

# CONSULTATION CONCLUSIONS

REVIEW OF LISTING RULES ON  
DISCLOSURE OF FINANCIAL INFORMATION  
WITH REFERENCE TO THE NEW COMPANIES  
ORDINANCE AND HONG KONG FINANCIAL  
REPORTING STANDARDS AND PROPOSED  
MINOR/HOUSEKEEPING RULE AMENDMENTS

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

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## EXECUTIVE SUMMARY

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1. This paper presents the results of the consultation on the proposed amendments to the Listing Rules on the disclosure of financial information in Main Board Rules Appendix 16 and GEM Rules equivalent with reference to the new Companies Ordinance, Chapter 622 of the Laws of Hong Kong (“New Ordinance”), and Hong Kong Financial Reporting Standards (“HKFRS”) and proposed minor/housekeeping Rule amendments.
2. We received 55 submissions from issuers, professional bodies and industry associations, market practitioners and individuals.
3. All our proposals were well-received by the majority of respondents.
4. In the consultation paper, we sought market views on the following:

### **Rule amendments relating to disclosure of financial information**

5. Chapter I is to align the requirements for disclosure of financial information in Main Board Rules Appendix 16 and GEM Rules equivalent with reference to the disclosure provisions in the New Ordinance. The key rationale for the amendments is to enhance corporate governance and maintain a level playing field for all issuers. The amendments cover the enhancements in the New Ordinance that lead to additional disclosures, including:
  - (a) a new Business Review section;
  - (b) directors’ names to be on a consolidated basis;
  - (c) directors’ interests to include transactions, arrangements or contracts;
  - (d) permitted indemnity provisions;
  - (e) equity-linked agreements; and
  - (f) reasons for a director resigning or not seeking re-appointment.
6. Chapter II is to streamline the disclosure requirements of financial information in the Listing Rules with reference to HKFRS. The key rationale for the amendments is to remove duplications of disclosures and enhance clarity. The amendments cover:
  - (a) revision of Main Board Rules Chapter 4 and Appendix 16 and GEM Rules equivalent in order to streamline the Listing Rules and to avoid potential duplications with the accounting standards and minor Rule amendments in Main Board Rules Chapter 1 to align the accounting terms used in the Listing Rules with the current accounting standards;
  - (b) repeal of the disclosure requirements in relation to financial conglomerates in Main Board Rules Chapter 4 and Appendix 16 and GEM Rules equivalent; and

- (c) repeal of Main Board Rules Appendix 15 and GEM Rules equivalent in relation to bank reporting.
- 7. Chapter III is to introduce new requirements when an issuer decides to revise its published financial reports or make prior period adjustments due to correction of material errors in the result announcements. The key rationale for the amendments is to enhance procedures relating to compliance and monitoring. The amendments cover:
  - (a) making an announcement when the board of directors decides to revise its published financial statements and a new headline category is created to flag “Revision of Published Financial Statements and Reports”;
  - (b) disclosing in the results announcements prior period adjustments due to correction of material errors and a new headline category is created to flag “Prior Period Adjustments due to Correction of Material Errors”; and
  - (c) providing references in Main Board Rules Appendix 16 to disclosures relating to periodic financial reports required in other parts of the Listing Rules.

**Rule amendments unrelated to disclosure of financial information**

- 8. Chapter IV is about other consequential Rule amendments due to the enactment of the New Ordinance. The amendments cover:
  - (a) notice periods for general meetings;
  - (b) nominal (par) value of shares;
  - (c) the company seal;
  - (d) share warrants to bearer;
  - (e) the memorandum;
  - (f) the definition of “holding company”; and
  - (g) the threshold value of securities represented by lost share certificates in relation to certificate replacement services.
- 9. Chapter V is about Rule amendments which involve minor policy issues covering the following areas:
  - (a) the disclosure of payment dates for dividends or other distributions by issuers;

- (b) property valuation for connected transactions;
  - (c) the disclosure of directors' interests in competing businesses in notifiable and/or connected transaction circulars; and
  - (d) delays in publication of financial results announcements.
10. Chapter VI is about several housekeeping Rule amendments which do not involve questions of policy. The amendments cover the following areas:
- (a) updating outdated reference to the Codes on Takeovers and Mergers and Share Buy-backs;
  - (b) clarifying the applicability of Appendix 3 (Articles of Association) to new applicants;
  - (c) removing references to “telex”; and
  - (d) aligning the GEM Rules with the Main Board Rules in respect of requiring periodic updates from suspended GEM issuers.
11. We will proceed with these proposals with some modifications as described in Chapters I to VI.
12. The revised Main Board Rules Appendix 16 and GEM Rules Chapter 18 in relation to disclosure of financial information are set out in Appendices I and II respectively. These will be applicable for preliminary announcements of results, quarterly reports (for GEM only), interim reports and annual reports with accounting periods ending on or after 31 December 2015. The amendments to Main Board Rules Chapter 4 and GEM Rules Chapter 7 in relation to disclosure of financial information in the accountants' report are set out in Appendix III. These will be applicable for accountants' reports in listing documents and circulars relating to listing applications, reverse takeovers, major transactions and very substantial acquisitions where the latest period reported on in the accountants' report ends on or after 31 December 2015.
13. Early adoption is permitted in relation to revised Main Board Rules Chapter 4 and Appendix 16 and GEM Rules Chapter 7 and Chapter 18. However, issuers should not adopt the revised Rules prior to the effective date of Part 9 “Accounts and Audit” of the New Ordinance<sup>1</sup>.
14. The Rule amendments as set out in Appendices IV and V will take effect on 1 April 2015.

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<sup>1</sup> Part 9 “Accounts and Audit” of the New Ordinance comes into effect for the first financial reporting year beginning on or after 3 March 2014, the commencement date of the New Ordinance.

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## INTRODUCTION

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15. On 22 August 2014, The Stock Exchange of Hong Kong Limited (“Exchange”), a wholly owned subsidiary of Hong Kong Exchanges and Clearing Limited (“HKEx”), published a Consultation Paper on Review of Listing Rules on Disclosure of Financial Information with reference to the New Companies Ordinance and Hong Kong Financial Reporting Standards and Proposed Minor/Housekeeping Rule Amendments. The consultation paper sought comments on proposed Rule amendments relating to the disclosure of financial information and other minor Rule amendments.
16. The consultation period ended on 24 October 2014. We received a total of 55 submissions:

Category	No. of respondents	%
Issuers	35	63%
Professional bodies and industry associations	7	13%
Market practitioners	7	13%
Individuals	6	11%
<b>Total</b>	<b>55</b>	<b>100%</b>

17. All submissions are available on the HKEx website<sup>2</sup>, and a list of the respondents (other than those who requested anonymity) is provided in Appendix VI.
18. We received support from a large majority of respondents for all of our proposals, with some recommended suggestions. Chapters I to VI summarise the major comments and our responses. Certain valuable comments included in the respondents’ submissions were considered to be outside the scope of this consultation. These comments will be considered in a separate policy exercise, where appropriate.
19. The Rule amendments are available on the HKEx website<sup>3</sup>. They have been approved by the Board of the Exchange and the Securities and Futures Commission (“SFC”).
20. The revised Main Board Rules Appendix 16 and GEM Rules Chapter 18 in relation to disclosure of financial information are set out in Appendices I and II, respectively. These will be applicable for preliminary announcements of results, quarterly reports (for GEM only), interim reports and annual reports with accounting periods ending on or after 31 December 2015. The revised Main Board Rules Chapter 4 and GEM Rules Chapter 7 in relation to disclosure of financial information in the accountants’ report are set out in Appendix III.

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<sup>2</sup> Submissions received on the Consultation Paper can be accessed at:  
<http://www.hkex.com.hk/eng/newsconsul/mktconsul/responses/cp201408r.htm>

<sup>3</sup> The Rule amendments can be accessed at:  
[http://www.hkex.com.hk/eng/rulesreg/listrules/mbrulesup/Documents/mb\\_disfin\\_1504.pdf](http://www.hkex.com.hk/eng/rulesreg/listrules/mbrulesup/Documents/mb_disfin_1504.pdf) and  
[http://www.hkex.com.hk/eng/rulesreg/listrules/gemrulesup/Documents/gem\\_disfin\\_1504.pdf](http://www.hkex.com.hk/eng/rulesreg/listrules/gemrulesup/Documents/gem_disfin_1504.pdf)

These will be applicable for accountants' reports in listing documents and circulars relating to listing applications, reverse takeovers, major transactions and very substantial acquisitions where the latest period reported on in the accountants' report ends on or after 31 December 2015. The Rule amendments as set out in Appendices IV and V will take effect on 1 April 2015.

21. For Hong Kong incorporated issuers, Part 9 "Accounts and Audit" of the New Ordinance comes into effect for the first financial reporting year beginning on or after 3 March 2014, the commencement date of the New Ordinance. Accordingly, the first year ends to be impacted will be those falling in 2015. For example, for those companies with a financial year starting from 1 April 2014, the New Ordinance will first impact the financial statements and directors' reports for the year ending on 31 March 2015.
22. For the revised Main Board Rules Appendix 16 and GEM Rules Chapter 18, we originally considered adopting the same effective date as that of the New Ordinance. However, based on our records as of 31 October 2014, there are only 51 Hong Kong incorporated issuers that have financial years ending between March 2015 and November 2015, whilst the majority of Hong Kong incorporated issuers have a financial year ending on 31 December 2015. Accordingly, we have decided to adopt the effective date set out in paragraph 12, such that the revised Rules will come into effect for accounting periods ending on or after 31 December 2015. This will allow more time for non-Hong Kong incorporated issuers to gather the necessary information and to prepare for the disclosures required under the revised Rules on the same terms as the majority of Hong Kong incorporated issuers.
23. We would like to thank all those who shared their views with us during the consultation process.
24. This paper should be read in conjunction with the consultation paper, which is posted on the HKEx website<sup>4</sup>. Listing Rule references in this paper are primarily to the Main Board Rules. Our responses also apply to the corresponding GEM Rules (to the extent that they exist).

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<sup>4</sup> The Consultation Paper published on 22 August 2014 can be accessed at: <http://www.hkex.com.hk/eng/newsconsul/mktconsul/Documents/cp201408.pdf>

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## MARKET FEEDBACK AND CONCLUSIONS

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### CHAPTER I: RULE AMENDMENTS TO ALIGN THE REQUIREMENTS FOR DISCLOSURE OF FINANCIAL INFORMATION IN MAIN BOARD RULES APPENDIX 16 AND GEM RULES EQUIVALENT WITH REFERENCE TO THE DISCLOSURE PROVISIONS IN THE NEW COMPANIES ORDINANCE

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#### Consultation Question 1

##### Proposals

25. We sought market views on whether all issuers (whether or not they are incorporated in Hong Kong) should include disclosures under the provisions of the New Ordinance which reflect alignment with those provisions of the Companies Ordinance, Chapter 32 of the Laws of Hong Kong (“Predecessor Ordinance”) captured in Main Board Rules Appendix 16 and GEM Rules equivalent. This is based on the principle of maintaining a level playing field for all issuers established in Main Board Rules Appendix 16.
26. In the consultation paper, the proposals carried forward the disclosure requirements already in paragraph 28 of Main Board Rules Appendix 16 and aligned them with the provisions under the New Ordinance for all issuers. Some key disclosure provisions introduced to enhance corporate governance in the New Ordinance that apply to directors’ reports or financial statements are:
- (a) a new Business Review section;
  - (b) directors’ names to be disclosed on a consolidated basis;
  - (c) directors’ interests to include transactions, arrangements or contracts;
  - (d) permitted indemnity provisions;
  - (e) equity-linked agreements; and
  - (f) reasons for a director resigning or not seeking re-appointment.

##### Comments received

27. Our proposals received support from a majority of respondents (85%). Most of the respondents supported the level playing field principle that all issuers (whether or not they are incorporated in Hong Kong) should include disclosures under the provisions of the New Ordinance which reflect alignment with those provisions of the Predecessor Ordinance already required in paragraph 28 of Main Board Rules Appendix 16. It makes the annual reports of issuers incorporated in different jurisdictions comparable.

28. Seven respondents disagreed with the proposals and commented that it would not be necessary for a directors' report to contain a business review with the disclosures required under the New Ordinance. Such information is already covered elsewhere in the annual report, customarily in the chairman's statement and/or the management discussion and analysis section. The proposals may impose an unduly onerous burden on issuers not incorporated in Hong Kong, particularly small and medium sized issuers.
29. A number of respondents who supported the proposals had suggestions on the draft Rules which are discussed below.

***Disclosure of directors' names on a consolidated basis***

30. A number of respondents that supported our principle of maintaining a level playing field for all issuers nevertheless raised some concerns regarding the alignment of our Rules with section 390 of the New Ordinance. This section includes the requirement for a company to disclose the names of all directors of the issuer and its subsidiaries, to the extent those subsidiaries are included in the issuer's consolidated financial statements. Some respondents argued that the names of the subsidiaries' directors are not relevant to shareholders' assessment of issuers' consolidated financial statements and replicating this requirement for non-Hong Kong incorporated issuers would impose a significant compliance burden on them. Other respondents commented that this disclosure requirement may not always be operationally feasible, especially for non-Hong Kong incorporated issuers that are multinational groups with a large number of subsidiaries. Further, compliance with this requirement would be onerous and may not provide meaningful information to investors.

***Business review***

31. A number of respondents commented that they do not object to the new requirement of preparing a business review under the New Ordinance. However, they requested that the Exchange should provide clarification as to how the business review would interact with the continuing requirements to prepare a discussion and analysis, given that a business review is a form of management discussion.
32. In addition, two respondents considered that the disclosure of a business review under Schedule 5 of the New Ordinance has already been covered by paragraph 28 of Main Board Rules Appendix 16, and as such there is no need to repeat the content in proposed paragraph 28A of Main Board Rules Appendix 16.

***Environmental, social and governance reporting guide***

33. Two professional bodies and industry associations commented that with the introduction of a business review under the New Ordinance, there may be a degree of overlap under the business review and the Exchange's existing Environmental, Social and Governance Reporting Guide under Main Board Rules Appendix 27 ("ESG Reporting Guide"), given that the requirement for a business review in the directors' report includes, amongst other things, a discussion of the issuer's environmental policies and performance. There may be a need to clarify the interaction between the two reports to avoid duplication of information.

### ***Laying financial statements before annual general meeting***

34. A respondent commented that the Exchange has replaced the reference to section 122 of the Predecessor Ordinance in relation to the period specified for the purposes of a company to lay the reporting documents (annual financial statements) in an annual general meeting with section 431 of the New Ordinance in the relevant Rules. However, the terms used in the relevant Rules have not been updated to reflect those adopted in the provisions of the New Ordinance.

### ***Compliance with accounting standards pursuant to Schedule 4 of the New Ordinance***

35. Several market practitioners commented that the Exchange amended the Rule to require issuers to comply with Schedule 4 of the New Ordinance. However, Schedule 4 Part 1 Section 4 of the New Ordinance in effect requires that the financial statements must state whether they have been prepared in accordance with HKFRS and, if they have not been so prepared, must state the particulars of, and the reasons for, any material departure from HKFRS. The respondents expressed concerns that issuers that adopt accounting standards other than HKFRS would be unable to comply with the revised Rules.

### **Our response**

36. We will adopt the proposals and take into account recommended suggestions, where appropriate, in the Rule amendments.

### ***Disclosure of directors' names on a consolidated basis***

37. In relation to disclosure of directors' names on a consolidated basis, the Companies Registry has recently made some practical suggestions for companies incorporated in Hong Kong in Question 13 of their "Frequently Asked Questions on Accounts and Audit"<sup>5</sup>, which states that "*If the number of names of directors of all subsidiary undertakings is, in the opinion of the directors of the holding company, of excessive length, disclosure of the names of directors of subsidiary undertakings may be made by way of inclusion by reference, provided that the information on the relevant directors' names is clearly contained in the directors' report by making a list of such names readily available to the reader. This may include, for example, by providing a link to the relevant website(s) which contains a full list of the names.*" The Companies Registry's suggestions aim to prevent the inclusion of excessive information in directors' reports. The Exchange supports the Companies Registry's suggestions and recommends that Hong Kong incorporated issuers apply the practical approach as set out by the Companies Registry.

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<sup>5</sup> The "Frequently Asked Questions on Accounts and Audit" published by the Companies Registry can be accessed at: [http://www.cr.gov.hk/en/companies\\_ordinance/faq\\_account-audit.htm](http://www.cr.gov.hk/en/companies_ordinance/faq_account-audit.htm).

38. In light of the comments received, we will insert a note to the revised paragraph 28 of Main Board Rules Appendix 16 not to require non-Hong Kong incorporated issuers from the requirement to disclose the names of their subsidiaries' directors. Under the Rules, all issuers are required to disclose the names of the directors on their own boards. Hong Kong incorporated issuers must also comply with the New Ordinance, including the requirement to disclose directors' names on a consolidated basis (see paragraph 37 above for the practical approach suggested by the Companies Registry for this purpose).

#### ***Business review***

39. Having considered the comments received, we will provide clarification as to how a business review will interact with a management discussion and analysis. We will insert a note to paragraph 32 of Main Board Rules Appendix 16 in relation to an issuer's discussion and analysis to state that if the discussion and analysis information has been disclosed in a business review in the directors' report (as set out in paragraph 28 of Main Board Rules Appendix 16 in relation to disclosure requirements under the New Ordinance), there is no need to repeat the disclosures in other parts of the annual report. The Exchange will not dictate where issuers should present the business review required under the New Ordinance and the information required under paragraph 32 of Main Board Rules Appendix 16, as long as the information required is provided in the annual reports and complies with the disclosure requirements under the New Ordinance and Main Board Rules Appendix 16. In addition, we will remove the proposed paragraph 28A of Main Board Rules Appendix 16.
40. The above flexibility will also address the concerns of respondents who disagreed with the proposals on the basis that information required in a business review is already provided elsewhere in the annual reports.

#### ***ESG Reporting Guide***

41. Having considered the comments received, the Exchange is of the view that there should not be any overlap between an issuer's disclosure in a business review (which requires directors to discuss their environmental policies and performance, compliance with relevant laws and regulations, and key stakeholder relationships more generally) and the ESG Reporting Guide under Main Board Rules Appendix 27 (which recommends issuers to disclose information on their policies, compliance and key performance indicators in respect of specific ESG areas). The recommended disclosure under Main Board Rules Appendix 27 will complement rather than duplicate the information provided in a business review.

#### ***Laying financial statements before annual general meeting***

42. Having considered the comments received, we have updated the wording in the relevant Rules to reflect the terms used in the relevant provisions of the New Ordinance in relation to laying financial statements before annual general meeting.

***Compliance with accounting standards pursuant to Schedule 4 of the New Ordinance***

43. Having considered the comments received, we have modified paragraph 28 of Main Board Rules Appendix 16 to exclude the reference to Schedule 4 Part 1 Section 4 of the New Ordinance that requires compliance with HKFRS. This is because compliance with accounting standards has already been set out in paragraphs 2 and 5 of Main Board Rules Appendix 16.
44. We set out below a table mapping the old and the amended Rules together with provisions of the Predecessor Ordinance to the provisions of the New Ordinance based on the Table of Destination published by the Companies Registry.

<b>Old Main Board Rules</b>	<b>Predecessor Ordinance</b>	<b>New Ordinance</b>	<b>Amended Main Board Rules</b>
A16.28(1)	Tenth Schedule (Accounts)	Schedule 4 Part 1 Section 1 (Aggregate amount of authorized loans), Schedule 4 Part 2 Section 1 (Remuneration of auditor)	A16.28(1)(b) (i) and (iv)
A16.28(2)	Section 128 (Particulars to be shown in company's accounts in relation to subsidiaries)	No equivalent Repealed by the New Ordinance	Not applicable
A16.28(3)	Section 129 (Particulars to be shown in company's accounts in relation to companies not being subsidiaries whose shares it holds)	No equivalent Repealed by the New Ordinance	Not applicable
A16.28(4)	Section 129A (Particulars to be shown in subsidiary company's accounts in relation to its ultimate parent undertaking)	Schedule 4 Part 1 Section 3 (Subsidiary's financial statements must contain particulars of ultimate parent undertaking)	A16.28(1)(b) (iii)
A16.28(5)	Section 129D (Directors' report to be attached to balance sheet)	Sections 383 (Notes to financial statements to contain information on directors' emoluments)	A16.28(1)(a) and (c), and A16.28(2)(a) and (e)

<b>Old Main Board Rules</b>	<b>Predecessor Ordinance</b>	<b>New Ordinance</b>	<b>Amended Main Board Rules</b>
		etc.), 388 (Directors must prepare directors' report), 389 (Provisions supplementary to Section 388), 390 (Contents of directors' report: general), 391 (Directors' report to be approved and signed), 452(3)* (Financial Secretary may make other regulations), Companies (Directors' Report) Regulation, Companies (Disclosure of Information about Benefits of Directors) Regulation	
A16.28(6)	Section 161 (Particulars in accounts of directors' emoluments, pensions, etc.)	Sections 383 (Notes to financial statements to contain information on directors' emoluments etc.), 407(4)* (Auditor's opinion on other matters), 452(2)* (Financial Secretary may make other regulations), Companies (Disclosure of Information about Benefits of Directors) Regulation	A16.28(1)(a) and (c)
A16.28(7)	Section 161A (Statements annexed to accounts showing certain items to include corresponding amounts for preceding financial year)	Section 452(2)* (Financial Secretary may make other regulations), Companies (Disclosure of Information about Benefits of Directors) Regulation	A16.28(1)(c)
A16.28(8)	Section 161B (Particulars in accounts of loans to officers, etc.)	Sections 383 (Notes to financial statements to contain information on directors' emoluments etc.), 407(4)* (Auditor's opinion on other	A16.28(1)(a) and (c)

<b>Old Main Board Rules</b>	<b>Predecessor Ordinance</b>	<b>New Ordinance</b>	<b>Amended Main Board Rules</b>
		matters), 451* (Financial Secretary may make regulation regarding disclosures of certain information), 452(2)* (Financial Secretary may make other regulations), Companies (Disclosure of Information about Benefits of Directors) Regulation	
A16.28(9)	Section 162 (Disclosure by directors of material interests in contracts)	Sections 536 (Director must declare material interests), 537* (Declaration to directors: timing), 538* (Declaration to directors: procedures), 542* (Offence)	A16.28(1)(a) and (c), and A16.28(2)(e)
A16.28(10)	Section 162A (Special provision relating to management contracts)	Sections 543 (Disclosure of management contract), 544* (Right of member to inspect and request copy)	A16.28(2)(c) and (e)
Not applicable	Section 123 (General provisions as to contents and form of accounts)	Schedule 4 Part 1 Section 2 (Statement of financial position to be contained in notes to annual consolidated financial statements)	A16.28(1)(b) (ii)
Not applicable	No equivalent	Section 470 (Permitted indemnity provision to be disclosed in directors' report)	A16.28(2)(b) and (e)
Not applicable	No equivalent	Schedule 5 (Content of Directors' Report: Business Review)	A16.28(2)(d)

\* Provisions under the New Ordinance are included according to the Table of Destination published by the Companies Registry but these are not related to the disclosure requirements in the amendments to paragraph 28 of Main Board Rules Appendix 16.

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## MARKET FEEDBACK AND CONCLUSIONS

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### CHAPTER II: RULE AMENDMENTS TO STREAMLINE THE DISCLOSURE REQUIREMENTS OF FINANCIAL INFORMATION IN THE LISTING RULES WITH REFERENCE TO HONG KONG FINANCIAL REPORTING STANDARDS

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#### Consultation Question 2

##### Proposals

45. We sought market views on the proposed revision of Main Board Rules Appendix 16 and GEM Rules equivalent in order to streamline the Listing Rules and to avoid potential duplications with the accounting standards as follows:
- (a) to remove the components of financial statements that are already covered by HKFRS;
  - (b) to remove the line items in the income statement and balance sheet that are already covered by HKFRS;
  - (c) to remove the disclosure requirements of segmental information that are required under HKFRS 8 “Operating Segments”;
  - (d) to remove the disclosure of amount of interest capitalised during the financial year that is required under HKAS 23 “Borrowing Costs”;
  - (e) to remove the disclosure of the nature of retirement schemes operated by the issuer and pension costs charged to the income statement for the financial year that are required under HKAS 19 “Employee Benefits”; and
  - (f) to remove the components of financial statements in an interim report that are already covered by HKFRS.
46. We proposed to amend Main Board Rules Chapter 4 in relation to accountants’ reports to remove line items in the income statement and balance sheet that are already covered by HKFRS and to remove the disclosure requirements of segmental information that are required under HKFRS 8.
47. We also proposed to make minor Rule amendments to Main Board Rules Chapter 1 “Interpretation” to align the accounting terms used in the Listing Rules with the current accounting standards.

##### Comments received

48. Our proposals received support from a large majority of respondents (91%). The respondents agreed with the proposals that the quality of financial

information disclosures will be improved and, by avoiding duplication of, or differences from, accounting standards, make compliance more straightforward and consistent.

***Aligning accounting terms***

49. Two respondents agreed with the proposal set out in paragraph 45(a) above but sought clarification on aligning old and current accounting terms and noted that the Exchange proposed to insert definitions for old accounting terms (“balance sheet”, “income statement” and “profit and loss account”) in Chapter 1 such that they will have the same meaning as the respective updated accounting terms used in the financial reporting standards. The respondents noted that this approach seems to have been adopted instead of amending each and every old accounting term found in the Listing Rules. A respondent mentioned that definitions of “income statement” and “profit and loss account” should not have the same meaning as “statement of profit or loss and other comprehensive income”. They suggest to clearly define: (a) “statement of profit or loss and other comprehensive income” (under the one statement approach); and (b) “statement of profit or loss” and “statement of profit or loss and other comprehensive income” (under the two statements approach).

***Accounting standards other than HKFRS***

50. Two respondents commented that there are issuers who prepare financial statements in accordance with accounting standards other than HKFRS or International Financial Reporting Standards (“IFRS”). The disclosure requirements under different countries’ accounting standards may be different from HKFRS or IFRS. If Main Board Rules Chapter 4 and Appendix 16 and GEM Rules equivalent are streamlined to avoid potential duplications with HKFRS and IFRS, the Exchange needs to ensure the disclosure requirements applicable to these companies are the same as HKFRS or IFRS to ensure a level playing field for all companies, irrespective of which accounting standards they follow when preparing the financial statements.

***Basis of ageing analysis of accounts receivable***

51. A market practitioner supported all the proposals but commented that the amendment of Main Board Rule 4.05(2)(a) suggested that the ageing analysis of accounts receivable must be prepared based on the invoice date. The practitioner suggested that guidance should be provided as there may be doubts as to how to fulfill the Rule requirement for issuers in industries that do not issue invoices to their customers. Instead, there may be sales and purchase contracts entered into between a company and its customers which set out the agreed payment schedule.

***Aligning accounting term of associated companies***

52. A market practitioner supported all the proposals and suggested amending the terminology of “associated companies” to “associates and joint ventures” in order to be consistent with HKFRS.

## **Our response**

53. We will adopt the proposals. We will also enhance the Rule amendments by taking up certain editorial suggestions by respondents, where appropriate.

### ***Aligning accounting terms***

54. We proposed to streamline the financial disclosures in Main Board Rules Appendix 16 and GEM Chapter 18 with reference to HKFRS and updated the accounting terms “balance sheet”, “income statement”, and “profit and loss account” to “statement of financial position” and “statement of profit or loss and other comprehensive income”, respectively, in Main Board Rules Appendix 16 and GEM Chapter 18 only. We are of the view that the amended Main Board Rule 1.01 can address this matter and we do not intend to align each and every accounting term in other areas of the Listing Rules. However, in view of the fact that Main Board Rules Chapter 4 and GEM Chapter 7 specifically address disclosure of financial information in accountants’ reports, we consider it appropriate to update the accounting terms in these chapters as well.
55. In addition, paragraph 10 of HKAS 1 “Presentation of Financial Statements” states that a statement of profit or loss and other comprehensive income for the period is one of the primary statements of a complete set of financial statements. Paragraph 10A of HKAS 1 provides a choice for an entity to present a single statement or two separate statements in relation to statement of profit or loss and other comprehensive income for the period. Therefore, we consider our proposed approach relating to the update of the terms of “income statement” and “profit or loss account” to “statement of profit or loss and other comprehensive income” in Main Board Rules Chapter 4 and Appendix 16 and GEM Rules equivalent is appropriate and in line with the accounting standard.

### ***Accounting standards other than HKFRS***

56. As highlighted in the SFC and HKEx’s *Joint policy statement regarding the listing of overseas companies*<sup>6</sup> published on 27 September 2013, which states that “*the suitability 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*”, we consider that respondents’ comments are addressed here.
57. In general, the Exchange would consider whether the foreign financial reporting standards substantially converge with HKFRS or IFRS to ensure the comparability of financial reports and a level playing field for all companies.

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<sup>6</sup> The SFC and HKEx’s *Joint policy statement regarding the listing of overseas companies* can be accessed at:  
[http://www.hkex.com.hk/eng/rulesreg/listrules/listsptop/listoc/documents/new\\_jps\\_0927.pdf](http://www.hkex.com.hk/eng/rulesreg/listrules/listsptop/listoc/documents/new_jps_0927.pdf).

### ***Basis of ageing analysis of accounts receivable***

58. Having considered the comments received, we will insert a note to paragraph 4(2) of Main Board Rules Appendix 16 to provide guidance on how to present ageing analysis on accounts receivable and payable.

### ***Aligning accounting term of associated companies***

59. Taking into account the comment received, the accounting term of “associated companies” will be changed to “associates and joint ventures” in Main Board Rules Chapter 4 and Appendix 16 and GEM Rules equivalent.

## **Consultation Question 3**

### **Proposals**

60. We sought market views on the proposal to repeal the disclosure requirements in relation to financial conglomerates in Main Board Rules Chapter 4 and Appendix 16 and GEM Rules equivalent.

### **Comments received**

61. A large majority of respondents (75%) supported this proposal and some respondents (18%) had no comment. Most respondents believed that this is a sensible update in the light of changes in accounting standards which already cover disclosure requirements specifically related to financial conglomerates. Four respondents (7%) did not agree and believed that disclosures for financial conglomerates required under the Listing Rules are necessary.

### **Our response**

62. There have been substantial developments in accounting standards, for example, the issuance of HKFRS 7 “Financial Instruments: Disclosures” and HKFRS 8 “Operating Segments”. HKFRS 7 requires disclosures of financial instruments, including off-balance sheet exposures for contingent liabilities and commitments and derivatives, and risk management strategy; and HKFRS 8 contains disclosure requirements for segmental information. These displace the need to stipulate the detailed disclosure requirements in Main Board Rules Appendix 16 concerning financial conglomerates.
63. We will adopt the proposal.

## **Consultation Question 4**

### **Proposals**

64. We sought market views on the proposal to repeal Main Board Rules Appendix 15 and GEM Rules equivalent in relation to bank reporting. We also proposed to update Main Board Rules Chapter 4 and Appendix 16 in order to replace “Financial Disclosure by Locally Incorporated Authorized Institutions” with “Guideline on the Application of the Banking (Disclosure) Rules” and remove references to Main Board Rules Appendix 15 in relation to bank reporting.

65. In addition, we also proposed to delete the references to Main Board Rules Appendix 15 from other parts of the Listing Rules.

#### **Comments received**

66. A majority of respondents (58%) supported the repeal of Main Board Rules Appendix 15 and a group of respondents (38%) had no comment due to the fact that they are not in the banking industry. Most respondents believed that this is a sensible approach to adopt in light of changes in related accounting standards.
67. A professional body and industry association agreed with the proposal to repeal Main Board Rules Appendix 15 but raised a comment for the Exchange to consider - in the future, if an overseas bank that does not provide any local banking services in Hong Kong seeks a listing on the Exchange, it will be outside the remit of the Hong Kong Monetary Authority (“HKMA”) and information required under Main Board Rules Appendix 15 will not be provided.

#### **Our response**

68. The current Main Board Rules Appendix 15 states that “*This appendix sets out the minimum level of information to be included in annual reports, interim reports and preliminary announcements of issuers that are banking companies (meaning banks, restricted licence banks and deposit taking companies as defined in the Banking Ordinance.)*”. Therefore, the reporting of an overseas bank that does not provide local banking services is already outside the scope of the current Main Board Rules Appendix 15. Accordingly, the repeal of Main Board Rules Appendix 15 would not lead to a change to such situation. The Exchange will consider each listing application on a case by case basis.
69. We will adopt the proposal.

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## MARKET FEEDBACK AND CONCLUSIONS

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CHAPTER III:	OTHER	FINANCIAL	INFORMATION
	DISCLOSURES	RELATED	RULE
	AMENDMENTS		

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### Consultation Question 5

#### Proposals

70. We sought market views on the proposed Rule amendments to impose an explicit requirement for an issuer to publish an announcement as soon as practicable after the directors decide to revise the financial statements in order to draw the attention of shareholders, investors and regulators, and to avoid any doubts as to whether issuers have done so. The announcement should state the fact and provide reason(s) leading to the revision of published financial statements and the financial impact, if any.
71. We also proposed to create a new headline category “Revision of Published Financial Statements” under Main Board Rules Appendix 24 “Headline Categories” and GEM Rules equivalent so that the revision of published financial statements will be specifically flagged.

#### Comments received

72. A large majority of respondents (91%) supported these proposals with four respondents in disagreement and one who had no comment. Most respondents believed that publication of an announcement can provide a timely update to current and potential investors about an issuer’s financial statements based on which current and potential investors may make investment decisions. Moreover, if the revision of published financial statements and reports constitutes inside information, there may be accelerated disclosure obligations.
73. Some respondents supported these proposals but queried whether it would be necessary to create a new headline category since the headline categories are proliferating. They believed that it would be more appropriate to fit the new announcement under one of the existing headline categories.
74. Two respondents sought clarification on whether the requirement is also applicable to the revision of quarterly reports and summary financial reports, if published.
75. The respondents who disagreed with these proposals commented that if the revision of financial statements is material, it will be inside information and required to be disclosed in any event. If it is not material, there is no reason for it to be disclosed.

## **Our response**

76. We support the Companies Registry's position that revision of published financial reports that have been sent to shareholders should be regarded as important and pursuant to section 449 (for Hong Kong incorporated issuers) and section 790 (for overseas issuers) of the New Ordinance, a company is required to inform the Companies Registry when its financial statements and reports are revised. Under our original proposal, we considered that a separate headline category could help easily locate these revised financial statements and reports for appropriate follow up action by regulators and shareholders, who would be alerted by the announcement. The date of publication of the original financial reports and reasons leading to the revision of financial statements and reports are normally disclosed in the announcement of revision of financial statements and reports, and the public can easily trace the previous announcement and financial reports via the HKEx News system.
77. Since sections 449 and 790 of the New Ordinance also cover summary financial reports, and in light of the possibility of revisions being made to quarterly reports, we will take into account the comment received and make amendments to Main Board Rule 13.51(7) and GEM Rule 17.50(6) to cover summary financial reports and quarterly reports.
78. We will adopt the proposals with a slight change to the headline category to "Revision of Published Financial Statements and Reports" and modify the Rule amendments to cover revision of published summary financial reports and quarterly reports.

## **Consultation Question 6**

### **Proposals**

79. We sought market views on the proposed Rule amendments to Main Board Rules Appendix 16 and GEM Rules equivalent to require disclosure in results announcements where an issuer has made a prior period adjustment to correct a material error.
80. We also proposed to create a new headline category "Prior Period Adjustments due to Correction of Material Errors" under Main Board Rules Appendix 24 "Headline Categories" and GEM Rules equivalent so that results announcements that contain a prior period adjustment to correct a material error would be specifically flagged. Issuers would not be required to select this new headline category if a prior period adjustment was made due to the adoption of a new accounting standard.

### **Comments received**

81. Almost all respondents (98%) supported these proposals, with only one respondent in disagreement. The respondent who disagreed commented that such disclosure is not necessary as the same information will be disclosed in the financial statements. The respondent stated that the current practice seems to be working well.

82. In line with Consultation Question 5 above, some respondents supported the proposals but queried whether it would be necessary to create a new headline category and believed that it would be more appropriate to fit the new announcement under one of the existing headline categories.

### **Our response**

83. We expect that the additional cost incurred and time spent to be incurred by issuers as a result of the proposed amendment to the Listing Rules will be minimal because disclosure of prior year adjustment due to correction of material errors is required under the current accounting standard. We consider that with a new headline category, shareholders and investors will benefit from being able to easily locate prior period adjustments due to correction of material errors which is important information for making investment decisions.
84. The headline categories will enable automatic sorting of announcements and other documents along thematic lines, which in turn will facilitate online searches by the public and enhance monitoring by all stakeholders. Regulators will benefit from being able to easily locate possible problematic cases that may need further enquiry and investigation.
85. We will adopt the proposals.

## **Consultation Question 7**

### **Proposals**

86. We sought market views on the proposed Rule amendments to Main Board Rules Appendix 16 and GEM Rules equivalent to provide references to disclosure requirements relating to annual reports or interim reports currently required in other parts of the Listing Rules.

### **Comments received**

87. A large majority of respondents (93%) supported the proposal. Most of the respondents believe that this is a sensible housekeeping change and will help prevent inadvertent omissions of required disclosures in financial reports.
88. Two professional bodies and industry associations (4%) agreed with the proposal and suggested that a full list of disclosure requirements should be provided in Appendix 16 in order that issuers can make reference in order to ensure full compliance with the disclosure requirements under the Listing Rules for periodic reports. They also suggested a number of editorial amendments.
89. Some respondents who objected to the proposal commented that it would add disclosure burden to certain medium-sized issuers. One respondent had no comment.

### **Our response**

90. This proposal does not create any new disclosure requirements but provides references to the current disclosure requirements relating to annual reports or interim reports currently required in other parts of the Listing Rules
91. We will adopt the proposals and take into account the suggested editorial amendments where appropriate.

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## MARKET FEEDBACK AND CONCLUSIONS

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### CHAPTER IV: RULE AMENDMENTS CONSEQUENTIAL TO THE ENACTMENT OF THE NEW COMPANIES ORDINANCE

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#### Aligning notice periods for general meetings

#### Consultation Question 8

##### Proposals

92. We sought market views on proposed Rule amendments to align the notice periods for general meetings required for Bermuda and Cayman Islands incorporated companies with the relevant requirements under the New Ordinance, i.e. 21 days for annual general meetings and 14 days for any other general meeting. This proposal aimed to ensure that companies incorporated in Bermuda or the Cayman Islands and listed on the Exchange would be subject to the same notice period requirements as Hong Kong incorporated issuers.

##### Comments received

93. A large majority of respondents (91%) supported this proposal, with only two respondents in disagreement. Most respondents agreed with the proposed amendment on the basis it would provide a level playing field for issuers incorporated in Hong Kong, Bermuda and the Cayman Islands.
94. One of the respondents who disagreed commented that issuers should follow the notice period requirements under their respective jurisdictions and that providing a level playing field was not an issue. The other respondent who disagreed did not provide any reasons for objecting to the proposal.
95. Some respondents supported the proposal but queried whether the proposed amendment would be inconsistent with the company law in Bermuda and/or the Cayman Islands.
96. Some respondents also suggested that, in line with the principle of creating a level playing field for all issuers, it may be appropriate to extend the proposed change to issuers incorporated in overseas jurisdictions other than Bermuda and the Cayman Islands (i.e. the acceptable overseas jurisdictions of incorporation (“**Acceptable Jurisdictions**”)).<sup>7</sup>
97. One respondent suggested that the requirement under Mainland law for general meetings of Mainland incorporated listed issuers to be convened on 45 days’ notice<sup>8</sup> should be removed and aligned with the notice period requirements under the New Ordinance.

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<sup>7</sup> See “*List of Acceptable Overseas Jurisdictions*” at: [http://www.hkex.com.hk/eng/rulesreg/listrules/listsptop/listoc/list\\_of\\_aoj.htm](http://www.hkex.com.hk/eng/rulesreg/listrules/listsptop/listoc/list_of_aoj.htm).

<sup>8</sup> Mainland incorporated listed issuers are required under the *Mandatory Provisions for Companies Listing Overseas* to give not less than 45 days’ notice of any general meeting.

98. One respondent suggested that the proposed new notice periods be made optional.

### **Our response**

99. As stated in paragraph 110 of the Consultation Paper, the existing notice period requirements for Bermuda and Cayman Islands incorporated companies under the Rules are aligned with the notice period requirements under the Predecessor Ordinance. The intention is to ensure that issuers incorporated in Bermuda or the Cayman Islands and listed on the Exchange are subject to the same notice period requirements as Hong Kong incorporated issuers. Our proposal aims to preserve this intention. To allow issuers incorporated in these jurisdictions to follow the notice periods in their respective company law would represent a significant change in what has been a long standing policy position (see paragraph 102).
100. Our proposed amendments to the notice period requirements are not in conflict with the company law in Bermuda or the Cayman Islands. In Bermuda, the minimum notice period is five days, but may be further extended by the bye-laws of the company.<sup>9</sup> In the Cayman Islands, the notice period required will depend on what is prescribed under the company's articles of association. In default of any such notice provision, five days' notice is required under the company law.<sup>10</sup>
101. Issuers incorporated in the Acceptable Jurisdictions are subject to Section 1 of the *Joint policy statement regarding the listing of overseas companies* ("**JPS shareholder protection standards**").<sup>11</sup> The JPS shareholder protection standards provide that an overseas company from an Acceptable Jurisdiction must give its members reasonable written notice of its general meetings, without prescribing a certain number of days.<sup>12</sup> This is because the requirements under the laws of overseas jurisdictions vary, and it may be impracticable and/or impose an unnecessary regulatory burden on companies incorporated in these jurisdictions to amend their articles to match the notice period requirements under Hong Kong law.
102. Bermuda and the Cayman Islands are treated differently from the Acceptable Jurisdictions because they (along with Hong Kong and Mainland China) are recognised under the Listing Rules for the purpose of eligibility for listing (i.e. they are "**Recognised Jurisdictions**"). Many issuers incorporated in these Recognised Jurisdictions are for all intents and purposes Hong Kong issuers, as all or a substantial part of their assets and shareholders are located in Hong Kong.

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<sup>9</sup> Bermuda Companies Act 1981, Part VI, section 75(1).

<sup>10</sup> Cayman Islands Companies Law (2013 Revision), Part IV, section 61.

<sup>11</sup> See the JPS on the HKEx website at: [http://www.hkex.com.hk/eng/rulesreg/listrules/listsptop/listoc/Documents/new\\_jps\\_0927.pdf](http://www.hkex.com.hk/eng/rulesreg/listrules/listsptop/listoc/Documents/new_jps_0927.pdf).

<sup>12</sup> See paragraph 37 of the JPS.

103. The Listing Rules are subject to the laws of an issuer's place of incorporation. The requirement for Mainland incorporated issuers to convene meetings on 45 days' notice is a matter of Mainland law and could only be removed if the relevant Mainland legislation were amended.
104. In the interest of providing a level playing field and ensuring clarity, consistency and certainty, we consider it appropriate to apply the proposed new notice periods as the minimum standard required for issuers incorporated in Bermuda or the Cayman Islands. Issuers have the option to provide for longer notice periods in their articles if they wish.<sup>13</sup>
105. We will adopt the proposal as described in paragraph 92 above.

## **Consultation Question 9**

### **Proposals**

106. In connection with Consultation Question 8, we sought market views on the proposal to allow companies incorporated in Bermuda and the Cayman Islands to convene general meetings on shorter notice on the same terms as companies incorporated in Hong Kong (i.e. in accordance with the relevant provisions of the New Ordinance).

### **Comments received**

107. A significant majority of respondents (87%) supported this proposal, with three respondents in disagreement. One of these respondents disagreed on the same basis as described in paragraph 94, i.e. that issuers should be able to follow the notice period requirements in their respective jurisdictions. Another stated that the proposed amendments would be of little practical use to issuers (see paragraph 110 below). The third respondent who disagreed did not give reasons for objecting to the proposal.
108. Similar to the comments received in response to Consultation Question 8, respondents mostly agreed that the proposed amendment would provide a level playing field for companies incorporated in Hong Kong, Bermuda and the Cayman Islands. A respondent further commented that the high threshold of shareholders' consent required for approval of the shorter notice period should offer sufficient protection for shareholders.
109. We also received comments similar to those received in response to Consultation Question 8 regarding:
  - (a) consistency with the company law in Bermuda and the Cayman Islands (see paragraph 95);

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<sup>13</sup> Under the Corporate Governance Code (Main Board Appendix 14 and GEM Appendix 15), for example, Code Provision E.1.3 states that 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."

- (b) extending the proposed amendment to include issuers incorporated in the Acceptable Jurisdictions and Mainland China (see paragraphs 96 and 97); and
  - (c) making the proposed amendment an option (see paragraph 98).
110. Several issuers and professional bodies and industry associations commented that the proposed amendment would unlikely have any practical effect, as the procedure for calling meetings on shorter notice is rarely invoked by listed issuers given the procedural hurdles to applying it in practice.
111. One professional body and industry association that was neutral as to the proposal nevertheless commented that the Exchange should satisfy itself that the reasons for not including similar provisions in the current Listing Rules were no longer valid and/or applicable.

### **Our response**

112. In relation to the comment that issuers should follow the notice period requirements under their respective jurisdictions, our response set out in paragraph 99 applies.
113. Our proposal is not in conflict with Bermudian or Cayman company law. Both have provisions that allow for convening meetings on shorter notice. In Bermuda, companies may do so on nearly identical terms as Hong Kong incorporated companies.<sup>14</sup> Under Cayman company law, a meeting may be called on shorter notice so long as it accords with the company's articles of association.<sup>15</sup>
114. As for extending the proposed amendment to issuers incorporated in the Acceptable Jurisdictions and Mainland China, our responses set out in paragraphs 101 to 103 still apply.
115. The proposed amendment would apply on an optional basis; i.e. issuers incorporated in Bermuda and the Cayman Islands would have the option to convene meetings on shorter notice on the same terms as Hong Kong incorporated companies under the New Ordinance.<sup>16</sup>

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<sup>14</sup> A meeting may be convened on shorter notice if: (a) in the case of an annual general meeting, it is agreed by all the members entitled to attend and vote at the meeting; and (b) in the case of any other meeting, it is agreed by a majority in number of the members having a right to attend and vote at the meeting, being a majority together holding at least 95% in nominal value of the shares giving a right to attend and vote at the meeting, or, in the case of a company not having a share capital, together representing at least 95% of the total voting rights at that meeting of all the members (Bermuda Companies Act 1981, Part VI, section 75(2)).

<sup>15</sup> Cayman Islands Companies Law (2013 Revision), Part IV, section 60(3).

<sup>16</sup> Section 571(3) of the New Ordinance provides that Hong Kong incorporated companies may convene a general meeting on shorter notice 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.

116. We note that although a majority of respondents indicated they agreed with the proposed amendment on the grounds that it was consistent with providing a level playing field, a number of respondents stated that it would be of little practical use to issuers. Despite the fact that issuers may not often make use of the shorter notice period in practice, we consider that the importance of upholding the principle of providing a level playing field justifies adopting this proposal.
117. In light of the above considerations, we will adopt this proposal and incorporate it in the Rules by way of new Notes in Parts A and B of Appendix 13.

### **Other Rule amendments consequential to the enactment of the New Ordinance**

#### **Nominal (par) value**

118. In light of the abolition of the concept of “nominal value” of shares for Hong Kong incorporated issuers under the New Ordinance, we proposed to replace “nominal value” or “issued share capital” under various parts of the Rules with the number of, or the voting rights attaching to, the issued shares (see paragraph 120 of the Consultation Paper for details of the proposed amendments).
119. A respondent suggested adopting the term “issued voting shares” throughout the various Rules affected, instead of using different terminologies such as “number of issued shares” or “issued voting shares”. However, we consider it appropriate to use the “number of issued shares” or “issued voting shares” in different Rules as the Rules currently make reference to the “nominal value” of shares or the “issued share capital” for different purposes.
120. We will adopt our proposed amendments with modifications to take up some drafting comments to improve the clarity of the Rules.

#### **Other consequential Rule amendments**

121. We will adopt our proposed amendments in respect of:
- (a) allowing issuers without a company seal to state in their articles that “certificates for capital must be executed under signature of appropriate officials with statutory authority”;
  - (b) removing references to share warrants to bearer issued by Hong Kong incorporated issuers;
  - (c) removing references to the memorandum of Hong Kong incorporated issuers;
  - (d) amending the definition of “holding company” so that it is self-contained and no longer linked to the Predecessor Ordinance; and

- (e) in relation to certificate replacement services, aligning the threshold value of securities represented by lost share certificates with that under the New Ordinance.
122. In relation to the definition of “holding company”, one respondent commented that the proposed drafting<sup>17</sup> was unclear and suggested adopting the definition of “holding company” under the Predecessor Ordinance.<sup>18</sup>
123. We consider that the proposed definition is simpler and given that no other respondents had comments on the proposed definition, we will adopt it.

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<sup>17</sup> The proposed definition of “holding company” is “*in relation to a company, means another company of which it is a subsidiary*”.

<sup>18</sup> The definition of “holding company” in the Predecessor Ordinance was “*the holding company of a company shall be read as a reference to a company of which that last-mentioned company is a subsidiary*”.

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## **MARKET FEEDBACK AND CONCLUSIONS**

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### **CHAPTER V: MINOR RULE AMENDMENTS**

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#### **Disclosure of dividend payment date**

##### **Consultation Question 10**

###### **Proposal**

124. We proposed to require issuers to announce the expected payment dates for their dividends or other distributions (“**Payment Dates**”).

###### **Comments received**

125. A large majority of respondents (93%) supported the proposal. There were comments that the proposed Rules should make it clear that issuers are required to update their shareholders on any subsequent changes to the expected Payment Dates.
126. Two respondents disagreed with the proposal. One commented that more flexibility should be given to issuers particularly the smaller ones which require more time to manage their cash flow. The respondent considered that issuers should not be required to disclose the exact Payment Date. The other respondent commented that the disclosure would not be useful.

###### **Our response**

127. We consider the Payment Date to be important information for shareholders and it is in their interest to be notified of the expected date as soon as possible. We will adopt the proposal with a modification to require issuers to update shareholders on any changes to the expected Payment Dates.

#### **Property valuation for connected transaction**

##### **Consultation Question 11**

###### **Proposal**

128. The Rules currently require a connected transaction circular to include a property valuation in the case of an acquisition or disposal of any property interest or property company from or to a connected person. The Rule is unclear as to whether the property valuation requirement also applies to other categories of connected transactions, e.g. an acquisition or interest in a property company from a third party where the issuer’s controlling shareholder is a substantial shareholder of that property company.

129. We proposed to amend the Rules to clarify that a property valuation is required for the circular of any connected transactions that involve acquisitions or disposals of any property interest or property company.

#### **Comments received**

130. A large majority of respondents (89%) supported the proposal. Two respondents raised some comments.
131. One respondent agreed that the proposal would clarify the property valuation requirements for connected transactions. However, the respondent questioned whether an independent property valuation adds any value for these types of connected transactions. It also asked if it would be sufficient to disclose the value of the property as shown in the latest available accounts or the agreed consideration being in line with the market.
132. Another respondent considered that a property valuation may not be necessary if the connected transaction involves an acquisition or disposal of property from of a third party who is not related to any connected person at the issuer level. An example is where an issuer and its connected person at the issuer level form a joint venture to acquire a property company from an independent third party.
133. The respondents who objected the proposal commented that property valuation should not be required for connected transactions that involve acquisition of a property company from a third party where the issuer's controlling shareholder has a substantial interest in the property company. They considered that the potential benefits that may be conferred on the issuer's controlling shareholder would also be available to other shareholders.

#### **Our response**

134. For connected transactions involving acquisitions or disposals of interests in properties or property companies, independent property valuation is required when transactions are subject to shareholder approval under Chapter 14A. Such information is necessary for shareholders to assess the fairness and reasonableness of the terms of the connected transactions. We note the respondents' comments in paragraphs 131 to 133, but we consider the safeguard is needed in light of the possible influence of connected persons in these transactions to benefit themselves through their direct interest in the property companies.
135. We will adopt the proposal.

## **Disclosure of directors' interests in competing business in notifiable and/or connected transaction circulars**

### **Consultation Question 12**

#### **Proposal**

136. We proposed to remove the requirement for disclosure of competing interest of directors of the issuer's subsidiaries and their close associates in circulars for notifiable and/or connected transactions.

#### **Comments received**

137. A majority of respondents (94%) supported the proposal. One respondent suggested requiring disclosure of competing interest of directors of the issuer's subsidiaries and their close associates, based on the materiality of the relevant subsidiaries to be assessed using the size tests for classifying transactions.
138. Two respondents disagreed with the proposal. One commented that directors at the subsidiary level may benefit themselves through dealings with the subsidiaries, which may affect the interest of the issuer. The other did not give reasons for objecting the proposal.

#### **Our response**

139. Our proposal is to remove the requirement for transaction circulars to disclose information about competing interests of directors of subsidiaries. This is because such information is not relevant to shareholders' assessment of the subject transactions while imposing significant compliance burden on the issuer. If the issuer group enters into any transactions with the directors of material subsidiaries, the issuer would still need to comply with the connected transaction Rules including the requirement to disclose the transactions.
140. We will adopt the proposal.

## **Delay in publication of financial results announcement**

### **Consultation Question 13**

#### **Proposal**

141. We proposed to codify our current practice and introduce a new GEM Rule 17.49A to require trading suspension for GEM issuers that fail to publish their financial results announcements.

#### **Comments received**

142. All respondents to this question supported the proposal.

**Our response**

143. We will adopt the proposal.

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## MARKET FEEDBACK AND CONCLUSIONS

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### CHAPTER VI: HOUSEKEEPING RULE AMENDMENTS WHICH INVOLVE NO CHANGE IN POLICY DIRECTION

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#### Summary of Proposals

144. In the consultation paper, we proposed a number of housekeeping Rule amendments in relation to:
- (a) updating outdated references to the Codes on Takeovers and Mergers and Share Buy-backs;
  - (b) clarifying the applicability of Appendix 3 (Articles of Association) to new applicants;
  - (c) removing references to “telex”; and
  - (d) aligning the GEM Rules with the Main Board Rules in respect of requiring periodic updates from suspended GEM issuers.

#### Comments received

##### *References to the Code on Share Buy-backs*

145. We received comments from two respondents that the Listing Rules still contain inconsistent references to “share buy-backs” and “share repurchases”.

##### *Applicability of Appendix 3 (Articles of Association) to new applicants*

146. We received comments from one respondent that our proposed amendments to Rule 9.11(20) regarding the confirmation required from a new applicant’s legal advisers in respect of the applicant’s articles should be adjusted as follows (see underlined and struck-out portions):

*“...a confirmation from the new applicant’s legal advisers that the new applicant’s articles of association ~~are not inconsistent~~ conform with Appendix 3 and, if relevant, Appendix 13 to the Exchange Listing Rules and the laws of the place where the new applicant is incorporated or otherwise established...”*

The respondent commented that the requirements with which new applicants’ articles of association or equivalent documents must conform are set out in Appendices 3 and 13 only. Therefore, the confirmation required from the legal advisers should be similarly confined.

