

Consultation Conclusions

Rule Amendments Following Mainland China
Regulation Updates and Other Proposed
Rule Amendments Relating to PRC Issuers



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DEFINITIONS

TERM	DEFINITION
“A+H issuer”	A PRC issuer whose H shares and domestic shares are listed on the Exchange and a PRC stock exchange respectively
“A shares”	Domestic shares which are listed on a PRC stock exchange
“Consultation Paper”	Consultation Paper on Rule Amendments Following Mainland China Regulation Updates and Other Proposed Rule Amendments Relating to PRC Issuers
“CSRC”	China Securities Regulatory Commission
“domestic shares”	Shares of a PRC issuer which are subscribed for in Renminbi
“Exchange”	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of HKEX
“GEM Rules”	The Rules Governing the Listing of Securities on GEM
“H shares”	Shares of a PRC issuer which are listed on the Exchange
“HKEX”	Hong Kong Exchanges and Clearing Limited
“Main Board”	The Main Board of the Exchange
“Mandatory Provisions”	The Mandatory Provisions for Companies Listing Overseas set forth in Zheng Wei Fa (1994) No. 21 issued on 27 August 1994 by the State Council Securities Policy Committee and the State Commission for Restructuring the Economic System
“New PRC Regulations”	The “Decision of the State Council to Repeal Certain Administrative Regulations and Documents” issued by the State Council of the PRC on 17 February 2023 and the “Trial Administrative Measures of Overseas Securities Offering and Listing by Domestic Companies” and related guidelines issued by the CSRC on 17 February 2023

TERM	DEFINITION
“PRC” or “Mainland” or “Mainland China”	For purposes of the Listing Rules, the People’s Republic of China, other than the regions of Hong Kong, Macau and Taiwan
“PRC Company Law”	The Company Law of the PRC adopted at the Fifth Session of the Standing Committee of the Eighth National People’s Congress on 29 December 1993 and effective from 1 July 1994, as amended, supplemented or otherwise modified from time to time
“PRC Guidelines on AoA”	The Guidelines for the Articles of Association of Listed Companies issued by the CSRC
“PRC issuer”	An issuer which is duly incorporated in the PRC as a joint stock limited company
“PRC law”	The applicable provisions of the PRC constitution, or any statute, ordinance, regulation, rule or normative statement from time to time in force in the PRC, as the context may require
“Rules” or “Listing Rules”	The Rules Governing the Listing of Securities on the Exchange (Main Board unless otherwise stated)
“SFC”	The Securities and Futures Commission
“Special Regulations”	The Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定) issued by the State Council of the PRC on 4 August 1994, as amended, supplemented or otherwise modified from time to time
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs published by the SFC as amended from time to time

EXECUTIVE SUMMARY

Purpose

1. On 24 February 2023, the Exchange issued the Consultation Paper, introducing consequential Rule amendments to reflect changes in PRC regulations announced by the CSRC on 17 February 2023 (Chapter 2 of the Consultation Paper).
2. The Consultation Paper also sought the market's views on other proposed Rule amendments to remove or modify certain requirements specific to PRC issuers which are no longer necessary with a view to aligning the requirements for PRC issuers with those applicable to other issuers (Chapter 3 of the Consultation Paper). The consultation period ended on 24 March 2023.
3. This paper sets out conclusions to the consultation.

Market Feedback

4. We received 41 non-duplicate responses to the Consultation Paper from listed issuers, market practitioners, industry associations, professional parties and other entities and individuals. We would like to thank all those who responded.
5. Respondents in general support our Rule amendments to align the requirements for PRC issuers with those applicable to other issuers.

Consequential Rule amendments

6. While the consequential Rule amendments were not subject to public consultation, nine respondents provided their comments on the Rule amendments. Some respondents agreed that the Rule amendments are consequential to the changes in PRC regulations, however, some expressed concerns about the removal of the class meeting requirements as currently H shareholders (usually the minority group) have the ability to veto certain proposals through class meetings. Our responses are set out in Chapter 2.

Other proposed Rule amendments

7. Other proposed Rule amendments received support from a large majority of respondents. The results of the consultation are set out in Chapter 3.

Summary of Major Changes

8. After considering the feedback, we have decided to adopt all the Rule amendments outlined in the Consultation Paper. We have also modified (i) the amendments to Rule 19A.17 following respondents' comments

(see paragraph 66(ii)), and (ii) Note 1 to Rule 14.33 to reflect the amendments to Rule 19A.38.

9. Major amendments to the Rules include:

(a) Consequential Rule amendments

- (i) remove the class meeting and related requirements for the issuance and repurchase of shares by PRC issuers;
- (ii) remove the requirements for disputes involving H shareholders to be resolved through arbitration;
- (iii) remove the requirements for PRC issuers' articles of association to include the Mandatory Provisions and other ancillary provisions; and
- (iv) amend the documentary requirements for new listing applications to reflect the PRC's new filing requirements for overseas listings of Mainland-based companies.

(b) Other proposed Rule amendments

- (i) allow the limits on general mandate for issuance of new shares and scheme mandate for share schemes to be calculated with reference to a PRC issuer's total issued shares (instead of referencing to each of domestic shares and H shares);
- (ii) remove the requirements for directors, officers and supervisors of PRC issuers to provide undertakings to the issuers and their shareholders to comply with the PRC Company Law and the articles of association;
- (iii) align minor requirements on compliance advisers under Chapter 19A (for PRC issuers) with those in Chapter 3A (for all issuers); and
- (iv) remove certain requirements in Chapter 19A relating to i) online display or physical inspection of documents and ii) disclosure in listing documents of new applicants.

10. This paper also includes housekeeping Rule amendments to remove duplicate provisions, update outdated references, correct clerical errors or address inconsistencies (see Chapter 4).

Implementation

11. The amended Rules have been approved by the Board of the Exchange and the SFC. They will become effective on 1 August 2023.

12. PRC issuers must still adhere to their existing articles of association concerning class meetings and other provisions that were originally formulated based on the Mandatory Provisions until and unless they amend their articles of association to remove such provisions. In general, where PRC issuers propose to amend their articles of association to remove the class meeting requirements, they should obtain approvals of domestic shareholders and H shareholders at separate class meetings based on their existing articles of association.

CHAPTER 1: INTRODUCTION

Background

13. On 17 February 2023, the State Council and the CSRC announced the implementation of the New PRC Regulations and the repeal of the Special Regulations and the Mandatory Provisions with effect from 31 March 2023.
14. Under the New PRC Regulations, PRC issuers shall formulate their articles of association with reference to the PRC Guidelines on AoA in place of the Mandatory Provisions. The New PRC Regulations no longer require PRC issuers to follow the Mandatory Provisions to (i) deem holders of domestic shares and H shares (which are both ordinary shares) as different classes of shareholders, thereby removing the class meeting requirements applied to holders of domestic shares and H shares in certain circumstances; and (ii) use arbitration to resolve disputes involving H shareholders, thereby removing the arbitration requirements.
15. The New PRC Regulations also introduce a new filing regime for all direct and indirect overseas listings and securities offerings by Mainland-based companies.
16. On 24 February 2023, the Exchange issued the Consultation Paper on:
 - (i) consequential amendments to the Listing Rules to reflect recent changes in PRC regulations (Chapter 2);
 - (ii) the proposals to remove or modify certain requirements specific to PRC issuers which are no longer necessary with a view to aligning the requirements for PRC issuers with those applicable to other issuers (Chapter 3); and
 - (iii) a number of housekeeping amendments to the Listing Rules to remove duplicate provisions or outdated references, correct clerical errors or address inconsistencies (Chapter 4).
17. The consultation period ended on 24 March 2023.

Number of responses and nature of respondents

18. We received 41 non-duplicate responses to the Consultation Paper from a broad range of respondents. A breakdown of respondents by category are set out in Table 1 and Table 2 below¹.

¹ Due to rounding, the total percentages in each table may not add up to 100%.

Table 1: Institutional respondents by category

Category	Number	%
Accounting Firm	1	4%
Corporate Finance Firm / Bank	1	4%
HKEX Participant	1	4%
Investment Managers	2	7%
Law Firms	12	44%
Listed Companies	4	15%
Professional Bodies / Industry Associations	6	22%
Total	27	100%

Table 2: Individual respondents by category

Category	Number	%
Accountants	2	14%
Corporate Finance Staff	1	7%
Lawyers	3	22%
Listed Company Staff	5	36%
Retail Investor	1	7%
Other Individuals	2	14%
Total	14	100%

19. A list of the respondents (other than those who requested anonymity) is set out in **Appendix I**. Except for two respondents who requested the Exchange not to publish their submissions, the full text of all the submissions is available on the HKEX website².
20. The Exchange used its best judgment to categorise the respondents using the most appropriate descriptions.

Methodology

Qualitative analysis

21. We performed a qualitative analysis so that we could properly consider the broad spectrum of respondents and their views. A qualitative analysis enabled the Exchange to give due weight to responses submitted on behalf of multiple persons or institutions and the underlying rationale for a respondent's position.

Quantitative analysis

22. We also performed an analysis to determine the level of support, in purely numerical terms, for the proposals. The analysis is set out in **Appendix II**.

² Submissions received on the Consultation Paper can be accessed at: https://www.hkex.com.hk/News/Market-Consultations/2016-to-Present/Responses_Jul_2023?sc_lang=en

23. For the purpose of our quantitative analysis, we counted the number of responses received, not the number of respondents those submissions represented. For example, a submission by a professional body was counted as one response even though that body may represent many members.
24. In calculating the percentage of support for or against each proposal, we excluded those respondents who did not respond or did not indicate clearly a view to that proposal. For each question, at least 83% of respondents indicated clearly their views.

CHAPTER 2: RULE AMENDMENTS FOLLOWING MAINLAND CHINA REGULATION UPDATES

Summary of the Rule amendments

25. In connection with the implementation of the New PRC Regulations, we will make consequential Rule amendments to:
- (a) remove the Rule requirements that reflect the requirements set out in the Mandatory Provisions. They include:
 - (i) the class meeting and related requirements for the issuance and repurchase of shares by PRC issuers;
 - (ii) the requirements for disputes involving H shareholders to be resolved through arbitration; and
 - (iii) the requirements for PRC issuers' articles of association to include the Mandatory Provisions and other ancillary provisions; and
 - (b) amend the documentary requirements for new listing applications to reflect the PRC new filing requirements for overseas listings of Mainland-based companies.

Comments received

26. While these consequential Rule amendments were not subject to public consultation, nine respondents commented on the Rule amendments.
27. Of these nine respondents, three agreed with the consequential Rule amendments to reflect the changes in PRC regulations. They considered that since the holders of domestic shares and H shares are no longer deemed to be different classes of shareholders under the New PRC Regulations, the class meeting requirements now applicable to holders of domestic and H shares under the Rules should no longer apply. The Rule amendments would also provide a consistent framework for the protection of investors of all issuers irrespective of their place of incorporation. Six disagreed with the consequential Rule amendments.

(i) Class meeting requirements

28. Five respondents expressed concerns about the removal of class meeting requirements as currently H shareholders (usually the minority group) have the ability to veto certain proposals through class meetings. The Rule amendments would have an adverse impact on the interests of H shareholders by taking away their veto power. This might result in H shares being a less attractive investment to investors. Investors may

re-evaluate the risk profile and liquidity of H shares and review the overall value proposition of H shares. There were also concerns as to how the change would affect behaviour and the dynamics of the relationship between issuers and investors (see also paragraph 32).

29. The respondents considered that given A and H shares are non-fungible and trade in separate markets subject to different regulatory and market environments, they have different investor profiles and often trade with divergence in their share prices (with A shares often trading at a premium over H shares). They noted that in practice, there are scenarios where issuers' proposals may benefit only one group of shareholders, resulting in inequitable outcomes for the two groups³.
30. The respondents generally considered that separate class votes should be required for issuers' proposals that may result in different economic outcomes for holders of A shares and H shares. They cited as an example that the SFC will still require a separate vote where a PRC issuer's H shares are to be delisted and taken private under the Takeovers Code⁴, recognising that the H shareholders would be impacted to a much larger extent. They also noted that the Exchange is retaining the ability for holders of H shares to approve or veto any withdrawal of listing.
31. In this connection, some respondents recommended the Exchange to consider introducing the following measures:
 - (a) provide guidance to clarify that (i) based on the existing articles of association of a PRC issuer, proposed amendments to the articles of association to remove the class meeting requirements should be approved by domestic shareholders and H shareholders at separate class meetings; and (ii) a PRC issuer may opt to preserve the class meeting arrangements set out in its articles of association;
 - (b) formulate, after consulting the market, a list of corporate actions that may have potentially inequitable impact on the interests of holders of A and H shares and require separate approval by holders of A and H shares for these corporate actions; and
 - (c) require PRC issuers to provide an analysis of voting results of holders of A and H shares separately. If an issuer were to proceed with a proposal that would previously have been blocked by either group of shareholders, the issuer should explain why the proposal is in the interests of all shareholders.

³ For example, as A shares generally trade at a premium to H shares of an A+H issuer, a rights issue at the same issue price could still result in H shareholders being offered at a premium while A shareholders being offered at a discount, and a bonus issue in lieu of cash dividend could result in a poor outcome for H shareholders given the lower H share price.

⁴ See [Practice Note 25](#) issued by the SFC on 17 March 2023.

32. Some respondents noted that class meetings also incentivise PRC issuers to heed H shareholders' views based on international standards of corporate governance. For example, fund managers play an important role in influencing issuers' actions and improving the quality of ESG-related disclosures. H shareholders, despite being the minority group, have the ability to vote down poorly structured proposals by the issuer's management and/or controlling shareholders (who are mostly A shareholders). The removal of class meetings would further weaken the accountability of issuers to minority shareholders. The respondents recommended that the Exchange consider introducing measures to preserve this element of minority shareholder protection and mechanism to support fund managers' ability to engage after the repeal of the class meeting requirements.

(ii) Arbitration requirements

33. Four respondents disagreed with the Rule amendments to abolish the requirements for PRC issuers to settle disputes with investors through arbitration. The respondents submitted that the underlying legal concern informing the Rule – i.e. that there is no mechanism for the reciprocal enforcement of judgments between Hong Kong and the Mainland – remains, notwithstanding the repeal of the Mandatory Provisions. Requiring dispute resolution through arbitration provides meaningful protection of investor interests as arbitration awards can be more readily enforced against Mainland-based parties, whether through the New York Convention or the Arrangement Concerning Mutual Enforcement of Arbitral Awards between the Mainland and Hong Kong and related rules and arrangements.

Our response and conclusion

(i) Class meeting requirements

34. Domestic shares and H shares of a PRC issuer are the same class of ordinary shares. The substantive rights attached to these two kinds of shares (including rights on voting, dividend and asset distribution upon liquidation) are the same.
35. As explained in the Consultation Paper, the Mandatory Provisions (as part of the PRC regulations introduced in early 1990s) required PRC issuers to deem their domestic shares and H shares as different classes. Consequently, a PRC issuer's proposal to vary or abrogate the rights of one class of shareholders (primarily relating to an increase or decrease in the number of domestic or H shares) was subject to separate class meetings of holders of domestic shares and H shares. Following the repeal of the Mandatory Provisions, the class distinction between domestic shares and H shares is removed and class meetings are no longer required.
36. Our Rule amendments to remove the class meeting requirements for

issuance or repurchase of shares are consequential to the changes in PRC regulations. As explained in the Consultation Paper, in the case of share issuance, the dilution effect of an issue of A or H shares is the same for both A and H shareholders.

37. We will retain the requirements for H shareholders' approval for matters affecting the listing or trading of H shares on the Exchange. Specifically, a withdrawal of listing of H shares from the Exchange would require approval by H shareholders as their ability to trade their securities on the Exchange would be materially affected by the withdrawal of listing. This position is consistently adopted by the SFC (in the Takeovers Code) and the Exchange.
38. Some respondents considered that removing separate class votes might take away their ability to veto proposals that may result in different economic outcomes for holders of A and H shares. While we acknowledge that the current Rules require class meetings for certain proposals (i.e. issuance or repurchase of securities), it was not the intention of the Rules to protect certain groups of minority shareholders with veto power to address differences in economic exposure arising from issuers' proposals. For this reason, the current class meeting requirements are limited to proposals for the issuance and repurchase of securities (related to variation or abrogation of class rights), and not required for other proposals cited by the respondents (e.g. spin-offs, acquisitions and disposals) where the economic outcome may be different for H and A shareholders. The removal of the class meeting requirements also addresses the issue of fairness for all shareholders, as all shareholders of the same class are to be treated equally, preventing either A or H shareholders from vetoing proposals even when they are a minority group⁵.
39. As the respondents have pointed out, there are currently differences in the two markets (including differences in investor profiles and market infrastructures) which give rise to divergence in the traded share prices, and these differences result in divergence in price formation. The differences in market regimes (including the differences in economic exposure of shareholders in certain proposals) are currently reflected in the price divergence.
40. Some respondents sought clarification on the requirements for PRC issuers to amend their articles of association to remove those provisions relating to class vote arrangements. We clarify that:

⁵ It is also possible for domestic shareholders, as a minority group, to have veto power over H shareholders. For example, under the full circulation scheme domestic shareholders may convert their shares into H shares at their discretion. In a scenario where domestic shareholders convert most of their shares and retain only a very small proportion of domestic shares (compared to total issued shares), they can "veto" matters that require class meetings. The removal of the class meeting requirements would prevent such cases that may be unfair to H shareholders.

- (a) PRC issuers listed on the Exchange are bound by both the Listing Rules and the provisions in their articles of association. These PRC issuers must still adhere to the class meeting requirements in their existing articles of association, because the repeal of the Mandatory Provisions and the consequential amendments to the Listing Rules do not render the relevant articles (which were originally formulated based on the Mandatory Provisions) void, which means that the class meeting requirements in the existing articles of association remain valid and binding upon PRC issuers until and unless they amend their articles of association to remove the requirements.
 - (b) In general, where PRC issuers voluntarily propose to amend their articles of association to remove the class meeting requirements, they should obtain approvals of domestic shareholders and H shareholders at separate class meetings based on the provisions in their existing articles of association⁶.
41. Some respondents also suggested that veto power would incentivise PRC issuers to heed H shareholders' views based on international standards of corporate governance. We consider that a better approach to address this concern is to promote good corporate governance in general, rather than giving special rights to a minority group of shareholders to veto issuers' proposals. We will continue to review our Rules to address developments in this area.

