

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 (published in Regulatory Forms)).
- 11.02 New applicants are reminded that the final proof of the listing document must be lodged with the Exchange at least four clear business days before the date of hearing of the application for listing (see rule 9.11(18)) and that no material amendment to the final proof listing document will be allowed without the consent of the Exchange.
- 11.02A The Exchange shall be authorised by new applicants and listed issuers to file their "applications" (as defined in section 2 of the Statutory Rules) and those corporate disclosure materials within the meaning of sections 7(1) and (2) of the Statutory Rules received by the Exchange with the Commission pursuant to sections 5(2) and 7(3) of the Statutory Rules respectively and new applicants and listed issuers shall be deemed to have agreed to the above by filing such applications and corporate disclosure materials with the Exchange. 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, the Exchange may require and new applicants and listed issuers shall execute such documents in favour of the Exchange perfecting the above authorisation as the Exchange may require. Applications and relevant corporate disclosure materials shall be filed with the Exchange in such manner as the Exchange may from time to time prescribe.

Definition

- 11.03 A listing document is defined in rule 1.01 as a prospectus, a circular and any equivalent document (including a scheme of arrangement and introduction document) issued or proposed to be issued in connection with an application for listing, or a sale or transfer of treasury shares by a listed issuer. Issuers are recommended to consult the Exchange at the earliest opportunity if they are in any doubt as to whether a particular document constitutes a listing document as so defined.

When Required

- 11.04 The methods of listing, or sale or transfer of treasury shares required by these Exchange Listing Rules to be supported by a listing document are:—
- (1) offers for subscription;
 - (2) offers for sale;
 - (3) placings by or on behalf of a new applicant or by or on behalf of a listed issuer of securities of a class new to listing;
 - (4) introductions which include transfers of listing from GEM to the Main Board under Chapter 9A;
 - (5) rights issues;
 - (6) open offers;
 - (7) capitalisation issues (including the bonus issue of warrants);
 - (8) an exchange or a substitution of securities; and
 - (9) any deemed new listing under the Exchange Listing Rules.
- 11.05 Other methods of listing, or sale or transfer of treasury shares are not required by these Exchange Listing Rules to be supported by a listing document, but if a listing document is otherwise required or issued, it must comply with the relevant requirements of this Chapter.

Contents

- 11.06 Subject to rule 11.09 and rule 11.09A, listing documents must contain all of the specific items of information which are set out in either Appendix D1A, D1B, D1E or D1F (as the case may be). In those cases where listing is sought for securities of an issuer no part of whose share capital is already listed and/or where treasury shares are sold or transferred by the issuer, the items of information specified in Appendix D1A or D1E (as the case may be) must be included; in those cases where listing is sought for securities of an issuer some part of whose share capital is already listed and/or where treasury shares are sold or transferred by the issuer, the items of information specified in Appendix D1B or D1F (as the case may be) must be included.

Note: The Exchange may consider an application for a waiver from the disclosure requirement of the issue price or offer price under rule 11.06, paragraph 15(2) (c) of Appendix D1A and paragraph 49(2)(c) of Appendix D1E (as applicable) for issuers with, or seeking, a dual primary listing or a secondary listing, subject to the conditions that:—

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

11.07 In addition to these detailed requirements all listing documents issued by a new applicant (otherwise than on an introduction in the circumstances set out in rule 7.14(3)) or by a listed issuer (otherwise than in connection with a capitalisation issue, including a bonus issue of warrants, or an exchange or substitution of securities) must, as an overriding principle, contain such particulars and information which, according to the particular nature of the issuer and the securities for which listing is sought, is necessary to enable an investor to make an informed assessment of the activities, assets and liabilities, financial position, management and prospects of the issuer and of its profits and losses and of the rights attaching to such securities.

11.08 Special requirements for listing documents are set out in Chapters 8A, 18, 18A, 18B, 18C, 19, 19A, 19C and 21 for issuers with, or seeking, a listing of equity securities under those chapters.

11.09 The following items of information may be omitted in the following specific cases:—

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| (1) rights issues | The following paragraphs of Appendix D1B: 8, 24, 26(1), 26(3), 26(4), 26(5), 37 and 43(4) |
| | The following paragraphs of Appendix D1F: 8, 20, 22(1), 22(3), 22(4), 22(5), 33, 66(4) |
| (2) open offers | As for rights issues |

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| (3) capitalisation issues | <p>The following paragraphs of Appendix D1B: 2 to 5, 6(2) and (3), 7, 8, 11, 12, 13, 15, 18 to 20, 22 to 43</p> <p>The following paragraphs of Appendix D1F: 2 to 5, 6(2) and (3), 7, 8, 39, 40, 41, 43, 46 to 48, 18 to 36, 64 to 66.</p> |
| (4) exchange or substitution | As for capitalisation issues |
| (5) bonus issues of warrants | <p>The following paragraphs of Appendix D1B: 2 to 5, 6(2) and (3), 7, 8, 11, 12, 13, 15, 18, 19, 22 to 43</p> <p>The following paragraphs of Appendix D1F: 2 to 5, 6(2) and (3), 7, 8, 39, 40, 41, 43, 46, 47, 18 to 36, 64 to 66.</p> |
| (6) Placings by or on behalf of a listed issuer of securities of a class already listed where a prospectus or other listing documents is otherwise required or issued | As for rights issues |

- (7) Listing documents supporting an introduction in the circumstances set out in rule 7.14(3) where the consolidated assets and liabilities of the issuer are substantially the same as the consolidated assets and liabilities of the listed issuer or issuers whose securities have been exchanged

The following paragraphs of Appendix D1A: 8(1), 21, 33, 35 and 37, provided that the information required by paragraph 31(3) of Appendix D1B is included.

