

Consultation Conclusions

Listing Regime for Overseas Issuers



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EXECUTIVE SUMMARY

Purpose

1. This paper sets out conclusions to the consultation on the Exchange's proposals to enhance and streamline the listing regime for Overseas Issuers published on 31 March 2021.

Background

2. As announced by the Exchange in February 2019, one of the initiatives in our Strategic Plan 2019-2021¹ is to continue to develop Hong Kong as a listing and capital raising hub for major global and regional companies on both a primary or secondary basis, thereby attracting global investments seeking exposure to Asia Pacific companies and Mainland investors seeking international exposure.
3. Following the implementation of the Exchange's listing reforms in April 2018², we have already seen an increasing number of US-listed Greater China Issuers seeking "homecoming" secondary listings on the Exchange. We expect that the demand for such listings will continue to grow in future.
4. Against this backdrop, the Exchange carried out a holistic review of our listing regime for Overseas Issuers and published a set of proposals in the Consultation Paper to enhance and streamline the listing regime, while maintaining the quality of the market and the high standards of shareholder protection that Hong Kong is known for.

Market Feedback

5. The Exchange received 48 non-duplicate responses to the Consultation Paper from a broad range of respondents. A full list of respondents is set out in **Appendix I**.
6. All of our proposals received support from a majority of the respondents. A quantitative analysis of all the responses is set out in **Appendix II** to this paper.
7. We will implement the proposals outlined in the Consultation Paper, with minor modifications in response to market comments as discussed in Chapters 2 – 5 of this paper.

¹ <https://www.hkexgroup.com/-/media/HKEX-Group-Site/ccd/About-HKEX/Strategic-Plan-2019-to-2021/HKEX-20192021-Strategic-Plan.PDF>.

² As part of the reforms, the Exchange added three new chapters in the Main Board Listing Rules to: (a) permit listings of biotech issuers that do not meet any of the Main Board financial eligibility tests in Chapter 8; (b) permit listings of companies with WVR structures; and (c) establish a new concessionary secondary listing route for Greater China Issuers and Non-Greater China Issuers.

Major changes adopted

8. The proposals to be adopted are summarised in Table 1 below with a comparison between the existing regime and the regime to be adopted:

Table 1: Summary of the proposals and comparison between the existing regime and the regime to be adopted

	Key features of the existing regime	Key changes	Corresponding paragraphs in this paper
Shareholder protection standards			
1	<p>Shareholders of non-Hong Kong issuers must be afforded shareholder protection at least “<i>equivalent to</i>” that provided in Hong Kong (Equivalence Requirement).</p> <p>The Exchange has adopted different approaches in evaluating compliance with the Equivalence Requirement:</p> <ul style="list-style-type: none"> Companies incorporated in Acceptable Jurisdictions (e.g. Singapore) are required to demonstrate compliance with the provisions in Appendix 3 to the Listing Rules and the JPS Key Shareholder Protection Standards. Companies incorporated in Recognised Jurisdictions (i.e. the Cayman Islands, Bermuda, the PRC and Hong Kong) are required to <ul style="list-style-type: none"> (i) comply with the provisions in Appendix 3 to the Listing Rules and (ii) incorporate in their articles of association a number of provisions set out in Appendix 13 to the Listing Rules with a 	<ul style="list-style-type: none"> The Equivalence Requirement and the distinction between Recognised Jurisdictions and Acceptable Jurisdictions removed. A baseline level of shareholder protection requirements adopted for all issuers (including Hong Kong issuers and PRC issuers³) concerning: <ul style="list-style-type: none"> (i) the notice and conduct of general meetings; (ii) members’ right (including HKSCC) to remove directors, requisition a meeting, vote, speak and appoint proxies or corporate representatives; (iii) the reservation of auditor appointment, etc. to a committee independent of the board of directors of a company or a majority of the shareholders and the reservation of certain other material matters to super-majority votes by shareholders; 	Paragraphs 19 - 53, 61 - 82

³ PRC issuers should also comply with the Mandatory Provisions.

	<p>view to conforming the provisions relating to shareholder rights to those stipulated under Hong Kong company laws.</p>	<p>(iv) restrictions on the term of a director appointed to fill a casual vacancy;</p> <p>(v) availability of the shareholders' register for inspection; and</p> <p>(vi) restrictions on shareholder voting on certain matters required by the Listing Rules.</p> <ul style="list-style-type: none"> • The Core Standards are largely derived from the JPS Key Shareholder Protection Standards. They should be set out in the issuer's constitutional documents unless the Exchange is satisfied that the domestic laws, rules and regulations to which the issuer is subject provide for the same protection. Existing listed issuers are to ascertain they are in full compliance with the Core Standards; otherwise, they would have until their second annual general meeting following 1 January 2022 (i.e. the effective date of the rule changes) to make any necessary amendments to their constitutional documents to conform to the Core Standards (other than the exceptions set out in the Consultation Paper). 	
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Secondary listing			
2	<ul style="list-style-type: none"> Companies with a centre of gravity in Greater China are prohibited from secondary listing in Hong Kong except where they meet the stringent requirements for listing under Chapter 19C (e.g. it is an “Innovative Company”, listed on a Qualifying Exchange, with a minimum market capitalisation of HK\$10 billion and revenue of at least HK\$1 billion). This is regardless of whether they have WVR structures. Provisions for the two secondary listing routes are scattered in different documents: <ul style="list-style-type: none"> the route for “innovative” large issuers primary listed on a Qualifying Exchange is set out in Chapter 19C of the Listing Rules; and the route for other issuers listed on a Recognised Stock Exchange (including the Qualifying Exchanges) is set out in the JPS (i.e. outside the Listing Rules). 	<ul style="list-style-type: none"> Secondary listing requirements for Greater China Issuers without a WVR structure relaxed by removing the “Innovative Company” condition and lowering the market capitalisation requirement to HK\$3 billion (i.e. the same as the minimum market capitalisation required of other secondary listing applicants without a WVR structure). Clarified that the Exchange may reject a secondary listing application if a material part of the applicant’s business was listed on the primary listing market by way of a reverse takeover (as determined by reference to the factors in Chapter 14 of the Listing Rules). The two secondary listing routes codified with modifications (e.g. removing the “Innovative Company” requirement for all companies without a WVR structure as mentioned above). 	Paragraphs 147 - 158, 167 - 175
3	<p>The Listing Rules do not set out the requirements that apply in the circumstances of: (a) secondary listed issuers that de-list (voluntarily or involuntarily) from their exchange of primary listing; or (b) issuers that voluntarily choose to transfer from a secondary to a dual-primary listing.</p>	<ul style="list-style-type: none"> Trading Migration Requirement applied to all secondary listed issuers (including those secondary listed before the introduction of Chapter 19C). Clarified that a secondary listed issuer will be regarded as a primary listed issuer in the event of Overseas De-listing⁶ (Route 1), and a dual primary listed issuer in 	Paragraphs 183 - 217

⁶ The stock marker “S” at the end of the stock short name of a secondary listed issuer will cease to apply upon the effective date of the Overseas De-Listing.

	<ul style="list-style-type: none"> Chapter 19C provides for mandatory conversion to a primary listing status only for <u>Greater China Issuers</u> listed under that chapter and only if the majority of trading in their securities migrates to the Exchange⁴. Chapter 19C also sets out transitional arrangements⁵ such as a 3-year transitional period for certain continuing transactions. 	<p>the event of Migration⁷ (Route 2) or Primary Conversion⁸ (Route 3).</p> <p><i>Route 1 - For issuers delisted from the overseas exchange:</i></p> <ul style="list-style-type: none"> An automatic 12-month grace period provided to allow for the preparation of financial statements in accordance with HKFRS/ IFRS in the event of a delisting from the primary listing market (so that the issuer may switch to HKFRS/IFRS, at the latest, by the time it publishes its first financial statements (which may be annual or interim statements (or quarterly for GEM issuers only)) after the first anniversary of its delisting). Automatic Waivers will be dis-applied in respect of other Listing Rules as soon as a secondary listed issuer is delisted from the primary listing market. For involuntary delisting from the overseas exchange, transitional arrangements apply for continuing transactions entered into before the issuer's notification of the expected involuntary delisting to the Exchange so that the transactions are exempt from applicable Listing Rules (e.g. annual review, monetary caps) for 3 years⁹ from the date of the delisting notification. The Exchange reserves the discretion to modify or not to grant this exemption if the issuer fails to 	
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⁴ Trading is considered to have migrated to the Exchange's markets on a permanent basis if trading in Hong Kong represents 55% or more of the worldwide trading volume of the issuer's shares (including depository receipts) for a full financial year after listing in Hong Kong.

⁵ Under existing and proposed revised Chapter 19C, continuing transactions entered into before the date of the Exchange's notice of trading migration are exempt from applicable Listing Rules for three years from the date of the notice.

⁷ The stock marker "S" at the end of the stock short name of a secondary listed issuer will cease to apply only when the Migration Issuer is fully complied with the applicable Listing Rules.

⁸ The stock marker "S" at the end of the stock short name of a secondary listed issuer will cease to apply upon the effective date of the Primary Conversion.

⁹ This is similar to the transitional arrangements in Chapter 19C in respect of continuing transactions entered into by a secondary listed issuer that has become primary listed as a result of trading migration.

		<p>notify the Exchange of the expected involuntary delisting on a timely basis.</p> <ul style="list-style-type: none"> • In the event that an Overseas Issuer under Route 1 anticipates difficulty in complying with specific applicable Listing Rules (e.g. insufficient preparation time in view of the delisting timetable), a grace period may be granted in respect of specific Listing Rules on a case-by-case basis (e.g. taking into account the amount of time reasonably needed for the issuer to be able to fully comply with the applicable rules), where the Exchange considers it justifiable to do so. The Exchange reserves the power to require the issuer's stock short name to include a special stock marker (TP) to signify that the issuer is a primary listed issuer under transitional arrangements. <p><i>Route 2 - For issuers that become primary listed in Hong Kong as a result of Migration:</i></p> <ul style="list-style-type: none"> • All Automatic Waivers will be revoked upon reclassification as a dual primary listed issuer subject to the existing transitional arrangements of Chapter 19C (e.g. continuing transactions entered into before the Exchange's notice of trading migration are exempt from the applicable Listing Rules for a period of 3 years from the date of the notice). <p><i>Route 3 - For issuers that become dual primary listed in Hong Kong as a result of Primary Conversion:</i></p> <ul style="list-style-type: none"> • All automatic Waivers will be revoked upon the effective date of Primary Conversion and a grace period for full compliance with the Listing Rules will not normally be granted. 	
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4	<ul style="list-style-type: none"> • “Grandfathered”¹⁰ Greater China Issuers and Non-Greater China Issuers primary listed on Qualifying Exchanges may retain their existing WVR¹¹ and/ or VIE structures without amending them to comply with all Exchange requirements¹² provided that they meet the stringent eligibility requirements of Chapter 19C. This does not prevent the Exchange from imposing additional requirements under Rule 2.04 if necessary. • Greater China Issuers controlled by corporate WVR beneficiaries and listed on a Qualifying Exchange as at 30 October 2020 considered Grandfathered Greater China Issuers and so may also retain their existing WVR and/ or VIE structures by virtue of the special concession announced on 30 October 2020 provided that they also meet the stringent eligibility requirements for secondary listing of Chapter 19C. 	<ul style="list-style-type: none"> • Clarified that the WVR and/ or VIE structures¹³ of Grandfathered Greater China Issuers will continue to be grandfathered following conversion to primary listing status (as a result of Migration, Primary Conversion or Overseas De-listing from the overseas exchanges after their secondary listings in Hong Kong). • Clarified that the existing WVR and/ or VIE structures (if any) of such issuers will also be grandfathered if they apply for dual primary listing directly. • Codified the special concession for Greater China Issuers controlled by corporate WVR beneficiaries as announced on 30 October 2020 by expanding the definition of “Grandfathered Greater China Issuers” in the Listing Rules. 	Paragraphs 112-146, 218-219
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¹⁰ This refers to those Greater China Issuers primary listed on a Qualifying Exchange on or before 15 December 2017.

¹¹ The Exchange reserves the right, in its absolute discretion, to refuse a listing of securities of an Overseas Issuer if its WVR structure represents an extreme case of non-conformance with corporate governance norm.

¹² An example of the requirements in Hong Kong concerning VIE structures is that if the PRC rules and regulations allow foreign investors to own a maximum of 49% of the equity interests in a local business, the Exchange will normally expect the listing applicant to control at least 49% of the equity interests in the relevant “subsidiary” through direct legal ownership (as opposed to contractual arrangements). In addition, the listing applicant must include in the relevant contracts certain prescribed provisions covering liquidation and power of attorney as detailed in LD43-3.

¹³ This refers to the WVR and VIE structures in effect at the time the issuer becomes listed in Hong Kong.

Conditional waivers and principles			
5	<p>Conditional waivers commonly granted to dual primary listed / secondary listed overseas issuers on a case-by-case basis are set out in the JPS (i.e. outside the Listing Rules).</p>	<ul style="list-style-type: none"> Guiding principles in granting waivers to issuers with a dual primary listing / secondary listing codified in the Listing Rules (e.g. if strict compliance with both the Listing Rules and similar overseas regulations in respect of a particular regulatory area would be unduly burdensome). Conditional waivers commonly granted to issuers with, or seeking, a dual primary listing / secondary listing codified in the Listing Rules. 	Paragraphs 94 - 111, 176 - 182
Regulatory cooperation			
6	<p>For Overseas Issuers incorporated in Acceptable Jurisdictions, the JPS provides that the statutory securities regulator in the issuer's</p> <p>(i) place of incorporation and</p> <p>(ii) place of central management and control</p> <p>must either be a full signatory to IOSCO MMOU or a party to a bilateral agreement with SFC concerning mutual assistance and exchange of information.</p>	<ul style="list-style-type: none"> The regulatory cooperation requirement extended to all issuers applying to list in Hong Kong and codified in the Listing Rules. The reference to "bilateral agreement" removed (making it clear that this factor alone will not be sufficient for the purpose of meeting the regulatory cooperation requirement and that other additional factors would be taken into account when assessing an issuer incorporated in, or with its principal business/assets located in, a non-IOSCO MMOU jurisdiction). 	Paragraphs 221 - 231
Reporting accountants and auditors			
7	<p>The JPS provides that any non-Hong Kong audit firm acting as the auditor of a listed issuer or acting as a reporting accountant for listing documents and circulars must</p> <p>(i) have an international name and reputation,</p>	<ul style="list-style-type: none"> Codified the requirement of the FRCO that a non-Hong Kong audit firm (other than a PRC audit firm covered by the 2009 mutual recognition agreement) needs to be recognised¹⁴ by the FRC in order to act as the auditor of a listed issuer or the reporting accountant for an IPO, a reverse 	Paragraphs 262 - 272

¹⁴ The FRCO (section 20ZF) provides that, in addition to a statement of no objection, the non-Hong Kong audit firm must also be a member of an overseas accountancy body that is a member of the International Federation of Accountants (IFAC) and subject to the regulation of an overseas regulatory organisation recognised by the FRC (which normally means a member of the Independent Forum of International Audit Regulators (IFIAR) / a jurisdiction having attained the European Commission equivalence status).

	<p>(ii) be a member of a recognised body of accountants, and</p> <p>(iii) be subject to independent oversight by a regulatory body in a jurisdiction that is an IOSCO MMOU signatory.</p>	takeover or a very substantial acquisition after the Exchange issues a statement of “no objection”.	
Accounting and auditing standards			
8	<ul style="list-style-type: none"> Financial statements of Overseas Issuers can be prepared in accordance with one of the accounting and auditing standards (other than the Hong Kong standards, the international standards and (for PRC issuers only) CASBE) set out in the JPS. Overseas Issuers must prepare their financial statements in accordance with HKFRS or IFRS if they are de-listed from their exchange of primary listing. 	<ul style="list-style-type: none"> Existing requirements retained with addition of transitional arrangements in the circumstances of a de-listing (see “Route 1” of 3 above). 	Paragraphs 232 - 248
9	<p>The requirement for reconciliation to HKFRS / IFRS is not consistent for issuers using different alternative accounting standards:</p> <ul style="list-style-type: none"> A secondary listed issuer that is primary listed in the US and prepares its financial statements in accordance with US GAAP is not required to include a reconciliation to HKFRS / IFRS. Reconciliations to HKFRS / IFRS (reviewed by an auditor) required of secondary listed issuers using any non-US GAAP alternative financial reporting standard. 	<ul style="list-style-type: none"> Standardised the reconciliation requirement for all financial reporting standards other than HKFRS / IFRS / CASBE. All secondary listing applicants as well as listed issuers will be required to reconcile for material differences between their financial statements with HKFRS / IFRS. Transitional arrangements for the use of US GAAP by secondary listed issuers/ listing applicants that are listed in the US¹⁵: <ul style="list-style-type: none"> (i) Secondary listed issuers that prepare their financial statements using US GAAP are required to comply with the reconciliation requirement for the annual financial statements 	Paragraphs 249 - 261

¹⁵ For the avoidance of doubt, overseas issuers with, or seeking, a dual primary listing that prepare their financial statements using US GAAP are required to continue to comply with the requirement to prepare reconciliation statements for the annual and interim financial statements and accountants’ reports.

		<p>they prepare for the purpose of the first financial year commencing on or after 1 January 2022 (the effective date of the Rule amendments) and for all their subsequent financial statements (including interim financial statements).</p> <p>(ii) New listing applications – US-listed applicants seeking a secondary listing on the Exchange with US GAAP financial statements that submit a new listing application on or after 1 January 2023 are required to include a reconciliation statement covering the entire track record period in their accountants' reports.</p>	
Collection of FRC levies			
10	<p>On 1 October 2019 the FRCO was amended to provide, inter alia, that the Exchange shall be responsible for collecting:</p> <p>(i) a FRC transaction levy from buyers and sellers on qualifying securities transactions; and</p> <p>(ii) an annual levy from listed issuers with effect from 1 January 2022.</p>	Codified the FRCO-related provisions in the Listing Rules.	Paragraphs 284 - 286
Company Information Sheets			
11	The JPS requires all primary listed Overseas Issuers incorporated in Acceptable Jurisdictions and all secondary listed issuers to prepare and maintain an updated Company Information Sheet for posting on HKEX website setting out, inter alia, the Listing Rules waivers granted and a summary of differences between the laws and regulations of their home jurisdictions/ primary markets and those of Hong Kong.	This requirement codified for all secondary listed issuers. In addition, an Overseas Issuer with a primary listing or dual primary listing should also publish a Company Information Sheet if any of the criteria stated in the Listing Rules apply or where the Exchange believes the publication would be useful to Hong Kong investors.	Paragraphs 273 - 279

Implementation date

9. The amended Main Board Rules and GEM Rules¹⁶ are set out in **Appendix IV** and **Appendix V** to this paper. They will become effective from 1 January 2022. The Guidance Letter for Overseas Issuers and the Guidance Letter for Change of Listing Status will also become effective on the same date. Companies which submit applications before 1 January 2022 but expect to be listed on or after 1 January 2022 will be assessed under the new regime and are expected to demonstrate how they are able to comply with the requirements under the new regime.
10. In the event that an Overseas Issuer secondary listed in Hong Kong would like to proceed with a change of listing status prior to 1 January 2022, we will consider the matter on a case-by-case basis by reference to the approach set out in the Guidance Letter for Change of Listing Status.

¹⁶ Certain amendments to the Listing Rules, including rule changes relating to the online display of documents following our consultation on [Paperless Listing & Subscription Regime, Online Display of Documents and Reduction of the Types of Documents on Display](#), have become effective since the publication of the Consultation Paper. Accordingly, the amended Main Board Rules and GEM Rules set out in Appendix IV and Appendix V to this paper have been updated to reflect the changes. For example: (1) the requirement in Rule 19.10(5) that issuers display various documents for physical inspection (as originally proposed in the Consultation Paper) has been replaced with the requirement for issuers to publish these documents online; (2) in addition to the requirement in Rule 19.60 on publication of Company Information Sheet on the Exchange's website (as originally proposed in the Consultation Paper), the amended Rule 19.60 now requires an Overseas Issuer to publish the same on its website also.

CHAPTER 1 INTRODUCTION

Background

11. On 31 March 2021, the Exchange published a Consultation Paper to seek views on the Exchange's proposals to reform the listing regime for Overseas Issuers.
12. The key proposals include:
 - (a) streamlining requirements for Overseas Issuers with a single set of shareholder protection standards applicable to all issuers to ensure consistent protection is provided to all investors;
 - (b) allowing eligible issuers to dual-primary list directly while keeping their existing non-compliant WVR and/or VIE structures; and
 - (c) expanding the secondary listing regime for Overseas Issuers to allow admission of those with a centre of gravity in Greater China without WVR structures that operate in traditional industries.
13. The Consultation Paper also invited comments from the market on several other proposals to enhance, codify and streamline existing requirements for Overseas Issuers.
14. The consultation period ended on 31 May 2021.

Number of responses and nature of respondents

15. The Exchange received 48 non-duplicate responses¹⁷ to the Consultation Paper from a broad range of respondents. All responses are available on the [HKEX website](#), and a full list of respondents (other than those who requested anonymity) is set out in **Appendix I**.

Table 2: Breakdown of Institutional Respondents by Category

CATEGORY	NUMBER	%
Professional Bodies / Industry Associations	13	31%
Law Firms	9	21%
Listed Issuers	6	14%
Corporate Finance Firms / Banks	5	12%
Investment Managers	4	10%
Accounting Firms	4	10%

¹⁷ Three respondents submitted the same response. We have counted them as one response in total.

CATEGORY	NUMBER	%
Other corporates	1	2%
TOTAL ¹⁸	42	100%

Table 3: Breakdown of Individual Respondents by Category

CATEGORY	NUMBER	%
Listed Company Staff	3	50%
Accountants	1	17%
Corporate Finance Staff	1	17%
Retail Investors	1	17%
TOTAL ¹⁹	6	100% ²⁰

16. All of the proposals in the Consultation Paper received support from a majority of the respondents, with some general and specific suggestions and comments. Key comments from respondents and our responses and conclusions to them are summarised in Chapters 2 – 5 of this paper.
17. A quantitative analysis of all the responses is set out in **Appendix II** to this paper.

¹⁸ Total number excludes duplicated responses.

¹⁹ Total number excludes duplicated responses.

²⁰ Due to rounding, the total percentage does not add up to 100%.

CHAPTER 2 CORE SHAREHOLDER PROTECTION STANDARDS

Introduction

18. This Chapter summarises the key comments from respondents on our proposals regarding Core Standards.

Proposals

A. Streamlining shareholder protection standards into one set of “Core Standards”

Summary of proposal

19. The Exchange proposed to streamline the shareholder protection standards that issuers are required to provide into one set of Core Standards for all issuers and repeal the Equivalence Requirement. The concepts of “Recognised Jurisdictions” and “Acceptable Jurisdictions” would be removed as a consequence.
20. 79% of the respondents agreed with the general approach to streamlining the requirements²¹. In respect of the proposed Core Standards²², 56% of the respondents agreed with the proposed standards, 6% of respondents did not agree and 38% did not indicate their stance.

Key comments

General comments

21. In general, a majority of the respondents considered that replacing the concept of “Recognised Jurisdictions” and “Acceptable Jurisdictions” by one common set of Core Standards for all issuers would impart clarity to the relevant requirements, facilitate compliance and promote consistency of standards among all issuers. They believed that the proposed Core Standards should be sufficient to cover fundamental shareholders’ rights and that the streamlined requirements would enhance efficiency for listing applications, making the Exchange a more attractive listing venue for prospective applicants.

Specific comments

22. Some respondents expressed concern that a number of Core Standards would be selectively applied on a case-by-case basis to certain types of issuers (e.g. secondary listed issuers) and that this might create a larger regulatory divide between those and other issuers, facilitated by the broad wording and general flexibility of the proposed standards. The Exchange

²¹ Question 1 in the Consultation Paper.

²² Question 2(a) in the Consultation Paper.

was requested to enhance transparency by publishing the reasons for any decision to disapply any of the Core Standards to any issuer.

23. Other respondents urged the Exchange to retain the Equivalence Requirement concept (i.e. benchmarking to Hong Kong laws such as the Companies Ordinance) to prevent a lowering of standards.
24. One respondent raised a concern that the benefit of abolishing the Equivalence Requirement may be largely negated by the requirement that an Overseas Issuer should notify the Exchange of matters not covered by the Core Standards that may be “*materially detrimental to the interests of shareholders as a whole (as notification is consistent with the principle that information provided to the Exchange must be accurate and complete in all material respects)*”²³. If the Exchange adopted a broad interpretation of materiality, the application of the standard would not, in reality, save any of the considerable time and expense associated with the current requirement.
25. In respect of the individual Core Standards, we received comments from respondents as summarised below:

Removal of directors and casual vacancy appointments

26. One respondent commented that the casual vacancy appointment should be confirmed or elected at the next general meeting (instead of “the next following annual general meeting”) in order to be consistent with Code Provision A.4.2 of the CG Code.
27. In relation to the proposal to consider the applicability of these Core Standards to Grandfathered Greater China Issuers and Non-Greater China Issuers with Non-compliant WVR structures on a case-by-case basis, some respondents sought clarification as to the factors the Exchange would take into account when determining whether to allow such companies to deviate from these Core Standards.

Notice of annual general meetings

28. Some respondents commented that it was not clear what an issuer would have to do to show that a notice period of less than 21 days (for an annual general meeting) or 14 days (for other general meetings) was “reasonable written notice”. They suggested that the Rules should state clearly specific minimum periods (e.g. 20 days for annual general meetings) or specific criteria (e.g. a shorter notice period should be allowed if this is so allowed under the laws of the issuer’s place of incorporation).
29. One respondent suggested that it would be simpler to apply the same length of notice period of at least 14 days to all general meetings given the modern advances in communication methods. On the contrary, other respondents urged the Exchange to benchmark the requirement to the

²³ Paragraph 13 of the Guidance Letter for Overseas Issuers and Appendix 3 to the Listing Rules set out in Schedule E and Schedule D respectively in the Consultation Paper.

Companies Ordinance and commented that the flexibility in adopting a shorter notice period for annual general meetings under the proposed Core Standard would represent a potential dilution of shareholder rights as compared to the requirements under the Companies Ordinance.

Restriction on shareholder voting

30. Under the proposed Core Standard, a shareholder's vote shall not be counted in circumstances where the Listing Rules require that shareholders abstain from voting on any particular resolution or are restricted to voting for or only against any particular resolution. Some respondents commented that it was not clear whether secondary listed issuers would be required to meet this Core Standard in respect of connected transactions.
31. In contrast, some respondents noted that Overseas Issuers secondary listed on the Exchange are exempted from compliance with the connected transaction requirements of the Listing Rules and therefore argued that the proposed Core Standard would not restrict affiliated parties of these issuers from voting on connected transactions, and this would result in a regulatory gap between issuers.
32. It was suggested that the Exchange should consider incorporating into the Core Standard the requirement for parties with a material interest, as defined in Chapter 2 of the Listing Rules, to abstain from voting on connected transactions in order to fill the perceived regulatory gap.

Rights to convene an extraordinary general meeting

33. In respect of the proposal to cap the minimum requisition threshold for convening an extraordinary general meeting at 10% of the voting rights in the share capital of the issuer, it was noted that the company laws of the Cayman Islands did not have an equivalent requirement. Some respondents noted that the Exchange had previously permitted certain secondary listed issuers to have a requisition threshold higher than 10%. For that reason, it was believed that the Exchange should allow a higher requisition threshold in exceptional and case-specific circumstances so long as the rights of shareholders could be preserved, especially if the listing of the potential issuer would be considered "accretive to our market".
34. In contrast, certain respondents considered that the requisition threshold under the Listing Rules should align with that required under the Companies Ordinance (which requires that Hong Kong incorporated companies provide shareholders representing 5% or more of total voting rights with the capability of requesting a general meeting) as the 10% threshold would be a very high hurdle for shareholders of large issuers.

Variation of Class Rights, Amendment of Constitutional Documents and Voluntary Winding Up

35. For the proposed Core Standards in relation to matters requiring a "super-majority vote" of issuers' members, some respondents questioned the

differential treatment for certain categories of issuers to satisfy the threshold of a “super-majority”. In particular, it was noted that under the proposal, “two-thirds majority” would apply to PRC Issuers as well as existing issuers currently subject to JPS Key Shareholder Protection Standards. It was suggested that a uniform threshold should apply in order to ensure equal treatment of all issuers irrespective of their places of incorporation.

Appointment of auditors

36. As issuers incorporated in the Cayman Islands may not meet this proposed Core Standard, one respondent suggested that the Exchange should offer these issuers a choice of either following the Core Standard or mandating rotation of audit partners or audit firms under some meaningful schedule. It was claimed that the latter could be achieved without constitutional amendments but still offer a credible level of protection for shareholders.

HKSCC’s right to appoint proxies and corporate representatives

37. The proposed Core Standard provides that proxies or corporate representatives must enjoy rights “*comparable to*” the rights of other shareholders. One respondent commented that the term “*comparable to*” was not sufficiently specific and should be replaced by “*equivalent to*”.

Inspection of Hong Kong Branch Register

38. The proposed Core Standard provides that an issuer may be permitted to close the register on terms comparable to section 632 of the Companies Ordinance. Similar to paragraph 37 above, it was suggested that the term “*comparable to*” should be replaced by “*equivalent to*” to make it more specific.
39. One respondent urged the Exchange to consider whether giving members an absolute right of inspection might be prohibited under the laws of some overseas jurisdictions, and whether such a right should be subject to certain caveats (e.g. the company may resist disclosure where the inspection was sought for an improper purpose or where it is necessary for the protection of privacy and confidentiality of its members).

Exchange’s response

40. We note the concerns expressed by a number of respondents on the differential treatment for certain categories of issuers in respect of certain Core Standards as set out in paragraph 22.
41. As set out in the Consultation Paper, the existing Equivalence Requirement for each Acceptable Jurisdiction has led to unnecessary complexity and inconsistencies as shareholder protection standards in overseas jurisdictions might change over time in ways that diverge differently from Hong Kong requirements. The proposed Core Standards were therefore intentionally broadly written to provide flexibility.

42. It would be impractical for us to set Core Standards that are legally impossible for many issuers to follow because they conflict with the laws and regulations of their place of incorporation. In addition, we do not believe it would be appropriate to allow issuers to follow the statutory minimum requirements under the applicable laws that deviate widely from market norms in Hong Kong (e.g. by interpreting “reasonable written notice” to mean the shortest notice period allowed under the laws of the issuer’s place of incorporation). We believe that the proposed Core Standards strike an appropriate balance between providing sufficient flexibility whilst ensuring that all issuers follow broadly common requirements. For the above reasons, we will not adopt the suggestions stated in paragraphs 28, 29, 34 and 35.
43. Companies Ordinance provisions, together with provisions commonly found in the company laws of other leading jurisdictions, were taken into account when formulating the Core Standards. Given that the place of central management and control of a majority of the companies listed in Hong Kong or seeking a listing in Hong Kong is in the PRC, consideration is also given to the PRC Company Law.
44. In relation to PRC Issuers, given they are subject to a regime which is distinguished from the regimes for Hong Kong Issuers and Overseas Issuers²⁴, they are required to comply with a specific set of requirements, modifications and exceptions under Chapter 19A and Part D of Appendix 13 of the Listing Rules. In particular, a PRC issuer must also comply with the Mandatory Provisions under applicable PRC requirements. To reflect the PRC requirements, section 1 in Part D of Appendix 13 of the Listing Rules requires the inclusion of the Mandatory Provisions in the PRC Issuers’ articles of association²⁵ and specifies additional provisions²⁶ which must be included in their articles of association which reflect or elaborate the requirements of the Mandatory Provisions²⁷. If any change is made to the Mandatory Provisions by the relevant PRC government bodies in future, appropriate consequential amendments will need to be made to Appendix 13D.
45. While we require PRC Issuers to comply with the Core Standards, we accept certain modifications to certain Core Standards (i.e. allowing different minimum length of notice period for general meetings²⁸ and the use of the two-thirds majority definition of a “super-majority vote”²⁹ for approving a variation of class rights, amendments of constitutional

²⁴ As noted in Rules 19A.01(1) and (2) of the Listing Rules, the legal system in the PRC is not based on a common law system and PRC law imposes various restrictions on foreign investor trading of a PRC Issuer’s domestic securities.

²⁵ Paragraph (a) under section 1 in Part D of Appendix 13 to the Listing Rules.

²⁶ Paragraphs (b)-(f) under section 1 in Part D of Appendix 13 to the Listing Rules.

²⁷ Articles 36, 140, 104, 148 and 85 of the Mandatory Provisions.

²⁸ 20 days for annual general meetings and 15 days for other general meetings is considered to be acceptable for PRC Issuers (as opposed to 21 and 14 days respectively under the Core Standards).

²⁹ Two-thirds majority as “super-majority” is considered to be acceptable for PRC Issuers (as opposed to three-fourths majority under the Core Standards).

documents and voluntary winding-up) so that they can achieve a broadly comparable level of shareholder protection standards to Hong Kong issuers and Overseas Issuers whilst complying with the Mandatory Provisions. We therefore do not consider it appropriate to apply a uniform threshold to PRC Issuers as suggested in paragraphs 28 and 35.

46. Regarding the concerns expressed by the respondent referred to in paragraph 24, we would like to clarify that issuers are already required to bring any material issues to our attention under the Listing Rules (for example, if they are relevant to the regulators' assessment of their suitability for listing or compliance with the Listing Rules) and ensure all information provided to the Exchange is accurate and complete in all material respects³⁰. To provide better clarity, we have amended the new Guidance Letter for Overseas Issuers to replace the original proposed wording for the notification requirement with a reminder to issuers of this current requirement.
47. It is the responsibility of each issuer to exercise reasonable judgment (after seeking professional advice where necessary) as to what falls within the scope of the current requirement mentioned above and how material issues associated with the applicable laws and regulations or the issuer's constitutional documents should be addressed. We will determine, on a case-by-case basis, whether an issuer has satisfactorily addressed such matters to ensure a sufficient level of investor protection.
48. In relation to suggestions that Overseas Issuers should be allowed to offer alternatives to satisfy the Core Standards (paragraphs 36 and 39), we would like to point out that flexibility is provided by the preamble to the Core Standards. This states that an issuer must demonstrate how the domestic laws, rules and regulations to which it is subject and its constitutional documents, in combination, provide the Core Standards. So, an issuer would not be required to amend its constitutional documents if it could demonstrate it was already subject to domestic laws, rules and regulations that provide the Core Standards.
49. We would like to reiterate that our aim is to provide one common set of Core Standards for all issuers. If an issuer foresees difficulty in complying with any Core Standards (including the situation described in paragraph 33), it should contact the Exchange at the earliest opportunity. Normally a variation of the requirements based on case-specific circumstances will not be granted if the Exchange considers that such variation may be detrimental to shareholder protection. To provide transparency to investors, we will also require issuers to disclose any waivers or modifications granted to them in their listing documents and, potentially, their Company Information Sheets.

³⁰ See Rule 2.13(2), Rule 11.07, Appendix 17 paragraph 1(e) and Appendix 1 Parts A, B, C, E, F paragraph 2.

50. Secondary listed issuers are subject to the laws and regulations of the regulatory regime of their places of primary listing where the majority of trading in their securities is expected to take place. For this reason, we place a degree of reliance upon the regulatory regime of primary listing to provide a sufficient level of investor protection, in combination with applicable Rules in Hong Kong. A waiver of the Listing Rules (including the Core Standards similar to the deviations referred to in paragraph 27) will be granted only if it is considered appropriate based on the facts and circumstances of individual cases. We will publish guidance describing these waivers where we believe this will provide clarity to the market.
51. Regarding the comments on the applicability of the Core Standard relating to the restriction on shareholder voting on connected transactions to secondary listed issuers (paragraphs 30 to 32), we would like to clarify that secondary listed issuers are not subject to this Core Standard. As stated in this Core Standard, it applies only if the issuer is subject to a restriction in the Listing Rules. As secondary listed issuers are exempt from connected transaction requirements, the Core Standard would not apply to such transactions in those circumstances.
52. The Exchange agrees with the feedback that the term “comparable to” in two Core Standards (see paragraphs 37 and 38) should be replaced by “equivalent to” to make it more specific. The change is reflected in the amended Rules.
53. Regarding the suggestion to align the requirements for casual vacancy appointment with Code Provision A.4.2 in the current CG Code (see paragraph 26), we would like to clarify that we will repeal the relevant “comply or explain” requirement in the CG Code to address the current inconsistencies in the Rules³¹. We will however adjust the wording in the Core Standard to state that “*any person appointed by the directors to fill a casual vacancy on or as an addition to the board shall hold office only until the first annual general meeting after appointment*”. The underlined wording, which replaces the wording proposed in the Consultation Paper “*next following annual general meeting*”, aligns with the wording used in Code Provision B.2.2 in the CG Code as proposed in another consultation exercise³² and provides better clarity to the requirement. We will take into account any further comments received in that consultation and publish the related consultation conclusions in due course.

³¹ This standard is provided in paragraph 4(2) of Appendix 3 which requires “*any person appointed by the directors to fill a casual vacancy on or as an addition to the board shall hold office until the next following annual general meeting of the issuer...*” Code Provision A.4.2 in the CG Code contains a similar requirement stating that “*all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment*”.

³² [Consultation Paper on Review of Corporate Governance Code and Related Listing Rules](#) published on 16 April 2021. The proposed wording in Code Provision B.2.2 is that “*all directors appointed to fill a casual vacancy should be subject to election by shareholders at the first annual general meeting after appointment*”.

B. Repealing some existing shareholder protection standards

Summary of proposal

54. The Exchange proposed to repeal various shareholder protection standards in Appendices 3 and 13 to the Listing Rules as set out in the Consultation Paper.
55. 50% of the respondents agreed with our proposal³³, 40% of the respondents did not indicate their stance or object to the proposal, and 10% indicated disagreement with the proposal.

Key comments

General comments

56. Respondents in general welcome the initiative to repeal those shareholder protection standards in the Listing Rules that have become outdated, unnecessary or superfluous.

Specific comments

57. Some respondents disagreed with repealing certain standards concerning shareholders' approval of payment to directors, restriction of loans made to directors and their close associates, the requirement to declare a material interest before the board approves any contracts and the requirement of having agreement in writing from a member in relation to the increase of his liability to the company (items 8, 11, 12, 13 and 30 of the current shareholder protection standards proposed to be repealed, which was set out in Schedule C in the Consultation Paper). They were of the view that these standards offer fundamental shareholders' protection against the abuse of power by the board of directors. They also raised concerns that the overlapping requirements in Chapter 14A and Rule 13.44 are waived for secondary listed issuers and urged the Exchange to include the overlapping requirements as part of the Core Standards and apply such requirements to all issuers, including secondary listed issuers.
58. Some respondents stated that the enforcement of the Listing Rules may not bring the same level of shareholders' protection that could be achieved by incorporation of the requirement in an issuer's constitutional documents. They stated that placing reliance on similar provisions in the Listing Rules would not give shareholders an opportunity for legal recourse in the issuer's country of incorporation and would restrict their right to challenge corporate malfeasance.

Exchange's response

59. We note respondents' comments regarding our proposal to repeal standards that overlap with requirements in the Rules, some of which do

³³ Question 2(b) in the Consultation Paper.

not apply to secondary listed issuers³⁴. This practice is consistent with our approach to secondary listed issuers whereby a number of the Listing Rules are automatically waived because we place a degree of reliance upon the regulatory regime of primary listing to provide a sufficient level of investor protection, in combination with applicable Rules in Hong Kong as explained in paragraph 50 above. Therefore our proposal to remove these overlapping standards from Appendices 3 and 13 and the JPS would not lower the standard expected of secondary listed issuers.

60. In relation to the comment that the removal of those overlapping standards from the issuer's constitutional documents would deprive shareholders of their rights to bring private legal actions against the issuer for breaches of those standards, we would like to explain that our proposal is to promulgate only the requirements most fundamental to shareholders' rights as Core Standards and a majority of respondents agreed with the set of Core Standards proposed. We consider it reasonable to proceed with our proposal, taking into account the costs and benefits of bringing private legal actions and our enforcement powers to regulate breaches of Listing Rules (including those that are not Core Standards).

C. Codification of current practice

Summary of proposal

61. The Exchange proposed to codify the current practice that all issuers must conform their constitutional documents to the Core Standards or else demonstrate, as necessary for each standard, how the domestic laws, rules and regulations to which the issuer is subject and its constitutional documents, in combination, provide the relevant shareholder protection under the Core Standards.
62. 71% of the respondents agreed with our proposal³⁵, 23% of the respondents did not make any comment, and 6% did not agree with the proposal.

Key comments

General comments

63. Respondents generally considered that codification would provide clear and practical guidance for all issuers to follow.

Specific comments

64. Some respondents commented that if the Core Standards were to be fundamental safeguards, they should be embedded in an issuer's constitutional documents to give shareholders a legal right of action. They

³⁴ For example, Chapter 14A (connected transactions) and Rule 13.44 (directors voting on contracts in which they have a material interest).

³⁵ Question 3 in the Consultation Paper.

disagreed that a mixture of articles, domestic laws, rules and regulations would suffice.

65. One respondent suggested that an issuer should be required to positively identify to the Exchange which Core Standard it is able to comply with by amending its constitutional documents. Where it is unable to do so, the issuer should explain how it is still able to comply with the Core Standard through the combination of domestic laws, rules and regulations to which the issuer is subject and its constitutional documents.
66. Another respondent suggested that a legal opinion from a reputable domestic law firm should be sufficient evidence that the relevant domestic laws, rules and regulations to which the issuer is subject and its constitutional documents in combination provide the relevant shareholder protection under the Core Standards.

Exchange's response

67. We expect that Core Standards should be set out in the issuers' constitutional documents unless the Exchange is satisfied that the domestic laws, rules and regulations to which the issuer is subject provide for the same protection.
68. We have set out the approach for issuers to demonstrate compliance with the Core Standards in our new Guidance Letter for Overseas Issuers (see Appendix VI). Each Overseas Issuer should confirm to the Exchange that it conforms with the Core Standards and the requirements set out in the guidance letter. We agree that an appropriate legal opinion on compliance with the Core Standards would normally be sufficient evidence. Where there is any shortfall in compliance with those requirements or where the Overseas Issuer is from a jurisdiction where securities of companies incorporated therein have not been previously admitted into CCASS for trading on the Exchange, such issuer should provide a comparison with the relevant overseas laws and regulations and constitutional documents, and should set out how it plans to provide the Core Standards and its proposed actions to address any potential shortfall (e.g. amending its constitutional documents).
69. Further, each Overseas Issuer should also disclose in its listing document and its Company Information Sheet (where applicable and necessary) the major differences between its domestic standards and the Core Standards and details of any measures that have been or will be put in place to address the differences. We consider that this approach aligns with most respondents' expectations.

D. Requirement for all existing issuers to comply with the proposed Core Standards

Summary of proposal

70. The Exchange proposed that the Core Standards apply to existing listed issuers and that these issuers (other than in the circumstances described in the Consultation Paper) would have until their second annual general meeting to make any necessary amendments to their constitutional documents to conform to the Core Standards.
71. 65% of the respondents agreed with the proposal³⁶, 17% did not support the proposal and 19% of them did not indicate their stance (including any objection to the proposal).

General comments

72. The respondents generally considered that it would be fair and sensible to create a uniform regulatory framework and require all listed issuers, including existing listed issuers, to comply with the Core Standards.
73. They considered that the proposed timeframe for conforming to the proposed Core Standards is reasonable, particularly since these standards do not appear as a whole to constitute a significant departure from the requirements to which issuers are currently subject.

Key comments

74. Respondents commented that existing issuers, particularly primary listed Overseas Issuers incorporated in Acceptable Jurisdictions and existing secondary listed issuers, should be grandfathered such that they will not be required to change their constitutional documents to conform to the Core Standards.
75. They considered that primary listed Overseas Issuers chose to list their securities on the Exchange based on the shareholder protection standards which were then applicable and which the Exchange considered to be adequate at the time.
76. For existing secondary listed issuers, the shareholder protection standards currently set out in Rule 19C.07 and waivers that were granted from that rule were important factors in the decisions of these issuers to take advantage of the Chapter 19C “*concessionary route*” to list on the Exchange. It would therefore be unfair to now require these issuers to comply with the Core Standards.

³⁶ Question 5 in the Consultation Paper.

77. Some respondents asked for clarification on whether the introduction of Core Standards would affect the existing waivers granted to existing listed issuers. They considered that waivers granted to existing listed issuers should be grandfathered.

Exchange's response

78. As stated in our Consultation Paper, the vast majority of existing listed issuers are already providing the proposed Core Standards, as most of these standards are currently required by the JPS, the Listing Rules or the Mandatory Provisions.
79. In particular, for existing listed issuers that are currently subject to a JPS Key Shareholder Protection Standard which defines a "super-majority vote" as a "two-thirds majority" and those who are subject to the requirement that no more than 15 months should elapse between two annual general meetings, they will be considered to be compliant with the relevant Core Standards if they comply with the relevant requirements that were applicable to them at listing.
80. Given this, we believe most issuers would not have difficulties complying with the proposed Core Standards.
81. The Exchange does not consider that grandfathering all existing listed issuers would be appropriate as this would require us to run two shareholder protection standard regimes in parallel indefinitely (until the last grandfathered issuer de-lists). This would seriously undermine our aim to streamline the Listing Rules for Overseas Issuers and ensure consistency of standards for all issuers.
82. As for the position of waivers granted to existing listed issuers, we would like to clarify that the introduction of the Core Standards normally would not affect waivers already granted to existing listed issuers. We do not intend to withdraw such waivers relating to matters covered by the Core Standards unless there is a change in the circumstances referred to in any specific condition upon which the waivers were granted.

Other comments

83. We have been asked to consider some additional issues which include the following:
- (a) Exchange's policy on treasury shares: Pursuant to Appendix I (Information Required from Overseas Issuers) to the Guidance Letter for Overseas Issuers set out in the Consultation Paper, applicants are required to explain if the overseas jurisdiction permits treasury shares and if permitted, the voting rights and dividend entitlement attached to such treasury shares. The respondent asked for guidance on what guiding principles would be used when considering whether to grant

a waiver from the requirement on cancellation of purchased shares under Rule 10.06(5) to primary listed issuers.

- (b) Clearing system of Hong Kong: It was noted that the current clearing system in Hong Kong did not cater for Overseas Issuers that have multiple listings. Under Hong Kong's current clearing system, the legal ownership of securities is held by HKSCC Nominees Limited while the beneficial ownership is held by HKSCC's clearing participants and the Exchange requires a legal opinion on whether beneficial ownership is recognised by the overseas jurisdiction of an Overseas Issuer. Some dual-listed issuers may experience delay when contemplating share repositioning between different exchanges. It was suggested that the Exchange should look into how the clearing system might migrate to a true scripless securities system.
- (c) Differences between the rules of the home jurisdiction and those under the Takeovers Code: It was suggested that the new guidance letter should explain more clearly how the differences between the rules of the home jurisdiction and those under the Takeovers Code might be addressed by an applicant.
- (d) Country Guides: It was suggested that the Exchange should set out clearly in the new guidance letter that it would update the existing Country Guides and at what intervals and if not, how the public is to be appraised of the latest applicable rules and regulations where an Overseas Issuer is incorporated in a jurisdiction not previously admitted for trading on CCASS. One respondent believed that Country Guides should be withdrawn as this is inconsistent with a "jurisdiction-neutral" regulatory philosophy which should refer only to one set of objective standards.
- (e) Time commitment for clearance of new jurisdictions: It was suggested that the Exchange should make a commitment as to the length of time it would take to clear a new jurisdiction application.
- (f) Class action regime: The Exchange was invited to consider an enhanced shareholder protection mechanism, such as class action regime, as the non-statutory nature of the Listing Rules was ill-equipped to deal with the challenges posed by new listings.

Exchange's response

- 84. The Exchange notes the additional comments.
- 85. We would like to clarify that we will continue to take a case-by-case approach to determining whether treasury shares may be permitted having regard to the specific circumstances of the issuer and its place of incorporation and whether any Listing Rules need to be modified in respect of the relevant issuer to ensure that sufficient investor protection is maintained.

86. Regarding our clearing system, we have stated in the Joint Consultation Conclusions on a Revised Operational Model for Implementing an Uncertificated Securities Market in Hong Kong³⁷ that we would work with other regulators with a view to implementing the uncertificated securities market regime from 2022.
87. We do not intend to change our current approach of allowing an Overseas Issuer to use a variety of methods to comply with the Listing Rules and the Takeovers Code. As observed by the respondent, the Exchange normally requires Overseas Issuers to set out the differences between the Takeovers Code and the rules of the home jurisdiction in the jurisdiction application and the listing document, as well as to state in the listing document that any investor contemplating a takeover needs to make sure it complies with all the relevant laws, regulations and codes. Companies are encouraged to consult the Exchange and the SFC at the earliest opportunity in such circumstances.
88. We would like to clarify that the Country Guides are mainly intended to provide guidance to issuers on the application of the Equivalence Requirement. Given our proposal to repeal the Equivalence Requirement, we would not issue new Country Guides but would continue with our practice of issuing guidance on a case-by-case basis if there are novel issues relating to the listing of shares (including shares of Overseas Issuers). Issuers should refer to the Core Standards for the expected shareholder protection standards required by the Exchange and should also inform the Exchange of any material changes that might or would adversely affect their compliance with the Core Standards.
89. For existing Country Guides, existing listed issuers and listing applicants³⁸ incorporated in the relevant jurisdictions are required to inform us of any changes in the laws, regulations and market practices described in the guides to the extent that the changes might or would adversely affect their compliance with the Core Standards³⁹ or any other applicable Listing Rules. As for the comment in paragraph 83(e), given the Exchange's goal of streamlining the process with an Overseas Issuer only being required to demonstrate compliance with the Core Standards, we believe that the time required by the Exchange for reviewing a pre-IPO enquiry regarding a jurisdiction not previously admitted for trading on CCASS would depend very much on the quality of the submission and the complexity of each individual case. Where an applicant is from a jurisdiction that is not previously admitted for trading on CCASS and has any unique features,

³⁷ [Joint Consultation Conclusions on a Revised Operational Model for Implementing an Uncertificated Securities Market in Hong Kong](#) published in April 2020.

³⁸ See paragraph 14 of the new Guidance Letter for Overseas Issuers.

³⁹ An example is where the overseas laws or regulations require the threshold for requisitioning a shareholders' meeting to be more than 10%.

the applicant and its advisor are strongly encouraged to seek early consultation with the Exchange.

90. Regarding the suggestion to introduce a class action regime in Hong Kong, this would require legislative changes. The Law Reform Commission of Hong Kong published a report⁴⁰ in 2012 on this subject and a cross-sector working group established by the Department of Justice has been considering the matter. We will monitor any development in this area. As explained in the Consultation Paper, we consider that our Listing Rules, in combination with other laws and regulations to which the issuer is subject, offer sufficient protection as a whole to investors. We may revise our requirements in light of the experience we gain following the implementation of our proposals and to reflect any future market development.
91. For the reasons set out in this Chapter and in light of the majority support, we will adopt our proposals save for minor drafting changes set out in paragraphs 52 and 53 above.
92. As stated in the Consultation Paper, existing listed issuers are to ascertain they are in full compliance with the Core Standards, otherwise, they would have until their second annual general meeting following 1 January 2022 to make necessary changes to their constitutional documents to conform with the Core Standards⁴¹. All amendments to their constitutional documents must result in full compliance and where this is not achieved, the Exchange may take action, as necessary.

⁴⁰ [Report on Class Actions published by The Law Reform Commission of Hong Kong](#) on 28 May 2012.

⁴¹ Other than circumstances specified in paragraphs 110, 119 and 136 of the Consultation Paper.

CHAPTER 3 DUAL PRIMARY LISTING

Introduction

93. This Chapter summarises the key comments on the proposals in relation to dual primary listing from respondents.

Proposals

A. Codify the Common Waivers for dual primary listed issuers and the underlying principle

Summary of Proposal

94. The Exchange proposed to codify certain Common Waivers and the prescribed conditions as well as the underlying principle of granting such waivers to dual primary listed issuers.
95. 56% of the respondents supported the Exchange's proposal to codify the underlying principle that the Exchange may grant the Common Waivers if an issuer has demonstrated that strict compliance with both the relevant Listing Rules and the overseas regulations would be unduly burdensome or unnecessary⁴², 10% of the respondents did not support it and 33% did not express objection or indicate their stance.
96. 71% of the respondents supported the Exchange's proposal to codify the Common Waivers and the prescribed conditions specified in the Consultation Paper⁴³, 4% of the respondents did not support it and 25% did not express objection or indicate their stance.

Key Comments

General comments

97. In general, a majority of the respondents agreed that the proposals will help improve the transparency of our listing regime for dual primary listings and allow Overseas Issuers to better assess the regulatory compliance requirements for listing in Hong Kong.

⁴² Question 7 in the Consultation Paper.

⁴³ Question 8 in the Consultation Paper.

Specific comments

98. On the Exchange's proposed underlying principle when considering the relevant waiver applications (i.e. that an issuer has demonstrated that strict compliance with both the relevant Listing Rules and the overseas regulations would be unduly burdensome or unnecessary), some respondents suggested the following:
- (a) provide more guidance as to what constitutes "unduly burdensome" or "unnecessary";
 - (b) evaluate how the relevant requirements in the overseas regulations would be applied to issuers when assessing the waiver applications, and impose additional conditions on the waiver granted, where appropriate;
 - (c) require an issuer to demonstrate that the granting of any Common Waivers will not materially affect the interest and protection of shareholders in Hong Kong; and
 - (d) require waivers granted to be fully disclosed to allow shareholders to have a clear understanding of the relevant risks.
99. With regards to the proposed Common Waivers to be codified, some respondents suggested the Exchange to:
- (a) clarify why certain Common Waivers in the JPS are not codified and the Exchange's approach with regards to the granting of these waivers going forward;
 - (b) under the proposed Rule 19.59(1), include additional conditions previously imposed on Overseas Issuers in the list of conditions for a waiver of Rule 2.07C(4)(a)⁴⁴ (on top of those set out in the JPS); and
 - (c) under the proposed Rule 19.59(2), clarify that an application from Overseas Issuers for a waiver of Rule 4.03 to appoint an overseas firm of practising accountants must be supported with valid and concrete reasons and the approval is subject to the Exchange's discretion, and specify situations not warranting such a waiver (e.g. issuers with a centre of gravity in Greater China), with cross reference to Rule 4.03.

⁴⁴ Rule 2.07C(4)(a) states that announcements or notices must not be published on the Exchange's website during the period specified therein, with certain specified exceptions.

Exchange's Response

Underlying principle

100. All primary (including dual primary) listed issuers are required to fully comply with the Listing Rules, unless specifically waived or modified by the Exchange. As dual primary listed issuers are likely to be subject to more than one set of regulations on certain listing matters due to their multiple listings, the Exchange has ordinarily granted the Common Waivers to these issuers on a case-by-case basis provided that they (a) met the specific conditions for the Common Waivers as currently set out in the JPS; and (b) had demonstrated that their jurisdictions of incorporation and markets of primary listing (where relevant) provide comparable shareholder protections, which together will provide sufficient safeguards for investors.
101. The seven Common Waivers and related conditions⁴⁵ that we propose to codify have previously been granted under the JPS to primary or dual primary listed issuers (where applicable) on the same basis. It has been our practice to grant the Common Waivers on a case-by-case basis taking into account, among other things, the specific requirements in the overseas regulations, whether the issuer is subject to any waivers from such overseas regulations, and whether compliance with both regulations would indeed be unduly burdensome for the issuer (e.g. strict compliance with the Listing Rules would result in a breach of applicable overseas laws or regulations, as substantiated by a relevant legal opinion). In accordance with the principle under Rule 2.04, the Exchange may exercise its power to modify compliance with a Listing Rule by imposing additional requirements as conditions for the waivers to ensure there are sufficient safeguards for investors in Hong Kong. This will be codified in Rule 19.02.
102. Further, it is the current practice for all issuers that any waivers granted are required to be clearly disclosed in the listing document. We will state in Rule 2.04 that any waivers or modifications of Rules granted by the Exchange should be fully disclosed in the listing document (or in other announcement or circular as the Exchange considers appropriate). We will also adopt our proposal to make it clear that the Exchange may at its discretion require an Overseas Issuer to prepare a Company Information Sheet where it believes the publication of the Company Information Sheet would be useful to investors (see paragraph 279 in Chapter 5).
103. In view of the above, we believe there are sufficient safeguards to ensure the Common Waivers, if granted, will not undermine the shareholder protection for investors of dual primary listed issuers, with adequate disclosure in place to inform investors of the relevant risks.

⁴⁵ The waivers proposed to be codified are for Listing Rules 2.07C(4)(a), 4.03, 9.09, 11.06 and 19.10(6), and paragraph 15(2)(c) of Appendix 1A and paragraph 49(2)(c) of Appendix 1E to the Listing Rules.

104. On the respondents' request for guidance on what constitutes "unduly burdensome" or "unnecessary", while it would not be possible to include an exhaustive list of situations, we will provide an example in the Rule, such as where the requirements under the Listing Rules contradict applicable overseas laws and regulations, and strict compliance with the Listing Rules would result in a breach of the applicable overseas laws or regulations.
105. We have also adopted the respondents' suggestion to add to the Rule the requirement that an issuer must demonstrate that the granting of any Common Waivers will not prejudice the interest of the investing public. The wording is the same as that of the condition for the grant of an exemption from a prospectus-related requirement under section 342A of the CWUMPO.
106. To facilitate readers' easy reference to the Rules in respect of which the seven Common Waivers are granted, the Exchange has decided to set out the relevant waiver conditions in those Rules instead of codifying them in the new Rule 19.59(1) to (5) as proposed in the Consultation Paper.

Common Waivers

107. We do not plan to codify the Common Waivers of the following Listing Rules that are currently contained in the JPS:
- (a) Listing Rule 3.28 (qualification and experience of the company secretary) – in view of the market feedback to this proposal in the consultation on Codification of General Waivers and Principles Relating to IPOs and Listed Issuers and Minor Rule Amendments⁴⁶, we did not adopt the proposal but instead have published Guidance Letter HKEX-GL108-20 to provide clarifications and guidance on the relevant policy rationale, conditions for, and the factors considered in, granting this waiver⁴⁷;
 - (b) Listing Rule 8.12 (sufficient management presence in Hong Kong) – we will continue to take into account each issuer's specific circumstances in considering applications for a waiver of this Rule on a case-by-case basis. The relevant guidance is published in Guidance Letter HKEX-GL9-09;
 - (c) Listing Rule 10.04 and paragraph 5(2) of Appendix 6 to the Listing Rules (restriction on existing shareholders' purchase and subscription) – we will continue to take into account each issuer's specific circumstances in considering applications for a waiver of this Rule on

⁴⁶ In that consultation paper, we proposed to codify the factors considered by the Exchange in granting a waiver in respect of the experience and qualification requirements of a company secretary under Listing Rule 3.28 (GEM Rule 5.14).

⁴⁷ The consultation conclusions and the related guidance letter were published on 28 August 2020 (see [link](#)).

a case-by-case basis. The relevant guidance is published in Guidance Letter HKEX-GL85-16;

- (d) Listing Rules 10.07(1) and 10.08 (restriction on disposal of shares by a controlling shareholder and restriction on further issues of securities after listing) – waivers of these Rules are not frequent. We will continue to take into account an applicant's compliance with the conditions set out in Listing Decision HKEX-LD68-1 and other relevant information in considering applications for a waiver of this Rule on a case-by-case basis; and
 - (e) Appendix 3 to the Listing Rules (articles of association) – the requirements in this appendix will be replaced with the Core Standards except that those requirements that overlap with other parts of the Listing Rules or that do not concern fundamental shareholders' rights will be repealed (see Chapter 2).
108. With regard to the Common Waiver of Rule 4.03 for Overseas Issuers set out under the proposed Rule 19.59(2), we will simplify the guidance within the Listing Rules by removing Rule 19.59(2) and explaining in Rule 4.03 the factors to be taken into account by the Exchange in considering such waivers.
109. We will adopt our proposal to codify in Rule 4.03 the requirement that an issuer will normally be expected to appoint a firm of practising accountants that is qualified under the PAO and is a Registered PIE Auditor under the FRCO to prepare an accountants' report that constitutes a PIE Engagement under the FRCO (see paragraph 263 in Chapter 5). The revised Rule 4.03 will clearly state that, among other things, an issuer incorporated outside of Hong Kong must provide specific reasons supporting its request for a statement of no objection from the Exchange, and the Exchange retains the discretion to accept or reject such application. The proposed Rule 19.20 will also set out similar requirements with a reference to Rule 4.03 when referring to the qualification requirement for acting as the auditor for annual accounts of Overseas Issuers with a primary listing in Hong Kong.
110. All Overseas Issuers applying for primary or dual primary listing may apply for a waiver from Rule 4.03 pursuant to the requirements and conditions set out in Rule 4.03 and Rule 19.20, where applicable.
111. In view of the above and taking into account the feedback from the respondents, we will adopt the proposal with minor modifications to include in Chapter 2 the additional conditions which we have previously imposed on Overseas Issuers when granting waivers of Rule 2.07C(4)(a).