(ii) Arbitration requirements

42. The arbitration requirements applying to PRC issuers originated from the Mandatory Provisions. Other issuers are not subject to these requirements under the Listing Rules, irrespective of whether there is an arrangement on reciprocal recognition and enforcement of judgments in place between Hong Kong and the issuer's place of incorporation (**Reciprocal Arrangement**). Following the repeal of the Mandatory Provisions, it is appropriate to remove the arbitration requirements that only apply to PRC issuers to align the relevant Listing Rules for PRC issuers and other issuers in this regard.
43. As set out in the Consultation Paper, currently, between Hong Kong and the Mainland, there is no Reciprocal Arrangement in force for judgments dealing with disputes involving H shareholders and arising from a PRC issuer's articles of association. After the removal of the arbitration requirements, shareholders of a PRC issuer may enforce their rights under the articles of association using the same approach taken by shareholders of other issuers whose places of incorporation do not have a Reciprocal Arrangement with Hong Kong (for example, the Cayman

⁶ In convening applicable shareholders' meetings to amend the articles of associations, PRC issuers should provide adequate explanation to shareholders regarding the differences between the provisions of the existing articles of association and the proposed articles of association and any impact on measures relating to shareholder protection.

Islands).

44. It is noted that on 26 October 2022, the Legislative Council passed the Bill for the Mainland Judgments in Civil and Commercial Matters (Reciprocal Enforcement) Ordinance. The Ordinance establishes a Reciprocal Arrangement for judgments in civil and commercial matters between Hong Kong and the Mainland. The Ordinance will come into force on a date to be announced.
45. In view of the above, we will adopt the consequential Rule amendments.

CHAPTER 3: OTHER PROPOSED RULE AMENDMENTS

46. Respondents in general support our initiative to align the requirements for PRC issuers with those applicable to other issuers.
- A. Shareholders' mandates for issuance of new shares (Questions 1, 2 and 3)**
47. We proposed to amend the Rules to set:
- (a) the limit on a general mandate for issuance of new shares at 20% of the total issued shares of a PRC issuer, instead of 20% of each of domestic shares and H shares; and
 - (b) the limit on a scheme mandate for share schemes at 10% of the total issued shares of a PRC issuer, instead of 10% of each of domestic shares and H shares.
48. In addition, as A and H shares are not fungible and in most cases A shares trade at a premium to H shares, we sought respondents' views on (i) whether they have a concern about the potential reduction in size and liquidity of the H share market relative to the A share market if PRC issuers choose to issue new shares in the form of A shares only after listing; and (ii) whether there should be other provisions to promote the long term development of the H share market.

Comments received

(i) Mandate limits on share issuance

49. 84% of the respondents supported the proposal relating to the general mandate limit and 16% opposed it. 82% of the respondents supported the proposal relating to the scheme mandate limit and 18% opposed it.
50. Respondents generally agreed that the mandate limits should be referenced to the total issued shares of a PRC issuer as domestic and H shares are the same class of shares. The dilution impact of a share issuance is the same to all shareholders regardless of whether the shares issued are A shares or H shares.
51. Two respondents disagreed with the proposals because A and H shares are not fungible and the market dynamics in their respective markets operate differently. While H shares generally trade at a discount to A shares, in practice it is not uncommon for PRC issuers to use their general mandates to issue H shares rather than A shares due to regulatory constraints or other factors in the domestic market. Given H shares usually account for a relatively small proportion of the issuer's

total issued shares, a new issue of H shares up to 20% of the total issued shares would substantially increase the relative size of H shares. They considered that this could severely disrupt the H share price and significantly affect the interests of H shareholders. They reiterated their general view on general mandates, i.e. shareholders' interests could be better protected if the size and price discount of share issuance under a general mandate are capped at 10%.

52. A respondent supported the proposals but suggested that the Exchange consider lowering the general mandate limit for large cap PRC issuers (especially those with a small proportion of H shares) to avoid excessive impact on the H share market in case those issuers issue new shares in the form of H shares only.
53. On the other hand, some opposing respondents considered that the proposals may give rise to an increase in issuance of new shares in the form of A shares and hence a further reduction in the relative size of H shares. This, together with the removal of the class meeting requirements, would undermine the ability of H shareholders to oppose corporate proposals that may be unfair to them.

(ii) Potential reduction in the size and liquidity of the H share market relative to the A share market

54. 55% of respondents indicated that they do not have a concern about the potential reduction in the relative size and liquidity of the H share market if PRC issuers issue new shares primarily in the form of A shares. A number of respondents agreed that issuance of A or H shares is primarily a commercial decision which is market driven and PRC issuers should have the flexibility to decide how to use their general mandates or scheme mandates between A shares and H shares.
55. Some respondents also noted that the Rules require PRC issuers to maintain an open market in their H shares traded on the Exchange at all times. The proportion of H shares to A shares is ultimately a commercial decision for the issuer so long as an open market in the H shares is maintained by the issuer.
56. A respondent considered that the commercial attraction for issuing A shares over H shares appears to be largely driven by the generally higher valuation for A shares, thus the Exchange may consider means through which this gap could be reduced. The respondent thought Stock Connect initiatives may help in this regard. Another respondent suggested that the Exchange consider implementing measures such as opening up the market to more foreign investors and expansion of the scope of the Stock Connect program to include more securities and

investors, so as to enhance competitiveness and increase the liquidity and trading volume of the H share market.

57. 45% of respondents expressed concerns about the potential reduction in the size and liquidity of the H share market relative to the A share market. Since A shares generally trade at a premium to H shares of PRC issuers, secondary fundraisings might gravitate towards the A share market. This could lead to H shareholders becoming an even smaller minority among the shareholders of PRC issuers and the H share market becoming relatively inactive, and consequently undermine the relative liquidity and attractiveness of the H share market over time.
58. In this connection, a number of respondents suggested that the Exchange consider imposing an ongoing public float requirement for H shares of PRC issuers after listing (e.g. extending the requirement currently applicable at the time of listing⁷).

(iii) Other comments

59. Some respondents sought clarification on (i) what constitutes an “open market” in H shares traded on the Exchange and the common factors that the Exchange usually takes into account; and (ii) whether the listing application requirement under Rule 8.19(2)⁸ should only apply to H shares of a PRC issuer.

Our response and conclusion

60. Opposing respondents were concerned that the proposals would allow PRC issuers to seek a general mandate (or scheme mandate) for a much larger issuance of A or H shares relative to the scale of their issued A or H shares.
61. However, as explained in the Consultation Paper, the limit on general or scheme mandate is intended to protect shareholders from significant dilution of their equity interests without shareholders’ approval. Given A and H shares are the same class of shares, the dilution impact of a share issuance would be the same to all shareholders regardless of whether the shares issued are A shares or H shares. Accordingly, we consider that the mandate limit should be referenced to the total issued shares, which aligns with the requirements applicable to other issuers. A large

⁷ Rule 8.08(1)(b) (as amended by Rule 19A.13A under the Rule amendments) requires that an A+H issuer’s H shares listed on the Exchange must, at the time of listing, be not less than 15% of the issuer’s total number of issued shares with a market capitalisation of not less than HK\$125 million for a Main Board issuer (or HK\$45 million for a GEM issuer).

⁸ Rule 8.19(2) provides that where application for listing is made in respect of any class of securities, if some of the securities of that class are already listed, the application must relate to all further securities of that class issued or proposed to be issued.

majority of respondents supported the rationale for our proposals.

62. Some opposing respondents considered that the proposals, together with the removal of class meeting requirements, would undermine the ability of H shareholders to oppose corporate proposals that may be unfair to them. Our response to this issue is set out in paragraphs 34 to 41 above.
63. In view of the majority support from the respondents, we will adopt the proposals.
64. With regard to the consultation question in paragraph 48, 45% of the respondents had concerns about the potential reduction in the relative size and liquidity of the H share market if PRC issuers issue new shares primarily in the form of A shares after listing. A number of respondents suggested that the Exchange consider imposing an ongoing public float requirement for H shares of PRC issuers after listing (e.g. extending the requirement currently applicable at the time of listing).
65. We welcome the comments and suggestions. We will consider these comments and suggestions to impose an ongoing H share public float requirement in our review of the public float requirements.
66. As to the questions in paragraph 59, we clarify that:
 - (i) in assessing whether there is an open market in the listed securities of an issuer, we will make reference to factors including the number and spread of shareholders, the market capitalisation and the percentage of public float; and
 - (ii) we will make drafting amendments to Rule 19A.17 to clarify that the listing application requirement under Rule 8.19(2) only applies to H shares of a PRC issuer.

B. Undertakings by directors, officers and supervisors to the PRC issuers and their shareholders (Question 4)

67. We proposed to remove the Rules which require:
 - (a) every director, officer and supervisor of a PRC issuer to provide an undertaking to the PRC issuer and its shareholders to observe and comply with the PRC Company Law, the Special Regulations, the articles of association and the Takeovers Code and provide remedies for non-compliance; and
 - (b) a PRC issuer to include in its listing documents and share certificates a statement that the acquirer of its shares authorises

the issuer to enter into a contract on his behalf with each director and officer in respect of the above undertaking.

Comments received

68. 87% of the respondents supported the proposal and 13% opposed it.
69. Respondents generally agreed with the rationale for the proposal set out in the Consultation Paper. These undertaking requirements are unnecessary because PRC issuers and their shareholders may, under the PRC law and the issuers' articles of association, take legal action against directors, supervisors and officers for non-compliance with the PRC law or the issuers' articles of association and seek remedies for non-compliance.
70. Some opposing respondents suggested retaining the requirements as these undertakings may allow H shareholders to take legal action against directors, officers and supervisors based on the laws and regulations of the jurisdictions that they consider appropriate.

Our response and conclusion

71. We note the respondents' comment in paragraph 70. However, as explained in the Consultation Paper, we consider it appropriate to remove these undertaking requirements to align the Listing Rules for PRC issuers with those applicable to other issuers which do not require similar undertakings. The proposal will not undermine the interests of PRC issuers and their shareholders as the PRC laws and the issuers' articles of association provide similar protection through the recourse available to issuers and shareholders as discussed in paragraph 69 above.
72. In view of the majority support from the respondents, we will adopt the proposal.

C. Sponsors and compliance advisers (Questions 5 and 6)

73. We proposed to:
- (a) move the requirements under Rules 19A.05(2) and 19A.06(3) to Chapter 3A, being the requirements for (i) a PRC issuer to provide access to its compliance adviser at all times and assist the compliance adviser in performing its duties; and (ii) the compliance adviser to inform the PRC issuer on a timely basis of any amendment or supplement to the Rules or any new or amended laws and regulations in Hong Kong applicable to the issuer; and

- (b) remove Rules 19A.05(3), 19A.05(4), 19A.06(1) and 19A.06(4) which (i) require sponsors to be satisfied that a PRC issuer is suitable for listing and its directors understand what is required of them under the Rules and applicable laws; and (ii) impose additional roles on the compliance advisers engaged by a PRC issuer.

Comments received

- 74. 94% of the respondents supported the proposal to move the requirements under Rules 19A.05(2) and 19A.06(3) to Chapter 3A and 6% opposed it. 91% of the respondents supported the proposal to remove Rules 19A.05(3), 19A.05(4), 19A.06(1) and 19A.06(4) and 9% opposed it.
- 75. Respondents generally agreed with the proposals to modify Chapters 3A and 19A to apply the same requirements for sponsors and compliance advisers to all issuers and to remove provisions in Chapter 19A that are redundant.
- 76. One respondent noted that the New PRC Regulations imposed additional roles on sponsors and suggested the Exchange to introduce new Rules to align with these requirements under the New PRC Regulations.

Our response and conclusion

- 77. We will not adopt the suggestion set out in paragraph 76 as it is outside the scope of this consultation.
- 78. In view of the majority support from the respondents, we will adopt the proposal.

D. Online display and physical inspection of documents (Question 7)

- 79. We proposed to remove Rules 19A.50 and 19A.50A which require a PRC issuer to:
 - (a) publish on the Exchange's website and its own website (i) a report showing the state of the issued share capital; (ii) the audited financial statements and the directors', auditors' and supervisors' reports; (iii) special resolutions; (iv) securities repurchase reports; and (v) annual returns; and
 - (b) make available copies of (i) a complete duplicate register of shareholders; and (ii) the minutes of shareholder meetings at a place in Hong Kong.

Comments received

80. 83% of the respondents supported the proposal and 17% opposed it.
81. Respondents generally agreed with our proposal to streamline the document display/inspection requirements for PRC issuers and align them with those applicable to other issuers.

(i) Annual returns and other documents

82. As stated in the Consultation Paper, we proposed to remove Rule 19A.50 as (i) the annual returns are public documents readily available in the public domain; and (ii) all the other documents concerned are required to be published on the Exchange's website under other Rules. Some opposing respondents considered that the proposal might dampen accessibility of information by shareholders due to their lack of knowledge of alternative sources of information or because of difficulties in accessing certain PRC government agencies' portals from overseas. A respondent suggested that the Exchange may issue an FAQ to set out alternative sources of information.

(ii) Register of shareholders

83. One opposing respondent disagreed with the proposal to remove the inspection requirement for a complete register of shareholders under Rule 19A.50A. The respondent noted that Appendix 3 to the Rules only requires the branch register of members in Hong Kong (but not the complete register of shareholders) to be open for inspection, and there is no public source readily accessible in Hong Kong for investors to inspect the complete register of shareholders. The proposal would adversely affect the availability of information to investors in Hong Kong.

Our response and conclusion

(i) Annual returns and other documents

84. We note the respondents' comment about the investors' access to the annual returns of PRC issuers on the PRC's websites⁹. However, we do not consider it necessary to retain the requirement for online display of annual returns under Rule 19A.50. These annual returns provide corporate information of PRC issuers (e.g. the issuer's registered address, business scope, registered capital, shareholders and their investments in the issuer), which are generally available in the issuers' annual reports and listing documents published on the Exchange. The proposal to remove Rule 19A.50 will align the document display

⁹ The latest annual return of a PRC issuer is available on the website of the National Enterprise Credit Information Publicity System (<http://www.gsxt.gov.cn>).

requirements for PRC issuers with those applicable to other issuers.

(ii) Register of shareholders

85. As stated in the Consultation Paper, all issuers are required to open their branch registers of members in Hong Kong for inspection as one of the Core Shareholder Protection Standards under Appendix 3 to the Rules. This proposal will align with the requirements applicable to other issuers where the Rules do not require a complete register of shareholders to be open for inspection¹⁰.
86. In view of the majority support from the respondents, we will adopt the proposal.

E. Listing document requirements for new applicants (Question 8)

87. We proposed to remove the additional content requirements for listing documents of new applicants that are PRC issuers under Paragraphs 63 to 65 of Rule 19A.42, including (i) a warning statement with regard to the differences in the legal system and regulatory framework between the PRC and Hong Kong; (ii) a discussion of risk factors relating to PRC laws and regulations, political and economic environments, foreign exchange risks and controls, etc.; and (iii) a description of material differences between company law in the PRC and Hong Kong.

Comments received

88. 68% of the respondents supported the proposal and 29% opposed it. One respondent commented but did not indicate clearly a view on the proposal.
89. Respondents generally agreed that the additional content requirements are no longer necessary. In line with new applicants incorporated in other jurisdictions, PRC applicants should determine the risk factors and material information applicable to them based on their own circumstances.
90. Some opposing respondents considered that material differences in laws and regulations between Hong Kong and the PRC are an important risk factor that investors need to be aware of.
91. Some respondents suggested that PRC applicants should highlight in their listing documents that H shareholders will no longer have a veto right over PRC issuers' proposals, such as share issuance, through

¹⁰ For example, an overseas issuer dually listed on the Exchange and an overseas exchange (e.g. NASDAQ) is only required to open its branch register of members in Hong Kong for inspection.

class meetings and the risks associated with potential unequal outcomes for A and H shareholders.

Our response and conclusion

92. As set out in the Consultation Paper, we consider that new applicants should assess and highlight material matters and specific risk factors that are relevant to their particular circumstances. A large majority of respondents agreed with the rationale for our proposal.
93. In response to the respondents' suggestion set out in paragraph 91, we clarify that new applicants incorporated in the PRC are still required to include in their listing documents (i) a summary of the relevant PRC law in a form agreed upon by the Exchange on a case by case basis; and (ii) a summary of all provisions of their constitutional documents that may affect shareholders' rights and protections and directors' powers¹¹, which are in line with the disclosure requirements applicable to new applicants incorporated in overseas jurisdictions¹².
94. In view of the majority support from the respondents, we will adopt the proposal.

¹¹ Rules 19A.27(2) and (3)

¹² Rules 19.10(2) and (3)

CHAPTER 4: HOUSEKEEPING RULE AMENDMENTS

95. We will make housekeeping Rule amendments to:
- (a) remove some provisions which overlap with other Rule requirements;
 - (b) update Paragraphs 54(5) and 55(2) of Rule 19A.42 and Paragraph 44(3) of Rule 19A.44 by removing the outdated references to “the Securities Trading Automated Quotation System” as this trading system has ceased to operate;
 - (c) rectify incorrect rule references under (i) Rule 19A.21(2) by replacing “forms of confirmation and undertaking to be lodged under rules 9.11(3a) and 9.11(3b)” with “declaration and undertaking to be lodged under rule 9.11(38)”; and (ii) Note 1 to Rule 14.33 by replacing “rule 13.36(2)(b)” with “rule 13.36(1)(a)”;
 - (d) update Rule 13.78 by adding “(or supervisorship where applicable)” to ensure consistency within the Rules;
 - (e) update Rule 19A.25(3) by replacing “10 per cent. of the existing issued share capital of the issuer” with “10 per cent. of the number of issued shares of the issuer”; and
 - (f) update the definition of “PRC stock exchange” under Rule 19A.04 to include the Beijing Stock Exchange which was established as the third stock exchange in Mainland China in addition to the Shanghai Stock Exchange and the Shenzhen Stock Exchange.