147. The respondent also commented that Rule 13.51(1) (and Note 1 to that Rule) regarding the letter required from an issuer’s legal advisers on proposed amendments to the issuer’s articles should be amended as follows (see underlined and struck-out portions):

*“...a letter addressed to the issuer from its legal advisers confirming that the proposed amendments ~~comply~~ are not inconsistent with the requirements of under Appendix 3 and, if relevant, Appendix 13 to the Exchange Listing Rules and the laws of the place where it is incorporated...*

*Notes: 1. Changes to articles of association or equivalent documents must ~~conform~~ not be inconsistent with the requirements of Appendix 3 and, if relevant, Appendix 13.”*

The respondent stated that where the proposed changes to the articles are unrelated to any of the matters covered in Appendices 3 or 13, or any other parts of the Listing Rules, it is not quite accurate to say that the changes “comply with” the Listing Rules. Listed issuers’ articles should already be in compliance with Appendices 3 and 13 (if relevant) before the proposed changes, so the only concern that should be addressed by the legal advisers’ confirmation is whether the proposed changes are inconsistent with those Appendices.

#### *References to telex*

148. One respondent suggested that, in addition to removing “telex” from Practice Note 1, we should remove “telegram” and add “email” as a method for communicating information to the Listing Department.

#### *Periodic updates after a trading suspension*

149. We received no further comments relating to this proposal.

### **Our response**

#### *References to the Code on Share Buy-backs*

150. We have replaced all references to the “Code on Share Repurchases” with the “Code on Share Buy-backs” in order to reflect the change in title of the SFC’s Code on Share Repurchases. We do not consider it necessary to amend other references in the Rules to “share repurchases” that are outside the context of the SFC’s Share Buy-backs Code.

#### *Applicability of Appendix 3 (Articles of Association) to new applicants*

151. We agree that the new applicants’ articles of association or equivalent documents must conform with Appendices 3 and 13. Further, as the respondent acknowledges, there may be provisions in an issuer’s articles (or equivalent documents) that are outside the scope of Appendices 3 and 13, or even the entire set of Listing Rules. Accordingly, we have amended the wording of Rule 9.11(20) to state that the legal advisers should provide confirmation that the issuer’s articles conform with the relevant parts of Appendices 3 and 13, and on the whole, are not inconsistent with the Listing Rules.

152. As for Rule 13.51(1), to address the respondent’s concern that the proposed changes to the articles may be outside the scope of the Listing Rules, we have further amended the Rule such that conformity with the Listing Rules is required only when they are applicable to the issuer’s proposed changes to its articles.

*References to telex*

153. We agree with the respondent’s suggested amendments as set out in paragraph 148 and will adopt them accordingly.

*Periodic updates after a trading suspension*

154. We will adopt this proposal.

**Other Housekeeping Amendments**

**Practice Note 22 (Publication of Application Proofs and Post Hearing Information Packs (“PHIPs”))**

155. We will amend paragraph 20 of Practice Note 22 to state that a statement issued under Rule 9.08(2)(c) does not require pre-vetting or clearance from the Exchange or the SFC.
156. A statement issued under Rule 9.08(2)(c) is a standard form statement whereby the applicant warns the public not to rely on media reports on an Application Proof or a PHIP.<sup>19</sup> Given that neither an Application Proof nor a PHIP requires pre-vetting or clearance from the Exchange or the Commission, a standard Rule 9.08(2)(c) statement that relates exclusively to the Application Proof or the PHIP should not require prior review by the Exchange or the Commission either.
157. For drafting consistency, we will amend paragraph 19 of GEM Practice Note 5 to follow the amendments to Main Board Practice Note 22. This will consolidate in one provision the Exchange’s treatment of GEM issuers’ Application Proofs, PHIPs and statements issued under GEM Rule 12.10(2)(c) (i.e. no pre-vetting or clearance from the Exchange is required before publication).

**Appendix 5, Forms A2 and C3 for Collective Investment Schemes**

158. A number of housekeeping amendments to Forms A2 and C3 of Appendix 5 to the Rules regarding the listing of Collective Investment Schemes have been incorporated in the marked-up Rule amendments. These are to:

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<sup>19</sup> See Enclosure 3 of [HKEx-GL57-13](#): Guidance on logistical arrangements for publication of Application Proofs, Post Hearing Information Packs (“PHIPs”) and related materials on the Exchange’s website for listing applicants.

- (a) define the term “Securities and Futures Commission” as “SFC” when it first appears in Forms A2 and C3 of Appendix 5 and use the abbreviated term in those forms thereafter; and
- (b) replace references to the “Companies Ordinance” with the “Companies (Winding Up and Miscellaneous Provisions) Ordinance” where appropriate.

**References to Appendix 10 (Model Code for Securities Transactions by Directors of Listed Issuers)**

159. We will also adopt a few housekeeping changes to correct inaccurate references to the title of Appendix 10 to the Rules, the “Model Code for Securities Transactions by Directors of Listed Issuers”. Some Listing Rules refer to this incorrectly as the “Model Code for Securities Transactions by Directors of Listed Companies”.

## Appendix 16

### DISCLOSURE OF FINANCIAL INFORMATION

This appendix sets out the minimum financial information that a listed issuer shall include in its preliminary announcements of results, interim reports, summary interim reports, annual reports, summary financial reports, listing documents and circulars in relation to equity securities. The following requirements are supplementary to and do not supplant any other disclosures required by the Exchange Listing Rules. This appendix also sets out certain recommended disclosure items on ~~management~~ discussion and analysis (see paragraph 52) that listed issuers are encouraged to include in their interim and annual reports. These recommended disclosure items are not obligatory, but merely items relating to good practice which are recommended for disclosure.

#### Definitions

1. Unless stated to the contrary references in this appendix to financial statements of a listed issuer or to the ~~turnover~~ revenue, net income, profit or loss, activities, business, or assets of a listed issuer should be taken as referring to the consolidated financial statements of the listed issuer or the ~~turnover~~ revenue, net income, profit or loss, activities, business or assets of the listed issuer as set out in its consolidated financial statements. Throughout this appendix, the following terms, save where the context otherwise requires, shall have the following meanings:

“banking company”	a bank, restricted licence bank and deposit taking company as defined in the Banking Ordinance
“entitled person”	<del>the same meaning as in a person who is entitled to be sent copies of the reporting documents for the financial year under section 430 of the Companies Ordinance</del>
<del>“financial conglomerate”</del>	<del>the same meaning as in paragraph 36 below</del>
“Hong Kong issuer”	the same meaning as in Chapter 1 of the Exchange Listing Rules
“new applicant”	the same meaning as in Chapter 1 of the Exchange Listing Rules
“overseas issuer”	the same meaning as in Chapter 1 of the Exchange Listing Rules
“PRC issuer”	the same meaning as in Chapter 1 of the Exchange Listing Rules

“securities\*” any and all equity securities and, unless the context otherwise provides, debt securities issued from time to time by an issuer or if applicable, by any of its subsidiaries, whether or not listed on the Exchange

### 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, ~~and shall include, at a minimum, the following components:~~

- ~~(1) — balance sheet;~~
- ~~(2) — income statement;~~
- ~~(3) — cash flow statement;~~
- ~~(4) — statement of changes in equity;~~
- ~~(5) — comparative figures for the statements referred to in (1) to (4) above inclusive for the corresponding previous period; and~~
- ~~(6) — accounting policies and explanatory notes.~~

2.1 ~~Annual accounts~~ financial statements of a listed issuer are required, subject to Notes 2.4 and ~~2.52.6~~, 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 ~~accounts~~ financial statements.

2.3 [Repealed 15 December 2010]

2.4 An overseas issuer, which has a secondary listing on the Exchange, may prepare annual ~~accounts~~ 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 annual ~~accounts~~ financial statements of an overseas issuer to be drawn up otherwise than in conformity with accounting standards referred to in Note 2.1, the Exchange will normally require the annual ~~accounts~~ 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.*
- 2.7 *References to financial statements in a circular relate to circumstances where the Exchange Listing Rules require a listed issuer to provide financial statements in a circular to shareholders. There may be financial statements of the listed issuer or of other companies.*
- 2.8 *Where there have been material changes in group structure during the period covered by the accountants' report prior to the proposed listing date of a new applicant, the new applicant should consult with the Exchange at the earliest opportunity in respect of the contents and presentation of the cash flow statement in the listing document.*
3. If the financial statements do not give a true and fair view of the state of affairs of the listed issuer and of the results of its operations and its cashflows, more detailed and/or additional information must be provided.
- 3.1 *If a listed issuer is in doubt as to what more detailed and/or additional information should be provided, it should apply to the Exchange for guidance.*
- 3.2 *If a listed issuer is not required to draw up its financial statements so as to give a true and fair view (in accordance with any statutory provisions applicable in the listed issuer's place of incorporation or establishment) but is required to draw them up to an equivalent standard, the Exchange may allow its financial statements to be drawn up to that standard. Reference must, however, be made to the Exchange. If a listed issuer is in doubt as to what more detailed and/or additional information should be provided, it should contact the Exchange for guidance.*

## Basic Financial Information

4. Financial statements referred to in paragraph 2 shall include the disclosures required under the relevant accounting standards adopted and at least the information set out below. This information may be included in the notes to the financial statements. In the case of banking companies, the information on results and financial position set out in shall comply with the Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority must be provided in place of that set out in paragraph 4(1) and paragraph 4(2) Appendix 15 as regards the disclosure requirements for preliminary announcements of results, interim reports, annual reports, listing documents and circulars.

(1) ~~Income statement~~ Statement of profit or loss and other comprehensive income

- ~~(a) turnover;~~
- ~~(b) profit (or loss) before taxation;~~
- ~~(c) taxation on profits (Hong Kong and overseas) in each case indicating basis of computation;~~
- ~~(d) profit (or loss) attributable to non-controlling interests;~~
- ~~(e) profit (or loss) attributable to shareholders;~~
- ~~(f) rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby (or an appropriate negative statement);~~
- ~~(g) earnings per share;~~
- ~~(h) investment and other income;~~
- ~~(i) cost of goods sold;~~
- ~~(j) interest on borrowings;~~
- ~~(k) depreciation / amortisation;~~
- ~~(l) profit (or loss) on sale of investments or properties;~~
- ~~(m) share of profit (or loss) of associated companies and jointly controlled entities attributable to equity holders (i.e. after tax and non-controlling interests in the associated companies and jointly controlled entities); and~~

~~(n) comparative figures for the matters specified in (a) to (m) inclusive for corresponding previous period.~~

*4.1 Where the items of information specified in sub-paragraph 4(1) ~~are~~ is unsuited to a listed issuer's activities, appropriate adjustments should be made. Where the requirements of this appendix are unsuited to a listed issuer's activities or circumstances, the Exchange may require suitable adaptations to be made.*

(2) ~~Balance sheet~~ Statement of financial position

~~(a) fixed assets;~~

~~(b) current assets~~

~~(i) stocks;~~

~~(a) (ii) debtors including credit policy and ageing analysis of accounts receivable; and~~

~~(iii) cash at bank and in hand; and~~

~~(iv) other current assets;~~

~~(c) current liabilities~~

~~(i) borrowings and debts; and~~

~~(b) (ii) ageing analysis of accounts payable;~~

~~(d) net current assets (liabilities);~~

~~(e) total assets less current liabilities;~~

~~(f) non-current liabilities~~

~~(i) borrowings and debts;~~

~~(g) capital and reserves; and~~

~~(h) non-controlling interests.~~

*4.2 The ageing analysis should normally be presented on the basis of the date of the relevant invoice or demand note and categorised into time-bands based on analysis used by an issuer's management to monitor the issuer's financial position. The basis on which the ageing analysis is presented should be disclosed.*

(3) Dividends

Rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby (or an appropriate negative statement).

~~(3) Segment information~~

~~The income statement and balance sheet of a listed issuer shall, in addition to that information required by paragraphs 4(1) and (2), include segmental information required by the accounting standards adopted for the preparation of its annual financial statements:—~~

~~(a) Hong Kong Financial Reporting Standards (HKFRS); or~~

~~(b) International Financial Reporting Standards (IFRS); or~~

~~(c) Generally Accepted Accounting Principles in the United States of America (US GAAP); or~~

~~(d) China Accounting Standards for Business Enterprises (CASBE).~~

5. In the accounting policies section a listed issuer shall state which body of accounting standards have been followed in the preparation of its financial statements. Where applicable, a listed issuer should include a statement by the directors as to the reasons for any significant departure from an accounting standard that forms part of this body of accounting standards.

### **Information in annual reports**

6. A listed issuer shall include the information as set out in paragraphs ~~78~~ to 3534A in its annual report. Unless stated to the contrary the financial information specified in these paragraphs may be included outside the financial statements and will therefore be outside the scope of the auditors' report on the financial statements. Banking companies shall, in addition, comply with the Financial Disclosure by Locally Incorporated Authorized Institutions Guideline on the Application of the Banking (Disclosure) Rules or other regulations in relation to the contents of annual report issued or specified from time to time by the Hong Kong Monetary Authority.

6.1 *The Exchange may authorise the omission from an annual report of specified items of information if it considers that disclosure of such information would be contrary to the public interest or seriously detrimental to the listed issuer. The Exchange will only authorise such omission provided it is satisfied that the omission is not likely to mislead the public with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question. The listed issuer or its representatives will be responsible for the correctness and relevance of the facts on which any application for such exemption is based.*

6.2 *The term financial year refers to the period covered by a listed issuer's financial statements even where the period is not a calendar year.*

6.3 *An annual report shall contain the following information required under other parts of the Listing Rules:*

(a) *competing business under rules 8.10(2)(b) and 8.10(2)(c);*

(b) *a monthly breakdown of purchases of shares under rule 10.06(4)(b);*

(c) *advance to an entity under rule 13.20;*

(d) *pledging of shares by the controlling shareholder under rule 13.21;*

(e) *loan agreements with covenants relating to specific performance of the controlling shareholder under rule 13.21;*

(f) *breach of loan agreement by an issuer under rule 13.21;*

(g) *financial assistance and guarantees to affiliated companies of an issuer under rule 13.22;*

(h) *provision of information in respect of and by directors, supervisors and chief executives under rule 13.51B(1);*

(i) *information of profit guarantee provided by a connected person regarding the financial performance of the company or business acquired from the connected person under rule 14A.63;*

(j) *share option schemes under rules 17.07, 17.08 and 17.09;*

(k) *for an issuer involving in mining activities, continuing disclosure obligations arise under rules 18.14 to 18.17, where appropriate;*

(l) *for investment companies, continuing disclosure obligations arise under rule 21.12(1);*

(m) *disclosure of interests information under Practice Note 5; and*

(n) *provision of information in respect of corporate governance code provisions B.1.5 (remuneration payable to members of senior management by band) and C.1.4 (discussion and analysis of group's performance) of Appendix 14 or explain reason for deviation.*

7. ~~A listed issuer shall include in its financial statements segmental information required by the accounting standards adopted for the preparation of its annual financial statements:—[Repealed [date]]~~

- ~~(1) Hong Kong Financial Reporting Standards (HKFRS); or~~
- ~~(2) International Financial Reporting Standards (IFRS); or~~
- ~~(3) Generally Accepted Accounting Principles in the United States of America (US GAAP); or~~
- ~~(4) China Accounting Standards for Business Enterprises (CASBE).~~
8. (1) In relation to connected transactions (including continuing connected transactions) that are not exempt from annual reporting requirement in Chapter 14A, a listed issuer shall include particulars of the transactions pursuant to rule 14A.71.
- (2) Where a listed issuer includes in its annual report particulars of a related party transaction or continuing related party transaction (as the case may be) in accordance with applicable accounting standards adopted for the preparation of its annual financial statements, it must specify whether or not the transaction falls under the definition of “connected transaction” or “continuing connected transaction” (as the case may be) in Chapter 14A of the Exchange Listing Rules. The listed issuer must also confirm whether or not it has complied with the disclosure requirements in accordance with Chapter 14A of the Exchange Listing Rules.
9. A listed issuer shall include in its financial statements a statement showing:–
- (1) the name of every subsidiary, its principal country of operation and its country of incorporation or other establishment, and, in the case of a subsidiary established in the PRC, the kind of legal entity it is registered as under PRC law (such as a contractual or cooperative joint venture); and
- (2) particulars of the issued share capital and debt securities of every subsidiary.
- 9.1 In the case of a subsidiary incorporated in the PRC, reference to securities shall mean and refer to securities\*.*
- 9.2 If a listed issuer has an excessive number of subsidiaries, the statement need only include details for subsidiaries which, in the opinion of the directors, materially contribute to the net income of the group or hold a material portion of the assets or liabilities of the group.*
10. In relation to transactions in its securities, or securities of its subsidiaries during the financial year a listed issuer shall include:–
- (1) details of the classes, numbers and terms of any convertible securities, options, warrants or similar rights issued or granted by the listed issuer

or any of its subsidiaries, together with the consideration received by the listed issuer or any of its subsidiaries therefor;

- (2) particulars of any exercise of any conversion or subscription rights under any convertible securities, options, warrants or similar rights issued or granted at any time by the listed issuer or any of its subsidiaries;
- (3) particulars of any redemption or purchase or cancellation by the listed issuer or any of its subsidiaries of its redeemable securities and the amount of such securities outstanding at the ~~balance sheet date~~ end of the relevant financial year; and
- (4) particulars of any purchase, sale or redemption by the listed issuer, or any of its subsidiaries, of its listed securities during the financial year, or an appropriate negative statement. Such statement must include the aggregate price paid or received by the listed issuer for such purchases, sales or redemptions and should distinguish between those securities purchased or sold:–
  - (a) on the Exchange;
  - (b) on another stock exchange;
  - (c) by private arrangement; and
  - (d) by way of a general offer.

Any such statement must also distinguish between those listed securities which are purchased by the listed issuer (and, therefore, cancelled) and those which are purchased by a subsidiary of the listed issuer;

*10.1 In the case of a PRC issuer or a listed issuer with subsidiaries incorporated in the PRC, references to securities in sub-paragraphs 10(1) to 10(4) inclusive shall mean and refer to securities\*.*

11. In the case of any issue for cash of equity securities made otherwise than shareholders in proportion to their shareholdings and which has not been specifically authorised by the shareholders, a listed issuer shall disclose:-
  - (1) the reasons for making the issue;
  - (2) the classes of equity securities issued;
  - (3) as respect each class of equity securities, the number issued, their aggregate nominal value, if any;
  - (4) the issue price of each security;

- (5) the net price to the listed issuer of each security;
- (6) the names of the allottees, if less than six in number, and, in the case of six or more allottees, a brief generic description of them;
- (7) the market price of the securities concerned on a named date, being the date on which the terms of the issue were fixed; and
- (8) the use of the proceeds.

*11.1 In the case of a PRC issuer, references to securities in this paragraph shall mean and refer to securities\*.*

12. A listed issuer should provide brief biographical details of its directors and senior managers. Such details will include name, age, positions held with the listed issuer and other members of the listed issuer's group, length of service with the issuer and the group and such other information (which may include business experience) of which shareholders should be aware, pertaining to the ability or integrity of such persons. Where any of the directors or senior managers are related, having with any other director or senior manager any one of the relationships set out below, that fact should be stated. The relationships are spouse; any person cohabiting with the director or senior manager as a spouse; and any relative meaning a child or step-child regardless of age, a parent or step-parent, a brother, sister, step-brother or step-sister, a mother-in-law, a father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law. Where any director of the listed issuer is a director or employee of a company which has an interest in the shares and underlying shares of the listed issuer which would fall to be disclosed to the listed issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, that fact shall be stated.

*12.1 It is the responsibility of the directors of the listed issuer to determine which individual or individuals constitute senior management. Senior management may include directors of subsidiaries; heads of divisions, departments or other operating units within the group as, in the opinion of the listed issuer's directors, is appropriate.*

*12.2 In the case of a PRC issuer, references to directors and senior managers in this paragraph shall also mean and include supervisors.*

- 12A. In relation to an independent non-executive director appointed by a listed issuer during the financial year, the listed issuer shall disclose the reasons why such an independent non-executive director was and is considered to be independent if he has failed to meet any of the independence guidelines set out in rule 3.13.
- 12B. A listed issuer must confirm whether it has received from each of its independent non-executive directors an annual confirmation of his independence pursuant to rule 3.13 and whether it still considers the independent non-executive directors to be independent.

13. A listed issuer shall include the information relating to interests of directors, the chief executive and others as follows:–

(1) subject to sub-paragraph 13(2), a statement as at the ~~balance sheet date~~end of the relevant financial year showing the interests and short positions of each director and chief executive of the listed issuer in the shares, underlying shares and debentures of the listed issuer or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance):

- (a) as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance; or
- (b) as otherwise notified to the listed issuer and the Exchange pursuant to the Model Code for Securities Transactions by Directors of Listed ~~Companies~~Issuers (which for purposes of this sub-paragraph shall be deemed to apply to the PRC Issuer's supervisors to the same extent as it applies to directors); or
- (c) if there is no such interest or right that has been granted or exercised, a statement of that fact,

provided that the Exchange may agree, in its sole discretion, that compliance with this sub-paragraph may be modified or waived in respect of any associated corporation if, in the opinion of the Exchange, the number of associated corporations in respect of which each director and chief executive is taken or deemed to have an interest or short position under Part XV of the Securities and Futures Ordinance is such that compliance with this sub-paragraph would result in particulars being given which are not material in the context of the group and are of excessive length;

(2) the statement required by sub-paragraph 13(1) must specify the company in which the interests or short positions are held, the class to which those securities belong and the number of such securities held. The statement need not disclose:

- (a) the interests of a director in the shares of the listed issuer or any of its subsidiaries if such interest is held solely in a non-beneficial capacity and is for the purpose of holding the requisite qualifying shares;
- (b) the non-beneficial interests of directors in the shares of any subsidiary of the listed issuer in so far as that interest comprises the holding of shares subject to the terms of a written, valid and legally enforceable declaration of trust in favour of the parent company of that subsidiary or the listed issuer and such interest is held solely for the purpose of ensuring that the relevant subsidiary has more than one member;

*13.1 Where interests in securities arising from the holding of such securities as qualifying shares are not disclosed pursuant to the exception provided in this paragraph, a general statement should nevertheless be made to indicate that the directors hold qualifying shares.*

- (3) a statement as at the ~~balance sheet date~~ end of the relevant financial year, showing the interests or short positions of every person, other than a director or chief executive of the listed issuer, in the shares and underlying shares of the listed issuer as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance and the amount of such interests and short positions, or if there is no such interests and short positions recorded in the register, a statement of that fact; and

*13.2 For the purposes of sub-paragraphs 13(2) and (3) particulars should be given of the extent of any duplication which occurs.*

*13.3 In the case of a PRC issuer:–*

*(a) references to director or chief executive in sub-paragraphs 13(1) to 13(3) inclusive shall also mean and include supervisors;*

*(b) references to securities in sub-paragraphs 13(1) to 13(3) inclusive shall mean and refer to securities\*.*

14. A listed issuer shall include a statement as to the period unexpired of any service contract, which is not determinable by the employer within one year without payment of compensation (other than statutory compensation), of any director proposed for re-election at the forthcoming annual general meeting or, if there are no such service contracts, a statement of that fact.

*14.1 In the case of a PRC issuer, reference to director under this paragraph shall also mean and include supervisor.*

- 14A. A listed issuer must include particulars of any service contracts that are exempt under rule 13.69.

15. A listed issuer shall include particulars (nature and extent) of any transaction, arrangement or contract of significance subsisting during or at the end of the financial year in which a director of the listed issuer or an entity connected with a director is or was materially interested, either directly or indirectly, or, if there has been no such transaction, arrangement or contract, a statement of that fact.

*15.1 In the case of a PRC issuer, reference to director under this paragraph shall also mean and include supervisor.*

*15.2 A “transaction, arrangement or contract of significance” is one where any of the percentage ratios (as defined under rule 14.04(9)) of the transaction is 1% or more.*

15.3 *Notwithstanding the percentage specified in Note 15.2, a transaction, arrangement or contract is regarded as a “transaction, arrangement or contract of significance” to a listed issuer if the omission of information relating to that transaction, arrangement or contract could have changed or influenced the judgement or decision of a person relying on the relevant information.*

15.4 A reference to an entity connected with a director has the meaning given by section 486 of the Companies Ordinance.

16. A listed issuer shall include:–

(1) particulars of any contract of significance between the listed issuer, or one of its subsidiary companies, and a controlling shareholder or any of its subsidiaries;

*16.1 For the purposes of this sub-paragraph and of sub-paragraph 16(2), the words “controlling shareholder” mean any shareholder entitled to exercise, or control the exercise of:–*

*(i) in the case of a PRC issuer, 30 per cent (or such other amount as may from time to time be specified in applicable PRC law as being the level for triggering a mandatory general offer or for otherwise establishing legal or management control over a business enterprise);*

*(ii) in other cases, 30 per cent (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer);*

*or more of the voting power at general meetings of the listed issuer or one which is in a position to control the composition of a majority of the board of directors of the listed issuer.*

(2) particulars of any contract of significance for the provision of services to the listed issuer or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

*16.2 See Notes 15.2 and 16.1*

17. A listed issuer shall include particulars of any arrangement under which a shareholder has waived or agreed to waive any dividends.

*17.1 Where a shareholder has agreed to waive future dividends, particulars of such waiver(s) must be given together with those relating to dividends which were payable during the past financial year. Waivers of dividends of minor amount may be disregarded provided that some payment has been made on each share during the relevant calendar year.*

18. If net income shown in the financial statements differs materially from any profit forecast published by the listed issuer, the listed issuer must include an explanation of the difference.
19. A listed issuer shall include a summary, in the form of a comparative table, of the published results and of the assets and liabilities of the group for the last five financial years. Where the published results and statement of assets and liabilities have not been prepared on a consistent basis this must be explained in the summary.
20. An overseas issuer or a PRC issuer shall include a statement, where applicable, that no pre-emptive rights exist in the jurisdiction in which the listed issuer is incorporated or otherwise established.
- 20.1 *Where the listed issuer's primary listing is or is to be on another stock exchange which does not impose pre-emptive rights and the listed issuer is not otherwise subject to such rights, the Exchange expects that issues for cash of shares or securities convertible into shares or options, warrants or similar rights to subscribe for any shares or such convertible securities, made by the overseas listed issuer or by a major subsidiary so as materially to dilute the percentage interests of the listed issuer's shareholders, will not be made on terms likely to detract significantly from the value of their interests. In the case of a PRC issuer, references to securities shall mean and refer to securities\*.*
21. An overseas issuer or a PRC issuer shall include the information necessary to enable holders of its listed securities to obtain any relief from taxation to which they are entitled by reason of their holding of such securities.
22. In relation to loans and borrowings a listed issuer shall provide in its financial statements, :-
- (1) ~~except where the listed issuer is a banking company, an analysis as at the balance sheet date of statement of financial position, firstly of bank loans and overdrafts and, secondly of other borrowings, showing the aggregate amounts repayable:-~~
- (a) on demand or within a period not exceeding one year;
  - (b) within a period of more than one year but not exceeding two years;
  - (c) within a period of more than two years but not exceeding five years; and
  - (d) within a period of more than five years;
- (2) ~~a statement of the amount of interest capitalised during the financial year.~~

23. Where any of the percentage ratios (as defined under rule 14.04(9)) of a listed issuer's properties held for development and/or sale or for investment purposes exceeds 5%, the listed issuer shall include the following information:–

- (1) in the case of property held for development and/or sale:–
  - (a) an address sufficient to identify the property, which generally must include the postal address, lot number and such further designation as is registered with the appropriate government authorities in the jurisdiction in which the property is located;
  - (b) if in the course of construction, the stage of completion as at the date of the annual report;
  - (c) if in the course of construction, the expected completion date;
  - (d) the existing use (e.g. shops, offices, factories, residential, etc.);
  - (e) the site and gross floor area of the property; and
  - (f) the percentage interest in the property.
- (2) in the case of property held for investment:–
  - (a) an address sufficient to identify the property, which generally must include the postal address, lot number and such further designation as is registered with the appropriate government authorities in the jurisdiction in which the property is located;
  - (b) the existing use (e.g. shops, offices, factories, residential, etc.); and
  - (c) whether the property is held on short lease, medium term lease or long lease or, if situated outside Hong Kong, is freehold.

If a listed issuer has an excessive number of the properties, the statement need only include details for properties which in the opinion of the directors are material.

24. An issuer must disclose in its financial statements details of director's and past director's emoluments, by name as follows:–

- (1) the directors' fees for the financial year;
- (2) the directors' basic salaries, housing allowances, other allowances and benefits in kind;
- (3) the contributions to pension schemes for directors or past directors for the financial year;

- (4) the bonuses paid or receivable by directors which are discretionary or are based on the listed issuer's, the group's or any member of the group's performance (excluding amounts disclosed in (5) and (6) below) for the financial year;
- (5) the amounts paid during the financial year or receivable by directors as an inducement to join or upon joining the listed issuer; and
- (6) the compensation paid during the financial year or receivable by directors or past directors for the loss of office as a director of any member of the group or of any other office in connection with the management of the affairs of any member of the group distinguishing between contractual and other payments (excluding amounts disclosed in (2) to (5) above).

*24.1 Sub-paragraphs (2) to (6) above inclusive require an analysis of the amounts to be disclosed in the listed issuer's financial statements under the provisions of section ~~161(1)~~383(1)(a) to (c)(inclusive) of the Companies Ordinance.*

*24.2 Where a director is contractually entitled to bonus payments which are fixed in amount such payments are more in the nature of basic salary and accordingly must be disclosed under sub-paragraph (2) above.*

*24.3 In addition to discretionary bonus payments, all bonus payments to which a director is contractually entitled and which are not fixed in amount, together with the basis upon which they are determined, must be disclosed under subparagraph (4) above.*

*24.4 In the case of a PRC issuer, references to directors or past directors shall also mean and include supervisors and past supervisors (as appropriate).*

*24.5 References to "director" in paragraph 24 include a chief executive who is not a director.*

24A. A listed issuer shall include particulars of any arrangement under which a director has waived or agreed to waive any emoluments.

*24A.1 Where a director has agreed to waive future emoluments, particulars of such waiver must be given together with those relating to emoluments which accrued during the past financial year. This applies in respect to emoluments from the listed issuer or any of its subsidiaries or other person.*

24B. A listed issuer shall include the following information in respect of the group's emolument policy:

- (1) a general description of the emolument policy and any long-term incentive schemes of the group; and

- (2) the basis of determining the emolument payable to its directors.
25. An issuer must disclose in its financial statements information in respect of the five highest paid individuals during the financial year. For this purpose amounts paid or payable by way of commissions on sales generated by the individual are to be ignored. Where all five of these individuals are directors and the information required by this paragraph has been disclosed in the emoluments of directors, this must be stated and no additional disclosure is required. Where the details of one or more of the individuals whose emoluments were the highest have not been included in the emoluments of directors, the following information must be disclosed:—
- (1) the aggregate of basic salaries, housing allowances, other allowances and benefits in kind for the financial year;
  - (2) the aggregate of contributions to pension schemes for the financial year;
  - (3) the aggregate of bonuses paid or receivable which are discretionary or are based on the issuer's, the group's or any member of the group's performance (excluding amounts disclosed in (4) and (5) below) for the financial year;
  - (4) the aggregate of amounts paid during the financial year or receivable as an inducement to join or upon joining the issuer;
  - (5) the aggregate of compensation paid during the financial year or receivable for the loss of any office in connection with the management of the affairs of any member of the group distinguishing between contractual payments and other payments (excluding amounts disclosed in (1) to (3) above); and
  - (6) an analysis showing the number of individuals whose remuneration (being amounts paid under (1) to (5) above) fell within bands from HK\$nil up to HK\$1,000,000 or into higher bands (where the higher limit of the band is an exact multiple of HK\$500,000 and the range of the band is HK\$499,999).

*25.1 It is not necessary to disclose the identity of the highest paid individuals, unless any of them are directors of the issuer.*

26. A listed issuer shall include the following information in addition to the information required under the relevant accounting standard in respect of pension schemes:—
- ~~(1) the nature of the principal scheme or schemes operated by the group (i.e. whether they are defined benefit plans or defined contribution plans);~~

- (12) a brief outline of how contributions are calculated or benefits funded;
- ~~(3) the employer's pension cost charged to the income statement for the financial year;~~
- (24) in the case of defined contribution schemes, details of whether forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) may be used by the employer to reduce the existing level of contributions and if so, the amounts so utilised in the course of the year and available at the ~~balance sheet date~~ of statement of financial position for such use; and
- (35) in the case of defined benefit plans, an outline of the results of the most recent formal independent actuarial valuation (which should be as at a date not earlier than 3 years prior to the ~~balance sheet date~~ of statement of financial position) or later formal independent review of the scheme on an ongoing basis. This should include disclosure of:–
- (a) the name and qualifications of the actuary, the actuarial method used and a brief description of the main actuarial assumptions;
  - (b) the market value of the scheme assets at the date of their valuation or review (unless the assets are administered by an independent trustee in which case this information may be omitted);
  - (c) the level of funding expressed in percentage terms; and
  - (d) comments on any material surplus or deficiency (including quantification of the deficiency) indicated by (c) above.
27. If an issuer has valued any property interests (under Chapter 5) or has valued any other tangible assets and included such a valuation in the prospectus relating to its initial public offer and those assets are not stated at valuation (or at subsequent valuation) in its first annual ~~accounts~~ financial statements published after listing, then the issuer is required to disclose the following additional information in its first annual report published after listing:–
- (1) the amount of such valuation of those properties or other tangible assets as included in the prospectus; and
  - (2) the additional depreciation (if any) that would be charged against the ~~income statements~~ statement of profit or loss and other comprehensive income had those assets been stated at such valuation (or subsequent valuation).
28. A listed issuer (whether or not it is incorporated in Hong Kong) shall include disclosures required under the following provisions of the Companies Ordinance and subsidiary legislation:–

- ~~(1) — The Tenth Schedule;~~
- ~~(2) — S128 (details of subsidiaries);~~
- ~~(3) — S129 (details of investments);~~
- ~~(4) — S129A (details of ultimate holding company);~~
- ~~(5) — S129D (contents of the directors' report);~~
- ~~(6) — S161 (directors' remuneration);~~
- ~~(7) — S161A (corresponding figures);~~
- ~~(8) — S161B (loans to company officers);~~
- ~~(9) — S162 (directors' interests in contracts); and~~
- ~~(10) — S162A (management contracts).~~

(1) in financial statements

(a) Section 383 - Notes to financial statements to contain information on directors' emoluments etc.;

(b) Schedule 4 - Accounting Disclosures relating to:

(i) Part 1(1) Aggregate amount of authorized loans;

(ii) Part 1(2) Statement of financial position to be contained in notes to annual consolidated financial statements;

(iii) Part 1(3) Subsidiary's financial statements must contain particulars of ultimate parent undertaking;

(iv) Part 2(1) Remuneration of auditor; and

(c) Companies (Disclosure of Information about Benefits of Directors) Regulation; and

(2) in directors' report

(a) Section 390 - Contents of directors' report: general;

(b) Section 470 - Permitted indemnity provision to be disclosed in directors' report;

(c) Section 543 - Disclosure of management contract;

(d) Schedule 5 - Content of Directors' Report: Business Review; and

(e) Companies (Directors' Report) Regulation.

28.1 Directors must prepare the directors' report which complies with section 388 of the Companies Ordinance and the directors' report must be approved and signed, which complies with section 391 of the Companies Ordinance.

28.2 Section 390(3)(b) of the Companies Ordinance requires a company to disclose the name(s) of the director(s) of its subsidiaries. Notwithstanding the disclosure provisions in the sub-paragraph 2(a) above, a listed issuer not incorporated in Hong Kong is not required to disclose the name(s) of its subsidiaries' director(s).

29. A listed issuer shall include a statement of the reserves available for distribution to shareholders by the listed issuer as at the ~~balance sheet date~~ of its statement of financial position:-

- (1) in the case of a Hong Kong issuer, as calculated under the provisions of sections ~~79B~~ 291, 297 and 299 of the Companies Ordinance; and
- (2) in other cases, as calculated in accordance with any statutory provisions applicable in the listed issuer's place of incorporation or, in the absence of such provisions, with generally accepted accounting principles.

30. A listed issuer shall include details of any change in its auditors in any of the preceding three years.

31. A listed issuer shall include information in respect of its major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services the ultimate wholesale or retailer as the case may be) and its major suppliers (meaning the ultimate supplier of items which are not of a capital nature) as follows:-

- (1) a statement of the percentage of purchases attributable to the largest supplier;
- (2) a statement of the percentage of purchases attributable to the 5 largest suppliers combined;
- (3) a statement of the percentage of ~~turnover or sales~~ revenue from sales of goods or rendering of services attributable to the largest customer;
- (4) a statement of the percentage of ~~turnover or sales~~ revenue from sales of goods or rendering of services attributable to the 5 largest customers combined;
- (5) a statement of the interests of any of the directors; their close associates; or any shareholder (which to the knowledge of the directors

own more than 5% of the number of issued shares of the listed issuer's share capital) in the suppliers or customers disclosed under (1) to (4) above or if there are no such interests a statement to that effect;

- (6) in the event that the percentage which would fall to be disclosed under (2) above is less than 30, a statement of that fact shall be given and the information required in (1), (2) and (5) (in respect of suppliers) may be omitted; and
- (7) in the event that the percentage which would fall to be disclosed under (4) above is less than 30, a statement of that fact shall be given and the information required in (3), (4) and (5) (in respect of customers) may be omitted;

*31.1 Paragraph 31 applies to all listed issuers whose businesses comprise, in whole or in part, the supply of goods or services of whatever nature, and in the case of service references to customers includes the clients of such listed issuers.*

*31.2 In relation to consumer goods, references to customers are to the ultimate wholesaler or retailer, except when the listed issuer's business incorporates the wholesaling or retailing operation. In all other cases references to customers are to ultimate customer.*

*31.3 References to suppliers are primarily to those who provide goods or services which are specific to a listed issuer's business and which are required on a regular basis to enable the listed issuer to continue to supply or service its customers. Suppliers of goods and services which are freely available from a range of suppliers at similar prices or which are otherwise freely available (such as utilities) are excluded. In particular, it is recognised that an obligation on listed issuers who are providers of financial services (such as banks and insurance companies) to give information about suppliers would be of limited or no value, and there is therefore no disclosure requirement in respect of suppliers to such listed issuers.*

*31.4 The Exchange must be consulted if there is any doubt about the application of paragraph 31.*

- 32. A listed issuer shall include in its annual report ~~a separate statement containing~~ a discussion and analysis of the group's performance during the financial year and the material factors underlying its results and financial position. It should emphasize trends and identify significant events or transactions during the financial year under review. As a minimum the directors of the listed issuer should comment on the following:–

- (1) the group's liquidity and financial resources. This may include comments on the level of borrowings at the ~~balance sheet date~~ end of the period under review, the seasonality of borrowing requirements,

and the maturity profile of borrowings and committed borrowing facilities. Reference may also be made to the funding requirements for capital expenditure commitments and authorisations;

- (2) the capital structure of the group in terms of maturity profile of debt and obligation, type of capital instruments used, currency and interest rate structure. The discussion may cover:
  - (a) funding and treasury policies and objectives in terms of the manner in which treasury activities are controlled;
  - (b) the currencies in which borrowings are made and in which cash and cash equivalents are held;
  - (c) the extent to which borrowings are at fixed interest rates;
  - (d) the use of financial instruments for hedging purposes; and
  - (e) the extent to which foreign currency net investments are hedged by currency borrowings and other hedging instruments;
- (3) the state of the group's order book (where applicable) and prospects for new business including new products and services introduced or announced;
- (4) significant investments held, their performance during the financial year and their future prospects;
- (5) details of material acquisitions and disposals of subsidiaries ~~and associated companies~~, associates and joint ventures in the course of the financial year;
- (6) comments on segmental information. This may cover changes in the industry segment, developments within the segment and their effect on the results of that segment. It may also include changes in the market conditions, new products and services introduced or announced and their impact on the group's performance and changes in ~~turnover~~revenue and margins;
- (7) where applicable, details of the number and remuneration of employees, remuneration policies, bonus and share option schemes and training schemes;
- (8) details of charges on group assets;
- (9) details of future plans for material investments or capital assets and their expected sources of funding in the coming year;

*32.1 It is the responsibility of the directors of the listed issuer to determine what investment or capital asset is material in the*

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

(10) gearing ratio;

*32.2 The basis on which the gearing ratio is computed should be disclosed.*

(11) exposure to fluctuations in exchange rates and any related hedges; and

(12) details of contingent liabilities, if any.

*32.3 If the above information required in this paragraph has been disclosed in a business review in the directors' report as set out in paragraph 28, no additional disclosure is required.*

33. ~~Banking, insurance and shipping companies will not be entitled to avail themselves of the benefit of the provisions of Part III of the Tenth Schedule to the Companies Ordinance. [Repealed [date]]~~

34. An issuer must include, in respect of the group, a separate Corporate Governance Report prepared by the board on its corporate governance practices. The report must, as a minimum, contain the information required under paragraphs G to P of Appendix 14 regarding the accounting period covered by the annual report. To the extent that it is reasonable and appropriate, the issuer may incorporate by reference information in its annual report into the Corporate Governance Report. Any such references must be clear and unambiguous and the Corporate Governance Report must not contain only a cross-reference without any discussion of the matter.

34A. A listed issuer shall include a statement of sufficiency of public float. The statement should be based on information that is publicly available to the listed issuer and within the knowledge of its directors as at the latest practicable date prior to the issue of the annual report.

### **Financial Conglomerates**

35. ~~Where a listed issuer is regarded as a financial conglomerate (as defined in paragraph 36 below), the listed issuer shall, in addition to the requirements as set out in all preceding paragraphs, include in its annual report at least the information as set out in subparagraphs 35(1) to 35(4) inclusive. Information~~

~~required by sub-paragraphs 35(1) to 35(3) should be included in the financial statements. [Repealed [date]]~~

~~(1) — Income Statement~~

- ~~(a) — interest income;~~
- ~~(b) — interest expense;~~
- ~~(c) — gains less losses arising from dealing in foreign currencies;~~
- ~~(d) — gains less losses on trading securities or other investments in securities;~~
- ~~(e) — gains less losses from other dealing activities;~~
- ~~(f) — gains less losses arising from derivative products;~~
- ~~(g) — charge for bad and doubtful debts;~~
- ~~(h) — gains less losses from disposal of investment securities or non-trading securities;~~
- ~~(i) — provisions on held-to-maturity securities and investment securities or provisions on held-to-maturity securities and non-trading securities; and~~
- ~~(j) — operating profit by products and divisions.~~

~~(2) — Balance Sheet~~

- ~~(a) — cash and short term funds (with an analysis between cash and balances with banks and other financial institutions, money at call and short notice and treasury bills where applicable);~~
- ~~(b) — trading securities or other investments in securities (investments in securities should be distinguished between equities and debt securities and analysed between those which are listed and those which are unlisted. The analysis should be provided separately for held-to-maturity securities, investment securities, other investments in securities, trading securities and non-trading securities where applicable. Market value of the listed securities as at the balance sheet date should also be disclosed);~~
- ~~(c) — advances and other accounts (with an analysis between advances to customers, advances to banks and other financial institutions, accrued interest and other accounts, provisions for bad and doubtful debts and the related collateral security);~~

- ~~(d) held-to-maturity securities and investment securities or held-to-maturity securities and non-trading securities (with an analysis of held-to-maturity securities, investment securities, other investments in securities, trading securities and non-trading securities separately into those issued by central governments and central banks, public sector entities, banks and other financial institutions; corporate entities; and others. Market value of listed securities as at the balance sheet date should also be disclosed);~~
- ~~(e) issued debt securities;~~
- ~~(f) other accounts and provisions such as obligations on leases, sale and repurchase agreements, and forward contracts (with an analysis where material); and~~
- ~~(g) a maturity profile of the following assets and liabilities unless immaterial,~~

~~Assets—~~

~~Advances to customers.~~

~~Placements with banks and other financial institutions.~~

~~Certificates of deposit held.~~

~~Debt securities (with an analysis into those included in held-to-maturity securities, trading securities or other investments in securities and investment securities or non-trading securities)~~

~~Liabilities—~~

~~Deposits and balances of banks and other financial institutions.~~

~~Current, fixed, savings and other deposits of customers.~~

~~Certificates of deposit issued.~~

~~Issued debt securities.~~

~~(3) Off Balance Sheet exposures~~

- ~~(a) contingent liabilities and commitments;~~
- ~~(b) derivatives (with an analysis into those related to exchange rate contracts and interest rate contracts. The aggregate notional amounts of each significant class of derivative instruments should also be analysed into those entered into for trading or hedging purposes);~~
- ~~(c) where applicable, the aggregate credit risk weighted amounts of its contingent liabilities and commitments, exchange rate contracts, interest rate contracts and other derivatives, if any; and~~
- ~~(d) the aggregate replacement costs of its exchange rate contracts, interest rate contracts, and other derivative contracts, if any.~~

The information required by sub-paragraphs 35(1) to 35(3) inclusive may be provided on the face of the income statement or the balance sheet, as appropriate, or in the notes to the financial statements.

~~(4) — Supplementary Information~~

~~(a) — Management of risks~~

~~A description of the main types of risk arising out of its business, including, where appropriate, credit, interest rate, foreign exchange and market risks arising out of its trading book. It should also include a description of the policies, procedures (including hedging policies) and controls used for measuring, monitoring and controlling those risks and for managing the capita required to support them.~~

~~(b) — Segmental information~~

~~Where a geographical segment of the financial business represents 10% or more of the listed issuer's whole business, then that segment should be further analysed by industry sector.~~

~~35.1 — Listed issuers shall provide sufficient descriptions in their accounting policy notes or other notes to the financial statements to enable the users of the financial statements to understand how material items have been dealt with.~~

~~35.2 — Listed issuers should provide the information as required by paragraph 35(4)(b) in accordance with the requirements for segmental information as set out in the Financial Disclosure by Locally Incorporated Authorized Institutions issued by the Hong Kong Monetary Authority.~~

~~35.3 — Listed issuers should provide the information as required by paragraph 35(1)(j) in accordance with paragraph 7.~~

~~35.4 — The items contained in this paragraph shall have the same meanings as prescribed in the Financial Disclosure by Locally Incorporated Authorized Institutions issued from time to time by the Hong Kong Monetary Authority.~~

36. A listed issuer will be regarded as a “Financial Conglomerate” for the purpose of paragraph 35 above only if: ~~[Repealed [date]]~~

~~(1) — any of the percentage ratios (as defined under rule 14.04(9)) of its financial business exceeds 5%. For the avoidance of doubt, the listed issuer must compare the total assets of its financial business to that of the group as at the end of the relevant period for the purpose of the assets ratio under rule 14.07. The listed issuer must compare the revenue and profits of its financial business during the period under~~

~~review to that of the group for the purpose of the revenue ratio and profits ratio under rule 14.07; and~~

- ~~(2) as at the end of the period its financial business has total assets of over HK\$1 billion or has customer deposits plus financial instruments held by the public of over HK\$300 million.~~

~~36.1 For the purpose of this paragraph, financial business includes, but is not limited to, the business of securities trading; giving advice in connection with securities; commodities trading; leveraged foreign exchange trading; insurance activities; and money lending.~~

### **Information to accompany interim reports**

37. A listed issuer shall prepare an interim report in respect of the first six months of its financial year, unless that financial year is of six months or less. Banking companies shall, in addition, comply with the Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority~~Appendix 15~~ as regards the disclosure requirements for an interim report. ~~That interim report shall include, at a minimum, the following components:—~~

- ~~(1) a balance sheet that includes at a minimum each of the major components of assets, liabilities and equity that were presented in the most recent published annual balance sheet;~~
- ~~(2) an income statement that includes at a minimum each component of income and expense that were presented in the most recent published annual income statement;~~
- ~~(3) a cash flow statement that includes at a minimum, the major subtotals of cash flows that were presented in the most recent published annual cash flow statement;~~
- ~~(4) a statement of changes in equity;~~
- ~~(5) comparative figures for the statements referred to in (1) to (4) immediately above inclusive for the corresponding previous period; and~~

~~37.1 If a change in the financial year is proposed, the Exchange should be consulted as to the period or periods to be covered by the interim report.~~

~~37.2 In the case of the balance sheet, the comparative figures in the interim report shall be those items shown in the balance sheet as of the end of immediately preceding financial year.~~

~~37.3 In the case of the first cash flow statement to be included in the interim report in respect of interim financial statements relating~~

~~to accounting periods ending on or after 1st July, 2000, the comparative figures for the comparable year to date period of the immediately preceding financial year may be omitted. The requirement for disclosure of comparative figures for the cash flow statement in the interim report shall be obligatory in respect of interim financial statements relating to accounting periods ending on or after 1st July, 2001.~~

~~(6) — accounting policies and explanatory notes.~~

*37.24 A listed issuer should apply the same accounting policies in its interim financial statements as are applied in its annual financial statements except where the change in accounting policy is required by an accounting standard which came into effect during the interim period. Accounting policies which have been consistently applied and which were disclosed in the listed issuer's most recent published audited financial statements or for a newly listed issuer in its recent prospectus may be omitted from the interim report. Any significant changes in accounting policies, including those required by an accounting standard, should be disclosed together with the reason for changing the accounting policy.*

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 which is adopted for the preparation of its annual financial statements.

*38.1 The figures in the interim report are the sole responsibilities of the directors and they must ensure that the accounting policies and methods of computation applied to the figures are consistent with those applied to annual financial statements. If those policies or methods have been changed, the listed issuer must include in the interim report a description of the nature and effects of the change. Where it is not possible to quantify the effects of the change in the accounting policies, or the effects are not significant, this shall be stated.*

39. A listed issuer's audit committee must review the interim report. In the event that the audit committee disagreed with an accounting treatment which had been adopted or the statement made in accordance with paragraph 38 above, full details of such disagreement must be disclosed in the interim report;

39.1 *It is the responsibility of the audit committee of the listed issuer to determine the scope and extent of the review. In reviewing an interim report, the audit committee may refer to relevant statements of auditing standards and auditing guidelines in relation to review of interim financial reports for guidance.*

40. A listed issuer shall include in its interim report:–

(1) ~~except where the listed issuer is a banking company, the minimum~~the disclosures required under the relevant accounting standards adopted and the information in respect of the balance sheet and the income statement as set out in paragraph 4. ~~Banking company shall comply with Appendix 15 as regards the disclosure requirements for the balance sheet and the income statement;~~

~~40.1. *Leading London and Hong Kong Counsel have advised the Exchange that Section 129C(3) of the Companies Ordinance (Cap. 32) relates to the annual balance sheet once it has been audited. Section 129C(3) does not apply to any interim balance sheet.*~~[Repealed [date]]

(2) a discussion and analysis of the group's performance in the interim period covering all those matters set out in paragraph 32. The discussion should include any significant information needed for investors to make an informed assessment of the trend of its activities and profit (or loss). It should identify and explain any special factor which has influenced its activities and its profit (or loss) during the period. It should provide a comparison with the corresponding period of the preceding financial year and must also, as far as possible, give an indication of the listed issuer's prospects for the current financial year. Such discussion may focus only on the significant changes in the group's performance since the most recent published annual report. Where the current information in relation to those matters set out in paragraph 32 has not changed materially from the information disclosed in the most recent published annual report, a statement to this effect may be made and no additional disclosure is required; and

~~(3) for a financial conglomerate, as defined in paragraph 36, all information required by paragraph 35. If, in the opinion of the directors of the listed issuer, the market risk arising from the trading book is not considered as material, a statement to this effect shall be stated and the information required by sub-paragraph 35(4)(a) may be omitted; and~~

(34) any supplementary information which is necessary for a reasonable appreciation of the interim results.

*40.2 The Exchange may authorise the omission from an interim report of specified items of information if it considers that disclosure of such information would be contrary to the public interest or seriously detrimental to the listed issuer. The*

*Exchange will only authorise such omission provided it is satisfied that the omission is not likely to mislead the public with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question. The listed issuer or its representatives will be responsible for the correctness and relevance of the facts on which any application for such exemption is based. The Exchange may authorise the omission from an interim report of any other information either on the grounds referred to above or if it considers such omission otherwise necessary or appropriate.*

40.3 An interim report shall contain the following information required under other parts of the Listing Rules:

- (a) advance to an entity under rule 13.20;
- (b) pledging of shares by the controlling shareholder under rule 13.21;
- (c) loan agreements with covenants relating to specific performance of the controlling shareholder under rule 13.21;
- (d) breach of loan agreement by an issuer under rule 13.21;
- (e) financial assistance and guarantees to affiliated companies of an issuer under rule 13.22;
- (f) provision of information in respect of and by directors, supervisors and chief executives under rule 13.51B(1);
- (g) share option schemes under rules 17.07 and 17.08;
- (h) for a Mineral Company, continuing disclosure obligation arises under rule 18.14;
- (i) for investment companies, continuing disclosure obligations arise under rule 21.12(2); and
- (j) disclosure of interests information under Practice Note 5.

41. An interim report shall contain:–

- (1) particulars of any purchase, sale or redemption by the listed issuer, or any of its subsidiaries of its securities during the interim period as set out in paragraph 10(4);

*41.1 In the case of a PRC issuer or a listed issuer with subsidiaries incorporated in the PRC, references to securities in sub-paragraph 10(4) shall mean and refer to securities\*.*

- (2) details of interests in the equity or debt securities of the listed issuer or any associated corporation at the end of the interim period for each of the persons as set out in paragraph 13.

*41.2 In the case of a PRC issuer:–*

- (a) *references to director or chief executive in paragraph 13 shall also mean and include supervisors;*
- (b) *references to securities in paragraph 13 shall mean and refer to securities\*.*

42. ~~Banking, insurance and shipping companies will not be entitled to avail themselves of the benefit of the provisions of Part III of the Tenth Schedule to the Companies Ordinance. [Repealed [date]]~~

43. Where the accounting information given in an interim report has not been audited that fact must be stated. If the accounting information contained in an interim report has been audited by the listed issuer's auditor, his report thereon including any qualifications shall be reproduced in full in the interim report.

44. A listed issuer shall include in its interim report the following information in respect of the group:

- (1) a statement in relation to the accounting period covered by the interim report on whether the listed issuer meets the code provisions set out in the Corporate Governance Code contained in Appendix 14. Where there are any deviations from the code provisions in the Code, the listed issuer must give considered reasons for the deviations from the code provisions, either by:

- (a) giving considered reasons for each deviation; or
- (b) to the extent that it is reasonable and appropriate, by referring to the Corporate Governance Report in the immediately preceding annual report and providing details of any changes together with considered reasons for any deviation not reported in that annual report. Any such references must be clear and unambiguous and the interim report must not only contain a cross-reference without any discussion of the matter;

- (2) in respect of the Model Code set out in Appendix 10, a statement in relation to the accounting period covered by the interim report on:

- (a) whether the listed issuer has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard set out in the Model Code;
- (b) having made specific enquiry of all directors, whether its directors have complied with, or whether there has been any non-compliance with, the required standard set out in the Model

Code and its code of conduct regarding directors' securities transactions; and

- (c) in the event of any non-compliance with the required standard set out in the Model Code, details of such non-compliance and an explanation of the remedial steps taken by the listed issuer to address such non-compliance;
- (3) details of non-compliance (if any) with rules 3.10(1) and 3.10(2) and an explanation of the remedial steps taken by the listed issuer to address such non-compliance relating to appointment of a sufficient number of independent non-executive directors and an independent non-executive director with appropriate professional qualifications, or accounting or related financial management expertise, respectively; and
- (4) details of non-compliance with rule 3.21 (if any) and an explanation of the remedial steps taken by the listed issuer to address such non-compliance relating to establishment of an audit committee.