B. Allow Grandfathered Greater China Issuers and Non-Greater China Issuers with Non-compliant WVR and/ or VIE Structures to dual primary list

Summary of Proposal

112. The Exchange proposed to allow Grandfathered Greater China Issuers and Non-Greater China Issuers to dual primary list directly on the Exchange while retaining their Non-compliant WVR and/ or VIE Structures, if such issuers meet the current suitability and eligibility requirements of Chapter 19C of the Listing Rules for Qualifying Issuers seeking a secondary listing with a WVR structure.
113. 58% of the respondents supported the proposal⁴⁸, 19% of the respondents did not support it and 23% did not indicate objection or their stance.

Key Comments

General comments

114. Respondents in general supported the proposal that Grandfathered Greater China Issuers and Non-Greater China Issuers should be allowed to directly apply for a dual primary listing and retain their Non-compliant WVR and/ or VIE Structures, and a few stated that it was sensible and consistent with the Exchange's strategic plan to attract more overseas issuers to pursue a listing in Hong Kong. The support was mainly on the basis that (a) these issuers are already allowed to dual primary list with Non-compliant WVR and/ or VIE Structures under the current regime via a "two-step" route; (b) under our proposal, they will be required to meet the suitability and eligibility requirements of Chapter 19C of the Listing Rules for Qualifying Issuers with a WVR structure (which are more stringent than those applicable to other primary listing applicants without WVR structures) even though they are applying for dual primary listing; (c) these issuers will not be entitled to the Automatic Waivers as they are applying for dual primary listing instead of secondary listing and will instead be subject to the full set of Listing Rule requirements, save for those requirements waived on a case-by-case basis; and (d) the Exchange will reserve the right to reject an issuer on suitability grounds if its WVR structure represents an extreme case of non-conformance with governance norms.

Specific comments

115. One respondent suggested the Exchange to consider expanding the proposal to Non-Grandfathered Greater China Issuers with Non-compliant WVR and/ or VIE Structures, subject to appropriate safeguards.
116. Respondents that disagreed with the proposal are mainly of the view that:

⁴⁸ Question 9 in the Consultation Paper.

- (a) allowing issuers with Non-compliant WVR and/ or VIE Structures to primary list in Hong Kong will reduce the level of shareholder protection for investors;
- (b) all issuers with WVR structures that primary list in Hong Kong should be subject to the same requirements under the Listing Rules and should not be granted waivers, otherwise it will widen the regulatory gap between different categories of issuers with a primary listing in Hong Kong, resulting in parallel and distinct regulatory regimes; and
- (c) the “one share one vote” principle is the foundation for protecting the rights of all shareholders on an equitable basis. The WVR structure violates such fundamental corporate governance principle. The “two-step” route should not have been allowed in the first place, and Non-compliant WVR Structures should not be allowed for primary or dual primary listed issuers.
- (d) One respondent suggested introducing a sunset provision such that the Non-compliant WVR Structures of these dual primary listed issuers will expire after a certain period of time, and imposing robust disclosure requirements for Non-compliant VIE Structures post listing.

117. Some respondents would like the following clarifications:

- (a) whether a Grandfathered Greater China Issuer or Non-Greater China Issuer with a Non-compliant VIE Structure but no WVR structure applying for a dual primary listing will be required to demonstrate that it is an Innovative Company;
- (b) the rationale for exempting a particular group of issuers (i.e. Grandfathered Greater China Issuers and Non-Greater China Issuers seeking dual primary listing) from the requirements concerning WVR structures, given that it appears to be against the overall intention of the Consultation Paper to promote consistency and reduce redundancy within the Listing Rules; and
- (c) whether a secondary listed issuer under Chapter 19C may “voluntarily” convert to a dual primary listing status while retaining all the waivers granted pursuant to their secondary listing status under Chapter 19C of the Listing Rules, as this will allow such issuers’ stocks to be traded in the Stock Connect program and thus increase the trading volume in the Hong Kong market.

118. Another respondent suggested the Exchange to further clarify the circumstances under which it would reject an issuer with a Non-compliant WVR Structure on suitability grounds.

Exchange's Response

119. As discussed in the Consultation Conclusions on Companies from Emerging and Innovative Sectors⁴⁹, a number of large Mainland and non-Mainland companies from emerging and innovative sectors have primary listings in the US and on other major international exchanges. In order to enhance the competitiveness of Hong Kong's listing regime versus other major global listing venues in respect of attracting good quality and high growth companies, the Exchange proposed in 2018 to expand the then listing regime by, among other things, creating a new concessionary route to secondary listing for Qualifying Issuers by allowing Grandfathered Greater China Issuers and Non-Greater China Issuers that meet certain specified requirements⁵⁰ to retain existing Non-compliant WVR and/or VIE Structures.
120. The proposal received support from an overwhelming majority of respondents, and as a result Chapter 19C of the Rules for Qualifying Issuers seeking a secondary listing was introduced in April 2018⁵¹.
121. The rationale for grandfathering the WVR /VIE structures of Grandfathered Greater China Issuers and Non-Greater China Issuers (including those listed on a Qualifying Exchange on or before the Exchange's announcement of proposed reforms relating to WVR structures) was that these issuers were seen as not having listed overseas for the purpose of regulatory arbitrage.
122. As a result, there are two possible categories of primary listed issuers with a WVR/ VIE structure:
- (a) Grandfathered Greater China Issuers and Non-Greater China Issuers that are allowed to retain their Non-compliant WVR and/ or VIE Structures at the time of secondary listing and subsequently become primary-listed in Hong Kong under a "two-step" route as a result of the migration of a majority of their trading to Hong Kong; and
 - (b) other issuers with WVR and/ or VIE Structures that are required to comply with the requirements under the Listing Rules and relevant guidance.
123. As explained in the Consultation Conclusions on Companies from Emerging and Innovative Sectors, companies already listed on Qualifying Exchanges may find it undesirable or impractical to vary their corporate

⁴⁹ Paragraphs 17, 249 and 274 of the Consultation Conclusions on Companies from Emerging and Innovative Sectors.

⁵⁰ For example, they must be "innovative companies".

⁵¹ In 2020, we further announced that Greater China Issuers that were controlled by corporate WVR beneficiaries as at 30 October 2020 and primary listed on a Qualifying Exchange on or before 30 October 2020 will be treated the same as Grandfathered Greater China Issuers (please refer to paragraph 219 for our proposal to expand the definition of "Grandfathered Greater China Issuers" to include such issuers).

structures to incorporate all aspects of the Exchange's requirements for WVR and/ or VIE structures.

124. It was against this background that Grandfathered Greater China Issuers and Non-Greater China Issuers were allowed to retain their Non-compliant WVR and/ or VIE Structures even when they become primary-listed in Hong Kong via a "two-step" route. The arrangements have taken into account the need to strike a balance between preserving the most important shareholder protection standards and maintaining our competitiveness in the global market. As issuers with Non-compliant WVR and/or VIE Structures are subject to relevant disclosure requirements under Chapter 8A of the Listing Rules and LD43-3, investors will be given sufficient information to assess the risks involved when making investment decisions, despite the concessions.
125. As explained above, the risk of regulatory arbitrage⁵² was taken into account in allowing Grandfathered Greater China Issuers and Non-Greater China Issuers seeking a secondary listing to retain their Non-compliant WVR and/ or VIE Structures. We will not currently expand the proposal to other issuers.
126. As the Exchange believes that the "one-share, one vote" principle continues to be the optimum method of empowering shareholders and aligning their interests in a company, the Exchange will consider all circumstances in exercising its discretion to find an applicant suitable to list with a WVR structure and will do so only in appropriate cases where the applicant fits the profile of companies targeted by the proposed regime.
127. In this regard, the Exchange reserves the right to reject an issuer on suitability grounds if its WVR structure is an extreme case of non-conformance with governance norms. As set out in the Consultation Conclusions on Companies from Emerging and Innovative Sectors, an example of an extreme case of non-conformance with governance norms would be where the ordinary shares carry no voting rights at all⁵³.
128. Our current proposal to allow dual primary listed issuers with Non-compliant WVR and/ or VIE Structures is similarly restricted to only Grandfathered Greater China Issuers and Non-Greater China Issuers meeting the suitability and eligibility requirements for secondary listing with a WVR structure under existing Chapter 19C and will not result in a reduction in the level of shareholder protection currently available, as these issuers are already permitted to become dual primary listed through the "two-step" route.

⁵² Paragraphs 284 to 286 of the Consultation Conclusions on Companies from Emerging and Innovative Sectors. Paragraphs 109-110 of the Consultation Conclusions on Corporate WVR Beneficiaries.

⁵³ Paragraph 262 of the Consultation Conclusion on Companies from Emerging and Innovative Sectors.

129. On the contrary, the proposal will encourage these issuers to dual primary list (instead of secondary list) in Hong Kong and therefore be subject to the full set of the Listing Rules from the outset when listed in Hong Kong except for the requirements regarding WVR and/ or VIE Structures.
130. Regarding the suggestion to introduce a time-defined sunset clause, we would like to point out that, as explained in the Consultation Conclusions on Companies from Emerging and Innovative Sectors, a time-defined sunset clause may trigger a change in control of an issuer that would occur at a date in the future when such change may not be in the best interests of the issuer or its shareholders. We continue to hold this view and will not require a time-defined sunset clause⁵⁴ for issuers with Non-compliant WVR Structures.
131. We would like to clarify that, under the regime to be adopted, only issuers with WVR structures will be required to demonstrate they are “Innovative Companies”. Accordingly, the “Innovative Company” requirement does not apply to Grandfathered Greater China Issuers or Non-Greater China Issuers seeking a dual primary listing without a WVR structure, even if they have Non-compliant VIE Structures.
132. Similar to other issuers with VIE structures, all Grandfathered Greater China Issuers and Non-Greater China Issuers applying for a dual primary listing in Hong Kong with VIE structures will be required to, amongst other things, provide the Exchange with a legal opinion that their Contractual Arrangements (as defined in HKEX-LD43-3) comply with the applicable domestic laws, rules and regulations. Those allowed to adopt Non-compliant VIE Structures are still required to comply with the disclosure requirements set out in LD43-3⁵⁵. The relevant guidance in GL94-18 and LD43-3 will be updated accordingly to reflect the above⁵⁶.
133. In light of recent regulatory developments concerning PRC-based VIE structures and the heightened concerns about such structures⁵⁷, we would like to stress that listing applicants with VIE structures (including Grandfathered Greater China Issuers/ Non-Greater China Issuers contemplating a dual primary listing with Non-compliant VIE Structures) are reminded to monitor any changes in the relevant PRC laws and regulations over VIE structures before listing on the Exchange and ensure compliance.

⁵⁴ Paragraphs 207 to 213 of the Consultation Conclusion on Companies from Emerging and Innovative Sectors.

⁵⁵ Paragraph 4.4 of the Guidance Letter HKEX-GL94-18.

⁵⁶ GL93-18, GL94-18 and LD43-3 will also be revised to reflect the promulgation of the PRC Foreign Investment Law.

⁵⁷ According to a document jointly issued by the General Office of the Communist Party of China Central Committee and the General Office of the State Council [《关于依法从严打击证券违法活动的意见》](#) (Simplified Chinese version only) released on 6 July 2021, China would tighten rules and revise procedures for overseas listings. In response to the new restrictions on China-based companies raising capital offshore, the US Securities and Exchange Commission issued a [Statement on Investor Protection Related to Recent Developments in China](#) on 30 July 2021 cautioning investors regarding the VIE structures of China based entities.

134. In response to the question regarding voluntary conversion to a dual primary listing status referred to in paragraph 117(c), we would also like to clarify that a secondary listed issuer under Chapter 19C of the Listing Rules will be regarded as having a dual primary listing status if it voluntarily converts to a dual primary listing status.
135. Similar to the situation where the Trading Migration Requirement is triggered, the primary listing status following such voluntary conversion will result in all waivers previously granted on the basis of its secondary listing status (e.g. all Automatic Waivers) being revoked on the pre-determined date of its primary listing on the Exchange. The issuer will then be required to fully comply with the Listing Rules, except where otherwise specifically waived by the Exchange on a case-by-case basis.
136. The issuer should ensure it has the internal control systems put in place on a timely basis to comply with all relevant Listing Rules in such circumstances and is expected to consult the Exchange as early as practicable regarding any issues arising in connection with a voluntary conversion to dual primary listing status. We have introduced the Guidance Letter on Change of Listing Status setting out guidance on Primary Conversion, the Trading Migration Requirement and Overseas De-listing for issuers and market practitioners (see Appendix VI).
137. Having taken into account the above and the fact that a majority of the respondents support the proposal, the Exchange will adopt the proposal together with a clarification in Rule 8A.46 that the Exchange reserves the right, in its absolute discretion, to refuse a listing of securities of an Overseas Issuer if its WVR structure represents an extreme case of non-conformance with corporate governance norms.

C. Allow Grandfathered Greater China Issuers and Non-Greater China Issuers to retain Non-compliant WVR and/ or VIE Structures if they are de-listed from their Qualifying Exchange

Summary of Proposal

138. The Exchange proposed to allow a Grandfathered Greater China Issuer or a Non-Greater China Issuer that applied for dual primary listing to continue to retain its Non-compliant WVR and/ or VIE Structures (in effect at the time of its dual primary listing in Hong Kong) in the event it is subsequently de-listed from the Qualifying Exchange on which it is listed.
139. 52% of the respondents supported the Exchange's proposal⁵⁸, 23% of the respondents did not support it and 25% did not express any objection or indicate their stance.

⁵⁸ Question 10 in the Consultation Paper.

Key Comments

General comments

140. Respondents in general agree with the Exchange's proposal referred to in paragraph 138 taking into account the fact that (a) any changes to an issuer's WVR and/ or VIE structure could cause undue burden to the issuer and disruption to its business; (b) these issuers' listings on the Qualifying Exchange were not attempts to circumvent the relevant requirements under the Listing Rules; and (c) the proposal is in line with that of permitting secondary listed issuers to retain their Non-compliant WVR and/ or VIE Structures in the event of delisting from the relevant Qualifying Exchanges (see paragraph 214 in Chapter 4).

Specific comments

141. Respondents that disagreed with the proposal are mainly of the view that:
- (a) the proposal will reduce the level of shareholder protection for investors. If a dual-primary listed issuer or a secondary listed issuer is delisted from the overseas exchange on which it is primary listed and becomes solely primary listed in Hong Kong, from a regulatory compliance and investor protection perspective, it should comply with all the listing requirements in Hong Kong, including Chapter 8A of the Listing Rules and LD43-3, which contain appropriate shareholder protection standards;
 - (b) the proposal will create inconsistency and an un-level playing field among issuers that are primary listed in Hong Kong, as some would be required to comply with all the requirements for WVR and/ or VIE structures as set out in Chapter 8A of the Listing Rules and/ or LD43-3, whilst some issuers listed through secondary listings and/ or dual-primary listings are allowed to retain their Non-compliant WVR and/ or VIE Structures even after their delisting from the Qualifying Exchange; and
 - (c) the proposal effectively creates a "two-step" route for issuers with Non-compliant WVR Structures by first applying for dual primary listing, and then becoming primary listed solely on the Exchange after delisting from the Qualifying Exchange, and will eventually lead to a change in policy in the future to allow issuers with Non-compliant WVR Structures to directly apply for sole primary listing on the Exchange.
142. One respondent suggested imposing stricter corporate governance and/ or disclosure requirements on these issuers upon their delisting from the Qualifying Exchange. Another respondent suggested excluding from the application of this proposal issuers with a track record of poor regulatory compliance on the Qualifying Exchange within a specified timeframe prior to the delisting, or are de-listed from the Qualifying Exchange due to material regulatory non-compliances.

Exchange's Response

143. With regards to shareholder protection, we have explained in paragraphs 119 to 129 the policy rationale and considerations underlying our proposals, and therefore are of the view that shareholder protection will not be compromised even if the Grandfathered Greater China Issuers or Non-Greater China Issuers that subsequently de-list from the Qualifying Exchange on which they are primary listed are allowed to retain their Non-compliant WVR and/ or VIE Structures. In particular, our proposal specified that only the Non-compliant WVR and/ or VIE Structures in effect at the time of the issuers' dual primary listing could be retained, which means that the Exchange would have had evaluated such structures when the issuers first applied for either secondary listings or direct dual-primary listings in Hong Kong. In addition, these issuers are still subject to relevant disclosure requirements under Chapter 8A of the Listing Rules and LD43-3. The same principle is applicable to secondary listed issuers.
144. We do not believe it is necessary to impose stricter corporate governance and/ or disclosure requirements on the Grandfathered Greater China Issuers or Non-Greater China Issuers with Non-compliant WVR and/ or VIE Structures upon their delisting from the Qualifying Exchange, given that these issuers would be subject to the same disclosure requirements under Chapter 8A of the Listing Rules and LD43-3 as other issuers upon their dual-primary listing in Hong Kong. However, the Exchange retains the discretion to impose additional requirements on some of these issuers on a case-by-case basis under Listing Rule 2.04, taking into account, among other things, their compliance history with the Listing Rules and any material non-compliance on the Qualifying Exchange.
145. We do not consider that the proposal effectively creates a "two-step" route for issuers with Non-compliant WVR Structures as suggested in paragraph 141(c) above. As mentioned, our proposal only applies to Grandfathered Greater China Issuers and Non-Greater China Issuers and only the Non-compliant WVR and/ or VIE Structures in effect at the time of the issuers' dual primary listing could be retained. We have no intention to extend the application of our proposal to other issuers or to change our policy to allow issuers with Non-compliant WVR Structures to directly apply for sole primary listing.
146. Having taken into account the above and that there is majority support for the proposal, the Exchange will adopt the proposal with a minor modification to codify in Rule 8A.46 and the corresponding update in GL94-18 that only the Non-compliant WVR and/ or VIE Structures in effect at the time of the relevant Overseas Issuer's dual primary listing⁵⁹ or secondary listing in Hong Kong could be retained.

⁵⁹ This refers to a dual listing on the Exchange under Chapter 19 of the Listing Rules where the issuer satisfies the qualification requirements under rule 8A.06 and has a track record of good regulatory compliance of at least two full financial years on a Qualifying Exchange of primary listing.

CHAPTER 4 SECONDARY LISTING

Introduction

147. This Chapter summarises the key comments from respondents on our proposals.
148. The majority of respondents supported our proposals to enhance the secondary listing regime. In particular, most respondents considered that the proposals to codify and consolidate the requirements in relation to secondary listings would provide clearer guidance and reduce complexity. They also expressed support for the dis-application of the “innovative company” requirement for issuers without a WVR structure to attract high-quality issuers from traditional sectors to secondary list on the Exchange. We have included comments on aspects of our proposals that were relatively more contentious among respondents.

Proposals

A. Quantitative Eligibility Requirements

Summary of proposal

149. The Exchange proposed to relax the secondary listing requirements for Overseas Issuers (including those with a centre of gravity in Greater China) without WVR structures. These issuers would be required to meet either of the following two sets of quantitative eligibility requirements:

Criteria A

- (a) a track record of good regulatory compliance of at least five full financial years on a Qualifying Exchange (for any Overseas Issuer without a WVR structure) or on any Recognised Stock Exchange (only for Overseas Issuers without a WVR structure and without a centre of gravity in Greater China); and
- (b) an expected market capitalisation at the time of secondary listing of at least HK\$3 billion.

Criteria B

- (a) A track record of good regulatory compliance of at least two full financial years on a Qualifying Exchange; and
 - (b) an expected market capitalisation at the time of secondary listing of at least HK\$10 billion.
150. 67% of respondents agreed with the proposed quantitative eligibility criteria.⁶⁰ 27% of respondents did not object to the proposal or indicate their stance, and 6% did not agree with the proposal.

⁶⁰ Question 12 in the Consultation Paper.

Key comments

General comments

151. Respondents generally welcomed the proposal to streamline the quantitative eligibility criteria for secondary listing. In particular, respondents agreed that Overseas Issuers with a centre of gravity in Greater China and without a WVR structure should be allowed to secondary list on the Exchange with a lower market capitalisation threshold given that the level of risk to shareholders' interests that these issuers pose should be no higher than that posed by Overseas Issuers with a centre of gravity outside Greater China. It was believed that this proposal would attract issuers of good quality to seek a secondary listing in Hong Kong and make Hong Kong a more competitive listing venue.

Specific comments

152. In respect of Criteria A, we received feedback that the Exchange should consider imposing a higher market capitalisation requirement of HK\$5 billion or more in order to ensure the quality of secondary listed issuers on the Exchange.
153. Certain respondents sought clarification regarding Criteria B such as (a) why Criteria B should be limited to issuers on Qualifying Exchanges and not made available for issuers on Recognised Stock Exchanges that meet the two-year track record and the expected HK\$10 billion market capitalisation requirement; and (b) why the existing requirement of having at least HK\$1 billion of revenue in the most recent audited financial year for issuers with an expected market capitalisation of at least HK\$10 billion but less than HK\$40 billion at the time of secondary listing was dropped under Criteria B.

Exchange's response

154. The Exchange is mindful of the importance of maintaining the quality of secondary listed issuers on the Exchange. We would like to clarify that a secondary listed issuer is still required to be suitable for listing and comply with the financial tests under Chapter 8, Chapter 18 or Chapter 18A (where applicable) in order to qualify for listing in Hong Kong, in addition to the quantitative requirements in Chapter 19C. The minimum expected market capitalisation of HK\$3 billion we proposed for companies without a WVR structure under Criteria A is six times the minimum expected market capitalisation of HK\$500 million required if an issuer applies for primary listing. We believe such higher market capitalisation requirement, combined with the proposal that an issuer must not have achieved its primary listing through being the target of an acquisition, will (among other safeguards) sufficiently ensure the quality of secondary listed issuers.

155. As explained in our Consultation Paper, the proposal aims to consolidate the existing two routes to secondary listing by codifying the JPS requirements for issuers without WVR structures (Criteria A) and the requirements for such issuers under existing Chapter 19C of the Listing Rules (Criteria B).
156. Criteria B reflects existing Chapter 19C requirements that we implemented following public consultation in 2017. Criteria B is limited to Qualifying Exchanges on the basis that these exchanges are large, well-developed markets with high standards of investor protection that are the closest peers to the Exchange of all the Recognised Stock Exchanges. We therefore consider it appropriate to continue to apply Criteria B to issuers listed on Qualifying Exchanges only. Issuers primary listed on Recognised Stock Exchanges are able to secondary list on the Exchange under Criteria A.
157. The current requirement that issuers with an expected market capitalisation of HK\$10 billion must have at least HK\$1 billion of revenue in the most recent audited financial year does not apply to all Overseas Issuers equally, as Non-Greater China Issuers without WVR structures are not required to meet this requirement. Given our policy intention to apply the same Rules to all issuers without WVR structures, we find it appropriate not to include this requirement in this proposal.
158. The Exchange will adopt the proposal for the reasons above.

B. Secondary Listing without a Listing Compliance Record

Summary of proposal

159. The Exchange proposed to introduce an exemption such that it will not apply the listing compliance record requirement of either Criteria A or Criteria B (as set out in paragraph 149 above under either criterion) to a secondary listing applicant without a WVR structure, on a case-by-case basis, if the applicant is well-established and has a market capitalisation at listing that is *significantly larger* than HK\$10 billion.
160. 54% of the respondents agreed with the proposal⁶¹, 38% of the respondents did not object to the proposal or indicate their stance, and 8% did not agree with the proposal.

Key comments

General comments

161. Respondents generally agreed with the proposal and noted that it was formulated based on the existing requirements under the JPS.

⁶¹ Question 13 of the Consultation Paper.

Specific comments

162. Some respondents considered the term “*significantly larger*” to be ambiguous and suggested setting out a clear quantitative threshold or a list of non-exhaustive factors that the Exchange would take into consideration.
163. Some respondents were of the view that using market capitalisation to determine eligibility for listing might not be sufficient. They stated that there might be other factors pertaining to the application that should also be considered. For instance, the business size of the issuer, stock liquidity in the primary market and the shareholding structure could also be indicators of high-quality listing applicants.
164. Respondents who did not agree with the proposal commented that the listing compliance record requirement is essential to help ensure the quality of the secondary listing applicants and should not be compromised even for well-established companies of a significant size.

Exchange’s response

165. We would like to highlight that the proposed exemption aligns with the existing exemption provided under the JPS, and has only been used once. As mentioned in our Consultation Paper, this exemption was previously applied to Glencore plc (simultaneously primary listed on the LSE and secondary listed on the Exchange in May 2011), which had a significantly high market capitalisation of approximately HK\$468 billion at the time of its listing.
166. The exemption provides the Exchange with a degree of flexibility to consider applications from very large and reputable issuers for secondary listing without a track record of regulatory compliance on an overseas market. As we have used the exemption only once, we have limited reference data on which to base a quantitative minimum market capitalisation threshold for future cases. We will continue our approach of applying the exemption in very limited situations with reference to the facts and circumstances of individual issuers, which are likely to include the factors mentioned by respondents that commented on this proposal.

C. Proposal to Address Regulatory Arbitrage risk

Summary of proposal

167. The Exchange proposed to introduce a Rule to make it clear that the Exchange retains the discretion to reject an application for secondary listing if it believes the listing constitutes an attempt to avoid the Listing Rules that apply to primary listing. 60% of the respondents agreed with the proposal⁶², 31% of the respondents did not provide any comment, and 8% did not agree with the proposal.

⁶² Question 15 in the Consultation Paper.

168. The Exchange further proposed to apply the test for a reverse takeover if the Exchange suspects that an issuer's secondary listing application is an attempt to avoid the Listing Rules that apply to primary listing. 48% of the respondents agreed with the proposal⁶³, 42% of the respondents did not indicate objection to the proposal or their stance⁶⁴, and 10% did not agree with the proposal.

Key comments

General comments

169. Respondents generally agreed that the Exchange should ensure listing applicants do not circumvent the Rules as they seek access to investors of the Hong Kong market so as to safeguard the quality of secondary listings.

Specific comments

170. A number of respondents sought clarification as to the reason why a reverse takeover test would be relevant to a secondary listing applicant attempting to avoid the listing requirements applicable to its primary listing. In particular, they commented that there may not be a direct correlation between the manner in which an issuer was primary listed and the quality of the issuer and the Exchange should acknowledge that applicants must meet objective standards to obtain a listing on Qualifying Exchanges or Recognised Stock Exchanges. There were concerns that the proposal might result in the exclusion of quality applicants with good governance and business prospects.
171. Some respondents commented that the proposal would confer on the Exchange overly broad discretionary powers to reject listing applications without reference to any objective criteria. It was also suggested that the Exchange should take into account other factors that may indicate good governance, including the nature of the company secretary requirements and annual general meeting requirements, to form a view on whether there was an attempt to avoid the listing requirements that apply to primary listing.
172. Some respondents raised questions as to how the reverse takeover test would apply to issuers listed overseas via special purpose acquisition companies ("SPACs"). They urged the Exchange to remain flexible and pragmatic in applying the test to such companies applying for secondary listing.

Exchange's response

173. As explained in our Consultation Paper, the rationale behind the proposal is that applicants that have achieved their primary listing by way of a reverse takeover may not have been subject to the full new listing

⁶³ Question 16 in the Consultation Paper.

⁶⁴ Out of these respondents, 20% made comments on certain aspects of the proposal and 80% had not expressed any comments at all.

requirements of the overseas exchange that apply at IPO. Retaining the discretion to apply our reverse takeover requirements to such issuers would provide a higher level of assurance that their core businesses have been subject to a sufficient level of gatekeeping scrutiny of the overseas exchange. This would help prevent such issuers from benefiting from regulatory arbitrage and safeguard the quality and integrity of our market.

174. We do not consider the proposed discretionary powers of the Exchange in this respect to be overly broad. We would apply them in the same manner and to the same extent as we do when considering whether transactions constitute reverse takeovers in our market, in accordance with Chapter 14 of the Listing Rules.
175. Regarding the comment on SPAC listings, we acknowledge that SPAC regimes in different jurisdictions might have different requirements. Where a secondary listing applicant was primary listed on an overseas exchange through a de-SPAC transaction that was not subject to the IPO due diligence requirements or eligibility requirements applicable to new listings, it is an indicator that the secondary listing application may constitute an attempt at regulatory arbitrage. We will apply our reverse takeover test to such companies as a further safeguard⁶⁵.

D. Codification of the Principles for Granting Exemptions/ Waivers and Codification of Automatic Waivers and Conditional Common Waivers

Summary of proposal

176. The Exchange proposed to codify the principles on which the Exchange would waive, modify or not require compliance with the Listing Rules for issuers with, or seeking, a secondary listing. 58% of the respondents agreed with the proposal⁶⁶, 29% of the respondents did not provide any comment, and 13% did not agree with the proposal.
177. The Exchange further proposed to codify the Automatic Waivers and conditional Common Waivers in the Listing Rules for all issuers with, or seeking, a secondary listing. 65% of the respondents agreed with the proposal⁶⁷, 27% of the respondents did not indicate their stance, and 8% did not agree with the proposal.

Key comments

General comments

178. Respondents generally considered that the consolidation of the principles and codification of Automatic Waivers and conditional Common Waivers would provide better clarity and certainty to market participants.

⁶⁵ Please see [Consultation Paper on Special Purpose Acquisition Companies](#) published in September 2021 for further details of the different jurisdictional requirements on SPAC listings.

⁶⁶ Question 19 in the Consultation Paper.

⁶⁷ Question 20 in the Consultation Paper.

Specific comments

179. A few respondents commented that waivers and exemptions should be granted on a discretionary basis and it may not be appropriate to codify them into the Rules if the intention is not to fetter the Exchange's discretion. It was also suggested that the Exchange should take into consideration alternative disclosures adopted by the listing applicant to satisfy a particular disclosure requirement in the Listing Rules in considering whether or not to grant waivers or exemptions.
180. Some respondents questioned why the Common Waiver from the reporting accountant's independence and qualification requirements of Rule 4.03 was not codified in the proposed Rule 19C.11B for secondary listings. It was noted that a similar waiver is codified in the proposed Rule 19.59(2)(b) for primary and dual primary listings.

Exchange's response

181. Our purpose of codifying the principles for granting waivers or exemptions is to clarify the Exchange's approach in assessing regulatory compliance and to increase transparency of our listing regime. The Exchange will still retain the discretionary powers to waive, modify or not require compliance with a particular Rule in individual cases to suit the circumstances of a particular case pursuant to Rule 2.04.
182. As set out in paragraph 108, the Common Waiver of Rule 4.03 will not be reflected in Chapter 19C. It will instead be reflected as a proposed amendment to Rule 4.03 for PIE Engagement as set out in note 2 to draft Rule 4.03(1). Accordingly, we have also removed the codification of the waiver in Rule 19.58⁶⁸ for consistency.

E. Migration from Secondary to Primary Listing

Summary of proposal

183. The Exchange proposed to extend the Trading Migration Requirement to all issuers with a secondary listing to reduce the complexity of our requirements and ensure consistency of the principles on which Automatic Waivers are granted.
184. 65% of respondents agreed with the proposal⁶⁹, 33% of respondents did not object to the proposal or indicate their stance, and 2% did not agree with the proposal.

⁶⁸ The equivalent rule proposed in the Consultation Paper was Rule 19.59.

⁶⁹ Question 17 in the Consultation Paper.

Key comments

General comments

185. Respondents generally considered that extending the Trading Migration Requirement to all issuers with a secondary listing would reduce complexity and ensure consistent application of the applicable Listing Rules, clarify confusions and promote good governance and the principle of equality.

Specific comments

Definition of migration of trading “on a permanent basis”

186. The Exchange was invited to clarify the application of the Trading Migration Requirement’s definition of “on a permanent basis”. Respondents noted that the forum exchange on which the majority of trading in any issuer’s shares takes place may change over time and subsequent to a migration of an Overseas Issuer’s listed shares to the Exchange’s market, the trading volume of the shares on the Exchange’s markets may fall below the 55% threshold again from time to time.

Voluntary conversion to dual-primary listing

187. A few respondents suggested the Exchange to consider providing a well-defined framework for “voluntary conversion” to dual-primary listing to encourage secondary listed issuers to do so without delisting or triggering the Trading Migration Requirement.
188. It was further suggested that a dual-primary listed issuer should continue to enjoy the Automatic Waivers and other special waivers granted to them upon a voluntary conversion from a secondary listing until the Trading Migration Requirement is triggered. This could be subject to conditions such as having a proven track record of good regulatory compliance in Hong Kong. In such cases, voluntary conversion should apply only to Grandfathered Greater China Issuers to avoid regulatory arbitrage by Non-Grandfathered Greater China Issuers.

Sunset mechanism

189. Two respondents believed that the current Trading Migration Requirement is highly unlikely to be triggered given that the trading volume of the securities of these issuers would, for structural reasons, be greater in the primary market, especially if their primary market was in the United States. Consequently, they commented that the Exchange should consider introducing a stronger sunset mechanism for secondary listings.
190. It was recommended that, in the interest of the investing public in Hong Kong and the Hong Kong market, secondary listed issuers with significant market capitalisations and trading volumes in Hong Kong (amongst other characteristics) should be encouraged or even mandatorily required to

become dual primary listed after a certain period of time (for example two years after their secondary listing on the Exchange).

Retrospective application

191. Some respondents were of the view that the extension of the Trading Migration Requirement should not apply retrospectively to existing secondary listed issuers that are currently not subject to it (i.e. JPS Secondary Issuers and Non-Greater China Issuers), particularly if these issuers were secondary listed on the Exchange long before adoption of the requirement⁷⁰ and so the Trading Migration Requirement was not contemplated at the time of their listing.
192. However, many respondents did not expect our proposal to have a wide impact given the limited number of issuers affected and the low trading volume of these issuers on the Exchange. Most respondents who commented on the matter also expressed the view that it is essential to standardise the requirement to maintain market integrity. They commented that it would not be unduly burdensome for the relevant issuers given they have a 12-month grace period to comply with the applicable Listing Rule requirements upon triggering the Trading Migration Requirement.

Retention of Non-compliant WVR structures

193. Some respondents commented that even if Grandfathered Greater China Issuers and Non-Greater China Issuers remain listed on an overseas exchange of primary listing following their conversion from a secondary listing to dual-primary listing on the Exchange, they should not be allowed to retain their Non-compliant WVR Structures. This would ensure consistency of treatment with other issuers primary listed on the Exchange.

Exchange's response

Definition of migration of trading "on a permanent basis"

194. As stated in Note 1 to Listing Rule 19C.13, the majority of trading in an Overseas Issuer's listed shares is considered to have migrated to the Exchange's markets on a permanent basis when 55% or more of the total worldwide trading volume, by dollar value, of those shares (including the volume of trading in depository receipts issued on those shares) over the issuer's most recent financial year, takes place on the Exchange's markets. Such issuers will be treated as having a dual-primary listing.
195. This threshold was implemented following public consultation in February 2018⁷¹ and we believe it is sufficient to demonstrate that the Exchange has

⁷⁰ As of the date of this paper, three existing secondary listed issuers, namely, Fast Retailing Co., Ltd, SouthGobi Resources Ltd. and Manulife Financial Corporation, are currently not subject to the Trading Migration Requirement under Chapter 19C. They were secondary listed in 2014, 2010 and 1999, respectively.

⁷¹ Consultation paper – A Listing regime for companies from emerging and innovative sectors ([link](#)).

become the dominant trading venue globally for an issuer's securities. The requirement that this threshold be met over the course of a whole financial year should help ensure that Hong Kong is likely to remain the dominant trading venue in the long term, notwithstanding that the majority of trading globally may subsequently take place on the issuer's other exchange for short periods of time.

196. Overseas Issuers can also refer to paragraphs 3.11 to 3.22 of section 3B of the Guidance Letter on Change of Listing Status, which provide further guidance on the operation of the Trading Migration Requirement including how secondary listed Overseas Issuers should monitor their compliance with Rule 19C.13, the notification they need to provide to the Exchange and the method of calculation of the trading migration test.

Voluntary conversion to dual-primary listing

197. We welcome applications from secondary listed issuers to voluntarily convert to dual-primary listings provided that, upon conversion, they should be subject to all the relevant Listing Rules as applicable to other primary listed issuers (except where otherwise specifically waived). As explained in paragraphs 135 to 136, in these circumstances, all Automatic Waivers and other concessions granted to them on the basis of a secondary listing status will fall away and any specific waivers previously granted will need to be revisited at the time of such a voluntary conversion. We have expanded our Guidance Letter on Change of Listing Status to provide further guidance on this matter (see section C of the Guidance Letter on Change of Listing Status).
198. To ensure consistency of the application of requirements to all primary listed issuers and the integrity of the primary listing status, we will not vary this approach for issuers that voluntarily convert to a dual-primary listing.

Sunset mechanism

199. We will not implement a sunset mechanism for the concessions granted to secondary listed issuers. We believe that it is appropriate for a secondary listed issuer to continue to enjoy the concessions we have granted to it as long as the basis for such concessions remains unchanged (e.g. in respect of Automatic Waivers, the basis is that the Trading Migration Requirement has not been triggered). As explained in the Consultation Paper, where the majority of trading in an Overseas Issuer's securities remains primarily in an overseas market, we will continue to place reliance on the regulations and enforcement of the overseas market to regulate such issuer.

Retrospective application

200. We agree with respondents' comments that the proposed extension to the Trading Migration Requirement will not have a wide impact given there are

only three secondary listed issuers⁷² which may be affected and the trading volume of these issuers on the Exchange was relatively low. However, we prefer to ensure consistency of application of the extension to all issuers, including those that were secondary listed prior to the implementation of the Trading Migration Requirement.

Retention of Non-compliant WVR Structures

201. Secondary listed Grandfathered Greater China Issuers and Non-Greater China Issuers will be allowed to retain their Non-compliant WVR Structures upon their conversion into dual-primary listings on the Exchange for the reasons set out in Chapter 3 (see paragraphs 143 to 144).

F. Guidance Letter on Change of Listing Status from Secondary Listing to Dual-primary or Primary Listing on the Main Board

Summary of proposal

202. The Exchange proposed to issue a guidance letter on: (a) the migration of majority of trading to the Exchange's markets of secondary listed overseas issuers' shares and (b) the de-listing of their shares from overseas exchanges of primary listing (which was set out in Schedule E in the Consultation Paper) to set out, among other things, the Exchange's intended approach to secondary listed issuers in the event of the triggering of the Trading Migration Requirement or a de-listing.
203. We also proposed that, with certain specified exceptions, issuers de-listed from an overseas exchange of primary listing would be required to comply with all the Rules applicable to a primary listed issuer on the Exchange immediately upon its de-listing unless the Exchange grants waivers and/or grace periods to the issuer based on its specific circumstances.
204. 31% of the respondents expressed that they had no comment on the content of the proposed guidance letter⁷³, 38% of the respondents did not object to the content of the letter or indicate their stance, and 31% had comments.

Key comments

General comments

205. The majority of respondents did not comment on the content of the proposed guidance letter.
206. Others commented that, given the expected strong pipeline of secondary listings in Hong Kong, a framework to facilitate the orderly transition of secondary listed issuers into dual-primary listed issuers was a natural progression of the "two-step" approach discussed in the Consultation Paper.

⁷² Refer to footnote 70.

⁷³ Question 23 in the Consultation paper.

Respondents were also of the view that this would be in the best interest of Hong Kong investors, enhance the Exchange's global reputation as the natural home market of these high quality companies, facilitate the inclusion of the securities of these issuers in the Stock Connect program and further increase the trading volume and liquidity of the Hong Kong market.

Specific comments

Timing of primary listing compliance

207. One respondent commented that the requirement for immediate compliance with primary listing requirements would be impractical for secondary issuers, especially for those that were involuntarily delisted from the overseas stock exchange.

Disclosure requirements

208. It was suggested that Overseas Issuers should summarise, in their announcements on Migration or Overseas De-listing (as the case may be), the potential impact to investors of any transitional shareholder protection measures put in place during the relevant grace/waiver period, and indicate in those announcements when an issuer expects to be primary listed in Hong Kong so as to enable investors to better assess any associated risks.

Non-compliant WVR and/or VIE Structures

209. Some respondents disagreed that Grandfathered Greater China Issuers and Non-Greater China Issuers that are secondary listed should be permitted to retain their Non-compliant WVR and/or VIE Structures if they subsequently de-list from a Qualifying Exchange. It was commented that this would lead to the existence of parallel and distinct regulatory regimes for issuers with a primary listing here and would expose non-WVR shareholders to a greater risk of abuse by WVR beneficiaries.

Exchange's response

210. The Exchange noted the interest expressed by respondents in a framework which would facilitate the orderly transition of secondary listed issuers to a dual-primary listing status. We have renamed the proposed guidance letter as "Guidance Letter on Change of Listing Status", which is expanded to provide guidance on such voluntary conversion to dual-primary listing on the Exchange by secondary listed issuers and other matters (see paragraph 215). The revised "Guidance Letter on Change of Listing Status" is set out in Appendix IV. We would like to stress that the Exchange normally expects an Overseas Issuer to seek a primary listing in Hong Kong (rather than seeking a secondary listing with a view to enjoying a host of Automatic Waivers) if the majority of its worldwide trading is expected to take place in Hong Kong upon or shortly after its listing in Hong Kong. Other

specific comments from the respondents are addressed in paragraphs 211 – 214 below.

Timing of primary listing compliance

211. Upon an Overseas De-listing, the basis for the concessions we grant to a secondary listed issuer would fall away and, as no reliance can be placed on regulations in the jurisdiction of primary listing for the protection of Hong Kong investors, the issuer must comply with Hong Kong primary listing requirements.
212. However, in these circumstances, the Exchange will consider any waiver application (including applications for grace periods within which the issuer is expected to make necessary arrangements to enable itself to fully comply with the applicable Listing Rules) on a case-by-case basis with reference to the individual facts and circumstances of the issuer. In doing so, the Exchange will take into account, among other things, the amount of time reasonably needed for the issuer to be able to fully comply with the applicable Rules. We believe this approach should result in issuers being given a reasonable amount of time to fully comply with applicable requirements.

Disclosure requirements

213. We have considered the suggestion for enhancing the disclosure requirements in the event of a change of listing status and have provided further guidance on this matter (see paragraphs 3.20, 3.21, 3.29, 3.30, 3.42 and 3.43 in the Guidance Letter on Change of Listing Status). Issuers are expected to disclose, amongst other things, the following by way of announcements:

Upon receiving a Migration Exchange Notice, Primary Conversion Exchange Acknowledgement, or the triggering of the issuer's general obligation of disclosure under Rule 13.09

- (a) details of the consequences of the Migration Exchange Notice and Migration Grace Period (*for Migration only*);
- (b) the intention and / or reasons for the Primary Conversion or Overseas De-listing (*for Primary Conversion or Overseas De-listing, as the case may be*);
- (c) the expected or estimated date of the Primary Conversion or Overseas De-listing (*for Primary Conversion or Overseas De-listing, as the case may be*);
- (d) the obligations to make necessary arrangements to enable it to fully comply with all applicable Listing Rules upon the end of the Migration Grace Period, or upon the effective date of Primary Conversion or Overseas De-listing (as the case may be), the potential consequences of its failure to comply with these obligations; and the

potential consequences of the withdrawal of any specific waiver from strict compliance with any Listing Rules granted by the Exchange on an individual basis;

- (e) where applicable, any intention to apply to the Exchange for certain exception(s), waivers and/ or exemptions to continue after the Migration Grace Period (*for Migration only*) or any application(s) made to the Exchange for certain exception(s), waiver(s) and/ or exemption(s) from strict compliance with any Listing Rule following the Primary Conversion or Overseas De-listing (*for Primary Conversion or Overseas De-listing, as the case may be*) and that the Exchange may or may not grant such waiver(s);
- (f) the potential impact to shareholders and potential investors of any transitional measures to be put in place during the Migration Grace Period, or before the Primary Conversion or Overseas De-listing becomes effective (as the case may be); and
- (g) the stock marker “S” continues to apply until the expiry of the Migration Grace Period provided that such Migration Issuer is in compliance with all the relevant Listing Rules applicable to a dual primary listed issuer by then (*for Migration only*).

Upon the expiration of the Migration Grace Period or on or before the effective date of the Primary Conversion or Overseas De-listing

- (a) the Migration Grace Period has ended or the Primary Conversion or Overseas De-listing has become effective or is expected to become effective (as the case may be);
- (b) where applicable, any continuing transactions that will continue to be exempted and details of those transactions (*for Migration and involuntary Overseas De-listing only*);
- (c) the issuer’s obligations to comply with all applicable Listing Rules as a dual-primary listed Overseas Issuer (for Migration and Primary Conversion) or a primary listed Overseas Issuer (for Overseas Delisting) on the Exchange; the potential consequences of its failure to comply with these obligations; and the consequences of the withdrawal of any specific waiver from strict compliance with any Listing Rules granted by the Exchange on an individual basis;
- (d) where applicable, details of any waiver(s) from strict compliance with any Listing Rules;
- (e) where applicable, the procedures for converting depositary receipts/shares originally traded on its overseas exchange of primary listing to ordinary shares trading in Hong Kong (*for Overseas De-listing only*);

- (f) (in the event that the Migration Issuer has already introduced all changes to its corporate and organisational structure to comply with all corporate governance requirements under the Listing Rules applicable to a dual primary listed issuer and put in place an internal control system to ensure ongoing compliance with other applicable Listing Rules) the disapplication of the stock marker “S” (*for Migration only*);
- (g) (in the event that the Migration Issuer has not yet introduced all changes to its corporate and organisational structure to comply with all corporate governance requirements under the Listing Rules applicable to a dual primary listed issuer and/ or put in place an internal control system to ensure ongoing compliance with other applicable Listing Rules) the stock marker “S” continues to apply; details of such breaches of Listing Rules and the progress of the rectification and the amount of time needed for full compliance with the specific Listing Rules (*for Migration only*);
- (h) the disapplication of the stock marker “S” (*for Primary Conversion or Overseas De-listing, as the case may be*);
- (i) (if the Conversion Issuer or De-listing Issuer is granted any grace period) conditions and bases for granting a grace period including details of Listing Rules in respect of which a grace period has been granted and the length of the grace period within which the Conversion Issuer or De-listing Issuer is expected to make necessary arrangements to enable itself to comply with the applicable Listing Rules and the progress of the rectification (*for Primary Conversion or Overseas De-listing, as the case may be*); and
- (j) (if requested by the Exchange) the application of the stock marker “TP” (*for Primary Conversion or Overseas De-listing only*).

Non-compliant WVR and/or VIE Structures

214. Please refer to our responses and conclusion in allowing Grandfathered Greater China Issuers and Non-Greater China Issuers to retain Non-compliant WVR and / or VIE Structures if they are de-listed from their Qualifying Exchanges (paragraphs 143 to 146 under section C of Chapter 3).

Revised Guidance Letter on Change of Listing Status from Secondary Listing to Dual-primary or Primary Listing on the Main Board

215. We have further expanded the Guidance Letter on Change of Listing Status in the following areas:

- (a) required the Migration Issuer to issue an announcement upon the expiration of the Migration Grace Period to update its shareholders and investors of its progress towards full compliance of the relevant Listing Rules (see paragraph 3.21 in the Guidance Letter on Change of Listing Status);
 - (b) elaborated on the content requirement of the Migration Issuer's announcement and De-listing Issuer's announcements pursuant to the suggestions from respondents (see paragraphs 3.20, 3.42 and 3.43 in the Guidance Letter on Change of Listing Status);
 - (c) added that the stock marker "S" for Migration Issuers will not be dis-applied until the Migration Issuers comply with all relevant Listing Rules applicable to a dual primary listed issuer (see paragraph 3.17 in the Guidance Letter on Change of Listing Status);
 - (d) added guidance for Overseas Issuers who may voluntarily convert to dual-primary listing which was not covered in the previous version (see the section headed "C. Primary Conversion to dual-primary listing in the Guidance Letter on Change of Listing Status);
 - (e) added guidance on transitional arrangements (see Appendix I to the Guidance Letter on Change of Listing Status); and
 - (f) Introduction of the stock marker "TP" (as a replacement of the stock marker "S") to enable investors to identify those Conversion Issuers or De-listing Issuers who are yet to comply with all relevant Listing Rules applicable to a dual primary or primary listed issuer upon the Primary Conversion or Overseas De-listing (see paragraph 3.10(b) in the Guidance Letter on Change of Listing Status).
216. Upon the expiration of the Migration Grace Period⁷⁴, or upon the effective date of a Primary Conversion or an Overseas De-listing (as the case may be):
- (a) in relation to corporate governance requirements under the Listing Rules, for example, the establishment of an audit committee, the Overseas Issuer should ensure all changes to its corporate and organisational structure have been introduced to enable itself to fully comply with the relevant Listing Rules;
 - (b) in relation to other applicable Listing Rules, the compliance with which is usually event-driven and/ or time-based in nature, for example, (a) Model Code for Securities Transactions by Directors of Listed Issuers (Appendix 10 of the Rules); (b) restriction on purchase of own shares; (c) notifiable transactions; and (d) connected transactions, the Overseas Issuer is expected to have put in place all necessary internal control systems upon the

⁷⁴ See Note 3 to Listing Rule 19C.13 for an extended Grace Period for continuing transactions and the condition giving rise to early termination of such extended Grace Period.

expiration of the Migration Grace Period, a Primary Conversion or an Overseas De-listing to monitor its ongoing compliance from time to time and, if applicable, carry out all such actions in accordance with the relevant Listing Rules when the situation requires.

217. Should an Overseas Issuer envisage any issues arising in connection with Migration, Primary Conversion or Overseas De-listing, it is expected to consult the Exchange as early as practicable.

G. Other Rule Amendments

Codification of Consultation Conclusions on Corporate WVR Beneficiaries

218. Following public consultation, we concluded in the Consultation Conclusions on Corporate WVR Beneficiaries⁷⁵ that, as a way forward, the Exchange would treat Greater China Issuers that were (a) controlled by corporate WVR beneficiaries (as at 30 October 2020) and (b) primary listed on a Qualifying Exchange (on or before 30 October 2020) in the same manner as Grandfathered Greater China Issuers for the purpose of Chapter 19C of the Listing Rules.
219. We have taken the opportunity of the Rule amendments that accompany this paper, to codify these conclusions by expanding the current definition of Grandfathered Greater China Issuers in Chapter 19C of the Rules accordingly. The relevant amendments are set out in Appendix VI to this paper.

⁷⁵ [Consultation Conclusions on Corporate WVR Beneficiaries](#) published on 30 October 2020.

CHAPTER 5 CODIFICATION OF OTHER REQUIREMENTS

Introduction

220. This Chapter summarises the key comments from the respondents on the proposals mainly in relation to the codification of JPS requirements, and amendments to the FRCO that established the PIE Engagement regime.

Proposals

A. Regulatory Co-operation Requirement

Summary of proposal

221. We proposed to codify the Regulatory Co-operation Requirement in Chapter 8 of the Listing Rules:

- (a) the statutory securities regulator of an Overseas Issuer's jurisdiction of incorporation and place of central management and control (if different) must be a full signatory to the IOSCO MMOU⁷⁶; and
- (b) a waiver of sub-paragraph (a) above may be granted by the Exchange on an individual basis with the SFC's explicit consent having regard to, among other things, whether there are adequate arrangements to enable the SFC to access financial and operational information (such as books and records) on an issuer's business in the relevant place of incorporation and place of central management and control for its investigation and enforcement purposes.

222. 63% of the respondents agreed with the proposal⁷⁷, 33% did not indicate their stance, and 4% of the respondents did not agree.

Key comments

General comments

223. The respondents generally considered that the codification of the Regulatory Co-operation Requirement would align with the overall objective of streamlining the listing regime for Overseas Issuers and provide better clarity and certainty to market practitioners. Some respondents commented that the proposal to apply the relevant rules to all listed issuers would ensure good governance without increasing compliance obligations for issuers incorporated in Hong Kong, Bermuda,

⁷⁶ This refers to signatories to Appendix A to the IOSCO MMOU. Current signatories to the IOSCO MMOU can be viewed here: <https://www.iosco.org/about/?subSection=mmou&subSection1=signatories>.

⁷⁷ Question 24 of the Consultation Paper.

the Cayman Islands or the PRC, as the statutory securities regulators in these jurisdictions are full signatories to the IOSCO MMOU.

Specific comments

224. One respondent requested the Exchange to provide more reasoning on why the reference to bi-lateral agreements with the SFC should be removed, and whether listing on the basis of bi-lateral agreements is difficult to achieve in practice due to the absence of such listings.
225. Some respondents sought further guidance on the application of the Regulatory Co-operation Requirement. One respondent suggested the Exchange provide specific guidance on the factors that would be considered in assessing whether adequate arrangements are in place to enable the SFC to access financial and operational information on the issuer's business in the relevant place of incorporation and central place of management and control for its investigation and enforcement purposes. Another respondent sought clarification on how the materiality test would be applied to an Overseas Issuer's business operations or assets in determining its place of central management and control. Another respondent enquired whether the Regulatory Co-operation Requirement would apply to all relevant jurisdictions where an issuer has core assets and operations.

Exchange's response

226. We proposed to remove the reference to a bi-lateral agreement between the SFC and the relevant overseas securities regulator for the purpose of the Regulatory Co-operation Requirement, as its existence is not a standalone condition but one of the factors to be considered in assessing compliance with the Regulatory Co-operation Requirement if the statutory securities regulator in an issuer's place of incorporation or place of central management and control is not a full signatory to the IOSCO MMOU. In practice, in such circumstances, the Exchange will consider the features of the relevant legal system and regulatory provisions that might affect cross-border regulatory co-operation, such as whether adequate arrangements exist for the SFC to access financial and operational information (e.g. books and records) of the issuers. The Exchange expected that the removal of a reference to a bi-lateral agreement would not have a significant impact to the market.
227. When assessing whether adequate arrangements are in place to enable the SFC to access financial and operational information of an issuer's business in the relevant jurisdiction for the SFC's investigation and enforcement purposes, the Exchange will consider the specific circumstances of the overseas jurisdiction. A potential issuer incorporated in a jurisdiction where the statutory securities regulator is not a full signatory to the IOSCO MMOU that is seeking to list on the Exchange should consult the Exchange at the earliest opportunity.

228. We would like to clarify that the Regulatory Co-operation Requirement applies to an issuer's place of central management and control as well as its jurisdiction of incorporation. The Exchange considers the following non-exhaustive factors, which are currently in the JPS⁷⁸, in determining an issuer's place of central management and control:
- (a) the location from where the issuer's senior management direct, control, and coordinate the issuer's activities;
 - (b) the location of the issuer's principal books and records; and
 - (c) the location of the issuer's business operations or assets.
229. With respect to the assessment of the location of an Overseas Issuer's business operations or assets, there is no bright line test. The location of the issuer's business operations or assets is a major factor but not a standalone condition. If an issuer has multiple jurisdictions where it has core assets and operations, the issuer must demonstrate to the Exchange how the issuer determines its place of central management and control, taking into account the proportion of each business operation or asset over the issuer's total business operations or assets, and other relevant factors set out in paragraph 228.
230. The Exchange may also take into consideration other factors in determining an issuer's place of central management and control on a case-by-case basis.
231. In light of the majority support, we will adopt the proposal.

B. Auditing Standards

Summary of proposal

232. We proposed to retain as guidance the following alternative auditing standards that can be used to audit the financial statements of Overseas Issuers:
- (a) Australian Auditing Standards;
 - (b) the Generally Accepted Auditing Standards of Canada;
 - (c) professional auditing standards applicable in France in accordance with the French Commercial Code;
 - (d) Italian Auditing Standards;
 - (e) Singapore Standards on Auditing;
 - (f) International Standards on Auditing (UK); and
 - (g) the US Public Company Accounting Oversight Board auditing standards.

⁷⁸ Paragraph 50 under Section 2 of the JPS.

233. 65% of the respondents agreed with the proposal⁷⁹, 31% did not indicate their stance, and 4% of the respondents indicated disagreement without providing explanations or further comments.

Key comments

General comments

234. In general, the majority of the respondents agreed with the Exchange's proposal to retain the list of auditing standards as guidance to provide more clarity to market practitioners, streamline the guidance for Overseas Issuers, and provide more flexibility in terms of future amendment if necessary.

Specific comment

235. One respondent sought clarification as to the difference between "accountants' reports" and "annual accounts" referred to in the Main Board Listing Rules 19.12 and 19.48.

Exchange's response

236. We would like to clarify that "accountants' reports" refer to financial statements submitted by an issuer (including a listing applicant and a listed issuer) as part of its listing documents or circulars as required under Main Board Listing Rule 4.01, while "annual accounts" refer to the annual audited financial statements published by a listed issuer post listing.
237. In light of the majority support, we will adopt the proposal.

C. Financial Reporting Standards

Summary of proposals

238. We proposed to amend the Listing Rules to codify the JPS requirement that the suitability of a body of alternative financial reporting standards depends on whether there are any significant differences between that body of standards and IFRS, and whether there is any concrete proposal to converge or substantially converge the standards with IFRS. 67% of the respondents agreed with the proposal⁸⁰, and 33% did not indicate their stance.
239. Further, the Exchange proposed to retain, as guidance, the following acceptable alternative financial reporting standards that can be used to prepare the financial statements of Overseas Issuers subject to the limitations set out in Table 4 below:

⁷⁹ Question 25 of the Consultation Paper.

⁸⁰ Question 26 of the Consultation Paper.

STANDARD	LIMITATIONS
EU-IFRS	For issuers incorporated in an EU member state
US GAAP	For issuers with, or seeking, a secondary listing or a dual-primary listing in the US and on the Exchange (see paragraphs 249 and 250 below on our proposed changes to the use of US GAAP for dual-primary and secondary listings)
Australian Accounting Standards	Only issuers with, or seeking, a primary listing in the same jurisdiction as the standard setter that have, or are seeking, a dual primary listing or secondary listing on the Exchange
Generally Accepted Accounting Principles of Canada	
Accounting principles generally accepted in Japan issued by the Accounting Standards Board of Japan	
Singapore Financial Reporting Standards	
UK adopted international accounting standards	

Table 4: List of Currently Acceptable Alternative Financial Reporting Standards and Limitations

240. 67% of the respondents agreed with the proposal⁸¹, 31% did not indicate their stance, and 2% did not agree.
241. On our proposal to require a dual primary or secondary listed issuer that adopts a body of alternative financial reporting standards for its financial statements (other than issuers incorporated in an EU member state which adopted EU-IFRS) to adopt HKFRS or IFRS if it de-lists from the jurisdiction of the alternative standards⁸², 58% of the respondents agreed with this proposal, 31% did not indicate their stance, and 10% did not agree with the proposal.

⁸¹ Question 27 of the Consultation Paper.

⁸² Question 28 of the Consultation Paper.

242. On our proposal that such issuers should be given an automatic grace period (i.e. without the need for applying to the Exchange) within which to adopt IFRS or HKFRS⁸³, 63% of the respondents agreed with this proposal, 35% did not indicate their stance, and 2% did not agree with the proposal.
243. With regard to the length of the grace period, we proposed that the grace period should end on the issuer's first anniversary of its de-listing. 48% of the respondents agreed with this proposal⁸⁴, 42% did not indicate their stance, and 10% did not agree with the proposal as they considered that the proposed grace period of one year would be insufficient for an issuer to make the necessary arrangement to comply with the relevant requirement.