APPENDIX I: LIST OF RESPONDENTS

Accounting Firm (1 in total)	
1.	KPMG
Corporate Finance Firm / Bank (1 in total)	
1.	1 corporate finance firm / bank that requested anonymity
HKEX Participant (1 in total)	
1.	China Tonghai Capital Limited
Investment Managers (2 in total)	
1.	BlackRock
2.	1 investment manager that requested anonymity
Law Firms (12 in total)	
1.	Clifford Chance
2.	Herbert Smith Freehills
3.	King & Wood Mallesons
4.	Kirkland & Ellis
5.	Latham & Watkins LLP
6.	Linklaters
7.	Simpson Thacher & Bartlett
8.	Skadden Arps Slate Meagher & Flom
9.	Slaughter and May
10.	Stevenson, Wong & Co.
11-12.	2 law firms that requested anonymity
Listed Companies (4 in total)	
1.	Shanghai Electric Group Company Limited
2-4.	3 listed companies that requested anonymity

Professional Bodies / Industry Associations (6 in total)	
1.	Asian Corporate Governance Association
2.	Asset Management Group of Asia Securities Industry & Financial Markets Association
3.	Hong Kong Investment Funds Association
4.	The Accounting and Financial Committee of The Chinese Enterprises Association
5.	The Hong Kong Chartered Governance Institute
6.	The Law Society of Hong Kong
Individuals (14 in total)	
1.	David W. Wen
2.	Lu Cheng
3-14.	12 individuals that requested anonymity

Remarks:

1. *If the entire body of the response is identical, word-for-word, with the entire body of another response, it will be recorded as a “duplicate response” and will not be counted for the purpose of a quantitative and qualitative analysis of the responses.*
2. *The total number of responses is calculated according to the number of submissions received and not the number of the underlying members that they represent.*

APPENDIX II: QUANTITATIVE ANALYSIS OF RESPONSES

Proposals in the Consultation Paper	Feedback		
	Yes	No	Number of respondents ¹³
A. Shareholders' mandates for issuance of new shares			
Question 1 - Do you agree with the proposal to set the limit on general mandate for issuance of new shares at 20% of the total issued shares of a PRC issuer, instead of 20% of each of domestic shares and H shares?	32 (84%)	6 (16%)	38 (93%)
Question 2 - Do you have a concern that given fund raisings through the issuance of A shares may result in an increase in the number of A shares over H shares, the market size and liquidity of the H share market may reduce relative to the A share market? Do you think there should be other provisions to promote the long term development of the H share market?	17 (45%)	21 (55%)	38 (93%)
Question 3 - Do you agree with the proposal to set the limit on scheme mandate for share schemes at 10% of the total issued shares of a PRC issuer, instead of 10% of each of domestic shares and H shares?	31 (82%)	7 (18%)	38 (93%)
B. Undertakings by directors, officers and supervisors to the PRC issuers and their shareholders			
Question 4 - Do you agree with the proposal to remove the requirements for directors, officers and supervisors to provide undertakings to the PRC issuers and their shareholders?	33 (87%)	5 (13%)	38 (93%)

¹³ Out of 41 non-duplicate responses. Respondents who did not respond or did not indicate clearly a view on a proposal were excluded.

Proposals in the Consultation Paper	Feedback		
	Yes	No	Number of respondents
C. Sponsors and compliance advisers			
Question 5 - Do you agree with the proposal to move the requirements for compliance advisers set out in Rules 19A.05(2) and 19A.06(3) to Chapter 3A?	32 (94%)	2 (6%)	34 (83%)
Question 6 - Do you agree with the proposal to remove Rules 19A.05(3), 19A.05(4), 19A.06(1) and 19A.06(4)?	31 (91%)	3 (9%)	34 (83%)
D. Online display and physical inspection of documents			
Question 7 - Do you agree with the proposal to remove the requirements relating to online display and physical inspection of documents under Rules 19A.50 and 19A.50A?	30 (83%)	6 (17%)	36 (88%)
E. Listing document requirements for new applicants			
Question 8 - Do you agree with the proposal to remove the requirements relating to disclosure of material differences between the laws and regulations in the PRC and Hong Kong in listing documents of new applicants that are PRC issuers?	26 (68%)	11 (29%)	38 ¹⁴ (93%)

¹⁴ One of the respondents provided comments but did not indicate clearly a view.

APPENDIX III: SUMMARY OF CHANGES ADOPTED

The Rule amendments to be adopted are summarised in the table below:

Rule amendments		Rule no.
I. Consequential Rule Amendments (Chapter 2)		
A	<p>Class meeting and other requirements relating to issue and repurchase of shares by PRC issuers</p> <p>Remove the class meeting requirements relating to the issuance and repurchase of shares by PRC issuers</p> <p>Amend the Rules to:</p> <p>(a) require the share issuance or repurchase to be approved by ordinary resolution (rather than special resolution) in a general meeting;</p> <p>(b) remove the shareholders' approval requirement for pre-emptive issuance of shares; and</p> <p>(c) remove the exemption for issuance of shares under a PRC issuer's plan adopted at the time of its establishment and implemented within 15 months from the date of the approval by the CSRC</p>	<p>MB Rules 13.36(1), 19A.25(1), 19A.38 and Paragraphs 56 and 65(a) of Rule 19A.42 / GEM Rules 17.39, 17.40, 25.19(1), 25.23 and Paragraphs 59 and 68(a) of Appendix 1A</p> <p>MB Rules 13.36(1), 19A.25(1), 19A.38 and Paragraphs 65(b) and (c) of Rule 19A.42 / GEM Rules 17.39, 17.40, 25.19(1), 25.23 and Paragraphs 68(b) and (c) of Appendix 1A</p>
B	<p>Definitions of "domestic shares" and "H shares"</p> <p>Amend the definition of "H shares", and remove the definitions of "domestic shares", "foreign shares" and "overseas listed foreign shares"</p> <p>Remove the Rule that a PRC issuer shall not apply for the listing of any foreign shares on a PRC stock exchange unless the Exchange is satisfied that the relative rights of the holders of overseas listed foreign shares are adequately protected.</p> <p>Add Rules in Chapter 19A to clarify that the "class of securities for which listing is sought on the Exchange" under MB Rules 8.08(1)(b) and 8.09(3)/ GEM Rule 11.23(9) regarding public float and market</p>	<p>MB Rules 1.01, 19A.04, 19A.38A, Paragraph 54(7) of Rule 19A.42 and Paragraph 44(5) of Rule 19A.44 / GEM Rules 1.01, 25.34C, Paragraph 57(7) of Appendix 1A and Paragraph 44(5) of Appendix 1B</p> <p>MB Rule 13.26(2) / GEM Rule 25.35)</p> <p>Proposed MB Rules 19A.13A and 19A.13B / Proposed GEM Rule 25.07A</p>

Rule amendments		Rule no.
	capitalisation requirements refer to the PRC issuer's H shares	
C	Arbitration clause and related requirements Remove the Rules requiring the use of arbitration to settle disputes	MB Rules 19A.52(2), 19A.54(3), 19A.55(3) and Paragraph 65(e) of Rule 19A.42 / GEM Rules 25.39(2), 25.41(3), 25.42(c) and Paragraph 68(e) of Appendix 1A
D	Requirements relating to articles of association Remove the Rules requiring PRC issuers' articles of association to include the Mandatory Provisions and the ancillary provisions Move the list of matters to be included in listing documents of both PRC issuers and overseas issuers from Appendix 13D (Section 2) to Appendix 1A	MB Appendix 13D (Section 1), Rule 9.11(20) and Note 1 to Rule 13.51(1) / GEM Appendix 11C (Section1), Rules 11.05, 12.22(2) and Note to Rule 17.50(1) MB Appendix 13D (Section 2), Proposed Attachment to Appendix 1A, Rules 19.10(2), 19A.27(2) and Note 2 to Rule 19.10(5)(a)(i) / GEM Paragraph 1 of Appendix 11C (Section 2), Proposed Attachment to Appendix 1A, Rule 24.09(2), Note 2 to Rule 24.09(5)(a)(i) and Rule 25.20(2)
E	Other Rule amendments consequential on the repeal of the Special Regulations and Mandatory Provisions Remove the description of the differences between PRC and Hong Kong legal systems and market practices and simplify the preamble of Chapter 19A Remove Rules to align the timing requirement on despatch of circulars and listing documents for PRC issuers with those applicable to other issuers Remove references to the Special Regulations and the Mandatory Provisions from the Rules	MB Rules 19A.01 and 19A.02 / GEM Rules 25.01, 25.02 and Proposed Rule 25.01A MB Rules 19A.39A and 19A.39B / GEM Rules 25.34A and 25.34B MB Rules 1.01, 13.51(1), 19A.04, 19A.52(1), 19A.53, 19A.54(1) and 19A.55(1) / GEM Rules 1.01, 17.50(1), 25.39(1), 25.40, 25.41(1) and 25.42(a))

Rule amendments		Rule no.
F	<p>PRC new filing requirements for overseas listings of Mainland-based companies</p> <p>Replace the current Rule reflecting the existing CSRC approval system with a new Rule in Chapter 9 to require new applicants (whether incorporated in PRC or other jurisdictions) to submit a notification issued by the CSRC confirming completion of the PRC filing procedures where applicable</p>	<p>MB Rule 19A.22A, Paragraphs 54(2) and (4) of Rule 19A.42 and Proposed Rule 9.11(23b)/ GEM Rule 25.17A, Proposed Rule 12.23BB and Paragraphs 57(2) and (4) of Appendix 1A</p>
II. Other Proposed Rule Amendments (Chapter 3)		
A	<p>(1) Shareholders' mandates for issuance of new shares</p> <p>Set the general mandate limit at 20% of a PRC issuer's total issued shares (instead of 20% of each of domestic shares and H shares)</p> <p>Set the scheme mandate limit at 10% of a PRC issuer's total issued shares (instead of 10% of each of domestic shares and H shares)</p> <p>(2) Retain Rules with specific requirements for H shares</p> <p>Amend Rule 19A.17 to clarify that the listing application requirements under Rules 8.19, 8.20 and 13.26(1) only apply to H shares of a PRC issuer</p>	<p>MB Rule 19A.38, Paragraph 65(b) of Rule 19A.42 and Note 1 to Rule 14.33/ GEM Rule 25.23 and Paragraph 68(b) of Appendix 1A</p> <p>No change to MB Note 1 to Rule 17.03(3) / No change to GEM Note 1 to Rule 23.03(3))</p> <p>MB Rule 19A.17/ GEM Rule 25.12</p>
B	<p>Undertakings by directors, officers and supervisors to the PRC issuers and their shareholders</p> <p>Remove the Rules requiring:</p> <p>(a) every director, officer and supervisor of a PRC issuer to provide an undertaking to the PRC issuer and its shareholders to observe and comply with the PRC Company Law, the Special Regulations, the articles of association, the Takeovers Code and provide remedies for non-compliance; and</p> <p>(b) a PRC issuer to include in its listing documents and share certificates a statement that the acquirer of its shares authorises the issuer to enter into a contract on his behalf with each director and officer in respect of the above undertaking</p>	<p>MB Rules 19A.52(4), 19A.54(1) and (2), 19A.55(1) and (2), Paragraph 62 of Rule 19A.42 and Paragraph 47 of Rule 19A.44 / GEM Rules 25.39(4), 25.41(1) and (2), 25.42(a) and (b), Paragraph 65 of Appendix 1A and Paragraph 47 of Appendix 1B</p>

Rule amendments	Rule no.
<p>Rectify incorrect rule references by:</p> <p>(a) replacing “forms of confirmation and undertaking to be lodged under rules 9.11(3a) and 9.11(3b)” with “declaration and undertaking to be lodged under rule 9.11(38)”; and</p> <p>(b) replacing “rule 13.36(2)(b)” with “rule 13.36(1)(a)”</p> <p>Update rule to ensure consistency within the Rules by adding “(or supervisorship where applicable)”</p> <p>Update rule to replace “10 per cent. of the existing issued share capital of the issuer” with “10 per cent. of the number of issued shares of the issuer”</p> <p>Update the definition of “PRC stock exchange” to include the Beijing Stock Exchange</p>	<p>MB Rule 19A.21(2) / (no corresponding GEM Rule)</p> <p>MB Note 1 to Rule 14.33/ GEM Note 1 to Rule 19.33</p> <p>MB Rule 13.78/ (no corresponding GEM Rule)</p> <p>MB Rule 19A.25(3)/ GEM Rule 25.19(3)</p> <p>MB Rule 19A.04/ GEM Rule 1.01</p>

APPENDIX IV: AMENDMENTS TO THE MAIN BOARD LISTING RULES

Chapter 1

GENERAL

INTERPRETATION

...

- 1.01 Throughout these Rules, the following terms, except where the context otherwise requires, have the following meanings:

...

“domestic shares” the same meaning as in rule 19A.04

...

“foreign shares” the same meaning as in rule 19A.04

...

“Mandatory Provisions” the Mandatory Provisions for Companies Listing Overseas set forth in Zheng Wei Fa (1994) No. 21 issued on 27 August 1994 by the State Council Securities Policy Committee and the State Commission for Restructuring the Economic System

...

“overseas listed foreign shares” the same meaning as in rule 19A.04

...

“Regulations” the same meaning as in rule 19A.04

...

...

Chapter 3A

GENERAL

SPONSORS, COMPLIANCE ADVISERS, OVERALL COORDINATORS AND OTHER CAPITAL MARKET INTERMEDIARIES

...

Compliance Adviser's undertaking to the Exchange

...

3A.23 During the Fixed Period, a listed issuer must consult with and, if necessary, seek advice from its Compliance Adviser on a timely basis in the following circumstances:

- (1) before the publication of any regulatory announcement, circular or financial report;
- (2) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- (3) where the listed issuer proposes to use the proceeds of the initial public offering in a manner different from that detailed in the listing document or where the business activities, developments or results of the listed issuer deviate from any forecast, estimate, or other information in the listing document; and
- (4) where the Exchange makes an inquiry of the listed issuer under rule 13.10.

Note: The listed issuer must ensure that the Compliance Adviser has access at all times to its directors, authorised representatives and other officers and should procure that such persons provide promptly to the Compliance Adviser such information and assistance as the Compliance Adviser may need or may reasonably request in connection with the performance of the Compliance Adviser's duties as set out in this chapter. The listed issuer must also ensure that there are adequate and efficient means of communications between itself, its directors, authorised representatives and other officers and the Compliance Adviser and should keep the Compliance Adviser fully informed of all communications and dealings between it and the Exchange.

3A.24 When a Compliance Adviser is consulted by a listed issuer in the circumstances set out in rule 3A.23 above it must discharge the following responsibilities with due care and skill:

- (1) ensure the listed issuer is properly guided and advised as to compliance with the Exchange Listing Rules and all other applicable laws, rules, codes and guidelines;

Note: The Compliance Adviser must inform the listed issuer on a timely basis of any amendment or supplement to the Exchange Listing Rules and any new or amended laws and regulations in Hong Kong applicable to such issuer.

...

...

Chapter 9

EQUITY SECURITIES

APPLICATION PROCEDURES AND REQUIREMENTS

...

Documentary Requirements – New Listing Applications

...

- 9.11 The following documents must be lodged with the Exchange by a new applicant in connection with its listing application:—

...

At least 4 clear business days before the expected hearing date

...

- (20) a confirmation from the new applicant's legal advisers that the new applicant's articles of association (i) conform with the relevant parts of Appendix 3 and (for overseas issuers) the related guidance materials, ~~and (where applicable) Appendix 43~~, and (ii) on the whole, are not inconsistent with the Exchange Listing Rules and the laws of the place where the new applicant is incorporated or otherwise established;

...

- (23b) where the new applicant's application for listing on the Exchange is required to be filed with the China Securities Regulatory Commission in the PRC, a copy of the notification issued by the China Securities Regulatory Commission on the new applicant's completion of the PRC filing procedures;

...

Chapter 13

EQUITY SECURITIES

CONTINUING OBLIGATIONS

...

Subsequent listing

- 13.26 ...

- (2) [Repealed 1 August 2023] ~~A PRC issuer shall not apply for the listing of any of its foreign shares on a PRC stock exchange unless the Exchange is satisfied that the relative rights of the holders of overseas listed foreign shares are adequately protected.~~

...

Purchase of securities

13.31 ...

- (2) ~~[Repealed 1 August 2023] A PRC issuer shall not issue any redeemable shares unless the Exchange is satisfied that the relative rights of the holders of overseas listed foreign shares are adequately protected.~~

...

...

Pre-emptive rights

- 13.36 (1) (a) Except in the circumstances mentioned in rule 13.36(2), the directors of the issuer ~~(other than a PRC issuer, to which the provisions of rule 19A.38 apply)~~ shall obtain the consent of shareholders in general meeting prior to allotting, issuing or granting:—

- (i) shares;
- (ii) securities convertible into shares; or
- (iii) options, warrants or similar rights to subscribe for any shares or such convertible securities.

Note: Importance is attached to the principle that a shareholder should be able to protect his proportion of the total equity by having the opportunity to subscribe for any new issue of equity securities. Accordingly, unless shareholders otherwise permit, all issues of equity securities by the issuer must be offered to the existing shareholders (and, where appropriate, to holders of other equity securities of the issuer entitled to be offered them) pro rata to their existing holdings, and only to the extent that the securities offered are not taken up by such persons may they be allotted or issued to other persons or otherwise than pro rata to their existing holdings. This principle may be waived by the shareholders themselves on a general basis, but only within the limits of rules 13.36(2) and (3).

- (b) Notwithstanding rule 13.36(2)(b), the directors of the issuer ~~(other than a PRC issuer, to which the provisions of rule 19A.38 apply)~~ shall obtain the consent of the shareholders in general meeting prior to allotting any voting shares if such allotment would effectively alter the control of the issuer.

...

...

NOTIFICATION

Changes

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

- (1) any proposed alteration of the issuer's memorandum or articles of association or equivalent documents, ~~and in the case of a PRC issuer, any proposed request by the PRC issuer to a PRC competent authority to waive or otherwise modify any provision of the Regulations.~~

...

Notes: 1. Changes to the relevant parts of the articles of association or equivalent documents must conform with the requirements of Appendix 3 ~~and, if relevant, Appendix 13.~~

...

...

Directors' contact information

...

- 13.78 If and when requested by the Exchange, an issuer shall use its best endeavours to assist the Exchange to locate the whereabouts of any director (or, in the case of a PRC issuer, supervisor) who has since resigned from his directorship (or supervisorship where applicable) in the issuer.

...

Chapter 14

EQUITY SECURITIES

NOTIFIABLE TRANSACTIONS

...

Notification, publication and shareholders' approval requirements

- 14.33 The table below summarises the notification, publication and shareholders' approval requirements which will generally apply to each category of notifiable transaction. However, listed issuers should refer to the relevant rules for the specific requirements.

...

Notes: 1 No shareholder approval is necessary if the consideration shares are issued under a general mandate. However, if the shares are not issued under a general mandate, the listed issuer is required, pursuant to rule 13.36(1)(a)(2)(b) ~~or rule 19A.38~~, to obtain shareholders' approval in general meeting prior to the issue of the consideration shares.