#### **Information to accompany preliminary announcements of Results for the financial year**

45. A listed issuer shall publish a preliminary announcement of its results in accordance with rule 2.07C as required under rule 13.49(1), which has been agreed with its auditors and which includes, as a minimum, the following:

- (1) ~~except where the listed issuer is a banking company,~~ the information in respect of the ~~balance sheet~~statement of financial position and the ~~income statement~~statement of profit or loss and other comprehensive income as set out in paragraph 4 comprising ~~an income statement~~statement of profit or loss and other comprehensive income for the financial year, with comparative figures for the immediately preceding financial year, and ~~balance sheet~~statement of financial position as at the end of the financial year, with comparative figures as at the end of the immediately preceding financial year. ~~A banking company shall comply with Appendix 15 as regards the disclosure requirements for the balance sheet and income statement.~~ The listed issuer must include the notes relating to revenue~~turnover~~, taxation, earnings per share, dividends and any other notes that the directors consider necessary for a reasonable appreciation of the results for the year. Directors of the listed issuer must ensure that the information contained in the preliminary announcement of results is consistent with the information that will be contained in the annual reports (see paragraph 45A);

*45.1 ~~Listed issuers are not required to include an audited balance sheet within the meaning of section 129C or other provisions of the Companies Ordinance concerning balance sheets in their preliminary results announcement for the financial year under~~*

~~this paragraph 45. However, the financial information included in the preliminary results announcement must have been agreed with the auditors. This does not affect the listed issuers' obligations under the Companies Ordinance concerning balance sheets as and when they are applicable. Where a listed issuer includes an audited balance sheet in its preliminary results announcement, it must comply with all applicable laws, including the relevant statutory provisions applicable in the listed issuer's place of incorporation. [Repealed [date]]~~

- (2) particulars of any purchase, sale or redemption by the listed issuer, or any of its subsidiaries, of its listed securities during the relevant year or an appropriate negative statement;
- (3) a commentary business review covering the following:
  - (a) a fair review of the development of the business of the listed issuer and its subsidiaries during the financial year and of their financial position at the end of the year;
  - (b) details of important events affecting the listed issuer and its subsidiaries which have occurred since the end of the financial year; and
  - (c) an indication of likely future developments in the business of the listed issuer and its subsidiaries;
- (4) any supplementary information which in the opinion of the directors of the listed issuer is necessary for a reasonable appreciation of the results for the relevant year;
- (5) a statement as to whether the listed issuer meets the code provisions set out in the Corporate Governance Code contained in Appendix 14. The listed issuer must also disclose any deviations from the code provisions and give considered reasons for such deviations. To the extent that it is reasonable and appropriate, such information may be given by reference to the immediately preceding interim report or to the Corporate Governance Report in the immediately preceding annual report, and summarising any changes since that report. Any such references must be clear and unambiguous;
- (6) a statement as to whether or not the annual results have been reviewed by the audit committee of the listed issuer;
- (7) where the auditors' report on the listed issuer's annual financial statements is likely to be qualified or modified (whether or not it is also likely to be qualified), details of the qualification or modification;  
~~and~~

- (8) where there are any significant changes in accounting policies, a statement ~~to~~of that fact must be made~~;~~; and

*45.2 A listed issuer should apply the accounting policies consistently except where the change in accounting policy is required by an accounting standard which came into effect during the financial year.*

- (9) where there are prior period adjustments due to correction of material errors, a statement of that fact must be made.

*45.3 The term financial year refers to the period covered by a listed issuer's financial statements even where the period is not a calendar year.*

- 45A. Where, in exceptional circumstances, it becomes necessary to revise the information contained in the listed issuer's preliminary announcement of results in the light of developments arising between the date of publication of the announcement and the completion of the audit, the listed issuer must immediately notify the Exchange and publish an announcement in accordance with rule 2.07C to inform the public. The announcement must provide details of the changes made to the published preliminary announcement of results including any impact on the published financial information of the listed issuer and the reasons for such changes.

*45A.1 The Exchange does not expect there to be any material or substantial difference between the information contained in the listed issuer's preliminary announcement of results and that contained in its audited results.*

### **Information to accompany preliminary announcements of Interim results**

46. A listed issuer shall publish a preliminary announcement of its results in accordance with rule 2.07C for the first six months of each financial year as required under rule 13.49(6), which shall include, as a minimum, the following information:—

- (1) ~~except where the listed issuer is a banking company,~~ the information in respect of the ~~balance sheet~~statement of financial position and the ~~income statement~~statement of profit or loss and other comprehensive income as set out in paragraph 4 comprising ~~an income statement~~statement of profit or loss and other comprehensive income for the current interim period, with comparative figures for the comparable period of the immediately preceding financial year, and ~~balance sheet~~statement of financial position as at the end of the interim period, with comparative figures as at the end of the immediately preceding financial year. ~~A banking company shall comply with Appendix 15 as regards the disclosure requirements for the balance sheet and income statement.~~ The listed issuer must include the notes

relating to ~~revenue~~turnover, taxation, earnings per share, dividends and any other notes that the directors consider necessary for a reasonable appreciation of the results for the financial period. The ~~income statement~~statement of profit or loss and other comprehensive income and ~~balance sheet~~statement of financial position shall be as they appear in the listed issuer's full interim report;

*46.1 The Exchange has been advised that Section 129C(3) of the Companies Ordinance (Cap. 32) relates to the annual balance sheet once it has been audited. Section 129C(3) does not apply to any interim balance sheet. [Repealed [date]]*

- (2) particulars of any purchase, sale or redemption by the listed issuer or any of its subsidiaries of its listed securities during the relevant period, or an appropriate negative statement;
- (3) a commentary~~business review~~ covering the following:
  - (a) a fair review of the development of the business of the listed issuer and its subsidiaries during the financial period and of their financial position at the end of the period;
  - (b) details of important events affecting the listed issuer and its subsidiaries which have occurred since the end of the financial period; and
  - (c) an indication of likely future developments in the business of the listed issuer and its subsidiaries, including the listed issuer's prospects for the current financial year; or

where there have been no material changes in respect of such matters since the publication of the latest annual report, an appropriate negative statement in that regard;

- (4) a statement as to whether the listed issuer meets the code provisions set out in the Corporate Governance Code contained in Appendix 14. The listed issuer must also disclose any deviations from the code provisions and give considered reasons for such deviations. To the extent that it is reasonable and appropriate, such information may be given by reference to the Corporate Governance Report in the immediately preceding annual report, and summarising any changes since that annual report. Any such references must be clear and unambiguous;
- (5) any supplementary information which is necessary for a reasonable appreciation of the results for the six month period;
- (6) a statement as to whether or not the interim results have been reviewed by external auditors or the audit committee of the listed issuer;

- (7) full details of any disagreement by the auditors or the audit committee with the accounting treatment adopted by the listed issuer;
- (8) where the accounting information contained in a preliminary interim results announcement has been audited by the listed issuer's auditor and the auditors' report in the listed issuer's interim financial statements is qualified or modified (whether or not it is also qualified), details of the qualification or modification; ~~and~~
- (9) where there are any significant changes in accounting policies, a statement ~~to~~of that fact must be made; and

*46.2 A listed issuer should apply the same accounting policies in its interim financial statements as are applied in its annual financial statements, except where the change in accounting policy is required by an accounting standard which came into effect during the interim period.*

- (10) where there are prior period adjustments due to correction of material errors, a statement of that fact must be made.

### **Information to accompany listing documents**

47. In those cases where listing is sought for securities of a listed issuer no part of whose share capital is already listed, listing documents shall, in addition to those items specified in Part A of Appendix 1, contain:-

- (1) financial statements as set out in paragraph 2; and

*47.1 Where there have been material changes in group structure during the period covered by the accountants' report and thereafter prior to the proposed listing date of a new applicant, the new applicant should consult with the Exchange at the earliest opportunity in respect of the contents and presentation of the cash flow statement in the listing document.*

- (2) a discussion and analysis of the group's performance during the period covered by the accountants' report covering all those matters set out in paragraph 32; ~~and~~

- ~~(3) where the new applicant is regarded as a financial conglomerate (as defined in paragraph 36), all information required by paragraph 35. If, in the opinion of the directors, the market risk arising from the trading book is not considered as material, a statement to this effect shall be made and the information required by subparagraph 35(4)(a) may be omitted.~~

### **Information to accompany circulars**

48. Subject to rules 11.09, 14.67, 14.69, and 14A.64, the circular shall, in addition to those items specified in Part B of Appendix 1, contain:–

- (1) financial statements as set out in paragraph 2; and

*48.1 Where there have been material changes in group structure of the business or company acquired during the period covered by the accountants' report, the listed issuer should consult with the Exchange at the earliest opportunity in respect of the contents and presentation of the cash flow statement in the circular.*

- (2) a discussion and analysis of the performance of the business or company acquired during the period covered by the accountants' report covering all those matters set out in paragraph 32; ~~and~~

- ~~(3) where the listed issuer is regarded as a financial conglomerate (as defined in paragraph 36), all information required by paragraph 35. If, in the opinion of the directors of the listed issuer, the market risk arising from the trading book is not considered as material, a statement to this effect shall be made and the information required by sub paragraph 35(4)(a) may be omitted.~~

### **Banking Companies**

49. ~~Banking companies shall comply with Appendix 15 as regards the disclosure requirements for preliminary announcements of results, interim reports and circulars. [Repealed [date]]~~

~~49.1 Listed issuers' attention is also drawn to sub-rules 4.04(3)(b) and 4.04(4)(b) in relation to the disclosure requirements in listing documents.~~

### **Summary financial reports**

50. Summary financial reports of issuers must comply with the disclosure requirements set out in the Companies (Summary Financial Reports ~~of Listed Companies~~) Regulation. An issuer must also disclose the following information in its summary financial report:–

- (1) particulars of any purchase, sale or redemption by the listed issuer, or any of its subsidiaries, of its listed securities during the financial year or an appropriate negative statement; and
- (2) a separate Corporate Governance Report prepared by the board on its corporate governance practices. The report must, as a minimum, contain the information required under paragraphs G to P of Appendix 14 regarding the accounting period covered by the annual report. To the extent that it is reasonable and appropriate, this Corporate

Governance Report may take the form of a summary of the Corporate Governance Report in the annual report and may also incorporate information by reference to its annual report. Any such references must be clear and unambiguous and the summary must not contain only a cross-reference without any discussion of the matter. The summary must contain, as a minimum, a narrative statement indicating overall compliance with and highlighting any deviation from the Corporate Governance Code in Appendix 14.

### **Summary interim reports**

51. Summary interim reports of listed issuers shall include, as a minimum, the following information in respect of the listed issuers:
- (1) the information required under paragraphs 46(1) to ~~(9)~~10);
  - (2) details of non-compliance (if any) with rules 3.10(1) and 3.10(2) and an explanation of the remedial steps taken by the listed issuer to address such non-compliance relating to appointment of a sufficient number of independent non-executive directors and an independent non-executive director with appropriate professional qualifications, or accounting or related financial management expertise, respectively;
  - (3) details of non-compliance with rule 3.21 (if any) and an explanation of the remedial steps taken by the listed issuer to address such non-compliance relating to establishment of an audit committee;
  - (4) where the accounting information contained in a summary interim report has been audited by the listed issuer's auditors, an opinion from the auditors as to whether the summary interim report is consistent with the full interim report from which it is derived;
  - (5) names of the director(s) who have signed the full interim report on behalf of the board of directors of the listed issuer;
  - (6) a statement to the effect that the summary interim report only gives a summary of the information and particulars contained in the listed issuer's full interim report;
  - (7) a statement as to how an entitled person may obtain free of charge a copy of the listed issuer's full interim report from which the summary interim report is derived; and
  - (8) a statement as to the manner in which an entitled person may in future notify the listed issuer of his wishes to receive a copy of a summary interim report in place of a copy of the full interim report from which it is derived.

## Recommended additional disclosure

52. Issuers are encouraged to disclose the following additional commentary on ~~management~~ discussion and analysis in their interim and annual reports:
- (i) efficiency indicators (e.g. return on equity, working capital ratios) for the last five financial years indicating the bases of computation;
  - (ii) industry specific ratios, if any, for the last five financial years indicating the bases of computation;
  - (iii) a discussion of the listed issuer's purpose, corporate strategy and principal drivers of performance;
  - (iv) an overview of trends in the listed issuer's industry and business;
  - ~~(v) a discussion on business risks (including known events, uncertainties and other factors which may substantially affect future performance) and risks management policy;~~
  - ~~(vi) a discussion on the listed issuer's environmental policies and performance, including compliance with the relevant laws and regulations;~~
  - ~~(vii) a discussion on the listed issuer's policies and performance on community, social, ethical and reputational issues; and~~
  - ~~(viii) an account of the listed issuer's key relationships with employees, customers, suppliers and others, on which its success depends; and~~
  - ~~(ix) receipts from, and returns to, shareholders.~~

*Note: 52.1 Issuers should also note the recommended disclosures set out in paragraphs Q to T of Appendix 14.*

53. Issuers are encouraged to include information set out in Appendix 27 in the annual report regarding the same period covered in the annual report, or as a separate report.

*Note: 53.1 Where the information is included in a separate report, an issuer is free to report on any period but should consistently report on the same period so that the information can be comparable. However, the Exchange encourages an issuer to report regarding the same period as in the annual report.*

## **Chapter 18**

### **EQUITY SECURITIES**

#### **FINANCIAL INFORMATION**

##### **Introduction**

18.01 This Chapter sets out the continuing obligations of a listed issuer with regard to the disclosure of routine financial information on an annual, half-yearly and quarterly basis. It also sets out certain recommended disclosure items on ~~management~~ discussion and analysis (see rule 18.83) that listed issuers are encouraged to include in their half-year and annual reports. These recommended disclosure items are not obligatory, but merely items relating to good practice which are recommended for disclosure. Additional requirements, relating to non-routine financial disclosure, are set out in the following Chapters:

Chapter 7	—	Accountants' Reports and Pro Forma Financial Information
Chapter 14	—	Listing Documents
Chapter 19	—	Notifiable Transactions
Chapter 20	—	Connected Transactions

Additional disclosure requirements in respect of routine financial information are set out in the following Chapters, in so far as they relate to the following issuers:—

Chapter 24	—	Overseas issuers
Chapter 25	—	PRC issuers
Chapter 31	—	Issuers of debt securities

*Note: In circumstances where the disclosure requirements of Chapters 24 or 25, as appropriate, are inconsistent with the requirements of this Chapter, the requirements of Chapters 24 or 25, as appropriate, shall prevail.*

18.02 A listed issuer is required to prepare annual ~~accounts~~financial statements, half-year reports and quarterly reports. The contents, timing and publication requirements for each such ~~accounts~~financial statements or reports are set out in this Chapter.

## Annual reports

### *Distribution*

18.03 The listed issuer must send to:—

- (1) every member of the listed issuer; and
- (2) every other holder of its listed securities,

a copy of either (i) the directors' report and its annual ~~accounts~~financial statements and, where the listed issuer prepares ~~group accounts~~consolidated financial statements, the ~~group accounts~~consolidated financial statements, together with a copy of the auditors' report thereon or (ii) its summary financial report, not less than 21 days before the date of the listed issuer's annual general meeting and not more than 3 months after the date upon which the financial period ended. The Issuer may send a copy of its summary financial report to a member and a holder of its listed securities in place of a copy of its annual report and ~~accounts~~financial statements, provided that it complies with rule 18.81 and the relevant provisions set out in sections ~~441~~437 to 446 of the Companies Ordinance and in the Companies (Summary Financial Reports of Listed Companies) Regulation or, in the case of overseas issuers, with provisions no less onerous than the above provisions for listed issuers incorporated in Hong Kong.

Nothing in this rule shall require the listed issuer to send any of the documents referred to therein to:—

- (a) a person of whose address the listed issuer is unaware; or
- (b) more than one of the joint holders of any of its listed securities.

*Notes: 1 “~~Group accounts~~Consolidated financial statements”, for the purposes of a Hong Kong listed issuer, has the meaning ascribed to it under section ~~124(1)~~379(2) of the Companies Ordinance.*

*2 The directors' report, auditors' report, annual ~~accounts~~financial statements (including ~~group accounts~~consolidated financial statements) and, where applicable, summary financial report must be in the English language and must be accompanied by a Chinese translation or be in the Chinese language accompanied by an English translation. In respect of overseas members, it shall be sufficient for the listed issuer to mail an English language version of either (i) its directors' report, auditors' report and annual ~~accounts~~financial statements or (ii) its summary financial report if such documents contain a prominent statement in both English and Chinese to the effect that a*

Chinese translation is available from the listed issuer, on request.

- 3 Sections ~~122~~429 and 431 of the Companies Ordinance requires ~~the annual accounts of the directors of a Hong Kong listed issuer to lay the issuer's annual financial statements before its members at its annual general meeting within the period of 6 months after the end of the financial year or accounting reference period to which the annual financial statements relate~~ which are laid before the listed issuer at its annual general meeting to be made up to a date falling not more than 6 months before the date of the meeting. An overseas issuer (including for such purposes, a PRC issuer) should comply with the same requirement as a Hong Kong issuer must make up its annual accounts to a date not more than 6 months before the date of its annual general meeting.
- 4 The Exchange may at its discretion suspend dealings in or cancel the listing of the securities of the listed issuer if it falls into arrears in the issue of its directors' report and ~~accounts~~ financial statements. If the listed issuer has significant interests outside Hong Kong it may apply for an extension of the 6 month period. However, the attention of a Hong Kong ~~listed~~ issuer is drawn to section ~~122 (1B)~~431 of the Companies Ordinance which requires any extension of the time limit to be approved by the ~~High~~ Court of First Instance.
- 5 [Repealed 1 January 2011]

#### Accounting standards

- 18.04 Annual ~~accounts~~ 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 ~~accounts~~ financial statements.*

- 18.05 A listed issuer, which is also listed on the New York Stock Exchange or the Nasdaq National Market of the United States of America, may prepare annual ~~accounts~~ 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 National 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 National 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 ~~accounts~~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 ~~accounts~~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 National 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, allows the annual ~~accounts~~financial statements of any overseas issuer to be drawn up otherwise than in conformity with accounting standards referred to in rule 18.04 or with US GAAP in the circumstances set out in rule 18.05, the Exchange will normally require the annual ~~accounts~~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.

*Information to accompany directors' report and annual ~~accounts~~financial statements*

18.07 The listed issuer shall include the disclosures required under the relevant accounting standards adopted and the information set out in rules ~~18.08~~18.07A to ~~18.48~~18.47 in its directors' report and annual ~~accounts~~financial statements. ~~Each set of financial statements presented in an annual report shall include, at a minimum, the components set out below.~~ Unless stated to the contrary the financial information specified in these rules may be included outside the financial statements and will therefore be outside the scope of the auditors' report on the financial statements. The ~~income statement~~statement of profit or loss and other comprehensive income and ~~balance sheet~~statement of financial position set out in the financial statements must include at least the information set out in rule 18.50B. Banking companies (meaning banks, restricted licence banks and deposit-taking companies as defined in the Banking Ordinance) shall, in addition, comply with the ~~Financial Disclosure by Locally Incorporated Authorized Institutions~~Guideline on the Application of the Banking (Disclosure) Rules as issued by the Hong Kong Monetary Authority.

- (1) ~~balance sheet;~~
- (2) ~~income statement;~~
- (3) ~~cash flow statement;~~
- (4) ~~statement of changes in equity;~~
- (5) ~~comparative figures for the statements referred to in (1) to (4) immediately above for the corresponding previous period; and~~
- (6) ~~accounting policies and explanatory notes.~~

*Notes: 1 The Exchange may authorise the omission from an annual report of specified items of information if it considers that disclosure of such information would be contrary to the public interest or seriously detrimental to the listed issuer. The Exchange will only authorise such omission provided it is satisfied that the omission is not likely to mislead the public with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question. The listed issuer or its representatives will be responsible for the correctness and relevance of the facts on which any application for such exemption is based.*

*2 The annual report and ~~accounts~~financial statements must contain, at a prominent position, and in bold type, a statement about the characteristics of GEM, in the form set out in rule 2.20.*

*3 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.*

*4 An annual report shall contain the following information required under other parts of the Listing Rules:*

*(a) advance to an entity under rule 17.22;*

*(b) pledging of shares by the controlling shareholder under rule 17.23;*

- (c) loan agreements with covenants relating to specific performance of the controlling shareholder under rule 17.23;
- (d) breach of loan agreement by an issuer under rule 17.23;
- (e) financial assistance and guarantees to affiliated companies of an issuer under rule 17.24;
- (f) provision of information in respect of and by directors, supervisors and chief executives under rule 17.50A(1);
- (g) for an issuer involving in mining activities, continuing disclosure obligations arise under rules 18A.14 to 18A.17, where appropriate;
- (h) information of profit guarantee provided by a connected person regarding the financial performance of the company or business acquired from the connected person under rule 20.61;
- (i) share option schemes under rules 23.07, 23.08 and 23.09; and
- (j) provision of information in respect of corporate governance code provisions B.1.5 (remuneration payable to members of senior management by band) and C.1.4 (discussion and analysis of group's performance) of Appendix 15 or explain reason for deviation.

18.07A In addition, a listed issuer shall include disclosures required under the following provisions of the Companies Ordinance and subsidiary legislation:–

- (1) in financial statements
  - (a) Section 383 - Notes to financial statements to contain information on directors' emoluments etc.;
  - (b) Schedule 4 - Accounting Disclosures relating to:
    - (i) Part 1(1) Aggregate amount of authorized loans;
    - (ii) Part 1(2) Statement of financial position to be contained in notes to annual consolidated financial statements;
    - (iii) Part 1(3) Subsidiary's financial statements must contain particulars of ultimate parent undertaking;

- (iv) Part 2(1) Remuneration of auditor; and
- (c) Companies (Disclosure of Information about Benefits of Directors) Regulation; and
- (2) in directors' report
  - (a) Section 390 - Contents of directors' report: general;
  - (b) Section 470 - Permitted indemnity provision to be disclosed in directors' report;
  - (c) Section 543 - Disclosure of management contract;
  - (d) Schedule 5 - Content of Directors' Report: Business Review; and
  - (e) Companies (Directors' Report) Regulation.

*Notes: 1 Directors must prepare the directors' report which complies with section 388 of the Companies Ordinance and the directors' report must be approved and signed, which complies with section 391 of the Companies Ordinance.*

*2 Section 390(3)(b) of the Companies Ordinance requires a company to disclose the name(s) of the director(s) of its subsidiaries. Notwithstanding the disclosure provisions in sub-paragraph 2(a) above, a listed issuer not incorporated in Hong Kong is not required to disclose the name(s) of its subsidiaries' director(s).*

18.08 ~~A listed issuer shall include in its financial statements the segmental information required by the accounting standards adopted for the preparation of its annual financial statements: —[Repealed [date]]~~

- ~~(1) — Hong Kong Financial Reporting Standards (HKFRS); or~~
- ~~(2) — International Financial Reporting Standards (IFRS); or~~
- ~~(3) — Generally Accepted Accounting Principles in the United States of America (US GAAP); or~~
- ~~(4) — China Accounting Standards for Business Enterprises (CASBE).~~

18.08A In each annual report and half-year report published during at least the first 2 full financial years after listing, a statement by the directors as to the issuer's achievement of its business objectives as stated in its listing document at the time of listing under rule 14.19. The discussion in the statement should include a balanced and concise analysis of the level of achievement of the business objectives in terms of both qualitative and quantitative financial and non-financial information. There should be a description of the principal risks and uncertainties facing the company and

a commentary on the directors' approach to them, together with an explanation of any material differences between the disclosure in the listing document and actual business progress in the relevant period (including as to the use of proceeds as indicated in the listing document).

*Notes:*

- 1 *For general guidance, issuers may include information such as:*
  - (a) *significant developments by key business segments;*
  - (b) *trends, internal and external environmental and industry factors affecting performance or achievement of the objectives;*
  - (c) *the principal risks and uncertainties facing the issuer or its group, including strategic, operational and financial risks; and*
  - (d) *the key performance indicators used by the directors to measure performance in achieving the issuer's objectives.*
  
- 2 *Key performance indicators are factors by reference to which the development, performance or position of the business can be measured effectively. For the purposes of rule 18.08A these rules issuers should determine and disclose their own key performance indicators which should be of a quantitative nature so that the level of achievement of objectives can be quantified. Such quantitative standards may include, for example:*
  - (a) *customer retention and satisfaction*
  - (b) *capital adequacy and expenditure*
  - (c) *store portfolio changes*
  - (d) *reserve replacement costs*
  - (e) *equipment utilisation and capacity*
  - (f) *loan loss*
  - (g) *asset quality*
  - (h) *expected return on sales*
  - (i) *sales volume per square foot of store space, etc.*
  
- 3 *The issuer should use, where appropriate, a tabular format of presentation with a recitation of the business objectives (as stated in its listing document) on one side and the directors' comments about level of achievement on the other.*

- 18.08B An issuer shall include in its annual report a statement of sufficiency of public float with information as required under rule 17.38A.
- 18.09 (1) In relation to connected transactions (including continuing connected transactions) that are not exempt from annual reporting requirement in Chapter 20, particulars of the transactions pursuant to rule 20.69.
- (2) Where a listed issuer includes in its annual report particulars of a related party transaction or continuing related party transaction (as the case may be) in accordance with applicable accounting standards adopted for the preparation of its annual financial statements, a statement as to whether or not the transaction falls under the definition of “connected transaction” or “continuing connected transaction” (as the case may be) in Chapter 20. The listed issuer must also confirm whether or not it has complied with the disclosure requirements in accordance with Chapter 20.
- 18.10 A statement showing:—
- (1) the name of every subsidiary, its principal country of operation, its country of incorporation or other establishment and the kind of legal entity it is registered as (for the purposes of the relevant jurisdiction);
- (2) particulars of the issued share capital and debt securities of every subsidiary; and
- (3) the nature of the business of every subsidiary,
- provided that if, in the opinion of the directors of the listed issuer, the number of them is such that compliance with this rule would result in particulars of excessive length being given, compliance with this rule shall not be required except in the case of subsidiaries carrying on a business the results of the carrying on of which, in the opinion of the directors, materially affected the amount of the profit or loss of the group or the amount of the assets of the group.
- 18.11 Details of the classes and numbers of any convertible securities, options, warrants or similar rights issued or granted by the listed issuer or any of its subsidiaries during the financial year, together with the consideration received by the listed issuer or any of its subsidiaries therefor.
- 18.12 Particulars of any exercise made during the financial year of any conversion or subscription rights under any convertible securities, options, warrants or similar rights issued or granted at any time by the listed issuer or any of its subsidiaries.

18.13 Particulars of any redemption or purchase or cancellation by the listed issuer or any of its subsidiaries of its redeemable securities and the amount of such securities outstanding after any such redemption or purchase or cancellation has been made.

18.14 Particulars of any purchase, sale or redemption by the listed issuer, or any of its subsidiaries, of its listed securities during the financial year (analysed on a monthly basis), or an appropriate negative statement. Such statement must include the aggregate price paid or received by the listed issuer for such purchases, sales or redemptions and should distinguish between those securities purchased or sold:—

- (1) on the Exchange;
- (2) on another stock exchange;
- (3) by private arrangement; and
- (4) by way of a general offer; and

any such statement must also distinguish between those listed securities which are purchased by the listed issuer (separately distinguishing those shares which are cancelled and those which are held as treasury stock, if applicable) and those which are purchased by a subsidiary of the listed issuer. The directors' report shall contain references to the purchases made during the year and the directors' reasons for making such purchases (see rule 13.13(2)).

18.15 (1) Subject to rule 18.15(2), a statement as at the end of the relevant financial year showing the interests and short positions of each director and chief executive of the listed issuer in the shares, underlying shares and debentures of the listed issuer or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance):

- (a) as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance; or
- (b) as otherwise notified to the listed issuer and the Exchange pursuant to the required standard of dealings by directors of listed issuers as referred to in rule 5.46 (which for purposes of this sub-paragraph shall be deemed to apply to the PRC issuer's supervisors to the same extent as it applies to directors); or
- (c) if there is no such interests or short positions, a statement of that fact,

provided that the Exchange may agree, in its sole discretion, that compliance with this subparagraph may be modified or waived in

respect of any associated corporation if, in the opinion of the Exchange, the number of associated corporations in respect of which each director and chief executive is taken or deemed to have an interest under Part XV of the Securities and Futures Ordinance is such that compliance with this sub-paragraph would result in particulars being given which are not material in the context of the group and are of excessive length.

- (2) The information required to be included by virtue of rule 18.15(1) must specify the company in which interests or short positions are held, the class to which those securities belong and the number of such securities held, but need not disclose:
- (a) the interests of a director or a chief executive officer in the shares of the listed issuer or any of its subsidiaries if such interest is held solely in a non-beneficial capacity and is for the purpose of holding the requisite qualifying shares; or
  - (b) the non-beneficial interests of directors or chief executive officers in the shares of any subsidiary of the listed issuer in so far as that interest comprises the holding of shares subject to the terms of a written, valid and legally enforceable declaration of trust in favour of the parent company of that subsidiary or the listed issuer and such interest is held solely for the purpose of ensuring that the relevant subsidiary has more than one member.

*Note: Where interests in securities arising from the holding of such securities as qualifying shares are not disclosed pursuant to the exception provided in this paragraph, a general statement should nevertheless be made to indicate that the directors hold qualifying shares.*

18.16 A statement as at the end of the relevant financial year, showing the interests or short positions of every person, other than a director or chief executive of the listed issuer, in the shares and underlying shares of the listed issuer as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance, or if there is no such interests or short positions recorded in the register, a statement of that fact.

*Notes: 1 For the purposes of rules 18.15 and 18.16, particulars should be given of the extent of any duplication which occurs.*

2 In the case of a PRC issuer, references to director or chief executive in rules 18.15 and 18.16 inclusive shall also mean and include supervisors.

18.17 Statements disclosing interests and short positions in shares, underlying shares and debentures have to separately refer to three categories of persons, namely, directors and chief executives, substantial shareholders and other persons who are required to disclose their interests. Such

statements should describe the capacity in which such interests and short positions are held and the nature of such interests and short positions as disclosed in the prescribed forms required to be used, when giving notice pursuant to sections 324 and 347 of Part XV of the Securities and Futures Ordinance. Where interests or short positions are attributable on account of holdings through corporations that are not wholly-owned by the person making disclosure, the percentage interests held by such person in such corporation should be disclosed.

18.17A For directors and chief executives, the statements should show details of the following matters as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance:

- (1) aggregate long position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds);
  - (b) interests in debentures; and
  - (c) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives;
    - (ii) cash settled equity derivatives;
    - (iii) other equity derivatives.

*Notes:*

- (1) *In the case of issuers and associated corporations, the statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer or associated corporation.*
- (2) *A long position arises where a person is a party to an equity derivative, by virtue of which the person:*
  - (i) *has a right to take the underlying shares;*
  - (ii) *is under an obligation to take the underlying shares;*
  - (iii) *has a right to receive money if the price of the underlying shares increases; or*

- (iv) *has a right to avoid or reduce a loss if the price of the underlying shares increases.*
- (3) *For (c)(i) above, in respect of options granted to directors or chief executives pursuant to share option schemes under Chapter 23 of the GEM Listing Rules, the statements should show such details as are required to be disclosed under Rule 23.07(1) of the GEM Listing Rules.*
- (2) aggregate short position in shares and (in respect of positions held pursuant to, equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
  - (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and
  - (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives;
    - (ii) cash settled equity derivatives; and
    - (iii) other equity derivatives.

*Notes:*

- (1) *In the case of issuers or associated corporations, the statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer or associated corporation.*
- (2) *A short position arises:*
  - (i) *where the person is the borrower of shares under a securities borrowing and lending agreement, or has an obligation to deliver the underlying shares to another person who has lent shares;*
  - (ii) *where the person is the holder, writer or issuer of any equity derivatives, by virtue of which the person —*
    - (a) *has a right to require another person to take the underlying shares of the equity derivatives;*

- (b) *is under an obligation to deliver the underlying shares of the equity derivatives to another person;*
- (c) *has a right to receive from another person money if the price of the underlying shares declines; or*
- (d) *has a right to avoid a loss if the price of the underlying shares declines.*

18.17B For substantial shareholders, the statements should show details of the following matters as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance:

- (1) aggregate long position in the shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds); and
  - (b) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives; and
    - (ii) cash settled equity derivatives.

*Notes:*

- (1) *The statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer.*
- (2) *A long position arises where a person is a party to an equity derivative, by virtue of which the person:*
  - (i) *has a right to take the underlying shares;*
  - (ii) *is under an obligation to take the underlying shares;*
  - (iii) *has a right to receive money if the price of the underlying shares increases; or*
  - (iv) *has a right to avoid or reduce a loss if the price of the underlying shares increases.*

- (3) *For (b)(i) above, in respect of options granted to substantial shareholders pursuant to share option schemes under Chapter 23 of the GEM Listing Rules, the statements should show such details as are required to be disclosed under Rule 23.07(1) of the GEM Listing Rules.*
- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
- (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and
- (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
- (i) physically settled equity derivatives; and
- (ii) cash settled equity derivatives.

*Notes:*

- (1) *The statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer.*
- (2) *A short position arises:*
- (i) *where the person is the borrower of shares under a securities borrowing and lending agreement, or has an obligation to deliver the underlying shares to another person who has lent shares;*
- (ii) *where the person is the holder, writer or issuer of any equity derivatives, by virtue of which the person —*
- (a) *has a right to require another person to take the underlying shares of the equity derivatives;*
- (b) *is under an obligation to deliver the underlying shares of the equity derivatives to another person;*
- (c) *has a right to receive from another person money if the price of the underlying shares declines; or*
- (d) *has a right to avoid a loss if the price of the underlying shares declines.*

18.17C For other persons whose interests are recorded (or, in the case of a new listing, are required to be recorded) in the register required to be kept under

section 336 of the Securities and Futures Ordinance, the statements should show details of the same matters as are required to be disclosed in the case of a substantial shareholder pursuant to Rule 18.17B, except that note (3) to Rule 18.17B(1) does not apply.

18.18 In the event of trading results shown by the ~~accounts~~financial statements for the period under review differing materially from any published forecast made by the listed issuer, an explanation for the difference.

18.19 A statement in the accounting policies section of the ~~accounts~~financial statements indicating which accounting body's generally accepted accounting principles and standards have been followed in the preparation of the ~~accounts~~financial statements.

18.20 A statement as to the reasons for any significant departure from accounting standards adopted by the listed issuer for the preparation of its annual financial statements.

*Note: In this regard, refer to rules 18.04 to 18.06.*

18.21 Except where the listed issuer is a banking company, a statement as at the end of the financial year showing, firstly, bank loans and overdrafts and, secondly, other borrowings of the group, the aggregate amounts repayable:—

- (1) on demand or within a period not exceeding 1 year;
- (2) within a period of more than 1 year but not exceeding 2 years;
- (3) within a period of more than 2 years but not exceeding 5 years; and
- (4) within a period of more than 5 years.

18.22 ~~In respect of the financial year, a statement of the amount of interest capitalised by the group during the year.~~[Repealed [date]]

18.23 Where any of the percentage ratios (as defined under rule 19.04(9)) of any properties held for development and/or sale or for investment purposes held by the group exceeds 5%, the following information:

- (1) in the case of property held for development and/or sale:—
  - (a) an address sufficient to identify the property, which generally must include the postal address, lot number and such further designation as is registered with the appropriate government authorities in the jurisdiction in which the property is located;
  - (b) if in the course of construction, the stage of completion as at the date of the annual report and ~~accounts~~financial statements;

- (c) if in the course of construction, the expected completion date;
  - (d) the existing use (e.g. shops, offices, factories, residential, etc.);
  - (e) the site and gross floor area of the property; and
  - (f) the percentage interest in the property.
- (2) in the case of property held for investment:—
- (a) an address sufficient to identify the property, which generally must include the postal address, lot number and such further designation as is registered with the appropriate government authorities in the jurisdiction in which the property is located;
  - (b) the existing use (e.g. shops, offices, factories, residential, etc.); and
  - (c) whether the property is held on short lease, medium term lease or long lease or, if situated outside Hong Kong, is freehold; and
- (3) such other details as may be prescribed or requested from time to time by the Exchange, provided that if, in the opinion of the directors of the listed issuer, the number of the properties is such that compliance with this rule would result in particulars of excessive length being given, compliance with this rule shall not be required except in the case of properties which in the opinion of the directors are material.

18.24 Statements as to:—

- (1) the unexpired period of any service contract, which is not determinable by the employer within one year without payment of compensation (other than statutory compensation), of any director proposed for re-election at the forthcoming annual general meeting or, if there are no such service contracts, a statement of that fact; and

*Note: In the case of a PRC issuer, reference to director under this paragraph shall also mean and include supervisor.*

- (2) the length of the term of appointment of every non-executive director.

18.24A Particulars of any service contracts that are exempt under rule 17.91.

18.25 Particulars (nature and extent) of any transaction, arrangement or contract of significance subsisting during or at the end of the financial year in which

a director of the listed issuer or an entity connected with a director is or was materially interested, either directly or indirectly, or, if there has been no such transaction, arrangement or contract, a statement of that fact.

*Notes: 1 In the case of a PRC issuer, reference to director under this paragraph shall also mean and include supervisor.*

~~12~~ A “transaction, arrangement or contract of significance” is one where any of the percentage ratios (as defined under 19.04(9)) of the transaction is 1% or more.

~~23~~ An interest in a transaction, arrangement or contract is material for the purposes of disclosure in the ~~accounts~~financial statements if the omission of information relating to that transaction, arrangement or contract ~~or arrangement~~ could have changed or influenced the judgement or decision of a person relying on the relevant information.

4 A reference to an entity connected with a director has the meaning given by section 486 of the Companies Ordinance.

18.26 Particulars of any contract of significance between the listed issuer, or one of its subsidiary companies, and a controlling shareholder or any of its subsidiaries.

*Note: For the purposes of this rule and rule 18.27, the words “controlling shareholder” mean any shareholder entitled to exercise, or control the exercise of, 30 per cent (or such other amount as may from time to time be specified in the Takeovers Code as being the level for triggering a mandatory general offer) or more of the voting power at general meetings of the listed issuer or one which is in a position to control the composition of a majority of the board of directors of the listed issuer.*

18.27 Particulars of any contract of significance for the provision of services to the listed issuer or any of its subsidiaries by a controlling shareholder or any of its subsidiaries.

*Note: See Note ~~12~~ to rule 18.25 and the Note to rule 18.26.*

18.28 Information concerning the emoluments, pension and any compensation arrangements for the directors and past directors of the listed issuer ~~as is specified in sections 161 and 161A of the Companies Ordinance (which information must be provided irrespective of where the listed issuer is in fact incorporated)~~. The information provided pursuant to this rule must include details of directors’ and past directors’ emoluments, by name as follows:–

- (1) the directors’ fees for such financial year;
- (2) the directors’ basic salaries, housing allowances, other allowances and benefits in kind;

- (3) the contributions to pension schemes for directors or past directors for such financial year;
- (4) the bonuses paid or receivable by directors which are discretionary or are based on the listed issuer's, the group's or any member of the group's performance (excluding amounts disclosed in (5) and (6) below) for such financial year;
- (5) the amounts paid during such financial year or receivable by directors as an inducement to join or upon joining the listed issuer;
- (6) the compensation paid during such financial year or receivable by directors or past directors for the loss of office as a director of any member of the group or of any other office in connection with the management of the affairs of any member of the group distinguishing between contractual and other payments (excluding amounts disclosed in (2) to (5) above); and
- (7) information on share options held by directors as required under rule 23.07.

*Notes: 1 In the case of a PRC issuer, references to directors or past directors in this rule shall also mean and include past and present supervisors (as appropriate).*

*2 Sub-paragraphs (2) to (6) of this rule require an analysis of the amounts to be disclosed in the issuer's ~~accounts~~ financial statements under the provisions of section ~~161(1)~~ 383(1)(a) to (c) inclusive of the Companies Ordinance.*

*3 Where a director is contractually entitled to bonus payments which are fixed in amount such payments are more in the nature of basic salary and accordingly must be disclosed under sub-paragraph (2) of this rule.*

*4 In addition to discretionary bonus payments, all bonus payments to which a director is contractually entitled and which are not fixed in amount, together with the basis upon which they are determined, must be disclosed under sub-paragraph (4) of this rule.*

*5 Where the information provided under sub-paragraphs (1) to (5) of this rule does not disclose the full compensation of a director for the financial year, any outstanding element of compensation must also be disclosed.*

*6 References to "director" in this rule include a chief executive who is not a director.*

18.29 A listed issuer shall include particulars of any arrangement under which a director has waived or agreed to waive any emoluments.

*Note: Where a director has agreed to waive future emoluments, particulars of such waiver must be given together with those relating to emoluments which accrued during the past financial year. This applies in respect to emoluments from the listed issuer or any of its subsidiaries or other person.*

18.29A The following information in respect of the group's emolument policy:

- (1) a general description of the emolument policy and any long-term incentive schemes of the group; and
- (2) the basis of determining the emolument payable to its directors.

18.30 Additional information in respect of those 5 individuals whose emoluments (excluding amounts paid or payable by way of commissions on sales generated by the individual) were the highest in the listed issuer or the group for the year and details of the increase of each of their emoluments. Where all 5 of these individuals are directors and the information required by this rule has been disclosed in the emoluments of directors, this must be stated and no additional disclosure is required. Where the details of one or more of the individuals whose emoluments were the highest have not been included in the emoluments of directors, the following information must be disclosed:—

- (1) the aggregate of basic salaries, housing allowances, other allowances and benefits in kind for such financial year;
- (2) the aggregate of contributions to pension schemes for the financial year;
- (3) the aggregate of bonuses paid or receivable which are discretionary or are based on the issuer's, the group's or any member of the group's performance (excluding amounts disclosed in (4) and (5) below) for the financial year;
- (4) the aggregate of amounts paid during the financial year or receivable as an inducement to join or upon joining the issuer or the group;
- (5) the aggregate of compensation paid during such financial year or receivable for the loss of any office in connection with the management of the affairs of any member of the group distinguishing between contractual payments and other payments (excluding amounts disclosed in (1) to (3) above); and
- (6) an analysis showing the number of individuals whose remuneration (being amounts paid under (1) to (5) above) fell within bands from HK\$nil up to HK\$1,000,000 or into higher bands (where the higher

limit of the band is an exact multiple of HK\$500,000 and the range of the band is HK\$499,999).

*Notes: 1 It is not necessary to disclose the identity of the highest paid individuals, unless any of them are directors of the issuer.*

*2 The purpose of these disclosures is to provide shareholders with an indication of the fixed management costs of groups and accordingly employees who are higher paid by virtue of sales commissions are to be omitted from this disclosure.*

18.31 Particulars of any arrangement under which a shareholder has waived or agreed to waive any dividends.

*Note: Where a shareholder has agreed to waive future dividends, particulars of such waiver(s) must be given together with those relating to dividends which were payable during the past financial year. Waivers of dividends of minor amount may be disregarded provided that some payment has been made on each share during the relevant calendar year.*

18.32 In the case of any issue for cash of equity securities made otherwise than to the listed issuer's shareholders in proportion to their shareholdings and which has not been specifically authorized by the listed issuer's shareholders:—

- (1) the reasons for making the issue;
- (2) the classes of equity securities issued;
- (3) as regards each class of equity securities, the number issued, their aggregate nominal value, if any;
- (4) the issue price of each security;
- (5) the net price to the listed issuer of each security;
- (6) the names of the allottees, if less than 6 in number, and, in the case of 6 or more allottees, details of such allottees in accordance with rule 10.12(4);
- (7) the market price of the securities concerned on a named date, being the date on which the terms of the issue were fixed; and
- (8) the use of the proceeds.

18.33 A summary, in the form of a comparative table, of the published results and of the assets and liabilities of the group for the last 5 financial years. Where the published results and statement of assets and liabilities have not been prepared on a consistent basis this must be explained in the summary.

18.34 An issuer shall include the following information in addition to the information required under the relevant accounting standard in respect of pension schemes:

- ~~(1) the nature of the principal scheme or schemes operated by the group (i.e. whether they are defined benefit plans or defined contribution plans);~~
- (2) a brief outline of how contributions are calculated or benefits funded;
- ~~(3) the employer's pension cost charge to the profit and loss account for the period;~~
- (4) in the case of defined contribution schemes, details of whether forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) may be used by the employer to reduce the existing level of contributions and if so, the amounts so utilised in the course of the year and available at the ~~balance sheet date~~ of statement of financial position for such use; and
- (5) in the case of defined benefit plans, an outline of the results of the most recent formal independent actuarial valuation (which should be as at a date not earlier than 3 years prior to the date to which the listed issuer's ~~accounts~~ financial statements are drawn up) or later formal independent review of the scheme on an ongoing basis. This should include disclosure of:—
  - (a) the name and qualifications of the actuary, the actuarial method used and a brief description of the main actuarial assumptions;
  - (b) the market value of the scheme assets at the date of their valuation or review (unless the assets are administered by an independent trustee in which case this information may be omitted);
  - (c) the level of funding expressed in percentage terms; and
  - (d) comments on any material surplus or deficiency (including quantification of the deficiency) indicated by (c) above.

18.35 If the issuer has caused any property interests to be valued (under Chapter 8) or has caused any valuation to be made of any other tangible assets and included such a valuation in the prospectus relating to the initial public offer of shares in the issuer and those assets are not stated at such valuation (or at subsequent valuation) in its first annual ~~accounts~~ financial statements

published after listing, then the issuer is required to disclose the following additional information in its first annual report published after listing:–

- (1) the amount of such valuation of those properties or other tangible assets as included in the prospectus; and
- (2) the additional depreciation (if any) that would be charged against the ~~income statement~~statement of profit or loss and other comprehensive income had those assets been stated at such valuation (or subsequent valuation).

18.36 ~~If applicable, the information set out in rules 17.22 to 17.24 concerning on-going financial exposure to borrowers and other on-going matters of relevance.~~[Repealed [date]]

18.37 A statement of the reserves available for distribution to shareholders by the listed issuer (as calculated under the provisions of sections ~~79B~~291, 297 and 299 of the Companies Ordinance) as at the ~~balance sheet~~ date of its statement of financial position.

#### **Additional disclosure for Financial Conglomerates**

18.37A ~~Where a listed issuer is regarded as a financial conglomerate (as defined in rule 18.37B below), the listed issuer shall, in addition to the requirements as set out in all preceding paragraphs, include in its annual report at least the information as set out in rule 18.37A(1) to 18.37A(4) inclusive. Information required by rule 18.37A(1) to 18.37A(3) should be included in the financial statements.~~ [Repealed [date]]

~~(1) — Income Statement~~

~~(a) — interest income;~~

~~(b) — interest expense;~~

~~(c) — gains less losses arising from dealing in foreign currencies;~~

~~(d) — gains less losses on trading securities or other investments in securities;~~

~~(e) — gains less losses from other dealing activities;~~

~~(f) — gains less losses arising from derivative products;~~

~~(g) — charge for bad and doubtful debts;~~

~~(h) — gains less losses from disposal of investment securities or non-trading securities;~~

~~(i) provisions on held-to-maturity securities and investment securities or provisions on held-to-maturity securities and non-trading securities; and~~

~~(j) operating profit by products and divisions.~~

~~(2) Balance Sheet~~

~~(a) cash and short term funds (with an analysis between cash and balances with banks and other financial institutions, money at call and short notice and treasury bills where applicable);~~

~~(b) trading securities or other investments in securities (investments in securities should be distinguished between equities and debt securities and analysed between those which are listed and those which are unlisted. The analysis should be provided separately for held-to-maturity securities, investment securities, other investments in securities, trading securities and non-trading securities where applicable. Market value of the listed securities as at the balance sheet date should also be disclosed);~~

~~(c) advances and other accounts (with an analysis between advances to customers, advances to banks and other financial institutions, accrued interest and other accounts, provisions for bad and doubtful debts and the related collateral security);~~

~~(d) held-to-maturity securities and investment securities or held-to-maturity securities and non-trading securities (with an analysis of held-to-maturity securities, investment securities, other investments in securities, trading securities and non-trading securities separately into those issued by central governments and central banks, public sector entities, banks and other financial institutions; corporate entities; and others. Market value of listed securities as at the balance sheet date should also be disclosed);~~

~~(e) issued debt securities;~~

~~(f) other accounts and provisions such as obligations on leases, sale and repurchase agreements, and forward contracts (with an analysis where material); and~~

~~(g) a maturity profile of the following assets and liabilities unless immaterial,~~

~~Assets—~~

~~Advances to customers.~~

~~Placements with banks and other financial institutions.~~

~~Certificates of deposit held.~~

~~Debt securities (with an analysis into those included in held-to-maturity securities, trading securities or other investments in securities and investment securities or non-trading securities).~~

~~Liabilities —~~

~~Deposits and balances of banks and other financial institutions.~~

~~Current, fixed, savings and other deposits of customers.~~

~~Certificates of deposit issued.~~

~~Issued debt securities.~~

~~(3) — Off Balance Sheet exposures~~

~~(a) — contingent liabilities and commitments;~~

~~(b) — derivatives (with an analysis into those related to exchange rate contracts and interest rate contracts. The aggregate notional amounts of each significant class of derivative instruments should also be analysed into those entered into for trading or hedging purposes);~~

~~(c) — where applicable, the aggregate credit risk weighted amounts of its contingent liabilities and commitments, exchange rate contracts, interest rate contracts and other derivatives, if any; and~~

~~(d) — the aggregate replacement costs of its exchange rate contracts, interest rate contracts, and other derivative contracts, if any.~~

~~The information required by rule 18.37A(1) to 18.37A(3) inclusive may be provided on the face of the income statement or the balance sheet, as appropriate, or in the notes to the financial statements.~~

~~(4) — Supplementary Information~~

~~(a) — Management of risks~~

~~A description of the main types of risk arising out of its business, including, where appropriate, credit, interest rate, foreign exchange and market risks arising out of its trading book. It should also include a description of the policies, procedures (including hedging policies) and controls used for measuring, monitoring and controlling those risks and for managing the capital required to support them.~~

~~(b) Segmental information~~

~~Where a geographical segment of the financial business represents 10% or more of the listed issuer's whole business, then that segment should be further analysed.~~

~~Notes: 1 — Listed issuers should provide the information as required by paragraph 18.37(A)(1)(j) in accordance with rule 18.08.~~

~~2 — For disclosure purposes, listed issuers may use different terms to those prescribed in rules 18.37A(2)(b) and (d) provided that the meaning of alternative terms is made clear and the accounting treatment adopted conforms to the requirements to disclose segmental information under the accounting standards adopted by the issuers for the preparation of its annual financial statements:~~

~~(a) Hong Kong Financial Reporting Standards (HKFRS); or~~

~~(b) International Financial Reporting Standards (IFRS); or~~

~~(c) Generally Accepted Accounting Principles in the United States of America (US GAAP); or~~

~~(d) China Accounting Standards for Business Enterprises (CASBE).~~

~~3 — Listed issuers should provide the information as required by rule 18.37A(4)(b) in accordance with the requirements for segmental information as set out in the Financial Disclosure by Locally Incorporated Authorized Institutions issued by the Hong Kong Monetary Authority.~~

~~4 — The corresponding amounts for the immediately preceding financial year may be omitted if the disclosures set out in rule 18.37A(1) to (3) are applied for the first time.~~

~~5 — Listed issuers shall provide sufficient descriptions in their accounting policy notes or other notes to the financial statements to enable the users of the financial statements to~~

~~understand how material items have been dealt with.~~

~~6—The items contained in this paragraph shall have the same meanings as prescribed in the Financial Disclosure by Locally Incorporated Authorized Institutions issued by the Hong Kong Monetary Authority.~~

18.37B ~~A listed issuer will be regarded as a “Financial Conglomerate” for the purpose of rule 18.37A above only if: [Repealed [date]]~~

~~(1) any of the percentage ratios (as defined under rule 19.04(9)) of its financial business exceeds 5%. For the avoidance of doubt, the listed issuer must compare the total assets of its financial business to that of the group as at the end of the relevant period for the purpose of the assets ratio under rule 19.07. The listed issuer must compare the revenue and profits of its financial business during the period under review to that of the group for the purpose of the revenue ratio and profits ratio under rule 19.07; and~~

~~(2) as at the end of the relevant period its financial business has total assets of over HK\$1,000 million or has customer deposits plus financial instruments held by the public of over HK\$300 million.~~

~~Note: For the purpose of this rule, financial business includes, but not limited to, the business of securities trading; giving advice in connection with securities; commodities trading; leveraged foreign exchange trading; insurance activities; and money lending.~~

~~Information in the annual report which is outside the scope of the auditor’s report~~

18.38 ~~In addition, the information set out in rules 18.39 to 18.47 is to be included in the listed issuer’s directors’ report or chairman’s statement attached to the annual report and accounts and will therefore be outside the scope of the auditor’s report on the financial statements. (It is recognised that auditors are under no obligation to report on the listed issuer’s compliance or otherwise with the disclosure provisions of the listing rules). [Repealed [date]]~~

18.39 Brief biographical details in respect of the directors and senior managers of the listed issuer. Such details will include name, age, positions held with the listed issuer and other members of the listed issuer’s group, length of service with the listed issuer and the group and such other information (which may include business experience) of which shareholders should be aware, pertaining to the ability or integrity of such persons. Where any of the directors or senior managers are related, having with any other director or senior manager any one of the relationships set out below, that fact should be stated. The relationships are spouse; any person cohabiting with

the director or senior manager as a spouse; and any relative meaning a child or step-child regardless of age, a parent or step-parent, a brother, sister, step-brother or step-sister, a mother-in-law, a father-in-law, son-in-law, daughter-in-law, brother-in-law or sister-in-law. Where any director of the listed issuer is a director or employee of a company which has an interest in the share capital of the listed issuer which would fall to be disclosed to the listed issuer under the provisions in Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, that fact shall be stated.

It is the responsibility of the directors of the listed issuer to determine which individual or individuals constitute senior management. Senior management may include directors of subsidiaries; heads of divisions, departments or other operating units within the group as, in the opinion of the listed issuer's directors, is appropriate.

Note: In the case of a PRC issuer, references to directors and senior managers in this paragraph shall also mean and include supervisors.