General comments

244. Respondents generally considered that the proposals would provide more clarity to market practitioners, streamline the guidance for Overseas Issuers, and provide more flexibility in terms of future amendment if necessary. Some respondents further commented that the limitations set out in Table 4 are sufficient to prevent Overseas Issuers from selecting a set of financial reporting standards in preparing their financial statements that would lead to a more favourable financial outcome.
245. A majority of the respondents agreed that an Overseas Issuer should revert to adopting HKFRS or IFRS if it de-lists from the jurisdiction of the alternative standards, as the issuer is no longer subject to the requirement of preparing financial statements under the alternative financial reporting standards. Since a majority of the issuer's shares would be traded in Hong Kong and Hong Kong investors are generally more familiar with HKFRS or IFRS, adopting HKFRS or IFRS would enable Hong Kong investors to compare the financial performance of peer companies and make more informed investment decisions.
246. Most of the respondents that commented on the length of the automatic grace period considered one year to be reasonable and sufficient. However, some respondents urged the Exchange to reconsider granting a further extension on a case-by-case basis.

Exchange's response

247. We consider a one-year grace period to be sufficient for an issuer to make the necessary amendments to its internal controls to facilitate the change, taking into account that (a) issuers that adopt alternative financial reporting standards should have relevant controls in place to comply with the

⁸³ Question 29(a) of the Consultation Paper.

⁸⁴ Question 29(b) of the Consultation Paper.

reconciliation statement disclosure requirement⁸⁵; and (b) there are at least 12 months for an issuer to adopt the new standards and for its auditor to complete the audit before the IFRS or HKFRS financial statements are due for publication under the Listing Rules.

248. In light of the majority support, we will adopt our proposals.

D. The use of US GAAP for Secondary Listing

Summary of proposal

249. We proposed to require an issuer to demonstrate a reason (e.g. maintain a primary listing on a US stock exchange or have a substantial existing US shareholder base) for adopting US GAAP for the preparation of its financial statements (including annual financial statements and the financial statements included in its accountants' reports) and adopt IFRS or HKFRS if the circumstances underpinning those reasons change (e.g. it de-lists from that US exchange). 60% of the respondents agreed with the proposal⁸⁶, 35% did not indicate their stance, and 4% did not agree with the proposal.

250. The Exchange also proposed an issuer that wishes to adopt US GAAP for the preparation of its annual financial statements must include a reconciliation statement setting out the financial effect of any material differences between its financial statements and financial statements prepared using HKFRS or IFRS. 67% of the respondents agreed with the proposal⁸⁷, 23% did not indicate their stance, and 10% did not agree with the proposal.

Key comments

General comments

251. Most of the respondents supported the requirement to demonstrate the reason for adopting US GAAP and the requirement to change to HKFRS or IFRS should circumstances underpinning those reasons change. Such requirements would ensure a more consistent approach to the Exchange's acceptance of the use of alternative financial reporting standards (see paragraphs 239 and 241).

252. With regard to the reconciliation statement disclosure requirement as set out in paragraph 250, respondents generally considered that a reconciliation statement would enable Hong Kong investors to make more

⁸⁵ Listing Rules 19.14 and 19C.10D (accountants' reports) and 19.25A and 19C.23 (annual report and accounts) require that annual accounts and accountants' reports prepared in accordance with a set of financial reporting standards other than HKFRS, IFRS or CASBE must include a reconciliation statement setting out the financial effect of any material differences between those financial statements and financial statements prepared using HKFRS or IFRS.

⁸⁶ Question 30 of the Consultation Paper.

⁸⁷ Question 31 of the Consultation Paper.

informed assessment of the issuer's financial position and financial performance, allow for global peer comparisons and enhance transparency.

Specific comments

253. However, a few respondents expressed concerns that the reconciliation statement disclosure requirement would not provide additional benefit since Hong Kong investors have become sufficiently familiar with US GAAP to make informed investment decisions, and might impose undue burden on issuers. Further, the proposal is inconsistent with the Exchange's current guidance in FAQ 043-2018.
254. Some respondents sought guidance on the preparation of the reconciliation statement, such as the assessment criteria on material differences between US GAAP and HKFRS/ IFRS, the expected minimum level of disclosure required, and whether an auditor opinion is required for the reconciliation statement. One respondent suggested the Exchange to consider the grant of a longer grace period to comply with the reconciliation statement disclosure requirement.

Exchange's response

255. We consider that the reconciliation statement disclosure requirement will provide useful information to Hong Kong investors as they are generally more familiar with HKFRS or IFRS than US GAAP. With a reconciliation statement, investors can compare the financial performance of issuers adopting US GAAP with those using HKFRS or IFRS, and make informed investment decisions. This is particularly important if the US shareholder base of an issuer is reduced significantly as a result of migration of trading to Hong Kong or delisting from a US exchange. Further, the reconciliation statement disclosure requirement will be consistent with our treatment of other alternative financial reporting standards (see footnote 85 in paragraph 247).
256. An Overseas Issuer should prepare an appropriate and meaningful reconciliation statement to enable investors to make an informed assessment of the issuer's financial position and financial performance. The minimum level of disclosure in a reconciliation statement should include a line-by-line reconciliation of the issuer's financial information showing the material differences between its accounting policies under US GAAP and HKFRS/IFRS, with an explanation of such differences. Comparative information should be provided for the reconciliation. In case of accountants' reports to be included in listing documents, the reconciliation statement should cover the entire track record period (including any stub period).
257. Materiality is not defined in the Listing Rules nor may it necessarily be defined in monetary terms. An Overseas Issuer should exercise its judgement in assessing what constitutes material differences for investors

taking into account all relevant circumstances of the issuer with advice from auditors and/or reporting accountants.

258. In addition to annual financial statements, we would like to clarify that the reconciliation statement disclosure requirement applies to accountants' reports and interim financial statements prepared under US GAAP. This is in line with the current requirements for dual primary listed issuers⁸⁸, where the Exchange allows a report to be drawn up other than in conformity with HKFRS or IFRS, the report will be required to conform with financial reporting standards acceptable to the Exchange. In addition, the Exchange will require a reconciliation statement to be reviewed by reporting accountants or auditors. Where the reconciliation statement is included in a note to the "audited"⁸⁹ accountants' reports or "audited" or "reviewed"⁹⁰ financial statements, reporting accountants and auditors are not required to provide a separate opinion on the reconciliation statement. Where the relevant financial statements (e.g. interim financial statements) are not audited or reviewed by auditors, the reconciliation statement required to be included in a note to such statements should be reviewed by auditors in accordance with a standard comparable to International Standard on Assurance Engagements 3000 or Hong Kong Standard on Assurance Engagements 3000.
259. Secondary listed issuers⁹¹ that are listed in the US and are allowed to use US GAAP will be able to continue to do so, but will be required to include a reconciliation statement in their annual financial statements starting from the first full financial year commencing on or after the relevant rule amendment effective date, and in all subsequent financial statements (including interim financial statements⁹²). Please see below a table setting out the financial periods with respect to which a reconciliation statement will be required in the financial statements. For the avoidance of doubt, overseas issuers with, or seeking, a dual primary listing that prepare their financial statements using US GAAP are required to continue to comply with the reconciliation statement disclosure requirement.

⁸⁸ Paragraph 2.4 of the Guidance Letter HKEX-GL102-19.

⁸⁹ In respect of accountants' reports, "audited" in this context refers to the work done by the reporting accountants in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars".

⁹⁰ In respect of financial statements, "reviewed" in this context refers to a review by auditors in accordance with International Standard on Review Engagements 2410 or Hong Kong Standard on Review Engagements 2410.

⁹¹ As at 31 July 2021, there were 14 secondary listed issuers using US GAAP.

⁹² A secondary listed issuer listed in the US is not required to prepare a reconciliation statement in respect of its US GAAP quarterly financial statements which are published pursuant to overseas rules and regulations.

When the rule amendment becomes effective on 1 January 2022:

Secondary listed issuers	Annual report	Interim report
where the first full financial year commences on or after 1 January 2022	✓ (includes a reconciliation statement)	
For example, for an existing listed issuer with a December year-end (i.e. its financial year begins on 1 January 2022), the first financial report in respect of which a reconciliation statement is required is:	Year ending 31 December 2022	Six months ending 30 June 2023

We consider that this arrangement will be sufficient for listed issuers and their auditors to meet the reconciliation statement disclosure requirement. We will consider a case-specific grace period if an issuer encounters difficulty in complying with the requirement in time.

260. New secondary listing applications from US-listed applicants that prepare financial statements using US GAAP are required to include a reconciliation statement in their accountants' reports only if their new listing applications are submitted on or after 1 January 2023. This one-year grace period allows such US-listed applicants to have sufficient time to take into account the new requirement in their Hong Kong listing plans because there is no existing reconciliation statement requirement for such applicants.
261. For the above reasons and in light of the majority support, we will adopt our proposals and amend all relevant guidance materials accordingly.

E. Qualification Requirements for Auditors and Reporting Accountants

Summary of proposals

262. We proposed to reflect in the Listing Rules the amendment to the FRCO that established the PIE Engagement regime which came into effect on 1 October 2019. 63% of the respondents agreed with the proposal⁹³, 35% of the respondents did not indicate their stance, and 2% did not agree with the proposal.
263. Further, we proposed to codify the requirement that issuers are generally expected to appoint a firm of practising accountants that is qualified under the PAO and is a Registered PIE Auditor under the FRCO to prepare an accountants' report that constitutes a PIE Engagement under the FRCO. 63% of the respondents agreed with the proposal⁹⁴, 35% of the respondents did not indicate their stance, and 2% did not agree with the proposal.

⁹³ Question 32 of the Consultation Paper.

⁹⁴ Question 33 of the Consultation Paper.

264. In the case of PIE Engagements which require an accountants' report for a reverse takeover or a very substantial acquisition circular relating to the acquisition of an overseas company to be prepared, we proposed to amend the Listing Rules to allow Overseas Issuers to appoint an audit firm that is not qualified under the PAO (but is a Recognised PIE Auditor of that issuer under the FRCO). 50% of the respondents agreed with the proposal⁹⁵, 42% of the respondents did not indicate their stance, and 8% did not agree with the proposal.
265. We also proposed to codify the JPS requirement that overseas audit firms must normally fulfil the following characteristics in relation to PIE Engagements and notifiable transactions:
- (a) has an international name and reputation;
 - (b) is a member of a recognised body of accountants; and
 - (c) is subject to independent oversight by a regulatory body of a jurisdiction that is a full signatory to the IOSCO MMOU. It would be acceptable if the relevant audit oversight body is not a signatory to the IOSCO MMOU but the statutory securities regulator in the same jurisdiction is a signatory to the IOSCO MMOU.
266. 60% of the respondents agreed with the proposal⁹⁶, 35% of the respondents did not indicate their stance, and 4% did not agree with the proposal.
267. With regard to the requirement of FRC levies collection, we proposed to amend the Listing Rules that the Exchange is responsible for collecting the levies on behalf of the FRC. 54% of the respondents agreed with the proposal⁹⁷, 42% of the respondents did not indicate their stance, and 4% did not agree with the proposal.

Key comments

General comments

268. Respondents generally considered that the codification of the qualification requirements for auditors and reporting accountants would align with the latest amendments to the FRCO, provide more clarity and certainty to market practitioners, and streamline the regulatory regime for Overseas Issuers.

⁹⁵ Question 34 of the Consultation Paper.

⁹⁶ Question 35 of the Consultation Paper.

⁹⁷ Question 36 of the Consultation Paper.

Specific comments

269. On the proposal to allow Overseas Issuers to appoint an audit firm that is a Recognised PIE Auditor in relation to a reverse takeover or a very substantial acquisition, one respondent supplemented its general agreement with the observation that it should be mandatory that the accountants' report must be signed or co-signed by certified public accountants who are qualified under the PAO, given the significant involvement of reporting accountants in the listing process which requires familiarity with the Hong Kong listing regime and market practices.
270. Another respondent sought clarification on whether PRC issuers adopting IFRS are allowed to use overseas reporting accountants to issue IFRS accountants' reports on targets in notifiable transactions (regardless of whether these constitute PIE Engagements).

The Exchange's response

271. With regard to PIE Engagements in relation to a reverse takeover or a very substantial acquisition, we do not consider it necessary to adopt the respondent's suggestion to state in the Listing Rules that the accountants' report must be signed or co-signed by certified public accountants who are qualified under the PAO although this is normally expected for reverse takeovers given that, to prevent regulatory arbitrage, such transactions should be subject to substantially the same requirements as new listing applications. We consider that there are sufficient safeguards on the appointment of an overseas auditor by an Overseas Issuer, taking into account that the Overseas Issuer must seek a waiver from strict compliance with Main Board Rule 4.03 and obtain a Statement of No Objection from the Exchange.
272. We would like to clarify that a PRC issuer is allowed to appoint an overseas auditor to carry out an engagement in relation to an acquisition of an overseas target, provided that the PRC issuer seeks a waiver from strict compliance with Main Board Rule 4.03, and obtains a Statement of No Objection (in the case of PIE Engagements) from the Exchange.

F. Company Information Sheets

Summary of proposals

273. We proposed to require Company Information Sheets to be prepared by (a) all secondary listed issuers; and (b) any other primary listed or dual-primary listed Overseas Issuer, at the Exchange's discretion, where the Exchange believes the publication of a Company Information Sheet would be informative to Hong Kong investors (for example, to provide them with information on overseas laws and regulations to which the issuer is subject and which may be unfamiliar to investors). 63% of the respondents agreed

with the proposal⁹⁸, and 33% of the respondents did not indicate their stance, and 4% did not agree with the proposal.

274. We also proposed to codify the JPS requirement into the Listing Rules about the disclosure requirement⁹⁹ in a Company Information Sheet and update the Company Information Sheet if there are material changes. 65% of the respondents agreed with the proposal¹⁰⁰, 33% of the respondents did not indicate their stance, and 2% did not agree with the proposal.

Key comments

General comments

275. Respondents generally agreed that the proposals in relation to the disclosure requirement of Company Information Sheets would allow investors to better understand Overseas Issuers, streamline the listing regime for Overseas Issuers, and provide more clarity to market practitioners.

Specific comments

276. Some respondents sought further guidance on when the Exchange would exercise its discretion to require other primary listed Overseas Issuers to prepare Company Information Sheets, such as by publishing a non-exhaustive list of jurisdictions of incorporation for which Company Information Sheets would not be required absent other special circumstances.
277. Another respondent sought clarification on (a) whether primary listed issuers incorporated in Bermuda or the Cayman Islands are required to publish Company Information Sheets; and (b) whether there is a grandfathering arrangement exempting existing issuers incorporated in Bermuda or the Cayman Islands from this requirement.

⁹⁸ Question 38 of the Consultation Paper.

⁹⁹ For example, a summary of the waivers and exemptions that have been granted to the Overseas Issuer, a summary of the provisions in the laws and regulations in its home jurisdiction and primary market that are different from those required by Listing Rules (including the Core Standards) regarding (i) the rights of the holders of its securities and how they can exercise their rights; (ii) directors' powers and investor protection; and (iii) the circumstances under which its minority shareholders may be bought out or may be required to be bought out after a successful takeover or share repurchase, details of withholding tax on distributable entitlements or any other tax that is payable and whether Hong Kong investors have any tax reporting obligations; and where the Overseas Issuer is listing depositary receipts (HDRs), a summary of the terms and conditions in the depositary agreement and deed poll.

¹⁰⁰ Question 37 of the Consultation Paper.

The Exchange's response

278. An overseas issuer with a primary listing or dual primary listing that meets any of the following criteria should publish a Company Information Sheet as soon as possible on the relevant information¹⁰¹:
- (a) there are novel waiver(s) granted to the issuer (for example, where an overseas issuer is allowed to take alternative measures to meet any core shareholder protection standards set out in Appendix 3 without providing such standards in its constitutional documents);
 - (b) the laws and regulations in its home jurisdiction and primary market are materially different from those required by Hong Kong laws regarding¹⁰²:
 - (i) the rights of holders of its securities and how they can exercise their rights;
 - (ii) directors' powers and investor protection; and
 - (iii) the circumstances under which its minority shareholders may be bought out or may be required to be bought out after a successful takeover or share repurchase;
 - (c) it is subject to any withholding tax on distributable entitlements or any other tax that is payable by shareholders (e.g. capital gains tax, inheritance or gift taxes); or
 - (d) it is listing depositary receipts.
279. The Exchange may also at its own discretion require an overseas issuer with a primary listing or dual primary listing (including an issuer incorporated in Bermuda or the Cayman Islands) to publish a Company Information Sheet even though none of the criteria stated in paragraph 278 is applicable if the Exchange is of the view that the issue of such Company Information Sheet will be informative to investors (for example, to provide them with information on overseas laws and regulations to which the issuer is subject and which may be unfamiliar to investors in Hong Kong). Materiality should be determined by the issuers and their advisers. Issuers are encouraged to consult the Exchange if they are uncertain about the requirements.

¹⁰¹ Where any of the stated criteria applies to an issuer, the issuer is only required to include information relevant to that criterion in its Company Information Sheet. For example, where there are novel waivers granted to the issuer but none of the other criteria applies, the issuer is only required to include a summary of those novel waivers in the Company Information Sheet.

¹⁰² The Exchange considers that, as at the date of this paper, the laws and regulations in the Cayman Islands and Bermuda regarding those areas are not materially different from those required by Hong Kong laws.

G. Practical and operational matters

Summary of proposal

280. The Exchange proposed to amalgamate the following guidance into one guidance letter for Overseas Issuers:

- (a) guidance on practical and operational matters in JPS¹⁰³;
- (b) alternative procedures¹⁰⁴ for US “Domestic Issuers” (within the meaning of the US Securities Act) with an offering of a security subject to Regulation S¹⁰⁵;
- (c) a standardised template for potential applicants from jurisdictions new to listing in Hong Kong¹⁰⁶; and
- (d) CCASS information materials.¹⁰⁷

281. 69% of the respondents agreed with the proposal¹⁰⁸, and 31% of the respondents did not indicate their stance.

General comments

282. Respondents generally considered that the proposal would eliminate the current overlapping content in various guidance letters, enable Overseas Issuers and market practitioners to more easily locate the relevant information, and align with the overall objective to streamline the regulatory regime for Overseas Issuers.

The Exchange’s response

283. In light of the majority support, we will adopt the proposal.

H. Other Rule Amendments

284. As set out in the Gazette published on 17 May 2019¹⁰⁹, provisions of the FRCO relating to the payment of the FRC transaction levy and the annual PIE levy to the FRC will commence on 1 January 2022. In accordance with the FRCO, the Exchange will be responsible for the collection of such levies on the FRC’s behalf.

¹⁰³ Section 4 of the JPS.

¹⁰⁴ https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Other-Resources/Listing-of-Overseas-Companies/procedure_reg_s.pdf?la=en.

¹⁰⁵ A regulation that provides an exclusion from the Section 5 registration requirements of the US Securities Act for offerings made outside the US by both US and foreign issuers.

¹⁰⁶ https://www.hkex.com.hk/-/media/HKEX-Market/Listing/Rules-and-Guidance/Other-Resources/Listing-of-Overseas-Companies/procedure_reg_s.pdf?la=en.

¹⁰⁷ https://www.hkex.com.hk/Services/Settlement-and-Depository/Securities-Admission-into-CCASS?sc_lang=en.

¹⁰⁸ Question 39 of the Consultation Paper.

¹⁰⁹ <https://www.info.gov.hk/gia/general/201905/17/P2019051600615.htm?fontSize=1>.

285. The FRC transaction levy will be payable on each Qualifying Transaction¹¹⁰ and purchase and sale of listed securities made under an offer for sale¹¹¹, and will be calculated for each purchase and each sale at the rate of 0.00015% of the consideration of a transaction (rounded to the nearest cent). Details of the FRC transaction levy can be found in “Funding and Levies” section of the FRC’s website¹¹².
286. For the sake of clarity, we have modified the Rule amendments to include (i) new definitions of “SFC Transaction Levy” and “FRC Transaction Levy” to clearly distinguish the two levies to be collected, as well as (ii) additional sub-paragraphs to clarify the logistics for the Exchange’s collection of the FRC transaction levy. Please refer to Appendices IV and V for the Rule amendments.

¹¹⁰ As defined in paragraph 5 of Appendix 8 to the Main Board Listing Rules or paragraph 3 of Appendix 9 to the GEM Listing Rules.

¹¹¹ As described in paragraph 8 of Appendix 8 to the Main Board Listing Rules or paragraph 7 of Appendix 9 to the GEM Listing Rules.

¹¹² <https://www.frc.org.hk/en-us/about-the-frc/funding>.

DEFINITIONS

TERM	DEFINITION
“Acceptable Jurisdiction”	A jurisdiction (other than Hong Kong, the Cayman Islands, Bermuda and the PRC) that the Exchange has accepted as an issuer’s place of incorporation eligible for listing in Hong Kong
“Automatic Waiver”	a waiver of general effect set out in the Appendix to the JPS that is granted by the Exchange pursuant to Listing Rule 2.04 with the prior consent of the SFC, or an exception set out in Listing Rule 19C.11 for issuers with, or seeking, a secondary listing on the Exchange, subject to certain criteria under the JPS or Chapter 19C of the Listing Rules, as the case may be
“centre of gravity in Greater China”	based on factors set out in both the JPS and Chapter 19C of the Listing Rules that the Exchange considers in determining whether an issuer has its centre of gravity in Greater China: (a) whether the issuer has a listing in Greater China; (b) where the issuer is incorporated; (c) the issuer’s history; (d) where the issuer is headquartered; (e) the issuer’s place of central management and control; (f) the location of the issuer’s main business operations and assets; (g) the location of the issuer’s corporate and tax registrations; and (h) the nationality or country of residence of the issuer’s management and controlling shareholder(s)
“CASBE”	China Accounting Standards for Business Enterprises
“CCASS”	the central clearing and settlement system established and operated by HKSCC
“CG Code”	Corporate Governance Code in Appendix 14 to the Main Board Listing Rules
“Common Waiver”	a waiver of general effect set out in the Appendix to the JPS that is granted by the Exchange pursuant to Listing Rule 2.04 with the prior consent of the SFC on a case by case basis, subject to prescribed conditions
“Companies Ordinance”	The Companies Ordinance (Cap. 622)
“Company Information Sheet”	the information required under paragraph 68 of the JPS for issuers incorporated in Acceptable Jurisdictions, as

TERM	DEFINITION
	prepared by the issuer and posted by the Exchange on a dedicated section of the HKEX website (link)
“Consultation Conclusions on Corporate WVR Beneficiaries”	Consultation Conclusions on Corporate WVR Beneficiaries published on 30 October 2020 (see link)
“Consultation Conclusions on Companies From Emerging and Innovative Sectors”	Consultation Conclusions on A Listing Regime for Companies from Emerging and Innovative Sectors published on 24 April 2018 (see link)
“Consultation Paper”	The Consultation Paper on Listing Regime for Overseas Issuers published on 31 March 2021 (see link)
“Conversion Issuer”	an Overseas Issuer seeking a Primary Conversion
“controlled by corporate WVR beneficiaries”	means a single corporate WVR beneficiary (or a group of corporate WVR beneficiaries acting in concert) holds the largest share of the voting power in the listed issuer, which must amount to at least 30% of shareholders’ votes carried by the issuer’s share capital
“Core Standards”	the proposed set of shareholder protection standards that all issuers will be required to provide
“Country Guide”	Guidance published on the Exchange’s website setting out, among other things, how issuers incorporated in an Acceptable Jurisdiction can meet the JPS Key Shareholder Protection Standards, as well as the Exchange’s expectations, practices, procedures and the criteria it considers when applying the Listing Rules to issuers incorporated in that jurisdiction
“CWUMPO”	The Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32)
“De-listing Issuer”	an Overseas Issuer that has planned a voluntary de-listing, or that reasonably expects it may be de-listed involuntarily from its Recognised Stock Exchange of primary listing

TERM	DEFINITION
“Equivalence Requirement”	the Listing Rule requirement ¹¹³ that an Overseas Issuer must be incorporated or otherwise established in a jurisdiction where the standards of shareholder protection are at least equivalent to those provided in Hong Kong
“Exchange”	The Stock Exchange of Hong Kong Limited, a wholly owned subsidiary of HKEX
“EU”	European Union
“EU-IFRS”	IFRS as adopted by the European Union
“FRC”	the Financial Reporting Council established by section 6(1) of the FRCO
“FRCO”	the Financial Reporting Council Ordinance (Cap. 588)
“GEM”	GEM operated by the Exchange
“GEM Rules”	Rules Governing the Listing of Securities on GEM
“Grandfathered Greater China Issuer”	a Greater China Issuer (a) primary listed on a Qualifying Exchange on or before 15 December 2017; or (b) controlled by corporate WVR beneficiaries as at 30 October 2020 and primary listed on a Qualifying Exchange after 15 December 2017, but on or before 30 October 2020
“Greater China Issuer”	a Qualifying Issuer with its centre of gravity in Greater China
“Guidance Letter for Overseas Issuers”	The draft guidance letter for Overseas Issuers set out in Appendix VI
“Guidance Letter on Change of Listing Status”	The draft guidance letter on change of listing status from secondary listing to dual-primary listing on the Main Board set out in Appendix VI

¹¹³ Listing Rule 19.05(1)(b) and note (for primary listings) and the note to Listing Rule 19.30(1)(b) (for secondary listings).

TERM	DEFINITION
“HDR”	Hong Kong Depositary Receipt
“HKEX”	Hong Kong Exchanges and Clearing Limited
“HKFRS”	Hong Kong Financial Reporting Standards issued by the HKICPA
“HKICPA”	Hong Kong Institute of Certified Public Accountants
“HKSCC”	Hong Kong Securities Clearing Company Limited
“HKEX-GL108-20”	Guidance Letter on experience and qualification requirements of a company secretary
“HKEX-GL9-09”	Guidance Letter on conditions for a waiver from strict compliance with Main Board Rules 8.12 and 19A.15 regarding sufficient management presence in Hong Kong
“HKEX-GL85-16”	Guidance Letter on placing to connected clients, and existing shareholders or their close associates, under the Rules
“HKEX-GL93-18”	Guidance Letter on suitability for listing with a WVR structure, which will be amended and renamed as “Suitability for listing with a WVR Structure in compliance with Chapter 8A” for reasons set out in Chapter 3
“HKEX-GL94-18”	Guidance Letter on suitability for secondary listing as a Qualifying Issuer under Chapter 19C, which will be amended and renamed as “Guidance Letter on: (A) Suitability for Secondary Listing and Dual Primary Listing with WVR structure and (B) the Contractual Arrangements of Grandfathered Greater China Issuers and Non-Greater China Issuers” for reasons set out in Chapter 3
“HKEX-LD43-3”	Listing Decision on whether, in view of the fact that, in the conduct of its business in the PRC, Company A was a party to a number of contract-based structures (“Contractual Arrangements” or “Structured Contracts”) between or among Company A, the PRC Subsidiaries, the OPCOs and the Registered Owners, Company A was unsuitable for listing due to legal questions associated with the Contractual Arrangements

TERM	DEFINITION
“HKEX-LD68-1”	Listing Decision on whether Company A could issue further shares within six months of its listing on the Exchange
“Hong Kong issuer”	an issuer incorporated or otherwise established in Hong Kong
“IFRS”	International Financial Reporting Standards
“IOSCO”	International Organization of Securities Commissions
“IOSCO MMOU”	IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information (link)
“Innovative Company”	a company that the Exchange considers to have demonstrated the relevant characteristics set out in paragraphs 3.2 to 3.4 of GL94-18
“IPO”	Initial Public Offering
“JPS”	the “Joint policy statement regarding the listing of overseas companies” first published jointly by the Exchange and the SFC in 2007, updated on 27 September 2013, and last amended on 30 April 2018 (link)
“JPS Key Shareholder Protection Standards”	the shareholder protection standards set out in Section 1 of the JPS
“JPS route”	the route to secondary listing on the Exchange in accordance with the requirements set out in Section 5 of the JPS
“JPS Secondary Issuer”	an issuer that is secondary listed, or is seeking a secondary listing, on the Main Board through the JPS route
“LD43-3”	Listing Decision HKEX-LD43-3, which sets out the Exchange’s approach in considering whether a new applicant which conducts its businesses using a VIE structure is suitable for listing

TERM	DEFINITION
“Listing Document”	a Prospectus, a circular or any equivalent document (including a scheme of arrangement and introduction document) issued or proposed to be issued in connection with an application for listing
“Listing Rules” or “Rules”	The Rules Governing the Listing of Securities on SEHK (Main Board unless otherwise stated)
“LSE”	The London Stock Exchange
“Main Board”	the main board of the Exchange
“Main Board Rules” or “MB Rules”	Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited
“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
“Migration”	the migration of the majority of trading in an Overseas Issuer’s shares to the Exchange’s markets under Rule 19C.13
“Migration Exchange Notice”	the Exchange’s written notice of its decision that the majority of trading in the listed shares of an Overseas Issuer has migrated to the Exchange’s markets permanently
“Migration Grace Period”	a grace period of 12 months within which an Overseas Issuer must comply with the applicable Listing Rules as provided under Note 2 to Rule 19C.13
“NASDAQ”	Nasdaq Stock Market, a stock market in the US that has three tiers - Nasdaq Global Select Market, Nasdaq Global Market and NasdaqCX
“Non-compliant WVR Structure”	a WVR structure that does not comply with the relevant requirements under Chapter 8A of the Listing Rules

TERM	DEFINITION
“Non-compliant VIE Structure”	a VIE structure that does not comply with the relevant requirements under LD43-3
“Non-Grandfathered Greater China Issuer”	a Greater China Issuer that was primary listed on a Qualifying Exchange after 15 December 2017
“Non-Greater China Issuer”	a Qualifying Issuer that is not a Greater China Issuer
“NYSE”	New York Stock Exchange
“Overseas De-listing”	de-listing of an Overseas Issuer’s shares or depositary receipts issued on its shares from the Recognised Stock Exchange on which it is primary listed under Rule 19C.13A
“Overseas Issuer”	an issuer that is neither a Hong Kong issuer nor a PRC issuer <i>“Overseas Issuer” in this paper has the same meaning as “overseas company” in the JPS</i>
“PAO”	the Professional Accountants Ordinance (Cap. 50)
“PIE”	has the same meaning ascribed to it in section 3(1) of the FRCO, that is either a listed corporation whose equity securities are listed on a recognised stock market as defined in the FRCO, or a listed Collective Investment Scheme
“PIE Auditor”	has the same meaning ascribed to it in section 3A of the FRCO, that is: (a) a Registered PIE Auditor, that is a practice unit registered under Division 2 of Part 3 of the FRCO; or (b) a Recognised PIE Auditor, that is an overseas auditor recognised under Division 3 of Part 3 of the FRCO, including a Mainland auditor recognised under section 20ZT of the FRCO
“PIE Engagement”	has the same meaning as an engagement specified in Part 1 of Schedule 1A of the FRCO

TERM	DEFINITION
“place of central management and control”	based on factors set out in the JPS and Chapter 19C of the Listing Rules that the Exchange considers in determining an issuer’s place of central management and control: (a) the location from where the issuer’s senior management directs, controls, and coordinates the company’s activities; (b) the location of the issuer’s principal books and records; and (c) the location of the issuer’s business operations or assets
“PRC” or “Mainland”	the People’s Republic of China
“PRC issuer”	an issuer which is duly incorporated in the PRC as a joint stock limited company (股份有限公司)
“Primary Conversion”	voluntary conversion from secondary listing to dual-primary listing on the Exchange by an Overseas Issuer
“Primary Conversion Exchange Acknowledgement”	an acknowledgement issued by the Exchange in response to an application made by an Overseas Issuer planning to carry out a Primary Conversion as referred to in the Guidance Letter on Change of Listing Status
“Prospectus”	a prospectus as defined in Part 1, Division 2 of the CWUMPO
“Qualifying Exchange”	NYSE, NASDAQ or the Main Market of the London Stock Exchange plc (and belonging to the UK Financial Conduct Authority’s “Premium Listing” segment)
“Qualifying Issuer”	an issuer primary listed on a Qualifying Exchange
“Recognised Jurisdictions”	Bermuda, the Cayman Islands and the PRC. For the purpose of this paper, Hong Kong is excluded from this definition
“Recognised Stock Exchange”	the main market of a stock exchange that is included in a list of Recognised Stock Exchanges published on the Exchange’s website as updated from time to time. The Qualifying Exchanges are also Recognised Stock Exchanges

TERM	DEFINITION
“Regulatory Co-operation Requirement”	the requirement that the statutory securities regulator of an Overseas Issuer’s jurisdiction of incorporation and place of central management and control must be a full signatory to the IOSCO MMOU
“SFC”	Securities and Futures Commission
“Statement of No Objection”	a statement of no objection provided by the Exchange to an issuer appointing an overseas firm of practising accountants to carry out a PIE Engagement for that issuer under section 20ZF(2)(a) of the FRCO
“SPAC”	Special Purpose Acquisition Company
“Trading Migration Requirement”	the requirement under Listing Rule 19C.13 that if the majority of trading in a Greater China Issuer’s listed shares migrates to the Exchange’s markets on a permanent basis, the Exchange will regard the issuer as having a dual primary listing and consequently the Automatic Waivers will no longer apply to such issuer
“Takeovers Code”	The Codes on Takeovers and Mergers and Share Buy-backs
“UK”	the United Kingdom
“US”	the United States of America
“US GAAP”	the Generally Accepted Accounting Principles in the US
“US Securities Act”	the US Securities Act of 1933, as amended from time to time, and the rules and regulations promulgated thereunder
“VIE structure”	a structure that allows a person or entity to control and receive the economic benefits of a variable interest entity despite not having a majority of, or any, voting rights or legal ownership
“WVR”	the voting power attached to a share of a particular class that is greater or superior to the voting power attached to an ordinary share, or other governance right or arrangement disproportionate to the beneficiary’s economic interest in the equity securities of the issuer
“WVR structure”	a structure of an issuer that results in any shareholder having WVR

APPENDIX I: LIST OF RESPONDENTS

Named Respondents

<i>Accounting Firms</i>
Deloitte Touche Tohmatsu
Ernst & Young
KPMG
PricewaterhouseCoopers
<i>Corporate Finance Firms / Banks</i>
China Tonghai Capital Limited
China Tonghai Securities Limited
China International Capital Corporation Hong Kong Securities Limited
<i>Investment Managers</i>
BlackRock
Capital Group
Safari Asia Limited
<i>Law Firms</i>
Deacons
Freshfields Bruckhaus Deringer
Latham & Watkins LLP
Sidley Austin
Simmons & Simmons
Simpson Thacher & Bartlett
Skadden, Arps, Slate, Meagher & Flom
Slaughter and May

Listed Issuers
Cathay Pacific Airways Limited (<i>Duplicate response of Swire Pacific Limited</i>)
Swire Pacific Limited
Swire Properties Limited (<i>Duplicate response of Swire Pacific Limited</i>)
Yum China Holdings, Inc.
Professional Bodies / Industry Associations
ACCA Hong Kong
Asian Corporate Governance Association (ACGA)
CFA Society Hong Kong
Equity Capital Markets Committee of the Asia Securities Industry and Financial Markets Association (ASIFMA)
Hong Kong Institute of Certified Public Accountants
Hong Kong Investment Funds Association
Hong Kong Professionals and Senior Executives Association
Hong Kong Venture Capital and Private Equity Association
The British Chamber of Commerce in Hong Kong
The Hong Kong Chartered Governance Institute (formerly known as Hong Kong Institute of Chartered Secretaries)
The Hong Kong General Chamber of Commerce
The Hong Kong Institute of Directors
The Law Society of Hong Kong
Other Corporates
SWCS Corporate Services Group (Hong Kong) Limited
Listed Company Staff
Ms. Linyuhan

Anonymous Respondents

Category	Number
Corporate Finance Firms / Banks	2
Investment Managers	1
Law Firms	1
Listed Issuers	4
Accountants	1
Corporate Finance Staff	1
Listed Company Staff	2
Retail Investors	1
TOTAL	13

APPENDIX II: QUANTITATIVE ANALYSIS OF RESPONSES

The table below summarises the quantitative responses¹ from the respondents to all the questions in the Consultation Paper. Due to rounding, the total percentage may not add up to 100%.

NO.	SUMMARISED QUESTIONS	YES	%	NO	%	NO STANCE ²		%
						<i>With comments</i>	<i>Without comments</i>	
Q1	Do you agree that the Equivalence Requirement and the concept of “Recognised Jurisdictions” and “Acceptable Jurisdictions” should be replaced with one common set of Core Standards for all issuers?	38	79%	1	2%	1	8	19%
Q2a	If your answer to Question 1 is “Yes”, do you agree: (a) with the proposed Core Standards set out in paragraphs 79 to 137 of the Consultation Paper?	27	56%	3	6%	5	13	38%
Q2b	If your answer to Question 1 is “Yes”, do you agree that the existing shareholder protection standards set out in Schedule C of the Consultation Paper should be repealed?	24	50%	5	10%	2	17	40%

¹ Excluding duplicate responses.

² The percentage of respondents who either (a) made comments on certain aspects of the proposal but did not take a view on whether they supported the proposal; or (b) did not express any comments at all.

NO.	SUMMARISED QUESTIONS	YES	%	NO	%	NO STANCE ²		%
						With comments	Without comments	
Q3	Do you agree to codify the current practice that all issuers must conform their constitutional documents to the Core Standards or else demonstrate, as necessary for each standard, how the domestic laws, rules and regulations to which the issuer is subject and its constitutional documents, in combination, provide the relevant shareholder protection under the Core Standards?	34	71%	3	6%	0	11	23%
Q4	Do you believe any other standards or Listing Rules requirements, other than those set out in paragraphs 79 to 137 or Schedule C of the Consultation Paper, should be added or repealed?	9	19%	17	35%	3	19	46%
Q5	Do you agree that existing listed issuers should be required to comply with the Core Standards?	31	65%	8	17%	3	6	19%
Q6a	Do you agree that existing listed issuers should have until their second annual general meeting following the implementation of our proposals to make any necessary amendments to their constitutional documents to conform with the Core Standards?	26	54%	1	2%	0	21	44%

NO.	SUMMARISED QUESTIONS	YES	%	NO	%	NO STANCE ²		%
						<i>With comments</i>	<i>Without comments</i>	
Q6b	Do you agree that the application of the Core Standards will not cause existing listed issuers undue burden?	21	44%	3	6%	1	23	50%
Q7	Do you agree with the principles set out in paragraph 155 of the Consultation Paper for use when considering waiver applications from Overseas Issuers applying for a dual primary listing in Hong Kong?	27	56%	5	10%	5	11	33%
Q8	Do you agree to codify certain Common Waivers and the prescribed conditions as described in paragraph 158 of the Consultation Paper?	34	71%	2	4%	1	11	25%
Q9	Do you agree that Grandfathered Greater China Issuers and Non-Greater China Issuers with Non-compliant WVR and/ or VIE Structures should be able to apply for dual primary listing directly on the Exchange as long as they can meet the relevant suitability and eligibility requirements under Chapter 19C of the Listing Rules for Qualifying Issuers with a WVR structure?	28	58%	9	19%	0	11	23%

NO.	SUMMARISED QUESTIONS	YES	%	NO	%	NO STANCE ²		%
						With comments	Without comments	
Q10	Do you agree that Grandfathered Greater China Issuers and Non-Greater China Issuers referred to in Question 9 above be allowed to retain their Non-compliant WVR and/ or VIE Structures (subsisting at the time of their dual primary listing in Hong Kong) even if, after their listing in Hong Kong, they are de-listed from the Qualifying Exchange on which they are primary listed?	25	52%	11	23%	3	9	25%
Q11	Do you agree with our proposal to codify requirements (with the amendments set out in the Consultation Paper) relating to secondary listings in Chapter 19C of the Listing Rules and re-purpose Chapter 19 of the Listing Rules as one dedicated to primary listings only?	36	75%	Nil	Nil	0	12	25%
Q12	Do you agree that the Exchange should implement the quantitative eligibility criteria as proposed in paragraphs 199 and 201 of the Consultation Paper for all Overseas Issuers without a WVR structure (including those with a centre of gravity in Greater China) seeking to secondary list on the Exchange?	32	67%	3	6%	1	12	27%

NO.	SUMMARISED QUESTIONS	YES	%	NO	%	NO STANCE ²		%
						<i>With comments</i>	<i>Without comments</i>	
Q13	Do you agree that an exemption from the listing compliance record requirement be introduced, similar to the current JPS exemption, to cater for secondary listing applicants without a WVR structure that are well-established and have an expected market capitalisation at listing that is significantly larger than HK\$10 billion?	26	54%	4	8%	2	16	38%
Q14	Do you agree that new secondary listing applicants without a WVR structure (including those that have a centre of gravity in Greater China) should not have to demonstrate to the Exchange that they are an “Innovative Company”?	34	71%	4	8%	0	10	21%
Q15	Do you agree that a Rule should be introduced to make it clear that the Exchange retains the discretion to reject an application for secondary listing if it believes the listing constitutes an attempt to avoid the Listing Rules that apply to primary listing?	29	60%	4	8%	0	15	31%

NO.	SUMMARISED QUESTIONS	YES	%	NO	%	NO STANCE ²		%
						With comments	Without comments	
Q16	Do you agree that the Exchange should apply the test for a reverse takeover, as described in paragraph 210 of the Consultation Paper, if the Exchange suspects that an issuer's secondary listing application is an attempt to avoid the Listing Rules that apply to primary listing?	23	48%	5	10%	4	16	42%
Q17	Do you agree that the scope of the Trading Migration Requirement should be extended to cover all issuers with a secondary listing?	31	65%	1	2%	2	14	33%
Q18	In your opinion, will the extension of the Trading Migration Requirement to all secondary listed issuers be unduly burdensome for those that are not currently subject to this requirement?	8	17%	18	38%	5	17	46%
Q19	Do you agree with the codification of the principles set out in paragraph 215 of the Consultation Paper on which exemptions/ waivers are granted to secondary listed issuers?	28	58%	6	13%	0	14	29%
Q20	Do you agree to codify the Automatic Waivers and conditional Common Waivers in the Listing Rules for all issuers with, or seeking, a secondary listing?	31	65%	4	8%	1	12	27%

NO.	SUMMARISED QUESTIONS	YES	%	NO	%	NO STANCE ²		%
						<i>With comments</i>	<i>Without comments</i>	
Q21	Do you agree with the removal of the current condition for granting a waiver from the shareholders' consent requirement relating to further issues of share capital for secondary listed issuers as described in paragraphs 218 and 219 of the Consultation Paper?	27	56%	4	8%	1	16	35%
Q22	Do you agree that secondary listed issuers should comply with the requirements for a diversity policy and for such policy to be disclosed in their annual reports (for the reasons set out in paragraph 223 of the Consultation Paper)?	32	67%	1	2%	1	14	31%
Q23	Do you have any comments on the content of the Guidance Letter in relation to trading migration and de-listing of secondary listed issuers from their overseas exchanges of primary listing set out in Schedule E of the Consultation Paper?	15	31%	15	31%	0	18	38%
Q24	Do you agree that the Exchange should codify the Regulatory Co-operation Requirement (with modification as described in paragraph 242 of the Consultation Paper) into Chapter 8 of the Listing Rules for all issuers?	30	63%	2	4%	1	15	33%

NO.	SUMMARISED QUESTIONS	YES	%	NO	%	NO STANCE ²		%
						<i>With comments</i>	<i>Without comments</i>	
Q25	Do you agree that the Exchange should retain as guidance the alternative auditing standards listed in paragraph 249 of the Consultation Paper that can be used to audit the financial statements of Overseas Issuers?	31	65%	2	4%	2	13	31%
Q26	Do you agree to codify the JPS requirement that the suitability of a body of alternative financial reporting standards depends on whether there is any significant difference between that body of standards and IFRS, and whether there is any concrete proposal to converge or substantially converge the standards with IFRS?	32	67%	Nil	Nil	1	15	33%
Q27	Do you agree to retain, as guidance, the list of acceptable alternative financial reporting standards that can be used to prepare the financial statements of Overseas Issuers subject to the current limitations on their use as set out in Table 7 (see Schedule E of the Consultation Paper)?	32	67%	1	2%	1	14	31%

NO.	SUMMARISED QUESTIONS	YES	%	NO	%	NO STANCE ²		%
						<i>With comments</i>	<i>Without comments</i>	
Q28	Do you agree to codify the JPS requirement that a dual primary or secondary listed issuer that adopts a body of alternative financial reporting standards for its financial statements (other than issuers incorporated in an EU member state which adopted EU-IFRS) must adopt HKFRS or IFRS if it de-lists from the jurisdiction of the alternative standards?	28	58%	5	10%	1	14	31%
Q29a	Do you agree that issuers that de-list from a jurisdiction of an alternative financial reporting standard should be given an automatic grace period (i.e. an application to the Exchange is not required) within which to adopt IFRS or HKFRS?	30	63%	1	2%	2	15	35%
Q29b	Do you agree that this grace period should end on the issuer's first anniversary of its de-listing?	23	48%	5	10%	2	18	42%

NO.	SUMMARISED QUESTIONS	YES	%	NO	%	NO STANCE ²		%
						<i>With comments</i>	<i>Without comments</i>	
Q30	Do you agree that, for the sake of consistency of approach, an issuer must demonstrate a reason for adopting US GAAP for the preparation of its financial statements (including annual financial statements and the financial statements included in its accountants' reports) and adopt IFRS or HKFRS if the circumstances underpinning those reasons change (e.g. it de-lists from a US exchange)?	29	60%	2	4%	1	16	35%
Q31	Do you agree that any issuer that wishes to adopt US GAAP for the preparation of its annual financial statements must include a reconciliation statement showing the financial effect of any material differences between its financial statements and financial statements prepared using HKFRS or IFRS?	32	67%	5	10%	0	11	23%
Q32	Do you agree to codify the amendment to the FRCO that established the PIE Engagement regime into the Listing Rules?	30	63%	1	2%	1	16	35%

NO.	SUMMARISED QUESTIONS	YES	%	NO	%	NO STANCE ²		%
						<i>With comments</i>	<i>Without comments</i>	
Q33	Do you agree to amend the Listing Rules to codify the requirement that an issuer normally appoint a firm of practising accountants that is qualified under the PAO and is a Registered PIE Auditor under the FRCO to prepare an accountants' report that constitutes a PIE Engagement under the FRCO?	30	63%	1	2%	1	16	35%
Q34	Do you agree to amend the Listing Rules to allow Overseas Issuers to appoint an audit firm that is not qualified under the PAO (but it is a Recognized PIE Auditor of that issuer under the FRCO) for PIE Engagements to prepare an accountants' report for a reverse takeover or a very substantial acquisition circular relating to the acquisition of an overseas company?	24	50%	4	8%	3	17	42%
Q35	Do you agree to amend the Listing Rules to codify the JPS requirement that, in relation to the PIE Engagements and notifiable transactions, overseas audit firms must normally fulfil the characteristics described in paragraph 271 of the Consultation Paper?	29	60%	2	4%	1	16	35%

NO.	SUMMARISED QUESTIONS	YES	%	NO	%	NO STANCE ²		%
						<i>With comments</i>	<i>Without comments</i>	
Q36	Do you agree to amend the Listing Rules to codify the amendments to the FRCO on the collection of levies by the Exchange on behalf of the FRC as described in paragraphs 280 and 281 of the Consultation Paper?	26	54%	2	4%	2	18	42%
Q37	Do you agree to codify the JPS requirement for Company Information Sheets as described in paragraphs 283 to 288 of the Consultation Paper?	31	65%	1	2%	1	15	33%
Q38	Do you agree that the Company Information Sheet requirement should be applied to: (a) secondary listed issuers; and (b) any other Overseas Issuer, at the Exchange's discretion, where it believes the publication of a Company Information Sheet would be useful to Hong Kong investors?	30	63%	2	4%	1	15	33%
Q39	Do you agree to amalgamate the guidance described in paragraphs 289 and 290 of the Consultation Paper into one combined guidance letter for overseas issuers (see Schedule E of the Consultation Paper)?	33	69%	Nil	Nil	0	15	31%

APPENDIX III: METHODOLOGY

Purpose of the Exchange's Methodology

1. In reviewing and drawing conclusions from the consultation responses, the Exchange's goal is to ensure that we come to a balanced view in the best interest of the market as a whole and in the public interest.
2. The effectiveness of this process depends on the submission of original responses from a broad range of respondents that give considered and substantive reasons for their views. The Exchange's methodology, accordingly, aims to accurately categorise respondents and identify different viewpoints. In line with the Exchange's past publicly stated practice, this requires a qualitative assessment of the responses in addition to a quantitative assessment.

Identifying the Category of Respondent

3. In this paper, respondents are categorised according to whether their response represented the view of:
 - (a) an institution or an individual;
 - (b) for institutions, one of the following: "Accounting Firms", "Corporate Finance Firms/ Banks", "Investment Managers", "Law Firms", "Listed Issuers", "Professional Bodies/ Industry Associations" or "Other Corporates"; and
 - (c) for individuals, one of the following: "Accountants", "Corporate Finance Staff", "Listed Company Staff" or "Retail Investors".
4. The Exchange used its best judgment to categorise each respondent using the most appropriate description above.
5. The Exchange categorised "Professional Bodies / Industry Associations" as a single group rather than strictly assigning them individually to other categories (e.g. by assigning accountants' associations to the "Professional Bodies / Industry Associations" category instead of the "Accounting Firms" category). This is in line with the Exchange's past practice. Subjective judgment is required to assign professional bodies to other categories and some do not fit easily with other categories of respondents.
6. It is not the Exchange's practice to categorise "Investment Managers" by their assets under management for the purposes of analysing consultation responses, as the Exchange believes that the size of an institution's global assets does not mean that the Exchange should necessarily attach more insight to their arguments or viewpoint. This would also raise issues as to the treatment of representative bodies that have considerable variances in number and type of members. Similarly, it is not the Exchange's practice to categorise

professional bodies by the size and nature of their membership.

Respondents by Category

7. A breakdown of the category of respondents to the consultation is set out in the table below:

Table 1: Breakdown of Institutional Respondents by Category

CATEGORY	NUMBER	%
Professional Bodies / Industry Associations	13	31%
Law Firms	9	21%
Listed Issuers	6	14%
Corporate Finance Firms / Banks	5	12%
Accounting Firms	4	10%
Investment Managers	4	10%
Other Corporates	1	2%
TOTAL¹	42	100%

Table 2: Breakdown of Individual Respondents by Category

CATEGORY	NUMBER	%
Listed Company Staff	3	50%
Accountants	1	17%
Corporate Finance Staff	1	17%
Retail Investors	1	17%
TOTAL²	6	100%³

¹ Total number excludes the duplicated responses.

² Total number excludes the duplicated responses.

³ Due to rounding, the total percentage does not add up to 100%.

Qualitative Analysis

8. The Exchange performed a qualitative analysis to enable it to 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

9. The Exchange also performed an analysis to determine the support, in purely numerical terms, for the Consultation Paper proposals. The result of this analysis forms **Appendix II**.
10. For the purpose of its quantitative analysis, the Exchange placed each response into one of the three following categories based on the content of the response with respect to each of the Consultation Paper proposals:
 - (a) support;
 - (b) not in support; or
 - (c) no stance⁴.

Counting Responses not Respondents

11. For the purposes of its quantitative analysis, the Exchange counted the number of responses received not the number of respondents those submissions represented. This means:
 - (a) a submission by a professional body is counted as one response even though that body/association may represent many individual members;
 - (b) a submission representing a group of individuals is counted as one response; and
 - (c) a submission by a law firm representing a group of market practitioners (e.g. sponsor firms / banks) is counted as one response.
12. However, when undertaking qualitative analysis of responses, the Exchange has taken into account the number and nature of the persons or firms represented by other respondents.
13. The Exchange's method of counting responses, not the respondents they represent, is the Exchange's long established publicly stated policy.

⁴ Respondents categorised as "no stance" include those who either (a) made comments on certain aspects of the proposal but did not take a view on whether they supported the proposal; or (b) did not express any comment at all.

Duplicate Responses

14. Three respondents submitted the same response as each other. We counted these as one response in total.

Anonymous Responses

15. 13 respondents requested anonymity (see **Appendix I** for the number of these respondents by category).
16. Out of these anonymous respondents,
 - (a) 12 requested that their responses be published anonymously. We included these responses in the list of responses published on the HKEX website, identified by category only (e.g. “Law Firms”); and
 - (b) 1 respondent requested that the submission not be published on the HKEX website. For this response we have not provided a hyperlink to the response on the webpage listing the response to this paper.
17. We counted these responses for the purpose of both our quantitative and qualitative assessment of responses.

APPENDIX IV: AMENDMENTS TO THE MAIN BOARD RULES

Chapter 1

GENERAL

INTERPRETATION

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

...
“centre of gravity in Greater China”

...
the following are some of the non-exhaustive factors that the Exchange will consider in determining whether an overseas issuer has its centre of gravity in Greater China:

- (a) whether the issuer has a listing in Greater China;
- (b) the issuer’s history;
- (c) where the issuer is incorporated;
- (d) where the issuer is headquartered;
- (e) the issuer’s place of central management and control;
- (f) the location of the issuer’s main business operations and assets;
- (g) the location of the issuer’s corporate and tax registration; and
- (h) the nationality or country of residence of the issuer’s management and controlling shareholder

...
“Company Information Sheet”

...
the document required to be published under rule 19.60 or 19C.24 for publication on the Exchange’s website and the overseas issuer’s website

...
“controlled by corporate WVR beneficiaries”

...
means a single corporate WVR beneficiary (or a group of corporate WVR beneficiaries acting in concert) holds the largest share of the voting power in the listed issuer, which must amount to at least 30% of shareholders’ votes carried by the issuer’s share capital

“dual primary listing”

a primary listing on the Exchange where the issuer either: (i) also has a primary listing on one or more overseas stock exchange(s); or (ii) is simultaneously applying to list on the Exchange and one or more overseas stock exchange(s)

...

“EU- IFRS”

IFRS as adopted by the European Union

...

“Financial Reporting Council” or “FRC”

the Financial Reporting Council established by section 6(1) of the Financial Reporting Council Ordinance

“Financial Reporting Council Ordinance” or “FRCO”

the Financial Reporting Council Ordinance (Cap. 588) as amended from time to time

...

“FRC Transaction Levy”

means the levy payable to the Financial Reporting Council pursuant to the provisions of section 50A of the Financial Reporting Council Ordinance

“Grandfathered Greater China Issuer”

a Greater China Issuer that was: (a) primary listed on a Qualifying Exchange on or before 15 December 2017; or (b) primary listed on a Qualifying Exchange after 15 December 2017, but on or before 30 October 2020 and controlled by corporate WVR beneficiaries as at 30 October 2020

“Greater China Issuer”

a Qualifying Issuer with its centre of gravity in Greater China

...

“IOSCO”

International Organization of Securities Commissions

“IOSCO MMOU”

IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information

...

“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

...

“Non-Grandfathered Greater China Issuer”

a Greater China Issuer that is not a Grandfathered Greater China Issuer

“Non-Greater China Issuer”

a Qualifying Issuer that is not a Greater China Issuer

...

“overseas issuer”

an issuer that is neither a Hong Kong issuer nor a PRC issuer incorporated or otherwise established outside Hong Kong

...

“PIE Auditor”

has the same meaning as in section 3A of the FRCO, that is:

(a) a Registered PIE Auditor; or

(b) a Recognised PIE Auditor

Note: Under the FRCO, only an issuer incorporated outside Hong Kong is permitted to appoint a Recognised PIE Auditor for a PIE Engagement. A Mainland auditor recognised under section 202T of the FRCO can only carry out a PIE engagement for a PRC issuer.

“PIE Engagement”

has the same meaning as an engagement specified in Part 1 of Schedule 1A of the FRCO, that is any of the following types of engagement carried out by an auditor or a reporting accountant:

(a) an auditors’ report on a PIE’s annual financial statements required by the Companies Ordinance, the Listing Rules or any relevant code issued by the Commission;

(b) a specified report required to be included in (i) a listing document for the listing of the shares or stocks of a corporation seeking to be listed or a listed corporation; or (ii) a listing document of a Collective Investment Scheme seeking to be listed or a listed Collective Investment Scheme; and

(c) an accountants’ report required under the Listing Rules to be included in a circular issued by a PIE for a reverse takeover or a very substantial acquisition

“place of central management and control”

the Exchange will consider the following factors to determine an issuer’s place of central management and control:

(a) the location from where the issuer’s senior management direct, control, and coordinate the issuer’s activities;

(b) the location of the issuer’s principal books and records; and

(c) the location of the issuer’s business operations or assets

...

“Professional Accountants Ordinance” or “PAO”

the Professional Accountants Ordinance (Cap. 50) as amended from time to time

...

“Public Interest Entity” or “PIE”

has the same meaning as in section 3(1) of the FRCO, that is a listed corporation with listed shares or stocks or a listed Collective Investment Scheme in Hong Kong

Note: A listed corporation with listed debt securities but no listed shares or stocks is not a PIE.

...

“Qualifying Exchange”

The New York Stock Exchange LLC, Nasdaq Stock Market or the Main Market of the London Stock Exchange plc (and belonging to the UK Financial Conduct Authority’s “Premium Listing” segment)

“Qualifying Issuer”

an overseas issuer primary listed on a Qualifying Exchange

“Recognised PIE Auditor”

an overseas auditor recognised under Division 3 of Part 3 of the FRCO, including a Mainland auditor recognised under section 20ZT of the FRCO

“Recognised Stock Exchange”

the main market of a stock exchange that is included in a list of Recognised Stock Exchanges published on the Exchange’s website as updated from time to time. The Qualifying Exchanges are also Recognised Stock Exchanges

“Registered PIE Auditor”

a practice unit registered under Division 2 of Part 3 of the FRCO

...

“SFC Transaction Levy”

means the levy payable to the Commission pursuant to the provisions of section 394 of the SFO

...

“US GAAP”

Generally Accepted Accounting Principles in the United States of America

...

Chapter 2

GENERAL

INTRODUCTION

...

General Principles

...

- 2.04 It is emphasised that the Exchange Listing Rules are not exhaustive and that the Exchange may impose additional requirements or make listing subject to special conditions whenever it considers it appropriate. Conversely, the Exchange may waive, modify or not require compliance with the Exchange Listing Rules in individual cases (to suit the circumstances of a particular case), as a variety of circumstances may exist which require it to make ad hoc decisions. However, any waiver or modification of, or decision not to require compliance with, a rule, which is intended to have general effect (i.e. to affect more than one issuer and its subsidiaries at the same time) may only be granted with the prior consent of the Commission. The Exchange will not grant an individual waiver or modification of a rule, or agree not to require compliance with a rule, on a regularly recurring basis so as to create the same result as a general waiver. Consequently, both new applicants and listed issuers and, in the case of a guaranteed issue, guarantors are encouraged to seek informal and confidential guidance from the Exchange at all times.

Note: Issuers must fully disclose details of any waivers or modifications granted (including the conditions thereof) in the relevant listing document (or in other announcement or circular as the Exchange considers appropriate). The Exchange reserves the right to revoke or modify any waivers or modifications granted if there are any material changes in the information provided or circumstances thereunder.

...

Use of Electronic Means

...

- 2.07C (4) (a) Announcement or notice must not be published on the Exchange's website:
- between 8:30 a.m. and 12:00 noon and between 12:30 p.m. and 4:30 p.m. on a normal business day; and
 - between 8:30 a.m. and 12:30 p.m. on the eves of Christmas, New Year and the Lunar New Year when there is no afternoon session,

except for:

...

- (vi) announcements relating to suspension and resumption of a Mixed Media Offer applicable to public offers of equity securities, CIS and debt securities (see rules 12.11A, 20.19A and 25.19B).

Note: The Exchange may consider an application for a waiver from strict compliance with rule 2.07C(4)(a) for issuers with, or seeking, a dual primary listing or a secondary listing, subject to the conditions that:–

- (a) the issuer discloses in the listing document a clear indication of the impact of the waiver on potential investors;
- (b) the issuer shall inform the Exchange, in the first instance, in the event of any material change being made to the overseas regime on the disclosure of inside/ price sensitive information;
- (c) there is a minimal overlap between Hong Kong market hours and that of the overseas exchange(s) on which the issuer's securities are also traded;
- (d) the issuer notifies the Exchange of a pending announcement and the expected time of release (of both English and Chinese versions) at least ten minutes before the release; and
- (e) the announcement shall be in relation to inside/ price sensitive information and the issuer is required, for reasons not within its control, under the overseas regime to publish such announcement within the period prohibited under rule 2.07C(4)(a).

