



香港交易所

THE STOCK EXCHANGE OF HONG KONG LIMITED

(A wholly-owned subsidiary of Hong Kong Exchanges and Clearing Limited)

NEWS RELEASE

13 September 2001

AMENDMENTS TO THE GEM LISTING RULES IN RELATION TO THE FINANCIAL DISCLOSURE PROVISIONS AND THE GENERAL DISCLOSURE OBLIGATION

The Rules Governing the Listing of Securities on the Growth Enterprise Market (the "GEM Listing Rules") have been amended. The amendments relate to the financial disclosure provisions and the general disclosure obligation and are modelled closely on equivalent provisions in the Rules Governing the Listing of Securities on The Stock Exchange of Hong Kong Limited (the "Main Board Listing Rules"). More specifically:

- Chapters 7 and 18 of the GEM Listing Rules, setting out the financial disclosure requirements for listing documents and circulars; and announcements of results and half-year and annual reports, respectively, have been amended. A number of new provisions with regard to the content, format and presentation of financial information have also been added. In addition, listed financial conglomerates are required to adopt disclosure requirements comparable to those of banking companies. The current disclosure requirements in respect of quarterly results announcements and quarterly reports have not been amended and remain unchanged.
- Additional guidance has been provided on the general disclosure obligation set out in GEM Listing Rule 17.10

Details of the changes and their respective effective dates are set out below.

Results Announcements, and Half-year and Annual Reports

The amendments to the GEM Listing Rules are modelled closely on equivalent provisions in the Main Board Listing Rules.

.../2

Newsrel/140

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

香港中環港景街一號國際金融中心一期12樓 12/F, One International Finance Centre, 1 Harbour View Street, Central, Hong Kong
電話 Tel: (852) 2522 1122 傳真 Fax: (852) 2295 3106 網址 Website: www.hkex.com.hk 電郵 E-mail: info@hkex.com.hk

The following will apply for accounting periods ending on or after 1 October, 2001 although earlier adoption is encouraged:

- In relation to income statements GEM listed issuers must disclose cost of goods sold, interest on borrowings, depreciation/amortisation, profit (or loss) on the sale of investment and properties and segment analysis. This additional information may be provided on the face of the income statement or in the notes to the financial statements.
- Half-year Reports must include a balance sheet, income statement and a cashflow statement - each with comparatives - and a statement of movements in equity.
- Half-year results announcements must include an income statement and a Management Discussion and Analysis.
- Preliminary announcements of annual results must either (i) include complete financial statements, an auditors' report and a Management Discussion and Analysis; or (ii) include an income statement, a Management Discussion and Analysis, and details of any qualification to or modification of the auditors' report, provided that the annual report is submitted to the Exchange for publication on the GEM website as soon as reasonably practicable.
- Listed Financial Conglomerates are required to include additional financial information in their accounts in relation to their financial business similar to that provided by banking companies.
- GEM listed issuers are required to disclose segment information in accordance with the accounting standards that they have adopted for their annual report.

The current disclosure requirements in respect of quarterly results announcements and quarterly reports have not been amended and remain unchanged.

Listing Documents and Circulars

Accountants' Reports in listing documents and circulars must now include balance sheets, income statements, cash flow statements and statements of movements in equity for each financial year or period covered by the accountants' report. These additional requirements will apply to:

- All listing applications, including reverse takeovers treated as new listing applications, where the advance booking Form 5A is dated on or after 1 October, 2001;
- Major transactions and very substantial acquisitions where the latest period reported on in the accountants' report ends on or after 1 October, 2001.

The General Disclosure Obligation

Additional guidance has been provided on the general disclosure obligation set out in GEM Listing Rule 17.10. This requires disclosure to be made in the following circumstances:

- Where there is major market upheaval in the industries, countries or regions where an issuer has significant operations or transactions, or significant changes in exchange rates of currencies that are key to its operations; or
- Where there is such a change in an issuer's financial condition or in the performance of its business or in the issuer's expectation of its performance that knowledge of the change is likely to lead to substantial movement in the price of its listed securities; or
- Where an issuer has committed significant resources to an activity which is a non-core business and this has not previously been disclosed.

The additional guidance on the general disclosure obligation is effective immediately.

Reprinted pages of the GEM Listing Rules will be distributed in due course. The revised GEM Listing Rules are available for viewing on the GEM website at <http://www.hkgem.com>.

*

*

*