquisition or reverse takeover have been finalised, the listed issuer must in each case:—

(1) inform the Exchange; and

~~Note: Under rule 13.09, a listed issuer's notification obligations in respect of information expected to be price sensitive arise as soon as that information is the subject of a decision.~~

(2) publish an announcement ~~in accordance with rule 2.07C~~ as soon as possible. See also rule 14.37.

Trading halt and ~~Short~~-suspension of dealings

- 14.37 (1) ~~An~~ listed issuer has signed an agreement in respect of a share transaction, major transaction, very substantial disposal, very substantial acquisition or reverse takeover and the required announcement has not been published on a business day, ~~the listed issuer it~~ it ~~must request a short suspension of dealings~~ apply for a trading halt in its securities pending the ~~publication of the announcement in accordance with rule 2.07C.~~
- (2) ~~Without prejudice to rule 14.37(1), in any event, an~~ listed issuer that has signed an agreement in respect of a notifiable transaction which it reasonably believes would require disclosure under the Inside Information Provisions that is expected to be price sensitive must immediately ~~request a short suspension of dealings~~ apply for a trading halt in its securities pending the ~~publication of the required announcement of the agreement.~~
- (3) ~~An~~ listed issuer that has finalised the major terms of an agreement in respect of a notifiable transaction which it reasonably believes would require disclosure under the Inside Information Provisions that is expected to be price sensitive must ensure confidentiality of the relevant information until making publication of the required announcement in accordance with rule 2.07C. Where the ~~listed~~ issuer considers that the necessary degree of security cannot be maintained or that the security may have been breached, it must ~~make publish~~ publish an announcement ~~in accordance with rule 2.07C~~ or immediately ~~request a short suspension of dealings~~ apply for a trading halt in its securities pending the ~~publication of the announcement.~~
- (4) Directors of ~~listed~~ issuers must, are reminded of their obligation under rule 13.06A, pursuant to note 2 to rule 13.09(1) maintain to keep confidentiality of information that is likely to have be inside information a significant effect on market activity in or the price of any listed securities, until such time as it is announced a formal announcement is made in accordance with the requirements of note 5 to rule 13.09(1).
- (5) In the case of a reverse takeover, suspension of dealings in the ~~listed~~ issuer's securities ~~must should~~ continue until the issuer has announced disclosure of sufficient information has been made by the listed issuer by way of an announcement published in accordance with rule 2.07C. Whether the amount of information disclosed in the announcement is sufficient or not is determined on a case-by-case basis.

Additional requirements for major transactions

Methods of approval

14.44 Shareholders' approval for a major transaction shall be given by a majority vote at a general meeting of the shareholders of the ~~listed~~ issuer unless all the following conditions are met, in which case written shareholders' approval may, subject to rule 14.86, be accepted in lieu of holding a general meeting: -

- (1) no shareholder is required to abstain from voting if the ~~listed~~ issuer were to convene a general meeting for the approval of the transaction;
- (2) the written shareholders' approval has been obtained from a shareholder or a closely allied group of shareholders who together hold more than 50% in nominal value of the securities giving the right to attend and vote at that general meeting to approve the transaction. ~~Where a listed issuer discloses unpublished price sensitive information to any shareholder in confidence to solicit the written shareholders' approval, the listed issuer must be satisfied that such shareholder is aware that he must not deal in the listed issuer's securities before such information has been made available to the public.~~

Contents of announcements

Profit forecast in an announcement

14.62 Where the announcement contains a profit forecast in respect of the ~~listed~~ issuer or a company which is, or is proposed to become, one of its subsidiaries, the ~~listed~~ issuer must submit the following additional information and documents to the Exchange ~~by no later than the making publication of such announcement in accordance with rule 2.07C:—~~

- (1) ...
- (2) a letter from the ~~listed~~ issuer's auditors or reporting accountants confirming
- (3) a report from the ~~listed~~ issuer's financial advisers confirming that If no financial advisers have been appointed in connection with the transaction, the ~~listed~~ issuer must provide ...

Note: See rules 13.24B(1) and 13.24B(2) in respect of issuers' obligation to announce material or significant changes which impact on profit forecasts.

Chapter 14A

EQUITY SECURITIES

CONNECTED TRANSACTIONS

Waivers

Shareholders' meeting waiver

14A.43 Where independent shareholders' approval of a connected transaction is required, ~~such~~ the approval shall be given by a majority vote at a general meeting of the shareholders of the ~~listed~~ issuer unless the following conditions are met, in which case a written independent shareholders' approval may be accepted in lieu of holding a general meeting: -

(1) no shareholder of the ~~listed~~ issuer is required to abstain from voting if the ~~listed~~ issuer were to convene a general meeting for the approval of the connected transaction; and

(2) ...

Notes: 1 ...

~~2 — Where a listed issuer discloses price sensitive information to any shareholder in confidence to solicit the written independent shareholders' approval, the listed issuer must be satisfied that such shareholder is aware that he must not deal in the listed issuer's securities before such information has been made available to the public.~~

Announcement requirements

14A.47 Issuers proposing to enter into a connected transaction or a continuing connected transaction which is subject to announcement requirements must:—

(1) notify the Exchange as soon as possible after the terms of the transaction have been agreed;

~~Note: Under rule 13.09, a listed issuer's notification obligations in respect of information expected to be price sensitive arise as soon as that information is the subject of a decision.~~

(2) publish an announcement ~~in accordance with rule 2.07C~~ as soon as possible; and

Note: Where the connected transaction is also a share transaction, major transaction, very substantial disposal, very substantial acquisition or reverse takeover, rule 14.37 (requirement for trading halt or ~~short~~ suspension of dealings) also applies.

(3) ...

Chapter 15A

STRUCTURED PRODUCTS

Structured Products

15A.29 An issuer is prohibited from listing structured products where it; or any of its holding companies, subsidiaries or fellow subsidiaries; or any associated companies of any of them has been retained by a company whose securities will underlie the structured product (or by any of its holding, subsidiary, fellow subsidiary or associated companies) to give advice in relation to a transaction. Where the company whose securities will underlie the structured product is listed on the Exchange, transaction refers to matters which would be discloseable to shareholders of the underlying company and the public ~~under in accordance with rule 13.09 of the Exchange Listing Rules~~, Chapters 13, 14 and 14A of the Exchange Listing Rules, the Inside Information Provisions, Rule 3 of the Hong Kong Code on Takeovers and Mergers, or Rule 10 of the Hong Kong Code on ~~s~~Share ~~r~~Repurchases. Where the company is listed on an overseas exchange, transaction refers to matters which would be discloseable under regulations equivalent to those in ~~rule 13.09~~, Chapters 13, 14 and 14A of the ~~Exchange~~ Listing Rules, the Inside Information Provisions, Rule 3 of the Hong Kong Code on Takeovers and Mergers, or Rule 10 of the Hong Kong Code on ~~s~~Share ~~r~~Repurchases. The prohibition ceases to apply where the transaction is abandoned or announced and does not apply where an issuer maintains adequate information management arrangements such as those contemplated in sections 292(2) and 271(2) of the Securities and Futures Ordinance (~~Cap. 571~~).

Single Stock Structured Products

15A.31 Factors which the Exchange will consider in determining the suitability of structured products which relate to shares listed or dealt in on another regulated, regularly operating, open stock market include, but are not limited to, the following:—

(2) ...

- (3) whether the jurisdiction in which the market is situated restricts foreign investors in the trading of securities listed or dealt in on that market or the remittance of any proceeds from a disposal through, e.g., foreign exchange controls or foreign ownership restrictions;
- (4) the quality of the reporting requirements such as the timely reporting of adequate financial information and the price and volume of transactions whether on or off exchange, timely dissemination of ~~price sensitive~~ inside information and the availability of the foregoing to investors in Hong Kong;
- (5) ...

Trading halt or Ssuspension of Ttrading

15A.85 In addition to ~~the provisions of~~ rules 6.02 to 6.10 and 13.10A, and other relevant provisions of the Exchange Listing Rules, where the securities or assets underlying structured products listed on the Exchange are halted or suspended from trading for whatever reason on the market on which they are listed or dealt in (including the Exchange), trading on the Exchange in structured products relating to such securities or assets shall also be halted or suspended.

Chapter 17

EQUITY SECURITIES

SHARE OPTION SCHEMES

Restriction on the time of grant of options

17.05 An issuer ~~grant of options~~ may not grant any options ~~be made~~ after inside information has come to its knowledge ~~a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until it has announced the an announcement of such price sensitive information has been published in accordance with rule 2.07C~~. In particular, it may not grant any option during the period commencing one month immediately ~~preceding~~ before the earlier of:

- (1) the date of the board meeting (as such date is first notified to the Exchange ~~under in accordance with~~ the Exchange Listing Rules) for approving the approval of the listed issuer's results for any year, half-year, quarterly or any other interim period (whether or not required under the Exchange Listing Rules); and

- (2) the deadline for the issuer to ~~announce~~ ~~publish an announcement~~ of its results for any year or half-year under the ~~Exchange~~ Listing Rules, or quarterly or any other interim period (whether or not required under the ~~Exchange~~ Listing Rules),

and ending on the date of the results announcement, ~~no option may be granted.~~

Note: ~~The period during which n~~ No option may be granted ~~during will~~ ~~cover any period of delay in the publication of~~ publishing a results announcement.

Chapter 19A

EQUITY SECURITIES

ISSUERS INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA

Chapter 6 – Trading Halt, Suspension, Cancellation and Withdrawal of Listing

19A.12 ...

Chapter 19B

EQUITY SECURITIES

DEPOSITARY RECEIPTS

Preliminary

19B.01 The Exchange Listing Rules, including Chapters 19 and 19A, apply to the listing of depositary receipts subject to the additional requirements, modifications, exceptions and interpretations set out in this Chapter. The primary principle underlying ~~this Chapter and the other~~ Exchange Listing Rules dealing with depositary receipts is that the holders of depositary receipts are to be treated as generally having equivalent rights and obligations as those afforded to shareholders in an issuer under:

- (c) ...
- (d) the Securities and Futures Ordinance and subsidiary legislation (including but not limited to the provisions relating to market misconduct and disclosure of inside information and of interests).

Chapter 24

DEBT SECURITIES

APPLICATION PROCEDURES AND REQUIREMENTS

Preliminary

- 24.08 All publicity material released in Hong Kong relating to an issue of debt securities by a new applicant, ~~must be reviewed by the Exchange before release and must not be released until the Exchange has reviewed it and confirmed to the issuer that it has no further comments thereon.~~ In addition, ~~such the~~ publicity material must comply with all ~~applicable~~ statutory requirements. For these purposes, publicity material does not relate to an issue of debt securities if its purpose is the promotion of the issuer or its products or business and not the promotion of the debt securities to be issued. Moreover, circulation is permitted of documents of a marketing nature such as the invitation or offering document telex (or its equivalent ~~in another medium~~) and documents which consist of, or are drafts of, or relate to, agreements to be entered into in connection with the issue of the debt securities, provided that any obligations created thereunder to issue, subscribe, purchase or underwrite the debt securities are conditional on listing being granted. ~~These~~ Such documents will not be considered as falling within the scope of this rule and need not be submitted for prior review. Any publicity material or announcement referring to a proposed listing by a new applicant which is issued ~~prior to~~ before the Exchange's meeting of the Exchange held to consider such the application must state that application has been or will be made to the Exchange for listing of and for permission to deal in the debt securities concerned. If no such statement is made, the Exchange may reject the application. ~~may be rejected by the Exchange.~~ Listed issuers must comply with the obligation (which arises under the Listing Agreement) to maintain confidentiality ~~prior to~~ before the announcement of an issue.

Chapter 26

DEBT SECURITIES

LISTING AGREEMENT

Preliminary

- 26.04 ~~One of the principal objects of the Listing Agreement is to secure the immediate release of information which might be reasonably expected to have a significant effect on the ability of the issuer to meet its commitments. As will be clear from~~

~~the terms of the Listing Agreement and related notes, the guiding principle is that information which is expected to be price sensitive should be released immediately it is the subject of a decision. Until that point is reached, it is imperative that the strictest security within the issuer and its advisers is observed.~~

- 26.05 ~~Strict compliance with the terms of the Listing Agreement is essential to the maintenance of a fair and orderly securities market and helps to ensure that all users of the market have simultaneous access to the same information. By following its provisions, t~~ The issuer should ensure that dealings do not take place between parties one of whom does not have price sensitive inside information which is in the possession of the other possesses. ~~It would be clearly damaging to an issuer's relationship with the holders of its listed debt securities and the Exchange if there is an apparent unreadiness to disclose information at the proper time.~~
- 26.06 ~~In order t~~To maintain high standards of disclosure, the Exchange may require an issuer to announce the publication of further information, by and impose additional requirements on it, a listed issuer where ~~it~~ the Exchange considers that circumstances so justify, ~~but~~ However, the Exchange will allow ~~representations by the issuer to make representations~~ before imposing any ~~such~~ requirements on it which are not imposed on listed issuers generally. The issuer must comply with the additional such requirements failing which and, if it fails to do so, the Exchange may ~~(where such requirements relate to the publication of information)~~ itself publish the information available to it. Conversely, the Exchange may be prepared to waive dispense with, vary or not require compliance with the terms of the Listing Agreement ~~to suit the circumstances of~~ in a particular case, but may require the issuer ~~concerned~~ to enter into an ancillary agreement, ~~in that event~~, as a condition of such dispensation.

Chapter 37

DEBT SECURITIES

DEBT ISSUES TO PROFESSIONAL INVESTORS ONLY

Continuing Obligations

- 37.47 An issuer must immediately announce any information which
- ~~(a) Is necessary for investors to appraise its position or~~
 - (b) Is necessary to ~~avoid~~ correct or prevent a false market in its securities where there is or there is likely to be a false market in its securities. ~~or~~

~~(e) May have a material effect on its ability to meet the obligations under its debt securities.~~

37.47A If the securities are guaranteed, the guarantor must immediately announce any information which may have a material effect on its ability to meet the obligations under the debt securities.

37.47B (a) Where an issuer is required to disclose inside information under the Inside Information Provisions, it must also simultaneously announce the information.

(b) An issuer must simultaneously copy to the Exchange any application to the Commission for a waiver from disclosing inside information under the Inside Information Provisions, and promptly upon being notified of the Commission's decision copy it to the Exchange.

37.47C An issuer and its directors must maintain strict confidentiality of inside information until it is announced. They must ensure that the strictest security of the information is observed within the issuer and its advisers.

37.47D An issuer must not divulge any information in such a way as to place in a privileged dealing position any person or class or category of persons. It must not release any information in such a way that Exchange transactions may be entered into at prices which do not reflect the latest available information.

37.47E An issuer and its directors must seek to ensure that dealings do not take place between parties one of whom does not have inside information which the other possesses.

37.47F Subject always to the Exchange's ability to direct the halt and resumption of trading in an issuer's listed debt securities, an issuer and/or the guarantor of the issued debt securities must, as soon as reasonably practicable, apply for a trading halt in any of the following circumstances where an announcement cannot be made promptly:

(a) the issuer and/or the guarantor has information which must be disclosed under rules 37.47 or 37.47A; or

(b) the issuer and/or the guarantor reasonably believes that there is inside information which must be disclosed under the Inside Information Provisions; or

(c) circumstances exist where confidentiality may have been lost in respect of inside information which:

- (i) is the subject of an application to the Commission for a waiver; or
- (ii) falls within any of the exceptions to the obligation to disclose inside information under the Inside Information Provisions in section 307D(2) of the Ordinance.

Practice Note 11

to the Rules Governing the Listing of Securities
(the “Exchange Listing Rules”)

Issued pursuant to rule 1.06 of the Exchange Listing Rules

TRADING HALT, SUSPENSION AND RESTORATION OF DEALINGS

1. Definitions

Terms used in this Practice Note which are defined or interpreted in the Exchange Listing Rules shall have the same meaning as in the Exchange Listing Rules.

2. Requests for trading halt or suspension

Any request for trading halt or suspension of trading should be directed to the Listing Division of the Exchange. It will only be considered when it is received directly from ~~an~~ the issuer’s authorised representative ~~of the issuer~~ or some other responsible officer, ~~of the issuer concerned~~ or from a recognised and authorised merchant bank, financial advisor or sponsor, or a member firm acting in either of those capacities. The Listing Division may request ~~€~~ confirmation may be requested as to of the authority of the person requesting the trading halt or suspension. A formal letter supporting the request will be required, although because of time factors, this need not be delivered to the Listing Division ~~at the time of when~~ when the initial request is made.

Issuers should not delay in contacting the Listing Division where it is felt a trading halt or suspension might be appropriate. ~~It should be noted, h-~~ However, ~~that~~ full reasons supporting a request will be required before the Listing Division, or if necessary the Listing Committee, will give the request consideration.

3. Grounds for suspension trading halt

A suspension request for a trading halt will normally only be acceded to in the following circumstances:

- where the situation falls within rule 13.10A;
- where for a reason acceptable to the Exchange price sensitive inside information which needs to be disclosed under the Inside Information Provisions cannot immediately at that time be disclosed;
- where an issuer is subject to an offer, but only where terms have been agreed in principle and require discussion with and agreement by one or more major shareholders. Suspensions will only normally be appropriate where no previous announcement has been made. In other cases, either the details of the offer should be announced in accordance with rule 2.07C, or if this is not yet possible, a ‘warning’ announcement published in accordance with rule 2.07C indicating that the issuer is in discussions which could lead to an offer, should be issued, without recourse to a suspension;
- to maintain an orderly market;
- certain levels of notifiable transaction, such as substantial changes in the nature, control or structure of an issuer, where publication of full details is necessary to permit a realistic valuation to be made of the securities concerned, or the approval of shareholders is required;
- where an issuer is no longer suitable for listing, or becomes a ‘cash’ company;
- issuers going into receivership or liquidation;
- where an issuer confirms that it will be unable to meet its obligation to disclose periodic financial information in accordance with the Exchange Listing Rules.