...

- (b) Any publication by an issuer pursuant to this rule 2.07C must be made in both the English and Chinese language unless otherwise stated.

Note: This paragraph does not apply to documents to be published on the Exchange's website and the issuer's own website pursuant to rule 4.14, rule 5.01B(1)(b), rule 5.02B(2)(b), rule 15A.21(4), rule 17.02(2), ~~rule 19.05(6)(a)(ii)~~, rule 19.10(5)(e), rule 19.10(6), rule ~~19C.10B~~36(3), rule 19A.27(4), rule 19A.50, rule 29.09, rule 36.08(3), paragraph 53 of

Part A of Appendix 1, paragraph 43 of Part B of Appendix 1, paragraph 54 of Part C of Appendix 1, paragraphs 12 and 27 of Part D of Appendix 1, paragraph 76 of Part E of Appendix 1, paragraph 66 of Part F of Appendix 1, paragraph 9(b)(i) of Appendix 4, and paragraphs 5 and 15 of Part H of Appendix 7, paragraphs 1 and 5 in Section 2 of Part A of Appendix 13 and paragraphs 1 and 5 in Section 2 of Part B of Appendix 13.

...

Listing Fees and Other Charges

- 2.12 The details of the initial listing fee, annual listing fee, subsequent issue fee and other charges together with details of the brokerage charge, ~~transaction levies~~ and trading fees on new issues are set out in Appendix 8.

...

Chapter 4

GENERAL

ACCOUNTANTS' REPORTS AND PRO FORMA FINANCIAL INFORMATION

...

Reporting Accountants

- 4.03 ~~All accountants' reports must normally be prepared by certified public accountants who are qualified under the Professional Accountants Ordinance for appointment as auditors of a company and who are~~ Reporting accountants must be independent both of the issuer and of any other company concerned to the same extent as that required of an auditor under the Companies Ordinance and in accordance with the requirements on independence issued by the Hong Kong Institute of Certified Public Accountants, provided that, or the International Federation of Accountants. Subject to rules 4.03(1) and 4.03(2), accountants' reports must normally be prepared by certified public accountants who are qualified under the PAO for appointment as auditors of a company.

- (1) Where the preparation of an accountants' report constitutes a PIE Engagement under the FRCO, the issuer must normally appoint a firm of practising accountants that is qualified under the PAO and is a Registered PIE Auditor under the FRCO. In the case of such a PIE Engagement that is a reverse takeover or a very substantial acquisition circular issued by a listed issuer incorporated outside Hong Kong relating to the acquisition of an overseas company, the Exchange may be prepared to accept the appointment of an overseas firm of practising accountants that is not qualified under the PAO but is a Recognised PIE Auditor of that issuer under the FRCO.

Notes:

1. The preparation of an accountants' report included in (a) a listing document for the listing of the shares or stocks of a corporation seeking to be listed or a listed corporation; or (b) a circular issued by a PIE for a reverse takeover or a very substantial acquisition is a PIE Engagement under the FRCO.
2. In relation to an application for the recognition of an overseas firm of practising accountants under the FRCO, on a request made by an issuer incorporated outside Hong Kong, the Exchange may provide a statement of no objection to that issuer appointing an overseas firm of practising accountants to carry out a PIE Engagement for that issuer under section 20ZF(2)(a) of the FRCO. Such firm must normally:
 - (a) have an international name and reputation;
 - (b) be a member of a recognised body of accountants; and
 - (c) be subject to independent oversight by a regulatory body of a jurisdiction that is a full signatory to the IOSCO MMOU. It would be acceptable if the relevant audit oversight body is not a signatory to the IOSCO MMOU but the securities regulator in the same jurisdiction is a full signatory to the IOSCO MMOU.

That issuer must provide the specific reasons supporting its request for a statement of no objection, for example:

- such firm has a geographical proximity and familiarity with the businesses of that issuer or the target;
- that issuer or the target is listed on a Recognised Stock Exchange, and such firm is the auditor of that issuer or the target; and
- such firm is the statutory auditor of that issuer or the target.

If applicable, this statement of no objection is also subject to the Commission granting a certificate of exemption from strict compliance with the relevant requirement concerning the qualification of the reporting accountants under the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

The Exchange retains a discretion to accept or reject an application for a statement of no objection, and reserves the right to withdraw the statement of no objection pursuant to section 20ZF(2)(a) of the FRCO.

(2) ~~if~~ In the case of an extreme transaction or a major transaction circular issued by a listed issuer in connection with the acquisition of an overseas company, the Exchange may be prepared to permit the accountants' report to be prepared by a firm of practising accountants ~~which~~ that is not ~~so-~~qualified under the PAO but which is acceptable to the Exchange. Such a firm must normally: ~~have an international name and reputation and be a member of a recognised body of accountants.~~

- (a) have an international name and reputation;
- (b) be a member of a recognised body of accountants; and
- (c) be subject to independent oversight by a regulatory body of a jurisdiction that is a full signatory to the IOSCO MMOU. It would be acceptable if the relevant audit oversight body is not a signatory to the IOSCO MMOU but the securities regulator in the same jurisdiction is a full signatory to the IOSCO MMOU.

...

Overseas Issuers and PRC Issuers

- 4.20 ~~Special requirements apply in the case of~~ Overseas issuers and PRC issuers must also comply with the requirements which are set out in Chapters 19, 19A, 19C and 36.

...

Chapter 8

EQUITY SECURITIES

QUALIFICATIONS FOR LISTING

...

Basic Conditions

- 8.02 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 and its memorandum and articles of association or equivalent documents.
- 8.02A Each of the statutory securities regulator of an issuer's jurisdiction of incorporation and the statutory securities regulator of the place of central management and control must be a full signatory to the IOSCO MMOU. This is to enable the Commission to seek regulatory assistance and information from overseas statutory securities regulators to facilitate the Commission's investigations and enforcement actions where an issuer has its records, business operations, assets and management outside Hong Kong.
- 8.02B The Exchange may waive rule 8.02A in an individual case only with the Commission's explicit consent having regard to whether there are adequate arrangements to enable the Commission to access financial and operational information (such as books and records) on an issuer's business in the relevant place of incorporation and place of central management and control for its investigation and enforcement purposes.

...

Chapter 8A

EQUITY SECURITIES

WEIGHTED VOTING RIGHTS

...

Scope

The Exchange Listing Rules (including Chapter 8) apply as much to issuers with or seeking a listing with a WVR structure, as other issuers of equity securities. This Chapter sets out rules and modifications to existing rules applicable to issuers with, or seeking, a listing with a WVR structure. For overseas issuers with a WVR structure~~Qualifying Issuers~~ with, or seeking, a secondary listing, the rules in this Chapter are subject to modification by rule 8A.46~~19C.12~~.

Issuers are encouraged to contact the Exchange if they envisage any difficulties in complying fully with the relevant requirements.

...

CORPORATE GOVERNANCE

...

Resolutions Requiring Voting on a One Vote per Share Basis

8A.24 Any weighted voting rights attached to any class of shares in a listed issuer must be disregarded and must not entitle the beneficiary to more than one vote per share on any resolution to approve the following matters:

(1) ...

...

Note: The purpose of rule 8A.24 is to protect non-WVR shareholders from resolutions being passed by WVR beneficiaries without their consent and not to enable non-WVR shareholders to remove or further constrain weighted voting rights. The weighted voting rights attached to a class of issued shares may be varied only with the consent of the holders of that class of shares as stipulated by the regulations and/or laws to which the issuer is subject. Where the regulations and/or laws do not require such approval, the Exchange will require such approval to be included in its constitutional documents to the extent it is not prohibited under the laws of its incorporation ~~(for issuers incorporated in Bermuda or~~

~~the Cayman Islands see Appendix 13a, paragraph 2(1) and Appendix 13b, paragraph 2(1)).~~

...

Additional Exceptions to the Rules for Certain Overseas Issuers with a WVR structure

8A.45 Rules 8A.04 to 8A.06 do not apply to a Qualifying Issuer with a WVR structure seeking a secondary listing under Chapter 19C.

8A.46 Rules 8A.07 to 8A.36, 8A.43 and 8A.44 do not apply to a Grandfathered Greater China Issuer or a Non-Greater China Issuer with a WVR structure that has or is seeking:–

- (a) a dual primary listing on the Exchange under Chapter 19, on the condition that the issuer satisfies the qualification requirements under rule 8A.06 and has a track record of good regulatory compliance of at least two full financial years on a Qualifying Exchange of primary listing; or
- (b) a secondary listing under Chapter 19C.

Notes:

- (1) In accordance with Rule 2.06, the Exchange reserves the right, in its absolute discretion, to refuse a listing of securities of an overseas issuer, for example, if its WVR structure represents an extreme case of non-conformance with corporate governance norms.
- (2) This exemption is only applicable to the WVR structure in effect at the time of the issuer's dual primary listing or secondary listing on the Exchange.

Chapter 9

EQUITY SECURITIES

APPLICATION PROCEDURES AND REQUIREMENTS

Preliminary

...

9.09 There must be no dealing in the securities for which listing is sought by any core connected person of the issuer (except as permitted by rule 7.11):

- (a) in the case of listing application by listed issuers, from the time of submission of the formal application for listing until listing is granted; and
- (b) in the case of a new applicant, from 4 clear business days before the expected hearing date until listing is granted.

The directors of the issuer for whose securities listing is being sought shall forthwith notify the Exchange of any such dealing or suspected dealing of which they become aware. If any of the directors or their close associates are found to have engaged in such dealing, the application may be rejected.

Note: The Exchange may consider an application for a waiver from strict compliance with rule 9.09 for issuers with, or seeking, a dual primary listing or a secondary listing, subject to the following conditions:—

- (a) the core connected persons have no influence over the listing process and are not in possession of inside information;
- (b) the issuer promptly releases any inside information to the public in its overseas jurisdiction(s) in accordance with the relevant laws and regulations;
- (c) it is beyond the issuer's control that the core connected person(s) conduct dealings in the issuer's securities on markets outside the Exchange (e.g. a public investor who may become a substantial shareholder before the issuer lists on the Exchange); and
- (d) the issuer has systems in place to identify the dealings by any of its core connected persons during the restricted period and notifies the Exchange of breaches of dealing restriction by any of its core connected persons other than those who have already been exempted from strict compliance with rule 9.09 during the restricted period.

...

- 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 Appendixes 3 and (for overseas issuers) the related guidance materials, and (where applicable) Appendix 13, 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;
- ...

Chapter 10

EQUITY SECURITIES

RESTRICTIONS ON PURCHASE AND SUBSCRIPTION

Restrictions and Notification Requirements on Issuers Purchasing their own Shares on a Stock Exchange

- ...
- 10.06 (1) (a) ...
- ...
- (6) General
- ...
- (c) for the purposes of rules 10.05, 10.06, and 19.16 ~~and 19.43~~ "shares" shall mean shares of all classes and securities which carry a right to subscribe or purchase shares, of the issuer provided that the Exchange may waive the requirements of those rules in respect of any fixed participation shares which are, in the opinion of the Exchange, more analogous to debt securities than equity securities. References to purchases of shares include purchases by agents or nominees on behalf of the issuer or subsidiary of the issuer, as the case may be.
- ...

Chapter 11

EQUITY SECURITIES

LISTING DOCUMENTS

Contents

- 11.06 Subject to rule 11.09 and rule 11.09A, listing documents must contain all of the specific items of information which are set out in either Part A, B, E or F of

Appendix 1 (as the case may be). In those cases where listing is sought for securities of an issuer no part of whose share capital is already listed the items of information specified in Part A or E (as the case may be) must be included; in those cases where listing is sought for securities of an issuer some part of whose share capital is already listed the items of information specified in Part B or F (as the case may be) must be included.

Note: The Exchange may consider an application for a waiver from the disclosure requirement of the issue price or offer price under rule 11.06, paragraph 15(2)(c) of Appendix 1A and paragraph 49(2)(c) of Appendix 1E (as applicable) for issuers with, or seeking, a dual primary listing or a secondary listing, subject to the conditions that:–

- (a) the Commission grants a certificate of exemption from strict compliance with the relevant requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (b) the listing document discloses (i) the maximum offer price (also in the application forms); (ii) when the final offer price will be determined and how it will be published; (iii) the issuer's historical share prices during the trading record period and up to the latest practicable date; (iv) trading liquidity; and (v) the determinants of the final offer price; and
- (c) investors will be able to access the latest market price of the issuer's shares.

...

Chapter 13

EQUITY SECURITIES

CONTINUING OBLIGATIONS

...

GENERAL MATTERS RELEVANT TO THE ISSUER'S SECURITIES

Changes in issued shares – next day disclosure return and monthly return

...

- 13.25B A listed issuer shall, by no later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the fifth business day next following the end of each calendar month, submit

through HKEx-EPS, or such other means as the Exchange may from time to time prescribe, for publication on the Exchange's website, a monthly return in relation to movements in the listed issuer's equity securities, debt securities and any other securitised instruments, as applicable, during the period to which the monthly return relates, in such form and containing such information as the Exchange may from time to time prescribe (irrespective of whether there has been any change in the information provided in its previous monthly return). Such information includes, among other things, the number as at the close of such period of equity securities, debt securities and any other securitised instruments, as applicable, issued and which may be issued pursuant to options, warrants, convertible securities or any other agreements or arrangements.

Note: The Exchange may consider an application for a waiver from strict compliance with rule 13.25B for issuers with, or seeking, a secondary listing under Chapter 19C, subject to the issuer meeting one of the following three conditions:

- (a) it has received a relevant partial exemption from Part XV of the SFO;*
- (b) it publishes a "next day disclosure" in strict compliance with rule 13.25A;*
or
- (c) it is subject to overseas laws or regulations that have a similar effect to rule 13.25B and any differences are not material to shareholder protection.*

...

Purchase of securities

13.31 (1) ...

- (2) 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.

Notes:

...

- 2. *Issuers may only purchase their own securities on the Exchange in accordance with the provisions of rule 10.06 (which is, in the case of an overseas issuer, subject to rule ~~19.43~~19C.11 if the*

issuer's primary listing is or is to be on another stock exchange; and in the case of a PRC issuer, amended by the provisions of Chapter 19A).

...

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:—

...

- (2) No such consent as is referred to in rule 13.36(1)(a) shall be required:—

- (a) for the allotment, issue or grant of such securities pursuant to an offer made to the shareholders of the issuer which excludes for that purpose any shareholder that is resident in a place outside Hong Kong provided the directors of the 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 issuer entitled to be offered them, pro rata (apart from fractional entitlements) to their existing holdings; or

...

- (b) if, but only to the extent that, the existing shareholders of the issuer have by ordinary resolution in general meeting given a general mandate to the directors of the issuer, either unconditionally or subject to such terms and conditions as may be specified in the resolution, to allot or issue such securities or to grant any offers, agreements or options which would or might require securities to be issued, allotted or disposed of, whether during the continuance of such mandate or thereafter, subject to a restriction that the aggregate number of securities allotted or agreed to be allotted must not exceed the aggregate of (i) 20% of the number of issued shares of the issuer as at the date of the resolution granting the general mandate (or in the case of a scheme of arrangement involving an introduction in the circumstances set out in rule 7.14(3), 20% of the number of issued shares of an overseas issuer

following the implementation of such scheme) and (ii) the number of such securities repurchased by the issuer itself since the granting of the general mandate (up to a maximum number equivalent to 10% of the number of issued shares of the issuer as at the date of the resolution granting the repurchase mandate), provided that the existing shareholders of the issuer have by a separate ordinary resolution in general meeting given a general mandate to the directors of the issuer to add such repurchased securities to the 20% general mandate.

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)(b) is only permitted in the circumstances set out in rule 14A.92.

2. ~~[Repealed 1 January 2022]An overseas 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.~~

...

MEETINGS

...

Voting of directors at board meetings

13.44 ~~Subject to the exceptions set out in paragraphs (1), (2), (4) and (5) of Note 1 to Appendix 3, a~~ director of the issuer shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his close associates has a material interest nor shall he be counted in the quorum present at the meeting subject to the following exceptions:-

(1) the giving of any security or indemnity either:—

(a) to the director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the issuer or any of its subsidiaries;
or

- (b) to a third party in respect of a debt or obligation of the issuer or any of its subsidiaries for which the director or his close associate(s) has himself/ themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;
- (2) any proposal concerning an offer of shares or debentures or other securities of or by the issuer or any other company which the issuer may promote or be interested in for subscription or purchase where the director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;
- (3) any proposal or arrangement concerning the benefit of employees of the issuer or its subsidiaries including:—
 - (a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the director or his close associate(s) may benefit; or
 - (b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to the director, his close associate(s) and employee(s) of the issuer or any of its subsidiaries and does not provide in respect of any director, or his close associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and
- (4) any contract or arrangement in which the director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the issuer by virtue only of his/their interest in shares or debentures or other securities of the issuer.

...

NOTIFICATION

Changes

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

- (1) ...

Notes: ...

2. *An issuer shall not at any time permit or cause any amendment to be made to its memorandum or articles of association or bye-laws which would cause the same to cease to comply with the provisions of Appendix 3 or Section 1 of Part A or Part B (where appropriate) of Appendix 13.*

...

Circulars to holders of securities

- 13.55 (1) In the event of a circular being issued to the holders of any of the issuer's securities, the issuer shall issue a copy or summary of such circular to the holders of all its other securities (not being bearer securities) unless the contents of such circular are of no material concern to such other holders.

Notes:

1. *Where there is a class of listed securities in bearer form, it may be sufficient to publish an announcement in accordance with rule 2.07C referring to the circular and giving an address or addresses from which copies can be obtained.*
2. *The Exchange may consider an application for a waiver from strict compliance with rule 13.55(1) for issuers with, or seeking, a secondary under Chapter 19C, subject to the condition that the issuer is subject to overseas laws and regulations that have a similar effect (i.e. that circulars are provided to Hong Kong shareholders) and any differences are not material to shareholder protection.*

...

GENERAL

...

Nomination of directors

- 13.70 An issuer must give its shareholders the opportunity to lodge a notice with it proposing a person for election as a director at a general meeting. The issuer shall publish an announcement in accordance with rule 2.07C or issue a supplementary circular upon receipt of a any such notice from a shareholder ~~to propose a person for election as a director at the general meeting where~~

such notice is received by the issuer after publication of the notice of meeting. The issuer shall include particulars of the proposed director in the announcement or supplementary circular. The issuer must give shareholders at least seven days to consider the relevant information disclosed in such an announcement or supplementary circular prior to the date of the meeting of the election.

Note: The issuer must assess whether or not it is necessary to adjourn the meeting of the election to give shareholders a longer period of at least 10 business days to consider the relevant information disclosed in the announcement or supplementary circular.

Notices

- 13.71 An issuer shall send notices to all holders of its listed securities whether or not their registered address is in Hong Kong.
- 13.72 Any notice to be given by an issuer under this Chapter shall be in writing and any notice to the holder of a bearer security may be given by being published in accordance with rule 2.07C.
- 13.73 In addition to any direction of the court, the issuer shall ensure that notice of every meeting of its shareholders or its creditors concerning the issuer (e.g. for winding up petitions, schemes of arrangement or capital reduction) is published in accordance with rule 2.07C. The issuer shall despatch a circular to its shareholders at the same time as (or before) the issuer gives notice of the general meeting to approve the transaction referred to in the circular. The issuer shall provide its shareholders with any material information on the subject matter to be considered at a general meeting that comes to the directors' attention after the circular is issued. The issuer must provide the information either in a supplementary circular or by way of an announcement in accordance with rule 2.07C not less than 10 business days before the date of the relevant general meeting to consider the subject matter. The meeting must be adjourned before considering the relevant resolution to ensure compliance with this 10 business day requirement by the chairman or, if that is not permitted by the issuer's constitutional documents, by resolution to that effect (see also rule 13.41).

Notes:

1. *The issuer must assess the scale of revisions or updating required and materiality of the new information, revisions or updating required that has come to its attention since publication of the circular when deciding whether to issue a revised or supplementary circular or to publish an announcement in accordance with rule 2.07C. Where the revisions or updating required are significant, the issuer must consider carefully whether it would be better to publish a revised or supplementary circular rather than provide particulars of the changes in an announcement. The issuer should not overwhelm or confuse investors with lengthy announcements describing changes to information contained in the original circular.*
2. *The Exchange may consider an application for a waiver from strict compliance with rules 13.71 to 13.73 for issuers with, or seeking, a secondary listing under Chapter 19C, subject to the condition that the issuer is subject to overseas laws and regulations that have a similar effect (i.e. that notices are provided to Hong Kong shareholders) and any differences are not material to shareholder protection in Hong Kong.*

...

Independent financial advisers

- 13.80 An independent financial adviser appointed under rule 13.39(6)(b), rule 14A.44 or rule 19.05(6)(a)(iii) must take all reasonable steps to satisfy itself that:

...

- 13.81 The issuer must:
- (1) afford any independent financial adviser it appoints pursuant to rule 13.39(6)(b), rule 14A.44 or rule 19.05(6)(a)(iii) full access at all times to all persons, premises and documents relevant to the independent financial adviser's performance of its duties as set out in the Exchange Listing Rules. In particular, terms of engagement with experts retained to perform services related to the transaction should contain clauses entitling the independent financial adviser access to:

...

Chapter 15A

STRUCTURED PRODUCTS

...

Application Procedures and Requirements

...

15A.64 The following documents must be supplied to the Exchange as soon as practicable after the launch of the structured product but before the listing of the structured product:—

...

- (2) a remittance in respect of the listing fee, ~~transaction~~ levy and trading fees as determined pursuant to Appendix 8;

...

Chapter 19

EQUITY SECURITIES

PRIMARY LISTINGS OF OVERSEAS ISSUERS

Preliminary

19.01 The Exchange Listing Rules apply as much to overseas issuers as they do to Hong Kong issuers, ~~subject to~~ This Chapter sets out the additional requirements, modifications or exceptions set out or referred to in this Chapter that apply to an overseas issuer whose primary listing is or is to be on the Exchange. This includes an overseas issuer that has a dual primary listing.

19.02 ~~The Exchange Listing Rules for overseas issuers are different, depending on whether their primary listing is or is to be on the Exchange or on another stock exchange. The first section deals with rules for primary listings, and the second section deals with secondary listings.~~ may exercise its power under rule 2.04 to waive, modify or not require compliance with an Exchange Listing Rule for issuers with, or seeking, a listing under this chapter, on a case by case basis.

...

PRIMARY LISTINGS

- 19.04 ~~[Repealed 1 January 2022]~~ This section sets out the additional requirements, modifications or exceptions which apply to an overseas issuer whose primary listing is or is to be on the Exchange.

Qualifications for Listing

- 19.05 The following additional requirements apply:—

- (1) the Exchange reserves the right, in its absolute discretion, to refuse a listing of securities of an overseas issuer if it believes that it is not in the public interest to list them;—

- (a) ~~[Repealed 1 January 2022]~~ it believes that it is not in the public interest to list them; or

- (b) ~~[Repealed 1 January 2022]~~ the Exchange is not satisfied that the overseas issuer is incorporated or otherwise established in a jurisdiction where the standards of shareholder protection are at least equivalent to those provided in Hong Kong;

~~*Note: Where the Exchange believes that the jurisdiction in which the overseas issuer is incorporated is unable to provide standards of shareholder protection at least equivalent to those provided in Hong Kong, but that it is possible by means of varying the overseas issuer's constitutive documents to provide standards of shareholder protection equivalent to those provided in Hong Kong, then the Exchange may approve the listing of securities of the overseas issuer subject to the overseas issuer making such variations to its constitutive documents as the Exchange may require.*~~

...

- (6) where an overseas issuer wishes to obtain its primary listing on the Exchange by way of an introduction in the circumstances set out in rule 7.14(3):—, it must, if requested to do so by the Exchange, appoint an independent financial adviser acceptable to the Exchange to confirm that the proposals are in the interests of the holders of the securities of the existing listed company or companies.

- (a) ~~[Repealed 1 January 2022]~~ it must comply with the following additional requirements:—

- ~~(i) provide the Exchange with details of the relevant regulatory provisions (statutory or otherwise) in its place of incorporation or other establishment and demonstrate that the standards of shareholder protection provided by that jurisdiction are not lower than those pertaining in Hong Kong;~~
 - ~~(ii) include in the listing document a summary of the above-mentioned regulatory provisions in a form to be decided or agreed upon by the Exchange on a case by case basis and in the Exchange's absolute discretion, provided that, 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 13, the summary need only be published on the Exchange's website and the issuer's own website (see Appendix 13); and~~
 - ~~(iii) with the exception of those overseas issuers which are incorporated or otherwise established in any jurisdiction in respect of which additional requirements are set out in Appendix 13, if requested to do so by the Exchange, appoint an independent financial adviser acceptable to the Exchange to confirm that the proposals are in the interests of the holders of the securities of the existing listed company or companies;~~
- (b) [Repealed 1 January 2022]in addition the overseas issuer must comply with such other requirements as the Exchange may on a case by case basis impose, in order to ensure that Hong Kong investors will be afforded the same level of protection as exists in Hong Kong in relation to the holding of securities in a Hong Kong issuer. The additional requirement currently imposed by the Exchange in respect of certain jurisdictions are set out in Appendix 13. The Exchange may add to or waive, modify or not require compliance with these requirements on a case by case basis; and
- (c) [Repealed 1 January 2022]attention is particularly drawn to the requirement in rule 7.14(3) that any reorganisation by way of scheme of arrangement or by any other means whereby securities are issued by an overseas issuer in exchange for the securities of

~~one or more listed Hong Kong issuers and the listing of the latter issuer or issuers is withdrawn at the same time as the securities of the overseas issuer are listed, must first be approved by a special resolution of the shareholders of the listed Hong Kong issuer or issuers.~~

...

Listing Documents

19.08 ~~[Repealed 1 January 2022]~~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);~~
- ~~(3) the requirement to include a summary of the provisions of the constitutive documents of the overseas issuer and the relevant regulatory provisions (statutory or otherwise) of the jurisdiction in which the overseas issuer is incorporated or otherwise established, in the listing document (see rules 19.10(2) and (3) and 19.10A); and~~
- ~~(4) the modifications and additional requirements which apply in the case of an introduction in the circumstances set out in rule 7.14(3), where the overseas issuer is incorporated or otherwise established in certain named jurisdictions, and which are set out in Appendix 13.~~

...

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 the same subject headings as is required by Section 2 of Appendix 13 in respect of certain named jurisdictions)~~. This requirement is modified 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 13 and which is applying for listing by way of an introduction in the circumstances set out in rule 7.14(3) ~~(see Appendix 13)~~;

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.

- (3) the listing document must contain a summary of the relevant regulatory provisions (statutory or otherwise) of the jurisdiction in which the overseas issuer is incorporated or otherwise established in a form to be agreed upon by the Exchange on a case by case basis and in the Exchange's absolute discretion. ~~This requirement is modified 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 13 and which is applying for listing by way of an introduction in the circumstances set out in rule 7.14(3) (see Appendix 13);~~

...

- (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: the listing document must contain (but

- (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 ~~(in the same format as is set out in Section 2 of Appendix 13 in respect of certain named jurisdictions)~~. ~~This requirement is modified 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 13 (see Appendix 13);~~

Notes:

1. In such cases the details of the articles of association or equivalent document required to be set out in the listing document by paragraph 7 of Part A of Appendix 1 may be limited to a summary of the changes, if any, between the Hong Kong issuer's articles of association and the overseas issuer's proposed constitutive documents, in respect of each

of the areas set out in that paragraph, provided that the summary also includes details of any differences or additional provisions in the proposed new constitutive documents which confer on directors of the overseas issuer any special powers, the exercise of which would affect the rights or interests of the shareholders.

2. 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.

(ii) a summary of the provisions of the constitutive documents of the overseas issuer, which is required by rule 19.10(2); and

(iii) a summary of the relevant regulatory provisions (statutory or otherwise) of the jurisdiction in which the overseas issuer is incorporated or otherwise established which is required by rule 19.10(3) together with a copy of all relevant statutes and/or regulations;

...

- (6) the documents to be published on the Exchange's website and the issuer's own website will be the documents corresponding to those mentioned in paragraph 53 of Part A and paragraph 43 of Part B of Appendix 1. Unless otherwise provided by the Companies (Winding Up and Miscellaneous Provisions) Ordinance, where any of such documents are not in the English language, certified English translations thereof must be published on the Exchange's website and the issuer's own website. In addition, where rule 19.10(3) applies, the overseas issuer must publish on the Exchange's website and the issuer's own website a copy of any statutes or regulations which are relevant to the summary of the regulatory provisions of the jurisdiction in which the overseas issuer is incorporated or otherwise established. In particular cases, the Exchange may require other additional documents to be published on the Exchange's website and the issuer's own website; and

Note: The Exchange may consider an application for a waiver from strict compliance with the requirement to publish on the Exchange's website and the issuer's own website the relevant statutes or regulations under rule 19.10(6) for issuers having a

dual primary listing, subject to the conditions that the website addresses of the relevant statutes and regulations applicable to the issuer are disclosed in the listing document; and these websites are easily accessible to the public free of charge.

...

Accountants' Reports

19.11 ~~[Repealed 1 January 2022]~~Attention is particularly drawn to the requirement for the reporting accountant to be independent both of the overseas issuer and of any other company concerned (see rule 4.03).

19.12 An accountants' report will not normally be regarded as acceptable unless the relevant accounts have been audited to a standard comparable to that required in ~~Hong Kong~~required by the Hong Kong Institute of Certified Public Accountants or by the International Auditing and Assurance Standards Board of the International Federation of Accountants.

Note: A list of alternative overseas auditing standards that are considered comparable to the standards set out in this rule is published on the Exchange's website, as amended from time to time.

19.13 Accountants' Reports ~~will normally be~~ are required to conform with financial reporting standards acceptable to the Exchange, which are normally HKFRS or IFRS~~the requirements as to accounting standards set out in rules 4.11 to 4.13.~~

19.14 Where the Exchange allows a report to be drawn up otherwise than in conformity with ~~Hong Kong Financial Reporting Standards~~HKFRS or ~~International Financial Reporting Standards~~IFRS, the report will be required to conform with ~~accounting~~financial reporting standards acceptable to the Exchange. In such cases the Exchange will normally require the report to contain a reconciliation statement of setting out the financial effect of the material differences (if any) from either ~~of the above accounting standards~~HKFRS or IFRS.

Notes:

1. The suitability of alternative overseas financial reporting standards depends on whether there is any significant difference between the overseas financial reporting standards and IFRS, and whether there is

any concrete proposal to converge or substantially converge the overseas financial reporting standards with IFRS.

2. A list of alternative overseas financial reporting standards that are considered comparable to HKFRS or IFRS is published on the Exchange's website, as amended from time to time.

3. The reconciliation statement must be reviewed by the reporting accountant that reports on the relevant financial statements.

4. An overseas issuer with a dual primary listing that adopts one of the alternative standards referred to in Note 2 above (other than issuers incorporated in a member state of the European Union which have adopted EU-IFRS) for the preparation of its accountants' reports must adopt HKFRS or IFRS if it de-lists from the jurisdiction of that alternative standard and must do so for any annual and interim financial statements that fall due under the Exchange Listing Rules, and are published, after the first anniversary of the date of its de-listing.

...

Continuing Obligations

19.17 ~~[Repealed 1 January 2022]~~ Whilst Chapter 13 and Appendix 16 apply equally to overseas issuers, the Exchange may be prepared to agree to such modifications as it considers appropriate in a particular case.

19.18 ~~[Repealed 1 January 2022]~~ Conversely, the Exchange may impose additional requirements in a particular case. In particular, the Exchange may impose such additional requirements as it considers necessary to ensure that investors have the same protection as that afforded to them in Hong Kong. The additional requirements currently imposed by the Exchange in respect of certain jurisdictions are set out in Appendix 13. The Exchange may add to or waive, modify or not require compliance with, these requirements on a case by case basis in its absolute discretion.

Annual report and accounts and auditors' report

...

19.20 The annual accounts must be audited by a person, firm or company who must be a practising accountant of good standing. Such person, firm or company must also be independent of the overseas issuer to the same extent as that

required of an auditor under the Companies Ordinance and in accordance with the ~~statements~~requirements on independence issued by the International Federation of Accountants and, if the overseas issuer's primary listing is or is to be on the Exchange, must be either:—

- (1) qualified under the ~~Professional Accountants Ordinance~~PAO for appointment as an auditor of a company and a Registered PIE Auditor under the FRCO; or
- (2) ~~a firm of accountants acceptable to the Exchange which has an international name and reputation and is a member of a recognised body of accountants~~an overseas firm of practising accountants that is a Recognised PIE Auditor of that issuer under the FRCO.

Note: In relation to an application for the recognition of an overseas firm of practising accountants under the FRCO, on a request made by an overseas issuer, the Exchange may provide a statement of no objection to that issuer for appointing an overseas firm of practising accountants to carry out a PIE Engagement for that issuer under section 20ZF(2)(a) of the FRCO (see note 2 to rule 4.03(1)).

19.21 The annual accounts must be audited to a standard comparable to that required by the Hong Kong Institute of Certified Public Accountants or by the International Auditing and Assurance Standards Board of the International Federation of Accountants.

Note: A list of alternative overseas auditing standards that are considered comparable to the standards set out in this rule is published on the Exchange's website, as amended from time to time.

...

19.25A The annual accounts are required to conform with financial reporting standards acceptable to the Exchange, which are normally HKFRS or IFRS. Where the Exchange allows annual accounts to be drawn up otherwise than in conformity with HKFRS or IFRS, the annual accounts will be required to conform with financial reporting standards acceptable to the Exchange. In such cases the Exchange will normally require the annual accounts to contain a reconciliation statement setting out the financial effect of the material differences (if any) from either HKFRS or IFRS.

Notes:

1. The suitability of alternative overseas financial reporting standards depends on whether there is any significant difference between the overseas financial reporting standards and IFRS, and whether there is any concrete proposal to converge or substantially converge the overseas financial reporting standards with IFRS.
2. A list of alternative overseas financial reporting standards that are considered comparable to HKFRS or IFRS is published on the Exchange's website, as amended from time to time.
3. An overseas issuer is also required to include a reconciliation statement in its interim report. The reconciliation statement contained in the annual accounts or interim report must be reviewed by its auditor.
4. An overseas issuer with a dual primary listing that adopts one of the alternative standards referred to in Note 2 above (other than issuers incorporated in a member state of the European Union which have adopted EU-IFRS) for the preparation of its annual accounts must adopt HKFRS or IFRS if it de-lists from the jurisdiction of that alternative standard and must do so for any annual and interim financial statements that fall due under the Exchange Listing Rules, and are published, after the first anniversary of the date of its de-listing.

Listing Fees

- 19.26 ~~[Repealed 1 January 2022]Details of the initial listing fee, annual listing fee, subsequent issue fee and other charges together with details of the brokerage charge, transaction levies and trading fees on new issues are set out in Appendix 8.~~

...

SECONDARY LISTINGS

- 19.29 ~~[Repealed 1 January 2022]This section sets out the additional requirements, modifications or exceptions which apply to an overseas issuer whose primary listing is or is to be on another stock exchange.~~

Qualifications for Listing

- 19.30 ~~[Repealed 1 January 2022]The following additional requirements apply:—~~

~~(1) the Exchange reserves the right, in its absolute discretion, to refuse a listing of securities of an overseas issuer if:—~~

~~(a) it believes that it is not in the public interest to list them; or~~

~~(b) it is not satisfied that the overseas issuer's primary listing is or is to be on an exchange where the standards of shareholder protection are at least equivalent to those provided in Hong Kong;~~

~~*Note: Where the Exchange believes that the jurisdiction in which the overseas issuer is incorporated is unable to provide standards of shareholder protection at least equivalent to those provided in Hong Kong, but that it is possible by means of varying the overseas issuer's constitutive documents to provide standards of shareholder protection equivalent to those provided in Hong Kong, then the Exchange may approve the listing of securities of the overseas issuer subject to the overseas issuer making such variations to its constitutive documents as the Exchange may require.*~~

~~(2) the overseas issuer must normally appoint, and maintain throughout the period the overseas issuer's securities are listed on the Exchange the appointment of, a person authorised to accept service of process and notices on its behalf in Hong Kong, and must notify the Exchange of his appointment and any termination of his appointment and details of:—~~

~~(a) his address for service of process and notices;~~

~~(b) if different, his place of business or, if he does not maintain a place of business, his residential address;~~

~~(c) his business or residential telephone number, as the case may be;~~

~~(d) his email address and facsimile number (if available); and~~

~~(e) any change in the above particulars;~~

~~*Note: The person appointed under this rule may also be the person authorised to accept service required to be appointed under Part 16 of the Companies Ordinance, if*~~

~~applicable.~~

- ~~(3) listing on the overseas issuer's primary exchange must have been granted before listing on the Exchange can be granted;~~
- ~~(4) (a) in the case of registered securities (other than those transferable by endorsement and delivery), provision must be made for a register of holders to be maintained in Hong Kong, or such other place as the Exchange may agree, and for transfers to be registered locally. The Exchange may, however, consider an alternative proposal for registering transfers for Hong Kong holders in exceptional circumstances provided that adequate arrangements are made to have a share transfer agent in Hong Kong; and~~
- ~~(b) in the case of bearer securities, provision must be made for the payment of dividends or interest and repayment of capital in Hong Kong, or such other place as the Exchange may agree;~~
- ~~(5) unless the Exchange otherwise agrees only securities registered on the Hong Kong register may be traded on the Exchange; and~~
- ~~(6) where two or more share registers are maintained it will not be necessary for the Hong Kong register to contain particulars of the shares registered on any other register.~~

19.31 ~~[Repealed 1 January 2022]The requirement in rule 8.08 that a prescribed percentage of any class of listed securities must at all times be held by the public does not apply.~~

~~Application Procedures and Requirements~~

19.32 ~~[Repealed 1 October 2013]~~

19.33 ~~[Repealed 1 January 2022]The following modifications apply:—~~

- ~~(1) in rules 9.09, 9.11(3a), 9.11(3b), 9.11(17b), 9.11(28), 9.11(38) and 9.20(1) the references to "directors" should be read as references to members of the overseas issuer's governing body;~~
- ~~(2) the one signed copy of the listing document lodged with the Exchange pursuant to rule 9.11(29)(a) may be signed by two members of the~~

overseas issuer's governing body or by their agents authorised in writing rather than by or on behalf of every director or proposed director; and

- ~~(3) the declaration and undertaking to be lodged under rule 9.11(38) may require adjustment by virtue of the laws to which the overseas issuer is subject.~~

Listing Documents

19.34 ~~[Repealed 1 January 2022]~~Attention is particularly drawn to:—

- ~~(1) the requirement to include a statement of responsibility (see rule 11.12); and~~
- ~~(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). In particular, the Exchange may require the listing document to contain a summary of the relevant regulatory provisions (statutory or otherwise) which apply to companies with a primary listing on the overseas issuer's primary stock exchange, in a form to be agreed upon by the Exchange on a case by case basis.~~

19.35 ~~[Repealed 1 January 2022]~~The Exchange may be prepared to permit the omission of information where it considers it appropriate. In considering requests for any such omissions, the Exchange will have regard to:—

- ~~(1) whether the overseas issuer has its primary listing on a regulated, regularly operating, open stock market recognised for this purpose by the Exchange and conducts its business and makes disclosure according to the accepted standards in Hong Kong; and~~
- ~~(2) the nature and extent of the regulatory standards and controls to which the overseas issuer is subject on its primary exchange.~~

~~Overseas issuers who want to omit any of the prescribed information should therefore consult the Exchange at the earliest possible opportunity.~~

19.36 ~~[Repealed 1 January 2022]~~The following modifications and additional requirements apply:—

- ~~(1) some of the items of information specified in Parts A and B of Appendix 1 may be inappropriate. In such a case, the item should be appropriately adapted so that equivalent information is given;~~

- ~~(2) if the overseas issuer does not have a board of directors, the statement of responsibility required under paragraph 2 of Parts A and B of Appendix 1 must be made by all the members of the overseas issuer's equivalent governing body and the listing document should be modified appropriately;~~
- ~~(3) the documents to be published on the Exchange's website and the issuer's own website will be the documents corresponding to those mentioned in paragraph 53 of Part A and paragraph 43 of Part B of Appendix 1. Unless otherwise provided by the Companies (Winding Up and Miscellaneous Provisions) Ordinance, where any of such documents are not in the English language, certified English translations thereof must be published on the Exchange's website and the issuer's own website. In particular cases, the Exchange may require additional documents to be published on the Exchange's website and the issuer's own website;~~
- ~~(4) overseas issuers which are subject to public reporting and filing obligations in their country of incorporation or other establishment (or primary listing, if different) may be permitted to incorporate in listing documents relevant documents so published. Such documents must be in English, or accompanied by a certified English translation. For example, overseas issuers subject to Securities and Exchange Commission filing requirements in the United States of America may be able to utilise such documents. The Exchange should be consulted in such cases;~~
- ~~(5) the listing document need not be accompanied by a Chinese translation, unless required to do so by section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, but must be in the English language or be accompanied by a certified English translation; and~~
- ~~(6) for the purposes of rule 2.11, the overseas issuer need only appoint one authorised representative who need not be a director or secretary but must be a person acceptable to the Exchange. The authorised representative may also be the person authorised to accept service required to be appointed under the provisions of rule 19.30(2). The authorised representative should act as the principal channel of communication between the overseas issuer and the Exchange.~~

Accountants' Reports

- 19.37 ~~[Repealed 1 January 2022]~~Attention is particularly drawn to the requirement for the reporting accountant to be independent both of the overseas issuer and of any other company concerned (see rule 4.03).
- 19.38 ~~[Repealed 1 January 2022]~~A report will not normally be regarded as acceptable unless the relevant accounts have been audited to a standard comparable to that required in Hong Kong.
- 19.39 ~~[Repealed 1 January 2022]~~Reports are required to conform with accounting standards acceptable to the Exchange which will normally be:—
- ~~(a)— Hong Kong Financial Reporting Standards; or~~
 - ~~(b)— International Financial Reporting Standards; or~~
 - ~~(c)— generally accepted accounting principles in the United States of America (“US GAAP”).~~

~~Where the Exchange allows reports to be drawn up otherwise than in conformity with the accounting standards set out in this rule, the Exchange may, having regard to the exchange on which the overseas issuer has its primary listing, require the report to contain a statement of the financial effect of the material differences (if any) from either of the accounting standards referred to in rule 4.11.~~

- 19.40 ~~[Repealed 1 January 2022]~~As indicated in rules 4.14 to 4.16, where the figures in the report differ from those in the audited annual accounts, a statement of adjustments must be submitted to the Exchange enabling the figures to be reconciled.

Options, Warrants and Similar Rights

- 19.41 ~~[Repealed 1 January 2022]~~The Exchange may be prepared to vary the limit in rule 15.02(1) for an overseas issuer if the issuer's primary listing is or is to be on another stock exchange where such a limit does not apply.

Share Schemes

- 19.42 ~~[Repealed 1 January 2022]~~The Exchange may be prepared to vary the

~~requirements applicable to schemes involving the issue of or grant of options over shares or other securities by listed issuers to, or for the benefit of, executives and/or employees set out in Chapter 17 for an overseas issuer if its primary listing is or is to be on another stock exchange where different (or no such) requirements apply.~~

Restrictions and Notification Requirements on Overseas Issuers Purchasing their own Shares on a Stock Exchange

19.43 [Repealed 1 January 2022]

~~(1) An overseas issuer may purchase its own shares on the Exchange in accordance with the relevant provisions of rule 10.06, provided that the Exchange will be prepared to waive some or all of the applicable dealing restrictions set out in rule 10.06(2) if the overseas issuer's primary exchange already imposes equivalent dealing restrictions on the overseas issuer in respect of purchases of shares on the Exchange.~~

~~(2) The Exchange will be prepared to waive the requirement to cancel and destroy the documents of title of purchased shares in the case of an overseas issuer whose primary exchange permits treasury stock, provided that the overseas issuer must apply for the relisting of any such shares which are reissued as if it were a new issue of those shares.~~

Continuing Obligations

19.44 [Repealed 1 January 2022] Whilst Chapter 13 and Appendix 16 apply equally to overseas issuers, the Exchange will be prepared to agree to such modifications as it considers appropriate in a particular case. In particular, in the case of an overseas issuer whose primary listing is on another regulated, regularly operating, open stock market recognised for this purpose by the Exchange, the Exchange may accept such modifications which provide for equivalent continuing obligations to those imposed by that other stock market.

19.45 [Repealed 1 January 2022] Conversely, the Exchange may impose additional requirements in a particular case. In particular, if the overseas issuer's primary listing is or is to be on an exchange with regulatory requirements which the Exchange is not satisfied provide equivalent shareholder protection to that provided in Hong Kong, the Exchange may impose such additional requirements as it considers necessary to ensure that the overseas issuer will

~~provide equivalent standards of shareholder protection.~~

Annual report and accounts and auditors' report

- 19.46 ~~[Repealed 1 January 2022]The following modifications and additional requirements apply to Appendix 16 insofar as an issuer is an overseas issuer. To the extent such modifications and additional requirements conflict with the provisions of Appendix 16, the following provisions shall apply.~~
- 19.47 ~~[Repealed 1 January 2022]The annual accounts must be audited by a person, firm or company who must be a practising accountant of good standing. Such person, firm or company must also be independent of the overseas issuer to the same extent as that required of an auditor under the Companies Ordinance and in accordance with the statements on independence issued by the International Federation of Accountants and, if the overseas issuer's primary listing is or is to be on the Exchange, must be either:—~~
- ~~(1) qualified under the Professional Accountants Ordinance for appointment as an auditor of a company; or~~
- ~~(2) a firm of accountants acceptable to the Exchange which has an international name and reputation and is a member of a recognised body of accountants.~~
- 19.48 ~~[Repealed 1 January 2022]The accounts must be audited to a standard comparable to that required by the Hong Kong Institute of Certified Public Accountants or by the International Auditing and Assurance Standards Board of the International Federation of Accountants.~~
- 19.49 ~~[Repealed 1 January 2022]The report of the auditors must be annexed to all copies of the annual accounts and indicate whether in the opinion of the auditors the accounts give a true and fair view:—~~
- ~~(1) in the case of the overseas issuer's balance sheet, of the state of its affairs at the end of the financial year and in the case of the overseas issuer's profit and loss account, of the profit or loss and cash flows for the financial year; and~~
- ~~(2) in the case where consolidated accounts are prepared, of the state of affairs and profit or loss of the overseas issuer and cash flows of the group.~~

- 19.50 ~~[Repealed 1 January 2022]~~The report of the auditors must indicate the act, ordinance or other legislation in accordance with which the annual accounts have been drawn up and the authority or body whose auditing standards have been applied.
- 19.51 ~~[Repealed 1 January 2022]~~If the overseas issuer is not required to draw up its accounts so as to give a true and fair view but is required to draw them up to an equivalent standard, the Exchange may allow its accounts to be drawn up to that standard. Reference must, however, be made to the Exchange. If an overseas issuer is in doubt as to what more detailed and/or additional information should be provided, it should contact the Exchange for guidance.
- 19.52 ~~[Repealed 1 January 2022]~~An auditors' report which conforms to the requirements of the International Standards on Auditing issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants is acceptable.
- 19.53 ~~[Repealed 1 January 2022]~~An auditors' report in a different form may be applicable in the case of banking and insurance companies. The wording of such an auditors' report should make it clear whether or not profits have been stated before transfers to or from undisclosed reserves.

~~Listing Fees~~

- 19.54 ~~[Repealed 1 January 2022]~~Details of the initial listing fee, annual listing fee, subsequent issue fee and other charges together with details of the brokerage charge, transaction levies and trading fees on new issues are set out in paragraph 11 of Appendix 8.

~~General~~

- 19.55 ~~[Repealed 1 January 2022]~~All documents furnished by an overseas issuer, including accounts, which are in a language other than English must be accompanied by a certified English translation. If the Exchange so requires, an additional translation must be prepared in Hong Kong at the overseas issuer's expense by such person or persons as the Exchange shall specify.
- 19.56 ~~[Repealed 1 January 2022]~~Information to be supplied by overseas issuers in a listing document or accounts notwithstanding any obligation in the Exchange Listing Rules, the Statutory Rules or any obligation imposed by the laws of

Hong Kong shall not be less than that required to be supplied by the overseas issuer in its place of incorporation or other establishment.

19.57 ~~[Repealed 1 January 2022]~~ If, in the sole opinion of the Exchange, the majority of trading in the overseas issuer's securities is likely to be on the Exchange, then:—

- ~~(1) the overseas issuer's primary listing must be on a regulated, regularly operating, open stock market which is recognised for this purpose by the Exchange;~~
- ~~(2) the overseas issuer must have an adequate nexus with that market; and~~
- ~~(3) the primary regulator in that market must have entered into a written agreement with the Exchange governing the parties' respective roles in the regulation of the overseas issuer, in a form acceptable to the Exchange, after prior consultation with the Commission.~~

~~Note 1: London Stock Exchange plc and the Irish Stock Exchange Limited are recognised for this purpose by the Exchange. If an overseas issuer's primary listing will be on a different stock market, in these circumstances, then the overseas issuer must satisfy the Exchange that the proposed stock market should be recognised by the Exchange for this purpose.~~

~~Note 2: Overseas issuers should note that in these circumstances the Exchange reserves the right to charge the same amounts in listing fees as are payable in the case of a primary listing (see paragraph 11 of Appendix 8).~~

~~Note 3: An adequate nexus will be shown where there is an established trading market in the overseas issuer's securities in the primary market. In determining whether there is an established trading market the Exchange will normally expect, inter alia, at least 10 per cent. of worldwide trading volume or HK\$1 billion of trading by value in the overseas issuer's securities to have taken place on the overseas issuer's primary exchange during the 12 month period preceding the application for a secondary listing.~~

Common Waivers

19.58 The Exchange will consider applications for waivers from issuers with, or seeking, a dual primary listing under this chapter, based on the underlying principle that the issuer can demonstrate that strict compliance with both the relevant Exchange Listing Rules and the overseas regulations would be unduly burdensome or unnecessary (including where the requirements under the Exchange Listing Rules contradict the applicable overseas laws or regulations and strict compliance with the Exchange Listing Rules would result in a breach of applicable overseas laws or regulations) and that the granting of such waivers by the Exchange will not prejudice the interest of the investing public. In particular, the Exchange will consider applications for waivers from strict compliance with rules 2.07C(4)(a), 9.09, 11.06, 19.10(6), paragraph 15(2)(c) of Appendix 1A and paragraph 49(2)(c) of Appendix 1E from overseas issuers with, or seeking, a dual primary listing under this chapter. The Exchange will consider these applications on individual merit based on all relevant facts and circumstances, including compliance with the prescribed conditions as set out in the relevant rules.

19.59 An overseas issuer may apply for waivers from the requirements of other rules which the Exchange will consider on a case by case basis, based on the general principles set out in Chapter 2 and rule 19.02.

Company Information Sheet

19.60 An overseas issuer with a primary listing or dual primary listing that meets any of the following criteria should publish a Company Information Sheet on the relevant information as soon as possible on the Exchange's website and the overseas issuer's website:

- (1) there are novel waiver(s) granted to the issuer (for example, where an overseas issuer is allowed to take alternative measures to meet any core shareholder protection standards set out in Appendix 3 without providing such standards in its constitutional documents);
- (2) the laws and regulations in its home jurisdiction and primary market are materially different from those required by Hong Kong laws regarding:
 - (a) the rights of holders of its securities and how they can exercise their rights;

- (b) directors' powers and investor protection; and
- (c) the circumstances under which its minority shareholders may be bought out or may be required to be bought out after a successful takeover or share repurchase;
- (3) it is subject to any withholding tax on distributable entitlements or any other tax that is payable by shareholders (e.g. capital gains tax, inheritance or gift taxes); or
- (4) it is listing depositary receipts.

The Exchange may also at its own discretion require an issuer to publish a Company Information Sheet if it is of the view it will be informative to investors.

Notes:

- 1. The purpose of the Company Information Sheet is to enable investors to easily locate specific information on the differences between the overseas requirements to which an overseas issuer is subject and the Hong Kong requirements.
- 2. The relevant information to be disclosed under Rule 19.60(3) includes details of the relevant tax(es) and whether Hong Kong investors have any tax reporting obligations.
- 3. The relevant information to be disclosed under Rule 19.60(4) includes a summary of the terms and conditions in the depositary agreement and deed poll.

19.61 An overseas issuer that is required to publish a Company Information Sheet must update it from time to time to reflect any material change to the information disclosed within it as soon as practicable after such a change occurs.

Chapter 19A
EQUITY SECURITIES
ISSUERS INCORPORATED
IN THE PEOPLE'S REPUBLIC OF CHINA

Preliminary

...

19A.02 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 19.28~~61~~⁶¹ (inclusive) do not apply in the case of such PRC issuers.

19A.02A The Exchange may exercise its power under rule 2.04 to waive, modify or not require compliance with an Exchange Listing Rule for a PRC issuer with, or seeking, a listing under this chapter on a case by case basis. For PRC issuers with, or seeking, a dual primary listing under this chapter, the Exchange will consider applications for waivers from strict compliance with an Exchange Listing Rule based on the underlying principle that the issuer can demonstrate that strict compliance with both the relevant Exchange Listing Rule and the regulations of the other exchange of primary listing would be unduly burdensome or unnecessary (including where the requirements under the Exchange Listing Rules contradict the applicable overseas laws or regulations and strict compliance with the Exchange Listing Rules would result in a breach of applicable overseas laws or regulations) and that the granting of such waivers by the Exchange will not prejudice the interest of the investing public.

...

Chapter 4 — Accountants' Reports and Pro Forma Financial Information

19A.08 The reporting accountants for a PRC issuer must normally be qualified and be independent to the same extent as required under rule 4.03 for the reporting accountants of any other issuer. The Exchange also accepts, under the mutual recognition agreement, a PRC firm of practising accountants which has been approved by the China Ministry of Finance and the China Securities Regulatory Commission as being suitable to act as an auditor or a reporting accountant for a PRC incorporated company listed in Hong Kong on the condition that the PRC issuer has adopted CASBE for the preparation of its annual financial statements. Such a PRC firm of practising accountants must be independent

to the same extent as required under rule 4.03 for the reporting accountants of any other issuer.

Notes:

1. The mutual recognition agreement means the agreement between the Mainland of China and Hong Kong in 2009 for mutual recognition of qualified auditors from either jurisdiction (home jurisdiction) to act as auditors of corporations incorporated in the home jurisdiction and listed in the other jurisdiction.
2. Where the preparation of an accountants' report constitutes a PIE Engagement under the FRCO, that PRC firm of practising accountants must also be regulated under the FRCO and be a Recognised PIE Auditor under section 20ZT of the FRCO.

...

Chapter 10 — Restrictions on Purchase and Subscription

19A.24 A PRC issuer may purchase its own shares on the Exchange in accordance with the provisions of this rule and rules 10.05 and 10.06. Although the share repurchase provisions of rules 10.05 and 10.06 normally apply to a PRC issuer's equity securities which are listed on the Exchange and which are or are proposed to be purchased on the Exchange, when seeking shareholders' approval to make purchases of such securities on the Exchange or when reporting such purchases, a PRC issuer should provide information on the proposed or actual purchases of any or all of its equity securities, whether or not listed or traded on the Exchange. Therefore, in the case of a PRC issuer, rule 10.06(6)(c) is amended and restated in its entirety to read as follows:

...

- (c) for the purposes of rules 10.05, 10.06, and 19A.24 ~~and 19.46~~, "shares" shall mean shares of all classes listed on the Exchange and securities listed on the Exchange which carry a right to subscribe or purchase shares of the PRC issuer, provided that references to "shares" in rules 10.06(1)(b) and 10.06(4) shall also include shares of all classes listed on any stock exchange and securities that are listed on any stock exchange which carry a right to subscribe or purchase shares of such PRC issuer, and provided further that the Exchange may waive the requirements of those rules in respect of any fixed participation shares which are, in the opinion of the Exchange, more analogous to debt securities than equity securities. References to purchases of shares include purchases by

agents or nominees on behalf of the PRC issuer or subsidiary of the PRC issuer, as the case may be.

...

Chapter 13 — Continuing Obligations

...

19A.29A The reference to “every member” in rule 13.46(2) shall mean and refer to only registered holders of the PRC issuer’s H shares.

Annual report and accounts and auditors’ report

...

19A.31 The annual accounts must be audited by a person, firm or company who must be a practising accountant of good standing. Such person, firm or company must also be independent of the PRC issuer to the same extent as that required of an auditor under the Companies Ordinance and in accordance with the ~~statements~~requirements on independence issued by the International Federation of Accountants and, if the PRC issuer’s primary listing is or is to be on the Exchange, must be:

- (1) qualified under the ~~Professional Accountants Ordinance~~PAO for appointment as an auditor of a company and a Registered PIE Auditor under the FRCO; or
- (2) ~~a firm of practising accountants acceptable to the Exchange which has an international name and reputation and is a member of a recognised body of accountants~~an overseas firm of practising accountants that is a Recognised PIE Auditor of that issuer under the FRCO; or
- (3) ~~[Repealed 1 January 2022]a firm of practising accountants acceptable to the Exchange which is a joint venture approved or otherwise permitted by the China Securities Regulatory Commission or other competent authority in the PRC to act as an auditor of a listed company in the PRC and at least one of whose principal joint venture partners is either qualified under (1) or acceptable under (2); or~~
- (4) under the mutual recognition agreement, a PRC firm of practising accountants which has been approved by the China Ministry of Finance and the China Securities Regulatory Commission as being suitable to act as an auditor or a reporting accountant for a PRC incorporated company listed in Hong Kong and is a Recognised PIE Auditor under section 20ZT

of the FRCO on the condition that the PRC issuer has adopted CASBE for the preparation of its annual financial statements.

Notes:

1. In relation to an application for the recognition of an overseas firm of practising accountants under the FRCO, on a request made by a PRC issuer, the Exchange may provide a statement of no objection to that issuer for appointing an overseas firm of practising accountants to carry out a PIE Engagement for that issuer under section 20ZF(2)(a) of the FRCO (see note 2 to rule 4.03(1)).

2. The mutual recognition agreement referred to in (4) above means the agreement between the Mainland of China and Hong Kong in 2009 for mutual recognition of qualified auditors from either jurisdiction (home jurisdiction) to act as auditors of corporations incorporated in the home jurisdiction and listed in the other jurisdiction.

...

Listing Fees

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

...

Appendix 3 — Articles of Association or equivalent constitutional documents

19A.45 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.

19A.46 ~~[Repealed 1 January 2022]~~References to “shares” in paragraphs 1(1) and 1(2) of Appendix 3 shall mean and refer to H shares only, and shall not include the domestic shares of a PRC issuer.

19A.47 ~~[Repealed 1 January 2022]~~Paragraph 3(2) of Appendix 3 shall, in the case of a PRC issuer, be amended and restated to read as follows:
“Where power is taken to forfeit unclaimed dividends, that power shall not be exercised until after the expiration of the applicable limitations period.”

- 19A.48 ~~[Repealed 1 January 2022]~~The reference to “every member” in paragraph 5 of Appendix 3 shall mean and refer to only registered holders of the PRC issuer’s H shares.
- 19A.49 ~~[Repealed 1 January 2022]~~Paragraphs 6(2), 7(2), 11(1) and 11(2) of Appendix 3, which are covered by the additional required provisions set out in Section 1 of Part D of Appendix 13, shall not apply to a PRC issuer.

Other Requirements Applicable to PRC Issuers

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Chapter 19C

EQUITY SECURITIES

SECONDARY LISTINGS OF QUALIFYING ISSUERS OVERSEAS ISSUERS

Scope

The Exchange Listing Rules apply as much to overseas issuers with, or seeking, a secondary listing as they do to other issuers, subject to the additional requirements, modifications or exceptions set out or referred to in this chapter.

~~This Chapter sets out the additional requirements, modifications or exceptions to the Exchange Listing Rules for Qualifying Issuers that have, or are seeking, a secondary listing on the Exchange.~~

~~Qualifying Issuers that are overseas issuers must also comply with Chapter 19, subject to the additional requirements, modifications and exceptions set out in this Chapter.~~

Overseas issuers~~Qualifying Issuers~~ are encouraged to contact the Exchange if they envisage any difficulties in complying fully with the applicable requirements set out in this chapter.

