

Chapter 19C

EQUITY SECURITIES

SECONDARY LISTINGS OF QUALIFYING ISSUERS

Scope

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

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

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

Definitions

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

“Foreign Private Issuer”	as defined under Rule 405 of Regulation C of the U.S. Securities Act of 1933, as amended from time-to-time, and Rule 3b-4 of the U.S. Securities Exchange Act of 1934, as amended from time-to-time
“Grandfathered Greater China Issuer”	a Greater China Issuer primary listed on a Qualifying Exchange on or before 15 December 2017
“Greater China Issuer”	a Qualifying Issuer with its centre of gravity in Greater China

Note: The following are some of the factors that the Exchange will consider in determining whether a Qualifying Issuer has its centre of gravity in Greater China:

- (a) *whether the issuer has a listing in Greater China;*
- (b) *where the issuer is incorporated;*
- (c) *the issuer’s history;*

- (d) where the issuer is headquartered;
- (e) the issuer's place of central management and control;
- (f) the location of the issuer's main business operations and assets;
- (g) the location of the issuer's corporate and tax registration; and
- (h) the nationality or country of residence of the issuer's management and controlling shareholder.

These factors are not exhaustive. The Exchange may take other factors into consideration in determining whether a Qualifying Issuer has its centre of gravity in Greater China.

"Non-Grandfathered Greater China Issuer"

a Greater China Issuer that was primary listed on a Qualifying Exchange after 15 December 2017

"Non-Greater China Issuer"

a Qualifying Issuer that is not a Greater China Issuer

"place of central management and control"

the Exchange will consider the following factors to determine a Qualifying Issuer's place of central management and control:

- (a) the location from where the issuer's senior management direct, control, and coordinate the issuer's activities;
- (b) the location of the issuer's principal books and records; and
- (c) the location of the issuer's business operations or assets

"Qualifying Exchange"

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

“Qualifying Issuer” an issuer primary listed on a Qualifying Exchange

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

Basic Conditions

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

19C.03 Rules 8A.04 to 8A.06 do not apply to a Qualifying Issuer seeking a secondary listing under this chapter.

Qualifications for Listing

19C.04 A Qualifying Issuer must have a track record of good regulatory compliance of at least two full financial years on a Qualifying Exchange.

19C.05 A Non-Greater China Issuer without a WVR structure must have an expected market capitalisation at the time of its secondary listing of at least HK\$10,000,000,000. All other Qualifying Issuers must satisfy one of the following:

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

Equivalent Standards of Shareholder Protection

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

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

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

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

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

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

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

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

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

Note: For the purpose of rule 19C.07(1), a "super-majority vote" means at least a two-thirds majority of the members present and voting where the constitutional documents or the laws of the jurisdiction of incorporation of the Qualifying Issuer have a low quorum requirement (e.g. two members). If the constitutional documents or the laws of the jurisdiction of incorporation of the Qualifying Issuer requires only the approval of simple majority only (50% plus one vote) for deciding the matters set out in 19C.07(1) these matters must be decided by a significantly higher quorum.

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

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

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

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

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

- (5) the Qualifying Issuer must give its members reasonable written notice of its general meetings;
- (6) members must have the right to (1) speak at a general meeting; and (2) vote at a general meeting except where a member is required, by these rules, to abstain from voting to approve the matter under consideration;

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

Note 2: If a Qualifying Issuer is subject to a foreign law or regulation that prevents the restriction of a members' right to speak and vote at general meetings, the company can enter into an undertaking with the Exchange to put in place measures that achieve the same outcome as the rule 19C.07(6) restriction (e.g. any votes cast by or on behalf of a member in contravention of the rule restriction must not be counted towards the resolution).

- (7) members holding a minority stake in the Qualifying Issuer's total number of issued shares must be able to convene an extraordinary general meeting and add resolutions to a meeting agenda. The minimum stake required to do so must not be higher than 10% of the voting rights, on a one vote per share basis, in the share capital of the of the Qualifying Issuer; and
- (8) HKSCC must be entitled to appoint proxies or corporate representatives to attend the Qualifying Issuer's general meetings and creditors meetings and those proxies/ corporate representatives must enjoy rights comparable to the rights of other shareholders, including the right to speak and vote.