...

...

Chapter 19
EQUITY SECURITIES
PRIMARY LISTINGS OF OVERSEAS ISSUERS

...

Listing Documents

...

19.10 The following modifications and additional requirements apply:—

...

- (2) the listing document must contain a summary of all provisions of the constitutive documents of the overseas issuer in so far as they may affect shareholders' rights and protections and directors' powers (using, and covering at the least, the same subject headings as required under the attachment to Part A of Appendix 1¹⁵);

~~Note: An overseas issuer can refer to Section 2 of Appendix 13 Part D (The People's Republic of China) for guidance on the subject headings that should be used to provide this summary.~~

...

- (5) for an introduction in the circumstances in rule 7.14(3), the following modifications, exceptions and additional requirements apply:—
- (a) the following may be published on the Exchange's website and the issuer's own website rather than set out in the listing document:
- (i) (without in any way limiting the scope of the summary required by rule 19.10(2)) a comparison between the provisions of the listed Hong Kong issuer's existing articles of association and the proposed content of the constitutive documents of the overseas issuer;

Notes:

...

2. *~~[Repealed 1 August 2023] An overseas issuer can refer to Section 2 of Appendix 13 Part D (The People's Republic of China) for guidance on the format that should be used to provide this comparison.~~*

¹⁵ Reference to "Part A of Appendix 1" will be changed to "Appendix D1A" with effect from 31 December 2023 as a result of the Listing Rule amendments set out in the Consultation Conclusions on Proposals to Expand the Paperless Listing Regime and Other Rule Amendments published on 30 June 2023.

...

...

Chapter 19A

EQUITY SECURITIES

ISSUERS INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA

Preliminary

19A.01 [Repealed 1 August 2023]

- (1) ~~In general, overseas issuers incorporated in the common law jurisdictions of Bermuda and Cayman Islands may list on the Exchange provided that certain additional requirements set out or referred to in Chapter 19 are fulfilled. However, the legal system in the PRC is not based on a common law system. Furthermore, existing PRC law imposes various restrictions affecting the use of foreign exchange in the PRC and its remittance out of the PRC. Under current PRC law only PRC citizens and legal persons are permitted to own the domestic shares (內資股) of a PRC issuer (which pay dividends in Renminbi), and only foreign investors and investors from the regions of Hong Kong, Macau and Taiwan are permitted to own the overseas listed foreign shares (境外上市外資股) of a PRC issuer (which pay dividends in a foreign currency). As a result, although under PRC law such domestic shares and foreign shares are all shares of a PRC issuer, the two kinds of shares in effect operate in separate markets subject to different investor demands.~~
- (2) ~~To deal with the different markets in which a PRC issuer's shares may be traded as well as with the non-common law basis of the PRC legal system, certain additional requirements, modifications and exceptions to the Exchange Listing Rules are necessary in order for a PRC issuer to obtain and to maintain a listing of its securities on the Exchange.~~
- (3) ~~The purpose of this Chapter is to clarify that the Exchange Listing Rules apply as much to PRC issuers as they do to Hong Kong and overseas issuers, subject to the additional requirements, modifications and exceptions set out or referred to in this Chapter. Among such requirements are that (a) PRC issuers are expected to present their annual accounts in accordance with HKFRS, IFRS or CASBE; (b) the articles of association of PRC issuers must contain provisions which will reflect the different nature of domestic shares and overseas listed foreign shares (including H shares) and the different rights of their respective holders; and (c) disputes involving holders of H shares and arising from a PRC issuer's articles of association, or from any rights or obligations conferred or imposed by the Company Law and any other relevant laws and regulations concerning the affairs of the PRC issuer, are to be settled by arbitration in either Hong Kong or the PRC at the election of the claimant.~~
- (4) ~~However, if changes in PRC law or market practices materially alter the validity or accuracy of any of the foregoing statements, then the Exchange may impose~~

~~additional requirements or make listing of the equity securities of a PRC issuer subject to special conditions as the Exchange considers appropriate. Whether or not any such changes in PRC law or market practices occur, the Exchange retains its general power to impose additional requirements and make special conditions under rule 2.04.~~

19A.02 ~~The Exchange Listing Rules apply as much to PRC issuers as they do to Hong Kong issuers.~~ This Chapter sets out the additional requirements, modifications and exceptions which apply to PRC issuers seeking or maintaining a primary listing on the Exchange. Rules 19.01 to 19.61 (inclusive) do not apply in the case of such PRC issuers.

...

19A.03 ~~[Repealed 1 August 2023] The Exchange will consider an application by a PRC issuer for listing on the Exchange under this Chapter only if:—~~

- ~~(1) it is duly incorporated in the PRC as a joint stock limited company (股份有限公司);~~
- ~~(2) the Exchange is satisfied that there are adequate communication and cooperation arrangements in place between the Exchange and the relevant securities regulatory authorities in the PRC;~~
- ~~(3) in the case of a PRC issuer having equity securities listed or to be listed on another stock exchange, the Exchange is satisfied that there is adequate communication arrangement in place between the Exchange and such other stock exchange authority; and~~
- ~~(4) the Exchange is satisfied that applicable PRC law and the articles of association of the PRC issuer provide a sufficient level of shareholder protection to holders of H shares.~~

Definitions and Interpretation

19A.04 The following terms, save where the context otherwise requires, have the following meanings:—

...

“domestic shares”	shares issued by a PRC issuer under PRC law, the par value of which is denominated in Renminbi, and which are subscribed for in Renminbi
“foreign shares”	shares issued by a PRC issuer under PRC law, the par value of which is denominated in Renminbi, and which are subscribed for in a currency other than Renminbi
“H shares”	<u>overseas listed foreign shares of a PRC issuer</u> which are listed on the Exchange

...

“overseas listed foreign shares”	foreign shares which are listed outside the PRC
...	
“PRC stock exchange”	the Shanghai Stock Exchange or the Shenzhen Stock Exchange or the Beijing Stock Exchange
...	
“Regulations”	the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies (國務院關於股份有限公司境外募集股份及上市的特別規定) issued by the State Council of the PRC on 4 August 1994, as amended, supplemented or otherwise modified from time to time
...	

Chapter 3A — Sponsors and Compliance Advisers

19A.05 ~~[Repealed 1 August 2023]~~

~~(1) [Repealed 1 January 2005]~~

~~(2) The PRC issuer should ensure that the Compliance Adviser retained by it has access at all times to its authorised representatives, directors and other officers and should procure that such persons provide promptly to the Compliance Adviser such information and assistance as the Compliance Adviser may need or may reasonably request in connection with the performance of the Compliance Adviser’s duties as set out in Chapter 3A and rule 19A.06. The PRC issuer should also ensure that there are adequate and efficient means of communication between itself, its authorised representatives, directors and other officers and the Compliance Adviser and should keep the Compliance Adviser fully informed of all communications and dealings between it and the Exchange.~~

~~(3) Rules 3A.26 and 3A.27 are modified so as to:~~

- ~~(a) require that the PRC issuer not terminate the role of a Compliance Adviser until the PRC issuer has appointed a replacement Compliance Adviser;~~
- ~~(b) require that during the Fixed Period the PRC issuer and the Compliance Adviser immediately notify the Exchange of termination or resignation of the Compliance Adviser, in each case stating the reason for termination or resignation, as applicable; and~~
- ~~(c) require that the PRC issuer and the new Compliance Adviser immediately notify the Exchange of the new Compliance Adviser’s appointment.~~

~~(4) If the Exchange is not satisfied that the sponsor or Compliance Adviser is fulfilling its responsibilities under Chapter 3A and rule 19A.06 adequately, the Exchange may require the PRC issuer to terminate the sponsor’s or Compliance Adviser’s~~

~~appointment and appoint a replacement as soon as possible. The PRC issuer and the new sponsor or Compliance Adviser should immediately notify the Exchange of the new sponsor's or Compliance Adviser's appointment.~~

19A.06 ~~[Repealed 1 August 2023] In addition to the responsibilities of sponsors and Compliance Advisers set out in Chapter 3A of the Exchange Listing Rules:~~

- ~~(1) given the particular importance attached to the sponsor's role, the sponsor, in sponsoring a PRC issuer for listing, has a particular responsibility to satisfy himself, on all available information, that the PRC issuer is suitable to be listed and that its directors and supervisors appreciate the nature of their responsibilities and can be expected to honour their obligations under their directors' or supervisors' undertakings, the Exchange Listing Rules and under applicable PRC law and regulations. In particular, the sponsor must be satisfied that the directors of the PRC issuer understand what is required of them under the Exchange Listing Rules and applicable laws and regulations;~~
- ~~(2) [Repealed 2 November 2009]~~
- ~~(3) the Compliance Adviser must inform the PRC issuer on a timely basis of any amendment or supplement to the Exchange Listing Rules and any new or amended law, regulation or code in Hong Kong applicable to such issuer. Without limiting the generality of Chapter 3A, the Compliance Adviser must provide advice to such issuer on the continuing requirements under the Exchange Listing Rules and applicable laws and regulations; and~~
- ~~(4) where the authorised representatives of the PRC issuer are expected to be frequently outside Hong Kong, the Compliance Adviser must act as the PRC issuer's principal channel of communication with the Exchange in Hong Kong. The Compliance Adviser must also provide the Exchange with the names, home and office telephone numbers and where available, facsimile numbers, of at least one of its officers and an alternate who will act as the Compliance Adviser's contact with the Exchange and the PRC issuer.~~

19A.07 ~~[Repealed 1 August 2023] If the authorised representatives of a PRC issuer are expected to be frequently outside Hong Kong, then they or their alternates (who must be authorised to speak on behalf of the PRC issuer) appointed under rule 3.06(2) must be readily contactable by the Exchange at the home and office telephone numbers and where available, facsimile numbers, provided by them to the Exchange.~~

...

Chapter 8 — Qualifications for Listing

...

19A.13A Rule 8.08 is amended by adding the following provision to sub-paragraph (1)(b):

Where a PRC issuer has shares apart from the H shares for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Exchange) at the time of listing must be at least 25% of the issuer's total number of issued shares. However, the issuer's H shares (for which listing is sought) must represent at least 15% of its total number of issued shares, having an expected market capitalisation at the

time of listing of not less than HK\$125,000,000.

19A.13B For new applicants which are PRC issuers, the reference to “each class of securities for which listing is sought” in rule 8.09(3) shall mean H shares to be listed on the Exchange.

...

19A.15 The requirement in rule 8.12 for sufficient management presence in Hong Kong, including that normally at least two of the new applicant’s executive directors must be ordinarily resident in Hong Kong, shall apply except as otherwise permitted by the Exchange in its discretion. Where the new applicant wants to apply for a waiver from the requirement of rule 8.12, it must make a written submission for the Exchange’s consideration. In exercising such discretion the Exchange will have regard to, among other considerations, the new applicant’s arrangements for maintaining regular communication with the Exchange, ~~including but not limited to compliance by the new applicant with rules 19A.05 to 19A.07.~~

...

19A.17 Rules 8.19(1), and 8.20 and 13.26(1) ~~do not only~~ apply to ~~domestic shares or foreign shares other than~~ H shares of a PRC issuer.

...

19A.19 ~~[Repealed 1 August 2023] In addition to the requirement of rule 19A.14, the Exchange may from time to time determine that certain persons or entities should be treated as connected persons of a PRC issuer for purposes of the connected transaction provisions of Chapter 14A.~~

Chapter 9 — Application Procedures and Requirements

...

19A.21 ...

- (2) ~~The declaration and undertaking to be lodged under rule 9.11(38) forms of confirmation and undertaking to be lodged under rules 9.11(3a) and 9.11(3b) may require additional adjustment by virtue of the laws to which the PRC issuer is subject.~~¹⁶

...

19A.22A ~~[Repealed 1 August 2023] Rule 9.11 is amended by adding the following new provision:~~

~~(23A) a certified copy of the document issued by the China Securities Regulatory Commission or other PRC competent authority expressly approving the PRC issuer’s listing on the Exchange.~~

...

¹⁶ Rule 19A.21(2) will be repealed with effect from 31 December 2023 as a result of the Listing Rule amendments set out in the Consultation Conclusions on Proposals to Expand the Paperless Listing Regime and Other Rule Amendments published on 30 June 2023.

Chapter 10 — Restrictions on Purchase and Subscription

...

- 19A.25 (1) ~~[Repealed 1 August 2023] References to “ordinary resolution” in (a), (b) and (c) of rule 10.06(1) shall mean, for a PRC issuer, the special resolutions of shareholders in general meetings and of holders of domestic shares and foreign shares (and, if applicable, H shares) at separate meetings of such holders conducted in accordance with such issuer’s articles of association for approving share repurchases.~~
- (2) For a PRC issuer, ~~(vii) of rule 10.06(1)(b)~~(vii) is restated in its entirety as follows:
-
- (vii) a statement as to the consequences of any purchases which will arise under either or both of the Takeovers Code and any similar applicable law of which the directors are aware, if any;
- (3) For a PRC issuer, the reference to “10 per cent. of the number of existing issued shares ~~capital~~ of the issuer” in ~~(i) of rule 10.06(1)(c)~~(i) ~~is amended to shall mean~~ “10 per cent. of the total ~~amount~~ number of existing-issued H shares of the PRC issuer”.

Chapter 11 — Listing Documents

19A.26 ~~[Repealed 1 August 2023] Attention is particularly drawn to:~~

- ~~(1) the requirement to include a statement of responsibility (see rule 11.12);~~
- ~~(2) the fact that the Exchange may require disclosure of such additional or alternative items of information as it considers appropriate in any particular case (see rule 11.11); and~~
- ~~(3) the requirement to include a summary of the provisions of the constitutive documents of the PRC issuer and the relevant PRC law in the listing document (see rules 19A.27(2) and (3) and 19A.27A).~~

19A.27 The following modifications and additional requirements apply to the contents of listing documents:

...

- (2) the listing document must contain a summary of all provisions of the constitutive documents of the PRC issuer in so far as they may affect shareholders’ rights and protection and directors’ powers (using, and covering at the least, the same subject headings as is required by under the attachment to Part A of Appendix 1¹⁷ ~~Section 2 in Part D of Appendix 13 in respect of PRC issuers~~);

...

¹⁷ Reference to "Part A of Appendix 1" will be changed to "Appendix D1A" with effect from 31 December 2023 as a result of the Listing Rule amendments set out in the Consultation Conclusions on Proposals to Expand the Paperless Listing Regime and Other Rule Amendments published on 30 June 2023.

...

Chapter 13 — Continuing Obligations

19A.28 ~~[Repealed 1 August 2023] Whilst Chapter 13 and Appendix 16 apply equally to PRC issuers, the Exchange may be prepared to agree to such modifications as it considers appropriate in a particular case.~~

19A.29 ~~[Repealed 1 August 2023] Conversely, the Exchange may impose additional requirements in a particular case (see, for example, rule 19A.19). The additional requirements currently imposed by the Exchange in respect of PRC issuers are set out in Part D of Appendix 13. The Exchange may add to, waive, modify or not require compliance with, the requirements of Chapter 13 and Appendix 16, on a case by case basis in its absolute discretion.~~

...

Annual report and accounts and auditors' report

...

19A.36 ~~[Repealed 1 August 2023] If the PRC issuer's primary listing is or is to be on another stock exchange, an auditors' report which conforms to the requirements of the International Standards on Auditing or China Auditing Standards is acceptable.~~

...

Pre-emptive rights

19A.38 ~~For a PRC issuer, the references to shareholder(s) that is/are resident outside Hong Kong in rule 13.36(2)(a) and note 2 to rule 13.36(2)(a) shall mean shareholder(s) that is/are resident outside the PRC and Hong Kong. The requirements of rule 13.36(1) and (2) are replaced in their entirety by the following provisions:~~

~~"13.36 (1) (a) Except in the circumstances mentioned in rule 13.36(2), the directors of the PRC issuer shall obtain the approval by a special resolution of shareholders in general meeting, and the approvals by special resolutions of holders of domestic shares and overseas listed foreign shares (and, if applicable, H shares) (each being otherwise entitled to vote at general meetings) at separate class meetings conducted in accordance with the PRC issuer's articles of association, prior to authorising, allotting, issuing or granting:—~~

~~(i) shares;~~

~~(ii) securities convertible into shares; or~~

~~(iii) options, warrants or similar rights to subscribe for any shares or such convertible securities.~~

~~*Note: Importance is attached to the principle that a shareholder should be able to protect his proportion of the total equity*~~

~~by having the opportunity to subscribe for any new issue of equity securities. Accordingly, unless shareholders otherwise permit, all issues of equity securities by the PRC issuer must be offered to the existing shareholders (and, where appropriate, to holders of other equity securities of the PRC issuer entitled to be offered them) pro rata to their existing holdings, and only to the extent that the securities offered are not taken up by such persons may they be allotted or issued to other persons or otherwise than pro rata to their existing holdings. This principle may be waived by the shareholders themselves on a general basis, but only within the limits of rule 13.36(2).~~

- ~~(b) — Notwithstanding rule 13.36(2), the directors of the PRC issuer shall obtain the approval by special resolution of the shareholders in general meeting prior to allotting any voting shares if such allotment would effectively alter the control of the PRC issuer.~~
- ~~(2) — No such approval as is referred to in rule 13.36(1)(a) shall be required in the case of authorising, allotting or issuing shares if, but only to the extent that,~~
 - ~~(a) — it is made under a bonus or capitalisation issue to the shareholders of the PRC issuer, which excludes for that purpose any shareholder that is resident in a place outside the PRC and Hong Kong, provided that the directors of the PRC issuer consider such exclusion to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place and, where appropriate, to holders of other equity securities of the PRC issuer entitled to the issue, pro rata (apart from fractional entitlements) to their existing holdings; or~~

~~Notes: (1) — The PRC issuer must make enquiries regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange and may only exclude such overseas shareholders on the basis that, having made such enquiries, it would be necessary or expedient to do so.~~

~~(2) — If any shareholders that are resident outside the PRC and Hong Kong are excluded from an offer of securities pursuant to rule 13.36(2)(a), the PRC issuer shall include an explanation for the exclusion in the relevant circular or document containing the offer of securities. PRC issuers shall ensure that the circular or offer document is delivered to such shareholders for their information subject to compliance with the relevant local laws, regulations and requirements.~~

- ~~(b) — the existing shareholders of the PRC issuer have by special~~

~~resolution in general meeting given approval, either unconditionally or subject to such terms and conditions as may be specified in the resolution, for the PRC issuer to authorise, allot or issue, either separately or concurrently once every twelve months, not more than twenty per cent. of each of the existing issued domestic shares and overseas listed foreign shares of the PRC issuer; or~~

- ~~(c) such shares are part of the PRC issuer's plan at the time of its establishment to issue domestic shares and overseas listed foreign shares and which plan is implemented within 15 months from the date of approval by the China Securities Regulatory Commission or such other competent state council securities regulatory authority.~~

~~Notes: (1) Other than where independent shareholders' approval has been obtained, an issue of securities to a connected person pursuant to a general mandate given under rule 13.36(2) is only permitted in the circumstances set out in rule 14A.92.~~

~~(2) The PRC issuer does not have to comply with rule 13.36 if its primary listing is or is to be on another stock exchange and it is not subject to any other statutory or other requirement giving pre-emptive rights to shareholders over further issues of share capital. If the PRC issuer has no domestic shares issued, nor expects to issue domestic shares in the future, the PRC Issuer should consult the Exchange concerning appropriate modifications to the provisions of rule 13.36(2).~~

~~(3) Notwithstanding any issue of securities pursuant to a general mandate given under rule 13.36(2), the PRC issuer must at all times comply with the prescribed minimum percentage requirements concerning shares held by the public, as set out in rule 13.32."~~

Chapter 14 — Notifiable Transactions

19A.38A Rule 14.07(4) is amended by adding the following provisions:

~~In respect~~ Where the shares of a PRC issuer (other than H shares) whose domestic ~~shares~~ are listed on a PRC stock exchange, the market capitalisation of its PRC listed ~~domestic~~ shares is to be determined based on the average closing price of those shares for the 5 business days immediately preceding the transaction.