Definitions

19C.01 In this Chapter, the following definitions apply:

“Foreign Private

as defined under Rule 405 of Regulation C of the U.S.

Issuer”	Securities Act of 1933, as amended from time-to-time, and Rule 3b-4 of the U.S. Securities Exchange Act of 1934, as amended from time-to-time
“Grandfathered Greater China Issuer”	has the meaning given to it in rule 1.01a Greater China Issuer primary listed on a Qualifying Exchange on or before 15 December 2017
“Greater China Issuer”	<p>a Qualifying Issuer with its centre of gravity in Greater China</p> <p><i>Note: The following are some of the factors that the Exchange will consider in determining whether a Qualifying Issuer has its centre of gravity in Greater China:</i></p> <ul style="list-style-type: none"> (a) whether the issuer has a listing in Greater China; (b) where the issuer is incorporated; (c) the issuer’s history; (d) where the issuer is headquartered; (e) the issuer’s place of central management and control; (f) the location of the issuer’s main business operations and assets; (g) the location of the issuer’s corporate and tax registration; and (h) the nationality or country of residence of the issuer’s management and controlling shareholder. <p>These factors are not exhaustive. The Exchange may take other factors into consideration in determining whether a Qualifying Issuer has its centre of gravity in Greater China.</p>
“Non-Grandfathered Greater China Issuer”	a Greater China Issuer that was primary listed on a Qualifying Exchange after 15 December 2017
“Non-Greater China Issuer”	a Qualifying Issuer that is not a Greater China Issuer
“place of central management and control”	the Exchange will consider the following factors to determine a Qualifying Issuer’s place of central management and control:

~~(a) the location from where the issuer's senior management direct, control, and coordinate the issuer's activities;~~

~~(b) the location of the issuer's principal books and records; and~~

~~(c) the location of the issuer's business operations or assets~~

"Qualifying Exchange" ~~The New York Stock Exchange LLC, Nasdaq Stock Market or the Main Market of the London Stock Exchange plc (and belonging to the UK Financial Conduct Authority's "Premium Listing" segment)~~

"Qualifying Issuer" ~~an issuer primary listed on a Qualifying Exchange~~

"WVR structure" has the meaning given to it in rule 8A.02

Basic Conditions

19C.02 ~~A Qualifying Issuer~~An overseas issuer seeking a secondary listing under this chapter must demonstrate to the Exchange that it is both eligible and suitable for listing.

19C.02A The following additional requirements apply:—

(1) the Exchange reserves the right, in its absolute discretion, to refuse a listing of securities of an overseas issuer if in its opinion:

(a) it believes that it is not in the public interest to list them;

(b) the overseas issuer's primary listing is or is to be on an exchange that cannot provide the shareholder protection standards that are at least equivalent to those provided in Hong Kong;

(c) the overseas issuer has received waivers from or is exempt from rules, regulations or legislation that result in it being subject to regulatory requirements that are materially less stringent than those that generally apply to entities of its nature listed on its primary market;

- (d) the application constitutes an attempt to avoid rules that apply to a primary listing on the Exchange; or
- (e) the majority of its worldwide trading will take place in Hong Kong upon or shortly after its listing in Hong Kong;
- (2) listing on the overseas issuer's primary exchange must have been granted before listing on the Exchange can be granted;
- (3) an overseas issuer must comply with rule 19.05(2) on the appointment and maintenance of a person authorised to accept service of process and notices on its behalf in Hong Kong; and
- (4) an overseas issuer must comply with the securities registration requirements of rules 19.05(3), 19.05(4) and 19.05(5).

Note: For the purpose of rule 19C.02A(1)(d), the Exchange may apply the test set out in rule 14.06B to determine whether, in the opinion of the Exchange, a transaction and/or arrangement or series of transactions and/or arrangements an applicant for secondary listing conducted on its primary exchange constituted a reverse takeover. If a material part of the applicant's business is listed on its primary exchange by way of a reverse takeover, the Exchange will normally consider its application for secondary listing on the Exchange to be an attempt to avoid rules that apply to primary listing.

19C.03 ~~[Repealed 1 January 2022] Rules 8A.04 to 8A.06 do not apply to a Qualifying Issuer seeking a secondary listing under this chapter.~~

Qualifications for Secondary Listing

- 19C.04 ~~An overseas issuer with a WVR structure~~Qualifying Issuer must have a track record of good regulatory compliance of at least two full financial years on a Qualifying Exchange.
- 19C.05 ~~An overseas issuer with~~Non-Greater China Issuer ~~without a WVR structure must have an expected market capitalisation at the time of its secondary listing of at least HK\$10,000,000,000. All other Qualifying Issuers must satisfy one of the following criteria:~~

- (1) a market capitalisation of at least HK\$40,000,000,000 at the time of listing; or
- (2) a market capitalisation of at least HK\$10,000,000,000 at the time of listing and revenue of at least HK\$1,000,000,000 for the most recent audited financial year.

19C.05A An overseas issuer without a WVR structure must satisfy either paragraphs (1) and (2) ("Criteria A") or paragraphs (3) and (4) ("Criteria B") below:

Criteria A

- (1) a track record of good regulatory compliance of at least five full financial years on a Qualifying Exchange (for any overseas issuer without a WVR structure) or on any Recognised Stock Exchange (only for overseas issuers without a WVR structure and without a centre of gravity in Greater China); and
- (2) a market capitalisation of at least HK\$3,000,000,000 at the time of listing.

Note: Applications for secondary listing from issuers with a centre of gravity in Greater China and without a WVR structure that are primary listed on a Recognised Stock Exchange other than a Qualifying Exchange will be considered only in exceptional circumstances on the basis of the issuer's individual circumstances and the merits of the case.

Criteria B

- (3) a track record of good regulatory compliance of at least two full financial years on a Qualifying Exchange; and
- (4) a market capitalisation of at least HK\$10,000,000,000 at the time of listing.

Note: A waiver of the listing track record criteria of paragraphs (1) and (3) above may be granted if the applicant seeking a secondary listing is well-established and has a market capitalisation at listing that is significantly larger than HK\$10,000,000,000.

Equivalent Standards of Shareholder Protection

19C.06 ~~[Repealed 1 January 2022]~~Appendix 3 and Appendix 13 of these rules do not apply to an overseas issuer that is a Non-Greater China Issuer or a Grandfathered Greater China Issuer seeking to secondary list under this Chapter.

~~Note 1: A Non-Grandfathered Greater China Issuer seeking a secondary listing under this Chapter must comply with Appendix 3 of these rules and must also comply with Appendix 13 if it is incorporated in a jurisdiction to which Appendix 13 applies.~~

~~Note 2: If an overseas issuer that is a Non-Grandfathered Greater China Issuer seeks a secondary listing under this Chapter and is not incorporated in a jurisdiction covered by Appendix 13 of these rules, the Exchange will require that these companies must vary their constitutional documents to meet the standards set out in rule 19C.07 (unless these standards are already provided for in their constitutional documents and/or the laws to which they are subject).~~

19C.07 ~~[Repealed 1 January 2022]~~The Exchange will consider that a Non-Greater China Issuer or a Grandfathered Greater China Issuer seeking a secondary listing has met the requirements of rule 19.30(1)(b) if it has met the following shareholder protection standards:

~~(1) a super-majority vote of the Qualifying Issuer's members in general meeting is required to approve:~~

~~(a) changes to the rights attached to any class of shares of the Qualifying Issuer;~~

~~Note: A super-majority vote of the Qualifying Issuer's members of the class to which the rights are attached is required to approve a change to those rights.~~

~~(b) changes to the Qualifying Issuer's constitutional documents, however framed; and~~

~~(c) a voluntary winding up of the Qualifying Issuer;~~

~~Note: For the purpose of rule 19C.07(1), a "super-majority vote" means at least a two-thirds majority of the members~~

~~present and voting where the constitutional documents or the laws of the jurisdiction of incorporation of the Qualifying Issuer have a low quorum requirement (e.g. two members). If the constitutional documents or the laws of the jurisdiction of incorporation of the Qualifying Issuer requires only the approval of simple majority only (50% plus one vote) for deciding the matters set out in 19C.07(1) these matters must be decided by a significantly higher quorum.~~

~~(2) any alteration to the Qualifying Issuer's constitutional document to increase an existing member's liability to the company must be agreed by such a member in writing;~~

~~(3) the appointment, removal and remuneration of auditors must be approved by a majority of the Qualifying Issuer's members or other body that is independent of the issuer's board of directors;~~

~~Note: An example of such an independent body is the supervisory board in systems that have a two tier board structure.~~

~~(4) the Qualifying Issuer must hold a general meeting each year as its annual general meeting;~~

~~Note: Generally not more than 15 months should elapse between the date of one annual general meeting of the Qualifying Issuer and the next.~~

~~(5) the Qualifying Issuer must give its members reasonable written notice of its general meetings;~~

~~(6) members must have the right to (1) speak at a general meeting; and (2) vote at a general meeting except where a member is required, by these rules, to abstain from voting to approve the matter under consideration;~~

~~Note 1: An example of such a circumstance is where a member has a material interest in the transaction or arrangement being voted upon.~~

~~Note 2: If a Qualifying Issuer is subject to a foreign law or regulation that prevents the restriction of a members' right to speak and vote at~~

~~general meetings, the company can enter into an undertaking with the Exchange to put in place measures that achieve the same outcome as the rule 19C.07(6) restriction (e.g. any votes cast by or on behalf of a member in contravention of the rule restriction must not be counted towards the resolution).~~

~~(7) members holding a minority stake in the Qualifying Issuer's total number of issued shares must be able to convene an extraordinary general meeting and add resolutions to a meeting agenda. The minimum stake required to do so must not be higher than 10% of the voting rights, on a one vote per share basis, in the share capital of the of the Qualifying Issuer; and~~

~~(8) HKSCC must be entitled to appoint proxies or corporate representatives to attend the Qualifying Issuer's general meetings and creditors meetings and those proxies/corporate representatives must enjoy rights comparable to the rights of other shareholders, including the right to speak and vote.~~

~~Note: Where the laws of an overseas jurisdiction prohibits HKSCC from appointing proxies/corporate representatives enjoying the rights described by rule 19C.07(8), the Qualifying Issuer must make the necessary arrangements with HKSCC to ensure that Hong Kong investors holding shares through HKSCC enjoy the rights to vote, attend (personally or by proxy) and speak at general meetings.~~

19C.08 ~~[Repealed 1 January 2022] A Non-Greater China Issuer or a Grandfathered Greater China 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 rule 19C.07. For this purpose, the Exchange may require the issuer to amend its constitutional documents to provide them.~~

~~Note: An issuer that is subject to rule 19C.08 can refer to the methods used to show equivalent shareholder protection standards specified in jurisdictional guidance published on the Exchange's website and amended from time to time.~~

19C.09 ~~[Repealed 1 January 2022] A Non-Greater China Issuer or a Grandfathered~~

Greater China Issuer must comply with the requirements set out in rule 19C.07 as an ongoing condition of their listing.

Directors

19C.09A Rule 3.16 is modified to require that, if an issuer does not have a board of directors, all members of the issuer's equivalent governing body must accept full responsibility, collectively and individually, for the listed issuer's compliance with the Exchange Listing Rules. If the issuer's board of directors or equivalent governing body is not empowered to take collective responsibility, this responsibility must be accepted by all the individuals empowered to do so.

Note: The governing body of an overseas issuer, in accordance with the laws and regulations of its jurisdiction of incorporation, may have a form other than that of a board of directors. In these circumstances, this rule aims to ensure that individual and collective responsibility by relevant persons continues to be taken for compliance with the Exchange Listing Rules.

Application Procedures and Requirements

19C.09B The following modifications apply:—

- (1) for rules 9.09, 9.11(3a), 9.11(3b), 9.11(17b), 9.11(28), 9.11(38) and 9.20(1) the references to directors should be read as references to members of the overseas issuer's governing body;
- (2) the one signed copy of the listing document lodged with the Exchange pursuant to rule 9.11(29)(a) may be signed by two members of the overseas issuer's governing body or by their agents authorised in writing rather than by or on behalf of every director or proposed director; and
- (3) the declaration and undertaking to be lodged under rule 9.11(38) may require adjustment by virtue of the laws to which the overseas issuer is subject.

Listing Documents

19C.10 An overseas issuer~~Qualifying Issuer~~ must prominently disclose in its listing documents any provisions in its constitutional documents concerning the issuer's governance that are unusual compared with normal practices in Hong

Kong and are specific to the issuer rather than a consequence of the laws and regulations to which the issuer is subject. ~~An overseas issuer~~Qualifying Issuer must also prominently disclose in its listing documents how such provisions affect its members' rights.

Note: Examples of such provisions include, but are not limited to, “poison pill” arrangements and provisions setting restrictions on the quorum for board meetings.

19C.10A Overseas issuers that wish to omit any of the information prescribed for listing documents should consult the Exchange at the earliest possible opportunity. The Exchange may be prepared to permit the omission of information from a listing document with regard to the principles set out in rule 19C.11A.

19C.10B The following modifications and additional requirements apply:—

- (1) where items of information specified in Parts A and B of Appendix 1 are inappropriate or not fully applicable, the item should be adapted so that equivalent information is given;
- (2) if the overseas issuer does not have a board of directors, the statement of responsibility required under paragraph 2 of Parts A and B of Appendix 1 must be made by all the members of the overseas issuer's equivalent governing body and the listing document should be modified appropriately. If the issuer's board of directors or equivalent governing body is not empowered to take collective responsibility, the responsibility statement must be signed by all the individuals empowered to do so. The statement of responsibility must be modified according to the appropriate circumstances;
- (3) the documents to be published on the Exchange's website and the issuer's own website will be the documents corresponding to those mentioned in paragraph 53 of Part A and paragraph 43 of Part B of Appendix 1. Unless otherwise provided by the Companies (Winding Up and Miscellaneous Provisions) Ordinance, where any of such documents are not in the English language, certified English translations thereof must be published on the Exchange's website and the issuer's own website. In particular cases, the Exchange may require additional documents to be published on the Exchange's website and the issuer's own website. In lieu of publishing these documents on the Exchange's

website and the issuer's own website, an overseas issuer can instead disclose the website addresses of the relevant statutes and regulations in the listing document on condition that the websites are easily accessible to the public free of charge;

- (4) overseas issuers that are subject to public reporting and filing obligations in their jurisdictions of incorporation or other establishment (or primary listing, if different) may be permitted to incorporate in listing documents relevant documents so published. Such documents must be in English, or accompanied by a certified English translation;

Note: An example is where overseas issuers subject to Securities and Exchange Commission filing requirements in the United States of America may be able to utilise such documents.

- (5) the listing documents need not be accompanied by a Chinese translation, unless required to do so by section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

- (6) for the purposes of rule 2.11, the overseas issuer must appoint at least one authorised representative who need not be a director or secretary but must be a person acceptable to the Exchange. The authorised representative may also be the person authorised to accept service that is required to be appointed under the provisions of rule 19C.02A(3). The authorised representative should act as the principal channel of communication between the overseas issuer and the Exchange;

- (7) an overseas issuer must clearly disclose in its listing document:

(a) a summary of the waivers and exemptions that have been granted to the issuer;

(b) a summary of the provisions in the laws and regulations in its home jurisdiction and primary market that are different from those required by Hong Kong laws regarding:

(i) the rights of holders of its securities and how they can exercise their rights;

(ii) directors' powers and investor protection; and

(iii) the circumstances under which its minority shareholders may be bought out or may be required to be bought out after a

successful takeover or share repurchase;

(c) details of withholding tax on distributable entitlements or any other tax that is payable by shareholders (e.g. capital gains tax, inheritance or gift taxes) and whether Hong Kong investors have any tax reporting obligations; and

(d) where an overseas issuer is listing depositary receipts, a summary of the terms and conditions in the depositary agreement and deed poll; and

(8) an overseas issuer that is a Foreign Private Issuer must prominently disclose in all its listing documents the exemptions from obligations in the United States of America that it enjoys because of its status as a Foreign Private Issuer and to inform investors that they should exercise care when investing in the listed shares of the issuer.

Accountants' Reports

19C.10C An accountants' report will not normally be regarded as acceptable unless the relevant accounts have been audited to a standard comparable to that required by the Hong Kong Institute of Certified Public Accountants or by the International Auditing and Assurance Standards Board of the International Federation of Accountants.

Note: A list of alternative overseas auditing standards that are considered comparable to the standards set out in this rule is published on the Exchange's website, as amended from time to time.

19C.10D Accountants' reports are required to conform with financial reporting standards acceptable to the Exchange, which are normally HKFRS or IFRS. Where the Exchange allows a report to be drawn up otherwise than in conformity with HKFRS or IFRS, the Exchange may, having regard to the exchange on which the overseas issuer has its primary listing, require the report to contain a reconciliation statement setting out the financial effect of the material differences (if any) from either HKFRS or IFRS.

Notes:

1. The suitability of alternative overseas financial reporting standards depends on whether there is any significant difference between the

overseas financial reporting standards and IFRS, and whether there is any concrete proposal to converge or substantially converge the overseas financial reporting standards with IFRS.

2. A list of alternative overseas financial reporting standards that are considered comparable to HKFRS or IFRS is published on the Exchange's website, as amended from time to time.

3. The reconciliation statement must be reviewed by the reporting accountant that reports on the relevant financial statements.

4. An overseas issuer with a secondary listing that adopts one of the alternative standards referred to in Note 2 above (other than issuers incorporated in a member state of the European Union which have adopted EU-IFRS) for the preparation of its accountants' reports must adopt HKFRS or IFRS if it de-lists from the jurisdiction of that alternative standard and must do so for any annual and interim financial statements that fall due under the Exchange Listing Rules, and are published, after the first anniversary of the date of its de-listing.

5. For US-listed secondary listing applicants, the requirement for the preparation of a reconciliation statement in respect of the accountants' report prepared under US GAAP in a listing document applies to listing applications submitted on or after 1 January 2023.

19C.10E As indicated in rules 4.14 to 4.16, where the figures in the accountants' report differ from those in the audited annual accounts, a statement of adjustments must be submitted to the Exchange enabling the figures to be reconciled.

Exceptions to the Rules for All Qualifying Issuers

19C.11 The following rules do not apply to a ~~Qualifying Issuer~~ an overseas issuer that has, or is seeking, a secondary listing on the Exchange: 3.17; 3.21 to 3.23; 3.25 to 3.27; 3.28; 3.29; 4.06; 4.07; Chapter 7; 8.08 (prescribed percentage of public float only); 8.09(4) (exception limited to issues outside the Exchange's markets); 8.18 (exception limited to issues outside the Exchange's markets); 9.11(10)(b); 10.05; 10.06(2)(a) to (c); 10.06(2)(e); 10.06(4); 10.06(5); 10.07(1); 10.07(2) to (4); 10.08; 13.11 to 13.22; 13.23(1); 13.23(2); 13.25A; 13.27; 13.28; 13.29; 13.31(1); 13.35; 13.36; 13.37; 13.38; 13.39(1) to (5); 13.39(6) to (7) (exception limited to circumstances other than where a spin-off proposal

requires approval by shareholders of the parent); 13.40 to 13.42; 13.44 to 13.45; 13.47; 13.48(2); 13.49; 13.51(1); 13.51(2) (each new director or member of the ~~Qualifying Issuer's~~ overseas issuer's governing body must sign and lodge with the Exchange, as soon as practicable, a declaration and undertaking in the form set out in Form B of Appendix 5); 13.51B; 13.51C; 13.52(1)(b) to (d); 13.52(1)(e)(i) to (ii); 13.52(1)(e)(iv) (exception limited to issues outside the Exchange's markets); 13.52(2); 13.67; 13.68; 13.74; 13.80 to 13.87 (exception limited to circumstances other than where a spin-off proposal requires approval by shareholders of the parent); 13.88; 13.89; 13.91; Chapter 14; Chapter 14A; Chapter 15 (exception limited to issues outside the Exchange's markets); Chapter 16 (exception limited to issues outside the Exchange's markets); Chapter 17; ~~19.57~~; Practice Note 4 (exception limited to issues outside the Exchange's markets); Practice Note 15 paragraphs 1 to 3(b) and 3(d) to 5 (exception limited to circumstances where the spun-off assets or businesses are not to be listed on the Exchange's markets and the approval of shareholders of the parent is not required); ~~Appendix 3 paragraphs 1, 2(1), 3, 4(1), 4(2), 4(4), 4(5), 5, 6, 7(1), 7(3), 8, 9, 10, 11, 13(1)~~; Appendix 10; Appendix 14; ~~Appendix 15~~; Appendix 16; Appendix 21 (exception does not apply in circumstances where a spin-off proposal requires approval by shareholders of the parent); Appendix 22 (exception does not apply in circumstances where a spin-off proposal requires approval by shareholders of the parent); and Appendix 27.

Basis for Waivers, Modifications and Exceptions

19C.11A The Exchange may exercise its power under rule 2.04 to waive, modify or not require compliance with the Exchange Listing Rules for an overseas issuer with, or seeking, a listing under this chapter, on a case by case basis, based on the underlying principle that:

- (1) the overseas issuer is primary listed on a Recognised Stock Exchange and so reliance can be placed upon: (a) the standards of shareholder protection of the regulatory regime to which overseas issuers listed on that exchange are subject; and (b) the enforcement of those standards by the regulatory authorities of that regime;
- (2) regulatory co-operation arrangements are in place with the Commission as required by rule 8.02A;

- (3) the majority of trading in the overseas issuer's listed shares is not expected to migrate, or has not yet migrated, to the Exchange's markets on a permanent basis; and

Note: See note 1 to rule 19C.13 for when the Exchange will regard the majority of trading in an overseas issuer's listed shares as having migrated to the Exchange's markets on a permanent basis.

- (4) the overseas issuer can demonstrate that strict compliance with both the relevant Exchange Listing Rules and the overseas regulations would be unduly burdensome or unnecessary (including where requirements under the Exchange Listing Rules contradict the applicable overseas laws or regulations and strict compliance with the Exchange Listing Rules would result in a breach of applicable overseas laws or regulations) and that the granting of such waivers by the Exchange will not prejudice the interest of the investing public.

Common Waivers

19C.11B The Exchange will consider applications for waivers from strict compliance with rules 2.07C(4)(a), 9.09, 11.06, 13.25B, 13.55(1), 13.71 to 13.73, Practice Note 5, paragraph 15(2)(c) of Appendix 1A, paragraphs 41(4) and 45 of Appendix 1A, paragraphs 34 and 38 of Appendix 1B, paragraphs 41(4) and 45 of Appendix 1E, paragraph 49(2)(c) of Appendix 1E and paragraphs 30 and 34 of Appendix 1F from issuers with, or seeking, a secondary listing under this chapter. The Exchange will consider these applications on individual merit based on all relevant facts and circumstances, including compliance with the prescribed conditions as set out in the relevant rules.

19C.11C An overseas issuer may apply for waivers from the requirements of other rules that the Exchange will consider in individual cases, based on the general principles set out in rule 19C.11A.

Additional Exceptions to the Rules for Certain Qualifying Issuers with a WVR structure

19C.12 [Repealed 1 January 2022][Rules 8A.07 to 8A.36, 8A.43 and 8A.44 do not apply to a Non-Greater China Issuer or a Grandfathered Greater China Issuer that has, or is seeking, a secondary listing on the Exchange.

Migration of the ~~Bulk~~Majority of Trading to the Exchange's Markets

- 19C.13 If the majority of trading in a ~~Greater China Issuer's~~ an overseas issuer's listed shares migrates to the Exchange's markets on a permanent basis, the Exchange will regard the issuer as having a dual-primary listing and consequently ~~the exceptions set out in rules 19C.11, 19C.11A, 19C.11B and 19C.11C (as applicable)~~ will no longer apply to the issuer.

Notes:

~~1:-~~ *The Exchange will regard the majority of trading in a ~~Greater China Issuer's~~ an overseas issuer's listed shares to have ~~moved~~migrated to the Exchange's markets on a permanent basis if 55% or more of the total worldwide trading volume, by dollar value, of those shares (including the volume of trading in depositary receipts issued on those shares) over the issuer's most recent financial year, takes place on the Exchange's markets.*

~~Note 2:-~~ *A ~~Greater China Issuer~~ An overseas issuer to which rule 19C.13 applies will have a grace period of 12 months within which to comply with the applicable Exchange Listing Rules. This grace period will end at midnight on the first anniversary of the date of the Exchange's written notice of its decision that the majority of trading in listed shares has migrated permanently to the Exchange's markets.*

~~Note 3:-~~ *Any continuing transaction of a ~~Greater China Issuer~~ an overseas issuer in place as at the date of the Exchange notice referred to in Note 2 will continue to be exempted from the applicable rules set out in 19C.11 for a period of three years from the date of the Exchange notice referred to in Note 2. However if such transaction is subsequently amended or renewed before the expiry of the three year period, the ~~Greater China Issuer~~ overseas issuer must comply with the relevant requirements under the rules at such time. For the avoidance of doubt, this exemption does not apply to any other circumstances unless otherwise stated in the Listing Rules.*

~~Note 4:-~~ *The Exchange may apply all disciplinary measures at its disposal, including a de-listing of the issuer's listed shares, if a ~~Greater China Issuer~~ an overseas issuer fails to comply with the requirements of rule 19C.13 within the grace period allowed.*

De-listing

19C.13A If an overseas issuer's shares or depositary receipts issued on its shares (as the case may be) cease to be listed on the Recognised Stock Exchange on which it is primary listed, the Exchange will regard the issuer as having a primary listing in Hong Kong and consequently rules 19C.11, 19C.11A, 19C.11B and 19C.11C (as applicable) will no longer apply to the issuer.

Note: In the event that an overseas issuer is expected to be involuntarily de-listed from the Recognised Stock Exchange on which it is primary listed, the Exchange is prepared to allow an exemption in respect of any continuing transaction that will continue after the effective date of the involuntary de-listing if the transaction is entered into before the issuer notifies the Exchange that it reasonably expects to be involuntarily de-listed from the overseas exchange. Such transaction will continue to be exempted from the applicable rules set out in 19C.11 for a period of three years from the date of the notification about the expected involuntary de-listing. However if such transaction is subsequently amended or renewed before the expiry of the three-year period, the overseas issuer must comply with the relevant requirements under the rules at such time. For the avoidance of doubt, the Exchange retains the discretion to modify or not grant the exemption if the issuer fails to notify the Exchange of the expected involuntary de-listing on a timely basis.

Foreign Private Issuers

~~19C.14 [Repealed 1 January 2022] A Qualifying Issuer that is a Foreign Private Issuer must prominently disclose in its listing documents the exemptions from US obligations that it enjoys because of its status as a Foreign Private Issuer and that, for this reason, investors should exercise care when investing in the listed shares of the issuer.~~

Annual report and accounts and auditors' report

19C.15 The following modifications and additional requirements apply to Appendix 16 insofar as an issuer is an overseas issuer. To the extent such modifications and additional requirements conflict with the provisions of Appendix 16, the following provisions shall apply.

19C.16 The annual accounts must be audited by a person, firm or company who must be a practising accountant of good standing. Such person, firm or company must also be independent of the overseas issuer to the same extent as that required of an auditor under the Companies Ordinance and in accordance with the requirements on independence issued by the International Federation of Accountants and must be either:—

- (1) qualified under the PAO for appointment as an auditor of a company and a Registered PIE Auditor under the FRCO; or
- (2) an overseas firm of practising accountants that is a Recognised PIE Auditor of that issuer under the FRCO.

Note: In relation to an application for the recognition of an overseas firm of practising accountants under the FRCO, on a request made by an overseas issuer, the Exchange may provide a statement of no objection to that issuer for appointing an overseas firm of practising accountants to carry out a PIE Engagement for that issuer under section 20ZF(2)(a) of the FRCO (see note 2 to rule 4.03(1)).

19C.17 The annual accounts must be audited to a standard comparable to that required by the Hong Kong Institute of Certified Public Accountants or by the International Auditing and Assurance Standards Board of the International Federation of Accountants.

Note: A list of alternative overseas auditing standards that are considered comparable to the standards set out in this rule is published on the Exchange's website, as amended from time to time.

19C.18 The report of the auditors must be annexed to all copies of the annual accounts and indicate whether in the opinion of the auditors the accounts give a true and fair view:—

- (1) in the case of the overseas issuer's balance sheet, of the state of its affairs at the end of the financial year and in the case of the overseas issuer's profit and loss account, of the profit or loss and cash flows for the financial year; and
- (2) in the case where consolidated accounts are prepared, of the state of affairs and profit or loss of the overseas issuer and cash flows of the group.

- 19C.19 The report of the auditors must indicate the act, ordinance or other legislation in accordance with which the annual accounts have been drawn up and the authority or body whose auditing standards have been applied.
- 19C.20 If the overseas issuer is not required to draw up its accounts so as to give a true and fair view but is required to draw them up to an equivalent standard, the Exchange may allow its accounts to be drawn up to that standard. Reference must, however, be made to the Exchange. If an overseas issuer is in doubt as to what more detailed and/or additional information should be provided, it should contact the Exchange for guidance.
- 19C.21 An auditors' report which conforms to the requirements of the International Standards on Auditing issued by the International Auditing and Assurance Standards Board of the International Federation of Accountants or the alternative overseas auditing standards acceptable to the Exchange referred to in rule 19C.17 is acceptable.
- 19C.22 An auditors' report in a different form may be applicable in the case of banking and insurance companies. The wording of such an auditors' report should make it clear whether or not profits have been stated before transfers to or from undisclosed reserves.
- 19C.23 The annual accounts are required to conform with financial reporting standards acceptable to the Exchange, which are normally HKFRS or IFRS. Where the Exchange allows annual accounts to be drawn up otherwise than in conformity with HKFRS or IFRS, the annual accounts will be required to conform with financial reporting standards acceptable to the Exchange. In such cases the Exchange will normally require the annual accounts to contain a reconciliation statement setting out the financial effect of the material differences (if any) from either HKFRS or IFRS.

Notes:

1. The suitability of alternative overseas financial reporting standards depends on whether there is any significant difference between the overseas financial reporting standards and IFRS, and whether there is any concrete proposal to converge or substantially converge the overseas financial reporting standards with IFRS.
2. A list of alternative overseas financial reporting standards that are

considered comparable to HKFRS or IFRS is published on the Exchange's website, as amended from time to time.

3. An overseas issuer is also required to include a reconciliation statement in its interim report. The reconciliation statement contained in the annual accounts or interim report must be reviewed by its auditor.
4. An overseas issuer with a secondary listing that adopts one of the alternative standards referred to in Note 2 above (other than issuers incorporated in a member state of the European Union which have adopted EU-IFRS) for the preparation of its annual accounts must adopt HKFRS or IFRS if it de-lists from the jurisdiction of that alternative standard and must do so for any annual and interim financial statements that fall due under the Exchange Listing Rules, and are published, after the first anniversary of the date of its de-listing.
5. For US-listed issuers with a secondary listing on the Exchange that adopted US GAAP in the preparation of their financial statements, the requirement for the preparation of a reconciliation statement applies to the first annual financial statements for the financial year commencing on or after 1 January 2022 and subsequent interim and annual financial statements.

Company Information Sheet

- 19C.24 An overseas issuer with, or seeking, a secondary listing must disclose the information required by rule 19C.10B(7) separately as a Company Information Sheet for publication on the Exchange's website and the overseas issuer's website.

Note: The purpose of the Company Information Sheet is to enable investors to easily locate specific information on the differences between the overseas requirements to which an overseas issuer is subject and the Hong Kong requirements.

- 19C.25 An overseas issuer that is required to publish a Company Information Sheet must update it from time to time to reflect any material change to the information disclosed within it as soon as practicable after such a change occurs.

General

19C.26 Rules 19.27 and 19.28 also apply to an overseas issuer with, or seeking, a secondary listing under this chapter.

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Chapter 21

INVESTMENT VEHICLES

INVESTMENT COMPANIES

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Secondary Listings

21.15 In the case of an investment company whose primary listing is or is to be on another stock exchange and which is listed by way of introduction the Exchange will normally be prepared to permit the following additional modifications:—

- (1) the listing document need not be accompanied by a Chinese translation;
and
- (2) ~~[Repealed 1 January 2022]the Exchange will normally be prepared to waive the requirement of rule 19.30(4) (a), provided that adequate arrangements are made to have a share transfer agent in Hong Kong.~~

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The Stock Exchange of Hong Kong Limited

Practice Note 5

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

Issued pursuant to rule 1.06 of the Exchange Listing Rules

DISCLOSURE OF INTERESTS INFORMATION

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2. The requirements of the Exchange Listing Rules

Paragraphs 45 of Part A, 38 of Part B and 49 of Part C of Appendix 1 and paragraph 13 of Appendix 16 of the Exchange Listing Rules require issuers to disclose, in certain listing documents and annual and interim reports, details of substantial shareholders' and certain other persons' interests and short positions in the shares and underlying shares of the issuer and directors' and chief executives' interests and short positions in the shares, underlying shares and debentures of the issuer and any associated corporation, as recorded (or, in the case of a new listing, to be recorded) in the registers required to be kept under sections 336 and 352 of the Securities and Futures Ordinance ("SFO"), subject to certain stated exceptions or waivers that may be given by the Exchange. Certain circulars to shareholders may also be required to contain such information.

Note: The Exchange may consider an application for a waiver from strict compliance with Practice Note 5, paragraphs 41(4) and 45 of Appendix 1A and paragraphs 34 and 38 of Appendix 1B, paragraphs 41(4) and 45 of Appendix 1E, and paragraphs 30 and 34 of Appendix 1F (where applicable) for issuers with, or seeking, a secondary listing under Chapter 19C, on conditions that:–

(a) the Commission grants a certificate of exemption from strict compliance with Part XV of the SFO;

(b) the issuer undertakes to file with the Exchange, as soon as practicable, any declaration of shareholding and securities transactions made to the overseas stock exchange by the directors, executive officers or substantial shareholders under relevant laws; and

(c) the following is disclosed in present and future listing documents:

(i) in the same manner as required under the SFO, any such interests that were reported to and published by the overseas stock exchange under the relevant law; and

(ii) the relationship between its directors, officers, members of committees and their relationship to any controlling shareholder.

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The Stock Exchange of Hong Kong Limited

Practice Note 22

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

Issued pursuant to rule 1.06 of the Exchange Listing Rules

PUBLICATION OF APPLICATION PROOFS AND POST HEARING INFORMATION PACKS (PHIPs)

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Confidential Filings

18. ~~A new applicant which has been listed on a recognised overseas exchange for not less than 5 years and has a significantly large market capitalisation (as determined by the Exchange from time to time) or a new applicant applying for secondary listing under Chapter 19C~~ rule 19C.05 or Criteria B under Rule 19C.05A at the time of filing its listing application is entitled to make a confidential filing of its Application Proof. For a new applicant which has been listed on a Recognised Stock Exchange or a new applicant applying for secondary listing under Criteria A under rule 19C.05A, the Exchange will consider a request for confidential filing of Application Proof on the basis of the issuer’s individual circumstances and the merits of the case. The ~~A new applicant~~ allowed to make a confidential filing is not subject to the publication requirements for its Application Proof unless it is requested to comply with them by the Exchange or the Commission (as the case may be). All other requirements under the Exchange Listing Rules apply unless a waiver is granted.

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Appendix 3

~~Articles of Association~~ Core Shareholder Protection Standards

An 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 this appendix. For this purpose, the Exchange may require the issuer to amend its constitutional documents to provide them. An issuer must further monitor its on-going compliance with these standards and notify the Exchange if it

~~becomes unable to comply with any of these after listing. The articles of association or equivalent document must conform with the following provisions and, where necessary, a certified copy of a resolution of the board of directors or other governing body undertaking to comply with the appropriate provisions must be lodged with the Exchange. This appendix does not apply to an issuer which has only debt securities listed.~~

Note: Transitional arrangements for existing issuers listed on the Exchange's markets as at 31 December 2021 are as follows: they would have until their second annual general meeting following 1 January 2022 to make necessary changes to their constitutional documents to conform to the core shareholder protection standards set out in this Appendix.

As regards Transfer and Registration

1. [Repealed 1 January 2022]

- ~~(1) That transfers and other documents relating to or affecting the title to any registered securities shall be registered and where any fee or fees is/are charged, such fee or fees shall not exceed the maximum fees prescribed by the Exchange from time to time in the Exchange Listing Rules.~~
- ~~(2) That fully paid shares shall be free from any restriction on the right of transfer (except when permitted by the Exchange) and shall also be free from all lien.~~
- ~~(3) That where power is taken to limit the number of shareholders in a joint account, such limit shall not prevent the registration of a maximum of four persons.~~

As regards Definitive Certificates

2. [Repealed 1 January 2022]

- ~~(1) That all certificates for capital must be under seal, which may only be affixed with the authority of the directors, or be executed under signature of appropriate officials with statutory authority.~~
- ~~(2) Where power is taken to issue share warrants to bearer, that no new share warrant shall be issued to replace one that has been lost, unless the issuer is satisfied beyond reasonable doubt that the original has been destroyed.~~

As regards Dividends

3. [Repealed 1 January 2022]

- ~~(1) That any amount paid up in advance of calls on any share may carry interest but shall not entitle the holder of the share to participate in respect thereof in a dividend subsequently declared.~~
- ~~(2) Where power is taken to forfeit unclaimed dividends, that power shall not be exercised until six years or more after the date of declaration of the dividend.~~

As regards Directors

4. (1) [Repealed 1 January 2022]~~That, subject to such exceptions specified in the articles of association as the Exchange may approve, a director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his close associates has a material interest nor shall he be counted in the quorum present at the meeting. (Note 1)~~

- (2) That any person appointed by the directors to fill a casual vacancy on or as an addition to the board shall hold office only until the first annual general meeting of the issuer after his appointment~~next following annual general meeting of the issuer~~, and shall then be eligible for re-election.

Note: In respect of Grandfathered Greater China Issuers and Non-Greater China Issuers that are permitted to have a WVR structure that does not comply with Chapter 8A of these Exchange Listing Rules, the Exchange will consider the applicability of this requirement on a case-by-case basis based on the circumstances of each individual case.

- (3) That, where not otherwise provided by law, ~~the issuer~~members in general meeting shall have the power by ordinary resolution to remove any director (including a managing or other executive director, but without prejudice to any claim for damages under any contract) before the expiration of his ~~period~~term of office.

Note: In respect of Grandfathered Greater China Issuers and Non-

Greater China Issuers that are permitted to have a WVR structure that does not comply with Chapter 8A of these Exchange Listing Rules, the Exchange will consider the applicability of this requirement on a case-by-case basis based on the circumstances of each individual case.

- (4) [Repealed 1 January 2022] That the minimum length of the period, during which notice to the issuer of the intention to propose a person for election as a director and during which notice to the issuer by such person of his willingness to be elected may be given, will be at least 7 days.
- (5) [Repealed 1 January 2022] That the period for lodgment of the notices referred to in sub-paragraph 4(4) will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting.

As regards Accounts

5. [Repealed 1 January 2022] That a copy of either (i) the directors' report, accompanied by the balance sheet (including every document required by law to be annexed thereto) and profit and loss account or income and expenditure account, or (ii) the summary financial report shall, at least 21 days before the date of the general meeting, be delivered or sent by post to the registered address of every member.

As regards Rights

6. [Repealed 1 January 2022]
- (1) That adequate voting rights will, in appropriate circumstances, be secured to preference shareholders.
- (2) That the quorum for a separate class meeting (other than an adjourned meeting) to consider a variation of the rights of any class of shares shall be the holders of at least one-third of the issued shares of the class.

As regards Notices

7. [Repealed 1 January 2022]
- (1) That where power is taken to give notice by advertisement such advertisement may be published in the newspapers.

- ~~(2) That an overseas issuer whose primary listing is or is to be on the Exchange shall give notice sufficient to enable members, whose registered addresses are in Hong Kong, to exercise their rights or comply with the terms of the notice. If the overseas issuer's primary listing is on another stock exchange, the Exchange will normally be satisfied with an undertaking by the issuer to do so and will not normally request the issuer to change its articles to comply with this paragraph where it would be unreasonable to do so.~~
- ~~(3) That there is no prohibition on the giving of notice to members whose registered address is outside Hong Kong.~~

~~As regards Redeemable Shares~~

8. ~~[Repealed 1 January 2022] That, where the issuer has the power to purchase for redemption a redeemable share:—~~
- ~~(1) purchases not made through the market or by tender shall be limited to a maximum price; and~~
- ~~(2) if purchases are by tender, tenders shall be available to all shareholders alike.~~

~~As regards Capital Structure~~

9. ~~[Repealed 1 January 2022] That the structure of the share capital of the issuer be stated and where such capital consists of more than one class of share it must also be stated how the various classes shall rank for any distribution by way of dividend or otherwise.~~

~~As regards Non-Voting or Restricted Voting Shares~~

10. ~~[Repealed 1 January 2022]~~
- ~~(1) That, where the capital of the issuer includes shares which do not carry voting rights, the words "non-voting" must appear in the designation of such shares.~~
- ~~(2) That, where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words "restricted voting" or "limited voting".~~

As regards Proxies

11. [Repealed 1 January 2022]

- (1) ~~That where provision is made in the articles as to the form of proxy, this must be so worded as not to preclude the use of the two-way form.~~
- (2) ~~That a corporation may execute a form of proxy under the hand of a duly authorised officer.~~

As regards disclosure of interests

12. [Repealed 1 January 2022] ~~No powers shall be taken to freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the company.~~

As regards untraceable members

13. [Repealed 1 January 2022]

- (1) ~~That where power is taken to cease sending dividend warrants by post, if such warrants have been left uncashed, it will not be exercised until such warrants have been so left uncashed on two consecutive occasions. However, such power may be exercised after the first occasion on which such a warrant is returned undelivered.~~
- (2) ~~That where power is taken to sell the shares of a member who is untraceable it will not be exercised unless:—~~
 - (a) ~~during a period of 12 years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and~~
 - (b) ~~on expiry of the 12 years the issuer gives notice of its intention to sell the shares by way of an advertisement published in the newspapers and notifies the Exchange of such intention.~~

As regards voting**As regards Proceedings at General Meetings**

14. (1) That an issuer must hold a general meeting for each financial year as its annual general meeting.

Note: Generally, an issuer must hold its annual general meeting within six months after the end of its financial year.

- (2) That an issuer must give its members reasonable written notice of its general meetings.

Note: “Reasonable written notice” normally means at least 21 days for an annual general meeting and at least 14 days for other general meetings. This is unless it can be demonstrated that reasonable written notice can be given in less time.

- (3) That members must have the right to (a) speak at a general meeting; and (b) vote at a general meeting except where a member is required, by these Exchange Listing Rules, to abstain from voting to approve the matter under consideration.

Notes:

1. An example of such a circumstance is where a member has a material interest in the transaction or arrangement being voted upon.

2. If an issuer is subject to a foreign law or regulation that prevents the restriction of a member’s right to speak and/or vote at general meetings, the issuer can enter into an undertaking with the Exchange to put in place measures that achieve the same outcome as the restriction under this paragraph (e.g. any votes cast by or on behalf of a member in contravention of the rule restriction must not be counted towards the resolution).

- (4) That, where any shareholder is, under these Exchange Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

- (5) That members holding a minority stake in the total number of issued shares must be able to convene an extraordinary general meeting and add resolutions to a meeting agenda. The minimum stake required to do so must not be higher than 10% of the voting rights, on a one vote per share basis, in the share capital of the issuer.

As regards Variation of Rights

15. That a super-majority vote of the issuer's members of the class to which the rights are attached shall be required to approve a change to those rights.

Notes:

1. A "super-majority vote" means at least three-fourths of the voting rights of the members holding shares in that class present and voting in person or by proxy at a separate general meeting of members of the class where the quorum for such meeting shall be holders of at least one third of the issued shares of the class. This is unless it can be demonstrated that shareholder protection will not be compromised by a lower voting threshold (e.g. simple majority votes in favour of the relevant resolutions with a higher quorum requirement) and in such case a "super-majority vote" is deemed to be achieved.
2. For PRC issuers, the Exchange will consider a resolution passed by members representing at least two-thirds of the voting rights of the members who are present at the classified members' meeting and have voting rights to amend class rights as satisfying the threshold of a "super-majority".

As regards Amendment of Constitutional Documents

16. That a super-majority vote of the issuer's members in a general meeting shall be required to approve changes to an issuer's constitutional documents, however framed.

Notes:

1. A "super-majority vote" means at least three-fourths of the total voting rights of the members present and voting in person or by proxy at the general meeting. This is unless it can be demonstrated that shareholder protection will not be compromised by a lower voting threshold (e.g. simple majority votes in favour of the relevant resolutions with a higher quorum requirement) and in such case a "super-majority vote" is deemed to be achieved.

2. For PRC issuers, the Exchange will consider a resolution passed by members representing at least two-thirds of the total voting rights of the members present and voting in person or by proxy at the meeting as satisfying the threshold of a “super-majority”.

As regards Appointment, Removal and Remuneration of Auditors

17. That the appointment, removal and remuneration of auditors must be approved by a majority of the issuer’s members or other body that is independent of the board of directors.

Note: An example of such an independent body is the supervisory board in systems that have a two tier board structure.

As regards Proxies and Corporate Representatives

18. That every member shall be entitled to appoint a proxy who needs not necessarily be a member of the issuer and that every shareholder being a corporation shall be entitled to appoint a representative to attend and vote at any general meeting of the issuer and, where a corporation is so represented, it shall be treated as being present at any meeting in person. A corporation may execute a form of proxy under the hand of a duly authorised officer.

As regards HKSCC’s Right to Appoint Proxies or Corporate Representatives

19. That HKSCC must be entitled to appoint proxies or corporate representatives to attend the issuer’s general meetings and creditors meetings and those proxies or corporate representatives must enjoy rights equivalent to the rights of other shareholders, including the right to speak and vote.

Note: Where the laws of an overseas jurisdiction prohibit HKSCC from appointing proxies or corporate representatives enjoying the rights described by this paragraph, the issuer must make the necessary arrangements with HKSCC to ensure that Hong Kong investors holding shares through HKSCC enjoy the right to vote, attend (personally or by proxy) and speak at general meetings.

As regards Inspection of Branch Register

20. That the branch register of members in Hong Kong shall be open for inspection by members but the issuer may be permitted to close the register on terms

equivalent to section 632 of the Companies Ordinance.

As regards Voluntary Winding Up

21. A super-majority vote of the issuer's members in a general meeting shall be required to approve a voluntary winding up of an issuer.

Notes:

1. A "super-majority vote" means at least three-fourths of the total voting rights of the members present and voting in person or by proxy at the general meeting. This is unless it can be demonstrated that shareholder protection will not be compromised by a lower voting threshold (e.g. simple majority votes in favour of the relevant resolutions with a higher quorum requirement) and in such case a "super-majority vote" is deemed to be achieved.
2. For PRC issuers, the Exchange will consider a resolution passed by members representing at least two-thirds of the total voting rights of the members present and voting in person or by proxy at the meeting as satisfying the threshold of a "super-majority".

NOTES

~~Note 1 — Articles of Association will be acceptable to the Exchange if they provide exceptions from the requirements of paragraph 4(1) of this Appendix in respect of the following matters:—~~

~~(1) the giving of any security or indemnity either:—~~

~~(a) to the director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the issuer or any of its subsidiaries;
or~~

~~(b) to a third party in respect of a debt or obligation of the issuer or any of its subsidiaries for which the director or his close associate(s) has himself/ themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;~~

- ~~(2) any proposal concerning an offer of shares or debentures or other securities of or by the issuer or any other company which the issuer may promote or be interested in for subscription or purchase where the director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;~~
- ~~(3) any proposal concerning any other company in which the director or his close associate(s) is/are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the director or his close associate(s) is/are beneficially interested in shares of that company, provided that the director and any of his close associates are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of his close associates is derived) or of the voting rights;~~
- ~~(4) any proposal or arrangement concerning the benefit of employees of the issuer or its subsidiaries including:—~~
- ~~(a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the director or his close associate(s) may benefit; or~~
- ~~(b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to directors, his close associates and employees of the issuer or any of its subsidiaries and does not provide in respect of any director, or his close associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and~~
- ~~(5) any contract or arrangement in which the director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the issuer by virtue only of his/their interest in shares or debentures or other securities of the issuer.~~

...

Appendix 8

Listing Fees, Transaction Levies and Trading Fees on New Issues and Brokerage

...

5. SFC Transaction Levy on New Issues

- (1) A SFC Transaction Levy shall be payable on each of the following transactions (in each case a "Qualifying Transaction"):
- (a) the subscription and/or purchase of securities of a class new to listing;
 - (b) the subscription and/or purchase of securities of a class already listed under an offer made to the public by or on behalf of a listed issuer excluding a rights issue or open offer; and
 - (c) any other transaction in securities of a class new to listing which the Exchange deems appropriate.

Generally, any transaction involving debt securities will not be deemed to be a Qualifying Transaction, unless, in the opinion of the Exchange, such debt securities are not pure debt securities or are analogous to equity securities. The SFC Transaction Levy on new issues will not be payable in the case of an introduction.

- (2) The SFC Transaction Levy together with the investor compensation levy shall be calculated on an aggregated basis (rounded to the nearest cent) by applying the percentage rates as specified from time to time in the Securities and Futures (Levy) Order and the Securities and Futures (Investor Compensation Levy) Rules to the total consideration payable to the issuer by a subscriber/purchaser for each security under the relevant Qualifying Transaction.
- (3) (a) In the case of the subscription and/or purchase of securities, the SFC Transaction Levy shall be payable by each of the issuer or vendor (as the case may be) and by the subscriber or purchaser (as the case may be).
- (b) In the case of any other Qualifying Transaction, the SFC Transaction Levy shall be payable as the Exchange shall direct.
- (4) Where the consideration under a Qualifying Transaction consists of or includes consideration other than cash, the value of the consideration on which the SFC Transaction Levy is payable shall be determined by the Exchange whose decision shall be final and binding.
- (5) The SFC Transaction Levy shall be paid to the Exchange before dealings commence in the relevant securities, in the manner determined by the Exchange from time to time.
- (6) The SFC Transaction Levy so collected by the Exchange shall be paid to the Commission in accordance with section 394 of the Securities and

Futures Ordinance.

- (7) In all cases it shall be the responsibility of the issuer whose securities are to be listed to ensure that the SFC Transaction Levy is paid to the Exchange.

...

8. SFC Transaction Levy on Offers for Sale

A listed issuer must notify the Exchange of every purchase and sale of its listed securities made under an offer for sale by or on behalf of a substantial shareholder. Every such purchase and sale is subject to the SFC Transaction Levy payable to the Commission pursuant to section 394 of the Securities and Futures Ordinance. The SFC Transaction Levy payable shall be paid to the Exchange by the issuer and the Exchange shall pay such amount to the Commission in accordance with that section.

...

11. Secondary Listings

In the case of an overseas issuer, whose primary listing is ~~or is to be on~~ another stock exchange, the fees payable shall be as follows:—

...

11A. Annual PIE Levy

- (1) With effect from 1 January 2022, an annual PIE levy shall be payable by a PIE to the Exchange.
- (2) The annual PIE levy so collected by the Exchange shall be paid to the FRC in accordance with section 50B of the FRCO.
- (3) The annual PIE levy shall be calculated by applying the percentage rate as specified from time to time in section 2 of Schedule 7 to the FRCO to:
- (a) in case of a listed issuer of equity securities (other than warrants, units in a unit trust, redeemable shares in a mutual fund, or securities issued by an open-ended investment company or collective investment scheme), the annual listing fee payable under paragraph 2(1)(a) above for the relevant calendar year;
 - (b) in the case of an overseas issuer whose primary listing is on another stock exchange, the annual listing fee payable under paragraph 11(2) above for the relevant calendar year; or
 - (c) in the case of unit trusts, mutual funds, open-ended investment companies and other collective investment schemes, the annual listing fee listed in paragraph 3 above for the relevant calendar year.
- (4) The annual PIE levy shall be payable in advance in one instalment. The PIE levy shall be payable within 7 days of receiving a debit note or, in any event if earlier, before dealings in the relevant securities commence. Annual PIE levy shall not be refundable. Regardless of the day of the month on which the securities are listed, the annual PIE levy will be

calculated from the first day of that month and pro rata payment in respect of that month is not permitted.

- (5) The annual PIE levy for a calendar year, as calculated in accordance with paragraph 11A(3) above, is not to be adjusted even if the annual listing fee payable by the PIE to the Exchange for the relevant year is subsequently adjusted under the Listing Rules.

11B. FRC Transaction Levy

- (1) With effect from 1 January 2022, a FRC Transaction Levy shall be payable to the Exchange on each:
- (a) Qualifying Transaction (as defined in paragraph 5 above); and
 - (b) purchase and sale of listed securities made under an offer for sale as described in paragraph 8 above.
- (2) The FRC Transaction Levy so collected by the Exchange shall be paid to the FRC in accordance with section 50A of the FRCO.
- (3) The FRC Transaction Levy shall be calculated (rounded to the nearest cent) by applying the percentage rate as specified from time to time in section 1 of Schedule 7 to the FRCO to the total consideration payable to the issuer/substantial shareholder by a subscriber/purchaser for each security under the relevant transaction referred to in paragraph 11B(1) above. Where the consideration under a Qualifying Transaction consists of or includes consideration other than cash, the value of the consideration on which the FRC Transaction Levy is payable shall be determined by the Exchange whose decision shall be final and binding.
- (4) (a) In the case of a Qualifying Transaction relating to the subscription and/or purchase of securities, the FRC Transaction Levy shall be payable by each of the issuer or vendor (as the case may be) and by the subscriber or purchaser (as the case may be).
- (b) In the case of any other Qualifying Transaction, the FRC Transaction Levy shall be payable as the Exchange shall direct.
- (c) In case of a purchase and sale of listed securities made under an offer for sale as described in paragraph 8 above, the FRC Transaction Levy shall be payable by the issuer.
- (5) The FRC Transaction Levy shall be paid to the Exchange at the same time the SFC Transaction Levy payable under paragraph 5 or paragraph 8 above (as the case may be) is paid to the Exchange, in the manner and within the time frame determined by the Exchange from time to time.
- (6) FRC Transaction Levy is not refundable.
- (7) In all cases it shall be the responsibility of the issuer whose securities are to be listed to ensure that the FRC Transaction Levy is paid to the Exchange.

12. General

All fees or charges payable to the Exchange under this Appendix shall be net of all taxes, levies and duties. The Exchange reserves the right to revise any of the fees or charges prescribed above at any time, subject to the approval of the Commission pursuant to section 76 and section 24 of the Securities and Futures Ordinance. The Exchange may also at its sole discretion in any specific case reduce or waive the fees or charges prescribed above, except for (a) the SFC Transaction Levy on Qualifying Transactions in respect of which any reduction or waiver must be approved in writing by the Commission; or (b) the annual PIE levy and the FRC Transaction Levy payable to the Exchange under paragraphs 11A and 11B above in respect of which any reduction must be approved in writing by the FRC.

...

Appendix 13

ADDITIONAL REQUIREMENTS IN RESPECT OF CERTAIN JURISDICTIONS

PART A

BERMUDA

THIS APPENDIX HAS BEEN REPEALED

[Repealed 1 January 2022]

~~Section 1. Additional requirements for memorandum and bye-laws~~

~~Section 2. Modifications and additional requirements~~

Section 1

~~ADDITIONAL REQUIREMENTS FOR THE MEMORANDUM AND BYE-LAWS OF ISSUERS INCORPORATED OR OTHERWISE ESTABLISHED IN BERMUDA~~

~~In addition to the provisions of Appendix 3, the bye-laws of issuers incorporated or otherwise established in Bermuda whose primary listing is or is to be on the Exchange must conform with the following provisions:—~~

~~1. As regards the memorandum and bye-laws~~

~~The memorandum and bye-laws must stipulate that they may not be changed without a special resolution, and the bye-laws shall define “special resolution” to mean a resolution passed by members holding three fourths of the voting rights of those~~

~~present and voting in person or by proxy at a meeting of members.~~

2. ~~As regards share capital~~

~~(1) The bye-laws shall stipulate that for the purposes of Section 47 of the Companies Act 1981 of Bermuda the specified proportion of the holders of shares of a particular class required to sanction a resolution passed at a separate meeting of those holders to approve a variation of class rights shall be members holding three-fourths of the voting rights of that class present and voting in person or by proxy at such meeting.~~

~~(2) Where the issuer is permitted by Bermudian law so to do, the bye-laws shall provide that a proxy need not be a member of the issuer.~~

3. ~~As regards shareholders~~

~~The bye-laws shall stipulate that any annual general meeting must be called by notice of at least 21 days, and that any other general meeting (including an extraordinary general meeting) must be called by notice of at least 14 days.~~

~~*Note: The bye-laws may provide that issuers may convene a general meeting on shorter notice than required under this provision or the companies' bye-laws if it is agreed:*~~

~~*(a) in the case of an annual general meeting, by all the members entitled to attend and vote at the meeting; and*~~

~~*(b) in any other case, by a majority in number of the members having the right to attend and vote at the meeting, being a majority together representing at least 95% of the total voting rights at the meeting of all the members.*~~

4. ~~As to accounts~~

~~(1) The bye-laws shall require the issuer to keep proper books of account necessary to give a true and fair view of the issuer's affairs.~~

~~(2) The bye-laws shall provide that accounts shall be laid before members at the annual general meeting which must be held in each year; not more than 15 months (or such longer period as the Exchange may authorise) may elapse between the date of one annual general meeting and the next.~~

~~5. As to directors~~

~~The bye-laws shall stipulate that the issuer in general meeting must approve the payment to any director or past director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the director is contractually entitled).~~

~~6. As to corporate representatives~~

~~The bye-laws shall provide that if a recognised clearing house within the meaning of Part 1 of Schedule 1 to the Securities and Futures Ordinance is a member of the company it may authorise such person or persons as it thinks fit to act as its representative or representatives at any meeting of the company or at any meeting of any class of members of the company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee) which he represents as that clearing house (or its nominee) could exercise if it were an individual shareholder of the company.~~

Section 2

~~MODIFICATIONS AND ADDITIONAL REQUIREMENTS~~

~~(see rules 19.05(6)(a)(ii), 19.08(4) and 19.10(2), (3) and (5)(a))~~

~~1. In the case of an introduction in the circumstances set out in rule 7.14(3):—~~

- ~~(1) the summary of the provisions of the constitutive documents of the overseas issuer, which is required by rule 19.10(2);~~
- ~~(2) the summary of the relevant regulatory provisions (statutory or otherwise) of the jurisdiction in which the overseas issuer is incorporated or otherwise established, which is required by rule 19.10(3); and~~
- ~~(3) the comparison between those constitutive documents and the listed Hong Kong issuer's existing articles of association, which is required by rule 19.10(5)(a),~~

may be published on the Exchange's website and the issuer's own website rather than set out in the listing document.