It should be noted that † The Exchange reserves the right to suspend dealings direct a trading halt without a request and will not hesitate to do so, if, in its judgement, this is in the best interest of the market and investors in general. Instances which are likely to give rise to a suspension of dealings by the Exchange directing a trading halt without a request include, but are not limited to, those set out above and the following:

- unexplained unusual movements in the price or trading volume of the issuer's listed securities or where a false market for the trading of the issuer's securities has or may have developed where the issuer's authorised representative cannot immediately be contacted to confirm that the issuer is not aware of any matter or development that is or may be relevant to the unusual price movement or trading volume of its listed securities or the development of a false market, or where the issuer delays in issuing an announcement in the form required under ~~pursuant to~~ rule 13.10 and where applicable, under the heading "Response to enquiries" in the relevant listing agreements;
- uneven dissemination or leakage of ~~price-sensitive~~ inside information in the market giving rise to an unusual movement in the price or trading volume of the issuer's listed securities.

3A. Grounds for suspension

A suspension request (other than a trading halt) will normally only be acceded to in the following circumstances:

- where an issuer is subject to an offer, but only where terms have been agreed in principle and require discussion with and agreement by one or more major shareholders. Suspensions will only normally be appropriate where no previous announcement has been made. In other cases, either the details of the offer should be announced, or if this is not yet possible, a 'warning' announcement indicating that the issuer is in discussions which could lead to an offer, should be issued, without recourse to a suspension;
- to maintain an orderly market;
- certain levels of notifiable transaction, such as substantial changes in the nature, control or structure of an issuer, where publication of full details is necessary to permit a realistic valuation to be made of the securities concerned, or the approval of shareholders is required;
- where an issuer is no longer suitable for listing, or becomes a 'cash' company;
- where an issuer is going into receivership or liquidation;
- where an issuer confirms that it will be unable to meet its obligation to disclose periodic financial information in accordance with the Exchange Listing Rules.

4. **Restoration of dealings**

In the interests of a fair and continuous market, the Exchange requires a trading halt or suspension period to be kept as short as is reasonably possible. This means that an issuer must publish an appropriate announcement as soon as possible after the trading halt or suspension arises. Under normal circumstances, the Exchange will restore dealings as soon as possible following publication of an appropriate announcement, or after specific requirements have been met. Failure by an issuer to make an announcement when required, may, if the Exchange feels it to be appropriate, result in the Exchange issuing its own announcement and a restoration of dealings without an announcement by the issuer.

The Exchange ~~wishes to~~ re-emphasises the importance of proper security within an issuer, and the responsibility of the directors to ensure a proper and timely disclosure of all information necessary to investors to establish a fair and realistic valuation of securities traded in the market.

5. **Disclosure of information**

The Exchange is also concerned to ensure a issuers' proper and timely disclosure of information, ~~by issuers in accordance with the Exchange Listing Rules~~. It condemns the practice of allowing information to leak ~~prior to~~ before its announcement proper publication in order to 'test' the market, or to affect the price of the relevant security before details of a proposal are formally announced. It is particularly concerned where unpublished information is used to gain a personal advantage. ~~It The Exchange~~ will not hesitate to direct a trading halt or suspend dealings where it considers that improper use is being made of price-sensitive inside information, whether be it by persons connected with the issuer ~~concerned~~ or otherwise. ~~It The Exchange~~ may require a detailed explanation from an issuer as to who may have had access to unpublished information, and ~~as to~~ why security had not been properly maintained. If ~~it the Exchange~~ considers the result of its enquiries justifies, justify such action, it may publish its findings. ~~It The Exchange~~ places great importance on the responsibility of the directors of an listed issuer, ~~not only~~ to ensure proper security with regard to unpublished inside information, price sensitive news, ~~but to ensure~~ and that information is disclosed in a proper, equitable manner, in the interests of the market as a whole, not to the benefit of a select group or individual.

Where the Exchange believes that an listed issuer or its advisers have permitted inside price sensitive information regarding the issue of new securities to leak, before prior to its announcement proper publication, ~~it the Exchange~~ will not normally consider an application for the listing of those securities.

6. The Statutory Rules

In accordance with ~~the provisions of~~ the Statutory Rules the Exchange will continue to notify the Commission of trading halts, suspensions and restorations of dealings, and this Practice Note is issued without prejudice to the statutory powers of the Commission in respect of suspensions.

7. This Practice Note replaces Guidance Note 1 and takes effect from 16th October, 1995.

Hong Kong, 16th October, 1995

Revised on 31st March, 2004

Revised on 25th June, 2007

Revised on 1st January, 2009

Revised on 1 January, 2013

Practice Note 15
to the Rules Governing the Listing of Securities
(the “Exchange Listing Rules”)

Issued pursuant to rule 1.06 of the Exchange Listing Rules

**PRACTICE WITH REGARD TO PROPOSALS SUBMITTED BY
ISSUERS TO EFFECT THE SEPARATE LISTING ON THE
EXCHANGE OR ELSEWHERE OF ASSETS OR BUSINESSES
WHOLLY OR PARTLY WITHIN THEIR EXISTING GROUPS**

3. Principles

The principles, which apply equally whether the entity to be spun off is to be listed in Hong Kong or overseas, are as follows:

(f)...

(g) *Announcement of spin-off*

~~A spin-off listing application is different from an ordinary listing application in that it is of material, price sensitive effect for an existing listed issuer. The Listing Committee accordingly considers that the latest time at which a formal announcement under rule 13.09 should be made is~~ An issuer must announce its spin-off listing application by the time it lodges of lodgement of the Form A1 (or its equivalent in any overseas jurisdiction). Where an overseas jurisdiction requires a confidential filing, the matter should be discussed with the Listing Division prior to any such before the filing. Until the publication of the announcement of the application, in accordance with rule 2.07C, strict confidentiality should be maintained and, ~~in the event of~~ if there is a leakage of information or of a significant, unexplained movement in the price or turnover volume of the Parent's securities, an earlier announcement would be required. These ~~above are set forth as~~ general principles intended to assist the market. The Listing Division should be consulted at an early stage of any spin-off proposal for clarification as to the application ~~thereof~~.

...

Revised on 1st January, 2009

Revised on 1 January, 2013

The Stock Exchange of Hong Kong Limited

Practice Note 17

to the Rules Governing the Listing of Securities
(the "Exchange Listing Rules")

Issued pursuant to rule 1.06 of the Exchange Listing Rules

SUFFICIENCY OF OPERATIONS AND DELISTING PROCEDURES

3. Delisting Procedures

3.1 The Exchange will follow a four-stage procedure as set out below.

- ~~For~~ During the initial period of six months following the suspension, the Exchange will monitor developments. ~~During this interval~~ ~~the issuer must will be expected to~~ make periodic announcements of developments under rule 13.24A, ~~to shareholders, in accordance with the provisions of rule 13.09, to advise shareholders of developments.~~ At the end of this six months period, the Exchange will determine whether it is appropriate to extend this ~~the~~ initial period or to proceed to the second stage.
- The second stage would involve the Exchange in writing to the issuer, drawing attention to its continued failure to meet rule 13.24 and requiring it ~~advising that the issuer is required~~ to submit resumption proposals within the next six months. During this period, the Exchange will continue to monitor developments of the issuer and will require from its ~~the issuer's~~ directors monthly progress reports. At the end of this ~~the six month~~ period, the Exchange will consider the issuer's proposals and determine whether it is appropriate to proceed to the third stage. ~~In making this determination, the Exchange will consider any proposals made by or on behalf of the issuer.~~
- Where the Exchange determines to proceed to the third stage, it will announce ~~publish an announcement naming the issuer, indicating that the issuer~~ ~~it~~ does not have sufficient assets or operations for listing, and imposing a deadline (generally six months) for submitting ~~the submission~~ of resumption proposals. During the third stage, the issuer would again be required to provide monthly progress reports to the Exchange.
- At the end of the third stage, if ~~where~~ no resumption proposals have been received ~~for resumption~~, the listing will be cancelled. ~~This would be announced by~~ Both the Exchange and the issuer concerned would announce this.

...

Revised on 31st March, 2004

Revised on 1 January, 2013

The Stock Exchange of Hong Kong Limited
Practice Note 21

to the Rules Governing the Listing of Securities
(the “Exchange Listing Rules”)

Issued pursuant to rule 1.06 of the Exchange Listing Rules

**DUE DILIGENCE BY SPONSORS IN RESPECT OF
INITIAL LISTING APPLICATIONS**

Due diligence

15. Typical due diligence inquiries in relation to the new applicant’s accounting and management systems and in relation to the directors’ appreciation of their and the new applicant’s obligations include:

- a) assessing the new applicant’s accounting and management systems that are relevant to:
 - (i) ~~to~~ the obligations of the new applicant and its directors under ~~to~~ ~~comply with~~ the Exchange Listing Rules and other legal and regulatory requirements, in particular the financial reporting, disclosure of ~~price sensitive information and~~ notifiable and connected transaction and inside information requirements; and
 - (ii) ~~to~~ the directors’ ability to make a proper assessment of the financial position and prospects of the new applicant and its subsidiaries, both before and after listing.

Such assessment should cover the new applicant’s compliance manuals, policies and procedures including corporate governance policies and any letters from ~~given by~~ the reporting accountants to the new applicant ~~that~~ commenting on the new applicant’s accounting and management systems or other internal controls; and

- b) ...

Appendix 5
Declaration and Undertaking with regard to Directors
Form B

Part 2
UNDERTAKING

The particulars referred to in this Part 2 are:-

- (a) ...
- (b) I shall, in the exercise of my powers and duties as a director of the issuer, comply to the best of my ability with Parts XIVA and XV of the Securities and Futures Ordinance, the Code on Takeovers and Mergers, the Code on Share Repurchases and all other securities laws and regulations from time to time in force in Hong Kong, and I shall use my best endeavours to procure that the issuer shall so comply;
本人在行使發行人董事的權力及職責時，將盡力遵守《證券及期貨條例》第XIVA及XV部、《公司收購及合併守則》、《股份購回守則》及香港所有其他不時生效的有關證券的法例及規例，本人並會盡力促使發行人遵守上述各項；
- (c)

Appendix 5
Declaration and Undertaking with regard to Directors of an Issuer
incorporated in the People's Republic of China ("PRC")
Form H

Part 2
UNDERTAKING

The particulars referred to in this Part 2 are:-

- (a) in the exercise of my powers and duties as a director of
(Insert the name of the issuer) I, the undersigned, shall:-
- (iv) ...

- (v) comply to the best of my ability with Parts XIVA and XV of the Securities and Futures Ordinance, the Code on Takeovers and Mergers, the Code on Share Repurchases and all other relevant securities laws and regulations from time to time in force in Hong Kong, and I shall use my best endeavours to cause the issuer to so comply; and
盡力遵守《證券及期貨條例》第XIVA及XV部、《公司收購及合併守則》、《股份購回守則》及香港所有其他不時生效的有關證券的法例與規例，本人並會盡力促使發行人遵守上述各項；及
- (vi) ...

Appendix 5
Declaration and Undertaking with regard to Supervisors of an Issuer
incorporated in the People’s Republic of China (“PRC”)
Form I

Part 2
UNDERTAKING

The particulars referred to in this Part 2 are:–

- (a) in the exercise of my powers and duties as a supervisor of
(Insert the name of the issuer) I, the undersigned, shall:–
 - (iv) ...
 - (v) comply to the best of my ability, as if the same applied to me to the same extent as it does to directors of the issuer, with: (a) Parts XIVA and XV of the Securities and Futures Ordinance; (b) the Model Code for Securities Transactions by Directors of Listed Companies set out in Appendix 10 of the Listing Rules; (c) the Code on Takeovers and Mergers; (d) the Code on Share Repurchases; and (e) all other relevant securities laws and regulations from time to time in force in Hong Kong;
盡力遵守下列條例及規則，猶如該條例適用於本人，如同其適用於公司董事般：(a) 《證券及期貨條例》第 XIVA及XV部；(b) 《上市規則》附錄十列出的《上市公司董事進行證券交易的標準守則》；(c) 《公司收購及合併守則》；(d) 《股份購回守則》；以及(e)香港所有其他不時生效的有關證券法例與規例；
 - (vi) ...

Appendix 7

Part C

Type of Security: Debt

Type of Issuer: Incorporated or otherwise established in Hong Kong or elsewhere except States, Supranationals, State Corporations, Banks and debt issues to professional investors only

The following is the text of the Listing Agreement...

DISCLOSURE

General matters

2. Generally and apart from compliance with all the specific requirements of this Agreement, the Issuer must comply with the followings~~shall~~:—

(1) ~~keep the Exchange and holders of its listed debt securities informed as soon as reasonably practicable of any information relating to the group (including information on any major new developments in the group's sphere of activity which is not public knowledge) which:—~~

~~(a) is necessary to enable them and the public to appraise the position of the group;~~

(b) Without prejudice to paragraph 24, where there is or there is likely to be is necessary to avoid the establishment of a false market in its listed debt securities, the Issuer must, as soon as reasonably practicable, announce the information necessary to correct or prevent a false market in its securities; and

~~(c) might be reasonably expected to significantly affect its ability to meet its commitments; and~~

~~2.1 Information should not be divulged outside the Issuer and its advisers in such a way as to place in a privileged dealing position any person or class or category of persons. Information should not be released in such a way that Exchange transactions may be entered into at prices which do not reflect the latest available information. Without in any way derogating from these principles, issuers may, in appropriate circumstances, give advance information in strict confidence to persons with whom negotiations are~~

~~taking place with a view to the making of a contract or the raising of finance, e.g. to prospective underwriters of an issue of debt securities or providers of funds on loan. In any such case the persons receiving such information will be expected not to deal in the Issuer's debt securities until the information has been released. [See the new paragraph 2(1)(f)]~~

~~2.2 When developments are on hand which are likely to have a significant effect on the ability of the Issuer to meet its commitments it is the direct responsibility of the directors to ensure that such information is kept strictly confidential until a formal announcement is published in accordance with rule 2.07C of the Exchange Listing Rules. To this end the directors must ensure that the strictest security is observed within the Issuer and its advisers and if at any time it is felt that the necessary degree of security cannot be maintained or that security may have been breached, an announcement should be published in accordance with rule 2.07C of the Exchange Listing Rules. The lack of an announcement in some situations may lead to the establishment of a false market. [See the new paragraph 2(1)(e)]~~

~~2.3 The Issuer may be obliged (by statute or otherwise) to impart information to a third party. If such information thereby enters the public domain and is of a price sensitive nature, it should be simultaneously released to the market.~~

~~2.4 The question of timing of the release of an announcement to the market is crucial, having regard to its possible effect on the market price of the Issuer's listed debt securities. The overriding principle is that information which is expected to be price sensitive should be announced immediately it is the subject of a decision. Failure to follow this principle may result in the Exchange imposing a temporary suspension of dealings.~~

2.5 References in this Agreement to informing the Exchange mean delivery of the relevant information to the Exchange in the manner determined by the Exchange from time to time and promulgated by way of a practice note to the Exchange Listing Rules.

- 2.6 Any obligation to inform holders of the Issuer's debt securities or the public will be satisfied by an announcement being published in accordance with rule 2.07C of the Exchange Listing Rules except where this Agreement requires some other form of notification. Certain such announcements must first have been reviewed by the Exchange in accordance with paragraph 17 of this Agreement.
- ~~2.7 Where it is proposed to announce at any meeting of holders of listed debt securities information which might affect the market price of the Issuer's debt securities, arrangements should be made for the release of that information to the market simultaneously or immediately after the meeting.~~
- ~~2.8 If the directors consider that disclosure of information to the public might prejudice the Issuer's business interests, the Exchange must be consulted as soon as possible.~~
- ~~2.9 Information should be released before the stage when it needs to be made available outside the directors, employees and advisers necessarily concerned. The date of the requisite board meeting should be fixed with this consideration in mind; if a suitable date cannot be fixed, it may be necessary for the board to delegate its power of approval to a committee so that the appropriate announcement can be made at the proper time.~~
- ~~2.10 If, during the profit forecast period, an event occurs which, had it been known at the time the profit forecast was made, would have caused any of the assumptions upon which the forecast is based to have been materially different, the issuer shall notify shareholders promptly of the occurrence of such event. In any such announcement the issuer shall give an indication of its view of the likely impact of that event on the profit forecast. [See the new paragraph 2(1)(h); escalated from a note to an obligation in one of the paragraphs in the Listing Agreement.]~~

~~2.11 If:~~

~~(i) income or loss generated by some activity outside the ordinary and usual course of its business; and~~

~~(ii) which income or loss was not disclosed as anticipated in the document in which the profit forecast was contained,~~

~~contributes materially in the calculation of the profits for the period to which the profit forecast related, then this information must be disclosed to shareholders, including an indication of the level to which such unusual activity has contributed to the profit achieved.~~

~~A disclosure obligation arises as soon as the issuer becomes aware that it is likely that the contribution in the calculation of profits made or to be made by income or loss generated or to be generated as aforesaid will be material. [See the new paragraph 2(1)(i); escalated from a note to an obligation in one of the paragraphs in the Listing Agreement.]~~

~~(d) (i) Where the Issuer is required to disclose inside information under the Inside Information Provisions of the Securities and Futures Ordinance, it must also simultaneously announce the information.~~

~~(ii) The Issuer must simultaneously copy to the Exchange any application to the Commission for a waiver from disclosing inside information under the Inside Information Provisions, and promptly upon being notified of the Commission's decision copy the Exchange with the Commission's decision.~~

~~(e) The Issuer and its directors must maintain strict confidentiality of inside information until it is announced. They must ensure that the strictest security of the information is observed within the Issuer and its advisers.~~

~~(f) The Issuer must not divulge any information in such a way as to place in a privileged dealing position any person or class or category of persons. It must not release any information in such a way that Exchange transactions may be entered into at prices which do not reflect the latest available information.~~

- (g) The Issuer and its directors must seek to ensure that dealings do not take place between parties one of whom does not have inside information which the other possesses.
- (h) If, during the profit forecast period, an event occurs which, had it been known when the profit forecast was made, would have caused any of the assumptions upon which the forecast is based to have been materially different, the Issuer must promptly announce the event. In the announcement, the Issuer must also indicate its view of the likely impact of that event on the profit forecast already made.
- (i) If income or loss generated by some activity outside the Issuer's ordinary and usual course of business which was not disclosed as anticipated in the document containing the profit forecast, contributes materially to the profits for the period to which the profit forecast related, the Issuer must announce this information, including an indication of the level to which the unusual activity has contributed to the profit.