Where a PRC issuer has issued unlisted ~~domestic~~ shares, the market capitalisation of its unlisted ~~domestic~~ shares is calculated by reference to the average closing price of its H shares for the 5 business days preceding the transaction.

19A.39 ~~[Repealed 1 August 2023]~~ References in Chapter 14 to an issuer's "accounts" shall mean, in the case of a PRC issuer, the latest published audited accounts or consolidated accounts of such issuer which have been prepared in accordance with

~~Hong Kong Financial Reporting Standards, International Financial Reporting Standards or China Accounting Standards for Business Enterprises as provided for in rule 19A.10 or rule 19A.31, as the case may be.~~

Despatch of circular and listing document

19A.39A ~~[Repealed 1 August 2023] The timing for despatching a circular under rules 13.73, 14.41(b), 14.51, 14A.46(1) and 17.06 is modified to require a PRC issuer to despatch the circular on or before the deadline for giving notice of the general meeting under the Company Law.~~

19A.39B ~~[Repealed 1 August 2023] The timing for despatching a listing document under rule 14.57 is modified to require a PRC issuer to despatch the listing document on or before the deadline for giving notice of the general meeting under the Company Law.~~

...

Listing Fees

19A.40 ~~[Repealed 1 August 2023] Details of the initial listing fee, annual listing fee, subsequent issue fee and other charges together with details of the brokerage charge, levies and trading fees on new issues are set out in Appendix 8.~~

Appendix 1

Part A — Contents of Listing Documents where listing is sought for equity securities of a PRC issuer no part of whose share capital is already listed on the Exchange

...

19A.42 Part A of Appendix 1 is further supplemented by adding below paragraph 53 thereof, but before the Notes thereto, the following new caption heading and new paragraphs 54 to 65:

“Additional information on PRC issuers

54. Where a public or private issue or placing of securities of the PRC issuer other than H shares is being made simultaneously with the issue of H shares in Hong Kong or is proposed to be made as part of such issuer's share issue plan which was approved at the inaugural meeting or any shareholders' meeting of the issuer:—

...

- (2) a statement of whether or not such issue plan has been approved by the China Securities Regulatory Commission (or if no such approval is required, whether the PRC issuer has completed the filing of its issue plan with the China Securities Regulatory Commission where applicable) and the timetable for the share issues under such plan, and if such plan has not been approved or the requisite filing procedures have not been completed, when such approval or completion of the filing procedures is expected (as the case may be);

...

- (4) a description of the effect on the PRC issuer's future plans, prospects and financial condition (including profit forecast, if any) if such issue or placing of securities is not being completed in the manner described in the listing document or if the approval or the completion of filing of the share issue plan referred to in (2) above is not approved does not take place by the expected date;
- (5) if such securities are not admitted for listing on any stock exchange, a statement of whether there is (or is proposed to be) trading or dealing in such securities on any other authorised trading facility ~~such as the Securities Trading Automated Quotation System (證券交易自動報價系統) in the PRC;~~

...

- (7) information concerning each legal person or individual expected to hold ~~domestic shares or foreign~~ shares other than H shares constituting 10% or more of the existing issued share capital of the PRC issuer upon the completion of such issue or placing of ~~domestic shares or foreign~~ shares other than H shares, and the number of ~~domestic shares or foreign~~ shares other than H shares to be held by each such legal person or individual.

55. Where any securities of the PRC issuer are already issued and outstanding:—

...

- (2) if such securities are not admitted for listing on any stock exchange, a statement of whether there is trading or dealing in such securities on any other authorised trading facility ~~such as the Securities Trading Automated Quotation System (證券交易自動報價系統) in the PRC;~~

...

56. Particulars of the quorum and voting requirements for general meetings of shareholders ~~and for separate meetings of holders of domestic shares and foreign shares (and, if applicable, H shares).~~

...

59. ~~[Repealed 1 August 2023] A statement of whether or not the PRC issuer has applied or intends to apply for the status of a sino-foreign investment joint stock limited company (中外合資股份有限公司) and whether or not the PRC issuer is or expects to be subject to the PRC Sino-Foreign Joint Venture Law (中外合資經營企業法).~~

...

62. ~~[Repealed 1 August 2023] In an appropriately prominent place and manner in the listing document, the statements by the acquirer of shares required to be in a PRC issuer's listing document pursuant to rule 19A.52.~~

63. ~~[Repealed 1 August 2023] A general statement on the front page of the listing document to the following effect:~~

~~"The Company is incorporated, and its businesses are located, in the People's Republic of China ("PRC"). Potential investors in the Company should be aware of the differences in the legal, economic and financial systems between the mainland of the PRC and Hong Kong and that there are different risk factors relating to investment in PRC-incorporated businesses. Potential investors should also be aware that the regulatory framework in the PRC is different from the regulatory framework in Hong Kong and should take into consideration the different market nature of the shares of the Company. Such differences and risk factors are set out in the sections headed '_____,' on pages_____."~~

64. ~~[Repealed 1 August 2023] The risk factors section shall include, among other things, a brief summary of:~~

- ~~(a) the relevant PRC laws and regulations;~~
- ~~(b) the political structure and economic environment of the PRC;~~
- ~~(c) foreign exchange controls in the PRC and the exchange rate risk of the Renminbi;~~
- ~~(d) the different regulatory framework for PRC issuers listing outside the mainland of the PRC;~~
- ~~(e) specific risk factors related to the business of the PRC issuer and/or its products; and~~
- ~~(f) the law(s) governing the resolution of disputes arising from the PRC issuer's articles of association and the transfer of the PRC issuer's shares.~~

65. ~~[Repealed 1 August 2023] A description of applicable company law matters including material differences between the requirements of the PRC and of Hong Kong. Such description should include the following:~~

- ~~(a) the quorum and voting requirements for general meetings of shareholders and for separate meetings of holders of domestic shares and foreign shares (and, if applicable, H shares);~~
- ~~(b) the PRC issuer's ability, by way of a special resolution in a general meeting, to issue, allot or grant up to 20% of its existing share capital in domestic shares and/or foreign shares (and, if applicable, H shares) once every 12 months, without a separate vote by holders of foreign shares;~~
- ~~(c) the PRC issuer's ability to issue domestic shares and foreign shares (and, if applicable, H shares) pursuant to a share issue plan adopted at the inaugural meeting of the PRC issuer without a separate vote by holders of foreign shares;~~
- ~~(d) any right of action a shareholder may have against directors of the PRC issuer;~~

- ~~(e) the special features of arbitration; and~~
- ~~(f) the standard of shareholder protection, which is different from that generally available in Hong Kong."~~

Appendix 1

Part B — Contents of Listing Documents where listing is sought for equity securities of a PRC issuer some part of whose share capital is already listed on the Exchange

...

- 19A.44 Part B of Appendix 1 is further supplemented by adding below paragraph 43 thereof, but before the Notes thereto, the following new caption heading and new paragraphs 44 and 47:

"Additional information on PRC issuers

44. Where a public or private issue or placing of securities of the PRC issuer other than H shares is being made simultaneously with the issue of H shares in Hong Kong or is proposed to be made prior to the end of three months after the issue of the listing document in Hong Kong:—

...

- (3) if such securities are not admitted for listing on any stock exchange, a statement of whether there is (or is proposed to be) trading or dealing in such securities on any other authorised trading facility ~~such as the Securities Trading Automated Quotation System (證券交易自動報價系統) in the PRC;~~

...

- (5) information concerning each legal person or individual expected to hold ~~domestic shares or foreign~~ shares other than H shares constituting 10% or more of the existing issued share capital of the PRC issuer upon the completion of such issue or placing of ~~domestic shares or foreign~~ shares other than H shares, and the number of ~~domestic shares or foreign~~ shares other than H shares to be held by each such legal person or individual.

...

47. ~~[Repealed 1 August 2023] In an appropriately prominent place and manner in the listing document, the statements by the acquirer of shares required to be in a PRC issuer's listing document pursuant to rule 19A.52.~~

...

Appendix 3 — Articles of Association or equivalent constitutional documents

- 19A.45 ~~[Repealed 1 August 2023] A PRC issuer shall not at any time permit or cause any amendment to be made to its articles of association which would cause the same to cease to comply with the provisions of Appendix 3 or Section 1 of Part D of Appendix~~

13.

...

Other Requirements Applicable to PRC Issuers

19A.50 ~~[Repealed 1 August 2023]~~ A PRC issuer shall published on the Exchange's website and the issuer's own website, the following:—

~~(1) [Repealed 4 October 2021]~~

~~(2) a report showing the state of the issued share capital of the PRC issuer;~~

~~(3) the PRC issuer's latest audited financial statements and the directors', auditors' and supervisors' reports thereon;~~

~~(4) special resolutions of the PRC issuer;~~

~~(5) reports showing the number and nominal value of securities repurchased by the PRC issuer since the end of the last financial year, the aggregate amount paid for such securities and the maximum and minimum prices paid in respect of each class of securities repurchased (with a breakdown between domestic shares and foreign shares (and, if applicable, H shares)); and~~

~~(6) a copy of the latest annual return filed with the Administration for Industry and Commerce or other competent PRC authority.~~

~~(7) [Repealed 4 October 2021]~~

19A.50A ~~[Repealed 1 August 2023]~~ A PRC issuer shall make available copies of the following at a place in Hong Kong:

~~(1) a complete duplicate register of shareholders (for inspection by the public and shareholders free of charge, and for copying by shareholders at reasonable charges); and~~

~~(2) the minutes of meetings of shareholders (for inspection by shareholders free of charge, and for copying by shareholders at reasonable charges).~~

...

19A.52 ~~[Repealed 1 August 2023]~~ A PRC issuer shall ensure that all its listing documents and share certificates include the statements stipulated below and shall instruct and cause each of its share registrars not to register the subscription, purchase or transfer of any of its shares in the name of any particular holder unless and until such holder delivers to such share registrar a signed form in respect of such shares bearing statements to the following effect:—

~~(1) The acquirer of shares agrees with the PRC issuer and each shareholder of the PRC issuer, and the PRC issuer agrees with each shareholder, to observe and comply with the Company Law, the Regulations and the articles of association of the PRC issuer.~~

~~(2) The acquirer of shares agrees with the PRC issuer, each shareholder, director,~~

~~supervisor, manager and officer of the PRC issuer and the PRC issuer acting for itself and for each director, supervisor, manager and officer agrees with each shareholder to refer all differences and claims arising from the articles of association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the PRC issuer to arbitration in accordance with the articles of association, and any reference to arbitration shall be deemed to authorise the arbitration tribunal to conduct hearing in open session and to publish its award. Such arbitration shall be final and conclusive.~~

~~(3) The acquirer of shares agrees with the PRC issuer and each shareholder of the PRC issuer that shares in the PRC issuer are freely transferable by the holder thereof.~~

~~(4) The acquirer authorises the PRC issuer to enter into a contract on his behalf with each director and officer whereby such directors and officers undertake to observe and comply with their obligations to shareholders stipulated in the articles of association.~~

19A.53 ~~[Repealed 1 August 2023]~~ A PRC issuer shall observe and comply with the Company Law, the Regulations and the PRC Issuer's articles of association.

19A.54 ~~[Repealed 1 August 2023]~~ A PRC issuer shall enter into a contract in writing with every director and officer containing at least the following provisions:—

~~(1) an undertaking by the director or officer to the PRC issuer to observe and comply with the Company Law, the Regulations, the articles of association, the Takeovers Code and Share Buy-backs Code and an agreement that the PRC issuer shall have the remedies provided in the articles of association and that neither the contract nor his office is capable of assignment;~~

~~(2) an undertaking by the director or officer to the PRC issuer acting as agent for each shareholder to observe and comply with his obligations to shareholders stipulated in the articles of association; and~~

~~(3) an arbitration clause as follows:—~~

~~(a) Whenever any disputes or claims arise from this contract, the company's articles of association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the company between (i) the company and its directors or officers; and (ii) a holder of overseas listed foreign shares and a director or officer of the company, the parties concerned shall resolve such disputes and claims through arbitration.~~

~~(b) Where a dispute or claim described above is referred to arbitration, the entire dispute or claim shall be resolved through arbitration; all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, if they are shareholders, directors, supervisors, manager or other officers of the company or the company, shall submit to arbitration.~~

~~(c) Disputes over who is a shareholder and over the share register do not have to be resolved through arbitration.~~

- ~~(d) The party seeking arbitration may elect to have the dispute or claim arbitrated either by the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or by the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. Once the party seeking arbitration submits a dispute or claim to arbitration, the other party must submit to the arbitral body selected by the party seeking the arbitration.~~
- ~~(e) If the party seeking arbitration elects to arbitrate the dispute or claim at the Hong Kong International Arbitration Centre, then either party may apply to have such arbitration conducted in Shenzhen according to the securities arbitration rules of the Hong Kong International Arbitration Centre.~~
- ~~(f) The laws of the People's Republic of China shall govern the arbitration of disputes or claims described in clause (a) above, unless otherwise provided by law or administrative regulations.~~
- ~~(g) The award of the arbitral body is final and shall be binding on the parties thereto.~~
- ~~(h) This agreement to arbitrate is made by the director or officer with the company on its own behalf and on behalf of each shareholder.~~
- ~~(i) Any reference to arbitration shall be deemed to authorise the arbitral tribunal to conduct hearings in open session and to publish its award.~~

19A.55 ~~[Repealed 1 August 2023] A PRC issuer shall enter into a contract in writing with every supervisor containing at least the following provisions:—~~

- ~~(1) an undertaking by the supervisor to the PRC issuer to observe and comply with the Company Law, the Regulations and the articles of association and an agreement that the PRC issuer shall have the remedies provided in the articles of association and that neither the contract nor his office is capable of assignment;~~
- ~~(2) an undertaking by the supervisor to the PRC issuer acting as agent for each shareholder to observe and comply with his obligations to shareholders stipulated in the articles of association; and~~
- ~~(3) the arbitration clause set forth in rule 19A.54(3), subject to necessary modifications.~~

19A.56 ~~[Repealed 1 August 2023] All notices or other documents required under Chapter 13 to be sent by a PRC issuer to the Exchange shall be in the English language, or accompanied by a certified English translation.~~

...

Appendix 1

Contents of Listing Documents

Part A

Equity Securities

In the case where listing is sought for equity securities of an issuer no part of whose share capital is already listed

...

Attachment to Part A of Appendix 1¹⁸

A summary of the constitutive documents required by rule 19.10(2) or 19A.27(2) must be set out under the following headings and where any item is not applicable the words "not applicable" should be inserted under the relevant heading:—

(1) directors

(a) power to allot and issue shares

- (i) summary
- (ii) differences

(b) power to dispose of the issuer's or any of its subsidiaries' assets

- (i) summary
- (ii) differences

(c) compensation or payments for loss of office

- (i) summary
- (ii) differences

(d) loans to directors

- (i) summary
- (ii) differences

(e) giving of financial assistance to purchase the issuer's or any of its subsidiaries' shares

- (i) summary
- (ii) differences

(f) disclosure of interests in contracts with the issuer or any of its subsidiaries

- (i) summary
- (ii) differences

(g) remuneration

- (i) summary

¹⁸ Reference to "Part A of Appendix 1" will be changed to "Appendix D1A" with effect from 31 December 2023 as a result of the Listing Rule amendments set out in the Consultation Conclusions on Proposals to Expand the Paperless Listing Regime and Other Rule Amendments published on 30 June 2023.

- (ii) differences
- (h) retirement, appointment, removal
 - (i) summary
 - (ii) differences
- (i) borrowing powers
 - (i) summary
 - (ii) differences
- (2) alterations to constitutional documents
 - (i) summary
 - (ii) differences
- (3) variation of rights of existing shares or classes of shares
 - (i) summary
 - (ii) differences
- (4) special resolutions - majority required
 - (i) summary
 - (ii) differences
- (5) voting rights (generally and on a poll)
 - (i) summary
 - (ii) differences
- (6) requirements for annual general meetings
 - (i) summary
 - (ii) differences
- (7) accounts and audit
 - (i) summary
 - (ii) differences
- (8) notice of meetings and business to be conducted thereat
 - (i) summary
 - (ii) differences
- (9) transfer of shares
 - (i) summary
 - (ii) differences
- (10) power of the issuer to purchase its own shares
 - (i) summary
 - (ii) differences
- (11) power of any subsidiary of the issuer to own shares in its parent

- (i) summary
 - (ii) differences
- (12) dividends and other methods of distribution
 - (i) summary
 - (ii) differences
- (13) proxies
 - (i) summary
 - (ii) differences
- (14) calls on shares and forfeiture of shares
 - (i) summary
 - (ii) differences
- (15) inspection of register of members
 - (i) summary
 - (ii) differences
- (16) quorum for meetings and separate class meetings
 - (i) summary
 - (ii) differences
- (17) rights of the minorities in relation to fraud or oppression thereof
 - (i) summary
 - (ii) differences
- (18) procedures on liquidation
 - (i) summary
 - (ii) differences
- (19) any other provisions material to the issuer or the shareholders thereof.