2. ~~In such cases the details of the articles of association or equivalent document required to be set out in the listing document by paragraph 7 of Part A of Appendix 1 may be limited to a summary of the changes, if any, between the Hong Kong issuer's articles of association and the overseas issuer's proposed constitutive documents, in respect of each of the areas set out in that paragraph, provided that the summary also includes details of any differences or additional provisions in the proposed new constitutive documents which confer on directors of the overseas issuer any special powers, the exercise of which would affect the rights or interests of the shareholders.~~
3. ~~The summary and, where relevant, comparison of the constitutive documents required by rules 19.10(2) and 19.10(5)(a), 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 overseas 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 overseas issuer's or any of its subsidiaries' shares~~

~~(i) summary~~

~~(ii) differences~~

- ~~(f) — disclosure of interests in contracts with the overseas 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 overseas issuer to purchase its own shares~~
 - ~~(i) summary~~
 - ~~(ii) differences~~

- ~~(11) power for any subsidiary of the overseas 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 overseas issuer or the shareholders thereof.~~

~~4. [Repealed 2 November 2009]~~

~~Additional Documents on Display~~

~~5. The requirements of Chapter 19 and this Appendix mean that in the case of an introduction in the circumstances set out in rule 7.14(3) the following additional documents must be published on the Exchange's website and the issuer's own website:—~~

~~(1) a summary of the relevant regulatory provisions (statutory or otherwise) of the country where the overseas issuer is incorporated or otherwise established together with a copy of all relevant statutes and/or regulations;~~

~~(2) a summary of the provisions of the proposed new constitutive documents of the overseas issuer and a comparison between the overseas issuer's constitutive documents and the constitutive documents of the listed Hong Kong issuer or issuers whose securities have been exchanged; and~~

~~(3) copies of the full valuation report in respect of any property valuations which are only summarised in the listing document (see rule 19.10(5)(e)).~~

~~...~~

Appendix 13

PART B

THE CAYMAN ISLANDS

THIS APPENDIX HAS BEEN REPEALED

[Repealed 1 January 2022]

~~Section 1. Additional requirements for memorandum and articles of association~~

~~Section 2. Modifications and additional requirements~~

Section 4

ADDITIONAL REQUIREMENTS FOR THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF ISSUERS INCORPORATED OR OTHERWISE ESTABLISHED IN THE CAYMAN ISLANDS

~~In addition to the provisions of Appendix 3, the articles of association of issuers incorporated or otherwise established in the Cayman Islands whose primary listing is or is to be on the Exchange must conform with the following provisions:—~~

1. ~~As regards the memorandum and articles of association~~

~~To the extent that the same is permissible under Cayman Islands law, the memorandum and articles of association must stipulate that they may not be changed without a special resolution, and the articles of association shall define “special resolution” to mean a resolution passed by members holding three fourths of the voting rights of those present and voting in person or by proxy at a meeting of members.~~

2. ~~As regards share capital~~

~~(1) The articles of association shall stipulate that if at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied only with the consent in writing of the holders of three fourths in nominal value of the issued shares of the class in question or with the sanction of a resolution passed at a separate general meeting of the holders of the shares of that class by members holding shares representing three fourths in nominal value of the shares present in person or by proxy and voting at such meeting. The articles of association shall provide that to every such separate general meeting the provisions of the articles of association relating to general meetings shall mutatis mutandis apply, but the articles of association may vary the quorum provisions relevant to any such meeting.~~

~~(2) The articles of association shall provide that every member shall be entitled to appoint a proxy who need not necessarily be a member of the issuer and that every shareholder being a corporation shall be entitled to appoint a representative to attend any general meeting of the issuer and, where a~~

~~corporation is so represented, it shall be treated as being present at any meeting in person.~~

~~(3) [Repealed 1 January 2009]~~

3. As regards shareholders

~~(1) The articles of association shall stipulate that any annual general meeting must be called by notice of at least 21 days, and that any other general meeting (including an extraordinary general meeting) must be called by notice of at least 14 days. The articles of association shall stipulate that the notice convening a meeting shall contain particulars of the resolutions to be considered at that meeting.~~

~~*Note: The articles of association may provide that issuers may convene a general meeting on shorter notice than required under this provision or the companies' articles of association if it is agreed:*~~

~~*(a) in the case of an annual general meeting, by all the members entitled to attend and vote at the meeting; and*~~

~~*(b) in any other case, by a majority in number of the members having the right to attend and vote at the meeting, being a majority together representing at least 95% of the total voting rights at the meeting of all the members.*~~

~~(2) The articles of association shall provide for the branch register of members in Hong Kong to be open for inspection by members but may permit the company to close the register in terms equivalent to section 632 of the Companies Ordinance.~~

~~(3) The articles of association shall require an annual general meeting to be held in each year and shall provide that the audited accounts shall be sent to members at the same time as the notice of annual general meeting.~~

4. As to accounts

~~(1) The articles of association shall require the issuer to keep proper books of account necessary to give a true and fair view of the issuer's affairs.~~

~~(2) The articles of association shall provide that accounts shall be audited and shall be laid before members at the annual general meeting which must be~~

~~held in each year; not more than 15 months (or such longer period as the Exchange may authorise) may elapse between the date of one annual general meeting and the next.~~

5. ~~As to directors~~

- ~~(1) The articles of association shall provide that directors may be removed at any time by ordinary resolution of the members.~~
- ~~(2) The articles of association shall restrict the making of loans to directors and their close associates and shall import provisions at least equivalent to the provisions of Hong Kong law prevailing at the time of the adoption of the articles of association.~~
- ~~(3) The articles of association shall contain provisions requiring the directors to declare their material interests in any contracts with the issuer at the earliest meeting of the board of directors of the issuer at which it is practicable for them to do so either specifically or by way of a general notice stating that, by reason of facts specified in the notice, they are to be regarded as interested in any contracts of a specified description which may subsequently be made by the issuer.~~
- ~~(4) The articles of association shall stipulate that the issuer in general meeting must approve the payment to any director or past director of any sum by way of compensation for loss of office or as consideration or in connection with his retirement from office (not being a payment to which the director is contractually entitled).~~

6. ~~As to corporate representatives~~

~~The articles of association shall provide that if a recognised clearing house within the meaning of Part 1 of Schedule 1 to the Securities and Futures Ordinance is a member of the company it may authorise such person or persons as it thinks fit to act as its representative or representatives at any meeting of the company or at any meeting of any class of members of the company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee) which he represents as that clearing house (or its nominee) could exercise if it were an individual shareholder of the company.~~

Section 2

MODIFICATIONS AND ADDITIONAL REQUIREMENTS

(see rules 19.05(6)(a)(ii), 19.08(4) and 19.10(2), (3) and (5)(a))

1. ~~In the case of an introduction in the circumstances set out in rule 7.14(3):—~~

~~(1) the summary of the provisions of the constitutive documents of the overseas issuer, which is required by rule 19.10(2);~~

~~(2) the summary of the relevant regulatory provisions (statutory or otherwise) of the jurisdiction in which the overseas issuer is incorporated or otherwise established, which is required by rule 19.10(3); and~~

~~(3) the comparison between those constitutive documents and the listed Hong Kong issuer's existing articles of association, which is required by rule 19.10(5)(a),~~

~~may be published on the Exchange's website and the issuer's own website rather than set out in the listing document.~~

2. ~~In such cases the details of the articles of association or equivalent document required to be set out in the listing document by paragraph 7 of Part A of Appendix 1 may be limited to a summary of the changes, if any, between the Hong Kong issuer's articles of association and the overseas issuer's proposed constitutive documents, in respect of each of the areas set out in that paragraph, provided that the summary also includes details of any differences or additional provisions in the proposed new constitutive documents which confer on directors of the overseas issuer any special powers, the exercise of which would affect the rights or interests of the shareholders.~~

3. ~~The summary and, where relevant, comparison of the constitutive documents required by rules 19.10(2) and 19.10(5)(a), 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 overseas 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 overseas issuer's or any of its subsidiaries' shares~~
 - ~~(i) — summary~~
 - ~~(ii) — differences~~
- ~~(f) — disclosure of interests in contracts with the overseas 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 overseas issuer to purchase its own shares~~
 - ~~(i) — summary~~
 - ~~(ii) — differences~~

- ~~(11) — power for any subsidiary of the overseas 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 overseas issuer or the shareholders thereof.~~

4. ~~[Repealed 2 November 2009]~~

Additional Documents on Display

5. ~~The requirements of Chapter 19 and this Appendix mean that in the case of an introduction in the circumstances set out in rule 7.14(3) the following additional documents must be published on the Exchange's website and the issuer's own website :—~~

- ~~(1) a summary of the relevant regulatory provisions (statutory or otherwise) of the country where the overseas issuer is incorporated or otherwise established together with a copy of all relevant statutes and/or regulations;~~
- ~~(2) a summary of the provisions of the proposed new constitutive documents of the overseas issuer and a comparison between the overseas issuer's~~

~~constitutive documents and the constitutive documents of the listed Hong Kong issuer or issuers whose securities have been exchanged; and~~

~~(3) copies of the full valuation report in respect of any property valuations which are only summarised in the listing document (see rule 19.10(5)(e)).~~

...

APPENDIX 13

Part D

THE PEOPLE'S REPUBLIC OF CHINA

...

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 ~~(see also rules 19A.46 to 19A.49)~~, 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:—

...

Appendix 14

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

...

A.4 Appointments, re-election and removal

...

A.4.2 ~~All directors appointed to fill a casual vacancy should be subject to election by shareholders at the first general meeting after appointment. Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.~~

...

E.1 Effective communication

...

E.1.3 ~~[Repealed 1 January 2022] The issuer should arrange for the notice to shareholders to be sent for annual general meetings at least 20 clear business days before the meeting and to be sent at least 10 clear business days for all other general meetings.~~

...

Appendix 16

DISCLOSURE OF FINANCIAL INFORMATION

...

Requirement for all Financial Statements

2. Each set of financial statements presented in an annual report, listing document or circular shall provide a true and fair view of the state of affairs of the listed issuer and of the results of its operations and its cashflows.

2.1 *Annual financial statements of a listed issuer are required, subject to Notes ~~2.4 and 2.6~~, to conform with:—*

- (a) *Hong Kong Financial Reporting Standards (HKFRS); or*
- (b) *International Financial Reporting Standards (IFRS); or*
- (c) *China Accounting Standards for Business Enterprises (CASBE) in the case of a PRC issuer that has adopted CASBE for the preparation of its annual financial statements.*

2.2 *An issuer must apply one of the bodies of standards referred to in Note 2.1 consistently and shall not normally change from one body of standards to the other unless there are reasonable grounds to justify such a change. All reasons for any such change must be disclosed in the annual financial statements.*

2.3 *[Repealed 15 December 2010]*

2.4 *~~[Repealed 1 January 2022]An overseas issuer, which has a secondary listing on the Exchange, may prepare annual financial statements drawn up in conformity with Generally Accepted Accounting Principles in the United States of America (US GAAP).~~*

2.5 *If an accounting estimate reported in prior interim period of the current financial year is changed during the subsequent interim period of the same financial year and has a material effect in that subsequent interim period, the nature and amount of a change in an accounting estimate that has a material effect in the current financial year or which is expected to have a material effect in subsequent periods should be disclosed. If it is impracticable to quantify the amount, this fact should be disclosed.*

~~2.6 Where the Exchange, in exceptional circumstances, allows~~The Exchange may allow the annual financial statements of an overseas issuer to be drawn up otherwise than in conformity with financial reporting accounting standards referred to in Note 2.1, the Exchange will normally require the annual financial statements to contain a statement of the financial effect of the material differences (if any) from either HKFRS or IFRS referred to in Note 2.1 above. (see the requirements set out in rules 19.25A and 19C.23).

...
2A. Where the preparation of an auditors' report or accountants' report constitutes a PIE Engagement under the FRCO, the issuer must appoint a firm of practising accountants which is a PIE Auditor under the FRCO.

Note: Qualification requirements for auditors and reporting accountants in the case of overseas issuers and PRC issuers are set out in rules 4.03, 19.20, 19A.08, 19A.31 and 19C.16.

...
Information to accompany interim reports

...
38. Except where a change in accounting policy is required by an accounting standard issued during the interim period, a listed issuer must prepare its interim report in accordance with the same accounting standards that it adopted in the preparation of its most recent published annual financial statements or for a newly listed company in its prospectus. Where there have been any significant departure from such accounting standards, then the listed issuer shall include a statement setting out particulars of, and reasons for, the departure. A listed issuer should comply with the relevant standard on interim reporting in respect of its half-year reports in accordance with the requirements under HKFRS, IFRS, ~~or~~ CASBE or the alternative overseas financial reporting standard acceptable to the Exchange referred to in Notes 2.1 and 2.6 which is adopted for the preparation of its annual financial statements.

Appendix 21

INDEPENDENT FINANCIAL ADVISER'S INDEPENDENCE DECLARATION

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

..... / /

We,, are the independent financial adviser (the "Firm") appointed by (the "Company") under rule 13.39(6)(b) / rule 19.05(6)(a)(iii) [*cross out whichever is not applicable*] of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and have offices located at

...

Appendix 22

INDEPENDENT FINANCIAL ADVISER'S UNDERTAKING

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

..... / /

We,, are the independent financial adviser appointed by (the "Company") under rule 13.39(6)(b) / rule 19.05(6)(a)(iii) [*cross out whichever is not applicable*] of the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Listing Rules") and have offices located at

...

APPENDIX V: AMENDMENTS TO THE GEM RULES

Chapter 1

GENERAL

INTERPRETATION

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

...

“Company Information Sheet”

the document required to be published under rules 12.26(2), 12.27(9) or 28.16(2) in the prescribed form set out in Appendix 5F and, where applicable, supplemented by the information required by rule 24.27 for publication on the Exchange’s website and the overseas issuer’s website

...

“dual listing”

a listing on GEM where the issuer either: (i) also has a listing on one or more overseas stock exchange(s); or (ii) is simultaneously applying to list on GEM and one or more overseas stock exchange(s)

...

“EU-IFRS”

IFRS as adopted by the European Union

...

“Financial Reporting Council” or “FRC”

the Financial Reporting Council established by section 6(1) of the Financial Reporting Council Ordinance

“Financial Reporting Council Ordinance” or “FRCO”

the Financial Reporting Council Ordinance (Cap. 588) as amended from time to time

...

“FRC Transaction Levy”

means the levy payable to the Financial Reporting Council pursuant to the provisions of section 50A of the Financial Reporting Council Ordinance

...

“IOSCO”

International Organization of Securities Commissions

“IOSCO MMOU”

IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the

Exchange of Information

...

“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 issuer”

an issuer that is neither a Hong Kong issuer nor a PRC issuer incorporated or otherwise established outside Hong Kong

...

“PIE Auditor”

has the same meaning as in section 3A of the FRCO, that is:

(a) a Registered PIE Auditor; or

(b) a Recognised PIE Auditor

Note: Under the FRCO, only an issuer incorporated outside Hong Kong is permitted to appoint a Recognised PIE Auditor for a PIE Engagement. A Mainland auditor recognised under section 20ZT of the FRCO can only carry out a PIE engagement for a PRC issuer.

“PIE Engagement”

has the same meaning as an engagement specified in Part 1 of Schedule 1A of the FRCO, that is any of the following types of engagement carried out by an auditor or a reporting accountant:

(a) an auditors’ report on a PIE’s annual financial statements required by the Companies Ordinance, the GEM Listing Rules or any relevant code issued by the Commission;

(b) a specified report required to be included in (i) a listing document for the listing of the shares or stocks of a corporation seeking to be listed or a listed corporation; or (ii) a listing document of a Collective Investment Scheme seeking to be listed or a listed Collective Investment Scheme; and

(c) an accountants’ report required under the GEM Listing Rules to be included in a circular issued by a PIE for a reverse takeover or a very substantial acquisition

“place of central management and control”

the Exchange will consider the following factors to determine an issuer’s place of central management and control:

(a) the location from where the issuer's senior management direct, control, and coordinate the issuer's activities;

(b) the location of the issuer's principal books and records; and

(c) the location of the issuer's business operations or assets

...

"Professional Accountants Ordinance" or "PAO"

the Professional Accountants Ordinance (Cap. 50) as amended from time to time

...

"Public Interest Entity" or "PIE"

has the same meaning as in section 3(1) of the FRCO, that is a listed corporation with listed shares or stocks or a listed Collective Investment Scheme in Hong Kong

Note: A listed corporation with listed debt securities but no listed shares or stocks is not a PIE.

...

"Recognised PIE Auditor"

an overseas auditor recognised under Division 3 of Part 3 of the FRCO, including a Mainland auditor recognised under section 20ZT of the FRCO

"Recognised Stock Exchange"

the main market of a stock exchange that is included in a list of Recognised Stock Exchanges published on the Exchange's website as updated from time-to-time

"Registered PIE Auditor"

a practice unit registered under Division 2 of Part 3 of the FRCO

...

"SFC Transaction Levy"

means the levy payable to the Commission pursuant to the provisions of section 394 of the SFO

...

Chapter 2

GENERAL

INTRODUCTION

...

General principles

...

- 2.07 It is emphasised that the GEM Listing Rules are not exhaustive and that the Exchange may impose additional requirements or make listing subject to special conditions whenever it considers it appropriate. Conversely, the Exchange may waive, modify or not require compliance with the GEM Listing Rules in individual cases (to suit the circumstances of a particular case), as a variety of circumstances may exist which require it to make ad hoc decisions. However, any waiver or modification of, or decision not to require compliance with, a rule, which is intended to have general effect (i.e. to affect more than one issuer and its subsidiaries at the same time) may only be granted with the prior consent of the Commission. The Exchange will not grant an individual waiver or modification of a rule, or agree not to require compliance with a rule, on a regularly recurring basis so as to create the same result as a general waiver. Consequently, both new applicants and listed issuers and, in the case of a guaranteed issue, guarantors are ~~welcome~~encouraged to seek informal and confidential guidance from the Exchange at all times.

Note: Issuers must fully disclose details of any waivers or modifications granted (including the conditions thereof) in the relevant listing document (or in other announcement or circular as the Exchange considers appropriate). The Exchange reserves the right to revoke or modify any waivers or modifications granted if there are any material changes in the information provided or circumstances thereunder.

...

Fees and other charges

- 2.29 Of relevance to issuers, the details of the initial listing fee, annual listing fee, subsequent issue fee and other charges, together with details of the brokerage charge, ~~transaction~~ levies and trading fees on new issues are set out in Appendix 9.

...

Chapter 7

GENERAL

ACCOUNTANTS' REPORTS AND PRO FORMA FINANCIAL INFORMATION

...

Reporting accountants

7.02 ~~All accountants' reports must normally be prepared by certified public accountants who are qualified under the Professional Accountants Ordinance for appointment as auditors of a company and who are~~ Reporting accountants must be independent both of the issuer and of any other company concerned to the same extent as that required of an auditor under the Companies Ordinance and in accordance with the requirements on independence issued by the Hong Kong Institute of Certified Public Accountants, provided that, or the International Federation of Accountants. Subject to rules 7.02(1) and 7.02(2), accountants' reports must normally be prepared by certified public accountants who are qualified under the PAO for appointment as auditors of a company.

- (1) Where the preparation of an accountants' report constitutes a PIE Engagement under the FRCO, the issuer must normally appoint a firm of practising accountants that is qualified under the PAO and is a Registered PIE Auditor under the FRCO. In the case of such a PIE Engagement that is a reverse takeover or a very substantial acquisition circular issued by a listed issuer incorporated outside Hong Kong relating to the acquisition of an overseas company, the Exchange may be prepared to accept the appointment of an overseas firm of practising accountants that is not qualified under the PAO but is a Recognised PIE Auditor of that issuer under the FRCO.

Notes:

1. The preparation of an accountants' report included in (a) a listing document for the listing of the shares or stocks of a corporation seeking to be listed or a listed corporation; or (b) a circular issued by a PIE for a reverse takeover or a very substantial acquisition is a PIE Engagement under the FRCO.
2. In relation to an application for the recognition of an overseas firm of practising accountants under the FRCO, on a request made by an issuer incorporated outside Hong Kong, the Exchange may provide a statement of no objection to that issuer appointing an overseas firm of practising accountants to carry out a PIE Engagement for that issuer under section 20ZF(2)(a) of the FRCO. Such firm must normally:
 - (a) have an international name and reputation;
 - (b) be a member of a recognised body of accountants; and

(c) be subject to independent oversight by a regulatory body of a jurisdiction that is a full signatory to the IOSCO MMOU. It would be acceptable if the relevant audit oversight body is not a signatory to the IOSCO MMOU but the securities regulator in the same jurisdiction is a full signatory to the IOSCO MMOU.

That issuer must provide the specific reasons supporting its request for a statement of no objection, for example:

— such firm has a geographical proximity and familiarity with the businesses of that issuer or the target;

— that issuer or the target is listed on a Recognised Stock Exchange, and such firm is the auditor of that issuer or the target; and

— such firm is the statutory auditor of that issuer or the target.

If applicable, this statement of no objection is also subject to the Commission granting a certificate of exemption from strict compliance with the relevant requirement concerning the qualification of the reporting accountants under the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

The Exchange retains a discretion to accept or reject an application for a statement of no objection, and reserves the right to withdraw the statement of no objection pursuant to section 20ZF(2)(a) of the FRCO.

(2) In the case of an extreme transaction or a major transaction circular issued by a listed company issuer in connection with the acquisition of an overseas company, the Exchange may be prepared to permit the accountants' report to be prepared by a firm of practising accountants which that is not so qualified under the PAO but which is acceptable to the Exchange. Such a firm must normally: have an international name and reputation and be a member of a recognised body of accountants.

(a) have an international name and reputation;

(b) be a member of a recognised body of accountants; and

(c) be subject to independent oversight by a regulatory body of a jurisdiction that is a full signatory to the IOSCO MMOU. It would be acceptable if the relevant audit oversight body is not a signatory to the IOSCO MMOU but the securities regulator in the same jurisdiction is a full signatory to the IOSCO MMOU.

...

Accounting standards

...

7.13 ~~[Repealed 1 January 2022]~~The financial history of results and the statement of financial position included in the accountants' report of a listing applicant, which is listed, or is to be simultaneously listed, on the New York Stock Exchange or the Nasdaq Stock Market of the United States of America may, be drawn up in conformity with Generally Accepted Accounting Principles in the United States of America (US GAAP) provided that:—

~~(1) the overseas listing applicant has adopted US GAAP for the purposes of reporting to shareholders on the New York Stock Exchange or the Nasdaq Stock Market of the United States of America; and~~

~~(2) the overseas listing applicant's principal activity does not consist of property development and/or investment.~~

7.14 Except as provided in rule 7.13, a listing applicant must obtain the prior approval of the Exchange if it proposes that the accountants report should In the case of the accountants' report for an overseas issuer, where the Exchange allows a report to be drawn up otherwise than in conformity with either of the standards referred to in rule 7.12. Such approval will only be given in exceptional circumstances. If such approval is given, the report will be required to conform with financial reporting standards acceptable to the Exchange. In such cases the Exchange will normally require the report to contain a reconciliation statement of setting out the financial effect of the material differences (if any) and a summary of any material differences in disclosure (if any) from either of the standards referred to in rule 7.12.

Notes:

1. The suitability of alternative overseas financial reporting standards depends on whether there is any significant difference between the overseas financial reporting standards and IFRS, and whether there is any concrete proposal to converge or substantially converge the overseas financial reporting standards with IFRS.

2. A list of alternative overseas financial reporting standards that are considered comparable to HKFRS or IFRS is published on the Exchange's website, as amended from time to time.
3. The reconciliation statement must be reviewed by the reporting accountant that reports on the relevant financial statements.
4. An overseas issuer with a dual listing that adopts one of the alternative standards referred to in Note 2 above (other than issuers incorporated in a member state of the European Union which have adopted EU-IFRS) for the preparation of its accountants' reports must adopt HKFRS or IFRS if it de-lists from the jurisdiction of that alternative standard and must do so for any annual, interim and quarterly financial statements that fall due under the GEM Listing Rules, and are published, after the first anniversary of the date of its de-listing.

7.15 ~~Whilst the~~ The accountants' report for a PRC issuer must normally be drawn up in accordance with either of the standards referred to in rule 7.12, such report may, in addition, include (in a separate part) financial information conforming with PRC accounting rules and regulations, provided that the report contains a statement of the financial effect of the material differences (if any) and a summary of any material differences in disclosure (if any) from either of the standards referred to in rule 7.12.

7.16 Without prejudice to the provisions of rules 7.14 and 7.15, any significant departure from either of the accounting standards referred to in rule 7.12 must be disclosed and explained and, to the extent practicable, the financial effects of such departure quantified.

...

Auditing standards

7.17A In the case of the accountants' report for an overseas issuer, such report will not normally be regarded as acceptable unless the relevant financial statements have been audited to a standard comparable to that required by the Hong Kong Institute of Certified Public Accountants or by the International Auditing and Assurance Standards Board of the International Federation of Accountants.

Note: A list of alternative overseas auditing standards that are considered comparable to the standards set out in this rule is published on the Exchange's website, as amended from time to time.

...

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 ~~Hong Kong, the PRC, Bermuda or the Cayman Islands~~ 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. ~~The issuer's memorandum and articles of association must comply with Appendix 3 and, in addition (in the case of PRC overseas issuers incorporated or established in specified jurisdictions) must also comply with Part C of Appendix 11.~~

11.05A Each of the statutory securities regulator of an issuer's jurisdiction of incorporation and the statutory securities regulator of the place of central management and control must be a full signatory to the IOSCO MMOU. This is to enable the Commission to seek regulatory assistance and information from overseas statutory securities regulators to facilitate the Commission's investigations and enforcement actions where an issuer has its records, business operations, assets and management outside Hong Kong.

11.05B The Exchange may waive rule 11.05A in an individual case only with the Commission's explicit consent having regard to whether there are adequate arrangements to enable the Commission to access financial and operational

information (such as books and records) on an issuer's business in the relevant place of incorporation and place of central management and control for its investigation and enforcement purposes.

...

Chapter 12

EQUITY SECURITIES

APPLICATION PROCEDURES AND REQUIREMENTS

...

Applications

General

...

- 12.11 From the time of submission of the application for listing until listing is granted, there must be no dealing in the securities for which listing is sought by any core connected person of the issuer, except as permitted by rule 10.16. The directors of the issuer shall forthwith notify the Exchange of any such dealing or suspected dealing of which they become aware. If any of the directors or their close associates are found to have engaged in such dealing, the application may be rejected.

Note: The Exchange may consider an application for a waiver from strict compliance with rule 12.11 for issuers with, or seeking, a dual listing, subject to the following conditions:–

- (a) the core connected persons have no influence over the listing process and are not in possession of inside information;
- (b) the issuer promptly releases any inside information to the public in its overseas jurisdiction(s) in accordance with the relevant laws and regulations;
- (c) it is beyond the issuer's control that the core connected person(s) conduct dealings in the issuer's securities on markets outside the Exchange (e.g. a public investor who may become a substantial shareholder before the issuer lists on GEM); and
- (d) the issuer has systems in place to identify the dealings by any of its core connected persons during the restricted period and notifies the

Exchange of breaches of dealing restriction by any of its core connected persons other than those who have already been exempted from strict compliance with rule 12.11 during the restricted period.

...

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 ~~Appendices~~ 3 and (for overseas issuers) the related guidance materials, and (where applicable) Appendix 11, 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;

...

Chapter 14

EQUITY SECURITIES

LISTING DOCUMENTS

...

Contents

14.08 In the case of a new applicant, the listing document is required to include the following:—

...

- (7) subject to rule 14.13 and to the extent not included by virtue of the above, such particulars and information which, according to the particular nature of the applicant and the securities for which listing is sought, is necessary to enable an investor to make an informed assessment of:—
- (a) the activities, profits and losses, assets and liabilities, financial position, management and prospects of the applicant; and

- (b) the rights and trading arrangements attaching to such securities.

Note: The Exchange may consider an application for a waiver from the disclosure requirement of the issue price or offer price under rule 14.08 and paragraph 15(3)(c) of Appendix 1A for issuers with, or seeking, a dual listing, subject to the conditions that:–

- (a) the Commission grants a certificate of exemption from strict compliance with the relevant requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance;
- (b) the listing document discloses (i) the maximum offer price (also in the application forms); (ii) when the final offer price will be determined and how it will be published; (iii) the issuer's historical share prices during the trading record period and up to the latest practicable date; (iv) trading liquidity; (v) the determinants of the final offer price; and
- (c) investors will be able to access the latest market price of the issuer's shares.

...

Chapter 16

EQUITY SECURITIES

PUBLICATION REQUIREMENTS

Role of the Exchange

...

- 16.03 Any publication by an issuer pursuant to the GEM Listing Rules must be made in both the English and Chinese languages unless otherwise stated.

Note: This rule does not apply to documents to be published on the Exchange's website and the issuer's own website pursuant to rule 7.18, rule 8.01B(1)(b), rule 8.02B(2)(b), rule 23.02(2), rule 24.09(2), rule 24.09(3), rule 24.09(5)(a) and (e), rule 24.09(6), rule 25.20(4), rule 25.37, rule 32.05(3), rule 35.10, rule 35.11, paragraph 52 of Part A of Appendix 1,

~~paragraph 42 of Part B of Appendix 1, paragraph 53 of Part C of Appendix 1, and paragraph 9(b)(i) of Appendix 4, paragraphs 1 and 5 in Section 2 of Part A of Appendix 11 and paragraphs 1 and 5 in Section 2 of Part B of Appendix 11.~~

...

Publication on the GEM website

...

- 16.18(3) (a) Announcement or notice must not be published on the GEM website:
- between 8:30 a.m. and 12:00 noon and between 12:30 p.m. and 4:30 p.m. on a normal business day; and
 - between 8:30 a.m. and 12:30 p.m. on the eves of Christmas, New Year and the Lunar New Year when there is no afternoon session,

except for:

...

- (vi) announcements relating to suspension and resumption of a Mixed Media Offer applicable to public offers of equity securities and debt securities (see rules 16.04D and 29.21B).

Note: The Exchange may consider an application for a waiver from strict compliance with rule 16.18(3)(a) for issuers with, or seeking, a dual listing, subject to the conditions that:–

- (a) the issuer discloses in the listing document a clear indication of the impact of the waiver on potential investors;*
- (b) the issuer shall inform the Exchange, in the first instance, in the event of any material change being made to the overseas regime on the disclosure of inside/ price sensitive information;*
- (c) there is a minimal overlap between Hong Kong market hours and that of the overseas exchange(s) on which the issuer's securities are also traded;*
- (d) the issuer notifies the Exchange of a pending announcement*

and the expected time of release (of both English and Chinese versions) at least ten minutes before the release; and

(e) the announcement shall be in relation to inside/ price sensitive information and the issuer is required, for reasons not within its control, under the overseas regime to publish such announcement within the period prohibited under rule 16.18(3)(a).

...

Chapter 17

EQUITY SECURITIES

CONTINUING OBLIGATIONS

Meetings

...

Nomination of directors

17.46B An issuer must give its shareholders the opportunity to lodge a notice with it proposing a person for election as a director at a general meeting. An issuer shall publish an announcement or issue a supplementary circular upon receipt of a any such notice from a shareholder to propose a person for election as a director at the general meeting where such notice is received by the issuer after publication of the notice of meeting. The issuer shall include particulars of the proposed director in the announcement or supplementary circular. The issuer must give shareholders at least seven days to consider the relevant information disclosed in such an announcement or supplementary circular prior to the date of the meeting of the election.

Note: The issuer must assess whether or not it is necessary to adjourn the meeting of the election to give shareholders a longer period of at least 10 business days to consider the relevant information disclosed in the announcement or supplementary circular.

...

Voting of directors at board meeting

17.48A ~~Subject to the exceptions set out in paragraphs (1), (2), (4) and (5) of Note 5 to Appendix 3, a~~ director of an issuer shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his close associates has a material interest nor shall he be counted in the quorum present at the meeting. subject to the following exceptions:

(1) the giving of any security or indemnity either:—

(a) to the director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the issuer or any of its subsidiaries; or

(b) to a third party in respect of a debt or obligation of the issuer or any of its subsidiaries for which the director or his close associate(s) has himself/ themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;

(2) any proposal concerning an offer of shares or debentures or other securities of or by the issuer or any other company which the issuer may promote or be interested in for subscription or purchase where the director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;

(3) any proposal or arrangement concerning the benefit of employees of the issuer or its subsidiaries including:—

(a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the director or his close associate(s) may benefit; or

(b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates to the director, his close associate(s) and employee(s) of the issuer or any of its subsidiaries and does not provide in respect of any director, or his close associate(s), as such any privilege or advantage not generally

accorded to the class of persons to which such scheme or fund relates;
and

- (4) any contract or arrangement in which the director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the issuer by virtue only of his/their interest in shares or debentures or other securities of the issuer.

...

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

- (1) ...

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 (including, for these purposes, the PRC), such changes must conform with Appendix 11.

...

Chapter 18

EQUITY SECURITIES

FINANCIAL INFORMATION

...

Annual reports

...

Accounting standards

18.04 Annual financial statements of a listed issuer are required, subject to ~~rule 18.05 and rule 18.06~~, to conform with HKFRS, IFRS or CASBE in the case of a PRC issuer that has adopted CASBE for the preparation of its annual financial statements.

Note: The issuer must apply one of these bodies of standards consistently and

shall not normally change from one body of standards to the other unless there are reasonable grounds to justify such change. All reasons for any such change must be disclosed in the annual financial statements.

18.05 ~~[Repealed 1 January 2022]~~A listed issuer, which is also listed on the New York Stock Exchange or the Nasdaq Stock Market of the United States of America, may prepare annual financial statements drawn up in conformity with Generally Accepted Accounting Principles in the United States of America (US GAAP), subject to the following:—

- ~~(1) the listed issuer has adopted US GAAP for the purposes of reporting to shareholders on the New York Stock Exchange or the Nasdaq Stock Market of the United States of America;~~
- ~~(2) a listed issuer already listed on the Exchange which subsequently obtains a listing on the New York Stock Exchange or the Nasdaq Stock Market of the United States of America and thereafter adopts US GAAP in place of the standards referred to in rule 18.04 in the preparation of its annual financial statements will be required to compile a statement of the financial effect of material differences from the standards referred to in rule 18.04 in the first annual financial statements in which US GAAP is adopted;~~
- ~~(3) a listed issuer which was permitted to adopt US GAAP on the basis that it is listed on the New York Stock Exchange or the Nasdaq Stock Market of the United States of America but is no longer so listed, will be required to revert to one of the relevant standards referred to in rule 18.04 for financial reporting purposes; and~~
- ~~(4) a listed issuer whose principal activity is property development and/or investment may not adopt US GAAP for financial reporting purposes.~~

18.06 ~~Where the Exchange, in exceptional circumstances,~~The Exchange may allows the annual financial statements of any overseas issuer to be drawn up otherwise than in conformity with ~~accounting~~financial reporting standards referred to in rule 18.04 or with US GAAP in the circumstances set out in rule 18.05, (see the requirements set out in rule 24.18A)~~the Exchange will normally require the annual financial statements to contain a statement of the financial effect of the material differences (if any) and a summary of any material differences in disclosure (if any) from either HKFRS or IFRS referred to in rule 18.04.~~

Auditors' report

18.06A Where the preparation of an auditors' report constitutes a PIE Engagement under the FRCO, the issuer must appoint a firm of practising accountants which is a PIE Auditor under the FRCO.

Note: Qualification requirements for auditors in the case of overseas issuers and PRC issuers are set out in rules 24.13 and 25.25.

...

Half-year reports

...

Content of half-year reports

18.55 ...

Notes: 1 *An issuer should comply with the relevant standard on interim reporting in respect of its half-year reports in accordance with the requirements under HKFRS, IFRS, ~~US GAAP~~ or CASBE or the alternative overseas financial reporting standard acceptable to the Exchange referred to in rules 18.04 and 18.06 which is adopted for the preparation of its annual financial statements.*

...

Chapter 24

EQUITY SECURITIES

OVERSEAS ISSUERS

Preliminary

24.01 ~~[Repealed 1 January 2022] Rule 11.05 provides that an issuer can be incorporated or otherwise established under the laws of the PRC, Bermuda or the Cayman Islands (as an alternative to Hong Kong). Chapter 25 concerns PRC companies. This Chapter concerns companies incorporated or otherwise established in Bermuda, the Cayman Islands or any jurisdiction, other than Hong Kong or the PRC, accepted by the Exchange from time to time as being a suitable jurisdiction~~

~~for the incorporation or establishment of an issuer proposing to list on GEM.~~

24.02 The GEM Listing Rules apply as much to overseas issuers as they do to Hong Kong issuers, ~~subject to~~ This Chapter sets out the additional requirements, modifications or exemptions set out or referred to in this Chapter that apply to an overseas issuer listed or to be listed on GEM. This includes an overseas issuer that has a dual listing. Overseas issuers are encouraged to contact the Exchange if they envisage any difficulties in complying fully with the relevant requirements.

24.03 ~~In circumstances where the overseas 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 or exemptions set out in this Chapter (or elsewhere in the GEM Listing Rules). The Exchange may exercise its power under rule 2.07 to waive, modify or not require compliance with a GEM Listing Rule for issuers with, or seeking, a listing under this chapter, on a case by case basis~~ reserves the right, on a case by case basis, to waive or modify any requirement of the GEM Listing Rules relating to an overseas issuer if it is or is to be listed on another regulated, regularly operating, open stock exchange in respect of which the standards of protection for shareholders and investors are at least equivalent to those afforded pursuant to the GEM Listing Rules.

...

Chapter 11 – Qualifications for Listing

24.05 The following requirements apply in addition to those set out in Chapter 11:—

- (1) the Exchange reserves the right, in its absolute discretion, to refuse a listing of securities of an overseas issuer if it believes that it is not in the public interest to list them;—
 - (a) [Repealed 1 January 2022] ~~it believes that it is not in the public interest to list them; or~~
 - (b) [Repealed 1 January 2022] ~~the Exchange is not satisfied that the overseas issuer is incorporated or otherwise established in a jurisdiction where the standards of protection for shareholders and investors are at least equivalent to those provided in Hong Kong;~~

~~Note: Where the Exchange believes that the jurisdiction in which the overseas issuer is incorporated is unable to provide standards of protection for shareholders and investors at least equivalent to those provided in Hong Kong, but that it is possible by means of varying the overseas issuer's constitutive documents to provide standards of protection equivalent to those provided in Hong Kong, then the Exchange may approve the listing of securities of the overseas issuer subject to the overseas issuer making such variations to its constitutive documents as the Exchange may require.~~

...

(6) where an overseas issuer wishes to obtain its listing on the ~~Exchange~~GEM by way of an introduction in the circumstances set out in rule 10.18(3):—

(a) it must ~~comply with the following additional requirements:~~—

(i) ~~[Repealed 1 January 2022] provide the Exchange with details of the relevant regulatory provisions (statutory or otherwise) in its place of incorporation or other establishment and demonstrate that the standards of protection for shareholders and investors provided by that jurisdiction are not lower than those pertaining in Hong Kong; and~~

(ii) ~~with the exception of those overseas issuers which are incorporated or otherwise established in any jurisdiction in respect of which additional requirements are set out in Appendix 44, if requested to do so by the Exchange, appoint an independent financial adviser acceptable to the Exchange to confirm that the proposals are in the interests of the holders of the securities of the existing listed company or companies;~~

(b) ~~[Repealed 1 January 2022] in addition the issuer must comply with such other requirements as the Exchange may on a case by case basis impose, in order to ensure that Hong Kong investors will be afforded the same level of protection as exists in Hong Kong in relation to the holding of securities in a Hong Kong issuer. The additional requirements currently imposed by the Exchange in respect of certain~~

~~jurisdictions are set out in Appendix 11. The Exchange may add to or waive, modify or not require compliance with these requirements on a case by case basis; and~~

- (c) ~~[Repealed 1 January 2022]attention is particularly drawn to the requirement in rule 10.18(3) that any reorganisation by way of scheme of arrangement or by any other means whereby securities are issued by an overseas issuer in exchange for the securities of one or more listed Hong Kong issuers and the listing of the latter issuer or issuers is withdrawn at the same time as the securities of the overseas issuer are listed, must first be approved by a special resolution of the shareholders of the listed Hong Kong issuer or 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 the same subject headings as is required by Section 2 of Appendix 11 in respect of certain named jurisdictions). 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 and which is applying for listing by way of an introduction in the circumstances set out in rule 10.18(3), the summary need only be published on the Exchange's website and the issuer's own website (see Appendix 11);~~

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.

- (3) the listing document must contain a summary of the relevant regulatory provisions (statutory or otherwise) of the jurisdiction in which the overseas issuer is incorporated or otherwise established in a form to be agreed upon by the Exchange on a case by case basis and in the Exchange's absolute

~~discretion. 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 and which is applying for listing by way of an introduction in the circumstances set out in rule 10.18(3), the summary need only be published on the Exchange's website and the issuer's own website (see Appendix 11);~~

...

(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:~~the listing document must contain (but~~

(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 (in the same format as is set out in Section 2 of Appendix 11 in respect of certain named jurisdictions). 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, the summary need only be published on the Exchange's website and the issuer's own website (see Appendix 11);~~

Notes:

1. In such cases the details of the articles of association or equivalent document required to be set out in the listing document by paragraph 7 of Part A of Appendix 1 may be limited to a summary of the changes, if any, between the Hong Kong issuer's articles of association and the overseas issuer's proposed constitutive documents, in respect of each of the areas set out in that paragraph, provided that the summary also includes details of any differences or additional provisions in the proposed new constitutive documents which confer on directors of the overseas issuer any special powers, the exercise of which

would affect the rights or interests of the shareholders.

2. 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.

(ii) a summary of the provisions of the constitutive documents of the overseas issuer, which is required by rule 24.09(2); and

(iii) a summary of the relevant regulatory provisions (statutory or otherwise) of the jurisdiction in which the overseas issuer is incorporated or otherwise established which is required by rule 24.09(3) together with a copy of all relevant statutes and/or regulations;

...

- (6) the documents to be published on the Exchange's website and the issuer's own website will be the documents corresponding to those mentioned in paragraph 52 of Part A and paragraph 42 of Part B of Appendix 1. Where any of such documents are not in English or Chinese, a certified English or Chinese translation thereof must be published on the Exchange's website and the issuer's own website. In addition, where rule 24.09(3) applies, the overseas issuer must publish on the Exchange's website and the issuer's own website a copy of any statutes or regulations which are relevant to the summary of the regulatory provisions of the jurisdiction in which the overseas issuer is incorporated or otherwise established. In particular cases, the Exchange may require other additional documents to be published on the Exchange's website and the issuer's own website; and

Note: The Exchange may consider an application for a waiver from strict compliance with the requirement to publish on the Exchange's website and the issuer's own website the relevant statutes or regulations under rule 24.09(6) for issuers having a dual listing, subject to the conditions that the website addresses of the relevant statutes and regulations applicable to the issuer are disclosed in the listing document; and these websites are easily accessible to the public free of charge.

...

Chapters 17 and 18 -Continuing Obligations and Financial Information

General

- 24.10 ~~[Repealed 1 January 2022]~~ Whilst Chapters 17 and 18 apply equally to overseas issuers, the Exchange may be prepared to agree to such modifications thereto as it considers appropriate in a particular case.
- 24.11 ~~[Repealed 1 January 2022]~~ Conversely, the Exchange may impose additional requirements in a particular case. In particular, the Exchange may impose such additional requirements as it considers necessary to ensure that shareholders and investors have the same protection as that afforded to them in Hong Kong. The additional requirements currently imposed by the Exchange in respect of certain jurisdictions are set out in Appendix 11. The Exchange may add to or waive, modify or not require compliance with, these requirements on a case by case basis in its absolute discretion.

Annual report and accounts and auditors' report

...

- 24.13 The annual accounts must be audited by a person, firm or company who must be a practising accountant of good standing. Such person, firm or company must also be independent of the issuer to the same extent as that required of an auditor under the Companies Ordinance and in accordance with the statements requirements on independence issued by the International Federation of Accountants and must be:—
- (1) qualified under the ~~Professional Accountants Ordinance~~ PAO for appointment as an auditor of a company and a Registered PIE Auditor under the FRCO; or
 - (2) ~~a firm of accountants acceptable to the Exchange which has an international name and reputation and is a member of a recognised body of accountants~~ an overseas firm of practising accountants that is a Recognised PIE Auditor of that issuer under the FRCO.

Note: In relation to an application for the recognition of an overseas firm of practising accountants under the FRCO, on a request made by an overseas issuer, the Exchange may provide a statement of no objection to that issuer for appointing an overseas firm of practising accountants to carry out a PIE Engagement for that issuer under section 20ZF(2)(a) of the FRCO (see note 2 to rule 7.02(1)).

- 24.14 The annual accounts must be audited to a standard comparable to that required by the Hong Kong Institute of Certified Public Accountants or by the International Auditing and Assurance Standards Board of the International Federation of Accountants.

Note: A list of alternative overseas auditing standards that are considered comparable to the standards set out in this rule is published on the Exchange's website, as amended from time to time.

...

- 24.18A The annual accounts are required to conform with financial reporting standards acceptable to the Exchange, which are normally HKFRS or IFRS. Where the Exchange allows annual accounts to be drawn up otherwise than in conformity with HKFRS or IFRS, the annual accounts will be required to conform with financial reporting standards acceptable to the Exchange. In such cases the Exchange will normally require the annual accounts to contain a reconciliation statement setting out the financial effect of the material differences (if any) from either HKFRS or IFRS.

Notes:

1. The suitability of alternative overseas financial reporting standards depends on whether there is any significant difference between the overseas financial reporting standards and IFRS, and whether there is any concrete proposal to converge or substantially converge the overseas financial reporting standards with IFRS.
2. A list of alternative overseas financial reporting standards that are considered comparable to HKFRS or IFRS is published on the Exchange's website, as amended from time to time.
3. An overseas issuer is also required to include a reconciliation statement in its half-year and quarterly report. The reconciliation statement contained in the annual accounts or half-year or quarterly report must be reviewed by its auditor.
4. An overseas issuer with a dual listing that adopts one of the alternative standards referred to in Note 2 above (other than issuers incorporated in a

member state of the European Union which have adopted EU-IFRS) for the preparation of its annual accounts must adopt HKFRS or IFRS if it de-lists from the jurisdiction of that alternative standard and must do so for any annual, interim and quarterly financial statements that fall due under the GEM Listing Rules, and are published, after the first anniversary of the date of its de-listing.

...

Common Waivers

24.25 The Exchange will consider applications for waivers from issuers with, or seeking, a dual listing under this chapter, based on the underlying principle that the issuer can demonstrate that strict compliance with both the relevant GEM Listing Rules and the overseas regulations would be unduly burdensome or unnecessary (including where the requirements under the GEM Listing Rules contradict the applicable overseas laws or regulations and strict compliance with the GEM Listing Rules would result in a breach of applicable overseas laws or regulations) and that the granting of such waivers by the Exchange will not prejudice the interest of the investing public. In particular, the Exchange will consider applications for waivers from strict compliance with rules 12.11, 14.08, 16.18(3)(a), 24.09(6) and paragraph 15(3)(c) of Appendix 1A from overseas issuers with, or seeking, a dual listing under this chapter. The Exchange will consider these applications on individual merit based on all relevant facts and circumstances, including compliance with the prescribed conditions as set out in the relevant rules.

24.26 An overseas issuer may apply for waivers from the requirements of other rules which the Exchange will consider on a case by case basis, based on the general principles set out in Chapter 2 and rule 24.25.

Company Information Sheet

24.27 An overseas issuer with a listing under this chapter (including a dual listing) that meets any of the following criteria should publish a Company Information Sheet on the relevant information as soon as possible on the Exchange's website and the overseas issuer's website:

- (1) there are novel waiver(s) granted to the issuer (for example, where an overseas issuer is allowed to take alternative measures to meet any core

shareholder protection standards set out in Appendix 3 without providing such standards in its constitutional documents);

(2) the laws and regulations in its home jurisdiction and primary market are materially different from those required by Hong Kong laws regarding:

(a) the rights of holders of its securities and how they can exercise their rights;

(b) directors' powers and investor protection; and

(c) the circumstances under which its minority shareholders may be bought out or may be required to be bought out after a successful takeover or share repurchase; or

(3) it is subject to any withholding tax on distributable entitlements or any other tax that is payable by shareholders (e.g. capital gains tax, inheritance or gift taxes).

The Exchange may also at its own discretion require an issuer to publish a Company Information Sheet if it is of the view it will be informative to investors.

Notes:

1. The purpose of the Company Information Sheet is to enable investors to easily locate specific information on the differences between the overseas requirements to which an overseas issuer is subject and the Hong Kong requirements.

2. The relevant information to be disclosed under GEM Rule 24.27(3) includes details of the relevant tax(es) and whether Hong Kong investors have any tax reporting obligations.

24.28 An overseas issuer that is required to publish a Company Information Sheet must update it from time to time to reflect any material change to the information disclosed within it as soon as practicable after such a change occurs.

Chapter 25

EQUITY SECURITIES

ISSUERS INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA

Preliminary

...

25.02 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). ~~The Exchange reserves the right, on a case by case basis, to waive or modify any requirement of the GEM Listing Rules relating to a PRC issuer if it is or is to be listed on another regulated, regularly operating, open stock exchange in respect of which the standards of protection for shareholders and investors are at least equivalent to those afforded pursuant to the GEM Listing Rules.~~

25.02A The Exchange may exercise its power under rule 2.07 to waive, modify or not require compliance with a GEM Listing Rule for a PRC issuer with, or seeking, a listing under this chapter on a case by case basis. For PRC issuers with, or seeking, a dual listing under this chapter, the Exchange will consider applications for waivers from strict compliance with a GEM Listing Rule based on the underlying principle that the issuer can demonstrate that strict compliance with both the relevant GEM Listing Rule and the regulations of the other exchange of primary listing would be unduly burdensome or unnecessary (including where the requirements under the GEM Listing Rules contradict the applicable overseas laws or regulations and strict compliance with the GEM Listing Rules would result in a breach of applicable overseas laws or regulations) and that the granting of such waivers by the Exchange will not prejudice the interest of the investing public.

...

Chapters 17 and 18 – Continuing Obligations and Financial Information

General

...

25.22A The reference to “every member” in rule 18.03 shall mean and refer to only registered holders of the PRC issuer’s H shares.

...

Annual report and accounts and auditors’ report

...

25.25 The annual accounts must be audited by a person, firm or company who must be a practising accountant of good standing. Such person, firm or company must also be independent of the PRC issuer to the same extent as that required of an auditor under the Companies Ordinance and in accordance with the statements requirements on independence issued by the International Federation of Accountants and must be:—

- (1) qualified under the PAO~~Professional Accountants Ordinance~~ for the appointment as an auditor of a company and a Registered PIE Auditor under the FRCO; or
- (2) ~~a firm of practising accountants acceptable to the Exchange which has an international name and reputation and is a member of a recognised body of accountants~~ an overseas firm of practising accountants that is a Recognised PIE Auditor of that issuer under the FRCO; or
- (3) ~~[Repealed 1 January 2022] a firm of practising accountants acceptable to the Exchange which is a joint venture approved or otherwise permitted by the China Securities Regulatory Commission or other competent authority in the PRC to act as an auditor of a listed company in the PRC and at least one of whose principal joint venture partners is either qualified under (1) or acceptable under (2); or~~
- (4) under the mutual recognition agreement, a PRC firm of practising accountants which has been approved by the China Ministry of Finance and the China Securities Regulatory Commission as being suitable to act as an auditor or a reporting accountant for a PRC incorporated company listed in Hong Kong and is a Recognised PIE Auditor under section 20ZT of the FRCO on the condition that the PRC issuer has adopted CASBE for the preparation of its annual financial statements.

Notes:

1. In relation to an application for the recognition of an overseas firm of practising accountants under the FRCO, on a request made by a PRC issuer, the Exchange may provide a statement of no objection to that issuer for appointing an overseas firm of practising accountants to carry out a PIE Engagement for that issuer under section 20ZF(2)(a) of the FRCO (see note 2 to rule 7.02(1)).

2. The mutual recognition agreement referred to in (4) above means the agreement between the Mainland of China and Hong Kong in 2009 for mutual recognition of qualified auditors from either jurisdiction (home jurisdiction) to act as auditors of corporations incorporated in the home jurisdiction and listed in the other jurisdiction.

...

Other requirements applicable to PRC issuers

25.37 A PRC issuer shall publish on the Exchange's website and the issuer's own website the following:—

...

...

The Stock Exchange of Hong Kong Limited

Practice Note 5

to the Rules Governing the Listing of Securities on GEM
of The Stock Exchange of Hong Kong Limited
(the "GEM Listing Rules")

Issued pursuant to rule 1.07 of the GEM Listing Rules

Publication of Application Proofs and Post Hearing Information Packs (PHIPs)

...

Confidential Filings

17. For a A new applicant which has been listed on a ~~recognised overseas exchange~~

Recognised Stock Exchange, the Exchange will consider a request for confidential filing of Application Proof on the basis of the issuer's individual circumstances and the merits of the case for not less than 5 years and has a significantly large market capitalisation (as determined by the Exchange from time to time) at the time of filing its listing application is entitled to make a confidential filing of its Application Proof. The A new applicant allowed to make a confidential filing is not subject to the publication requirements for its Application Proof unless it is requested to comply with them by the Exchange. All other requirements under the GEM Listing Rules apply unless a waiver is granted.

...

Appendix 3

CORE SHAREHOLDER PROTECTION STANDARDSARTICLES OF ASSOCIATION

An 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 this appendix. For this purpose, the Exchange may require the issuer to amend its constitutional documents to provide them. An issuer must further monitor its on-going compliance with these standards and notify the Exchange if it becomes unable to comply with any of these after listing. The articles of association or equivalent document must conform with the following provisions and, where necessary, a certified copy of a resolution of the board of directors or other governing body undertaking to comply with the appropriate provisions must be lodged with the Exchange.

Note: Transitional arrangements for existing issuers listed on the Exchange's markets as at 31 December 2021 are as follows: they would have until their second annual general meeting following 1 January 2022 to make necessary changes to their constitutional documents to conform to the core shareholder protection standards set out in this Appendix.

As regards Transfer and Registration

1. [Repealed 1 January 2022]

(1) That transfers and other documents relating to or affecting the title to any registered securities shall be registered and where any fee or fees is/are charged, such fee or fees shall not exceed the maximum fees prescribed by

~~the Exchange from time to time in the GEM Listing Rules.~~

~~(Note 1)~~

- ~~(2) That fully paid shares shall be free from any restriction on the right of transfer (except when permitted by the Exchange) and shall also be free from all lien.~~

~~(Note 1)~~

- ~~(3) That where power is taken to limit the number of shareholders in a joint account, such limit shall not prevent the registration of a maximum of 4 persons.~~

- ~~(4) That the standard form of transfer as prescribed by the Exchange is appropriate and not inconsistent with the articles of association.~~

~~As regards Definitive Certificates~~

2. [Repealed 1 January 2022]

- ~~(1) That all certificates for capital must be under seal, which may only be affixed with the authority of the directors, or be executed under signature of appropriate officials with statutory authority.~~

- ~~(2) Where power is taken to issue share warrants to bearer, that no new share warrant shall be issued to replace one that has been lost, unless the issuer is satisfied beyond reasonable doubt that the original has been destroyed.~~

~~As regards Dividends~~

3. [Repealed 1 January 2022]

- ~~(1) That any amount paid up in advance of calls on any share may carry interest but shall not entitle the holder of the share to participate in respect thereof in a dividend subsequently declared.~~

- ~~(2) Where power is taken to forfeit unclaimed dividends, that power shall not be exercised until 6 years or more after the date of declaration of the dividend.~~

~~(Note 2)~~

As regards Directors

4. (1) ~~[Repealed 1 January 2022]~~That, subject to such exceptions specified in the articles of association as the Exchange may approve, a director shall not vote on any board resolution approving any contract or arrangement or any other proposal in which he or any of his close associates has a material interest nor shall he be counted in the quorum present at the meeting.
(Note 5)
- (2) That any person appointed by the directors to fill a casual vacancy on or as an addition to the board shall hold office only until the first annual general meeting of the issuer after his appointment~~next following annual general meeting of the issuer~~, and shall then be eligible for re-election.
- (3) That, where not otherwise provided by law, ~~the issuer~~members in general meeting shall have the power by ordinary resolution to remove any director (including a managing or other executive director, but without prejudice to any claim for damages under any contract) before the expiration of his term of office.
- (4) ~~[Repealed 1 January 2022]~~That the minimum length of the period, during which notice to the issuer of the intention to propose a person for election as a director and during which notice to the issuer by such person of his willingness to be elected may be given, will be at least 7 days.
- (5) ~~[Repealed 1 January 2022]~~That the period for lodgment of the notices referred to in sub-paragraph 4(4) will commence no earlier than the day after the despatch of the notice of the meeting appointed for such election and end no later than 7 days prior to the date of such meeting.

As regards Accounts

5. ~~[Repealed 1 January 2022]~~That a copy of either (i) the directors' report, accompanied by the balance sheet (including every document required by law to be annexed thereto) and profit and loss account or income and expenditure account or (ii) the summary financial report, shall, at least 21 days before the date of the general meeting, be delivered or sent by post to the registered address of every member.
(Note 3)

As regards Rights

6. [Repealed 1 January 2022]

~~(1) That adequate voting rights will, in appropriate circumstances, be secured to preference shareholders.~~

~~(2) That the quorum for a separate class meeting (other than an adjourned meeting) to consider a variation of the rights of any class of shares shall be the holders of at least one third of the issued shares of the class.~~

~~(Note 4)~~

As regards Notices

7. [Repealed 1 January 2022]

~~(1) That where power is taken to give notice by advertisement such advertisement may be published in the newspapers.~~

~~(2) That an overseas issuer shall give notice sufficient to enable members, whose registered addresses are in Hong Kong, to exercise their rights or comply with the terms of the notice.~~

~~(Note 4)~~

~~(3) That there is no prohibition on the giving of notice to members whose registered address is outside Hong Kong.~~

As regards Redeemable Shares

8. [Repealed 1 January 2022]~~That, where the issuer has the power to purchase for redemption a redeemable share:—~~

~~(1) purchases not made through the market or by tender shall be limited to a maximum price; and~~

~~(2) if purchases are by tender, tenders shall be available to all shareholders alike.~~

~~As regards Capital Structure~~

9. ~~[Repealed 1 January 2022] That the structure of the share capital of the issuer be stated and where such capital consists of more than one class of share it must also be stated how the various classes shall rank for any distribution by way of dividend or otherwise.~~

~~As regards Non-Voting or Restricted Voting Shares~~

10. ~~[Repealed 1 January 2022]~~
- ~~(1) That, where the capital of the issuer includes shares which do not carry voting rights, the words “non-voting” must appear in the designation of such shares.~~
- ~~(2) That, where the equity capital includes shares with different voting rights, the designation of each class of shares, other than those with the most favourable voting rights, must include the words “restricted voting” or “limited voting”.~~

~~As regards Proxies~~

11. ~~[Repealed 1 January 2022]~~
- ~~(1) That where provision is made in the articles as to the form of proxy, this must be so worded as not to preclude the use of the two-way form.~~
- ~~(2) That a corporation may execute a form of proxy under the hand of a duly authorised officer.~~
- ~~(Note 4)~~

~~As regards Disclosure of Interests~~

12. ~~[Repealed 1 January 2022] No powers shall be taken to freeze or otherwise impair any of the rights attaching to any share by reason only that the person or persons who are interested directly or indirectly therein have failed to disclose their interests to the company.~~

~~As regards Untraceable Members~~

13. [Repealed 1 January 2022]

- ~~(1) That where power is taken to cease sending dividend warrants by post, if such warrants have been left uncashed, it will not be exercised until such warrants have been so left uncashed on 2 consecutive occasions. However, such power may be exercised after the first occasion on which such a warrant is returned undelivered.~~
- ~~(2) That where power is taken to sell the shares of a member who is untraceable it will not be exercised unless:—~~
- ~~(a) during a period of 12 years at least three dividends in respect of the shares in question have become payable and no dividend during that period has been claimed; and~~
- ~~(b) on expiry of the 12 years the issuer gives notice of its intention to sell the shares by way of an advertisement published in the newspapers and notifies the Exchange of such intention.~~

~~As regards Voting~~As regards Proceedings at General Meetings

14. (1) That an issuer must hold a general meeting for each financial year as its annual general meeting.

Note: Generally, an issuer must hold its annual general meeting within six months after the end of its financial year.

(2) That an issuer must give its members reasonable written notice of its general meetings.

Note: “Reasonable written notice” normally means at least 21 days for an annual general meeting and at least 14 days for other general meetings. This is unless it can be demonstrated that reasonable written notice can be given in less time.

(3) That members must have the right to (a) speak at a general meeting; and (b) vote at a general meeting except where a member is required, by these GEM

Listing Rules, to abstain from voting to approve the matter under consideration.

Notes:

1. An example of such a circumstance is where a member has a material interest in the transaction or arrangement being voted upon.

2. If an issuer is subject to a foreign law or regulation that prevents the restriction of a member's right to speak and/or vote at general meetings, the issuer can enter into an undertaking with the Exchange to put in place measures that achieve the same outcome as the restriction under this paragraph (e.g. any votes cast by or on behalf of a member in contravention of the rule restriction must not be counted towards the resolution).

(4) That, where any shareholder is, under these GEM Listing Rules, required to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.

(5) That members holding a minority stake in the total number of issued shares must be able to convene an extraordinary general meeting and add resolutions to a meeting agenda. The minimum stake required to do so must not be higher than 10% of the voting rights, on a one vote per share basis, in the share capital of the issuer.

As regards Variation of Rights

15. That a super-majority vote of the issuer's members of the class to which the rights are attached shall be required to approve a change to those rights.