The Issuer must announce the information as soon as it becomes aware that it is likely that the contribution to the profits made or to be made by income or loss generated or to be generated as aforesaid will be material.

- ~~(2) ensure that, it releases information to the Hong Kong market at the same time as the information is released to any other stock exchange on which its debt securities are listed; and if debt securities of the Issuer are also listed on other stock exchanges, information released to any of such other exchanges is released to the market in Hong Kong at the same time as it is released to the other markets;~~
- (3) ~~comply with~~ the Exchange Listing Rules in force from time to time.

2A. Where the debt securities are guaranteed, the Guarantor must announce, as soon as reasonably practicable, any information which may have a material effect on its ability to meet the obligations under the debt securities.

NOTIFICATION

After board meetings

11. The Issuer shall inform the Exchange immediately after approval by or on behalf of the board of directors or other governing body of:—

(1) and (2)

(3) any new issues of debt securities and, in particular, any guarantee or security in respect thereof;

11.2 The notification of a new issue may be delayed while a marketing or underwriting is in progress (see also Note 2.1).

(4) and (5) ...

11.3 In discharging the obligations ~~as set out~~ in this paragraph ~~11~~, regard ~~should be had~~ to Note 2.5, and in particular to the Exchange's requirements from time to time in respect of the communication of information of an urgent nature, is required.

Response to enquiries

24. Where the Exchange makes enquiries ~~The Issuer shall respond promptly to any enquiries made of the Issuer by the Exchange concerning unusual movements in the price or trading volume of its~~ the Issuer's listed debt securities, the possible development of a false market in the securities, or any other matters, the Issuer shall respond promptly as follows: by

(1) giving such relevant ~~provide to the Exchange and, if requested by the Exchange, announce, any information relevant to the subject matter(s) of the enquiries which as is available to it, so as to inform the market or to clarify the situation; the Issuer or,~~

(2) if, and only if, the directors of the Issuer, having made due enquiry, are not aware of any information that is or may be relevant to the subject matter(s) of the Exchange's enquiries or of any inside information which needs to be disclosed under the Securities and Futures Ordinance, appropriate, by issuing and if requested by the Exchange, make an announcement containing a statement to the that effect, that the Issuer is not aware of any matter or development that is or may be relevant to the unusual price movement or trading volume of its listed debt securities and shall also respond promptly to any other enquiries made of the Issuer by the Exchange.

Note: The Exchange reserves the right to direct a trading halt of the Issuer's securities if an announcement under paragraph 24(1) or 24(2) cannot be made promptly.

Trading halt

24A. Subject always to the Exchange's ability to direct the halt and resumption of trading in the Issuer's listed debt securities, the Issuer and/or the Guarantor must, as soon as reasonably practicable, apply for a trading halt in any of the following circumstances where an announcement cannot be made promptly:

- (1) the Issuer and/or the Guarantor has information which must be disclosed under paragraph 2(1)(b) or 2A; or**
- (2) the Issuer and/or the Guarantor reasonably believes that there is inside information which must be disclosed under the Inside Information Provisions; or**
- (3) circumstances exist where confidentiality may have been lost in respect of inside information which:**
 - (a) is the subject of an application to the Commission for a waiver; or**
 - (b) falls within any of the exceptions to the obligation to disclose inside information under the Inside Information Provisions in section 307D(2) of the Ordinance.**

Appendix 7

Part D

Type of Security: Debt

Type of Issuer: States and Supranationals

The following is the text of the Listing Agreement...

DISCLOSURE

General matters

2. Generally and apart from compliance with all the specific requirements of this Agreement, the Issuer shall must comply with the following:—

- (1) ~~keep the Exchange and holders of its listed debt securities informed as soon as reasonably practicable of any information relating to the Issuer (including information on any major new developments in its sphere of activity which are not public knowledge) which:—~~
- ~~(a) is necessary to enable them and the public to appraise the position of the Issuer;~~
 - (b) **Where there is or there is likely to be is necessary to avoid the establishment of a false market in its listed debt securities, the Issuer must, as soon as reasonably practicable, announce the information necessary to correct or prevent a false market in its securities; and**
 - ~~(c) might be reasonably expected to significantly affect its ability to meet its commitments.~~

~~2.1 The question of timing of the release of an announcement to the market is crucial, having regard to its possible effect on the market price of the Issuer's listed debt securities. The overriding principle is that information which is expected to be price-sensitive should be announced immediately it is the subject of a decision. Failure to follow this principle may result in the Exchange imposing a temporary suspension of dealings.~~

2.2 References in this Agreement to informing the Exchange mean delivery of the relevant information to the Exchange in the manner determined by the Exchange from time to time and promulgated by way of a practice note to the Exchange Listing Rules.

2.3 Any obligation to inform holders of the Issuer's listed debt securities or the public will be satisfied by the information being published in an announcement in accordance with rule 2.07C of the Exchange Listing Rules except where this Agreement requires some other form of notification. Certain such announcements must first have been reviewed by the Exchange in accordance with paragraph 7 of this Agreement.

~~2.4 If the Issuer considers that disclosure of information to the public might prejudice its interests, the Exchange must be consulted as soon as possible.~~

(d) (i) Where the Issuer is required to disclose inside information under the Inside Information Provisions of the Securities and Futures Ordinance, it must also simultaneously announce the information.

(ii) The Issuer must simultaneously copy to the Exchange any application to the Commission for a waiver from disclosing inside information under the Inside Information Provisions, and promptly upon being notified of the Commission's decision copy the Exchange with the Commission's decision.

(e) The Issuer and its directors must maintain strict confidentiality of inside information until it is announced. They must ensure that the strictest security of the information is observed within the Issuer and its advisers.

(f) The Issuer must not divulge any information in such a way as to place in a privileged dealing position any person or class or category of persons. It must not release any information in such a way that Exchange transactions may be entered into at prices which do not reflect the latest available information.

(g) The Issuer and its directors must seek to ensure that dealings do not take place between parties one of whom does not have inside information which the other possesses.

~~(2) ensure that, it releases information to the Hong Kong market at the same time as the information is released to any other stock exchange on which its debt securities are listed; if debt securities of the Issuer are also listed on other stock exchanges, information released to any of such other exchanges is released to the market in Hong Kong at the same time as it is released to the other markets; and~~

~~(3) comply with the Exchange Listing Rules in force from time to time.~~

2A. Where the debt securities are guaranteed, the Guarantor must announce, as soon as reasonably practicable, any information which may have a material effect on its ability to meet the obligations under the debt securities.

3. The Issuer must inform the Exchange immediately after the approval of:--

- (1)
- (2)
- (3)

- 3.2 *In discharging the obligations ~~as set out~~ in paragraph 3, regard ~~should be had~~ to Note 2.2, and in particular to the Exchange's requirements from time to time in respect of the communication of information of an urgent nature, is required.*

Appendix 7

Part E

Type of Security: Debt

Type of Issuer: State Corporations and Banks

The following is the text of the Listing Agreement denoted in bold type, each paragraph being followed (where appropriate) by notes denoted in italics on its interpretation and application-

DISCLOSURE

General matters

2. Generally and apart from compliance with all the specific requirements of this Agreement, the Issuer must comply with the following shall:—

- (1) ~~keep the Exchange and holders of its listed debt securities informed as soon as reasonably practicable of any information relating to the Issuer (including information on any major new developments in its sphere of activity which are not public knowledge) which:—~~

~~(a) is necessary to enable them and the public to appraise the position of the Issuer;~~

(b) Where there is or there is likely to be is necessary to avoid the establishment of a false market in its listed debt securities, the Issuer must, as soon as reasonably practicable, announce the information necessary to correct or prevent a false market in its securities; and

~~(c) might reasonably be expected to significantly affect its ability to meet its commitments.~~

2.1—Information should not be divulged outside the Issuer and its advisers in such a way as to place in a privileged dealing position any person or class or category of persons.

~~Information should not be released in such a way that Exchange transactions may be entered into at prices which do not reflect the latest available information. Without in any way derogating from these principles, issuers may, in appropriate circumstances, give advance information in strict confidence to persons with whom negotiations are taking place with a view to the making of a contract or the raising of finance, e.g. to prospective underwriters of an issue of debt securities or providers of funds on loan. In any such case the persons receiving such information will be expected not to deal in the Issuer's listed debt securities until the information has been released.—[See new paragraph 2(1)(f) below.]~~

~~2.2—When developments are on hand which are likely to have a significant effect on the ability of the Issuer to meet its commitments it is **the direct responsibility of the directors to ensure that such information is kept strictly confidential** until a formal announcement is published in accordance with rule 2.07C of the Exchange Listing Rules. To this end the directors must ensure that the strictest security is observed within the Issuer and its advisers and if at any time it is felt that the necessary degree of security cannot be maintained or that security may have been breached, an announcement should be published in accordance with rule 2.07C of the Exchange Listing Rules. The lack of an announcement in some situations may lead to the establishment of a false market.—[See new paragraph 2(1)(e) below.]~~

~~2.3—The Issuer may be obliged (by statute or otherwise) to impart information to a third party. If such information thereby enters the public domain and is of a price sensitive nature, it should be simultaneously released to the market.~~

~~2.4—The question of timing of the release of an announcement to the market is crucial, having regard to its possible effect on the market price of the Issuer's listed debt securities. The overriding principle is that information which is expected to be price sensitive should be announced immediately it is the subject of a decision. Failure to follow this principle may result in the Exchange imposing a temporary suspension of dealings.~~

2.5 References in this Agreement to informing the Exchange mean delivery of the relevant information to the Exchange

in the manner determined by the Exchange from time to time and promulgated by way of a practice note to the Exchange Listing Rules.

2.6 Any obligation to inform holders of the Issuer's debt securities or the public will be satisfied by the information being published in an announcement in accordance with rule 2.07C of the Exchange Listing Rules except where this Agreement requires some other form of notification. Certain such announcements must first have been reviewed by the Exchange in accordance with paragraph 12 of this Agreement.

~~*2.7 Where it is proposed to announce at any meeting of holders of listed debt securities information which might affect the market price of the Issuer's debt securities, arrangements should be made for the release of that information to the market simultaneously or immediately after the meeting.*~~

~~*2.8 If the directors consider that disclosure of information to the public might prejudice the Issuer's business interests, the Exchange must be consulted as soon as possible.*~~

~~*2.9 Information should be released before the stage when it needs to be made available outside the directors, employees and advisers necessarily concerned. The date of the requisite board meeting should be fixed with this consideration in mind; if a suitable date cannot be fixed, it may be necessary for the board to delegate its power of approval to a committee so that the appropriate announcement can be made at the proper time.*~~

(d) (i) Where the Issuer is required to disclose inside information under the Inside Information Provisions of the Securities and Futures Ordinance, it must also simultaneously announce the information.

(ii) The Issuer must simultaneously copy to the Exchange any application to the Commission for a waiver from disclosing inside information under the Inside Information Provisions, and promptly upon being notified of the Commission's decision copy the Exchange with the Commission's decision.

(e) The Issuer and its directors must maintain strict confidentiality of inside information until it is announced. They must ensure that the strictest security of the information is observed within the Issuer and its advisers.

(f) The Issuer must not divulge any information in such a way as to place in a privileged dealing position any person or class or category of persons. It must not release any information in such a way that Exchange transactions may be entered into at prices which do not reflect the latest available information.

(g) The Issuer and its directors must seek to ensure that dealings do not take place between parties one of whom does not have inside information which the other possesses.

~~(2) ensure that, it releases information to the Hong Kong market at the same time as the information is released to any other stock exchange on which its debt securities are listed; if debt securities of the Issuer are also listed on other stock exchanges, information released to any of such other exchanges is released to the market in Hong Kong at the same time as it is released to the other markets; and~~

~~(3) comply with the Exchange Listing Rules in force from time to time.~~

2A. Where the debt securities are guaranteed, the Guarantor must, as soon as reasonably practicable, announce any information which may have a material effect on its ability to meet the obligations under the debt securities.

NOTIFICATION

After board meetings

5. The Issuer shall inform the Exchange immediately after approval by or on behalf of the board of directors or other governing body:—

(1) and (2) ...

(3) any new issues of listed debt securities and, in particular, any guarantee or security in respect thereof;

5.2 *The notification of a new issue may be delayed while a marketing or underwriting is in progress (see also Note 2.1).*

5.3 ~~In discharging the obligations as set out in this paragraph, 5 regard should be had to Note 2.5, and in particular to the Exchange's requirements from time to time in respect of the communication of information of an urgent nature, is required.~~

Winding-up and liquidation

10. The Issuer shall inform the Exchange on the happening of any of the events of default under the terms and conditions of any listed debt securities as soon as the same shall come to its ~~the attention of the Issuer.~~

~~10.1 In the circumstances referred to in Note 2.8, the Exchange may be prepared to give a dispensation from the requirement to make the information public. However, the Exchange must be informed in any event.~~

Appendix 7

Part H

Type of Security: Structured Products

The following is the text of the Listing Agreement...

DISCLOSURE

General matters

2. Generally and apart from compliance with all the specific requirements of this Agreement, each of the Issuer and the Guarantor must comply with the following shall:—

(1) ~~keep the Exchange and holders of its listed securities informed as soon as reasonably practicable of any information relating to the Issuer's and/or the Guarantor's group which:—~~

(a) ~~might be reasonably expected to significantly affect the Issuer's or the Guarantor's ability to meet its commitments;~~

(b) Without prejudice to paragraph 26, where there is or there is likely to be is necessary to avoid the establishment of a false market in the Issuer's its listed debt securities, the Issuer and the Guarantor must, as soon as reasonably practicable, announce the information necessary to correct or prevent a false market in the securities; and

~~(e) might be reasonably expected materially to affect market activity in and the price of its listed securities; and~~

~~2.1 When developments are on hand which are likely to have a significant effect on market activity in or the price of any listed securities, it is the direct responsibility of the directors to ensure that such information is kept strictly confidential until a formal announcement is made. To this end the directors must ensure that the strictest security is observed within the Issuer and the Guarantor and their respective advisers and if at any time it is felt that the necessary degree of security cannot be maintained or that security may have been breached, an announcement should be made. [See new paragraph 2(1)(e)]~~

~~2.2 The question of timing of the release of an announcement to the market is crucial, having regard to its possible effect on the market price of the Issuer's listed securities. The overriding principle is that information which is expected to be price sensitive should be announced immediately it is the subject of a decision. Failure to follow this principle may result in the Exchange imposing a temporary suspension of dealings.~~

2.3 References in this Agreement to informing the Exchange mean delivery of the relevant information to the Exchange in the manner determined by the Exchange from time to time and promulgated by way of a practice note to the Exchange Listing Rules.

2.4 Any obligation to inform holders of the Issuer's listed securities or the public will be satisfied by the information being published on the web site of the Exchange except where this Agreement requires some other form of notification. Certain such announcements must first have been reviewed by the Exchange in accordance with paragraph 14 of this Agreement.

~~2.5 Where it is proposed to announce at any meeting of holders of listed securities information which might affect the market price of the Issuer's listed securities, arrangements should be made for the release of that information to the market simultaneously or immediately after the meeting.~~

~~2.6 — If the directors consider that disclosure of information to the public might prejudice the Issuer's or the Guarantor's business interests, the Exchange must be consulted as soon as possible.~~

- ~~(d) (i) Where the Issuer is required to disclose inside information under the Inside Information Provisions of the Securities and Futures Ordinance, the Issuer and the Guarantor must also simultaneously announce the information.~~
- ~~(ii) The Issuer and the Guarantor must simultaneously copy to the Exchange any application to the Commission for a waiver from disclosing inside information under the Inside Information Provisions, and promptly upon being notified of the Commission's decision copy the Exchange with the Commission's decision.~~
- ~~(e) The Issuer and the Guarantor must maintain strict confidentiality of inside information until it is announced. They must ensure that the strictest security of the information is observed within themselves and their advisers.~~
- ~~(f) The Issuer and the Guarantor must not divulge any information in such a way as to place in a privileged dealing position any person or class or category of persons. They must not release any information in such a way that Exchange transactions may be entered into at prices which do not reflect the latest available information.~~
- ~~(g) The Issuer and the Guarantor must seek to ensure that dealings do not take place between parties one of whom does not have inside information which the other possesses.~~
- ~~(2) ensure that, inform the Exchange of, and release to the Hong Kong market, information at the same time as the information is released to any other stock exchange on which the Issuer's securities are listed; if listed securities of the Issuer are also listed on other stock exchanges, the Exchange is simultaneously informed of any information relating to the listed securities which is released to any of such other exchanges and that such information is released to the market in Hong Kong at the same time as it is released to the other markets;~~
- ~~(3) to (4)...~~

(5) ~~comply with~~ the Exchange Listing Rules in force from time to time.

2A. Where the debt securities are guaranteed, the Guarantor must, as soon as reasonably practicable, announce any information which may have a material effect on its ability to meet the obligations under the debt securities.