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

19C.08 A Non-Greater China Issuer or a Grandfathered Greater China Issuer must demonstrate how the domestic laws, rules and regulations to which it is subject and its constitutional documents, in combination, provide the shareholder protection standards set out in rule 19C.07. For this purpose, the Exchange may require the issuer to amend its constitutional documents to provide them.

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

19C.09 A Non-Greater China Issuer or a Grandfathered Greater China Issuer must comply with the requirements set out in rule 19C.07 as an ongoing condition of their listing.

19C.10 A Qualifying Issuer must prominently disclose in its listing documents any provisions in its constitutional documents concerning the issuer's governance that are unusual compared with normal practices in Hong Kong and are specific to the issuer rather than a consequence of the laws and regulations to which the issuer is subject. A Qualifying Issuer must also prominently disclose in its listing documents how such provisions affect its members' rights.

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

Exceptions to the Rules for All Qualifying Issuers

19C.11 The following rules do not apply to a Qualifying Issuer that has, or is seeking, a secondary listing on the Exchange: 3.17; 3.21 to 3.23; 3.25 to 3.27; 3.28; 3.29; 4.06; 4.07; Chapter 7; 8.09(4) (exception limited to issues outside the Exchange's markets); 8.18 (exception limited to issues outside the Exchange's markets); 9.11(10)(b); 10.05; 10.06(2)(a) to (c); 10.06(2)(e); 10.06(4); 10.06(5); 10.07(1); 10.07(2) to (4); 10.08; 13.11 to 13.22; 13.23(1); 13.23(2); 13.25A; 13.27; 13.28; 13.29; 13.31(1); 13.37; 13.38; 13.39(1) to (5); 13.39(6) to (7) (exception limited to circumstances other than where a spin-off proposal requires approval by shareholders of the parent); 13.40 to 13.42; 13.44 to 13.45; 13.47; 13.48(2); 13.49; 13.51(1); 13.51(2) (each new director or member of the Qualifying Issuer's governing body must sign and lodge with the Exchange, as soon as practicable, a declaration and undertaking in the form set out in Form B of Appendix 5); 13.51B; 13.51C; 13.52(1)(b) to (d); 13.52(1)(e)(i) to (ii); 13.52(1)(e)(iv) (exception limited to issues outside the Exchange's markets); 13.52(2); 13.67; 13.68; 13.74; 13.80 to 13.87 (exception limited to circumstances other than where a spin-off proposal requires approval by shareholders of the parent); 13.88; 13.89; 13.91; Chapter 14; Chapter 14A; Chapter 15 (exception limited to issues outside the Exchange's markets); Chapter 16 (exception limited to issues outside the Exchange's markets); Chapter 17; 19.57; Practice Note 4 (exception limited to issues outside the Exchange's markets); Practice Note 15 paragraphs 1 to 3(b) and 3(d) to 5 (exception limited to circumstances where the spun-off assets or businesses are not to

be listed on the Exchange's markets and the approval of shareholders of the parent is not required); Appendix 3 paragraphs 1, 2(1), 3, 4(1), 4(2), 4(4), 4(5), 5, 6, 7(1), 7(3), 8, 9, 10, 11, 13(1); Appendix 10; Appendix 14; Appendix 15; Appendix 16; Appendix 21 (exception does not apply in circumstances where a spin-off proposal requires approval by shareholders of the parent); Appendix 22 (exception does not apply in circumstances where a spin-off proposal requires approval by shareholders of the parent) and Appendix 27.

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

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

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

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

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

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

Note 3: Any continuing transaction of a Greater China Issuer in place as at the date of the Exchange notice referred to in Note 2 will continue to be exempted from the applicable rules set out in 19C.11 for a period of three years from the date of the Exchange notice referred to in Note 2. However if such transaction is subsequently amended or renewed before the expiry of the three year period, the Greater China Issuer must comply with the relevant requirements under the rules at such time.

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

Foreign Private Issuers

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