APPENDIX 13

Part D

THE PEOPLE'S REPUBLIC OF CHINA

THIS APPENDIX HAS BEEN REPEALED

[Repealed 1 August 2023]¹⁹

¹⁹ Part D of Appendix 13 will be deleted entirely from the Listing Rules with effect from 31 December 2023 in line with the revised structure of the Appendices to the Listing Rules described in the Consultation Conclusions on Proposals to Expand the Paperless Listing Regime and Other Rule Amendments published on 30 June 2023.

~~Section 1. Additional required provisions for articles of association~~

~~Section 2. Modifications and additional requirements~~

Section 1

ADDITIONAL REQUIREMENTS FOR THE ARTICLES OF ASSOCIATION OF ISSUERS INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA

~~In addition to the provisions of Appendix 3, the articles of association of issuers incorporated in the People's Republic of China whose primary listing is or is to be on the Exchange (see rules 19A.01 to 19A.03) must include:—~~

- ~~(a) — the Mandatory Provisions for Companies Listing Overseas set forth in Zheng Wei Fa (1994) No. 21 issued on 27 August 1994 by the State Council Securities Policy Committee and the State Commission for Restructuring the Economic System (the "Mandatory Provisions");~~
- ~~(b) — in addition to article 36 of the Mandatory Provisions, a provision to the effect that the part of the register of holders of overseas listed foreign shares relating to holders of shares listed on the Exchange shall be maintained in Hong Kong;~~
- ~~(c) — in addition to article 140 of the Mandatory Provisions, a provision to the effect that for its overseas listed foreign shares listed on the Exchange, the issuer shall appoint as receiving agents a company which is registered as a trust company under the Trustee Ordinance of Hong Kong;~~
- ~~(d) — in addition to article 104 of the Mandatory Provisions, provisions that set out the voting procedures of the supervisory committee and must include provisions to the following effect:—~~
 - ~~(i) — the election or removal of the chairman of the supervisory committee shall be decided by two thirds or more of the supervisors; and~~
 - ~~(ii) — decisions of the supervisory committee shall be made by the affirmative vote of two thirds or more of the supervisors;~~
- ~~(e) — in addition to article 148 of the Mandatory Provisions, provisions that set out the procedures for the change, removal and resignation of auditors and must include provisions to the following effect:—~~
 - ~~(i) — Where a resolution at a general meeting of shareholders is passed to appoint as auditor a person other than an incumbent auditor, to fill a casual vacancy in the office of auditor, to reappoint as auditor a retiring auditor who was appointed by the board of directors to fill a casual vacancy, or to remove an auditor before the expiration of his term of office, the following provisions shall apply:—~~
 - ~~(A) — A copy of the proposal shall be sent before notice of meeting is given to the shareholders to the person proposed to be appointed or the auditor proposing to leave his post or the auditor who has left his post (leaving includes leaving by removal, resignation and retirement).~~

~~(B) If the auditor leaving his post makes representations in writing and requests their notification to the shareholders, the issuer shall (unless the representations are received too late):—~~

~~(x) in any notice of the resolution given to shareholders, state the fact of the representations having been made; and~~

~~(y) send a copy of the representations to every shareholder entitled to notice of general meetings.~~

~~(C) If the auditor's representations are not sent under [article corresponding to (B) above] the auditor may (in addition to his right to be heard) require that the representations be read out at the meeting.~~

~~(D) An auditor who is leaving his post shall be entitled to attend:—~~

~~(x) the general meeting at which his term of office would otherwise have expired;~~

~~(y) any general meeting at which it is proposed to fill the vacancy caused by his removal; and~~

~~(z) any general meeting convened on his resignation;~~

~~and to receive all notices of, and other communications relating to, any such meeting, and to be heard at any such meeting which he attends on any part of the business of the meeting which concerns him as former auditor of the issuer.~~

~~(ii) An auditor may resign his office by depositing at the issuer's seat a notice in writing to that effect and containing:—~~

~~(A) a statement to the effect that there are no circumstances connected with his resignation which he considers should be brought to the notice of the shareholders or creditors of the issuer; or~~

~~(B) a statement of any such circumstances.~~

~~Any such notice shall terminate his office on the date on which it is deposited or on such later date as may be specified therein.~~

~~(iii) Where a notice is deposited under [article corresponding to 1(e)(ii)], the issuer shall within 14 days send a copy of the notice to the competent authority. If the notice contained a statement under [article corresponding to 1(e)(i)(B)], a copy of the notice shall also be sent to every person entitled to obtain a copy of the issuer's financial statements.~~

~~(iv) Where the auditor's notice of resignation contains a statement under [article corresponding to 1(e)(ii)(B)], he may require the board of directors to convene an extraordinary general meeting of shareholders for the purpose of receiving an explanation of the circumstances connected with his resignation; and~~

~~(f) a provision to the following effect:—~~

~~In addition to holders of other classes of shares, holders of domestic shares and overseas listed foreign shares are deemed to be different classes of shareholders; provided however that the special procedures for approval by separate class shareholders shall not apply to the following circumstances:—~~

- ~~(i) where the issuer issues, upon approval by a special resolution of its shareholders in a general meeting, either separately or concurrently once every twelve months, not more than twenty per cent. of each of the existing issued domestic shares and overseas listed foreign shares of the issuer; or~~
- ~~(ii) where the issuer's plan to issue domestic shares and overseas listed foreign shares on establishment is implemented within fifteen months from the date of approval by the China Securities Regulatory Commission.~~

Section 2

MODIFICATIONS AND ADDITIONAL REQUIREMENTS

(see rule 19A.27(2))

- ~~1. A summary of the constitutive documents required by rule 19A.27(2) must be set out under the following headings and where any item is not applicable the words “not applicable” should be inserted under the relevant heading:—~~

~~(1) directors~~

~~(a) power to allot and issue shares~~

- ~~(i) summary~~
- ~~(ii) differences~~

~~(b) power to dispose of the PRC issuer's or any of its subsidiaries' assets~~

- ~~(i) summary~~
- ~~(ii) differences~~

~~(c) compensation or payments for loss of office~~

- ~~(i) summary~~
- ~~(ii) differences~~

~~(d) loans to directors~~

- ~~(i) summary~~
- ~~(ii) differences~~

~~(e) giving of financial assistance to purchase the PRC issuer's or any of its subsidiaries' shares~~

- ~~(i) summary~~
- ~~(ii) differences~~

~~(f) disclosure of interests in contracts with the PRC issuer or any of its subsidiaries~~

- ~~(i) — summary~~
- ~~(ii) — differences~~

~~(g) — remuneration~~

- ~~(i) — summary~~
- ~~(ii) — differences~~

~~(h) — retirement, appointment, removal~~

- ~~(i) — summary~~
- ~~(ii) — differences~~

~~(i) — borrowing powers~~

- ~~(i) — summary~~
- ~~(ii) — differences~~

~~(2) — alterations to constitutional documents~~

- ~~(i) — summary~~
- ~~(ii) — differences~~

~~(3) — variation of rights of existing shares or classes of shares~~

- ~~(i) — summary~~
- ~~(ii) — differences~~

~~(4) — special resolutions — majority required~~

- ~~(i) — summary~~
- ~~(ii) — differences~~

~~(5) — voting rights (generally and on a poll)~~

- ~~(i) — summary~~
- ~~(ii) — differences~~

~~(6) — requirements for annual general meetings~~

- ~~(i) — summary~~
- ~~(ii) — differences~~

~~(7) — accounts and audit~~

- ~~(i) — summary~~
- ~~(ii) — differences~~

~~(8) — notice of meetings and business to be conducted thereat~~

- ~~(i) — summary~~
- ~~(ii) — differences~~

~~(9) — transfer of shares~~

- ~~(i) — summary~~
- ~~(ii) — differences~~

~~(10) power of the PRC issuer to purchase its own shares~~

- ~~(i) summary~~
- ~~(ii) differences~~

~~(11) power of any subsidiary of the PRC issuer to own shares in its parent~~

- ~~(i) summary~~
- ~~(ii) differences~~

~~(12) dividends and other methods of distribution~~

- ~~(i) summary~~
- ~~(ii) differences~~

~~(13) proxies~~

- ~~(i) summary~~
- ~~(ii) differences~~

~~(14) calls on shares and forfeiture of shares~~

- ~~(i) summary~~
- ~~(ii) differences~~

~~(15) inspection of register of members~~

- ~~(i) summary~~
- ~~(ii) differences~~

~~(16) quorum for meetings and separate class meetings~~

- ~~(i) summary~~
- ~~(ii) differences~~

~~(17) rights of the minorities in relation to fraud or oppression thereof~~

- ~~(i) summary~~
- ~~(ii) differences~~

~~(18) procedures on liquidation~~

- ~~(i) summary~~
- ~~(ii) differences~~

~~(19) any other provisions material to the PRC issuer or the shareholders thereof.~~

2. _____ [Repealed 2 November 2009]

APPENDIX V: AMENDMENTS TO THE GEM LISTING RULES

Chapter 1

GENERAL

INTERPRETATION

...

1.01 Throughout these Rules, the following terms, except where the context otherwise requires, have the following meanings:

...

~~“domestic shares”~~ shares issued by a PRC issuer under PRC law, the par value of which is denominated in Renminbi, and which are subscribed for in Renminbi

...

~~“foreign shares”~~ shares issued by a PRC issuer under PRC law, the par value of which is denominated in Renminbi, and which are subscribed for in a currency other than Renminbi

...

~~“H Shares”~~ overseas listed foreign shares of a PRC issuer which are listed and traded on GEM

...

~~“Mandatory Provisions”~~ the Mandatory Provisions for Companies Listing Overseas set forth in Zheng Wei Fa (1994) No. 21 issued on 27 August 1994 by the State Council Securities Policy Committee and the State Commission for Restructuring the Economic System

...

~~“overseas listed foreign shares”~~ in respect of a PRC issuer means foreign shares which are listed outside the PRC

...

~~“PRC stock exchange”~~ the Shanghai Stock Exchange or the Shenzhen Stock Exchange or the Beijing Stock Exchange

...

~~“Regulations”~~

~~the Special Regulations on the Overseas Offering and Listing of Shares by Joint Stock Limited Companies issued by the State Council of the PRC on 4 August 1994, as amended, supplemented or otherwise modified from time to time~~

...

...

Chapter 6A

SPONSORS, COMPLIANCE ADVISERS, OVERALL COORDINATORS AND OTHER CAPITAL MARKET INTERMEDIARIES

...

Compliance Adviser's undertaking to the Exchange

...

6A.23 During the Fixed Period, a listed issuer must consult with and, if necessary, seek advice from its Compliance Adviser on a timely basis in the following circumstances:

- (1) before the publication of any regulatory announcement, circular or financial report;
- (2) where a transaction, which might be a notifiable or connected transaction, is contemplated including share issues and share repurchases;
- (3) where the listed issuer proposes to use the proceeds of the initial public offering in a manner different from that detailed in the listing document or where the business activities, developments or results of the listed issuer deviate from any forecast, estimate, or other information in the listing document; and
- (4) where the Exchange makes an inquiry of the listed issuer under rule 17.11.

Note: The listed issuer must ensure that the Compliance Adviser has access at all times to its directors, authorised representatives and other officers and should procure that such persons provide promptly to the Compliance Adviser such information and assistance as the Compliance Adviser may need or may reasonably request in connection with the performance of the Compliance Adviser's duties as set out in this chapter. The listed issuer must also ensure that there are adequate and efficient means of communications between itself, its directors, authorised representatives and other officers and the Compliance Adviser and should keep the Compliance Adviser fully informed of all communications and dealings between it and the Exchange.

6A.24 When a Compliance Adviser is consulted by a listed issuer in the circumstances set out in rule 6A.23 above it must discharge the following responsibilities with due care and skill:

- (1) ensure the listed issuer is properly guided and advised as to compliance with

the GEM Listing Rules and all other applicable laws, rules, codes and guidelines;

Note: The Compliance Adviser must inform the listed issuer on a timely basis of any amendment or supplement to the GEM Listing Rules and any new or amended laws and regulations in Hong Kong applicable to such issuer.

...

...

Chapter 11

EQUITY SECURITIES

QUALIFICATIONS FOR LISTING

...

General conditions applicable to all issuers

- 11.05 The issuer must be duly incorporated or otherwise established under the laws of the place where it is incorporated or otherwise established and must be in conformity with those laws, including all such laws relevant to the allotment and issue of securities, and with its memorandum and articles of association or equivalent documents. The issuer must demonstrate how the domestic laws, rules and regulations to which it is subject and its constitutional documents, in combination, provide the shareholder protection standards set out in Appendix 3. ~~In addition PRC issuers must also comply with Part C of Appendix 11.~~

...

Chapter 12

EQUITY SECURITIES

APPLICATION PROCEDURES AND REQUIREMENTS

...

Documentary requirements – New Listing Applications

At the time of application for listing

- 12.22 The following documents, as applicable, must be lodged with the Exchange for review together with the application for listing form in respect of a new applicant:—

...

- (2) a confirmation from the new applicant's legal advisers that the new applicant's articles of association (i) conform with the relevant parts of Appendix 3 and (for overseas issuers) the related guidance materials, ~~and (where applicable) Appendix 41,~~ and (ii) on the whole, are not inconsistent with the GEM Listing Rules and the laws of the place where the new applicant is incorporated or otherwise established;

...

At least 4 clear business days before the expected hearing date

...

12.23BB Where the new applicant's application for listing on the Exchange is required to be filed with the China Securities Regulatory Commission in the PRC, a copy of the notification issued by the China Securities Regulatory Commission on the new applicant's completion of the PRC filing procedures.

...

Chapter 17

EQUITY SECURITIES

CONTINUING OBLIGATIONS

...

Pre-emptive rights

17.39 Except in the circumstances mentioned in rule 17.41, the directors of an issuer ~~(other than a PRC issuer, to which the provisions of rule 25.23 apply)~~ shall obtain the consent of shareholders in general meeting prior to allotting, issuing or granting:—

- (1) shares;
- (2) securities convertible into shares; or
- (3) options, warrants or similar rights to subscribe for any shares or such convertible securities.

Note: Importance is attached to the principle that a shareholder should be able to protect his proportion of the total equity by having the opportunity to subscribe for any new issue of equity securities. Accordingly, unless shareholders otherwise permit, all issues of equity securities by the issuer must be offered to the existing shareholders (and, where appropriate, to holders of other equity securities of the issuer entitled to be offered them) pro rata to their existing holdings, and only to the extent that the securities offered are not taken up by such persons may they be allotted or issued to other persons or otherwise than pro rata to their existing holdings. This principle may be waived

by the shareholders themselves on a general basis, but only within the limits of rules 17.41 and 17.42.

- 17.40 Notwithstanding rule 17.41(2), the directors of the issuer (~~other than a PRC issuer, to which the provisions of rule 25.23 apply~~) shall obtain the consent of the shareholders in general meeting prior to allotting any voting shares if such allotment would effectively alter the control of the issuer.

...

Changes

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

- (1) any proposed alteration to the issuer's memorandum or articles of association or equivalent documents ~~and, in the case of a PRC issuer, any proposed request by the PRC issuer or a PRC competent authority to waive or otherwise modify any provision of the Regulations.~~

...

Note: Changes to the relevant parts of the articles of association or equivalent documents must conform with the requirements of Appendix 3 to the GEM Listing Rules ~~and, in the case of an overseas issuer which is incorporated or otherwise established in a jurisdiction in respect of which additional requirements are set out in Appendix 11 (for these purposes, the PRC), such changes must conform with Appendix 11.~~

...

...

Chapter 19

EQUITY SECURITIES

NOTIFIABLE TRANSACTIONS

...

Notification, publication and shareholders' approval requirements

- 19.33 The table below summarises the notification, publication and shareholders' approval requirements which will generally apply to each category of notifiable transaction. However, listed issuers should refer to the relevant rules for the specific requirements.

...

Notes: 1 No shareholder approval is necessary if the consideration shares are issued under a general mandate. However, if the shares are not issued under a general mandate, the listed issuer is required, pursuant to rule ~~17.41(2)~~17.39, to obtain shareholders' approval in general meeting prior

to the issue of the consideration shares.

...

...

Chapter 24

EQUITY SECURITIES

OVERSEAS ISSUERS

...

Chapter 14 – Listing Documents

...

24.09 The following modifications and additional requirements apply:—

...

- (2) the listing document must contain a summary of all provisions of the constitutive documents of the overseas issuer in so far as they may affect shareholders' rights and protections and directors' powers (using, and covering at the least, the same subject headings as required under the attachment to Part A of Appendix 1²⁰);

~~Note: An overseas issuer can refer to Section 2 of Appendix 11 Part C (The People's Republic of China) for guidance on the subject headings that should be used to provide this summary.~~

...

- (5) for an introduction in the circumstances in rule 10.18(3), the following modifications, exceptions and additional requirements apply:—
- (a) the following may be published on the Exchange's website and the issuer's own website rather than set out in the listing document:
- (i) (without in any way limiting the scope of the summary required by rule 24.09(2)) a comparison between the provisions of the listed Hong Kong issuer's existing articles of association and the proposed content of the constitutive documents of the overseas issuer;

Notes:

²⁰ Reference to "Part A of Appendix 1" will be changed to "Appendix D1A" with effect from 31 December 2023 as a result of the Listing Rule amendments set out in the Consultation Conclusions on Proposals to Expand the Paperless Listing Regime and Other Rule Amendments published on 30 June 2023.

- ...
2. ~~*[Repealed 1 August 2023] An overseas issuer can refer to Section 2 of Appendix 11 Part C (The People's Republic of China) for guidance on the format that should be used to provide this comparison.*~~
- ...