The following paragraphs of Appendix D1E: 8(1), 55, 33, 35 and 37, provided that the information required by paragraph 27(3) of Appendix D1F is included.

Note: see also rules 19.05(6) and 19.10(5).

11.09A A working capital statement in paragraph 30 of Appendix D1B or paragraph 26 of Appendix D1F is not required in the listing document of a listed issuer which is a banking company or an insurance company, provided that:—

- (1) the inclusion of such a statement would not provide significant information for investors;
- (2) the issuer's solvency and capital adequacy are subject to prudential supervision by another regulatory body; and
- (3) the issuer will provide alternative disclosures on (i) the regulatory requirements as to the solvency, capital adequacy and liquidity of banking companies or insurance companies (as the case may be) in the relevant jurisdiction or place of operation; and (ii) the issuer's solvency ratios, capital adequacy ratios and liquidity ratios (as applicable) for the latest three financial years.

11.10 Negative statements are required only where so indicated in Appendix D1A, D1B, D1E or D1F.

11.11 The Exchange may require disclosure of such additional or alternative items of information as it considers appropriate in any particular case. Conversely, it may be prepared to permit the omission or modification of items of information to suit the circumstances of a particular case. Consequently, issuers are encouraged to seek informal and confidential guidance from the Exchange at the earliest opportunity.

Responsibility

- 11.12 Issuers are reminded that each of their directors, including any proposed director who is named as such in the listing document, is required to accept responsibility for the information which the listing document contains and that a statement to that effect is required to be incorporated in the listing document except where this requirement is excluded by virtue of rule 11.09.

Subsequent Events

- 11.13 If at any time after the issue of the listing document or a supplementary listing document as provided for by this rule and before the commencement of dealings in any securities, the issuer becomes aware that:—

- (1) there has been a significant change affecting any matter contained in the listing document; or
- (2) a significant new matter has arisen, the inclusion of information in respect of which would have been required to be in the listing document if it had arisen before the listing document was issued,

the issuer shall, as soon as practicable, submit to the Exchange for its review and, once the Exchange has confirmed that it has no further comments thereon, issue a supplementary listing document giving details of the change or new matter, unless the Exchange agrees otherwise.

For this purpose “significant” means significant for the purpose of making an informed assessment of the matters mentioned in rule 11.07 above.

Language

- 11.14 Every listing document must be in the English language and be accompanied by a Chinese translation.

Illustrations

- 11.15 A listing document may include illustrations of a pictorial or graphic nature provided that such illustrations are not misleading or likely to mislead in the form and context in which they are included.

Profit Forecasts

- 11.16 A listing document (other than one supporting a capitalisation issue) must not contain reference (general or particular) to future profits or contain dividend forecasts based on an assumed future level of profits unless supported by a formal profit forecast. Dividend forecasts not based on assumed future profits are not subject to this rule.
- 11.17 The issuer must determine in advance, with its financial adviser or sponsor in the case of a new applicant, whether to include a profit forecast in a listing document. As required by paragraph 34(2) of Appendix D1A, paragraph 34(2) of Appendix D1E, and paragraph 29(2) of Appendix D1B and paragraph 25(2) of Appendix D1F, where a profit forecast appears in any listing document (other than one supporting a capitalisation issue), it must be clear, unambiguous and presented in an explicit manner and the principal assumptions, including commercial assumptions, upon which it is based, must be stated and such profit forecast must be prepared on a basis that is consistent with the accounting policies normally adopted by the issuer. The accounting policies and calculations for the forecast must be reviewed and reported on by the reporting accountants and their report must be set out. The financial adviser or sponsor must report in addition that they have satisfied themselves that the forecast has been made by the directors after due and careful enquiry, and such report must be set out.

A “profit forecast” for this purpose means any forecast of profits or losses, however worded, and includes any statement which explicitly or implicitly quantifies the anticipated level of future profits or losses, either expressly or by reference to previous profits or losses or any other benchmark or point of reference. It also includes any profit estimate, being any estimate of profits or losses for a financial period which has expired but for which the results have not yet been audited or published. Any valuation of assets (except for property interests (as defined in rule 5.01(3)) or businesses acquired by an issuer based on discounted cash flows or projections of profits, earnings or cash flows is regarded as a profit forecast.

- 11.18 A profit forecast appearing in a listing document (other than one supporting a capitalisation issue) should normally cover a period which is coterminous with the issuer’s financial year-end. If, exceptionally the profit forecast period ends at a half year-end the Exchange will require an undertaking from the issuer that the interim report for that half year will be audited. Profit forecast periods not ending on the financial year end or half year-end will not be permitted.

- 11.19 The assumptions upon which any profit forecast appearing in a listing document (other than one supporting a capitalisation issue) are based must provide useful information to investors to help them in forming a view as to the reasonableness and reliability of the forecast. Such assumptions should draw the investors' attention to, and where possible quantify, those uncertain factors which could materially disturb the ultimate achievement of the forecast. The assumptions should be specific rather than general, definite rather than vague. All embracing assumptions and those relating to the general accuracy of the estimates made in the profit forecast should be avoided. Furthermore it will not normally be acceptable for assumptions to relate to matters which the directors, by virtue of their particular knowledge and experience in the business, are best able to take a view on or are able to exercise control over since such matters should be reflected directly in the profit forecast itself.

Disclaimer

- 11.20 All listing documents must contain on the front cover or inside front cover of the listing document a prominent and legible disclaimer statement as follows:—

"Hong Kong Exchanges and Clearing Limited and The Stock Exchange of Hong Kong Limited take no responsibility for the contents of this document, make no representation as to its accuracy or completeness and expressly disclaim any liability whatsoever for any loss howsoever arising from or in reliance upon the whole or any part of the contents of this document."