GENERAL

Response to enquiries

26. Where the Exchange makes enquiries ~~The Issuer and the Guarantor shall respond promptly to any enquiries made of the Issuer or the Guarantor by the Exchange concerning unusual movements in the price or trading volume of its the Issuer's listed securities, the possible development of a false market in the securities, or any other matters, the Issuer and/or Guarantor shall respond promptly as follows:~~ by

(1) ~~giving such relevant~~ provide to the Exchange and, if requested by the Exchange, announce, any information relevant to the subject matter(s) of the enquiries which as is available to the Issuer and the Guarantor; or;

(2) if, and only if, the Issuer and/or the Guarantor (as the case may be), having made due enquiry, are not aware of any information that is or may be relevant to the subject matter(s) of the Exchange's enquiries or of any inside information which needs to be disclosed under the Securities and Futures Ordinance, appropriate, by issuing and if requested by the Exchange, make an announcement containing a statement to the that effect (see note 1 below). ~~that the Issuer and the Guarantor (as the case may be) is not aware of any matter or development that is or may be relevant to the unusual price movement or trading volume of its listed securities and shall also respond promptly to any other enquiries made of the Issuer or the Guarantor by the Exchange.~~

~~26.1 If the enquiry relates to unusual movements in the price or trading volume of securities and the Issuer or the Guarantor are aware of any matter that might have relevance to such movements, an announcement clarifying the situation should be issued. If it is not possible to make such an announcement, a temporary suspension of dealings in the Issuer's listed securities may be necessary.~~

~~26.2 If the Issuer is not aware of any matter that might have relevance to such movements (and only in such circumstances) the Issuer should issue an announcement in the following form or such other form as required by the Exchange~~

Notes: 1. The form of the announcement referred to in paragraph 26(2) is as follows:

“This ~~announcement statement~~ is made at the request of The Stock Exchange of Hong Kong Limited.

We have noted [the recent increases/decreases in the price [or trading volume] of the structured products issued by the Company] or [We refer to the subject matter of the Exchange’s enquiry]. Having made due enquiry, we confirm that ~~and wish to state that~~ we are not aware of [any reasons for such increases/decreases] or [relevant information concerning the subject matter of the Exchange’s enquiry] or of any information which must be announced to correct or to prevent a false market in the Issuer’s structured products or of any inside information under Part XIVA of the Securities and Futures Ordinance that needs to be disclosed.”

We are not aware of any matter discloseable under the general obligation imposed by paragraph 2 of the Listing Agreement, which is or may be of a price sensitive nature.”

The above statement may be given on a corporate basis.

2. The Exchange reserves the right to direct a trading halt of the Issuer’s securities if an announcement under paragraph 26(1) or 26(2) cannot be made promptly.

Trading halt

26A. Subject always to the Exchange’s ability to direct the halt and resumption of trading in the Issuer’s listed securities, the Issuer and/or the Guarantor must, as soon as reasonably practicable, apply for a trading halt in any of the following circumstances where an announcement cannot be made promptly:

(1) the Issuer and/or the Guarantor has information which must be disclosed under paragraph 2(1)(b) or 2A; or

- (2) the Issuer and/or the Guarantor reasonably believes that there is inside information which must be disclosed under the Inside Information Provisions; or**
- (3) circumstances exist where confidentiality may have been lost in respect of inside information which:**
- (a) is the subject of an application to the Securities and Futures Commission for a waiver; or**
- (b) falls within any of the exceptions to the obligation to disclose inside information under the Inside Information Provisions in section 307D(2) of the Ordinance.**

Appendix 10

Model Code for Securities Transactions by Directors of Listed Issuers

Basic Principles

5. The single most important thrust of this code is that directors who are aware of or privy to any negotiations or agreements related to intended acquisitions or disposals which are notifiable transactions under Chapter 14 of the Exchange Listing Rules or connected transactions under Chapter 14A of the Exchange Listing Rules or any ~~price-sensitive~~ inside information must refrain from dealing in the ~~listed~~ issuer's securities as soon as they become aware of them or privy to them until the information has been announced ~~proper disclosure of the information in accordance with the Exchange Listing Rules~~. Directors who are privy to relevant negotiations or agreements or any inside ~~price-sensitive~~ information should caution those directors who are not so privy that there may be ~~unpublished~~ inside ~~price-sensitive~~ information and that they must not deal in the ~~listed~~ issuer's securities for a similar period.

RULES

A. Absolute prohibitions

1. A director must not deal in any of the securities of the ~~listed~~ issuer at any time when he ~~possesses is in possession of unpublished~~ inside ~~price-sensitive~~ information in relation to those securities, or where clearance to deal is not otherwise conferred upon him under rule B.8 of this code.

Note: ~~“Price sensitive information” means information described in rule 13.09(1) and the notes thereunder. In the context of this code, rule 13.09(1)(e) and its notes 9, 10 and 11 are of particular relevance.~~

2. A director must not deal in the securities of an ~~an~~ listed issuer when by virtue of his position as a director of another ~~listed~~ issuer, he ~~possesses is in~~ possession of unpublished inside price sensitive information in relation to those securities.

B. Notification

8. A director must not deal in any securities of the ~~listed~~ issuer without first notifying in writing the chairman or a director (otherwise than himself) designated by the board for the specific purpose and receiving a dated written acknowledgement... The designated director must not deal in any securities of the ~~listed~~ issuer without first notifying the chairman and receiving a dated written acknowledgement....

Note: For the avoidance of doubt, the restriction under A.1 of this code applies ~~in the event that price sensitive~~ if inside information develops following the grant of clearance.

13. The directors of a company must as a board and individually endeavour to ensure that any employee of the company or director or employee of a subsidiary company who, because of his office or employment in the company or a subsidiary, is likely to possess ~~be in possession of unpublished price sensitive~~ inside information in relation to the securities of any ~~listed~~ issuer does not deal in those securities ~~at a time~~ when he would be prohibited from dealing by this code if he were a director.

Appendix 14

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

A.6 Responsibilities of directors

Code Provisions

- A.6.4 The board should establish written guidelines no less exacting than the Model Code for relevant employees in respect of their dealings in the issuer’s securities. “Relevant employee” includes any employee or a director or employee of a subsidiary or holding company who, because of his office or employment, is likely to possess ~~be in~~

~~possession of unpublished price sensitive~~ inside information in relation to the issuer or its securities.

C. ACCOUNTABILITY AND AUDIT

C.1 Financial reporting

Code Provisions

C.1.5 The board should present a balanced, clear and understandable assessment in annual and interim reports, ~~other price sensitive announcements~~ and other financial disclosures required by the Listing Rules. It should also do so for reports to regulators and information disclosed under statutory requirements.

RECOMMENDED DISCLOSURES

S. INTERNAL CONTROLS

- (a) Where an issuer includes a directors' statement that they have conducted a review of its internal control system in the annual report under paragraph C.2.1, it is encouraged to disclose the following:
- (i) ...
 - (ii) procedures and internal controls for the handling and dissemination of ~~price sensitive~~ inside information;
 - (iii)

Appendix 19

SPONSOR'S DECLARATION

To: The Listing Division
The Stock Exchange of Hong Kong Limited

...../...../.....

Pursuant to rule 3A.13 we declare to The Stock Exchange of Hong Kong Limited (the "Exchange") that:

- (b) having made reasonable due diligence inquiries, we have reasonable grounds to believe and do believe that:

- (iv)
- (v) the Company has established procedures, systems and controls (including accounting and management systems) which are adequate having regard to the obligations of the Company and its directors ~~under to comply with~~ the Listing Rules and other relevant legal and regulatory requirements (in particular rules 13.09, 13.10, 13.46, 13.48 and 13.49, Chapters 14 and 14A and Appendix 16, and Part XIVA of the Securities and Futures Ordinance) and which are sufficient to enable the Company's directors to make a proper assessment of the financial position and prospects of the Company and its subsidiaries, both before and after listing; and
- (vi) ...

Appendix 24

Headline Categories

The following documents are submitted by issuers for publication on our website as listed companies information:-

Schedule 1

Headline Categories for Announcements and Notices

Reorganisation/Change in Shareholding/Major Changes/Public Float/Listing Status

...
 Suspension
Trading Halt

Miscellaneous

...
~~Price Sensitive~~ Inside Information
 ...

INDEX

References to “**Price-sensitive information**” are to be replaced by the term “**Inside information**”, where appropriate.

APPENDIX II: PROPOSED AMENDMENTS TO THE GEM RULES

Chapter 1

GENERAL

INTERPRETATION

- 1.01 Throughout this book, the following terms, save where the context otherwise requires, have the following meanings:

To introduce new defined terms:

“inside information” has the meaning defined in the Securities and Futures Ordinance as amended from time to time for the purposes of Part XIVA of the Ordinance

“Inside Information Provisions” Part XIVA of the Securities and Futures Ordinance

“trading halt” an interruption of trading in an issuer’s securities requested or directed pending disclosure of information under the Rules and extending for no more than two trading days

To revise defined terms:

- (a) to provide that the term “the rules governing the listing of securities on GEM made by the Exchange from time to time” be defined as the “GLR” or the “Rules”, in addition to being the “GEM Listing Rules”:

“GEM Listing Rules” or “GLR” or “Rules” the rules governing the listing of securities on GEM made by the Exchange from time to time

- (b) to provide that the term “the Securities and Futures Ordinance” be defined as the “Ordinance”, in addition to being the “Securities and Futures Ordinance”:

“Securities and Futures Ordinance” or “Ordinance” the Securities and Futures Ordinance (Cap. 571) as amended from time to time

Chapter 2

GENERAL

INTRODUCTION

General principles

- 2.06 The GEM Listing Rules are designed to ensure that investors have and can maintain confidence in the market and in particular that:—
- (2) ...
 - (3) investors and the public are kept fully informed by listed issuers and, in the case of a guaranteed issue, the guarantors of all material factors which might affect their interests—~~and in particular that immediate disclosure is made of any information which might reasonably be expected to have a material effect on market activity in, and the prices of, listed securities;~~
 - (4) ...

Characteristics of GEM

- 2.13 The GEM Listing Rules require, and emphasise the on-going need for, comprehensive and timely disclosure of relevant information by all ~~listed~~ issuers. In this regard, particular attention is drawn to the following matters:—
- (2) ...
 - (3) ~~Rule 17.10 sets out the general obligation of disclosure which applies to all listed issuers without prejudice to the specific instances requiring disclosure as set out in other provisions of Chapter 17 or elsewhere in the GEM Listing Rules;~~
 - (4) The directors of an issuer are collectively and individually responsible for ensuring the issuer's full compliance with ~~the disclosure obligations and all other obligations imposed upon issuers under the~~ GEM Listing Rules; and
 - (5) ...

Chapter 5

GENERAL

DIRECTORS, SECRETARY AND CORPORATE GOVERNANCE MATTERS

Securities transactions by directors

Basic principles

- 5.50 The single most important thrust of the required standard of dealings is that directors who are aware of or privy to any negotiations or agreements related to intended acquisitions or disposals which are notifiable transactions under Chapter 19 or connected transactions under Chapter 20 of the GEM Listing Rules or any ~~price sensitive~~ inside information must refrain from dealing in the issuer's securities as soon as they become aware of them or privy to them until ~~the information has been announced~~ proper disclosure of the information in accordance with the requirements of Chapter 16. Directors who are privy to relevant negotiations or agreements or any inside ~~price sensitive~~ information should caution those directors who are not so privy that there may be ~~unpublished price sensitive~~ inside information and that they must not deal in the issuer's securities for a similar period.

Absolute prohibitions

- 5.54 A director must not deal in any of the securities of the issuer at any time when he possesses inside ~~is in possession of unpublished price sensitive~~ information in relation to those securities, or where clearance to deal is not otherwise conferred upon him under rule 5.61.

Note: "Price sensitive information" means information described in rule 17.10 and the notes thereunder. In the context of this rule, rule 17.10(3) and its notes 11 and 13 are of particular relevance.

- 5.55 A director must not deal in the securities of an issuer listed on GEM or the Main Board when by virtue of his position as a director of another issuer, he possesses inside ~~is in possession of unpublished price sensitive~~ information in relation to those securities.

Notification

- 5.61 A director must not deal in any securities of the ~~listed~~ issuer without first notifying in writing the chairman or a director (other than himself) designated by the board for the specific purpose and receiving a dated written acknowledgement... The designated director must not deal in any securities of the ~~listed~~ issuer without first notifying the chairman and receiving a dated written acknowledgement...

Note: For the avoidance of doubt, the restriction under rule 5.54 applies ~~if~~ ~~the event that price sensitive~~ inside information develops following the grant of clearance.

- 5.66 The directors of the issuer must as a board and individually endeavour to ensure that any employee of the issuer or director or employee of a subsidiary company who, because of his office or employment in the company or a subsidiary, is likely to possess inside ~~be in possession of unpublished price sensitive~~ information in relation to the securities of any issuer on GEM or the Main Board does not deal in those securities ~~at a time~~ when he would be prohibited from dealing by the required standard of dealings if he were a director.

Chapter 6A

SPONSORS AND COMPLIANCE ADVISERS

Sponsor's declaration

- 6A.15 Having made reasonable due diligence inquiries, each Sponsor must confirm that it has reasonable grounds to believe and does believe that:
- (4)
 - (5) the new applicant has established procedures, systems and controls (including accounting and management systems) which are adequate having regard to the obligations of the new applicant and its directors under to comply with the GEM Listing Rules and other relevant legal and regulatory requirements (in particular rules 17.10, 17.11, 18.03, 18.49 and 18.53 to 18.64 and Chapters 19 and 20, and the Inside Information Provisions) and which are sufficient to enable the new applicant's directors to make a proper assessment of the financial position and prospects of the new applicant and its subsidiaries, both before and after listing; and
 - (6) ...

Chapter 9

GENERAL

TRADING HALT, SUSPENSION AND RESUMPTION OF DEALINGS, CANCELLATION AND WITHDRAWAL OF LISTING

General

- 9.01 Listing is always granted subject to the condition that, where the Exchange considers it necessary for the protection of investors or the maintenance of an orderly market, it may, at any time, halt, suspend or direct the resumption of dealings in an securities or cancel the listing of any securities in such circumstances and subject to such conditions as it thinks fit, whether requested by the issuer or not.

Trading halt or Ssuspension

- 9.03 An issuer shall endeavour to avoid any trading halt or suspension of dealings in its securities.

Notes: 1 Recourse to a trading halt or suspension should only be made where necessary in the interests of all parties.

2 In many cases the appropriate course of action, which the Exchange expects all issuers to follow so far as reasonably practicable, will be for the issuer to publish an announcement ~~in order~~ to avoid the need for a trading halt or suspension.

3 ~~In circumstances w~~ Where a detailed announcement may take time to prepare, the issuer should, subject to rules 19.37 and 20.47 concerning announcements in respect of notifiable and connected transactions, consider making a short announcement to disclose information which is or may be inside information of a price sensitive nature immediately it is the subject of a decision (and for the purpose of avoiding a suspension). This could be followed, at the soonest practicable opportunity thereafter, with a detailed announcement giving all information required by the GEM Listing Rules.

- 9.04 Pursuant to ~~Under~~ rule 9.01, the Exchange may direct a trading halt or suspend dealings in an issuer's securities regardless of whether or not the issuer has requested the same and may do so in any circumstances, including:—

- (6) ...
- (7) where there are unexplained unusual movements in the price or trading volume of the issuer's listed securities or where a false market for the trading of the issuer's securities has or may have developed and the issuer's authorised representative cannot immediately be contacted to confirm that the issuer is not aware of any matter or development that is or may be relevant to the unusual price movement or trading volume of such securities or the development of a false market, or where the issuer delays in issuing an announcement in the form required ~~pursuant to~~ under rule 17.11; or
- (8) where there is uneven dissemination or leakage of ~~price sensitive~~ inside information in the market giving rise to an unusual movement in the price or trading volume of the issuer's listed securities.

Notes: 1 The Exchange will not hesitate to direct a trading halt or suspend dealings where it considers that improper use is being made of ~~unpublished price sensitive~~ inside information, ~~whether be it~~ by persons connected with the issuer ~~concerned~~ or otherwise. ~~It~~ The Exchange may require a detailed explanation from an issuer as to who may have had access to unpublished information, and ~~as to~~ why security had not been properly maintained. ~~If it~~ the Exchange considers the result of its enquiries justify ~~such action~~, it may publish its findings. ~~It~~ The Exchange places great importance on the responsibility of the directors of an listed issuer, ~~not only~~ to ensure not only proper security with regard to ~~unpublished price sensitive~~ inside information, but ~~also to ensure~~ that relevant information is disclosed in a proper, and equitable manner, in the interests of the market as a whole, and not to the benefit of a selected group or individual.

2 Where the Exchange believes that an listed issuer or its advisers have permitted ~~price sensitive~~ inside information regarding the issue of new securities to leak, ~~prior to~~ before its announcement proper publication, ~~it~~ the Exchange will not normally consider an application for the listing of those securities.

3 ~~Under~~ In accordance with the provisions of the Statutory Rules, the Exchange will notify the Commission of trading halts, suspensions and restorations of dealings. In addition, ~~the Exchange will~~ halt or suspend dealings if the Commission directs under directed to do so by the Commission pursuant to the provisions of the Statutory Rules.

- 9.05 The Exchange retains a discretion to allow the trading halt or suspension of dealings in an issuer's securities in appropriate circumstances which may, on a case by case basis, include the following:—
- (1) where, for a reason acceptable to the Exchange, ~~price sensitive~~ inside information cannot at that time be disclosed; or
 - (2) where an issuer is subject to an offer, but only where terms have been agreed in principle and require discussion with and agreement by one or more major shareholders. Trading halts or Ssuspensions will only normally be appropriate where no previous announcement has been made. In other cases, either the details of the offer should be announced, or if this is not yet possible, a “warning” announcement indicating that the issuer is in discussion which could lead to an offer, should be issued, without recourse to a trading halt or a suspension; or
 - (3) where necessary to maintain an orderly market; or
 - (4) in respect of certain levels of notifiable or connected transaction, for example, one involving substantial changes in the nature, control or structure of an issuer, where publication of full details is necessary to permit a realistic valuation to be made of the securities concerned.

