

## JOINT NEWS RELEASE

### Requirements relating to languages of prospectuses

The Securities and Futures Commission and the Stock Exchange of Hong Kong announce the relaxation of the requirements relating to dual language prospectuses and listing documents of new applicants for listing on the Main Board or the Growth Enterprise Market (GEM) of the Exchange. As a result, the English and Chinese language versions of the prospectus/listing document may be distributed separately from each other provided that both are available at each place where, and for so long as, the distribution of such documents takes place.

The Exchange has amended the relevant requirements for listing documents of new applicants under the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the Main Board Listing Rules) and the Rules governing the Listing of Securities on the Growth Enterprise Market of The Stock Exchange of Hong Kong Limited (the GEM Listing Rules). The changes to the Main Board Listing Rules and the GEM Listing Rules (together the Listing Rules) will come into effect on 22 September 2000.

The SFC has power to exempt the requirement to issue dual language prospectuses under the Companies Ordinance. The SFC proposes to grant blanket exemptions to allow split language prospectuses to be issued and distributed subject to the condition set out above. The blanket exemption to be given will amount to subsidiary legislation and will be tabled before the Legislative Council. In the meantime, the SFC proposes to grant the relevant exemption on a case by case basis upon receiving applications from new applicants on the basis that the issue of dual language prospectuses is unduly burdensome or irrelevant.

The Companies Ordinance and the Listing Rules contain requirements for dual language prospectuses and listing documents of new applicants for listing on the Main Board or GEM respectively. In general, the prospectus/listing document of a new applicant must be in the English language and contain a Chinese translation, or be in the Chinese language and contain an English translation.

The requirement for dual language prospectuses/listing documents has been consistently and strictly applied for many years. However, the SFC and the Exchange note that the prospectuses/listing documents of new applicants have recently become very substantial and in some cases completely unwieldy. In many cases, investors and other parties probably read the documents in one language only. Therefore, the SFC and the Exchange consider it appropriate to allow new listing applicants to distribute the English language original of the prospectus/listing document separately from its Chinese translation or the Chinese language original of the prospectus/listing document separately from its English translation (as the case may be) provided that both are available at each place where, and for so long as, the distribution of such documents take place. The SFC and the Exchange are of the view that this approach is beneficial to the market.

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The Exchange has amended the relevant requirements of the Listing Rules accordingly. The changes to the Listing Rules will come into effect on 22 September 2000. Reprinted pages of the Listing Rules will be distributed in due course. The revised Main Board Listing Rules and GEM Listing Rules will also be available for viewing on the Exchange's websites at [www.sehk.com.hk](http://www.sehk.com.hk) and [www.hkgem.com](http://www.hkgem.com) respectively from 22 September 2000.

Sections 38(1) and 342(1)(b) of the Companies Ordinance (dealing with Hong Kong and overseas incorporated companies respectively) require a prospectus to be in the English language and contain a Chinese translation, or to be in the Chinese language and contain an English translation. Under the Ordinance, the SFC has power to grant specific or blanket exemptions from this requirement on the basis that compliance will be unduly burdensome or irrelevant. The SFC proposes to grant blanket exemptions to allow split language prospectuses to be issued and distributed subject to the condition that both the Chinese and English versions of the prospectus are made available to the public at each place where, and for so long as, the distribution of the documents takes place. The blanket exemption to be given will amount to subsidiary legislation and will be tabled before the Legislative Council. In the meantime, the SFC proposes to grant the relevant exemption on a case by case basis upon receiving applications from new applicants on the basis that the issue of dual language prospectuses is unduly burdensome or irrelevant.

It is emphasised that the condition on which split language prospectuses and listing documents are allowed requires that if at a particular distribution point, either language version runs out, the issuer should stop distribution immediately and should not resume such activity until both the Chinese version document and the English version document are available to the public. The onus of ensuring that sufficient copies of both language documents are available at each distribution point will be placed firmly on the issuer and its advisers. Further, issuers who issue and distribute split language prospectuses/listing documents must ensure that both language versions are of equal validity.

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