- 18.39A In relation to an independent non-executive director appointed by a listed issuer during the financial year, the listed issuer shall disclose the reasons why such an independent nonexecutive director was and is considered to be independent if he has failed to meet any of the independence guidelines set out in rule 5.09.
- 18.39B A listed issuer must confirm whether it has received from each of its independent non-executive directors an annual confirmation of his independence pursuant to rule 5.09 and whether it still considers the independent non-executive directors to be independent.
- 18.40 Additional information in respect of major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services the ultimate wholesaler or retailer as the case may be) and suppliers (meaning the ultimate supplier of items which are not of a capital nature) as follows:—
- (1) a statement of the percentage of purchases attributable to the group's largest supplier;
  - (2) a statement of the percentage of purchases attributable to the group's 5 largest suppliers combined;
  - (3) a statement of the percentage of ~~turnover or sales~~ revenue from sales of goods or rendering of services attributable to the group's largest customer;
  - (4) a statement of the percentage of ~~turnover or sales~~ revenue from sales of goods or rendering of services attributable to the group's 5 largest customers combined;

- (5) a statement of the interests of any of the directors; their close associates; or any shareholder (which to the knowledge of the directors own more than 5% of the number of issued shares of the listed issuer's share capital) in the suppliers or customers disclosed under (1) to (4) above or if there are no such interests a statement to that effect;
- (6) in the event that the percentage which would fall to be disclosed under (2) above is less than 30, a statement of that fact shall be given and the information required in (1), (2) and (5) (in respect of suppliers) may be omitted; and
- (7) in the event that the percentage which would fall to be disclosed under (4) above is less than 30, a statement of that fact shall be given and the information required in (3), (4) and (5) (in respect of customers) may be omitted.

*Notes: 1 Rule 18.40 applies to all listed issuers whose businesses comprise, in whole or in part, the supply of goods or services of whatever nature, and in the case of service references to customers includes the clients of such listed issuers.*

*2 In relation to consumer goods, references to customers are to the ultimate wholesaler or retailer, except when the listed issuer's business incorporates the wholesaling or retailing operation. In all other cases references to customers are to ultimate customer.*

*3 References to suppliers are primarily to those who provide goods or services which are specific to a listed issuer's business and which are required on a regular basis to enable the listed issuer to continue to supply or service its customers. Suppliers of goods and services which are freely available from a range of suppliers at similar prices or which are otherwise freely available (such as utilities) are excluded. In particular, it is recognised that an obligation on listed issuers who are providers of financial services (such as banks and insurance companies) to give information about suppliers would be of limited or no value, and there is therefore no disclosure requirement in respect of suppliers to such listed issuers.*

*4 The Exchange must be consulted if there is any doubt about the application of rule 18.40.*

18.41 ~~A separate statement containing~~ a discussion and analysis of the group's performance during the year and the material factors underlying its results and financial position. It should emphasise trends and identify significant events or transactions during the year under review. As a minimum the directors of the listed issuer should comment on the following:—

- (1) the group's liquidity and financial resources. This may include comments on the level of borrowings at the end of the period under review, the seasonality of borrowing requirements, and the maturity profile of borrowings and committed borrowing facilities. Reference may also be made to the funding requirements for capital expenditure commitments and authorisations;
- (2) the capital structure of the group in terms of maturity profile of debt, type of capital instruments used, currency and interest rate structure. The discussion may cover funding and treasury policies and objectives in terms of the manner in which treasury activities are controlled; the currencies in which borrowings are made and in which cash and cash equivalents are held; the extent to which borrowings are at fixed interest rates; the use of financial instruments for hedging purposes; and the extent to which foreign currency net investments are hedged by currency borrowings and other hedging instruments;
- (3) the state of the group's order book (where applicable) and prospects for new business including new products and services introduced or announced;
- (4) significant investments held, their performance during the year and their future prospects;
- (5) details of material acquisitions and disposals of subsidiaries ~~and affiliated companies~~, associates and joint ventures in the course of the year;
- (6) comments on segmental information ~~given in the directors' report and accounts~~. This may cover changes in the industry segment, developments within the segment and their effect on the results of that segment. It may also include changes in the market conditions, new products and services introduced or announced and their impact on the group's performance and changes in ~~turnover~~revenue and margins;
- (7) where applicable, details of the number and remuneration of employees, remuneration policies, bonus and share option schemes and training schemes;
- (8) details of charges on group assets;
- (9) details of future plans for material investments or capital assets and their expected sources of funding in the coming year;

- (10) gearing ratio;
- (11) exposure to fluctuations in exchange rates and any related hedges; and
- (12) details of contingent liabilities, if any.

*Notes: 1 It is the responsibility of the directors of the listed issuer to determine what investment or capital asset is material in the context of the listed issuer's business, operations and financial performance. The materiality of investment or capital asset varies from one listed issuer to another according to its financial performance, assets and capitalisation, the nature of its operations and other factors. An event that is "material" in the context of a smaller listed issuer's business and affairs is often not material to a larger listed issuer. The directors of the listed issuer are in the best position to determine materiality. The Exchange recognises that decisions on disclosure require careful subjective judgements, and encourages listed issuers to consult the Exchange when in doubt as to whether disclosure should be made.*

*2 The basis on which the gearing ratio is computed should be disclosed.*

*3 If the above information required in this rule has been disclosed in a business review in the directors' report as set out in rule 18.07A, no additional disclosure is required.*

18.42 A statement of any change in auditors of the listed issuer in any of the preceding 3 years.

18.43 [Repealed 1 July 2008]

18.44 The following information in respect of an issuer:-

- (1) the full name and professional qualifications (if any) of:-
  - (a) the company secretary of the issuer; and
  - (b) the compliance officer of the issuer appointed pursuant to rule 5.19; and
- (2) a separate Corporate Governance Report prepared by the board on its corporate governance practices. The report must, as a minimum, contain the information required under paragraphs G to P of Appendix 15 regarding the accounting period covered by the annual

report. To the extent that it is reasonable and appropriate, the issuer may incorporate by reference information in its annual report into the Corporate Governance Report. Any such references must be clear and unambiguous and the Corporate Governance Report must not contain only a cross-reference without any discussion of the matter.

- 18.45 Information as to the interests (if any) of the Compliance Adviser and its directors, employees and close associates, as notified to the issuer pursuant to rule 6A.32 and all directors and controlling shareholders of the issuer and their respective close associates as referred to in rule 11.04.
- 18.46 In respect of PRC properties where long term title certificates are not obtained by the issuer, any property revaluation surplus arising from those PRC properties must be excluded from the issuer's annual ~~accounts~~financial statements.
- 18.47 If the relevant annual ~~accounts~~financial statements do not give a true and fair view of the state of affairs and profit or loss and cash flow of the listed issuer or group, more detailed and/or additional information must be provided.

*Note: If listed issuers are in doubt as to what more detailed and/or additional information should be provided, they should apply to the Exchange for guidance.*

#### *Miscellaneous*

- 18.48 ~~Banking, insurance and shipping companies will not be entitled to avail themselves of the benefit of the provisions of Part III of the Tenth Schedule to the Companies Ordinance. [Repealed [date]]~~

#### **Obligation to publish**

- 18.48A A listed issuer must publish (in accordance with the requirements of Chapter 16) its annual report, in respect of each financial year of the listed issuer, not later than 3 months after the date upon which the financial year ended.

#### **Preliminary announcement of results for the financial year**

##### *Preliminary*

- 18.49 A listed issuer must publish (in accordance with the requirements of Chapter 16) a preliminary announcement of the results for the financial year, which has been agreed with its auditors, on the GEM website as soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the next business day after approval by or on behalf of the board of its results. The issuer must publish such results not later than 3 months after the date upon which the financial year ended.

*Note: The term financial year refers to the period covered by a listed issuer's financial statements even where the period is not a calendar year.*

*Content of preliminary announcement*

18.50 The preliminary announcement of results for the financial year must contain at least the following information in respect of the group:

- (1) ~~except where the listed issuer is a banking company, the information in respect of the balance sheet statement of financial position and the income statement statement of profit or loss and other comprehensive income as set out in rule 18.50B comprising an income statement a statement of profit or loss and other comprehensive income for the financial year, with comparative figures for the immediately preceding financial year, and balance sheet statement of financial position as at the end of the financial year, with comparative figures as at the end of the immediately preceding financial year. A banking company shall comply with rule 18.80 as regards the disclosure requirements for the balance sheet and income statement.~~ The listed issuer must include the notes relating to ~~turnover~~ revenue, taxation, earnings per share, dividends and any other notes that the directors consider necessary for a reasonable appreciation of the results for the year. Directors of the listed issuer must consistent with the information that will be contained in the annual reports (see rule 18.50A);

*Note: ~~Listed issuers are not required to include an audited balance sheet within the meaning of section 129C or other provisions of the Companies Ordinance concerning balance sheets in their preliminary results announcement for the financial year under this rule 18.50. However, the financial information included in the preliminary results announcement must have been agreed with the auditors. This does not affect the listed issuers' obligations under the Companies Ordinance concerning balance sheets as and when they are applicable. Where a listed issuer includes an audited balance sheet in its preliminary results announcement, it must comply with all applicable laws, including the relevant statutory provisions applicable in the listed issuer's place of incorporation. [Repealed [date]]~~*

- (2) a ~~business review~~ commentary covering the following:
  - (a) a fair review of the development of the business of the listed issuer and its subsidiaries during the financial year and of their financial position at the end of the year;
  - (b) details of important events affecting the listed issuer and its subsidiaries which have occurred since the end of the financial year; and

- (c) an indication of likely future developments in the business of the listed issuer and its subsidiaries;
- (3) ~~where the listed issuer is regarded as a financial conglomerate (as defined in rule 18.37B), the information set out in rule 18.37A;~~  
[Repealed [date]]
- (4) particulars of any purchase, sale or redemption by the listed issuer or any of its subsidiaries, of its listed securities during the financial year, or an appropriate negative statement;
- (5) any supplementary information which in the opinion of the directors of the listed issuer is necessary for a reasonable appreciation of the results for the relevant year;
- (6) a statement as to whether the listed issuer meets the code provisions set out in the Corporate Governance Code contained in Appendix 15. The listed issuer must also disclose any deviations from the code provisions and considered reasons for such deviations. To the extent that it is reasonable and appropriate, such information may be given by reference to the immediately preceding half-year report or to the Corporate Governance Report in the immediately preceding annual report, and summarising any changes since that report. Any such references must be clear and unambiguous; ~~and~~
- (7) a statement as to whether the annual results have been reviewed by the audit committee of the listed issuer;
- (8) where the auditors' report on the listed issuer's annual financial statements is likely to be qualified or modified (whether or not it is also likely to be qualified), details of the qualification or modification pursuant to rule 18.51; ~~and~~
- (9) where there are any significant changes in accounting policies, a statement ~~to~~of that fact must be made; ~~and~~

*Notes: 1. A listed issuer should apply the accounting policies consistently except where the change in accounting policy is required by an accounting standard which came into effect during the financial year.*

- (10) where there are prior period adjustments due to correction of material errors, a statement of that fact must be made.

Note: 2. *The term financial year refers to the period covered by a listed issuer's financial statements even where the period is not a calendar year.*

18.50A Where, in exceptional circumstances, it becomes necessary to revise the information contained in the listed issuer's preliminary announcement of results in the light of developments arising between the date of publication of the announcement and the completion of the audit, the listed issuer must immediately notify the Exchange and publish an announcement to inform the public. The announcement must provide details of the changes made to the published preliminary announcement of results including any impact on the published financial information of the listed issuer and the reasons for such changes.

*Note: The Exchange does not expect there to be any material or substantial difference between the information contained in the listed issuer's preliminary announcement of results and that contained in its audited results.*

18.50B ~~Except for banking companies, which must comply with rule 18.80, the~~ preliminary announcements of results for the half-year, preliminary announcements of results for the financial year, half-year reports and annual reports of a listed issuer must include the disclosures required under the relevant accounting standards adopted and contain at least the following information set out below in respect of the group. This information may be included in the notes to the financial statements. In the case of banking companies, the information on results and financial position set out in the Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority must be provided in place of that set out in rules 18.50B(1) and 18.50B(2).

- (1) ~~Income statement~~ Statement of profit or loss and other comprehensive income
  - ~~(a) turnover;~~
  - ~~(b) investment and other income;~~
  - (ea) profit (or loss) on sale of ~~investments or~~ properties;
  - ~~(d) cost of goods sold;~~
  - ~~(e) interest on borrowings;~~
  - ~~(f) depreciation/amortisation;~~
  - ~~(g) profit (or loss) before taxation;~~
  - ~~(h) taxation on profits (Hong Kong and overseas) in each case indicating basis of computation;~~
  - ~~(i) profit (or loss) attributable to non-controlling interests;~~
  - ~~(j) profit (or loss) attributable to shareholders;~~

- ~~(k) — rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby (or an appropriate negative statement);~~
  - ~~(l) — all movements to and from any reserves;~~
  - ~~(m) — earnings per share;~~
  - ~~(n) — share of profit (or loss) of associated companies and jointly controlled entities attributable to equity holders (i.e. after tax and non-controlling interests in the associated companies and jointly controlled entities); and~~
  - ~~(o) — comparative figures of the matters specified in (a) to (n) immediately above for the corresponding previous period;~~
- (2) ~~Balance sheet information as follows~~ Statement of financial position, if applicable:
- ~~(a) — fixed assets;~~
  - ~~(b) — current assets~~
    - ~~(i) — stocks;~~
    - ~~(ii) — debtors including credit policy and ageing analysis of accounts receivable; and~~
    - ~~(iii) — cash at bank and in hand; and~~
    - ~~(iv) — other current assets;~~
  - ~~(c) — current liabilities~~
    - ~~(i) — borrowings and debts; and~~
    - ~~(ii) — ageing analysis of accounts payable;~~
  - ~~(d) — net current assets (liabilities);~~
  - ~~(e) — total assets less current liabilities;~~
  - ~~(f) — non-current liabilities~~
    - ~~(i) — borrowings and debts;~~
  - ~~(g) — capital and reserves;~~
  - ~~(h) — non-controlling interests; and~~

Note: The ageing analysis should normally be presented on the basis of the date of the relevant invoice or demand note and categorised into time-bands based on analysis used by an issuer's management to monitor the issuer's financial position. The basis on which the ageing analysis is presented should be disclosed.

(3) Dividends

Rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby (or an appropriate negative statement).

~~(3) Segment information~~

~~The income statement and balance sheet of a listed issuer shall, in addition to that information required by rules 18.50B(1) and (2), include the segmental information required by the accounting standards adopted by the issuer for the preparation of its annual financial statements:—~~

~~(a) Hong Kong Financial Reporting Standards (HKFRS); or~~

~~(b) International Financial Reporting Standards (IFRS); or~~

~~(c) Generally Accepted Accounting Principles in the United States of America (US GAAP); or~~

~~(d) China Accounting Standards for Business Enterprises (CASBE).~~

*Notes: 1 Where the items of information specified in this rule are unsuited to the listed issuer's activities, appropriate adaptations should be made. Where the requirements of this rule are unsuited to the listed issuer's activities or circumstances, the Exchange may require suitable adaptations to be made.*

*2 The Exchange may authorise the omission from the preliminary announcement of any information if it considers:—*

*(a) such omission to be necessary or appropriate; or*

*(b) disclosure of such information would be contrary to the public interest or seriously detrimental to the issuer,*

*provided that such omission would not be likely to mislead the public with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question.*

3 *The issuer or its representatives will be responsible for the correctness and relevance of the facts on which any application for an exemption under Note 2 above is based.*

~~4 *The information required by this rule may be provided on the face of the income statement or the balance sheet, as appropriate, or in the notes to the financial statements.*~~

18.50C Listed issuer must submit a copy of its annual report to the Exchange for publication on the GEM website as soon as reasonably practicable after the approval by or on behalf of the board of its audited financial statements and in any event not more than 3 months after the date upon which the financial year ended.

18.51 In connection with the audit of the issuer's annual ~~accounts~~financial statements:—

- (1) where the auditors' report is likely to be qualified, the preliminary announcement of results must include details of such qualification; and
- (2) where the auditors' report is likely to be modified, whether or not it is also likely to be qualified, details of such modification, together with a full explanation of the circumstances leading to the modification, must be included in the preliminary announcement of results. Where the modifications in the auditors' report refer to specific notes to the financial statements, the information in the financial statements should also be included in the preliminary announcement.

#### *Miscellaneous*

18.52 ~~Banking, insurance and shipping companies will not be entitled to avail themselves of the benefit of the provisions of Part III of the Tenth Schedule to the Companies Ordinance. [Repealed [date]]~~

### **Half-year reports**

#### *Obligation to prepare and publish*

18.53 The listed issuer shall prepare, in respect of each of the first 6 months of each financial year of the listed issuer, either (i) a half-year report, or (ii) a summary half-year report containing at least the information required by

rules 18.55 and 18.82, respectively and publish the same (in accordance with the requirements of Chapter 16) not later than 45 days after the end of such period. The listed issuer may send a copy of its summary half-year report to a member and a holder of its listed securities in place of a copy of its half-year report, provided that such summary half-year report complies with the relevant provisions of the Companies (Summary Financial Reports of Listed Companies) Regulation governing summary financial reports.

*Notes: 1 Newly listed issuers will be required to prepare and publish the relevant half-year report or summary half-year report (irrespective of whether the period in question ends on a date before or after the date on which dealings in the securities of the listed issuer commenced) where the 45-day deadline for publishing the report falls after the date on which dealings in the securities of the listed issuer commenced. In the event that the results for the period in question (whether audited or not) have been included in the prospectus for the purpose of applying for a listing on the Exchange, there will be no obligation separately to publish the results.*

*2 The figures in each half-year report and summary half-year report are the sole responsibility of the directors and they must ensure that the accounting policies applied to the figures are consistent with those applied to annual ~~accounts~~ financial statements. If a change in the financial year is proposed, the Exchange should be consulted as to the period or periods to be covered by the half-year reports or summary half-year reports.*

18.54 As soon as reasonably practicable after publishing any half-year report and, where applicable, summary half-year report, the listed issuer must send a copy of it to the persons specified in rule 18.03.

*Note: [Repealed 1 January 2011]*

#### *Content of half-year reports*

18.55 Each half-year report shall contain the disclosures required under the relevant accounting standards adopted and ~~at least the following information set out below, in respect of the group:~~

(1) ~~interim financial statements, which shall include, at a minimum, the following components:~~ [Repealed [date]]

(a) ~~balance sheet as of the end of the current interim period and a comparative balance sheet as of the end of the immediately preceding financial year;~~

- ~~(b) income statements for the current interim period and cumulatively for the current financial year to date, with comparative income statements for the comparable interim periods (current and year to date) of the immediately preceding financial year;~~
  - ~~(c) cash flow statement cumulatively for the current financial year to date, with a comparative statement for the comparable year to date period of the immediately preceding financial year;~~
  - ~~(d) statement showing changes in equity cumulatively for the current financial year to date, with a comparative statement for the comparable year to date period of the immediately preceding financial year; and~~
  - ~~(e) accounting policies and explanatory notes.~~
- (2) ~~where the listed issuer is regarded as a financial conglomerate (as defined in rule 18.37B), the information set out in rule 18.37A; [Repealed [date]]~~
  - (3) particulars of any purchase, sale or redemption by the listed issuer or any of its subsidiaries, of its listed securities during the relevant period, or an appropriate negative statement;
  - (4) a statement in relation to the accounting period covered by the half-year report on whether the listed issuer meets the code provisions set out in the Corporate Governance Code contained in Appendix 15. Where there are any deviations from the code provisions in the Code, the listed issuer must also give considered reasons for the deviations from the code provisions, either by:
    - (a) giving considered reasons for each deviation; or
    - (b) to the extent that it is reasonable and appropriate, by referring to the Corporate Governance Report in the immediately preceding annual report and providing details of any changes together with considered reasons for any deviation not reported in that annual report. Any such references must be clear and unambiguous and the half-year report must not only contain a cross-reference without any discussion of the matter;
  - (5) in respect of the required standard of dealings set out in rules 5.48 to 5.67, a statement in relation to the accounting period covered by the half-year report as to:
    - (a) whether the listed issuer has adopted a code of conduct regarding directors' securities transactions on terms no less exacting than the required standard of dealings;

- (b) having made specific enquiry of all directors, whether its directors have complied with, or whether there has been any non-compliance with, the required standard of dealings and its code of conduct regarding directors' securities transactions; and
  - (c) in the event of any non-compliance with the required standard of dealings, details of such non-compliance and an explanation of the remedial steps taken by the listed issuer to address such non-compliance;
- (6) details of non-compliance (if any) with rules 5.05(1) and 5.05(2) and an explanation of the remedial steps taken by the listed issuer to address such non-compliance relating to appointment of a sufficient number of independent non-executive directors and an independent non-executive director with appropriate professional qualifications, or accounting or related financial management expertise, respectively; and
  - (7) details of non-compliance with rule 5.28 (if any) and an explanation of the remedial steps taken by the listed issuer to address such non-compliance relating to establishment of an audit committee;
  - (8) the information set out in rule 18.50B; and
  - (9) the further information set out in rules 18.56 to 18.64.

*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 which is adopted for the preparation of its annual financial statements.*

*2 Each half-year report must be reviewed by the issuer's audit committee. In the event that the audit committee disagreed with an accounting treatment which had been adopted in the preparation of the group's half-year report, full details of such disagreement should be disclosed together with a quantification of the financial effect arising from the disagreement. Where it is not possible to quantify the effect of the disagreement, or the effect is not significant, a statement to this effect should be made.*

*3 If a change in the financial year is proposed, the Exchange should be consulted as to the period or periods to be covered by the half-year reports.*

*4 ~~In the case of the first cash flow statement to be included in the half year reports relating to accounting periods commencing before 1st January, 2002, a comparative cash~~*

~~flow statement for the comparable year-to-date period of the immediately preceding financial year may be omitted. The requirement for disclosure of comparative cash flow statement in half-year reports shall be obligatory in respect of accounting periods commencing on or after 1st January, 2002. [Repealed [date]]~~

5 *A listed issuer should apply the same accounting policies in its interim financial statements as are applied in its annual financial statements except where the change in accounting policy is required by an accounting standard which came into effect during the interim period. Accounting policies which have been consistently applied and which were disclosed in the listed issuer's most recent published audited financial statements or for a newly listed issuer in its recent prospectus may be omitted from the half-year reports. Any significant changes in the accounting policies, including those required by an accounting standard, should be disclosed together with the reason for changing in the accounting policy.*

6 *Where the items of information specified in this rule are unsuited to the listed issuer's activities, appropriate adaptations should be made. Where the requirements of this rule are unsuited to the listed issuer's activities or circumstances, the Exchange may require suitable adaptations to be made.*

7 *The Exchange may authorise the omission from an interim report of specified items of information if it considers:—*

- (a) such omission to be necessary or appropriate; or
- (b) disclosure of such information would be contrary to the public interest or seriously detrimental to the issuer,

*provided that such omission would not be likely to mislead the public with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question.*

8 *The issuer or its representatives will be responsible for the correctness and relevance of the facts on which any application for an exemption under Note 7 above is based.*

9 *Each half-year report must contain, at a prominent position, and in bold type, a statement about the characteristics of GEM, in the form set out in rule 2.20.*

10 A half-year report shall contain the following information required under other parts of the Listing Rules:

- (a) advance to an entity under rule 17.22;
- (b) pledging of shares by the controlling shareholder under rule 17.23;
- (c) loan agreements with covenants relating to specific performance of the controlling shareholder under rule 17.23;
- (d) breach of loan agreement by an issuer under rule 17.23;
- (e) financial assistance and guarantees to affiliated companies of an issuer under rule 17.24;
- (f) provision of information in respect of and by directors, supervisors and chief executives under rule 17.50A(1);
- (g) for a Mineral Company, continuing disclosure obligation arises under rule 18A.14; and
- (h) share option schemes under rules 23.07 and 23.08.

- 18.56 (1) Subject to rule 18.56(2), a statement as at the end of the relevant period showing the interests and short positions of each director and chief executive of the listed issuer in the shares, underlying shares and debentures of the listed issuer or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance):
- (a) as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance; or
  - (b) as otherwise notified to the listed issuer and the Exchange pursuant to the required standard of dealings by directors of listed issuer as referred to in rule 5.46 (which for purposes of this sub-paragraph shall be deemed to apply to the PRC issuer's supervisors to the same extent as it applies to directors); or
  - (c) if there is no such interests and short positions, a statement of that fact,

provided that the Exchange may agree, in its sole discretion, that compliance with this subparagraph may be modified or waived in respect of any associated corporation if, in the opinion of the Exchange, the number of associated corporations in respect of

which each director and chief executive is taken or deemed to have an interest under Part XV of the Securities and Futures Ordinance is such that compliance with this sub-paragraph would result in particulars being given which are not material in the context of the group and are of excessive length.

- (2) The information required to be included by virtue of rule 18.56(1) must specify the company in which interests or short positions are held, the class to which those securities belong and the number of such securities held, but need not disclose:
- (a) the interests of a director or a chief executive officer in the shares of the listed issuer or any of its subsidiaries if such interest is held solely in a non-beneficial capacity and is for the purpose of holding the requisite qualifying shares; or
  - (b) the non-beneficial interests of directors or chief executive officers in the shares of any subsidiary of the listed issuer in so far as that interest comprises the holding of shares subject to the terms of a written, valid and legally enforceable declaration of trust in favour of the parent company of that subsidiary or the listed issuer and such interest is held solely for the purpose of ensuring that the relevant subsidiary has more than one member.

*Note: Where interests in securities arising from the holding of such securities as qualifying shares are not disclosed pursuant to the exception provided in this paragraph, a general statement should nevertheless be made to indicate that the directors hold qualifying shares.*

18.57 A statement as at the end of the relevant period showing the interests and short positions of every person, other than a director or chief executive of the listed issuer, in the shares and underlying shares of the listed issuer as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance, or if there is no such interests or short positions recorded in the register, a statement of that fact.

*Notes: 1 For the purposes of rules 18.56 and 18.57, particulars should be given of the extent of any duplication which occurs.*

2 In the case of a PRC issuer, references to director or chief executive in rules 18.56 and 18.57 inclusive shall also mean and include supervisors.

18.58 Statements disclosing interests and short positions in shares, underlying shares and debentures have to separately refer to three categories of persons, namely, directors and chief executives, substantial shareholders and other persons who are required to disclose their interests. Such

statements should describe the capacity in which such interests and short positions are held and the nature of such interests and short positions as disclosed in the prescribed forms required to be used, when giving notice pursuant to sections 324 and 347 of Part XV of the Securities and Futures Ordinance. Where interests or short positions are attributable on account of holdings through corporations that are not wholly-owned by the person making disclosure, the percentage interests held by such person in such corporations should be disclosed.

18.58A For directors and chief executives, the statements should show details of the following matters as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance:

- (1) aggregate long position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds);
  - (b) interests in debentures; and
  - (c) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives;
    - (ii) cash settled equity derivatives;
    - (iii) other equity derivatives.

*Notes:*

- (1) *In the case of issuers and associated corporations, the statements should include the percentage which the aggregate long position in shares represents to the issued voting shares—~~capital~~ of the issuer or associated corporation.*
- (2) *A long position arises where a person is a party to an equity derivative, by virtue of which the person:*
  - (i) *has a right to take the underlying shares;*
  - (ii) *is under an obligation to take the underlying shares;*
  - (iii) *has a right to receive money if the price of the underlying shares increases; or*

- (iv) *has a right to avoid or reduce a loss if the price of the underlying shares increases.*
- (3) *For (c)(i) above, in respect of options granted to directors or chief executives pursuant to share option schemes under Chapter 23 of the GEM Listing Rules, the statements should show such details as are required to be disclosed under Rule 23.07(1) of the GEM Listing Rules.*
- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
  - (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and
  - (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives;
    - (ii) cash settled equity derivatives; and
    - (iii) other equity derivatives.

*Notes:*

- (1) *In the case of issuers or associated corporations, the statements should include the percentage which the aggregate short position in shares represents to the issued voting shares—~~capital~~ of the issuer or associated corporation.*
- (2) *A short position arises:*
  - (i) *where the person is the borrower of shares under a securities borrowing and lending agreement, or has an obligation to deliver the underlying shares to another person who has lent shares;*
  - (ii) *where the person is the holder, writer or issuer of any equity derivatives, by virtue of which the person —*
    - (a) *has a right to require another person to take the underlying shares of the equity derivatives;*
    - (b) *is under an obligation to deliver the underlying shares of the equity derivatives to another person;*

(c) *has a right to receive from another person money if the price of the underlying shares declines; or*

(d) *has a right to avoid a loss if the price of the underlying shares declines.*

18.58B For substantial shareholders, the statements should show details of the following matters as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance:

- (1) aggregate long position in the shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds); and
  - (b) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives; and
    - (ii) cash settled equity derivatives.

*Notes:*

- (1) *The statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer.*
- (2) *A long position arises where a person is a party to an equity derivative, by virtue of which the person:*
  - (i) *has a right to take the underlying shares;*
  - (ii) *is under an obligation to take the underlying shares;*
  - (iii) *has a right to receive money if the price of the underlying shares increases; or*
  - (iv) *has a right to avoid or reduce a loss if the price of the underlying shares increases.*
- (3) *For (b)(i) above, in respect of options granted to substantial shareholders pursuant to share option schemes under Chapter 23 of the GEM Listing Rules, the statements should show such details as are required to be disclosed under Rule 23.07(1) of the GEM Listing Rules.*

- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
  - (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and
  - (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives; and
    - (ii) cash settled equity derivatives.

*Notes:*

- (1) *The statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer.*
- (2) *A short position arises:*
  - (i) *where the person is the borrower of shares under a securities borrowing and lending agreement, or has an obligation to deliver the underlying shares to another person who has lent shares;*
  - (ii) *where the person is the holder, writer or issuer of any equity derivatives, by virtue of which the person —*
    - (a) *has a right to require another person to take the underlying shares of the equity derivatives;*
    - (b) *is under an obligation to deliver the underlying shares of the equity derivatives to another person;*
    - (c) *has a right to receive from another person money if the price of the underlying shares declines; or*
    - (d) *has a right to avoid a loss if the price of the underlying shares declines.*

18.58C For other persons whose interests are recorded (or, in the case of a new listing, are required to be recorded) in the register required to be kept under section 336 of the Securities and Futures Ordinance, the statements should show details of the same matters as are required to be disclosed in the case of a substantial shareholder pursuant to Rule 18.58B, except that note (3) to Rule 18.58B(1) does not apply.

- 18.59 The listed issuer should include a discussion and analysis of its performance covering all those matters set out in rule 18.41. The discussion should include any significant information needed for investors to make an informed assessment of the trend of its activities and profit (or loss). It should identify and explain any special factors which has influenced its activities and its profit (or loss) during the relevant period. It should provide a comparison with the corresponding period of the preceding financial year and must also, as far as possible, give an indication of the listed issuer's prospects for the current financial year. Such discussion may focus only on the significant changes in the group's performance since the most recent published annual report. Where the current information in relation to those matters set out in rule 18.41 has not changed materially from the information disclosed in the most recent published annual report, a statement to this effect may be made and no additional disclosure is required.
- 18.60 ~~If applicable, the information set out in rules 17.22 to 17.24 concerning on-going financial exposure to borrowers and other on-going matters of relevance.~~ [Repealed [date]]
- 18.61 Any supplementary information which in the opinion of the directors of the listed issuer is necessary for a reasonable appreciation of the results for the relevant period.
- 18.62 [Repealed 1 July 2008]
- 18.63 Information as to the interests (if any) of the Compliance Adviser and its directors, employees and close associates, as notified to the issuer pursuant to rule 6A.32 and all directors and controlling shareholders of the issuer and their respective close associates as referred to in rule 11.04.
- 18.64 Each half-year report must state whether or not the information provided therein has been audited (and if so, must set out a copy of the auditors' report thereon). In the event that any auditors' report thereon (if any) has been qualified or modified (whether or not it is also qualified), details of such qualification or modification must be set out in the half-year report.

#### *Miscellaneous*

- 18.65 ~~Banking, insurance and shipping companies will not be entitled to avail themselves of the benefit of the provisions of Part III of the Tenth Schedule to the Companies Ordinance.~~ [Repealed [date]]

### **Quarterly reports**

#### *Obligation to prepare and publish*

- 18.66 The listed issuer shall prepare, in respect of each of the first 3 and 9 month periods of each financial year of the listed issuer, a quarterly report

containing at least the information required by rule 18.68 and publish the same (in accordance with the requirements of Chapter 16) not later than 45 days after the end of such period.

*Notes: 1 Newly listed issuers will be required to prepare and publish the relevant quarterly report (irrespective of whether the period in question ends on a date before or after the date on which dealings in the securities of the listed issuer commenced) where the 45-day deadline for publishing the report falls after the date on which dealings in the securities of the listed issuer commenced. In the event that the results for the period in question (whether audited or not) have been included in the prospectus for the purpose of applying for a listing on the Exchange, there will be no obligation separately to publish the results.*

*2 The figures in each quarterly report are the sole responsibility of the directors and they must ensure that the accounting policies applied to the figures are consistent with those applied to annual ~~accounts~~ financial statements. If a change in the financial year is proposed, the Exchange should be consulted as to the period or periods to be covered by the quarterly reports.*

18.67 As soon as reasonably practicable after publishing any quarterly report, the listed issuer must send a copy of it to the persons specified in rule 18.03.

*Note: [Repealed 1 January 2011]*

#### *Content of quarterly reports*

18.68 ~~Subject to rule 18.80 relating to banking companies, e~~Each quarterly report shall contain at least the following information in respect of the group:—

- (1) the information set out in rule 18.79; and
- (2) the further information set out in rules 18.69 to 18.76 below.

*Notes: 1 Where the items of information specified in this rule are unsuited to the listed issuer's activities, appropriate adjustments should be made. Where the requirements of this Note are unsuited to the listed issuer's activities or circumstances, the Exchange may require suitable adaptations to be made.*

*2 The Exchange may authorise the omission from a quarterly report of specified items of information if it considers:—*

- (a) such omission to be necessary or appropriate; or*

(b) *disclosure of such information would be contrary to the public interest or seriously detrimental to the issuer,*

*provided that such omission would not be likely to mislead the public with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question.*

3 *The issuer or its representatives will be responsible for the correctness and relevance of the facts on which any application for an exemption under Note 2 above is based.*

4 *Each quarterly report must contain, at a prominent position, and in bold type, a statement about the characteristics of GEM, in the form set out in rule 2.20.*

5 *Each quarterly report must be reviewed by the issuer's audit committee.*

6 *A quarterly report shall contain the following information required under other parts of the Listing Rules:*

*(a) advance to an entity under rule 17.22;*

*(b) pledging of shares by the controlling shareholder under rule 17.23;*

*(c) loan agreements with covenants relating to specific performance of the controlling shareholder under rule 17.23;*

*(d) breach of loan agreement by an issuer under rule 17.23;*  
*and*

*(e) financial assistance and guarantees to affiliated companies of an issuer under rule 17.24.*

18.69 (1) Subject to rule 18.69(2), a statement as at the end of the relevant period showing the interests and short positions of each director and chief executive of the listed issuer in the shares, underlying shares and debentures of the listed issuer or any associated corporation (within the meaning of Part XV of the Securities and Futures Ordinance):

(a) as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance; or

(b) as otherwise notified to the listed issuer and the Exchange pursuant to the required standard of dealings by directors of listed issuer as referred to in rule 5.46 (which for purposes of

this sub-paragraph shall be deemed to apply to the PRC issuer's supervisors to the same extent as it applies to directors); or

- (c) if there is no such interests or short positions, a statement of that fact,

provided that the Exchange may agree, in its sole discretion, that compliance with this subparagraph may be modified or waived in respect of any associated corporation if, in the opinion of the Exchange, the number of associated corporations in respect of which each director and chief executive is taken or deemed to have an interest under Part XV of the Securities and Futures Ordinance is such that compliance with this sub-paragraph would result in particulars being given which are not material in the context of the group and are of excessive length.

- (2) The information required to be included by virtue of rule 18.69(1) must specify the company in which interests or short positions are held, the class to which those securities belong and the number of such securities held, but need not disclose:
  - (a) the interests of a director or a chief executive officer in the shares of the listed issuer or any of its subsidiaries if such interest is held solely in a non-beneficial capacity and is for the purpose of holding the requisite qualifying shares; or
  - (b) the non-beneficial interests of directors or chief executive officers in the shares of any subsidiary of the listed issuer in so far as that interest comprises the holding of shares subject to the terms of a written, valid and legally enforceable declaration of trust in favour of the parent company of that subsidiary or the listed issuer and such interest is held solely for the purpose of ensuring that the relevant subsidiary has more than one member.

*Note: Where interests in securities arising from the holding of such securities as qualifying shares are not disclosed pursuant to the exception provided in this paragraph, a general statement should nevertheless be made to indicate that the directors hold qualifying shares.*

18.70 A statement as at the end of the relevant period showing the interests or short positions of every person, other than a director or chief executive of the listed issuer, in the shares and underlying shares of the listed issuer as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance, or if there is no such interests or short positions recorded in the register, a statement of that fact.

*Notes: 1 For the purposes of rules 18.69 and 18.70, particulars should be given of the extent of any duplication which occurs.*

2 In the case of a PRC issuer, references to director or chief executive in rules 18.69 and 18.70 inclusive shall also mean and include supervisors.

18.71 Statements disclosing interests and short positions in shares, underlying shares and debentures have to separately refer to three categories of persons, namely, directors and chief executives, substantial shareholders and other persons who are required to disclose their interests. Such statements should describe the capacity in which such interests and short positions are held and the nature of such interests and short positions as disclosed in the prescribed forms required to be used, when giving notice pursuant to sections 324 and 347 of Part XV of the Securities and Futures Ordinance. Where interests or short positions are attributable on account of holdings through corporations that are not wholly-owned by the person making disclosure, the percentage interests held by such person in such corporations should be disclosed.

18.71A For directors and chief executives, the statements should show details of the following matters as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance:

- (1) aggregate long position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds);
  - (b) interests in debentures; and
  - (c) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives;
    - (ii) cash settled equity derivatives;
    - (iii) other equity derivatives.

*Notes:*

- (1) *In the case of issuers and associated corporations, the statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer or associated corporation.*

- (2) *A long position arises where a person is a party to an equity derivative, by virtue of which the person:*
- (i) *has a right to take the underlying shares;*
  - (ii) *is under an obligation to take the underlying shares;*
  - (iii) *has a right to receive money if the price of the underlying shares increases; or*
  - (iv) *has a right to avoid or reduce a loss if the price of the underlying shares increases.*
- (3) *For (c)(i) above, in respect of options granted to directors or chief executives pursuant to share option schemes under Chapter 23 of the GEM Listing Rules, the statements should show such details as are required to be disclosed under Rule 23.07(1) of the GEM Listing Rules.*
- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
- (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and
  - (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives;
    - (ii) cash settled equity derivatives; and
    - (iii) other equity derivatives.

*Notes:*

- (1) *In the case of issuers or associated corporations, the statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer or associated corporation.*
- (2) *A short position arises:*
- (i) *where the person is the borrower of shares under a securities borrowing and lending agreement, or has an obligation to deliver the underlying shares to another person who has lent shares;*

- (ii) *where the person is the holder, writer or issuer of any equity derivatives, by virtue of which the person —*
  - (a) *has a right to require another person to take the underlying shares of the equity derivatives;*
  - (b) *is under an obligation to deliver the underlying shares of the equity derivatives to another person;*
  - (c) *has a right to receive from another person money if the price of the underlying shares declines; or*
  - (d) *has a right to avoid a loss if the price of the underlying shares declines.*

18.71B For substantial shareholders, the statements should show details of the following matters as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance:

- (1) aggregate long position in the shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds); and
  - (b) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives; and
    - (ii) cash settled equity derivatives.

*Notes:*

- (1) *The statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer.*
- (2) *A long position arises where a person is a party to an equity derivative, by virtue of which the person:*
  - (i) *has a right to take the underlying shares;*
  - (ii) *is under an obligation to take the underlying shares;*
  - (iii) *has a right to receive money if the price of the underlying shares increases; or*

- (iv) *has a right to avoid or reduce a loss if the price of the underlying shares increases.*
- (3) *For (b)(i) above, in respect of options granted to substantial shareholders pursuant to share option schemes under Chapter 23 of the GEM Listing Rules, the statements should show such details as are required to be disclosed under Rule 23.07(1) of the GEM Listing Rules.*
- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
  - (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and
  - (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives; and
    - (ii) cash settled equity derivatives.

*Notes:*

- (1) *The statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer.*
- (2) *A short position arises:*
  - (i) *where the person is the borrower of shares under a securities borrowing and lending agreement, or has an obligation to deliver the underlying shares to another person who has lent shares;*
  - (ii) *where the person is the holder, writer or issuer of any equity derivatives, by virtue of which the person —*
    - (a) *has a right to require another person to take the underlying shares of the equity derivatives;*
    - (b) *is under an obligation to deliver the underlying shares of the equity derivatives to another person;*
    - (c) *has a right to receive from another person money if the price of the underlying shares declines; or*
    - (d) *has a right to avoid a loss if the price of the underlying shares declines.*

- 18.71C For other persons whose interests are recorded (or, in the case of a new listing, are required to be recorded) in the register required to be kept under section 336 of the Securities and Futures Ordinance, the statements should show details of the same matters as are required to be disclosed in the case of a substantial shareholder pursuant to Rule 18.71B, except that note (3) to Rule 18.71B(1) does not apply.
- 18.72 An explanatory statement relating to the activities of the group and profit (or loss) during the relevant period which must include any significant information enabling investors to make an informed assessment of the trend of the activities and profit (or loss) of the group together with an indication of any special factor which has influenced those activities and the profit (or loss) during the period in question, and enable a comparison to be made with the corresponding period of the preceding financial year and must also, as far as possible, refer to the prospects of the group in the current financial year.
- 18.73 ~~If applicable, the information set out in rules 17.22 to 17.24 concerning on-going financial exposure to borrowers and other on-going matters of relevance.~~[Repealed [date]]
- 18.74 Any supplementary information which in the opinion of the directors of the listed issuer is necessary for a reasonable appreciation of the results for the relevant period.
- 18.75 Information as to the interests (if any) of the Compliance Adviser and its directors, employees and close associates, as notified to the issuer pursuant to rule 6A.32 and all directors and controlling shareholders of the issuer and their respective close associates as referred to in rule 11.04.
- 18.76 Each quarterly report must state whether or not the information provided therein has been audited (and if so, must set out a copy of the auditors' report thereon). In the event that any auditors' report thereon (if any) has been qualified or modified, details of such qualification or modification must be set out in the quarterly report.

*Miscellaneous*

- 18.77 ~~Banking, insurance and shipping companies will not be entitled to avail themselves of the benefit of the provisions of Part III of the Tenth Schedule to the Companies Ordinance.~~[Repealed [date]]

**Preliminary announcement of results for each of the first 6 month of each financial year**

- 18.78 A listed issuer must publish (in accordance with the requirements of Chapter 16) a preliminary announcement of the results for the first 6 months of each financial year, containing at least the information set out below, on the GEM website as soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of

the morning trading session or any pre-opening session on the next business day after approval by or on behalf of the board of the results. The issuer must publish such results not later than 45 days after the end of such period:

- (1) ~~except where the listed issuer is a banking company, the information in respect of the income statements~~statement of profit or loss and other comprehensive income as referred to in rule 18.55(1)(b) which must contain at least the information specified in rule 18.50B(1) and the balance sheet~~statement of financial position as set out in rule 18.50B comprising as referred to in rule 18.55(1)(a) which must contain at least the information specified in rule 18.50B(2), to the extent relevant to the income statements~~statement of profit or loss and other comprehensive income for the current interim period, with comparative figures for the comparable period of the immediately preceding financial year, and balance sheet~~statement of financial position as at the end of the interim period, with comparative figures as at the end of the immediately preceding financial year.~~ The listed issuer must include the notes relating to ~~turnover~~revenue, taxation, earnings per share, dividends and any other notes that the directors consider necessary for a reasonable appreciation of the results for the financial period. The ~~income statements~~statement of profit or loss and other comprehensive income and balance sheet~~statement of financial position~~ shall be as they appear in the listed issuer's full half-year report;

*Note: Banking companies shall comply with rule 18.80 as regards the disclosure requirements for the balance sheet and the income statement. [Repealed [date]]*

- (2) particulars of any purchase, sale or redemption by the listed issuer, or any of its subsidiaries of its listed securities during the relevant period as required by rule 18.55(3), or an appropriate negative statement;
- (3) a ~~business review~~commentary covering the following:
  - (a) a fair review of the development of the business of the listed issuer and its subsidiaries during the financial period and of their financial position at the end of the period;
  - (b) details of important events affecting the listed issuer and its subsidiaries which have occurred since the end of the financial period; and
  - (c) an indication of likely future developments in the business of the listed issuer and its subsidiaries, including the listed issuer's prospects for the current financial year; or

where there are no material changes in respect of such matters since the publication of the latest annual report, an appropriate negative statement in that regard;

- (4) a statement as to whether the listed issuer meets the code provisions set out in the Corporate Governance Code contained in Appendix 15. The listed issuer must also disclose any deviations from the code provisions and considered reasons for such deviations. To the extent that it is reasonable and appropriate, such information may be given by reference to the Corporate Governance Report in the immediately preceding annual report, and summarising any changes since that annual report. Any such references must be clear and unambiguous;
- (5) the information required by rules 18.61 and, if applicable, rules 18.63 and 18.64;
- (6) a statement as to whether or not the half-year results have been reviewed by external auditors or the audit committee of the listed issuer;
- (7) full details of any disagreement by the auditors or the audit committee with the accounting treatment adopted by the listed issuer; ~~and~~
- (8) where there are any significant changes in accounting policies, a statement ~~to~~of that fact must be made; ~~and~~ and

*Note: A listed issuer should apply the same accounting policies in its half-year financial statements as are applied in its annual financial statements, except where the change in accounting policy is required by an accounting standard which came into effect during the half-year period.*

- (9) where there are prior period adjustments due to correction of material errors, a statement of that fact must be made.

### **Preliminary announcement of results for each of the first 3 and 9 month periods of each financial year**

18.79 ~~Except for banking companies which must comply with rule 18.80,~~ Issuers' preliminary announcements of results for each of the first 3 and 9 month periods of each financial year must contain at least the information set out below stated in respect of the group and such information must be published (in accordance with the requirements of Chapter 16) on the GEM website as soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the next business day after approval by or on behalf of the board of the results. The issuer must publish such results not later than 45 days after the end of such period:

- (1) ~~turnover~~ revenue;

- (2) profit (or loss) before taxation, including the share of profit (or loss) of ~~affiliated companies~~ associates and joint ventures with separate disclosure of any items included therein which are exceptional because of size and incidence;
- (3) taxation on profits (Hong Kong and overseas) in each case indicating basis of computation with separate disclosure of the taxation on share of ~~affiliated companies'~~ associates' and joint ventures' profits;
- (4) profit (or loss) attributable to non-controlling interests;
- (5) profit (or loss) attributable to shareholders;
- (6) rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby (or an appropriate negative statement);
- (7) all movements to and from any reserves;
- (8) earnings per share;
- (9) comparative figures of the matters specified in (1) to (8) inclusive for the corresponding previous period; and
- (10) particulars of any purchase, sale or redemption by the issuer or any of its subsidiaries, of its listed securities during the relevant period, or an appropriate negative statement.

*Notes: 1 Where the items of information specified in this rule are unsuited to the listed issuer's activities, appropriate adjustments should be made. Where the requirements of this Note are unsuited to the listed issuer's activities or circumstances, the Exchange may require suitable adaptations to be made.*

*2 The Exchange may authorise the omission from the preliminary announcement of any information if it considers:—*

*(a) such omission to be necessary or appropriate; or*

*(b) disclosure of such information would be contrary to the public interest or seriously detrimental to the issuer,*

*provided that such omission would not be likely to mislead the public with regard to facts and circumstances, knowledge of which is essential for the assessment of the securities in question.*

*3 The issuer or its representatives will be responsible for the correctness and relevance of the facts on which any application for an exemption under Note 2 above is based.*

*Banking companies*

18.80 ~~This rule sets out the minimum level of information to be included in half year reports, quarterly reports and preliminary announcements of issuers that are banking companies (meaning banks, restricted licence banks and deposit taking companies as defined in the Banking Ordinance.)~~  
[Repealed [date]]

~~(1) — As regards income statement~~

~~(a) — Interest income;~~

~~(b) — Interest expense;~~

~~(c) — Other operating income;~~

~~(d) — Operating expenses;~~

~~(e) — Charge for bad and doubtful debts;~~

~~(f) — Gains less losses on trading securities or other investments in securities;~~

~~(g) — Gains less losses from disposal of investment securities or non trading securities;~~

~~(h) — Provisions on held to maturity securities and investment securities or provisions on held to maturity securities and non trading securities;~~

~~(i) — Taxation on profits (Hong Kong and overseas) in each case indicating basis of computation;~~

~~(k) — As appropriations: —~~

~~(i) — transfers to or from inner reserves;~~

~~(ii) — all movements to or from other reserves;~~

~~(l) — Rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby (or an appropriate negative statement);~~

~~(m) — Earnings per share;~~

~~(n) — Comparative figures of the matters specified in (a) to (m) inclusive for the corresponding previous period;~~

~~(2) — As regards statement of assets and liabilities~~

- ~~(a) — cash and short-term funds;~~
- ~~(b) — trading securities or other investments in securities;~~
- ~~(c) — advances and other accounts;~~
- ~~(d) — held-to-maturity securities and investment securities or held-to-maturity securities and non-trading securities;~~
- ~~(e) — issued debt securities;~~
- ~~(f) — other accounts and provisions; and~~
- ~~(g) — comparative figures of the matters specified in (a) to (f) inclusive for the corresponding previous period.~~

~~(3) — As regards segment information~~

~~The income statement and balance sheet of a listed issuer shall, in addition to that information required by rules 18.80(1) and (2), include the segmental information required by the accounting standards adopted for the preparation of its annual financial statements:—~~

- ~~(a) — Hong Kong Financial Reporting Standards (HKFRS); or~~
- ~~(b) — International Financial Reporting Standards (IFRS); or~~
- ~~(c) — Generally Accepted Accounting Principles in the United States of America (US GAAP); or~~
- ~~(d) — China Accounting Standards for Business Enterprises (CASBE).~~

~~(4) — As regards off-balance sheet exposure~~

- ~~(a) — contingent liabilities and commitments; and~~
- ~~(b) — derivatives~~

~~(5) — Those matters set out in rule 18.51 (in the case of preliminary announcements of results for the financial year) or rule 18.64 (in the case of preliminary results for the half-year period) or rule 18.76 (in the case of preliminary results for the quarterly period); and~~

~~(6) — In the case of half-year and quarterly reports:~~

- ~~(a) — those matters set out in rules 18.55 (in the case of half-year reports) or rule 18.68 (in the case of quarterly reports); and~~

~~(b) other information required by the Hong Kong Monetary Authority in relation to half year and quarterly reports, where applicable.~~

~~Notes: 1 The information required by rules 18.80(1) to (4) may be provided on the face of the income statement or the balance sheet, as appropriate, or in the notes to the financial statements.~~

~~2 Rules 18.80(2) to (4) (with the exception of those segment disclosures concerning results as specified in rule 18.80(3)) are not applicable to the quarterly reports of an issuer.~~

#### *Summary financial reports*

18.81 Summary financial reports of issuers must comply with the disclosure requirements set out in the Companies (Summary Financial Reports ~~of Listed Companies~~) Regulation. An issuer must also disclose the following information in its summary financial report:

- (1) particulars of any purchase, sale or redemption by the listed issuer, or any of its subsidiaries, of its listed securities during the financial year or an appropriate negative statement; and
- (2) a separate Corporate Governance Report prepared by the board on its corporate governance practices. The report must, as a minimum, contain the information required under paragraphs G to P of Appendix 15 regarding the accounting period covered by the annual report. To the extent that it is reasonable and appropriate, this Corporate Governance Report may take the form of a summary of the Corporate Governance Report in the annual report and may also incorporate information by reference to its annual report. Any such references must be clear and unambiguous and the summary must not contain only a cross-reference without any discussion of the matter. The summary must contain, as a minimum, a narrative statement indicating overall compliance with and highlighting any deviation from the Corporate Governance Code in Appendix 15.

#### *Summary half-year reports*

18.82 Summary half-year reports shall include, as a minimum, the following information in respect of the listed issuer:—

- (1) information as set out in rules 18.78(1) to (89);
- (2) details of non-compliance (if any) with rules 5.05(1) and 5.05(2) and an explanation of the remedial steps taken by the listed issuer to address such non-compliance relating to appointment of a sufficient number of independent non-executive directors and an independent

non-executive director with appropriate professional qualifications or accounting or related financial management expertise, respectively;

- (3) details of non-compliance with rule 5.28 (if any) and an explanation of the remedial steps taken by the listed issuer to address such non-compliance relating to establishment of an audit committee;
- (4) where the accounting information contained in a summary half-year report has been audited by the listed issuer's auditors, an opinion from the auditors as to whether the summary half-year report is consistent with the full half-year report from which it is derived;
- (5) names of the director(s) who have signed the full half-year report on behalf of the board of directors of the listed issuer;
- (6) a statement to the effect that the summary half-year report only gives a summary of the information and particulars contained in the listed issuer's full half-year report;
- (7) a statement as to how an entitled person may obtain free of charge a copy of the listed issuer's full half-year report from which the summary half-year report is derived; and
- (8) a statement as to the manner in which an entitled person may in future notify the listed issuer of his wishes to receive a copy of a summary half-year report in place of a copy of the full half-year report from which it is derived.

Note: "Entitled person" is a person who is entitled to be sent copies of the reporting documents for the financial year under section 430 of the Companies Ordinance.

#### **Recommended additional disclosure**

18.83 Issuers are encouraged to disclose the following additional commentary on ~~management~~ discussion and analysis in their half-year and annual reports:

- (1) efficiency indicators (e.g. return on equity, working capital ratios) for the last 5 financial years indicating the bases of computation;
- (2) industry specific ratios, if any, for the last 5 financial years indicating the bases of computation;
- (3) a discussion of the listed issuer's purpose, corporate strategy and principal drivers of performance;
- (4) an overview of trends in the listed issuer's industry and business;

- ~~(5) a discussion on business risks (including known events, uncertainties and other factors which may substantially affect future performance) and risks management policy;~~
- ~~(6) a discussion on the listed issuer's environmental policies and performance, including compliance with the relevant laws and regulations;~~
- (75) a discussion on the listed issuer's policies and performance on community, social, ethical and reputational issues; and
- ~~(8) an account of the listed issuer's key relationships with employees, customers, suppliers and others, on which its success depends; and~~
- (96) receipts from, and returns to, shareholders.

*Note: Issuers should also note the recommended disclosures set out in paragraphs Q to T of Appendix 15.*

18.84 Issuers are encouraged to include information set out in Appendix 20 in the annual report regarding the same period covered in the annual report, or as a separate report.