Procedure

- 9.06 If the issuer believes that a trading halt or suspension cannot, in all of the circumstances, be avoided it should contact the Exchange at the earliest practicable opportunity.

Notes: 1 Any request for a trading halt or suspension of dealings should be directed by telephone to the Listing Division in accordance with rule 2.22. It will only be considered when it is received directly from ~~an~~ the issuer's authorised representative, ~~of the issuer or~~ some other responsible officer, ~~of the issuer or~~ from its Compliance Adviser, financial adviser, or legal adviser. Confirmation may be requested as to the authority of the person requesting the trading halt or the suspension. A formal letter supporting the request will be required, although, if the circumstances are exceptionally urgent, this need not be delivered to the Listing Division at the time of the initial request.

- 2 *Reason(s) for the trading halt or suspension must be given in support of the request and the issuer will be expected to explain why an announcement cannot be or could not have been issued ~~in order~~ to avoid the trading halt or the suspension.*

3 *A request for a trading halt or suspension of dealings (or continued trading halt or suspension of dealings) following the publication of an announcement based solely on a wish that the information should be allowed time to disseminate more widely will not be accepted by the Exchange.*

9.07 An issuer must endeavour to ensure that any request for suspension is, so far as is reasonably practicable, made outside Exchange trading hours (and as early as is practicable ~~prior to~~ before commencement of the next half-day trading session on GEM). Only in exceptional circumstances should a request be made during a trading session.

9.08 Where dealings have been halted or suspended, the issuer must announce the reason(s) for the trading halt or suspension and, where halted or suspended at the request of the issuer, the known or anticipated timing of the lifting of the trading halt or suspension, having regard to the matters set out in rule 9.11.

Resumption

9.09 In the interests of a fair and continuous market, the Exchange requires any period of trading halt or suspension to be kept as short as reasonably practicable. In this regard, the issuer must use its reasonable endeavours to obtain all relevant consents (including regulatory consents) necessary to ensure the lifting of such trading halt or suspension.

Note: The Exchange considers that the continuation of any trading halt or suspension beyond such period as is absolutely necessary denies reasonable access to the market and prevents its proper functioning.

9.10 The procedure for lifting the trading halt or suspension will depend on the circumstances and the Exchange reserves the right to impose such conditions as it considers appropriate.

9.11 In the case of a trading halt or suspension pending an announcement of any matter which is or may be inside information ~~of a price sensitive nature~~, the issuer shall use its reasonable endeavours to issue the announcement before commencement of the next half-day trading session on GEM. ~~In circumstances where~~ If it is not possible, for whatever reason, to issue the announcement within this time scale, the issuer shall, if requested to do so by the Exchange:—

(1) ...

Notes: 1 Any holding announcement required for the purpose of this rule, should be in substantially the following form:—

“ ...

The directors of [] are aware that there remains outstanding information relating to the Company which is or may be ~~of a price sensitive nature~~ inside information and which it is not practicable to publish at this time.

...

As required ~~pursuant to~~ under the GEM Listing Rules, the Company has requested the resumption of dealings in its securities with effect from []... ”

.....

- 2 *A holding announcement of the type under referred to in Note 1 above must be published in accordance with ~~the requirements of~~ Chapter 16.*

9.12 ~~Pursuant to~~ Under rule 9.01, the Exchange may direct the resumption of dealings in securities. In particular, the Exchange may:—

- (1) without prejudice to rule 9.11, require an issuer to publish an announcement, in such terms and within such period as the Exchange shall, in its discretion, direct, notifying the resumption of dealings in the issuer’s securities, following the publication of which the Exchange may direct the resumption of dealings; and/or
- (2) direct a resumption of dealings following the publication of an announcement by the Exchange notifying the resumption of dealings in the securities.

9.13 The power conferred upon the Exchange by rule 9.12 shall not be exercised without first giving the issuer of the securities subject to trading halt or suspension the opportunity of having the matter reviewed in accordance with rule 4.07(5). At any hearing in connection with a direction for resumption, the burden shall be on the issuer opposing the resumption to satisfy the Exchange that a continued trading halt or suspension would be appropriate.

Transfer of listing

- 9.26 As soon as reasonably practicable and in any event ~~not later than~~ by the same day when the documents described under Main Board Listing Rule 9A.06 are submitted to the Exchange for a transfer of listing from GEM to the Main Board, the issuer shall ~~issue and publish an announcement in accordance with rule 17.10 to inform the market of~~ the relevant facts to inform the market.

Note: Issuers are reminded of Main Board rule 9A.08 which requires a more detailed announcement to be made when they have received the Exchange's formal approval for the transfer ~~has been received from the Exchange~~.

Chapter 12

EQUITY SECURITIES

APPLICATION PROCEDURES AND REQUIREMENTS

Applications

General

- 12.10 All publicity material released in Hong Kong relating to an issue of securities by a new applicant, ~~must be reviewed by the Exchange before release and~~ must not be released until the Exchange has reviewed it and confirmed to the issuer that it has no ~~further~~ comments thereon. In addition, ~~such~~ the publicity material must comply with all applicable statutory requirements. For these purposes, publicity material does not relate to an issue of securities if its purpose is the promotion of the issuer or its products or business and not the promotion of the securities to be issued. Moreover, circulation is permitted of documents of a marketing nature such as the invitation or offering ~~telex document~~ document (or its equivalent ~~in another medium~~) and documents which consist of, or are drafts of, or relate to, agreements to be entered into in connection with the issue of the securities, provided that any obligations created thereunder to issue, subscribe, purchase or underwrite the securities are conditional on listing being granted. ~~Such~~ These documents will not be considered as falling within the scope of this rule and need not be submitted for prior review. Any publicity material or announcement referring to a proposed listing by a new applicant which is issued before the Listing Division's hearing ~~by the Listing Division~~ of the new applicant's application for listing must state that application has been or will be made to the Exchange for listing of and permission to deal in the securities concerned. Where any material relating to a proposed listing by a new applicant is released without the Exchange's prior review ~~by the Exchange~~ before the ~~such~~ hearing, the Exchange may postpone the ~~such~~ hearing by up to 1 month. If this will

result in the application form being more than 6 months out of date, the applicant may have to submit a new application form and a further non-refundable listing fee (see rule 12.07).

~~Listed~~ issuers must endeavour to ensure that the proposed listing (and all details thereof) are kept confidential ~~prior to~~ before any announcement concerning the proposed listing. Where the Exchange believes that an ~~listed~~ issuer or its advisers have permitted ~~price sensitive~~ inside information regarding the issue of additional securities to leak, ~~prior to~~ before announcing an announcement on the subject, the Exchange will not normally consider an application for the listing of those securities.

Chapter 13

EQUITY SECURITIES

RESTRICTIONS ON PURCHASE, DISPOSAL AND SUBSCRIPTION

Restrictions and notification requirements on issuers purchasing their own shares on a stock exchange

Dealing restrictions

13.11 The following dealing restrictions must be adhered to:—

- (3) ...
- (4) an issuer shall not purchase its shares on GEM at any time after a ~~price sensitive development has occurred or has been the subject of a decision~~ inside information has come to its knowledge until such time as the price sensitive information is made publicly available. In particular, during the period of 1 month immediately preceding the earlier of:
 - (i) the date of the board meeting (as such date is first notified to the Exchange in accordance with rule 17.48) for the approval of the issuer's results for any year, half-year or quarter-year period or any other interim period (whether or not required under the GEM Listing Rules); and
 - (ii) the deadline for the issuer to ~~publish an announcement of~~ its results for any year, half-year or quarter-year period under rules 18.49, 18.78 or 18.79 or any other interim period (whether or not required under the GEM Listing Rules),

and ending on the date of the results announcement, the issuer may not purchase its shares on GEM, unless the circumstances are exceptional;

(5) ...

Chapter 16

EQUITY SECURITIES

PUBLICATION REQUIREMENTS

Publication on the GEM website

- 16.17 (1) (d) Where a listed issuer requests a trading halt or suspension of trading in its securities and the trading halt or suspension has been effected, the listed issuer must immediately submit through HKEx-EPS to the Exchange for publication on the GEM website a ready-to-publish electronic copy of an announcement informing that trading in the securities of the listed issuer has been halted or suspended and setting out briefly the reason for the trading halt or suspension.
- 16.18 (3) (a) Announcement or notice must not be published on the GEM website:
- between 8:30 a.m. and 12:00 noon and between ~~4:00~~ 12:30 p.m. and 4:15 p.m. on a normal business day ~~provided that the reference to 1:00 p.m. shall be changed to 12:30 p.m. with effect from 5 March 2012;~~ and
- ...
- except for:
- (i) [Repealed 10 March 2008];
 - (ii) announcements made solely under pursuant to rule 16.17(1)(d);
 - (iii) announcements made solely under pursuant to rule 17.12, rule 17.13 or rule 31.06;

- (iv) announcements made in response to the Exchange's enquiries of the issuer ~~unusual movements in price or trading volume~~ under rule 17.11 or rule 31.05 ~~provided that if~~ in the announcement the issuer only provides the negative confirmations required under rule 17.11(2) or rule 31.05(2), ~~states that it is not aware of any matter which might have relevance to such movement~~ or refers to its previously published information;
 - (v) announcements made in response to media news or reports under rule 17.10~~(2)~~ or rule 31.04(2) ~~provided that if~~ in the announcement the issuer only denies the accuracy of such news or reports and/or clarifies that only its previously published information should be relied upon; and
 - (vi) ...
- 16.19 (1) ~~After 24 June 2008, e~~ Every issuer must have its own website on which it must publish any announcement, notice or other document ~~published by the issuer pursuant to~~ under rule 16.17 on the GEM website. Such publication should be at the same time as publication of the electronic copy of the document on the GEM website. In any event...
- (2) ...
- (3) ~~Prior to 25 June 2008, an issuer with its own website must publish on its website, in accordance with the timing prescribed in rule 16.19(1), any announcement, notice or other document submitted by the issuer pursuant to rule 16.17 for publication on the GEM website.~~

Chapter 17

EQUITY SECURITIES

CONTINUING OBLIGATIONS

Preliminary

- 17.01 An issuer shall comply (and undertakes ~~by pursuant to~~ its application for listing (Appendix 5A), once any of its securities have been admitted to listing, to comply), ~~at all times, with all of the requirements of the GEM Listing Rules in force from time to time, in force, save for any that are stated not to apply. Set out in this Chapter is the general continuing obligation of disclosure, together with certain other general continuing obligations.~~

~~This Chapter is not exhaustive and issuers are reminded that other Chapters contain additional specific obligations, including, in particular, the following:~~

~~Chapter 5 — Directors, Secretary and Corporate Governance Matters~~

~~Chapter 9 — Suspension and Resumption of Trading, Cancellation and Withdrawal of Listing~~

~~Chapter 11 — Qualifications for Listing~~

~~Chapter 13 — Restrictions on Purchase, Disposal and Subscription~~

~~Chapter 16 — Publication Requirements~~

~~Chapter 18 — Financial Information~~

~~Chapter 19 — Notifiable Transactions~~

~~Chapter 20 — Connected Transactions.~~

~~Additional continuing obligations are set out in Chapter 31, in so far as they relate to issuers having debt securities in issue. Additional requirements relating to continuing obligations are set out in Chapter 18A dealing with Mineral Companies.~~

- 17.02 The continuing obligations set out in this Chapter are primarily designed to ensure the maintenance of a fair and orderly securities market and that all market users have simultaneous access to the same information. Issuers must keep the holders of their securities (and the public) fully informed of all material factors which might affect their interests and treat the holders of their securities in a proper manner.
- 17.03 ~~The directors of a~~ An issuer's directors are collectively and individually responsible for ensuring the issuer's full compliance with the GEM Listing Rules.
- 17.04 The directors should seek advice and guidance from the issuer's Sponsor (~~for so~~ as long as the issuer is obliged to retain, or otherwise retains, the services of a Sponsor) regarding the issuer's obligation to comply with₂ and the manner and extent of compliance with₂ the GEM Listing Rules. They ~~and~~ should take such advice and guidance into account.

- 17.05 Any announcement ~~an issuer is required to make under be made by an issuer pursuant to~~ the GEM Listing Rules must be made according to in accordance with the publication requirements ~~contained~~ in Chapter 16, unless otherwise stated.

Continuing disclosure obligations

Introduction

- 17.06 ~~The continuing obligations relating to disclosure set out in this Chapter are designed to ensure the immediate release of information in the circumstances referred to in rule 17.10. The guiding principle is that information which is expected to be price sensitive should be released immediately it is the subject of a decision. Until that point is reached, it is imperative that the strictest security within the issuer and its advisers is observed.~~
- (1) The Exchange has a duty under section 21 of the Securities and Futures Ordinance to ensure, so far as reasonably practicable, an orderly, informed and fair market.
- (2) The Inside Information Provisions in the Ordinance impose statutory obligations on listed issuers and their directors to disclose inside information as soon as reasonably practicable after the information has come to the listed issuers' knowledge, and gives the Commission the responsibility for enforcing those obligations. The Commission has issued Guidelines on Disclosure of Inside Information. The Exchange will not give guidance on the interpretation or operation of the Ordinance or the Guidelines.
- (3) Where the Exchange becomes aware of a possible breach of the Inside Information Provisions, it will refer it to the Commission. The Exchange will not itself take disciplinary action under the GEM Listing Rules unless the Commission considers it not appropriate to pursue the matter under the Ordinance and the Exchange considers action under the Rules for a possible breach of the Rules appropriate.
- 17.07 ~~Without prejudice to the generality of rule 17.10, this Chapter identifies specific circumstances in which an issuer is obliged to disclose information to the holders of its securities and the public. Note: The specific circumstances identified in this Chapter are not alternatives to the general disclosure obligation set out in rule 17.10 and do not in any way detract from the issuer's responsibilities under rule 17.10.~~

- (1) This Chapter identifies specific circumstances in which an issuer must disclose information to the public. These are not alternatives to, and do not in any way detract from, the statutory disclosure obligation found in the Inside Information Provisions of the Ordinance.
- (2) The Exchange may require the issuer to make an announcement or halt trading in its listed securities where it considers it appropriate to preserve or ensure an orderly, informed and fair market.
- (3) The Exchange, in discharge of its duty under section 21 of the Ordinance, will monitor the market, make enquiries when it considers them appropriate or necessary, and may halt trading in an issuer's securities in accordance with the GEM Listing Rules as required.

17.07A An issuer and its directors must maintain strict confidentiality of inside information until it is announced. They must ensure that the strictest security of the information is observed within the issuer and its advisers.

17.07B An issuer must not divulge any information in such a way as to place in a privileged dealing position any person or class or category of persons. It must not release any information in such a way that Exchange transactions may be entered into at prices which do not reflect the latest available information.

~~17.08 In adhering to the continuing obligations relating to disclosure set out in this Chapter, the~~ An issuer and its directors of the issuer must seek to ensure that dealings do not take place between parties one of whom does not have ~~price-sensitive~~ inside information which is in the possession of the other possesses.

~~17.09 In order to~~ To maintain high standards of disclosure, the Exchange may require an issuer to announce the publication of further information, by and impose additional requirements on it, a listed issuer where it the Exchange considers that circumstances so justify, but However, the Exchange will allow representations by the issuer to make representations before imposing any such requirements on it which are not imposed on listed issuers generally. The issuer must comply with the additional such requirements failing which and, if it fails to do so, the Exchange may (where such requirements relate to the publication of information) itself publish the information when such information is available to it the Exchange. Conversely, the Exchange may waive, modify or not require compliance with the terms of any specific obligations ~~set out in this Chapter in to suit the circumstances of a particular case,~~ but may require the issuer ~~concerned~~ to enter into an agreement or undertaking, ~~in that event,~~ as a condition of any such dispensation.