Notes:

1. A "super-majority vote" means at least three-fourths of the voting rights of the members holding shares in that class present and voting in person or by proxy at a separate general meeting of members of the class where the quorum for such meeting shall be holders of at least one third of the issued

shares of the class. This is unless it can be demonstrated that shareholder protection will not be compromised by a lower voting threshold (e.g. simple majority votes in favour of the relevant resolutions with a higher quorum requirement) and in such case a “super-majority vote” is deemed to be achieved.

2. For PRC issuers, the Exchange will consider a resolution passed by members representing at least two-thirds of the voting rights of the members who are present at the classified members’ meeting and have voting rights to amend class rights as satisfying the threshold of a “super-majority”.

As regards Amendment of Constitutional Documents

16. That a super-majority vote of the issuer’s members in a general meeting shall be required to approve changes to an issuer’s constitutional documents, however framed.

Notes:

1. A “super-majority vote” means at least three-fourths of the total voting rights of the members present and voting in person or by proxy at the general meeting. This is unless it can be demonstrated that shareholder protection will not be compromised by a lower voting threshold (e.g. simple majority votes in favour of the relevant resolutions with a higher quorum requirement) and in such case a “super-majority vote” is deemed to be achieved.
2. For PRC issuers, the Exchange will consider a resolution passed by members representing at least two-thirds of the total voting rights of the members present and voting in person or by proxy at the meeting as satisfying the threshold of a “super-majority”.

As regards Appointment, Removal and Remuneration of Auditors

17. That the appointment, removal and remuneration of auditors must be approved by a majority of the issuer’s members or other body that is independent of the board of directors.

Note: An example of such an independent body is the supervisory board in systems that have a two tier board structure.

As regards Proxies and Corporate Representatives

18. That every member shall be entitled to appoint a proxy who needs not necessarily be a member of the issuer and that every shareholder being a corporation shall be entitled to appoint a representative to attend and vote at any general meeting of the issuer and, where a corporation is so represented, it shall be treated as being present at any meeting in person. A corporation may execute a form of proxy under the hand of a duly authorised officer.

As regards HKSCC's Right to Appoint Proxies or Corporate Representatives

19. That HKSCC must be entitled to appoint proxies or corporate representatives to attend the issuer's general meetings and creditors meetings and those proxies or corporate representatives must enjoy rights equivalent to the rights of other shareholders, including the right to speak and vote.

Note: Where the laws of an overseas jurisdiction prohibit HKSCC from appointing proxies or corporate representatives enjoying the rights described by this paragraph, the issuer must make the necessary arrangements with HKSCC to ensure that Hong Kong investors holding shares through HKSCC enjoy the right to vote, attend (personally or by proxy) and speak at general meetings.

As regards Inspection of Branch Register

20. That the branch register of members in Hong Kong shall be open for inspection by members but the issuer may be permitted to close the register on terms equivalent to section 632 of the Companies Ordinance.

As regards Voluntary Winding Up

21. A super-majority vote of the issuer's members in a general meeting shall be required to approve a voluntary winding up of an issuer.

Notes:

1. A "super-majority vote" means at least three-fourths of the total voting rights of the members present and voting in person or by proxy at the general meeting. This is unless it can be demonstrated that shareholder protection

will not be compromised by a lower voting threshold (e.g. simple majority votes in favour of the relevant resolutions with a higher quorum requirement) and in such case a “super-majority vote” is deemed to be achieved.

2. For PRC issuers, the Exchange will consider a resolution passed by members representing at least two-thirds of the total voting rights of the members present and voting in person or by proxy at the meeting as satisfying the threshold of a “super-majority”.

NOTES

1. ~~In the case of an issuer incorporated in the PRC, references to “shares” in paragraphs 1(1) and 1(2) shall mean and refer to H shares only, and shall not include the domestic shares of a PRC issuer.~~
2. ~~In the case of an issuer incorporated in the PRC, paragraph 3(2) shall be amended and restated to read as follows:~~
- ~~“Where power is taken to forfeit unclaimed dividends, that power shall not be exercised until after the expiration of the applicable limitations period.”~~
3. ~~In the case of an issuer incorporated in the PRC, the reference to “every member” in paragraph 5 shall mean and refer to only registered holders of the PRC issuer’s H shares.~~
4. ~~Paragraphs 6(2), 7(2), 11(1) and 11(2), which are covered by the additional required provisions set out in Section 1 of Part C of Appendix 11, shall not apply to an issuer incorporated in the PRC.~~
5. ~~Articles of Association will be acceptable to the Exchange if they provide exceptions from the requirements of paragraph 4(1) of this Appendix in respect of the following matters:—~~
- ~~(1) the giving of any security or indemnity either:—~~
- ~~(a) to the director or his close associate(s) in respect of money lent or obligations incurred or undertaken by him or any of them at the request of or for the benefit of the issuer or any of its subsidiaries; or~~

- ~~(b) to a third party in respect of a debt or obligation of the issuer or any of its subsidiaries for which the director or his close associate(s) has himself/themselves assumed responsibility in whole or in part and whether alone or jointly under a guarantee or indemnity or by the giving of security;~~
- ~~(2) any proposal concerning an offer of shares or debentures or other securities of or by the issuer or any other company which the issuer may promote or be interested in for subscription or purchase where the director or his close associate(s) is/are or is/are to be interested as a participant in the underwriting or sub-underwriting of the offer;~~
- ~~(3) any proposal concerning any other company in which the director or his close associate(s) is/ are interested only, whether directly or indirectly, as an officer or executive or shareholder or in which the director or his close associate(s) is/are beneficially interested in shares of that company, provided that the director and any of his close associates are not in aggregate beneficially interested in 5% or more of the issued shares of any class of such company (or of any third company through which his interest or that of any of his close associates is derived) or of the voting rights;~~
- ~~(4) any proposal or arrangement concerning the benefit of employees of the issuer or its subsidiaries including:—~~
- ~~(a) the adoption, modification or operation of any employees' share scheme or any share incentive or share option scheme under which the director or his close associate(s) may benefit; or~~
- ~~(b) the adoption, modification or operation of a pension fund or retirement, death or disability benefits scheme which relates both to directors, his close associates and employees of the issuer or any of its subsidiaries and does not provide in respect of any director, or his close associate(s), as such any privilege or advantage not generally accorded to the class of persons to which such scheme or fund relates; and~~
- ~~(5) any contract or arrangement in which the director or his close associate(s) is/are interested in the same manner as other holders of shares or debentures or other securities of the issuer by virtue only of his/their interest in shares or debentures or other securities of the issuer.~~

...

Appendix 9

LISTING FEES, ~~TRANSACTION~~ LEVIES AND TRADING FEES ON NEW ISSUES AND BROKERAGE

...

3. SFC Transaction Levy on New Issues

- (1) A SFC ~~Transaction~~ Levy shall be payable on each of the following transactions (in each case a "Qualifying Transaction"):
- (a) the subscription and/or purchase of securities of a class new to listing;
 - (b) the subscription and/or purchase of securities of a class already listed under an offer made to the public by or on behalf of a listed issuer excluding a rights issue or open offer; and
 - (c) any other transaction in securities of a class new to listing which the Exchange deems appropriate.

Generally, any transaction involving debt securities will not be deemed to be a Qualifying Transaction, unless, in the opinion of the Exchange, such debt securities are not pure debt securities or are analogous to equity securities. The SFC ~~Transaction~~ Levy on new issues will not be payable in the case of an introduction.

- (2) The SFC ~~Transaction~~ Levy together with the investor compensation levy shall be calculated on an aggregated basis (rounded to the nearest cent) by applying the percentage rates as specified from time to time in the Securities and Futures (Levy) Order and the Securities and Futures (Investor Compensation — Levy) Rules to the total consideration payable to the issuer by a subscriber/purchaser for each security under the relevant Qualifying Transaction.
- (3) (a) In the case of the subscription and/or purchase of securities, the SFC ~~Transaction~~ Levy shall be payable by each of the issuer or vendor (as the case may be) and by the subscriber or purchaser (as the case may be).
- (b) In the case of any other Qualifying Transaction, the SFC ~~Transaction~~ Levy shall be payable as the Exchange shall direct.
- (4) Where the consideration under a Qualifying Transaction consists of or includes consideration other than cash, the value of the consideration on which the SFC ~~Transaction~~ Levy is payable shall be determined by the Exchange whose decision shall be final and binding.

- (5) The SFC Transaction Levy shall be paid to the Exchange before dealings commence in the relevant securities, in the manner determined by the Exchange from time to time.
- (6) The SFC Transaction Levy so collected by the Exchange shall be paid to the Commission in accordance with section 394 of the Securities and Futures Ordinance.
- (7) In all cases it shall be the responsibility of the issuer whose securities are to be listed to ensure that the SFC Transaction Levy is paid to the Exchange.

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7. SFC Transaction Levy on Offers for Sale

A listed issuer must notify the Exchange of every purchase and sale of its listed securities made under an offer for sale by or on behalf of a substantial shareholder. Every such purchase and sale is subject to the SFC Transaction Levy payable to the Commission pursuant to section 394 of the Securities and Futures Ordinance. The SFC Transaction Levy payable shall be paid to the Exchange by the issuer and the Exchange shall pay such amount to the Commission in accordance with that section.

...

9A. Annual PIE Levy

- (1) With effect from 1 January 2022, an annual PIE levy shall be payable by a PIE to the Exchange.
- (2) The annual PIE levy so collected by the Exchange shall be paid to the FRC in accordance with section 50B of the FRCO.
- (3) The annual PIE levy payable by an issuer of equity securities (other than warrants) shall be calculated by applying the percentage rate as specified from time to time in section 2 of Schedule 7 to the FRCO to the annual listing fee payable under paragraph 1(2)(a) above for the relevant calendar year.
- (4) The annual PIE levy shall be payable in advance in one instalment. The PIE levy shall be payable within 7 days of receiving a debit note or, in any event if earlier, before dealings in the relevant securities commence. Annual PIE levy shall not be refundable. Regardless of the day of the month on which the securities are listed, the annual PIE levy will be calculated from the first day of that month and pro rata payment in respect of that month is not permitted.
- (5) The annual PIE levy for a calendar year, as calculated in accordance with paragraph 9A(3) above, is not to be adjusted even if the annual listing fee payable by the PIE to the Exchange for the relevant year is subsequently adjusted under the GEM Listing Rules.

9B. FRC Transaction Levy

- (1) With effect from 1 January 2022, a FRC Transaction Levy shall be payable to the Exchange on each:
 - (a) Qualifying Transaction (as defined in paragraph 3 above); and
 - (b) purchase and sale of listed securities made under an offer for sale as described in paragraph 7 above.
- (2) The FRC Transaction Levy so collected by the Exchange shall be paid to the FRC in accordance with section 50A of the FRCO.
- (3) The FRC Transaction Levy shall be calculated (rounded to the nearest cent) by applying the percentage rate as specified from time to time in section 1 of Schedule 7 to the FRCO to the total consideration payable to the issuer/substantial shareholder by a subscriber/purchaser for each security under the relevant transaction referred to in paragraph 9B(1) above. Where the consideration under a Qualifying Transaction consists of or includes consideration other than cash, the value of the consideration on which the FRC Transaction Levy is payable shall be determined by the Exchange whose decision shall be final and binding.
- (4) (a) In the case of a Qualifying Transaction relating to the subscription and/or purchase of securities, the FRC Transaction Levy shall be payable by each of the issuer or vendor (as the case may be) and by the subscriber or purchaser (as the case may be).
 - (b) In the case of any other Qualifying Transaction, the FRC Transaction Levy shall be payable as the Exchange shall direct.
 - (c) In case of a purchase and sale of listed securities made under an offer for sale as described in paragraph 7 above, the FRC Transaction Levy shall be payable by the issuer.
- (5) The FRC Transaction Levy shall be paid to the Exchange at the same time the SFC Transaction Levy payable under paragraph 3 or paragraph 7 above (as the case may be) is paid to the Exchange, in the manner and within the time frame determined by the Exchange from time to time.
- (6) FRC Transaction Levy is not refundable.
- (7) In all cases it shall be the responsibility of the issuer whose securities are to be listed to ensure that the FRC Transaction Levy is paid to the Exchange.

10. General

All fees or charges payable to the Exchange under this Appendix shall be net of all taxes, levies and duties. The Exchange reserves the right to revise any of the fees or charges prescribed above at any time, subject to the approval of the Commission pursuant to section 76 and section 24 of the Securities and Futures Ordinance. The Exchange may also at its sole discretion in any specific case reduce or waive the fees or charges prescribed above, except for (a) the SFC Transaction Levy on Qualifying Transactions in respect of which any reduction or waiver must be approved in writing by the Commission; or (b) the annual PIE levy

and the FRC Transaction Levy payable to the Exchange under paragraphs 9A and 9B above in respect of which any reduction must be approved in writing by the FRC.

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Appendix 11

ADDITIONAL REQUIREMENTS IN RESPECT OF CERTAIN JURISDICTIONS

PART A

BERMUDA

THIS APPENDIX HAS BEEN REPEALED

[Repealed 1 January 2022]

~~Section 1. Additional requirements for memorandum and bye-laws~~

~~Section 2. Modifications and additional requirements~~

Section 1

~~ADDITIONAL REQUIREMENTS FOR THE MEMORANDUM AND BYE-LAWS OF ISSUERS INCORPORATED OR OTHERWISE ESTABLISHED IN BERMUDA~~

~~(see rule 24.06(1))~~

~~In addition to the provisions of Appendix 3, the bye-laws of issuers incorporated or otherwise established in Bermuda must conform with the following provisions:—~~

~~1. As regards the memorandum and bye-laws~~

~~The memorandum and bye-laws must stipulate that they may not be changed without a special resolution, and the bye-laws shall define “special resolution” to mean a resolution passed by members holding three-fourths of the voting rights of those present and voting in person or by proxy at a meeting of members.~~

~~2. As regards class meetings~~

- ~~(1) The bye-laws shall stipulate that for the purposes of section 47 of the Companies Act 1981 of Bermuda the specified proportion of the holders of shares of a particular class required to sanction a resolution passed at a separate meeting of those holders to approve a variation of class rights shall be members holding three-fourths of the voting rights of that class present and voting in person or by proxy at such meeting.~~
- ~~(2) Where the issuer is permitted by Bermudian law so to do, the bye-laws shall provide that a proxy need not be a member of the issuer.~~

~~3. As regards notices of general meetings~~

~~The bye-laws shall stipulate that any annual general meeting must be called by notice of at least 21 days, and that any other general meeting (including an extraordinary general meeting) must be called by notice of at least 14 days.~~

~~*Note: The articles of association may provide that issuers may convene a general meeting on shorter notice than required under this provision or the companies' bye-laws if it is agreed:*~~

- ~~(a) in the case of an annual general meeting, by all the members entitled to attend and vote at the meeting; and~~
- ~~(b) in any other case, by a majority in number of the members having the right to attend and vote at the meeting, being a majority together representing at least 95% of the total voting rights at the meeting of all the members.~~

~~4. As to accounts~~

- ~~(1) The bye-laws shall require the issuer to keep proper books of account necessary to give a true and fair view of the issuer's affairs.~~
- ~~(2) The bye-laws shall provide that accounts shall be laid before members at the annual general meeting which must be held in each year; not more than 15 months (or such longer period as the Exchange may authorise) may elapse between the date of one annual general meeting and the next.~~

5. ~~As to directors~~

~~The bye-laws shall stipulate that the issuer in general meeting must approve the payment to any director or past director of any sum by way of compensation for loss of office or as consideration for or in connection with his retirement from office (not being a payment to which the director is contractually entitled).~~

6. ~~As to corporate representatives~~

~~The bye-laws shall provide that if a recognised clearing house within the meaning of Part 4 of Schedule 1 to the Securities and Futures Ordinance is a member of the company it may, to the extent permitted by law, authorise such person or persons as it thinks fit to act as its representative or representatives at any meeting of the company or at any meeting of any class of members of the company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee) which he represents as that clearing house (or its nominee) could exercise if it were an individual shareholder of the company.~~

Section 2

MODIFICATIONS AND ADDITIONAL REQUIREMENTS

~~{see rules 24.09(2), (3) and (5)(a)}~~

~~1. In the case of an introduction in the circumstances set out in rule 10.18(3):—~~

- ~~(1) the summary of the provisions of the constitutive documents of the overseas issuer, which is required by rule 24.09(2);~~
- ~~(2) the summary of the relevant regulatory provisions (statutory or otherwise) of the jurisdiction in which the overseas issuer is incorporated or otherwise established, which is required by rule 24.09(3); and~~
- ~~(3) the comparison between those constitutive documents and the listed Hong Kong issuer's existing articles of association, which is required by rule 24.09(5)(a);~~

~~may be published on the Exchange's website and the issuer's own website rather than~~

set out in the listing document.

- ~~2. In such cases the details of the articles of association or equivalent document required to be set out in the listing document by paragraph 7 of Part A of Appendix 1 may be limited to a summary of the changes, if any, between the Hong Kong issuer's articles of association and the overseas issuer's proposed constitutive documents, in respect of each of the areas set out in that paragraph, provided that the summary also includes details of any differences or additional provisions in the proposed new constitutive documents which confer on directors of the overseas issuer any special powers, the exercise of which would affect the rights or interests of the shareholders.~~
- ~~3. The summary and, where relevant, comparison of the constitutive documents required by rules 24.09(2) and 24.09(5)(a), 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 overseas 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 overseas issuer's or any of its subsidiaries' shares~~

~~(i) summary~~

~~(ii) differences~~

- ~~(f) disclosure of interests in contracts with the overseas 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 overseas issuer to purchase its own shares~~
 - ~~(i) — summary~~
 - ~~(ii) — differences~~

- ~~(11) — power for any subsidiary of the overseas 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 overseas issuer or the shareholders thereof.~~

~~4. — [Repealed 5 July 2021]~~

Additional Documents on Display

~~5. — The requirements of Chapter 24 and this Appendix mean that in the case of an introduction in the circumstances set out in rule 10.18(3) the following additional documents must be published on the Exchange's website and the issuer's own website: —~~

~~(1) — a summary of the relevant regulatory provisions (statutory or otherwise) of the country where the overseas issuer is incorporated or otherwise established together with a copy of all relevant statutes and/or regulations;~~

~~(2) — a summary of the provisions of the proposed new constitutive documents of the overseas issuer and a comparison between the overseas issuer's constitutive documents and the constitutive documents of the listed Hong Kong issuer or issuers whose securities have been exchanged; and~~

~~(3) — copies of the full valuation report in respect of any property valuations which are only summarised in the listing document (see rule 24.09(5)(e)).~~

Appendix 11

ADDITIONAL REQUIREMENTS IN RESPECT OF CERTAIN JURISDICTIONS

PART B

THE CAYMAN ISLANDS

THIS APPENDIX HAS BEEN REPEALED

[Repealed 1 January 2022]

~~Section 1.—— Additional requirements for memorandum and articles of association~~

~~Section 2.—— Modifications and additional requirements~~

~~Section 1~~

~~ADDITIONAL REQUIREMENTS FOR THE MEMORANDUM AND ARTICLES OF ASSOCIATION OF ISSUERS INCORPORATED OR OTHERWISE ESTABLISHED IN THE CAYMAN ISLANDS~~

~~(see rule 24.06(1))~~

~~In addition to the provisions of Appendix 3, the articles of association of issuers incorporated or otherwise established in the Cayman Islands must conform with the following provisions:—~~

~~1.—— As regards the memorandum and articles of association~~

~~To the extent that the same is permissible under Cayman Islands law, the memorandum and articles of association must stipulate that they may not be changed without a special resolution, and the articles of association shall define “special resolution” to mean a resolution passed by members holding three fourths of the voting rights of those present and voting in person or by proxy at a meeting of members.~~

~~2.—— As regards general meetings~~

~~(1) The articles of association shall stipulate that if at any time the share capital is~~

~~divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class) may be varied only with the consent in writing of the holders of three-fourths in nominal value of the issued shares of the class in question or with the sanction of a resolution passed at a separate general meeting of the holders of the shares of that class by members holding shares representing three-fourths in nominal value of the shares present in person or by proxy and voting at such meeting. The articles of association shall provide that to every such separate general meeting the provisions of the articles of association relating to general meetings shall mutatis mutandis apply, but the articles of association may vary the quorum provisions relevant to any such meeting.~~

~~(2) The articles of association shall provide that every member shall be entitled to appoint a proxy who need not necessarily be a member of the issuer and that every shareholder being a corporation shall be entitled to appoint a representative to attend any general meeting of the issuer and, where a corporation is so represented, it shall be treated as being present at any meeting in person.~~

~~(3) [Repealed 1 January 2009]~~

3. — As regards shareholders

~~(1) The articles of association shall stipulate that any annual general meeting must be called by notice of at least 21 days, and that any other general meeting (including an extraordinary general meeting) must be called by notice of at least 14 days. The articles of association shall stipulate that the notice convening a meeting shall contain particulars of the resolutions to be considered at that meeting.~~

~~*Note: The articles of association may provide that issuers may convene a general meeting on shorter notice than required under this provision or the companies' articles of association if it is agreed:*~~

~~(a) in the case of an annual general meeting, by all the members entitled to attend and vote at the meeting; and~~

~~(b) in any other case, by a majority in number of the members having the right to attend and vote at the meeting, being a majority together representing at least 95% of the total voting rights at the meeting of all the members.~~

~~(2) The articles of association shall provide for the branch register of members in Hong Kong to be open for inspection by members but may permit the company to close the register in terms equivalent to section 632 of the Companies Ordinance.~~

~~(3) The articles of association shall require an annual general meeting to be held in each year and shall provide that the audited accounts shall be sent to members at the same time as the notice of annual general meeting.~~

4. As to accounts

~~(1) The articles of association shall require the issuer to keep proper books of account necessary to give a true and fair view of the issuer's affairs.~~

~~(2) The articles of association shall provide that accounts shall be audited and shall be laid before members at the annual general meeting which must be held in each year; not more than 15 months (or such longer period as the Exchange may authorise) may elapse between the date of one annual general meeting and the next.~~

5. As to directors

~~(1) The articles of association shall provide that directors may be removed at any time by ordinary resolution of the members.~~

~~(2) The articles of association shall restrict the making of loans to directors and their close associates and shall import provisions at least equivalent to the provisions of Hong Kong law prevailing at the time of the adoption of the articles of association.~~

~~(3) The articles of association shall contain provisions requiring the directors to declare their material interests in any contracts with the issuer at the earliest meeting of the board of directors of the issuer at which it is practicable for them to do so either specifically or by way of a general notice stating that, by reason of facts specified in the notice, they are to be regarded as interested in any contracts of a specified description which may subsequently be made by the issuer.~~

~~(4) The articles of association shall stipulate that the issuer in general meeting must approve the payment to any director or past director of any sum by way of~~

~~compensation for loss of office or as consideration or in connection with his retirement from office (not being a payment to which the director is contractually entitled).~~

6. ~~As to corporate representatives~~

~~The articles of association shall provide that if a recognised clearing house within the meaning of Part 1 of Schedule 1 to the Securities and Futures Ordinance is a member of the company it may authorise such person or persons as it thinks fit to act as its representative or representatives at any meeting of the company or at any meeting of any class of members of the company provided that, if more than one person is so authorised, the authorisation shall specify the number and class of shares in respect of which each such person is so authorised. A person authorised pursuant to this provision shall be entitled to exercise the same powers on behalf of the recognised clearing house (or its nominee) which he represents as that clearing house (or its nominee) could exercise if it were an individual shareholder of the company.~~

Section 2

MODIFICATIONS AND ADDITIONAL REQUIREMENTS

~~{see rules 24.09(2), (3) and (5)(a)}~~

~~1. In the case of an introduction in the circumstances set out in rule 10.18(3):—~~

- ~~(1) the summary of the provisions of the constitutive documents of the overseas issuer, which is required by rule 24.09(2);~~
- ~~(2) the summary of the relevant regulatory provisions (statutory or otherwise) of the jurisdiction in which the overseas issuer is incorporated or otherwise established, which is required by rule 24.09(3); and~~
- ~~(3) the comparison between those constitutive documents and the listed Hong Kong issuer's existing articles of association, which is required by rule 24.09(5)(a);~~

~~may be published on the Exchange's website and the issuer's own website rather than set out in the listing document.~~

~~2. In such cases the details of the articles of association or equivalent document required to be set out in the listing document by paragraph 7 of Part A of Appendix 1 may be limited to a summary of the changes, if any, between the Hong Kong issuer's articles of association and the overseas issuer's proposed constitutive documents, in respect of each of the areas set out in that paragraph, provided that the summary also includes details of any differences or additional provisions in the proposed new constitutive documents which confer on directors of the overseas issuer any special powers, the exercise of which would affect the rights or interests of the shareholders.~~

~~3. The summary and, where relevant, comparison of the constitutive documents required by rules 24.09(2) and 24.09(5)(a), 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 overseas 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 overseas issuer's or any of its subsidiaries' shares~~

~~(i) summary~~

~~(ii) differences~~

~~(f) disclosure of interests in contracts with the overseas 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 overseas issuer to purchase its own shares~~
 - ~~(i) — summary~~
 - ~~(ii) — differences~~

- ~~(11) — power for any subsidiary of the overseas 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 overseas issuer or the shareholders thereof.~~

~~4. — [Repealed 5 July 2021]~~

Additional Documents on Display

~~5. — The requirements of Chapter 24 and this Appendix mean that in the case of an introduction in the circumstances set out in rule 10.18(3) the following additional documents must be published on the Exchange's website and the issuer's own website: —~~

~~(1) — a summary of the relevant regulatory provisions (statutory or otherwise) of the country where the overseas issuer is incorporated or otherwise established together with a copy of all relevant statutes and/or regulations;~~

~~(2) — a summary of the provisions of the proposed new constitutive documents of the overseas issuer and a comparison between the overseas issuer's constitutive documents and the constitutive documents of the listed Hong Kong issuer or issuers whose securities have been exchanged; and~~

~~(3) — copies of the full valuation report in respect of any property valuations which are only summarised in the listing document (see rule 24.09(5)(e)).~~

Appendix 15

CORPORATE GOVERNANCE CODE AND CORPORATE GOVERNANCE REPORT

...

A.4 Appointments, re-election and removal

...

~~A.4.2 All directors appointed to fill a casual vacancy should be subject to election by~~

~~shareholders at the first general meeting after appointment.~~ Every director, including those appointed for a specific term, should be subject to retirement by rotation at least once every three years.

...

E.1 Effective communication

...

- E.1.3 ~~[Repealed 1 January 2022]The issuer should arrange for the notice to shareholders to be sent for annual general meetings at least 20 clear business days before the meeting and to be sent at least 10 clear business days for all other general meetings.~~

APPENDIX VI: GUIDANCE LETTERS FOR OVERSEAS ISSUERS

HKEX GUIDANCE LETTER

HKEX-GL[•]-22 (January 2022)

Subject	Guidance for Overseas Issuers
Listing Rules and Regulations	Main Board Rule Chapters 19, 19B and 19C GEM Rule Chapter 24
Related Publications	<ul style="list-style-type: none">• HKEX-GL39-12 - Hong Kong Depositary Receipts (“DR”) – Pre-Release and Pre-Cancellation• HKEX-GL53-13 - Liquidity arrangements for issuers seeking to list by introduction where the securities to be listed are already listed on another stock exchange• Country Guides¹
Author	IPO Vetting Department

Important note: *This letter does not override the Listing Rules and is not a substitute for advice from qualified professional advisers. If there is any conflict or inconsistency between this letter and the Listing Rules, the Listing Rules prevail. You may consult the Listing Division on a confidential basis for an interpretation of the Listing Rules or this letter.*

I. Purpose

1. This letter sets out guidance for overseas issuers² contemplating a listing on the Exchange.
2. Our guidance in this letter is divided into the following sections:
 - A. General
 - B. Core Shareholder Protection Standards
 - C. Eligibility of Securities and Admission of Securities into CCASS

¹ From 2021 no new Country Guides are published.

² “Overseas issuers” has the same meaning as defined in Chapter 1 of the Main Board Listing Rules and GEM Listing Rules.

- D. Cross-border Clearing and Settlement
 - E. HDRs
 - F. Financial Reporting Standards and Auditing Standards
 - G. Taxation
 - H. “Domestic Issuers” under Regulation S, the United States Securities Act of 1933
 - I. Stock Name Identification
3. Overseas issuers may also refer to the “Listing of Overseas Companies” webpage on the Exchange’s website for further information.

II. Guidance

A. General

4. Overseas issuers may face practical or operational difficulties complying with the Listing Rules or The Codes on Takeovers and Mergers and Share Buy-backs (the “**Codes**”) where there is a potential conflict between the laws and regulations of its home jurisdiction and the Listing Rules or the Codes.
5. Below are some examples of foreign laws and regulations that may cause compliance difficulties with the Listing Rules or the Codes:
- (a) those that prohibit a company from restraining or restricting its shareholders from voting on any particular resolution, including shareholders with a material interest in the transaction or arrangement being voted upon;
 - (b) those that require a management or supervisory body of a company to approve matters that under the Listing Rules require shareholders’ approval;
 - (c) those that require a company to employ a board of statutory auditors, instead of establishing a board committee to oversee accountability and audit related matters. A board of statutory auditors may play a similar role to audit committees under the Listing Rules and may have broader oversight responsibilities and greater independence; and
 - (d) those that do not recognise a nominee company holding securities on behalf of third parties, such as HKSCC Nominees Limited (“**HKSCCN**”) that holds listed securities on behalf of Central Clearing and Settlement System (“**CCASS**”) participants.

6. We allow an overseas issuer to use a variety of methods to comply with the Listing Rules and the Codes, including providing undertakings to the Exchange to put in place a shareholder protection measure or by demonstrating it has adopted internal compliance measures that achieve the same outcome.
7. Companies are strongly encouraged to consult the Exchange and the Takeovers Executive³ (where applicable) at the earliest opportunity.

B. Core Shareholder Protection Standards

8. Appendix 3 to both the Main Board Listing Rules and GEM Listing Rules requires an issuer to demonstrate how the domestic laws, rules and regulations to which it is subject and its constitutional documents, in combination (“**Domestic Standards**”), provide the shareholder protection standards set out in the appendix (“**Core Shareholder Protection Standards**”). For this purpose, the Exchange may require an overseas issuer to amend its constitutional documents to provide the Core Shareholder Protection Standards.
9. Each overseas issuer should, at the time of submitting its listing application to the Exchange, confirm to the Exchange that it conforms with the Core Shareholder Protection Standards and requirements set out in this guidance letter with an appropriate legal opinion.
10. Where there is any shortfall in compliance with those requirements as identified by legal advisers of an overseas issuer, or where an overseas issuer is from a jurisdiction where securities of companies incorporated therein have not been previously admitted into CCASS for trading on the Exchange, such overseas issuer should complete the checklist “Information Required from Overseas Issuers” set out on the Exchange’s website (see **Appendix I** (link) [*link to be inserted*]) and submit it to the Exchange.⁴ Where the checklist referred to in Appendix I is required to be completed, the overseas issuer may only submit its listing application after the Exchange and the SFC have confirmed they have no further comment on the level of shareholder protection standards in its jurisdiction of incorporation, subject to measures to address any differences between the Domestic Standards and the Core Shareholder Protection Standards, where applicable.
11. Prior to 2021, the Exchange had published Country Guides on various jurisdictions to provide specific guidance for overseas issuers incorporated in those jurisdictions on the relevant comparison between the Domestic Standards and the Core Shareholder Protection Standards, as well as the Exchange’s expectations, practices, procedures and the

³ The Takeovers Executive refers to the Executive Director of the Corporate Finance Division or any delegate of the Executive Director of the Securities and Futures Commission (“**SFC**”).

⁴ The Exchange reserves the right to require any overseas issuer to complete and submit the checklist where it considers necessary.

criteria it considers when applying the Listing Rules to overseas issuers incorporated in such jurisdictions. Please refer to **Appendix II** for links to the respective Country Guides or guidance. From 2021, no new Country Guides will be published. In line with established practice, guidance may be issued on a case-by-case basis if there are novel issues relating to the listing of securities (including securities of companies incorporated in a jurisdiction not covered by any guidance materials, including the Country Guides) by way of listing decisions.

12. With regard to matters not covered by any Core Shareholder Protection Standard or Listing Rule, reliance will be placed on a combination of the overseas laws and regulations to which the overseas issuers are subject and their constitutional documents.
13. Overseas issuers are reminded that they are required under the Listing Rules to ensure all information provided to the Exchange must be accurate and complete in all material respects. They should notify the Exchange of any material matters that may assist the Exchange's consideration of its listing application. The Exchange reserves the right to reject an overseas issuer on suitability grounds where the issuer fails to address any material issue⁵.
14. Listed overseas issuers should monitor their on-going compliance with the Core Shareholder Protection Standards. They must, at the earliest opportunity, inform the Exchange of any material changes in the overseas laws, rules and market practices described in the relevant guidance (if any) that would, or may, adversely affect their compliance with the Core Shareholder Protection Standards and other Listing Rules. Listing applicants incorporated in the relevant overseas jurisdictions must inform the Exchange of any changes in the laws, rules and market practices described in any guidance published by the Exchange as part of their listing applications. Where applicable, the Exchange will make necessary updates to the Country Guide or guidance on the relevant jurisdictions.
15. Each overseas issuer applying to list in Hong Kong, regardless of whether or not it is from a jurisdiction where securities of companies incorporated therein have been previously admitted into CCASS for trading on the Exchange, is also required to:
 - (a) provide relevant and adequate disclosure in its listing document on the major differences between Domestic Standards and the Core Shareholder Protection Standards and details of any measures that have been or will be put in place to address the differences; and
 - (b) explain and disclose in the listing document the risk that the extent to which Hong Kong courts may be used as an avenue for aggrieved shareholders of non-Hong Kong issuers is subject to certain

⁵ See MB Listing Rules 9.11(3a) and paragraph 1(b) of Appendix 17 to the MB Listing Rules; GEM Listing Rules 12.23(2a) and paragraph 1(b) of Appendix 7K to the GEM Listing Rules

limitations concerning, for example, enforcement of a Hong Kong judgment against the overseas assets, operations and/or directors of a non-Hong Kong issuer listed on the Exchange and enforcement of an overseas judgment in Hong Kong courts.

C. Eligibility of Securities and Admission of Securities into CCASS

16. Hong Kong Securities Clearing Company Limited (“**HKSCC**”) is a recognised clearing house under the Securities and Futures Ordinance. It operates the CCASS which provides deposit, clearance and settlement services to participants of CCASS subject to the General Rules of CCASS and CCASS Operational Procedures in effect from time to time.
17. All listing applicants must make arrangements with HKSCC to ensure their securities are accepted as eligible for deposit, clearance and settlement in CCASS in accordance with the General Rules of CCASS.⁶ An overseas issuer (except for those incorporated in Bermuda and the Cayman Islands) is to complete the “CCASS Admission Form”⁷ set out on the Exchange’s website (*[link to be inserted]*), irrespective of whether the securities of companies incorporated in its jurisdiction of incorporation have been previously admitted into CCASS for trading on the Exchange, and submit it to the Exchange together with the document stated in paragraph 9 above and the listing application (for overseas issuers from a jurisdiction previously admitted into CCASS for trading on the Exchange), or as the case maybe, together with the document stated in paragraph 10 above prior to submitting the listing application (for overseas issuers from a jurisdiction where securities of companies incorporated therein have not been previously admitted into CCASS for trading on the Exchange).
18. An overseas issuer is encouraged to notify the Exchange at an early stage of the nature of the securities it plans to issue and list, particularly as to:
 - (a) the form of its securities, whether:
 - (i) physical scrip; or
 - (ii) scripless/book entry;
 - (b) if physical scrip is issued, whether:
 - (i) it will be in definitive or global form; and

⁶ MB Listing Rule 8.13A; GEM Rule 11.29.

⁷ For an overseas issuer from a jurisdiction where securities of companies incorporated therein have not been previously admitted into CCASS for trading on the Exchange, a copy of the CCASS Admission Form can be obtained at *[link to be inserted]*. For an overseas issuer (except for those incorporated in Bermuda and the Cayman Islands) from a jurisdiction previously admitted into CCASS for trading on the Exchange, a copy of the CCASS Admission Form can be obtained at *[link to be inserted]*. For overseas issuers seeking to list depositary receipts in Hong Kong, they are required to submit a CCASS Admission Form as well, a copy of which can be obtained at *[link to be inserted]*.

- (ii) the certificate will be in registered or bearer form;
 - (c) if the securities are to be issued in scripless form, the applicant must inform the Exchange of the holding structure of the securities with details of:
 - (i) how Hong Kong investors (through HKSCCN) will hold the securities;
 - (ii) the financial intermediaries or depositories holding the securities on behalf of Hong Kong investors, in particular their roles and responsibilities under the relevant overseas jurisdiction's rules and regulations; and
 - (iii) who will be recognised as the legal owners of the securities in the applicant's place of incorporation;⁸
 - (d) how its branch register of members in Hong Kong will be maintained and when the register will be open for inspection by members;⁹
 - (e) where physical scrip of the securities is to be issued, procedures to replace lost certificates and whether there will be any restrictions on holding or transfer of the new certificates; and
 - (f) whether there will be any restrictions on Hong Kong investors' right to attend the applicant's general meetings to vote and/or to appoint proxies.
19. Please refer to the Exchange website (see [link](#)) for further information in relation to admission of securities into CCASS.

D. Cross-border Clearing and Settlement

20. The Hong Kong securities market adopts a T+2 settlement period in the post-IPO market. This means that executed trades are settled in CCASS two business days after the trade day.
21. Dual-primary or secondary listed companies normally have their principal share registers in their overseas markets and a branch register in Hong Kong. To ensure liquidity in the Hong Kong registered shares, dual-primary or secondary listed companies must ensure there are a sufficient number of registered shares on their Hong Kong share registers.
22. A dual-primary or secondary listed company that does not conduct a public offering is expected to transfer a sufficient number of shares to its

⁸ The need for these notifications will be reviewed upon the implementation of an uncertificated securities market in Hong Kong. The consultation conclusions for this regime was published on 8 April 2020 (see [link](#)).

⁹ The overseas issuer must also inform members of the conditions for inspection.

Hong Kong share register from its overseas share register before listing. The estimate of “sufficient number of shares” should be based on the historical trading statistics of the issuer’s securities in its overseas market and the expected increase in trading upon listing in Hong Kong. This can be arranged by the appointed share registrar(s) cancelling and re-issuing share certificates¹⁰ in the issuer’s respective markets.

23. An overseas issuer that has a listing on the Exchange and another exchange must adopt precautionary measures to mitigate price volatility of its shares upon listing and the demand/supply imbalances between its overseas market and Hong Kong to ensure sufficient liquidity. The precautionary measures must take into account the issuer’s shareholding structure and availability of arbitrage opportunities between Hong Kong and the other market where it is listed. Overseas issuers may refer to our Guidance Letter GL53-13 on some precautionary measures for overseas companies listed in Hong Kong by way of introduction.¹¹

E. HDRs

24. HDRs can be held by Hong Kong investors in substantially the same way as shares. They are issued by a financial institution acting as a depositary and represent a particular ratio to a company’s shares.
25. Overseas issuers facing operational and legal difficulties in listing their shares in Hong Kong may wish to consider listing HDRs. For example where:
- (a) regulations in a jurisdiction prevent or discourage the overseas listing of shares; or
 - (b) foreign laws of registration and/or ownership are not compatible with those in Hong Kong.
26. The Exchange has published (a) further information on the HDR Framework section of the Exchange website; and (b) Guidance Letter HKEX-GL39-12 on the benefits of HDRs.¹²

F. Financial Reporting Standards and Auditing Standards

Financial Reporting Standards

27. The Listing Rules state that the annual financial statements¹³ and the accountants’ reports of overseas issuers must be prepared and drawn up

¹⁰ Unless where the securities are issued in scripless form.

¹¹ <http://www.hkex.com.hk/eng/rulesreg/listrules/listguid/iporg/Documents/gl53-13.pdf>.

¹² <http://www.hkex.com.hk/eng/rulesreg/listrules/listguid/iporg/Documents/gl39-12.pdf>.

¹³ A listed issuer must also prepare its interim report in accordance with the same accounting standards that it adopted in the preparation of its most recent published annual financial statements (paragraph 38 of Appendix 16 to the MB Rules and note 5 to GEM Rule 18.55) and must ensure that the

in conformity with financial reporting standards acceptable to the Exchange, which will normally be Hong Kong Financial Reporting Standards (“**HKFRS**”) issued by the Hong Kong Institute of Certified Public Accountants (“**HKICPA**”) or International Financial Reporting Standards (“**IFRS**”) issued by the International Accounting Standards Board (“**IASB**”). However, the Exchange may allow a report to be drawn up otherwise than in conformity with HKFRS and IFRS¹⁴.

28. The suitability of a body of alternative financial reporting standards depends on whether there is any significant difference between the foreign financial reporting standards and IFRS, and whether there is any concrete proposal to converge or substantially converge the foreign financial reporting standards with IFRS.
29. On this basis the Exchange has accepted that the financial statements and accountants’ reports of overseas issuers can be prepared in conformity with the financial reporting standards set out in the table below subject to the limitations stated therein:

STANDARD	LIMITATIONS
EU-IFRS	For issuers incorporated in a member state of the European Union
US GAAP	For issuers with, or seeking, a dual-primary or secondary listing in the US and on the Exchange
Australian Accounting Standards	Only issuers with, or seeking, a primary listing in the same jurisdiction as the standard setter that have, or are seeking, a dual primary listing or secondary listing on the Exchange
Generally Accepted Accounting Principles of Canada	
Accounting principles generally accepted in Japan issued by the Accounting Standards Board of Japan	
Singapore Financial Reporting Standards	
UK adopted international accounting standards	

30. An overseas issuer adopting a body of financial reporting standards other than HKFRS or IFRS for the preparation of its financial statements must include a reconciliation statement setting out the financial effect of any

accounting policies applied to the figures in each quarterly report are consistent with those applied to annual financial statements (note 2 to GEM Rule 18.66).

¹⁴ Primary Listing: MB Rules 19.13 and 19.14 and GEM Rules 7.12 and 7.14 (accountants’ reports) and MB Rule 19.25A and GEM Rule 24.18A (annual financial statements). Secondary Listing: MB Rules 19C.10D (accountants’ reports) and 19C.23 (annual financial statements).

material differences between those financial statements and financial statements prepared using HKFRS or IFRS in its accountants' reports and annual/ interim/ quarterly reports.¹⁵

31. The reconciliation statement should be appropriate and meaningful and enable investors to make an informed assessment of the overseas issuer's financial position and financial performance. The minimum level of disclosure in a reconciliation statement should include a line-by-line reconciliation of the overseas issuer's financial information showing the material differences between its accounting policies under the alternative financial reporting standards and HKFRS/IFRS, with an explanation of such differences. Comparative information should be provided for the reconciliation. In the case of accountants' reports to be included in a listing document, the reconciliation statement should cover the entire track record period (including any stub period).
32. Materiality is not defined in the Listing Rules nor may it necessarily be defined in monetary terms. An overseas issuer should exercise its judgement in assessing what constitutes material differences for investors taking into account all relevant circumstances of the issuer with advice from auditors and/or reporting accountants.
33. The reconciliation statement should be reviewed by reporting accountants or auditors. Where the reconciliation statement is included in a note to the "audited"¹⁶ accountants' reports or "audited" or "reviewed"¹⁷ financial statements, reporting accountants and auditors are not required to provide a separate opinion on the reconciliation statement. Where the relevant financial statements (e.g. interim/ quarterly financial statements)¹⁸ are not audited or reviewed by auditors, the reconciliation statement required to be included in a note to such statements should be reviewed by auditors in accordance with a standard comparable to International Standard on Assurance Engagements 3000 or Hong Kong Standard on Assurance Engagements 3000.

¹⁵ Primary Listing: MB Rule 19.14 and GEM Rule 7.14 (accountants' reports) and MB Rule 19.25A and GEM Rule 24.18A (annual/ interim/ quarterly financial statements). Secondary Listing: MB Rules 19C.10D (accountants' reports) and 19C.23 (annual/ interim financial statements).

¹⁶ In respect of accountants' reports, "audited" in this context refers to the work done by the reporting accountants in accordance with Hong Kong Standard on Investment Circular Reporting Engagements 200 "Accountants' Reports on Historical Financial Information in Investment Circulars".

¹⁷ In respect of financial statements, "reviewed" in this context refers to a review by auditors in accordance with International Standard on Review Engagements 2410 or Hong Kong Standard on Review Engagements 2410.

¹⁸ The requirement to prepare a reconciliation statement for quarterly financial statements is only applicable to GEM issuers. For the avoidance of doubt, a secondary listed issuer listed in the US is not required to prepare a reconciliation statement in respect of its US GAAP quarterly financial statements which are published pursuant to overseas rules and regulations.

The use of US GAAP for Secondary Listing – Transitional arrangements¹⁹

34. Secondary listed issuers that are listed in the US and are allowed to use US GAAP will be able to continue to do so, but will be required to include a reconciliation statement in their annual financial statements starting from the first full financial year commencing on or after the relevant rule amendment²⁰ effective date and in all subsequent financial statements (including interim financial statements²¹). Please see below a table setting out the financial periods with respect to which a reconciliation statement will be required in the financial statements.

When the rule amendment becomes effective on 1 January 2022:

Secondary listed issuers	Annual report	Interim report
where the first full financial year commences on or after 1 January 2022	✓ (includes a reconciliation statement)	
For example for an existing listed issuer with a December year-end (i.e. its financial year begins on 1 January 2022), the first financial report in respect of which a reconciliation statement is required is:	Year ending 31 December 2022	Six months ending 30 June 2023

35. New secondary listing applications from US-listed applicants that prepare financial statements using US GAAP are required to include a reconciliation statement in their accountants' reports²² only if their new listing applications are submitted on or after 1 January 2023.

Auditing Standards

36. The Listing Rules state that an accountants' report and annual financial statements of an overseas issuer must be audited to a standard

¹⁹ For the avoidance of doubt, overseas issuers with, or seeking, a dual primary listing that prepare their financial statements using US GAAP are required to continue to comply with the requirement to prepare reconciliation statements for the annual and interim financial statements and accountants' report.

²⁰ MB Rule 19C.23.

²¹ A secondary listed issuer listed in the US is not required to prepare a reconciliation statement in respect of its US GAAP quarterly financial statements which are published pursuant to overseas rules and regulations.

²² MB Rule 19C.10D.

comparable to that required by HKICPA or the International Auditing and Assurance Standards Board (“IAASB”).²³

37. To date, the Exchange is satisfied that the following seven sets of alternative standards are comparable to those required by HKICPA or the IAASB, and allows them to be used in the auditing of overseas issuers’ financial statements:
- (a) Australian Auditing Standards;
 - (b) the Generally Accepted Auditing Standards of Canada;
 - (c) professional auditing standards applicable in France in accordance with the French Commercial Code;
 - (d) Italian Auditing Standards;
 - (e) Singapore Standards on Auditing;
 - (f) International Standards on Auditing (UK); and
 - (g) the US Public Company Accounting Oversight Board auditing standards.
38. Overseas issuers seeking to adopt a body of financial reporting standards or auditing standards that is not covered by this letter should consult the Exchange at the earliest opportunity.

G. Taxation

39. If withholding tax on distributable entitlements or any other tax is payable by shareholders (e.g. capital gains, inheritance or gift taxes), an overseas issuer must bring this to the Exchange’s attention at the earliest possible opportunity prior to listing. The overseas issuer must disclose in its listing document details of the stamp duty and tax payable by shareholders, and whether Hong Kong investors have any tax reporting obligations and related procedures.

H. Alternative Procedures for U.S “Domestic Issuers”

40. “Domestic issuers” within the meaning of Regulation S (“**Regulation S**”) under the United States Securities Act of 1933 who wish to offer their equity securities (“**Regulation S Securities**”) in “offshore transactions” within the meaning of, and in reliance on the safe harbor provided by, Regulation S must fulfil the requirements of that regulation (the “**Regulation S Category 3 Requirements**”).

²³ Primary Listing: MB Rule 19.12 and GEM Rule 7.17A (accountants’ reports) and MB Rule 19.21 and GEM Rule 24.14 (annual financial statements). Secondary Listing: MB Rules 19C.10C (accountants’ reports) and 19C.17 (annual financial statements).

41. Given the manner in which securities are traded and settled on the Exchange, it is not feasible for such “domestic issuers” and their underwriters to comply strictly with certain of the Regulation S Category 3 Requirements in connection with a listing of Regulation S Securities on the Exchange. Accordingly, the Exchange has formulated certain alternative procedures tailored to address the underlying policy concerns. Please refer to the Exchange website (include [link](#)) for further information.

I. Stock Name Identification

42. To enable investors to identify more easily the following types of listed overseas companies, such overseas companies that are listed on the Exchange are required to clearly label their stock short names with appropriate suffixes. The specified stock short names/ codes for such overseas issuers are as follows:
- (a) Suffix “DR” and a stock code between 6200-6399 if they have listed HDRs (see section E above);
 - (b) Suffix “RS” and a stock code between 6300-6399 if they are incorporated in the United States of America and have listed securities/ HDRs that are restricted securities under US federal securities laws (see section H above);
 - (c) Suffix “S” if they have a secondary listing in Hong Kong; and
 - (d) Suffix “TP” if a secondary listed issuer in Hong Kong voluntarily converts or de-lists its shares or depositary receipts from the overseas exchange on which it is primary listed but cannot comply fully with the applicable Listing Rules immediately upon the change of its listing status and has applied for a grace period as time-relief waiver.

J. Company Information Sheet

43. Company Information Sheets must be prepared by (a) all secondary listed issuers; and (b) any other primary listed or dual-primary listed overseas issuers (including issuers incorporated in Bermuda and Cayman Islands) that meet any of the criteria set out in MB Rule 19.60 and GEM Rule 24.27.
44. The Exchange may also at its own discretion require a primary listed or dual-primary listed overseas issuer to publish a Company Information Sheet where the Exchange believes the publication of a Company Information Sheet would be informative to investors (for example, to provide them with information on overseas laws and regulations to which the issuer is subject and which may be unfamiliar to investors in Hong Kong). Materiality should be determined by the issuers and their advisers. Issuers are encouraged to consult the Exchange if they are uncertain about the requirements.

45. The information usually expected in the Company Information Sheet is set out in MB Rule 19.60 (for primary listing), MB Rule 19C.10C(7) (for secondary listing) and GEM Rule 24.27.
46. A listed overseas issuer required to issue a Company Information Sheet under paragraphs 43 and 44 above shall publish the Company Information Sheet within 3 months from the time of the Exchange's request or, for issuers listed on the Exchange's markets as at 31 December 2021, within 3 months from 1 January 2022.

Appendix I

(Checklist on the Exchange's website and to be completed only if there are shortfalls in the requirements or where the overseas issuer is from a jurisdiction where securities of companies incorporated have not previously been admitted to trading on CCASS)

INFORMATION REQUIRED FROM OVERSEAS ISSUERS¹

Date of submission	:	_____
Name of applicant (the "Applicant")	:	_____
Subject jurisdiction of incorporation (the "Jurisdiction")	:	_____
Place of central management and control ² (if applicable and different from the Jurisdiction) ("PCMC")	:	_____
Name of the legal adviser(s)	:	_____ (as to the laws of Hong Kong) _____ (as to the laws of the Jurisdiction)
Name and role of any other adviser(s) relevant in the preparation of this checklist	:	_____

¹ Unless otherwise defined, capitalised terms used herein have the same meanings as in the Main Board Listing Rules.

² Please refer to Listing Rule 1.01 for the definition "place of central management and control".

I. Regulatory Regime

1. State the name(s) of the statutory securities regulator in:

(a) Jurisdiction : _____

(b) PCMC : _____

2. State whether the following is a full signatory to the IOSCO Multilateral Memorandum of Understanding Concerning Consultation and Cooperation and the Exchange of Information:

**Statutory
securities
regulator in the
Jurisdiction**

**Statutory securities
regulator in the
Applicant's PCMC**

(Yes or No)

Note: If the answer is "No" to any part of Question 2 above, please consult the Exchange before continuing to complete this checklist.

3. Provide a brief description of the regulatory framework that governs the corporate and securities activities and rights of shareholders of the companies incorporated in the Jurisdiction³, which is expected to be included in the issuer's listing document.
4. Provide details whether regulatory approvals are required for a company incorporated in the Jurisdiction to seek an overseas listing.
5. Advise if there are (a) any restrictions as to (i) the type of shares which may be issued; and (ii) the identity of holders of the shares, in each case by a company incorporated in the Jurisdiction; (b) any limit on the percentage of shares in a company incorporated in the Jurisdiction that can be held by local or foreign shareholders; and (c) any other special criteria or restrictions for overseas listing of companies incorporated in the Jurisdiction.

³ The regulatory framework that is applicable to the type of company that will apply for listing in Hong Kong (for example, the regulatory framework that applies because the applicant is a private or a public company and/or because its shares are traded on a local or foreign stock exchange), if the regulatory frameworks are different.

II. Core Shareholder Protection Standards

Paragraph No. of Appendix 3 to Main Board Listing Rules and GEM Listing Rules	Core Shareholder Protection Standard	Fully complied with? <i>(please tick and provide the information)</i>		Proposed actions that a potential applicant will take to address the potential conflict or shortfall (if applicable)
		Yes <i>(please state (i) the equivalent requirements of the Jurisdiction, and (ii) how they provide the Core Shareholder Protection Standard)</i>	No <i>(please state (i) the comparable requirements of the Jurisdiction (if any), and (ii) the potential conflict or shortfall)</i>	
Directors				
<u>Casual vacancy appointments</u>				
4(2)	<p>Any person appointed by the directors to fill a casual vacancy on or as an addition to the board shall hold office only until the first annual general meeting of the issuer after his appointment, and shall then be eligible for re-election.</p> <p><i>Note: In respect of Grandfathered Greater China Issuers and Non-Greater China Issuers that are permitted to have a WVR structure that does not comply with Chapter 8A of the Listing Rules, the Exchange will consider the</i></p>			

Paragraph No. of Appendix 3 to Main Board Listing Rules and GEM Listing Rules	Core Shareholder Protection Standard	Fully complied with? <i>(please tick and provide the information)</i>		Proposed actions that a potential applicant will take to address the potential conflict or shortfall (if applicable)
		Yes <i>(please state (i) the equivalent requirements of the Jurisdiction, and (ii) how they provide the Core Shareholder Protection Standard)</i>	No <i>(please state (i) the comparable requirements of the Jurisdiction (if any), and (ii) the potential conflict or shortfall)</i>	
	<i>applicability of this requirement on a case-by-case basis based on the circumstances of each individual case.</i>			
<u>Removal of directors</u>				
4(3)	Where not otherwise provided by law, members in general meeting shall have the power by ordinary resolution to remove any director (including a managing or other executive director, but without prejudice to any claim for damages under any contract) before the expiration of his term of office. <i>Note: In respect of Grandfathered Greater China Issuers and Non-Greater China Issuers that are permitted to</i>			

Paragraph No. of Appendix 3 to Main Board Listing Rules and GEM Listing Rules	Core Shareholder Protection Standard	Fully complied with? <i>(please tick and provide the information)</i>		Proposed actions that a potential applicant will take to address the potential conflict or shortfall (if applicable)
		Yes <i>(please state (i) the equivalent requirements of the Jurisdiction, and (ii) how they provide the Core Shareholder Protection Standard)</i>	No <i>(please state (i) the comparable requirements of the Jurisdiction (if any), and (ii) the potential conflict or shortfall)</i>	
	<i>have a WVR structure that does not comply with Chapter 8A of the Listing Rules, the Exchange will consider the applicability of this requirement on a case-by-case basis based on the circumstances of each individual case.</i>			
General Meetings				
<u>Timing of annual general meeting</u>				
14(1)	An issuer must hold a general meeting for each financial year as its annual general meeting. <i>Note: Generally, an issuer must hold its annual general meeting within six months after the end of its financial year.</i>			

Paragraph No. of Appendix 3 to Main Board Listing Rules and GEM Listing Rules	Core Shareholder Protection Standard	Fully complied with? (please tick and provide the information)		Proposed actions that a potential applicant will take to address the potential conflict or shortfall (if applicable)
		Yes (please state (i) the equivalent requirements of the Jurisdiction, and (ii) how they provide the Core Shareholder Protection Standard)	No (please state (i) the comparable requirements of the Jurisdiction (if any), and (ii) the potential conflict or shortfall)	
<u>Notice of annual general meeting</u>				
14(2)	An issuer must give its members reasonable written notice of its general meetings. <i>Note: “Reasonable written notice” normally means at least 21 days for an annual general meeting and at least 14 days for other general meetings. This is unless it can be demonstrated that reasonable written notice can be given in less time.</i>			
<u>Right to speak and vote at general meetings</u>				
14(3)	Members must have the right to (1) speak at a general meeting; and (2) vote at a general meeting except where a			

Paragraph No. of Appendix 3 to Main Board Listing Rules and GEM Listing Rules	Core Shareholder Protection Standard	Fully complied with? <i>(please tick and provide the information)</i>		Proposed actions that a potential applicant will take to address the potential conflict or shortfall (if applicable)
		Yes <i>(please state (i) the equivalent requirements of the Jurisdiction, and (ii) how they provide the Core Shareholder Protection Standard)</i>	No <i>(please state (i) the comparable requirements of the Jurisdiction (if any), and (ii) the potential conflict or shortfall)</i>	
	<p>member is required, by the Listing Rules, to abstain from voting to approve the matter under consideration.</p> <p><i>Notes</i></p> <p><i>1. An example of such a circumstance is where a member has a material interest in the transaction or arrangement being voted upon.</i></p> <p><i>2. If an issuer is subject to a foreign law or regulation that prevents the restriction of a member's right to speak and/or vote at general meetings, the issuer can enter into an undertaking with the Exchange to put in place measures that achieve the same outcome as the restriction under this</i></p>			

Paragraph No. of Appendix 3 to Main Board Listing Rules and GEM Listing Rules	Core Shareholder Protection Standard	Fully complied with? <i>(please tick and provide the information)</i>		Proposed actions that a potential applicant will take to address the potential conflict or shortfall (if applicable)
		Yes <i>(please state (i) the equivalent requirements of the Jurisdiction, and (ii) how they provide the Core Shareholder Protection Standard)</i>	No <i>(please state (i) the comparable requirements of the Jurisdiction (if any), and (ii) the potential conflict or shortfall)</i>	
	<i>paragraph (e.g. any votes cast by or on behalf of a member in contravention of the rule restriction must not be counted towards the resolution).</i>			
<u>Restriction on shareholder voting</u>				
14(4)	Where any shareholder is required under the Listing Rules to abstain from voting on any particular resolution or restricted to voting only for or only against any particular resolution, any votes cast by or on behalf of such shareholder in contravention of such requirement or restriction shall not be counted.			

Paragraph No. of Appendix 3 to Main Board Listing Rules and GEM Listing Rules	Core Shareholder Protection Standard	Fully complied with? <i>(please tick and provide the information)</i>		Proposed actions that a potential applicant will take to address the potential conflict or shortfall (if applicable)
		Yes <i>(please state (i) the equivalent requirements of the Jurisdiction, and (ii) how they provide the Core Shareholder Protection Standard)</i>	No <i>(please state (i) the comparable requirements of the Jurisdiction (if any), and (ii) the potential conflict or shortfall)</i>	
<u>Right to convene an extraordinary general meeting</u>				
14(5)	Members holding a minority stake in the total number of issued shares must be able to convene an extraordinary general meeting and add resolutions to a meeting agenda. The minimum stake required to do so must not be higher than 10% of the voting rights, on a one vote per share basis, in the share capital of the issuer.			