*Note: Where the information is included in a separate report, an issuer is free to report on any period but should consistently report on the same period so that the information can be comparable. However, the Exchange encourages an issuer to report regarding the same period as in the annual report.*

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**APPENDIX III: AMENDMENTS TO MAIN BOARD RULES  
CHAPTER 4 AND GEM RULES CHAPTER 7**

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**PART A – MAIN BOARD LISTING RULES**

**Chapter 4**

**GENERAL**

**ACCOUNTANTS' REPORTS AND PRO FORMA FINANCIAL  
INFORMATION**

**When Required**

4.01 This Chapter sets out the detailed requirements for accountants' reports on the profits and losses, assets and liabilities of, and other financial information on, an issuer and/or a business or company, to be acquired or disposed of (as the case may be) by an issuer for inclusion in listing documents or circulars. Accountants' reports are required to be included in the following listing documents and circulars:—

...

- (2) a listing document issued by a listed issuer in connection with an offer of securities to the public for subscription or purchase which is required by either section 38(1) or section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance to set out the reports specified in Part II of the Third Schedule to that Ordinance; and

...

...

**Basic Contents of Accountants' Report for a Listing Document**

4.04 In the case of a new applicant (rule 4.01(1)) and an offer of securities to the public for subscription or purchase falling within rule 4.01(2) the accountants' report must include:—

**History of results**

...

- (2) the results of any business or subsidiary acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited ~~accounts~~ financial statements of the issuer have been made up (on the same basis, where the subsidiary is itself a holding company, as in rule 4.04(1)) in respect of each of the three financial years immediately preceding the issue of the listing document or in respect of each of the financial years since commencement of such business or the incorporation or other establishment of such subsidiary (as the case may be) if this occurred less than three years prior to such issue or

such shorter period as may be acceptable to the Exchange (see rules 8.05A, 8.05B and 23.06);

### **Balance sheetStatement of financial position**

- (3) (a) the ~~balance sheet~~statement of financial position of the issuer and, if the issuer is itself a holding company, the consolidated ~~balance sheet~~statement of financial position of the issuer and its subsidiaries in each case as at the end of each of the three financial years to which the latest audited ~~accounts~~financial statements of the issuer have been made up except that if the listing document is not required by either section 38(1) or section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance to set out the reports specified in Part II of the Third Schedule of that Ordinance and the issuer is itself a holding company then the accountants' report need only include the consolidated ~~balance sheet~~statement of financial position of the issuer and its subsidiaries;
- (b) in the case of banking companies, the ~~balance sheet~~statement of financial position as at the end of each of the three financial years prepared in accordance with rule 4.04(3)(a) must include information on the assets and liabilities set out in the ~~Financial Disclosure by Locally Incorporated Authorized Institutions~~Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority;
- (4) (a) the ~~balance sheet~~statement of financial position of any business or subsidiary acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited ~~accounts~~financial statements of the issuer have been made up (on the same basis, where the subsidiary is itself a holding company, as in rule 4.04(3)) in each case as at the end of each of the three financial years to which the latest audited ~~accounts~~financial statements of such business or subsidiary (as the case may be) have been made up;
- (b) in the case of banking companies, the ~~balance sheet~~statement of financial position as at the end of each of the three financial years prepared in accordance with rule 4.04(4)(a) must include information on the assets and liabilities set out in the ~~Financial Disclosure by Locally Incorporated Authorized Institutions~~Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority;

### **Cash flow statement**

- (5) the cash flow statement of the issuer or, if the issuer is itself a holding company, the consolidated cash flow statement of the issuer and its subsidiaries in each case for each of the three financial years to which

the latest audited ~~accounts~~ financial statements of the issuer have been made up;

### **Statement of changes in equity**

- (6) a statement of changes in equity of the issuer for each of the three financial years to which the latest audited ~~accounts~~ financial statements of the issuer have been made up;

### **Additional disclosures for Financial Conglomerates**

- (7) ~~where the issuer is regarded as a financial conglomerate (see paragraph 36 of Appendix 16) in any of the three financial years to which the latest audited accounts have been made up, the information required by paragraph 35 of Appendix 16 in respect of the financial year or years in which the issuer is regarded as a financial conglomerate; [Repealed [date]]~~

### **Other**

...

- (9) all movements to and from any reserves including movements arising from:—

...

- (c) the translation of ~~accounts~~ financial statements denominated in foreign currencies; or

...

...

### **Specific detail concerning financial information**

4.05 The report on results and financial position under rules 4.04(1) to (4) must include the disclosures required under the relevant accounting standards adopted and disclose separately the following information:—

- (1) ~~Income statement~~ Statement of profit or loss and other comprehensive income
- (a) ~~turnover;~~
- (b) ~~investment and other income;~~
- (ae) profit (or loss) on sale of ~~investments or~~ properties;
- (d) ~~cost of goods sold;~~
- (e) ~~interest on borrowings;~~
- (f) ~~depreciation/amortisation;~~

- (~~bg~~) profit (or loss) before taxation, including the share of the profit (or loss) of ~~associated companies~~ associates and joint ventures, with separate disclosure of any items included therein which are exceptional because of size, nature and incidence; and
- (~~ch~~) taxation on profits (Hong Kong and overseas) in each case indicating the basis of computation, with separate disclosure of the taxation on share of ~~associated companies'~~ associates and joint ventures' profits;
- (i) ~~profit (or loss) attributable to non-controlling interests;~~
- (j) ~~profit (or loss) attributable to shareholders;~~
- (~~k~~) ~~rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby and any waivers of dividend except that the accountants' report need not disclose this information:—~~
  - (i) ~~if combined results are presented in accordance with rule 4.09 and, in the opinion of the reporting accountants, such information is not meaningful having regard to the purpose of the report;~~
  - (ii) ~~if the accountants' report relates to an issue of debt securities; or~~
  - (iii) ~~in the case of a major transaction; and~~
- (l) ~~details of any special dividend proposed to be paid after the date of the accountants' report;~~
- (2) ~~Balance sheet~~ Statement of financial position information as follows, if applicable:
  - (a) ~~fixed assets;~~
  - (b) ~~current assets~~
    - (i) ~~stocks;~~
    - (a) (ii) ~~debtors including credit policy and ageing analysis of accounts receivable; and~~
    - (iii) ~~cash at bank and in hand; and~~
    - (iv) ~~other current assets;~~
  - (c) ~~current liabilities~~

- ~~(i) borrowings and debts; and~~
- ~~(b) (ii) ageing analysis of accounts payable;~~
- ~~(d) net current assets (liabilities);~~
- ~~(e) total assets less current liabilities;~~
- ~~(f) non-current liabilities~~
  - ~~(i) borrowings and debts;~~
  - ~~(g) capital and reserves; and~~
  - ~~(h) non-controlling interests;~~

Notes: 1 If an issuer/ a company is itself a holding company, the information referred to rule 4.05(2) above is of the consolidated statement of financial position of the issuer/ the company and its subsidiaries.

2 The ageing analysis should normally be presented on the basis of the date of the relevant invoice or demand note and categorised into time-bands based on analysis used by an issuer's management to monitor the issuer's financial position. The basis on which the ageing analysis is presented should be disclosed.

### (3) Dividends

- (a) rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby and any waivers of dividend except that the accountants' report need not disclose this information:—
  - (i) if combined results are presented in accordance with rule 4.09 and, in the opinion of the reporting accountants, such information is not meaningful having regard to the purpose of the report;
  - (ii) if the accountants' report relates to an issue of debt securities; or
  - (iii) in the case of a major transaction; and
- (b) details of any special dividend proposed to be paid after the date of the accountants' report; and

~~(43)~~ in the case of banking companies, the information on results and financial position set out in the ~~Financial Disclosure by Locally Incorporated Authorized Institutions~~Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority must be provided in place of that set out in rule 4.05(1) ~~(with the exception of that required by rules 4.05(1)(k) and 4.05(1)(l))~~ and rule 4.05(2); ~~and~~

~~(4)~~ ~~Segment information~~

~~the income statement and balance sheet shall, in addition to that information required by rules 4.05(1) to 4.05(2), include segmental information required by the accounting standards adopted for the preparation of its annual financial statements:—~~

~~(a) Hong Kong Financial Reporting Standards (HKFRS); or~~

~~(b) International Financial Reporting Standards (IFRS); or~~

~~(c) China Accounting Standards for Business Enterprises (CASBE).~~

~~*Note: The information required by this rule may be provided on the face of the income statement or the balance sheet, as appropriate, or in the notes to the financial statements.*~~

...

### **Basic Contents of Accountants' Report for Certain Notifiable Transaction Circulars**

4.06 In the cases referred to in rule 4.01(3) concerning a circular in connection with a reverse takeover, a very substantial acquisition or a major transaction on the acquisition of a business, company or companies, the accountants' report must include:—

#### **History of results**

(1) (a) the results, for the relevant period, of the business which, or of the company (or, if that company is itself a holding company, of the company and its subsidiaries) in whose share capital an interest, has been acquired, agreed to be acquired or is proposed to be acquired since the date to which the latest published audited ~~accounts~~ financial statements of the issuer have been made up; provided always that where any company in question has not or will not become a subsidiary of the issuer, the Exchange may be prepared to relax this requirement;

*Note* ...

(2) *in the case of a very substantial acquisition or a major transaction, (i) each of the three financial years of the business or company immediately preceding the issue of*

*the circular and where applicable a stub period; or (ii) if the audited ~~accounts~~ financial statements of the business or company for the latest completed financial year has not been prepared at the time of the issue of the circular, each of the three financial years of the business or company immediately preceding the latest completed financial year and a stub period; or*

...

- (b) in the case of banking companies, the report on results prepared in accordance with rule 4.06(1)(a) must include the information on results set out in the ~~Financial Disclosure by Locally Incorporated Authorized Institutions~~ Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority;

### **~~Balance sheet~~ Statement of financial position**

- (2) (a) the ~~balance sheet~~ statement of financial position of the business which, or of the company (and, if that company is itself a holding company, the consolidated ~~balance sheet~~ statement of financial position of the company and its subsidiaries) in whose share capital an interest, has been acquired, agreed to be acquired or is proposed to be acquired since the date to which the latest published audited ~~accounts~~ financial statements of the issuer have been made up, in each case as at the end of each of the three financial years (or the end of each of the financial years since commencement of such business or the incorporation or establishment of such company, as the case may be, if less) to which the latest audited ~~accounts~~ financial statements of such business or company (as the case may be) have been made up;
- (b) in the case of banking companies, the ~~balance sheet~~ statement of financial position as at the end of each of the three financial years (or the end of each of the financial years since commencement of such business or the incorporation or establishment of such company, as the case may be, if less) must include the information on the assets and liabilities set out in the ~~Financial Disclosure by Locally Incorporated Authorized Institutions~~ Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority;

### **Cash flow statement**

- (3) the cash flow statement of the business which, or of the company (or, if that company is itself a holding company, of the company and its subsidiaries) in whose share capital an interest has been acquired, agreed to be acquired or is proposed to be acquired since the date to which the latest published audited ~~accounts~~ financial statements of the issuer have been made up, in each case for each of the three financial years (or for each of the financial years since commencement of such business or the incorporation or establishment of such company, as the

case may be, if less) to which the latest audited ~~accounts~~ financial statements of such business or company (as the case may be) have been made up;

### **Statement of changes in equity**

- (4) a statement of changes in equity of the business which, or of the company (or, if that company is itself a holding company, of the company and its subsidiaries) in whose share capital an interest, has been acquired, agreed to be acquired or is proposed to be acquired since the date to which the latest published audited ~~accounts~~ financial statements of the issuer have been made up, in each case for each of the three financial years (or for each of the financial years since commencement of such business or the incorporation or establishment of such company, as the case may be, if less) to which the latest audited ~~accounts~~ financial statements of such business or company (as the case may be) have been made up;

### **Additional disclosures for Financial Conglomerates**

- (5) ~~where the business or company acquired or to be acquired is regarded as a financial conglomerate (see paragraph 36 of Appendix 16) in any of the three financial years (or for each of the financial years since commencement of such business or the incorporation or establishment of such company, as the case may be, if less) to which the latest audited accounts have been made up, the information required by paragraph 35 of Appendix 16 in respect of the financial year or years in which the issuer is regarded as a financial conglomerate; [Repealed [date]]~~
- (6) all movements to and from any reserves including movements arising from:—
- ...
  - (c) the translation of ~~accounts~~ financial statements denominated in foreign currencies; or
  - ...
- ...

### **Requirements Applicable in All Cases**

4.08 In all cases:—

- (1) the accountants' report must include a statement of:
- (a) whether or not the ~~accounts~~ financial statements for the period reported on have been audited and, if so, by whom; and
  - (b) whether or not any audited ~~accounts~~ financial statements have been made up since the end of the last financial period reported on;
- (2) the reporting accountants must express an opinion as to whether or not the relevant information gives, for the purposes of the accountants'

report, a true and fair view of the results and cash flows for the period reported on and of the ~~balance sheet~~statement of financial position as at the end of each of the period reported on;

...

### **Individual Or Combined Results**

- 4.09 (1) In the case of a new applicant (rule 4.01(1)) and an offer of securities to the public for subscription or purchase falling within rule 4.01(2), the reporting accountants must report on the consolidated or combined financial history of results and the consolidated or combined ~~balance sheet~~statement of financial position of the issuer and its subsidiaries and any business or subsidiary acquired or proposed to be acquired since the date to which the latest audited ~~accounts~~financial statements of the issuer have been made up, unless otherwise agreed by the Exchange.
- (2) In the case of a circular issued by a listed issuer in connection with the acquisition of more than one business and/or company and/or group of companies, the reporting accountants must report on the individual financial histories of results and the individual ~~balance sheets~~statements of financial position of each of those businesses, companies or groups of companies referred to in rule 4.06, unless otherwise agreed by the Exchange.

### **Disclosure**

- 4.10 The information to be disclosed in respect of rules 4.04 to 4.09 must be in accordance with best practice which is at least that required to be disclosed in respect of those specific matters in the accounts of a company under the ~~Companies Ordinance and~~ HKFRS, IFRS or CASBE in the case of a PRC issuer that has adopted CASBE for the preparation of its annual financial statements and, in the case of banking companies, the ~~Financial Disclosure by Locally Incorporated Authorized Institutions~~Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority.

### **Accounting Standards**

- 4.11 The financial history of results and the ~~balance sheet~~statement of financial position included in the accountants' report must normally be drawn up in conformity with:—

...

...

### **Statement of Adjustments**

...

- 4.15 The statement of adjustments must set out, for each of the years reported upon, each adjustment made and be sufficiently detailed so as to reconcile the figures in the accountants' report with the corresponding figures in the audited ~~accounts~~financial statements and must give the reasons therefor.

...

### **Additional Matters for Disclosure**

- 4.22 Where the business of the issuer necessitates extra disclosure to the members in its annual ~~accounts~~ financial statements by virtue of special legislation, the equivalent disclosure must be made in the report.

### **General**

- 4.23 ~~Where the issuer is entitled to avail itself, and has availed itself, of the benefit of any of the provisions of Part III of the Tenth Schedule to the Companies Ordinance, nothing herein shall require any financial information to be included in the accountants' report which need not be disclosed in a balance sheet or profit and loss account of the issuer which is drawn up in accordance with that Ordinance by virtue of any of those provisions or as a direct effect or result of any of those provisions. In the case of such issuers the opinion of the reporting accountants which is required by 4.08(2) may be expressed on an appropriate basis. [Repealed [date]]~~

*Note: ~~Insurance and shipping companies will not be entitled to avail themselves of the benefits of the provisions of Part III of the Tenth Schedule to the Companies Ordinance.~~*

...

### **Pro Forma Financial Information**

- 4.25 In the cases referred to in rule 4.01(3) concerning a circular in connection with a major transaction, the pro forma financial information required under rules 14.67(6)(a)(ii) or 14.67(6)(b)(ii) on the enlarged group (i.e. the issuer, its subsidiaries and any business or subsidiary or, where applicable, assets acquired or proposed to be acquired since the date to which the latest audited ~~accounts~~ financial statements of the issuer have been made up (including but not limited to any business, company or companies being acquired)) must include all the information referred to in rule 4.29 in respect of such enlarged group.

- 4.26 In the cases referred to in rule 4.01(3) concerning a circular in connection with a reverse takeover or a very substantial acquisition, the pro forma financial information required under rules 14.69(4)(a)(ii) or 14.69(4)(b)(ii) on the enlarged group (i.e. the issuer, its subsidiaries and any business or subsidiary or, where applicable, assets acquired or proposed to be acquired since the date to which the latest audited ~~accounts~~ financial statements of the issuer have been made up (including but not limited to any business, company or companies being acquired)) must include all the information referred to in rule 4.29 in respect of such enlarged group.

...

- 4.28 In the case of a new applicant (rule 4.01(1)) which has acquired or proposed to acquire any businesses or companies, which would at the date of application or such later date of acquisition before listing of the applicant be classified as a major subsidiary, since the date to which the latest audited ~~accounts~~financial statements of the issuer have been made up, it must include in its listing document the pro forma financial information required under rule 4.29 in respect of the enlarged group (i.e. the new applicant, its subsidiaries and any businesses or companies acquired or proposed to be acquired since the date to which the latest audited ~~accounts~~financial statements of the issuer have been made up).

*Note: For purposes of rule 4.28, all acquisitions or proposed acquisitions since the date to which the latest audited ~~accounts~~financial statements in the accountants' report of the issuer have been made up, whether of businesses or companies, should be aggregated. If the aggregated total assets, profits or revenue represents 5% or more under any of the percentage ratios as defined under rule 14.04(9), these acquisitions will be deemed to be an acquisition of a major subsidiary for the purpose of rule 4.28. 100% of the major subsidiary's total assets, profits or revenue (as the case may be) or, where the major subsidiary itself has subsidiaries, the consolidated total assets, profits or revenue (as the case may be) of the major subsidiary is to be compared to the total assets, profits or revenue (as the case may be) shown in the issuer's latest audited consolidated financial statements in the accountants' report irrespective of the interest held in the major subsidiary.*

- 4.29 Where an issuer includes pro forma financial information in any document (whether or not such disclosure of pro forma financial information is required under the Exchange Listing Rules), that information must comply with rules 4.29(1) to (6) and a report in the terms of rule 4.29(7) must be included in the relevant document.

- (1) The pro forma financial information must provide investors with information about the impact of the transaction the subject of the document by illustrating how that transaction might have affected the financial information presented in the document, had the transaction been undertaken at the commencement of the period being reported on or, in the case of a pro forma ~~balance sheet~~statement of financial position or net asset statement, at the date reported. The pro forma financial information presented must not be misleading, must assist investors in analysing the future prospects of the issuer and must include all appropriate adjustments permitted by rule 4.29(6), of which the issuer is aware, necessary to give effect to the transaction as if the transaction had been undertaken at the commencement of the period being reported on or, in the case of a pro forma ~~balance sheet~~statement of financial position or net asset statement, at the date reported on.

...

- (4) Pro forma financial information may only be published in respect of:
- (a) the current financial period;
  - (b) the most recently completed financial period; and/or
  - (c) the most recent interim period for which relevant unadjusted information has been or will be published or is being published in the same document;

and, in the case of a pro forma ~~balance sheet~~statement of financial position or net asset statement, as at the date on which such periods end or ended.

- (5) The unadjusted information must be derived from the most recent:
- (a) audited published ~~accounts~~financial statements, published interim reports or published interim or annual results announcements;

...

...

## PART B – GEM LISTING RULES

### Chapter 7

#### GENERAL

#### ACCOUNTANTS' REPORTS AND PRO FORMA FINANCIAL INFORMATION

##### When required

7.01 This Chapter sets out the detailed requirements for accountants' reports on the profits and losses, assets and liabilities of, and other financial information on, an issuer and/or a business or company, to be acquired or disposed of (as the case may be) by an issuer for inclusion in listing documents or circulars. Accountants' reports are required to be included in the following listing documents and circulars: —

...

- (2) a listing document issued by a listed issuer in connection with an offer of securities to the public for subscription or purchase which is required by either section 38(1) or section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance to set out the reports specified in Part II of the Third Schedule to that Ordinance; and

...

...

##### Basic contents of accountants' report for a listing document

7.03 In the case of a new applicant (rule 7.01(1)) and an offer of securities to the public for subscription or purchase falling within rule 7.01(2) the accountants' report must include:—

##### *History of results*

...

- (2) the results of any business or subsidiary acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited ~~accounts~~ financial statements of the issuer have been made up (on the same basis, where the subsidiary is itself a holding company, as in (1) above) in respect of each of the 2 financial years referred to in (1) above (or in respect of the period since commencement of such business or the incorporation or establishment of such subsidiary, as the case may be, if this occurred within such 2 year period).

##### ~~Balance sheet~~ Statement of financial position

- (3) (a) the ~~balance sheet~~ statement of financial position of the issuer and, if the issuer is itself a holding company, the consolidated ~~balance sheet~~ statement of financial position of the issuer and its subsidiaries

in each case as at the end of each of the two financial years to which the latest audited ~~accounts~~ financial statements of the issuer have been made up except that if the listing document is not required by either section 38(1) or section 342(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance to set out the reports specified in Part II of the Third Schedule of that Ordinance and the issuer is itself a holding company then the accountants' report need only include the consolidated ~~balance sheet~~ statement of financial position of the issuer and its subsidiaries;

(b) in the case of banking companies, the ~~balance sheet~~ statement of financial position as at the end of each of the two financial years prepared in accordance with rule 7.03(3)(a) must include information on the assets and liabilities set out in the ~~Financial Disclosure by Locally Incorporated Authorized Institutions~~ Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority Authorized Institutions issued by the Hong Kong Monetary Authority;

(4) (a) the ~~balance sheet~~ statement of financial position of any business or subsidiary acquired, agreed to be acquired or proposed to be acquired since the date to which the latest audited ~~accounts~~ financial statements of the issuer have been made up (on the same basis, where the subsidiary is itself a holding company, as in (3) above) in each case as at the end of each of the two financial years to which the latest audited ~~accounts~~ financial statements of such business or subsidiary (as the case may be) have been made up;

(b) in the case of banking companies, the ~~balance sheet~~ statement of financial position as at the end of each of the two financial years prepared in accordance with rule 7.03(4)(a) must include information on the assets and liabilities set out in the ~~Financial Disclosure by Locally Incorporated Authorized Institutions~~ Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority;

*Cash flow statement*

(4A) the cash flow statement of the issuer or, if the issuer is itself a holding company, the consolidated cash flow statement of the issuer and its subsidiaries in each case for each of the two financial years to which the latest audited ~~accounts~~ financial statements of the issuer have been made up;

*Statement of changes in equity*

(4B) a statement of changes in equity of the issuer for each of the two financial years to which the latest audited ~~accounts~~ financial statements of the issuer have been made up;

*Additional disclosures for Financial Conglomerates*

- (4C) ~~where the issuer is regarded as a financial conglomerate (see rule 18.37B) in any of the two financial years to which the latest audited accounts have been made up, the information required by rule 18.37A in respect of the financial year or years in which the issuer is regarded as a financial conglomerate; [Repealed [date]]~~

...

*Other*

- (6) all movements to and from any reserves including movements arising from:—

...

- (c) ~~the translation of accounts~~ financial statements denominated in foreign currencies; or

...

*Specific detail concerning financial information*

7.04 The report on results and financial position under rules 7.03(1) to (4) above must include the disclosures required under the relevant accounting standards adopted and disclose separately at least the following information:—

- (1) ~~Income statement~~ Statement of profit or loss and other comprehensive income
- (a) ~~turnover;~~
- (b) ~~investment and other income;~~
- (ea) profit (or loss) on sale of ~~investments or~~ properties;
- (d) ~~cost of goods sold;~~
- (e) ~~interest on borrowings;~~
- (f) ~~depreciation/amortisation;~~
- (gb) profit (or loss) before taxation, including the share of the profit (or loss) of ~~affiliated companies~~ associates and joint ventures, with separate disclosure of any items included therein which are exceptional because of size, nature and incidence; and
- (hc) taxation on profits (Hong Kong and overseas) in each case indicating the basis of computation, with separate disclosure of the taxation on share of ~~affiliated companies'~~ associates and joint ventures' profits;

- ~~(i) — profit (or loss) attributable to non-controlling interests;~~
  - ~~(j) — profit (or loss) attributable to shareholders;~~
  - ~~(k) — rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby and any waivers of dividend except that the accountants' report need not disclose this information: —~~
    - ~~(a) — if combined results are presented in accordance with rule 7.09 and, in the opinion of the reporting accountants, such information is not meaningful having regard to the purpose of the report;~~
    - ~~(b) — if the accountants' report relates to an issue of debt securities; or—~~
    - ~~(c) — in the case of a major transaction; and~~
  - ~~(l) — details of any special dividend proposed to be paid after the date of the accountants' report;~~
- (2) ~~Balance sheet~~Statement of financial position information as follows, if applicable:
- ~~(a) — fixed assets;~~
  - ~~(b) — current assets~~
    - ~~(i) — stocks;~~
    - ~~(a) (ii) — debtors including credit policy and ageing analysis of accounts receivable; and~~
    - ~~(iii) — cash at bank and in hand; and~~
    - ~~(iv) — other current assets;~~
  - ~~(c) — current liabilities~~
    - ~~(i) — borrowings and debts; and~~
  - ~~(b) (ii) — ageing analysis of accounts payable;~~
  - ~~(d) — net current assets (liabilities);~~
  - ~~(e) — total assets less current liabilities;~~
  - ~~(f) — non-current liabilities~~

- ~~(i) borrowings and debts;~~
- ~~(g) capital and reserves; and~~
- ~~(h) non-controlling interests.~~

Notes: 1 If an issuer/ a company is itself a holding company, the information referred to rule 7.04(2) above is of the consolidated statement of financial position of the issuer/ the company and its subsidiaries.

2 The ageing analysis should normally be presented on the basis of the date of the relevant invoice or demand note and categorised into time-bands based on analysis used by an issuer's management to monitor the issuer's financial position. The basis on which the ageing analysis is presented should be disclosed.

(3) Dividends

- (a) rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby and any waivers of dividend except that the accountants' report need not disclose this information:—
  - (i) if combined results are presented in accordance with rule 7.09 and, in the opinion of the reporting accountants, such information is not meaningful having regard to the purpose of the report;
  - (ii) if the accountants' report relates to an issue of debt securities; or
  - (iii) in the case of a major transaction; and
- (b) details of any special dividend proposed to be paid after the date of the accountants' report; and
- (34) in the case of banking companies, the information on results and financial position set out in the ~~Financial Disclosure by Locally Incorporated Authorized Institutions~~ Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority must be provided in place of that set out in sub paragraph (1) ~~(with the exception of that required by sub-paragraphs 1(k) and 1(1))~~ and (2) above; and.
- ~~(4) Segment information~~

~~The income statement and balance sheet shall, in addition to that information required by (1) to (2) immediately above, include~~

~~segmental information required by the accounting standards adopted for the preparation of its annual financial statements:—~~

~~(a) Hong Kong Financial Reporting Standards (HKFRS); or~~

~~(b) International Financial Reporting Standards (IFRS); or~~

~~(c) Generally Accepted Accounting Principles in the United States of America (US GAAP); or~~

~~(d) China Accounting Standards for Business Enterprises (CASBE).~~

~~Note: The information required by this rule may be provided on the face of the income statement or the balance sheet, as appropriate, or in the notes to the financial statements.~~

...

### **Basic contents of accountants' report for certain notifiable transaction circulars**

7.05 In the cases referred to in rule 7.01(3) concerning a circular in connection with a reverse takeover, a very substantial acquisition or a major transaction on the acquisition of a business, company or companies, the accountants' report must include:—

#### *Three year history of results*

- (1) (a) the results, for the relevant period, of the business which, or of the company (or, if that company is itself a holding company, of the company and its subsidiaries) in whose share capital an interest, has been acquired, agreed to be acquired or is proposed to be acquired since the date to which the latest published audited ~~accounts~~ financial statements of the issuer have been made up; provided always that where any company in question has not or will not become a subsidiary of the issuer, the Exchange may be prepared to relax this requirement;

*Note: For the purposes of this rule, the "relevant period" comprises:*

(1) ...

(2) *in the case of a very substantial acquisition or a major transaction, (i) each of the three financial years of the business or company immediately preceding the issue of the circular and where applicable a stub period; or (ii) if the audited ~~accounts~~ financial statements of the business or company for the latest completed financial year has not been prepared at the time of the issue of the*

*circular, each of the three financial years of the business or company immediately preceding the latest completed financial year and a stub period;  
or*

(3) ...

...

- (b) in the case of banking companies, the report on results prepared in accordance with rule 7.05(1)(a) must include the information on results set out in the ~~Financial Disclosure by Locally Incorporated Authorized Institutions~~Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority;

*Three year ~~balance sheet~~ statement of financial position*

- (2) (a) the ~~balance sheet~~ statement of financial position of the business which, or of the company (and, if that company is itself a holding company, the consolidated ~~balance sheet~~ statement of financial position of the company and its subsidiaries) in whose share capital an interest has been acquired, agreed to be acquired or is proposed to be acquired since the date to which the latest published audited ~~accounts~~ financial statements of the issuer have been made up, in each case as at the end of each of the three financial years (or the end of each of the financial years since commencement of such business or the incorporation or establishment of such company, as the case may be, if less) to which the latest audited ~~accounts~~ financial statements of such business or company (as the case may be) have been made up;
- (b) in the case of banking companies, the ~~balance sheet~~ statement of financial position as at the end of each of the three financial years (or the end of each of the financial years since commencement of such business or the incorporation or establishment of such company, as the case may be, if less) must include the information on the assets and liabilities set out in the ~~Financial Disclosure by Locally Authorized Institutions~~Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority;

*Three year cash flow statement*

- (2A) the cash flow statement of the business which, or of the company (or, if that company is itself a holding company, of the company and its subsidiaries) in whose share capital an interest, has been acquired, agreed to be acquired or is proposed to be acquired since the date to which the latest published audited ~~accounts~~ financial statements of the issuer have been made up, in each case for each of the three financial years (or for each of the financial years since commencement of such business or the incorporation or establishment of such company, as the

case may be, if less) to which the latest audited ~~accounts~~ financial statements of such business or company (as the case may be) have been made up;

*Three year statement of changes in equity*

- (2B) a statement of changes in equity of the business which, or of the company (or, if that company is itself a holding company, of the company and its subsidiaries) in whose share capital an interest, has been acquired, agreed to be acquired or is proposed to be acquired since the date to which the latest published audited ~~accounts~~ financial statements of the issuer have been made up, in each case for each of the three financial years (or for each of the financial years since commencement of such business or the incorporation or establishment of such company, as the case may be, if less) to which the latest audited ~~accounts~~ financial statements of such business or company (as the case may be) have been made up;

*Additional disclosures for Financial Conglomerates*

- (2C) ~~where the business or company acquired or to be acquired is regarded as a financial conglomerate (see rule 18.37B) in any of the three financial years (or for each of the financial years since commencement of such business or the incorporation or establishment of such company, as the case may be, if less) to which the latest audited accounts have been made up, the information required by rule 18.37A in respect of the financial year or years in which the issuer is regarded as a financial conglomerate; [Repealed [date]]~~
- (3) all movements to and from any reserves including movements arising from:—
- ...
- (c) the translation of ~~accounts~~ financial statements denominated in foreign currencies; or

...

**Requirements applicable in all cases**

7.08 In all cases:—

- (1) the accountants' report must include a statement of:
- (a) whether or not the ~~accounts~~ financial statements for the period reported on have been audited and, if so, by whom; and
- (b) whether or not any audited ~~accounts~~ financial statements have been made up since the end of the last financial period reported on;
- (2) the reporting accountants must express an opinion as to whether or not the relevant information gives, for the purposes of the

accountants' report, a true and fair view of the results and cash flows for the period reported on and of the ~~balance sheet statement~~ of financial position as at the end of each of the period reported on;

...

### **Individual or combined results**

- 7.09 In the case of a new applicant (rule 7.01(1)) and an offer of securities to the public for subscription or purchase falling within rule 7.01(2), the reporting accountants must report on the consolidated or combined financial history of results and the consolidated or combined ~~balance sheet statement~~ of financial position of the issuer and its subsidiaries and any business or subsidiary acquired or proposed to be acquired since the date to which the latest audited ~~accounts~~ financial statements of the issuer have been made up, unless otherwise agreed by the Exchange.
- 7.10 In the case of a circular issued by a listed issuer in connection with the acquisition of more than one business and/or company and/or group of companies, the reporting accountants must report on the individual financial histories of results and the individual ~~balance sheet statements~~ of financial position of each of those businesses, companies or groups of companies referred to in rule 7.05, unless otherwise agreed by the Exchange.

### **Disclosure**

- 7.11 The information to be disclosed in respect of rules 7.03, 7.09 and 7.10 must be in accordance with best practice which is at least that required to be disclosed in respect of those specific matters in the ~~accounts~~ financial statements of a company under the ~~Companies Ordinance and~~ HKFRS, IFRS or CASBE in the case of a PRC issuer that has adopted CASBE for the preparation of its annual financial statements and, in the case of banking companies, the ~~Financial Disclosure by Locally Incorporated Authorized Institutions~~ Guideline on the Application of the Banking (Disclosure) Rules issued by the Hong Kong Monetary Authority.

### **Accounting standards**

- 7.12 The financial history of results and the ~~balance sheet statement~~ of financial position included in the accountants' report must normally be drawn up in conformity 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.

*Note: The issuer must apply one of these bodies of standards consistently and shall not change from one body of standards to the other.*

- 7.13 The financial history of results and the ~~balance sheet~~ 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 National 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:—

...

#### **Statement of adjustments**

- 7.19 The statement of adjustments must set out, for each of the years reported upon, each adjustment made and be sufficiently detailed so as to reconcile the figures in the accountants' report with the corresponding figures in the audited ~~accounts~~ financial statements and must give the reasons therefor.

...

#### **Additional matters for disclosure**

- 7.24 Where the business of the issuer necessitates extra disclosure to the members in its annual ~~accounts~~ financial statements by virtue of special legislation, the equivalent disclosure must be made in the report.

#### **General**

- 7.25 ~~Where the issuer is entitled to avail itself, and has availed itself, of the benefit of any of the provisions of Part III of the Tenth Schedule to the Companies Ordinance, nothing herein shall require any financial information to be included in the accountants' report which need not be disclosed in a balance sheet or profit and loss account of the issuer which is drawn up in accordance with that Ordinance by virtue of any of those provisions or as a direct effect or result of any of those provisions. In the case of such issuers the opinion of the reporting accountants which is required by 7.08(2) may be expressed on an appropriate basis. [Repealed [date]]~~

*Note: ~~Insurance and shipping companies will not be entitled to avail themselves of the benefits of the provisions of Part III of the Tenth Schedule to the Companies Ordinance.~~*

...

#### **Pro Forma Financial Information**

- 7.27 In the cases referred to in rule 7.01(3) concerning a circular in connection with a major transaction, the pro forma financial information required under rules 19.67(6)(a)(ii) or 19.67(6)(b)(ii) on the enlarged group (i.e. the issuer, its subsidiaries and any business or subsidiary or, where applicable, assets acquired or proposed to be acquired since the date to which the latest audited ~~accounts~~ financial statements of the issuer have been made up (including but not limited to any business, company or companies being acquired)) must include all the information referred to in rule 7.31 in respect of such enlarged group.

7.28 In the cases referred to in rule 7.01(3) concerning a circular in connection with a reverse takeover or a very substantial acquisition, the pro forma financial information required under rules 19.69(4) (a)(ii) or 19.69(4)(b)(ii) on the enlarged group (i.e. the issuer, its subsidiaries and any business or subsidiary or, where applicable, assets acquired or proposed to be acquired since the date to which the latest audited ~~accounts~~ financial statements of the issuer have been made up (including but not limited to any business, company or companies being acquired)) must include all the information referred to in rule 7.31 in respect of such enlarged group.

...

7.30 In the case of a new applicant (rule 7.01(1)) which has acquired or proposed to acquire any businesses or companies, which would at the date of application or such later date of acquisition before listing of the applicant be classified as a major subsidiary, since the date to which the latest audited ~~accounts~~ financial statements of the issuer have been made up, it must include in its listing document the pro forma financial information required under rule 7.31 in respect of the enlarged group (i.e. the new applicant, its subsidiaries and any businesses or companies acquired or proposed to be acquired since the date to which the latest audited ~~accounts~~ financial statements of the issuer have been made up).

*Note: For purposes of rule 7.30, all acquisitions or proposed acquisitions since the date to which the latest audited ~~accounts~~ financial statements in the accountants' report of the issuer have been made up, whether of businesses or companies, should be aggregated. If the aggregated total assets, profits or revenue represents 5% or more under any of the percentage ratios as defined under rule 19.04(9), these acquisitions will be deemed to be an acquisition of a major subsidiary for the purpose of rule 7.30. 100% of the major subsidiary's total assets, profits or revenue (as the case may be) or, where the major subsidiary itself has subsidiaries, the consolidated total assets, profits or revenue (as the case may be) of the major subsidiary is to be compared to the total assets, profits or revenue (as the case may be) shown in the issuer's latest audited consolidated financial statements in the accountants' report irrespective of the interest held in the major subsidiary.*

7.31 Where an issuer includes pro forma financial information in any document (whether or not such disclosure of pro forma financial information is required under the GEM Listing Rules), that information must comply with rules 7.31(1) to (6) and a report in the terms of rule 7.31(7) must be included in the relevant document.

- (1) The pro forma financial information must provide investors with information about the impact of the transaction the subject of the document by illustrating how that transaction might have affected the financial information presented in the document, had the

transaction been undertaken at the commencement of the period being reported on or, in the case of a pro forma ~~balance sheet statement of financial position~~ or net asset statement, at the date reported. The pro forma financial information presented must not be misleading, must assist investors in analyzing the future prospects of the issuer and must include all appropriate adjustments permitted by rule 7.31(6), of which the issuer is aware, necessary to give effect to the transaction as if the transaction had been undertaken at the commencement of the period being reported on or, in the case of a pro forma ~~balance sheet statement of financial position~~ or net asset statement, at the date reported on.

...

(4) Pro forma financial information may only be published in respect of:

- (a) the current financial period;
- (b) the most recently completed financial period; and/or
- (c) the most recent interim period for which relevant unadjusted information has been or will be published or is being published in the same document;

and, in the case of a pro forma ~~balance sheet statement of financial position~~ or net asset statement, as at the date on which such periods end or ended.

(5) The unadjusted information must be derived from the most recent:

- (a) audited published ~~accounts~~ financial statements, published half-year reports or published half-year or annual results announcements;

...

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**APPENDIX IV: AMENDMENTS TO OTHER 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:

...

**“authorised representative”** ...

**“balance sheet”** has the same meaning as “statement of financial position” and vice-versa

**“bank”** ...

...

**“Code of Conduct”** Code of Conduct for Persons Licensed by or Registered with the ~~Securities and Futures~~ Commission

**“Code on Share Repurchases Buy-backs”** the Code on Share Repurchases Buy-backs approved by the Commission as amended from time to time

**or “Share Buy-backs Code”**

**“Code on Takeovers and Mergers” or “Takeovers Code”** the Code on Takeovers and Mergers approved by the Commission as amended from time to time

**“Commission”** the Securities and Futures Commission...

**“Companies Ordinance”** the Companies Ordinance (Cap.622) as amended from time to time

**“Companies (Winding Up and Miscellaneous Provisions) Ordinance”** the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32) as amended from time to time

**“company”** ...

...

<b>“holding company”</b>	the meaning attributed to it in section 2 of the Companies Ordinance, but interpreting the term “subsidiary” in accordance with the definition of “subsidiary” under this rule 1.01 in relation to a company, means another company of which it is a subsidiary
...	
<b>“IFA group”</b>	...
<b><u>“income statement”</u></b>	<u>has the same meaning as “statement of profit or loss and other comprehensive income” and vice-versa</u>
<b>“inside information”</b>	...
...	
<b>“professional accountant”</b>	...
<b><u>“profit and loss account”</u></b>	<u>has the same meaning as “statement of profit or loss and other comprehensive income” and vice-versa</u>
<b>“promoter”</b>	...
<b>“prospectus”</b>	the same meaning as in section 2(1) of the Companies ( <u>Winding Up and Miscellaneous Provisions</u> ) Ordinance
...	
<b>“published in the newspapers”</b>	published as a paid advertisement in English in at least one English language newspaper and in Chinese in at least one Chinese language newspaper, being in each case a newspaper published daily and circulating generally in Hong Kong and specified in the list of newspapers issued and published in the Gazette for the purposes of sections <del>71A</del> <u>162 to 169</u> of the Companies Ordinance, and “publish in the newspapers” shall be construed accordingly
...	
<b>“subsidiary”</b>	includes: <ul style="list-style-type: none"> <li>(a) a “subsidiary undertaking” as defined in <del>the twenty-third</del> schedule <u>1</u> to the Companies Ordinance;</li> <li>(b) ...</li> <li>(c) ...</li> </ul>
...	

**“summary financial report”**

a summary financial report of a company, which complies with sections ~~141CF(1)437~~ to 446 of the Companies Ordinance

...

**“supervisor”**

the same meaning as in rule 19A.04

~~**“Takeovers Code”**~~

~~the Code on Takeovers and Mergers approved by the Commission as amended from time to time~~

**“tap issues”**

...

...

...

# Chapter 2

## GENERAL

### INTRODUCTION

...

#### Use of Electronic Means

...

2.07C (1) (a) (i) ...

...

...

(b) (i) Other than where a prospectus is to be registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, a listed issuer or new applicant must submit to the Exchange through HKEx-EPS for publication on the Exchange's website a ready-to-publish electronic copy of any corporate communication which is required by the Exchange Listing Rules (including any listing document of a listed issuer or new applicant which is not to be registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance)...

(ii) Where a prospectus is to be registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the listed issuer or new applicant must submit to the Exchange through HKEx-EPS for publication on the Exchange's website a ready-to-publish electronic copy of each of the prospectus and any application forms...They must be submitted only after the issuer has received the letter from the Companies Registry confirming registration of the prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance...

*Note:* ...

...

...

# Chapter 2A

## GENERAL

### COMPOSITION, POWERS, FUNCTIONS AND PROCEDURES OF THE LISTING COMMITTEE, THE LISTING APPEALS COMMITTEE AND THE LISTING DIVISION

...

#### Disciplinary Procedures

...

2A.10 The sanctions in rule 2A.09 may be imposed or issued against any of the following:

(a) ...

...

(h) any supervisor of a PRC issuer; and

(i) [Repealed 1 January 2007] ~~and~~

(j) any independent financial adviser of a listed issuer.

...

...

# Chapter 3

## GENERAL

### AUTHORISED REPRESENTATIVES, DIRECTORS, BOARD COMMITTEES AND COMPANY SECRETARY

...

#### Directors

...

3.13 In assessing the independence of a non-executive director, the Exchange will take into account the following factors, none of which is necessarily conclusive. Independence is more likely to be questioned if the director:—

- (1) holds more than 1% of the ~~total~~ number of issued shares capital of the listed issuer;

*Notes: 1. A listed issuer wishing to appoint an independent non-executive director holding an interest of more than 1% must satisfy the Exchange, prior to such appointment, that the candidate is independent. A candidate holding an interest of 5% or more will normally not be considered independent.*

2. *When calculating the 1% limit set out in rule 3.13(1), the listed issuer must take into account the total number of shares held legally or beneficially by the director, together with the total number of shares which may be issued to the director or his nominee upon the exercise of any outstanding share options, convertible securities and other rights (whether contractual or otherwise) to call for the issue of shares.*

- (2) ...

...

...

#### Company Secretary

3.28 The issuer must appoint as its company secretary an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Exchange, capable of discharging the functions of company secretary.

*Notes: 1 ...*

...

- 2 *In assessing “relevant experience”, the Exchange will consider the individual’s:*

(a) ...

(b) *familiarity with the Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Takeovers Code;*

...

...

# Chapter 3A

## GENERAL

### SPONSORS AND COMPLIANCE ADVISERS

...

#### Impartiality and independence of sponsors

...

3A.07 At least one sponsor of a new applicant must be independent of it. The sponsor is required to demonstrate to the Exchange its independence or lack of independence and declare in accordance with the terms set out in Appendix 17.

A sponsor is not independent if any of the following circumstances exist at any time from the date of submission of a listing application on Form A1 up to the date of listing:

- (1) the sponsor group and any director or close associate of a director of the sponsor collectively holds or will hold, directly or indirectly, more than 5% of the number of issued shares ~~capital~~ of the new applicant, except where that holding arises as a result of an underwriting obligation;

...

*Notes: ...*

...

...

#### Application of other rules

3A.28 Insofar as the Exchange Listing Rules impose a higher standard of conduct on sponsors or Compliance Advisers ~~than to~~ that set out in the Commission's Corporate Finance Adviser Code of Conduct, the Code of Conduct, the Takeovers Code, the Share ~~Repurchases~~ Buy-backs Code and all other relevant codes and guidelines applicable to them, the Exchange Listing Rules will prevail.

...

...

## Chapter 5

### VALUATION OF AND INFORMATION ON PROPERTIES

...

#### Requirements for an issuer

...

- 5.03 For a connected transaction involving an acquisition or a disposal of any property interest or of a company whose assets consist solely or mainly of property (including a company listed on the Exchange) ~~from or to a connected person~~, a valuation of and information on the property must be included in any circular issued to shareholders in connection with the acquisition or disposal (see rule 14A.70(7)). The circular must include full text of valuation reports and the general information in rule 5.10, if it applies.

...

# Chapter 7

## EQUITY SECURITIES

### METHODS OF LISTING

...

#### Rights Issue

...

7.19 (1) ...

...

(6) If the proposed rights issue would increase either the number of issued shares ~~capital~~ or the market capitalisation of the issuer by more than 50% (on its own or when aggregated with any other rights issues or open offers announced by the issuer (i) within the 12 month period immediately preceding the announcement of the proposed rights issue or (ii) prior to such 12 month period where dealing in respect of the shares issued pursuant thereto commenced within such 12 month period, together with any bonus securities, warrants or other convertible securities (assuming full conversion) granted or to be granted to shareholders as part of such rights issues or open offers):—

(a) the rights issue must be made conditional on approval by shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour. The issuer must disclose the information required under rule 2.17 in the circular to shareholders;

(b) ...

(c) ...

...

...

#### Open Offer

...

7.24 (1) ...

...

(5) If the proposed open offer would increase either the number of issued shares ~~capital~~ or the market capitalisation of the issuer by more than 50% (on its own or when aggregated with any other open offers or

rights issues announced by the issuer (i) within the 12 month period immediately preceding the announcement of the proposed open offer or (ii) prior to such 12 month period where dealing in respect of the shares issued pursuant thereto commenced within such 12 month period, together with any bonus securities, warrants or other convertible securities (assuming full conversion) granted or to be granted to shareholders as part of such rights issues or open offers):—

(a) the open offer must be made conditional on approval by shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour. The issuer must disclose the information required under rule 2.17 in the circular to shareholders;

(b) ...

(c) ...

...

...

# Chapter 8

## EQUITY SECURITIES

### QUALIFICATIONS FOR LISTING

...

#### Basic Conditions

8.02 ...

8.03 An issuer which is a Hong Kong company must not be a private company within the meaning of section 2911 of the Companies Ordinance.

...

8.08 There must be an open market in the securities for which listing is sought. This will normally mean that:—

- (1) (a) at least 25% of the issuer's total number of issued shares ~~capital~~ must at all times be held by the public.
- (b) where an issuer has one class of securities or more apart from the class of securities for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Exchange) at the time of listing must be at least 25% of the issuer's total number of issued shares ~~capital~~. However, the class of securities for which listing is sought must not be less than 15% of the issuer's total number of issued shares ~~capital~~, having an expected market capitalisation at the time of listing of not less than HK\$50,000,000.

*Notes: ...*

...

...

8.09 (1) ...

- (2) The expected market capitalisation of a new applicant at the time of listing must be at least HK\$200,000,000 which shall be calculated on the basis of all issued shares ~~capital~~ (including the class of securities for which listing is sought and such other class(es) of securities, if any, that are either unlisted or listed on other regulated market(s)) of the new applicant at the time of listing.

...

...

# Chapter 9

## EQUITY SECURITIES

### APPLICATION PROCEDURES AND REQUIREMENTS

...

#### **Documentary Requirements – New Listing Applications**

9.10A ...

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

#### **Together with the Form A1**

...

- (3) a final or an advanced draft of all requests for waiver from the requirements of the Exchange Listing Rules and the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the sponsor and the directors/proposed directors;

...

#### **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 conform with the relevant parts of Appendices 3 and 13, and 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;

...

- (22) unless previously provided, all executed requests for waiver from the requirements of the Exchange Listing Rules and the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

...

#### **Before bulk-printing of the listing document**

- (24) ...

...

#### **As soon as practicable after the hearing of the application by the Listing Committee but on or before the date of issue of the listing document**

- (29) (a) ...

...

...

**In case of a listing document which constitutes a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, by ~~no later than~~ 11 a.m. on the intended date of authorisation of the prospectus**

- (33) (a) an application for authorisation for registration of the prospectus under section 38D(3) or section 342C(3) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be);
- (b) 2 printed copies of the prospectus, duly signed in accordance with section 38D(3) or section 342C(3) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be) and having endorsed on or attached to the documents stipulated by the relevant section; and
- (c) ...

...

...

**Documentary Requirements – Applications by Listed Issuers**

9.17 ...

**At the time of application for listing**

...

9.19 The following documents, as applicable, must be lodged with the Exchange together with the listing application:—

- (1) such number of copies of drafts or proofs of the listing document as the Exchange may require, marked in the margin to indicate where the relevant paragraphs from Chapter 11 and/or Part B/F of Appendix 1 and/or the Companies (Winding Up and Miscellaneous Provisions) Ordinance have been met;

...

...

**In case of a listing document constituting a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance**

9.22 If the listing document constitutes a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the following documents must be submitted to the Exchange:—

- (1) ...
- (2) by 11 a.m. on the intended date of authorisation for registration of the prospectus,

- (a) an application for authorisation for registration of the prospectus under section 38D(3) or section 342C(3) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be);
- (b) two printed copies of the prospectus, duly signed in accordance with section 38D(3) or section 342C(3) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be) and having endorsed thereon or annexed thereto the documents required under the relevant section;

...

...

### **Before dealings commence**

9.23 The following documents must be submitted to the Exchange before dealings commence:—

...

- (3) in the case of securities issued as consideration for shares in a listed company which are acquired under ~~section 168~~ Division 4 of Part 13 of the Companies Ordinance, a certified copy of the notice given under that section;

...

# Chapter 10

## EQUITY SECURITIES

### RESTRICTIONS ON PURCHASE AND SUBSCRIPTION

#### Restrictions on Preferential Treatment of Purchase and Subscription Applications

...

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

- 10.05 Subject to the provisions of the Code on Share ~~Repurchases~~ Buy-backs, an issuer may purchase its shares on the Exchange or on another stock exchange recognised for this purpose by the Commission and the Exchange. All such purchases must be made in accordance with rule 10.06. Rules 10.06(1), 10.06(2)(f) and 10.06(3) apply only to issuers whose primary listing is on the Exchange while the rest of rule 10.06(2) and rules 10.06(4), (5) and (6) apply to all issuers. The Code on Share ~~Repurchases~~ Buy-backs must be complied with by an issuer and its directors and any breach thereof by an issuer will be a deemed breach of the Exchange Listing Rules and the Exchange may in its absolute discretion take such action to penalise any breach of this paragraph or the listing agreement as it shall think appropriate. It is for the issuer to satisfy itself that a proposed purchase of shares does not contravene the Code on Share ~~Repurchases~~ Buy-backs.
- 10.06 (1) (a) An issuer whose primary listing is on the Exchange may only purchase shares on the Exchange, either directly or indirectly, if:—
- ...
- (b) ...
- (c) the ordinary resolution proposed to shareholders to give the directors of the issuer a specific approval or general mandate to purchase shares must include the following:—
- (i) the total number and description of the shares which the issuer is authorised to purchase, provided that the number of shares which the issuer is authorised to purchase on the Exchange or on another stock exchange recognised for this purpose by the Commission and the Exchange under the Code on Share ~~Repurchases~~ Buy-backs, may not exceed 10 per cent. of the number of issued shares ~~capital~~ of the issuer and the total number of warrants to subscribe for or purchase shares (or other relevant class of securities) authorised to be so purchased may not exceed 10 per cent. of the warrants of the issuer (or such other relevant class of securities, as the case may be), in each

case as at the date of the resolution granting the general mandate; and

Note: If the issuer conducts a share consolidation or subdivision after the repurchase mandate has been approved in general meeting, the maximum number of shares that may be repurchased under the mandate as a percentage of the total number of issued shares at the date immediately before and after such consolidation or subdivision shall be the same.

(ii) ...

(d) ...

...

...

# Chapter 11

## EQUITY SECURITIES

### LISTING DOCUMENTS

#### Preliminary

- 11.01 This Chapter sets out the Exchange's requirements for the contents of listing documents relating to equity securities. Issuers are reminded that a listing document which is a prospectus within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance must also comply with and be registered in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Applicants should note that they are required to confirm in their application that all requisite information has been included in the listing document or will be included before the final version is submitted for review (see Form C1 of Appendix 5).

...

# Chapter 11A

## EQUITY SECURITIES

### PROSPECTUSES

#### Preliminary

11A.01 Issuers are reminded that a listing document which is a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance must both comply with the Exchange Listing Rules and, where required, comply with and be registered in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Exchange Listing Rules are entirely independent of and without prejudice to the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance relating to prospectuses. Accordingly, compliance with the Exchange Listing Rules does not guarantee compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance nor does it guarantee that such prospectus will be authorised by the Exchange for registration by the Registrar of Companies.

11A.02 ...

#### Transfer of Functions

11A.03 The Commission's functions under sections 38B(2A)–(b), 38D(3) and (5) and 342C(3) and (5) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance—(~~Cap.32~~), to the extent that they relate to any prospectus which is concerned with any shares or debentures of a company that have been approved for listing on the Exchange, and the power to charge and retain the fees which would have been payable to the Commission in respect of any such prospectus under the Commission's fees rules, have been transferred to the Exchange by order of the Chief Executive in Council pursuant to section 25 of the Securities and Futures Ordinance (the "Transfer Order").

11A.04 Under the terms of the Transfer Order the Exchange shall vet every prospectus which relates to shares and debentures which have been approved for listing on the Exchange and shall have the authority to authorise the registration of such a prospectus by the Registrar of Companies under the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

## **Compliance with Companies (Winding Up and Miscellaneous Provisions) Ordinance**

- 11A.05 To ensure compliance, issuers are urged to seek advice from their ~~Hong Kong~~ legal advisers. Issuers are reminded that compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance remains their primary responsibility and that they will not be absolved from any liability by virtue only of the submission of a prospectus to the Exchange for vetting or the issue by the Exchange of a certificate authorising registration.