General obligation of disclosure

17.10 ~~Generally and apart from compliance with all the specific requirements of the GEM Listing Rules, an issuer shall keep the Exchange, members of the issuer and other holders of its listed securities informed, as soon as reasonably practicable, of any information relating to the group (including information on any major new developments in the group's sphere of activity which is not public knowledge) which:~~

- ~~(1) is necessary to enable them and the public to appraise the position of the group; or~~
- ~~(2) is necessary to avoid the establishment of a false market in its securities; or~~
- ~~(3) might be reasonably expected materially to affect market activity in and the price of its securities.~~

~~Notes: 1 Information should not be divulged outside the issuer and its advisers in such a way as to place in a privileged dealing position any person or class or category of persons. Information should not be released in such a way that Exchange transactions may be entered into at prices which do not reflect the latest available information. Without in any way derogating from this principle, issuers may, in appropriate circumstances, give advance information in strict confidence to persons with whom negotiations are taking place with a view to the making of a contract or the raising of finance, e.g. to prospective underwriters of an issue of securities or providers of funds on loan. In any such case the persons receiving such information will be expected not to deal in the issuer's securities until the information has been released. [See new rule 17.07B]~~

~~2 When developments are on hand which are likely to have a significant effect on market activity in or the price of any listed securities, it is the direct responsibility of the directors to ensure that such information is kept strictly confidential until a formal announcement is made. To this end the directors must ensure that the strictest security is observed within the issuer and its advisers and if at any time it is felt that the necessary degree of security cannot be maintained or that security may have been breached, an announcement should be made as soon as possible thereafter. In the case of an approach which may lead to an offer for all or part of the listed securities of the issuer, unless security by all parties can be assured, a warning announcement should be issued indicating that the issuer is in discussions which may lead to an~~

~~offer for those securities. The lack of a warning announcement in some situations may lead to the establishment of a false market. In merger and takeover transactions, particularly where no warning announcement has been issued, a temporary suspension of dealings may be appropriate where negotiations have reached a point at which an offeree company is reasonably confident that an offer will be made for its shares or where negotiations or discussions are extended to embrace more than a small group of people. [See new rule 17.07A]~~

- ~~3—The issuer may be obliged (by statute or otherwise) to impart information to a third party. If such information thereby enters the public domain and is of a price-sensitive nature, it should be simultaneously released to the market.~~
- ~~4—The question of timing of the release of an announcement to the market is crucial, having regard to its possible effect on the market price of the issuer's listed securities. The overriding principle is that information which is expected to be price sensitive should be announced immediately it is the subject of a decision. Failure to follow this principle may result in the Exchange imposing a temporary suspension of dealings.~~
- ~~5—The issuer must endeavour to avoid any suspension of its securities having regard to the provisions of rule 9.03 and the Notes thereto.~~
- ~~6—Rule 17.56 sets out general principles as to the presentation of information in all announcements, listing documents and circulars required to be published under the GEM Listing Rules.~~
- ~~7—Any obligation to inform holders of the issuer's securities or the public will be satisfied by the information being announced in accordance with rule 17.05.~~
- ~~8—Where it is proposed to announce at any meeting of holders of listed securities information which might affect the market price of the issuer's securities, arrangements should be made for the release of that information to the market simultaneously or immediately after the meeting in accordance with Chapter 16.~~
- ~~9—If the directors consider that disclosure of information to the public might prejudice the issuer's business interests, the Exchange must be consulted as soon as practicable.~~

~~10—Information should be released before the stage when it needs to be made available outside the directors, employees and advisers necessarily concerned. The date of the requisite board meeting should be fixed with this consideration in mind; if a suitable date cannot be fixed, it may be necessary for the board to delegate its power of approval to a committee so that the appropriate announcement can be made at the proper time.~~

~~11—If, during the period of any profit forecast made by the issuer:—~~

~~(a)—an event occurs which, had it been known at the time the profit forecast was made, would have caused any of the assumptions upon which the forecast is based to have been materially different; or~~

~~(b)—income or loss is generated by some activity outside the ordinary and usual course of the business (which income or loss was not disclosed as anticipated in the document in which the profit forecast was made) and which contributes or is likely to contribute materially to the calculation of the profits for such period,~~

~~the issuer shall promptly disclose the occurrence of such event and relevant details to holders of the issuer's securities. The issuer should give an indication in the announcement of the likely impact of the event or activity referred to above on the profit forecast.~~

~~A disclosure obligation arises under sub paragraph (b) above as soon as the issuer becomes aware that it is likely that the contribution in the calculation of profits made or to be made by income or loss generated or to be generated as aforesaid will be material. [See new rule 17.26A; escalated to a rule.]~~

~~12—An issuer must consider whether or not it is appropriate or necessary to make any disclosure pursuant to this rule in circumstances where the profits or business developments of the issuer are or are likely to be out of line with any estimate or projection of the issuer or with market expectations of the issuer. If thought appropriate or necessary, an announcement should be made, on a timely basis, revising any estimate or projection and setting out reasons or explanations for the difference.~~

~~13—An issuer must notify the Exchange, members of the issuer and other holder of its listed securities without delay where:—~~

- ~~(i) — to the knowledge of the directors there is no major market upheaval in the industries, countries or regions where the issuer has significant operations or transactions, or significant changes in exchange rates of currencies that are key to its operations; or~~
- ~~(ii) — to the knowledge of the directors there is such a change in the issuer's financial condition or in the performance of its business or in the issuer's expectation of its performance that knowledge of the change is likely to lead to substantial movement in the price of its listed securities; or~~
- ~~(iii) — the issuer has committed significant resources to an activity which is non-core business and this has not previously been disclosed.~~

~~14 — In circumstances where the issuer is aware that the price or trading volume of its listed securities is being or may be influenced by speculation or rumour, the issuer is encouraged to make an announcement by way of clarification in order to avoid the establishment of an uninformed, misinformed or false market in its securities. In the event that the Exchange contacts the issuer concerning unusual movements in the price or trading volume of its securities, rule 17.11 shall apply.~~

~~15 — Without limiting the generality of Note 14 above, comments by individuals who: —~~

- ~~(a) — are directors or representatives of an issuer or its controlling shareholder; and/or~~
- ~~(b) — hold positions in entities with authority, administrative control or influence over an individual issuer or its controlling shareholder irrespective of that entity's equity interest in the issuer or controlling shareholder; and/or~~
- ~~(c) — hold positions in entities with authority, administrative control, influence or regulatory responsibility over an industry~~

~~may be accorded considerable weight by the news media and investors. They may affect market activity in and the price of an issuer's securities thereby giving rise to an obligation under this rule. If these individuals make public proposed transactions or developments in relation to an issuer, which have not previously been announced or disclosed to shareholders in accordance with~~

~~the GEM Listing Rules, the issuer affected will generally be required to clarify such comments by way of an announcement. Furthermore, comments by individuals holding positions in entities having authority, administrative control, influence or regulatory responsibility over an industry may give rise to an obligation on issuers operating in that industry to issue a clarification announcement.~~

~~16 Any confidentiality undertaking entered into by an issuer shall be made subject to any obligation on the part of the issuer to disclose information pursuant to the GEM Listing Rules.~~

- ~~(1) Without prejudice to rule 17.11, where there is or there is likely to be a false market in an issuer's securities, the issuer must, as soon as reasonably practicable, announce the information necessary to correct or prevent a false market in its securities.~~

~~Note: This obligation exists whether or not the Exchange makes enquiries under rule 17.11.~~

- ~~(2) (a) Where an issuer is required to disclose inside information under the Inside Information Provisions, it must also simultaneously announce the information.~~
- ~~(b) An issuer must simultaneously copy to the Exchange any application to the Commission for a waiver from disclosing inside information under the Inside Information Provisions, and promptly upon being notified of the Commission's decision copy the Exchange with the Commission's decision.~~

Response to enquiries

17.11 ~~Where the Exchange makes enquires An issuer shall respond promptly to any enquiries made of the issuer by the Exchange concerning unusual movements in the price or trading volume of its listed securities, the possible development of a false market in its securities, or any other matters, the issuer must respond promptly as follows: by~~

- ~~(1) giving provide to the Exchange and, if requested by the Exchange, announce, any such relevant information relevant to the subject matter(s) of the enquiries which as-is available to it, so as to inform the market or to clarify the situation; the issuer or;~~

- (2) if, and only if, the directors of the issuer, having made due enquiry, are not aware of any information that is or may be relevant to the subject matter(s) of the Exchange's enquiries or of any inside information which needs to be disclosed under the Ordinance, and if requested by the Exchange, appropriate, by issuing make an announcement containing a statement to the that effect (see note 1 below), that the issuer is not aware of any matter or development that is or may be relevant to the unusual price movement or trading volume of its listed securities and shall also respond promptly to any other enquiries made of the issuer by the Exchange.

Notes: 1—If the enquiry relates to unusual movements in the price or trading volume of securities and the directors of the issuer are aware of any matter that might have relevance to such movements, an announcement clarifying the situation should be issued. The issuer should endeavour to issue an announcement sufficient to avoid the need for any suspension of its securities (see rule 9.03). However, if it is not possible to make such an announcement, for example because negotiations may have reached a delicate stage, a temporary suspension of dealings in the issuer's securities may be necessary (see rule 9.06).

2.—If the directors of the issuer are not aware of any matter that might have relevance to such movements (and only in such circumstances) the issuer should issue an announcement in the following form

1. The form of the announcement referred to in rule 17.11(2) is as follows:—

“This announcement is made at the request of The Stock Exchange of Hong Kong Limited. Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.

We have noted [the recent increases/decreases in the price and/or trading volume of the [shares/warrants] of the Company] or [We refer to the subject matter of the Exchange's enquiry]. ~~and wish to state that~~ Having made due enquiry, we confirm that we are not aware of [any reasons for these price [or volume] movements] or [relevant information concerning the subject matter of the Exchange's enquiry] or of any information which must be announced to correct or to prevent a false market in the

Company's securities or of any inside information under Part XIVA of the Securities and Futures Ordinance that needs to be disclosed such [increases/decreases].

~~We also confirm that there are no negotiations or agreements relating to intended acquisitions or realisations which are discloseable under Chapters 19 to 20 of the GEM Listing Rules, neither is the Board aware of any matter discloseable under the general obligation imposed by rule 17.10 of the GEM Listing Rules, which is or may be of a price sensitive nature.~~

This announcement is ~~M~~ made by the order of the Company. ~~¶~~The Board of ~~[-]~~, the ~~d~~Directors of which collectively and individually accept responsibility for the accuracy of this announcement."

2. The Exchange reserves the right to direct a trading halt of an issuer's securities if an announcement under rule 17.11(1) or 17.11(2) cannot be made promptly.

Trading halt

17.11A Subject always to the Exchange's ability to direct the halt and resumption of trading in an issuer's listed securities, an issuer must, as soon as reasonably practicable, apply for a trading halt in any of the following circumstances where an announcement cannot be made promptly:

- (1) it has information which must be disclosed under rule 17.10; or
- (2) it reasonably believes that there is inside information which must be disclosed under the Inside Information Provisions; or
- (3) circumstances exist where confidentiality may have been lost in respect of inside information which:
 - (a) is the subject of an application to the Commission for a waiver; or
 - (b) falls within any of the exceptions to the obligation to disclose inside information under the Inside Information Provisions in section 307D(2) of the Ordinance.

Dual listing disclosure obligation

- 17.12 ~~If securities of the issuer are also listed on other stock exchanges, the~~ An issuer Exchange must be simultaneously informed of announce any information released to any ~~of such other stock exchanges on which its securities are listed~~ at the same time as the information is released to that other exchange. ~~And the issuer must ensure that such information is announced at the same time as it is released to the other markets.~~

Disclosure of information released by a listed subsidiary

- 17.13 ~~In circumstances w~~Where a subsidiary of the issuer listed on another stock exchange or securities market releases information on that stock exchange or in that securities market, the issuer must ensure that such information is announced as soon as practicable thereafter, irrespective of any obligation on the issuer to announce issue its own announcement under the GEM Listing Rules rule 17.10 or otherwise.

General Specific matters relevant to the issuer's business

Exposure to borrowers and other specific circumstances that may require disclosure

- 17.14 ~~Without prejudice to any obligation to disclose information pursuant to rule 17.10 and without limiting the scope of that rule,~~ Rules 17.15 to 17.21 set out specific instances that give rise to a disclosure obligation on the part of an issuer's part.

Notes: 1 ~~Issuers are reminded that~~ † Transactions and financing arrangements of the sort referred to in rules 17.15 to 17.21 may also be subject to the requirements of Chapter 19 (Notifiable Transactions) and/or Chapter 20 (Connected Transactions).

2 For the purposes of rules 17.15 to 17.21, the following terms have the following meanings:—

...

3 ...

4 ~~If the directors consider that any disclosure pursuant to rules 17.15 to 17.21 might prejudice the issuer's business interests, the Exchange must be consulted as soon as possible.~~

Advances to an entity

17.15 ~~A disclosure obligation arises w~~ Where the relevant advance to an entity from the issuer or any of its subsidiaries exceeds 8% under the assets ratio as defined under rule 19.07(1), the issuer must announce the information in rule 17.17 immediately thereafter. For the avoidance of doubt, an advance to a subsidiary of the issuer, or between subsidiaries of the issuer, will not be regarded as a relevant advance to an entity.

17.16 ~~A disclosure obligation arises w~~ Where the relevant advance to an entity increases from that previously disclosed (whether pursuant to under rule 17.15, 17.16 this rule or rule 17.22) and the amount of the increase since the previous disclosure is 3% or more under the assets ratio as defined under rule 19.07(1), the issuer must announce the information in rule 17.17 immediately thereafter.

17.17 ~~Where a disclosure obligation arises u~~ Under rule 17.15 or 17.16, an issuer must announce, immediately thereafter, publish an announcement disclosing the following information:—

(1) ...

17.17A For the purpose of rules 17.15 and 17.16, ~~where~~ any trade receivable is not regarded as a relevant advance to an entity if:

(1) ~~it any trade receivable (other than as a result of the provision of financial assistance) arose in the issuer's ordinary and usual course of business (other than as a result of the provision of financial assistance) of the issuer;~~ and

(2) the transaction from which the trade receivable arose was on normal commercial terms;

~~the trade receivable shall not be regarded as a relevant advance to an entity.~~

Financial assistance and guarantees to affiliated companies of an issuer

17.18 ~~A disclosure obligation arises w~~ Where the financial assistance extended by an issuer or any of its subsidiaries to affiliated companies of the issuer, and guarantees given by the issuer or any of its subsidiaries in respect of facilities granted to affiliated companies of an issuer, in aggregate exceeds 8% under the asset ratio as defined under rule 19.07(1), the issuer must immediately thereafter announce the following .-In these circumstances, the information required to be announced, immediately thereafter, is as follows:

(1) ...

Pledging of shares by the controlling shareholder

17.19 ~~A disclosure obligation arises w~~Where the issuer's controlling shareholder ~~of the issuer~~ has pledged all or part of its interest in shares of the issuer's shares to secure the issuer's debts of the issuer or to secure guarantees or other support of its obligations, the issuer must immediately thereafter announce the following of the issuer. ~~In these circumstances, the information required to be announced, immediately thereafter, is as follows:—~~

(1) ...

Note: ~~This disclosure obligation set out in this rule is separate from the disclosure obligation arising from the pledging or charging of securities by controlling shareholders which is dealt with in rule 17.43.~~

Loan agreements with covenants relating to specific performance by the controlling shareholder

17.20 ~~A disclosure obligation arises w~~Where an issuer or any of its subsidiaries enters into a loan agreement that includes a condition imposing specific performance obligations on any controlling shareholder (e.g. a requirement to maintain a specified minimum holding in the share capital of the issuer) and breach of such an obligation will cause a default in respect of loans that are significant to the issuer's operations, of the issuer the issuer must immediately thereafter announce the following. ~~In these circumstances, the information required to be announced, immediately thereafter, is as follows:—~~

(1) ...

Breach of loan agreement by an issuer

17.21 ~~An obligation to make an announcement arises when~~ If there is a an issuer or any of its subsidiaries breaches of the terms of a loan agreement by the issuer or any of its subsidiaries, in respect of any loan that is significant to the group's operations, such that the lender may demand its immediate repayment of the loan and where the lender has not waived issued a waiver in respect of the breach, the issuer must announce such information.

Continuing disclosure requirements

17.22 ...

17.23 ...

- 17.24 Where the circumstances giving rise to a disclosure under rule 17.18 continue to exist at the issuer's half yearly or quarterly period end or annual financial year end, ~~the issuer's~~ its half-year, quarterly or annual report ~~shall~~ must include a combined balance sheet of affiliated companies as at the latest practicable date. The combined balance sheet of affiliated companies should include significant balance sheet classifications and state the issuer's effective economic interest of the issuer in the affiliated companies. ~~In cases where~~ If it is not practicable to prepare the combined balance sheet of affiliated companies, the Exchange, on the issuer's application from the issuer, may consider ~~to~~ accepting, as an alternative, a statement of the indebtedness, contingent liabilities and capital commitments as at the end of the period reported on by affiliated companies.

Material changes following listing

- 17.25 Any proposed fundamental change in the principal business activities of an issuer or its group must be announced immediately after it has been the subject of any decision. Other than with the prior approval of the issuer's independent shareholders of the issuer in general meeting under pursuant to rule 19.89, an issuer may not, during the period of 12 months from the date on which dealings in its securities commenced on GEM, implement any such material change.

Note: See also rules 19.88 to 19.90.

- 17.26 ...

Material matters which impact on profit forecasts

[Note: The following proposed new rule 17.26A is from Note 11 to GLR17.10; elevated from a note to a rule]

- 17.26A (1) If, during the period of any forecast made by the issuer:-

- (a) an event occurs which, had it been known when the profit forecast was made, would have caused any of the assumptions upon which the forecast is based to have been materially different; or
- (b) income or loss is generated by some activity outside the issuer's ordinary and usual course of business (which was not disclosed as anticipated in the document containing the profit forecast) and which contributes or is likely to contribute materially to the profits for such period.

the issuer must promptly announce the event and relevant details. In the announcement, the issuer must also indicate the likely impact of that event or activity on the profit forecast already made.

- (2) The issuer must announce the information under rule 17.26A(1) as soon as it becomes aware that it is likely that the contribution to the profits made or to be made by the income or loss generated or to be generated as aforesaid will be material.

Winding-up and liquidation

- 17.27 (1) An issuer shall inform the Exchange of and announce ~~make an announcement on~~ the happening of any of the following events, as soon as it the same shall ~~comes to the its attention of the issuer:—~~
- (b) ...
 - (c) the passing of any resolution by the issuer, its holding company or any subsidiary falling under rule 17.27(2) that it be ~~wound-up~~ wound up by way of members' or creditors' voluntary winding-up, or equivalent action in the country of incorporation or other establishment;
 - (d) ...
 - (e) the making of any final judgment, declaration or order by any court or tribunal of competent jurisdiction whether on appeal or at first instance which is not subject to any or further appeal, which may adversely affect the issuer's enjoyment of any portion of its assets where the aggregate value of the total assets or the aggregate amount of profits or revenue attributable to such assets represents more than 5% under any of the percentage ratios as defined under rule 19.04(9).
- (2) Rules 17.27(1)(a), (b) and (c) will apply to a subsidiary of the issuer if the value of that subsidiary's total assets, profits or revenue represents 5% or more under any of the percentage ratios as defined under rule 19.04(9).