Paragraph No. of Appendix 3 to Main Board Listing Rules and GEM Listing Rules	Core Shareholder Protection Standard	Fully complied with? <i>(please tick and provide the information)</i>		Proposed actions that a potential applicant will take to address the potential conflict or shortfall (if applicable)
		Yes <i>(please state (i) the equivalent requirements of the Jurisdiction, and (ii) how they provide the Core Shareholder Protection Standard)</i>	No <i>(please state (i) the comparable requirements of the Jurisdiction (if any), and (ii) the potential conflict or shortfall)</i>	
Other Shareholder Rights				
<u>Variation of Class Rights</u>				
15	<p>A super-majority vote of the issuer’s members of the class to which the rights are attached shall be required to approve a change to those rights.</p> <p><i>Notes</i></p> <p>1. A “super-majority vote” means at least three-fourths of the voting rights of the members holding shares in that class present and voting in person or by proxy at a separate general meeting of members of the class where the quorum for such meeting shall be holders of at least one third of the issued shares of the</p>			

Paragraph No. of Appendix 3 to Main Board Listing Rules and GEM Listing Rules	Core Shareholder Protection Standard	Fully complied with? <i>(please tick and provide the information)</i>		Proposed actions that a potential applicant will take to address the potential conflict or shortfall (if applicable)
		Yes <i>(please state (i) the equivalent requirements of the Jurisdiction, and (ii) how they provide the Core Shareholder Protection Standard)</i>	No <i>(please state (i) the comparable requirements of the Jurisdiction (if any), and (ii) the potential conflict or shortfall)</i>	
	<p><i>class. This is unless it can be demonstrated that shareholder protection will not be compromised by a lower voting threshold (e.g. simple majority votes in favour of the relevant resolutions with a higher quorum requirement) and in such case a “super-majority vote” is deemed to be achieved.</i></p> <p><i>2. For PRC issuers, the Exchange will consider a resolution passed by members representing at least two-thirds of the voting rights of the members who are present at the classified members’ meeting and have voting rights to amend class rights as</i></p>			

Paragraph No. of Appendix 3 to Main Board Listing Rules and GEM Listing Rules	Core Shareholder Protection Standard	Fully complied with? <i>(please tick and provide the information)</i>		Proposed actions that a potential applicant will take to address the potential conflict or shortfall (if applicable)
		Yes <i>(please state (i) the equivalent requirements of the Jurisdiction, and (ii) how they provide the Core Shareholder Protection Standard)</i>	No <i>(please state (i) the comparable requirements of the Jurisdiction (if any), and (ii) the potential conflict or shortfall)</i>	
	<i>satisfying the threshold of a “super-majority”.</i>			
<u><i>Amendment of Constitutional Documents</i></u>				
16	<p>A super-majority vote of the issuer’s members in a general meeting shall be required to approve changes to an issuer’s constitutional documents, however framed.</p> <p><i>Notes</i></p> <p><i>1. A “super-majority vote” means at least three-fourths of the total voting rights of the members present and voting in person or by proxy at the general meeting. This is unless it can be demonstrated that shareholder protection will not</i></p>			

Paragraph No. of Appendix 3 to Main Board Listing Rules and GEM Listing Rules	Core Shareholder Protection Standard	Fully complied with? <i>(please tick and provide the information)</i>		Proposed actions that a potential applicant will take to address the potential conflict or shortfall (if applicable)
		Yes <i>(please state (i) the equivalent requirements of the Jurisdiction, and (ii) how they provide the Core Shareholder Protection Standard)</i>	No <i>(please state (i) the comparable requirements of the Jurisdiction (if any), and (ii) the potential conflict or shortfall)</i>	
	<p><i>be compromised by a lower voting threshold (e.g. simple majority votes in favour of the relevant resolutions with a higher quorum requirement) and in such case a “super-majority vote” is deemed to be achieved.</i></p> <p><i>2. For PRC issuers, the Exchange will consider a resolution passed by members representing at least two-thirds of the total voting rights of the members present and voting in person or by proxy at the meeting as satisfying the threshold of a “super-majority”.</i></p>			

Paragraph No. of Appendix 3 to Main Board Listing Rules and GEM Listing Rules	Core Shareholder Protection Standard	Fully complied with? <i>(please tick and provide the information)</i>		Proposed actions that a potential applicant will take to address the potential conflict or shortfall (if applicable)
		Yes <i>(please state (i) the equivalent requirements of the Jurisdiction, and (ii) how they provide the Core Shareholder Protection Standard)</i>	No <i>(please state (i) the comparable requirements of the Jurisdiction (if any), and (ii) the potential conflict or shortfall)</i>	
<u>Appointment, removal and remuneration of auditors</u>				
17	<p>The appointment, removal and remuneration of auditors must be approved by a majority of the issuer’s members or other body that is independent of the board of directors.</p> <p><i>Note: An example of such an independent body is the supervisory board in systems that have a two tier board structure.</i></p>			
<u>Proxies and corporate representatives</u>				
18	<p>Every member shall be entitled to appoint a proxy who needs not necessarily be a member of the issuer and that every</p>			

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		Yes <i>(please state (i) the equivalent requirements of the Jurisdiction, and (ii) how they provide the Core Shareholder Protection Standard)</i>	No <i>(please state (i) the comparable requirements of the Jurisdiction (if any), and (ii) the potential conflict or shortfall)</i>	
	shareholder being a corporation shall be entitled to appoint a representative to attend and vote at any general meeting of the issuer and, where a corporation is so represented, it shall be treated as being present at any meeting in person. A corporation may execute a form of proxy under the hand of a duly authorised officer.			
<u>HKSCC's right to appoint proxies or corporate representatives</u>				
19	HKSCC must be entitled to appoint proxies or corporate representatives to attend the issuer's general meetings and creditors meetings and those proxies/ corporate			

Paragraph No. of Appendix 3 to Main Board Listing Rules and GEM Listing Rules	Core Shareholder Protection Standard	Fully complied with? <i>(please tick and provide the information)</i>		Proposed actions that a potential applicant will take to address the potential conflict or shortfall (if applicable)
		Yes <i>(please state (i) the equivalent requirements of the Jurisdiction, and (ii) how they provide the Core Shareholder Protection Standard)</i>	No <i>(please state (i) the comparable requirements of the Jurisdiction (if any), and (ii) the potential conflict or shortfall)</i>	
	<p>representatives must enjoy rights equivalent to the rights of other shareholders, including the right to speak and vote.</p> <p><i>Note: Where the laws of an overseas jurisdiction prohibit HKSCC from appointing proxies/ corporate representatives enjoying the rights described by this paragraph, the issuer must make the necessary arrangements with HKSCC to ensure that Hong Kong investors holding shares through HKSCC enjoy the rights to vote, attend (personally or by proxy) and speak at general meetings.</i></p>			

Paragraph No. of Appendix 3 to Main Board Listing Rules and GEM Listing Rules	Core Shareholder Protection Standard	Fully complied with? <i>(please tick and provide the information)</i>		Proposed actions that a potential applicant will take to address the potential conflict or shortfall (if applicable)
		Yes <i>(please state (i) the equivalent requirements of the Jurisdiction, and (ii) how they provide the Core Shareholder Protection Standard)</i>	No <i>(please state (i) the comparable requirements of the Jurisdiction (if any), and (ii) the potential conflict or shortfall)</i>	
<u>Inspection of Branch Register</u>				
20	The branch register of members in Hong Kong shall be open for inspection by members but the issuer may be permitted to close the register on terms equivalent to section 632 of the Companies Ordinance.			
<u>Voluntary winding up</u>				
21	A super-majority vote of the issuer's members in a general meeting shall be required to approve a voluntary winding up of an issuer. Notes			

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		Yes <i>(please state (i) the equivalent requirements of the Jurisdiction, and (ii) how they provide the Core Shareholder Protection Standard)</i>	No <i>(please state (i) the comparable requirements of the Jurisdiction (if any), and (ii) the potential conflict or shortfall)</i>	
	<p>1. A “super-majority vote” means at least three-fourths of the total voting rights of the members present and voting in person or by proxy at the general meeting. This is unless it can be demonstrated that shareholder protection will not be compromised by a lower voting threshold (e.g. simple majority votes in favour of the relevant resolutions with a higher quorum requirement) and in such case a “super-majority vote” is deemed to be achieved.</p> <p>2. For PRC issuers, the Exchange will consider a resolution passed by members representing at least two-thirds of the total voting rights of the</p>			

Paragraph No. of Appendix 3 to Main Board Listing Rules and GEM Listing Rules	Core Shareholder Protection Standard	Fully complied with? (please tick and provide the information)		Proposed actions that a potential applicant will take to address the potential conflict or shortfall (if applicable)
		Yes (please state (i) the equivalent requirements of the Jurisdiction, and (ii) how they provide the Core Shareholder Protection Standard)	No (please state (i) the comparable requirements of the Jurisdiction (if any), and (ii) the potential conflict or shortfall)	
	<i>members present and voting in person or by proxy at the meeting as satisfying the threshold of a “super-majority”.</i>			

III. Compliance with The Codes on Takeovers and Mergers and Share Buy-backs (“Codes”)

The Codes apply to takeovers, mergers and share buy-backs affecting Hong Kong public companies and Real Estate Investment Trusts with a primary or dual-primary listing on the Exchange. The Codes do not apply to a secondary listed company on the Exchange unless it is a “public company in Hong Kong” within the meaning of the Codes. The SFC will consider all the circumstances including the factors set out in section 4.2 of the Introduction to the Codes⁴ to determine whether a secondary listed company is a “public company in Hong Kong”.

1. Provide a brief description of the regulatory framework that governs takeovers, mergers and share buy-backs of companies incorporated in the Jurisdiction.
2. Specify and provide full analysis of:

⁴ <https://www.sfc.hk/web/EN/rules-and-standards/codes-and-guidelines/codes/>.

- (a) any conflicts between the laws and regulations of the Jurisdiction and the Codes;
 - (b) the laws and regulations of the Jurisdiction which would render an offeror, offeree company or their related parties being unable to comply with the Codes; and
 - (c) the proposed actions that a potential applicant incorporated in the Jurisdiction will take to resolve these conflicts or differences, including any waivers or exemptions available under the local jurisdictions the waiver/exemption of which would allow the parties to fully comply with the Codes, and the relevant procedures.
3. Provide details of any statutory takeovers or mergers regime in the Jurisdiction which provides for (a) compulsory acquisition or squeeze out rights; and (b) appraisal rights for dissenting shareholders.
4. Advise whether the Jurisdiction permits treasury shares to be held and if permitted, the voting rights and dividend entitlement attached to such treasury shares.

Appendix II - Published Country Guides or guidance ([link](#))

1. Australia
2. Austria
3. Bermuda
4. Brazil
5. British Virgin Islands
6. Canada – Alberta
7. Canada – British Columbia
8. Canada – Ontario
9. Cayman Islands
10. Cyprus
11. England & Wales
12. France
13. Germany
14. Guernsey
15. India
16. Ireland
17. Isle of Man
18. Israel
19. Italy
20. Japan
21. Jersey
22. Republic of Korea
23. Labuan
24. Luxembourg
25. Netherlands
26. Russia
27. Singapore (the Republic of)
28. United States of America – State of California
29. United States of America – State of Delaware
30. United States of America - State of Nevada

HKEX GUIDANCE LETTER

HKEX-GL[●]-22 (January 2022)

Subject	Change of listing status from secondary listing to dual-primary or primary listing on the Main Board
Listing Rules and Regulations	Main Board Listing Rules 19C.11, 19C.11A, 19C.11B, 19C.11C, 19C.13 and 19C.13A
Related Publications	HKEX-GL94-18 - Suitability for Secondary Listing as a Qualifying Issuer under Chapter 19C
Author	IPO Vetting Department

Important note: *This letter does not override the Listing Rules and is not a substitute for advice from qualified professional advisers. If there is any conflict or inconsistency between this letter and the Listing Rules, the Listing Rules shall prevail. You may consult the Listing Division on a confidential basis for an interpretation of the Listing Rules, or this letter. All references in this letter to the Listing Rules means the Main Board Listing Rules. Defined terms in the Listing Rules shall have the same meaning in this letter.*

1. Purpose

1.1 This letter provides guidance to Overseas Issuers¹ that have a secondary listing on the Exchange pursuant to Chapter 19C of the Listing Rules with regards to issues relating to:

- (a) the migration of the majority of trading in their listed shares to the Exchange's markets under Listing Rule 19C.13 ("**Migration**");
- (b) voluntary conversion to dual-primary listing on the Exchange ("**Primary Conversion**"); and
- (c) de-listing (voluntary or involuntary) of their shares or depositary receipts issued on their shares from the Recognised Stock Exchange² on which they are primary listed under Listing Rule 19C.13A ("**Overseas De-listing**").

Any reference to shares in this letter shall include depositary receipts issued on such shares where applicable.

¹ As defined in Chapter 1 of the Listing Rules.

² As defined in Chapter 1 of the Listing Rules.

2. Relevant Listing Rules

- 2.1 Listing Rule 19C.13 states that if the majority of trading in an Overseas Issuer's listed shares migrates to the Exchange's markets on a permanent basis, the Exchange will regard the issuer as having a dual-primary listing and consequently Listing Rules 19C.11, 19C.11A, 19C.11B and 19C.11C (as applicable) will no longer apply to the Overseas Issuer. Listing Rules 19.02, 19.58 to 19.59 relating to the basis for waivers, modifications and exceptions and common waivers for Overseas Issuers may apply depending on the relevant facts and circumstances.
- 2.2 Note 1 to Listing Rule 19C.13 states that the majority of trading in an Overseas Issuer's listed shares is considered to have migrated to the Exchange's markets on a permanent basis if 55% or more of the total worldwide trading volume, by dollar value, of those shares (including the volume of trading in depositary receipts issued on those shares) over the Overseas Issuer's most recent financial year, takes place on the Exchange's markets.
- 2.3 Note 2 to Listing Rule 19C.13 provides such an Overseas Issuer ("**Migration Issuer**") with a grace period of 12 months within which to comply with the applicable Listing Rules ("**Migration Grace Period**").³ The Migration Grace Period will end at midnight on the first anniversary of the date of the Exchange's written notice of its decision that the majority of trading in the listed shares has migrated permanently to the Exchange's markets ("**Migration Exchange Notice**").
- 2.4 Listing Rule 19C.13A states that if an Overseas Issuer's shares or depositary receipts issued on its shares (as the case may be) cease to be listed on the Recognised Stock Exchange on which it is primary listed, the Exchange will regard the issuer as having a primary listing in Hong Kong and consequently Listing Rules 19C.11, 19C.11A, 19C.11B and 19C.11C (as applicable) will no longer apply to the issuer.
- 2.5 Listing Rule 2.04 states that the Exchange may waive, modify or not require compliance with the Listing Rules in individual cases (to suit the circumstances of a particular case), as a variety of circumstances may exist which require it to make ad hoc decisions.

3. Guidance

- 3.1 The Exchange will regard an Overseas Issuer as having (i) a dual-primary listing on the Exchange upon the expiry of Migration Grace Period or the effective date

³ For the avoidance of doubt, the Migration Grace Period is conditional on the continued primary listing of the Overseas Issuer on the relevant Recognised Stock Exchange. If this condition is not fulfilled, the Overseas Issuer would be subject to the relevant guidance under the section headed "D. De-listing from a Recognised Stock Exchange of primary listing" in this guidance letter.

of Primary Conversion; and (ii) a primary listing on the Exchange upon the effective date of Overseas De-listing (“**Change of Listing Status**”).

A. General - Dis-application of exceptions, waivers and exemptions upon Change of Listing Status

- 3.2 Upon a Change of Listing Status, all exceptions, waivers and exemptions available to an Overseas Issuer on the basis of, or conditional upon, its secondary listing status will cease to apply⁴ save as otherwise provided under the “Applicability of Listing Rules to transactions entered into before the Change of Listing Status” in the Appendix. See also paragraphs 3.10, 3.17, 3.24 and 3.34 for the arrangements relating to the dis-application of the stock marker “S”.
- 3.3 For those exceptions, waivers and exemptions available to an Overseas Issuer which were not expressly conditional on its secondary listing status (“**specific waivers**”), in general, they will continue to apply despite a Change of Listing Status. However, a change in the nature of a secondary listed Overseas Issuer’s listing status due to Migration, Primary Conversion or Overseas De-listing may constitute a change in circumstances that may result in a prior specific waiver being no longer appropriate. Therefore, the Exchange may revisit any prior specific waiver granted to an Overseas Issuer which is not granted on the basis of, or conditional upon, its secondary listing status and has the right to withdraw a specific waiver under such circumstances pursuant to Listing Rule 2.04.
- 3.4 Accordingly, unless waivers (including any grace period) are granted in respect of specific Listing Rules (see paragraphs 3.7 to 3.8) and save as otherwise provided under “Applicability of Listing Rules to transactions entered into before the Change of Listing Status” in the Appendix, an Overseas Issuer will become subject to all Listing Rules applicable to a dual primary or primary listed issuer⁵ immediately upon a Change of Listing Status, and must make arrangements at the earliest opportunity to ensure full compliance of applicable Listing Rules.
- 3.5 This means that upon a Change of Listing Status, an Overseas Issuer should observe the following:
- (a) In relation to corporate governance requirements under the Listing Rules, for example, the establishment of an audit committee, an Overseas Issuer should ensure all changes to its corporate and organisational structure

⁴ This includes exceptions, waivers and exemptions to the Listing Rules set out in Listing Rules 19C.11, 19C.11A, 19C.11B and 19C.11C but subject to paragraph 3.3, excludes those exceptions, waivers and exemptions available to an Overseas Issuer which were not expressly conditional on its secondary listing status.

⁵ This includes Listing Rules previously not applicable to the Overseas Issuers such as Listing Rules 6.12 to 6.15 in relation to withdrawal of listing, Listing Rules 19.09 to 19.61 in relation to additional requirements, modifications or exceptions which apply to an Overseas Issuer whose primary listing is on the Exchange (where applicable).

have been introduced to enable itself to be fully compliant with the relevant Listing Rules;

- (b) In relation to other applicable Listing Rules, i.e. the compliance with which are usually event-driven and/ or time-based in nature (for example, (a) Model Code for Securities Transactions by Directors of Listed Issuers (Appendix 10 of the Listing Rules); (b) restriction on purchase of own shares; (c) notifiable transactions; and (d) connected transactions), an Overseas Issuer is expected to have put in place all necessary internal control systems upon a Change of Listing Status to monitor its ongoing compliance from time to time and, if applicable, carry out all such actions in accordance with the relevant Listing Rules when the situation requires.

Should an Overseas Issuer envisage any issues arising in connection with Migration, Primary Conversion or Overseas De-listing, it is expected to consult the Exchange as early as practicable.

- 3.6 For the avoidance of doubt, a Migration Issuer and a Conversion Issuer (as defined in paragraph 3.23) can continue to adopt a body of alternative financial reporting standards (as set out in Guidance Letter HKEX-GL[●] - Guidance for Overseas Issuers) as the accounting standards used for the preparation of its financial statements provided that such Overseas Issuer maintains a primary listing in the relevant jurisdiction of the alternative overseas financial reporting standards⁶.

Waiver applications (including applications for a grace period as a time-relief waiver)

- 3.7 If an Overseas Issuer believes it has grounds for certain exceptions, waivers or exemptions to continue after the Change of Listing Status or wishes to apply for a new waiver from strict compliance with any Listing Rules, it should submit an application(s) to the Exchange in accordance with the timing referred to in paragraphs 3.15(b), 3.23 and 3.33 or, if it is not possible, at the earliest opportunity.
- 3.8 The waiver application(s) under paragraphs 3.7 should contain sufficient information to demonstrate the basis for the Exchange to grant (or as the case may be, continue to grant) such waiver(s), including the reasons why any exception, waiver or exemption should apply (or as the case may be, continue to apply). The Exchange will make the assessment on a case-by-case basis and exercise its discretion as to whether to grant the waiver(s).

⁶ Only issuers incorporated in a member state of the European Union are allowed to adopt EU-IFRS.

Dis-application of stock marker “S” and the application of the stock marker “TP” in the stock short name

- 3.9 The purpose of the stock marker “S” in the stock short name of a secondary listed issuer is to provide sufficient notification to inform investors that the relevant issuer is not subject to the full extent of the Listing Rules due to its status as a secondary listed issuer.
- 3.10 Normally, the stock marker “S” should be retained until the Change of Listing Status, subject to the following sub-paragraphs:
- (a) for Migration Issuers, the stock marker “S” will not be dis-applied until a Migration Issuer is able to comply with all relevant Listing Rules applicable to a dual primary listed issuer (except as otherwise provided under “Applicability of Listing Rules to transactions entered into before the Change of Listing Status” in the Appendix). The rationale is to provide an indication to investors that such Migration Issuer has yet to make all necessary arrangements to enable itself to fully comply with all relevant Listing Rules applicable to a dual primary listed issuer and remains to be regarded as a secondary listed issuer.
 - (b) for Conversion Issuers and De-listing Issuers (as defined in paragraph 3.33), the stock marker “S” in the stock short name will be dis-applied on the effective date of Primary Conversion or Overseas De-listing.

If any Overseas Issuer anticipates difficulty in complying fully with the applicable Listing Rules immediately upon the Change of Listing Status and would like to apply for a grace period as time-relief waiver, the Exchange will consider the application on a case-by-case basis. Grace period will only be granted under rare and exceptional circumstances based on compelling reasons so that the Overseas Issuer may make necessary arrangements during such period to enable itself to comply with the Listing Rules as soon as practicable. Please see paragraph 3.26 (for Conversion Issuer) and paragraph 3.39 (for De-listing Issuer) for details of the grace period.

Should any grace period be granted to a Conversion Issuer or a De-listing Issuer, the Exchange has the power to require the Conversion Issuer or De-listing Issuer to have a stock short name that ends with the stock marker “TP” when the Exchange considers necessary taking into account the nature and the materiality of the non-compliance with the Listing Rules covered by the grace period. The purpose of the stock marker “TP” is to inform investors that such Conversion Issuer or De-listing Issuer, while having been reclassified as having a dual primary or primary listing after the Primary Conversion or Overseas De-listing (as the case may be), is under transitional arrangements to enable itself to achieve full compliance with all applicable Listing Rules.

B. Migration of the majority of trading in an Overseas Issuer's shares to the Exchange's markets under Chapter 19C

Responsibility for monitoring

- 3.11 Subject to paragraph 3.12 below, all secondary listed Overseas Issuers should monitor their compliance with Listing Rule 19C.13 from the start of their first full financial year after listing on the Exchange.
- 3.12 Existing Overseas Issuers which are Greater China Issuers⁷ and listed on the Exchange's markets under Chapter 19C of the Listing Rules on or before 31 December 2021 have been subject to Listing Rule 19C.13 since their listing. For Overseas Issuers (i) that are Non-Greater China Issuers⁸ that secondary listed through Chapter 19C of the Listing Rules; or (ii) listed on the Exchange's markets under the route to secondary listing on the Exchange in accordance with the requirement set out in section 5 of the JPS⁹ on or before 31 December 2021, they should monitor their compliance with Listing Rule 19C.13 from the start of their first full financial year that commences on or after the relevant amendments to the Listing Rules¹⁰ come into effect (that is, 1 January 2022), for example, where such existing secondary listed Overseas Issuer has its financial year beginning from 1 January, it should monitor its compliance with Listing Rule 19C.13 from 1 January 2022.

Method of calculation of trading migration test

- 3.13 The following method is to be used to calculate the percentage of trading volume by dollar value on the Exchange's markets for the purpose of Listing Rule 19C.13:

$$= \frac{\text{Total trading volume in Hong Kong by dollar value over a full financial year}}{\text{Total worldwide trading volume by dollar value over a full financial year}} \times 100\%$$

⁷ As defined in Chapter 1 in the Listing Rules.

⁸ As defined in Chapter 1 in the Listing Rules.

⁹ The "Joint policy statement regarding the listing of overseas companies" first published jointly by the Exchange and the SFC in 2007, updated on 27 September 2013 and on 30 April 2018 and was withdrawn on 31 December 2021.

¹⁰ Certain amendments to the Listing Rules following the Exchange's consultation on the Listing Regime for Overseas Issuers have become effective since 1 January 2022.

- 3.14 For the purpose of calculating “dollar value” and the exchange rate to be adopted, data published by a reputable independent third party market data provider is expected to be used.

Notification to the Exchange

- 3.15 Subject to paragraph 3.11 above, a secondary listed Overseas Issuer should notify the Exchange in writing:

- (a) within 5 business days of the end of the third quarter of its financial year, as to whether or not the trading volume of its shares, by dollar value, in Hong Kong has exceeded 50% of the total worldwide trading volume, by dollar value, of those shares (including the volume of trading in depositary receipts issued on those shares) based on the trading volume over that nine-month period and the respective total trading volume of its shares, by dollar value, in Hong Kong and the total worldwide trading volume over that period; and
- (b) within 5 business days of the end of its financial year, as to whether or not the trading volume of its shares, by dollar value, in Hong Kong has exceeded 55% of the total worldwide trading volume, by dollar value, of those shares (including the volume of trading in depositary receipts issued on those shares) based on the trading volume over that financial year and the respective total trading volume of its shares, by dollar value, in Hong Kong and the total worldwide trading volume over that year. The notification to the Exchange shall be accompanied by waiver application (if any) under paragraph 3.7.

- 3.16 If the notification to the Exchange required by paragraph 3.15(a) above states that the relevant trading volume in the Overseas Issuer’s shares has exceeded the threshold set out in that paragraph, the Overseas Issuer should begin its assessment of the impact to it of the dis-application of exceptions, waivers and exemptions due to the application of Listing Rule 19C.13 and the potential withdrawal of specific waivers granted by the Exchange, so that it is in a position to publish the announcement required by paragraph 3.20 below at the relevant time.

- 3.17 The Exchange will consider the notification made to it by an Overseas Issuer under paragraph 3.15(b) and may require additional information from the Overseas Issuer. Following its review of the information, the Exchange will issue a Migration Exchange Notice to the Overseas Issuer if it decides that the majority of trading in the listed shares in such Overseas Issuer has migrated permanently to the Exchange’s markets under Listing Rule 19C.13 and it will regard such Migration Issuer as having a dual-primary (rather than secondary) listing status on the Exchange upon the expiry of the Migration Grace Period. The Migration Exchange Notice will also inform the Migration Issuer that the stock marker “S” in the stock short name will be dis-applied

only when such Migration Issuer is able to fully comply with all the relevant Listing Rules applicable to a dual primary listed issuer¹¹. In the event a Migration Issuer is unable to implement all necessary changes to its corporate and organisational structure in order to comply with the corporate government requirements in the Listing Rules (e.g. Rule 3.21 and Rule 3.23 relating to the establishment of the audit committee) and/ or put in place an internal control system to enable itself to fully comply with an applicable Listing Rule upon the expiration of the Migration Grace Period, the stock marker “S” shall remain in the stock short name and can only be removed after all rectification measures have been carried out and the Migration Issuer is fully compliant with all applicable Listing Rules. Besides, the Exchange may also consider pursuing disciplinary actions in respect of the non-compliance with the relevant Listing Rules.

- 3.18 For the avoidance of doubt, notwithstanding the receipt of the Migration Exchange Notice, save as otherwise provided under “Applicability of Listing Rules to transactions entered into before the Change of Listing Status” in the Appendix, a Migration Issuer will continue to be entitled to the exceptions, waivers and exemptions granted or applicable to it as a secondary listed Overseas Issuer on the Exchange before the expiry of the Migration Grace Period.

Update report to the Exchange

- 3.19 During the Migration Grace Period, the Migration Issuer should provide the Exchange with an update report, on a monthly basis, on its progress towards compliance with the Listing Rules that will apply to it at the end of the Migration Grace Period.

Migration Issuer’s announcements

- 3.20 As soon as practicable after receiving a Migration Exchange Notice under paragraph 3.17 above, the Migration Issuer must publish an announcement stating that the majority of the trading of its shares has migrated to the Exchange’s markets on a permanent basis under Listing Rule 19C.13, including:
- (a) details of the consequences of the Migration Exchange Notice;
 - (b) details of the Migration Grace Period;
 - (c) its obligation to make necessary arrangements to enable it to fully comply with applicable Listing Rules upon the end of the Migration Grace Period; the potential consequences of its failure to comply with this obligation;

¹¹ Refer to paragraph 3.5 which sets out the expectation on the Migration Issuer relating to compliance with the applicable Listing Rules upon the expiry of the Migration Grace Period.

the potential consequences of the withdrawal of any specific waivers from strict compliance with any Listing Rules granted by the Exchange on an individual basis upon the end of the Migration Grace Period;

- (d) where applicable, the Migration Issuer's intention to apply to the Exchange for certain exception(s), waiver(s) and / or exemption(s) to continue after the Migration Grace Period ends and that the Exchange may or may not grant such exception(s), waiver(s) or exemption(s);
- (e) the potential impact to shareholders and potential investors of any transitional measures to be put in place during the Migration Grace Period; and
- (f) the stock marker "S" continues to apply until the expiry of the Migration Grace Period provided that such Migration Issuer is in compliance with all the relevant Listing Rules applicable to a dual primary listed issuer by then.

3.21 Upon the expiration of the Migration Grace Period, the Migration Issuer should publish an announcement which must state:

- (a) the Migration Grace Period has ended;
- (b) where applicable, any continuing transaction that will continue to be exempted pursuant to Note 3 to Listing Rule 19C.13 and the details of the relevant continuing transaction(s);
- (c) its obligations to comply with all applicable Listing Rules as a dual-primary listed Overseas Issuer on the Exchange following the expiry of the Migration Grace Period; the potential consequences of its failure to comply with these obligations following the expiry of the Migration Grace Period; and the consequences of the withdrawal of any specific waiver from strict compliance with any Listing Rules granted by the Exchange on an individual basis;
- (d) where applicable, details of any waiver(s) from strict compliance with any Listing Rules, including conditions and bases for granting such waiver(s);
- (e) *(in the event that the Migration Issuer has already introduced all changes to its corporate and organisational structure to comply with all corporate governance requirements under the Listing Rules applicable to a dual primary listed issuer and put in place an internal control system to ensure ongoing compliance with other applicable Listing Rules) the dis-application of the stock marker "S"; and*
- (f) *(in the event that the Migration Issuer has not yet introduced all changes to its corporate and organisational structure to comply with all corporate governance requirements under the Listing Rules applicable to a dual*

primary listed issuer and/ or put in place an internal control system to ensure ongoing compliance with other applicable Listing Rules) the stock maker “S” continues to apply; details of such breaches of Listing Rules and the progress of the rectification and the amount of time needed for full compliance with the specific Listing Rules¹².

Failure to comply with applicable Listing Rule(s)

- 3.22 In the event that a Migration Issuer is unable to fully comply with an applicable Listing Rule upon the expiration of the Migration Grace Period (save for any continuing transaction that will continue to be exempted pursuant to Note 3 to Listing Rule 19C.13), the Exchange may, on a case by case basis, exercise its discretion to extend a grace period, suspend trading of such Migration Issuer’s shares or impose other measures as it considers necessary for the protection of the investors and the maintenance of an orderly market. If any extended grace period has been granted under a time-relief waiver, the Overseas Issue shall publish an announcement upon the grant and the expiry of such extended grace period, informing the shareholders and the investors of the status of compliance.

C. Primary Conversion to dual-primary listing

Application to the Exchange

- 3.23 An Overseas Issuer seeking a Primary Conversion (“**Conversion Issuer**”) should apply to the Exchange in writing with regards to its plan to carry out a Primary Conversion (“**Primary Conversion Application**”) together with any waiver application(s) under paragraph 3.7, or if not possible, at the earliest opportunity but not later than the effective date of the Primary Conversion. The Primary Conversion Application should contain:
- (a) the expected date on which the Primary Conversion will become effective, at which time the Conversion Issuer must be able to comply with all the relevant Listing Rules applicable to a dual-primary listed issuer¹³; and
 - (b) the detailed plan and arrangements on how it will comply with the applicable Listing Rules. In particular, where the Conversion Issuer was previously granted waivers by virtue of its secondary listing status but going forward it would not apply for such waivers upon the Primary Conversion, it shall set out clearly the arrangements in place to enable its full compliance with these rules.

¹² Upon the rectification measures being put in place such that the Overseas Issuer is fully compliant with the specific Listing Rules, the Overseas Issuer shall publish an announcement updating the shareholders and investors of its latest status of compliance.

¹³ Refer to paragraph 3.5 which sets out the expectation on the Conversion Issuer relating to compliance with the applicable Listing Rules upon the Primary Conversion becoming effective.

- 3.24 The Exchange will consider the information provided in the Primary Conversion Application and may require additional information. Following its review of the information, the Exchange will issue an acknowledgement to the Conversion Issuer ("**Primary Conversion Exchange Acknowledgment**") which will (i) inform the Conversion Issuer on the dis-application of the stock marker "S" in the stock short name on the effective date of the Primary Conversion; and (ii) remind the Conversion Issuer that upon the Primary Conversion, it will regard such Conversion Issuer as having a dual-primary (rather than secondary) listing status on the Exchange.
- 3.25 For the avoidance of doubt, notwithstanding the submission of the Primary Conversion Application or receipt of the Primary Conversion Exchange Acknowledgment, a Conversion Issuer will continue to be entitled to the exception(s), waiver(s) and exemption(s) granted or applicable to it as a secondary listed Overseas Issuer on the Exchange before the Primary Conversion becomes effective provided that it remains primary listed on a Recognised Stock Exchange.

Grace period

- 3.26 In general, a Conversion Issuer is expected to submit a Primary Conversion Application to the Exchange only when it believes that it would be in a position to be able to fully comply with the applicable Listing Rules upon the Primary Conversion becoming effective. Therefore, a grace period will not normally be granted unless it is justified by a compelling reason. An application for a grace period will be considered on a case-by-case basis (for example, on the basis that certain changes to the corporate structure for full compliance with the corporate governance requirements under the Listing Rules upon Primary Conversion may require shareholders' approval and the Conversion Issuer can demonstrate to the Exchange that (i) there is imminent price sensitivity concern arising from issuing the circular and notice of meeting prior to the Conversion Issuer's announcements (see paragraph 3.29) in order to comply with the local requirement on notice period and obtain shareholders' approval before the effective date of Primary Conversion; and (ii) delaying the effective date of the Primary Conversion is not practicable).
- 3.27 Should any grace period be granted on the basis of the specific circumstances of the Conversion Issuer, the Exchange has the power to require the Conversion Issuer to have its stock short name end with the stock marker "TP" upon the Primary Conversion becoming effective when the Exchange considers necessary taking into account the nature and the materiality of the non-compliance with the Listing Rules covered by the grace period.
- 3.28 Any grace period granted under a time-relief waiver for a Conversion Issuer in exceptional circumstances will commence from the time of Primary Conversion. The length of the grace period for each Listing Rule under the

time-relief waiver will be assessed with reference to the individual facts and circumstances of the Conversion Issuer, including but not limited to (a) the expected date of the Primary Conversion; and (b) the amount of time reasonably needed for the Conversion Issuer to fully comply with the specific Listing Rules.

Conversion Issuer's announcements

- 3.29 As soon as practicable after receiving a Primary Conversion Exchange Acknowledgment, the Conversion Issuer must publish an announcement stating the following:
- (a) the intention and / or reasons for the Primary Conversion;
 - (b) the expected or estimated date of the Primary Conversion (i.e. the date on which the Conversion Issuer will be able to comply with all the relevant Listing Rules applicable to a dual-primary listed issuer unless otherwise waived or exempted);
 - (c) its obligations to make necessary arrangements to enable it to comply with all applicable Listing Rules following the Primary Conversion; the potential consequences of its failure to comply with these obligations following the Primary Conversion; and the potential consequences of the withdrawal of any specific waiver from strict compliance with any Listing Rules granted by the Exchange on an individual basis upon Primary Conversion becoming effective;
 - (d) where applicable, any application(s) made to the Exchange for exception(s), waiver(s) or exemption(s) from strict compliance with any Listing Rule following the Primary Conversion and that the Exchange may or may not grant such waiver(s); and
 - (e) the potential impact to shareholders and potential investors of any transitional measures to be put in place before the Primary Conversion becomes effective.
- 3.30 On or before the effective date of its Primary Conversion, the Conversion Issuer should publish an announcement which must state:
- (a) the Primary Conversion has become effective (or, as the case may be, the date on which the Primary Conversion is expected to become effective);
 - (b) its obligations to comply with all applicable Listing Rules as a dual-primary listed Overseas Issuer on the Exchange following the Primary Conversion; the potential consequences of its failure to comply with these obligations following the Primary Conversion; and the

consequences of the withdrawal of any waiver from strict compliance with any Listing Rules granted by the Exchange on an individual basis;

- (c) where applicable, details of any exception(s), waiver(s) or exemption(s) from strict compliance with any Listing Rules granted, including conditions and bases for granting such exception(s), waiver(s) or exemption(s);
 - (d) the dis-application of the stock marker “S”;
 - (e) *(if the Conversion Issuer is granted any grace period)* conditions and bases for granting a grace period including details of the Listing Rules in respect of which a grace period has been granted to the Conversion Issuer and the length of the grace period within which the Conversion Issuer is expected to make necessary arrangements to enable itself to comply with the applicable Listing Rules and the progress of the rectification; and
 - (f) *(if requested by the Exchange)* the application of the stock marker “TP”.
- 3.31 If any grace period has been granted under a time-relief waiver as described in paragraphs 3.10(b) and 3.26, the Conversion Issuer should publish an announcement upon expiration of all such grace periods informing the shareholders and the investors of its status of compliance.

Failure to comply with applicable Listing Rule(s)

- 3.32 In the event a Conversion Issuer is unable to fully comply with an applicable Listing Rule in time (where no waiver has been granted by the Exchange) upon its Primary Conversion, the Exchange may request the Conversion Issuer to delay the effective date of the Primary Conversion, in which case an announcement should be made by the Conversion Issuer on a timely basis. In the case where a grace period is granted pursuant to paragraphs 3.10(b) and 3.26, if the Conversion Issuer is still unable to fully comply with an applicable Listing Rule upon the expiry of the grace period, the Exchange may, on a case by case basis, exercise its discretion to extend the grace period, suspend trading of such Conversion Issuer’s shares and/ or impose other measures as it considers necessary for the protection of investors and the maintenance of an orderly market. If any extended grace period has been granted under a time-relief waiver, the Overseas Issuer shall publish an announcement upon the grant and expiry of such extended grace period, informing the shareholders and the investors of its status of compliance.

D. De-listing from a Recognised Stock Exchange of primary listing

Notification to the Exchange

- 3.33 An Overseas Issuer that starts to plan a voluntary de-listing, or that reasonably expects it may be de-listed involuntarily, from its Recognised Stock Exchange of primary listing ("**De-listing Issuer**"), should notify the Exchange of this possibility in writing (stating in the notification whether it is a voluntary de-listing, or it expects to be de-listed involuntarily and the bases for such expectation) as soon as practicable to give the Exchange early notice¹⁴ and submit any waiver application(s) under paragraph 3.7 or if not possible, at the earliest opportunity but not later than the effective date of the Overseas-De-listing. The De-listing Issuer Notification should contain:
- (a) the expected date on which the Overseas De-listing will become effective, following which the De-listing Issuer must be able to comply with all the relevant Listing Rules applicable to a primary listed issuer¹⁵; and
 - (b) the detailed plan and arrangements on how it will comply with the applicable rules. In particular, where the De-listing Issuer was previously granted waivers by virtue of its secondary listing status but going forward it would not apply for such waivers upon the Overseas De-listing, it shall set out clearly the arrangements in place to enable its full compliance with these rules.
- 3.34 The Exchange will consider the information provided in the De-listing Issuer Notification and may require additional information. Following its review of the information, the Exchange will issue an acknowledgment to the De-listing Issuer ("**Overseas De-listing Exchange Acknowledgment**") which will (i) inform the De-listing Issuer on the dis-application of the stock marker "S" on the effective date of the Overseas De-listing; and (ii) remind the De-listing Issuer that upon the Overseas De-listing, it will regard such De-listing Issuer as having a primary (rather than dual-primary or secondary) listing status on the Exchange.
- 3.35 For a De-listing Issuer seeking a voluntary delisting from its Recognised Stock Exchange of primary listing, the Exchange would like to emphasise that

¹⁴ For a secondary listed Overseas Issuer with primary listing on an exchange in the United States, such notification should be submitted to the Exchange as soon as practicable and before the first filing of Form 8K (domestic issuer) / 6K (foreign private issuer) with the US Securities and Exchange Commission which formally announces the potential de-listing.

¹⁵ Refer to paragraph 3.5 which sets out the expectation on the De-listing Issuer relating to compliance with the applicable Listing Rules upon the Overseas De-listing becoming effective.

the De-listing Issuer is expected to submit the De-listing Issuer Notification only if it considers itself being able to fully comply with the applicable Listing Rules upon the Overseas De-listing becoming effective. See paragraphs 3.10(b) and 3.39 for the Exchange's approach to an application for a grace period.

- 3.36 For the avoidance of doubt, notwithstanding the submission of the De-listing Issuer Notification or receipt of the Overseas De-listing Exchange Acknowledgment, a De-listing Issuer will continue to be entitled to the exceptions, waivers or exemptions granted or applicable to it as a secondary listed Overseas Issuer on the Exchange before its Overseas De-listing becomes effective provided that it remains primary listed on a Recognised Stock Exchange.

Grace period in respect of financial reporting standards

- 3.37 Listing Rules 19.13 and 19.25A provide that accountants' reports and annual accounts are required to conform to financial reporting standards acceptable to the Exchange, which will normally be Hong Kong Financial Reporting Standards ("HKFRS") or International Financial Reporting Standards ("IFRS").
- 3.38 As set out in Note 4 to Rule 19C.23, where the annual accounts of a De-listing Issuer have been drawn up in conformity with alternative overseas financial reporting standards in accordance with Listing Rule 19C.23 (other than issuers incorporated in an EU member state which adopted EU-IFRS), it shall adopt HKFRS or IFRS with a grace period of one year from its Overseas De-listing to make the necessary amendments to its internal controls to facilitate the change upon Overseas De-listing. This means that any interim and annual financial statements falling due, and published, after the first anniversary of the Overseas De-listing shall be prepared in accordance with either HKFRS or IFRS. This grace period is automatic and no application to the Exchange is required.

Grace period in respect of other Listing Rules

- 3.39 As a general principle, a De-listing Issuer is expected to comply with all the Listing Rules as applicable to other primary listed Overseas Issuers following its Overseas De-listing. This is crucial as such De-listing Issuer will no longer be subject to the rules and regulations of the Recognised Stock Exchange on which it was originally primary listed. Except for the grace period available to such issuers in respect of financial reporting standards requirements set out in paragraph 3.38 above, the Exchange believes that a grace period will be considered only in limited circumstances. We will consider applications for a grace period in exceptional circumstances on a case-by-case basis (for example, (1) on the basis that certain changes to the corporate structure for full compliance with the corporate governance requirements under the Listing

Rules upon voluntary De-listing may require shareholders' approval and the De-listing Issuer can demonstrate to the Exchange that (i) there is imminent price sensitivity concern arising from issuing the circular and notice of meeting prior to the De-listing Issuer's announcements (see paragraph 3.42) in order to comply with the local requirement on notice period and obtain shareholders' approval before the effective date of Overseas De-listing; and (ii) delaying the effective date of the Overseas De-listing is not practicable; or (2) the De-listing Issuer was requested to delist from the Recognised Stock Exchange of primary listing by the overseas regulator at short notice).

- 3.40 In general, the Exchange will not normally grant any grace period to De-listing Issuers for compliance in respect of those Listing Rules that have not been previously waived for issuers having a sole primary listing on the Exchange. These Listing Rules generally concern key requirements that, the Exchange considers, must be fully complied with for the purpose of primary listing, such as a majority of the Listing Rules on notifiable transactions and connected transactions.¹⁶
- 3.41 Any grace period granted under a time-relief waiver for a De-listing Issuer in exceptional circumstances will commence from the time of the Overseas De-listing. The length of the grace period for each Listing Rule under the time-relief waiver will be assessed with reference to the individual facts and circumstances of the De-listing Issuer, including but not limited to (a) the expected date of the Overseas De-listing; and (b) the amount of time reasonably needed for such De-listing Issuer to fully comply with the specific Listing Rules. Should any grace period be granted on the basis of the specific circumstances of the De-listing Issuer, the Exchange has the power to require the De-listing Issuer to have its stock short name end with "TP" upon the Overseas De-listing becoming effective when the Exchange considers necessary taking into account the nature and the materiality of the non-compliance with the Listing Rules covered by the grace period.

De-listing Issuer's announcements

- 3.42 A De-listing Issuer must announce its forthcoming Overseas De-listing in accordance with its general obligation of disclosure under Listing Rule 13.09 and no later than the announcement of this information on its Recognised

¹⁶ Under exceptional circumstances (e.g. a transaction entered into but not yet completed before the effective date of the Overseas De-listing due to circumstances beyond the control of the De-listing Issuer (for example, there is a condition precedent regarding obtaining regulatory approvals or the counter-parties to the transaction have requested an extension of the long-stop date for completion), the Exchange may exercise its discretion to waive the shareholders' approval requirement but the Overseas Issuer will be expected to comply with the other requirements applicable to such transaction, including, where applicable, circular, independent financial advisor, accountants' report and annual reporting requirements.

Stock Exchange of primary listing.¹⁷ This announcement must state:

- (a) the intention and / or reasons for the Overseas De-listing;
- (b) the expected or estimated date of the Overseas De-listing (for voluntary De-listing Issuers, the date on which the voluntary De-listing Issuer will be able to comply with all the relevant Listing Rules applicable to a primary listed issuer unless otherwise waived or exempted; for involuntary De-listing Issuers, the date of which its listing status would be cancelled by the overseas regulator and it becomes a primary listed issuer on the Exchange);
- (c) its obligations to make necessary arrangements to enable it to comply with all applicable Listing Rules following the Overseas De-listing; the potential consequences of its failure to comply with these obligations following the Overseas De-listing; and the potential consequences of the withdrawal of any specific waiver from strict compliance with any Listing Rules granted by the Exchange on an individual basis upon the Overseas De-listing becoming effective;
- (d) where applicable, any application(s) made to the Exchange for exception(s), waiver(s) and exemption(s) from strict compliance with any Listing Rule following the Overseas De-listing and that the Exchange may or may not grant such exception(s), waiver(s) and exemption(s); and
- (e) the potential impact to shareholders and potential investors of any transitional measures to be put in place before the Overseas De-listing becomes effective.

3.43 On or before the effective date of its Overseas De-listing, the De-listing Issuer should publish an announcement which must state:

- (a) the Overseas De-listing has become effective (or, as the case may be, the date on which the Overseas De-listing is expected to become effective);
- (b) its obligations to comply with all applicable Listing Rules as a primary listed Overseas Issuer on the Exchange following the Overseas De-listing; the potential consequences of its failure to comply with these obligations following the Overseas De-listing; and the consequences of the withdrawal of any specific waiver from strict compliance with any

¹⁷ For a secondary listed Overseas Issuer with primary listing on an exchange in the United States, this refers to no later than the first filing of the Form 8K (domestic issuer) / 6K (foreign private issuer) with the US Securities and Exchange Commission which formally announces the potential de-listing.

Listing Rules granted by the Exchange on an individual basis;

- (c) *(for involuntary De-listing Issuer)* where applicable, any continuing transaction that will continue to be exempted pursuant to this guidance letter (see paragraph 1.1 of the Appendix) and the details of the relevant continuing transaction(s);
 - (d) where applicable, details of any waiver(s) from strict compliance with any Listing Rules, including conditions and bases for granting such waiver(s);
 - (e) where applicable, the procedures for converting depositary receipts/ shares originally traded on its overseas exchange of primary listing to ordinary shares trading in Hong Kong;
 - (f) the dis-application of the stock marker “S”;
 - (g) *(if the De-listing Issuer is granted any grace period)* conditions and bases for granting grace period including details of the Listing Rules in respect of which a grace period has been granted to the De-listing Issuer and the length of the grace period within which the De-listing Issuer is expected to make necessary arrangements to enable itself to comply with the applicable Listing Rules and the progress of the rectification; and
 - (h) *(if requested by the Exchange)* the application of the stock marker “TP”.
- 3.44 If any grace period has been granted under a time-relief waiver as described in paragraph 3.39, the De-listing Issuer should publish an announcement upon the expiry of all such grace periods, informing the shareholders and the investors of the status of compliance.

Failure to comply with the applicable Listing Rule(s)

- 3.45 In the event a voluntary De-listing Issuer is unable to fully comply with an applicable Listing Rule in time (where no waiver has been granted by the Exchange) before its Overseas De-listing, the Exchange may request the voluntary De-listing Issuer to delay the effective date of the voluntary Overseas De-listing, in which case an announcement should be made by the voluntary De-listing Issuer on a timely basis.
- 3.46 In the event an involuntary De-listing Issuer is unable to fully comply with an applicable Listing Rule upon the later of (i) its Overseas De-listing or (ii) the end of the grace period granted under any time-relief waiver (if any), the Exchange may, on a case by case basis, exercise its discretion to extend the grace period (if applicable), suspend trading of such De-listing Issuer’s shares or impose other measures as it considers necessary for the protection

of investors and the maintenance of an orderly market. If any extended grace period has been granted under a time-relief waiver, the Overseas Issuer shall publish an announcement upon the grant and expiry of such extended grace period, informing the shareholders and the investors of its status of compliance.

E. WVR and VIE structures

- 3.47 Guidance Letter HKEX-GL94-18 allows Grandfathered Greater China Issuers and Non-Greater China Issuers meeting specified conditions to secondary list or dual primary list in Hong Kong with Non-compliant¹⁸ WVR Structures¹⁹ and variable interest entity structures (“**VIE structure**”), if any, subject to demonstration that they are “Innovative Companies”.
- 3.48 For the avoidance of doubt, a Grandfathered Greater China Issuer or a Non-Greater China Issuer secondary listed in Hong Kong is allowed to retain its Non-compliant WVR and/ or VIE structures (in effect at the time of its listing in Hong Kong) if it becomes primary listed in Hong Kong as a result of Migration, Overseas De-listing or Primary Conversion.

¹⁸ “Non-compliant” in paragraphs 3.47 and 3.48 means non-compliance with the requirements concerning WVR Structures and VIE structures under the Listing Rules, Guidance Letter 94-18 and Listing Decision 43-3.

¹⁹ As defined in Listing Rule 8A.02.

Applicability of Listing Rules to transactions entered into before the Change of Listing Status

- 1.1 Overseas Issuers may have transactions in place with third parties that they entered into as a secondary listed issuer on the basis that the Listing Rules on notifiable and/ or connected transactions did not apply. To prevent undue disruption to the ongoing business activities of a Migration Issuer or an involuntary De-listing Issuer following Migration or involuntary Overseas De-listing, the Exchange is prepared to allow exemptions on the bases set out in this paragraph.

Continuing transaction

Subject to paragraph 1.2 below, in the event that a Migration Issuer or an involuntary De-listing Issuer has entered into a continuing transaction:

- (i) before the beginning of the Migration Grace Period; or
- (ii) before the submission of the De-listing Issuer Notification for involuntary Overseas De-listing,

but the transaction is expected to continue after the expiry of the Migration Grace Period or the involuntary Overseas De-listing becomes effective (as the case may be), save for the requirement for disclosing the details of the transaction in an announcement issued pursuant to paragraph 3.21 (for Migration Issuer) or paragraph 3.43 (for involuntary De-listing Issuer), the Overseas Issuer will be exempted from the applicable notifiable and connected transaction rules set out in the Listing Rules in respect of the transaction, for a period of three years from the date of the Migration Exchange Notice²⁰ or the date of the De-listing Issuer Notification (as applicable).

However, if such transaction is subsequently amended or renewed before the expiry of the three-year period, the Migration Issuer or the involuntary De-listing Issuer must comply with the relevant requirements under the Listing Rules at such time.

In respect of involuntary Overseas De-listing, the Exchange retains the discretion to modify, or not to allow, the exemption described in this paragraph if the involuntary De-listing Issuer has failed to notify the Exchange of the anticipated Overseas De-listing on a timely basis in accordance with paragraph 3.33 of this letter.

²⁰ See Note 3 to Listing Rule 19C.13.

1.2 For the avoidance of doubt, the arrangements described in paragraph 1.1 above do not apply to a continuing transaction that is entered into by a Migration Issuer or an involuntary De-listing Issuer at the time set out below:

- (i) during a Migration Grace Period; or
- (ii) after the submission of the De-listing Issuer Notification for Overseas De-listing

and the transaction is expected to continue after the expiry of the Migration Grace Period or the Overseas De-listing becomes effective (as the case may be).

The arrangements described in paragraph 1.1 above also do not apply to any continuing transaction of a Conversion Issuer or voluntary De-listing Issuer that remains subsisting as at the date of the Primary Conversion Application or De-listing Issuer Notification and such transaction is expected to continue after the Primary Conversion or Overseas De-listing becomes effective (as the case may be).

One-off transaction

1.3 In the event that a Migration Issuer, a Conversion Issuer or a De-listing Issuer entered into a one-off transaction:

- (i) before the expiry of the Migration Grace Period;
- (ii) before the Primary Conversion becomes effective; or
- (iii) before the Overseas De-listing (whether it concerns voluntary or involuntary Overseas De-listing) becomes effective;

but the transaction is expected to be completed thereafter, where such transaction would have been subject to the requirement to issue an announcement and a circular and/or seek shareholders' approval under the Listing Rules if such Migration Issuer or Conversion Issuer or De-listing Issuer were a primary listed issuer at the time when the transaction was entered into, the issuer should consult the Exchange at the earliest opportunity on the applicability of the Listing Rules to the transaction.

In general, the Overseas Issuer is required to issue an announcement of such one-off transaction to keep the market informed on a timely basis, providing details of the transaction²¹.

²¹ For the avoidance of doubt, the Overseas Issuers also need to publish an announcement of continuing transactions providing details of the transactions in the manner described in paragraph 1.1.

Notwithstanding its secondary-listing status at the time the transaction was entered into, normally, the Exchange would require the Overseas Issuer to make the transaction conditional on the issue of a circular and/or shareholders' approval (where applicable) if, at the time of entering into the transaction, it is aware of the imminent change of listing status (e.g. because the transaction is entered into shortly before or after the Migration Exchange Notice, the Primary Conversion Application or the De-listing Issuer Notification) and that the transaction is expected to be completed thereafter. Under Listing Rule 2.04, the Exchange has the power to waive, modify or not require compliance with the Listing Rules or impose additional requirements where it considers necessary. Below is a list of non-exhaustive factors that may be taken into consideration:

- (i) the extent to which the change of listing status is within the issuer's control;
- (ii) the materiality of the transaction (for example, whether it would have involved the issue of securities or have constituted a very substantial acquisition under Chapter 14 of the Listing Rules); and
- (iii) the length of the period between the time at which the terms of the transaction are finalised and each of the dates of the Migration Exchange Notice, the Primary Conversion Application or the De-listing Issuer Notification and the effective date of the change of listing status.

1.4 Please see the table below for the summary of the Applicability of Listing Rules to transactions entered into before the Change of Listing Status.

Summary of the applicability of Listing Rules to transactions entered into before the Change of Listing Status

	Nature of transaction	Required level of compliance with Listing Rules
Migration of trading to the Exchange's markets	<p>One-off transaction</p> <ul style="list-style-type: none"> entered into before the expiry of the Migration Grace Period the transaction is expected to be completed after the Migration Grace Period such transaction would have been subject to the requirement to issue an announcement and a circular and/or obtain shareholders' approval under the Listing Rules if such Migration Issuer were a primary listed issuer at the time when the transaction was entered into <p>(see paragraph 1.3)</p>	<p>Required to make an announcement of the transaction to keep the market informed on a timely basis, providing details of the transaction.</p> <p>Normally expected to make the transaction conditional on the issue of a circular and/or shareholders' approval (as the case may be) if the Migration Issuer is aware of the imminent Change of Listing Status at the time of entering into the transaction.</p>
	<p>Continuing transaction</p> <ul style="list-style-type: none"> entered into before the beginning of the Migration Grace Period the transaction is expected to continue after the expiry of the Migration Grace Period <p>(see paragraph 1.1)</p>	<p>Exempted from the applicable notifiable and connected transaction rules set out in the Listing Rules for a period of three years from the date of the Migration Exchange Notice.</p> <p>The continuing transaction must be disclosed in the Migration Issuer's announcement providing details of the transaction (see paragraph 3.21 of this letter).</p> <p>However, if such transaction is subsequently amended or renewed before the expiry of the three-year period, the Migration Issuer must comply with the relevant requirements under the Listing Rules at such time.</p>

	Nature of transaction	Required level of compliance with Listing Rules
	<p>Continuing transaction</p> <ul style="list-style-type: none"> entered into during the Migration Grace Period the transaction is expected to continue after the Migration Grace Period <p>(see paragraph 1.2)</p>	Full compliance
Primary Conversion	<p>One-off transaction</p> <ul style="list-style-type: none"> entered into before the Primary Conversion becomes effective the transaction is expected to be completed after the Primary Conversion becomes effective such transaction would have been subject to the requirement to issue an announcement and a circular and/or obtain shareholders' approval under the Listing Rules if such Conversion Issuer were a primary listed issuer at the time when the transaction was entered into <p>(see paragraph 1.3)</p>	<p>Required to make an announcement of the transaction to keep the market informed on a timely basis, providing details of the transaction.</p> <p>Normally expected to make the transaction conditional on the issue of a circular and/or shareholders' approval (as the case may be) if the Conversion Issuer is aware of the imminent Change of Listing Status at the time of entering into the transaction.</p>

	Nature of transaction	Required level of compliance with Listing Rules
	<p>Continuing transaction</p> <ul style="list-style-type: none"> remains subsisting as at the date of the Primary Conversion Application the transaction is expected to continue after the Primary Conversion becomes effective <p>(see paragraph 1.2)</p>	Full compliance
Overseas De-listing (voluntary)	<p>One-off transaction</p> <ul style="list-style-type: none"> entered into before the Overseas De-listing becomes effective the transaction is expected to be completed after the Overseas De-listing becomes effective such transaction would have been subject to the requirement to issue an announcement and a circular and/or obtain shareholders' approval under the Listing Rules if such De-listing Issuer were a primary listed issuer at the time when the transaction was entered into <p>(see paragraph 1.3)</p>	<p>Required to make an announcement of the transaction to keep the market informed on a timely basis, providing details of the transaction.</p> <p>Normally expected to make the transaction conditional on the issue of a circular and/or shareholders' approval (as the case may be) if the voluntary De-listing Issuer is aware of the imminent Change of Listing Status at the time of entering into the transaction.</p>

	Nature of transaction	Required level of compliance with Listing Rules
	<p>Continuing transaction</p> <ul style="list-style-type: none"> • remains subsisting as at the date of the De-listing Issuer Notification • the transaction is expected to continue after the Overseas De-listing becomes effective <p>(see paragraph 1.2)</p>	Full compliance
Overseas De-listing (involuntary)	<p>One-off transaction</p> <ul style="list-style-type: none"> • entered into before the Overseas De-listing becomes effective • the transaction is expected to be completed after the Overseas De-listing becomes effective • such transaction would have been subject to the requirement to issue an announcement and a circular and/or obtain shareholders' approval under the Listing Rules if such De-listing Issuer were a primary listed issuer at the time when the transaction was entered into <p>(see paragraph 1.3)</p>	<p>Required to make an announcement of the transaction to keep the market informed on a timely basis, providing details of the transaction.</p> <p>Normally expected to make the transaction conditional on the issue of a circular and/or shareholders' approval (as the case may be) if the involuntary De-listing Issuer is aware of the imminent Change of Listing Status at the time of entering into the transaction.</p>

	Nature of transaction	Required level of compliance with Listing Rules
	<p>Continuing transaction</p> <ul style="list-style-type: none"> entered into before the submission of the De-listing Issuer Notification the transaction is expected to continue after the Overseas De-listing becomes effective <p>(see paragraph 1.1)</p>	<p>Exempted from the applicable rules set out in Listing Rule 19C.11 for a period of three years from the date of the De-listing Issuer Notification.</p> <p>The continuing transaction must be disclosed in the De-listing Issuer's announcement providing details of the transaction (see paragraph 3.43 of this letter).</p> <p>However, if such transaction is subsequently amended or renewed before the expiry of the three-year period, the De-listing Issuer must comply with the relevant requirements under the Listing Rules at such time.</p>
	<p>Continuing transaction</p> <ul style="list-style-type: none"> entered into after the submission of the De-listing Issuer Notification the transaction is expected to continue after the Overseas De-listing becomes effective <p>(see paragraph 1.2)</p>	<p>Full compliance</p>

Hong Kong Exchanges and Clearing Limited

8/F, Two Exchange Square
8 Connaught Place
Central, Hong Kong

hkexgroup.com | hkex.com.hk

info@hkex.com.hk
T +852 2522 1122
F +852 2295 3106