### **Certificates of Exemption**

- 11A.06 The Commission's power to grant certificates of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance has not been transferred to the Exchange.

### **Abridged prospectuses**

- 11A.07 The Commission's powers under section 38B(2A)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance to authorise in any particular case the form and manner of publication of any extract from or abridged version of a prospectus, have been transferred to the Exchange in so far as they relate to shares or debentures which have been approved for listing on the Exchange.

### **Procedural Requirements**

- 11A.08 If the Exchange is satisfied that the prospectus delivered to it pursuant to rule 9.11(33) or 9.22(2) should be authorised for registration pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, it will issue a certificate under section 38D(5) or section 342C(5) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be). It is the responsibility of the issuer to deliver the prospectus and any ancillary documents to the Companies Registry for registration pursuant to section 38D(7) or section 342C(7) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be).
- 11A.09 ...
- 11A.10 The Exchange will review a prospectus for compliance with the Exchange Listing Rules concurrently with the review of the prospectus for compliance with the relevant provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Exchange will not authorise a prospectus for registration by the Registrar of Companies until it is satisfied that it has no further comments on such prospectus in respect of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requirements and is prepared to grant a listing for the securities to which such prospectus relates.

*Note: The issue of the certificate of authorisation by the Exchange does not constitute a form of confirmation that the prospectus complies with the requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Nor does the issue of the certificate constitute registration of a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Issuers must ensure that a copy of the prospectus, complying with the requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, has been registered by the Registrar of Companies before it is issued. Under no circumstances should the certificate of authorisation issued by the Exchange be relied upon as evidence either of compliance with the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or of registration.*

# Chapter 12

## EQUITY SECURITIES

### PUBLICATION REQUIREMENTS

#### Preliminary

...

#### On Issue

...

- 12.05 Model forms of formal notices for offers for subscription or sale, placings and introductions are set out in Appendix 11 for the guidance of issuers. Issuers are reminded that where a prospectus has been registered with the Registrar of Companies pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, every formal notice must comply with Section 38B of that Ordinance.

...

#### **Publication of electronic form prospectus and printed application form**

- 12.11A (1) Where an issuer intends to rely on section 9A of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap.32L) (“Class Exemption Notice”) and issue a printed application form for its equity securities with an electronic form prospectus displayed on certain websites (“Mixed Media Offer”), it must satisfy all the conditions in the Class Exemption Notice...

...

# Chapter 13

## EQUITY SECURITIES

### CONTINUING OBLIGATIONS

...

#### Notifiable transactions, connected transactions, takeovers and share repurchases

- 13.23 (1) ...
- (2) The issuer shall comply with the Takeovers Code and the Code on Share Repurchases Buy-backs.

*Note:* ...

...

### GENERAL MATTERS RELEVANT TO THE ISSUER'S SECURITIES

#### Changes in issued shares ~~capital~~

- 13.25A (1) In addition and without prejudice to specific requirements contained elsewhere in the Exchange Listing Rules, an issuer must, whenever there is a change in its issued shares ~~capital~~ as a result of or in connection with any of the events referred to in rule 13.25A(2), 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 return in such form and containing such information as the Exchange may from time to time prescribe by not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day next following the relevant event.
- (2) The events referred to in rule 13.25A(1) are as follows:
- (a) any of the following:
- (i) ...;
- ...
- (xi) change in issued shares ~~capital~~ not falling within any of the categories referred to in rule 13.25A(2)(a)(i) to (x) or rule 13.25A(2)(b); and
- (b) subject to rule 13.25A(3), any of the following:
- (i) exercise of an option under a share option scheme other than by a director of the issuer;

- (ii) exercise of an option other than under a share option scheme not by a director of the issuer;
  - (iii) exercise of a warrant;
  - (iv) conversion of convertible securities; or
  - (v) redemption of shares or other securities.
- (3) The disclosure obligation for an event in rule 13.25A(2)(b) only arises where:
- (a) the event, either individually or when aggregated with any other events described in that rule which have occurred since the listed issuer published its last monthly return under rule 13.25B or last return under this rule 13.25A (whichever is the later), results in a change of 5% or more of the listed issuer's issued shares ~~capital~~; or
  - (b) ...
- (4) For the purposes of rule 13.25A(3), the percentage change in the listed issuer's issued shares ~~capital~~ is to be calculated by reference to the listed issuer's total number of issued shares ~~capital~~ as it was immediately before the earliest relevant event which has not been disclosed in a monthly return published under rule 13.25B or a return published under this rule 13.25A.

...

### **Pre-emptive rights**

- 13.36 (1) (a)...
- ...
- (2) No such consent as is referred to in rule 13.36(1)(a) shall be required:—
- (a) ...
  - (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 existing ~~issued shares~~ ~~capital~~ 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—capital—of an overseas issuer following the implementation of such scheme) ~~plus~~ 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 —existing—issued shares capital—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. ...

2. ...

3. If the issuer conducts a share consolidation or subdivision after the issue mandate has been approved in general meeting, the maximum number of securities that may be issued under the mandate as a percentage of the total number of issued shares at the date immediately before and after such consolidation or subdivision shall be the same.

(3) ...

...

...

### After board meetings

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

- (1) any decision to declare, recommend or pay any dividend or to make any other distribution on its listed securities ~~and, including~~ the rate and amount thereof—of the dividend or distribution and the expected payment date;
- (2) any decision not to declare, recommend or pay any dividend which would otherwise have been expected to have been declared, recommended or paid in due course;
- (3) any preliminary announcement of profits or losses for any year, half-year or other period;

Notes: 1. *The timing of board meetings is a matter for the convenience and judgement of individual boards, but decisions on dividends and results should be*

*announced either between 12:00 noon and 12:30 p.m. or after the market closes at 4:15 p.m. on a normal business day. On the eves of Christmas, New Year and the Lunar New Year when there is no afternoon trading session, the announcements should be published after the market closes at 12:00 noon. The directors are reminded that it is their direct responsibility to ensure that such information is kept strictly confidential until it is announced.*

2. *Note 1 above is also applicable to a preliminary announcement of results for a full year. As soon as possible after draft accounts have been agreed with the auditors, those accounts, adjusted to reflect any dividend decision, should be approved as the basis of a preliminary announcement of results for the full year.*

3. *If there is any change to the expected payment date previously disclosed under rule 13.45(1) or this note, the issuer should announce this fact and the new expected payment date as soon as practicable.*

(4) any proposed change in the capital structure, including any redemption of its listed securities; and

*Note: Once a decision has been made to submit any such proposal to the board, no dealings in any of the relevant securities should be effected by or on behalf of the issuer or any of its subsidiaries until the proposal has been announced or abandoned.*

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

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

## **DISCLOSURE OF FINANCIAL INFORMATION**

### **Distribution of annual report and accounts**

13.46 (1) In the case of an issuer (other than an overseas issuer and a PRC issuer):—

- (a) Such issuer shall send to
  - (i) every member of the issuer; and

- (ii) every other holder of its listed securities (not being bearer securities),

a copy of either (A) its annual report including its annual accounts and, where the issuer prepares ~~group accounts within the meaning of consolidated financial statements referred to in section 124(1)379(2)~~ of the Companies Ordinance, the ~~group accounts consolidated financial statements~~, together with a copy of the auditors' report thereon, or (B) its summary financial report...The issuer may send a copy of its summary financial report to a member and a holder of its listed securities in place of a copy of its annual report and accounts, provided that it complies with the relevant provisions set out in ~~section 141~~sections 437 to 446 of the Companies Ordinance and in the Companies (Summary Financial Reports of Listed Companies) Regulation.

(b) ...

...

- Notes:
1. ...
  2. *Sections ~~122~~229 and 431 of the Companies Ordinance requires the annual accounts of the directors of a Hong Kong issuer to lay the issuer's annual financial statements before its members at its annual general meeting within the period of 6 months after the end of the financial year or accounting reference period to which the annual financial statements relate*~~which are laid before the issuer at its annual general meeting to be made up to a date falling not more than 6 months before the date of the meeting.~~
  3. *If an issuer has significant interests outside Hong Kong it may apply for an extension of the six-month period. However, attention is drawn to section ~~122 (1B)~~431 of the Companies Ordinance which requires any extension of the time limit to be approved by the ~~High Court of First Instance.~~*

...

(2) In the case of an overseas issuer or a PRC issuer:—

(a) Such issuer shall send to:—

- (i) every member of the issuer; and
- (ii) every other holder of its listed securities (not being bearer securities),

a copy of either (A) its annual report...or (B) its summary financial report...The issuer may send a copy of its summary financial report to a member and a holder of its listed securities in place of a copy of

its annual report and accounts, provided that it complies with provisions no less onerous than the relevant provisions set out in ~~section 144~~sections 437 to 446 of the Companies Ordinance and in the Companies (Summary Financial Reports ~~of Listed Companies~~) Regulation for listed issuers incorporated in Hong Kong.

- (b) An issuer should lay its annual financial statements before its members at its annual general meeting within the period of 6 months after the end of the financial year or accounting reference period to which the annual financial statements relate ~~shall make up its annual accounts to a date falling not more than 6 months before the date of its annual general meeting.~~

...

### **Annual Reports**

- 13.47 An issuer's annual report must comply with the provisions set out in Appendix 16 in relation to annual reports. The issuer's summary financial report must comply with the provisions set out in the Companies (Summary Financial Reports ~~of Listed Companies~~) Regulation.

*Note: Issuers' attention is drawn to paragraphs 6 to ~~34A~~35 and 50 inclusive of Appendix 16.*

### **Interim Reports**

- 13.48(1) In respect of the first six months of each financial year of an issuer...the issuer shall send to the persons listed in rule 13.46(1), either (i) an interim report, or (ii) a summary interim report...The issuer may send a copy of its summary interim report to a member and a holder of its listed securities in place of a copy of its interim report, provided that such summary interim report complies with the relevant provisions of the Companies (Summary Financial Reports ~~of Listed Companies~~) Regulation governing summary financial reports.

- (2) ...

...

### **Preliminary Announcements of Results – Full Financial Year**

- 13.49 (1) An issuer shall publish in accordance with rule 2.07C its preliminary results in respect of each financial year as soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the next business day after approval by or on behalf of the board. The issuer must publish such results:

- (i) ~~for annual accounting periods ending before 31 December 2010~~ ~~not later than four months after the end of the financial year; and~~

~~(ii) for annual accounting periods ending on or after 31 December 2010—  
not later than three months after the end of the financial year.~~

...

(3)(i) Where an issuer is unable to make an announcement of its preliminary results based on its financial statements in accordance with rules 13.49(1) and 13.49(2), it must make an announcement:

~~(A) for annual accounting periods ending before 31 December 2010—  
not later than four months after the end of the financial year; and~~

~~(B) for annual accounting periods ending on or after 31 December 2010  
– not later than three months after the end of the financial year.~~

...

### **Preliminary Announcements of Results – First Half of The Financial Year**

(6) The issuer shall publish in accordance with rule 2.07C a preliminary announcement in respect of its results for the first six months of each financial year, unless that financial year is of six months or less, as soon as possible, but in any event not later than the time that is 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the next business day after approval by or on behalf of the board. The issuer must publish such results:

~~(a) for half year accounting periods ending before 30 June 2010—not  
later than three months after the end of that period of six months;~~

~~(b) for half year accounting periods ending on or after 30 June 2010—  
not later than two months after the end of that period of six months.~~

...

...

...

## **NOTIFICATION**

### **Changes**

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

(1) any proposed alteration of the issuer's memorandum or articles of association or equivalent documents...

...the issuer should submit to the Exchange (a) a letter addressed to the issuer from its legal advisers confirming that the proposed amendments comply conform with the requirements of the Exchange Listing Rules, where applicable, and the laws of the place where it is incorporated or otherwise established;...

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

2. ...

(2) any changes in its directorate or supervisory committee...

...

(m) subject to the provisions of the Rehabilitation of Offenders Ordinance or comparable legislation of other jurisdictions, full particulars of any conviction for any offence (including details of each such offence, the court by which he was convicted, the date of conviction and the penalty imposed):

(i) ...

(ii) under the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Bankruptcy Ordinance, the Banking Ordinance, the Securities and Futures Ordinance...; or

(iii) ...

...

(3) ...

...

(5) any change in its secretary, share registrar (including any change in overseas branch share registrar) or registered address or where applicable, agent for the service of process in Hong Kong or registered office or registered place of business in Hong Kong; ~~and~~

*Note: The new secretary must fulfil the requirements of rule 8.17.*

(6) any change in its Compliance Adviser; and

*Note: Refer to rule 3A.29.*

(7) any revision of interim reports, annual reports or summary financial reports, the reason leading to the revision of published financial reports, and the financial impacts, if any.

...

### **Issue of certificates, registration and other fees**

13.60 (1) ...

...

(5) Certificate replacement service: The issuer shall (or shall procure that its registrar shall) provide a certificate replacement service. The fee for replacing certificates:—

- (a) representing securities with a market value of HK\$200,000 or less (at the time the request for replacement is made) for a person named on the register shall not exceed HK\$200.00, plus the costs incurred by the issuer (or its registrar) in publishing the required public notice; or
- (b) either:
  - (i) representing securities with a market value of more than HK\$200,000 (at the time the request for replacement is made); or
  - (ii) for a person not named on the register (irrespective of the market value of the securities concerned);

shall not exceed HK\$400.00, plus the costs incurred by the issuer (or its registrar) in publishing the required public notice.

...

...

### Independent financial advisers

...

13.84 An independent financial adviser must be independent from any issuer for whom it acts. An independent financial adviser is not independent if any of the following circumstances exist as at the time of making the declaration required by rule 13.85(1):

- (1) the IFA group and any director or close associate of a director of the independent financial adviser holds, directly or indirectly, in aggregate more than 5% of the number of issued shares ~~capital~~ of the issuer, another party to the transaction, or a close associate or core connected person of the issuer or another party to the transaction;
- (1A) in the case of a connected transaction, the independent financial adviser holds more than 5% of the number of issued shares ~~capital~~ of an associate of another party to the transaction;

...

...

13.87 Insofar as the Exchange Listing Rules impose a higher standard of conduct on independent financial advisers ~~than to~~ that set out in the Commission's Corporate Finance Adviser Code of Conduct, the Code of Conduct ~~for~~ ~~Persons Licensed by or Registered with the Securities and Futures Commission~~, the Takeovers Code, the Share ~~Repurchases~~ Buy-backs Code and all other relevant codes and guidelines applicable to them, the Exchange Listing Rules will prevail.

...

...

# Chapter 14

## EQUITY SECURITIES

### NOTIFIABLE TRANSACTIONS

...

#### Classification and explanation of terms

...

##### *Percentage ratios*

14.07 The percentage ratios are the figures, expressed as percentages resulting from each of the following calculations:—

(1) ...

...

(5) Equity capital ratio — the number of shares to be issued by nominal value of the listed issuer's equity capital issued as consideration divided by the total number of nominal value of the listed issuer's issued shares equity capital immediately before the transaction.

*Notes:*

1. The numerator includes shares that may be issued upon conversion or exercise of any convertible securities or subscription rights to be issued or granted by the listed issuer as consideration.

2. The value of the listed issuer's debt capital (if any), including any preference shares, shall not be included in the calculation of the equity capital ratio.

...

...

##### *Methods of approval*

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

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

(2) the written shareholders' approval has been obtained from a shareholder or a closely allied group of shareholders who together hold more than 50% of the voting rights in nominal value of the

~~securities giving the right to attend and vote~~ at that general meeting to approve the transaction. Where a listed issuer discloses inside information to any shareholder in confidence to solicit the written shareholders' approval, the listed issuer must be satisfied that such shareholder is aware that he must not deal in the listed issuer's securities before such information has been made available to the public.

...

#### *Major transaction circulars*

14.66 A circular relating to a major transaction must contain:—

(1) ...

...

(6) where a company either becomes a subsidiary or ceases to be a subsidiary of the listed issuer:—

(a) the percentage of the company's issued shares ~~capital~~ (if any) held by the listed issuer ~~in that company~~ after the acquisition or disposal; and

(b) ...;

...

(8) information as to the competing interests (if any) of each of the directors and any proposed director of the issuer (excluding its subsidiaries) and his/her respective close associates (as if each of them were treated as a controlling shareholder under rule 8.10);

...

14.67 In addition to the requirements set out in rule 14.66, a circular issued in relation to an acquisition constituting a major transaction must contain:—

...

(7) a ~~management~~ discussion and analysis of results of the business, company or companies being acquired covering all those matters set out in paragraph 32 of Appendix 16 for the period reported in the accountants' report.

#### *Inability to access information to compile circulars for major transactions or very substantial acquisitions*

14.67A ...

(2) ...

- (b) where information required for the enlarged group is not available, to include the following information regarding the issuer:

...

- (iv) ~~management~~ discussion and analysis of results (this is applicable only to very substantial acquisitions, see rule 14.69(7));

...

# Chapter 14A

## EQUITY SECURITIES

### CONNECTED TRANSACTIONS

...

#### Content requirements

...

#### Circulars

...

14A.70 The circular must contain at least:

(1) ...

...

(15) information regarding the competing interests of each of the directors and any proposed director of the listed issuer's ~~group~~ and his respective close associates as would be required to be disclosed under rule 8.10 as if each of them was a controlling shareholder; and

(16) ...

...

#### **Repurchases of securities by the listed issuer or its subsidiary**

14A.94 Repurchases of own securities by a listed issuer or its subsidiary from a connected person is fully exempt if it is made:

(1) on the Exchange or a recognised stock exchange, except where the connected person knowingly sells the securities to the listed issuer's group; or

(2) in a general offer made under the Code on Share ~~Repurchases~~ Buy-backs.

...

# Chapter 15

## EQUITY SECURITIES

### OPTIONS, WARRANTS AND SIMILAR RIGHTS

...

15.02 All warrants must, prior to the issue or grant thereof, be approved by the Exchange and in addition, where they are warrants to subscribe equity securities, by the shareholders in general meeting (unless they are issued by the directors under the authority of a general mandate granted to them by shareholders in accordance with rule 13.36(2)). In the absence of exceptional circumstances which would include, by way of example, a rescue reorganisation, the Exchange will only grant approval to the issue or grant of warrants to subscribe securities if the following requirements are complied with:—

(1) the securities to be issued on exercise of the warrants must not, when aggregated with all other equity securities which remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed twenty per cent. of the number of issued shares ~~equity capital~~ of the issuer at the time such warrants are issued. Options granted under employee or executive share schemes which comply with Chapter 17 are excluded for the purpose of this limit; and

(2) ...

...

# Chapter 15A

## STRUCTURED PRODUCTS

...

### Issuers

...

- 15A.10 An issuer (except in the case of a guaranteed issue) must not be a private company within the meaning of section 2911 of the Companies Ordinance or equivalent legislation of the jurisdiction in which it is incorporated or established.

...

### Guarantors

- 15A.16 Where listing is sought for structured products which are guaranteed:–
- (1) the guarantor must not be a private company within the meaning of section 2911 of the Companies Ordinance or equivalent legislation of the jurisdiction in which it is incorporated or established;

...

...

### Structured Products

...

- 15A.29 An issuer is prohibited from listing structured products where it; or any of its holding companies, subsidiaries or fellow subsidiaries; or any associated companies of any of them has been retained by a company whose securities will underlie the structured product (or by any of its holding, subsidiary, fellow subsidiary or associated companies) to give advice in relation to a transaction. Where the company whose securities will underlie the structured product is listed on the Exchange, “transaction” refers to matters which would be discloseable to shareholders of the underlying company and the public under Chapters 13, 14 and 14A of the Exchange Listing Rules, the Inside Information Provisions, Rule 3 of the ~~Hong Kong~~ Code on Takeovers and Mergers, or Rule ~~405~~ of the ~~Hong Kong~~ Code on Share ~~Repurchases~~ Buy-backs. Where the company is listed on an overseas exchange, “transaction” refers to matters which would be discloseable under regulations equivalent to those in Chapters 13, 14 and 14A of the Listing Rules, the Inside Information Provisions, Rule 3 of the ~~Hong Kong~~ Code on Takeovers and Mergers, or Rule ~~405~~ of the ~~Hong Kong~~ Code on Share ~~Repurchases~~ Buy-backs. The prohibition ceases to apply where the transaction is abandoned or announced and does not apply where an issuer maintains adequate information management arrangements such as those contemplated in sections 292(2) and 271(2) of the Securities and Futures Ordinance.

...

## Listing Documents

...

- 15A.76 Any base listing document in respect of structured product issues, or any supplemental listing document in respect of a specific structured product, that is a prospectus must be registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The procedures for registration are set out in Chapter 11A and Rule 9.11(33). The requirement to notify the Exchange at least 14 days in advance of the date on which it is proposed to register a prospectus, set out in Rule 11A.09<sub>2</sub>, will not apply in the cases of supplemental listing documents.

...

# Chapter 17

## EQUITY SECURITIES

### SHARE OPTION SCHEMES

...

#### Terms of the scheme

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

- (1) the purpose of the scheme;
- (2) the participants of the scheme and the basis of determining the eligibility of participants;

*Note: Listed issuers are reminded to seek legal advice on the prospectus requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, particularly where participation in the scheme is not restricted to executives and employees.*

- (3) the total number of securities which may be issued upon exercise of all options to be granted under the scheme, together with the percentage of the issued shares ~~capital~~ that it represents at the date of approval of the scheme;

*Notes: (1) The total number of securities which may be issued upon exercise of all options to be granted under the scheme and any other schemes must not in aggregate exceed 10% of the relevant class of securities of the listed issuer (or the subsidiary) in issue as at the date of approval of the scheme. Options lapsed in accordance with the terms of the scheme will not be counted for the purpose of calculating the 10% limit.*

...

- (2) ...

- (3) If the listed issuer (or the subsidiary) conducts a share consolidation or subdivision after the 10% limit has been approved in general meeting, the maximum number of securities that may be issued upon exercise of all options to be granted under all of the schemes of the listed issuer (or the subsidiary) under the 10% limit as a percentage of the total number of issued shares at the date immediately before and after such consolidation or subdivision shall be the same.

...

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

*Note: Any adjustments required under rule 17.03(13) must give a participant the same proportion of the equity capital as that to which that person was previously entitled, but no such adjustments may be made to the extent that a share would be issued at less than its nominal value (if any). The issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment. In respect of any such adjustments, other than any made on a capitalisation issue, an independent financial adviser or the listed issuer's auditors must confirm to the directors in writing that the adjustments satisfy the requirements set out in this note.*

...

#### **Disclosure requirements**

...

17.09 The listed issuer must include in its annual report a summary of each share option scheme approved by its shareholders setting out:

- (1) ...

...

- (3) the total number of securities available for issue under the scheme together with the percentage of the issued shares ~~capital~~ that it represents as at the date of the annual report;

...

...

# Chapter 18

## EQUITY SECURITIES

## MINERAL COMPANIES

...

### Competent Person

18.21 A Competent Person must:—

(1) ...

(2) be professionally qualified, and be a member in good standing of a relevant Recognised Professional Organisation, in a jurisdiction where, in the Exchange's opinion, the statutory securities regulator has satisfactory arrangements (either by way of the IOSCO Multilateral MOU or other bi-lateral agreement acceptable to the Exchange) with the ~~Securities and Futures~~ Commission of Hong Kong for mutual assistance and exchange of information for enforcing and securing compliance with the laws and regulations of that jurisdiction and Hong Kong; and

...

...

# Chapter 19

## EQUITY SECURITIES

### OVERSEAS ISSUERS

...

### PRIMARY LISTINGS

...

### Qualifications for Listing

19.05 The following additional requirements apply:—

(1) ...

...

(2) the overseas issuer must 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 ~~telex~~ and ~~or~~ 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 ~~XI~~ 16 of the Companies Ordinance, if applicable.*

...

### Listing Documents

...

19.10 The following modifications and additional requirements apply:—

(1) ...

...

(5) for an introduction in the circumstances in rule 7.14(3), the following modifications, exceptions and additional requirements apply:—

- (a) the listing document must contain...a comparison between the provisions of the listed Hong Kong issuer's existing ~~memorandum~~ ~~and~~ articles of association...

...

- (6) the documents to be offered for inspection 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 available for inspection. In addition, where rule 19.10(3) applies, the overseas issuer must offer for inspection 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 offered for inspection; and

...

...

## SECONDARY LISTINGS

...

### Qualifications for Listing

19.30 The following additional requirements apply:—

- (1) ...
- (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 ~~telex and/or~~ 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 ~~XI~~16 of the Companies Ordinance, if applicable.*

...

...

### Listing Documents

...

19.36 The following modifications and additional requirements apply:—

(1) ...

...

(3) the documents to be offered for inspection 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 available for inspection. In particular cases, the Exchange may require additional documents to be offered for inspection;

(4) ...

(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 except that, in the case of a new applicant, the English language version of the listing document may be distributed separately from its Chinese translation (and vice-versa) provided that both are available at each place where, and for so long as, the distribution of such documents takes place; and

...

...

# Chapter 19A

## EQUITY SECURITIES

### ISSUERS INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA

...

#### Chapter 8 — Qualifications for Listing

19A.13 The following modifications and additional requirements apply:—

- (1) ...
- (2) the PRC issuer must appoint, and maintain throughout the period its 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 ~~telex~~ and/or 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 ~~XI~~16 of the Companies Ordinance, if applicable.*

...

...

#### Chapter 11 — Listing Documents

...

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

- (1) ...
- ...
- (4) the documents to be offered for inspection 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 such documents are not in the English language, certified English translations thereof must be available for inspection. In addition, where rule 19A.27(3) applies, the PRC issuer must offer for inspection a copy of any statutes or regulations which are relevant to the summary of relevant PRC law. In particular cases, the Exchange may require other additional documents to be offered for inspection.

...

### **Appendix 3 — Articles of Association or equivalent constitutional documents**

...

19A.54 A PRC issuer shall enter into a contract in writing with every director and officer containing at least the following provisions:—

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

...

...

# Chapter 19B

## EQUITY SECURITIES

### DEPOSITARY RECEIPTS

...

19B.08 For the purpose of determining the total number of issued shares of the issuer ~~capital requirement in under~~ rule 8.08, the Exchange will take account of the issuer's underlying shares which will be treated as the same class as the depositary receipts representing those shares provided that there is no restriction on the conversion of those shares into depositary receipts.

...

# Chapter 23

## DEBT SECURITIES

### QUALIFICATIONS FOR LISTING

...

#### Basic Conditions

...

23.04 An issuer which is a Hong Kong company must not be a private company within the meaning of section ~~29~~11 of the Companies Ordinance.

...

# Chapter 25

## DEBT SECURITIES

### LISTING DOCUMENTS

#### Preliminary

25.01 This Chapter does not apply to debt issues to professional investors only. It sets out the Exchange's requirements for the contents of listing documents relating to debt securities. The issuers are reminded that a listing document which is a prospectus within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance must also comply with and be registered in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Applicants should note that they are required to confirm in their application that all requisite information has been included in the listing document or will be included before the final version is submitted for review (see Form C2 of Appendix 5).

...

#### Publication

...

25.18 Model forms of formal notices for offers for subscription or sale and placings are set out in Appendix 11 for the guidance of issuers. Issuers are reminded that where a prospectus has been registered with the Registrar of Companies pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, every formal notice must comply with section 38B of that Ordinance.

...

#### Publication of electronic form prospectus and printed application form

25.19B (1) Where an issuer intends to rely on section 9A of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap.32L) ("Class Exemption Notice") and issue a printed application form for its debt securities with an electronic form prospectus displayed on certain websites ("Mixed Media Offer"), it must satisfy all the conditions in the Class Exemption Notice...

...

...

# The Stock Exchange of Hong Kong Limited

## Practice Note 1

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

Issued pursuant to rule 1.06 of the Exchange Listing Rules

### PROCEDURES REGARDING THE DELIVERY OF INFORMATION AND DOCUMENTS

#### 1. Definitions

...

#### 2. Applications for Listing and listing matters

All applications for listing must be sent to the Listing Division ~~at the address set out below~~ and marked for the attention of the Head of the Listing Division and all correspondence in respect of listing matters should be sent to the Listing Division ~~at that address~~.

#### 3. Requests for a Review

Every request for a review under Chapters 2A and 2B of the Exchange Listing Rules must be sent to the Listing Division ~~at the address set out below~~ and marked for the attention of the Secretary of the Listing Committee.

#### 4. Contact Information

References in Chapters 3, 13 and 19A of the Exchange Listing Rules, and where applicable, the listing agreements, and in the formal declaration relating to any other business activities and undertaking in the forms set out in Forms B, H and I in Appendix 5 to the Exchange Listing Rules to providing and/or informing the Exchange of the relevant contact information mean delivery of that information to the Listing Division ~~at the address set out below~~.

#### 5. Continuing Obligations and Notifiable Transactions

References in Chapters 13, 14 and 14A of the Exchange Listing Rules and where applicable, the listing agreements, to informing the Exchange mean delivery of the relevant information to the Listing Division, ~~at 11th Floor, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong~~.

Telephone : ~~2522 1122~~

Telex : ~~68174 STOLD HX~~

Facsimile : ~~2868 5028/2868 5056~~

6. If the information is of an urgent nature, such as the announcement of the declaration of a dividend, the issuer should communicate the information to the Head of the Listing Division or his delegates by ~~telex~~ email, facsimile, letter delivered by hand, ~~telegram~~ or such other means of written communication as can achieve the effect of an immediate communication. Where telephone communication is used, written confirmation must follow immediately.
7. All information communicated should be precise and definite.
8. Where the Exchange Listing Rules and where applicable, the listing agreements require documents to be sent, submitted or forwarded to the Exchange they must be delivered to the Listing Division ~~at the address set out above~~.
9. This Practice Note takes effect from 13th March 2000.

Hong Kong, 15 February 2002

Revised on 31 March 2004

Revised on [date]

# 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

...

3.3 For directors and chief executives, the statements should show details of the following matters as recorded in the register required to be kept under section 352 of the SFO:

- (1) aggregate long position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds);
  - (b) interests in debentures; and
  - (c) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives;
    - (ii) cash settled equity derivatives;
    - (iii) other equity derivatives.

*Notes:*

(1) *In the case of issuers and associated corporations, the statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer or associated corporation.*

(2) ...

(3) ....

- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
  - (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and

- (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
  - (i) physically settled equity derivatives;
  - (ii) cash settled equity derivatives; and
  - (iii) other equity derivatives.

*Notes:*

- (1) *In the case of issuers or associated corporations, the statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer or associated corporation.*
- (2) ...

3.4 For substantial shareholders, the statements should show details of the following matters as recorded in the register required to be kept under section 336 of the SFO:

- (1) aggregate long position in the shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds); and
  - (b) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives; and
    - (ii) cash settled equity derivatives.

*Notes:*

- (1) ...
- (2) *The statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer.*
- ...
- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
  - (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and

- (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
  - (i) physically settled equity derivatives; and
  - (ii) cash settled equity derivatives.

*Notes:*

(1) *The statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer.*

(2) ...

3.5 For other persons whose interests are recorded (or, in the case of a new listing, are required to be recorded) in the register required to be kept under section 336 of the SFO, the statements should show details of the following matters as recorded in such register:

- (1) aggregate long position in the shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds); and
  - (b) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives; and
    - (ii) cash settled equity derivatives.

*Notes:*

(1) *The statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer.*

(2) ...

- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
  - (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and
  - (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:

- (i) physically settled equity derivatives; and
- (ii) cash settled equity derivatives.

*Notes:*

- (1) *The statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer.*
- (2) ...

...

# The Stock Exchange of Hong Kong Limited

## Practice Note 10

to the Rules Governing the Listing of Securities  
(the “Exchange Listing Rules”)  
Issued pursuant to rule 1.06 of the Exchange Listing Rules

### INTERIM REPORTING FOR NEW ISSUERS

...

#### 3. Requirement for Interim Results Announcements and Reports

Rule 13.48 requires issuers to prepare an interim report or summary interim report in respect of the first six months of the financial year. The interim report or summary interim report is to be published not later than three months after the end of that period of six months. Rule 13.49(6) requires issuers to prepare an interim results announcement in respect of the first six months of the financial year. The interim results announcement is to be published as follows:

- ~~(a) for half year accounting periods ending before 30 June 2010 not later than three months after the end of that period of six months;~~
- ~~(b) for half year accounting periods ending on or after 30 June 2010 not later than two months after the end of that period of six months.~~

...

#### 4. This Practice Note takes effect from 1st June, 1994.

Hong Kong, 1st June, 1994

Revised on 31st March, 2004

Revised on 1st September, 2008

Revised on [ \_\_\_\_\_ ]

# The Stock Exchange of Hong Kong Limited

## Practice Note 15

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

Issued pursuant to rule 1.06 of the Exchange Listing Rules

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

...

#### **2. Introduction**

This Practice Note is intended to set out the Exchange’s policy with regard to proposals submitted by issuers to effect the separate listing on the Exchange or elsewhere of assets or businesses wholly or partly within their existing groups (“spin-offs”). This Practice Note sets out the principles which the Exchange applies when considering spin-off applications. Issuers are reminded that they are required to submit their spin-off proposals to the Exchange for its approval.

*Note: This Practice Note is normally only applicable to an issuer and entity which is a subsidiary of the issuer at the time of submission of the spin-off proposal. However, the Exchange will treat an entity as if it were a subsidiary of an issuer for the purpose of this Practice Note if such entity is at the time of submission of the issuer’s spin-off proposal, an associated company of the issuer and was, at any time during the latest completed financial year of the issuer (comprising at least 12 months) up to the date of submission of the spin-off proposal, a subsidiary of the issuer.*

*In such circumstances, the entity will be required to comply with the requirements of this Practice Note and will be treated as if it has remained as a subsidiary of the issuer. The issuer is required to substantiate to the satisfaction of the Exchange the changes in the beneficial ownership of the entity’s issued shares ~~capital~~ in the period stated above.*

...

# The Stock Exchange of Hong Kong Limited

## Practice Note 21

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

Issued pursuant to rule 1.06 of the Exchange Listing Rules

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

...

6. The Exchange reminds sponsors of their other obligations including but not limited to those under the Exchange Listing Rules, the SFC Corporate Finance Adviser Code of Conduct, the Code of Conduct and particularly the SFC Sponsor Provisions, the Sponsors Guidelines, the Takeovers Code, the Code on Share ~~Repurchases~~ Buy-backs, the Securities and Futures Ordinance and all other relevant ordinances, codes, rules and guidelines applicable to sponsors. Nothing in this Practice Note detracts from or diminishes those obligations.

...

# 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)

...

#### Content of Application Proofs and PHIPs

4. For the purpose of publication on the Exchange’s website, an Application Proof and a PHIP must be prepared on the following principles:
  - (a) ...
  - (b) there must not be any information regarding the proposed offering or other information that would constitute the Application Proof or PHIP a prospectus under section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance ~~as amended from time to time (Cap.32)~~ (“~~Companies Ordinance~~”) or an advertisement under section 38B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or an invitation to the public in breach of section 103 of the Securities and Futures Ordinance as amended from time to time (~~Cap. 571~~) (“~~Securities and Futures Ordinance~~”);
- ...
5. A new applicant must redact an Application Proof and a PHIP only to the extent necessary for these documents not to constitute a prospectus under section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or an advertisement under section 38B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or an invitation to the public in breach of section 103 of the Securities and Futures Ordinance (unless consent is obtained for further redactions). A new applicant must also include adequate warning and disclaimer statements on the Exchange’s website and in every Application Proof and PHIP published on the Exchange’s website to advise viewers of the legal status of these documents.

#### Legal Confirmation

6. Every new applicant must ensure that the publication of any Application Proof and PHIP on the Exchange’s website complies with paragraphs 4 and 5. Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, ~~and~~ the Securities and Futures Ordinance and other laws and regulations remains the primary responsibility of every new applicant.

...

**No pre-vetting of Application Proofs or PHIPs**

20. Application Proofs, ~~and~~ PHIPs and statements issued under rule 9.08(2)(c) do not require pre-vetting or clearance from the Exchange or the Commission (as the case may be) before their publication on the Exchange's website.

...

# Appendix 1

## Contents of Listing Documents

### Part A

#### Equity Securities

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

###### **General information about the issuer, its advisers and the listing document**

...

6. In the case of an issuer not incorporated or otherwise established in Hong Kong, the address of the head office and of the principal place of business (if any) in Hong Kong and of the place of business in Hong Kong registered under Part ~~XI~~16 of the Companies Ordinance<sub>2</sub> and the name(s) and address(es) of the person(s) in Hong Kong authorised to accept service of process and notices on its behalf.

...

###### **General information about the group's activities**

28. (1) (a) the general nature of the business of the group and, in cases where two or more activities are carried on which are material in terms of profits or losses, assets employed or any other factor, such figures and explanation as are necessary to demonstrate the relative importance of each such activity and details of the main categories of products sold and/or services performed. A commentary should be provided on this information covering changes in each such activity, developments within each such activity and their effects on the results of that activity. It should also include changes in market conditions, new products and services introduced or announced and their impact on the group's performance, changes in market share or position and changes in ~~turnover~~revenue and margins. If the group trades outside the country of incorporation or other establishment of the issuer a statement showing a geographical analysis of its trading operations. Where a material proportion of the group's assets are situated outside the country of incorporation or other establishment of the issuer, a statement giving the best practicable indication of the amount and situation of such assets and the amount of the assets situated in Hong Kong. (Note 4)
- (b) additional information in respect of major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services the ultimate wholesaler or retailer as the case may be) and suppliers (meaning the ultimate supplier of items which are not of a capital nature) as follows:—

...

- (iii) a statement of the percentage of ~~turnover or sales~~ revenue from sales of goods or rendering of services attributable to the group's largest customer;
- (iv) a statement of the percentage of ~~turnover or sales~~ revenue from sales of goods or rendering of services attributable to the group's 5 largest customers combined;
- (v) a statement of the interests of any of the directors; their close associates; or any shareholder (which to the knowledge of the directors owns more than 5% of the number of issued shares of the issuers' share capital) in the suppliers or customers disclosed under (i) to (iv) above or if there are no such interests a statement to that effect;

...

### **Financial information about the group and the prospects of the group**

...

33. (1) A statement showing the ~~sales turnover figures or gross trading income~~ revenue of the group during the three financial years immediately preceding the issue of the listing document which should contain an explanation of the method used for computation of such ~~turnover or income~~ revenue and a reasonable breakdown between the more important trading activities. In the case of a group, intra-group sales should be excluded.
- (2) The following information in respect of directors' emoluments:—
- (a) ...
  - (b) the aggregate of the directors' basic salaries, housing allowances, other allowances and benefits in kind for each of the three financial years immediately preceding the issue of the listing document;
  - (c) the aggregate of contributions to pension schemes for directors or past directors for each of the three financial years immediately preceding the issue of the listing document;
  - (d) the aggregate of bonuses paid or receivable by directors which are discretionary or are based on the issuer's, the group's or any member of the group's performance (excluding amounts disclosed in (e) and (f) below) for each of the three financial years immediately preceding the issue of the listing document;
  - (e) the aggregate of amounts paid or receivable by directors for each of the three financial years immediately preceding the issue of the

listing document as an inducement to join or upon joining the issuer;  
and

- (f) the aggregate of compensation paid or receivable by directors or past directors for each of the three financial years immediately preceding the issue of the listing document for the loss of office as a director of any member of the group or of any other office in connection with the management of the affairs of any member of the group distinguishing between contractual and other payments (excluding amounts disclosed in (b) to (e) above); and

...

Sub-paragraphs (b) to (f) inclusive require an analysis of the amounts which must be disclosed in the accounts of an issuer incorporated in Hong Kong under the provisions of section ~~161(1)(a)~~383(1)(a) to (c) (inclusive) of the Companies Ordinance. The requirements of ~~§section 161(1)(a)~~§section 383(1)(a) to (c) (inclusive) have, for the purposes of the Exchange Listing Rules, been applied to issuers incorporated or otherwise established outside Hong Kong.

...

(3) ...

(4) The following information in addition to the information required under the relevant accounting standard in respect of pension schemes:—

~~(a) the nature of the principal scheme or schemes operated by the group (i.e. whether they are defined benefit plans or defined contribution plans);~~

~~(ab)~~ a brief outline of how contributions are calculated or benefits funded;

~~(c) the employer's pension cost charge to the profit and loss account for the period;~~

~~(bd)~~ in the case of defined contribution schemes, details of whether forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) may be used by the employer to reduce the existing level of contributions and if so, the amounts so utilised in the course of the year and available at the balance sheet date for such use; and

~~(ce)~~ in the case of defined benefit plans, an outline of the results of the most recent formal actuarial valuation or later formal review of the scheme on an ongoing basis. This should include disclosure of:—

...

...

## Information about the issuer's management

...

45. (1) A statement showing the interests and short positions of each director and chief executive of the issuer...

(a) ...

...

(c) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed Companies Issuers to be notified to the issuer and the Exchange once the issuer's securities are listed;

...

(1A) ...

(2) A statement showing the name, so far as is known to any director or chief executive of the issuer, of each person, other than a director or chief executive of the issuer, who has an interest or short position in the shares and underlying shares of the issuer which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or, who is, directly or indirectly, interested in ten per cent. or more of the ~~nominal value of any class of issued voting shares capital carrying rights to vote in all circumstances at general meetings~~ of any other member of the group and the amount of each of such person's interest in such securities, together with particulars of any options in respect of such capital, or, if there are no such interests or short positions, an appropriate negative statement. (Note 3)

(Note 5)

...

## NOTES

...

*Note 4 ~~For accounting periods ending on or before 30th December, 1994 where the issuer is entitled to avail itself, and has availed itself, of the benefit of any of the provisions of Part III of the Tenth Schedule to the Companies Ordinance, nothing herein shall require any financial information to be included in the listing document which need not be disclosed in a balance sheet or profit and loss account of the issuer which is drawn up in accordance with that Ordinance by virtue of any of those provisions or as a direct effect or result of any of those provisions.~~*

*~~For accounting periods ending on or after 31st December, 1994 insurance and shipping companies will not be entitled to avail themselves of the benefits of the provisions of Part III of the Tenth Schedule to the Companies Ordinance. [Repealed [date]]~~*

...

# Appendix 1

## Contents of Listing Documents

### Part B

#### Equity Securities

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

...

##### **General information about the group's activities**

26. (1) (a) ...

- (b) additional information in respect of major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services the ultimate wholesaler or retailer as the case may be) and suppliers (meaning the ultimate supplier of items which are not of a capital nature) as follows:—

...

- (iii) a statement of the percentage of ~~turnover or sales~~ revenue from sales of goods or rendering of services attributable to the group's largest customer;
- (iv) a statement of the percentage of ~~turnover or sales~~ revenue from sales of goods or rendering of services attributable to the group's 5 largest customers combined;
- (v) a statement of the interests of any of the directors; their close associates; or any shareholder (which to the knowledge of the directors owns more than 5% of the number of issued shares of the issuers' share capital) in the suppliers or customers disclosed under (i) to (iv) above or if there are no such interests a statement to that effect;

...

##### **Information about the issuer's management**

...

38. (1) A statement showing the interests and short positions of each director and chief executive of the issuer...

(a) ...

...

- (c) are required, pursuant to the Model Code for Securities Transactions by Directors of Listed ~~Companies~~ Issuers to be notified to the issuer and the Exchange;

...

(1A) ...

- (2) a statement showing the name, so far as is known to any director or chief executive of the issuer, of each person, other than a director or chief executive of the issuer, who has an interest or short position in the shares and underlying shares of the issuer which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or, who is, directly or indirectly, interested in ten per cent. or more of the ~~nominal value of any class of issued voting shares~~ capital-carrying rights to vote in all circumstances at general meetings of any other member of the group and the amount of each of such person's interest in such securities, together with particulars of any options in respect of such capital, if there are no such interests or short positions, an appropriate negative statement. (Note 2)

(Note 4)

...

## NOTES

...

*Note 3 ~~For accounting periods ending on or before 30th December, 1994 where the issuer is entitled to avail itself, and has availed itself, of the benefit of any of the provisions, of Part III of the Tenth Schedule to the Companies Ordinance, nothing herein shall require any financial information to be included in the listing document which need not be disclosed in a balance sheet or profit and loss account of the issuer which is drawn up in accordance with that Ordinance by virtue of any of those provisions or as a direct effect or result of any of those provisions.~~*

*~~For accounting periods ending on or after 31st December, 1994 insurance and shipping companies will not be entitled to avail themselves of the benefits of the provisions of Part III of the Tenth Schedule to the Companies Ordinance. [Repealed [date]]~~*

...

# Appendix 1

## Contents of Listing Documents

### Part C

#### Debt Securities

##### In the case where listing is sought for debt securities

###### General information about the issuer, its advisers and the listing document

...

7. In the case of an issuer not incorporated or otherwise established in Hong Kong, the address of the head office and of the principal place of business (if any) in Hong Kong and of the place of business, if any, in Hong Kong registered under Part ~~XI~~16 of the Companies Ordinance, and the name(s) and address(es) of the person(s) in Hong Kong authorised to accept service of process and notices on its behalf.

...

###### Information concerning the debt securities

...

18. If the issuer is a company, a reference to the registration of the listing document and any supporting documents with the Registrar of Companies and an indication as to any exemptions granted by the Registrar of Companies from the prospectus requirements contained in the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

...

###### Financial information about the group and prospects of the group

...

40. A statement showing the ~~sales turnover figures or gross trading income~~ revenue during the two financial years immediately preceding the issue of the listing document which should contain an explanation of the method used for computation of such ~~turnover or income~~ revenue and a reasonable breakdown between the more important trading activities. In the case of a group, intra-group sales should be excluded.

...

###### Information about the issuer's management

...

49. (1) ...

(1A) ...

- (2) a statement showing the name, so far as is known to any director or chief executive of the issuer, of each person, other than a director or chief executive of the issuer, who has an interest or short position in the shares and underlying shares of the issuer which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or, who is, directly or indirectly, interested in ten per cent. or more of the ~~nominal value of any class of~~ issued voting shares ~~capital carrying rights to vote in all circumstances at general meetings~~ of any other member of the group and the amount of each of such person's interest in such securities, together with particulars of any options in respect of such capital, or, if there are no such interests or short positions, an appropriate negative statement. (Note 3)

(Note 4)

...

# Appendix 1

## Contents of Listing Documents

### Part D

#### Structured Products

...

#### Information upon the Issuer

...

9. In the case of an issuer and, if applicable, a guarantor, not incorporated or otherwise established in Hong Kong, the address of the head office and of the principal place of business (if any) in Hong Kong and of the place of business in Hong Kong registered under Part ~~XI~~16 of the Companies Ordinance, and the name(s) and address(es) of the person(s) in Hong Kong authorised to accept service of process and notices on its behalf.

...

# Appendix 1

## Contents of Listing Documents

### Part E

#### Depository receipts

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

#### **General information about the issuer, its advisers and the listing document**

...

6. In the case of an issuer not incorporated or otherwise established in Hong Kong, the domicile and legal form of the issuer, the legislation under which the issuer operates, its country of incorporation, the address and telephone number of the head office and of the principal place of business (if any) in Hong Kong and of the place of business in Hong Kong registered under Part ~~XI~~16 of the Companies Ordinance, and the name(s) and address(es) of the person(s) in Hong Kong authorised to accept service of process and notices on its behalf.

...

#### **General information about the group's activities**

28. (1) (a) the general nature of the business of the group and important events in the development of the issuer, in cases where two or more activities are carried on which are material in terms of profits or losses, assets employed or any other factor, such figures and explanation as are necessary to demonstrate the relative importance of each such activity and details of the main categories of products sold and/or services performed. A commentary should be provided on this information covering changes in each such activity, developments within each such activity and their effects on the results of that activity. It should also include changes in market conditions, new products and services introduced or announced and their impact on the group's performance, changes in market share or position and changes in ~~turnover~~ revenue and margins. If the group trades outside the country of incorporation or other establishment of the issuer a statement showing a geographical analysis of its trading operations. Where a material proportion of the group's assets are situated outside the country of incorporation or other establishment of the issuer, a statement giving the best practicable indication of the amount and situation of such assets and the amount of the assets situated in Hong Kong. (Note 4)
- (b) additional information in respect of major customers (meaning, other than in relation to consumer goods or services, the ultimate customer,

and in relation to consumer goods or services the ultimate wholesaler or retailer as the case may be) and suppliers (meaning the ultimate supplier of items which are not of a capital nature) as follows:–

...

- (iii) a statement of the percentage of ~~turnover or sales~~ revenue from sales of goods or rendering of services attributable to the group's largest customer;
- (iv) a statement of the percentage of ~~turnover or sales~~ revenue from sales of goods or rendering of services attributable to the group's 5 largest customers combined;
- (v) a statement of the interests of any of the directors; their close associates; or any shareholder (which to the knowledge of the directors owns more than 5% of the number of issued shares of the issuers' share capital) in the suppliers or customers disclosed under (i) to (iv) above or if there are no such interests a statement to that effect;

...

#### **Financial information about the group and the prospects of the group**

...

33. (1) A statement showing the ~~sales turnover figures or gross trading income~~ revenue of the group during the three financial years immediately preceding the issue of the listing document which should contain an explanation of the method used for computation of such ~~turnover or income~~ revenue and a reasonable breakdown between the more important trading activities. In the case of a group, intra-group sales should be excluded.

(2) The following information in respect of directors' emoluments:–

- (a) ...
- (b) the aggregate of the directors' basic salaries, housing allowances, other allowances and benefits in kind for each of the three financial years immediately preceding the issue of the listing document;
- (c) the aggregate of contributions to pension schemes for directors or past directors for each of the three financial years immediately preceding the issue of the listing document;
- (d) the aggregate of bonuses paid or receivable by directors which are discretionary or are based on the issuer's, the group's or any member of the group's performance (excluding amounts disclosed in (e) and (f) below) for each of the three financial years immediately preceding the issue of the listing document;

- (e) the aggregate of amounts paid or receivable by directors for each of the three financial years immediately preceding the issue of the listing document as an inducement to join or upon joining the issuer; and
- (f) the aggregate of compensation paid or receivable by directors or past directors for each of the three financial years immediately preceding the issue of the listing document for the loss of office as a director of any member of the group or of any other office in connection with the management of the affairs of any member of the group distinguishing between contractual and other payments (excluding amounts disclosed in (b) to (e) above); and

...

Sub-paragraphs (b) to (f) inclusive require an analysis of the amounts which must be disclosed in the accounts of an issuer incorporated in Hong Kong under the provisions of section ~~161(1)(a)~~383(1)(a) to (c) (inclusive) of the Companies Ordinance. The requirements of ~~§section 161(1)(a)~~§section 383(1)(a) to (c) (inclusive) have, for the purposes of the Exchange Listing Rules, been applied to issuers incorporated or otherwise established outside Hong Kong.

...

- (3) ...
- (4) The following information in addition to the information required under the relevant accounting standard in respect of pension schemes:–
  - ~~(a) the nature of the principal scheme or schemes operated by the group (i.e. whether they are defined benefit plans or defined contribution plans);~~
  - (a) a brief outline of how contributions are calculated or benefits funded;
  - ~~(c) the employer's pension cost charge to the profit and loss account for the period;~~
  - (b) in the case of defined contribution schemes, details of whether forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) may be used by the employer to reduce the existing level of contributions and if so, the amounts so utilised in the course of the year and available at the balance sheet date for such use; and
  - (c) in the case of defined benefit plans, an outline of the results of the most recent formal actuarial valuation or later formal review of the scheme on an ongoing basis. This should include disclosure of:–

...

...

## Information about the issuer's management

...

45. (1) A statement showing the interests and short positions of each director and chief executive of the issuer...

(a) ...

...

(c) will be required, pursuant to the Model Code for Securities Transactions by Directors of Listed ~~Companies~~ Issuers to be notified to the issuer and the Exchange once the issuer's securities are listed;

...

(1A) ...

(2) A statement showing the name, so far as is known to any director or chief executive of the issuer, of each person, other than a director or chief executive of the issuer, who has an interest or short position in the shares and underlying shares of the issuer which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or, who is, directly or indirectly, interested in ten per cent. or more of the ~~nominal value of any class of issued voting shares~~ capital-carrying rights to vote in all circumstances at general meetings of any other member of the group and the amount of each of such person's interest in such securities, together with particulars of any options in respect of such capital, or, if there are no such interests or short positions, an appropriate negative statement. (Note 3)

(Note 5)

...

## NOTES

...

*Note 4 ~~Insurance and shipping companies will not be entitled to avail themselves of the benefits of the provisions of Part III of the Tenth Schedule to the Companies Ordinance.~~[Repealed [date]]*

...

# Appendix 1

## Contents of Listing Documents

### Part F

#### Depository receipts

**In the case where listing is sought for depository receipts of an issuer where depository receipts representing some part of its share capital are already listed**

...

#### **General information about the group's activities**

22. (1) (a) ...

- (b) additional information in respect of major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services the ultimate wholesaler or retailer as the case may be) and suppliers (meaning the ultimate supplier of items which are not of a capital nature) as follows:–

...

- (iii) a statement of the percentage of ~~turnover or sales~~ revenue from sales of goods or rendering of services attributable to the group's largest customer;
- (iv) a statement of the percentage of ~~turnover or sales~~ revenue from sales of goods or rendering of services attributable to the group's 5 largest customers combined;
- (v) a statement of the interests of any of the directors; their close associates; or any shareholder (which to the knowledge of the directors owns more than 5% of the number of issued shares of the issuers' share capital) in the suppliers or customers disclosed under (i) to (iv) above or if there are no such interests a statement to that effect;

...

#### **Information about the issuer's management**

...

34. (1) A statement showing the interests and short positions of each director and chief executive of the issuer...

(a) ...

...

- (c) are required, pursuant to the Model Code for Securities Transactions by Directors of Listed ~~Companies~~ Issuers to be notified to the issuer and the Exchange;

...

(1A) ...

- (2) a statement showing the name, so far as is known to any director or chief executive of the issuer, of each person, other than a director or chief executive of the issuer, who has an interest or short position in the shares and underlying shares of the issuer which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or, who is, directly or indirectly, interested in ten per cent. or more of the ~~nominal value of any class of issued voting shares capital-carrying rights to vote in all circumstances at general meetings~~ of any other member of the group and the amount of each of such person's interest in such securities, together with particulars of any options in respect of such capital, if there are no such interests or short positions, an appropriate negative statement. (Note 2)

(Note 4)

...

## NOTES

...

*Note 3 ~~Insurance and shipping companies will not be entitled to avail themselves of the benefits of the provisions of Part III of the Tenth Schedule to the Companies Ordinance.~~* [Repealed [date]]

...

# Appendix 2

## Documents of Title

### Part B

#### Definitive Documents of Title

##### Registered equity securities

...

5. If the certificate relates to shares and there is more than one class in issue:—

(1) ...

(2) ...

(3) every share certificate issued by the issuer shall contain in a prominent position a statement that its share capital is divided into different classes of shares which shall specify in respect of the shares of each class the nominal value (if any) thereof and the voting rights attached thereto.

...

##### Bearer securities

...