Chapter 25

EQUITY SECURITIES

ISSUERS INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA

Preliminary

25.01 ~~[Repealed 1 August 2023]~~

- ~~(1) Overseas issuers incorporated in the common law jurisdictions of Bermuda and Cayman Islands may list on GEM provided that certain additional requirements set out or referred to in Chapter 24 are fulfilled. The legal system in the PRC is not based on a common law system. Furthermore, existing PRC law imposes various restrictions affecting the use of foreign exchange in the PRC and its remittance out of the PRC. Under current PRC law, only PRC citizens and legal persons are permitted to own the domestic shares (內資股) of a PRC issuer (which pay dividends in Renminbi), and only foreign investors and investors from the regions of Hong Kong, Macau and Taiwan are permitted to own the overseas listed foreign shares (境外上市外資股) of a PRC issuer (which pay dividends in a foreign currency). As a result, although under PRC law such domestic shares and foreign shares are all shares of a PRC issuer, the two kinds of shares in effect operate in separate markets subject to different investor demands.~~
- ~~(2) To deal with the different markets in which a PRC issuer's shares may be traded as well as with the non-common law basis of the PRC legal system, certain additional requirements, modifications and exceptions to the GEM Listing Rules are necessary in order for a PRC issuer to obtain and to maintain a listing of its securities on GEM.~~
- ~~(3) The purpose of this Chapter is to clarify that the GEM Listing Rules apply as much to PRC issuers as they do to Hong Kong and other overseas issuers, subject to the additional requirements, modifications and exceptions set out or referred to in this Chapter. Among such requirements are that (a) PRC issuers are expected to present their annual accounts in accordance with HKFRS, IFRS or CASBE; (b) the articles of association of PRC issuers must contain provisions which will reflect the different nature of domestic shares and overseas listed foreign shares (including H shares) and the different rights of their respective holders; and (c) disputes involving holders of H shares and arising from a PRC issuer's articles of association, or from any rights or obligations conferred or imposed by the Company Law and any other relevant laws and regulations concerning the affairs of the PRC issuer, are to be settled~~

by arbitration in either Hong Kong or the PRC at the election of the claimant.

- (4) ~~However, if changes in PRC law or market practices materially alter the validity or accuracy of any of the foregoing statements, then the Exchange may impose additional requirements or make listing of the equity securities of a PRC issuer subject to special conditions as the Exchange considers appropriate. Whether or not any such changes in PRC law or market practices occur, the Exchange retains its general power to impose additional requirements and make special conditions under rule 2.07.~~

25.01A The GEM Listing Rules apply as much to PRC issuers as they do to Hong Kong issuers. This Chapter sets out the additional requirements, modifications or exemptions which apply to PRC issuers listed or to be listed on GEM. Rules 24.01 to 24.28 (inclusive) do not apply in the case of such PRC issuers.

25.02 ~~[Repealed 1 August 2023] In circumstances where the PRC issuer is or is to be listed on another stock exchange as well as on GEM, the provisions of the GEM Listing Rules, unless otherwise stated, apply in their entirety, save for any additional requirements, modifications and exceptions set out in this Chapter (or elsewhere in the GEM Listing Rules).~~

...

25.03 ~~[Repealed 1 August 2023] The Exchange will consider an application by a PRC issuer for listing on GEM under this Chapter only if:—~~

- (1) ~~it is duly incorporated in the PRC as a joint stock limited company (股份有限公司);~~
- (2) ~~the Exchange is satisfied that there are adequate communication and cooperation arrangements in place between the Exchange and the relevant securities regulatory authorities in the PRC;~~
- (3) ~~in the case of a PRC issuer having equity securities listed or to be listed on another stock exchange, the Exchange is satisfied that there is adequate communication arrangement in place between the Exchange and such other stock exchange authority; and~~
- (4) ~~the Exchange is satisfied that applicable PRC law and the articles of association of the PRC issuer provide a sufficient level of shareholder protection to holders of H shares.~~

...

Chapter 11 – Qualifications for Listing

...

25.07A Rule 11.23 is amended by adding the following provision to sub-paragraph (9):

Where a PRC issuer has shares apart from the H shares for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Exchange) at the time of listing must be at least 25% of the issuer's total number of issued shares. However, the issuer's H shares (for which listing is sought) must represent at least 15% of its total number of issued shares, having an expected market capitalisation at the time of listing of not less than HK\$45,000,000.

...

- 25.12 ~~Rules 11.02, and 11.30(1) and 17.28 do not only apply to domestic shares or foreign shares other than H shares of a PRC issuer.~~

...

- 25.14 ~~[Repealed 1 August 2023] In addition to the requirement of rule 25.10, the Exchange may from time to time determine that certain persons or entities should be treated as connected persons of a PRC issuer for the purposes of the connected transaction provisions of Chapter 20.~~

Chapter 12 – Application Procedures and Requirements

...

- 25.17A ~~[Repealed 1 August 2023] A certified copy of the document issued by the China Securities Regulatory Commission or other PRC competent authority expressly approving the PRC issuer's listing on the Exchange must be lodged with the Exchange by a new applicant at least 4 clear business days before the proposed hearing date.~~

Chapter 13 – Restrictions on Purchase, Disposal and Subscription

...

- 25.19 (1) ~~[Repealed 1 August 2023] References to “ordinary resolution” in rules 13.07 to 13.09 shall mean, for a PRC issuer, the special resolutions of shareholders in general meetings and of holders of domestic shares and foreign shares (and, if applicable, H shares) at separate meetings of such holders conducted in accordance with such issuer's articles of association for approving share repurchases.~~
- (2) For a PRC issuer, rule 13.08(7) is restated in its entirety as follows:—
- “a statement as to the consequences of any purchases which shall arise under either or both of the Takeovers Code and/or any similar applicable law of which the directors are aware, if any.”
- (3) For a PRC issuer, the reference to “10% per cent of the number of existing issued shares capital of the PRC issuer” in rule 13.09(1) ~~is amended to shall~~ mean “10% per cent of the total amount number of existing issued H shares of the PRC issuer”.

Chapter 14 – Listing Documents

- 25.20 The following modifications and additional requirements apply to the contents of listing documents:

...

- (2) the listing document must contain a summary of all provisions of the constitutional documents of the PRC issuer in so far as they may affect shareholders' rights and protection and directors' powers (using, and covering at the least, the same subject headings as ~~is required by~~ under the attachment

to Part A of Appendix 1²¹ Section 2 in Part C of Appendix 11 in respect of PRC issuers);

...

...

Chapters 17 and 18 – Continuing Obligations and Financial Information

General

25.21 ~~[Repealed 1 August 2023] Whilst Chapters 17 and 18 apply equally to PRC issuers, the Exchange may be prepared to agree to such modifications as it considers appropriate in a particular case.~~

25.22 ~~[Repealed 1 August 2023] Conversely, the Exchange may impose further additional requirements in a particular case (see, for example, rule 25.14). The additional requirements currently imposed by the Exchange in respect of PRC issuers are set out in Part C of Appendix 11. The Exchange may add to, waive or not require compliance with, the requirements of Chapters 17 and 18, on a case by case basis in its discretion.~~

...

Pre-emptive rights

25.23 For a PRC issuer, the references to shareholder(s) that is/are resident outside Hong Kong in rule 17.41(1) and note 2 to rule 17.41(1) shall mean shareholder(s) that is/are resident outside the PRC and Hong Kong. The requirements of rules 17.39 to 17.41 are replaced in their entirety by the following provision:—

~~“17.39 Except in the circumstances mentioned in rule 17.41, the directors of the PRC issuer shall obtain the approval by a special resolution of shareholders in general meeting and the approvals by special resolutions of holders of domestic shares and overseas listed foreign shares (and, if applicable, H shares) (each being otherwise entitled to vote at general meetings) at separate class meetings conducted in accordance with the PRC issuer's articles of association, prior to authorising, allotting, issuing or granting:—~~

~~(1) shares;~~

~~(2) securities convertible into shares; and~~

~~(3) options, warrants or similar rights to subscribe for any shares or such convertible securities.~~

~~*Note: Importance is attached to the principle that a shareholder should be able to protect his proportion of the total equity by having the opportunity to subscribe for any new issue of equity securities. Accordingly, unless shareholders otherwise permit, all issues of equity securities by the PRC issuer must be offered to the existing shareholders (and, where appropriate, to holders of other equity securities of the PRC issuer entitled to be offered them) pro-rata to*~~

²¹ Reference to "Part A of Appendix 1" will be changed to "Appendix D1A" with effect from 31 December 2023 as a result of the Listing Rule amendments set out in the Consultation Conclusions on Proposals to Expand the Paperless Listing Regime and Other Rule Amendments published on 30 June 2023.

~~their existing holdings, and only to the extent that the securities offered are not taken up by such persons may they be allotted or issued to other persons or otherwise than pro-rata to their existing holdings. This principle may be waived by the shareholders themselves on a general basis, but only within the limits of rule 17.41.~~

~~17.40 Notwithstanding rule 17.41, the directors of the PRC issuer shall obtain the approval by special resolution of its shareholders in general meeting, prior to allotting any voting shares if such allotment would effectively alter the control of the PRC issuer.~~

~~17.41 No such approval as is referred to in rule 17.39 shall be required in the case of authorising, allotting or issuing shares if, but only to the extent that,~~

- ~~(1) it is made under a bonus or capitalisation issue to the shareholders of the PRC issuer, which excludes for that purpose any shareholder that is resident in a place outside the PRC and Hong Kong, provided that the directors of the PRC issuer consider such exclusion to be necessary or expedient on account either of the legal restrictions under the laws of the relevant place or the requirements of the relevant regulatory body or stock exchange in that place and, where appropriate, to holders of other equity securities of the PRC issuer entitled to the issue, pro-rata (apart from fractional entitlements) to their existing holdings; or~~

~~Notes: (1) The PRC issuer must make enquiries regarding the legal restrictions under the laws of the relevant place and the requirements of the relevant regulatory body or stock exchange and may only exclude such overseas shareholders on the basis that, having made such enquiries, it would be necessary or expedient to do so.~~

~~(2) If any shareholders that are resident outside the PRC and Hong Kong are excluded from an offer of securities pursuant to rule 17.41(1), the PRC issuer shall include an explanation for the exclusion in the relevant circular or document containing the offer of securities. PRC issuers shall ensure that the circular or offer document is delivered to such shareholders for their information subject to compliance with the relevant local laws, regulations and requirements.~~

- ~~(2) the shareholders of the PRC issuer have by special resolution of its shareholders in general meeting given approval, either unconditionally or subject to such terms and conditions as may be specified in the resolution, for the PRC issuer to authorise, allot or issue, either separately or concurrently once every twelve months, not more than twenty per cent of each of the existing issued domestic shares and overseas listed foreign shares of the PRC issuer; or~~

- ~~(3) such shares are part of the PRC issuer's plan at the time of its establishment to issue domestic shares and overseas listed foreign shares and which plan is implemented within fifteen months from the date of approval by China Securities Regulatory Commission or such other competent state council securities regulatory authority.~~

~~Notes: 1 Other than where independent shareholders' approval has been obtained, an issue of securities to a connected person pursuant~~

~~to a general mandate given under rule 17.41(2) is only permitted in the circumstances set out in rule 20.90.~~

~~2 Notwithstanding any issue of securities pursuant to a general mandate given under rule 17.41, the PRC issuer must at all times comply with the prescribed minimum percentage requirements concerning shares held by the public, as set out in rule 11.23."~~

...

Despatch of circular and listing document

25.34A ~~[Repealed 1 August 2023] The timing for despatching a circular under rules 17.46(2), 19.41(b), 19.51, 20.44(1) and 23.06 is modified to require a PRC issuer to despatch the circular on or before the deadline for giving notice of the general meeting under the Company Law.~~

25.34B ~~[Repealed 1 August 2023] The timing for despatching a listing document under rule 19.57 is modified to require a PRC issuer to despatch the listing document on or before the deadline for giving notice of the general meeting under the Company Law.~~

Chapter 19 – Notifiable Transactions

25.34C Rule 19.07(4) is amended by adding the following provisions:

~~In respect~~ Where the shares of a PRC issuer (other than H shares) whose domestic shares are listed on a PRC stock exchange, the market capitalisation of its PRC listed domestic shares is to be determined based on the average closing price of those shares for the 5 business days immediately preceding the transaction.

Where a PRC issuer has issued unlisted ~~domestic~~ shares, the market capitalisation of its unlisted ~~domestic~~ shares is calculated by reference to the average closing price of its H shares for the 5 business days preceding the transaction.

...

Listing on a PRC stock exchange

25.35 ~~[Repealed 1 August 2023] A PRC issuer shall not apply for the listing of any of its foreign shares on a PRC stock exchange unless the Exchange is satisfied that the relative rights of the holders of overseas listed foreign shares are adequately protected.~~

Constitutional documents

25.36 ~~[Repealed 1 August 2023] A PRC issuer shall not at any time permit or cause any amendment to be made to its articles of association which would cause the same to cease to comply with the provisions of Appendix 3 or Section 1 of Part C of Appendix 11 of the GEM Listing Rules.~~

Other requirements applicable to PRC issuers

25.37 ~~[Repealed 1 August 2023] A PRC issuer shall publish on the Exchange's website and the issuer's own website the following:—~~

~~(a) [Repealed 4 October 2021]~~

- (b) ~~— a report showing the state of the issued share capital of the PRC issuer;~~
- (c) ~~— the PRC issuer's latest audited financial statements and the directors', auditors' and supervisors' reports thereon;~~
- (d) ~~— special resolutions of the PRC issuer;~~
- (e) ~~— reports showing the number and nominal value of securities repurchased by the PRC issuer since the end of the last financial year, the aggregate amount paid for such securities and the maximum and minimum prices paid in respect of each class of securities repurchased (with a breakdown between domestic shares and foreign shares (and, if applicable, H shares)); and~~
- (f) ~~— a copy of the latest annual return filed with the Administration for Industry and Commerce or other relevant PRC authority.~~
- (g) ~~— [Repealed 4 October 2021]~~

25.37A ~~[Repealed 1 August 2023] A PRC issuer shall make available copies of the following at a place in Hong Kong:~~

- (a) ~~— a complete duplicate register of shareholders (for inspection by the public and shareholders free of charge, and for copying by shareholders at reasonable charges); and~~
- (b) ~~— the minutes of meetings of shareholders (for inspection by shareholders free of charge, and for copying by shareholders at reasonable charges).~~

...

25.39 ~~[Repealed 1 August 2023] A PRC issuer shall ensure that all its listing documents include the statements stipulated below and shall instruct and cause each of its share registrars not to register the subscription, purchase or transfer of any of its shares in the name of any particular holder unless and until such holder delivers to such share registrar a signed form in respect of such shares bearing statements to the following effect:—~~

- (1) ~~— The acquirer of shares agrees with the PRC issuer and each shareholder of the PRC issuer, and the PRC issuer agrees with each shareholder, to observe and comply with the Company Law, the Regulations and the articles of association of the PRC issuer.~~
- (2) ~~— The acquirer of shares agrees with the PRC issuer, each shareholder, director, supervisor, manager and officer of the PRC issuer and the PRC issuer acting for itself and for each director, supervisor, manager and officer agrees with each shareholder to refer all differences and claims arising from the articles of association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the PRC issuer to arbitration in accordance with the articles of association, and any reference to arbitration shall be deemed to authorise the arbitration tribunal to conduct hearing in open session and to publish its award. Such arbitration shall be final and conclusive.~~
- (3) ~~— The acquirer of shares agrees with the PRC issuer and each shareholder of the PRC issuer that shares in the PRC issuer are freely transferable by the holder thereof.~~

- (4) ~~The acquirer authorises the PRC issuer to enter into a contract on his behalf with each director and officer whereby such directors and officers undertake to observe and comply with their obligations to shareholders stipulated in the articles of association.~~

~~All documents of title for equity securities (including certificates for H shares) of the PRC issuer listed on GEM and listing documents relating thereto should include the statements above, modified as appropriate, to refer to the relevant equity securities, and the PRC issuer shall instruct its registrar for the relevant equity securities to act accordingly.~~

25.40 ~~[Repealed 1 August 2023] A PRC issuer shall observe and comply with the Company Law, the Regulations and the PRC issuer's articles of association.~~

25.41 ~~[Repealed 1 August 2023] A PRC issuer shall enter into a contract in writing with every director and officer containing at least the following provisions: —~~

- (1) ~~an undertaking by the director or officer to the PRC issuer to observe and comply with the Company Law, the Regulations, the articles of association, the Takeovers Code and the Share Buy-backs Code and an agreement that the PRC issuer shall have the remedies provided in the articles of association and that neither the contract nor his office is capable of assignment;~~

- (2) ~~an undertaking by the director or officer to the PRC issuer acting as agent for each shareholder to observe and comply with his obligations to shareholders stipulated in the articles of association; and~~

- (3) ~~an arbitration clause as follows: —~~

~~(a) Whenever any disputes or claims arise from this contract, the company's articles of association or any rights or obligations conferred or imposed by the Company Law or other relevant laws and administrative regulations concerning the affairs of the company between (i) the company and its directors or officers; and (ii) a holder of overseas listed foreign shares and a director or officer of the company, the parties concerned shall resolve such disputes and claims through arbitration.~~

~~(b) Where a dispute or claim described above is referred to arbitration, the entire dispute or claim shall be resolved through arbitration; all persons who have a cause of action based on the same facts giving rise to the dispute or claim or whose participation is necessary for the resolution of such dispute or claim, if they are shareholders, directors, supervisors, manager or other officers of the company or the company, shall submit to arbitration.~~

~~(c) Disputes over who is a shareholder and over the share register do not have to be resolved through arbitration.~~

~~(d) The party seeking arbitration may elect to have the dispute or claim arbitrated either by the China International Economic and Trade Arbitration Commission in accordance with its arbitration rules or by the Hong Kong International Arbitration Centre in accordance with its securities arbitration rules. Once the party seeking arbitration submits a dispute or claim to arbitration, the other party must submit to the arbitral body selected by the party seeking the arbitration.~~

~~(e) If the party seeking arbitration elects to arbitrate the dispute or claim~~

~~at the Hong Kong International Arbitration Centre, then either party may apply to have such arbitration conducted in Shenzhen according to the securities arbitration rules of the Hong Kong International Arbitration Centre.~~

~~(f) The laws of the People's Republic of China shall govern the arbitration of disputes or claims described in clauses (a), (b) and (c) above, unless otherwise provided by law or administrative regulations.~~

~~(g) The award of the arbitral body is final and shall be binding on the parties thereto.~~

~~(h) This agreement to arbitrate is made by the director or officer with the company on its own behalf and on behalf of each shareholder.~~

~~(i) Any reference to arbitration shall be deemed to authorise the arbitral tribunal to conduct hearings in open session and to publish its award.~~

25.42 ~~[Repealed 1 August 2023] A PRC issuer shall enter into a contract in writing with every supervisor containing at least the following provisions:—~~

~~(a) an undertaking by the supervisor to the PRC issuer to observe and comply with the Company Law, the Regulations and the articles of association and an agreement that the PRC issuer shall have the remedies provided in the articles of association and that neither the contract nor his office is capable of assignment;~~

~~(b) an undertaking by the supervisor to the PRC issuer acting as agent for each shareholder to observe and comply with his obligations to shareholders stipulated in the articles of association; and~~

~~(c) the arbitration clause set forth in rule 25.41(3), subject to necessary modifications.~~

25.43 ~~[Repealed 1 August 2023] All notices or other documents required under Chapter 17 to be sent by the PRC issuer to the Exchange or to holders of the PRC issuer's securities listed on GEM shall be in English with a Chinese translation or in Chinese with an English translation.~~

General

25.44 ~~[Repealed 1 August 2023] References in Chapter 19 to an issuer's "accounts" shall mean, in the case of a PRC issuer, the latest published audited accounts or consolidated accounts of such PRC issuer which have been prepared in accordance with Hong Kong Financial Reporting Standards, International Financial Reporting Standards or China Accounting Standards for Business Enterprises as provided for in rule 18.04.~~

...