Notes: 1 ...

~~2—In the circumstances referred to in Note 9 to rule 17.10, the Exchange may be prepared to give a dispensation from the requirement to make the information public. However, the Exchange must be informed in any event.~~

~~3—The issuer must at all times also have regard to its general disclosure obligation under rule 17.10.~~

General matters relevant to the issuer's securities

Board decisions

17.49 An issuer shall inform the Exchange and publish an announcement immediately after (and for the purpose of providing details of) the approval by or on behalf of the board of:—

(2) ...

(3) any preliminary announcement of profits or losses for any year, or any half-year or quarterly report or results announcements for any or other period; and

Notes: 1 The timing of board meetings is a matter for the convenience and judgement of individual boards, but an issuer should inform the Exchange of ~~should be informed of~~, and ~~an announcement be made in respect of~~, decisions on dividends and results as soon as practicable after they ~~such decisions~~ have been taken. The directors are reminded that it is their direct responsibility to ensure that such information is kept strictly confidential until it is the announcement is made. In the case of a preliminary announcement of results, ~~listed~~ issuers' attention is drawn to the ~~provisions set out~~ in Chapter 18 regarding disclosure of in relation to the disclosure requirements for quarterly, half-year and annual results announcements.

2 ~~Issuers are reminded that Note 10 to rule 17.10 and Note 1 above are~~ is also applicable to a preliminary announcement of results for a full year. As soon as possible after draft accounts have been agreed with the auditors, those accounts, adjusted to reflect any dividend decision, should be approved, in view of their price-sensitive nature, as the basis of a preliminary announcement of results for the full year.

(4) ...

Changes

17.50 An issuer must publish an announcement as soon as practicable in regard to:—

(2) ...

(m) ...

- (n) full particulars where:
- (i) he has been identified as an insider dealer ~~under pursuant to~~ Parts XIII or XIV of the Securities and Futures Ordinance or the repealed Securities (Insider Dealing) Ordinance at any time;
 - (ii) any enterprise, company or unincorporated business enterprise with which he was or is connected (as ~~such expression is~~ defined in Parts XIII or XIV of the Securities and Futures Ordinance or the repealed Securities (Insider Dealing) Ordinance) or any enterprise, company or unincorporated business enterprise for which he acts or has acted as an officer, supervisor or manager has been identified as an insider dealer ~~under pursuant to~~ Parts XIII or XIV of the Securities and Futures Ordinance or the repealed Securities (Insider Dealing) Ordinance at any time during the period when he was connected and/or acted as an officer, supervisor or manager;
 - (iii) he has been found guilty of or been involved in insider dealing, or been held by any Court or competent authority to ~~have be in~~ breached of any securities or financial markets laws, rules or regulations including any rules and regulations of any securities regulatory authority, stock exchange or futures exchange at any time; ~~or~~
 - (iv) any enterprise, company or unincorporated business enterprise in which he was or is a controlling shareholder (as ~~such term is~~ defined in the GEM Listing Rules) or was or is a supervisor, manager, director or officer or has been found guilty of or been involved in insider dealing, or been held by any Court or competent authority to have ~~be in~~ breached of any securities or financial markets laws, rules or regulations including any rules and regulations of any securities regulatory authority, stock exchange or futures exchange at any time during the period when he was a controlling shareholder, supervisor, manager, director or officer; or

- (v) he has been found by the Market Misconduct Tribunal, any Court or competent authority to have breached an obligation under the Inside Information Provisions, or where any issuer of which he was or is a controlling shareholder (as defined in the GEM Listing Rules) or was or is a supervisor, manager, director, chief executive or officer has been found by the Market Misconduct Tribunal, any Court or competent authority to have breached an obligation under the Inside Information Provisions at any time during the period when he was a controlling shareholder, supervisor, manager, director, chief executive or officer;

Chapter 19

EQUITY SECURITIES

NOTIFIABLE TRANSACTIONS

Preliminary

- 19.01 This Chapter deals with certain transactions, principally acquisitions and disposals, by a listed issuer. It describes how they are classified, the details that are required to be disclosed in respect of them and whether a circular and shareholders' approval are required. It also considers additional requirements in respect of takeovers and mergers.

Note:—Listed issuers should note that even if a transaction is not required to be disclosed pursuant to the provisions of this Chapter, it may nevertheless be required to be disclosed under the listed issuer's general obligation to keep the market informed of all price sensitive information (see rule 17.10).

Definitions

- 19.04 For the purposes of this Chapter:—
- (1) any reference to a “transaction” by a listed issuer:
- (g)

Notes: 1 To the extent not expressly provided in rules 19.04(1)(a) to (f), any transaction of a revenue nature in the ordinary and usual course of business of a listed issuer will be exempt from the requirements of this Chapter. ~~However, listed issuers should note that transaction may nevertheless be required to be disclosed under the listed issuer's general obligation to keep the market informed of all price sensitive information (see rule 17.10).~~

Requirements for all transactions

Notification and announcement

19.34 As soon as possible after the terms of a share transaction, discloseable transaction, major transaction, very substantial disposal, very substantial acquisition or reverse takeover have been finalised, the listed issuer must in each case:—

- (1) inform the Exchange; and

Note: ~~Under rule 17.10, a listed issuer's notification obligations in respect of information expected to be price sensitive arise as soon as that information is the subject of a decision.~~

- (2) ...

Requirements for all transactions

Trading halt and ~~Short~~ suspension of dealings

19.37 (1) ~~Where an listed issuer has signed an agreement in respect of a share transaction, major transaction, very substantial disposal, very substantial acquisition or reverse takeover and the required announcement has not been published on a business day, the listed issuer it must request a short suspension of dealings in its securities apply for a trading halt pending the publication of the announcement.~~

- (2) ~~Without prejudice to rule 19.37(1), in any event, an listed issuer that has signed an agreement in respect of a notifiable transaction which it reasonably believes would require disclosure under the Inside Information Provisions that is expected to be price sensitive must immediately request a short suspension of dealings in its securities apply for a trading halt pending the publication of the required announcement of the agreement.~~

- (3) ~~An listed issuer that has finalised the major terms of an agreement in respect of a notifiable transaction which it reasonably believes would require disclosure under the Inside Information Provisions of the Ordinance that is expected to be price sensitive must ensure confidentiality of the relevant information until making publication of the required announcement. Where the listed issuer considers that the necessary degree of security cannot be maintained or that the security may have been breached, it must make publish an announcement or immediately apply for a trading halt request a short suspension of dealings in its securities pending the publication of the announcement.~~
- (4) ~~Directors of listed issuers must, are reminded of their obligation under rule 17.07A, pursuant to Note 2 to rule 17.10 maintain to keep confidentiality of information that is likely to be inside information have a significant effect on market activity in or the price of any listed securities, until such time as it is announced a formal announcement is made in accordance with the requirements of Chapter 16.~~
- (5) ~~In the case of a reverse takeover, suspension of dealings in the listed issuer's securities must should continue until the issuer has announced disclosure of sufficient information has been made by the listed issuer by way of an announcement. Whether the amount of information disclosed in the announcement is sufficient or not is determined on a case-by-case basis.~~

Additional requirements for major transactions

Methods of approval

- 19.44 Shareholders' approval for a major transaction shall be given by a majority vote at a general meeting of the shareholders of the listed issuer unless all the following conditions are met, in which case written shareholders' approval may, subject to rule 19.86, be accepted in lieu of holding a general meeting:—
- (1) no shareholder is required to abstain from voting if the listed issuer were to convene a general meeting for the approval of the transaction; and
 - (2) the written shareholders' approval has been obtained from a shareholder or a closely allied group of shareholders who together hold more than 50% in nominal value of the securities giving the right to attend and vote at that general meeting to approve the transaction. ~~Where a listed issuer discloses unpublished price sensitive information to any shareholder in confidence to solicit the written shareholders' approval, the listed issuer must be satisfied that such shareholder is aware that he must not deal in the listed issuer's securities before such information has been made available to the public.~~

Contents of announcements

Profit forecast in an announcement

19.62 Where the announcement contains a profit forecast in respect of the ~~listed~~ issuer or a company which is, or is proposed to become, one of its subsidiaries, the ~~listed~~ issuer must submit the following additional information and documents to the Exchange by no later than the making publication of such announcement:—

- (1) ...
- (2) a letter from the ~~listed~~ issuer's auditors or reporting accountants confirming...; and
- (3) a report from the ~~listed~~ issuer's financial advisers confirming that ... If no financial advisers have been appointed in connection with the transaction, the ~~listed~~ issuer must provide...

Note: See rule 17.26A in respect of issuers' obligation to announce material or significant changes which impact on profit forecasts.

Chapter 20

EQUITY SECURITIES

CONNECTED TRANSACTIONS

Waivers

Shareholders' meeting waiver

20.43 Where independent shareholders' approval of a connected transaction is required, ~~such~~ the approval shall be given by a majority vote at a general meeting of shareholders of the ~~listed~~ issuer unless the following conditions are met, in which case a written shareholders' approval may be accepted in lieu of holding a general meeting:—

- (1) no shareholders of the ~~listed~~ issuer is required to abstain from voting if the ~~listed~~ issuer were to convene a general meeting for the approval of the connected transaction; and
- (2) ...

Notes: 1 ...

~~2 — Where a listed issuer discloses price sensitive information to any shareholder in confidence to solicit the written independent shareholders' approval, the listed issuer must be satisfied that such shareholder is aware that he must not deal in the listed issuer's securities before such information has been made available to the public.~~

Announcement requirements

20.47 Issuers proposing to enter into a connected transaction or a continuing connected transaction which is subject to announcement requirements must:—

(1) ...

~~Note: Under rule 17.10, a listed issuer's notification obligations in respect of information expected to be price sensitive arise as soon as that information is the subject of a decision.~~

(2) submit an announcement to the Exchange to be published on the GEM website as soon as possible; and

Note: Where the connected transaction is also a share transaction, major transaction, very substantial disposal, very substantial acquisition or reverse takeover, rule 19.37 (requirement for trading halt or short suspension of dealings) also applies.

Chapter 23

EQUITY SECURITIES

SHARE OPTION SCHEMES

Restriction on the time of grant of options

23.05 ~~An issuer grant of options may not grant any options be made after inside information has come to its knowledge a price sensitive event has occurred or a price sensitive matter has been the subject of a decision until it has announced the such price sensitive information has been announced in accordance with the requirements of Chapter 16. In particular, it may not grant any option during the period commencing one month immediately before preceding the earlier of:~~

(1) the date of the board meeting (as such date is first notified to the Exchange ~~under in accordance with~~ rule 17.48) for approving the approval of the listed issuer's results for any year, half-year or quarter-year period or any

other interim period (whether or not required under the GEM Listing Rules); and

- (2) the deadline for the issuer to ~~announce~~ ~~publish an announcement~~ of its results for any year, half year or quarter-year period under rules 18.49, 18.78 or 18.79 or any other interim period (whether or not required under the GEM Listing Rules),

and ending on the date of the results announcement, ~~no option may be granted.~~

Note: ~~The period during which n~~No option may be granted ~~during will cover~~ any period of delay in ~~the publication of~~ publishing a results announcement.

Chapter 28

DEBT SECURITIES

APPLICATION PROCEDURES AND REQUIREMENTS

Preliminary

- 28.08 All publicity material released in Hong Kong relating to an issue of debt securities by a new applicant ~~must be reviewed by the Exchange before release and must not be released until the Exchange has reviewed it and confirmed to the issuer that it has no further comments thereon.~~ In addition, ~~such~~ the publicity material must comply with all ~~applicable~~ statutory requirements. For these purposes, publicity material does not relate to an issue of debt securities if its purpose is the promotion of the issuer or its products or business and not the promotion of the debt securities to be issued. Moreover, circulation is permitted of documents of a marketing nature such as the invitation or offering document ~~text~~ (or its equivalent ~~in another medium~~) and documents which consist of, or are drafts of, or relate to, agreements to be entered into in connection with the issue of the debt securities, provided that any obligations created thereunder to issue, subscribe, purchase or underwrite the debt securities are conditional on listing being granted. ~~These~~ Such documents will not be considered as falling within the scope of this rule and need not be submitted for prior review. Any publicity material and announcement referring to a new applicant which is issued before the Listing Division's hearing ~~by the Listing Division~~ of the new applicant's application for listing must state that application has been or will be made to the Exchange for listing of and for permission to deal in the debt securities concerned. Where any material relating to a proposed listing by a new applicant is released without the Exchange's prior review ~~by the Exchange~~ before the ~~such~~ hearing, the Exchange may postpone the ~~such~~ hearing by up to 1 month.

~~Listed issuers must comply with the obligation to maintain confidentiality prior to the announcement of~~ before announcing an issue. Where the Exchange believes that an listed issuer or its advisers have permitted inside price-sensitive information regarding the issue of additional securities to leak, before announcing prior to an announcement on the subject, the Exchange will not normally consider an application for the listing of those securities.

Chapter 30

DEBT SECURITIES

DEBT ISSUES TO PROFESSIONAL INVESTORS ONLY

Continuing Obligations

- 30.40 An issuer must immediately announce any information which
- ~~(a) Is necessary for investors to appraise its position or~~
 - (b) Is necessary to ~~avoid~~ correct or prevent a false market in its securities where there is or there is likely to be a false market in its securities. ~~or~~
 - ~~(c) May have a material affect on its ability to meet the obligations under its debt securities.~~
- 30.40A If the securities are guaranteed, the guarantor must immediately announce any information which may have a material effect on its ability to meet the obligations under the debt securities.
- 30.40B (a) Where an issuer is required to disclose inside information under the Inside Information Provisions, it must also simultaneously announce the information.
- (b) An issuer must simultaneously copy to the Exchange any application to the Commission for a waiver from disclosing inside information under the Inside Information Provisions, and promptly upon being notified of the Commission's decision copy it to the Exchange.
- 30.40C An issuer and its directors must maintain strict confidentiality of inside information until it is announced. They must ensure that the strictest security of the information is observed within the issuer and its advisers.

30.40D An issuer must not divulge any information in such a way as to place in a privileged dealing position any person or class or category of persons. It must not release any information in such a way that Exchange transactions may be entered into at prices which do not reflect the latest available information.

30.40E An issuer and its directors must seek to ensure that dealings do not take place between parties one of whom does not have inside information which the other possesses.

30.40F Subject always to the Exchange's ability to direct the halt and resumption of trading in an issuer's listed debt securities, an issuer and/or the guarantor of the issued debt securities must, as soon as reasonably practicable, apply for a trading halt in any of the following circumstances where an announcement cannot be made promptly:

- (a) the issuer and/or the guarantor has information which must be disclosed under rule 30.40 or 30.40A; or
- (b) the issuer and/or the guarantor reasonably believes that there is inside information which must be disclosed under the Inside Information Provisions; or
- (c) circumstances exist where confidentiality may have been lost in respect of inside information which:
 - (i) is the subject of an application to the Commission for a waiver; or
 - (ii) falls within any of the exceptions to the obligation to disclose inside information under the Inside Information Provisions in section 307D(2) of the Ordinance.

Chapter 31

DEBT SECURITIES

CONTINUING OBLIGATIONS

Continuing disclosure obligations

General obligation of disclosure

31.04- Generally and apart from compliance with all the specific requirements of the GEM Listing Rules, an issuer ~~shall~~ must comply with the following ~~keep the Exchange and holders of its listed debt securities informed as soon as~~

~~reasonably practicable of any information relating to the group (including information on any major new developments in the group's sphere of activity which is not public knowledge) which :—~~

- ~~(1) is necessary to enable them and the public to appraise the position of the group; or~~
- (2) Without prejudice to rule 31.05, where there is or there is likely to be a false market in its listed debt securities, an issuer must, as soon as reasonably practicable, announce the information is necessary to correct or prevent avoid the establishment of a false market in its listed debt securities; or
- ~~(3) might be reasonably expected materially to affect its ability to meet its commitments.~~
- (4) If the securities are guaranteed, the guarantor must immediately announce any information which may have a material effect on its ability to meet the obligations under the debt securities.
- (5) (a) Where an issuer is required to disclose inside information under the Inside Information Provisions of the Ordinance, it must also simultaneously announce the information.
(b) An issuer must simultaneously copy to the Exchange any application to the Commission for a waiver from disclosing inside information under the Inside Information Provisions, and promptly upon being notified of the Commission's decision copy the Exchange with the Commission's decision.
- (6) An issuer and its directors must maintain strict confidentiality of inside information until it is announced. They must ensure that the strictest security of the information is observed within the issuer and its advisers.
- (7) An issuer must not divulge any information in such a way as to place in a privileged dealing position any person or class or category of persons. It must not release any information in such a way that Exchange transactions may be entered into at prices which do not reflect the latest available information.
- (8) An issuer and its directors must seek to ensure that dealings do not take place between parties one of whom does not have inside information which the other possesses.
- (9) (a) If, during the period of any profit forecast made by the issuer:—

- (i) an event occurs which, had it been known when the profit forecast was made, would have caused any of the assumptions upon which the forecast is based to have been materially different; or
- (ii) income or loss is generated by some activity outside the issuer's ordinary and usual course of business (which was not disclosed as anticipated in the document containing the profit forecast) and which contributes or is likely to contribute materially to the profits for such period,

the issuer must promptly announce the event and relevant details. In the announcement, the issuer must also indicate the likely impact of that event or activity on the profit forecast already made.

- (b) The issuer must announce the information under rule 31.04(9)(a) as soon as it becomes aware that it is likely that the contribution to the profits made or to be made by income or loss generated or to be generated as aforesaid will be material.