22. The following matters must appear on the face of the security:—

(1) ...

...

(5) an authorising signature or signatures of the issuer, which may be in facsimile (and may also bear an authenticating signature which, if present, must be an original). ~~Share warrants to bearer issued by Hong Kong issuers must be under seal.~~

...

# Appendix 3

## Articles of Association

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.

### As regards Transfer and Registration

1. ...
- ...

### As regards Definitive Certificates

2. (1) That all certificates for capital ~~shall~~ must be under seal, which ~~shall~~ may only be affixed with the authority of the directors, or be executed under signature of appropriate officials with statutory authority.
- (2) ...
- ...

# Appendix 5

## Forms Relating to Applications for Listing

### Listing Application Form (For Equity Securities and Debt Securities)

#### Form A1

...

9. ~~Turnover~~Revenue and profit attributable to equity shareholders for the three preceding years (**Note 4**):

Year ending .....

~~Turnover~~Revenue

Profit

1st Year: ..... ..

2nd Year: ..... ..

3rd Year: ..... ..

...

# Appendix 5

## Listing Application Form (For Collective Investment Schemes)

### Form A2

(To be typed under the letter-head of the agent of the CIS listing applicant who is arranging for the application to be submitted)

To: The Head of the Listing Division,  
The Listing Division,  
The Stock Exchange of Hong Kong Limited.

..... 20.....

Dear Sir,

Re: .....  
(Name of collective investment scheme which is the subject of the listing application)

We are instructed by the issuer named above, which is a collective investment scheme which has been/has applied to be authorised by the Securities and Futures Commission (“SFC”) pursuant to Section 104 of the Securities and Futures Ordinance (“Collective Investment Scheme”), to make an application for listing of and permission to deal in a number of interests of the issuer.

Particulars of the proposed listing are:—

1. Name of Collective Investment Scheme:  
...
2. Place and date of incorporation/governing law and date of original trust deed:  
...
3. Brief description of investment policy and objectives:  
...
4. Names of Directors, Trustee, Custodian, CIS Operator, Investment Adviser, Hong Kong Representative and any other parties involved or interested in the management or promotion of the Collective Investment Scheme:  
...
5. Type of security for which listing is sought:  
...

6. Estimated size of initial offer (where the Collective Investment Scheme is newly formed):  
...
  
7. Net asset value and profit after tax since incorporation/formation or, if shorter, for the three preceding years (if applicable):  
...
  
8. Proposed timetable for the listing (please specify dates) (Note 2):  
...

A cheque numbered..... (cheque number) drawn on ..... (bank) for \$[ ] is enclosed being payment of the initial listing fee payable in advance. If there is any delay in the proposed timetable as set out above, or if there is any change in that timetable or in any of the other particulars without the approval of the Exchange, we acknowledge your right to forfeit this amount.

We shall keep the Exchange informed of the progress of this case at the earliest opportunity.

We hereby authorise you to disclose to the ~~Securities and Futures Commission~~ SFC, the Hong Kong Monetary Authority and the Hong Kong Government, the estimated size and timetable of the issue.

Yours faithfully

.....  
 Name:  
 for and on behalf of  
 [CIS listing applicant]

**CIS listing applicant and CIS Operator’s Undertaking**

We declare that:—

- (1) the ~~Securities and Futures Commission~~ SFC has confirmed that it has no further comments on the CIS Disclosure Document and that such confirmation is currently in force and that we know of no reasons why such confirmation may be withdrawn;

- (2) the Collective Investment Scheme complies and will comply with the ~~Commission~~-SFC's authorisation conditions for the CIS and any codes and guidelines issued by the ~~Commission~~-SFC in relation to Collective Investment Schemes in so far as they apply;
- (3) all information required to be included in the CIS Disclosure Document/listing document, where applicable, pursuant to Section 104 of the Securities and Futures Ordinance and the applicable codes enacted under the Ordinance, and by the Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules and any other applicable legislation has been included therein or, if the final version has not yet been submitted (or reviewed), will be included therein before it is so submitted; and
- (4) there are no other facts bearing on the Collective Investment Scheme's application for listing of and permission to deal in such securities which, in our opinion, should be disclosed to The Stock Exchange of Hong Kong Limited.

We undertake to comply with the provisions of the codes and guidelines issued by the ~~Securities and Futures Commission~~-SFC from time to time that are applicable to the authorisation of the Collective Investment Schemes and with the Listing Rules from time to time of The Stock Exchange of Hong Kong Limited so far as applicable to the Collective Investment Scheme.

**CIS listing applicant and CIS Operator's authorisation for filing with the ~~Commission~~-SFC**

We are required to file copies of our application with the ~~Securities and Futures Commission~~ ("SFC") under section 5(1) of the Securities and Futures (Stock Market Listing) Rules ("Rules"). Pursuant to section 5(2) of the Rules, we hereby authorise the Exchange to file all such materials with the SFC on our behalf as and when we file them with the Exchange.

If our securities become listed on the Exchange, we will be required to file copies of certain announcements, statements, circulars, or other documents made or issued by us or on our behalf to the public or to holders of our securities with the SFC under sections 7(1) and (2) of the Rules. Pursuant to section 7(3) of the Rules, we hereby authorise the Exchange to file all such documents with the SFC on our behalf as and when we file them with the Exchange.

All documents aforementioned shall be filed with the Exchange in such manner and number of copies as the Exchange may from time to time prescribe.

In this letter, "application" has the meaning ascribed to it under section 2 of the Rules.

The authorisation aforementioned shall not be altered or revoked in any way unless prior written approval has been obtained from the Exchange and the Exchange shall have the absolute discretion to grant such approval. In addition, we undertake to execute such documents in favour of the Exchange perfecting the above authorisation as the Exchange may require.

Yours faithfully  
(Note 3)

.....  
For and on behalf of  
[CIS listing applicant and  
the CIS Operator]

## NOTES

*Note 1: “Identical” means in this context:—*

- (1) the securities are of the same nominal value with the same amount called up or paid up; and*
- (2) they carry the same right as to unrestricted transfer, attendance and voting at meetings and rank pari passu in all other respects.*

*Note 2: All applicants should note that:—*

- (1) [Repealed 10 November 2014]*
- (2) the applicant is not guaranteed an exclusive timetable. In other words the applicant’s timetable may coincide with or overlap another issuer’s timetable;*
- (3) applicants will normally only be permitted to delay their timetable as the result of circumstances which were not anticipated at the time of submission of the listing application form, on a maximum of three occasions and, if such delays are made before the submission of a draft listing document, for a maximum of twelve months on each occasion. After the draft listing document has been submitted to the Exchange the three delays must not exceed six months, in total;*
- (4) if there is any change in the applicant’s proposed timetable without the approval of the Exchange, or if the listing application is withdrawn, cancelled or rejected then the deposit paid will be forfeited by the Exchange; and*
- (5) the submission of a listing application form shall be deemed to confer authority upon the Exchange to notify to:—*
  - (a) any subsequent applicants whose proposed timetable coincides or overlaps with the applicants, the estimated size of the applicant’s*

*issue and the current date on which it is proposed that the application lists will close; and*

- (b) *the ~~Securities and Futures Commission~~ SFC, the Hong Kong Monetary Authority and the Hong Kong Government, the details of the application.*

*Note 3: This form must be signed by a duly authorised officer of the governing body or board of directors (or its functional equivalent) of the Collective Investment Scheme (as the case may be) and by a duly authorised officer for and on behalf of the CIS Operator.*

*Note 4: If insufficient space is provided for completion of any paragraph, additional information may be entered on a separate sheet of paper, duly signed and attached.*

**IMPORTANT**

*Note 5: In order to maintain an orderly new issues market the Exchange reserves the right to refuse a listing application if there are too many existing applications in the relevant period.*

# Appendix 5

## 附錄五

### Declaration and Undertaking with regard to Directors 董事的聲明及承諾

#### Form B B 表格

...

#### Part 2 第二部分

#### UNDERTAKING 承諾

The particulars referred to in this Part 2 are:-

此第二部分所述的資料為：

(a) ...

...

(b) I shall, in the exercise of my powers and duties as a director of the issuer, comply to the best of my ability with Parts XIVA and XV of the Securities and Futures Ordinance, the Code on Takeovers and Mergers, the Code on Share Repurchases ~~Repurchases~~ Buy-backs and all other securities laws and regulations from time to time in force in Hong Kong, and I shall use my best endeavours to procure that the issuer shall so comply;

本人在行使發行人董事的權力及職責時，將盡力遵守《證券及期貨條例》第 XIVA 及 XV 部、《公司收購及合併守則》、《公司股份購回購守則》及香港所有其他不時生效的有關證券的法例及規例，本人並會盡力促使發行人遵守上述各項；

...

# Appendix 5

## Formal Application (For Equity Securities)

### Form C1

...

7. We declare, to the best of our knowledge, information and belief, that:—

(1) ...

(2) all information required to be included in the listing document by virtue of the Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules and the Code on Takeovers and Mergers has been included therein or, if the final version has not yet been submitted (or reviewed), will be included therein before it is so submitted;

...

...

# Appendix 5

## Formal Application (For Debt Securities)

### Form C2

...

7. We declare, to the best of our knowledge, information and belief, that:—

(1) ...

(2) all information required to be included in the listing document by virtue of the Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules and the ~~Hong Kong~~ Code on Takeovers and Mergers has been included therein or, if the final version has not yet been submitted (or reviewed), will be included therein before it is so submitted;

...

...

# Appendix 5

## Appendix 5 Formal Application (For Collective Investment Schemes)

### Form C3

This form must be lodged duly completed at least **FIVE CLEAR BUSINESS DAYS**, unless otherwise agreed by the Exchange, prior to the date on which it is expected that the Exchange will consider approving the listing of additional interests in the CIS. An issuer which is not a company should adapt this form as necessary to change references that apply only to companies.

...

Dear Sir,

1. We [.....hereby apply]/[are instructed by.....to make application] for listing of and permission to deal in the securities referred to in paragraph 3 below subject to the listing rules of The Stock Exchange of Hong Kong Limited entitled the “Rules Governing the Listing of Securities” (the “Listing Rules”).
2. [.....] is a Collective Investment Scheme which has received a confirmation from the Securities and Futures Commission (“SFC”) that it has no further comments on the CIS Disclosure Document.
3. Application is now made in respect of [describe the interest of the Collective Investment Scheme] of [\$ or other relevant currency] each in the issuer.
4. The securities for which application is now made:  
...
5. The following are particulars of the qualifications and experience of the directors of the CIS Operator and (where applicable) the Collective Investment Scheme, the investment adviser, persons who are/will be responsible for investment management and investment advisory services in relation to the Collective Investment Scheme’s portfolio and person(s) whose opinion(s) as (an) expert(s) is/are referred to in any document included in this application.  
...
6. We declare that:—
  - (1) the ~~Securities and Futures Commission~~ SFC has confirmed that it has no further comments on the CIS Disclosure Document and that such confirmation is currently in force and that we know of no reasons why such confirmation may be withdrawn;

- (2) the Collective Investment Scheme complies and will comply with the ~~Commission-SFC~~'s authorisation conditions for the CIS and any codes and guidelines issued by the ~~Commission-SFC~~ in relation to Collective Investment Schemes in so far as they apply;
- (3) all information required to be included in the CIS Disclosure Document/listing document, where applicable, pursuant to Section 104 of the Securities and Futures Ordinance and the applicable codes enacted under the Ordinance, and by the Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules and any other applicable legislation has been included therein or, if the final version has not yet been submitted (or reviewed), will be included therein before it is so submitted; and
- (4) there are no other facts bearing on the Collective Investment Scheme's application for listing of and permission to deal in such securities which, in our opinion, should be disclosed to The Stock Exchange of Hong Kong Limited.
7. We undertake to comply with the provisions of the codes and guidelines issued by the ~~Securities and Futures Commission-SFC~~ from time to time that are applicable to the authorisation of the Collective Investment Schemes and with the Listing Rules from time to time of The Stock Exchange of Hong Kong Limited so far as applicable to the Collective Investment Scheme.

Yours faithfully,  
(Note 2)

Signed .....  
Name:  
For and on behalf of  
[CIS listing applicant and the  
CIS Operator]

## NOTES

*Note 1: "Identical" means in this context:—*

- (1) *the securities are of the same nominal value with the same amount called up or paid up; and*
- (2) *they carry the same rights as to unrestricted transfer, attendance and voting at meetings and rank pari passu in all other respects.*

*Note 2: This form must be signed by a duly authorised officer of the governing body or board of directors (or its functional equivalent) of the Collective Investment Scheme (as the case may be) and by a duly authorised officer for and on behalf of the CIS Operator.*

# Appendix 5

## Sponsor's Declaration

### Form E

To: The Head of the Listing Division,  
The Listing Division,  
The Stock Exchange of Hong Kong Limited.

\_\_\_\_\_ 20\_\_\_\_\_

Dear Sir,

I, \_\_\_\_\_ being sponsor  
to \_\_\_\_\_ [Name of issuer] (the "Issuer")  
hereby declare to the best of my knowledge and belief having made all reasonable  
enquiries that:—

(1) ...

(2) ...

(3) 25% of the total number of issued shares—~~capital~~ of the Issuer [have been  
placed/will be held] in the hands of the public in accordance with rule 8.08 of  
The Rules Governing the Listing of Securities on The Stock Exchange of Hong  
Kong Limited ("the Listing Rules") at the time of the Issuer's listing; and

...

# Appendix 5

## Declaration

### Form F

...

1. that all documents required by the Companies (Winding Up and Miscellaneous Provisions) Ordinance to be filed with the Registrar of Companies in connection with the issue/offer/introduction on . . . . . 19 . . . . . of the following securities of the Issuer, namely . . . . . (insert particulars), have been duly filed and that to the best of our knowledge information and belief compliance has been made with all other legal requirements in connection with such issue/offer/introduction;

...

7. that completion has taken place of the purchase by the Issuer of all property shown in the listing document to Members dated . . . . . 19 . . . . . to have been purchased or agreed to be purchased by it and the purchase consideration for all such property has been duly satisfied;

...

# Appendix 5

## 附錄五

### Declaration and Undertaking with regard to Directors of an Issuer incorporated in the People's Republic of China ("PRC") 在中華人民共和國（「中國」）註冊成立的發行人的 董事的聲明及承諾

#### Form H H 表格

...

#### Part 2 第二部分

#### UNDERTAKING 承諾

The particulars referred to in this Part 2 are:-  
此第二部分所述的資料為：

(a) ...

(i) ...

...

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

...

...

## Appendix 5 附錄五

### Declaration and Undertaking with regard to Supervisors of an Issuer incorporated in the People's Republic of China ("PRC") 在中華人民共和國（「中國」）註冊成立的發行人的 監事的聲明及承諾

#### Form I I 表格

...

#### Part 2 第二部分

#### UNDERTAKING 承諾

The particulars referred to in this Part 2 are:-  
此第二部分所述的資料為：

(a) ...

(i) ...  
...

(iii) use my best endeavours to cause the issuer and its directors to comply with the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited from time to time in force (the "Listing Rules"), the Code on Takeovers and Mergers, the Code on Share ~~Repurchases~~ Buy-backs and all other relevant securities laws and regulations from time to time in force in Hong Kong;  
盡力促使發行人及其董事遵守不時生效的《香港聯合交易所有限公司證券上市規則》（《上市規則》）、《公司收購及合併守則》、《公司股份購回守則》及香港所有其他不時生效的有關證券的法例及規例；

(iv) ...

(v) comply to the best of my ability, as if the same applied to me to the same extent as it does to directors of the issuer, with: (a) Parts XIVA and XV of the Securities and Futures Ordinance; (b) the Model Code for Securities Transactions by Directors of Listed ~~Companies~~ Issuers set out in Appendix 10 of the Listing Rules; (c) the Code on Takeovers and Mergers; (d) the Code on Share ~~Repurchases~~ Buy-backs; and (e) all other relevant securities laws and regulations from time to time in force in Hong Kong;  
盡力遵守下列條例及規則，猶如該條例適用於本人，如同其適用於公司董事般：(a)《證券及期貨條例》第 XIVA 及 XV 部；(b)《上市規則》附錄十列出的《上市公司發行人董事進行證券交易的標準守則》；(c)《公

司收購及合併守則》；(d) 《公司股份購回購守則》；以及(e) 香港所有其他不時生效的有關證券法例與規例；

...

# Appendix 7

## Part C

Type of Security: Debt

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

...

### ANNUAL ACCOUNTS

#### Distribution of annual report and accounts

7. (1) If the Issuer is incorporated or otherwise established in Hong Kong it shall send to:—

(a) the trustee or fiscal agent in respect of its listed debt securities; and

(b) every holder of its listed debt securities (not being bearer debt securities),

a copy of either (i) its annual report including its annual accounts and, where the Issuer prepares ~~group accounts within the meaning of consolidated financial statements as referred to in section 124(1)379(2)~~ of the Companies Ordinance, the ~~group accounts~~ consolidated financial statements or (ii) its summary financial report, not less than 21 days before the date of the Issuer's annual general meeting. The Issuer may send a copy of its summary financial report to a member and a holder of its listed securities in place of a copy of its annual report and accounts, provided that it complies with provisions no less onerous than the relevant provisions set out in ~~section 141~~ sections 437 to 446 of the Companies Ordinance and in the Companies (Summary Financial Reports of Listed Companies) Regulation for listed issuers incorporated in Hong Kong. An issuer, whose equity securities are not listed, may not distribute a summary financial report in place of its annual report.

(2) ...

(a) ...

(b) ...

7.1 ...

7.2 Sections 422429 and 431 of the Companies Ordinance requires the directors of the annual accounts of a Hong Kong issuer to lay the issuer's annual financial statements before its members at its

*annual general meeting within the period of 6 months after the end of the financial year or accounting reference period to which the annual financial statements relate*~~which are laid before the issuer at its annual general meeting to be made up to a date falling not more than 6 months before the date of the meeting.~~

7.3 *The Exchange may at its discretion suspend dealings in or cancel the listing of the debt securities of companies which fall into arrears in the issue of its directors' report and accounts. Companies having significant interests outside Hong Kong may apply for an extension of the six-month period. However, attention is drawn to section ~~122(1B)~~431 of the Companies Ordinance which requires any extension of the time limit to be approved by the ~~High~~Court of First Instance.*

7.4 ...

8. (1) **If the Issuer is incorporated or otherwise established outside Hong Kong it shall send to:—**

...

(2) **The Issuer should lay its annual financial statements before its members at its annual general meeting within the period of 6 months after the end of the financial year or accounting reference period to which the annual financial statements relate**~~—shall make up its annual accounts to a date falling not more than 6 months before the date of its annual general meeting.~~

...

#### **Information to accompany annual report and accounts**

9. (1) **The Issuer shall include in its annual report and accounts the disclosures required under the relevant accounting standards and the information set out below:—**

(a) ~~a description of the principal activities of the group and, where two or more such activities are so described, a statement giving in respect of each such activity the turnover and contribution to trading results attributable to it;~~[Repealed [date]]

(b) ~~a geographical analysis of consolidated turnover and, if the contribution to profit or loss from a specific area is abnormal in nature, of contribution to trading results of those trading operations carried on by the Issuer and/or its subsidiaries outside the country where the main place of business of the Issuer (or the group of which the Issuer is a member) is situated unless such operations comprise less than ten per cent. of the consolidated turnover and ten per cent. of the consolidated trading results of the group;~~[Repealed [date]]

~~9.1—Transactions within the group should be excluded.~~

~~9.2—A broad geographical analysis of net turnover by way of figures or percentages, given by market (not necessarily given country by country), will be acceptable. Where analysis is required, the analysis should be by continent but if 50 per cent. of total overseas operations relates to one continent, a further analysis, for example, by country within that continent, will be required. Overseas operations include direct exports and activities carried out by the Issuer and/or its subsidiaries otherwise than in the country where the main place of business of the Issuer (or the group of which the Issuer is a member) is situated.~~

~~9.3—In respect of trading results an appropriate statement should be included where, for a proper appraisal of the business of the Issuer (or the group of which the Issuer is a member), holders of listed debt securities should be aware of significant contributions derived from activities carried out in any one territory. No analysis of the contribution to trading results is required unless the contribution to profit or loss from a specific area is “abnormal” in nature. “Abnormal” is defined as substantially out of line with the normal ratio of profit to turnover. For example, if a 40 per cent. profit is earned by the group in relation to turnover in one continent, compared with 10 per cent. on turnover elsewhere, this fact should be made apparent.~~

~~(c) ...~~

~~...~~

~~(j) in respect of the financial year, a statement of the amount of interest capitalised by the group during the year. [Repealed [date]]~~

~~(2) Where the Issuer is entitled to avail itself, and has availed itself, of the benefit of any of the provisions of Part III of the Tenth Schedule to the Companies Ordinance, nothing herein shall require any financial information to be included in the directors’ report and accounts which need not be disclosed in a balance sheet or profit and loss account of the Issuer which is drawn up in accordance with that Ordinance by virtue of any of those provisions or as a direct effect or result of any of those provisions. In such cases the auditors’ report may be expressed on an appropriate basis. [Repealed [date]]~~

~~...~~

## TRADING AND SETTLEMENT

### Registration services, issue of certificates, registration and other fees

20. (1) ...

...

(6) **Certificate replacement service:** The Issuer shall (or shall procure that its paying agent or registrar shall) provide a certificate replacement service. The fee for replacing certificates:—

(a) representing securities with a market value of **HK\$200,000** or less (at the time the request for replacement is made) for a person named on the register shall not exceed **HK\$200.00**, plus the costs incurred by the issuer (or its paying agent or registrar) in publishing the required public notice; or

(b) either:—

(i) representing securities with a market value of more than **HK\$200,000** (at the time the request for replacement is made); or

(ii) for a person not named on the register (irrespective of the market value of the securities concerned);

shall not exceed **HK\$400.00**, plus the costs incurred by the Issuer (or its paying agent or registrar) in publishing the required public notice.

...

# Appendix 7

## Part D

Type of Security: Debt

Type of Issuer: States and Supranationals

...

### TRADING AND SETTLEMENT

Registration services, issue of certificates, registration and other fees

9. (1) ...

...

(6) **Certificate replacement service: The Issuer shall (or shall procure that its paying agent or registrar shall) provide a certificate replacement service. The fee for replacing certificates:—**

(a) **representing securities with a market value of HK\$200,000 or less (at the time the request for replacement is made) for a person named on the register shall not exceed HK\$200.00, plus the costs incurred by the issuer (or its paying agent or registrar) in publishing the required public notice; or**

(b) **either:—**

(i) **representing securities with a market value of more than HK\$200,000 (at the time the request for replacement is made); or**

(ii) **for a person not named on the register (irrespective of the market value of the securities concerned);**

**shall not exceed HK\$400.00, plus the costs incurred by the Issuer (or its paying agent or registrar) in publishing the required public notice.**

...

# Appendix 7

## Part E

Type of Security: Debt

Type of Issuer: State Corporations and Banks

...

### ANNUAL ACCOUNTS

#### Distribution of annual report and accounts

4. (1) ...

...

(2) ...

*4.1 Where the Issuer is entitled to avail itself, and has availed itself, of the benefit of any of the provisions of Part III of the Tenth Schedule to the Companies Ordinance, nothing herein shall require any financial information to be included in the directors' report and accounts which need not be disclosed in a balance sheet or profit and loss account of the Issuer which is drawn up in accordance with that Ordinance by virtue of any of those provisions or as a direct effect or result of any of those provisions. In such cases the auditors' report may be expressed on an appropriate basis. [Repealed [date]]*

...

...

### TRADING AND SETTLEMENT

#### Registration services, issue of certificates, registration and other fees

14. (1) ...

...

(6) **Certificate replacement service: The Issuer shall (or shall procure that its paying agent or registrar shall) provide a certificate replacement service. The fee for replacing certificates:—**

(a) **representing securities with a market value of HK\$200,000 or less (at the time the request for replacement is made) for a person named on the register shall not exceed HK\$200.00, plus the costs incurred by the Issuer (or its paying agent or registrar) in publishing the required public notice; or**

(b) **either:—**

- (i) **representing securities with a market value of more than HK\$200,000 (at the time the request for replacement is made); or**
- (ii) **for a person not named on the register (irrespective of the market value of the securities concerned);**

**shall not exceed HK\$400.00, plus the costs incurred by the Issuer (or its paying agent or registrar) in publishing the required public notice.**

...

# Appendix 7

## Part H

Type of Security: Structured Products

...

### TRADING AND SETTLEMENT

...

#### Registration services

...

#### Issue of certificates, registration and other fees

18. (1) ...

...

(5) **Certificate replacement service: The Issuer shall (or shall procure that its registrar shall) provide a certificate replacement service. The fee for replacing certificates:—**

(a) **representing securities with a market value of HK\$200,000 or less (at the time the request for replacement is made) for a person named on the register shall not exceed HK\$200.00, plus the costs incurred by the Issuer (or its registrar) in publishing the required public notice; or**

(b) **either:—**

(i) **representing securities with a market value of more than HK\$200,000 (at the time the request for replacement is made); or**

(ii) **for a person not named on the register (irrespective of the market value of the securities concerned);**

**shall not exceed HK\$400.00, plus the costs incurred by the Issuer (or its registrar) in publishing the required public notice.**

...

## Appendix 8

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

...

#### 2. Annual Listing Fee

- (1) In addition to the initial listing fee, an annual listing fee (payable in advance in one installment), ..., shall be payable on each class of securities as follows:—

(a) ...

#### *Notes*

...

(b) ...

- (c) in the case of listed warrants, in accordance with the following scale:—

Percentage of existing issued shares <del>capital</del> subject to warrants		Total funds which would be raised on full exercise of the warrants		
		Not exceeding HK\$100M (HK\$)	Not exceeding HK\$500M (HK\$)	HK\$500M & above (HK\$)
Not exceeding	10%	36,000	54,000	72,000
	50%	36,000	54,000	90,000
	100%	54,000	72,000	108,000
Over	100%	72,000	90,000	135,000

...

- (2) ...

...

...

#### 4. Subsequent Issue Fee

- (1) Where a listed issuer makes a subsequent issue of equity securities which is less than 20 per cent. of its ~~existing~~ issued shares ~~capital~~ and does not issue a listing document, there shall be a fixed fee payable of HK\$4,000.

- (2) Where a listed issuer makes a subsequent issue of equity securities which is 20 per cent. or more of its ~~existing~~ issued shares ~~capital~~ or in circumstances where a listing document is issued in connection with the issue, a subsequent issue fee shall be charged on the following scale:—

<u>Monetary value of the securities issued</u> (HK\$M)		<u>Subsequent issue fee</u> (HK\$)
Not exceeding	100	25,000
	500	50,000
	1,000	80,000
	2,000	120,000
	3,000	160,000
	4,000	200,000
Over	4,000	240,000

...

# Appendix 13

## ADDITIONAL REQUIREMENTS IN RESPECT OF CERTAIN JURISDICTIONS

### PART A

#### BERMUDA

...

#### Section 1

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

...

#### 3. As regards shareholders

The bye-laws shall stipulate that any annual general meeting ~~or extraordinary general meeting at which a special resolution is to be proposed shall be convened on~~ must be called by notice of at least 21 days, notice and that any other general meeting (including an extraordinary general meetings) at which an ordinary resolution is to be proposed shall be convened on must be called by notice of at least 14 days notice.

*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.*

...

#### 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 ~~of Hong Kong~~ 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

...

1. In the case of an introduction...:—

(1) ...

(2) ...

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

...

...

# Appendix 13

## PART B

### CAYMAN ISLANDS

...

#### Section 1

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

...

#### 3. As regards shareholders

- (1) The articles of association shall stipulate that any annual general meeting ~~or any extraordinary general meeting at which a special resolution is to be proposed shall be convened on~~ must be called by notice of at least 21 days, ~~notice~~ and that any other general meeting (including an extraordinary general meetings) at which an ordinary resolution is to be proposed shall be convened on must be called by notice of at least 14 days ~~notice~~. 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 ~~S~~sections 98 and 99 632 of the ~~Hong Kong~~ Companies Ordinance.

- (3) ...

...

## 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 ~~of Hong Kong~~ 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

...

1. In the case of an introduction...:—

(1) ...

(2) ...

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

...

...

# Appendix 15

## BANK REPORTING

~~[Repealed [date]]~~

~~This appendix sets out the minimum level of information to be included in annual reports, interim reports and preliminary announcements of issuers that are banking companies (meaning banks, restricted licence banks and deposit taking companies as defined in the Banking Ordinance.)~~

~~1. At least the following information shall be contained in interim reports, annual reports, preliminary announcements of results, listing documents and circulars:~~

~~(1) Income Statement~~

~~(a) Interest Income;~~

~~(b) Interest Expense;~~

~~(c) Other Operating Income;~~

~~(d) Operating Expenses;~~

~~(e) Charge for bad and doubtful debts;~~

~~(f) Gains less losses on trading securities or other investments in securities;~~

~~(g) Gains less losses from disposal of investment securities or non-trading securities;~~

~~(h) Provisions on held to maturity securities and investment securities or provisions on held to maturity securities and non-trading securities;~~

~~(i) Exceptional Items;~~

~~(j) Taxation on profits (Hong Kong and overseas) in each case indicating the basis of computation;~~

~~(k) As appropriations;~~

~~— transfers to or from inner reserves~~

~~— transfers to or from other reserves;~~

~~(l) Rates of dividend paid or proposed on each class of shares (with particulars of each such class) and amounts absorbed thereby (or an appropriate negative statement);~~

~~(m) Earnings per share;~~

~~(n) Comparative figures of the matters specified in (a) to (m) inclusive for the corresponding previous period;~~

~~(H) Statement of assets and liabilities~~

~~(a) cash and short term funds;~~

~~(b) trading securities or other investments in securities;~~

~~(c) advances and other accounts;~~

~~(d) held to maturity securities and investment securities or held to maturity securities and non trading securities;~~

~~(e) issued debt securities;~~

~~(f) other accounts and provisions; and~~

~~(g) comparative figures of the matters specified in (a) to (f) inclusive for the corresponding previous period.~~

~~(III) Segment information~~

~~Information required by the accounting standards adopted by the issuer for the preparation of its annual financial statements:~~

~~(a) Hong Kong Financial Reporting Standards (HKFRS); or~~

~~(b) International Financial Reporting Standards (IFRS); or~~

~~(c) Generally Accepted Accounting Principles in the United States of America (US GAAP); or~~

~~(d) China Accounting Standards for Business Enterprises (CASBE).~~

~~(IV) Off balance sheet exposure~~

~~(a) contingent liabilities and commitments; and~~

~~(b) derivatives~~

~~2. In the case of interim reports, those matters set out in rule 13.48 and any other information required by the Hong Kong Monetary Authority in relation to interim reports (where applicable); and~~

~~3. In the case of annual reports, those matters set out in rule 13.47 and any other information required by the Hong Kong Monetary Authority in relation to annual reports (where applicable).~~

# Appendix 19

## SPONSOR'S DECLARATION

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

We, ...

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

- (a) all of the documents required by the Exchange Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, ...to be submitted to the Exchange on or before the date of issue of the Company's listing document and in connection with the Company's listing application have been submitted;

...

# Appendix 24

## Headline Categories

...

### Schedule 1

#### Headline Categories for Announcements and Notices

...

#### Financial Information

Advance to an Entity  
Date of Board Meeting  
Delay in Results Announcement  
Dividend or Distribution  
Final Results  
Financial Assistance and/or Guarantee to Affiliated Company  
Interim Results  
Net Asset Value  
Profit Warning  
Prior Period Adjustments due to Correction of Material Errors  
Qualified and/or Modified Audit Report  
Quarterly Results  
Results of a Subsidiary  
Revision of Information in Published Preliminary Results  
Revision of Published Financial Statements and Reports

...

#### Securities/Share Capital

Announcement pursuant to Code on Share ~~Repurchases~~ Buy-backs  
Capital Reorganisation

...

### Schedule 2

#### Headline Categories for Circulars

...

#### Securities/Share Capital

Capitalisation Issue  
Change in Terms of Securities or Rights attaching to Securities  
Document issued pursuant to Code on Share ~~Repurchases~~ Buy-backs  
Exchange or Substitution of Securities

...

## **Chapter 1**

### **GENERAL**

#### **INTERPRETATION**

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

...

**“authorised representative”** ...

**“balance sheet”** has the same meaning as “statement of financial position” and vice-versa

**“bank”** ...  
...

**“Code of Conduct”** Code of Conduct for Persons Licensed by or Registered with the ~~Securities and Futures~~ Commission

**“Code on Share Repurchases-Buy-backs” or “Share Buy-backs Code”** the Code on Share ~~Repurchases-Buy-backs~~ approved by the Commission as amended from time to time

**“Code on Takeovers and Mergers” or “Takeovers Code”** the Code on Takeovers and Mergers approved by the Commission as amended from time to time

**“Commission”** the Securities and Futures Commission...

**“Companies Ordinance”** the Companies Ordinance (Cap.622) as amended from time to time

**“Companies (Winding Up and Miscellaneous Provisions) Ordinance”** the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap.32) as amended from time to time

**“company”** ...  
...

<b>“gazetted newspapers”</b>	those newspapers which are, from time to time, specified in the list of newspapers issued and published in the Gazette for the purposes of sections <del>71A</del> <u>162 to 169</u> of the Companies Ordinance by the Chief Secretary
...	
<b>“holding company”</b>	<del>the meaning attributed to it in section 2 of the Companies Ordinance, but interpreting the term “subsidiary” in accordance with the definition of “subsidiary” under this rule 1.01</del> <u>in relation to a company, means another company of which it is a subsidiary</u>
...	
<b>“IFA group”</b>	...
<b><u>“income statement”</u></b>	<u>has the same meaning as “statement of profit or loss and other comprehensive income” and vice-versa</u>
<b>“inside information”</b>	...
...	
<b>“professional accountant”</b>	...
<b><u>“profit and loss account”</u></b>	<u>has the same meaning as “statement of profit or loss and other comprehensive income” and vice-versa</u>
<b>“promoter”</b>	...
<b>“prospectus”</b>	the same meaning as in section 2(1) of the Companies ( <u>Winding Up and Miscellaneous Provisions</u> ) Ordinance
...	
<b>“subsidiary”</b>	includes:  (a) a “subsidiary undertaking” as defined in <del>the twenty-third</del> <u>schedule 1</u> to the Companies Ordinance; (b) ... (c) ...
...	
<b>“summary financial report”</b>	a summary financial report of a company, which complies with sections <del>141CF(1)</del> <u>437 to 446</u> of the Companies Ordinance

**“supervisor”** a member elected to the supervisory committee of a PRC issuer which under PRC law performs a supervisory function in relation to such issuer’s board of directors, the manager and other officers

~~**“Takeovers Code”**~~ ~~the Code on Takeovers and Mergers approved by the Commission as amended from time to time~~

**“tap issues”** ...

...

...

# Chapter 2

## GENERAL

### INTRODUCTION

...

#### Characteristics of GEM

...

- 2.14 The Exchange expects each director of an issuer to be cognizant of the GEM Listing Rules and reasonably familiar with the obligations and duties imposed upon him and the issuer pursuant to the GEM Listing Rules, the Securities and Futures Ordinance, the Companies Ordinance, the Takeovers Code and the Code on Share Repurchases ~~Buy-backs~~.

...

# Chapter 5

## GENERAL

### DIRECTORS, COMPANY SECRETARY, BOARD COMMITTEES, AUTHORISED REPRESENTATIVES AND CORPORATE GOVERNANCE MATTERS

#### Directors

...

5.02 Every director must satisfy the Exchange that he has the character, experience and integrity and is able to demonstrate a standard of competence commensurate with his position as a director of an issuer. The Exchange may request information regarding the background, experience, other business interests or character of any director or proposed director of an issuer. The Exchange expects every director of an issuer:—

- (1) to be cognizant of the GEM Listing Rules and reasonably familiar with the obligations and duties imposed upon him and the issuer pursuant to the GEM Listing Rules, the Securities and Futures Ordinance, the Companies Ordinance, the Takeovers Code and the Code on Share ~~Repurchases~~ Buy-backs. The Exchange reserves a right to require directors to demonstrate their knowledge and understanding of the same; and

...

...

5.09 In assessing the independence of a non-executive director, the Exchange will take into account the following factors, none of which is necessarily conclusive. Independence is more likely to be questioned if the director:—

- (1) holds more than 1% of the ~~total number of issued shares capital~~ of the issuer;

*Notes:*

1. *An issuer wishing to appoint an independent non-executive director holding an interest of more than 1% must satisfy the Exchange, prior to such appointment, that the candidate is independent. A candidate holding an interest of 5% or more will normally not be considered independent.*

2. *When calculating the 1% limit set out in rule 5.09(1), the issuer must take into account the total number of shares held legally or beneficially by the director, together with the total number of shares which may be issued to the director or his nominee upon exercise of any outstanding share options, convertible securities and other rights (whether contractual or otherwise) to call for the issue of shares.*

(2) ...  
...

...

### Company secretary

5.14 The issuer must appoint as its company secretary an individual who, by virtue of his academic or professional qualifications or relevant experience, is, in the opinion of the Exchange, capable of discharging the functions of company secretary.

Notes: 1 ...

...

2 *In assessing “relevant experience”, the Exchange will consider the individual’s:*

(a) ...

(b) *familiarity with the GEM Listing Rules and other relevant law and regulations including the Securities and Futures Ordinance, Companies Ordinance, Companies (Winding Up and Miscellaneous Provisions) Ordinance, and the Takeovers Code;*

...

...

# Chapter 6A

## SPONSORS AND COMPLIANCE ADVISERS

...

### Impartiality and independence of Sponsors

...

6A.07 At least one Sponsor of a new applicant must be independent of it. The Sponsor is required to demonstrate to the Exchange its independence or lack of independence and declare in accordance with the terms set out in Appendix 7K.

A Sponsor is not independent if any of the following circumstances exist at any time from the date of submission of an application for listing on Form 5A up to the date of listing:-

- (1) the Sponsor group and any director or close associate of a director of the Sponsor collectively holds or will hold, directly or indirectly, more than 5% of the number of issued shares~~capital~~ of the new applicant, except where that holding arises as a result of an underwriting obligation;

...

*Notes: ...*

...

### Application of other rules

6A.28 Insofar as the GEM Listing Rules impose a higher standard of conduct on Sponsors or Compliance Advisers than~~to~~ that set out in the Commission's Corporate Finance Adviser Code of Conduct, the Code of Conduct, the Takeovers Code, the Share ~~Repurchases~~Buy-backs Code and all other relevant codes and guidelines applicable to them, the GEM Listing Rules will prevail.

...

## Chapter 8

### VALUATION OF AND INFORMATION ON PROPERTIES

...

#### Requirements for an issuer

...

- 8.03 For a connected transaction involving an acquisition or a disposal of any property interest or a company whose assets consist solely or mainly of property (including a company listed on the Exchange) ~~from or to a connected person~~, a valuation of and information on the property must be included in any circular issued to shareholders in connection with the acquisition or disposal (see rule 20.68(7)). The circular must include full text of valuation reports and the general information in rule 8.36, if it applies.

...

# Chapter 10

## EQUITY SECURITIES

### METHODS OF LISTING

...

#### Rights Issue

...

10.29 If the proposed rights issue would increase either the number of issued shares ~~capital~~ or the market capitalisation of the issuer by more than 50% (on its own or when aggregated with any other rights issues or open offers announced by the issuer (i) within the 12 month period immediately preceding the announcement of the proposed rights issue or (ii) prior to such 12 month period where dealing in respect of the shares issued pursuant thereto commenced within such 12 month period, together with any bonus securities, warrants or other convertible securities (assuming full conversion) granted or to be granted to shareholders as part of such rights issues or open offers):—

(1) the rights issue must be made conditional on approval by shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour. The issuer must disclose the information required under rule 2.28 in the circular to shareholders; and

(2) ....

...

#### Open Offer

...

10.39 If the proposed open offer would increase either the number of issued shares ~~capital~~ or the market capitalisation of the issuer by more than 50% (on its own or when aggregated with any other open offers or rights issues announced by the issuer (i) within the 12 month period immediately preceding the announcement of the proposed open offer or (ii) prior to such 12 month period where dealing in respect of the shares issued pursuant thereto commenced within such 12 month period, together with any bonus securities, warrants or other convertible securities (assuming full conversion) granted or to be granted to shareholders as part of such rights issues or open offers):—

(1) the open offer must be made conditional on approval by shareholders in general meeting by a resolution on which any controlling shareholders and their associates or, where there are no

controlling shareholders, directors (excluding independent non-executive directors) and the chief executive of the issuer and their respective associates shall abstain from voting in favour. The issuer must disclose the information required under rule 2.28 in the circular to shareholders; and

(2) ...

...

# Chapter 11

## EQUITY SECURITIES

### QUALIFICATIONS FOR LISTING

...

#### Conditions relevant to the securities for which listing is sought

11.23 There must be an open market in the securities for which listing is sought. This will normally mean that:—

(1) ...

...

(6) the expected total market capitalisation of a new applicant at the time of listing must be at least HK\$100,000,000 which shall be calculated on the basis of all issued shares ~~capital~~ (including the class of securities for which listing is sought and such other class(es) of securities, if any, that are either unlisted or listed on other regulated market(s)) of the new applicant at the time of listing;

(7) subject to rule 11.23(10) below, at least 25% of the issuer's total number of issued shares ~~capital~~ must at all times be held by the public;

...

(9) where an issuer has one class of securities or more apart from the class of securities for which listing is sought, the total securities of the issuer held by the public (on all regulated market(s) including the Exchange) at the time of listing must be at least 25% of the issuer's total number of issued shares ~~capital~~. However, the class of securities for which listing is sought must not be less than 15% of the issuer's total number of issued shares ~~capital~~, having an expected market capitalisation at the time of listing of not less than HK\$30,000,000;

...

...

# Chapter 12

## EQUITY SECURITIES

### APPLICATION PROCEDURES AND REQUIREMENTS

...

#### Documentary requirements – New Listing Applications

*At the time of application for listing*

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

...

- (2) a confirmation from the new applicant's legal advisers that the new applicant's articles of association conform with the relevant parts of Appendices 3 and 11, and 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;

...

- (15) a final or an advanced draft of any application for a waiver of any provision of the GEM Listing Rules and the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance from the Sponsor and the directors/proposed directors.

...

*Before bulk-printing of the listing document*

12.23A ...

...

*After notification of approval in principle but before the date of issue of the listing document*

...

12.25 In the case of a listing document which constitutes a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the following documents must be lodged with the Exchange by ~~no later than~~ 11 a.m. on the intended date of authorisation of the prospectus:—

- (1) an application for authorisation for registration of the prospectus under section 38D(3) or section 342C(3) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be);

(2) 2 printed copies of the prospectus, duly signed in accordance with section 38D(3) or section 342C(3) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be) and having endorsed on or attached to the documents stipulated by the relevant section; and

(3) ...

...

...

### **Documentary Requirements – Applications by Listed Issuers**

12.26A ...

...

*At the time of application for listing*

12.26B The following documents, as applicable, must be lodged with the Exchange together with the listing application in accordance with rule 12.16:—

(1) such number of copies of drafts or proofs of the listing document as the Exchange may require, marked in the margin to indicate where the relevant provisions of the GEM Listing Rules and/or the Companies (Winding Up and Miscellaneous Provisions) Ordinance have been met;

...

...

*In case of a listing document constituting a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance*

12.26E If the listing document constitutes a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the following documents must be submitted to the Exchange:

(1) ...

(2) by 11 a.m. on the intended date of authorisation for registration of the prospectus,

(a) an application for authorisation for registration of the prospectus under section 38D(3) or section 342C(3) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be);

(b) two printed copies of the prospectus, duly signed in accordance with section 38D(3) or section 342C(3) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be) and having endorsed thereon or annexed thereto the documents required under the relevant section;

...

...

*Before dealings commence*

12.27 The following documents must be submitted to the Exchange before dealings commence:—

...

- (3) in the case of securities issued as consideration for shares in a listed company which are acquired pursuant to ~~section 168~~Division 4 of Part 13 of the Companies Ordinance, a certified copy of the notice given under that section;

...

# Chapter 13

## EQUITY SECURITIES

### RESTRICTIONS ON PURCHASE, DISPOSAL AND SUBSCRIPTION

...

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

##### *General*

- 13.03 Subject to the provisions of the Code on Share ~~Repurchases~~ Buy-backs, an issuer may purchase shares on GEM or on another stock exchange recognised for this purpose by the Commission and the Exchange. All such purchases must be made in accordance with rules 13.04 to 13.14. The Code on Share ~~Repurchases~~ Buy-backs must be complied with by an issuer and its directors and any breach thereof by an issuer will be a deemed breach of the issuer's undertaking to comply with its continuing obligations under the GEM Listing Rules and the Exchange may in its absolute discretion take such action to penalise any breach of this rule as it shall think appropriate. It is for the issuer to satisfy itself that a proposed purchase of shares does not contravene the Code on Share ~~Repurchases~~ Buy-backs.

...

##### *Procedures to be complied with*

...

- 13.09 The ordinary resolution proposed to shareholders to give the directors of the issuer a specific approval or general mandate to purchase shares must include the following:—
- (1) the total number and description of the shares which the issuer is authorised to purchase, provided that the number of shares which the issuer is authorised to purchase on GEM or on another stock exchange recognised for this purpose by the Commission and the Exchange under the Code on Share ~~Repurchases~~ Buy-backs, may not exceed 10 per cent of the number of issued shares ~~capital~~ of the issuer and the total number of warrants to subscribe for or purchase shares (or other relevant class of securities) authorised to be so purchased may not exceed 10 per cent of the warrants of the issuer (or such other relevant class of securities, as the case may be), in each case as at the date of the resolution granting the general mandate; and

*Note: If the issuer conducts a share consolidation or subdivision after the repurchase mandate has been approved in general meeting, the maximum number of shares that may be repurchased under the mandate as a*

percentage of the total number of issued shares at the date immediately before and after such consolidation or subdivision shall be the same.

(2) ...

...

# Chapter 14

## EQUITY SECURITIES

### LISTING DOCUMENTS

#### *Preliminary*

14.01 This Chapter sets out the Exchange's requirements for the contents of listing documents relating to equity securities. Issuers are reminded that a listing document which is a prospectus within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance must also comply with and be registered in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Applicants should note that they are required to confirm in their application that all requisite information has been included in the listing document or will be included before the final version is submitted for review.

...

# Chapter 15

## EQUITY SECURITIES

### PROSPECTUSES

#### Preliminary

- 15.01 Issuers are reminded that a listing document which is a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance must both comply with the GEM Listing Rules and, where required, comply with and be registered in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The GEM Listing Rules are entirely independent of and without prejudice to the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance relating to prospectuses. Accordingly, compliance with the GEM Listing Rules does not guarantee compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance nor does it guarantee that such prospectus will be authorised by the Exchange for registration by the Registrar of Companies.
- 15.02 ...

#### Transfer of functions

- 15.03 The Commission's functions under sections 38B(2A)(b), 38D(3) and (5) and 342C(3) and (5) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance ~~(Cap.32)~~, to the extent that they relate to any prospectus which is concerned with any shares or debentures of a company that have been or are proposed to be approved for listing on GEM, and the power to charge and retain the fees which would have been payable to the Commission in respect of any such prospectus under the Commission's fees rules, have been transferred to the Exchange by order of the Chief Executive in Council pursuant to section 25 of the Securities and Futures Ordinance (the "Transfer Order").
- 15.04 Under the terms of the Transfer Order the Exchange shall vet every prospectus which relates to shares and debentures that have been or are proposed to be approved for listing on the Exchange and shall have the authority to authorise the registration of such a prospectus by the Registrar of Companies under the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

#### Compliance with Companies (Winding Up and Miscellaneous Provisions) Ordinance

- 15.05 To ensure compliance, issuers are urged to seek advice from their ~~Hong Kong~~ legal advisers. Issuers are reminded that compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance remains their primary

responsibility and that they will not be absolved from any liability by virtue only of the submission of a prospectus to the Exchange for vetting or the issue by the Exchange of a certificate authorising registration.

### **Certificates of exemption**

- 15.06 The Commission's power to grant certificates of exemption under the Companies (Winding Up and Miscellaneous Provisions) Ordinance has not been transferred to the Exchange.

### **Abridged prospectuses**

- 15.07 The Commission's powers under section 38B(2A)(b) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance to authorise in any particular case the form and manner of publication of any extract from or abridged version of a prospectus, have been transferred to the Exchange in so far as they relate to shares or debentures that have been approved for listing on the Exchange.

### **Procedural requirements**

...

- 15.10 The Exchange will review a prospectus for compliance with the GEM Listing Rules concurrently with the review of the prospectus for compliance with the relevant provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. The Exchange will not authorise a prospectus for registration by the Registrar of Companies until it is satisfied that it has no further comments on such prospectus in respect of the Companies (Winding Up and Miscellaneous Provisions) Ordinance requirements and is prepared to grant a listing for the securities to which such prospectus relates.
- 15.11 If the Exchange is satisfied that the prospectus delivered to it pursuant to rules 12.25 and 12.26E(2) should be authorised for registration pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, it will issue a certificate under section 38D(5) or section 342C(5) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be). It is the responsibility of the issuer to deliver the prospectus and any ancillary documents to the Companies Registry for registration pursuant to section 38D(7) or section 342C(7) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be).

*Note: The issue of the certificate of authorisation by the Exchange does not constitute a form of confirmation that the prospectus complies with the requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Nor does the issue of the certificate constitute registration of a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Issuers must ensure that a copy of the prospectus, complying with the requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, has been registered by the Registrar of Companies before it is issued. Under no*

*circumstances should the certificate of authorisation issued by the Exchange be relied upon as evidence either of compliance with the provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or of registration.*

# Chapter 16

## EQUITY SECURITIES

### PUBLICATION REQUIREMENTS

...

#### **Publication of electronic form prospectus and printed application form**

- 16.04D (1) Where an issuer intends to rely on section 9A of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap.32L) (“Class Exemption Notice”) and issue a printed application form for its equity securities with an electronic form prospectus displayed on certain websites (“Mixed Media Offer”), it must satisfy all the conditions in the Class Exemption Notice...

...

...

#### **Formal notice on issue**

...

- 16.10 Model forms of formal notices for offers for subscription or sale, placings and introductions are set out in Appendix 10 for the guidance of issuers. Issuers are reminded that where a prospectus has been registered with the Registrar of Companies pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, every formal notice must comply with Section 38B of that Ordinance.

...

#### **Publication on the GEM website**

- 16.17 ...

- (1) (a) ...

...

- (2) (a) Other than where a prospectus is to be registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, a listed issuer or new applicant must submit to the Exchange through HKEx-EPS for publication on the GEM website a ready-to-publish electronic copy of any corporate communication which is required by the GEM Listing Rules (including any listing document of a listed issuer or new applicant which is not to be registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance)...

- (b) Where a prospectus is to be registered under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the listed issuer or new applicant must submit to the Exchange through HKEx-EPS for publication on the GEM website a ready-to-publish electronic copy of each of the prospectus and any application forms...They must be submitted only after the issuer has received the letter from the Companies Registry confirming registration of the prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance...

...

# Chapter 17

## EQUITY SECURITIES

### CONTINUING OBLIGATIONS

...

#### Specific matters relevant to the issuer's business

...

##### *Sufficient operations*

17.26 ...

17.26A An issuer must, after trading in its listed securities has been suspended, publish periodic announcements of its developments.

##### *Material matters which impact on profit forecast*

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

...

(2) The issuer must announce the information under rule 17.26AB(1) ...

...

#### General matters relevant to the issuer's securities

##### *Changes in issued shares ~~capital~~*

17.27A (1) In addition and without prejudice to specific requirements contained elsewhere in the GEM Listing Rules, an issuer must, whenever there is a change in its issued shares ~~capital~~ as a result of or in connection with any of the events referred to in rule 17.27A(2), submit through HKEx-EPS, or such other means as the Exchange may from time to time prescribe, for publication on the GEM website a return in such form and containing such information as the Exchange may from time to time prescribe by not later than 30 minutes before the earlier of the commencement of the morning trading session or any pre-opening session on the business day next following the relevant event.

(2) The events referred to in rule 17.27A(1) are as follows:

(a) any of the following:

(i) ...

...

(xi) change in issued shares ~~capital~~ not falling within any of the categories referred to in rule 17.27A(2)(a)(i) to (x) or rule 17.27A(2)(b); and

...

(b) ...

(3) The disclosure obligation for an event in rule 17.27A(2)(b) only arises where:

(a) the event, either individually or when aggregated with any other events described in that rule which have occurred since the listed issuer published its last monthly return under rule 17.27B or last return under this rule 17.27A (whichever is the later), results in a change of 5% or more of the listed issuer's issued shares ~~capital~~; or

(b) ....

(4) For the purposes of rule 17.27A(3), the percentage change in the listed issuer's issued shares ~~capital~~ is to be calculated by reference to the listed issuer's total number of issued shares ~~capital~~ as it was immediately before the earliest relevant event which has not been disclosed in a monthly return published under rule 17.27B or a return published under this rule 17.27A.

...

*No further issues of securities within 6 months of listing*

17.29 No further shares or securities convertible into equity securities of a listed issuer (whether or not of a class already listed) may be issued...within 6 months from the date on which securities of the listed issuer first commence dealing on GEM...except for:

...

(5) ...

(a) ...

...

(d) the circular in respect of the issue and the related transaction...must comply with the requirements of a circular as specified in Chapter 19...

*Note: The circular must include:*

(i) ...

...

(ix) *how the acquired assets would complement the listed issuer's business; and*

(x) *details of the persons who would receive the new shares or securities and their connection, if any, with any core connected persons of the listed issuer; ~~and.~~*

(xi) *[Repealed 1 October 2013]*

...

...

*Pre-emptive rights*

...

17.41 No such consent as is referred to in rule 17.39 shall be required:—

(1) ...

...

(2) 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 existing issued shares capital 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 10.18(3), 20% of the number of issued shares capital of the issuer following implementation of the scheme) ~~plus 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 existing issued shares capital 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. ...*

2. *If the issuer conducts a share consolidation or subdivision after the issue mandate has been approved in general meeting, the maximum number of securities that may be issued under the mandate as a percentage of the total number of issued shares at*

the date immediately before and after such consolidation or subdivision shall be the same.

...

## Meetings

...

### *Meetings of holders of securities*

- 17.47 (1) An issuer proposing to solicit proxies or votes in connection with any meeting of holders...
- ...
- (6) In relation to any transactions that are subject to independent shareholders' approval pursuant to the GEM Listing Rules...or spin-off proposals that are subject to approval of the shareholders of the issuer pursuant to paragraph 3(e) of Practice Note 3; 2
- (a) ...
- ...
- ...

### *Board decisions*

- 17.49 An issuer shall ~~inform the Exchange and publish an announcement~~ announce immediately after (and for the purpose of providing details of) the approval by or on behalf of the board of:—
- (1) any decision to declare, recommend or pay any dividend or to make any other distribution on its listed securities ~~and, including~~ the rate and amount thereof of the dividend or distribution and the expected payment date;
- (2) ...
- (3) ...
- Notes: 1 ...
- 2 ...
3. If there is any change to the expected payment date previously disclosed under rule 17.49(1) or this note, the issuer should announce this fact and the new expected payment date as soon as practicable.
- (4) ...