Appendix 1

CONTENTS OF LISTING DOCUMENTS

Part A

Equity Securities

**In the case where listing is sought for equity
securities of an issuer no part of
whose share capital is already listed**

...

Additional information on PRC issuers

(Paragraphs 57 to 68 apply to ~~the~~ PRC issuers only)

57. Where a public or private issue or placing of securities of the PRC issuer other than H shares is being made simultaneously with the issue of H shares in Hong Kong or is proposed to be made as part of such PRC issuer's share issue plan which was approved at the inaugural meeting or any shareholders' meeting of the PRC issuer:—

...

- (2) a statement of whether or not such issue plan has been approved by the China Securities Regulatory Commission or such other competent state council securities regulatory authority (or if no such approval is required, whether the PRC issuer has completed the filing of its issue plan with the China Securities Regulatory Commission where applicable) and the timetable for the share issues under such plan, and if such plan has not been approved or the requisite filing procedures have not been completed, when such approval or completion of the filing procedures is expected (as the case may be);

...

- (4) a description of the effect on the PRC issuer's statement of business objectives and financial condition (including profit forecast, if any) if such issue or placing of securities is not completed in the manner described in the listing document or if the approval or the completion of filing of the share issue plan referred to in (2) above is not approved does not take place by the expected date;

...

- (7) information concerning each legal person or individual expected to hold ~~domestic shares or foreign shares~~ other than H shares constituting 10 per cent or more of the issued share capital of the PRC issuer upon the completion of such issue or placing of ~~domestic shares or foreign shares~~ other than H shares, and the number of ~~domestic shares or foreign shares~~ other than H shares to be held by each such legal person or individual.

...

59. Particulars of the quorum and voting requirements for general meetings of shareholders ~~and for separate meetings of holders of domestic shares and foreign shares (and, if applicable, H shares).~~

...

62. ~~[Repealed 1 August 2023] A statement of whether or not the PRC issuer has applied or intends to apply for the status of a sino-foreign investment joint stock limited company (中外合資股份有限公司) and whether or not the issuer is or expects to be subject to the PRC Sino-Foreign Joint Venture Law (中外合資經營企業法).~~

...

65. ~~[Repealed 1 August 2023] In an appropriately prominent place and manner in the listing document, the statements by the acquirer of shares required to be in a PRC issuer's listing document pursuant to rule 25.39.~~

66. ~~[Repealed 1 August 2023] A general statement on the front page of the listing document to the following effect:~~

~~"The Company is incorporated, and its businesses are located, in the mainland of the People's Republic of China ("Mainland"). Potential investors in the Company should be aware of the differences in the legal, economic and financial systems between the Mainland and Hong Kong, the Special Administrative Region of the People's Republic of China ("HK SAR") and that there are different risk factors relating to investment in Mainland incorporated businesses. Potential investors should also be aware that the regulatory framework in the Mainland is different from the regulatory framework in HK SAR and should take into consideration the different market nature of the shares of the Company. Such differences and risk factors are set out in the sections headed '.....' on pages....."~~

67. ~~[Repealed 1 August 2023] The risk factors section shall include, among other things, a brief description of:~~

- ~~(a) the PRC laws and regulations relevant to the business of the PRC issuer;~~
- ~~(b) the political structure and economic environment of the PRC;~~
- ~~(c) foreign exchange controls in the PRC and the exchange rate risk of the Renminbi;~~
- ~~(d) the different regulatory framework for PRC issuers listing outside the mainland of the PRC;~~
- ~~(e) specific risk factors related to the business of the PRC issuer and/or its products; and~~
- ~~(f) the law(s) governing the resolution of disputes arising from the PRC issuer's articles of association and the transfer of the PRC issuer's shares.~~

68. ~~[Repealed 1 August 2023] A description of applicable company law matters including material differences between the requirements of the PRC and of Hong Kong. Such description should include the following:~~

- ~~(a) the quorum and voting requirements for general meetings of shareholders and for separate meetings of holders of domestic shares and foreign shares~~

(and, if applicable, H shares);

- ~~(b) the PRC issuer's ability, by way of a special resolution in a general meeting, to issue, allot or grant up to 20 per cent of its existing share capital in domestic shares and/or foreign shares (and, if applicable, H shares) once every 12 months, without a separate vote by holders of foreign shares;~~
- ~~(c) the PRC issuer's ability to issue domestic shares and foreign shares (and, if applicable, H shares) pursuant to a share issue plan adopted at the inaugural meeting of the PRC issuer without a separate vote by holders of foreign shares;~~
- ~~(d) any right of action a shareholder may have against directors of the PRC issuer;~~
- ~~(e) the special features of arbitration; and~~
- ~~(f) the standard of shareholder protection, which is different from that generally available in Hong Kong.~~

...

Attachment to Part A of Appendix 1²²

1. A summary of the constitutive documents required by rule 24.09(2) or 25.20(2) must be set out under the following headings and where any item is not applicable the words "not applicable" should be inserted under the relevant heading:—

- (1) directors

- (a) power to allot and issue shares

- (i) summary
 - (ii) differences

- (b) power to dispose of the issuer's or any of its subsidiaries' assets

- (i) summary
 - (ii) differences

- (c) compensation or payments for loss of office

- (i) summary
 - (ii) differences

- (d) loans to directors

- (i) summary
 - (ii) differences

- (e) giving of financial assistance to purchase the issuer's or any of its

²² Reference to "Part A of Appendix 1" will be changed to "Appendix D1A" with effect from 31 December 2023 as a result of the Listing Rule amendments set out in the Consultation Conclusions on Proposals to Expand the Paperless Listing Regime and Other Rule Amendments published on 30 June 2023.

subsidiaries' shares

- (i) summary
- (ii) differences

(f) disclosure of interests in contracts with the issuer or any of its subsidiaries

- (i) summary
- (ii) differences

(g) remuneration

- (i) summary
- (ii) differences

(h) retirement, appointment, removal

- (i) summary
- (ii) differences

(i) borrowing powers

- (i) summary
- (ii) differences

(2) alterations to constitutional documents

- (i) summary
- (ii) differences

(3) variation of rights of existing shares or classes of shares

- (i) summary
- (ii) differences

(4) special resolutions - majority required

- (i) summary
- (ii) differences

(5) voting rights (generally and on a poll)

- (i) summary
- (ii) differences

(6) requirements for annual general meetings

- (i) summary
- (ii) differences

(7) accounts and audit

- (i) summary
- (ii) differences

(8) notice of meetings and business to be conducted thereat

- (i) summary
- (ii) differences

(9) transfer of shares

- (i) summary
- (ii) differences

(10) power of the issuer to purchase its own shares

- (i) summary
- (ii) differences

(11) power of any subsidiary of the issuer to own shares in its parent

- (i) summary
- (ii) differences

(12) dividends and other methods of distribution

- (i) summary
- (ii) differences

(13) proxies

- (i) summary
- (ii) differences

(14) calls on shares and forfeiture of shares

- (i) summary
- (ii) differences

(15) inspection of register of members

- (i) summary
- (ii) differences

(16) quorum for meetings and separate class meetings

- (i) summary
- (ii) differences

(17) rights of the minorities in relation to fraud or oppression thereof

- (i) summary
- (ii) differences

(18) procedures on liquidation

- (i) summary
- (ii) differences

(19) any other provisions material to the issuer or the shareholders thereof.

Appendix 1

CONTENTS OF LISTING DOCUMENTS

Part B

Equity Securities

**In the case where listing is sought for equity
securities of an issuer some part of
whose share capital is already listed**

...

Additional information on PRC issuers

(Paragraphs 44 and 47 apply to PRC issuers only)

44. Where a public or private issue or placing of securities of the PRC issuer other than H shares is being made simultaneously with the issue of H shares in Hong Kong or is proposed to be made prior to the end of 3 months after the issue of the listing document in Hong Kong:—

...

- (5) information concerning each legal person or individual expected to hold ~~domestic shares or foreign shares~~ other than H shares constituting 10 per cent or more of the issued share capital of the PRC issuer upon the completion of such issue or placing of ~~domestic shares or foreign shares~~ other than H shares, and the number of ~~domestic shares or foreign shares~~ other than H shares to be held by each such legal person or individual.

...

47. ~~[Repealed 1 August 2023] In an appropriately prominent place and manner in the listing document, the statements by the acquirer of shares required to be in a PRC issuer's listing document pursuant to rule 25.39.~~

...

APPENDIX 11

ADDITIONAL REQUIREMENTS IN RESPECT OF CERTAIN JURISDICTIONS

Part C

THE PEOPLE'S REPUBLIC OF CHINA

THIS APPENDIX HAS BEEN REPEALED

[Repealed 1 August 2023]²³

~~Section 1. Additional required provisions for articles of association~~

~~Section 2. Modifications and additional requirements~~

Section 1

~~ADDITIONAL REQUIREMENTS FOR THE ARTICLES OF ASSOCIATION OF ISSUERS INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA~~

~~(see rule 25.36)~~

~~In addition to the provisions of Appendix 3, the articles of association of issuers incorporated in the People's Republic of China must include:—~~

- ~~(a) the Mandatory Provisions for Companies Listing Overseas set forth in Zheng Wei Fa (1994) No. 21 issued on 27 August 1994 by the State Council Securities Policy Committee and the State Commission for Restructuring the Economic System (the "Mandatory Provisions");~~
- ~~(b) in addition to article 36 of the Mandatory Provisions, a provision to the effect that the part of the register of holders of overseas listed foreign shares relating to holders of shares listed on the Exchange shall be maintained in Hong Kong;~~
- ~~(c) in addition to article 140 of the Mandatory Provisions, a provision to the effect that for its overseas listed foreign shares listed on the Exchange, the issuer shall appoint as receiving agents a company which is registered as a trust company under the Trustee Ordinance of Hong Kong;~~
- ~~(d) in addition to article 104 of the Mandatory Provisions, provisions that set out the voting procedures of the supervisory committee and must include provisions to the following effect:—~~
 - ~~(i) the election or removal of the chairman of the supervisory committee shall be decided by two-thirds or more of the supervisors; and~~
 - ~~(ii) decisions of the supervisory committee shall be made by the affirmative vote~~

²³ Part C of Appendix 11 will be deleted entirely from the Listing Rules with effect from 31 December 2023 in line with the revised structure of the Appendices to the Listing Rules described in the Consultation Conclusions on Proposals to Expand the Paperless Listing Regime and Other Rule Amendments published on 30 June 2023.

~~of two-thirds or more of the supervisors;~~

~~(e) — in addition to article 148 of the Mandatory Provisions, provisions that set out the procedures for the change, removal and resignation of auditors and must include provisions to the following effect:—~~

~~(i) — Where a resolution at a general meeting of shareholders is passed to appoint as auditor a person other than an incumbent auditor, to fill a casual vacancy in the office of auditor, to reappoint as auditor a retiring auditor who was appointed by the board of directors to fill a casual vacancy, or to remove an auditor before the expiration of his term of office, the following provisions shall apply:—~~

~~(A) — A copy of the proposal shall be sent before notice of meeting is given to the shareholders to the person proposed to be appointed or the auditor proposing to leave his post or the auditor who has left his post (leaving includes leaving by removal, resignation and retirement).~~

~~(B) — If the auditor leaving his post makes representations in writing and requests their notification to the shareholders, the issuer shall (unless the representations are received too late):—~~

~~(x) — in any notice of the resolution given to shareholders, state the fact of the representations having been made; and~~

~~(y) — send a copy of the representations to every shareholder entitled to notice of general meetings.~~

~~(C) — If the auditor's representations are not sent under [article corresponding to (B) above] the auditor may (in addition to his right to be heard) require that the representations be read out at the meeting.~~

~~(D) — An auditor who is leaving his post shall be entitled to attend:—~~

~~(x) — the general meeting at which his term of office would otherwise have expired;~~

~~(y) — any general meeting at which it is proposed to fill the vacancy caused by his removal; and~~

~~(z) — any general meeting convened on his resignation;~~

~~and to receive all notices of, and other communications relating to, any such meeting, and to be heard at any such meeting which he attends on any part of the business of the meeting which concerns him as former auditor of the issuer.~~

~~(ii) — An auditor may resign his office by depositing at the issuer's seat a notice in writing to that effect and containing:—~~

~~(A) — a statement to the effect that there are no circumstances connected with his resignation which he considers should be brought to the notice of the shareholders or creditors of the issuer; or~~

~~(B) — a statement of any such circumstances.~~

Any such notice shall terminate his office on the date on which it is deposited or on such later date as may be specified therein.

~~(iii) Where a notice is deposited under [article corresponding to 1(e)(ii)], the issuer shall within 14 days send a copy of the notice to the competent authority. If the notice contained a statement under [article corresponding to 1(e)(ii)(B)], a copy of the notice shall also be sent to every person entitled to obtain a copy of the issuer's financial statements.~~

~~(iv) Where the auditor's notice of resignation contains a statement under [article corresponding to 1(e)(ii)(B)], he may require the board of directors to convene an extraordinary general meeting of shareholders for the purpose of receiving an explanation of the circumstances connected with his resignation; and~~

~~(f) a provision to the following effect:—~~

~~In addition to holders of other classes of shares, holders of domestic shares and overseas listed foreign shares are deemed to be different classes of shareholders; provided however that the special procedures for approval by separate class shareholders shall not apply to the following circumstances:—~~

~~(i) where the issuer issues, upon approval by a special resolution of its shareholders in a general meeting, either separately or concurrently once every twelve months, not more than twenty per cent. of each of the existing issued domestic shares and overseas listed foreign shares of the issuer; or~~

~~(ii) where the issuer's plan to issue domestic shares and overseas listed foreign shares on establishment is implemented within fifteen months from the date of approval by the China Securities Regulatory Commission or such other competent state council securities regulatory authority."~~

Section 2

MODIFICATIONS AND ADDITIONAL REQUIREMENTS

~~(see rule 25.20)~~

1. ~~A summary of the constitutive documents required by rule 25.20(2) must be set out under the following headings and where any item is not applicable the words “not applicable” should be inserted under the relevant heading:—~~

~~(1) directors~~

~~(a) power to allot and issue shares~~

~~(i) summary~~

~~(ii) differences~~

~~(b) power to dispose of the PRC issuer's or any of its subsidiaries' assets~~

~~(i) summary~~

~~(ii) differences~~

~~(c) compensation or payments for loss of office~~

~~(i) summary~~

~~(ii) differences~~

~~(d) loans to directors~~

~~(i) summary~~

~~(ii) differences~~

~~(e) giving of financial assistance to purchase the PRC issuer's or any of its subsidiaries' shares~~

~~(i) summary~~

~~(ii) differences~~

~~(f) disclosure of interests in contracts with the PRC issuer or any of its subsidiaries~~

~~(i) summary~~

~~(ii) differences~~

~~(g) remuneration~~

~~(i) summary~~

~~(ii) differences~~

~~(h) retirement, appointment, removal~~

~~(i) summary~~

~~(ii) differences~~

- ~~(i) — borrowing powers~~
- ~~(i) — summary~~
 - ~~(ii) — differences~~
- ~~(2) — alterations to constitutional documents~~
 - ~~(i) — summary~~
 - ~~(ii) — differences~~
- ~~(3) — variation of rights of existing shares or classes of shares~~
 - ~~(i) — summary~~
 - ~~(ii) — differences~~
- ~~(4) — special resolutions — majority required~~
 - ~~(i) — summary~~
 - ~~(ii) — differences~~
- ~~(5) — voting rights (generally and on a poll)~~
 - ~~(i) — summary~~
 - ~~(ii) — differences~~
- ~~(6) — requirements for annual general meetings~~
 - ~~(i) — summary~~
 - ~~(ii) — differences~~
- ~~(7) — accounts and audit~~
 - ~~(i) — summary~~
 - ~~(ii) — differences~~
- ~~(8) — notice of meetings and business to be conducted thereat~~
 - ~~(i) — summary~~
 - ~~(ii) — differences~~
- ~~(9) — transfer of shares~~
 - ~~(i) — summary~~
 - ~~(ii) — differences~~
- ~~(10) — power of the PRC issuer to purchase its own shares~~
 - ~~(i) — summary~~
 - ~~(ii) — differences~~
- ~~(11) — power of any subsidiary of the PRC issuer to own shares in its parent~~
 - ~~(i) — summary~~
 - ~~(ii) — differences~~
- ~~(12) — dividends and other methods of distribution~~

- ~~(i) — summary~~
- ~~(ii) — differences~~

~~(13) — proxies~~

- ~~(i) — summary~~
- ~~(ii) — differences~~

~~(14) — calls on shares and forfeiture of shares~~

- ~~(i) — summary~~
- ~~(ii) — differences~~

~~(15) — inspection of register of members~~

- ~~(i) — summary~~
- ~~(ii) — differences~~

~~(16) — quorum for meetings and separate class meetings~~

- ~~(i) — summary~~
- ~~(ii) — differences~~

~~(17) — rights of the minorities in relation to fraud or oppression thereof~~

- ~~(i) — summary~~
- ~~(ii) — differences~~

~~(18) — procedures on liquidation~~

- ~~(i) — summary~~
- ~~(ii) — differences~~

~~(19) — any other provisions material to the PRC issuer or the shareholders thereof.~~

- ~~2. — The Exchange will require the formal application for listing to be accompanied by a copy of a letter to the PRC issuer from the PRC issuer's Hong Kong legal advisers confirming that they have reviewed the summaries of the relevant PRC law and the constitutive documents and that in their opinion, on the basis of the legal advice received from qualified PRC lawyers, the listing document sets out the material differences between Hong Kong law and applicable PRC law. The letter should also confirm that the constitutive documents contain provisions complying with the provisions of the GEM Listing Rules.~~

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