Notes: 1

~~Information should not be divulged outside the issuer and its advisers in such a way as to place in a privileged dealing position any person or class or category of persons. Information should not be released in such a way that Exchange transactions may be entered into at prices which do not reflect the latest available information. [See new rule 31.04(7)]~~

~~Without in any way derogating from this principle, issuers may, in appropriate circumstances, give advance information in strict confidence to persons with whom negotiations are taking place with a view to the making of a contract or the raising of finance, e.g. to prospective underwriters of an issue of debt securities or providers of funds on loan. In any such case the persons receiving such information will be expected to deal in the issuer's debt securities until the information has been released.~~

2

~~When developments are on hand which are likely to have a significant effect on the ability of the issuer to meet its commitments **it is the direct responsibility of the directors to ensure that such information** is kept strictly confidential until a formal announcement is made.~~

~~To this end the directors must ensure that the strictest security is observed within the issuer and its advisers and if at any time it is felt that the necessary degree of security cannot be maintained or that security may have been breached, an announcement should be made. The lack of an announcement in some situations may lead to the establishment of a false market. [See new rule 31.04(6)]~~

- ~~3 — The issuer may be obliged (by statute or otherwise) to impart information to a third party. If such information thereby enters the public domain and is of a price-sensitive nature, it should be simultaneously released to the market.~~
- ~~4 — The question of timing of the release of an announcement to the market is crucial, having regard to its possible effect on the market price of the issuer's listed debt securities. The overriding principle is that information which is expected to be price sensitive should be announced immediately it is the subject of a decision. Failure to follow this principle may result in the Exchange imposing a temporary suspension of dealings.~~
- ~~5 — The issuer must endeavour to avoid any suspension of its securities having regard to the provisions of rule 9.03 and the Notes thereto.~~
- ~~6 — Rule 31.20 sets out general principles as to the presentation of information in all announcements, listing documents and circulars required to be published under the GEM Listing Rules.~~
- 7 Any obligation to inform holders of the issuer's debt securities or the public will be satisfied by the information being announced in accordance with rule 31.03.
- ~~8 — Where it is proposed to announce at any meeting of holders of listed debt securities information which might affect the market price of the issuer's debt securities, arrangements should be made for the release of that information to the market simultaneously or immediately after the meeting in accordance with Chapter 16.~~
- ~~9 — If the directors consider that disclosure of information to the public might prejudice the issuer's business interests, the Exchange must be consulted as soon as practicable.~~
- ~~10 — Information should be released before the stage when it needs to be made available outside the directors, employees and advisers necessarily concerned. The date of the requisite board meeting should be fixed with this consideration in mind; if a suitable date cannot be fixed, it may be necessary for the board to delegate its power of approval to a committee so that the appropriate announcement can be made at the proper time.~~
- ~~11 — If, during the period of any profit forecast made by the issuer:—~~
- ~~(a) — an event occurs which, had it been known at the time the profit forecast was made, would have caused any of the assumptions upon which the forecast is based to have been materially different;~~
~~or~~

~~(b) — income or loss is generated by some activity outside the ordinary and usual course of the business (which income or loss was not disclosed as anticipated in the document in which the profit forecast was made) and which contributes or is likely to contribute materially to the calculation of the profits for such period;~~

~~the issuer shall promptly disclose the occurrence of such event and relevant details to holders of the issuer's debt securities. The issuer should give an indication in the announcement of the likely impact of the event or activity referred to above on the profit forecast.~~

~~A disclosure obligation arises under sub paragraph (b) above as soon as the issuer becomes aware that it is likely that the contribution in the calculation of profits made or to be made by income or loss generated or to be generated as aforesaid will be material. [See the new rule 31.04(9); escalated to a rule.]~~

~~12 — An issuer must consider whether or not it is appropriate or necessary to make any disclosure pursuant to this rule in circumstances where the profits or business developments of the issuer are or are likely to be out of line with any estimate or projection of the issuer or with market expectations of the issuer. If thought appropriate or necessary, an announcement should be made, on a timely basis, revising any estimate or projection and setting out reasons or explanations for the difference.~~

~~13 — In circumstances where the issuer is aware that the price or trading volume of its listed debt securities is or may be being influenced by speculation or rumour, the issuer is encouraged to make an announcement by way of clarification in order to avoid the establishment of an uninformed, misinformed or false market in its securities. In the event that the Exchange contacts the issuer concerning unusual movements in the price or trading volume of its securities, rule 31.05 shall apply.~~

~~14 — Without limiting the generality of Note 13 above, comments by individuals who: —~~

~~(a) — are directors or representatives of an issuer or its controlling shareholder; and/or~~

~~(b) — hold positions in entities with authority, administrative control or influence over an individual issuer or its controlling shareholder irrespective of that entity's equity interest in the issuer or controlling shareholder; and/or~~

~~(c) — hold positions in entities with authority, administrative control, influence or regulatory responsibility over an industry may be accorded considerable weight by the news media and investors. They may affect market activity in and the price of an issuer's securities thereby giving rise to an obligation under this rule. If these individuals make public proposed transactions or developments in relation to an issuer, which have not previously been announced or disclosed to shareholders in accordance with the GEM Listing Rules, the issuer affected will generally be required to clarify such comments by way of an announcement. Furthermore, comments by individuals holding positions in entities having authority, administrative control, influence or regulatory responsibility over an industry may give rise to an obligation on issuers operating in that industry to issue a clarification announcement.~~

~~15 — Any confidentiality undertaking entered into by an issuer shall be made subject to any obligation on the part of the issuer to disclose information pursuant to the GEM Listing Rules.~~

Response to enquiries

31.05 ~~Where the Exchange makes enquiries An issuer shall respond promptly to any enquiries made of the issuer by the Exchange concerning unusual movements in the price or trading volume of its listed debt securities, the possible development of a false market in its securities, or any other matters, the issuer must respond promptly as follows: by~~

- ~~(1) giving provide to the Exchange and, if requested by the Exchange, announce, any such relevant information relevant to the subject matter(s) of the enquiries which as-is available to it, so as to inform the market or to clarify the situation; the issuer or;~~
- ~~(2) if, and only if, the directors of the issuer, having made due enquiry, are not aware of any information that is or may be relevant to the subject matter(s) of the Exchange's enquiries or of any inside information which needs to be disclosed under the Ordinance, and if requested by the Exchange, appropriate, by issuing make an announcement containing a statement to that the effect (see note 1 below), that the issuer is not aware of any matter or development that is or may be relevant to the unusual price movement or trading volume of its listed debt securities and shall also respond promptly to any other enquiries made of the issuer by the Exchange.~~

Notes: If the directors of the issuer are not aware of any matter that might have relevance to such movements (and only in such circumstances) the issuer should issue an announcement in the following form

1. The form of the announcement referred to in rule 31.05(2) is as follows:—

“This announcement is made at the request of The Stock Exchange of Hong Kong Limited. Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this announcement, 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 announcement.

We have noted [the recent increases/decreases in the price and/or trading volume of the debt securities of the Company] or [We refer to the subject matter of the Exchange’s enquiry]. Having made due enquiry, we confirm ~~and wish to state~~ that we are not aware of [any reasons for these movements such [increases/decreases] or [relevant information concerning the subject matter of the Exchange’s enquiry] or of any information which must be announced to correct or to prevent a false market in the Company’s securities or of any inside information under Part XIVA of the Securities and Futures Ordinance that needs to be disclosed.

~~The Board is not aware of any matter discloseable under the general obligation imposed by rule 31.04 of the GEM Listing Rules, which is or may be of a price sensitive nature.~~

This announcement is ~~M~~made by the order of the Company. The Company’s Board of [], ~~the d~~Directors of which collectively and individually accept responsibility for the accuracy of this announcement.”

2. The Exchange reserves the right to direct a trading halt of an issuer’s securities if an announcement under rule 31.05(1) or 31.05(2) cannot be made promptly.

31.05A Subject always to the Exchange’s ability to direct the halt and resumption of trading in an issuer’s listed debt securities, an issuer and/or the guarantor of the issued debt securities must, as soon as reasonably practicable, apply for a trading halt in any of the following circumstances where an announcement cannot be made promptly:

- (1) the issuer and/or the guarantor has information which must be disclosed under rule 31.04(2) or (4); or

- (2) the issuer and/or the guarantor reasonably believes that there is inside information which must be disclosed under the Inside Information Provisions; or
- (3) circumstances exist where confidentiality may have been lost in respect of inside information which:
 - (a) is the subject of an application to the Commission for a waiver; or
 - (b) falls within any of the exceptions to the obligation to disclose inside information under the Inside Information Provisions in section 307D(2) of the Ordinance.

Winding-up and liquidation

31.07 The issuer shall inform the Exchange ~~of on~~ the happening of any of the following events, as soon as ~~it the same shall~~ comes to ~~its the~~ attention ~~of the issuer:—~~

- (5) ...

Note: ~~In the circumstances referred to in Note 9 to rule 31.04, the Exchange may be prepared to give a dispensation from the requirement to make the information public. However, the Exchange must be informed in any event.~~

Practice Note 2

DUE DILIGENCE BY SPONSORS IN RESPECT OF INITIAL LISTING APPLICATIONS

Due diligence

- 15. Typical due diligence inquiries in relation to the new applicant's accounting and management systems and in relation to the directors' appreciation of their and the new applicant's obligations include:
 - (a) assessing the new applicant's accounting and management systems that are relevant to:
 - (i) ~~to~~ the obligations of the new applicant and its directors under ~~to~~ ~~comply with~~ the GEM Listing Rules and other legal and regulatory requirements, in particular the financial reporting, disclosure of

~~price sensitive information and~~ notifiable and connected transaction and inside information requirements; and

- (ii) ~~to~~ the directors' ability to make a proper assessment of the financial position and prospects of the new applicant and its subsidiaries, both before and after listing.

Such assessment should cover the new applicant's compliance manuals, policies and procedures including corporate governance policies and any letters ~~from given by~~ the reporting accountants to the new applicant ~~that~~ commenting on the new applicant's accounting and management systems or other internal controls; and

- (b) ...

Practice Note 3

PRACTICE WITH REGARD TO PROPOSALS SUBMITTED BY ISSUERS TO EFFECT THE SEPARATE LISTING ON THE EXCHANGE OR ELSEWHERE OF ASSETS OR BUSINESSES WHOLLY OR PARTLY WITHIN THEIR EXISTING GROUPS

3. Principles

The principles, which apply equally whether the entity to be spun off is to be listed in Hong Kong or overseas, are as follows:

(a) to (f)...

(g) *Announcement of spin-off*

~~A spin-off listing application is different from an ordinary listing application in that it is of material, price sensitive effect for an existing listed issuer. The Exchange accordingly considers that the latest time at which a formal announcement under rule 17.10 should be made is~~ An issuer must announce its spin-off listing application by the time it lodges of lodgement of the Form A (or its equivalent in any overseas jurisdiction). Where an overseas jurisdiction requires a confidential filing, the matter should be discussed with the Listing Division ~~prior to any such~~ before the filing. Until ~~the publication of the~~ announcement of the application, ~~in accordance with rules 16.17 to 16.19,~~ strict confidentiality should be maintained and, ~~in the event of~~ if there is a leakage of information or of a significant, unexplained movement in the price or turnover volume of the Parent's securities, an earlier announcement would be required.

~~These above~~ are set forth as general principles intended to assist the market. The Listing Division should be consulted at an early stage of any spin-off proposal for clarification as to the application thereof.

Appendix 6
DIRECTOR'S AND SUPERVISOR'S FORMS
FORM C

**Supervisor's declaration and undertaking and acknowledgement
in respect of an issuer incorporated in the People's Republic of China ("PRC")**

Part 2
UNDERTAKING AND ACKNOWLEDGEMENT

The particulars referred to in this Part 2 are:—

1. in the exercise of my powers and duties as a supervisor of
(Insert the name of the issuer) I, the undersigned, shall:

(d) ...

- (e) comply to the best of my ability, as if the same applied to me to the same extent as it does to directors of the issuer, with: (a) Parts XIVA and XV of the Securities and Futures Ordinance; (b) rules 5.46 to 5.67 of the GEM Listing Rules relating to securities transactions by directors; (c) the Code on Takeovers and Mergers; (d) the Code on Share Repurchases, and (e) all other relevant securities laws and regulations from time to time in force in Hong Kong;

盡力遵守下列條例及規則，猶如該條例適用於本人，程度上如同其適用於公司董事般：(a)《證券及期貨條例》第XIVA及XV部；(b)《創業板上市規則》第5.46至5.67條有關董事進行證券交易的規定；(c)《公司收購及合併守則》；(d)《股份購回守則》；以及(e)香港所有其他不時生效的有關證券法例與規例；

Appendix 7
SPONSOR'S FORMS
FORM G

Sponsor's Declaration in support of a New Applicant

Pursuant to rule 6A.13 we declare to The Stock Exchange of Hong Kong Limited (the "Exchange") that:

- (1) ...

- (2) having made reasonable due diligence inquiries, we have reasonable grounds to believe and do believe that:
- (d) ...
- (e) the Company has established procedures, systems and controls (including accounting and management systems) which are adequate having regard to the obligations of the Company and its directors under to comply with the GEM Listing Rules and other relevant legal and regulatory requirements (in particular rules 17.10, 17.11, 18.03, 18.49 and 18.53 to 18.64 and Chapters 19 and 20, and Part XIVA of the Securities and Futures Ordinance) and which are sufficient to enable the Company's directors to make a proper assessment of the financial position and prospects of the Company and its subsidiaries, both before and after listing; and

Appendix 15

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

A.6 Responsibilities of directors

Code Provisions

A.6.4 The board should establish written guidelines no less exacting than the Model Code for relevant employees in respect of their dealings in the issuer's securities. "Relevant employee" includes any employee or a director or employee of a subsidiary or holding company who, because of his office or employment, is likely to possess ~~be in possession of unpublished price sensitive~~ inside information in relation to the issuer or its securities.

C. ACCOUNTABILITY AND AUDIT

C.1 Financial reporting

Code Provisions

C.1.5 The board should present a balanced, clear and understandable assessment in annual and interim reports, ~~other price sensitive announcements~~ and other financial disclosures required by the GEM Listing Rules. It should also do so for reports to regulators and information disclosed under statutory requirements.

S. INTERNAL CONTROLS

- (a) Where an issuer includes a directors' statement that they have conducted a review of its internal control system in the annual report under paragraph C.2.1, it is encouraged to disclose the following:
- (i) ...
 - (ii) procedures and internal controls for the handling and dissemination of ~~price-sensitive~~ inside information;
 - (iii)

**Appendix 17
Headline Categories**

The following documents are submitted by issuers for publication on our website as listed companies information:–

Schedule 1

Headline Categories for Announcements and Notices

Reorganisation/Change in Shareholding/Major Changes/Public Float/Listing Status

...

Suspension

Trading Halt

Miscellaneous

...

~~Price Sensitive~~ Inside Information

APPENDIX III: PERSONAL INFORMATION COLLECTION AND PRIVACY POLICY STATEMENT

Provision of Personal Data

1. Your supply of Personal Data to HKEx is on a voluntary basis. “Personal Data” in these statements has the same meaning as “personal data” in the Personal Data (Privacy) Ordinance, Cap 486, which may include your name, identity card number, mailing address, telephone number, email address, login name and/or your opinion.

Personal Information Collection Statement

2. This Personal Information Collection Statement is made in accordance with the guidelines issued by the Privacy Commissioner for Personal Data. It sets out the purposes for which your Personal Data will be used after collection, what you are agreeing to in respect of HKEx’s use, transfer and retention of your Personal Data, and your rights to request access to and correction of your Personal Data.

Purpose of Collection

3. HKEx may use your Personal Data provided in connection with this consultation paper for purposes relating to this consultation and for one or more of the following purposes:
 - administration, processing and publication of the consultation paper and any responses received;
 - performing or discharging HKEx’s functions and those of its subsidiaries under the relevant laws, rules and regulations;
 - research and statistical analysis; and
 - any other purposes permitted or required by law or regulation.

Transfer of Personal Data

4. Your Personal Data may be disclosed or transferred by HKEx to its subsidiaries and/or regulator(s) for any of the above stated purposes.
5. To ensure that the consultation is conducted in a fair, open and transparent manner, any response together with your name may be published on an “as is” basis, in whole or in part, in document form, on the HKEx website or by other means. In general, HKEx will publish your name only and will not publish your other Personal Data unless specifically required to do so under any applicable law or regulation. If you do not wish your name to be published or your opinion to be published, please state so when responding to this paper.

Access to and Correction of Data

6. You have the right to request access to and/or correction of your Personal Data in accordance with the provisions of the Personal Data (Privacy) Ordinance. HKEx has the right to charge a reasonable fee for processing any data access request. Any such request for access to and/or correction of your Personal Data should be addressed to the Personal Data Privacy Officer of HKEx in writing by either of the following means:

By mail to: Personal Data Privacy Officer
Hong Kong Exchanges and Clearing Limited
12th Floor, One International Finance Centre
1 Harbour View Street
Central
Hong Kong

**Re: Consultation Paper on Rule Changes Consequential
on the Enactment of the Securities and Futures
(Amendment) Ordinance 2012**

By email to: pdpo@hkex.com.hk

Retention of Personal Data

7. Your Personal Data will be retained for such period as may be necessary for the carrying out of the above-stated purposes.

Privacy Policy Statement

8. HKEx is firmly committed to preserving your privacy in relation to the Personal Data supplied to HKEx on a voluntary basis. Personal Data may include names, identity card numbers, telephone numbers, mailing addresses, e-mail addresses, login names, opinion, etc., which may be used for the stated purposes when your Personal Data are collected. The Personal Data will not be used for any other purposes without your consent unless such use is permitted or required by law or regulation.
9. HKEx has security measures in place to protect against the loss, misuse and alteration of Personal Data supplied to HKEx. HKEx will strive to maintain Personal Data as accurately as reasonably possible and Personal Data will be retained for such period as may be necessary for the stated purposes and for the proper discharge of the functions of HKEx and those of its subsidiaries.