Note: ...

*Suspension on Failure to Publish Timely Financial Information*

17.49A Without prejudice to the generality of rules 18.03, 18.49, 18.53, 18.66, 18.78 and 18.79, the Exchange will normally require suspension of trading in an issuer's securities if an issuer fails to publish periodic financial information in accordance with the Rules. The suspension will normally remain in force until the issuer publishes an announcement containing the requisite financial information.

**Changes**

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

- (1) any proposed alteration to the issuer's memorandum or articles of association or equivalent documents...

...the issuer should submit to the Exchange (a) a letter addressed to the issuer from its legal advisers confirming that the proposed amendments ~~comply~~ conform with the requirements of the GEM Listing Rules, where applicable, and the laws of the place where it is incorporated or otherwise established;...

*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.*

- (2) any changes in its directorate (and, in the case of a PRC issuer, its supervisory committee),...

...

- (m) subject to the provisions of the Rehabilitation of Offenders Ordinance or comparable legislation of other jurisdictions, full particulars of any conviction for any offence (including details of each such offence, the court by which he was convicted, the date of conviction and the penalty imposed):

- (i) ...

- (ii) under the Securities and Futures Ordinance, the Companies Ordinance, Part II of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (insofar as that Part relates, whether directly or indirectly, to the performance of functions by the ~~Securities and Futures~~ Commission in relation to prospectuses and

purchase by a company of its own shares) and Part XII of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (insofar as that Part relates, whether directly or indirectly, to the performance of functions by the ~~Securities and Futures~~ Commission in relation to prospectuses) ...; or

(iii) ...

...

(3) ...

(4) any change in its auditors or financial year end, the reason(s) for the change and any other matters that need to be brought to the attention of holders of securities of the issuer (including, but not limited to, information set out in the outgoing auditors' confirmation in relation to the change in auditors); ~~and~~

*Note:* ...

(5) any change in its registered address or registered office or (as applicable) its registered place of business in Hong Kong or agent for the service of process in Hong Kong; and

(6) any revision of interim reports, quarterly reports, annual reports or summary financial reports, the reason leading to the revision of published financial reports, and the financial impacts, if any.

...

## Trading and Settlement

...

### *Issue of certificates, registration and other fees*

...

17.72 Certificate replacement service: An issuer shall (or shall procure that its registrar shall) provide a certificate replacement service. The fee for replacing certificates:

(1) representing securities with a market value of HK\$200,000 or less (at the time the request for replacement is made) for a person named on the register shall not exceed HK\$200.00, plus the costs incurred by the issuer (or its registrar) in publishing the required public notice; or

(2) either:

(a) representing securities with a market value of more than HK\$200,000 (at the time the request for replacement is made); or

(b) for a person not named on the register (irrespective of the market value of the securities concerned);

shall not exceed HK\$400.00, plus the costs incurred by the issuer (or its registrar) in publishing the required public notice.

...

### Miscellaneous obligations

...

#### *Takeovers and share repurchases*

17.89 An issuer must comply with the Takeovers Code and the Code on Share ~~Repurchases~~ Buy-backs.

...

#### *Independent financial advisers*

...

17.96 An independent financial adviser must be independent from any issuer for whom it acts. An independent financial adviser is not independent if any of the following circumstances exist as at the time of making the declaration required by rule 17.97(1):

(1) the IFA group and any director or close associate of a director of the independent financial adviser holds, directly or indirectly, in aggregate more than 5% of the number of issued shares ~~capital~~ of the issuer, another party to the transaction, or a close associate or core connected person of the issuer or another party to the transaction;

(1A) in the case of a connected transaction, the independent financial adviser holds more than 5% of the number of issued shares ~~capital~~ of an associate of another party to the transaction;

...

...

17.99 Insofar as the GEM Listing Rules impose a higher standard of conduct on independent financial advisers ~~than to~~ that set out in the Commission's Corporate Finance Adviser Code of Conduct, the Code of Conduct ~~for Persons Licensed by or Registered with the Securities and Futures Commission~~, the Takeovers Code, the Share ~~Repurchases~~ Buy-backs Code and all other relevant codes and guidelines applicable to them, the GEM Listing Rules will prevail.

...

# Chapter 18A

## EQUITY SECURITIES

## MINERAL COMPANIES

...

### Competent Person

18A.21 A Competent Person must:—

(1) ...

(2) be professionally qualified, and be a member in good standing of a relevant Recognised Professional Organisation, in a jurisdiction where, in the Exchange's opinion, the statutory securities regulator has satisfactory arrangements (either by way of the IOSCO Multilateral MOU or other bi-lateral agreement acceptable to the Exchange) with the ~~Securities and Futures Commission of Hong Kong~~ for mutual assistance and exchange of information for enforcing and securing compliance with the laws and regulations of that jurisdiction and Hong Kong; and

...

...

# Chapter 19

## EQUITY SECURITIES

### NOTIFIABLE TRANSACTIONS

...

#### Classification and explanation of terms

...

##### *Percentage ratios*

19.07 The percentage ratios are the figures, expressed as percentages resulting from each of the following calculations:—

(1) ...

...

(5) Equity capital ratio — the number of shares to be issued by nominal value of the listed issuer's equity capital issued as consideration divided by the total number of nominal value of the listed issuer's issued shares equity capital immediately before the transaction.

*Notes:* 1. The numerator includes shares that may be issued upon conversion or exercise of any convertible securities or subscription rights to be issued or granted by the listed issuer as consideration.

2. The value of the listed issuer's debt capital (if any), including any preference shares, shall not be included in the calculation of the equity capital ratio.

...

...

##### *Methods of approval*

19.44 Shareholders' approval for a major transaction shall be given by a majority vote at a general meeting of the shareholders of the issuer unless all the following conditions are met, in which case written shareholders' approval may, subject to rule 19.86, be accepted in lieu of holding a general meeting:—

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

(2) the written shareholders' approval has been obtained from a shareholder or a closely allied group of shareholders who together hold more than 50% of the voting rights in nominal value of the securities giving the right to attend and vote at that general meeting

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

...

*Profit forecast in an announcement*

...

19.62 Where the announcement contains a profit forecast...:—

(1)...

(2)...

(3)...

*Note: See rule 17.26AB ...*

...

*Major transaction circulars*

19.66 A circular relating to a major transaction must contain the following:—

(1) ...

...

(7) where a company either becomes a subsidiary or ceases to be a subsidiary of the listed issuer:—

(a) the percentage of the company's issued shares capital (if any) held by the listed issuer ~~in that company~~ after the acquisition or disposal; and

(b) ...;

...

(9) information as to the competing interests (if any) of the Compliance Adviser and each of the directors, employees and close associates (as referred to in rule 6A.32) and each of the directors and any proposed director of the issuer (excluding its subsidiaries) and his/her respective close associates (as if each of them were treated as a controlling shareholder under rule 11.04);

...

19.67 In addition to the requirements set out in rule 19.66, a circular issued in relation to an acquisition constituting a major transaction must contain:—

...

- (7) a ~~management~~-discussion and analysis of results of the business, company or companies being acquired covering all those matters set out in rule 18.41 for the period reported on in the accountants' report.

*Inability to access information to compile circulars for major transactions or very substantial acquisitions*

19.67A (1) ...

...

(2) ...

...

- (b) where information required for the enlarged group is not available, to include the following information regarding the issuer:

...

- (iv) ~~management~~-discussion and analysis of results (this is applicable only to very substantial acquisitions, see rule 19.69(8));

...

...

# Chapter 20

## EQUITY SECURITIES

### CONNECTED TRANSACTIONS

...

#### Content requirements

...

#### Circulars

...

20.68 The circular must contain at least:

(1) ...

...

(15) information regarding the competing interests (if any) of the Compliance Adviser and its directors, employees and close associates (as referred to in rule 6A.32) and each of the directors and any proposed director of the listed issuer's ~~group~~ and his respective close associates as would be required to be disclosed under rule 11.04 as if each of them was a controlling shareholder; and

(16) ...

...

#### Exemptions

...

#### Repurchases of securities by the listed issuer or its subsidiary

20.92 Repurchases of own securities by a listed issuer or its subsidiary from a connected person is fully exempt if it is made:

(1) on the Exchange or a recognised stock exchange, except where the connected person knowingly sells the securities to the listed issuer's group; or

(2) in a general offer made under the Code on Share ~~Repurchases~~ Buy-backs.

...

# Chapter 21

## EQUITY SECURITIES

### OPTIONS, WARRANTS AND SIMILAR RIGHTS

...

21.02 All warrants must, prior to the issue or grant thereof, be approved by the Exchange, and in addition, where they are warrants to subscribe equity securities, by the shareholders in general meeting (unless they are issued by the directors under the authority of a general mandate granted to them by shareholders in accordance with rule 17.41(2)). In the absence of exceptional circumstances which would include, by way of example, a rescue reorganisation, the Exchange will only grant approval to the issue or grant of warrants to subscribe securities if the following requirements are complied with:—

- (1) the securities to be issued on exercise of the warrants must not, when aggregated with all other equity securities which remain to be issued on exercise of any other subscription rights, if all such rights were immediately exercised, whether or not such exercise is permissible, exceed 20 per cent of the number of issued shares ~~equity capital~~ of the issuer at the time such warrants are issued. Options granted under share option schemes which comply with Chapter 23 are excluded for the purpose of this limit.

The following are also excluded for the purpose of this limit:—

- (a) convertible preference shares (and any equity securities into which the same convert); and
  - (b) convertible bonds (and any equity securities into which the same convert);
- (2) ...

...

# Chapter 23

## EQUITY SECURITIES

### SHARE OPTION SCHEMES

#### Application of Chapter 23

...

#### Terms of the scheme

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

- (1) the purpose of the scheme;
- (2) the participants of the scheme and the basis of determining the eligibility of participants;

*Note: Listed issuers are reminded to seek legal advice on the prospectus requirements of the Companies (Winding Up and Miscellaneous Provisions) Ordinance, particularly where participation in the scheme is not restricted to executives and employees.*

- (3) the total number of securities which may be issued upon exercise of all options to be granted under the scheme, together with the percentage of the issued shares ~~capital~~ that it represents at the date of approval of the scheme;

*Notes: 1. The total number of securities which may be issued upon exercise of all options to be granted under the scheme and any other schemes must not in aggregate exceed 10 per cent of the relevant class of securities of the listed issuer (or the subsidiary) in issue as at the date of approval of the scheme. Options lapsed in accordance with the terms of the scheme will not be counted for the purpose of calculating the 10% limit.*

...

2. ...

3. If the listed issuer (or the subsidiary) conducts a share consolidation or subdivision after the 10% limit has been approved in general meeting, the maximum number of securities that may be issued upon exercise of all options to be granted under all of the schemes of the listed issuer (or the subsidiary)

under the 10% limit as a percentage of the total number of issued shares at the date immediately before and after such consolidation or subdivision shall be the same.

...

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

*Note: Any adjustments required under rule 23.03(13) must give a participant the same proportion of the equity capital as that to which that person was previously entitled, but no such adjustments may be made to the extent that a share would be issued at less than its nominal value (if any). The issue of securities as consideration in a transaction may not be regarded as a circumstance requiring adjustment. In respect of any such adjustments, other than any made on a capitalisation issue, an independent financial adviser or the listed issuer's auditors must confirm to the directors in writing that the adjustments satisfy the requirements set out in this note.*

...

...

### **Disclosure requirements**

...

23.09 The listed issuer must include in its annual report a summary of each share option scheme approved by its shareholders setting out:

- (1) ...

...

- (3) the total number of securities available for issue under the scheme together with the percentage of the issued shares ~~capital~~ that it represents as at the date of the annual report;

...

...

# Chapter 24

## EQUITY SECURITIES

### OVERSEAS ISSUERS

...

#### Chapter 11 – Qualifications for Listing

24.05 The following requirements apply in addition to those set out in Chapter 11:—

(1) ...

...

(2) ...

...

(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 ~~XI~~ 16 of the Companies Ordinance, if applicable.*

...

#### Chapter 14 – Listing Documents

...

24.09 The following modifications and additional requirements apply:—

(1) ...

...

(5) for an introduction in the circumstances in rule 10.18(3), the following modifications, exceptions and additional requirements apply:—

(a) the listing document must contain...a comparison between the provisions of the listed Hong Kong issuer's existing ~~memorandum and~~ articles of association...

...

...

#### Chapters 17 and 18 -Continuing Obligations and Financial Information

...

*Information to accompany annual report and accounts*

...

24.20 An overseas issuer shall, ~~to the extent not otherwise included by virtue of the provisions of Chapter 18,~~ include in its directors' report and accounts

those additional disclosures required of Hong Kong incorporated companies under the ~~following~~ provisions of the Companies' Ordinance and subsidiary legislations set out in rule 18.07A.:-

- ~~(1) The Tenth Schedule;~~
- ~~(2) S128 (details of subsidiaries);~~
- ~~(3) S129 (details of investments);~~
- ~~(4) S129A (details of ultimate holding company);~~
- ~~(5) S129D (contents of the directors' report);~~
- ~~(6) S161 (directors' remuneration);~~
- ~~(7) S161A (corresponding figures);~~
- ~~(8) S161 B (loans to company officers);~~
- ~~(9) S162 (directors' interests in contracts); and~~
- ~~(10) S162A (management contracts).~~

...

# Chapter 25

## EQUITY SECURITIES

### ISSUERS INCORPORATED IN THE PEOPLE'S REPUBLIC OF CHINA

...

#### Chapter 11 — Qualifications for Listing

25.07 The following modifications and additional requirements apply:—

- (1) ...
- (2) the PRC issuer must appoint, and maintain throughout the period its securities are listed on GEM 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) ...
  - ...
  - (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 ~~XI~~16 of the Companies Ordinance, if applicable.*

...

...

#### Chapters 17 and 18 – Continuing Obligations and Financial Information

...

##### *Information to accompany annual report and accounts*

...

25.32 A PRC issuer shall, ~~to the extent not otherwise included by virtue of the provisions of Chapter 18,~~ include in its directors' report and accounts those additional disclosures required of Hong Kong incorporated companies under the ~~following~~ provisions of the Companies Ordinance and subsidiary legislations set out in rule 18.07A:—

- ~~(1) the Tenth Schedule;~~
- ~~(2) S128 (details of subsidiaries);~~
- ~~(3) S129 (details of investments);~~

- ~~(4) S129A (details of ultimate holding company);~~
- ~~(5) S129D (contents of the directors' report);~~
- ~~(6) S161 (directors' remuneration);~~
- ~~(7) S161A (corresponding figures);~~
- ~~(8) S161 B (loans to company officers);~~
- ~~(9) S162 (directors' interests in contracts); and~~
- ~~(10) S162A (management contracts).~~

...

### **Constitutional documents**

...

25.41 A PRC issuer shall enter into a contract in writing with every director and officer containing at least the following provisions:—

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

...

...

# Chapter 28

## DEBT SECURITIES

### APPLICATION PROCEDURES AND REQUIREMENTS

#### Preliminary

...

- 28.05 Where any document is amended after submission, a like number of further copies must be submitted to the Exchange for review, marked in the margin to indicate where the relevant items from Part C of Appendix 1 have been met (and in the case only of a prospectus, the relevant provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance). Such copies must also be marked in the margin to indicate amendments made to conform with points raised by the Exchange. In any event, the final form, or, as appropriate, signed original of any document must have been received at least 4 clear business days prior to the provisional hearing date.

...

#### Documentary requirements

##### *At the time of application for listing*

- 28.13 The following documents, as applicable, must be lodged with the Exchange for review together with the form of application and other items referred to in rule 28.11:—
- (1) 6 drafts or proof prints of the listing document in anticipated final form, marked in the margin to indicate where compliance has been made with the relevant provisions of the GEM Listing Rules and, in the case only of a prospectus, to indicate in addition where compliance has been made with the relevant provisions of the Companies (Winding Up and Miscellaneous Provisions) Ordinance;

...

...

- 28.15 In the case of a listing document which constitutes a prospectus under the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the following documents must be lodged with the Exchange by ~~no later than~~ 11 a.m. on the intended date of authorisation of the prospectus:—
- (1) an application for authorisation for registration of the prospectus pursuant to section 38D(3) or section 342C(3) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be);
  - (2) two printed copies of the prospectus, duly signed in accordance with section 38D(3) or section 342C(3) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (as the case may be) and having endorsed thereon or annexed thereto the documents stipulated by the relevant section;

...

...

# Chapter 29

## DEBT SECURITIES

### LISTING DOCUMENTS

#### Preliminary

29.01 This Chapter does not apply to debt issues to professional investors only. It sets out the Exchange's requirements for the contents of listing documents relating to debt securities. Issuers are reminded that a listing document which is a prospectus within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance must also comply with and be registered in accordance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance. Applicants should note that they are required to confirm in their applications that all requisite information has been included in the listing document or will be included in the final version submitted for review (see Appendix 5C).

...

#### Publication

...

29.20 Model forms of formal notices for offers for subscription or sale and placings are set out in Appendix 10 for the guidance of issuers. Issuers are reminded that, where a prospectus has been registered with the Registrar of Companies pursuant to the Companies (Winding Up and Miscellaneous Provisions) Ordinance, every formal notice must comply with section 38B of that Ordinance.

...

#### Publication of electronic form prospectus and printed application form

29.21B (1) Where an issuer intends to rely on section 9A of the Companies Ordinance (Exemption of Companies and Prospectuses from Compliance with Provisions) Notice (Cap.32L) ("Class Exemption Notice") and issue a printed application form for its debt securities with an electronic form prospectus displayed on certain websites ("Mixed Media Offer"), it must satisfy all the conditions in the Class Exemption Notice...

...

...

# Chapter 31

## DEBT SECURITIES

### CONTINUING OBLIGATIONS

...

#### Trading and settlement

*Registration services, issue of certificates, registration and other fees*

...

31.31 Certificate replacement service: An issuer shall (or shall procure that its paying agent or registrar shall) provide a certificate replacement service. The fee for replacing certificates:—

- (1) representing securities with a market value of HK\$200,000 or less (at the time the request for replacement is made) for a person named on the register shall not exceed HK\$200.00, plus the costs incurred by the issuer (or its paying agent or registrar) in publishing the required public notice; or
- (2) either:—
  - (a) representing securities with a market value of more than HK\$200,000 (at the time the request for replacement is made); or
  - (b) for a person not named on the register (irrespective of the market value of the securities concerned);

shall not exceed HK\$400.00, plus the costs incurred by the issuer (or its paying agent or registrar) in publishing the required public notice.

...

#### Financial information

...

*Distribution of annual report and accounts*

31.38 (1) If the issuer is incorporated or otherwise established in Hong Kong it shall send to:—

- (a) the trustee or fiscal agent in respect of its listed debt securities; and
- (b) every holder of its listed debt securities (not being bearer debt securities),

a copy of either (i) its annual report including its annual accounts and, where the issuer prepares ~~group accounts within the meaning of consolidated financial statements as referred to in~~ section 424(1)379(2) of the Companies Ordinance, the ~~group accounts~~ consolidated financial

statements or (ii) its summary financial report, not less than 21 days before the date of the issuer's annual general meeting. The Issuer may send a copy of its summary financial report to a member and a holder of its listed securities in place of a copy of its annual report and accounts, provided that it complies with the relevant provisions set out in ~~section 141~~sections 437 to 446 of the Companies Ordinance and in the Companies (Summary Financial Reports ~~of Listed Companies~~) Regulation or, in the case of overseas issuers, with provisions no less onerous than the above provisions for listed issuers incorporated in Hong Kong. An issuer, whose equity securities are not listed, may not distribute a summary financial report in place of its annual report.

(2) ...

(a) ...

(b) ...

*Notes: 1 The directors' report, auditors' report, annual accounts and, where applicable, summary financial report must be in the English language and must be accompanied by a Chinese translation or be in the Chinese language accompanied by an English translation.*

*2 Sections ~~122-429~~ and ~~431~~ of the Companies Ordinance requires the annual accounts of the directors of a Hong Kong issuer to lay the issuer's annual financial statements before its members at its annual general meeting within the period of 6 months after the end of the financial year or accounting reference period to which the annual financial statements relate~~which are laid before the issuer at its annual general meeting to be made up to a date falling not more than 6 months before the date of the meeting.~~*

*3 The Exchange may at its discretion suspend dealings in or cancel the listing of the debt securities of companies which fall into arrears in the issue of its directors' report and accounts. If the listed issuer has significant interests outside Hong Kong it may apply for an extension of the 6 month period. However, attention of a Hong Kong ~~listed~~ issuer is drawn to section ~~122(1B)~~431 of the Companies Ordinance which requires any extension of the time limit to be approved by the ~~High Court~~ Court of First Instance.*

*4 ...*

...

*Information to accompany directors' report and annual accounts*

31.48 The listed issuer shall include the information set out in rules ~~31.49~~31.51 to 31.60 in its director's report and annual accounts and the disclosures required under the relevant accounting standards.

*Note: The annual report and accounts must contain, at a prominent position, and in bold type, a statement about the characteristics of GEM, in the form set out in rule 2.20.*

- 31.49 ~~A description of the principal activities of the group and, where 2 or more such activities are so described, a statement giving in respect of each such activity the turnover and contribution to trading results attributable to it. [Repealed [date]]~~

~~*Note: For these purposes, a “principal activity” is one which achieved profits and losses numerically equivalent to 10% or more of the consolidated profit or loss of the group.*~~

- 31.50 ~~Except where the listed issuer is a banking company, a geographical analysis of consolidated turnover and, if the contribution to profit or loss from a specific area is abnormal in nature, of contribution to trading results of those trading operations carried on by the issuer and/or its subsidiaries outside the country in which the main place of business of the listed issuer (or the group of which the listed issuer is a member) is situated, unless such operations comprise less than 10% of the consolidated turnover and 10% of the consolidated trading results of the group. [Repealed [date]]~~

~~*Notes: 1 Transactions within the group should be excluded.*~~

~~*2 A broad geographical analysis of net turnover by way of figures or percentages, given by market (not necessarily given country by country), will be acceptable. Where analysis is required, the analysis should be by continent but if 50% of total overseas operations relates to one continent, a further analysis, for example, by country within that continent, will be required. Overseas operations include direct exports from the country in which the main place of business of the listed issuer (or the group of which the issuer is a member) is situated and activities carried out otherwise than in such country.*~~

~~*3 In respect of trading results an appropriate statement should be included where, for a proper appraisal of the business of the listed issuer (or the group of which the issuer is a member), holders of listed debt securities should be aware of significant contributions derived from activities carried out in any one territory. No analysis of the contribution to trading results is required unless the contribution to profit or loss from a specific area is “abnormal” in nature. “Abnormal” is defined as substantially out of line with the normal ratio of profit to turnover. For example, if a 40% profit is earned by the group in relation to turnover in one continent, compared with 10% on turnover elsewhere, this fact should be made apparent.*~~

31.51 ...

...

31.58 ~~In respect of the financial year, a statement of the amount of interest capitalised by the group during the year.~~[Repealed [date]]

31.59 ~~Where the issuer is entitled to avail itself, and has availed itself, of the benefit of any of the provisions of Part III of the Tenth Schedule to the Companies Ordinance, nothing herein shall require any financial information to be included in the directors' report and accounts which need not be disclosed in a balance sheet or profit and loss account of the listed issuer which is drawn up in accordance with that Ordinance by virtue of any of those provisions or as a direct effect or result of any of those provisions.~~[Repealed [date]]

...

#### *Summary financial reports*

31.61 Summary financial reports of listed issuers shall comply with the disclosure requirements set out in the Companies (Summary Financial Reports of Listed Companies) Regulation.

# The Stock Exchange of Hong Kong Limited

## Practice Note 2

to the Rules Governing the Listing of Securities  
on the Growth Enterprise Market of  
The Stock Exchange of Hong Kong Limited  
(the “GEM Listing Rules”)

Issued pursuant to rule 1.07 of the GEM Listing Rules

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

...

6. The Exchange reminds sponsors of their other obligations including but not limited to those under the GEM Listing Rules, the SFC Corporate Finance Adviser Code of Conduct, the Code of Conduct and particularly the SFC Sponsor Provisions, the Sponsors Guidelines, the Takeovers Code, the Code on Share ~~Repurchases~~ Buy-backs, the Securities and Futures Ordinance and all other relevant ordinances, codes, rules and guidelines applicable to Sponsors. Nothing in this Practice Note detracts from or diminishes those obligations.

...

# The Stock Exchange of Hong Kong Limited

## Practice Note 3

to the Rules Governing the Listing of Securities  
on the Growth Enterprise Market of  
The Stock Exchange of Hong Kong Limited  
(the “GEM Listing Rules”)

Issued pursuant to rule 1.07 of the GEM Listing Rules

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

...

## **2. Introduction**

This Practice Note is intended to set out the Exchange’s policy with regard to proposals submitted by issuers to effect the separate listing on the GEM or elsewhere of assets or businesses wholly or partly within their existing groups (“spin-offs”). This Practice Note sets out the principles which the Exchange applies when considering spin-off applications.

Issuers are reminded that they are required to submit their spin-off proposals to the Exchange for its approval.

*Note: This Practice Note is normally only applicable to an issuer and entity which is a subsidiary of the issuer at the time of submission of the spin-off proposal. However, the Exchange will treat an entity as if it were a subsidiary of an issuer for the purpose of this Practice Note if such entity is at the time of submission of the issuer’s spin-off proposal, an associated company of the issuer and was, at any time during the latest completed financial year of the issuer (comprising at least 12 months) up to the date of submission of the spin-off proposal, a subsidiary of the issuer.*

*In such circumstances, the entity will be required to comply with the requirements of this Practice Note and will be treated as if it has remained as a subsidiary of the issuer. The issuer is required to substantiate to the satisfaction of the Exchange the changes in the beneficial ownership of the entity’s issued shares ~~capital~~ in the period stated above.*

...

# The Stock Exchange of Hong Kong Limited

## Practice Note 5

to the Rules Governing the Listing of Securities  
on the Growth Enterprise Market 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)

...

#### Content of Application Proofs and PHIPs

3. For the purpose of publication on the GEM website, an Application Proof and a PHIP should be prepared on the following principles:
  - (a) ...
  - (b) there must not be any information regarding the proposed offering or other information that would constitute the Application Proof or PHIP a prospectus under section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance as amended from time to time (Cap.32) (“**Companies Ordinance**”) or an advertisement under section 38B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or an invitation to the public in breach of section 103 of the Securities and Futures Ordinance as amended from time to time (Cap. 571) (“**Securities and Futures Ordinance**”);
- ...
4. A new applicant must redact an Application Proof and a PHIP only to the extent necessary for these documents not to constitute a prospectus under section 2(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or an advertisement under section 38B(1) of the Companies (Winding Up and Miscellaneous Provisions) Ordinance or an invitation to the public in breach of section 103 of the Securities and Futures Ordinance (unless consent is obtained for further redactions). A new applicant must also include adequate warning and disclaimer statements on the GEM website and in every Application Proof and PHIP published on the GEM website to advise viewers of the legal status of these documents.

#### Legal Confirmation

5. Every new applicant must ensure that the publication of any Application Proof and PHIP on the GEM website complies with paragraphs 3 and 4. Compliance with the Companies (Winding Up and Miscellaneous Provisions) Ordinance, ~~and~~ the Securities and Futures Ordinance and other laws and regulations remains the primary responsibility of every new applicant.

...

**No pre-vetting of Application Proofs or PHIPs**

19. Application Proofs, ~~and~~ PHIPs and statements issued under rule 12.10(2)(c) do not require pre-vetting or clearance from the Exchange before their publication on the GEM website.

...

# Appendix 1

## CONTENTS OF LISTING DOCUMENTS

### Part A

#### Equity Securities

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

###### **General information about the issuer, its advisers and the listing document**

...

6. In the case of an issuer not incorporated or otherwise established in Hong Kong, the address of the head office and of the principal place of business (if any) in Hong Kong and of the place of business in Hong Kong registered under Part ~~XI~~16 of the Companies Ordinance, and the name(s) and address(es) of the person(s) in Hong Kong authorised to accept service of process and notices on its behalf.

...

###### **General information about the group's activities**

28. (1) (a) the general nature of the business of the group and, in cases where 2 or more activities are carried on which are material in terms of profits or losses, assets employed or any other factor, such figures and explanation as are necessary to demonstrate the relative importance of each such activity and details of the main categories of products sold and/or services performed. A commentary should be provided on this information covering changes in each such activity, developments within each such activity and their effects on the results of that activity. It should also include changes in market conditions, new products and services introduced or announced and their impact on the group's performance, changes in market share or position and changes in ~~turnover~~revenue and margins. If the group trades outside the country of incorporation or other establishment of the issuer a statement showing a geographical analysis of its trading operations. Where a material proportion of the group's assets are situated outside the country of incorporation or other establishment of the issuer, a statement giving the best practicable indication of the amount and situation of such assets and the amount of the assets situated in Hong Kong. (*Note 4*)
- (b) additional information in respect of major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services the ultimate wholesaler or retailer as the case may be) and suppliers (meaning the ultimate supplier of items which are not of a capital nature) as follows:—

...

- (iii) a statement of the percentage of ~~turnover or sales~~ revenue from sales of goods or rendering of services attributable to the group's largest customer;
- (iv) a statement of the percentage of ~~turnover or sales~~ revenue from sales of goods or rendering of services attributable to the group's 5 largest customers combined;
- (v) a statement of the interests of any of the directors; their close associates; or any shareholder (which to the knowledge of the directors owns more than 5 per cent of the number of issued shares of the issuers' ~~share capital~~) in the suppliers or customers disclosed under (i) to (iv) above or if there are no such interests a statement to that effect;

...

### **Financial information about the group and the prospects of the group**

...

33. (1) A statement showing the ~~sales turnover figures or gross trading income~~ revenue of the group during the 2 financial years immediately preceding the issue of the listing document which should contain an explanation of the method used for computation of such ~~turnover or income~~ revenue and a reasonable breakdown between the more important trading activities. In the case of a group, intra-group sales should be excluded.

(2) The following information in respect of directors' emoluments:—

(a) ...

(b) the aggregate of the directors' basic salaries, housing allowances, other allowances and benefits in kind for each of the 2 financial years immediately preceding the issue of the listing document;

(c) the aggregate of contributions to pension schemes for directors or past directors for each of the 2 financial years immediately preceding the issue of the listing document;

(d) the aggregate of bonuses paid to or receivable by the directors which are discretionary or are based on the issuer's, the group's or any member of the group's performance (excluding amounts disclosed in (e) and (f) below) for each of the 2 financial years immediately preceding the issue of the listing document;

(e) the aggregate of amounts paid to or receivable by the directors for each of the 2 financial years immediately preceding the issue of the listing document as an inducement to join or upon joining the issuer;

- (f) the aggregate of compensation paid to or receivable by the directors or past directors for each of the 2 financial years immediately preceding the issue of the listing document for the loss of office as a director of any member of the group or of any other office in connection with the management of the affairs of any member of the group distinguishing between contractual and other payments (excluding amounts disclosed in (b) to (e) above); and

...

Sub-paragraphs (b) to (f) inclusive require an analysis of the amounts which must be disclosed in the accounts of an issuer incorporated in Hong Kong under the provisions of section ~~161 and 161A~~383(1)(a) to (c) (inclusive) of the Companies Ordinance. The requirements of section ~~161 and 161A~~383(1)(a) to (c) (inclusive) have, for the purposes of the GEM Listing Rules, been applied to issuers incorporated or otherwise established outside Hong Kong.

...

(3) ...

(4) The following information in addition to the information required under the relevant accounting standard in respect of pension schemes:—

- ~~(a) the nature of the principal scheme or schemes operated by the group (i.e. whether they are defined benefit plans or defined contribution plans);~~
- ~~(b)~~ a brief outline of how contributions are calculated or benefits funded;
- ~~(c) the employer's pension cost charge to the profit and loss account for the period;~~
- ~~(d)~~ in the case of defined contribution schemes, details of whether forfeited contributions (by employers on behalf of employees who leave the scheme prior to vesting fully in such contributions) may be used by the employer to reduce the existing level of contributions and if so, the amounts so utilised in the course of the year and available at the balance sheet date for such use; and
- ~~(e)~~ in the case of defined benefit plans, an outline of the results of the most recent formal actuarial valuation or later formal review of the scheme on an ongoing basis. This should include disclosure of:—

...

...

...

### **Information about the issuer's management**

...

45. (1) ...

(2) ...

- (3) A statement showing the name, so far as is known to any director or chief executive of the issuer, of each person, other than a director or chief executive of the issuer, who has an interest or short position in the shares or underlying shares of the issuer which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or, who is expected, directly or indirectly, to be interested in 10 per cent. or more of the ~~nominal value of any class of issued voting shares capital carrying rights to vote in all circumstances at general meetings~~ of any other member of the group and the amount of each of such person's interest in such securities, together with particulars of any options in respect of such capital, or, if there are no such interests or short positions, an appropriate negative statement. (Note 3)

*(Notes 6 and 9)*

- (4) ...

45A. For directors and chief executives, the statements should show details of the following matters as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance:

- (1) aggregate long position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
- (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds);
  - (b) interests in debentures; and
  - (c) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives;
    - (ii) cash settled equity derivatives;
    - (iii) other equity derivatives.

*Notes:*

- (1) *In the case of issuers and associated corporations, the statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer or associated corporation.*

...

- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
  - (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and
  - (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives;
    - (ii) cash settled equity derivatives; and
    - (iii) other equity derivatives.

*Notes:*

- (1) *In the case of issuers or associated corporations, the statements should include the percentage which the aggregate short position in shares represents to the issued voting shares—~~capital~~ of the issuer or associated corporation.*

...

*(Note 7)*

45B. For substantial shareholders, the statements should show details of the following matters as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance:

- (1) aggregate long position in the shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds); and
  - (b) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives; and
    - (ii) cash settled equity derivatives.

*Notes:*

(1) *The statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer.*

...

(2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:

(a) short positions in respect of shares arising under a stock borrowing and lending agreement; and

(b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:

(i) physically settled equity derivatives; and

(ii) cash settled equity derivatives.

*Notes:*

(1) *The statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer.*

...

(Note 7)

...

## NOTES

...

~~4 Where the issuer is entitled to avail itself, and has availed itself, of the benefit of any of the provisions of Part III of the Tenth Schedule to the Companies Ordinance, nothing herein shall require any financial information to be included in the listing document which need not be disclosed in a balance sheet or profit and loss account of the issuer which is drawn up in accordance with that Ordinance by virtue of any of those provisions or as a direct effect or result of any of those provisions.~~

~~Insurance and shipping companies will not be entitled to avail themselves of the benefits of the provisions of Part III of the Tenth Schedule to the Companies Ordinance. [Repealed [date]]~~

...

# Appendix 1

## CONTENTS OF LISTING DOCUMENTS

### Part B Equity Securities

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

...

#### General information about the group's activities

26. (1) (a) ...

(b) additional information in respect of major customers (meaning, other than in relation to consumer goods or services, the ultimate customer, and in relation to consumer goods or services the ultimate wholesaler or retailer as the case may be) and suppliers (meaning the ultimate supplier of items which are not of a capital nature) as follows:—

...

(iii) a statement of the percentage of ~~turnover or sales~~ revenue from sales of goods or rendering of services attributable to the group's largest customer;

(iv) a statement of the percentage of ~~turnover or sales~~ revenue from sales of goods or rendering of services attributable to the group's 5 largest customers combined;

(v) a statement of the interests of any of the directors; their close associates; or any shareholder (which to the knowledge of the directors owns more than 5 per cent of the number of issued shares of the issuers' share capital) in the suppliers or customers disclosed under (i) to (iv) above or if there are no such interests a statement to that effect;

...

#### Information about the issuer's management

...

38. (1) ...

...

(3) A statement showing the name, so far as is known to any director or chief executive of the issuer, of each person, other than a director or chief executive of the issuer, who has an interest or short position in the shares or underlying shares of the issuer which would fall to be

disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or, who is expected, directly or indirectly, to be interested in 10 per cent. or more of the ~~nominal value of any class of issued voting shares capital carrying rights to vote in all circumstances at general meetings~~ of any other member of the group and the amount of each of such person's interest in such securities, together with particulars of any options in respect of such capital, or, if there are no such interests or short positions, an appropriate negative statement. (*Note 2*)

(*Notes 6 and 8*)

(4) ...

38A. For directors and chief executives, the statements should show details of the following matters as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance:

- (1) aggregate long position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds);
  - (b) interests in debentures; and
  - (c) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives;
    - (ii) cash settled equity derivatives;
    - (iii) other equity derivatives.

*Notes:*

(1) *In the case of issuers and associated corporations, the statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer or associated corporation.*

...

- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of

the issuer and its associated corporation(s) showing separately for each entity:

- (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and
- (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
  - (i) physically settled equity derivatives;
  - (ii) cash settled equity derivatives; and
  - (iii) other equity derivatives.

*Notes:*

- (1) *In the case of issuers or associated corporations, the statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer or associated corporation.*

...

(Note 7)

38B. For substantial shareholders, the statements should show details of the following matters as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance:

- (1) aggregate long position in the shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds); and
  - (b) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives; and
    - (ii) cash settled equity derivatives.

*Notes:*

- (1) *The statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer.*

...

- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
- (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and
  - (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives; and
    - (ii) cash settled equity derivatives.

*Notes:*

- (1) *The statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer.*

...

(Note 7)

...

## NOTES

...

- 5 ~~Where the issuer is entitled to avail itself, and has availed itself, of the benefit of any of the provisions, of Part III of the Tenth Schedule to the Companies Ordinance, nothing herein shall require any financial information to be included in the listing document which need not be disclosed in a balance sheet or profit and loss account of the issuer which is drawn up in accordance with that Ordinance by virtue of any of those provisions or as a direct effect or result of any of those provisions.~~

~~Insurance and shipping companies will not be entitled to avail themselves of the benefits of the provisions of Part III of the Tenth Schedule to the Companies Ordinance. [Repealed [date]]~~

...

# Appendix 1

## CONTENTS OF LISTING DOCUMENTS

### Part C

#### Debt Securities

##### In the case where listing is sought for debt securities

##### General information about the issuer, its advisers and the listing document

...

7. In the case of an issuer not incorporated or otherwise established in Hong Kong, the address of the head office and of the principal place of business (if any) in Hong Kong and of the place of business, if any, in Hong Kong registered under Part ~~XI~~16 of the Companies Ordinance, and the name(s) and address(es) of the person(s) in Hong Kong authorised to accept service of process and notices on its behalf.

...

##### Information concerning the debt securities

...

18. A reference to the registration of the listing document and any supporting documents with the Registrar of Companies and an indication as to any exemptions granted from the prospectus requirements contained in the Companies (Winding Up and Miscellaneous Provisions) Ordinance.

...

##### Financial information about the group and prospects of the group

...

40. A statement showing the ~~sales turnover figures or gross trading income~~ revenue during the 2 financial years immediately preceding the issue of the listing document which should contain an explanation of the method used for computation of such ~~turnover or income~~ revenue and a reasonable breakdown between the more important trading activities. In the case of a group, intra-group sales should be excluded.

...

##### Information about the issuer's management

...

49. (1) ...
- (2) ...

- (3) A statement showing the name, so far as is known to any director or chief executive of the issuer, of each person, other than a director or chief executive of the issuer, who has an interest or short position in the shares or underlying shares of the issuer which would fall to be disclosed to the issuer under the provisions of Divisions 2 and 3 of Part XV of the Securities and Futures Ordinance, or, who is expected, directly or indirectly, to be interested in 10 per cent. or more of the ~~nominal value of any class of issued voting shares capital carrying rights to vote in all circumstances at general meetings~~ of any other member of the group and the amount of each of such person's interest in such securities, together with particulars of any options in respect of such capital or, if there are no such interests or short positions, an appropriate negative statement. (*Note 5*)

(*Note 6*)

- (4) ...

49A. For directors and chief executives, the statements should show details of the following matters as recorded in the register required to be kept under section 352 of the Securities and Futures Ordinance:

- (1) aggregate long position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
- (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds);
  - (b) interests in debentures; and
  - (c) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives;
    - (ii) cash settled equity derivatives;
    - (iii) other equity derivatives.

*Notes:*

- (1) *In the case of issuers and associated corporations, the statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer or associated corporation.*

...

- (2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares and in debentures of the issuer and its associated corporation(s) showing separately for each entity:
  - (a) short positions in respect of shares arising under a stock borrowing and lending agreement; and
  - (b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives;
    - (ii) cash settled equity derivatives; and
    - (iii) other equity derivatives.

*Notes:*

- (1) *In the case of issuers or associated corporations, the statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer or associated corporation.*

...

*(Note 7)*

49B. For substantial shareholders, the statements should show details of the following matters as recorded in the register required to be kept under section 336 of the Securities and Futures Ordinance:

- (1) aggregate long position in the shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:
  - (a) interests in shares (other than pursuant to equity derivatives such as share options, warrants to subscribe or convertible bonds); and
  - (b) interests under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:
    - (i) physically settled equity derivatives; and
    - (ii) cash settled equity derivatives.

*Notes:*

(1) *The statements should include the percentage which the aggregate long position in shares represents to the issued voting shares ~~capital~~ of the issuer.*

...

(2) aggregate short position in shares and (in respect of positions held pursuant to equity derivatives) underlying shares of the issuer showing separately:

(a) short positions in respect of shares arising under a stock borrowing and lending agreement; and

(b) short positions under equity derivatives showing separately for listed and unlisted equity derivatives, interests in underlying shares of the entity pursuant to:

(i) physically settled equity derivatives; and

(ii) cash settled equity derivatives.

*Notes:*

(1) *The statements should include the percentage which the aggregate short position in shares represents to the issued voting shares ~~capital~~ of the issuer.*

...

(Note 7)

...

## **Appendix 2**

### **DOCUMENTS OF TITLE**

#### **Part B**

##### **Definitive Documents of Title**

###### **Equity securities (must be in registered form)**

...

5. If the certificate relates to shares and there is more than one class in issue:—

(1) ...

(2) ...

(3) every share certificate issued by the issuer shall contain in a prominent position a statement that its share capital is divided into different classes of shares which shall specify in respect of the shares of each class the nominal value (if any) thereof and the voting rights attached thereto.

...

## Appendix 3

### ARTICLES OF ASSOCIATION

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.

...

#### As regards Definitive Certificates

2. (1) That all certificates for capital ~~shall~~ must be under seal, which ~~shall~~ may only be affixed with the authority of the directors, or be executed under signature of appropriate officials with statutory authority.

(2) ...

...

# Appendix 5

## FORMS RELATING TO LISTING

### FORM B

#### Application Form - Equity securities (of an issuer part of whose share capital is already listed)

...

17. We declare, to the best of our knowledge and belief, having made due and careful enquiries, that:—

(a) ...

...

(d) all information required to be included in the listing document (if any) by virtue of the GEM Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules, the Code on Takeovers and Mergers and all other relevant regulations, has been included therein or, for information that cannot be ascertained as at the date of this form, will be included therein before the final version of the listing document is submitted for review;

(e) all the requirements of the GEM Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules, the Code on Takeovers and Mergers and all other relevant regulations, insofar as applicable and required to be fulfilled at the time of application, have been fulfilled in relation to the Issuer and the securities of the Issuer referred to in paragraph 4 above; and

...

# Appendix 5

## FORMS RELATING TO LISTING

### FORM C

#### Application Form - Debt securities

...

14. We declare, to the best of our knowledge and belief, having made due and careful enquiries, that:—

(a) ...

...

(d) all information required to be included in the listing document (if any) by virtue of the GEM Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules, the Code on Takeovers and Mergers and all other relevant regulations, has been included therein or, for information that cannot be ascertained as at the date of this form, will be included therein before the final version of the listing document is submitted for review;

(e) all the requirements of the GEM Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures (Stock Market Listing) Rules, the Code on Takeovers and Mergers and all other relevant regulations, insofar as applicable and required to be fulfilled at the time of application, have been fulfilled in relation to the Issuer and the securities of the Issuer referred to in paragraph 5 above; and

...

# Appendix 5

## FORMS RELATING TO LISTING

### Form E

#### Declaration of compliance

...

1. that all documents required by the Companies (Winding Up and Miscellaneous Provisions) Ordinance to be filed with the Registrar of Companies in connection with the issue/offer/introduction on..... /..... /..... of the following securities of the Issuer, namely..... (insert particulars), have been duly filed and that to the best of our knowledge, information and belief compliance has been made with all other legal requirements in connection with such issue/offer/introduction;

2. ...

...

7. that the number of shares ~~capital~~ forming the subject of the listing is as follows (insert exact amounts and descriptions of securities (giving distinctive numbers if any)):  
*(applicable only to new applicants for listing)*

...

## Appendix 6

### 附錄六

#### DIRECTOR'S AND SUPERVISOR'S FORMS

#### 董事及監事的表格

#### Form A

#### A表格

#### Director's Declaration, Undertaking and Acknowledgement

#### 董事及監事的表格聲明、承諾及確認

...

#### Part 2

#### 第二部分

#### UNDERTAKING AND ACKNOWLEDGEMENT

#### 承諾及確認

The particulars referred to in this Part 2 are:—

此第二部分所述的資料為：

(a) ...

...

(b) I shall, in the exercise of my powers and duties as a director of the issuer, comply to the best of my ability with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures Ordinance, the Code on Takeovers and Mergers, the Code on Share ~~Repurchases~~ Buy-backs and all other securities laws and regulations from time to time in force in Hong Kong, and I shall use my best endeavours to procure that the issuer shall so comply;

本人在行使發行人董事的權力及職責時，將盡力遵守《公司條例》、《公司(清盤及雜項條文)條例》、《證券及期貨條例》、《公司收購及合併守則》、《公司股份購回購守則》及香港所有其他不時生效的有關證券的法例及規例，本人並會盡力促使發行人遵守上述各項；

...

## Appendix 6

### 附錄六

#### DIRECTOR'S AND SUPERVISOR'S FORMS

#### 董事及監事的表格

#### Form B

#### B表格

#### Director's Declaration, Undertaking and Acknowledgement (PRC Issuer)

#### 董事的聲明、承諾及確認（適用於中國發行人）

...

#### Part 2

#### 第二部分

#### UNDERTAKING AND ACKNOWLEDGEMENT

#### 承諾及確認

The particulars referred to in this Part 2 are:—

此第二部分所述的資料為：

- (a) in the exercise of my powers and duties as a director...shall:—  
在行使...董事的權力及職責時...須：

(i) ...

...

- (v) comply to the best of my ability with the Companies Ordinance, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, the Securities and Futures Ordinance, the Code on Takeovers and Mergers, the Code on Share ~~Repurchases~~ Buy-backs and all other relevant securities laws and regulations from time to time in force in Hong Kong, and I shall use my best endeavours to procure the issuer to so comply; and  
盡力遵守《公司條例》、《公司(清盤及雜項條文)條例》、《證券及期貨條例》、《公司收購及合併守則》、《公司股份購回購守則》及香港所有其他不時生效的有關證券的法例與規例，本人並會盡力促使發行人遵守上述各項；及

...

...

# Appendix 6

## 附錄六

### DIRECTOR'S AND SUPERVISOR'S FORMS

#### 董事及監事的表格

#### Form C

#### C 表格

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

監事的聲明、承諾及確認  
(適用於在中華人民共和國(「中國」)註冊成立的發行人)

...

#### Part 2

#### 第二部分

### UNDERTAKING AND ACKNOWLEDGEMENT

#### 承諾及確認

The particulars referred to in this Part 2 are:—  
此第二部分所述的資料為：

1. ...
  - (a) ...  
...
  - (c) use my best endeavours to cause the issuer and its directors to comply with the Rules Governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited from time to time in force (the “GEM Listing Rules”), the Code on Takeovers and Mergers, the Code on Share ~~Repurchases~~ Buy-backs and all other relevant securities laws and regulations from time to time in force in Hong Kong;  
盡力促使發行人及其董事遵守不時生效的《香港聯合交易所有限公司創業板證券上市規則》(《創業板上市規則》)、《公司收購及合併守則》、《公司股份購回購守則》及香港所有其他不時生效的有關證券的法例及規例；
  - (d) ...
  - (e) comply to the best of my ability, as if the same applied to me to the same extent as it does to directors of the issuer, with: (a) Parts XIVA and XV of the Securities and Futures Ordinance; (b) rules 5.46 to 5.67 of the GEM

Listing Rules relating to securities transactions by directors; (c) the Code on Takeovers and Mergers; (d) the Code on Share ~~Repurchases~~Buy-backs; and (e) all other relevant securities laws and regulations from time to time in force in Hong Kong;

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

...

# Appendix 7

## SPONSOR'S FORMS

### FORM G

#### Sponsor's Declaration in support of a New Applicant

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

...

We, ...

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

- (1) all of the documents required by the GEM Listing Rules, the Companies (Winding Up and Miscellaneous Provisions) Ordinance, ...to be submitted to the Exchange on or before the date of issue of the Company's listing document and in connection with the Company's listing application have been submitted;

...

# Appendix 11

## ADDITIONAL REQUIREMENTS IN RESPECT OF CERTAIN JURISDICTIONS

### PART A

### BERMUDA

...

#### Section 1

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

...

#### 3. As regards notices of general meetings

The bye-laws shall stipulate that any annual general meeting ~~or extraordinary general meeting at which a special resolution is to be proposed~~ shall be convened ~~on~~ must be called by notice of at least 21 days, notice and that any other general meeting (including an extraordinary general meetings) at which an ordinary resolution is to be proposed shall be convened on must be called by notice of at least 14 days notice.

*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.*

...

#### 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 ~~of Hong Kong~~ 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

...

1. In the case of an introduction...:-

(1) ...

(2) ...

(3) the comparison between those constitutive documents and the listed Hong Kong issuer's existing ~~memorandum and~~ articles of association, which is required by rule 24.09(5)(a),

...

...

4. The Exchange will require the formal application for listing to be accompanied by a copy of a letter to the overseas issuer from the overseas issuer's Hong Kong legal advisers confirming that they have reviewed the summaries of the relevant laws and the constitutive documents and that in their opinion, on the basis of the legal advice received from Bermudian lawyers, the listing document sets out or, in the case of an introduction in the circumstances set out in rule 10.18(3), the listing document and the documents offered for inspection together set out the material differences between Hong Kong law and the law of Bermuda and the provisions of the existing ~~memorandum and~~ articles of the listed Hong Kong issuer and the proposed constitutive documents of the overseas issuer. The letter should also confirm that the constitutive documents contain provisions complying with the provisions of the GEM Listing Rules.

...

# Appendix 11

## ADDITIONAL REQUIREMENTS IN RESPECT OF CERTAIN JURISDICTIONS

### PART B

#### THE CAYMAN ISLANDS

...

#### Section 1

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

...

#### 3. As regards shareholders

- (1) The articles of association shall stipulate that any annual general meeting ~~or any extraordinary general meeting at which a special resolution is to be proposed shall be convened on~~ must be called by notice of at least 21 days, ~~notice~~ and that any other general meeting (including an extraordinary general meetings) at which an ordinary resolution is to be proposed shall be convened on must be called by notice of at least 14 days ~~notice~~. 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 sections ~~98 and 99~~ 632 of the ~~Hong Kong~~ Companies Ordinance.

...

...

## 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 of Hong Kong 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

...

#### 1. In the case of an introduction...:—

(1) ...

(2) ...

(3) the comparison between those constitutive documents and the listed Hong Kong issuer's existing ~~memorandum and~~ articles of association, which is required by rule 24.09(5)(a),

...

...

4. The Exchange will require the formal application for listing to be accompanied by a copy of a letter to the overseas issuer from the overseas issuer's Hong Kong legal advisers confirming that they have reviewed the summaries of the relevant laws and the constitutive documents and that in their opinion, on the basis of the legal advice received from Cayman Islands lawyers, the listing document sets out or, in the case of an introduction in the circumstances set out in rule 10.18(3), the listing document and the documents offered for inspection together set out the material differences between Hong Kong law and the law of the Cayman Islands and the provisions of the existing ~~memorandum and~~ articles of the listed Hong Kong issuer and the proposed constitutive documents of the overseas issuer. The letter should also confirm that the constitutive documents contain provisions complying with the provisions of the GEM Listing Rules.

...

# Appendix 17

## Headline Categories

...

### Schedule 1

#### Headline Categories for Announcements and Notices

...

#### Financial Information

Advance to an Entity  
Date of Board Meeting  
Delay in Results Announcement  
Dividend or Distribution  
Final Results  
Financial Assistance and/or Guarantee to Affiliated Company  
Interim Results  
Net Asset Value  
Profit Warning  
Prior Period Adjustments due to Correction of Material Errors  
Qualified and/or Modified Audit Report  
Quarterly Results  
Results of a Subsidiary  
Revision of Information in Published Preliminary Results  
Revision of Published Financial Statements and Reports

...

#### Securities/Share Capital

Announcement pursuant to Code on Share ~~Repurchases~~ Buy-backs  
Capital Reorganisation

...

### Schedule 2

#### Headline Categories for Circulars

...

#### Securities/Share Capital

Capitalisation Issue  
Change in Terms of Securities or Rights attaching to Securities  
Document issued pursuant to Code on Share ~~Repurchases~~ Buy-backs  
Exchange or Substitution of Securities

...

---

## **APPENDIX VI: LIST OF RESPONDENTS**

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### Issuers (35 in total)

1. AIA Group Limited
2. Bank of China Limited
3. Cathay Pacific Airways Limited
4. China Life Insurance Company Limited
5. China Shipping Development Company Limited
6. CLP Holdings Limited
7. Henderson Land Development Company Limited
8. Hong Kong Aircraft Engineering Company Limited
9. Hong Kong Ferry (Holdings) Company Limited
10. HSBC Holdings plc
11. MTR Corporation Limited
12. Standard Chartered PLC
13. Swire Pacific Limited
14. Swire Properties Limited
15. The Hong Kong and China Gas Company Limited
16. to 35. 20 Main Board issuers (names not disclosed at the respondents' request)

### Professional bodies and industry associations (7 in total)

36. ACCA Hong Kong
37. The Chamber of Hong Kong Listed Companies
38. The Hong Kong Association of Banks
39. The Hong Kong Institute of Certified Public Accountants
40. The Hong Kong Institute of Chartered Secretaries
41. The Hong Kong Institute of Directors
42. The Law Society of Hong Kong

### Market practitioners (7 in total)

43. Computershare Hong Kong Investor Services Limited
44. Davis Polk & Wardwell
45. Deacons
46. Ernst & Young
47. KPMG
48. PricewaterhouseCoopers
49. Slaughter and May

### Individuals (6 in total)

50. Mr. Suen Chi Wai
51. to 55. 5 individuals (names not disclosed at the respondents' request)

### *Remarks:*

1. *One submission is counted as one response.*
2. *The total number of responses is calculated according to the number of submissions received and not the underlying members that they represent.*

